

## *Social and Economic Justice*

### **8. AFFORDABLE HOUSING**

1. Congress notes the growing crisis of affordable decent housing across Australia. In the five years between 2011 and 2016, average house prices in Sydney increased by 82 per cent. Year to year prices are seeing rises of 12.9% nationally, with spikes of 17% in Melbourne and higher in Sydney. Home ownership rates are falling among younger workers and families. In 2017, only 28% of Australians aged 18-36 owned the house they lived in, a proportion higher only than the United Arab Emirates. The worldwide average is 40%. There is a national shortage of hundreds of thousands of affordable properties for low income renters.
2. The housing crisis is pushing low- and middle-income workers further to the fringes of our cities. Congress believes that all workers should be able to afford to live near their workplaces if they choose. Everyone in our community should have access to affordable housing located near employment and integrated with transport and services
3. Australia's public housing system is grossly underfunded: public housing stock has been eaten away through privatisation, and remaining stock is run down. Increased funding is desperately needed to increase the public housing stock and ensure public housing can be regularly maintained.
4. Congress also calls upon State Government to adopt and fund formal plans for cities that include releasing new land, supporting increased affordable density in inner-urban rings, delivering public transport infrastructure to outer suburban areas of our major cities, decentralising work from CBD to regional and suburban cities and genuinely providing the growth of 'poly-centric' cities.
5. Congress agrees that while the causes of the present housing crisis are many, 'negative gearing', the concessional taxation of capital gains and how land is presently taxed all contribute to the crisis and render effective solutions more difficult to achieve.
6. Congress notes that the benefits of negative gearing and the capital gains tax discount overwhelmingly flow to Australia's highest income earners. The richest ten per cent of households gain 34 per cent of the benefits of negative gearing arrangements and 73 per cent of the benefits of the capital gains tax discount.
7. Federal Treasury estimates that the capital gains tax discount will reduce tax revenue by \$5.8 billion in 2014-15. Negative gearing arrangements result in a further reduction of \$3.7 billion per year. These are serious reductions in revenue that also undermine the progressive tax system and the capacity of governments to deliver the public goods and services the Australian community relies on.

8. Congress therefore agrees to campaign for government to adopt the following measures:
9. Abolish negative gearing for residential investment properties: tax deductions associated with an investment property should only be deductible from income received from that property. Immediately end negative gearing for all new property purchases, and grandfather existing negative gearing arrangements for five years.
10. Abolish the capital gains tax (CGT) discount and tax capital gains in the same way as all other sources of income. There is no justification for why income from capital gain should be taxed differently to other forms of income - in taxing capital gains differently we are preferencing those who earn income from capital over those who earn it from other sources.
  - a) Put a cap on the number of investment properties an investor can own.
  - b) Replace stamp duties with a broad-based annual land tax that will dampen house price inflation, stimulate more building of housing for rental purposes and incentivise the development of idle land.
  - c) Increase supply of low-income housing through direct government investment in additional public housing stock, and increase funding to ensure public housing is properly maintained and fit-for-purpose. There is a critical need for increased funding from the Commonwealth to the state governments to provide and maintain public housing.
  - d) Implement 'Inclusionary Zoning' to include some proportion of dedicated affordable housing in new housing developments.