

Homing in on 2020

ACT Shelter submission to the 2019/20 ACT
Budget Consultation
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Who we are and what we do



- ACT Shelter is independent, member-based, non-profit affordable housing advocacy Association.
- We seek to eliminate housing related poverty through systemic advocacy promoting the right to adequate, affordable, safe and secure housing .
- We provide strategic advice on affordable housing and related matters .
- This advice is informed by or members and credible research



Context - Capital Housing Trends

- The proportion of people renting privately has increase from 17% to 25%
- The proportion of Canberrans in public housing has fallen from 11.4% to 6.7%
- Homelessness has increased by 61% since 2006 and federal funding models have seen overall bed numbers decline
The proportion of Canberrans who own their homes has slipped below outright owners for the 1st time in history
- The proportion of Canberrans entering retirement still paying off a mortgage has increased by 21%
- Home purchase rates among younger Canberrans are trending down



Who
occupies
what type of
housing?

Key points - framing our asks



- Adequate housing is a Universal Human Right affirmed in both the Universal Declaration and International Covenant on Economic, Social and Cultural Rights (ICESCR)
- Private housing has become an embedded investment and asset class in Australia - yet the discourse on public housing is deficits-based, divestment and a liability on Government balance sheets
- All housing should be treated as critical economic infrastructure - it can and should be an enabler of participation, place-making and productivity
- A 'new-build' narrative is needed for housing assistance - to reframe it as an investment in inclusive growth

Housing Context - ACT & Federal



The Housing Strategy was developed in the context of other reforms

- Housing Choices work demonstration projects, diversifying built form and the accompanying Deliberative Democracy process
- Land Development & Release and Urban Renewal
- Separation and Deliniation of Land Development Agency Role
- Residential Tenancies Act amendments
- Housing and homelessness measures in the Parliamentary Agreement
- Suburban rezoning provides a further opportunity for housing action
- The Aging in Place , Early Intervention , Family Safety & Justice Reforms and Women's Strategy **MUST** link to housing

Federal Context - 2017/18 Budget Measures



- The National Housing Finance and Investment Corporation (Overall a good outcome for the ACT providing potential opportunities to secure housing infrastructure funding and support Community Housing Orgs to engage with the intermediary and other orgs to aggregate demand.

There are measures to incentivise investment in affordable housing by trust funds. Opportunities for new affordable supply in the ACT by combining these with local incentives should be explored.

- The ACT Government must ensure measures it implements position the Territory to leverage federal funding to improve housing outcomes

Context - 2017/18 Federal Measures



- The National Housing and Homelessness Agreement (Overall a poor outcome for the ACT as we are again short-changed by the per capita funding model)
- Federal investment in public housing has declined by 40 per cent since 1989 and there are no indications of an appetite to reverse this trend.
- Allocations policy has rationed Housing ACT properties to tenants with the highest needs on lowest incomes. For a system with an income-based rent setting model this has been a fiscal disaster.

Asking rents vs income (selected groups)



Selected examples	Annual Income	Rent per week	% relative to income	Housing Stress or Crisis
Newstart Allowance	\$14,196	\$330 (1 b.r.)	114.4	Housing Crisis
Single Pensioner	\$21,496	\$330 (1 b.r.)	73.0	Housing Crisis
Minimum Wage (F/T)	\$36,120	\$330 (1 b.r.)	48.0	Housing Stress
APS Graduate	\$50,495*	\$330 (1 b.r.)	32.4	Housing Stress
Minimum Wage Couple	\$72,240	\$460 (2 b.r.)	33.6	Housing Stress
Dual Income & 3 kids	\$72,240	\$590 (4 b.r.)	42.4	Housing Stress
ACT Median income	\$106,354	\$540 (3 b.r.)	26.4	Affordable

Context: Housing Stress and Housing Crisis in the ACT



- Housing stress - Pre tax household income is less than \$90,000 per year housing costs (rent or mortgage) = > 30% of gross income
- Housing crisis - Pre tax household income is less than \$90,000 per year & housing costs (rent or mortgage) = > 50% of gross income
- Housing stress means compromising on health care, heating/cooling, quality of life and savings capacity while housing crisis means no capacity to save \$2000 for a large expense in case of emergency and places people in debt & at risk of homelessness

Median weekly asking rents in the ACT



- Rents have also increased much faster than incomes in the ACT
- The vast majority of people renting privately report household incomes of less than \$80,000 per year.
- By contrast the median household income in 2017 was \$106,354 per annum.
- Over 50% of ACT private rental households are in housing stress*



Housing Tenure by Income Quintile*



TEND Tenure Type	Lowest two quintiles (Q1, Q2)		Upper three quintiles (Q3, Q4, Q5)		All Quintiles	
	Number	% of total	Number	% of total	Number	% of total
Owned outright	19,224	34.1%	18,441	21.8%	37,665	26.7%
Owned with a mortgage	10,803	19.2%	43,151	51.1%	53,954	38.3%
Rented	23,370	41.5%	21,389	25.3%	44,759	31.8%
Being purchased under a shared equity scheme	57	0.1%	52	0.1%	109	0.1%
Being occupied rent-free	573	1.0%	310	0.4%	883	0.6%
Being occupied under a life tenure scheme	406	0.7%	60	0.1%	466	0.3%
Other tenure type	309	0.5%	179	0.2%	488	0.3%
Not stated	1,582	2.8%	915	1.1%	2,497	1.8%
Not applicable	0	0.0%	0	0.0%	0	0.0%
Total	56,325	100.0%	84,496	100.0%	140,821	100.0%

Interventions to improve housing affordability



- **Supply-side interventions:** As the name suggests, supply-side interventions are designed to increase the supply of housing. Tax incentives have been the primary supply-side interventions used to stimulate housing supply in Australia, though stock transfer may increase capacity of some community housing providers to leverage new supply.
- **Planning , taxation and zoning instruments:** Mechanisms to guarantee or incentivise the inclusion of affordable housing (for rent and purchase) in new residential developments and urban renewal sites. Abatement of property taxation and usage/zoning charges.
- **Demand-side interventions:** Demand side interventions usually come in the form of direct cash payments or other measures. The budget allocation is determined by the level of demand for private rental and social and affordable housing by eligible applicants for each intervention



Supply of Units versus Houses since 2007*

- The table on the right reproduces statistics from the Chief Minister’s, Treasury and Economic Development Directorate’s Land Release Program.
- It shows of the 40,000 new homes added to the total housing stock since 2007 just under 25,000 have been units and apartments and just over 15,000 have been detached houses.
- Supply - big part of the story but it needs to be the right type at the right price for the people who need it.
- There has been strong growth in supply of apartments but many families are looking for townhouses and detached homes

	Single Residential Blocks (dwelling sites)	Multi-unit (dwelling sites)	Total
2007-08	1,592	1,878	3,470
2008-09	2,331	2,008	4,339
2009-10	1,856	2,423	4,279
2010-11	3,233	1,815	5,048
2011-12	566	1,900	2,466
2012-13	2,208	2,146	4,354
2013-14	601	2,698	3,299
2014-15	329	3,340	3,669
2015-16	1,159	2,865	4,024
2016-17	1,444	3,463	4,907

Demand/Supply projections to 2040?



Housing Demand

5000 - 6000 dwellings per year outwards to 2030

6000 - 7000 from 2030 - 2040

Demand for affordable and social housing will be roughly 1/3 of the total demand

Demand for small & large homes will be highest

Housing Supply

3500 - 4200 dwellings has been the average in the past decade

This will increase slightly as capacity in the construction industry increases

There is little evidence this will be matched at the lowest cost end of the market

Demand/Supply Balance

We need about 1200 properties to house everyone currently experiencing homelessness

1328 homes would be enough to bring the current public housing waiting list to zero - assuming property matching to median social housing household size

6500 Rental properties let at less than \$400 per week are needed to move every rental household out of housing stress or housing crisis

Achieving your Housing Strategy Goals



- A big uplift in the supply of homes people can rent without going without the basics is needed
- Set bold targets and set aside realistic resources and timeframes to support their achievement These targets should link across all 5 goals in the strategy and include homelessness reduction and pathways
- To end homelessness - it takes an affordable secure home. For a small number this means permanent, supportive homes.
- New private rental assistance products - at least two of them
- To prevent homelessness by investing at key transition points and in new service models for children at risk
- To build local capacity for developing an independent evidence base for monitoring and review - where we come in

Aim High! Set Bold Strategy Targets, set aside resources to achieve them.



ACT Shelter recommends:

Setting bold targets and set aside realistic resources and timeframes to support their achievement. These targets should link across all 5 goals in the strategy and include homelessness reduction and pathways to home purchase for Canberrans with aspirations to own.

The 15% target is a great start but we should aim for continuous improvement over the life of strategy .

To maintain social housing at the 2016 Census night levels about 7% of the 15% would need to be social rentals. A 7/7/7 21% target by the end of the strategy could therefor be a worthy aspiration.

Budget Ask #1 - Social Housing Supply



1.1: Reduce the shortage of affordable and available rental homes by 20% by 2020

Based on ACT Government data this means 1300 housing outcomes - it is a bold target but we need to aim high if we are to make meaningful progress towards achieving the goals in our housing strategy.

1.2: ACT Shelter endorses the first ask from the Community Housing Industry Association in their submission to the 2019/20 ACT Budget Consultation

Large growth in ACT Government's annual "community housing" targets (minimum of 100), with access to community housing sites by CHPs at a price that enables CHPs to be financially sustainable

Support material (>10%) year-on-year growth in social and affordable housing provided by CHPs

1.3: 20 for 20 by 2020 - The ACT Government should support a community survey to identify who the people are in our community who are most at risk of premature death in our community and fund 20 permanent, supportive housing outcomes to mitigate this risks

These actions would contribute to progressing goals 1, 2, 3 and 4 in the Housing Strategy.

Ask #2 : Inclusionary zoning & tax concessions to incentivise affordable housing



- 2.1: Work with developers to determine the most appropriate mechanisms to leverage maximum affordable housing supply on a case-by-case basis in new development sites exceeding 20 properties in the ACT

2.2: ACT Shelter endorses the following Budget Asks from CHIA ACT

Inclusionary zoning to focus on achieving not only affordable purchase opportunities per current Government policy, but also affordable rental opportunities

- Planning concessions for CHPs, or developers in partnership with CHPs e.g. height limits, plot ratio, streamlined approvals, parking
- E.g. allow change in use

Rates exemption for all CHP-owned social and affordable properties

Ask #2 : Incentivise affordable, accessible housing outcomes where they otherwise would not occur



2.3: ACT Shelter recommends permitting developers to make contributions to a future fund designating to finance affordable and social housing supply outcomes in alternative sites - subject to viability threshold testing to demonstrate why this cannot be achieved on the higher value site

2.4: The ACT Government should couple IZ & Tax Concessions with Value-Uplift Recapture measures to maximise efficacy and effectiveness

2.5: Reinvest windfall gains from property revenue in affordable and social housing as priority infrastructure to support inclusive growth and investment in the future of our communities and those who are missing out on the many benefits the capital region has to offer. Price people back in to the Canberra community and lay a lasting foundation for social & affordable housing - it's a win/win.

2.6: Reinvestment should also include measures to increase the supply of housing that is accessible for people with disabilities and housing that meets Universal Design standards to support aging in place.

Ask #3: Private Rental Assistance



- In 2016 ACT Shelter and the Supportive Tenancies Service prepared a paper examining Private Rental Assistance Products offered in Australian States & Territories. The ACT offers fewer subsidies than elsewhere despite our high cost market is the fastest growing tenure and increasingly occupied by people who can't afford it, we reiterate our ask from that paper.

3.1: The ACT Government fund a minimum of two new Private Rental Assistance Products to improve access and outcomes.

3.2: ACT Shelter endorses the 4th ask in the CHIA ACT Submission - Land tax exemptions for private landlords as well as potential rates concessions conditional upon the management of the properties being outsourced to CHPs for affordable rental provision

Ask #4 - Prevent Homelessness



Homelessness has a devastating impact on the lives of people impacted by it.

Prevention is the best cure. It is also Cheaper. A night in the Adult Mental Health Unit costs Government over \$1000. A night in Canberra Hospital up to \$6000. A night in AMC - over \$250. A night at home with rebated rent and maintenance factored in - costs \$70. It has the backing of Joint Pathways. It should be a no-brainer.

4.1: We therefore recommend priority actions be undertaken to prevent exits into homelessness from care and protection, health and justice settings, noting investments already made.

We also recommend you require public reporting of accommodation transitions to encourage good behaviour.

Target: Get them to Commit to contributing \$ to housing led solutions to reduce exits into homelessness from the Alexander McConachie Centre, Adult Mental Health Unit, Out of Home Care and public hospitals by 20% by 2020

4.2: We also endorse the therapeutic service response ask by the Youth Coalition of the ACT and Families ACT and the broader focus on children's 'middle years articulated in the Families ACT submission.

Ask #4: Prevent Homelessness



4.2: We are not well placed to provide a gendered analysis of housing need for women. Fortunately member services are.

We therefore offer endorsement of the housing asks in the submission by YWCA Canberra to the 2019/20 ACT Budget Consultation process

We also-reiterate our endorsement from previous years of their called for a gendered analysis of the ACT Budget as it would support us to achieve our next ask.

Ask #5: A local evidence base to support monitoring the Housing Strategy



- ACT Shelter is deeply committed to improving housing access and outcomes for Canberrans priced out of the housing market and who are experiencing homelessness.
- We broadly welcome the housing strategy and want to work constructively with the ACT Government to support its successful implementation and work with you to achieve its goals. With a staffing capacity of just 1.2 Full Time Equivalent staff, this is incredibly difficult.
- We seek a funding increase of at least \$90,000 per annum* to employ a Policy and Projects Officer tasked with building a local evidence base to support monitoring and review by coordinating a response to the strategy for the purposes of feeding into the dedicated review points.

Ask #5: A local evidence base to support monitoring the Housing Strategy



- We want to play a constructive role in building the local capacity to respond to housing challenges and support housing aspirations to be realised by all Canberrans. To do that, we need to build our own capacity and we seek your assistance to enable us to do so.
- Finally, we need to see the benefits of the housing strategy realised by a range of member and stakeholder interest groups. We therefore offer our endorsement to the asks in the submission by the ACT Council of Social Service on the role of peak bodies

THANK YOU



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