Submission to Select Committee on Intergenerational Housing Inequity

percapita

FIGHTING INEQUALITY IN AUSTRALIA

April 2026

PER CAPITA SUBMISSION TO SELECT COMMITTEE ON INTERGENERATIONAL HOUSING INEQUITY

Per Capita, April 2026

Per Capita is an independent think tank, dedicated to fighting inequality in Australia. We work to build a new vision for Australia, based on fairness, shared prosperity, and social justice.

We welcome the opportunity to make a submission to the Select Committee on Intergenerational Housing Inequity.

Housing equity is only partly an intergenerational problem

To what extent is housing unaffordability driving intergenerational inequity? Certainly, homeownership is becoming more difficult for younger generations. Around 75% of people born between 1947 and 1951 were homeowners at age 40-44. It is only 65% for people born in 1977-81.[1]

Renting has also become more difficult. In the mid-1980s, Australians spent around 20% of their disposable income on rent. Today that figure is closer to 25% - and the increase has been most dramatic for Australians in the lowest income quintile.

Younger Australians, aged 18-44, are 2.5-3.5 times more likely to be in housing stress than those aged over 65.[2] However, those who retire without a home are also at risk of housing insecurity – any policies to address housing equity need to address rental stress across all age groups.

Income inequality is housing inequality

As of the 2021 Census, there were 640,000 low-income Australian households spending over 30% of their income on rent (a common measure of housing insecurity), living in overcrowded homes, or homeless.[3] Many areas with the highest levels of rental stress are outer suburbs or remote regions, where rental costs are cheaper but incomes are lower.[4]

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[1] Australian Institute of Health and Welfare, *Home Ownership and Housing Tenure* (Web Page, 16 October 2025) https://www.aihw.gov.au/reports/australias-welfare/home-ownership-and-housing-tenure.

[2] Milad Ghasri et al, *Predicting Risk to Inform Housing Policy and Practice* (Final Report No 393, Australian Housing and Urban Research Institute, December 2022).

[3] Low-income here refers to lowest or second lowest quintile. See Ryan van den Nouwelant, Laurence Troy and Balamurugan Soundararaj, *Quantifying Australia's Unmet Housing Need: A National Snapshot* (Report, Community Housing Industry Association, November 2022).

[4] Ben Phillips, *Australian Rental Cost Trends* (Report, POLIS: The Centre for Social Policy Research, Australian National University, 2025).

Although Australia's income inequality has been fairly stable, low-income earners are falling behind once housing costs are taken into account. Between 2003–04 and 2019–20, disposable income after housing costs increased by 43% for the highest income quintile, compared to just 12% for the lowest income quintile.[5]

The first step is to improve income support

Increasing housing supply would make rental housing more affordable, but most supply measures will take several years to have a measurable effect. Targeted income support for low-income Australians would have a more immediate impact on housing insecurity.

Increasing Commonwealth Rent Assistance (CRA) is the simplest and most direct way to address housing insecurity. There is little risk of CRA flowing onto higher rents, because recipients can spend it on either housing or other goods and services.

The JobSeeker payment should also be increased to 90 per cent of the pension payment, as recommended by the federal government's own Economic Inclusion Advisory (up to $990 from the current rate of $808.70 per fortnight for a single person).[6] Australia saw the largest decline in minimum income benefits of any OECD country between 2001 and 2022, falling from 49% of median income to 33%.

While less immediate, the federal government should also invest more in **social housing** to support the most vulnerable Australians at risk of homelessness.

Lack of supply drives high rental prices

The federal government's Housing Accord target of 1.2 million new homes over five years is expected to be missed with a shortfall of 262,000 homes.[7] That will have a lasting effect on rental prices.

Unaffordable housing near city centres is also a barrier to social mobility, as lower-income earners are forced to live where jobs are less plentiful, or to commute several hours each day. And school students from lower socio-economic backgrounds become segregated from their higher-income peers.[8]

[5] Brendan Coates, Joey Moloney and Matthew Bowes, 'Housing Is Less Affordable than Ever', *Grattan Institute* (Web Page, 28 March 2025) https://grattan.edu.au/news/housing-is-less-affordable-than-ever/.

[6] Economic Inclusion Advisory Committee, *2025 Report to Government* (Report, April 2025).

[7] National Housing Supply and Affordability Council, State of the Housing System 2025 (Report, April 2025) 5.

[8] Katie Roberts-Hull, 'The Price Children Pay for Exclusive Suburbs', *Inflection Points* (Web Page, 13 July 2025) https://inflectionpoints.work/articles/the-price-children-pay-for-exclusive-suburbs.

The federal government should pull more levers to increase housing supply

Subsidising new **social housing** builds would directly contribute to housing supply. For example, $500 million per year over five years could fund the construction and operation of around 6,600 homes.[9]

A key barrier to new supply is the lack of **enabling infrastructure**, such as water and gas.[10] The federal government should continue to invest in programs like the Housing Support Program, which connects new housing developments to services.[11]

In addition, the federal government could incentivise the states to **reform zoning rules**, which tend to restrict how much housing can built in places close to work and infrastructure. For example, the federal government could reward states that permit three-storey developments in residential zones.[12]

Our tax settings promote housing speculation and higher prices

While poverty is the key driver of rental insecurity, skyrocketing house prices have created a divide between homeowners and potential first home buyers. In a country where property is the largest component of wealth for most households[13], this divide threatens to grow larger in the coming years.

The capital gains tax discount and negative gearing should be cut back

The rapid increase in house prices since the early 2000s coincides with the introduction of the 50 per cent CGT discount in 1999 (see Figure 1). Dwelling prices were around five times incomes in the early 2000s, and it's now eight times.[14] While other factors such as lower interest rates may have also contributed, the combination of the CGT discount and negative gearing are a recipe for speculation in the property market.

Reducing the CGT discount to 25 per cent and **limiting negative gearing to deductions from investment income** would moderate house price growth and make it easier for first home buyers to enter the property market. A precursor is Melbourne's relatively modest growth in dwelling prices, which may partly be the result of higher land tax announced in mid-2023.[15]

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[9] Based on the estimated subsidy gap between development/operating costs and rental income for a social housing development, indexed by the Consumer Price Index. See Laurence Troy and Ryan van den Nouwelant, *Costing Social and Affordable Housing Delivery across Australia* (Report, UNSW Sydney and University of Sydney, October 2023) 3.

[10] National Housing Supply and Affordability Council, State of the Housing System 2025 (Report, April 2025) 10.

[11] Department of Infrastructure, Transport, Regional Development, Communications and the Arts, 'Housing Support Program' (Web Page) https://www.infrastructure.gov.au/territories-regions/cities/housing-support-program.

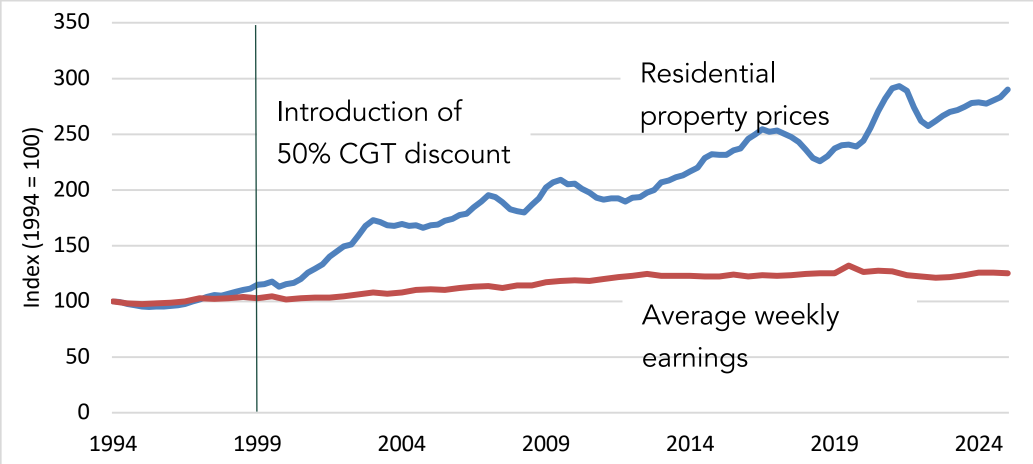
[12] Brendan Coates, Joey Moloney and Matthew Bowes, *More Homes, Better Cities: Letting More People Live Where They Want* (Report, Grattan Institute, November 2025).

[13] Productivity Commission, *A Snapshot of Inequality in Australia* (Research Paper, May 2024).

[14] National Housing Supply and Affordability Council, *State of the Housing System 2025* (Report, April 2025) 4.

[15] Ahmed Yussuf, 'Charts Show How the Housing Market Has Changed since COVID', *ABC News* (online, 14 March 2025) https://www.abc.net.au/news/2025-03-14/charts-show-how-the-housing-market-has-changed-since-covid/105052772.

Figure 1: Residential property prices relative to average weekly earnings, Australia



Notes: Residential property prices are deflated by CPI. Earnings data is 'all employees average weekly total earnings', deflated by CPI. Sources: Australian Bureau of Statistics[16]; Bank of International Settlements[17]

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[16] Australian Bureau of Statistics, *Average Weekly Earnings, Australia, Reference Period: November 2025* (Statistical Release, 26 February 2026) https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/average-weekly-earnings-australia; Australian Bureau of Statistics, *Consumer Price Index, Australia, Reference Period: February 2026* (Statistical Release, 25 March 2026) https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia.

[17] Bank for International Settlements, 'Residential property prices', *BIS Data Portal* (Web Page, 2025) https://data.bis.org/topics/RPP/data.