

## Commonwealth initiatives on housing assistance since 2008

### **First wave: Commonwealth Budget, May 2008**

The **National Rental Affordability Scheme** provides for government subsidies contributed on a 3:1 basis by the Commonwealth, and states and territories – to encourage construction of new dwellings for rental targeted to moderate income earners as well as to low-income earners. This scheme aims to increase the supply of affordable rental dwellings by up to 50,000 by 2012 by offering tax incentives to investors, with the possibility of a further 50,000 being made available post July 2012, subject to demand. The Commonwealth Budget allocation was \$622.6 million for 4 years.

The **A Place to Call Home** scheme provides Commonwealth subsidies to finance the construction of new dwellings for crisis accommodation for homeless people, linked to the public housing system. The program involves the funding of \$150 million over 5 years to acquire up to 600 new dwellings (155 in New South Wales) for allocation to homeless people. The homeless families and individuals will receive tenancy and other support for the first 12 months; after the expiry of the support period, the dwellings will be transferred to the general public housing pool and their tenancy extended in accordance with normal public housing tenancy arrangements. The states and territories are to match the Commonwealth contributions, with the state/territory contributions to include the provision of 12 months' support services. The funding for each state/territory is in accordance with their proportion of the Australian homeless population. Additionally, Aboriginal people are to receive dwellings and support under the program in accordance with their proportion of the Australian homeless population.

The **National Housing Supply Council** will publish an annual 'State of supply report' to analyse the adequacy of land supply and dwelling construction for the next 20 years.

The total amount allocated over the next 4 financial years, and with some costs associated with the previous financial year (2007–08), was \$10.2 million.

The **Housing Affordability Fund** will offset local and state government regulatory costs to the development of new dwellings: (a) the cost of developing new infrastructure such as water, sewerage, transport and parklands (local government infrastructure charges are ultimately paid by the new home buyer); and (b) the ‘holding costs’ associated with planning and approval delays such as interest, land taxes, council rates and staff costs, which are ultimately paid by the new home buyer. The fund will pay for \$30 million of the rolling out of electronic development assessments and online tracking services to streamline development consents on dwellings. Money from the fund will be allocated to local governments and state governments. The budget allocation was \$512 million over the next 5 financial years.

The **First Home Savers Accounts** are a ‘superannuation-style’, low-tax savings account to help first homebuyers save a deposit for purchase of a dwelling. The first \$5,000 per year saved in such an account will attract a 17% government contribution, and interest on the accounts will be taxed (for income-tax assessment purposes) at a flat rate of 15%. The budget allocation was \$1.03 billion over 4 years.

### **Second wave: COAG, November 2008**

The Council of Australian Governments (COAG) adopted a **National Affordable Housing Agreement**, which replaced the Commonwealth–State Housing Agreement (covering public rental housing, state owned and managed Aboriginal housing, community housing, the Crisis Accommodation Program, home purchase assistance and private rent assistance) and the Supported Accommodation Assistance Program (SAAP V) Agreement (covering support and supported accommodation for people who are homeless or at risk of homelessness), from 1 January 2009. The agreement’s objective is that all Australians have access to affordable, safe and sustainable housing that contributes to social and economic participation. The agreement covers a number of housing sector reforms, including: improving integration between the homelessness service system and mainstream services; reducing the concentrations of disadvantage that exist in some social housing estates; improving access by Aboriginal people to mainstream housing, including homeownership; enhancing the capacity and growth of the not-for-profit housing sector; and planning reform for greater efficiency in the supply of housing. The Commonwealth and state and territory governments, as well as the Australian Local Government Association on behalf of local government, are parties to the agreement. The agreement is ongoing, but it may be amended by COAG.

A **National Affordable Housing Specific Purpose Payment** will be funded by the Commonwealth at \$6.2 billion over 5 years from 2008–09; this is \$46 million more than indicated in the forward estimates in the 2008–09 Commonwealth Budget. Unlike funding under the Commonwealth–State Housing Agreement and the SAAP V Agreement, the states and territories are not required to match this funding.

A **Homelessness National Partnership Payment** will be funded at \$800 million over 5 years, comprised of \$400 million from the Commonwealth and \$400 million from the states and territories. The objective of the national partnership is that people who are homeless or at risk of homelessness achieve sustainable housing and social inclusion. The Homelessness National Partnership Payment is additional to moneys to services under SAAP which were rolled into the National Affordable Housing Agreement. The programs funded through this payment will be new initiatives to address homelessness following the Commonwealth Government's white paper, *The road home* (21 December 2008), which sets out 2 headline goals: to halve overall homelessness by 2020; and to offer accommodation to all rough sleepers who need it by 2020. The 3 key strategies of the national partnership (and the white paper) are: prevention and early intervention to stop people becoming homeless; improving and expanding the service response to homelessness; and breaking the cycle of homelessness. The agreement will expire on 30 June 2013 (subject to conditions).

A **Social Housing National Partnership Payment** involves a Commonwealth subsidy of \$400 million over 2 years that does not have to be matched by the states. This **Social Housing Growth Fund** is for capital investment for new social housing dwellings for people who are homeless and at risk of homelessness. The agreement will expire on 30 June 2010.

A **Remote Indigenous Housing National Partnership Payment** by the Commonwealth involves \$1.94 billion over 10 years for construction of up to 4,200 new dwellings, and upgrades of up to 4,800 existing dwellings, focused on rural and remote Aboriginal communities. The outputs specified in the agreement include: the supply of safe and adequate housing that will contribute to improved living standards for Aboriginal people in remote communities; standardised tenancy management of all remote housing that ensures rent collection, asset protection and governance arrangements consistent with public housing standards; a maintenance and repair program that progressively increases the life cycle of remote Aboriginal housing from 7 years to a public housing-like life cycle of up to 30 years; and progressive resolution of land tenure on remote community-titled land in order to secure government and commercial investment, economic development opportunities and homeownership possibilities in economically sustainable communities. The agreement will expire on 30 June 2018 (subject to conditions).

The Commonwealth Government introduced a **First Home Owner Boost** subsidy, which supplements the NSW Government funded First Home Owner Grant Scheme. First home buyers who purchase established homes will receive a boost of \$7,000 that will double the grant to \$14,000; first home buyers who build a new home or purchase a newly constructed home will receive an extra \$14,000 to take their grant to \$21,000. There are conditions relating to this initiative, being a short-term stimulus for the housing construction industry as part of the government's economic security initiative of November 2008. When this scheme expires, the states will be able to put a cap on the value of a property to be eligible for a First Home Owner Grant.

### **Third wave: COAG, February 2009**

A **Social Housing Initiative** is part of the Commonwealth's 'Nation building and jobs plan' announced on 3 February 2009, with additional moneys to those announced in November 2008. This initiative is set out in the **National Partnership on the Nation Building and Jobs Plan**, and involves time-limited commitments integral to the Commonwealth's response to the global economic recession. The agreement will expire on 31 December 2012 (subject to conditions). An allocation of \$6.388 billion will fund the construction of about 20,000 new public and community housing dwellings, to be built primarily for people who are homeless or at risk of homelessness and to be largely completed by December 2010. This initiative includes money for repairs to 2,500 existing public housing dwellings to be undertaken in 2008–09 and 2009–10 and to bring forward construction of public housing dwellings already approved, and also allocation of the remaining funding to the states and territories for social housing (not just public housing) directed to areas of priority social housing need. As part of this initiative, the states and territories are required to implement reforms to the social housing sector, including: the integration of public and community housing waiting lists; reducing concentrations of disadvantage to create mixed communities that improve social inclusion; the introduction of a national regulatory system for not-for-profit housing providers; improved efficiency of social housing through better matching of tenants with appropriate dwelling types and the introduction of rent-setting policies that reflect the type of dwellings occupied by tenants; and better use of government land to provide more affordable housing opportunities for low-income earners.

A capital injection of \$251.6 million to **Defence Housing Australia** is also part of the Commonwealth's 'Nation building and jobs plan' and involves time-limited commitments integral to the Commonwealth's response to the global economic recession. It will allow for the construction of 802 new dwellings, additional to DHA's existing 3-year capital expenditure program.

## Other announcements

The Commonwealth Government revised the **Commonwealth Property Disposals Policy** on 25 February 2009. The general policy is that Commonwealth property, having no alternative efficient use, is to be sold on the open market at full market value. One of the exceptions is that where surplus land is assessed as being suitable for advancing housing and/or community outcomes, such land is to be disposed of under a site-specific strategy in order to facilitate: increasing housing supply without adversely affecting surrounding property prices; improving community amenity; and creating jobs.

The **National Housing Supply Council** released the 2008 *State of supply report* on 11 March 2009. The council reports that the gap between total underlying demand and total supply is conservatively estimated to be approximately 85,000 dwellings as at June 2008, taking into account information on homelessness and low vacancy rates in the private rental market. By 2013, the overall gap is projected to grow to 203,000 dwellings (assuming a medium growth in supply and underlying demand). By 2028, the same projection assumptions produce a gap of 431,000 dwellings. The council also notes its concern about lower income households in terms of access, affordability and choice of housing.

On August 27 the Commonwealth Government announced **a cut to the social housing component of the Nation Building – Economic Stimulus Plan**: \$750 million would be redirected to education under the plan. The Commonwealth Coordinator-General's Progress Report on the first quarter of the stimulus plan, which was released on that date, indicated that this cut was made due to efficiencies in the implementation of the social housing component of the plan, and changes in demand.

## For more information

These websites have useful and up-to-date information:

- Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs:  
<[www.fahcsia.gov.au/sa/housing/overview/Pages/default.aspx](http://www.fahcsia.gov.au/sa/housing/overview/Pages/default.aspx)>;
- Council of Australian Governments: <[www.coag.gov.au/](http://www.coag.gov.au/)>;
- Nation Building – Economic Stimulus Plan:  
<<http://www.economicstimulusplan.gov.au/pages/default.aspx>>.