AFFORDABLE HOUSING AND THE PLACE OF THE CHURCH

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Affordable housing is one of those terms that means many things to many people. For middle Australia it is about affording a good family home in the suburbs, for young first home buyers it is about bridging the mortgage gap and getting into the market, for low income earners it is about finding almost any form of shelter that offers the basics of security of tenure and safety.

In the lead up to the recent softening in the market, affordability was a major topic of public debate but centred on middle income and first home buyer affordability. Visions were evoked of newly married young couples wanting a family home in which to raise a family while governments at state and federal level played the traditional game of finger pointing and blaming for the drastic decline in affordability over the last decade. Amidst this debate the decline in availability of social and low income affordable housing was restricted to media releases from ACOSS, VCOSS, BSL, and the like.

While the drift back to inner city living starting in the 1970’s realised a supply of available affordable housing for the professional class working in new economy jobs, it also signalled an acceleration of gentrification of the inner city and the gradual but sure loss of cheap housing and rentals. The rapid expansion of high rise apartment construction in the 1980’s and 1990’s added desperately needed stock but this was hardly considered affordable as it was designed and pitched to the well-off professional, empty nesters and small investors looking for high rents and realised profit on resale.

What exactly is meant by affordable housing – how is it calculated? In its simplest form affordability is generally taken as a cost to income ratio. If mortgage or rent payments exceed 30% of income the property is considered unaffordable, or the occupant is said to be in housing stress. Obviously for someone on a high income paying as much as 50% or 60% of income still allows them to live comfortably and in a real sense they are not suffering financial stress. Conversely for a single mother living on government benefits and rent assistance even 30% of income is likely to leave her in considerable financial stress, and that’s making the unrealistic assumption she will be able to find such cheap accommodation. The debate has can get further bogged down over petty arguments about setting of a poverty line (Henderson? budget standard?) as this impacts on the size of residual income considered acceptable and thus is highly political.
An analysis of housing data indicates that, for example, a dual income couple both on average weekly earnings could not afford the median priced house in Melbourne in 2003. One outcome of this fall in affordability is the indication that young couples are re-conceptualising the Australian Dream to one in which they will spend a large part of their married life as renters with the hope of buying later in life. Another is that young couples are putting off having a family for many years for the sake of ‘getting into the market’. The latter has social implications in terms of smaller families and increased fertility problems.

This is just one face of the affordability crisis, the other is the plight of those on very low incomes (the working poor) who are ineligible for rent assistance, and those on government benefits but are unable to get into social housing. For these groups affordability of housing is not a matter of buying but one of finding rental accommodation that is cheap enough to offer a roof over their heads and still leave enough income to live with dignity. This recent boom has seen private rental affordability track that of purchase affordability, and while it has lagged the purchase price movement it has still placed many traditionally affordable areas out of the reach of low income earners.

Again an analysis of Melbourne housing price in 2003 shows that only 4 percent of houses sold were affordable to someone earning in the lowest two quintiles of income distribution (about 65% of income earners), and only 14% were affordable in non-metropolitan Victoria. The private rental market fairs a little better, in 2003 about 27% of rentals were affordable to someone on Centrelink payments but about 19% of low income earners pay more than 30% of their income in rent.

The reasons behind the affordability crisis for middle Australia are many and complex and do not warrant detailed discussion here but include factors such as restrictions on land release, stamp duties, availability of finance, increased interest by home owners in buying investment properties (the negative gearing tax debate), continuing low interest rates, the tendency to buy and renovate affordable housing which pushes it into a higher price segment, even aging in place and living longer come into the picture, and many more.

For those who might traditionally have been eligible for public housing the problem is simpler. The Federal government is winding back funding for public housing, as a matter of policy, in preference for Commonwealth Rent Assistance (CRA) and the remaining public housing is increasingly targeted to those who are highly disadvantaged and marginalised in the community. Why would this be a problem? Firstly, there is not a lot of cheap private rental stock on the market as this stock tends to come from degraded older stock as opposed to purpose built new construction. CRA increases demand pressure on cheaper private rental. Research has found that more than 50% of cheap rentals are occupied by people on higher incomes. There is a growing tendency for owners of low rent blocks of flats to renovate, subdivide and then sell them off under strata-title at market prices. Add these factors together and the lack of low cost rentals seems obvious.

What does all this say to us about the society we live in today and what, if anything, can we as concerned Christians and a church community do in response? In addressing this question we need to keep in mind that middle income/young couples
affordability and low income affordability are really two quite different issues that require different responses and solutions. They also carry different social implications.

I am sure the readers of this newsletter are only too well aware of the direct and indirect impacts of public and economic policies and of political point scoring attempted through labelling of the disadvantaged (e.g. dole bludgers) - dare I suggest to deflect criticism for structural failure (e.g. no jobs). We are part of a generation that is presiding over a growing divide between the haves and have nots, NIMBYs, and strong individualism (a reflection on the story of Lazarus and the rich man might be relevant here). We could blame television for desensitising us to need when we see it, or the political rhetoric for reinforcing an ‘us’ and ‘them’ attitude and a hardening of our hearts – and does apportioning blame serve any purpose? We also find ourselves caught in the bind that welfare can be responsible for creating a poverty trap just as much as neo-liberal politics. Blame aside, it is clear the current political approach from all sides has middle class affordability on the agenda but not low income affordability. After a decade of spiralling prices and report after report from both government and non-government groups identifying affordability as being in crisis, it has only been in the last few years that any real action has taken place with a freeing up of loan limits for mortgages up to 100% of value, waiving or reductions in stamp duty for first home owners, and proposals for a range of shared equity options.

The middle class affordability issue is one that defies the actions of the church to directly influence other than to lobby all levels of government to act on the many reports and reviews already conducted. The longer term psychological and social implications of delayed childbirth, smaller families, no children, and a loss of sense of ‘the family home’ are yet to be fully realised in Australia but are starting to emerge. The cost could be significant. At the local church level there is a valuable role to play in nurturing and supporting its members as they make these difficult decisions.

For the low income earner, churches, community groups and local and state governments are increasingly funding rooming houses, community housing and leveraging developers to include a percentage of affordable units in larger residential developments. It is projected the community housing sector will play an increasing role in social housing in the future as the public housing sector continues to be wound back but they are still a long way behind meeting the need. The need is genuine as socially the implications of families surviving in substandard, inadequate and insecure housing is likely to be felt across generations in terms of the psychological and socialisation damage done.

The wider church has attempted in many cases to take direct action through the supply of affordable housing. Sadly there are instances where the upkeep of these properties has been overlooked or become too much of a financial burden and the residents have been left feeling neglected and devalued. In the worst instances, particularly where the property has been placed under the control of a manager and is at arms length from the church, some have become a health and safety hazard but complaints to the manager have been met with threats of eviction (based on first hand accounts from members of Housing for the Aged Action Group - HAAG).
On a brighter note most church run/owned properties are well serviced and maintained but the cost of ongoing supply and maintenance is high and the tendency has been to look to those who are a little better off as tenants who can afford higher rents than the truly needy.

When responding to housing need it is valuable to consider what we are trying to achieve – is it the supply of shelter or giving someone a home? The homeless in Australia are rarely without shelter, however inadequate, but are without a home. ‘Home’ is a value-laden term but is defined in terms of security, stability, suitability, identity and a place of where we find nurture, comfort, and acceptance. There is certainly a role for every local congregation to offer a sense of ‘home’ even where we can’t offer shelter. Hopefully we offer a family, a place of nurture and support where people can feel accepted, secure, safe, and sheltered, and allow the beggars, the lame, the lost and the lonely to eat at the common table and feel a sense of ‘home’ in a society that too often displays rejection? Moving a step further though, can we offer a spiritual family and home but pull up short when it comes to suitable housing. Scripture shows us God’s care for His people in terms of shelter and safety: “The woman fled into the desert to a place prepared for her by God, where she might be taken care of for 1,260 days” (Rev 12:6). "See, I am sending an angel ahead of you to guard you along the way and to bring you to the place I have prepared” (Ex 23:20).

Equally Christ exhorts us in Matthew 25:42-43 to see Him in everyone we meet. “For I was hungry and you gave me nothing to eat, I was thirsty and you gave me nothing to drink, I was a stranger and you did not invite me in, I needed clothes and you did not clothe me, I was sick and in prison and you did not look after me’. Compare this to what he has promised for us – “In my Father's house are many rooms; if it were not so, I would have told you. I am going there to prepare a place for you” (Jn 14:2). Not only does He go to prepare a place for us but we will be made children of the Father and joint heirs with the Son (Rom 8:17). And again, "If anyone loves me, he will obey my teaching. My Father will love him, and we will come to him and make our home with him” (Jn 14:23).

As a point of ethics, suitable and secure shelter is a basic right of our society but this brings us back to affordability as a barrier to people achieving that shelter for themselves or others securing it for them. Few individual congregations will be able to respond with direct supply of housing but as a larger body the church is bound by scripture to act wherever and whenever it can.

For further reading on the topic of affordable housing a few of the more significant sites are listed below. References to ethics were well covered by Alan in an earlier edition.

ACOSS www.acoss.org.au has many media releases and articles on affordable housing

Australian Housing and Urban Research Institute (AHURI) http://www.ahuri.edu.au is a major funder of research into housing. Not a very user friendly site but worth the trouble for the range of topics covered and comprehensive nature of the reports.
Community Housing Information and Reference Services [http://chirs.infoxchange.net.au](http://chirs.infoxchange.net.au) is a good repository for information particularly related to the community housing sector. Affordable housing is a major topic. See also the National Community Housing Forum [http://www.nchf.org.au/](http://www.nchf.org.au/).

Menzies Research Centre [http://www.mrcltd.org.au/](http://www.mrcltd.org.au/) conducted the Prime Ministerial Task Force on Home Ownership which produced three volumes on approaches to improving home ownership as opposed to improving overall affordability.

Housing for the Aged Action Group (HAAG) [http://www.oldertenants.org.au/](http://www.oldertenants.org.au/) is a wonderful group dedicated to improving the housing options and advocating on behalf of older Australians.

National Shelter [http://www.shelter.net.au/](http://www.shelter.net.au/) for issues on homelessness and affordable housing