



ACT Government

Progress on Affordable Housing in the ACT

REPORT TO THE ACT LEGISLATIVE ASSEMBLY

**Authorised by
Mr John Hargreaves MLA
Minister for Disability, Housing and Community Services**

30 June 2005

Terms of Reference

LEGISLATIVE ASSEMBLY FOR THE ACT

MOTION

4 May 2005

That the Minister for Disability, Housing and Community Services provide a report to the Assembly on 30 June 2005 on:

- (1) progress in improving housing affordability since the Taskforce report Strategies for Action was tabled in 2002;
- (2) recent developments and initiatives to increase housing affordability in Australia and overseas, and assess their appropriateness in the ACT context;
and
- (3) housing affordability in the ACT and the effectiveness of strategies and actions implemented by the Government.

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Abbreviations

ACTCOSS	ACT Council of Social Service
ACTPLA	ACT Planning and Land Authority
ANU	Australian National University
APU	Aged Persons Unit
AUV	Average Unimproved Value
CANFACS	Canberra Fathers' and Children's Service
CEAS	Canberra Emergency Accommodation Service
CMC	Canberra Men's Centre
CORHAP	Community Organisations Rental Housing Assistance Program
CPI	Consumer Price Index
CSHA	Commonwealth State Housing Agreement
DHCS	Department of Disability, Housing and Community Services
FEATT	Families Experiencing Accommodation Transition in Tuggeranong
FHO	First Home Owners Grant
HBCS	Home Buyer Concession Scheme
HMAC	Housing Ministers' Advisory Committee
HMC	Housing Ministers' Conference
LDA	Land Development Agency
LINC	Living In Networked Communities
MILB	Moderate Income Land Ballot
PRHAP	Public Rental Housing Assistance Program
RBHAP	Rental Bonds Housing Assistance Program
REIA	Real Estate Institute of Australia
SAAP	Supported Accommodation Assistance Program
SLP	Social Landlord Program

1 Introduction

1.1 The Housing System in the ACT

Stable, secure and affordable housing is central to the lives of all people in our community. Without appropriate, accessible housing, it is not possible to fully participate in education, employment, social, recreational and other activities that support our individual development and general well-being. The housing system comprises four elements: homelessness services, public and community housing, private rental and home ownership. The ACT Government considers that initiatives to improve the interaction between all four elements is critical to improving levels of affordability. Key features of the housing system in the ACT include:

- a higher proportion of public housing in comparison with other jurisdictions;
- a relatively low proportion of low cost rental housing;
- the highest average age of public housing stock in Australia;
- a trend towards smaller household units with more people living on their own;
- growth in the number of outright home owners; and
- rising housing costs for both renters and home purchasers.

Strategic Context

The ACT Government's vision for a safe, prosperous and fair-minded community in the ACT is enshrined in *The Canberra Plan*, which sets out a strategy for the growth and development of Canberra.

The Canberra Plan integrates three key strategic planning documents, namely:

- *The Economic White Paper*, which outlines an economic and industry policy framework to achieve sustainable growth and development for the Territory;
- *The Canberra Spatial Plan*, which offers a blueprint for directing and managing urban growth and changes over the next thirty years and beyond; and
- *Building Our Community: The Canberra Social Plan* (the Social Plan), which provides a framework for guiding Government and community decision making in social policy over the next ten to fifteen years, with a particular emphasis on inclusion, affordable housing and social cohesion.

Underpinned by the concept of sustainability, and informed by a commitment to address the causes of disadvantage and social exclusion, the Social Plan sets out seven key social priorities designed to establish Canberra as a place where all people reach their potential, make a contribution and share the benefits of our community.

Priority 6: Housing for a Future Canberra highlights the importance of housing in providing the basis for a stable, healthy and productive life. This priority articulates a

number of goals designed to address declining housing affordability and adapt to a future that includes an ageing population and smaller households, including:

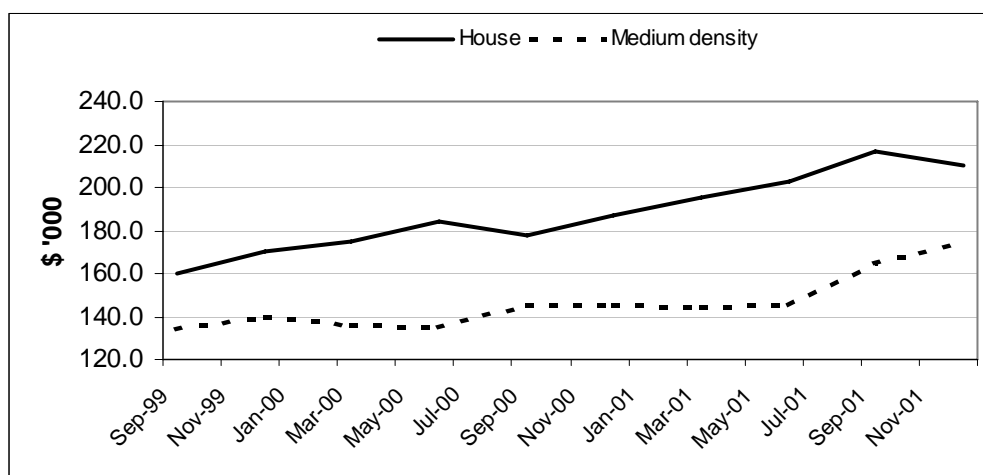
- increasing the supply of public and community housing;
- improving access to quality, affordable and safe housing; and
- reducing homelessness.

1.2 Housing Affordability in 2002

Since the turn of the century, the ACT – along with other Australian jurisdictions – has been experiencing declining levels of housing affordability, driven by record house prices and an expensive rental market. Examination of housing affordability in the ACT was a key election commitment of the ACT Government which came to power in November 2001.

At that time, house prices in the ACT had undergone a period of considerable growth since 1999. The median house price in September 2001 was \$217,000. This was the result of a 6.9 per cent increase over the previous quarter and an extraordinary 22.4 per cent increase in the year since September 2000. The figure below shows median house and medium density property prices for the period from 1999 to the end of 2001.

Median property prices 1999 – 2001

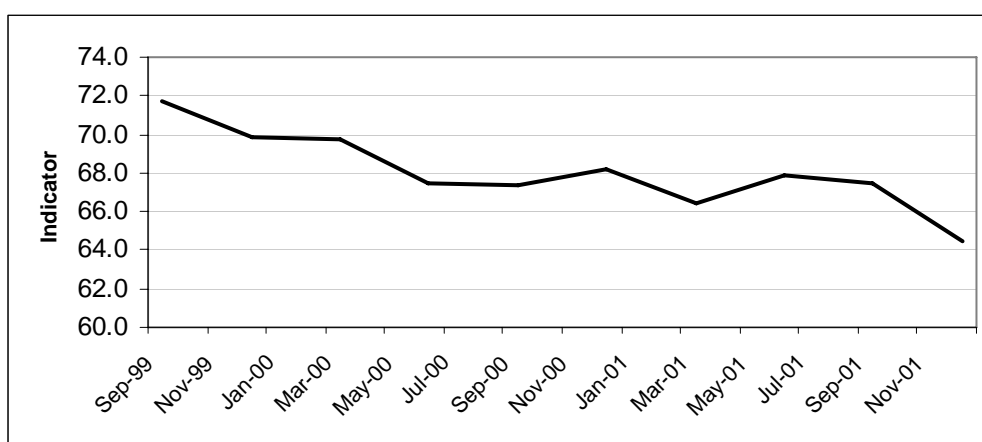


Source: REIA Market Facts

While this provides an indication of the rapidly rising housing market during this period, home loan affordability was not showing a commensurate rapid decline.

Indeed, the AMP-REIA Home Loan Affordability Indicator¹ actually improved 0.2 per cent over the same quarter and only recorded a marginal fall of 0.6 per cent over the year to September 2001. Nevertheless, as the figure below indicates, home loan affordability was experiencing a slow decline since September 1999. Moreover, a sharp decline of 4.4 per cent was recorded between September and December 1999, indicating that the impact of the rapidly rising housing market was beginning to take effect on mortgagees.

Home Loan Affordability Indicator 1999 – 2001

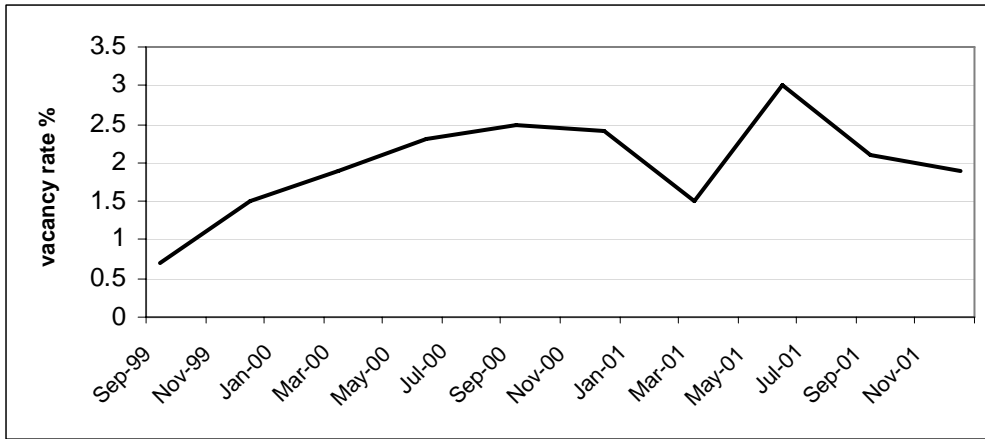


Source: AMP-REIA Home Loan Affordability Report

Further, as the following figures show, the rental property vacancy rate in September 2001 dropped to 2.1 per cent, down from 2.5 per cent one year earlier. There was a concomitant rise in median weekly rent in the same period of 15 per cent for houses and 13.5 per cent for medium density properties.

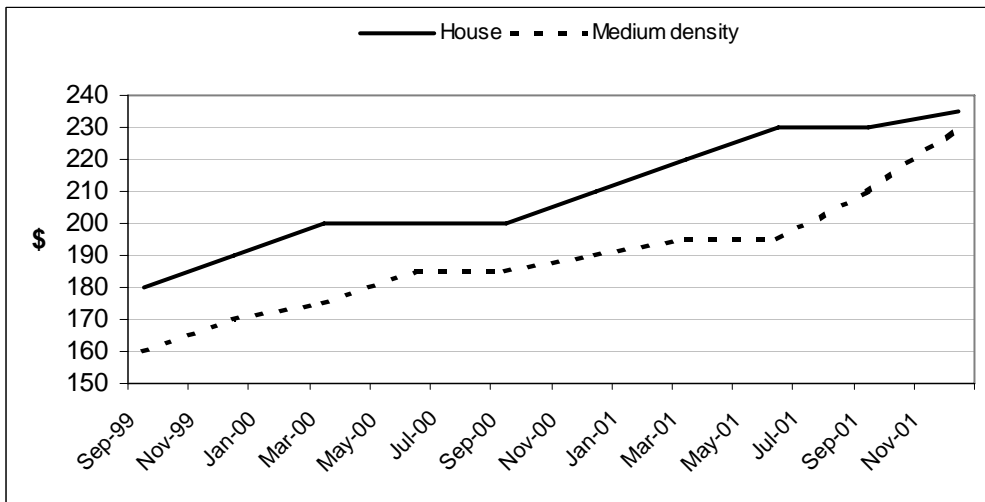
¹ The Home Loan Affordability Indicator is calculated as the ratio of family income to average loan repayments. An increase in the indicator denotes improved affordability.

Rental property vacancy rate 1999 – 2001



Source: REIA Market Facts

Median weekly rent 1999 – 2001



Source: REIA Market Facts

Rising house purchase and rental prices, declining home loan affordability and falling vacancy rates were clear indicators that housing was becoming increasingly less affordable for a growing proportion of ACT households.

Affordable housing for low income earners (that is, those in the bottom 40 per cent of the distribution of household incomes) is commonly defined in Australia as housing in which the occupants are paying no more than 30 per cent of household income on housing costs. Such households paying greater than 30 per cent are said to be in *housing stress*.

The 2001 Census revealed that there were approximately 6,006 households in housing stress in the ACT, comprising 6.1 per cent of all ACT households.²

These factors, and the forecast continuing boom in housing markets both locally and nationally, combined to bring issues of housing affordability for low income earners to the forefront of the ACT Government's policy agenda.³

1.3 Affordable Housing Taskforce

In response to declining levels of housing affordability, the ACT Government established the Affordable Housing Taskforce in February 2002. The Taskforce, comprising representatives from the community, business and government sectors, was asked to examine housing affordability in the ACT and recommend strategies to increase affordable housing.

The Taskforce defined affordable housing as:

a situation that conveys the notion of reasonable housing costs in relation to income. That is, housing costs that leave households with sufficient income to meet reasonable living costs such as food, clothing, transport, energy, medical care and education.

For purposes of quantifying those living in unaffordable housing, the Taskforce adopted the definition specified in section 1.2 above.

The final report of the Affordable Housing Taskforce, entitled *Strategies for Action*, was submitted to the Minister for Disability, Housing and Community Services in December 2002. The report detailed 46 recommendations to improve housing affordability in the ACT, based on six key strategies, namely:

1. Development and expansion of public housing.
2. Encouragement of partnerships between the public and private sectors.
3. Improvement of access to private rental housing.
4. Support for home ownership.
5. Amendments to the planning system to encourage affordable housing.
6. Increasing awareness of the importance of affordable housing.

² *Unaffordable housing in the ACT in 2001*, National Centre for Social and Economic Modelling, November 2002 [from Australian Bureau of Statistics Census data 2001]. This report suggested that the Census figure of 6.1 per cent is likely to be closer to 8 per cent in reality, due to the significant number of households that provided incomplete income and housing cost information and a number of housing costs, such as rates and maintenance were excluded.

³ Declining housing affordability was a national phenomenon and other State and Territory Governments were also turning their attention to this increasingly important issue.

1.4 ACT Government Response

The ACT Government tabled a response to recommendations of the Affordable Housing Taskforce in the ACT Legislative Assembly in May 2003. In this response, the Government agreed with 23 recommendations of the Taskforce, agreed in-principle with 17 and noted the remaining six for further investigation. Many of the agreed recommendations require long term planning and integration with broader social, economic and planning issues. However, with increased pressure on housing affordability in the ACT due to the bushfires of January 2003, the ACT Government immediately announced a range of measures in the 2003-04 Budget designed to relieve housing stress for low income families. These measures were a direct response to some of the agreed recommendations of the Affordable Housing Taskforce.

Significant further progress was made to address housing affordability through a range of additional measures announced throughout 2003-04 and in the 2004-05 Budget. A progress report detailing these measures was tabled in the ACT Legislative Assembly in August 2004. The report advised that a further ten recommendations of the Affordable Housing Taskforce were agreed to since the Government's first response in May 2003, resulting in a total of 33 recommendations agreed to, nine agreed to in-principle and four noted for further investigation.

An Inter-departmental Committee continues to oversee the implementation of the Government response to the recommendations of the Affordable Housing Taskforce. This Committee comprises representatives across a range of ACT Government Agencies as follows: the Department of Disability, Housing and Community Services; the Chief Minister's Department; the Department of Treasury; the ACT Planning and Land Authority; the Land Development Agency; the Department of Economic Development and ACT Health.

The following chapter details all strategies and actions undertaken by the ACT Government to address housing affordability since the Taskforce report, *Strategies for Action*, was tabled in the ACT Legislative Assembly in December 2002.

2 Strategies and Actions

Almost all of the housing needs in the Territory, and indeed across Australia, are met through market processes and transactions. In the broader national context, it is important to note that a large set of public policies apply to the spectrum of housing market players, processes and transactions, of which housing policy may be only one.

In macro policy terms, the Australian Government has been placing increasing emphasis on policies aimed at providing demand-side subsidies, such as Commonwealth Rent Assistance (CRA) and the First Home Owners Grant (FHOG), with a decreasing emphasis on policies providing supply-side assistance such as the Commonwealth State Housing Agreement (CSHA). For example, from 1994-95 to 2003-04, real expenditure on the CSHA declined by around 30.9 per cent, while real expenditure on CRA increased by 9.2 per cent over the same period.

The Australian Government provided over \$1.9 billion for CRA in 2003-04. By contrast, the Australian, State and Territory governments provided just under \$1.3 billion for programs provided under the CSHA in the same year. This funding comprised an Australian Government contribution of 72.4 per cent and with the remaining 27.6 per cent provided by the States and Territories.

Given that the major housing policy levers are in the hands of the Australian Government, generating local options to influence housing affordability in the ACT is difficult. Nevertheless, since the Affordable Housing Taskforce concluded its work in December 2002, the ACT Government has developed and implemented a comprehensive range of strategies and actions designed to alleviate housing stress and improve housing affordability in the ACT. These cover the entire spectrum of the housing system, namely homelessness services, social housing (public and community housing), the private rental market and home ownership.

2.1 Social Housing Assistance

Social housing is affordable rental accommodation provided to people on low to moderate incomes or who have special needs. It includes public housing which is provided by Government and community housing which is delivered by community organisations. Social housing assistance contributes significantly to the needs of people who have difficulty accessing the private market for reasons of low and unpredictable income, disadvantage and disability.

Commonwealth State Housing Agreement

Since 1945, housing assistance in Australia has been provided under a national framework – the Commonwealth State Housing Agreement (CSHA) – involving a partnership between the Australian Government and the States and Territories. Through the CSHA, the Australian Government provides funding to the States and Territories for the provision of social housing assistance.

The ACT is a signatory to the CSHA Bilateral Agreement, which commenced on 1 July 2003 and expires on 30 June 2008. The CSHA provides the foundation for the joint provision of social housing assistance by the ACT and Australian Governments. Through this Agreement, funds are provided for public and community housing as well as capital funding for crisis and transitional accommodation.

As discussed above, Australian Government expenditure on the CSHA has declined considerably in real terms over the last decade, with no indication that this trend will be reversed.

By contrast with declining CSHA funding provided by the Australian Government, a number of significant new ACT Government funding initiatives for social housing have been announced in response to recommendations of Affordable Housing Taskforce since the report was tabled in December 2002.

Public Housing

Overview

Public housing comprises approximately 9 per cent of all dwellings in the ACT. As the largest source of low cost rental accommodation in the ACT, public housing is the principal component in the Territory's supply of affordable housing. Further, over 24,000 people are currently housed in public housing, providing them with safe, secure and affordable accommodation and long term sustainable tenancies.

The table below provides a snapshot of the public housing asset base for the provision of social housing assistance by the ACT Government since 2002.

Public housing assets 2002 - 2005

Year	Dwellings	Total value \$bn	New acquisitions	Disposals	Occupancy rate^Ω
2002-03	11,382	\$2.410	138	223 [#]	98 %
2003-04	11,509	\$2.885	264	137	98 %
2004-05 [†]	11,565	\$3.026	153	87	98 %

[†] forecast 30 June 2005

[#] includes 81 properties destroyed in the bushfires of January 2003

^Ω excludes properties awaiting redevelopment

Source: Housing and Community Services ACT

The table shows increases each year in public housing stock, affirming the Government's commitment to maintaining a strong and viable public housing sector in the ACT. These increases have been funded by a combination of new initiatives (discussed overleaf) and the ACT Government's ongoing capital works program for Housing ACT, which totalled \$203.3 million in funding from 2002-03 to 2004-05.

The next table shows how this public housing asset base has been utilised to provide affordable housing assistance.

Public housing tenants 2002 - 2005

Year	Total persons in public housing	New tenants housed	Allocated on a priority basis	Tenants receiving a rental rebate
2002-03	23,324	954	87.1 %	82 %
2003-04	24,003	807	86.2 %	85 %
2004-05*	24,336	505	91 %	87 %

* at 30 April 2005

Source: Housing and Community Services ACT

As shown in this table, most tenants are allocated on a priority basis, meaning that they were provided with housing according to the severity of their need rather than their time spent on the waiting list. Moreover, the number of tenants receiving a rental rebate is steadily increasing and this trend is forecast to continue. Rental rebates are provided to eligible public housing tenants so that rental payments do not exceed 25 per cent of household income, ensuring that public housing remains affordable.

Both of these indicators – priority allocations and increasing rebated tenants – reflect the ACT Government's focus since 2001 on providing public housing assistance to those most in need. Indeed, in 2002-03, the ACT was the best performing of all jurisdictions in allocating new tenants according to the severity of their need. The ACT allocated 87.1 per cent of tenants in this way, with the next best, South Australia, achieving 71 per cent. By contrast, the national average for priority allocations in 2002-03 was 23 per cent.⁴

Funding initiatives

Since the report of the Affordable Housing Taskforce was tabled in December 2002, a number of additional funding initiatives have been implemented to ensure an adequate supply of public housing in the ACT as follows:

⁴ Productivity Commission, *Report on Government Services*, 2004.

- **\$33.2 million capital injection for social housing** (Appropriation Bill 2003-04 No. 3)
Of this funding, \$27 million was allocated for the acquisition of new public housing stock, including stock to be leased to the community housing sector under the Community Organisations Rental Housing Assistance Program (CORHAP). The table below details properties acquired under this initiative.

\$33.2 million capital injection: public housing component

Year	Properties acquired	Total value \$m
2003-04	55	\$17.343
Jun 04-Apr 05	13	\$4.483
May-Jun 05*	15	\$5.174

* impending acquisitions

Source: Housing and Community Services ACT

- **\$20 million for affordable housing** (2004-05 Budget)
This initiative provides \$5 million per year over four years, commencing in 2004-05. Forecast expenditure on this affordable housing initiative is detailed in the table overleaf.

\$20 million affordable housing capital injection

Year	Properties acquired	Total value \$m
Jun 04-Apr 05	3	\$1.027
May-Jun 05	12*	\$3.973
2005-06	15†	\$5.000
2006-07	15†	\$5.000
2007-08	15†	\$5.000

* impending acquisitions

† forecast acquisitions

Source: Housing and Community Services ACT

In addition, there are currently 32 properties under construction, comprising 24 accessible units at the former Burnie Court public housing site in Lyons, twenty units for the Gungahlin Singles Accommodation project and six houses in the Duffy redevelopment at Tanjil Loop.

Access to public housing

• Changes to the Public Rental Housing Assistance Program

The Public Rental Housing Assistance Program (PRHAP) regulates the provision of public rental accommodation for eligible persons in the ACT. In June 2003, the ACT Government made a range of amendments to PRHAP to improve access and sustain tenancies in public housing for those most in need. These changes:

- ♦ allow a housing applicant's effective registration date to be changed where their priority category is upgraded;
- ♦ permit the Commissioner for Housing to determine that a housing applicant living outside the ACT remains eligible for assistance when they lose their employment in the ACT, provided they regain employment in or move to the ACT within three months;
- ♦ make specific provision to defer the allocation of priority assistance to applicants with only short-term residence in the ACT; and
- ♦ clarify and expand the provisions relating to the order in which housing assistance is provided to eligible applicants.

A range of additional reforms were made to PRHAP in November 2003 in order to further improve access to public housing and sustain tenancies for those experiencing or at risk of homelessness. These reforms included:

- ♦ reducing the minimum rent from \$20 to \$5 per week;
- ♦ abolishing the requirement for people participating in specified residential rehabilitation programs for alcohol and other drugs, and mental illness, to pay 25 per cent of their income in rent for their public housing dwelling (they will pay the minimum \$5 per week rent);
- ♦ expanding eligibility for public housing to include Temporary Protection Visa holders;
- ♦ removing the requirement for tenants to pay two weeks rent in advance at the commencement of their public housing tenancy; and
- ♦ allowing the Commissioner for Housing to exercise discretion, on a case-by-case basis, to enable re-entry into public housing for people escaping domestic violence who would otherwise have been ineligible because of an existing public housing debt.

▪ **Security of tenure**

This was restored for public housing tenants in December 2002 through an amendment to the Public Rental Housing Assistance Program. Security of tenure was removed by the previous Government, subjecting new tenants from 1 January 2001 to regular income reviews, possibly leading to eviction.

Restoration of security of tenure removed the possibility that such people could be forced – should their circumstances change – to search for housing in the private market where there is no guarantee that suitable affordable accommodation could be found.

▪ **Housing debt**

Housing ACT provides housing for many of the most disadvantaged members of the ACT community. Some clients incur debts to Housing ACT as a result of unpaid rent or charges for property repairs. Such debts can result in a risk of termination of tenancies and/or present a barrier to former tenants seeking to re-enter public housing.

The establishment of a pilot Debt Review Committee was announced in November 2003 and commenced operation in April 2004 to run for 12 months. In February 2005, the Minister extended the pilot until October 2005. This method provides an avenue for applicants to resolve debt issues and to re-enter, or continue their tenancy within, the public housing system, without the burden of debts that might be beyond their control.

Through obtaining a greater understanding of the processes by which public housing tenants incur housing debts, early intervention measures can be adopted to assist tenants in effectively managing their affairs and thereby retain access to affordable housing in a sustainable manner.

Community housing

Overview

Community housing is long term, safe, secure and affordable accommodation provided by not-for-profit community organisations. Community housing is complementary to public housing in that it offers a higher level of tenant participation in tenancy management and seeks to accommodate diverse and complex needs. The community housing sector is relatively small in comparison to public housing but is nevertheless an important source of affordable housing in the ACT.

Initiatives

Since the Taskforce tabled its report in December 2002, the ACT Government has implemented a range of measures designed to expand the community housing sector and ensure that it remains a viable and growing source of affordable housing, including:

- **\$6 million in capital funding for new community housing properties.**

This was announced in the 2002-03 Budget and provided funding over two years for affordable housing as detailed in the table overleaf.

\$6 million community housing capital injection

Year	Organisation	Purpose	Total value
2002-03	Billabong Aboriginal Corporation	2 dwellings	\$430,000
	Canberra Co-Housing	6 dwellings	\$620,000
	Community Housing Canberra	Group House and Big House	\$674,000
	Community Housing Canberra	Abbeyfield 10 bedroom dwelling	\$1,100,000
	Poachling	3 yurts	\$114,850
	Tamil Senior Citizens Association	4 APUs	\$400,000
2003-04	Centacare	5 community network properties for people with disabilities	\$957,000
	Billabong Aboriginal Corporation	1 house*	\$400,000
	Havelock Housing Association / AIDS Action Council	2 houses with self contained flats†	\$660,000
	Havelock Housing Association / Anglicare	2 houses with self contained flats#	\$970,000

* includes additional funding towards the increased cost of completing the purchase of a second house funded the 2002-03.

† total of four dwellings.

total of four dwellings to accommodate homeless people exiting short-term crisis accommodation provided by Canberra Emergency Accommodation Service (a program funded by DHCS).

Source: Housing and Community Services ACT

- **\$33.2 million capital injection for social housing** (Appropriation Bill 2003-04 No. 3)

Of this funding, \$6.2 million was allocated for expansion of the community housing sector. This has funded the following affordable housing options:

- ♦ Indigenous Boarding House

Funding of \$3.2 million was allocated for this project. Options regarding development of this boarding house are being explored with the Aboriginal and Torres Strait Islander Community and development is expected to commence early in the new financial year.

- ♦ Expansion of the community housing sector

Funding of \$3 million has been allocated to provide additional affordable housing options in the community housing sector. Of this allocation, \$0.600 million has been allocated to specific projects in conjunction with earlier grants to community housing providers, including \$0.150 million for the Tamil Senior Citizens Association to provide aged persons accommodation, \$0.371 million to Abbeyfield and \$0.213 million to Canberra Co-housing. The balance, \$2.26 million, is currently being negotiated for payment to Community Housing Canberra Limited for pre-purchase of units in the proposed Lyons joint venture (see Chapter 4 for further information).

- **Gungahlin Singles Accommodation**

Construction of this development of twenty self-contained units is expected to be completed by 1 August 2004. It will provide low cost accommodation for twenty men and women at a total cost of \$4.248 million.

Homelessness Support and Services

Overview

The need for affordable housing is most acute for people at risk of or experiencing homelessness. The ACT Government's primary service response to homelessness in the ACT is the Supported Accommodation Assistance Program (SAAP), a joint ACT and Australian Government program.

ACT SAAP agencies provide a range of support and accommodation services to young people, single men, single women, families including sole parents with accompanying children, women and/or children escaping domestic violence.

The SAAP funds transitional supported accommodation and related services to assist people to achieve self-reliance and live independently. SAAP services provide housing and accommodation and other basic support such as showering, meals, general support and advocacy, financial and employment support and specialist services. Referrals are also made to other services for specialist assistance, including income support.

The ACT SAAP currently provides funding to 29 organisations to deliver 51 services to assist people who are homeless or at risk of homelessness, including accommodation, outreach support and free food services.

In 2003-04, a total of \$10.373 million in recurrent funding was provided for the SAAP, of which \$5.7 million was provided by the Australian Government and \$4.673 million was provided by the ACT Government.

Further, in 2003-04 there were 1,650 SAAP clients in the ACT receiving a total of 3,050 support periods. The number of SAAP clients per 10,000 population in the ACT was 59.

In the same period, SAAP services were provided to 750 accompanying children, totalling 1150 support periods.

In April 2004, the ACT Government launched *Breaking the Cycle – the ACT Homelessness Strategy*. The Strategy provides a framework to develop a whole of community response to homelessness. It is an action plan to deliver reform to the service system, recognising the need for collaboration between government and the community.

Initiatives

Since the Affordable Housing Taskforce tabled its report in December 2002, the ACT Government has implemented a range of initiatives designed to respond to the needs of people who are homeless or at risk of homelessness, including:

- **Response to homelessness: \$13.37 million over four years** (2003-04 Budget)

In 2003-04, the following new measures were established under this initiative:

- ♦ crisis accommodation for six families in the Gungahlin region, provided by Raja;
- ♦ crisis accommodation for six families in the West Belconnen region, provided by Raja;
- ♦ crisis accommodation for six families in the Tuggeranong region, provided by the YWCA of Canberra under the Families Experiencing Accommodation Transition in Tuggeranong (FEATT) program;
- ♦ medium term accommodation for six families headed by a single male across the ACT, provided by the Canberra Fathers' and Children's Service (CANFACS);
- ♦ crisis accommodation for six couples across the ACT through the Anglicare Canberra Emergency Accommodation Service (CEAS);
- ♦ crisis accommodation for twenty single men across the ACT, provided by the Men's Accommodation and Support Service through the Canberra Men's Centre (CMC). Five of these places are designated for men who are leaving the criminal justice system;
- ♦ three outreach services, targeting women (provided by Toora Women Inc), men with and without accompanying children (provided by CMC and CANFaCS) and young people (provided by Anglicare); and

- ♦ a SAAP Resourcing and Development Service, provided by ACTCOSS, which provides assistance to SAAP providers to respond to service users with diverse and complex needs.
- **Canberra Emergency Accommodation Service: \$1.595 million over four years** (2004-05 Budget)
 This initiative provides for the continuation of the Canberra Emergency Accommodation Service which provides an emergency accommodation information and referral telephone line for people who are homeless or at risk of homelessness. These people will receive immediate access to crisis accommodation options (including motel and caravan accommodation) and other flexible responses to homelessness including outreach support and case management to help break the cycle of homelessness.

Together, these two initiatives represent an increase in funding to homelessness services of 25 per cent (which includes a 42 per cent increase in the ACT Government funding component). This has resulted in a 30 per cent increase in the supported accommodation capacity of the sector. The ACT Government continues its funding commitment to a range of initiatives beyond SAAP which contribute to the capacity of the service system to respond to and prevent homelessness.

Other ACT Government funded services and initiatives include:

- **Supported accommodation for men**
 - ♦ Minosa House, providing crisis and medium term supported accommodation for up to seven men.
 - ♦ Men's Accommodation and Support Services. This is operated by Canberra Men's Centre (CMC) and provides crisis and medium to long term supported accommodation. This service will accommodate twenty men in individual dwellings at the end of 2004-05.
- **Supported accommodation for families**
 - ♦ Canberra Fathers and Children's Service. This provides medium term supported accommodation for families headed by a single male. It currently accommodates six families in individual houses (at year end 2004-05).
 - ♦ Raja. This provides crisis accommodation for families, distributed across West Belconnen and Gungahlin. It accommodates twelve families in individual houses (at year end 2004-05).
 - ♦ Families Experiencing Accommodation Transition In Tuggeranong (FEATT). Operated by the YWCA of Canberra, this services provides crisis accommodation for families distributed throughout Tuggeranong. At end 2004-05, it accommodates six families in individual houses.

- **Outreach Services**

The ACT Government currently provides funding for three services to provide outreach services to young people, women and men at risk of, experiencing or transitioning from homelessness. They also assist clients to obtain and sustain independent accommodation through the provision of ongoing support. These services are:

- ♦ STREETS, operated by Anglicare, providing services to young people.
- ♦ Women’s Outreach Service, operated by Toora Women Inc, providing outreach services to women.
- ♦ Men’s Outreach Service. This is a collaboration between CANFACS and CMC providing outreach services to men.

The following table provides a summary of supported accommodation for people at risk of, experiencing or transitioning from homelessness at year end 2004-05.

Homelessness accommodation services in the ACT

Service	Category	Number accommodated*
CEAS	couples	6
Minosa House	men	7
Men’s Accommodation and Support Services	men	20
CANFACS	families	6
Raja-Inanna	families	12
FEATT	families	6

* Denotes the number of each type accommodated, not the number of individuals (for example, CEAS accommodates six couples, that is, twelve individuals).

Source: Housing and Community Services ACT

Social Landlord Program

The Social Landlord Program (SLP), announced in February 2004, is an ACT Government program which enables the leasing of properties from the private rental market to assist Canberrans who are in urgent need of accommodation. The program involves a partnership between the Real Estate Institute of the ACT, real estate agents and the Havelock Housing Association. The properties house homeless people, other people in urgent need of accommodation and people on the public and community housing waiting lists. Up to and including 2004-05, funding of \$300,000 was provided under this program, which will increase to \$355,100 in 2005-06.

Fifteen properties are currently leased under the SLP. Havelock Housing Association is funded by the ACT Government to provide tenancy management of the properties leased through this program.

Further, to provide additional affordable housing options to refugee families living in the ACT, a further eight properties under the SLP were obtained for refugee families. Unlike SLP, the lease over the dwellings for refugee families will expire after one year and will not be renewed. To date, three of the eight refugee families have moved interstate and the properties have been returned to Havelock Housing Association to use for short term tenancies.

Boarding House Program

Overview

The Boarding House Program is an ACT Government affordable housing initiative to give single people with low incomes an additional option between transitional accommodation services (such as those provided under SAAP) and independent living arrangements (such as public or community housing). It includes more intensive tenancy management than public and community housing and incorporates outreach support.

The priority target groups for the Boarding House Program are young people, older women experiencing family breakdown and single people who require support with living skills or who have mental health issues.

Initiatives

In 2004-05, a total of \$2.67 million has been provided for the Boarding House Program for the following initiatives:

- **Youth Boarding House**

This has been managed by Lowana Young Women's Service since June 2002 and provides accommodation for six people from 16 to 21 years of age with low level support needs. A review of the service model in April 2004 assessed the model as an appropriate option for young people at risk of homelessness.

Initially, the model provided only thirteen hours of tenancy management per week, which proved insufficient contact to manage the service and assist young

people adequately. Funding was increased to provide an additional five hours of outreach to provide support to residents of the Boarding House.

- **Betty Searle House**

This boarding house for older women was opened in March 2004 and provides accommodation for up to eight older women, including those escaping domestic violence.

As at 6 May 2005, thirteen women had accessed Betty Searle House since the service opened, including three current tenants.

- **Singles Boarding House**

The third phase of the Boarding House Program is a twenty unit Singles Boarding House, which is being constructed adjacent to the Gungahlin Town Centre. It will provide affordable accommodation for single men and women, over the age of eighteen, in individual units.

The construction contract was awarded on 31 August 2004, following a tender process. Construction will cost approximately \$3.9 million and is expected to be completed by July 2005.

2.2 Private Rental Market Assistance

In 2002-03, private rental housing represented approximately 20 per cent of the total housing stock of the ACT, similar to the national average of 22 per cent.⁵ The Affordable Housing Taskforce reported that in 1996, low cost private rental accommodation accounted for only 7 per cent of all low cost housing in the ACT, compared with 20 to 40 per cent of low cost housing in other capital cities. While more recent data is not available, the Taskforce found that other trends indicate that this figure has changed little since 1996.⁶

This relatively low proportion of low cost rental housing in the ACT creates further demand for affordable housing. The ability of the ACT Government to influence the private rental market is limited. However, it has implemented a number of initiatives designed to assist entry into private rental arrangements, sustain tenancies and reduce upward pressure on rental costs.

Rental Bonds Housing Assistance Program

A bond loan program – the Rental Bonds Housing Assistance Program (RBHAP) – was introduced on 1 July 2003 with the objective of assisting eligible persons to meet the cost of entering into and sustaining private rental accommodation.

Eligible persons, who are in housing need but who are able to sustain a private tenancy, are provided with an interest free loan for up to 80 per cent of the bond required by private landlords upon signing a tenancy.

⁵ ABS, Household Income and Income Distribution, Cat No. 6523.0, 2002-03.

⁶ ACT Ministerial Taskforce on Affordable Housing, *Strategies for Action*, 2002, p. 24.

During 2003-04, RBHAP was amended to improve housing affordability by:

- increasing the qualifying income;
- easing the strict ACT residency criteria;
- including people who are enrolled to study in the ACT in addition to those who live or work in the Territory; and
- broadening the eligibility for bond loan assistance to assist other disadvantaged groups such as Temporary Protection Visa holders.

The following table provides a summary affordable housing assistance provided under RBHAP since its introduction.

Rental Bonds Housing Assistance Program

Year	Bond loans issued	Total value[†]
2003-04	67	\$47,000
2004-05*	44	\$30,000

* at 30 April 2005

[†] approximate value

Source: Housing and Community Services ACT

Of the 111 loans issued since the program commenced, 36 have been repaid to date.

Commonwealth Rent Assistance

The major policy levers to influence affordability in the private rental market are in the hands of the Australian Government. The Australian Government has focused – through provision of Commonwealth Rent Assistance (CRA) – on increasing the level of demand-side subsidies for private renters. Therefore, current action on affordability in the private rental market is primarily influenced by the Australian Government’s design of CRA policy.

CRA is a non-taxable supplementary payment made by the Australian Government to help with the cost of private rental housing. It is available to recipients of income support payments, including those who receive more than the base rate of the Family Tax Benefit Part A and who pay private rent above minimum thresholds.

At 30 June 2003, there were 8,240 income units in the ACT receiving CRA.⁷ This result suggests that up to one third of private renters in the ACT may be receiving CRA.⁸

At 11 June 2004, the number of income units receiving CRA in the ACT had grown to 8,355, an increase of 1.4 per cent.⁹ Consistent with ACT rents being relatively high in national terms, around 72 per cent of these income units qualified for the maximum rate of CRA payment, compared to the national average of around 62 per cent.

Further, in the absence of CRA, approximately 73 per cent of ACT CRA recipients would be spending more than 30 per cent of their income on rent. With the provision of CRA, this decreases to around 48 per cent of recipients paying more than 30 per cent of income on rent. Therefore, the presence of CRA reduces the number of households potentially in housing stress by almost one third.¹⁰

Nationally, after taking CRA payments into account, 35.5 per cent of CRA recipients continue to pay more than 30 per cent of their income on rent, suggesting that the current policy has some limitations in its impact upon housing stress.

2.3 Home ownership

Home ownership is the primary form of housing tenure in the ACT. In 2002-03, outright home owners represented approximately 28 per cent of ACT households, compared to the national average of around 36 per cent. Home purchasers (that is,

⁷ Productivity Commission, *Report on Government Services 2004*, table 16.18.

⁸ In reality, the proportion is not likely to be quite this high, as income units are not directly comparable to households. While income units are analogous to family units, non-dependent children and other adults living in the same household are treated as separate income units.

⁹ Productivity Commission, *Report on Government Services 2005*, table 16.23.

¹⁰ Data on the income quintiles for CRA recipients are not available, therefore no definitive conclusions can be made relating to those income units that may be in housing stress.

those with a mortgage) represented approximately 41 per cent of households, compared to the national average of around 33 per cent.¹¹

Home Buyer Concession Scheme

In order to improve home purchase affordability, the ACT Government's Home Buyer Concession Scheme (HBCS) provides stamp duty concessions to low and moderate income first home buyers. Eligibility is based upon a set of criteria including household income levels (adjusted for dependent children) and an upper limit on the purchase price of the property.

Following low take-up rates reflecting rising incomes and increasing house prices, eligibility was broadened to the HBSC in both the 2003-04 and 2004-05 ACT Budgets by increasing the property value and income thresholds. The lower property threshold (below which a full stamp duty concession is available) is now based on the bottom 25 per cent of all sales and the upper threshold is based on the bottom 65 per cent of all sales. At 1 January 2005, these were \$282,500 and \$386,000 respectively. Between these thresholds a partial stamp duty concession is available. At 1 July 2004, the income threshold was raised to \$100,000 with an additional allowance of \$3300 per dependent child, to a maximum of five. A full concession now represents a saving to home purchasers of \$8,800.

These changes have been very successful. For the financial year to April 2005, there have been 1,360 approved applications, representing a subsidy from the ACT Government of around \$8.3 million. By contrast, in 2003-04, there were only 36 approved applications, representing around \$0.9 million in subsidy.

Residential Land Supply

The ACT Government's Residential Land Supply Strategy is based on meeting expected market demand, providing a supply of affordable land that meets community needs and implementing the strategic planning directions of government.

A fundamental aim of the Strategy is to ensure there is sufficient land available to enable the preparation of a land sales program that meets market conditions and the community's demand for land.

Land Sales Program

The ACT Government's Land Sales Program is designed to, as closely as possible, achieve equilibrium between land supply and demand in the ACT.

In 2003-04, the target number of dwelling sites to be released was 2,395. Actual releases numbered 2,961 which exceeded the target by 566 sites. This increase was designed to provide ongoing supply to meet very high demand and ensure that land prices remain relatively stable.

¹¹ ABS, Household Income and Income Distribution, Cat No. 6523.0, 2002-03.

The Land Sales Program provided an indicative number of dwelling sites to be released in 2004-05 of 2,083. The Residential Land Supply Strategy states that due to the highly cyclical nature of the property market, the actual land supply and sales program will be adjusted accordingly. Given the slowing of the housing boom in 2005 and a possible over supply of land, the year-end forecast for total releases is now 1,505, which includes the recent announcement of 1000 blocks in the new suburb of Forde.

The table overleaf provides a summary of land releases since 2003-04 (to 12 May 2005):

Land releases 2003-04 to 2004-05

	Site	Dwellings
2003-04	East O'Malley	116
	North Watson	260
	Harrison1, Gungahlin	595
	Wells Station Estate, Harrison	625*
	Site 1, Kingston Foreshore	108 [†]
2004-05 Developed blocks	Yerrabi 2	176
	Ginninderra Ridge Stage 1	49
	Wells Station Stage 1A	71
	Wells Station Stage 1B	61
	Bruce	2
2004-05 Undeveloped blocks	Ginninderra Ridge Stage 2	20
	Wells Station Stage 2	9
	Wells Station Stage 3A	49
	Wells Station Stage 3B	40
	Wells Station Stage 4	84

* dwellings approved in the implementation plan

[†] apartment style dwellings

Source: Land Development Agency

Targeted land releases

As part of the Government's commitment to release affordable blocks of land and to improve affordable home ownership options for low to moderate income earners, a new initiative was announced in the 2004-05 Budget to provide affordable greenfield sites in various estates throughout the ACT. This initiative makes provision for release of up to 100 blocks each financial year for the next five years to be sold through

restricted ballot processes to moderate income earners seeking entry into home ownership and, where possible, to affordable housing providers.

Accordingly, two Moderate Income Land Ballots have been conducted by the Land Development Agency on 4 December 2004 and 30 April 2005. Eligibility criteria to participate in the ballots included:

- combined household income not in excess of \$100,000 (with additional allowance of \$3,330 for each dependent child, capped at \$116,650); and
- applicants and their domestic partners having no interest in land for the previous two years;

A total of 67 affordable blocks were offered for sale in the two Moderate Income Land Ballots. Of these, 30 were successfully sold via the Ballot process with the remaining 37 still available for sale over the counter from the LDA.

2.4 Other Forms of Assistance

Response to 2003 Bushfires

The bushfires of January 2003 destroyed 81 Housing ACT properties, exacerbating housing affordability issues. Of the properties destroyed, 55 were in rural locations and the remaining 26 were in urban areas. In 2003, the ACT Government provided an immediate funding response of \$7.364 million for the reconstruction of these properties.

To date, all rural properties lost in the bushfires have been replaced by purchasing properties in urban areas, while fourteen properties lost in the urban areas have been rebuilt. A contract to rebuild a further six dwellings has recently been executed and completion is expected in 2005. Construction of one additional property is expected to commence in late 2005.

The ACT Government's response and longer-term recovery actions for community members affected by the January 2003 bushfires included:

- providing emergency accommodation assistance for both public housing tenants and private owners and renters affected by the bushfires;
- providing \$250 to more than 120 Housing ACT tenants whose properties were damaged but not destroyed in the January 2003 bushfires and \$5,000 or \$10,000 to eligible tenants whose properties were completely destroyed;
- staffing the four evacuation centres to provide emergency accommodation assistance;
- staffing the Recovery Centre to provide accommodation assistance and advice to community members affected by the bushfire; and
- establishing a project team to deal with ongoing tenancy, repair and maintenance issues for those clients re-housed and in damaged properties.

Plans to redevelop rural villages burnt out by the bushfires at Uriarra, Stromlo and Pierces Creek were announced in July 2004. The redevelopment will include public housing and former public housing tenants will offered properties in the new villages.

People with Disabilities

The ACT Government has provided significant funding for the provision of affordable housing for people with disabilities. Key initiatives implemented since December 2002 are detailed below.

- **Access/Adapt**

In 2002-03, funding was provided for a new accessible and adaptable design service, Access/Adapt, to promote adaptable and accessible housing in the ACT.

- **Display village homes**

In November 2003, a partnership was formed between the ACT Government and the Master Builders Association of the ACT (MBA), with the Government loaning \$500,000 to the MBA to build a number of accessible or adaptable homes in display villages around Canberra over the next 10 years. The funds will be repaid on the sale of the final home, with any surplus from profits to be equally shared between Housing ACT and the MBA. In March 2004, the first of a number of adaptable/accessible homes to be built by the Master Builders Association (MBA) was opened in Lovely Place, Dunlop.

- **Abbeyfield Disability units**

In 2002-03, \$1.1 million was provided through the community housing program to Abbeyfield Disability for 10 units for people with a disability.

- **LINC Project**

In 2004-05, the ACT Government announced the LINC (Living in Networked Communities) Project, which is a model of housing specifically designed for people with disabilities to assist them to live as independently as possible. Established in partnership with Centacare, this project provides nine properties in close proximity, enabling privacy and individual lifestyles while retaining multiple layers of support. Funding of \$957,400 was provided for Centacare to purchase five properties. A further four are provided under leasing arrangements through the Community Organisations Rental Housing Assistance Program.

- **Disabled Modification Program**

The Disabled Modification Program provides individually tailored modifications to public housing properties for people with a disability. In 2003-04, 440 properties were modified at a total cost of \$1.474 million. In 2004-05, 470 properties were modified at a total cost of \$1.520 million.

Aged Accommodation

Building for Our Ageing Community Strategy

In December 2003, the ACT Government released the *Building for our Ageing Community Strategy*. The Strategy contains a broad range of measures aimed at increasing the level of aged care accommodation in the ACT including:

- a specific rolling program, or land bank, of aged persons' accommodation development sites, of which several sites have already been identified for release;
- support and guidance for proponents of aged care accommodation to ensure they can successfully navigate the planning and development process;
- strong case management to reduce unnecessary delays in the planning process for aged projects; and
- a focus on developing a more proactive relationship with the Australian Government so that their allocations meet the needs of the ACT community and so that the Territory can ensure that land, planning and bed allocation processes are streamlined.

The Strategy targets the full range of accommodation for older people, from high and low care accommodation (usually referred to as nursing homes and hostel accommodation), to independent living units. The Strategy is designed to streamline the approval process for developers wishing to build aged care housing in the ACT.

The Strategy has already yielded the following initiatives:

- a 'land bank' of sites which will enable the development of 400 new high and low care beds and 600 Independent Living Units in the future;
- the services of a case manager in the Chief Minister's Department to assist aged care providers with development proposals; and
- the provision of almost \$4 million in concessions to a number of service providers to assist in developing their accommodation projects.

Public Housing for Older Persons

Over 10 per cent of ACT public housing stock is designated as suitable for older persons. A range of affordable housing initiatives for aged people on low incomes have been implemented since the Affordable Housing Taskforce report was tabled in December 2002, including:

- three new award-winning adaptable housing units specially designed for older people at Downer. These units opened in November 2003 and won the 2003 HIA ACT and Southern NSW Housing Award for Special Purpose Housing Project of the Year;
- two additional sites for aged care facilities on Canberra's north and south sides;

- construction of 24 aged person's units (APUs) on the former Burnie Court site in Lyons due for completion at the end of 2004-05;
- 1,395 units with accessible features suitable for people with reduced mobility have been acquired or modified by Housing ACT over the last 5 years; and
- in 2004-05, a total of 104 APUs have been acquired by Housing ACT for public housing purposes. These are detailed in the following table.

Aged Person's Units in public housing, new acquisitions 2004-05

Development	Suburb	Units
Torquay	Braddon	12
Olinda	Turner	28
Berwick	Turner	18
Freycinet*	Lyons	24

* part of the former Burnie Court public housing site

Source: Housing and Community Services ACT

Student Accommodation

In response to a shortage of affordable student accommodation, the ACT Government announced in February 2004 that vacant public housing units at the Currong Apartments in Braddon would be made available for students to rent. This initiative followed discussions with tertiary institutions and other interested parties.

In 2004, accommodation in Currong was provided for 23 students. Tenancies were managed by Havelock Housing Association with eligibility for entry the same as that for public housing. Further, as for other public housing tenants, rental costs are capped at a maximum of 25 per cent of income.

Utilisation of Currong Apartments for affordable student accommodation is continuing in the 2005 academic year. At 4 March 2005, a total of 122 units were occupied by eligible students. Of these, 92 are managed by Havelock Housing Association and 30 are managed by the Association for Post Secondary Student Accommodation.

Aboriginal and Torres Strait Islander Housing

Funding for Aboriginal and Torres Strait Islander housing in the ACT for the financial years 2002-03 to 2005-06 amounts to \$6.9 million. Of this, nearly \$5.7 million is sourced from the ACT Government, with a further \$1.2 million sourced from the Australian Government through the Community Housing Infrastructure Program (CHIP) in accordance with the bilateral Commonwealth State Housing Agreement (CSHA) for 2003-2008.

Specific initiatives designed to improve housing affordability for Aboriginal and Torres Strait Islander persons since the Affordable Housing Taskforce tabled its report include:

- \$1.4m over four years in the 2002-03 ACT Budget to develop and implement strategies to increase community housing options for Aboriginal and Torres Strait Islander people and for community capacity building. Funding was provided to Billabong Aboriginal Corporation and Havelock Housing association for capacity building and training initiatives;
- Diyramal Migay, the first Aboriginal and Torres Strait Islander SAAP funded service in the ACT, opened in December 2003. Managed by Winnunga Nimmityjah Aboriginal Health Service, Diyramal Migay provides supported accommodation for young Aboriginal and Torres Strait Islander women aged from 12 to 18 years. The service is funded by the ACT Government and Aboriginal Hostels Limited. In 2004-05, total funding for this service amounted to \$267,240;
- in 2003-04, \$400,000 was provided to Billabong Aboriginal Corporation to purchase one house to accommodate an Aboriginal and Torres Strait Islander family and to finalise the purchase of another property. In 2004-05, \$533,893 was provided to Billabong for continuing and additional housing services for the ACT Aboriginal and Torres Strait Islander community;
- in February 2004, a joint initiative was announced between the ACT Government and Aboriginal and Torres Strait Islander Services (ATSIS) to expand the Aboriginal and Torres Strait Islander community housing sector in the ACT. ATSIS contributed \$399,000 and the ACT Government \$471,000; and
- \$52,000 per annum is provided to Winnunga Nimmityjah Aboriginal Health Services to provide an Aboriginal and Torres Strait Islander Housing Liaison Service in support of Indigenous public housing tenants.

Further, in 2003, the Aboriginal and Torres Strait Islander Housing Committee was established to advise the ACT Government on how to better meet the housing needs of Indigenous people. The Committee has developed an *Aboriginal and Torres Strait Islander Housing Plan 2004-2005* which identifies five key goals. These are:

- to provide housing assistance that is appropriate to Aboriginal and Torres Strait Islander people in the ACT;
- to strengthen housing related service delivery to Aboriginal and Torres Strait Islander people;
- to provide equitable access for Aboriginal and Torres Strait Islander peoples to housing and accommodation assistance;

- to create pathways to improve community participation in decision making relating to housing for Aboriginal and Torres Strait Islander peoples; and
- to develop the capacity of the Aboriginal and Torres Strait Islander housing sector in the ACT.

Affordable Housing for People with a Mental Illness

As previously discussed, the Minister for Disability, Housing and Community Services launched *Breaking the Cycle - the ACT Homelessness Strategy* in 2004. This Strategy identifies a number of target groups who are at particular risk of becoming homeless, including those with an enduring mental illness. The ACT Government has committed significant funding of \$13.4 million over four years to implement this strategy which is aimed at improving housing options for the most vulnerable in our community.

The ACT Government has budgeted \$47.58 million for the provision of mental health services in the ACT for 2005-06. In 2003-04, Mental Health ACT provided services to 6,387 people through more than 168,000 occasions of service. Funding of \$4.1 million was provided to 20 non-government organisations to provide mental health services to the ACT community, including supported accommodation and respite services. Within the ACT, there are currently 213 funded places for the provision of supported accommodation specifically for people with a mental illness, these include:

- 30 medium to long term rehabilitation places;
- 65 group home places;
- 18 respite places; and
- 100 outreach places.

Planning Mechanisms

Since the report of the Affordable Housing Taskforce was tabled in 2002, the ACT Government has considered a range of planning issues and ways to use the leasehold system to contribute to affordable housing initiatives. The first such measure is a provision in the *City West Master Plan*, released in May 2004, which aims to ensure that a minimum of 5 per cent of residential accommodation established through the Master Plan will be offered for low and medium income earners and, where possible, will be managed by affordable housing providers.

While planning and development are still in the early stages in City West, the ACT Government has already made progress in giving effect to this affordable housing commitment, especially in the area of student housing.

Since December 2002, the ACT Government has undertaken the following initiatives to improve student housing affordability and reduce the proportion of students in housing stress:

- **Redevelopment of Tasman house for student accommodation.**

This will provide 97 studio and one bedroom residences. Incentives for this redevelopment were provided by the ACT Government in the form of concessions on planning and parking requirements and waived Change of Use Charges.

- **ANU City West initiative**

The ACT Government is facilitating the development of Section 30 City to accommodate 450 students. Incentives for this development have been provided in the form land price concessions. The site will be valued on its intended use and reflect estimated student rental costs. This represents a significant departure by the ACT Government from its standard practice of pricing land sales on the highest and best use valuation in order to deliver affordable housing outcomes in City West.

Further, this development will significantly assist housing affordability and availability for the target group. The report of the Affordable Housing Taskforce found that students living in the inner north area comprising Turner, Braddon and Lyneham experience high rates of housing stress. The provision of dedicated student accommodation within City West should improve the availability of lower priced accommodation in this area (traditionally occupied by students), thereby increasing the supply of affordable housing in this precinct.

3 Housing affordability in 2005

In 2003, the year after the Affordable Housing Taskforce was tabled in the ACT Legislative Assembly, the housing market continued its rapid rise, with record highs set in house prices and record lows in housing affordability both nationally and in the ACT. However, in the following year, the market steadied and recorded affordability improvements in some areas.

In order to assess the level of improvement in housing affordability in the ACT since December 2002, key affordability indicators for the period 2002 to 2004¹² are examined below. However, these housing market indicators do not directly reflect the level of affordable housing assistance provided by the ACT Government as detailed in the previous chapter. For example, the housing market indicators shown below do not measure the number of homeless people assisted into affordable, sustainable housing arrangements. Nor do they indicate the large and growing number of ACT residents who are protected from exposure to housing market movements through their tenancies in safe, secure and affordable social housing.

A more indicative measure of such assistance would be the number of ACT households experiencing *housing stress*.¹³ Regrettably, it is not possible to quantify the number of ACT households in housing stress since the report of the Affordable Housing Taskforce was tabled. As the figures on housing stress were derived from 2001 ABS Census data, it will not be possible to report numbers in housing stress until the next Census is undertaken in 2006.

Nevertheless, housing market indicators are considered a reflection of housing affordability more generally, especially for the large proportion of the ACT population who do not qualify for social housing assistance but may be eligible for assisted entry into the private rental market (through rental bond loans) or home ownership (such as through the Home Buyer Concession Scheme or Moderate Income Land Ballot).

3.1 Affordability Indicators

Home Purchasers

For those already in the housing market (that is, those with existing mortgages), affordability is primarily a function of interest rates and household earnings, as these are the primary drivers of a household's capacity to service a mortgage. Affordability for new purchasers is also a function of interest rates and income. However, in addition, new purchasers must also contend with the state of the market at their point

¹² Figures are available up to and including the December quarter 2004.

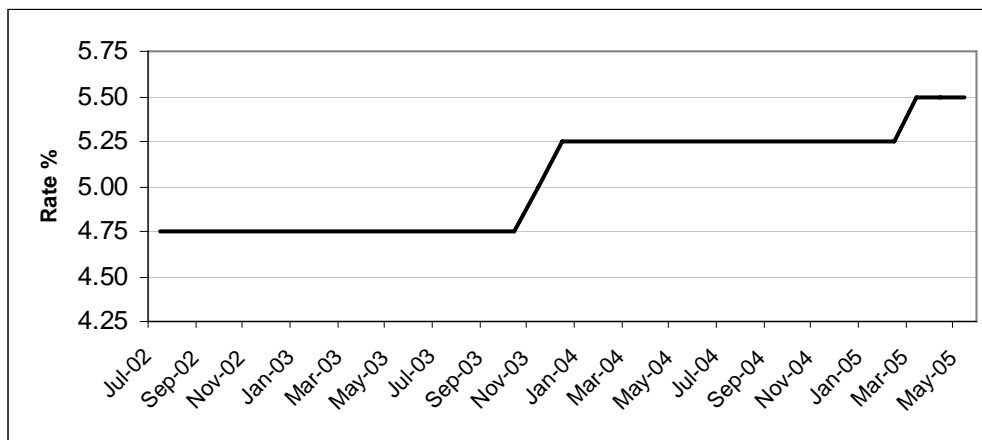
¹³ As stated in Chapter 1, a household is in *housing stress* if it is in the bottom 40 per cent of the distribution of household incomes and the occupants are paying more than 30 per cent of household income on housing costs.

of entry. At present, purchasers are entering on the tail of a period of sustained price growth.

Interest rates

Interest rates in Australia over the last three years have, for the most part, been relatively steady. Three increases of 25 basis points occurred during this period – in November 2003, December 2003 and March 2005.

Reserve Bank of Australia Cash Rate 2002 – 2005



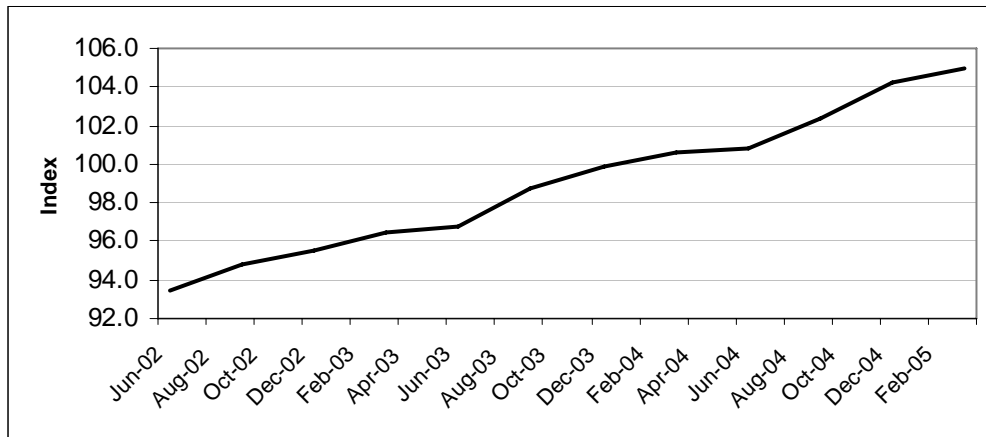
Source: ACT Department of Treasury

Earnings

The ABS Wage Price Index, overleaf, shows that wages in the ACT have grown at an average rate of 1.1 per cent per quarter over the last three years. In the February quarter 2005, average weekly ordinary time earnings in the ACT were \$1,152 – the highest across all jurisdictions and 16 per cent higher than the national average.

While there are also additional considerations such as timing of entry and size of mortgage, it is almost certain that, on average, the strong growth in incomes over the last three years would have more than offset the impacts of the three interest rate increases. This would suggest that affordability has improved for existing home purchasers across this period.

ACT Wage Price Index

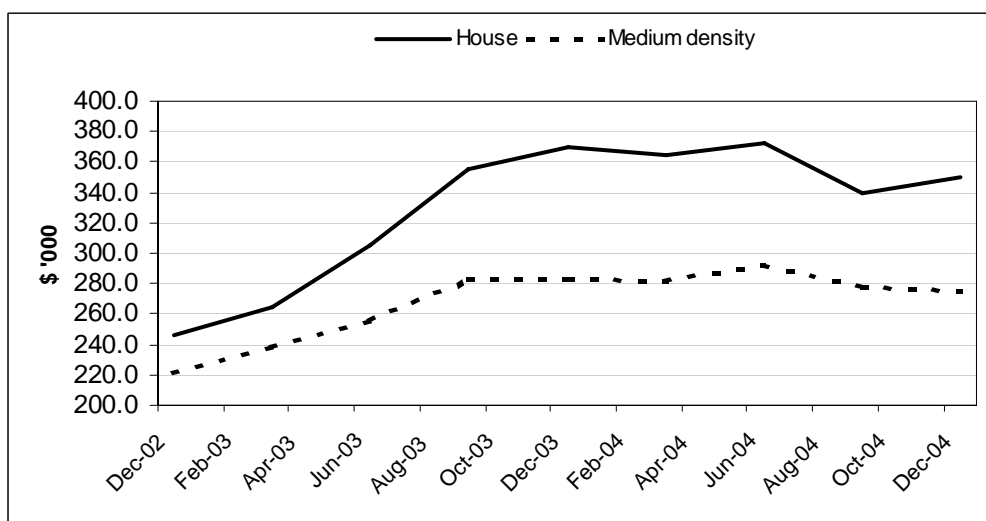


Source: ACT Department of Treasury

House prices

Since the introduction of the GST on 1 July 2000, average residential property prices in the ACT have grown by approximately 91 per cent. Just under half this growth has occurred since July 2002, during which time monthly growth has averaged just over 1 per cent. The following graph shows quarterly median property prices for both houses and medium density properties during the period since the Affordable Housing Taskforce tabled its report.

Median property prices 2002 – 2004



Source: REIA Market Facts

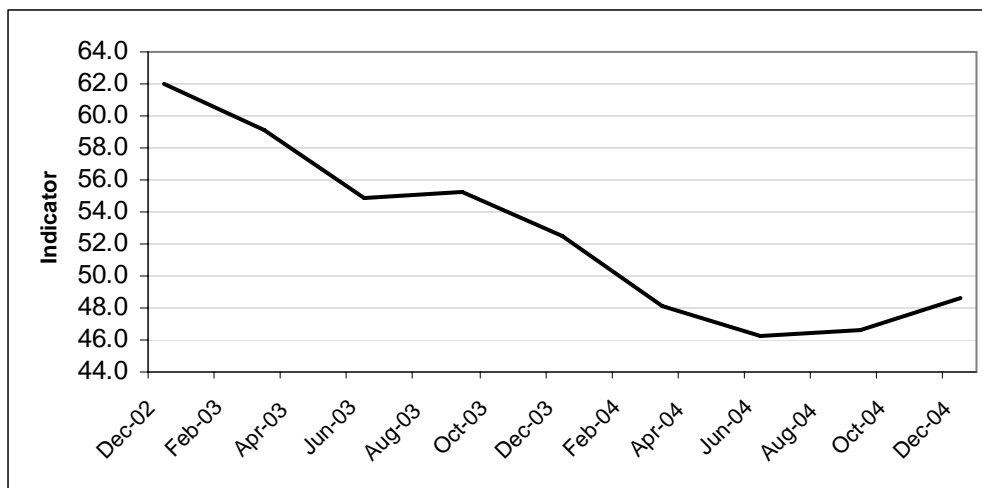
Although growth in local property prices appears to have levelled out, the fact remains that prices are still close to record levels. Nevertheless, this graph shows a sustained period of price stability and even minor falls since late 2003.

Home loan affordability

Home loan affordability affects both existing home purchasers and new buyers seeking entry into home ownership. Consistent with strong growth in prices over the last two years, home loan affordability has declined significantly.

Indeed, as shown below, the AMP-REIA Home Loan Affordability Indicator¹⁴ fell rapidly from December 2002 until June 2004. However, the HLAI has since recorded steady improvements, reflecting modest growth in median prices, stable interest rates and continued growth in household incomes.

Home Loan Affordability Indicator 2002 – 2004



Source: AMP-REIA Home Loan Affordability Report

First home buyers

First home buyers are an important component of the new entrant market and the level of activity within this segment provides a good guide to broader market sentiment and overall affordability.

As discussed in Chapter 2, the ACT Government's Home Buyer Concession Scheme provides stamp duty concessions to low and moderate income purchasers who do not already own a house or land. Very high uptake of concessions available under this scheme in 2004-05 (1,360 approved applications for the year to April 2005) indicates

¹⁴ The Home Loan Affordability Indicator is calculated as the ratio of family income to average loan repayments. An increase in the indicator denotes improved affordability.

the success of this measure in assisting first home buyers into home ownership and thereby improving the level of housing affordability.

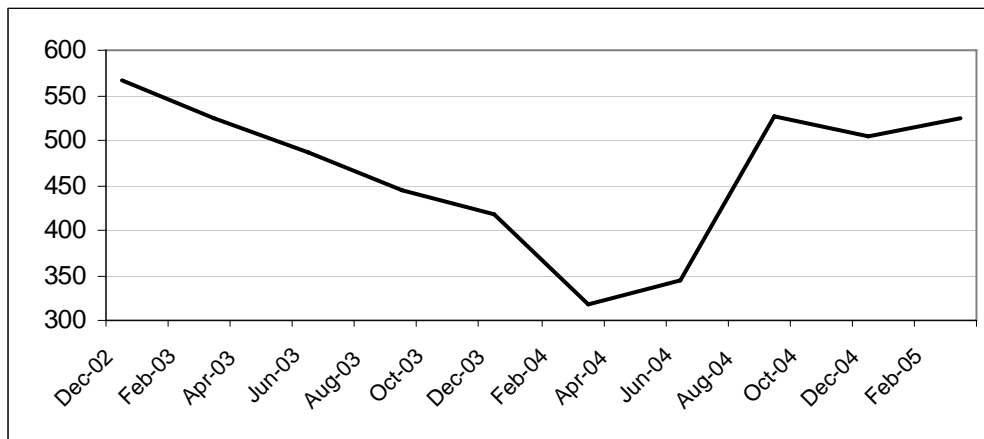
In addition, the Australian Government provides the First Home Owners Grant (FHOG) to all first home buyers. FHOG numbers provide an excellent indication of first home buyer activity in the local market.

First homebuyer activity was strongest shortly after the introduction of FHOG and prior to the strongest period of growth in residential prices. In 2001-02, 3,614 FHOG applications were approved in the ACT, up marginally on the 2000-01 result. The higher FHOG numbers in 2001-02 also reflect the Commonwealth's extension to FHOG in March 2001, where an additional \$7,000 was available to first homebuyers who were constructing or buying a new home.

In the two years since 2001-02, FHOG numbers declined, to 2,223 in 2002-03 and to 1,525 in 2003-04. This trend has been reversed significantly in 2004-05, with numbers to April 2005 (1,699) already exceeding the 2003-04 total. This turnaround (particularly the 53 per cent increase in the September 2004 quarter over the June 2004 quarter) is almost certainly a reflection of the impact of the ACT Government's Home Buyer Concession Scheme in improving home purchase affordability for first home buyers.

The graph below shows FHOG recipients since December 2002.

First Home Owners Grant, ACT recipients 2002 – 2005



Source: ACT Department of Treasury

Private Rental Market

The key determinants of affordability for private renters are household income and the level of rent being paid. The level of rent, in turn, is driven by the vacancy rate, which reflects supply and demand in the rental market.

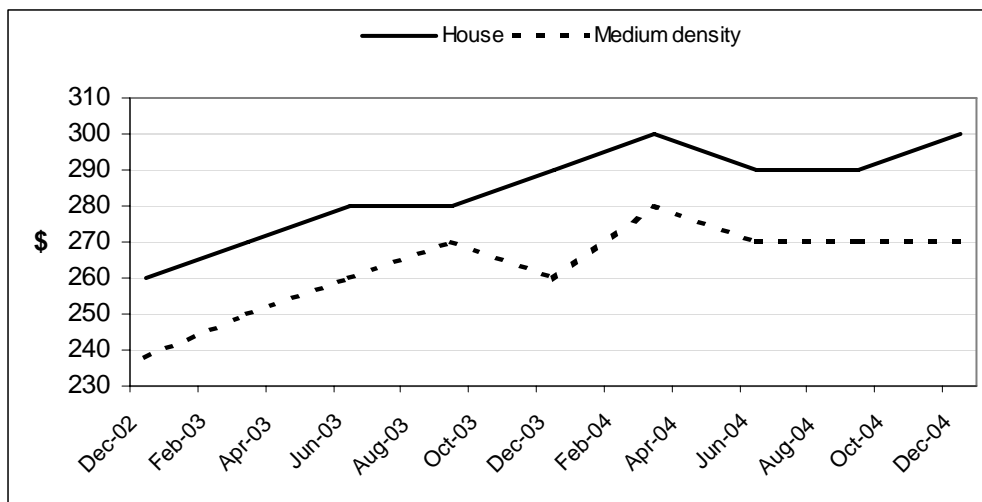
Rental costs

For some time now, average rents for a three-bedroom house in Canberra have been the highest across all capital cities. In the December quarter 2004, the median weekly rent for a three bedroom house in Canberra was \$300 per week, \$30 higher than the next most expensive city, Darwin.

Median rents for medium density properties in the ACT are similarly high, although not the highest nationally. In the December quarter 2004, the median medium density rent in Canberra was \$270 per week, second to Sydney at \$290 per week.

Importantly, although rents in Canberra are relatively high when compared with other capital cities, there has been little to no growth in local rents over the last four quarters. Median house rents have fluctuated between \$290 and \$300 since the December quarter 2003, while median medium density rents fell slightly in the June quarter 2004 to \$270 per week and have remained at this level for three consecutive quarters.

Median weekly rent 2002 – 2004

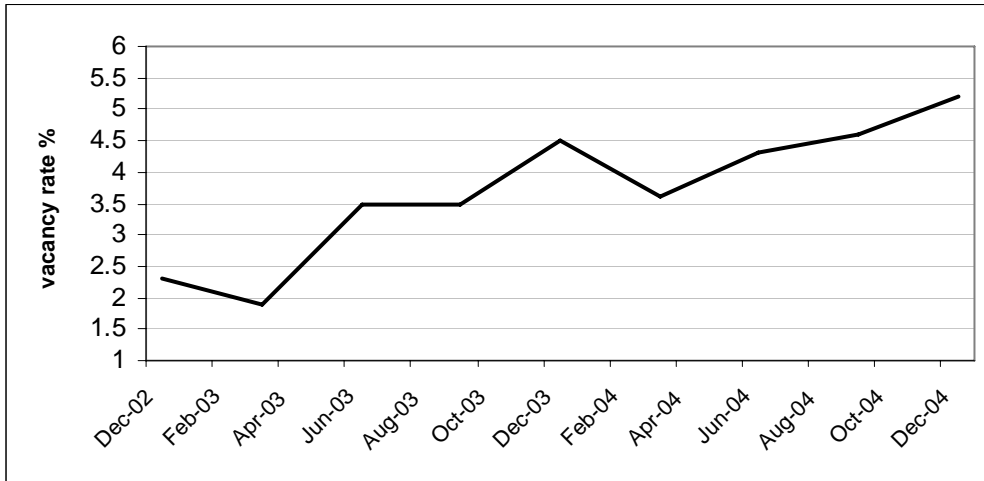


Source: REIA Market Facts

Rental vacancies

The recent stability in ACT rents is likely to be a result of an increasing vacancy rate, which reached 5.2 per cent in the December quarter 2004 – the highest ACT vacancy rate since the December quarter 1995.

Rental vacancy rate 2002 – 2004



Source: REIA Market Facts

3.2 Effectiveness of ACT Government Affordability Measures

As detailed in the previous chapter, since the Affordable Housing Taskforce report was tabled in December 2002, the ACT Government has implemented a comprehensive range of strategies and actions designed to alleviate housing stress and improve housing affordability in the ACT.

Coinciding with improving home loan affordability, there has been a 30 per cent increase in the number of First Home Owner Grant recipients in the financial year to April 2005, compared to the same period in the preceding year. This result is most likely a reflection of the substantial increase in the availability of stamp duty concessions made available to first home buyers under the Home Buyer Concession Scheme (HBCS), announced by the ACT Government in the 2004-05 Budget. For the year to date to April 2005, the HBCS had 1,360 approved applications, a 44-fold increase on the applications over the same period for the preceding year.

Although the ACT's rents are relatively high, there has been little to no growth in median local rents over the last four quarters. Coupled with this, vacancy rates are at a ten-year high, providing a positive outlook for private renter affordability.

As discussed above, it is not possible at this stage to accurately report on any decrease in the proportion of households experiencing housing stress, due to a lack of recent Census information, that may have occurred as a result of the comprehensive range of ACT Government housing assistance and affordability measures. However, the effectiveness of the ACT Government's strategies is reflected in its performance in delivering the principal component of the Territory's affordable housing supply – public housing. The ACT Government's performance in this area compares favourably with other jurisdictions around Australia. Key performance indicators include:

- Priority allocations. As noted earlier, the ACT was, in 2002-03, the best performing of all jurisdictions with regard to allocating new public housing tenancies to those most in need. While the ACT was marginally bested by Tasmania in 2003-04, it still allocated 86.2 per cent of new tenancies on a priority basis compared to the national average of 36.3 per cent.
- Proportion of public housing. In 2001, public housing comprised 8.6 per cent of all ACT households. This was almost twice the national average of 4.5 per cent and ranked the ACT second across all jurisdictions.¹⁵

¹⁵ Productivity Commission, *Report on Government Services*, 2005, Table 16A.70 (from ABS Census 2001 data)

- Expenditure on public housing. In 2003-04, the ACT Government spent \$1,004 per capita on public housing, inclusive of capital costs. By contrast, the national average was \$331 per capita in the same period. Across all jurisdictions, the ACT ranked first on this measure by a considerable margin (the next best was the Northern Territory which spent \$594 per capita on public housing in the same period).¹⁶ The ACT also ranked first in 2002-03, providing \$837 per capita on public housing, compared with the national average of \$296.¹⁷

It is therefore evident that the ACT Government is providing greater expenditure on and maintaining a greater proportion of public housing than all other jurisdictions. Moreover, available public housing has been provided to those in greatest need at a rate that far exceeds the national average.

Notwithstanding the limitation in data availability for those in housing stress, the affordability picture that emerges is positive. The strong growth in incomes over the last three years has almost certainly offset the impact of the small interest rate rises, suggesting that affordability for existing home purchasers has improved since the release of the report of the Affordable Housing Taskforce. While the Home Loan Affordability Index declined over the two years to July 2004 (consistent with the strong growth in prices over this time), over the second half of 2004 this index has stabilised and indeed improved. This improvement is consistent with moderating growth in house prices, stable interest rates and strong income growth.

In addition, economic forecaster BIS Shrapnel expects the median house price in Canberra to fall 3.4 per cent over the three years to 2008.¹⁸ This indicates an expected levelling of the housing market in the ACT, providing a positive outlook for future affordability.

The ACT Government considers that the absence of a national housing policy, integrated with the broader economic and social policy agenda, is the single most important impediment to understanding and dealing with issues of housing affordability. As the Australian Government has a lead role in shaping the economic factors that affect the housing market, development of such a housing policy should be placed high on its list of priorities.

¹⁶ Productivity Commission, *Report on Government Services*, 2005, Table 16A.81. The ACT figure was inflated by expenditure on Bushfire recovery activities. Nevertheless, as the following 2002-03 figures show, the ACT is a consistent leader in this area.

¹⁷ Productivity Commission, *Report on Government Services*, 2004, Table 16A.82.

¹⁸ BIS Shrapnel, *Residential Property Prospects, Australian Capital Cities, 2005-2008*.

4 Future Directions

This section examines some of ACT Government's planned future initiatives that will build on its achievements since 2002 and make further progress in improving housing affordability for those most in need and increase the supply of affordable housing options.

4.1 Homelessness Services

Breaking the Cycle - the ACT Homelessness Strategy provides a framework for future directions in improving housing affordability for people at risk of or experiencing homelessness. This Strategy identifies a number of target groups who are at particular risk of becoming homeless, including those with an enduring mental illness. The ACT Government has committed significant funding of \$13.4 million over four years to implement this strategy aimed at improving housing options for the most vulnerable in our community.

The ACT Homelessness Committee, comprising Government and community representatives, provides oversight and guidance for the ongoing implementation of the Strategy. Key measures relating to housing affordability that are expected to improve as a result of implementing the Strategy to 2007 include:

- fewer individuals and families living rough on the streets who do not have access to appropriate housing;
- reduction of the rate of return for individuals and families into crisis and transitional housing;
- individuals and families in housing stress able to access the necessary supports;
- provision of services in a timely manner so as to secure and maintain tenancies and the ability to live independently in the community;
- people spending a reasonable time in transitional accommodation are able to exit to appropriate housing which meets their individual circumstance and needs; and
- reducing primary homelessness to as close to zero by 2013.

Further, the 2005-06 Budget provides up to \$100,000 for a feasibility study into a drop-in centre for people who are homeless. The study will investigate the provision of a centre at which a range of specialist health and welfare services provided by ACT Government and community sector services providers could be co-located.

The feasibility study will clarify the level of demand for such a service, including an assessment of alternative models to a drop-in centre, such as services in multiple locations. It is envisioned that the service model would comprise provision of food, emergency financial relief, showers, storage and laundry facilities, enabling users to meet their basic needs. Case management and referral services would link users with other agencies able to provide longer-term assistance.

In addition, improved homelessness services for Aboriginal and Torres Strait Islander persons in the ACT are currently under investigation, including:

- a supported accommodation service for Indigenous families that are homeless or at risk of homelessness;
- an outreach service to assist Indigenous persons experiencing homelessness; and
- a hostel or boarding house to provide short term accommodation to Indigenous persons who may be in the ACT for medical reasons or seeking longer term accommodation.

The current Supported Accommodation Assistance Program agreement (SAAP IV) between the Australian Government and the States and Territories expires on 30 June 2005. Negotiations are almost complete for a new SAAP agreement (SAAP V) between the Australian Government and the States and Territories.

4.2 Social Housing

Funding

As discussed previously, the Australian Government's funding commitment for the provision of public and community housing in all States and Territories is declining in real terms. This is expected to continue for at least the life of the current Commonwealth State Housing Agreement, which expires in 2008. Consequently, in order to expand the provision of social housing, or merely to maintain the viability of the existing system, continuing significant and indeed increasing funding commitments would be required from the ACT Government.

Accordingly, prior to the ACT election held in October 2004, the ACT Government expressed an intention to build on its unprecedented injection of funding for public and community housing in its next term of government. This comprised a further \$10 million per year over three years to expand the stock of public housing.

In the 2005-06 Budget, the ACT Government allocated \$117.7 million for total expenditure on social housing services. This represents an increase of over 6 per cent on total funding for social housing services provided in 2004-05.

In addition, access to further capital funding from the ACT Home Loan Portfolio is being examined. The Home Loan Portfolio is responsible for the administration of home loans which were granted by the Commissioner for Housing to assist low income households into home ownership. All ACT Government home buyer lending ceased in 1996.

A financial assessment by KPMG of the ACT Home Loan Portfolio formed the basis of a withdrawal of \$33.2 million for a capital injection for public and community housing, as discussed previously. In line with the KPMG recommendation that the performance of the Home Loan Portfolio be monitored closely, the Government is proposing that it be reviewed biannually and the availability of equity funds for distribution be assessed.

Pending further analysis of the Home Loan Portfolio, utilisation of equity funds would give greater flexibility in the source of capital funds available for social housing and would provide the opportunity for injections into rejuvenating and building our social housing stock.

Joint ventures

The ACT Government is seeking to enter into joint venture arrangements with the private sector for the development of three properties that are under the control of Housing ACT – Currong Apartments, the former Burnie Court site in Lyons and Fraser Court in Phillip. The process for the development of the sites is well underway with tenders presently being evaluated. The outcome of the tender process should be known shortly.

These projects will deliver new public housing dwellings with the opportunity for community housing providers to be involved. These dwellings will be set in a mixed context with privately owned accommodation.

Working with the private sector to facilitate investment in public housing initiatives is an important aspect of this project. Both the CSHA and the ACT Government's Public Housing Asset Management Strategy encourage greater involvement of the private sector in the provision of social housing in order to attract additional resources to the public housing sector.

Sustainability

Housing affordability needs to be considered in the light of the whole-of-life costs to the occupant, including energy, water and maintenance costs, and not just initial purchase cost or mortgage or rental costs. This is of particular importance for low income households as insufficient attention to energy efficiency measures in housing could lead to high electricity and gas costs for space and water heating that, over time, would reduce the financial savings from reduced rental or mortgage costs.

Adherence to sustainability standards in new social housing and the progressive upgrade of ageing social housing to these standards will help address these whole-of-life affordability issues.

Accordingly, the ACT Government has allocated \$1 million in the 2005-06 Budget to implement energy and water efficiency measures in relevant properties across the public housing portfolio. This initiative will assist public housing tenants to reduce their energy consumption and therefore their energy bills, while also contributing to positive environmental outcomes. This funding will be used to expand the successful Water and Energy Saving Trial that has been conducted in 2004-05. It will also be used to implement a range of measures in selected public housing properties to reduce water and energy consumption, improve the liveability and amenity of the properties by reducing heat loss and reducing greenhouse gas emissions.

4.3 Private rental market

Forecast Trends in Affordability

The recent stability in rental costs and historically high vacancy rates, when combined with the growth in incomes described earlier, indicate an improving outlook for affordability in the private rental market. Indeed, the high vacancy rate suggests that rents will remain at current levels or even begin to fall as landlords consider the option of discounting rents to attract tenants.

Future Initiatives

Within the context of current planning in City West, the ACT Government is considering the following further initiatives, all of which would add to the availability of affordable public and private rental accommodation in the ACT:

- Examining the release of sites in City West comprising a substantial component of residential development with a specific requirement that some (or all) of the units be constructed to affordable standards. This would entail measures such as parking space provision concessions, smaller units, a standard level of prime cost items¹⁹ and elimination of luxury features such as ensuite bathrooms. In addition, the overall level of facilities within the building would be limited so as to minimise costs of construction and ongoing maintenance levies. This product could be sold into the market and/or provision made that would enable Housing ACT or community housing groups to acquire a portion of the development.
- Possible continuation of incentives for redevelopment of existing buildings in City West where provision is made for affordable housing. Such incentives include concessions on Change of Use Charges, increased development rights charges and relaxation of planning requirements (such as parking).
- Pursuing affordable housing provision in development proposals that are part of the new ANU precinct.

4.4 Home Ownership

Forecast Trends in Affordability

On balance, the affordability outlook for new entrants to the market is positive. While the March 2005 interest rate increase is yet to feed into the Home Loan Affordability Index (as discussed in Chapter 2), the impact of the rise is likely to be relatively small.

A benign outlook for prices coupled with a tight local labour market suggests that ongoing growth in household incomes should offset the impacts of the interest rate rise.

¹⁹ Prime cost items include stoves, heating, tiles, carpets, taps, bathroom fittings and light fittings.

Although there is the potential for an additional 25 basis point increase in the RBA's target cash rate this year, the market appears to have discounted this possibility for the time being. The only other downside risk to affordability is a sustained upswing in house prices and this appears highly unlikely at this stage.

In addition, the ACT Government's Home Buyer Concession Scheme will continue to provide stamp duty relief for eligible first home buyers. The effectiveness of this affordability measure will be maintained through the ACT Government's commitment in the 2004-05 Budget to review this scheme on a six-monthly basis to ensure that concessional rates adequately reflect market movements.

Future Initiatives

A number of future initiatives are under examination which aim to assist entry into home ownership and improve housing affordability for first home buyers, including:

- **Shared Equity Scheme**

As part of its obligations under the Commonwealth State Housing Agreement, the ACT Government is required to investigate shared equity models that assist low income earners into home ownership and determine their suitability for in the ACT context. The report of the Affordable Housing Taskforce also recommended investigation of such models.

Under a shared equity scheme, the home financier reduces the home buyer's upfront purchase costs in exchange for a share of the capital gain when the home is sold. Shared equity schemes substantially reduce the entry costs and mortgage repayments for first home buyers.

The ACT Government has held discussions with a number of financial institutions to ascertain the level of interest in providing a shared equity home loan product to the ACT market.

The establishment of such schemes would be a positive step by the private sector to improve home loan affordability and assist low income earners into home ownership.

- **Land supply strategy**

The ACT Government recently released its *Residential, Commercial and Community Land Supply Strategy 2005-06 to 2009-10*. This states that the demand for housing is easing in response to substantial demand being satisfied by recent increases in housing and land availability and the dampening effect of increased interest rates and increasing attractiveness of equity markets.

The number of dwelling commencements in the ACT over the previous four years has exceeded the underlying housing demand by approximately 1,200 dwellings. Moreover, the current supply of land with builders and developers represents 4.3 years of dwelling supply. Given that the ACT Government has generally sought to ensure that there is three years of supply in the pipeline, this indicates that current pipeline supply may exceed demand. It should be noted that the increase in supply

since December 2003 reflects the additional land releases made by the Government in response to increased housing demand.

Additionally, at June 2005, ACTPLA has undertaken greenfields planning for 12,500 dwellings of which over 11,000 are in Gungahlin (this includes concept planning for Forde, Crace, Bonner, Franklin, Harrison, Casey, Jacka, West Belconnen and West Bonython).

- **House and land packages**

Following moderate uptake of the ACT Government's targeted land releases provided through the two Moderate Income Land Ballots held to date, the Land Development Agency is considering additional ways to assist first home buyers into new home ownership. Given current high construction costs, affordable house and land packages are being examined as a potentially attractive option for low to moderate income first home buyers. The recently announced new suburb of Forde is a possible location where such packages could be offered by the Government.

- **Planning mechanisms**

Planning initiatives under consideration for City West (as outlined in the previous section) would also contribute to increasing the supply of affordable home ownership options.

4.5 National Action on Affordable Housing

Through its membership of the Housing Ministers' Conference (HMC) and the associated advisory body, the Housing Ministers' Advisory Committee (HMAC), the ACT Government is involved in collaborative work with other States and Territories to develop a *Framework for National Action on Affordable Housing*.

In April 2003, State and Territory Housing Ministers agreed to:

promote a national, strategic, integrated and long term vision for affordable housing in Australia through a comprehensive approach by all levels of government.

This decision was adopted as Principle 11 of the Commonwealth State Housing Agreement 2003-2008.

The *Framework for National Action on Affordable Housing* has been developed in fulfilment of this resolution. The Framework, while still in the draft stage, provides a detailed action plan for national action on affordable housing and a process for collaboration with key stakeholders. It is the result of considerable ongoing consultation with State and Territory representatives from housing, planning and local government portfolios.

The Framework will provide tools and guidelines for consideration within each jurisdiction, including:

- a set of common definitions and benchmarks for key areas of affordable housing activity such as housing need, affordable housing and planning mechanisms;

- information packages to support training, shared best practice, model guidelines and legislation; and
- a regular system of updating, reporting and evaluating against affordable housing developments in jurisdictions and progress nationally.

The Framework articulates a number of key outcomes that are expected to arise from its implementation within each jurisdiction, as follows:

- Outcome 1: A more diverse housing delivery sector.
- Outcome 2: The planning system actively contributes to securing the supply of affordable housing to meet current and future demand.
- Outcome 3: Coordinated policies that leverage affordable housing resources and attract new resources from outside the social housing sector.
- Outcome 4: A systematic regime of evaluation, review and innovation that will help develop a more effective housing system to meet the needs of all Australian households.

The ACT Government fully supports the ongoing development and implementation of the *Framework for National Action on Affordable Housing* by the States and Territories through HMC and HMAAC. However, this does not diminish the urgent requirement for the Australian Government to take a lead role in addressing issues of housing affordability. As noted earlier, the ACT Government considers that the development by the Australian Government of a national housing policy – integrated with its broader economic and social agenda – is of paramount importance to improving housing affordability for all Australians experiencing housing stress.

Appendix A – External Developments

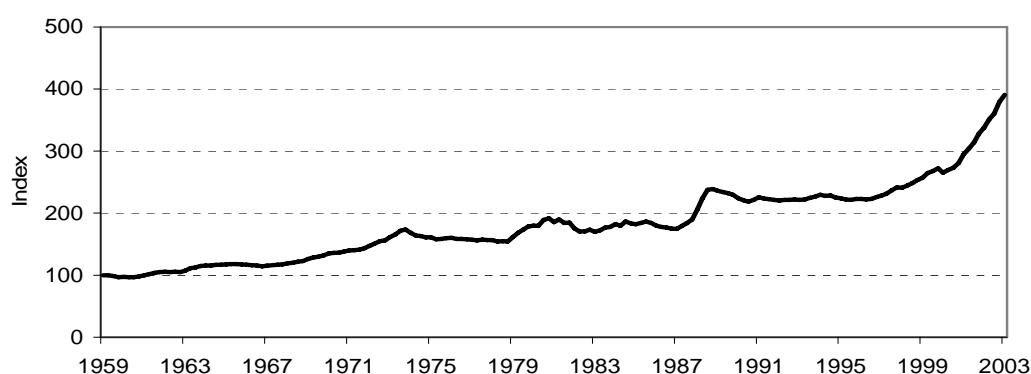
Around Australia

Australia's housing sector and housing industry is constituted by:

- 7.2 million houses for 20 million people;
- \$2,200 billion of national capital;
- 66 per cent of household wealth;
- 84 per cent of household debt;
- 767,000 workers in building and construction; and
- 235,000 Australian businesses.

A key characteristic of the sector is the upward trend in house prices, which is indicated in the chart below. The Productivity Commission noted in its *First Home Ownership* report in 2004 that the escalation in prices since the mid-1990s has been more prolonged, and cumulatively greater, than in previous upswings, with the consequence that, nationally, the median house price is now equal to 9 times the average *per capita* income, compared to 6 times at the beginning of the upswing.

Real House Price Growth in the Long Term



Source: Productivity Commission, *First Home Ownership*, 2004

As a consequence, there is a commensurate shortage of low cost affordable housing nationally, with both low-income, as well as an increasing number of moderate-income, earners experiencing 'housing stress'. A number of initiatives, measures, strategies and models have been put forward, including:

- a **bonds model**, with government investment in affordable housing being financed through the sale of government bonds;
- a **partnerships model**, with public sector funding of affordable housing being jointly financed by the private sector through private equity and/or debt investment;
- a **tax credits/concessional taxation model**, with affordable housing being financed by the private sector through private equity and/or debt investment, and supplemented by a fixed recurrent subsidy delivered through taxation credits, and/or further concessional taxation arrangements for developers and investors, as well as so-called “front end” capital grants as a method of reducing the cost of borrowings. Not-for-profit-companies would be regulated and supported by government and assisted to provide low cost rental in exchange for taxation benefits;
- **stamp duty exemptions and/or concessions** for residential housing below a certain market value;
- **targeting measures**, which would target particular racial, ethnic, gender or minority groups who would be offer ‘below market’ home purchase products, including preferential access to finance and concessional sales to tenants;
- **voluntary/mandatory inclusionary zoning**, which would either provide incentives for property developers to voluntarily include affordable housing units in the planning stages, or else through legislative decree require developers to surrender part of their development or forfeit an equivalent payment in *lieu* thereof; and
- **research strategy model**, which require a comprehensive and rigorous research base be supported nationally and within each State and Territory jurisdiction to provide an evidence-based approach to the development of affordable housing policy and practice. The research would generate a universally agreed set of definitions and benchmarks for core affordable housing concepts such as ‘housing need’, ‘housing stress’ ‘affordable housing’ etc, as well as information packages to support training, best practice, model guidelines and legislation.

Other States and Territories

South Australia

In March 2005, the South Australian Government launched the *Housing Plan for South Australia*, with the objectives, over the next five to ten years, of:

- making affordable housing available to more South Australians;
- providing quality housing for those in greatest need in the community; and
- renewing and reinvigorating neighbourhoods in the State.

The aim is to realise these objectives through productive relationships between governments at all levels, industry and the not-for-profit sector as the foundation for a shift of funds from the sale of housing stock to social housing tenants, through a shared equity scheme, to the provision of affordable and high need housing.

New South Wales

A number of initiatives, including changes to public housing tenure for new tenants, were announced in the New South Wales (NSW) Budget for 2005-06, which was delivered on 24 May 2005. The NSW Government expects that these measures will improve the affordability of housing in the State.

From 1 July 2005, the length of time that new tenants will be able to remain in public housing will be matched to their need for public housing, with eligibility for housing focusing on income and housing need. New public housing tenants who can afford private rental accommodation or home ownership will be required to do so.

Partnerships between the public sector and the private and non-government sectors are being forged, with the expectation that further housing solutions, including home ownership assistance for people on low incomes, will assist in improving housing affordability in NSW.

The government's housing supply program is expected to fund new capital works, works in progress, as well as existing and new leased housing in the public, community and Aboriginal housing sectors, as follows:

- \$94.5 million for public housing will fund the commencement of 222 new dwellings (purchased or constructed), the completion of 484 dwellings, along with 2,561 existing leases and 105 new leases from the private market;
- \$95.4 million for community housing (excluding crisis accommodation) will fund the commencement of 171 new dwellings (purchased or constructed), the completion of 264 dwellings and subsidies for 5,592 existing leases and 140 new leases;
- \$13.1 million for crisis accommodation will fund the commencement of 28 new dwellings, the completion of 26 dwellings, 204 existing leases and 15 new leases;
- \$16.3 million for the Aboriginal Housing Office will fund the commencement of 8 new dwellings to be managed by the AHO and 26 new dwellings to be managed by the Aboriginal community housing sector under the Housing for Aboriginal Communities Program. It will also fund the completion of 61 dwellings (33 for the AHO and 28 Aboriginal community housing dwellings); and
- in total, 1,095 dwellings will be added to the social housing portfolio through capital completions or purchases (835 units) and leasing from the private market (260 units).
- \$24.7 million for new products and service initiatives will provide a broader range of housing assistance options and accommodation alternatives for low income households in New South Wales; and
- \$1.1 million will be allocated to the Centre for Affordable Housing.

Victoria

The Victorian Government aims, through the Department of Human Services, to achieve long-term sustainability and growth in social housing provision through diversification of housing choice, strategic partnerships with non-government

affordable housing providers, and the attraction of private sector investment into affordable housing.

A number of 'affordable housing' initiatives and measures are being implemented, namely through:

- *Social Housing Innovations Project (SHIP)*, which is intended to deliver 800 small to medium scale units of affordable housing stock;
- *Melbourne 2030*, which is a strategic plan to manage growth across metropolitan Melbourne and the surrounding region over the next 30 years. The plan acknowledges the growing shortage in affordable housing and proposes a number of strategies to improve outcomes in the housing market, including a greater engagement with local government to improve planning controls and influence housing development; and more effective monitoring and management of land supply and dwelling production to meet housing needs;
- the *Victorian Housing Strategy*, which introduces policy innovations to attract private investment into affordable housing through partnerships to influence or offset market outcomes; regulation of non-government housing providers; and better alignment of housing policy with whole of government outcomes. The Strategy involves the development of complementary growth providers, including *Affordable Housing Associations (AHAs)*, and align housing policy objectives with wider government policy relating to metropolitan planning, community safety, employment initiatives, and sound financial management;
- the *Kensington Public Housing Estate*, which originally comprised 694 public dwellings, and is to be redeveloped in partnership with Becton Corporation at a cost of some \$150 million over a five year period, to deliver 421 private units and 436 public units. The partnership agreement with Becton provides for consideration of some additional affordable housing as a component of the private housing;
- the *Dandenong Saleyards Development*, which is a joint venture between VicUrban, the Victorian government's development agency and the City of Greater Dandenong. It is expected to provide 1400 new dwellings at a cost of \$250 million, inclusive of infrastructure costs and associated facilities. A condition of the joint venture is that VicUrban is required 'to contribute to improvements in housing affordability in Victoria', while carrying out its functions on a commercial basis;
- the *Richmond Precinct*, which is an existing public housing estate that is to be redeveloped as a housing and community infrastructure that reflects the Government's priorities to expand the supply of affordable housing and improve the social, economic and environmental well-being of communities; and the *Carlton Housing Strategy* to redevelop the existing Carlton public housing estate and expand the supply of affordable housing through a mix of public housing and private dwellings. The concept plan proposes the development of an anticipated 1549 units, with a commitment to maintain the current number of public housing units (784 units).

Queensland

The Queensland Department of Housing's *Affordable Housing in Sustainable Communities Strategic Action Plan* (the 'Affordable Housing Strategy') sets out a range of key strategies and priority actions covering policy development and legislation, taxation and finance, land use planning and corporate planning at State, regional and local levels, innovative approaches to the delivery of affordable housing, communications and information, and development of products and services.

The Queensland Government's vision for 'affordable housing in sustainable communities' are articulated through five key strategies and twenty-eight priority actions, including:

- **Priority Action 1.** Investigate worldwide developments and innovations in policies and implementation mechanisms to increase the supply of affordable housing in sustainable communities.
 - ♦ the Department of Housing will undertake research to examine policy and action on affordable housing and related issues in other jurisdictions, with a view to identifying the potential application of policies and actions in Queensland;
 - ♦ the Department will seek to ensure the inclusion of affordability and sustainability issues in the research priorities of the Australian Housing and Urban Research Institute (AHURI); and
 - ♦ the Department will initiate specific research projects and engage consultants to provide specialised data and analysis where these are not available from internal research or AHURI sources.
- **Priority Action 2.** Ensure that statutory provisions in housing and related legislation support action for housing affordability in sustainable communities.
 - ♦ the Department of Housing will undertake research, policy development and legislative development on matters affecting housing affordability, with a view to including appropriate measures in new housing legislation; and
 - ♦ the Department will liaise with other agencies developing relevant legislation and/or regulations to consider their potential contribution to housing affordability, and to avoid adverse impacts of regulation on housing affordability and residential development.
- **Priority Action 3.** Identify and pursue opportunities for Commonwealth and State macroeconomic policies and taxation regimes to contribute to affordable housing in sustainable communities.
 - ♦ the Department of Housing will liaise with key Commonwealth and State agencies to carry out research into the impact of macroeconomic policies on affordable housing provision and to support any indicated policy development work.
- **Priority Action 4.** Increase private and institutional investment in affordable housing.

- ♦ the Department of Housing will continue to participate, with interstate and national stakeholders, in the Affordable Housing National Research Consortium (convened by the NSW Department of Urban Affairs and Planning), with a view to identifying opportunities for increased private investment in affordable housing;
 - ♦ the Department will support inclusion of this issue in the research priorities of the Australian Housing and Urban Research Institute (AHURI); and
 - ♦ the Department will pursue this issue with the Commonwealth and other State housing authorities in future negotiations on the Commonwealth State Housing Agreement.
- **Priority Action 5.** Liaise with the Residential Tenancies Authority to monitor the impacts of tenancy regulation and industry practice on housing affordability, access and availability.
 - ♦ the Department of Housing and the Residential Tenancies Authority (RTA) will consider those aspects of tenancy management that may be subject to regulation and other forms of intervention, to ensure effective support for provision of and access to affordable housing.
- **Priority Action 6.** Identify the potential of government land and asset management policies to support action on housing affordability and sustainable communities.
 - ♦ the Department of Housing will seek to establish mechanisms for State agencies and local governments proposing sale or redevelopment of suitable lands, in areas of identified high need for affordable housing, to consider the potential to use the land to support provision of affordable housing.
- **Priority Action 7.** Identify State interests in affordable housing and residential development in sustainable communities and articulate them in a State Planning Policy.
 - ♦ the Department of Housing will collaborate with the Department of Local Government and Planning (DLGP) to prepare a State Planning Policy under the Integrated Planning Act 1997 to set out how State interests in affordable housing and residential development issues could be reflected in local government planning schemes and development assessments;
 - ♦ the Department will work with DLGP and local governments to interpret State interests in affordable housing and residential development in the context of particular local communities, and to ensure those interests are reflected in local government planning schemes.
- **Priority Action 8.** Implement housing affordability and residential development strategies and priority actions in regional planning processes.
 - ♦ the Department of Housing will support the work of cross-sectoral working groups and task forces on housing issues identified in specific regional planning processes (such as Far North Queensland 2010, South East Queensland 2021 and Whitsunday Hinterland and Mackay regional plans);

- ♦ the Department will seek to identify the housing needs and community sustainability issues of other regions (not presently covered by formal regional planning processes), in particular rural and remote areas of the State; and
 - ♦ the Department will ensure that regional planning priorities are incorporated and reflected in Department of Housing programs and services.
- **Priority Action 9.** Link Department of Housing provision of housing, housing assistance products and affordable housing initiatives to relevant local and State Government planning processes.
 - ♦ the Department of Housing will further develop its internal planning processes to make effective linkages with relevant external planning processes, especially at local and regional levels, in responding to the housing needs of Queenslanders.
 - **Priority Action 10.** Ensure that State intentions regarding affordable housing in sustainable communities are reflected in local government policies and corporate planning.
 - ♦ the Department of Housing will work closely with those local governments that wish to identify appropriate policies and strategies for ensuring the provision and retention of affordable housing in their Corporate Planning processes; and
 - ♦ the Department will support local governments in identifying particular aspects of housing need and community sustainability, including support in analysing housing need and demographic data and in developing housing strategies.

Tasmania

The vision of the Tasmanian Government for housing is to provide “sustainable homes, sustainable communities – housing for all Tasmanians that is affordable, appropriate, accessible, healthy, supportive, suitable, viable, secure, high quality and comfortable.”

The Tasmanian Government released the *Affordable Housing Strategy 2004-2008* in December 2003. The aim of this Strategy is to ensure safe, adequate and affordable housing for Tasmanians who receive low incomes. The objectives of the Strategy are to provide:

- a sustainable social housing system;
- the capacity to expand supply of social and affordable housing in response to the community’s immediate and longer term housing needs;
- a range of effective and responsive housing models that meet a diverse range of housing needs, including special needs and the particular requirements of local areas; and
- a housing market that underpins economic growth, area vitality and strong, safe, resilient communities.

Around the world

Three broad approaches underpin affordable housing policies and programs globally. Firstly, there is a wide acceptance that notwithstanding that appropriate, affordable and secure housing is a global and national issue, affordable housing solutions have to be fashioned locally, and adapted to the particular circumstances and needs of discrete communities at the grassroots.

Secondly, it is generally conceded that genuine public and private sector partnerships are vital if sustainable affordable housing outcomes are to be realised. Whilst there have been some regulatory efforts, through mandatory inclusionary zoning enactments, which have required building developers to surrender a percentage of their properties upon completion, or forfeit an amount to the government *in lieu* thereof, these measures have proved to be largely counter productive.

Thirdly, it is acknowledged that housing finance systems cannot be narrowly confined to building homes and making home loans available, but that they comprise a larger economic, cultural, political and geographic complexity that must be strategically managed with clear objectives of delivering affordable, valuable and financially transferable housing to identifiable members of a given community.

United Kingdom

The Office of the Deputy Prime Minister released a report in August 2003 entitled *Improving the Delivery of Affordable Housing in London and the South East*, which affirmed certain key findings of previous research, interviews and case studies into affordable housing.

The report reiterated that improvements in the delivery of affordable housing require dedicated attention to planning and infrastructure frameworks, to the level of funding for affordable housing, to appropriate resources being made available to planning instrumentalities, and to the existence of relevant skills and qualified personnel in the residential building industry.

Importantly also, public opposition to affordable housing (re)development or the so-called NIMBY (not in my back yard) syndrome has to be effectively managed.

Sustainable Communities: Homes for All

Subsequently, in January 2005, the Office of the Deputy Prime Minister re-affirmed, through the Five Year Plan Sustainable Communities: Homes for All, that governments cannot be expected to deliver, of their own accord, responsive housing markets and sustainable communities. To realise these outcomes, the efforts of a range of stakeholders as well as a mix of partnerships across both the public and private sectors are necessary.

In terms of what governments can contribute and achieve, Homes for All articulates a number of measures, which include:

- **the planning system:** planning authorities are being increasingly required to shift their focus from *processes* to *outcomes*, whilst maintaining sight of the

connections between planing and the wider needs of the community. Among other things, new Planning Policy Statements and Planning Policy Guidance Notes have been designed to engender and facilitate greater investment by industry, and to assist local authorities in releasing more land for housing;

- **infrastructure and facilities:** new housing developments are being supported by the appropriate nature and degree of infrastructure and facilities, which are mostly provided through planning obligations and, usually also, by agreement. The significant delays attached to these processes are being addressed by encouraging participants to use generic formulas and standard charges, and by requiring planning authorities to give greater clarity about their requirements in Local Development Frameworks, and encouraging the use of mediation;
- **cultural change:** modifications of the formal planning processes and guidance are to be supported by cultural change under the auspices of a Planning Advisory Service, with a new approach expected from planners as well as greater involvement by the community, which will include challenging and modernising old attitudes about, and entrenched in, the planning system;
- **targeting:** establish home ownership targets for first home owners, 'key workers', social tenants and others who are currently obliged to renting or live with their families;
- **first home buyer's initiative:** houses are to be built on public sector land that is surplus to requirements and first home buyers will be given the opportunity of purchasing a property at the value of the building's construction, with subsequent acquisitions in 10 per cent tranches until the purchaser has secured the property outright. To help purchasers adjust to the financial responsibilities of being home owners, charges associated with the share of the property that they do not own will be waived for the first three years. In the fourth year, a charge of 1 per cent of the unsold equity will be introduced, rising to 3 per cent by the sixth year, with income from these charges to be re-cycled into the initiative;
- **empty houses initiative:** The *Housing Act 2004* has provided local authorities with new powers to deal with the existence of some 300,000 private sector homes in England that have been empty for more than six months. *Empty Dwelling Management Orders* will enable local authorities to bring about a quarter of usable empty homes back into use by 2010, through taking over most of the rights and responsibilities of the owner, including to refurbish and rent out the property, but without becoming the legal owner; and
- **affordable housing competitions and awards:** undertaking affordable housing competitions and providing public recognition to builders who are able to construct affordable, but nevertheless quality, homes for low income earners.

Key Worker Living Program

An initiative that was launched in March 2004, and that has achieved some measure of success, is the *Key Worker Living Program*, which specifically addresses the housing needs of certain key public sector workers who are employed in 'front line' roles. The available funding is being targeted at certain locations, namely London, the

South East and East of England, where the high cost of housing has exacerbated the emerging problem of staff recruitment and retention.

Currently, eligible applicants under the program are:

- nurses and other national health system (NHS) clinical staff;
- teachers in schools, further education and sixth form colleges;
- police officers and civilian staff in identified police forces;
- prison and probation service staff;
- social workers, educational psychologists, planners and occupational therapists employed by local councils; and
- full-time junior fire officers and retained fire fighters in stipulated fire and rescue services.

Three types of financial assistance are on offer to successful applicants, namely:

- equity or **homebuy** loans of up to £50,000 towards buying a home, with an amount of up to £100,000 for those London school teachers who have the potential to become leaders of London's education system. **Homebuy** provides purchasers with an equity loan that is equivalent to 25 per cent of the purchase price of a property on the open market. The loan is to be paid back when the property is resold, with the amount to be paid back being 25 per cent of the value of the property at the time of its sale. Applicants may not purchase the home that they currently rent;
- **shared ownership** of new properties, which allows the purchaser to buy a minimum 25 per cent share of a property from a housing association and rent the remaining portion from the association. As a purchaser's finances improves, he/she may then progressively purchase additional shares of the property, with a corresponding decrease in the amount of rent that he/she will have to pay on the remaining share owned by the housing association; and
- **intermediate renting**, where the rent for an available property is set at a level between that charged by social and private landlords.

Canada

The Government of Canada has recently provided some \$320 million in additional funds for affordable housing, which will build on the government's \$680 million Affordable Housing Program, as announced in the last Budget. This will bring the total federal investment in the Affordable Housing Program to \$1 billion by the end of 2007-08.

These programs are designed to further enhance the government's National Housing Strategy, which includes funding of approximately \$2 billion annually to address the housing needs of lower-income Canadians. Canada's national housing agency, the Canada Mortgage and Housing Corporation (CMHC), will also support community-based partnerships for affordable housing, and stimulate affordable housing through research and demonstration activities.

Affordable housing agreements have been signed with all Provinces and Territories and are being implemented across the country, together with a range of initiatives, measures and affordable housing projects, including:

- **2004-2008 Research Theme Framework – Theme 3: Addressing Distinct Housing Needs**, with CMHC to conduct research into the affordable housing needs of specific groups, including Aboriginal persons, the homeless, low-income earners, refugees and newcomers, people with disabilities or living alone, as well as older persons;
- **Centenary Affordable Housing Program (CAHP)**, which is an inter-governmental initiative that provides \$33 million in federal funding for affordable housing, matched by Saskatchewan, municipalities and other parties. With these matching contributions, a total of \$66 million is to be allocated by 2007-08 for affordable housing;
- **seed funding**, which is available to proponents of affordable housing projects who are either not-for-profit organisations, housing co-operatives, a First Nation, private entrepreneur, or a group of individuals who may or may not intend to become incorporated. Examples of eligible projects are:
 - ♦ housing market studies to evaluate need and demand for the proposed project;
 - ♦ development of a business plan;
 - ♦ exploration of funding sources or options;
 - ♦ preliminary design of the housing project (new construction, renovation or conversion);
 - ♦ evaluation of procurement options;
 - ♦ preliminary financial viability analysis;
 - ♦ group development activities (where the housing project proponent is not yet an established organisation); and
 - ♦ incorporation of a not-for-profit organisation (optional).
- **Proposal Development Funding (PDF)**, which provides loans of up to \$100,000 for affordable housing project proposals by non-profit or private sector proponents, who can demonstrate that their intended housing project can meet CMHC's affordability criteria; and
- **capacity development training**, which is designed to assist housing providers to acquire knowledge and skills in the areas of group organisation, housing development and housing project management, with recipients of seed funding being given priority.

United States of America

The United States of America's Department of Housing and Urban Development (HUD) provides funding that is aimed at: (i) increasing the opportunities for home ownership, particularly for minority groups; (ii) promoting affordable housing and assist those who rent to become self-sufficient; and (iii) supporting communities to become more sustainable through appropriate housing.

The table below sets out a strategic framework for HUD to realise these three goals. It elaborates upon each objective and includes the broad ‘cross-cutting’ principles underpinning the realisation of these aims.

Department of Housing and Urban Development Strategic Plan 2003-2008

	Increase homeownership opportunities	Promote decent affordable housing	Strengthen communities
S t r a t e g i c G o a l s	<ul style="list-style-type: none"> ▪ Expand national homeownership opportunities ▪ Increase minority homeownership ▪ Make the homebuying process less complicated and less expensive ▪ Fight practices that permit predatory lending ▪ Help HUD-assisted renters become homeowners ▪ Keep existing homeowners from losing their homes 	<ul style="list-style-type: none"> ▪ Expand access to affordable rental housing ▪ Improve the physical quality and management accountability of public and assisted housing ▪ Increase housing opportunities for the elderly and persons with disabilities ▪ Help HUD-assisted renters make progress toward self-sufficiency 	<ul style="list-style-type: none"> ▪ Provide capital and resources to improve economic conditions in distressed communities ▪ Help organizations access the resources they need to make their communities more liveable ▪ End chronic homelessness and move homeless families and individuals to permanent housing ▪ Mitigate housing conditions that threaten health
C r o s s C u t t i n g G o a l s	Ensure equal opportunity in housing		
	<ul style="list-style-type: none"> ▪ Resolve discrimination complaints on a timely basis ▪ Promote public awareness of fair housing laws ▪ Improve housing accessibility for persons with disabilities 		
	Embrace high standards of ethics, management and accountability		
	<ul style="list-style-type: none"> ▪ Rebuild HUD’s human capital and further diversify its workforce ▪ Improve HUD’s management, internal controls and systems and resolve audit issues ▪ Improve accountability, service delivery and customer service of HUD and its partners ▪ Ensure program compliance ▪ Improve internal communications and employee involvement 		
	Promote participation of faith-based and community organisations		
<ul style="list-style-type: none"> ▪ Reduce regulatory barriers to participation by faith-based and community organisations ▪ Conduct outreach to inform potential partners of HUD opportunities ▪ Expand technical assistance resources deployed to faith-based and community organizations ▪ Encourage partnerships between faith-based/community organizations and HUD’s traditional grantees. 			

A variety of programs, which are aimed at improving the affordability of housing for particular target groups within the community, is managed by HUD, including the:

- **American Dream Downpayment Initiative (ADDI)**, which assists lower income and minority households, who are first home owners, with funds for a downpayment, closing costs, as well as any rehabilitation or repairs carried out in conjunction with the assisted home purchase. The amount of assistance provided may not exceed \$10,000 or six per cent of the purchase price of the house, whichever is the greater. The rehabilitation must be completed within one year of the home purchase and may include, but is not limited to, the reduction of lead paint hazards and other health hazards;
- **Self-help Homeownership Opportunity Program (SHOP)**, which provides funding for national and regional non-profit organisations or consortia with experience in using homebuyer and volunteer labour to build housing for low-income persons and families who otherwise would not become homeowners;
- **Homeownership Zones (HOZ)**, which allows communities to reclaim vacant and blighted properties and create neighbourhoods of new, single-family homes. At least 51 per cent of the homebuyers helped with HOZ funds must have incomes that do not exceed 80 per cent of the HUD-determined area median income, adjusted by family size;
- **HOME Investment Partnerships Program (HOME)**, which provides formula grants to States and localities to provide rental assistance to low-income earners, or to fund a wide range of activities for individual communities to build, buy, and/or rehabilitate affordable housing for rent or homeownership. HOME funds are awarded annually and HUD establishes HOME Investment Trust Funds for each grantee, providing a line of credit that the jurisdiction may draw upon as needed.

To highlight the reality of regulatory impediments to the delivery of affordable housing, HUD released a Paper in February 2005 entitled “*Why Not In Our Community?*” *Removing Barriers to Affordable Housing*. This gives formal recognition to the existence of many policies, rules, processes or procedures that were initially promulgated with worthy goals, but that ultimately act as barriers prohibiting, discouraging or excessively increasing the cost of new or rehabilitated affordable housing, with no compensating public benefits.

HUD has estimated that by removing such regulatory barriers, the developmental costs associated with affordable housing projects could be reduced by as much as 35 per cent, with flow-on effects for the greater ability of the unemployed to have ready access to work opportunities, and shortening the commuting duration for those already in the workforce.

New Zealand

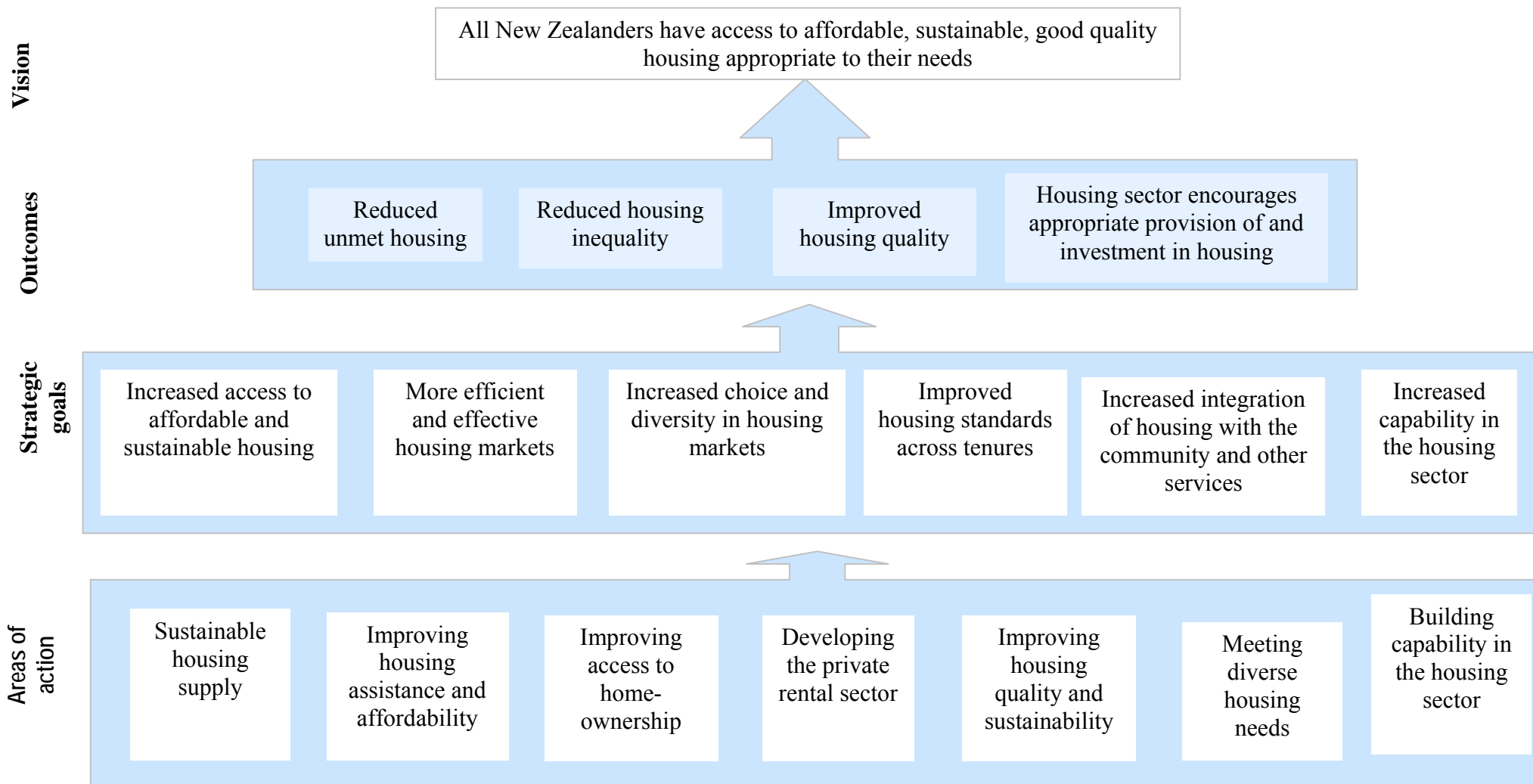
Through *Building the Future: the New Zealand Housing Strategy* (May 2005), the New Zealand government has recently identified a number of key priorities that, over a ten year period, should ensure that those on low and modest incomes, or with special housing needs, will have access to affordable housing.

The diagram overleaf indicates that, through a number of strategic goals and outcomes, the government proposes to materialise its broad vision for all New

Zealanders to have access to affordable, sustainable, good quality housing appropriate to their needs.

As part of that ongoing process, the table immediately following the Housing Strategy diagram, identifies those factors, opportunities and measures that are to be additionally addressed so as to ensure that affordable housing may be effectively realised.

New Zealand Housing Strategy (May 2005)



New Zealand Housing Strategy (May 2005)

Supporting Initiatives – Sustainable Housing Supply		Timeframe		
		Short	Medium	Long
Understanding Supply	Examine the effectiveness and efficiency of regional strategies to encourage adequate long-term housing supply	✓	✓	
	Identify labour market constraints that may be affecting supply	✓	✓	
	Identify the constraints faced by developers and their impact on housing supply		✓	
Supply and Affordability	Investigate the impact of the Resource Management Act 1991 on residential development	✓	✓	
	Investigate whether supply factors such as land use planning, pricing and sales methods (e.g. closed tenders) are contributing to affordability problems		✓	
	Identify how housing and sustainable urban form can contribute to reducing housing costs and pressure on infrastructure and the environment	✓	✓	
	Consider how to improve the affordability of urban and rural infrastructure (including land development and essential services)	✓	✓	
Planning and Zoning	Promote the use of local government planning to secure the development of affordable housing and infrastructure investment	✓	✓	✓
	Consider how investment in improving transport systems and increasing the use of public transport could be used to encourage the development of affordable housing close to employment, retail and community services such as schools, health and social services	✓	✓	✓
	Support local housing needs assessments	✓	✓	✓
	Promote well-designed and appropriately located affordable housing, by identifying land suitable for affordable housing development, including surplus Crown and local authority land	✓	✓	✓
	With local business communities, assess the role of employers in improving the accessibility of affordable housing		✓	
	Improve existing suburbs with high concentrations of state housing and develop integrated urban communities on greenfield and other identified sites	✓	✓	✓
	Identify opportunities for redevelopment of existing buildings to increase the supply of affordable housing (involving communities in any plans to increase densities) taking into consideration sustainable urban form and quality issues in intensification plans	✓	✓	✓
	Continue to implement HNZA's Community Renewal programme, and involve local communities in planning and redevelopment activity.	✓	✓	✓

Appropriateness to the ACT

It is evident that a range of noteworthy housing affordability measures have emerged both inter-jurisdictionally and internationally. Notwithstanding the relatively small size of the ACT compared with the jurisdictions and international states surveyed above – and the concomitant limited capacity of the ACT Government to influence overall levels of affordability – a number of external developments may be appropriate in the ACT context.

Public-private partnerships

It is generally considered that genuine public and private sector partnerships are vital if sustainable affordable housing outcomes are to be realised. Establishing public-private partnerships for the development (or redevelopment) of affordable housing sites, including attraction of private sector investment, is a measure being pursued nationally and internationally.

While the capacity of the ACT to attract private sector financing for social housing is, due to its size, limited, the ACT Government is nevertheless pursuing opportunities for better leverage of the asset base through private sector partnerships and using the value of the asset to assist in restructuring the portfolio. Working with the private sector to facilitate investment in public housing initiatives is an important aspect of both the CSHA and the ACT Government's Public Housing Asset Management Strategy.

As discussed previously, the ACT Government is seeking to enter into its first joint venture arrangements with the private sector for the development of three properties that are under the control of Housing ACT – Currong Apartments, the former Burnie Court site in Lyons and Fraser Court in Phillip.

Home purchase tax concessions

The survey of other jurisdictions reveals that provision of taxation concessions on the purchase of homes by low to moderate income first home buyers is a widespread practice throughout Australia. Indeed, all States and Territories provide some form of conveyancing duty concessions to first home buyers, low income households, purchasers of low cost properties or a combination of these. Such concessions improve housing affordability for eligible home buyers by reducing the total funds required to finance a home purchase.

The ACT Government has been providing stamp duty concessions to low and moderate income first home buyers through the Home Buyer Concession Scheme (HBCS). For further details of this scheme, see Chapter 2.

Shared equity schemes

Investigation and implementation of shared equity models to facilitate entry into affordable home ownership is being undertaken, among other locations, in South Australia and the United Kingdom. Under such models, eligible purchasers take up a portion of total purchase price, with the remainder provided by a third party (such as

government, not-for-profit community housing organisations or private financiers). The ACT Government is keen to encourage the development of such models by the private sector in the ACT to improve home loan affordability and assist low income earners into home ownership.

Planning mechanisms

The use of planning mechanisms to encourage affordable housing outcomes is a national priority across all jurisdictions and has also been articulated in the New Zealand Housing Strategy. As revealed in Chapter 4, the ACT Government is examining a range of planning mechanisms that may be utilised to deliver affordable housing outcomes at future development sites.