



## Morning Session C

### Discussion Paper 3

#### *Private Ownership and Rental - How can access to home ownership and the private rental market be improved?*

##### **CHALLENGE OUTLINE:**

1. In Victoria there is a under-representation of Aboriginal people in home ownership and an over-representation in private rental:
  - a. Only 43% own or are purchasing a home (compared with 68% of Victorians overall)
  - b. Between 27-35 % are in the private rental market (compared with around 25% of Victorians overall).
2. For most Australians the majority of their net wealth is banked in their house. Owning a house enables wealth accumulation and transfer to family and future generations.
3. Owning a house allows Australians to provide a stable base to raise children and retire secure in old age.
4. The under-representation of Aboriginal people as homeowners serves as an inter-generational transfer of relative financial disadvantage.
5. The absence of the 'bank of mum and dad' and lower average incomes make saving a deposit more challenging and – if achieved at all – translates into higher mortgages.
6. The Aboriginal population is far younger on average than the mainstream population. Because of higher relative house prices, Australia has seen large falls in ownership (13-14 percentage points since 1971) in 25-34 year olds. In a structurally youthful Aboriginal community this change has compounded challenges of entering the market.
7. Like home ownership, private rental can increase independence and autonomy (though not wealth).
8. Lower access to private ownership and to social housing in the mainstream market has led to significant growth in the private rental market share nationally, from 17% of Australians in 1994-95 to more than 25% of Australians in private rental by 2015-16.
9. This additional competition has pushed up private rents so that on average by 2015-16, low income families in Australia's private rental market were contributing 32% of their income in housing costs, meeting the common definition of housing stress (where a household's housing costs exceed 30% of their gross income). (AIHW Housing Assistance in Australia 2018)
10. Many Aboriginal families and households are locked out of private rental altogether as racist attitudes deny them access to these markets.
11. Aboriginal families also face other barriers to access to the private market, including the likelihood of having dependent children at an earlier age.

12. Being in social housing can also suppress demand for exposure to the private market where people believe they cannot afford to relinquish secure housing.



Source: HomesVic for Aboriginal Victorians

**POSSIBLE RESPONSES:**

1. House v home – home ownership and/or long term tenancy are aspirations to consider and mechanisms could be established to turn those aspirations into reality.
2. Shared equity schemes can provide a portal into home ownership, particularly in rural and regional Victoria where housing purchase costs are lower. Care needs to be taken to manage risks, including purchasers being in negative equity in the event of a market downturn.
3. The HomesVic Pilot may provide a new pathway to home ownership on a very small scale – its impact on extending Aboriginal home ownership could be evaluated and extended where appropriate.
4. Private rental brokerage models could be extended subject to positive evaluation of impacts on Aboriginal clients.
5. Consolidation of disparate rental brokerage programs could have real benefits.
6. Work is required to remove barriers to Aboriginal people in private rental, including possible campaigns to –
  - a. Reinforce that Aboriginal people ARE good tenants.
  - b. Build confidence amongst Aboriginal people.
  - c. Identify real estate agencies who work well with Aboriginal people, identify and build on the positives.