Residential Development Council
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Senate Standing Committees on Economics
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Inquiry into Housing Affordability

Thank you for the opportunity to comment on the Senate Standing Committees on Economics inquiry into housing affordability.

The Property Council is the peak body for owners and investors in Australia's $600 billion property investment sector. Our members operate across all property asset classes - including office, shopping centres, residential development, industrial, tourism, leisure, aged care, retirement villages and infrastructure.

The Residential Development Council (RDC) is a national policy division of the Property Council of Australia. The leadership of the RDC represents the most senior management of Australia's leading residential development companies.

This submission focuses on innovative responses to the national housing affordability problem.

The submission recommends the development and recalibration of new and existing housing affordability policies to build partnerships that drive residential development and address affordability.

Recalibrating the National Rental Affordability Scheme, National Affordable Housing Agreement and a suite of innovative housing affordability measures are central components of housing affordability policy.

RDC is keen to discuss our recommendations with you further at your convenience. Please do not hesitate to contact William de Haer or myself to discuss the submission.

Yours sincerely

Nicholas Proud
Executive Director – Residential Development Council
Property Council of Australia

THE VOICE OF **LEADERSHIP**

Residential Development Council
PROPERTY COUNCIL

Submission to the Senate Economics References Committee inquiry into affordable housing

April 2014

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Inquiry Overview

On 12 December 2013, the Senate referred an inquiry into affordable housing to the Senate Economics References Committee.

The inquiry will consider the role of all levels of government in facilitating affordable home-ownership and affordable private rental.

The inquiry will also investigate the impacts, and implications, of public and social housing policies on housing affordability and the role of all levels of government in providing public and social housing.

About the Property Council

The Property Council represents the $670 billion property investment industry in Australia.

The Property Council's 2,000 member firms and 55,000 active industry professionals span the entire spectrum of the property and construction industry.

Our members operate across all property asset classes - including office, shopping centres, residential development, industrial, tourism, leisure, aged care, retirement villages and infrastructure.

The Residential Development Council (RDC) is a national policy division of the Property Council of Australia. The leadership of the Residential Development Council represent the most senior management of Australia's leading residential development companies.

The property industry by numbers

- $34 billion p.a. in property-specific taxes;
- $340 billion in investment grade assets under management;
- 1.3 million jobs (12.8 percent of the total workforce);
- $148 billion in direct economic activity;
- 11.5 percent of Australia's GDP.

Executive Summary

The Property Council's submission focuses on innovative responses to the national housing affordability problem.

The submission recommends recalibration of existing housing affordability policies and the development of new policies to build partnerships that drive residential development and address affordability.

Recalibrating the National Rental Affordability Scheme (NRAS), National Affordable Housing Agreement (NAHA) and a suite of innovative housing affordability measures are central components.

NRAS is a vital affordable housing program for a number of reasons – it represents

- Operates as a successful national program.
- Provides the only Federal affordable rental program.
- Builds private and community sector partnerships which have developed capacity available right now to provide scalable affordable housing solutions.
- Offers vital savings to the Federal social and public housing budgets.

NAHA provides a reliable affordable housing framework but is in need of reform. RDC recommends:

- Clearer linkages to urban policy and planning policies that directly affect housing supply.
- Establishment of housing delivery targets tied to funding
- Delivering an Affordable Housing Growth Pool, with competitive allocation for a designated portion of pool streams that promote optimal residential development levels.

Other measures recommended in this submission include:

- **Downsizing and ageing in place** – retirement living strategies for seniors to reduce demographic impacts on future taxpayers.
- **Adaptable housing** – alignment to Liveable Housing Australia and its guidelines to increase the supply of accessible and adaptable housing.
- **Planning reform** – creating efficiencies in the planning system and reducing developer levies and charges that erode affordability.
- **New partnerships** – community/private sector partnership and need for national strategy.

Long-term improvements to housing affordability are directly linked to infrastructure delivery. The Property Council supports:

- Boosting economic productivity through a coherent urban and regional policy framework; and
- A new approach that determines an economic growth budget for a designated region and rewards for achieving and exceeding these growth budgets.

The new Abbott Government is well placed to lead a collaborative approach across Federal issues which will boost productivity to address housing supply and affordability nationally.

1. Challenge for Government

Affordable home ownership and affordable rental accommodation are essential
in maintaining the social fabric of our communities.

Greater affordability and choice can be achieved by increasing supply of dwellings to 170,000 in the next year and maintaining development pipelines well into the next decade.

Fundamentally, new supply reduces the housing deficit.

The Issue:

Measures of housing affordability demonstrate that the issue is worsening in Australia.

The current price to income ratio is 4.4 and it only has to increase by one point to 5.5 to reach the high water mark for this ratio.

Although the current price to income ratio sits at 4.4, this result is only marginally above the ten year average price to income ratio of 4.2.

With price to income ratio of 4 becoming the new norm, affordability is now an emerging concern across the country

The Property Council's annual *My City* survey of 5400 Australians across 10 cities shows that public opinion is overwhelmingly giving all governments the wooden spoon for housing affordability.

The proportion of working age people is projected to fall, by 2050 with only 2.7 people of working age to support each Australian aged 65 years and over (compared to 5 today and 7.5 in 1970). This will decimate government taxation and increase strain of the provision of housing.

Affordability is a complex issue, but not an insurmountable problem.

The Solution:

The Residential Development Council believe that affordability strategies need to consistently deliver sufficient dwelling numbers with national starts of 170,000 dwellings per annum.

Investing in a new era of infrastructure development is the key unlocking economic productivity, in turn boosting residential development.

Residential development is not just vital to the economy it is the lifeblood of housing affordability.

A spirit of "New Federation" cooperation between State and Federal governments paves the way for increasing housing supply, creating jobs, stimulating regional development boosting productivity.

Delivering new government/private/community partnerships to sustain increased residential construction into the future requires a mix of incentives, cooperation and leadership which will be key in implementing:

- national infrastructure, investment and development strategies;
- innovative infrastructure financing, tax modernisation and regional economic strategies; and
- alternate contributions, levies, charges strategies.

Industry driven solutions such as NRAS, NAHA and developer efficiencies, amongst other solutions as considered in this submission, are needed to avert structural affordability issues.

The key to unlocking new partnerships is the willingness and capacity of the private and community sector to bring market based development solutions and industry efficiencies to traditional affordability challenges.

2. The National Rental Affordability Scheme

NRAS has already delivered 14,500 affordable homes, with allocations for a further 23,000 homes. It has played a crucial role in supporting Australia's housing construction industry through the global financial crisis.

As a result, Australia's residential developers now work closely with the community services sector to increase housing stock and reduce the demand of affordable housing on the public purse.

Indeed the programme should not be viewed as a short-term stimulus measure but rather as a leaver to deliver long-term private sector investment in affordable rental housing.

Recalibrating NRAS is vital to improving housing affordability and supply. Both of which are national issues requiring a national response.

2.1 NRAS Reforms

2.1.1 Streamline the process

Some NRAS participants have been concerned about repetitious and costly tendering process in NRAS rounds 1-3.

Assessing each application for NRAS in uniform fashion restricts participation by the private sector and is inefficient and costly for Government.

Notwithstanding, the NRAS incentive has been used by developers who follow the guidelines to maximise the guaranteed 'win-win' benefit to developers and the community.

The Issue:

Involvement of the residential development sector in the scheme has been low-risk and affordability measures are reached effectively where dwellings are built at scale by the high performers in the property industry.

The successful and long running US Low-Income Housing Tax Credit system supports high-performance of participants by arbitrarily ranking performance on agreed delivery of incentive properties. This should be a model for Australia.

The Solution:

- Low-risk participants with a proven track-record should be entitled to a fast-track State approvals process, in particular planning and building approvals.
- Low-risk participants should be entitled to future NRAS incentive 'options' for use in staged development projects.

2.1.2 Commit to a 5-year budget for NRAS

Long term funding generates predictability, which NRAS investors crave. It also shows investors that the considerable time, effort and setup costs involved in NRAS are worthwhile.

The Issue:

There has been no consistent policy direction or formalised timeframes for tendering rounds. A stable policy framework could generate continuity (including a pipeline of projects at a consistent level) and a predictable rate of rental return.

The Solution:

- Federal Government commit to a 5-year budget for the NRAS.

2.1.3 Make NRAS work everywhere in Australia

NRAS developers do not operate in a static national property market. The costs of housing development vary around Australia and therefore so should the value of the incentive.

The inherent fear of complexity leads to a lesser outcome.

The Issue:

The fundamental problem with a single national NRAS incentive is that it applies a 'one-size-fits-all' approach across national property markets and building types.

Policy goals such as increasing affordable housing in specific locales or supplying more apartments are made more difficult because of this.

In more expensive markets the incentive does not generate an adequate return on investment to justify building new housing.

To ensure an adequate return on investment, NRAS properties have tended to be built in cheaper house markets which are further from jobs and amenities.

The Solution:

- Fix the scaleability of NRAS by issuing incentives on a jurisdictional or built-form basis.
- End round-by-round NRAS policy goals by instituting long-term policy priorities that industry can evolve to and meet.

2.1.4 Introduce a rolling tendering process

NRAS participants are currently tendering into a vacuum with no certainty about approval timeframes.

The Issue:

Developers need certainty over when they will receive NRAS incentives if they are to be successfully incorporated in new housing developments. The current tendering process has no set approval timeframes which create more risk and cost.

This is particularly true in 'staged' development projects. Both the non-permanent nature of NRAS and the spasmodic tending process are elements contributing to this limitation.

This failing exposes developers to higher project risk and can result in the loss of project finance and unexpected holding costs for developers.

The Solution:

- Introduce a rolling tendering process that enables better coordination between development completed in stages and NRAS incentives by project proponents.
- Implement statutory incentive approval timeframes to enable the residential development sector to meet their obligations from financiers.
- Clear principles and targets

2.1.5 Fix Federal and State approval double handling

NRAS providers should be unencumbered by unnecessary State and Federal approval double handling and bungling. Creating extra hoops makes it harder for NRAS providers and government to meet the objectives of the scheme.

The Issue:

The joint Federal and State funding arrangements for NRAS have inserted an extra layer of approvals. This has resulted in conflicts, including:

- State and Federal mismatch between priority locations for NRAS properties.
- Restrictions imposed by State governments, such as for-profits being ineligible to participate.
- State governments not paying their component of the incentive on time.
- Lack of corporate knowledge by State government staff.

The Solution:

- State and Territory governments should lead the NRAS incentive approval process to encourage greater ownership of the Scheme and consistent policy-making.

2.2 NRAS Strategic Recalibration

2.2.1 Invite institutional investors into the market

Institutional investment offers efficiency gains from scale and proportionally lower transaction costs for a small number of large investors, rather than a large number of smaller investors.

The Issue:

- NRAS incentives are not aggregated to the scale required for institutional investment.
- Residential property investment, compared to shares and bonds, for example, is a less liquid form of investment. As such, concerns about termination of tenancies reinforce perceptions of illiquidity.
- Risk adjusted rate of return is too low for institutional investors.
- NRAS does not work harmoniously with Division 6C of the Income Tax Assessment Act 1936 (Div 6C).

The Solution:

- Provision of rental income guarantee;

- Establish finance models that offer exit strategies for investors;
- Permit NRAS to work harmoniously with Division 6C; and
- Aggregate NRAS incentives to institutional scale.

2.2.2 Prioritise transition to home ownership

NRAS has the potential to increase home ownership. Currently NRAS is being underutilised because lower rents are not being captured to facilitate tenants saving for a house deposit to own their own home.

The Issue:

NRAS should be able to capture lower rent to facilitate tenants saving for a house deposit and work with other government policies helping transition those who can afford it from rental accommodation into home ownership.

In this way, the Scheme's social benefit leads to long term improvement in personal wealth. It will also reduce the dependence of households on long-term rental assistance that comes from the budget bottom-line.

Other NRAS issues could also be addressed through this initiative:

- Aiding investors to turn-over their portfolio.
- Tenants have an ownership stake in dwelling—encouraging them to keep it in good condition.
- Tenants not losing their dwelling after the 10-year NRAS funding.

The Solution:

- Implement a scheme to augment the NRAS. Such a scheme should enable the NRAS renter to pay some or all of their saving to the owner and begin to take an equity share in the dwelling.
- Examples such as the KeyStart scheme in WA should be supported.

2.2.3 Remove the State taxes distortion

The effectiveness of NRAS is diminished because the financial contribution given by the States and Territories is clawed back in taxes, including stamp duty, land tax and GST. This reduces the overall impact of the NRAS incentive.

The Issue:

As it stands, State governments are distorting NRAS. State and Territory governments receive a windfall in revenue from GST, conveyance/stamp duties, land tax and developer levies (where they apply).

State governments obtain a large windfall relative to their outlay.

	House Price	GST paid	State tax revenue	State NRAS outlay (FY '13-'14)
3 bed townhouse Sydney	$740,000	$54,020	$29,103	$2,587
2 bed apartment Melbourne	$323,000	$25,517	$13,553	$2,587
4 bed house Perth	$460,000	$34,500	$16,275	$2,587

The Solution:

Waive or reduce State taxes and charges for NRAS developments in future rounds.

3. Effect of policies designed to increase housing supply

3.1 National Affordable Housing Agreement (NAHA)

The NAHA took the place of the long-running Commonwealth State Housing Agreement and the Supported Accommodation Assistance Program, to provide a framework to deliver greater housing affordability.

NAHA today provides a broader and more reliable framework than its predecessors.

The current agreement is set to expire in 2015. The lead-up to a new agreement is the best time to appraise the current system and deliver historic multi-lateral agreements to deliver more from the current expenditure by the Commonwealth.

3.1.1 Develop an Affordable Housing Growth Pool

The current funding of NAHA is declining in real terms. Unlike in previous agreements, the State and Territory governments are no longer required to match funding under NAHA.

The Issue:

The amount and structure of funding available through NAHA is producing mixed returns in addressing chronic undersupply of affordable housing.

The combination of ageing housing stock and lower rental revenues, due to increased targeting of low income and disadvantaged households, has resulted in State housing authorities running their portfolios at a deficit and selling off older housing stock in order to maintain existing dwellings.

The Solution:

Instituting separate growth and operational funding streams that feed into a Growth Pool to replace the current NAHA funding framework this would enable funding to directly target additional affordable housing stock, rather than cross-subsidising existing affordable housing stock.

3.1.2 Link NAHA with urban policy and planning to government policies

The impacts of urban policy and planning on NAHA outcomes are significant.

The Issue:

Applications for new developments are often delayed by unnecessary bureaucracy, undermining Australia's competitiveness and impeding housing affordability.

Planning influences the supply and patterns of distribution of housing and its proximity to employment and services, however it also impacts on the feasibility of development and the cost of housing.

Along with levies and charges, urban policy and planning blockages are a prime factor for why national dwelling approvals have slumped on average 30,000 homes per annum below optimal levels.\

The Solution:

A portion of an Affordable Housing Growth Pool should be ear-marked for competitive allocation between jurisdictions on the basis of delivering housing in specified target areas or in recognition of significant improvements to housing supply and regulatory (planning) frameworks.

The agreement would clearly define responsibilities and accountability through measurable national KPIs and timeframes for actioning the elimination of barriers to affordability.

By linking affordable housing funding to a jurisdiction's housing delivery performance, NAHA could leverage better housing affordability outcomes across the entire housing sector.

In addition, the role of planning systems in facilitating affordable housing through the application of incentives and fast-tracked approval, for instance, could be acknowledged and encouraged through NAHA.

This would directly respond to market inefficiency created by State and Territory planning systems.

This encourages State and local government's to give greater support to these approaches as their contribution to affordable housing.

The RDC also supports the Development Assessment Forum's (DAF) 10 point Leading Practice Model for Development Assessment. This model should be used as the basis for any reform package for State and Territory planning systems.

3.1.3 Link NAHA with Reductions in Developer Levies

Development levies are collected and used to provide:

- infrastructure such as drainage, roads, foot/bicycle paths, public transport infrastructure, and public open space.
- infrastructure for community use such as facilities and buildings.

The Issue:

Developer levies imposed by local government undermine housing affordability by increasing the cost of residential development projects.

They do so by imposing additional charges on house and land packages before project activity begins, which are then met by the purchasers of new apartments or houses.

The RDC calculates that taxes, fees, charges and compliance costs typically account for 25 to 33 per cent of the cost of a new house and land package modelled on a 100 lot subdivision, and from roughly 20 to 33 per cent of the cost of a new home unit in a 50 unit development.

Total housing infrastructure charges have significantly increased, far outstripping the average growth in construction costs.

In addition to these, infrastructure charges are a separate component cost to the residential development contributions already imposed on developers by the State and Federal government through stamp duty, land tax and GST.

The Solution:

Reduce the reliance on developer levies on new development to fund social infrastructure – in particular the emergence of State government levies and the proliferation of local government levies needs to be corrected.

As a measurable, these levies should be reduced by 50 per cent using a reducing balance approach over the next 10 years.

3.1.4 Asset Recycling and Land supply Land Audit

As previously identified, the proposed 'Asset Recycling Pool' contributions promise to deliver a new era of infrastructure development, which will bolster the economy.

The successful recycling of infrastructure and attention from the Prime Minister down should then positively correlate with new residential activity to drive optimal residential output.

Strategic multi-lateral auditing of asset recycling sites can also assess, prioritise and incentivise residential development and affordable housing opportunities.

The issue

Land has been released nationally without a clear pipeline of available government land that links to current or future potential master planning and infrastructure.

The absence of an orderly roll out and the strategic land audit information counts against this mechanism as one of the main strategies for tackling affordability.

Land supply availability has a significant effect on the housing approvals and completion rates across the country.

The Solution:

The RDC recommends the restoration of an orderly release of land, synchronised with the emerging provision of infrastructure, to facilitate urban consolidation and reduce the cost of land development.

- Commit to a Commonwealth land audit;
- Set national, regional and local targets for housing supply which facilitates growth and coordinate land releases and higher densities where demand is highest;
- Instigate improvements in land supply channelling to support dwelling completions to rise from 150,000 per annum up to 180,000, by way of green fields and infill development sites; and
- Undertake a multi-lateral asset recycling audit in the first term of this Federal government.

3.1.5 Monitor the Infrastructure, Land availability and Residential supply

Strategic monitoring of Infrastructure, land development and residential supply is vital to meeting the future housing shortfalls.

Such information leverages any new infrastructure to deliver optimal residential development output for the country.

The Issue:

Infrastructure boosts economic growth, creates jobs, drives investment and determines ultimately where we live.

At the present time there is less than adequate metrics to determine where population numbers could be better sustained by better infrastructure.

Previous estimates forecast the national shortfall in housing in 2011 was 228,000 dwellings, this gap will increase to nearly 370,000 dwellings by 2016 and 663,000 by 2031 without macro-economic coordination.

A future investment in infrastructure is multiplied if coupled with land supply and shortage information collectively.

The Solution:

The Productivity Commission is also positioned to develop and publish updates of housing market efficiency indicators.

Utilise the work of a housing supply monitor program to acknowledge the lack of housing supply as the root-cause of housing affordability issues in Australia.

4. Operation and effectiveness of rent and housing assistance programs

4.1 Commonwealth Rental Assistance

Commonwealth Rental Assistance is available to Australians who receive government payments, are renting in the private market and are paying below a pre-determined private rent threshold.

The Issue:

There are issues with ineligibility of people who are subject to housing stress such as low income individuals or families without children (and therefore not in receipt of family tax benefit), and some student recipients.

The payment levels in line with regional variations in rents is a shortcoming of the current system with the maximum rate being the same everywhere.

This structure potentially creates economic distortions in the housing market by encouraging relocation to areas with low costs with the downside of poor employment prospects.

The Solution:

Commonwealth Rental Assistance needs to reconsider the distortions to the market in regions.

In addition to removing the benefit of relocating to regions consideration must be given to dealing with the underlying causes of the social issues.

5. Contribution of home ownership to retirement incomes

5.1 An improved downsizing program for seniors

Seniors are currently penalised for downsizing to homes more suited to their needs, constraining housing supply and increasing healthcare costs.

The Issue:

The penalties associated with downsizing from a family home to a retirement village are preventing the efficient provision of health and aged care services, and preventing seniors from 'ageing in place' in homes that are built to support and extend independence.

The Solution:

In the 2013 Budget the Federal Government committed to a 2 year trial costed at $112.4 million to enable age pensioners to downsize without reducing their pension.

The trial, set to commence July 2014, is a good start but has significant scope for improvement in its design.

The trial is an admission that the current age pension assets test is a deterrent to downsizing.

However under the current design, the only pensioners who can downsize without being financially penalised are those who have owned their own home for more than 25 years.

Further, the amount of equity released by a pensioner who downsizes cannot be spent, even on health or care services. This is a missed opportunity to address a real problem.

To fully realise the benefits of this scheme, the Federal Government should:

- limit the trial to Australians aged 75 and over - i.e. move to age based eligibility rather than the length of home ownership test;
- limit eligibility to those Australians who qualify for the full rate age pension; and
- allow Australians who take advantage of this initiative to use the non-means tested funds held in their special account for a range of approved health and age-related service costs (up to $25,000 per year on health and wellbeing costs including private health insurance, community care, meals-on-wheels and cleaning).

5.2 Create conditions for private development of more affordable housing for seniors

Australian Governments together spent $12.9 billion in F2013 on residential aged care and community care packages for senior Australians.

This is forecast to rise significantly as the proportion of the over 65 population doubles by 2050 (Intergenerational Report 2010). .

Significant savings could be made by governments – including the Federal Government - adopting policy settings to encourage growth of the retirement village sector.

The Issue:

Retirement villages provide a highly cost-efficient hub for delivery of in-home care and health services, alleviate housing supply pressures for younger families, reduce hospital and aged care costs.

Retirement villages are an evolved financial model for happy, sustainable 'ageing in place', and reduce the demand for residential aged care.

Around 6% of the over 65 population currently live in a retirement village. Without a clear plan for growth of the retirement village industry, the Federal Budget will be lumped with unnecessary aged care expenses for years to come, and many senior Australians will have no option but to move to residential aged care facilities.

The Solution:

The Federal Government should:

- Work with industry on a national seniors strategy, with a focus on lifting the supply of affordable housing built for seniors who wish to downsize to a home designed to support independence;
- create a retirement village industry strategy to increase the number of independent living units built, with a particular focus on improving the tax treatment of the asset class;
- amend age pension income test rules to partially exempt the cash balance between the sale of a family home and the price of an independent living unit; and
- ensure retirement living is a standing item on the agenda of meetings of Federal, State and Territory Aged Care Ministers.

6. Taxes and levies imposed by the Commonwealth, state, territory and local governments

6.1 Negative Gearing

Negative gearing has created a positive relationship of mutual dependence between low and middle income Australians.

The majority of negative gearing benefits flow to middle income Australia which in turn provides a steady supply of essential, affordable housing for low income families.

Between 1984-1999, 9.3% of dwelling approvals were for public dwellings, however since 2000 this percentage has plummeted to 2.9%, with only 2% share of dwelling approvals over the 2013 year.

Public dwelling approvals have dropped from 16,300 homes built in the 1983-4 financial year to 3000 public dwelling approvals in the 2013 calendar year.

Individual investor numbers incentivised by negative gearing have increased over the past 30 years and their emergence has clearly taken pressure of public housing construction and maintenance budgets.

2010-11 ATO statistics indicate that 72.3% of all loss-making properties are owned by individuals who earn an annual income below $80,000.

The ATO statistics also indicate that 73% of the 1.7 million Australians investing in the residential property market have only one property with a further 18% having two properties. Therefore 91% of Australians residential investors own one and in the minority, two properties.

The majority of investors are ordinary mums and dads using negative gearing to boost their retirement savings and prosperity.

The Issue:
Restrictive changes to negative gearing will unfairly impact low and middle income taxpayers and effect affordable housing provision by:

- stalling the development of new housing, pushing up prices and rents undermining retirement savings.

The Solution:
The current negative gearing regime should remain in place without any alteration.

6.2 Stamp Duty

Stamp duty is an inefficient tax which persists as the principal way to raise revenue from real estate.

The Issue:

- As a transaction tax, stamp duty is a major distortion in the property market.
- Stamp duty causes people to invest in homes that are inappropriate for current needs.
- Stamp duty creates barriers for people to move including those wanting to upscale, move for work or older people that wish to downsize out of a large house into something smaller.
- Stamp duty discourages homeowners from moving to more appropriate homes.

The Solution:
- Residential stamp duty on all new developments should be eliminated.
- As part of the Abbott Government's Tax Modernisation White Paper there should be a commitment by State governments to work towards the complete abolition of stamp duty.

7. Increasing supply of accessible and adaptable housing

7.1 Liveable Housing Australia

Liveable Housing Australia (LHA) brings together lead stakeholders from the residential building and property industry, the ageing, disability and human rights sector and government to support better housing options that respond to the changing needs and abilities of people over their lifetime.

The Issue:

- Those with disabilities have great difficulty finding an affordable house to purchase or to rent.
- The cost of altering housing for seniors or those with disabilities is substantial in retrofit creating.
- There are perceptions that adding liveable features to housing equates to additional cost.

The Solution:

LHA has set aspirational targets for all new housing to be designed and built to meet minimum liveable housing design standards by 2020.

Today, LHA drives industry best practice through the Liveable Housing Design Guidelines, certifies dwellings that comply with the guidelines and trains registered assessors to evaluate the designs and completed construction of homes against the guidelines.

Government should work with LHA and its industry members and supporters to embrace the guidelines, and support industry with the training and education needed to design and deliver liveable homes.

Specifically the government should require that all new homes built utilising Commonwealth incentives, grants or funding should meet the Liveable Housing Australia accessibility guidelines.

8. Innovative funding mechanisms overseas

8.1 Adopt UK Model for infrastructure financing

Australia will face a significant infrastructure backlog in the coming decade in the order of $450 - 770 billion. Public infrastructure spending has been falling as a proportion of GDP since the 1980s – placing future productivity and prosperity at risk.

The UK approach to urban and regional growth provides the world's best model for smart planning and infrastructure investment.

The Issue:

In Australian public policy terms, the UK City Deal prototype represents a National Competition Policy-style approach applied to the urban and regional realm.

The core goal of the UK City Deal model is to direct infrastructure spending to projects that boost productivity, employment and economic growth.

The UK model represents a radically new approach to infrastructure funding and financing.

The UK approach determines an economic growth budget for a designated region. Regions are rewarded for achieving and exceeding these growth budgets.

The Property Council is currently working with the South East Queensland Council of Mayors (CoMSEQ) and the Queensland Government to adapt the City Deal approach to Australian circumstances.

The Solution:

The Federal Government should facilitate a COAG-level group (working with the private sector) to develop an urban and regional growth framework for Australia, adapted from the UK experience and proposed SEQ pilot study.

9. The community housing sector and affordable housing

The Community Housing sector has developed a strong capacity to partner with the private sector in joint ventures and partnerships to provide affordable housing solutions.

The Issue:

The capability in developing affordable housing has been developed over the past two decades.

The capacity of these partnerships to get housing stock out on the ground will be set back for at least a decade if programs such as NRAS are wound up.

Some issues, such as the failure to provide stock transfer, are also limiting the ability of the community sector to capacity build to deliver additional affordable housing stock.

The lack of consistent regulations and accreditation also makes the role of community sector organisations harder to deliver affordable housing.

The Solution:

Residential developers schedule their business around deadlines, payments, stage completions and projects running smoothly. These efficiencies are needed to be factored into the housing plan nationally.

The community sector have matured, operating at efficiencies that are in synch with the development industry.

To further support these partnerships and to allow the community sector to grow their capacity to undertake the work, stock transfer should accompany affordable housing programs to leverage the assets to create multipliers.

Accreditation of community sector needs to also be available to support better affordable housing delivery outcomes.

10. The case for a national affordable housing plan

The Federal Government has a leadership role to play in addressing housing affordability. Solutions to restoring affordability are long term and must involve commitment from all levels of government.

The Issue:

Housing affordability indicators have shown a lack of housing options for the lowest quintile of the community for some time however the problem is set to compound in future budget cycles if continued support and additional solutions are not considered in 2014-15.

The Property Council supports the role of the Federal Government in housing affordability proposals.

Maintaining and improving current programs such as NRAS is vital to the long term national housing plan.

The RDC also believes private sector involvement in refining the proposals will be critical to its success.

The Abbott Government is positioned to provide leadership in housing supply and affordability.

It is for this Federal Government to consider the prospects of a growing nation which will demand 4.6 million new dwellings between 2001 and 2031.

The Solution:

Federal, State Territory and Local governments through COAG must commit to a Housing Affordability Agenda.

Policy solutions as outlined should be formulated which leverage private sector expertise, reduce taxes and charges on the industry, streamline the regulatory system to significantly improve the development assessment process and remove the constraints which limit urban growth including availability of land supply.

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