



# Response to Labor's Discussion Paper on Housing Affordability

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## Introduction

Access to safe, secure, affordable housing underpins the economic and social well-being of Australian households and their communities. Housing provides physical shelter as well as stability and security, from which people can participate in education and employment and actively engage in civic life. The high cost of housing in recent years has led to significant levels of housing stress among low and moderate income households, and a significant rise in the numbers of people seeking assistance from homelessness service providers due to financial hardship.

National Shelter welcomes the opportunity to provide this submission to the Australian Labor Party Discussion Paper on Housing Affordability. Our submission is based upon National Shelter's role as Australia's peak housing advocacy organisation, our Policy Platform, [Meeting Australia's Housing Challenges](#), developed over a number of years in consultation with our members across the country, as well as more recent consultations National Shelter conducted around the National Affordable Housing Agreement.

National Shelter has worked closely with Australian Council of Social Services (ACOSS), Homelessness Australia, the National Association for Tenants' Organisations, and the Community Housing Federation of Australia (CHFA) to develop [An Affordable Housing Reform Agenda](#), which provides extensive goals and recommendations to reform our housing system. The Reform Agenda, published in March 2015, recommended adopting clear targets to increase the supply of affordable housing and reduce homelessness:

- Halve homelessness by 2020 (to 50,000 people experiencing homelessness on any given night and 125,000 persons requiring specialist homelessness services each year);
- Halve the shortfall in housing supply available and affordable to the bottom 40% of household incomes by 2025; and
- Meet the shortfall in housing supply available and affordable to the bottom 40% of households by 2035, thereby ending homelessness caused by lack of housing.

## About National Shelter

National Shelter is the peak non-government organisation representing the interests of low-income housing consumers, and has been in operation since 1976. It comprises representatives of Shelter bodies in all States and Territories, and also includes national bodies Homelessness Australia, the Community Housing Federation of Australia, Jobs Australia, National Council of the St Vincent de Paul Society, and the National Association of Tenant Organisations. National Shelter cooperates closely with other national organisations such as the Australian Council of Social Service, and was a member of the National Affordable Housing Summit Group, the Community Organisations Housing Alliance and the campaign group Australians for Affordable Housing.

National Shelter advocates for the development of a national housing policy based around the following principles:

- Housing is affordable. People on low and moderate incomes should not have to pay more than 30% of their income on housing costs.
- Housing is adequate. Everybody is entitled to housing that meets acceptable community standards of decency and their own needs.
- Housing is secure. People should not live under threat of loss of home and shelter. A secure base enables people to form constructive relationships, grow families and seek employment and community engagement.
- Housing is accessible. People should be informed about available housing options and access to these should be free from discrimination. Most housing should be built to Universal Design principles.
- Housing is in the right place. It should be located close to services and support networks, to job opportunities, to transport networks and to social and leisure activities.
- Housing meets people's life-cycle needs. People have different housing needs at different stages of their lives, and housing should be available to match these changing needs.

## Response

### Defining housing affordability

#### **1. Do you agree with the definition of housing affordability used in this discussion paper? If not, what definition would you propose?**

The definition of housing affordability in the discussion paper as 'the ability of an individual to pay for good quality and adequate housing, whether rental accommodation or purchasing a new home' is appropriate when addressing the high cost of accommodation across the housing system. However, focusing on affordability broadly, rather than 'affordable housing', more specifically, may skew attention (and resources) away from those most affected by the high cost of housing.

'Affordable housing' is commonly defined by the 30/40 rule, where no more than 30% of a low to moderate income household's expenditure is spent on housing (Disney, 2007). Low to moderate income households are defined as those in the bottom two quintiles (under 40%) of income distribution. National Shelter promotes 'access to safe, secure, appropriate and affordable housing for all Australians' as part of its key aims for housing policy, rather than the looser definition suggested in the discussion paper.

Housing affordability is a relative term and is frequently used in commentary on the issue. Housing affordability for purchase is often measured using medians of housing costs and weekly earnings. Affordable housing however, is a description of dwellings or programs which often have an element of subsidy. Affordable housing is that which meets the specific criteria allocated to affordable housing i.e. the 30/40 rule outlined above. Focusing on 'affordable housing' in policy making is beneficial to adequately target interventions and measure tangible outcomes, such as an increase or decrease in the supply of affordable housing.

## Previous initiatives to improve housing affordability

### **2. What elements of previous Labor policy were successful at improving housing affordability?**

Previous Labor governments implemented a number of initiatives aimed at improving housing affordability and affordable housing supply including:

- **the National Rental Affordability Scheme,**
- **Housing Affordability Fund,**
- **National Housing Supply Council,**
- **First Home Saver Accounts,**
- **Social Housing Initiative,**
- **Homelessness White Paper The Road Home,**
- **National Affordable Housing Agreement, and**
- **National Partnership Agreements on Social Housing, Homelessness and Remote Indigenous Housing.**

Many of these initiatives contributed to increasing the supply of affordable rental properties and providing accommodation and services to people in social housing or facing homelessness.

National Shelter does not support First Home Owner Grants (FHOG) as they provide an inflationary demand stimulus in a supply constrained market. We understood the role of the temporary increase in FHOG as a stimulus response to the global financial crisis but believe any future funding would be better utilised in a planned supply side initiative.

National Shelter was involved in recommending the National Rental Affordability Scheme as a program and stands by this recommendation as an effective supply response. We were also critical of some aspects of its implementation which could be addressed in any subsequent iteration of the scheme.

We strongly supported the National Housing Supply Council which emerged from recommendations from industry, the community sector and unions regarding the lack of accurate data on housing supply. Information contained in their reports was valuable for

strong policy positions and decision making, and were a useful resource for many organisations in the sector. National Shelter recommends that this Council be reinstated.

The Road Home white paper process led to important reforms and has changed the way our sector addresses homelessness, from a crisis response to preventative, housing led processes, intended to minimise homelessness. The National Partnership Agreement on Homelessness has led to many significant service developments which should now be models for reforming all homelessness service provision.

Perhaps the most important but least heralded reform of previous Labor governments was the Social Housing Stimulus as part of the Nation Building package. The additional 20,000 properties slowed the decline of social housing, were delivered under budget, and also returned much needed supply through its maintenance element.

The Henry Tax Review made several good recommendations to improve housing affordability, specifically around negative gearing, capital gains discounts and stamp duty, which, if implemented, would have made significant improvements to housing affordability.

## Planning

### **3. To what extent are existing planning laws inhibiting the supply of new housing?**

Planning laws can encourage or inhibit the supply of new housing, and in particular affordable housing. National Shelter considers it vitally important that each State has an effective and efficient planning system to support the supply of affordable housing. An inefficient planning system can stifle development, adding to the cost of housing, which can in turn be detrimental to affordability. Local governments require adequate planning tools and guidance to support the efficient development of affordable housing.

The planning system is an integral component of ensuring a diversity of housing types, for a range of households and income levels. The planning system can also directly enable the provision of affordable housing. For example, the use of mandatory inclusionary zoning can facilitate the creation of affordable housing by requiring developers to include a certain portion of affordable units in new developments or providing cash in lieu. Mandatory zoning is usually implemented at a threshold level, i.e. so as not to affect smaller developments, and is effective as it is usually implemented across large regions, providing consistency for developers.

Mandatory inclusionary zoning is used in many countries, including parts of the United States in areas of high housing demand. In Western Australia, 15% affordable housing is required on government land, as stipulated by the WA 'Affordable Housing Strategy', but there is no such requirement in place for private land holdings (Department of Housing, 2010). South Australia has implemented a form of inclusionary zoning by requiring new developments to meet a 15% quota of affordable housing, one third of which (5%) are required to be social housing. Implementing mandatory inclusionary zoning provides

developers with certainty and a level playing field, while delivering affordable housing outcomes at minimal cost to the State or Commonwealth governments.

National Shelter notes that a number of States have been implementing planning reforms, which indicates that they are conscious about how planning systems can negatively impact on the growth and development of cities. National Shelter suggests planning system changes must always encourage the provision of diverse and affordable housing, and not undermine its development. While much of the reforms at the state level have focused on streamlining planning systems, National Shelter believes there must also be a focus on better utilising planning systems for the delivery of social and affordable housing.

#### **4. What role could the Commonwealth play to encourage greater uniformity of planning rules across jurisdictions?**

The Commonwealth Government can play a strong role in encouraging effective planning systems through coordination, research, and funding, depending on the particular needs of States and Territories. The other important role for the Commonwealth is in driving reform nationally and through state systems. To do this requires incentives provided by the Commonwealth, which could be made available to states that meet the reform benchmarks, targets or legislative reforms which are set by the Commonwealth.

Through the Council of Australian Government (COAG) the Federal Government has previously brought together representatives from State and Federal Government to discuss a housing and urban planning agenda. In 2009, COAG instructed the COAG Reform Council (CRC) to conduct a review into capital city strategic planning systems.

This review recommended that more coordination and collaboration was needed between State and Federal governments. Coordination is needed to ensure that all Governments are achieving the best results for communities. This forum also enables knowledge and learning from one State to be transferred across to other jurisdictions.

National Shelter also recommends that the Commonwealth Government continue to take a role in research and funding. The Productivity Commission published research relevant to improving the effectiveness of planning systems. The research report 'Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments' provided a national snapshot of the effectiveness of each planning system, and also provided recommendations as to how these systems could be improved (Productivity Commission, 2011). This research recommended State governments implement a number of changes to planning systems. This included electronic lodgement of development applications (eDA) and risk-based assessment, among a number of initiatives. The recommendations from this report are currently in different stages of development and implementation across the States. National Shelter believes that research and technology which can be used effectively among the States, such as eDA, could be improved by Commonwealth co-ordination and funding. This would assist with ensuring consistent and efficient processes.

## Foreign investment

### **5. To what extent have foreign purchases of residential housing affected affordability?**

Whilst there has been significant media attention on foreign purchases of housing, National Shelter has not seen evidence that non-resident purchases of housing are driving the high cost of housing in Australia. Permanent residents working or studying in Australia should not be restricted from buying a home and non-residents are already limited to purchasing new construction. In either case, xenophobic scapegoating of non-Australian born purchasers is not the solution to Australia's housing challenges.

National Shelter recommends tightening other mechanisms that contribute to inflated house prices and an over-investment in residential property – such as negative gearing and capital gains exemptions – as this would contribute more to improving housing affordability than targeting foreign-born buyers. Findings from the House Standing Committee on Economics 'Inquiry into foreign investment in residential real estate' may shed some light on these issues, ideally based on accurate data, to inform policy making in the future.

## First home buyers

### **6. Do you consider that first home buyer schemes are effective in improving housing affordability?**

As cited in the discussion paper, first home owners are finding it increasingly difficult to purchase a home. First home owner schemes vary across the country. Most states have some form of first home owners grant. These grants are currently not means tested, although some States and Territories limit grants to the purchase of dwellings below a certain value which varies between jurisdictions. Their key policy objectives are often more about stimulating the construction industry and maintaining house values than about assisting people on low incomes. National Shelter is of the opinion that the substantial resources that go into first home owners' grants could be much better targeted at assisting low and moderate income home purchasers.

National Shelter supports the continued development of shared equity programs and other alternative home loan mechanisms. These programs can benefit first time home owners, but are not exclusively targeted at first home owners. The 'Keystart' home ownership scheme, provided by the Department of Housing in WA, provides low deposit home loans to income eligible households, and has been extremely successful in assisting over 85,000 Western Australian families into home ownership. Australasian Housing and Urban Research Institute research into Keystart suggested 'there is a powerful argument for the adoption of similar programs elsewhere' (Rowley, Costello, Higgins, & Phibbs, 2014). Shared equity schemes allow households to achieve affordability while also developing equity in a house – where they may not have been able to do so otherwise. Shared equity



programs can also assist in transitioning people out of the social housing system, enabling resources to be allocated to those most in need.

## Taxation

### **7. What aspects of existing taxation arrangements act as barriers to housing affordability?**

#### **a. Stamp Duty and Land Tax**

National Shelter strongly supports the recommendations made in the Henry Review to abolish stamp duty and introduce a broad-based land tax over a transitional period (Australian Taxation Office, 2010). Stamp duties are inefficient taxes which prevent people from moving through the housing system, including, importantly, downsizing as they age. Abolishing stamp duty while implementing a broad-based land tax would remove a significant cost to home buyers, help control house price inflation, and return equivalent revenue for the State Government over time, with minimal implementation costs. Notably, this recommendation has the potential to increase housing affordability for first time homebuyers, low and moderate income households and anyone wishing to move or downsize (Australians for Affordable Housing, 2012). National Shelter notes the ACT Government has already moved in this direction and provides a model for other jurisdictions to follow.

National Shelter suggests that land speculation is an issue which is also impeding the creation of affordable housing. According to the Western Australian Local Government Association (WALGA), the land development industry has a large control over land released onto the market, its timing, lot sizes, subdivision design, and housing type (WALGA, 2013). The development of lots left vacant for speculative purposes can help address the lack of affordable housing in Western Australia. In 'A Fading Dream - Affordable Housing in Western Australia', the Community Development and Justice Standing Committee suggests that State governments should investigate the feasibility of requiring developers to release undeveloped lots within a certain time frame, and implement a differential land tax regime on long-term unimproved land (Community Development and Justice Standing Committee, 2011). National Shelter supports this recommendation, and urges that a feasibility study into a vacant land tax is undertaken, either at state or local levels across Australia. More research is required on this issue to ensure fairness and transparency for land holders, while encouraging the development of more affordable housing at scale.

#### **b. Capital Gains and Negative Gearing**

Tax concessions, including the exemption of owner-occupied housing from capital gains tax and land tax, discounts on capital gains tax for investment properties, and negative gearing (the ability to offset the costs of owning investment properties against other income), are detrimental to housing affordability. Many of these tax concessions are counter-productive.

They encourage people to build larger houses than they need to tie up their savings in ‘tax-free’ residential home-ownership that is non-productive and environmentally wasteful, restricting diversity in smaller types of built form and contributing to inflated prices and rents (TaxWatch, 2010).

National Shelter is concerned about the impact of negative gearing, in combination with capital gains exemptions, on house prices. Julian Disney, Director of the Social Justice Project at the University of New South Wales recommends that, like most other OECD countries, taxation policy in Australia should be modified so that interest and other housing investment expenses to the owner are deductible only against income from the property investment, and not from other sources such as an executive salary or stocks and shares (Disney, 2009).

Taxation benefits of negative gearing itself are heavily skewed, providing ten and a half times more benefit to the top 20 per cent of income households (Yates, 2009). This effect of negative gearing is potentially becoming significant, and inflating prices for low and moderate income earners, as figures indicate 36% of all property owned by individuals, and 47% of all property other than owner-occupied dwellings, is owned by households in the top 20% of the income distribution (ABS, 2013). Brody and McNess (2009) found that people in the top income quintile are able to access up to \$15,000 every year in tax concessions related to housing. This is up to nine times the tax concessions accessed by people in the lowest income quintile.

ACOSS (2015) recently published a report, [‘Fuelling the fire: negative gearing, capital gains tax and housing affordability’](#). National Shelter supports its findings that negative gearing and capital gains tax discounts for investors together encourage over-investment in existing properties and expensive inner city apartments which lifts housing prices and does little to promote construction of affordable housing. The report states:

- **Over half of individual taxpayers with geared rental housing investments are in the top 10% of personal taxpayers (earning over \$100,000 in 2011) and 30% earned over \$500,000.**
- **Over 90% of investor borrowing is for existing rental properties, not new ones, so investors are bidding up home prices without adding much to the supply of housing.**
- **These tax breaks encourage speculative investment with an eye to capital gains, not patient investment with an eye to rental yields.**
- **They reinforce the bias in favour of housing investment by small investors with one or two properties, when we need more investment by institutions such as super funds to stabilise the rental property market and give tenants more secure tenure.**
- **They fuel speculative housing price booms that destabilise the economy and make it harder for the Reserve Bank to reduce interest rates when needed. With lending for investment properties rising by 150% in Sydney in the last**

**three years, the Reserve Bank warns that investment housing bears close monitoring for signs of speculative excess.**

**8. How might taxation policy be designed to achieve positive housing affordability outcomes?**

Taxation policies can be effective tools to promote the supply of suitable housing and encourage investment in affordable housing. National Shelter believes that shifting taxation policies away from individual households, who are seeking short term capital gains, to overall institutional investment, will be of much benefit to those living in rental accommodation.

National Shelter recommends that the Australian Government continue to explore the 40% savings income discount recommended by the [Henry Review](#) as an alternative to (among other things) negative gearing of rental income. Part of the revenue savings could be used to strengthen tax incentives for investment in new affordable rental housing through a program such as the National Rental Affordability Scheme.

National Shelter also supports the view of ACOSS that negative gearing could be “quarantined” against the same income source. Tax deductions for ‘losses’ on new investments should not be claimable against an individual taxpayer’s other income, including wages. To protect people who made investment decisions under the existing rules, existing investments should not be affected: the current rules would still apply until the property is sold (ACOSS, 2015)

National Shelter also believes there is merit in better targeting tax measures on housing to new supply of affordable housing, rather than allowing these to be focused on existing dwellings. Channelling investment into new construction will lead to better affordability outcomes.

Rent Assistance

**9. Please provide your views in relation to the effectiveness of rent assistance in improving housing affordability? and**

**10. Do you consider that rent assistance is appropriately targeted towards those that face issues of housing affordability?**

Commonwealth Rent Assistance (CRA) provides assistance to low income renters in private rentals and community housing and prevents even more widespread housing stress, and housing affordability issues, among this group. However, CRA has not kept pace with increasing rents and household costs and must be increased in order to minimise housing stress among low income renters. The Harmer Pension Review found that because the rate of CRA is indexed to overall inflation, not to increases in rents, pensioners are on average \$9 to \$10 per week worse off over the period from 2000 to 2009 (Commonwealth of Australia, 2009). In addition, many low income households are not eligible for CRA because it is only available to people on some categories of Centrelink payment.

National Shelter recommends that the Australian Government increase the maximum rate of Commonwealth Rent Assistance by 30% (approximately \$15 per week for those receiving maximum allowance), that this amount be indexed to the rental component of CPI from 2012 onwards, and that eligibility be extended to all people who meet income test requirements, irrespective of their source of income.

The provision of rent assistance will not in itself promote adequate supply, although it does provide an important subsidy to community housing organisations which in certain conditions can make the difference between viability and non-viability of social housing projects.

The recommendations here need to be seen alongside recommendations about changing private rental investment, and more specifically about rent and subsidy arrangements in social housing. That said, along with other measures, rent assistance can provide an important add-on in the financial viability of community housing providers and any changes to CRA will need to be evaluated for their impact on this sector.

The Reform of the Federation Housing and Homelessness Discussion Paper suggests replacing the National Affordable Housing Agreement (NAHA) with CRA for public housing tenants, who are not eligible under current arrangements, and linking public housing rents to market rents. This suggestion was also one advanced by the Commission of Audit. National Shelter believes that CRA for public housing tenants, or an equalised operational subsidy, could be used as an income stream for public housing authorities to fund operational maintenance, but should not be seen as a replacement for Commonwealth capital funding. Replacing NAHA with CRA, without additional capital funding, would severely limit States and Territories' abilities to increase the supply of social and affordable housing and pay for crisis and transitional accommodation services.

### **11. Do you have a view on which sections of our community are experiencing housing stress most acutely?**

According to latest figures calculated using Household Income and Income Distribution 2009-10, across Australia more than one in ten households are in housing stress. That equates to over 850,000 households. The highest rates of housing stress are felt by renters and first home buyers with 26 per cent of renters and 15 per cent of first home buyers in housing stress (Australians for Affordable Housing, 2012). This research also found that one in five people aged 15 to 25 was also in housing stress, significantly higher than the general population. In 2013, 40.1% of households receiving CRA were in rental stress (Productivity Commission, 2014), which demonstrates the inadequacy of the payment to ensure people do not experience financial hardship and poverty.

The National Rental Affordability Scheme (NRAS) was designed, in part, to contribute to the supply of affordable rentals and alleviate housing stress for a sub-set of the population (i.e. those over income for social housing but still unable to access affordable accommodation in the private rental market). NRAS added to the supply by 35,000 properties by the end of

its reduced provision of incentives. National Shelter recommends reinstating NRAS incentives to deliver 15,000 additional affordable rental dwellings per annum and maintain investor confidence in the program, while the program is reviewed and problems are addressed to ensure a viable future program of incentives for private investment. Once this is completed and program improvements are made, National Shelter recommends extending NRAS by an additional 50,000 incentives over a further 10 year program and investigating a lower incentive to maintain existing NRAS properties as affordable rentals.

The lack of availability of data with regards to housing stress and the undersupply of affordable housing is of concern to National Shelter. The National Housing Supply Council (NHSC), which was abolished in November 2014, provided key statistics on overall undersupply and other housing issues across the country, and was a valuable source of information for government agencies, the community sector and private industry. The NHSC should be re-established to enable access to up-to-date information to inform policy making.

## Security of tenure

### **12. What role might Government policy have in improving secure occupancy for renters in Australia?**

While residential tenancy legislation is currently under the jurisdiction of the States and Territories, the Federal Government has a role to play to ensure security of tenure for Australian renters. National Shelter believes the Australian Government should enshrine in legislation the right to adequate housing.

Tasmania's recently updated Residential Tenancy Act provides increased security for tenants in the private rental market regarding notification of lease ending. Minimal standards for rental properties (private and social) are currently before parliament. In WA, the Residential Tenancy Act was amended in 2013, providing more security for renters, however boarders and lodgers were not included in this legislation. National Shelter is concerned there is an apparent lack of consistency in tenancy legislation across Australia, and this indicates national leadership is needed to ensure that Australia meets its human rights obligations, and develops best practice standards for tenancy legislation. These best practice standards should include:

- **improved coverage of marginal forms of housing such as boarding houses and caravan parks;**
- **better protection against eviction, including limits on "without grounds" evictions and extended notice periods;**
- **minimum standards of safety and habitability;**
- **mitigation of excessive rent increases; and**
- **development of a framework for longer term leases.**

The interest generated by rental bonds, which are required in most States and Territories to be lodged with a government agency, should be used as a funding stream to support tenants' advice and advocacy services. This is already done in some states, but not all. This would grow in proportion to the rental sector and hence demand for services.

An overview of residential tenancy legislation may be found on the National Shelter website. Produced by member organisation the National Association of Tenant Organisations (NATO) for National Shelter, "[A Better Lease on Life](#)" also contains a range of recommendations to improve tenancy legislation in Australia.

## Social housing

### **13. How might social and public housing best be targeted towards those who need it most in order to improve housing affordability?**

Social housing, including public and community, should be available to those who are unable to access adequate accommodation in our society. The current system is not working for a significant and growing number of people attempting to access social housing, as housing waitlists grow across the country each year. National Shelter does not believe that further 'targeting' social housing through tightening the social housing eligibility criteria is the right option – as this will only mask the problem rather than address the extent of need.

National Shelter believes that Federal and State Governments need to focus on expanding social housing stock, as Australia's low and declining social housing stock is not adequate by international standards, sitting at around 4% of total stock. Social housing residents and applicants should also be given the ability to transition through the system with the right support and assistance to achieve positive housing outcomes. Providing other forms of housing assistance – such as Commonwealth Rent Assistance to private renters and shared equity to first home purchasers - will divert people from social housing waitlists, allowing it to be targeted to those most in need.

National Shelter supports higher levels of stock transfers from state housing authorities to community housing providers to improve outcomes for clients. Community providers are better connected to local service systems, have cost advantages over state providers, have the ability to leverage housing over which they have title, which may increase supply, and often have access to innovative approaches to providing social and affordable housing e.g. mixed tenure developments.

National Shelter believes future iterations of the NAHA should have requirements for titled transfer of social housing supply to the NFP sector. This would enable greater leveraging of assets and faster growth of affordable housing as per the findings of the '[Financial impact of asset transfers from state/territory governments to community housing organisations](#)'.

National Shelter also believes that other innovative solutions are needed to unlock other housing opportunities for people unable to secure adequate accommodation. For example, The Rental Pathways Scheme, operated by the Housing Authority in Western

Australia, currently assists over income tenants to transition out of public housing and into the private sector, whether it is into home ownership or the private rental market. The Scheme simultaneously works with private home owners, offering incentives to rent their properties to eligible public housing tenants, including rent guarantees for a specified period of time. An expansion of the Scheme would require a relatively shallow subsidy of an average of \$7,200 per person, per annum, as opposed to the much deeper subsidy required to house someone in public housing. An expanded Rental Pathways Scheme could provide people with subsidised housing in the private rental market and offer extensive support services (i.e. tenancy support, links to employment/training, financial counselling) at a fraction of the cost of housing them in public housing. It could be structured as a fixed term program (3-5 years), and delivered by the non-government sector, to target support to those with the capacity to increase their income through employment over the period of the support. The expanded program could also target specific regional areas with high private rental vacancy rates.

Most States have schemes utilising NAHA funding which assist households to enter the rental market, often diverting households from public housing waiting lists when they are considered eligible but unlikely to be housed. Queensland operates Rent Connect, which offers assistance with access to real estate agents, bond loans and rental grants, advice and assistance with applications and links to community supports.

Tasmania is producing an Affordable Housing Strategy, which is hoped to provide recommendations that will contribute towards better housing outcomes. The Strategy is due for completion in June 2015. Tasmania is also piloting a 'Tenancy Guarantee' program to support tenants who may be disadvantaged in the private rental market e.g. by having no previous rental history, such as young tenants, migrants.

National Shelter is also conducting a project examining rent setting policies in public and community housing which may also recommend new ways of improving social housing outcomes.

## Commonwealth, State and Local Government relations

**14. What role would you like to see the Commonwealth Government taking to improve housing affordability outcomes in both the short term and long term?**

**15. How might the Commonwealth improve the transparency of arrangements around the National Affordable Housing Agreement between the Commonwealth, States and Territories?**

While the National Affordable Housing Agreement is critical for the development and provision of social and affordable housing, there should be increased transparency between State and Federal governments about how the funds are utilised. Governments have an obligation to share with the public what has been achieved with public funds. Commonwealth and State Governments must work together to set clear targets with timelines, and report against those key performance indicators. The key performance

indicators (KPIs) need to be directly linked to the expenditure of funds, as previous KPIs did not appear to link programs and services delivered with outcomes achieved.

The current arrangements under NAHA allow states to target funding to individual state needs. For example, NAHA funding has allowed the Department of Housing in WA to work across the housing continuum, by working creatively with the private sector and community housing providers to develop more social and affordable housing in Western Australia. State Governments need the flexibility to allocate NAHA funding to housing priorities in their state, but there must be increased transparency under new funding arrangements.

Housing policy at a national and state level will be strengthened by accurate and publicly available data on the following:

- **The overall supply of social and affordable housing, including an accounting for new developments, acquisitions, disposals and transfers between parts of the social housing system;**
- **Financial accountability, including an accounting for the use of Commonwealth funds, the provision of matched State funds and the use and leverage of existing assets;**
- **Data on key elements of housing service provision including allocations, subsidy levels, tenancy sustainment and departures from the system;**
- **Data on associated forms of housing assistance such as rent and bond subsidies and advice and referral services;**
- **Reports on progress and achievement in other areas relevant to housing such as planning reform, tax reform and use of surplus land.**

## Other issues - advocacy and representation

### **16. Are there any other issues not already covered in this Discussion Paper that you consider of high importance for improving housing affordability for Australians in the short and long term?**

It is extremely important that funding to peak advocacy bodies, which was cut under the current Government in December 2014, is restored to facilitate peak activity that provides a voice for vulnerable Australians. This will not improve housing affordability directly, but is needed to ensure that housing policy is developed in consultation with the community sector. Organisations including the Community Housing Federation of Australia, Homelessness Australia and National Shelter provide Government with considered, evidence-based advice on policy which reflects a range of perspectives, including that of low income and other vulnerable people. More than ever governments must work together with the community sector to develop solutions to Australia's housing challenges.

## Conclusion



National Shelter has monitored the deterioration of affordable housing in Australia both for owner occupiers and renters and recognises issues for both groups. Most Australian households continue to be well housed in high quality housing, but there are many Australians unable to secure appropriate, affordable accommodation. Households that are under financial and other stresses due to the high cost of housing. Households that are unable to afford adequate and affordable housing are being pushed further away from jobs, education and services.

For low income households, affordable and available low cost rental housing is virtually nonexistent and a massive undersupply has resulted from under-investment. Australia has been heavily reliant on market mechanisms to deliver affordable housing, but this has failed to generate enough supply. Commonwealth Governments have also inflated house prices by over generous tax concessions and allowances for investors.

National Shelter also recognises that only Labor and the Greens have developed policy and program responses to address this growing issue and is encouraged by Labor's request for input at this stage of the political cycle.

National Shelter urges the Labor Party to consider the following as urgent priorities:

- **Establish a Cabinet Minister for Housing within an Urban and Regional Development or Infrastructure portfolio to drive reform and utilise all the levers available;**
- **Continue to invest in affordable housing supply via direct capital funding and operational funding to maintain existing supply;**
- **Reform and extend NRAS;**
- **Address the over-generous tax concessions and deductions available to investors in rental housing, either through limitations to remove their inflationary impact or re-tasking to achieve better outcomes (new supply of affordable rental housing);**
- **Utilise Commonwealth funding and other incentives to improve transparency and accountability between the Commonwealth and States and to encourage State level reform to planning, changing from stamp duty to land tax and to make more well located land available for affordable housing;**
- **Continue to reform the provision of affordable housing including social housing via transfers of state housing supply to the NFP sector with commitments to title transfer at negotiated levels, with at least one third transferred to the NFP sector;**
- **Continue the National Partnership Agreement on Homelessness and use it as a basis for further reform directions;**
- **Reinstate the Prime Minister's Task Force on Homelessness; and**
- **Guarantee funding for peak bodies to provide advice to governments on housing and homelessness issues, policy and programs.**

National Shelter thanks the Labor Party for the opportunity to provide a response to its Housing Affordability Discussion Paper.

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