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## **Re: Inquiry into South Australian Housing Availability**

Thank you for your email of 2 December 2022 inviting SACOSS to contribute to the issues paper being developed to inform the Committee's inquiry.

As the peak body for the non-government health and community services sector in South Australia, SACOSS looks forward to making a full submission at the appropriate time on a range of issues covered in the Terms of Reference. However, this letter simply seeks to highlight a few broad issues which we believe should inform and be included in the issues paper and the Committee's considerations.

In general, SACOSS argues that any consideration of housing availability in South Australia needs to take account of affordability of housing, the impact on inequality, and of housing as a key part of the social determinants of health.

### **Affordability**

The importance of affordability is obvious in that housing is only really available if it is affordable. We recognise that affordability features in a number of the inquiry's Terms of Reference, but wish to draw the Committee's attention to three issues which are often missed in consideration of housing affordability: problems of definition, the need to focus on renters, and hidden housing costs.

#### **Definition**

What is affordable differs between households depending on housing needs and income, but some consideration needs to be given to what the term "affordability" means. The widely used definition of housing stress (and therefore lack of affordability) is when a household has an income level in the bottom two income quintiles and is paying more than 30% of its income in housing costs. SACOSS supports the use of this definition.

However, the definition used in some [SA government programs](#) of a purchase price up to \$479,550 is simply not affordable to many low income households. SACOSS' quick check of a loan repayment for such property (5.69% interest on a \$420,000 mortgage), shows that the loan repayments would be \$678 per week – which equates to around 83% of the minimum wage, and much more than the entire income of a single person on Centrelink payments.

So, one of the key issues of affordability will be affordability for who – and how do we make homes available for people on very low incomes.

### **Renters**

Related to the above is the need to focus on the experience of renters. While much of the public debate around housing affordability is dominated by homeowners and interest rates, ABS data shows that on average renters have lower incomes than homeowners and spend proportionately more of their household budget on housing costs. The decline over recent decades in the supply of public housing stock means that more renters are in the private market where rents are often unaffordable, and many of the price increases faced by homeowners (e.g. interest rates) are often also experienced by tenants through rent increases.

### **Hidden Costs**

SACOSS also encourages the Committee, when considering issues of affordability, to take a broad consideration of housing costs beyond the immediate issues of purchase or rent prices. Specifically, there are hidden housing costs arising from the design, condition, and water and energy efficiency of housing, and from locational factors such as the extent of shade and tree canopies. These factors contribute to lack of affordability of housing through higher energy and water costs, and through health problems which lead to expenses or time off work (see comments below on the social determinants of health). In recommending this broad approach, SACOSS notes that some ABS classifications, most notably in the Consumer Price Index, include water and energy costs as part of overall housing costs.

This broader approach to housing affordability should give rise to consideration not just of the availability of a house, but also to the minimum acceptable standards of thermal efficiency and water availability for South Australian households. These questions are also relevant to the 4<sup>th</sup> Term of Reference relating to community expectations that every South Australian has reasonable access to housing that meets their need. In this context, it is alarming that some households in regional and remote communities do not have access to potable water, while we don't even know about the thermal efficiency of housing stock because we don't have mandatory assessment and disclosure.

These issues are particularly problematic for renters who have less control over building design, maintenance and appliances, and can mean huge energy bills driven by building faults, drafts, lack of insulation or inefficient appliances. Again, a house is not affordable or available to you if you can just scrape together the rent, but are unable to pay energy bills.

The Committee should consider all essential housing costs when considering the availability and affordability of housing.

### **Inequality**

A crucial issue which needs to be canvassed in the issues paper and in the Committee's inquiry is the impact of housing availability on inequality. The Terms of Reference refer to the particular needs of marginalised groups, but it is not just the potential exclusion of these groups which is the issue. The positive availability of housing to other groups, and in particular to investors, sees housing as a key *cause* of inequality.

Inequality is usually talked about in terms of income inequality, but owning a house is the equivalent of having an extra imputed household income to the value of the rent that would otherwise be paid (and is counted as such in the Australian National Accounts). If this imputed housing income is factored into household incomes, the inequality spectrum lengthens and more renter households are shuffled to the bottom on the income spectrum.

The capital gains on housing – often untaxed or lightly taxed – is a further source of income available to home owners, and landlords in particular, that is not available to renters. Indeed, some academic work suggests that capital gains, capital income and inter-generational transfers (often to enable children to access the housing market) are the preeminent drivers of inequality.

These arguments, summarised in this convenient [blog post](#), suggest that the differing availability of housing to those who can afford to buy and those who rent, and the income afforded to landlords, are not just a manifestation of inequality. They are drivers of it – and our failure to properly account for these housing incomes massively underestimates the extent of inequality. Accordingly, when the Committee is considering the availability of housing, it needs also to consider what types of housing are available to which people, and how those differences contribute to inequality.

## Health

Health and housing are inextricably linked and it is widely accepted that if housing is inadequate (unaffordable, insecure, unsafe, of poor quality and poorly located) health will suffer. Equally, people experiencing health problems (including chronic health problems and disability) face additional barriers to accessing and retaining adequate housing that meets their needs. Unaffordable and insecure tenancies drive increases in mental health problems and in South Australia renters experience nearly double the level of mental health concerns and psychological distress as homeowners. Renters are also much more likely to use hospital and mental health services.

Physical health complaints are also linked to a range of housing characteristics. Housing located near noisy roads or industrial sites, away from green space, and not well served by public transport links contributes to respiratory and cardiovascular disease and adverse pregnancy and birth outcomes, reduces opportunities for physical activity thereby increasing the risk of obesity and diabetes and can increase the risk of accidental injury and sleep disturbance. Poor quality housing that lacks thermal efficiency is linked with excess mortality (from heat and, surprising for South Australia, also cold) and increases the risk of injury, food-borne illness and asthma – especially in children. Overcrowding, experienced unequally by communities living in very remote areas, leads to infectious diseases spreading more easily, and can lead to increased household conflict.

Further, the lack of available and affordable housing means that many people in housing stress have less income to spend on the other necessities required for a healthy life, such as nutritious food, recreational and learning activities, and weather-appropriate clothing. Besides the psychological effects of managing financial stress noted above, health outcomes are also directly undermined by lack of money due to high housing costs.

Finally, more affordable housing tends to be located further from jobs, schools, healthy food options, community services and connections, and oftentimes in neighbourhoods which experience higher levels of antisocial behaviour, increasing the chances of adopting unhealthy behaviours, increasing the risk of accident or injury, and leading to increased mental health concerns. Issues of housing adequacy tend to compound and become a vicious and reinforcing cycle leading to health concerns that make it impossible for people to address their housing situation.

In summary, a home is not just a roof over your head, it is the key to a decent life. Accordingly, in considering the availability of housing in South Australia, and in particular the development of new housing and housing models, the Committee needs to take into account the place of housing as a social determinant of health and ensure that housing contributes positively to health outcomes.

Thank you for your attention to the issues raised above. If you would like more information on any of the issues raised, including the data and references behind our concerns, please contact our Senior Policy and Research Analyst, Dr Greg Ogle.

Yours,

A handwritten signature in black ink, appearing to read 'RWomersley', written in a cursive style.

Ross Womersley, CEO  
16 February 2023