



ACT Government

PROGRESS REPORT

ON

“STRATEGIES FOR ACTION”

FINAL REPORT

OF THE

ACT AFFORDABLE

HOUSING TASKFORCE

August 2004

PREAMBLE

The ACT Government has a commitment to understand and address need and disadvantage within our community, whilst at the same time providing a framework for sustainable economic growth, including importantly job growth.

The Government is well aware of the issue of disparity between high and low income Australians. Indeed this has been put quite starkly by social commentator, Hugh Mackay recently, saying that:

"We are in danger of swapping our long-held faith in egalitarianism for a tediously conventional three-class structure of social stratification based on nothing but money. While those at the top of the heap bray about economic growth and prosperity for all, the yawning gap between top and bottom continues to widen. Indeed, the growing disparity between our high- and low-income earners puts us among the least equitable countries in the OECD."

The Canberra Plan, which includes the Spatial Plan, Economic White Paper and Social Plan, is the centrepiece of the Government's efforts to articulate and communicate this direction.

The need for affordable housing as part of a housing system that delivers choice to the community is a feature throughout these documents, and indeed "housing a future Canberra" is a key outcome area of the Social Plan.

Housing is critically important for our overall economic and social well-being. It provides the basic foundation on which individuals and families build stable, healthy and productive lives linked to employment, education, health and other services. Safe, appropriate and affordable housing helps to provide dignity and the opportunity to develop a sense of belonging to a community. Without appropriate and affordable housing, communities are not sustainable.

Most importantly the Government recognises (to take a phrase from Bruce Wright) that public housing has been, and is a "Cornerstone of the Capital", indeed a cornerstone of our community. It provides the basic building block on which all Canberrans can reach their potential, make a contribution and share the benefits of our community.

Inadequate affordable housing has far-reaching economic and social impacts for both the individual households affected, and the ACT community as a whole. Individual well-being is adversely affected as is the economic performance and well-being of the community as a whole. Our capacity to address social needs is reduced.

People on low incomes often struggle to access and stay in affordable housing, either because their incomes are low or appropriate housing is too expensive. Some households

also have complex needs that require the effective integration of housing and support services.

The Government is aware that declining housing affordability is a major issue, and interest in housing issues is at an unprecedented high.

Housing data, both nationally and locally, points to a fairly grim situation for people on low and even moderate incomes trying to access, or remain in, housing – and affordability levels here continued to decrease in the private rental markets in the ACT, although more recently there have been signs of stabilisation.

The Affordable Housing Taskforce, which the Government established, identified over 2,800 households in housing stress in the private rental market in the ACT as at June 2001, and it is considered that this figure will have increased in line with a sharp decrease in housing affordability.

Market Facts figures released by the Real Estate Institute of Australia show that over the twelve months from March 2003 to March 2004, the second highest increase in the median weekly rent of any jurisdiction for three bedroom houses was recorded in the ACT – 11.1%. Canberra's median weekly house rent of \$300 per week is the highest of all capital cities. Canberra's median rent for medium density properties increased 7.7% in the March quarter to \$280 per week – the equal highest across all capital cities.

In comparison rises in similar rents in most other capital cities were between 2 and 9%, pointing to a considerable disparity between conditions in State housing markets.

The low levels of vacancies in the private rental markets continue but are easing slightly, with levels recently in the range of 2.0 to 2.5% now reaching 3.6%, and likely to move further upward with increasing supply. In the medium term it is hoped that this will improve the availability of more affordable rental accommodation.

Recent increases in median house prices across Australia have seen housing affordability for home purchasers become a prominent economic and social issue. Median house prices in the ACT have increased rapidly over the last three years after a lengthy period of price stability during the mid 1990s. The median ACT house price in March 2004 was \$370,800, an increase of almost 40% since March 2003.

This rapid increase in prices has been accompanied by an equally large decline in housing affordability. The March 2004 HIA/Commonwealth Bank Housing Report showed that housing affordability in the ACT is at its second lowest level on record (the lowest being the preceding quarter).

In a climate of rising interest rates the picture is unlikely to get better quickly. Nationally, housing finance statistics from the ABS show that first homebuyers as a proportion of all homebuyers fell to 13.9% in June 2003, the lowest level since records began in July 1991.

Government has an integral role in helping reduce housing stress in the community, and this Government considers that it should be a priority area for all governments in Australia. Most recently, in our submission to the Productivity Commission Inquiry into First Home Ownership, we stated that “governments have a responsibility to address market failures, particularly where they result in stress and hardship”.

The Commonwealth Government obviously plays a broad and important role in the housing system. It has a general impact through its monetary and fiscal policies, and most particularly through its taxation policies. The most significant Commonwealth policy levers are Commonwealth Rental Assistance and the Commonwealth State Housing Agreement.

There has been a substantial increase in the number of people in receipt of Commonwealth Rental Assistance over the last decade, and assistance provided under this program now amounts to around \$1.8 billion nationally.

By contrast, over the same period there has been a real decline in expenditure under the Commonwealth State Housing Agreement, which reflects sadly that the Commonwealth regards private rental as a more appropriate means of assisting low-income households than providing social housing.

The 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 Commonwealth has a lead role in shaping the economic factors that affect the housing market, including the first home buyer market, it should facilitate the preparation of such a national housing policy.

The interaction between the Commonwealth State Housing Agreement, the Commonwealth Rent Assistance Scheme, the provision of short-term accommodation provided through the Supported Accommodation Assistance Program, and taxation policy should all form part of such a national policy.

However, the Territory Government also directly and indirectly influences housing demand and supply through a combination of state and local government functions. The Government provides direct housing assistance through the Commonwealth State Housing Agreement and the Supported Accommodation Assistance Program, as well as stamp duty, land and other concessions.

The ACT Government also indirectly influences the supply of housing through its land planning system, and its building and other regulatory frameworks.

The ACT Government is playing its part towards achieving a long-term sustainable and affordable housing sector in the Territory. However there is no simple, quick fix, as housing affordability is not simply a factor of housing costs but is also affected by

general economic conditions, employment and overall living costs, both locally and nationally.

Our action in other areas of its social, economic and planning agenda is designed to have beneficial outcomes for housing affordability. The Government recognises that each component of the housing system: homelessness; public and community housing; private rental; and home ownership; needs to be tackled in an integrated and coherent manner.

This Government honoured a pre-election commitment immediately and established the Affordable Housing Taskforce, making the ACT one of first state or territory governments to begin to look at what has now become a very important national issue. The Taskforce made 46 recommendations and the Government responded in May 2003, agreeing outright with over half of the recommendations and agreeing to investigate others.

As part of this first response, a number of initiatives were announced concurrently in the May 2003-04 Budget to address various recommendations, including:

- an expanded land release program, - the effects of which are beginning to show, with land presales (sales before infrastructure is complete) returning to more normal levels of 30- 50 % compared to sales 6-12 months ago where the majority of land was sold through presales;
- additional funding for replacement of 81 public housing properties destroyed in the January 2003 bushfires,
- the commencement of a rental bonds assistance program,
- broader eligibility for stamp duty concessions for low-income home purchasers,
- \$3 million additional funding for community housing organisations to provide affordable housing, and;
- more than \$13 million additional funding for homelessness initiatives.

The Government met another pre-election commitment by restoring security of tenure for public and community housing tenants. The Government considers that under such a policy, tenants are able to be part of, and contribute to, a healthy and sustainable community.

Progress since the Government Response in 2003

Since releasing a government response to the Taskforce Report in May 2003, the Government has made further progress, agreeing to 10 more recommendations of the Affordable Housing Taskforce, making a total of 33 agreed to, 9 agreed to in-principle, and 4 to be noted.

Our achievements in the last 12 months include:

- an additional capital injection of \$33.2 million for social housing in the Territory. This government considers that the most appropriate forms of housing assistance it can provide are initiatives targeted at the two lowest income quintiles, who are eligible for public and community housing. There are few if any viable alternatives for people in the bottom 40% of income earners in our community. Therefore this capital injection has been the vital form of assistance that can be provided to people in need.
- releasing a Housing ACT Asset Management Strategy endorsed by the Assembly which provides a framework for the Government to improve the viability of the public housing sector and to rejuvenate our public housing stock.
- providing a total of \$1.4 million to develop Indigenous Community housing options and for capacity building in the sector, as well as opening a new shelter for homeless young Aboriginal women, housing up to six young Aboriginal women at a time.
- ensuring that public housing can be accessed more easily by people who are homeless, or at risk of homelessness through five initiatives;
 - assisting victims of domestic violence to ensure that people in this circumstance are no longer excluded from accessing public housing because of debt from a previous tenancy;
 - reducing rental payments for tenants who enter into residential rehabilitation programs to \$5 per week (ending a double payment to Government of 25% of income to pay rent, and 75% of Centrelink benefits as a residential fee);
 - the ceasing of the requirement that tenants pay an amount equivalent to two weeks in advance at the time of entering a new tenancy so that tenancy establishment costs are minimised;
 - providing housing assistance to Temporary Protection Visa (TPV) holders who meet other normal eligibility conditions if they are homeless, at risk of homelessness, or in extreme hardship; and
 - the establishment of a Debt Review Committee that will review individual cases and advise on debt management strategies, and the provision of enhanced support services.

- providing accommodation for older people. The ACT Government has developed a whole-of-government strategy to improve the provision of aged persons accommodation in the ACT. The strategy aims to increase the timeliness of the delivery of housing for aged persons. The strategy recognises the need for the Government to work with all stakeholders to allow obstacles in the approvals process to be cleared. A key outcome of this has been increased cooperation between ACT Government agencies to deliver aged person accommodation. Housing ACT has provided \$57 million worth of aged accommodation since 2001-02.
- expanding the existing Rental Bonds Housing Assistance Program. This is a new program which re-established bond loan assistance from 1 July 2003. This program currently operates on a relatively small scale but it is expected that this will increase to 500 loans or more over a period of about four years with a broadening of the eligibility criteria.
- initiating the Social Landlord scheme involving the use of private rental properties to house people who are homeless, and having their tenancies managed through the Havelock Housing Association.
- reducing the tax burden on rental properties. A new tax bracket of \$50,000 has been introduced, with a reduced marginal tax rate of 0.65%, compared to the previous rate of 1%. This reduces the tax burden on lower value properties by 35%.
- revising the eligibility criteria for stamp duty concessions. Property value thresholds have been linked to market activity and prices, and will be adjusted every six months. The income threshold has also been increased to \$100,000.

All of these initiatives are practical, meaningful and targeted to assist those most in need.

FUTURE COMMITMENTS

I would like to take this opportunity to flag some future initiatives that the Government is strongly committed to implementing:

Targeted Land Releases

The Minister for Planning is announcing further details about the Government's commitment to release affordable block of land to the public. A new initiative was announced in the 2004-2005 Budget that land for 100 dwellings will be identified and made available in greenfield land releases by the Land Development Agency.

The intention is to release these blocks to households on low and moderate incomes – under \$100,000 per annum will be the cut-off point.

Blocks will be made available in this financial year at Gungahlin, in the Ginninderra Ridge and Wells Station Estates and Gungahlin Central.

These blocks will be released by way of ballot with entry to the ballot restricted by household income. It will be necessary for those wanting to participate to provide evidence that they meet the eligibility criteria.

The Land Development Agency is in the process of finalising the development conditions for the land and will conduct the ballot towards the end of this year.

Details about the ballot process and the blocks that will be made available will be announced closer towards the time of the ballot.

These blocks will not be of a lower quality than others throughout the estate. Their size and their suitability for a variety of housing types contribute towards making them affordable. There should be a positive response from the market to the release of this land.

In addition to releasing blocks for sale by ballot, Minister Corbell said that the Land Development Agency is looking at other means of providing affordable sites, via a house and land package. This broadens the range of blocks that might be suitable. Further to this up to 60 blocks will be made available each year for Housing ACT.

The Government looks forward to a successful sale of affordable blocks later this year, with other sales to follow next year.

It is also proposed that a certain percentage of these targeted blocks be made available to public and community housing. This will help ensure an adequate spread of low-income housing in greenfields developments, as well as increase the impact of any capital works funding to provide additional affordable housing units.

Procurement for Housing ACT

For a number of reasons the current panel for pre-qualified home builders does not necessarily provide ‘value-for-money’ when compared with going to the open market. This is especially the case when a significant proportion of suppliers in a market choose not to pre-qualify.

The replacement of Housing ACT properties lost in the bushfires demonstrated in a very practical way, from a cost, timeliness and achievement of required outcomes perspective, that going to the open market produced a better result when compared to utilising the pre-qualified panel to tender. This is demonstrated by prices offered by prequalified builders who responded to the open process being competitive with those of the successful non-

prequalified builders, indicating that more competition forced prices down from levels for building projects for Housing ACT recently tendered by these builders under the prequalification panel process. Using the prequalified panel would have added roughly 30-40% to the cost of construction.

Therefore the Government intends enabling Housing ACT, consistent with procurement best value-for-money guidelines, going to the open market for construction of stand-alone public housing dwellings.

Use of Funding from The ACT Home Loans Portfolio

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

Depending on the level of interest rates and the risks associated with the portfolio being appropriately managed there is potentially between \$2-5 million available annually for social housing purposes. This gives the Government greater flexibility in the source of capital funds available for social housing, and will provide the opportunity for injections into rejuvenating and building our social housing stock.

CONCLUSIONS

In conclusion, this Government has consulted, it has listened, and it has done its research. It recognises the interdependencies of the housing market and the debilitating problems of homelessness. A number of carefully considered initiatives across government have been implemented to address an issue that encompasses different Ministers, portfolios, funding programs, policies and interests. The government has recognised the fundamental importance of housing, including public housing, to improving wellbeing, and has backed this up with a significant financial commitment to expand the valuable stock of social housing in the ACT.

Table 1: Summary of Changes between 2003 and 2004 Government Responses

Rec No	2003 Response	2004 Response	Reason for Change
1	Agreed	Agreed	
2	Agreed	Agreed	
3	Agreed	Agreed	
4	Agreed	Agreed	
5	Agreed	Agreed	
6	Agreed	Agreed	
7	Agreed	Agreed	
8	Agreed	Agreed	
9	Agreed in-principle	Agreed in-principle	
10	Agreed	Agreed	
11	Agreed in-principle	Agreed in-principle	
12	Agreed in-principle	Agreed in-principle	
13	Agreed in-principle	Agreed	The Government has provided funding in the 2003-04 & 2004-05 Budgets to expand community housing
14	Agreed	Agreed	
15	Agreed in-principle	Agreed	The Government has agreed to proposed new constitutional and funding arrangements for CHC
16	Agreed in-principle	Agreed	The Government has agreed to transfer title to CHC under the proposed new constitutional and funding arrangements
17	Agreed in-principle	Agreed-in-principle	
18	Agreed in-principle	Agreed-in-principle	
19	Agreed in-principle	Agreed	The Government has commenced the Social Landlord Scheme.
20	Agreed	Agreed	
21	Noted, for further investigation	Noted	The Government considers that funding provided to community housing providers can be used for housing construction where appropriate, and is interest free.
22	Agreed	Agreed	
23	Agreed	Agreed	
24	Noted ,for further investigation	Noted	The Government has noted community concern about possible effects of rental guarantees on low-income earners.
25	Agreed in Principle	Agreed	The Government has reduced tax burden on low value rental properties in 2004-05 Budget
26	Agreed	Agreed	
27	Agreed in Principle	Agreed	The Government is actively considering proposals for shared equity home ownership schemes
28	Agreed in Principle	Agreed	The Government has announced that restricted ballots will be held for

			eligible purchasers for affordable blocks of land.
29	Agreed	Agreed	
30	Agreed in Principle	Agreed	“Housing a Future Canberra” is a key priority under the Social Plan, which forms part of the Canberra Plan.
31	Agreed	Agreed	
32	Agreed	Agreed	
33	Noted, for further investigation	Agreed, in certain circumstances	The Government has incorporated provision for affordable housing in the masterplanning for certain sites, including City West.
34	Noted	Noted	
35	Agreed in Principle	Agreed-in-principle	
36	Noted	Noted	
37	Agreed	Agreed	
38	Agreed in Principle	Agreed-in-principle	
39	Agreed	Agreed in-principle	ACTPLA is consulting with Community Councils to develop community engagement mechanisms
40	Agreed	Agreed	
41	Agreed	Agreed	
42	Agreed	Agreed	
43	Noted, for further investigation	Agreed	The Government has provided community housing sector development funding, and considers that organisations should be able to be encouraged to participate in housing development and management where appropriate.
44	Agreed	Agreed	
45	Agreed in Principle	Agreed in principle	
46	Agreed in Principle	Agreed in principle	
Summary	Agreed - 23 Agreed in-Principle – 17 Noted for further investigation – 4 Noted - 2	Agreed – 32 Agreed in certain circumstances – 1 Agreed in-principle – 8 Noted – 4	The Government has agreed to a further 10 recommendations.

Recommendation 1:

It is recommended that the supply of affordable housing in the ACT should be increased based on demand. This should occur through:

- *the development of social housing to more effectively deliver affordable housing;*
- *encouraging partnerships to deliver affordable housing;*
- *promoting low cost rental housing investment;*
- *supporting home ownership for lower income households;*
- *the establishment of appropriate data information systems to measure the change in incidence of housing affordability over time;*
- *maximising opportunities through the land and planning system to deliver affordable housing; and*
- *increasing community and industry awareness.*

Agreed.

The Government considers that the key strategies identified in the Affordable Housing Taskforce Report provide a sound framework for the consideration of affordable housing issues within the community.

The Affordable Housing Taskforce, which was established by the Government, has recommended a range of strategies to address the problem of housing affordability, all of which have now been considered, responded to, and implemented where supported. Many require medium to longer term planning and have been recognised within the broader social, economic and planning issues addressed by the Canberra Plan released by the Government in March 2004 and which comprises the Social and Spatial Plans, and the Economic White Paper. "Housing for a Future Canberra" is a key priority area established as part of the Social Plan.

The Government has also recently signed a new Bilateral Agreement for 2003-2008 with the Commonwealth Government for the funding and delivery of housing assistance under the Commonwealth-State Housing Agreement. However the need for more wide ranging leadership through the articulation of a national housing policy is needed, and the Government will continue to press the Commonwealth to develop such a policy with the involvement of all levels of Government and the community.

The Government in its 2002-03, 2003-04 and 2004-05 Budgets has taken a number of decisions and actions to address specific recommendations of the Report of the Taskforce, and to increase the supply of affordable housing. These decisions have been based on a number of consultations with key community and industry stakeholders, including members of the Housing Advisory Committee. The most significant of these actions is an injection of \$33.2 million to provide additional stock for public, community and Aboriginal housing.

A summary of the Government's responses to the strategies are outlined against each of the subsequent 45 recommendations of the Taskforce Report.

Recommendation 2:

It is recommended that the diversity of housing needs in terms of household type, capacity to pay, tenure, location and duration should be taken into account when developing additional affordable housing.

Agreed.

The Government takes the needs of both tenants and applicants into account when developing or purchasing new units of affordable housing. The Government has recognised the importance of recognising and incorporating such needs as part of the development an overall strategic asset management strategy for Housing ACT.

Similarly, one of the agreed principles of the Community Housing Framework released by the Government is the provision of a diverse range of models to complement public housing and to encourage choice in social housing. This recognises that Community Housing is a dynamic housing system that provides a diverse range of housing models to equitably and best meet client needs.

Recommendation 3:

It is recommended that measures to address housing stress should be broadly based and involve a whole of government and whole of community approach. The outcome will be to:

- *enhance the delivery of social housing;*
- *increase private sector support; and involvement and*
- *achieve broad community support and understanding.*

Agreed.

The Government considers that measures to address housing affordability should involve all levels of government, and that the leadership for such policies direction should primarily be the responsibility of the Commonwealth Government.

The policies and actions of all levels of government affect the provision of affordable housing, and the impacts of the different levels of government on the housing system are highly interdependent. Therefore, the capacity of governments at all levels to influence the supply of affordable housing would be enhanced through a joint approach.

Developing a national approach to the provision and expansion of affordable housing, with a common set of objectives and priorities for action across the three levels of government, will help to ensure a stronger and more coherent response to the need for affordable housing and contribute to more effective and consistent outcomes.

As stated in its response to Recommendation 1, the Government also recognises that housing affordability will be influenced by a number of actions taken locally as part of its social, economic and planning agendas that are the responsibility of a number of ACT agencies. To this end the Government has ensured that housing affordability and addressing the housing needs of a future Canberra is recognised as key priority under the Canberra Plan.

Recommendation 4:

It is recommended that the benefits of any affordable housing assistance should be retained by the community so that assistance is sustainable in the longer term.

This could be achieved through:

- *the establishment of affordable housing providers; and*
- *placing conditions on assistance provided to individual households.*

Agreed.

The Government strongly affirms that the retention of community benefit is a very important principle in the development of affordable housing. The Government notes the features that the Taskforce suggests that an affordable housing provider should have, and considers that the roles of existing housing providers need to be assessed in terms of their capacity to deliver affordable housing and address any possible gaps in service delivery. The need for additional providers can then be assessed within this context.

It is important that the benefits over time of such measures flow to the target group for which they are intended. There are issues associated with ensuring the effectiveness of such policies which need to be assessed, for example, in relation to ownership, peoples' ability to access their equity in their investments.

Recommendation 5:

It is recommended that ACT Housing be identified as an affordable housing provider.

Agreed.

The Government considers that Housing ACT as the Territory's public housing authority is a key provider of affordable housing, and that it provides the most effective and appropriate form of housing assistance for households in the bottom two income quintiles. It is noted that the Report of the Taskforce has also identified that Housing ACT plays a vital role in ensuring that affordable housing is available to those in the community who need it.

The Government considers that ensuring the continued viability and capacity of Housing ACT is of the highest priority, and has provided an additional injection of \$33.2 million for additional stock for public, community and Aboriginal housing, as well as \$20 million over 4 years for affordable housing. This represents the largest injection of funding into public housing by any Government since self-government.

Recommendation 6:

It is recommended that the initial investigation undertaken by the Taskforce regarding the mix of housing assistance be further developed in conjunction with the Commonwealth, with a view to formulating a mix of housing assistance that is specifically designed to meet the needs of the Territory.

Agreed.

The existing roles and responsibilities of the Commonwealth and State/Territory Governments in relation to housing assistance are not clearly defined. The Commonwealth Government provides rental assistance to eligible beneficiaries in the private rental market. The States and Territories are responsible for the public housing stock with the Commonwealth providing capital grants. These grants are matched by the States and Territories.

It is important to note that between 1992-93 and 2001-02, expenditure under CSHA decreased by approximately 21% in real terms. On the other hand its rental assistance program has increased by approximately 28% in real terms. It would appear that the rental assistance program for private renters has expanded at the expense of the public housing funding.

The Affordable Housing Taskforce's report highlights that there are almost 2,800 people in the ACT private rental market who are in housing stress. In principle, income support payments and the rental assistance should have ensured that these people are not in housing stress.

Recommendation 7:

It is recommended that utilisation of social housing stock be improved through the following actions:

- *a benchmark that reflects community standards for asset utilisation be developed and adopted; and*
- *this benchmark be used to develop a policy on stock utilisation within social housing, including public and community housing, and any other affordable housing stock. The policy should be developed in consultation with affordable housing providers and the community.*

The policy should include:

- *guidelines for allocating new stock within social housing to ensure all future allocations reflect agreed utilisation standards, allowing for flexibility as required;*
- *products encouraging existing tenants to transfer to more appropriate accommodation in response to changes in household size;*
- *support for tenants during any transition to more appropriate accommodation; and*
- *price signalling mechanisms for tenants who choose to remain in accommodation above these agreed standards.*

Agreed.

The Government notes the debates raised in the Report of the Taskforce, and the difficulties that have been faced at both a national and international level in deriving an appropriate benchmark for property utilisation.

It should be noted the under the definition developed by the Productivity Commission and provided as part of the national data collections that inform the Report on Government Services, the ACT has compared favourably with other jurisdictions in the utilisation of stock in the 2003 report, with stock occupancy rates for public housing having increased from 95.7% in 2002 to the current level of 98.7%.

The Government considers that community values are a core component of determining effective property utilisation levels, and that the Government would need to consult with the community on whether such a benchmark should be used.

Recommendation 8:

It is recommended that greater priority be given to reconfiguration of the public housing stock so that the policy aimed at improving stock utilisation can be implemented.

Agreed.

The Government considers that the Housing ACT stock portfolio should be closely aligned with the needs of both tenants and applicants. One of the principal objectives of the current Bilateral Housing Agreement (2003-08) between the Commonwealth and ACT Governments is to meet on-going and emerging housing needs through sufficient flexibility of the stock.

The outcomes from such practices have been the matching of stock more closely to client needs, meeting high needs in new locations, and undertaking redevelopments, refurbishments and upgrades. The Government is also concerned that issues with multi-unit complexes are addressed.

The Government considers that continued access to social housing and its associated benefits is a central feature of a healthy and sustainable tenancy for low income earners in the ACT community, and has recently made changes to the Public Rental Housing Assistance Program to ensure that this continues to occur.

Recommendation 9:

It is recommended that the Government encourages high income, long term market renters into other appropriate housing. Options for achieving this may include:

- *positive incentives to leave social housing;*
- *price signalling mechanisms to discourage market renters who do not take up incentives from remaining in social housing; and*
- *selling this part of the portfolio to an institutional investor, subject to certain controls, and leveraging additional assets off the sale.*

The development of such products should be based on a clear understanding of the needs and reasons for market renters remaining in public housing. Such products should be targeted in the first instance at long term tenants who have not received a rent rebate for at least five years.

Agreed in-principle.

The Government has reintroduced security of tenure for tenants, and considers under such a policy, tenants are able to be part of, and contribute to, a healthy and sustainable community.

At present, long term Housing ACT tenants are able to purchase their properties under the Sales to Tenants Program, and also in many cases have been able to access the First Home Owner Grants Scheme funded by the Commonwealth Government. During 2003-04 49 households took up this opportunity.

A recent Review of Housing ACT Market Renters has concluded that market renters play an important role in the viability and sustainability of Housing ACT, both as an income source to help pay for services the organisation provides, and as an important contributor to the broader role of public housing being more representative of the community, and helping to sustain tenancies.

Recommendation 10:

It is recommended that existing eligibility criteria for social housing be reviewed to ensure that all households in housing stress are eligible for assistance. The review should take account of:

- *the need for upper income limits to be equivalent between different sized households;*
- *the needs of single persons who do not meet current eligibility criteria, and of larger households who have higher housing and living costs;*
- *the capacity of social housing to prevent people from falling into housing stress; and*
- *the needs of applicants who have current or previous debts to ACT Housing and who are currently excluded from eligibility for allocation of public housing properties under existing policies.*

Agreed.

The Government notes that the broad target group proposed by the Taskforce as needing assistance are households in the lowest 40% of the national income distribution who have an on-going housing need. The Government considers that while it is obligated under the Commonwealth - State Housing Agreement to give priority to those with the highest need, having a broader focus can ensure that other households at risk of affordability problems or homelessness are not overlooked and that options are developed that can help prevent over reliance on social housing in future. The Government will continue to discuss this issue with the Commonwealth Government in its capacity as a member of the Housing Minister's Conference (HMC).

Recommendation 11:

It is recommended that the Government provide ACT Housing with greater flexibility in the methods it uses in the construction of new stock. In particular, there should be greater flexibility that enables:

- *the construction of project homes; and*
- *reduced upper limits on the financial assets of builders.*

Agreed in-principle.

Flexibility to add to housing stock by engaging builders of project homes now exists due to the current process to construct project homes to replace houses lost in the January 2003 bushfires. It is important that the Government's key procurement principle "to ensure open and effective competition" is observed. While the procurement rules may constrain the Territory from embarking on one-to-one negotiations with a builder of project homes, the scope exists already to invite bids from such builders, so long as all builders are given a fair and equitable opportunity to bid.

It is recognised that the Government needs to ensure there is appropriate access to prequalification for small builders, and to remove any undue barriers to contractor participation in Government construction projects.

In regard to the second part of the recommendation, which concerns the prequalification of construction contractors, ACT Procurement Solutions is currently undertaking a broader review of prequalification arrangements.

The Government considers that a balance should be achieved to ensure that value for money and timeliness be combined with accountability, fairness of competition and due process, and that Housing ACT, consistent with the procurement guidelines, should be able to go to the open market for construction to obtain best-value-for money.

Recommendation 12:

It is recommended that the Government equitably and transparently apply taxes and charges between affordable housing providers:

- *to reduce the cost burden for affordable housing providers, through possible exemptions from land tax, payroll tax, Change of Use Charge and stamp duty; and*
- *in a manner consistent with other States and Territories.*

Agreed in-principle.

Financial support targeted to the provision of affordable housing should be flexible to cover changing individual and family circumstances. Tax expenditures and benefits are legitimate options for Government similar to direct subsidies and grants.

In principle, taxation benefits should be based on consistency with practices in other jurisdictions. This is particularly relevant given the national focus required to address housing affordability.

Nevertheless, there may be instances where a different approach is considered appropriate. In such cases, the basis for such difference should be clearly understood and disclosed.

It should be recognised that taxation is a general revenue source, and available for priorities as determined by governments. Revenues raised from taxes and charges in the ACT are used to fund a number of essential services provided by the government such as hospitals, schools, community facilities, police etc. There is no in-principle reason why affordable housing cannot be considered within the social and economic priorities of the Government.

Any tax benefits need to be considered in the context of their effectiveness, relative merit compared to other options, and weighed against their impact on capacity to raise revenue for other services.

The ACT's capacity to raise revenue must also be taken into account when assessing what options are realistically available to amend taxation policy.

Recommendation 13:

It is recommended that the supply of affordable housing in the ACT should be increased by expanding the community housing sector.

Agreed.

The Government has stated its commitment to expand community housing while also aiming to maintain public housing stock numbers, and has released a Future Directions Policy Framework to outline its Community Housing policy directions for any expansion.

The Government's expansion strategy for community housing includes identified annual capital funding, development of a leasing program for community program, opportunities through the land release program and leveraging off existing assets through the transfer of title of properties to Community Housing Canberra.

The Government provided capital funding of \$3 million in the 2003-04 Budget for the acquisition of properties by community housing organisations. This built on funding of \$3.4 million in 2002-03 for community organisations to construct and purchase properties for community housing. In addition a portion of the one-off injection by the Government of \$33.2 million will be used for community housing (estimated to be \$9.8 million). The Community Housing sector has been consulted by Government on possible priorities for the uses of this funding.

Recommendation 14:

It is recommended that the Government work with the community housing sector to develop a sustainable model for expansion that also enhances the sector's role as an affordable housing provider and complements public housing provision by contributing to the viability of the social housing sector.

It is recommended that the model should include an intermediary structure that is appropriately funded to deliver benefit to providers, government, investors and tenants.

Growth should be based in a policy framework that sets out details of governance, accountability, regulation and accreditation.

Agreed.

The Framework provides a policy context which enables a collaborative approach between Government and the community sector in developing strategies for community housing in the ACT. A key objective of the Government's Future Directions Policy Framework for Community Housing and the ACT's CSHA Bilateral Housing Agreement with the Commonwealth is to develop a viable and sustainable sector.

In 2004/5, the Department of Disability, Housing and Community Services in partnership with the Coalition of Community Housing Organisations of the ACT (CCHOACT) is undertaking a review of the basis for funding community housing organisations which will inform the development of sustainable models for the sector.

In addition, a quality improvement framework for community housing providers, based on the National Community Housing Standards, will be developed in consultation with the sector during 2004-05. This will build on the pilot accreditation process trialled by Havelock Housing Association in 2003/4.

Recommendation 15:

It is recommended that CHC be nominated as an affordable housing provider for the purposes of implementing this strategy.

It is recommended that Community Housing Canberra Ltd, in conjunction with the Government, consider appropriate structures to enable it to deliver affordable housing outcomes.

Agreed.

The Government supports the continuation of Community Housing Canberra Ltd as an asset management and property development organisation for the community housing sector with the purpose of expanding community housing assets.

The Government has agreed to a restructure of Community Housing Canberra to support its capacity to deliver affordable housing outcomes. The adoption of a new Constitution and new funding agreement to support this process will be implemented in 2004/5. This restructure will address issues of regulation and monitoring of the company, and protection of tenant and community interests and equity.

Recommendation 16:

It is recommended that the Government determine the property holding arrangements for properties transferred to Community Housing Canberra as a matter of priority noting that:

- *these properties should be retained as social housing through a caveat on the lease or other such legal instrument;*
- *social housing stock levels should not be reduced as a result;*
- *Government equity in these properties should continue to be adequately safe-guarded; and*
- *the value of the properties previously transferred to CHC be utilised to leverage additional private sector investment in community and affordable housing.*

Agreed.

The Government has agreed to transfer title of properties to Community Housing Canberra under the proposed new constitutional and funding and monitoring arrangements. The equity in these properties will be safeguarded through the Territory as a member of the company and accountability measures in the Constitution and Funding Agreement. This will enable the assets previously transferred to be utilised for further investment in community housing, while protecting the Government equity in these properties.

Recommendation 17:

It is recommended that the annual Land Release Program should identify sites for allocation to affordable housing providers. These sites should be made available at a subsidised price.

Agreed-in-principle.

The Government's 2004-05 to 2005-09 Land Supply Strategy, which was released concurrently with the ACT Budget, makes provision for sites for 100 dwellings per year in greenfields land releases, to be allocated to moderate income earners seeking entry into first home ownership, and for affordable housing. These blocks will be not be of a lower quality than other throughout the estate. Their size and suitability for a variety of housing types contribute towards making them affordable.

In addition, Housing ACT will be able to purchase some 20-60 blocks per year at similar affordable prices.

The Land Development Agency will be developing a number through the delivery of house and land packages to the Canberra market. It is expected that through a process of inviting builders to tender for the construction of affordable homes (primarily Terrace and Courtyard dwellings), LDA will manage the identification and marketing of affordable 'house and land' packages to pre-qualified low to moderate income registrants through a restricted ballot process.

Currently in the Harrison 1, Horse Park 2 and Gungahlin Town Centre estates, there are a number of apartments and studio units that have been identified in the price range to suit the affordable housing market. In addition to these LDA has re-engineered the current estate projects of Wells Station, Gungahlin Centro and Ginninderra Ridge to include a proportion of housing suitable for this market. This program will continue in the future estates of Forde and Franklin.

Recommendation 18:

It is recommended that the Government explore construction, sale and leaseback options to contribute to affordable housing outcomes, accompanied by planning and other concessions recommended in this report.

Agreed in-principle.

The Government notes the use of this model, particularly by the Commonwealth Government in the provision of housing for defence force personnel.

The examination of this model is currently being considered as part of a review of headleasing mechanisms currently used by the Government.

Recommendation 19:

It is recommended that the Government undertake further headleasing of properties.

Agreed.

The Government headleases a number of properties from private landlords under the Private Rental Leasing Scheme. In addition the Government has established a *Social Landlord Scheme*, in which the Government will provide \$750 000 to enable the leasing of up to 50 properties from the private rental market to assist Canberrans in urgent need of accommodation. The scheme is a partnership between the Real Estate Institute of the ACT, real estate agents and the Havelock Housing Association. The properties will house homeless people, other people in urgent need of accommodation, and people on the public and community housing waiting lists. They will be divided equally between Havelock Housing Association, which will receive the first 25 properties, and Housing ACT.

Currently 8 properties are rented under the Scheme and managed by HHA, who are conducting a marketing strategy to source further properties.

Recommendation 20:

It is recommended that the ACT Government encourage and expand opportunities for the creation of joint ventures between the public, private and community sectors for the provision of affordable housing.

Agreed.

The Government notes that the Taskforce's report recognises the risks associated with joint ventures. The report also highlights the issues that need to be considered in any joint venture arrangement to develop affordable housing.

Whilst recognising the risks associated with developments through joint ventures, it is accepted that these may be beneficial arrangements for developing affordable housing. Under such arrangements, it is important that appropriate controls and accountability structures are put in place to best manage the risks.

The Government will consider the most favourable financing and implementation arrangements possible, consistent with its financial and legal responsibilities to achieve its priorities in affordable housing.

The Government has already indicated that the Land Development Agency will be empowered to establish joint ventures to achieve specific objectives in land development. A joint venture targeted at affordable housing would be appropriate in achieving the government's social objectives.

Recommendation 21:

It is recommended that the Government provide interest-free finance for non-government affordable housing providers for construction of affordable housing.

Noted.

The Government recognises that affordable housing providers face difficulties in accessing finance for the construction of affordable housing. Such difficulties may stem from a perceived lack of skill base to undertake such projects, or due to rates of return, which the market considers inadequate.

Provision of interest-free finance is one mechanism to meet the cost of providing affordable housing. It should be noted however, that this has an opportunity cost associated with it. In order to provide interest-free finance, the Government will need to borrow funds from the financial markets, or forego return on its cash investments, both of which will impact on expenditure capacity for other service areas. Such a measure therefore would need to be considered in the context of budget strategy and prioritised against other areas.

It should also be noted that the Government provides grant funding to community housing providers which can be utilised for the purchase or leverage of properties to similar effect.

The Government considers that the most significant impact on the availability of finance for affordable housing will be through the Commonwealth Government's taxation measures to encourage finance from institutional investors.

Recommendation 22:

It is recommended that further investigation into the benefits of leveraging the supply of social housing, together with an assessment of alternative approaches, be undertaken by the Government.

Agreed.

There have been substantial increases over the past few years in the value of social housing stock in the ACT, as well as in other jurisdictions to varying degrees. The value of ACT's housing stock currently stands at \$2.9 billion. Over the long term, the value of the stock has increased by more than 1% per annum in real terms. To date these values have not been utilised to raise finance to provide further affordable housing opportunities.

The Taskforce has identified the need for further research and investigation. The Government agrees with the need for such work, particularly in view of the continuing reductions in funding under the Commonwealth-State Housing Agreement (CSHA), and the requirement under the 2003-08 Bilateral Agreement to use private finance for public housing developments. Such investigation needs to take account of the costs and risks associated with leveraging.

Recommendation 23:

It is recommended that the Government establish a rental bonds loan scheme for low and medium income private renters to assist them in meeting bond costs. The scheme should provide no interest loans and be administered within community housing or other community based organisations building on the successful NILS model.

Agreed.

The Government reintroducing a rental bonds assistance for low income earners in 2003-04 providing an interest-free loan of up to 80% of the required bond. Recently the government has broadened eligibility by raising the income threshold from 100% to 110% of ACT average weekly earnings (ACTAWE) for a household of two people, and from 60% to 80% of ACT AWE for single people.

Recommendation 24:

It is recommended that the Government introduce a rental guarantee scheme targeted at low and medium income private rental applicants who are experiencing discrimination in the private rental market and/or who have difficulty renting for other reasons.

Noted.

The Government notes observations made by the Taskforce that discrimination occurs more frequently in the private rental market when vacancy rates are low. The Government also notes that given its small size, the private rental market in the ACT experiences difficulties responding to the challenges of providing affordable housing.

The Government also notes the concerns raised by the community in recent consultations, of the possibility of unintentional rent increases in introducing such a scheme.

The Government will monitor the progress of a number of innovative rental schemes currently being trialled in other jurisdictions.

Recommendation 25:

It is recommended that the Government consider incentives for rental investors who provide affordable housing including possible stamp duty and land tax concessions.

Agreed.

The Government has responded to this recommendation by reducing the tax burden on rental properties, particularly at the affordable end of the market. This has been achieved through reducing, by 35%, the land tax payable on lower value rental properties (up to \$50,000 average unimproved value of land). In addition, all land tax bracket thresholds for average unimproved value of land have been increased to reduce the impact of bracket creep. Notwithstanding this measure, the Government continues to consider that the most significant impact on the availability of incentives to help finance for affordable housing will be through the Australian Government's taxation measures to encourage finance from institutional investors.

Recommendation 26:

It is recommended that the Government adjust the current property thresholds for stamp duty concessions for home buyers as follows:

- *an increase in the lower and upper property thresholds to reflect current median market prices for differing property sizes;*
- *annual adjustments of the lower and upper property caps or thresholds in line with movement in property prices; and*
- *continual adjustment of income thresholds for eligibility for stamp duty exemptions or concessions to reflect income levels required to purchase median priced properties at affordable levels.*

Agreed.

This recommendation has been implemented. Reflecting increases in the housing market in the Territory, in the 2003-04 Budget and again in the 2004-05 Budget, the Government broadened eligibility to stamp duty concessions available to first home buyers and those re-entering the market (through the Home Buyer Concession Scheme, or HBCS) by increasing the property value and income thresholds.

The property value thresholds have been linked to market activity and prices, to ensure that a window of activity and prices remain available for concession. The lower property threshold (below which a full stamp duty concession is available) is now linked to the bottom 25% of all sales, while the upper property threshold (up to which a partial stamp duty concession is available) is now linked to the bottom 65% of all sales. Both property thresholds will be updated every six months in line with the market. The income threshold has also been updated, to take account of increases in the housing market. In addition, income allowances for dependent children will now be based upon the equivalent Australian Government Family Tax Benefit allowances.

Recommendation 27:

It is recommended that the Government further explore options for shared equity schemes.

Agreed.

In principle, the creation of some form of shared equity scheme for home purchase would provide the benefits of making entry into home ownership easier, along with establishing a secondary property market for the financial sector that does not exist currently.

In the creation of any shared equity scheme, a number of issues would need to be considered. The attractiveness of such schemes would in part depend on the

returns and prospects of the alternative investment options within the financial markets.

The long term nature and relative lack of ability for the 'silent' investor partners to readily liquify the assets may require some lead time before a robust and stable market for the shared equity securities is developed within the financial sector.

There is likely to be a high level of price volatility upon commencement of a shared equity scheme. Considerable further research and investigation is required to understand the reaction of the market, and the level and duration of price volatility following the introduction of such a scheme.

Recommendation 28:

It is recommended that the Government reintroduce a system of restricted land auctions for lower-income households and that the sites that to be released in this way be identified in the Land Release Program.

Agreed.

As noted in the Government's response to Recommendation 17, the Land Development Agency is looking to establish a program to make affordable house and land packages available to pre-qualified registrants through a restricted ballot process.

The income eligibility criteria to qualify for the affordable housing ballot process will be determined through consultation with the Department of Treasury, and once set may be managed by a third party in accordance with the relevant privacy provisions, existing relevant legislation and possible new legislative amendments and instruments.

Recommendation 29:

It is recommended that all legislation relating to land and planning, including the Planning and Land Bill 2002, be amended to include references to support increased provision of affordable housing.

Agreed.

The Government agrees with the principle of ensuring legislative support for the provision of Affordable Housing. The Territory Plan currently reflects this objective in the key principles of Part A2, Part 4. The Land Development Agency is obligated to provide development forms that ensure a range of housing options including affordable housing as reflected under the Territory Plan. Ministerial directives to the Land Development Agency can also broadly address this.

Recommendation 30:

It is recommended that the Social and Spatial Plans, the Economic White Paper and the Territory Plan incorporate statements that reflect the Government's commitment to affordable housing. These statements should be supported by specific measures that will promote adequate provision and identify the planning mechanisms recommended by the Taskforce, through which policies will be implemented.

Agreed.

Last year, the Government outlined its commitment to providing a strategic framework for the future development of Canberra. The Canberra Plan is that framework. The Canberra Plan comprises a suite of three strategies that embrace the economy and business, spatial planning and our society. It is underpinned by the Government's commitment to Sustainability.

The Canberra Plan defines a strategic direction for Canberra and supports an agenda that, amongst other things, will lead to the achievement of the Government's commitment to the provision of affordable housing.

Together, the Social and Spatial Plans and the Economic White Paper as well as the Government's Sustainability framework – *People Place Prosperity*, will provide an integrated perspective for strengthening our economy and its capacity to deliver opportunities for all Canberrans, improving our ability to manage competing uses for land and for protecting our environment, and enhancing social justice and community cohesion. The Government has also taken the further step of detailing its framework for measuring Canberra's performance against key sustainability indicators in its report *Measuring Our Progress*. One of the core dimensions for achieving sustainability outlined in that report is that housing is affordable and meets all needs.

Recommendation 31:

It is recommended that the ACT Government amend the definition of 'supportive housing' in the Territory Plan so that it is sufficiently broad to include affordable housing managed by affordable housing providers within the definition.

It is recommended that the existing definition be amended to the following:

Supportive housing means residential accommodation for persons in need of special housing assistance or residential support services provided by an accredited organisation that also manages the accommodation. Although support services must be able to be delivered on site, management and/or preparation may be carried out elsewhere. Housing may be provided in the form of self-contained dwellings.

Agreed.

The definition of "Supported Housing" has been amended for Draft Variation to the Territory Plan no. 229 to be as follows:

Supportive Housing means the use of land for residential accommodation for persons in need of support, which is managed by a Territory approved organisation that provides a range of support services such as counselling, domestic assistance and personal care for residents as required. Although such services must be able to be delivered on site, management and preparation may be carried out on site or elsewhere. Housing may be provided in the form of self-contained dwellings.

Common terminology: aged persons units, community housing, older persons units, rooming house, university college.

Recommendation 32:

It is recommended that the ACT Government introduce processes that require social and economic factors as well as environmental factors to be taken into account when assessing whether land parcels should be withdrawn from urban development. Social and economic matters should include housing affordability and the cost to the community. This information should be made available to the community for comment prior to any decision.

Agreed.

The social, economic and environmental aspects of decisions on land are a matter for Government to assess in the preparation of annual land releases and will be discussed with the wider community.

Recommendation 33:

It is recommended that the ACT Government introduce inclusionary zoning based on 3-4 per cent of the floorspace or its cash equivalent for all multi-unit/block residential development. Further, it is recommended that both the housing stock and funding created be provided to, and managed by, affordable housing providers, the latter to be used to acquire additional affordable housing.

Agreed, in certain circumstances.

The Government supports the consideration of mechanisms to increase affordable housing in the ACT. It should be noted that flexibility for achieving affordable housing in group and town centres already exists through the current master planning processes.

The City West Master Plan has incorporated a provision that the Government will aim to ensure that a minimum of 5% 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.

The recommended 3-4% handback option in new multi-unit development sites will be examined, especially in relation to ensuring a transparent and effective implementation approach.

The Government will also consider the options for cash equivalent payments by developers to be made in lieu of physical provision of affordable housing in multi-unit/block residential developments, as suggested by the Taskforce. In consideration of any cash equivalent payments, it will be important to ensure that the arrangements provide new, or additional revenue to the Territory, rather than a substitution of the government's existing revenue base. In addition, issues of accountability to the community and the Government will also need to be considered.

Recommendation 34:

It is recommended that the ACT Government introduce a system of limited planning bonuses to support the provision of affordable housing including:

- *relaxation of plot ratio and height limits in centres;*
- *a small floorspace bonus in developments to offset the initial impacts of the Affordable Housing Contribution (such bonuses should be time limited); and*
- *bonuses for affordable housing providers directly undertaking developments.*

The system of planning bonuses should be given statutory authority through a Planning Guideline.

It is recommended that the Government develop a 'planning calculator' similar to that developed by Waverley Council as a means of ensuring transparency in the application of planning bonuses.

Noted.

The Government requires further time to consider this recommendation to ensure that important considerations in relation to ensuring high quality sustainable design principles are applied, and that any development is compatible with existing residential amenity.

Recommendation 35:

It is recommended that the ACT Government reduce parking provision for smaller units to be retained by an affordable housing provider.

Agreed-in-principle.

The ACT Planning and Land Authority has commenced a review of parking provisions in City and envisages that a reduction in parking requirements for smaller units (both for affordable housing providers and others) may be appropriate. A further review, together with relevant areas in the Department of Urban Services will examine what opportunities are available to reduce car parking provisions for smaller multi-unit dwellings located in other areas where unregulated parking exists, and where urban amenity is not compromised.

Recommendation 36:

It is recommended that the ACT Government amend the Land (Planning and Environment) Regulations to limit third party appeals against affordable housing developments, to specify the grounds on which objections can be made and to recover costs from unsuccessful appellants.

Noted.

The ACT Planning and Land Authority has commenced a review of the ACT Planning System, and this will include consideration of the operations of third party appeal rights. Any changes to existing third party appeal rights contained within the Land (Planning and Environment) Regulations will be considered as a whole and should not differentiate between affordable housing and other housing.

Recommendation 37:

It is recommended that the Government specifically take into account the impact of DVP200 on housing affordability including efficient use of land, restrictions in dual occupancies, effects of creating general and suburban areas and density restrictions. It should also consider the impact on ACT Housing's land portfolio and ability to redevelop before finalising the variation. The Government should also show how these matters are taken into account in the final variation.

Agreed.

The advice from the Affordable Housing Taskforce resulted in a number of amendments to Draft Territory Plan Variation 200 to provide greater flexibility for the delivery of affordable housing, including the ability to develop dual occupancies on smaller blocks in the Core areas, increased opportunities for multi-unit development around the Centres, and the amalgamation of blocks for Supportive Housing developments.

Recommendation 38:

It is recommended that the ACT Government introduce the following exemptions from the Change of Use Charge:

- *all developments undertaken by ACT Housing and other accredited affordable housing providers are to be fully exempt from CUC; and*
- *all developments with at least 20 per cent of floor space that are to be allocated to affordable housing pay only 50 per cent of the added value.*

Agreed in-principle.

The Government is open to considering all options to improve housing affordability. However, for an option to be considered for implementation, there are a number of issues with which the Government must first be satisfied. Any tax benefits need to be considered in the context of their effectiveness, relative merit compared to other options, and weighed against their impact on the capacity to raise revenue for other services. In particular, the revenue implications of any measures need to be clearly understood and the mechanism

for their application transparent and accountable. Measures should be flexible so that they can respond to differing circumstances, yet still be targeted to, and retained by, those most in need. Consistent with this, measures should not operate to significantly distort the market. In principle, taxation benefits should be based on consistency with practices in other jurisdictions. Where a different approach is considered appropriate, the basis for such difference should be clearly understood and disclosed.

The ACT Planning and Land Authority has commenced a review of the ACT Planning System, to be conducted over the next two years. A review of policies applying to the Change of Use Charge provisions (including in relation to affordable housing) will be undertaken as part of this work.

Recommendation 39:

It is recommended that a number of local area housing studies be conducted by the new Planning Authority.

Agreed-in-principle.

The Government recognises the need to understand the housing market including the socio-economic factors that influence supply and demand, and researches aspects of housing provision as required. The views on residential developments are often expressed at a local level when community concerns are raised against certain proposals.

The ACT Planning and Land Authority (ACTPLA) has undertaken a Housing Preference Survey, and the Planning Authority and the Land Development Agency are also undertaking Post Occupancy surveys, and market research to better understand housing demand and preferences.

ACTPLA is currently working is currently working with other Government agencies and ACT Community Councils to develop community engagement mechanisms.

Recommendation 40:

It is recommended that education programs be introduced in the Territory to:

- *raise general awareness of the critical importance of the housing system and affordable housing within the overall economic, social and environmental outcomes for the community; and*
- *raise awareness of a range of specific products and services available from the Commonwealth and ACT Governments to assist in the achievement of affordable housing outcomes.*

These education programs should use innovative mechanisms for delivering key messages.

Agreed.

The Government notes that the Taskforce's concerns that a number of low incomes earners who attended community consultations appeared to be unaware of possible entitlements, including their eligibility for both Commonwealth Rent Assistance and Housing ACT accommodation.

The Department of Disability, Housing and Community Services is developing a communication strategy to help inform users of its services with targeted information. Housing ACT through its Community Linkages Program, the employment of its specialist housing managers, and its training program for customer services staff is also seeking to continually improve the quality, timeliness and appropriateness of the information that it provides to both tenants and applicants.

Recommendation 41:

It is recommended that the Government liaise with the Commonwealth in order to ensure that awareness of the Commonwealth Rent Assistance program is increased within the ACT community.

Agreed.

Housing ACT Gateway and Shopfront staff ensure that eligible applicants for housing assistance are encouraged to apply for Commonwealth Rent Assistance. In addition links to Centrelink are provided at the Housing and Community Services ACT website.

Recommendation 42:

It is recommended that the potential benefits of investment in affordable housing for developers, the private sector and other institutions be promoted through a detailed education and public relations program.

Agreed.

The Government considers that an education campaign to attract private investment should occur as part of a broader national approach to stimulating affordable housing supply. It is considered that a package of investment measures will need to be developed and specified in detail, and that a national approach with Commonwealth involvement will be required.

Both Housing ACT and community housing providers such as CHC are currently examining opportunities to attract private investment through joint ventures.

Recommendation 43:

It is recommended that affordable housing providers undertake all aspects of the funding, development and management of the housing.

It is recommended that affordable housing providers should undertake the following functions:

- *development of affordable housing projects;*
- *management of affordable housing;*
- *acting as an investment intermediary; and*
- *promoting affordable housing to industry and the community.*

Agreed.

The Government recognises the range of possible functions that could be undertaken by affordable housing providers as identified in the Taskforce's report.

These functions require varying skills, and carry varying degrees of risks. The Government notes that hitherto, the affordable housing providers have not undertaken this full range of functions.

In determining any future roles, it will be important for Government to consider these and other issues, both as part of the implementation of the Future Directions Policy Framework for community housing, and in the development of an appropriate corporate structure for Community Housing Canberra Ltd.

It may not be feasible, or cost effective for various organisations to duplicate such roles. Given the Territory's size, the issue of economies of scale also needs to be taken into account.

Recommendation 44:

It is recommended that the ACT Government support the development of a national housing policy framework as means of better integrating Commonwealth State and Territory Government policies and programs, maximising the utilisation of resources and achieving the broader social and economic benefits of housing policies and programs.

Agreed.

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 Commonwealth has a leading role in shaping the economic factors that affect the housing market (including the first homebuyer market), it should facilitate the preparation of such a national housing policy. The interaction between the Commonwealth State Housing Agreement (CSHA), the Commonwealth Rent Assistance Scheme (CRA), the provision of short-term accommodation (provided through the Supported Accommodation Assistance Program), and taxation policy should all form part of that national policy.

Recommendation 45:

It is recommended that the Government release a Housing Statement each year in conjunction with the release of the annual budget. The statement should encompass housing generally, but include issues relating to affordable housing provision.

Agreed-in-principle.

Policy responses to affordable housing must be viewed within a longer-term framework. Within this framework, however, it will also be important to monitor economic changes in housing affordability and the key target groups, and to consider appropriate policy and fiscal responses on an ongoing basis.

To manage this, the concept of an annual statement is considered an appropriate and important way of keeping the key stakeholders, the community and the ACT Legislative Assembly informed.

A Housing Affordability Statement was included in the 2004-05 Budget Papers.

Recommendation 46:

It is recommended that the impact of government decisions on housing affordability should be identified in Cabinet submissions, policy statements and assessments of development proposals.

Agreed in-principle.

Cabinet is a key decision making point of government and considers all important aspects of Government policy. It is intended that the Cabinet Handbook, which outlines the process for the preparation of matters for consideration by Cabinet, will be reviewed. The requirement to identify impacts of Government decisions on housing affordability will be considered as part of the review.

Major decisions that relate to large scale land release and development proposals are assessed in regard to the likely socio-economic impacts including housing affordability.