

Market rents for social housing in planned overhaul of system



Sirius Building at The Rocks was built in 1979 to accommodate social housing tenants.
Picture: Cameron Richardson

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Social housing tenants would be made to pay market rents under an overhaul of the low-income housing system that would see \$1.2 billion added to commonwealth rent assistance, with states on the hook to fund additional subsidies for people living in areas with acute affordability problems.

The plan, recommended by the Productivity Commission in its final report on human services, would remove a stunning inequity in the system that gives more relief to some people than others, even in the same circumstances, based on the type of housing group they call home.

Commonwealth rent assistance, worth about \$5bn a year, is paid to people in the private market and can be accessed by those in community housing but it is not available to residents

of public housing. Overall, social housing tenants typically pay capped rents worth about 25 per cent of income.

“Australia’s social housing system is broken,” the Productivity Commission report says. “People in similar circumstances can receive vastly different rates of financial assistance depending on whether they rent in the private or social housing market.

“Even within social housing, levels of implicit assistance vary significantly.”

By way of example, the commission says some residents of Sydney’s Millers Point social housing — on Sydney’s exclusive harbourfront — received implicit assistance of up to \$850 per week.

As at August last year, the state government had sold 233 of those properties for \$450 million. It says the money is being used to build 1100 properties.

Crucially, the Productivity Commission said its plan did not rely on an increase in supply nor greater rental security in the private market — “desirable as those may be” — and might even push states to do more.

The government will respond to the report.