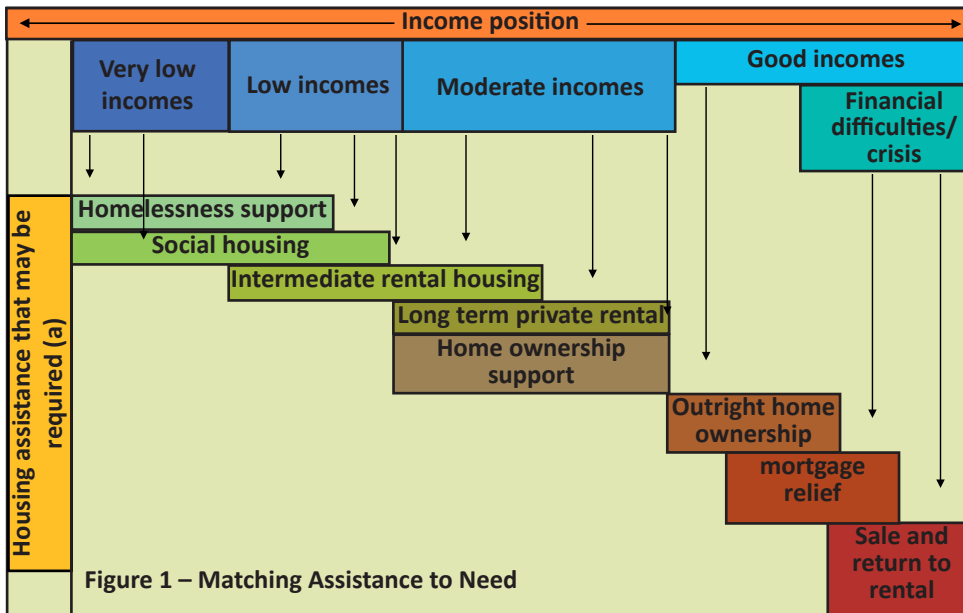


MEETING HOUSING CHALLENGES



Introduction

Australia is in a time of great change and uncertainty, economically and politically. Housing has not been immune from this period of change, and the past few years have seen significant changes and innovations. This policy platform represents National Shelter’s contribution to these ongoing debates.

It is based on the recognition that people on different incomes, and with different life circumstances, will need different sorts of support to ensure they are adequately housed. This range of needs is represented in Figure 1.

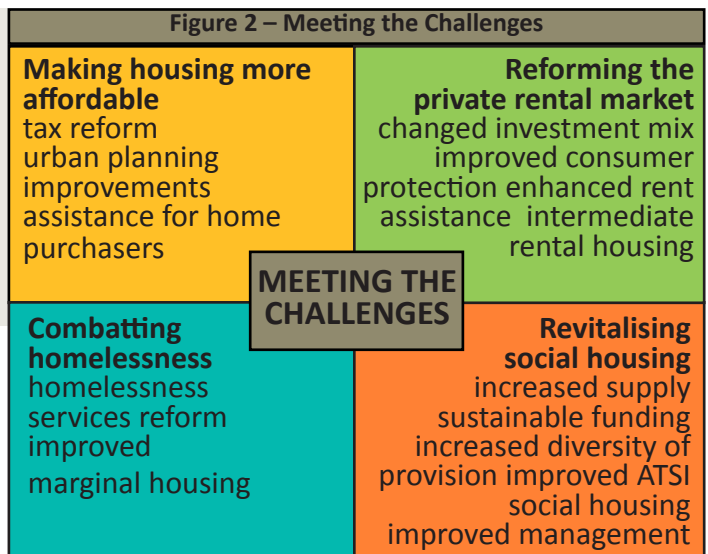
We see Australia as facing four key housing challenges and propose a four-pronged approach to meeting these challenges, as summarised in Figure 2. This needs to be seen as a total package, and Australian governments need a structure and process that can look at these issues in a coherent, integrated way.

National Shelter recommends:

- that the Australian Government appoint a single Minister for Housing, Homelessness and Urban Development with responsibility to coordinate housing-related policy decisions across agencies
- that the Council of Australian Governments (COAG) embed the National Affordable Housing Agreement as a permanent part of its decision-making, and expand it to include all forms of housing assistance.

Challenge 1: Making Housing More Affordable

The first challenge facing Australian governments is to make housing more affordable for Australians across the board, and particularly for those on low and moderate incomes. This challenge requires tax reform, reform of planning systems and changes to home purchase assistance.



The Henry Review released its report, Australia’s Future Tax System, in May 2010. The report contained 16 housing and land-related recommendations and represents a good starting point for tax reform.

National Shelter recommends:

- that the Henry Review form the starting point for further discussion of tax reform
- that COAG work towards implementation over time of the following recommended changes:
 - a broad 40% savings income deduction applied to all investment income including rental housing
 - the replacement of State Government stamp duty with a broader-based land tax regime, with rates calculated based on the value of the land per m2 rather than the current cumulative value, and integrated with local government rates
 - further examination of a tax on bequests
 - a review of infrastructure charging arrangements in the urban planning system
- that proposed changes to the tax arrangements governing not-for-profit activities be carefully drafted to ensure that affordable housing is defined as a charitable activity.

MEETING HOUSING CHALLENGES

The Council of Australian Governments (COAG) agreed to a national agenda for Australian cities in December 2009 and released a policy statement, Our Cities, Our Future, in March 2011. Shelter supports this policy agenda and urges its further development and implementation.

National Shelter recommends:

- that the Our Cities framework be expanded to consider major regional cities
- that ongoing discussions include the importance of affordable housing, and ways to ensure supply
- that the links between housing, employment and public transport systems be addressed in detail
- that increases in urban density be linked to the provision of affordable housing.

Australian governments provide in excess of \$1b each year in grants to first home owners. These schemes are poorly targeted and in need of thorough reform.

National Shelter recommends:

- that COAG conduct a comprehensive review of the various grant programs for first home owners
- that the First Home Owners Grant be recast as a program to assist low and moderate income home purchasers
- that the National Affordable Housing Agreement support the continued development of shared equity programs and other home loan mechanisms, and continue to support the operation of mortgage relief programs
- that the Australian Government support implementation of alternative tenure models such as Community Land Trusts and land-leasing options.



Brisbane Housing Company property: SYRAH - Mitchelton, Brisbane

Challenge 2: Reforming the Private Rental Market

The private rental market continues to be the main provider of housing for low income households. If it is to be a viable long-term tenure there is a need for substantial reform.

Australian governments need to work towards a shift in the patterns of investment in the private rental sector, away from small investors towards institutional investors and long-term rental investment.

National Shelter recommends:

- that the Australian Government continue to explore the 40% savings income deduction recommended by the Henry Review
- that the Australian Government support the further development of investment vehicles for attracting institutional investment in rental housing.
- that the National Housing Supply Council continue to monitor the supply and quality of housing at the bottom end of the rental market.

Tenants need the kind of legal protections that are appropriate for a long-term housing option.

National Shelter recommends:

- that the Australian, state and territory governments develop best practice standards for tenancy legislation including:
 - coverage of marginal forms of housing
 - protection against eviction
 - regulation of residential tenancy databases
 - minimum standards of safety and habitability
 - mitigation of excessive rent increases
 - a framework for longer term leases
 - the continued funding of tenancy advice services.

Financial assistance through the income support system is the only way many households can cope with housing costs. Levels of rent assistance lag behind increases in average rents, and many low income households are ineligible.

National Shelter recommends:

- that the Australian Government increase the maximum rate of Commonwealth Rent Assistance by 30%
- that this amount be indexed to the rental component of CPI
- that eligibility be extended to all people who meet income test requirements
- Increase to the Newstart Allowance of \$50.

It is vital to provide a source of rental housing for those who are no longer eligible for social housing because of increased targeting. The National Rental Affordability Scheme aims to meet this need.

National Shelter recommends:

- that the Australian Government commit to an ongoing program of 50,000 NRAS incentives, doubling to 100,000 after 2016
- that the performance of the program be evaluated and improvements put in place for the second period.



Challenge 3: Revitalising Social Housing

A quality social housing system, in which governments and not-for-profit organisations own housing and rent it at affordable rents, remains vital to a fully functioning housing market. The challenge is to deliver new social housing along with sustainable funding of the existing housing.

National Shelter recommends:

- that the Australian, state and territory governments commit to the delivery of an extra 200,000 social and affordable rental dwellings by 2021, at an approximate annual cost to the Australian Government of \$2.5b per year above existing commitments
- that this growth funding be distributed to states and territories on a per capita basis
- that the renegotiated NAHA incorporate an operational subsidy for existing public housing, equivalent to the maximum rate of Commonwealth Rent Assistance payable for households in comparable private dwellings
- that this operational subsidy be provided on a “per dwelling” basis for existing social housing.

Governments are also working to diversify the way social housing is provided, by growing the community housing sector and developing new models of provision.

National Shelter recommends:

- that the National Affordable Housing Agreement reaffirm the commitment to transfer a substantial proportion of social housing to community housing organisations to facilitate growth
- that the rights of tenants be preserved in any transfer processes
- that the Commonwealth, states and territories proceed with implementation of the national regulatory framework for community housing, administered independently of the government housing departments and applied to government housing providers as well as to community housing organisations
- that the Commonwealth, states and territories continue to work towards the flexible delivery of affordable rental housing to maximise both financial and social sustainability.



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Brisbane Housing Company property:
ARIS - Newstead, Brisbane

Social housing managers, both in the government and community sectors, rely on rental income to meet their operational costs. At the same time, rent policies are designed to ensure ongoing affordability for tenants, with most social housing charging rent based on the household's income. This balance of objectives requires careful management.

National Shelter recommends:

- that income-based rents continue to be used for the lowest income tenants to ensure affordability
- that providers be given opportunities to diversify their housing and tenant base as outlined in the previous section, as a way of improving sustainability
- that community housing tenants continue to have access to Commonwealth Rent Assistance
- that the Productivity Commission be asked to examine the long term effectiveness of the current ways of subsidising rents, including Commonwealth Rent Assistance, income based and market based rents, and to recommend the most effective way to ensure affordability for tenants within a sustainable system.

Shelter remains supportive of the development of common housing registers, while aware that such schemes need to be carefully evaluated and improved over time.

MEETING HOUSING CHALLENGES



National Shelter recommends:

- that state and territory governments continue to work towards the creation of common housing registers
- that social and affordable housing providers allocate from these registers but retain control of their own allocation processes
- that allocation of social housing be based on housing need, with flexibility for providers to match tenants with the available housing
- that to be properly effective, such mechanisms need to operate in an environment of increasing supply.

Aboriginal and Torres Strait Islander peoples continue to experience higher levels of housing disadvantage than other Australians.

National Shelter recommends:

- that within the overall growth funding recommended above, funds be allocated for an extra 20,000 Aboriginal and Torres Strait Islander social housing dwellings by 2021
- that Aboriginal and Torres Strait Islander community housing providers be supported to play a significant role in developing and managing this additional housing
- that funds for identified urgent maintenance be released without delay to enable the upgrade of substandard housing
- that Australian, state and territory governments engage in good faith with Aboriginal communities and their representatives over housing issues and to support access to private rental and home ownership for Aboriginal households.



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Challenge 4: Support, Enhancement and Reform of Homelessness Services

Since 2009, Australian, state and territory governments have been working with homelessness services to implement the National Partnership Agreement on Homelessness. This has seen significant new funds put into innovative service models and prevention and early intervention services as well as the beginnings of some re-orientation of the homelessness service system in some states and territories. Existing homelessness services have continued their efforts. National Shelter is strongly supportive of the continuation of the initiatives outlined in the Australian Government's White Paper on Homelessness, The Road Home and its commitment to a target of halving the number of people experiencing homelessness by 2020. Achieving these targets will require strong support and enhancement of the existing homelessness services, the continuation of the new initiatives which prove to be effective and a range of safe, secure, affordable, well-located housing linked to appropriate supports that promote wellbeing and social inclusion.

National Shelter recommends:

- that the Australian, state and territory governments commit to the continuation of the National Partnership Agreement beyond 2013
- that services continue to focus on prevention and early intervention and continue to develop a range of appropriate support models to best meet the needs of people experiencing homelessness.
- that given the diverse target groups and needs including domestic violence and child abuse and neglect a range of models including those where the housing is joined with the support be supported, enhanced and expanded and from a housing perspective, the "housing first" approach used in some of services is supported as one model along with the range of other models
- that support services for those who are homeless or at risk of homelessness be matched to housing allocations and ensure new and additional funding both so that housing is available and that households can maintain their housing over time
- that existing and new homelessness services are supported through adequate and planned indexation
- that any expansion in supply of social housing is linked to an expansion of support so that long term housing is available for people exiting homelessness services.

A more detailed version of this platform is available at the National Shelter website www.shelter.org.au.

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