

TOWARDS A NATIONAL HOUSING STRATEGY

For the past decade there has been a growing awareness of a housing crisis in Australia and the absence of a national strategy to address it. A number of housing and community organisations, other agencies and academics have come together to create the Towards a National Housing Strategy document to help inform this process. The document assembles a range of evidence from academics and practitioners, a wide range of published academic research, policy documents, conversations with leading experts and the many non-academic publications that address varying aspects of the housing crisis. It makes a number of recommendations that collectively build towards the creation of a National Housing Strategy.

Why do we need a National Housing Strategy?

There is a growing awareness of the range of issues associated with a housing crisis. These include:

- » an affordability crisis and emergence of the concept of 'generation rent'
- » first time buyers are having difficulty entering an overheated market
- » the challenge of rental affordability for key workers in our cities
- » rising levels of homelessness and the impact on people who have not historically been associated with homelessness, including older women.

The housing crisis impacts the most vulnerable people in Australia.

- » **206,000** households on the waiting lists for social housing
- » **46%** of those with greatest needs wait 2 years or more
- » **61%** were homeless at the time of allocation to public housing
- » **40%** of people getting Commonwealth Rental Assistance pay more than **30%** of income on rent (528,000 of 1.32 million income units)
- » **105,000** people were designated homeless in the 2011 Census.

(Australian Institute of Health and Welfare 2015), (ABS, 2011).

There is consensus among the many experts contributing to this document for:

- » the Commonwealth Government to appoint a Commonwealth Minister for Housing to develop and implement a National Housing Strategy that redefines support for the housing system in Australia
- » the rebalancing of subsidy to housing sectors
- » sustained, stable and adequate investment in social housing, including a substantial increase in supply
- » the exploration, testing and delivery of innovative financial models to support a range of tenure types and improve the supply of affordable housing.



We are grateful for the widespread support received in developing this document and acknowledge the written submissions, interviews, conversations, comments on drafts and reading recommendations received from academics, practitioners and housing experts (listed in the full document).

Copies of this summary and the Towards a National Housing Strategy document can be downloaded from compasshousing.org/towards-national-housing-strategy
Ph: 02 4920 2600

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SOCIAL MEDIA #Needahousingstrategy



A WHOLE SYSTEM HOUSING APPROACH

KEY ELEMENTS OF THE HOUSING CONTINUUM

The housing continuum is usually conceived of in terms of tenure. To fully understand the current housing crisis we need to identify these key sectors within the continuum.

- » Home ownership
- » Private rental
- » State and community housing
- » Marginal renting
- » Indigenous housing
- » Disability housing
- » Homelessness services.

Each sector has a specific set of characteristics and influences and requires a range of connected interventions that correct the market failures of the system as a whole.

Our recommendations are targeted to provide an efficient housing system that promotes home ownership, affordable private rental, adequate supply of social housing and specific housing provision for aboriginal, disability and homelessness needs.

Australia needs a social housing system that promotes diversified and mixed income communities and prevents the residualisation and stigmatisation of social housing.

The *Issues Paper* of the Commonwealth Government's recently created **Affordable Housing Working Group** correctly identifies a housing continuum.

This continuum represents a whole system with intricate connections between each element and that resolution of current problems of affordability requires interventions by Government in each segment in ways that promote the efficient functioning of the whole system.

Build more housing

Underpinning the current crisis is a lack of supply at all levels of the system. Lack of supply effects house prices and home ownership. This creates increased demand for private sector rental housing leading to demand pressure for social housing. At the end of the chain are those who experience marginal housing and homelessness arising from these structural pressures, in combination with personal health and behavioural challenges.

Like it successfully did post WW2, Australia needs a major program of home building. The program must minimally meet current demand for social housing but optimally meet projected population needs for all tenures by 2025.

Increased housing supply is not a complete solution but it underpins all elements of the housing continuum. The Commonwealth Government can and must provide the leadership, investment and regulatory and institutional framework for improved housing supply.

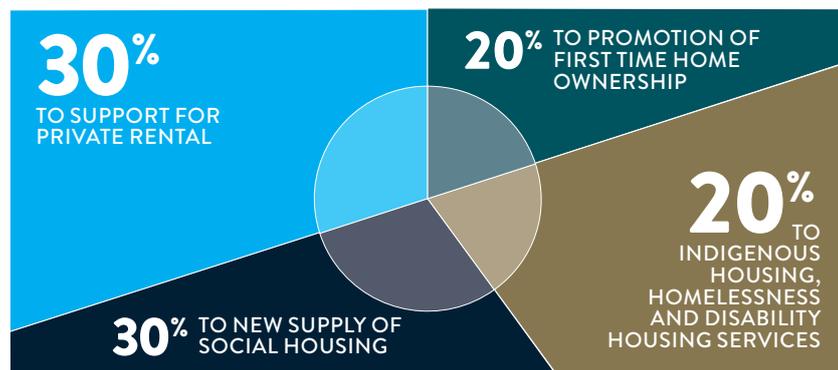


THE FUNDING OF HOUSING REFORM

The recommendations (back page) place a major role on Commonwealth Government and require significant public expenditure. Funding required can be achieved in part by a combination of taxation reform and redistribution of current housing subsidies.

Reforms of Capital Gains Tax exemptions and discounts as well as negative gearing concessions are contentious but a necessary element in any strategy to resolve housing unaffordability and improvement of housing supply.

Any resulting redistribution of the subsidies should support the housing system in the following proportions:



The document suggests an amount of \$12 billion for redistribution of expenditure as a discussion point and should be subject to further financial modeling to determine a sum sufficient to provide a 'kickstart' for a new program of home building. It will need to be supported by a much wider funding strategy to meet the future demand for affordable housing. This requires the development of innovative funding approaches that use Commonwealth funding to also lever institutional finance.

Factors to promote investment on housing

Institutional lenders will be interested in housing sector investment if the regulatory conditions and policy frameworks are stable and facilitative. Three conditions will promote active institutional investment.

1. The development of a large-scale Community Housing Sector by a major program of housing asset transfer. Transfer with title will create an asset class attractive to institutional lenders and provide the securitisation of potential loan facilities.
2. A regulatory system that applies in all states and permits inter-state activity by community housing providers (CHPs).
3. The development of an 'arm's length, Government funded financial intermediary to provide loan guarantees within a Housing Bond approach.

CURRENT SUBSIDIES ARE INEFFICIENT

Home ownership subsidies in Capital Gains Tax (CGT) exemptions and discounts, coupled with negative gearing concessions create a system characterised by minimal investment in affordable housing and tax incentives that are inflationary and divert investments and household expenditure from the mainstream economy.



\$46 billion is more than double expenditure on Medicare and more than both Defence and Education.



HOUSING INVESTMENT BENEFITS

Large-scale investment in a holistic housing system would have major economic and social policy benefits.

- » Economic impact
- » Health improvement
- » City functionality
- » Equity outcomes

TOWARDS A NATIONAL HOUSING STRATEGY

1 RECOMMENDATION ONE

That the role of Commonwealth Minister for Housing is created within the Cabinet to ensure that housing policy is a core Government priority. This will foster the development and adoption of a conscious and planned response to housing policy and will create the leadership that the development of a National Housing Strategy will require.

2 RECOMMENDATION TWO

That a national program of house building is initiated to address the current shortfalls in supply. This should provide homes for purchase, intermediate ownership models, homes for private sector rental and new provision of social housing. The commencement of the program should be preceded by a robust population analysis to establish the demand for housing over the next 20 years and the analysis used to inform a phased program of housing development over that period to meet projected demand.

3 RECOMMENDATION THREE

That Commonwealth land not in current use is provided to State departments specifically for home construction. This should, where possible, be subject to master-planning procedures to ensure an effective contribution to city and regional functions and be located to take advantage of employment, transport and civic amenity opportunities. This should be implemented within an overall 'place-making' perspective to develop sustainable mixed income communities that contribute to the social, cultural and economic life of wider society (Deloitte, 2015).

4 RECOMMENDATION FOUR

That, where necessary, Commonwealth land endowment to states should be 'de-risked' to promote developer interests. This could include remediation of contaminated brown field sites, streamlined planning and land-use permissions and developer payment deferral to permit initial property sales to underpin inclusionary zoning in new developments.

5 RECOMMENDATION FIVE

That planning rules require 'inclusionary zoning' in new commercial housing developments to promote a supply of affordable and social housing in multiple locations with a varied mix of tenures to avoid concentrations of social housing.

6 RECOMMENDATION SIX

That the home building program identified in Recommendation Two ensures an adequate supply of affordable private rental sector housing. The sector should also be supported by ensuring that the thresholds and levels of CRA payment ensures that no families are required to pay more than 30% of household income for accommodation.

7 RECOMMENDATION SEVEN

That a program of social housing redevelopment should commence to eliminate waiting lists within 10 years.

8 RECOMMENDATION EIGHT

That redevelopment of social housing communities should promote the creation of mixed-tenure and mixed-income neighbourhoods to avoid the mono-cultural experience of current social housing estates.



9 RECOMMENDATION NINE

That allocations policy to newly created social housing should reflect social and economic diversity and not be based solely on acute social need. The allocation strategy should be specifically designed to halt and reverse social housing residualisation and stigmatisation and include allocations to low-income families as well as those with acute social need.

10 RECOMMENDATION TEN

That the Commonwealth Government works with State Governments to develop a National Minimum Housing Quality Standard and agree a time frame for its achievement. This should be no later than 2025 and the design standard should address specific requirements associated with marginal, aboriginal and disability housing. Issues of cultural appropriateness, physical accessibility and personal and community safety should be key components of a minimum standard.

11 RECOMMENDATION ELEVEN

That the national house building program identified in Recommendation Two specifically addresses the supply of housing for chronically homeless people and provides supported accommodation sufficient to meet demand and reduce homelessness to residual levels by 2020.

12 RECOMMENDATION TWELVE

That the Commonwealth Government fully endorses the right to adequate housing as defined within the Habitat III program and recognises the fundamental right to adequate housing for all Australians. This recognition should be supported by the development of a National Housing Strategy to achieve this for the full population by 2025.

13 RECOMMENDATION THIRTEEN

That the Commonwealth Government initiates a major review of all home ownership and investment subsidies to work towards a better balance between sponsorship of home ownership, private sector rental and social housing subsidy. Without detailing specific measures, we suggest a target of \$12 billion per annum saving which would be redirected to schemes to promote first time purchase, affordable rental and increased new supply of social housing both within the state and community sector (See Section 5.2.1).

14 RECOMMENDATION FOURTEEN

The Commonwealth Government should in the near future instigate a Housing Bond or Trust approach to funding significant supply of new home building. Attention should be paid to the international evidence of what works and the specific mechanisms relevant to the Australian experience that will encourage institutional lender confidence in investment in housing supply, particularly in the community housing sector.

15 RECOMMENDATION FIFTEEN

That a major national program of public housing transfer, critically with title, to community housing providers (CHPs) be initiated by the Commonwealth Government. This would require State Governments to follow a common policy and a shared timetable of transfer of up to 50% of housing by 2025. The objectives should be to:

- » promote the development of CHPs through asset growth and, where relevant, mergers
- » create a community sector able to attract investor confidence
- » enable development of comprehensive housing services with support for employment pathways for tenants
- » increase supply of affordable housing across a range of tenures, managed by CHPs

RECOMMENDATIONS