

Affordable Housing in Australia



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What if change is less about **understanding new things** or having new ideas, but more about **seeing old things** with new eyes – from a different perspective.

Goran Carstedt

Key messages

- **Clear context - vision**
- No one answer – combination of levers
- **Adopting a framework that encourages solutions, engages widely**
- Greatest opportunities are in growth areas

Outline

- **What is affordable housing**
- National Action for Affordable Housing
- **Innovations across Australia**
- SA Innovation Program
- **Closing remarks**

What is Affordable Housing

Housing that is

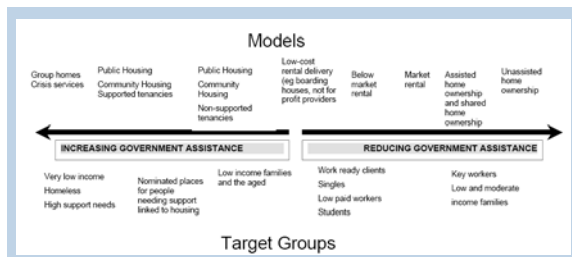
- *appropriate for the needs of a low and moderate-income households; and*
- *priced so that low and moderate incomes are able to meet other essential basic living costs*

LG, Planning & Housing Ministers, Aug 2006

Indicative Price Points (Brisbane)

As of June 2006	Metropolitan
Low Income (80% of median)	\$37,900
Indicative purchase price	\$145,000
Indicative rental price (pw)	\$218
Moderate Income (120% of median)	\$56,800
Indicative purchase price	\$217,000
Indicative Rental (pw)	\$328

A continuum of housing options



Yates 2004 & NSW LG kit



Approximately 1 in 7 (15%) households are in housing stress, paying more than 30% of income in housing costs

(Yates 2005)

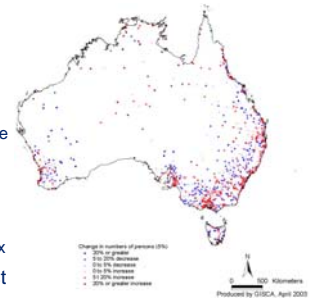
Then and now

1950		2005	
3 times	House price to income	> 6 times	
115m ²	Average size of new houses	221m ²	
3.5 persons	Average household size	2.4 persons	
<50% of value	Land represents	>50% of value	

Why is this so?

Increased Demand

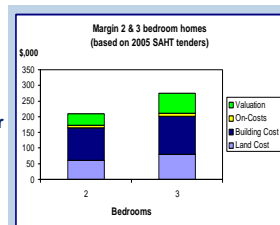
- More single person households (increased divorce rate, ageing population, deinstitutionalisation)
- Increased investor interest (related to share market performance), Capital Gains Tax
- Low interest rates and First Home Owners Grant



Why is this so?

Reduced Low Cost Supply

- Land supply, urban growth boundaries, focus on 'brownfields'
- Economic disincentives (why build more for less profit, higher risk)
- Planning policy, building codes, community expectations
- Declines nationally in public housing 4,000 pa.



Solution lies in policies that reduce the **demand** for housing AND provide an increased focus on **supply** side policies

Judy Yates



'Policy package' to increasing affordable rental supply:

- stream of **subsidy**;
- a **mechanism** for delivering that support; and
- a marketable set of **financial instruments** for investors to acquire

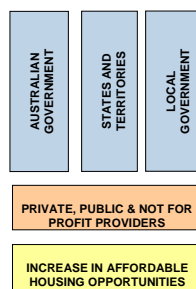
Mike Berry

National Action on Affordable Housing

No **individual** housing lever is sufficient to resolve affordability in its own right and **combinations** of certain levers are mutually reinforcing and could amplify benefits.

What are we aiming for?

- **Efficient national housing system**
- Reduce spatial inequality, mixed communities
- **Favourable investment climate for affordable housing**
- Minimum supply and standard of social housing stock



National Framework Achievements

- Consider the benefits of a **national affordable housing agreement** (Aug 05)
- National approach to the adoption of **affordable housing policies within planning systems**, including common description of affordable housing, housing need indicators. (Aug 06)
- National sector development plan for **not for profit providers** to enable them to participate in large scale affordable housing initiatives (Sept 06)
- Work plan for a national approach to progressing **home ownership initiatives**, including shared equity schemes (Sept 06)

Innovation in.. Land Supply

Western Australia

- **Land Start**
 - acquisition, residential development & sale to low & mod income)
- **Land Corp**
 - infrastructure, industry and housing development
 - 1 in 10 policy

Others

- LMC (15% for affordable housing) SA
- Landcom (7.5% mod inc) NSW
- VicUrban vic



Innovation in.. Social Rental Supply

Queensland

- Brisbane Housing Company 2002
- Gold Coast Housing Association 2003

NSW

- City West Housing 1994

Victoria

- Common Equity Rental Housing 1980s
- Strategy for Growth, 6 CHOs – 2005

Western Australia

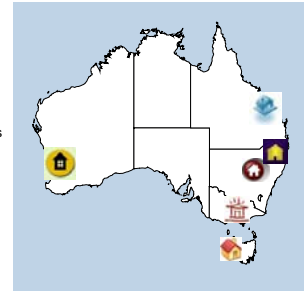
- Key providers program, 2 CHOs 2005

ACT

- Community Housing Canberra 1998

Tasmania

- Affordable Housing Organisation (tbd)



Innovations

Innovation in.. Private Rental Options

Head leasing

Financial incentives

Planning concessions

Tenancy/ landlord assistance

Examples

- Home Folio TAS, Others
- Lifetime Securities QLD
- Private Rental Liaisons SA
- Social Landlord SA (proposed)
- Home link QLD (proposed)



Innovations

Innovation in.. Home Financing

Existing products

- Shared Equity (social hsg) WA & NT
- EquityStart (social hsg) SA
- HomeStart & Key Start SA, WA
- First HO Grants vic

On horizon

- Shared equity (private) SA, WA, VIC, NSW, QLD
- Rent to Buy SA
- Private lenders

**Some caution among many states*



SA Affordable Housing Innovations Program

- Operates across portfolios (land, housing, planning)
- Work with the private sector, local government & community partners
- Start up commitment of \$15m, and a potential investment pool of about \$93m
- Facilitate innovative and affordable housing solutions
- Increase the supply of low cost, well located and designed housing stock for rental, home ownership



Where we are going



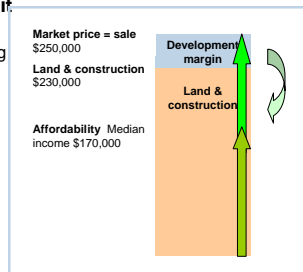
Innovation in.. Home Ownership Supply

Capturing ongoing benefit

- First right offers/ link financing
 - Social Housing tenants SA, NT, WA
- Lottery
 - Forest Glade NSW
- Resale restrictions
 - Subiaco WA

On horizon

- Catalogue
- Eligibility Register



Planning Principles

From National approach

- Supporting sustainable communities
- Supported by housing markets and needs analysis
- Planning instruments to be supported in planning legislation
- Components of a planning system - simple administration
- Each jurisdiction to determine how the elements accommodated and implemented

Example South Australia

Northgate Stage 3

Project Overview:

- 37h (700+ allotments) - 15% affordable housing commitment
- Joint venture - LMC & CIC

Housing Outcomes:

- 5% High Need rental (6 x 6 - disability housing)
- 5% Affordable rental (eg rent to buy, deferred land, social landlord)
- 5+% Affordable home purchase (low to moderate income buyers)

Innovations:

- Planning gain – densities (land division)
- Product (design, community facilities)
- Supply finance (GST, CRA capture) and home finance

What would it take for you to be involved?

- What do you do well?
- What can be changed to make a contribution to affordable housing objectives?
- How can you help create the right *political and investment environment* for affordable housing?

