Australia: “Market rents” imposed on public housing tenants

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In the latest step to push people out of public housing, the New South Wales government announced last month that tenants who do not qualify for government welfare benefits will pay full “market rents.” As a result, some tenants will face rent rises of up to $100 a week.

This is part of a broader assault on public housing by governments across the country. The state Liberal government’s move follows the imposition of a “bed tax” in June, which forces couples in public housing with an “unoccupied” bedroom to pay an extra $30 per week in rent, and singles an additional $20 per week, if they refuse two “offers” from NSW Housing to relocate to smaller properties. (See: “A bipartisan attack on public housing tenants”).

Public housing tenants already pay rent according to income, although those on welfare benefits usually pay no more than 25 percent of their household income. Tenants who work and whose income exceeds minimum thresholds pay “market rents,” while those on lower incomes pay marginally less.

This market-driven regime was introduced nationally under the Hawke and Keating federal Labor governments from 1983 to 1996, which presided over an historic assault on public housing, also slashing spending on new construction by about 25 percent. (See: “Australia: Public housing being ‘cannibalised’”).

Until now, however, public housing in NSW has been valued at reduced market rates, producing an inherent rental discount of around 9-10 percent. Under the NSW government’s latest policy, valuers no longer have to consider whether the properties are used for public or private housing—they are instructed to arrive at the market value based on locality and type of housing.

Many homes will therefore be valued at a higher rate, which will push up the rents of tenants by anything from $40 to $100 per week, depending on the location and size of the property. This increase is being foisted onto the working class in a country with some of the most expensive housing prices and private market rents in the world. In NSW, the most populous state, the median price for a modest home is $700,000—more than 10 times the average wage.

The rationale for the changes, according to NSW Community Services Minister Pru Goward, is to accommodate the needs of the 55,000 households on the public housing waiting list. This is a bald-faced lie, as the higher rents will result in increased hardship for tenants and will do nothing to address the shortage of affordable housing. In Britain and Canada, similar attacks on public housing have resulted in unaffordable rent increases and evictions, contributing to sharp increases in homelessness .

Across Australia in 2009-2010, 60 percent of lower-income rental households were in housing stress (paying more than 30 percent of their income on rent), and this figure continues to swell as rents rise—last year rents increased by an average of 8 percent nationally. In Sydney, rents in 2012 were almost $7,000 a year higher than in 2007. Incomes failed to keep pace and in fact declined for many workers. That is why the demand for public housing has grown dramatically, with waiting times blowing out to over 10 years.

The government’s real agenda is not to assist those on the waiting list, but to force people out of public housing and into the private rental market. It is a process driven by the demands of the construction and finance industry to dispense with what they consider to be a drain on profits.

This strategy has been pursued by Labor and Liberal state and federal governments for the past three decades. During this period, public housing has been

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deliberately underfunded, with supply failing to keep up with increasing demand. Maintenance budgets are also continually slashed. The result is that tenants are living in unbearable conditions and some housing becomes virtually irreparable, providing the pretext for selling off these homes to developers or private investors.

One example is Millers Point, overlooking Sydney Harbour, where public housing tenants are suffering what they call "demolition by neglect" of their houses, some of which date back to the early twentieth century. Continuous reports to Housing NSW about the urgent need for repairs have been ignored. Instead, tenants—some whose families have lived there for five generations—have been offered transfers to other areas.

Some public housing tenants live in dangerously unhealthy conditions. A report on ABC News 24 on September 27 highlighted the plight of Kelly Elliot, a single mother, and her infant daughter. After moving into a two-bedroom apartment in inner Sydney, Elliot contracted pneumonia, her hair began falling out and she suffered other ailments. Her daughter developed respiratory problems.

Elliot reported rising damp, with black mould on the walls, ceiling and on her bedding and clothes, to NSW Housing but it did nothing. Concerned friends who took up her cause and spoke with NSW Housing were told that the mould was not a serious issue and was the tenant's responsibility. Friends and neighbours took up a collection for Elliot and her daughter to stay in a hotel until the apartment was remediated.

Tenants in the same block reported similar concerns, with one showing how an entire door disintegrated due to termite infestation. Another, 69-year-old Terry Tilker, slept in his living room in a reclining chair due to the extensive mould in his bedroom, which affected his breathing. He paid $190 per week for the one-bedroom unit.

The NSW Auditor General's report in July stated that "public housing is ageing and increasingly not fit for purpose." It revealed that the NSW Land and Housing Corporation (LAHC), which controls Housing NSW, is not only selling off public housing properties, but also reducing maintenance and upgrades, saying it must do so in order to meet its budget shortfalls. The LAHC was about $330 million short of maintaining the current number of properties in 2012-13 at a reasonable standard.

Both Labor and Liberal state governments have sold off public housing stock over the past decade, with more than 500 properties in NSW sold last year alone, raising $165 million. This year, the state's public housing maintenance budget has been cut by $37 million, forcing many tenants, including families, the elderly, sick and frail, to live in conditions that do not meet basic standards.

There is bipartisan agreement on denying the basic right of all to affordable, modern and properly maintained housing—one of the most essential requirements of life—in order to enforce the austerity dictates of the financial markets and boost the profits of real estate developers and building companies.

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