

SUBMISSION TO CLOSING THE GAP REFRESH

Ensuring that Aboriginal and Torres Strait Islander Australians have access to safe, secure, and affordable housing is essential if we are to close the gap on health, education, employment and other life outcomes.

An effective Closing the Gap strategy needs a specific plan and adequate funding to improve housing outcomes for Aboriginal and Torres Strait Islander households in all regions, remote and non-remote. In remote Australia, a further decade of funding is required to ensure housing supply keeps pace with population growth. Effort is also needed in urban and regional areas. Over the past decade, the Commonwealth has stepped away from contributing funds for urban and regional housing for Aboriginal and Torres Strait Islander people, in the vain hope that State and Territory governments would step up. However, unlike other social policy areas such as health, education or justice, there has not been real and substantive policy and program effort to improve housing outcomes for Indigenous Australians in non-remote areas.¹ As a first step, the Australian Government should fund the development of a National Aboriginal and Torres Strait Islander Housing Strategy.

Housing disadvantage of Aboriginal and Torres Strait Islanders is well-documented

Aboriginal and Torres Strait Islander households are half as likely to own, or be buying, their own homes as non-Indigenous Australians and twice as likely to be renting.² One in five Aboriginal and Torres Strait Islander households (21.5 per cent) live in social housing, compared to just 3.6 per cent of non-Indigenous households.³ Aboriginal and Torres Strait Islander Australians are over-represented among the users of homelessness services and much more likely to experience family violence than non-Indigenous people.

Housing disadvantage among Aboriginal and Torres Strait Islander households is well documented, yet the current Closing the Gap strategy has no housing targets at all. Home ownership is not mentioned once in the most recent Closing the Gap report (2018) and the sole housing indicator which it reports relates to overcrowding in remote communities.

Lifting home ownership rates should be a priority

Improving home ownership outcomes should be a priority in the refresh of Closing the Gap. Through home ownership, Aboriginal and Torres Strait Islander households can gain secure tenure, take control of their own futures and build their economic resources over time.⁴ It enables them to share the wealth creation opportunities enjoyed by other Australians who have benefited from strong housing markets over the past two decades. Yet Aboriginal and Torres Strait Islander Australians continue to be locked out of home ownership – just 12.2 per cent own their homes outright, 25.9 per cent have a mortgage and 32.4 per cent are renting privately.⁵ The focus on resolving land tenure issues and completing township surveys to facilitate home ownership in remote areas has been necessary, but has perhaps

distracted governments from thinking about how to lift overall home ownership rates among Aboriginal and Torres Strait Islanders.

Not all Aboriginal and Torres Strait Islander people will aspire to home ownership and not all who do so will be able to achieve it. Barriers include high unemployment, lower household incomes, and lack of information about financial options. Some of these barriers will take many years to overcome. However more can be done to help Aboriginal and Torres Strait Islander households own their own homes, particularly in regional areas. For example, Indigenous Business Australia's dedicated home lending program is a valuable but relatively small-scale strategy. Increasing the rate at which IBA moves its mortgagors into the wider financial services system may be one way to increase the number of households which IBA assists into home ownership. Positioning IBA as the front door to the banking system could also open up a broader array of financial services of benefit to Aboriginal and Torres Strait Islander households. An examination of Indigenous take-up of shared equity or affordable home ownership programs such as Key Start (WA), Home Start (SA) or the HomesVic pilot program could also reveal which strategies are most effective in boosting home ownership. Other models, such as community land trusts are also worth exploring.

Secure, affordable rental housing

For those who do not aspire to home ownership, access to secure, affordable rental housing which is appropriate for their needs can be the difference between good life outcomes or continued social and economic marginalisation. While poor housing outcomes for Aboriginal and Torres Strait Islander households in non-remote areas are not as extreme as experienced in remote communities, access to affordable, appropriate housing is still difficult for many of the 79 per cent of Aboriginal and Torres Strait Islander Australians who live in urban centres.⁶ There are several reasons for this. The Aboriginal and Torres Strait Islander population is growing faster than the non-Indigenous population. Parents of Aboriginal children are generally younger, families are larger and children are more often raised in single parent families. Aboriginal and Torres Strait Islander people generally have lower incomes and experience higher rates of disadvantage and discrimination. In the absence of available, affordable housing in the private rental market, these factors combine to increase reliance on social housing.

Addressing overcrowding

The Australian Government's investment of \$5.5 billion to improve overcrowding in remote communities has reduced overcrowding from 52 to 37 per cent over the past ten years, but the task is not yet finished.⁷ Substantial additional funding is needed to reduce overcrowding in remote communities to at least 10 per cent. Nor is overcrowding confined to remote areas. Australia-wide, Aboriginal and Torres Strait Islander households experience almost three times the level of overcrowding of non-Indigenous households.⁸ Almost 20,000 Aboriginal and Torres Strait Islander households in urban areas and 6,500 households in rural areas need at least one more bedroom.⁹ Overcrowding is more severe in public

housing, where 8.3 per cent of Aboriginal and Torres Strait Islander households were overcrowded in 2016 but it is also a problem for 6.4 per cent of Indigenous households in community housing.¹⁰ Relatively modest investment under a refreshed Closing the Gap strategy could make a significant improvement to housing quality and life outcomes for tens of thousands of families in non-remote areas.

Improving the quality of social housing

Overcrowding is not the only reason why tenant satisfaction scores are lower among Aboriginal and Torres Strait Islander tenants across all social housing programs. Aboriginal and Torres Strait Islander tenants were more likely than other tenants to report living in a dwelling with 3 or more structural problems. Just two-thirds of Indigenous tenants living in social housing report that their dwelling was of an acceptable standard – 69 per cent of those in public housing, 75 per cent in state owned and managed Indigenous housing, and 77 per cent in community housing.¹¹ With decent housing, we have a much greater chance of achieving the broader economic and social objectives outlined in the framework for prosperity.

Tackling discrimination in private rental

Discrimination in the private rental market (especially in regional areas) means that Aboriginal and Torres Strait Islander people can be denied access to affordable housing, even in regional areas where market rents can be less than income-based rents charged in social housing. Discrimination in the private rental market means even those on relatively high incomes can struggle to find a home. This increases demand for social and affordable housing. Tackling the issue of discrimination in the private rental market is an obvious omission from the current Closing the Gap strategy which needs to be addressed. This will require direct engagement with the property management industry as well as with State and Territory governments responsible for tenancy law.

Supporting Indigenous community housing organisations

There are 328 Indigenous Community Housing Organisations (ICHOs), two-thirds of which receive government funding.¹² Many are small and have less well-developed organisational governance, workforce capability and business systems than across the rest of the community housing sector.¹³ For some, the future looks fragile. Organisational scale and operating subsidies are inadequate to address tenant need and cover the costs of service provision, especially in the north of Australia where operating costs are high. Not surprisingly, one in three dwellings held by funded ICHOs were untenanted in June 2016.¹⁴ The proportion of untenanted dwellings is highest in Queensland (40.3 per cent or 2,077 dwellings) and New South Wales (26.4 per cent, or 790 dwellings). Some of these properties will be in areas of low demand, or not be economical to repair or replace. However, asset management strategies to bring untenanted properties back into service where feasible and cost-effective could resolve some of the overcrowding and improve longer-term viability of ICHOs.

If ICHOs are to secure their futures and protect their existing assets, they need to explore ways to consolidate their operations and build scale, without losing the advantages of local engagement and branding.¹⁵ The benefits to tenants will be more, and better, housing. Communities will also be able to retain important assets. This is an area in which government could work with community housing peak bodies to build ICHO capability. Capital investment to support organisational reform, bring properties back into service and grow the capacity of these organisations to own, manage and grow rental stock would create long-term benefits.

Conclusion

Housing is the foundation for economic success, personal well-being and good community outcomes. Access to affordable, good-quality housing located near jobs, schools, transport, and services supports social and economic participation – particularly education and employment. In this way, secure housing can arrest the inter-generational transmission of poverty. Improving housing outcomes is an obvious area of focus for the next iteration of the Closing the Gap strategy.

Summary of recommendations:

- Fund the development of a National Aboriginal and Torres Strait Islander Housing Strategy.
- Review the effectiveness of programs aimed at raising home ownership rates among Aboriginal and Torres Strait Islander Australians
- Continue funding to improve the standard of housing in remote communities for a further 10 years
- Provide additional capital funding to address overcrowding and poor housing quality in social housing
- Engage the property management industry, State and territory governments on tackling discrimination in the private rental market
- Work with the State and Territory governments to develop and fund asset management strategies to bring untenanted social housing dwellings back into service where feasible and cost-effective
- Support Indigenous Community Housing Organisations, bring properties back into service and build the capacity of these organisations to own, manage and grow their rental portfolios

- ¹ Aboriginal Housing Victoria. A proposal to develop a Victorian Aboriginal Housing and Homelessness Framework. 2017 [undated]
- ² Department of Families, Housing, Community Services and Indigenous Affairs. Indigenous Home Ownership Issues Paper. 2013
- ³ Productivity Commission. Overcoming Indigenous Disadvantage, 2016. Page 9.25
- ⁴ Productivity Commission. Overcoming Indigenous Disadvantage, 2016. Page 9.25; In 2014-15 home ownership/purchase was higher in major cities (34.7%), inner regional (36.4%) and outer regional (31.4%) areas, than in remote (19.1%) or very remote (7.7%) areas.
- ⁵ Stone, W et al., Home ownership remains strong in Australia but it masks other problems: Census 2016. The Conversation 27 June 2017. The Productivity Commission's report Overcoming Indigenous Disadvantage 2016 states 27.4% of Indigenous Australians (not households) owned or were buying their home in 2002.
- ⁶ Australian Bureau of Statistics. 2071.0 Reflecting Australia: Stories From The Census, 2016 - Aboriginal and Torres Strait Islander Population.
- ⁷ Department of Prime Minister and Cabinet. Closing the Gap Report 2018. Canberra
- ⁸ Biddle, N. and Markham F. Census 2016: What's changed for Indigenous Australians? The Conversation 28 June 2017.
- ⁹ Australian Bureau of Statistics. 2071.0 Reflecting Australia: Stories From The Census, 2016 - Aboriginal and Torres Strait Islander Population. Table 7
- ¹⁰ Productivity Commission. Report on Government Services, 2018. Table 18A.29, GA.5
- ¹¹ Productivity Commission. Report on Government Services, 2018. Table GA.6
- ¹² Productivity Commission. Report on Government Services, 2017. Table 18A.8
- ¹³ Milligan, V., Pawson, H., Phillips, R. and Martin, C. Developing the scale and capacity of Australia's affordable housing industry. AHURI Final report No. 279. 2017
- ¹⁴ Productivity Commission. Report on government Services 2018. Table 18A.8 Excludes 5,000 ICH dwellings in the NT which have been transferred to NT public housing administration.
- ¹⁵ Brackertz, N., Davison, J., Wilkinson, A. How can Aboriginal housing in New South Wales and the Aboriginal Housing Office provide the best opportunity for Aboriginal people? AHURI for Aboriginal Housing Office. 2017