

## **ACT SHELTER RESPONSE TO AFFORDABLE HOUSING TASKFORCE REPORT APRIL 2003**

### **INTRODUCTION**

ACT Shelter welcomes the release of the Affordable Housing Taskforce Report. The report contained a number of unsurprising, but nonetheless disturbing findings in relation to the treatment of low income people in the ACT housing market.

We agree with the Taskforce finding that the supply of affordable housing in Canberra is limited and dwindling. We note that much of the data that informed the task force was compiled in 2001. It is our contention that the situation has considerably worsened since then. Industry sources were quoting a private rental market vacancy rate of under 2% in December 2002 and this has been exacerbated by the bushfires in January 2003 when the private rental market experienced unexpected and unprecedented demand and movement of public housing waiting lists was virtually halted.

The loss of temporary accommodation options, such as the Macquarie Hotel and Canberra Central Apartments has also impacted negatively on the market as people moving to Canberra for short term work contacts now take up housing that might otherwise be available longer term for low income households.

Insufficient supply of rental housing is locking low income and disadvantaged people out of the market and forcing rents up. We agree with the Housing Advisory Committee that the Affordable Housing Taskforce recommendations that lead to an increase in housing supply be supported and immediately implemented.

In December 2002, we welcomed the Government's announcement of the restoration of security of tenure in public housing. While we welcome recommendations that increase tenant choice, we do not support Taskforce recommendations that seek to force market renters out their homes or out of public housing altogether. We are particularly concerned that the Taskforce seeks to blame these tenants for the failures of successive Federal and Territory Governments to maintain funding for social housing acquisition. It is our submission that these recommendations contradict the objective of supporting sustainable communities and also the Taskforce's findings on widening public and community housing eligibility. As well as contributing to the building of social capital in communities, market renters make a considerable financial contribution to the public housing budget.

While we recognise that the process of responding to this report was not entirely within the Government's control, it should be recognised that lack of an appropriate lead time has limited the scope of Shelter's response. While we

have indicated general support for a number of recommendations, in some cases we will require more time to carefully consider issue, particularly where they are quite complex. We look forward to the opportunity to provide more detailed input as further investigations are undertaken on particular initiatives.

## AFFORDABLE HOUSING TASKFORCE RECOMMENDATIONS

### **Recommendation 1: (p53)**

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.

**Shelter's Comment:** ACT Shelter is supportive of this recommendation recognising that it seeks to support the general directions of the Taskforce report.

### **Recommendation 2: (p54)**

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.

**Shelter's Comment:** As stated above, Shelter is concerned with the Taskforce linking duration of housing need solely to a household's financial circumstances. This contradicts the objective of security of tenure and sustainable communities. ACT Shelter is supportive of the development of options that increase tenant choice as their household circumstances change over their lifetime.

### **Recommendation 3: (p55)**

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.

**Shelter's Comment:** Shelter supports this recommendation.

**Recommendation 4: (p56)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation. It is our view that the best way to protect community interests is for government to retain ownership of assets.

**DEVELOPING SOCIAL HOUSING****Recommendation 5: (p58)**

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

**Shelter's Comment:** Shelter supports this recommendation.

**Recommendation 6: (p58)**

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.

**Shelter's Comment:** It is very curious that the findings and conclusions of Jon Hall and Associates (Background Paper no. 2), in particular their positive research results on the cost effectiveness of public housing and the deficiencies of current housing assistance strategies were deemed to be merited little more than this passing recommendation for further consideration.

Changes to the Commonwealth housing assistance strategies will obviously require much more time and research efforts, ACT present housing condition, however, demands more immediate actions from ACT government. In the absence of more effective housing policy present spending on housing could be concentrated in areas where they have been proven to be most effective. Social housing, mainly public housing in the ACT, is the lone candidate.

**Recommendation 7: (p60)**

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 providers.

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.

**Shelter's Comment:** We support the development of products aimed to encourage tenants to transfer to stock more suited to their needs, however we are strongly opposed to any measures that force involuntary moves on tenants. We are strongly opposed to the final dot point in this recommendation regarding price signalling mechanisms as this will cause undo hardship and increased poverty for tenants who chose to remain close to support services and networks.

**Recommendation 8: (p60)**

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.

**Shelter's Comment:** As stated above, Shelter is not opposed to increasing options for tenants and encouraging voluntary measures to improve stock utilisation.

**Recommendation 9: (p61)**

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.

**Shelter's Comment:** As with recommendation 8 above, Shelter is supportive of any measure that provides tenants with real housing choice. We therefore support the first dot point regarding the development of options and incentives to encourage tenants to consider moving from social housing. We do not support price signalling measures and we are strongly opposed to selling off any part of this portfolio. As stated in our introduction market renters provide a valuable social and economic contribution to the public housing system.

**Recommendation 10: (p62)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation.

**Recommendation 11: (p63)**

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.

**Shelter's Comment:** As this recommendation will lead to an increase in supply Shelter is generally supportive of it. We would be concerned to ensure that in any move to project homes care was taken to continue to provide high quality housing that is not able to be readily identified as social housing.

**Recommendation 12: (p63)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation.

**Recommendation 13: (p64)**

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

**Shelter's Comment:**

Shelter is supportive of an increase in supply, however we believe that **both** the public and community housing sectors should be expanded.

**Recommendation 14: (p65)**

It is recommended that the Government work with the community and affordable 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.

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.

**Shelter's Comment:** Shelter supports the Government to work with the sector on the development of a sustainable affordable housing model for expansion, however we urge caution in moving forward to the development of an intermediary model. It is Shelter's opinion that the ACT community housing sector is not sufficiently informed about such arrangements, or alternatively several providers have expressed serious reservations about proposed arrangements. It is imperative that the sector is adequately resourced to engage in debate about such a radical change to current arrangements.

**Recommendation 15: (p66)**

It is recommended that Community Housing Canberra Ltd be nominated as an affordable housing provider for the purposes of implementing this strategy, and in conjunction with the Government, consider appropriate structures to enable it to deliver affordable housing outcomes.

**Shelter's Comment:** Shelter expresses concern with this recommendation. On what basis has Community Housing Canberra been selected to act as an intermediary? The accompanying discussion in the Taskforce report refers to two organisations that might undertake this function, but goes on to dismiss the unnamed organisation without rationale. As discussed it is clear to ACT Shelter that the community housing sector has been able to fully consider the implications of such a move or indeed whether there are any alternatives.

**Recommendation 16: (p67)**

It is recommended that the Government determine the property holding arrangements for properties transferred to Community Housing Canberra Ltd 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 safeguarded; and
- the value of the properties previously transferred to CHC be utilised to leverage additional private sector investment in community and affordable housing.

**Shelter's Comment:** Shelter does not support this recommendation. We are concerned at potential loss of stock and that tenants' security of tenure will be threatened the asset management or loan repayment imperatives.

**Recommendation 17: (p67)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation. We suggest that the recommendation be reworded to "...the annual Land Release Program should allocate sites to affordable housing providers. ...." We also recommend that standards be developed so that the poorest land is not allocated to affordable housing.

## ENCOURAGING PARTNERSHIPS

**Recommendation 18: (p68)**

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.

**Shelter's Comment:** Shelter is not supportive of this recommendation as it does not provide any long term benefits for social housing. We are also concerned that this strategy will lead to the loss of valuable social housing land as has occurred in other jurisdictions.

**Recommendation 19: (p69)**

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

**Shelter's Comment:** ACT Shelter does not support head-leasing as a long term housing option as there is no lasting benefit to the social housing system. We do however, support a limited application head-leasing program to support the asset management strategy. In the case of multi-unit redevelopment, allocating relocated tenants to head-lease properties would minimise the impact on public housing waiting lists. Expanding the head-lease program would of course require measures to stimulate growth in the private rental market.

**Recommendation 20: (p70)**

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

**Shelter's Comment:** ACT Shelter would urge caution in entering into private sector partnerships. Many of the large redevelopment projects undertaken in other jurisdictions have not provided favourable outcomes for tenants as the social housing returns have been of a lesser quality than private sector stock and additional financial incentives have been required to attract developer partners. There is a large body of overseas research that indicates that such are not favourable to long term affordable housing outcomes. In most cases stock is disposed of or rents rise to market rates as soon as quarantine periods expire.

**Recommendation 21: (p70)**

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

**Shelter's Comment:** Shelter is supportive of this recommendation.

**Recommendation 22: (p70)**

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.

**Shelter's Comment:** As stated earlier, ACT Shelter is concerned at the risks associated with leveraging public housing stock. We are therefore supportive of the cautious approach suggested by this recommendation.

## PROMOTING PRIVATE RENTAL HOUSING

**Recommendation 23: (p71)**

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.

**Shelter's Comment:** Shelter strongly supports this recommendations and trusts that it will be implemented in the upcoming Territory budget.

**Recommendation 24: (p72)**

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.

**Shelter's Comment:** Shelter is not supportive of a rental guarantee scheme although we appreciate the sentiment behind its design. We are concerned that the rental guarantee may in fact encourage further discrimination in the market as some low income tenants are in receipt of guarantees and others are not. We are also concerned that the process of claiming on a guarantee may undermine the disputes resolution processes of the Residential Tenancies Act and that the guarantee may become a further income stream for unscrupulous landlords.

We have been encouraged by the good work of the Canberra Emergency Accommodation Services (CEAS) in negotiating with private landlord to provide accommodation to their clients and we would recommend that further resources be allocated to this approach.

**Recommendation 25: (p72)**

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

**Shelter's Comment:** Shelter supportive of this recommendation.

## SUPPORTING HOME OWNERSHIP

**Recommendation 26: (p73)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation. It is our submission that stamp duty windfalls should also applied to affordable housing initiatives.

**Recommendation 27: (p74)**

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

**Shelter's Comment:** Shared equity schemes have been previously introduced in other Australian jurisdictions. The schemes in Victoria and NSW have been notorious for their unfavourable outcomes for tenants, the large numbers of defaults and ongoing litigation. People who enter these schemes have no protections under tenancy legislation and carry a far higher share of the outgoings than their equity partner.

Shelter is not supportive of shared equity schemes targeted to individuals as they are generally unaffordable and unfair. However we would be supportive of investigating group equity schemes, such as equity cooperatives or sweat equity home building schemes.

**Recommendation 28: (p74)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation.

**USING PLANNING MECHANISMS**

**Recommendation 29: (p75)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation.

**Recommendation 30: (p76)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation.

**Recommendation 31: (p77)**

It is recommended that the ACT Government amend the definition of 'supportive housing' 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.*

**Shelter's Comment:** Shelter is concerned that the revised definition does not support the important objective of separating housing and support services.

**Recommendation 32: (p78)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation.

**Recommendation 33: (p80)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation.

**Recommendation 34 (p82)**

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 floor space 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.

**Shelter's Comment:** Shelter is supportive of this recommendation.

**Recommendation 35: (p82)**

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

**Shelter's Comment:** Shelter is supportive of this recommendation.

**Recommendation 36: (p84)**

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.

**Shelter's Comment:** While supportive of the general direction of this recommendation, Shelter is concerned that the recovery of costs from unsuccessful applicants will provide a barrier to low income people wishing to lodge a legitimate application.

**Recommendation 37: (p84)**

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 stock before finalising the variation. The Government should also show how these matters are taken into account in the final variation.

**Shelter's Comment:** Shelter is supportive of this recommendation.

**Recommendation 38: (p85)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation. We also recommend that affordable housing floor space must be allocated for the life of the building.

**Recommendation 39: (p86)**

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

**Shelter's Comment:** Shelter is supportive of this recommendation. We would amend the recommendation to include the involvement of the community in the development of the studies.

## RAISING COMMUNITY AND INDUSTRY AWARENESS

### **Recommendation 40: (p87)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation.

### **Recommendation 41: (p87)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation.

### **Recommendation 42: (p88)**

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

**Shelter's Comment:** Shelter is supportive of this recommendation.

## ASPECTS OF IMPLEMENTATION

### **Recommendation 43: (p90)**

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.

**Shelter's Comment:** While we agree in principle with this recommendation, as we stated earlier, Shelter believes that more work is needed on a number of issues in particular investment proposals.

**Recommendation 44: (p91)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation.

**Recommendation 45: (p92)**

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 also emphasise affordable housing provision.

**Shelter's Comment:** Shelter is supportive of this recommendation.

**Recommendation 46: (p92)**

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.

**Shelter's Comment:** Shelter is supportive of this recommendation.

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