



JUSTICE 
PEACE OFFICE
CATHOLIC ARCHDIOCESE OF SYDNEY

Housing: it's time for the Vienna Model



About Us

The Justice and Peace Office is an agency of the Catholic Archdiocese of Sydney, charged with promoting awareness, understanding and action in relation to justice, peace, ecology and development as guided by Catholic Social Teaching.

Our agency head, Fr Peter Smith, is the Promoter of Justice and Peace for the Archdiocese. Fr Smith is a member of the End Street Sleeping Coalition.

Our agency also promotes and coordinates the activities of local social justice action groups in the Archdiocese. One of these groups has established, and now oversees, a social housing development in partnership with Amélie Housing.

NSW's housing challenge

In this submission, we are limiting our observations to expenditure on public housing.

We commend the Minns Government's commitment to confronting the housing crisis in our state. Cost of living is the number one issue affecting communities, and housing costs are the single largest part of those costs. Never in living memory has housing been so unaffordable.

It's time to accept that the vision of housing that Australia enjoyed from the 1950s until recently is over. No one has any expectation that prices will, in the future, fall back to what they were before the 2000s. With two-thirds of Australians owning or paying off a home, and that home constituting most of their wealth, it is clear there is electoral pressure to keep prices where they are. This has a demotivating effect on younger generations who are painfully aware that no amount of hard work will ever be enough for them to own their own home.

Recent NSW governments' lack of action, or even imagination, on this problem is scandalous. The free market is not providing a solution; the unrestrained free market is the problem. Food and shelter -housing- are among the essentials of life and should not be left to the free market. There are simply not enough non-market options.

Our environment has changed; time to take a fresh look

There are an ever-increasing number of NSW citizens who will never be able to buy into the housing market. Recent studies claim that the *majority* of children born today will never be able to buy in. Instead of what we currently do, which is to align the great majority of housing policies for the benefit of home-owners or, worse, investors, it is time for policy to be crafted for the large and growing number of people excluded from market housing.

If nothing is done, Australia will continue its regression into a nation of rentier capitalists, where a small number of investors own nearly all the properties and everyone else rents at their pleasure. We are well on our way down that path. ACOSS found that the wealthiest 20% hold 82% of all investment property by value.

Rather than stand by and say “isn’t this terrible”, governments need to lean in. We endorse the call for a unified national housing strategy, rather than the current blame-game between various levels of government.

The world’s most liveable cities take a strongly interventionist approach to housing. Singapore was rated as the most liveable location in the world by the Economist and 78% of its population lives in public housing.

The Viennese Solution



Vienna is consistently rated the world's most livable city. One of the reasons is its extensive quality social housing that is used by the majority (60%) of the city's population.

There is still, of course, a private housing market that sits alongside social housing.

Vienna uses a mix of three forms of social housing:

1. Housing owned and managed by the city government.
2. Housing controlled by the city government but paid for by private developers on favourable terms. Developers bid for the right to build and their proposals are evaluated based on architectural quality, environmental performance, social sustainability and economic parameters. They are then obliged to rent 50% of the new apartments to lower-income residents. Contrast that to Australia's optional 15% affordable housing benchmark, which most developers do not bother to use.
3. Housing built by cooperatives.

Any or all of these approaches would provide alternative pathways for people in NSW priced out of the general market.



The tax impost of Vienna's social housing to the general public is a mere 1% levy, like Australia's Medicare levy.

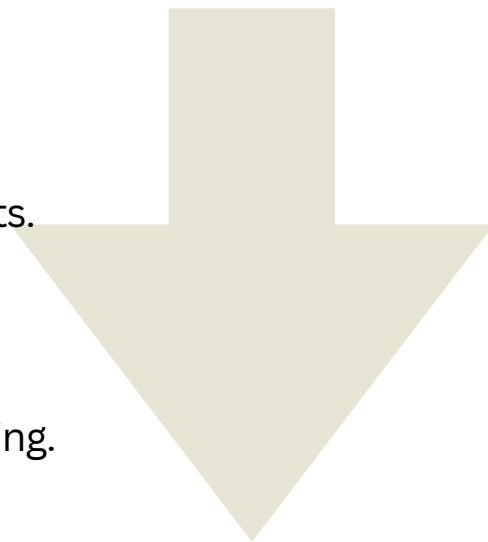
Viennese social housing also generates significant rental income for the government, which vacant land would not.

Australia celebrates the introduction of Medicare, which recently turned 40, as a major pillar of our egalitarian society. Now that the free market in housing is turning the country in a decidedly inegalitarian direction, it is time to revive a social housing model that is broadly appealing to the enormous numbers of NSW citizens, particularly young people, who will simply never be able to buy into the private market for housing.

This housing moment we face is equivalent to those moments that led to Medicare, Superannuation, and HECS. The free market is failing half of NSW households, and mere tinkering at the edges won't address the problem.

Top-down policies

1. Increase direct funding for public housing, including wraparound support packages. New housing should remain in public hands, where it will generate revenue.
2. Create more appealing incentives for private capital to move into affordable housing, or else simply mandate 20% affordable housing in new developments. Opt-in policies aren't working.
3. Mandate high quality. Vienna does this through transparent, competitive bidding.



Bottom-up policies

1. Enable and promote the expansion of housing cooperatives.

