

Housing crisis: Homelessness emergency

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The current situation

Relentless rent increases and record low vacancy rates are driving more Australians into homelessness and services are unable to keep up with demand. The latest data on use of homelessness services reveals a surge in demand for homelessness help in 2023.

Meanwhile funding for homelessness services is falling behind the cost of inflation, and homelessness services face a funding cliff beyond June 2024.

Rising rents and record low vacancy rates

Australian rents have increased relentlessly since a small slowdown in rents at the beginning of the Covid pandemic.

Since July 2020 rents have increased by 30.4%. This has seen the median weekly rental value rise to \$588, adding the equivalent of \$137 per week to the median rent cost. (1)

In the year to September 2023, rents rose 8.4% and vacancy rates fell to 1.1%. Perth, Melbourne and Sydney faced the highest increases in rents, with rents rising 13.2%, 12.0% and 10.6% respectively. (2)

Surging demand for homelessness services

In 2023, demand for homelessness assistance as a direct result of the housing crisis has surged.

The number of people using homelessness assistance for reasons relating to financial stress, housing crisis or accommodation issues in 2023 so far, compared to the same period in 2022 increased by 6.2 per cent. (3)

This increase exceeded the overall increase in people using homelessness services over the same period of 3.1%. (4)

People seeking homelessness assistance

	Average number of people using homelessness services each month for reasons relating to financial stress, housing crisis or accommodation issues
Jan-Sep 2022	90,262
Jan-Sep 2023	95,862
Percentage change	6.2%

Service use figures don't include the many people who seek homelessness services but are turned away for lack of resources. In 2021-22 homelessness services had to turn away 71,962 people, 80% of whom were women and children. (5)

Federal funding housing and homelessness

Federal funding for homelessness services is delivered through the National Housing and Homelessness Agreement, and related supplementary payments. These payments are indexed, though indexation is at a lower rate than needed to meet increasing costs.

In 2023-24, funding increased 4.4%, but CPI over the same period increased 6.0%.

In March 2023, after months of campaigning to encourage the Federal Government to continue funding provided since the 2007 Fair Work Commission Equal Remuneration Order decision to meet the costs of increased wages, the Government committed to a 'one off' payment equivalent to the ERO Supplement. While this funding was ostensibly delivered to meet increased demand for homelessness services, the total funding envelope provided specifically for homelessness services actually fell in real terms.

Homelessness components of the National Housing and Homelessness Agreement

	2022-23	2023-24	2024-25
Homelessness component	\$123.6 M	\$127.8 M	\$132 M
ERO supplement homelessness	\$63.4 M	\$67.5 M	-
Total homelessness	\$187.0 M	\$195.3 M	\$132 M
Funding needed to keep pace with inflation		\$198.2 M	\$205 M
Shortfall relative to 2022-23		\$2.9 M	\$73 M

In June 2024 the current National Housing and Homelessness Agreement expires and the one year funding of \$67.5 million also comes to an end.

Homelessness services face a funding cliff of \$73 million if the agreement continues without continued funding for the ERO component, and adequate indexation.



Urgent solutions to be addressed in the MYEFO

We need a strong homelessness sector to deliver effective responses

Addressing the issues driving increased homelessness requires broad reforms, including significant new investment in social housing, and increased support to meet people's needs in relation to domestic and family violence, child and family support, disability and mental health support. This reform agenda is outlined in Homelessness Australia's Submission to the National Housing and Homelessness Agreement.

However, the scale and urgency of the homelessness crisis requires action in the MYEFO to address the present emergency. Providing low income households with greater capacity to afford rent, and increasing the capacity of homelessness services to respond to increasing demand are urgent actions that can be taken immediately.

Prevent more people becoming homeless

More people are being pushed into homelessness because they simply can't afford rising rents. Providing more income support to low income households to help with the cost of living crisis, of which rent is the biggest cost, will alleviate rent stress and enable more people to avoid homelessness.

Increasing allowance payments to at least \$78 a day, equivalent to the rate of pension payments and doubling the maximum threshold for Commonwealth Rental Assistance would increase the capacity of many low income renters to keep a roof over their head.

Provide more support to respond to surging homelessness

Responding to surging homelessness requires additional resources.

For homelessness services to be able to respond to everyone needing assistance, and to provide the level of support people need to exit homelessness, they need significant increases in service capacity.

This will require significant new investment by both federal and state governments.

An additional \$450 million would enable homelessness services to provide support to people being turned away from homelessness services and to meet the increased need for support. (8)



References

- (1) Corelogic, Quarterly Rent Review, October 2023
- (2) Corelogic, Quarterly Rent Review, October
- (3) Australian Institute of Health and Welfare (AIHW), Specialist Homelessness Services: monthly data, November 2023, Analysis based on data in Table: Reasons for seeking homelessness assistance.
- (4) Australian Institute of Health and Welfare (AIHW), Specialist Homelessness Services: monthly data, November 2023, Analysis based on data in Table: Clients.
- (5) AIHW, Specialist homelessness services annual report 2021–22, December 2022
- (6) Federal Financial Relations National Housing and Homelessness Agreement, page 11 and Bilateral Agreements
- (7) Inflation at June 2023 is 6.0% according to Australian Bureau of Statistics, Consumer Price Index Australia, September 2023. Projected inflation for June 2024 is 3.5% according to Reserve Bank of Australia, Economic Outlook Table 5.1: Output Growth and Inflation Forecasts(a)
- (8) Homelessness Australia, Overstretched and Overwhelmed: the strain on homelessness services, August 2023

ABOUT HOMELESSNESS AUSTRALIA

Homelessness Australia is the national peak body for homelessness in Australia. We provide systemic advocacy for the homelessness sector. We work with a large network of organisations to provide a unified voice when it comes to preventing and responding to homelessness.

Visit homelessnessaustralia.org.au

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Homelessness Australia acknowledges the Traditional Custodians of all of the lands on which we meet and work. We pay our respects to First Nations peoples and elders past, present and future. Always was, always will be, Aboriginal land.