

FRAMEWORK FOR NATIONAL ACTION ON AFFORDABLE HOUSING

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- Strategic, integrated and long term vision for affordable housing
- Deliverables for affordable housing
- Stated commitment from all jurisdictions

Affordable housing is housing which is affordable for low and moderate income households across home ownership, private rental as well as public rental tenures.

National Action on Affordable Housing will be achieved through two streams of activities, those directly related to ‘Affordable Housing Delivery and Management’ and those ‘Parallel Policy Parameters’ for which responsibilities are managed outside housing portfolios and influence the housing market more broadly.

Building on success

There are some promising programs and projects being undertaken by individual jurisdictions to increase the supply of affordable housing. Many of these have broader application nationally and are shared through national networks. Some examples include:

Affordable Housing Delivery/ Management	Parallel Policy Parameters
<ul style="list-style-type: none"> - Brisbane Housing Company (QLD) - City West Housing Company (NSW) - Joint Venture arrangements (ALL) - Urban Renewal Partnerships (ALL) - Home loan finance (SA, WA) - Key worker housing (SA, NSW) - Large Housing Associations (ALL) - Private rental agreements (ALL) - Housing adaptability policies (ALL) - Aged care models (ALL) 	<ul style="list-style-type: none"> - Stamp duty concessions (ALL) - Planning system affordable housing targets (SA) - Land banking, supply and sequencing (SA, VIC, NSW, WA, ACT) - Developer agreements (NSW, SA) - Local Government partnerships with housing providers (ALL) - Concessions on fees and charges (ALL) - Ongoing affordability measures eg. five star energy ratings, transport (ALL)

While these may provide opportunities for increasing the supply of affordable housing in some areas, these delivery mechanisms and parallel policies alone cannot solve the growing shortfall of affordable housing without targeted economic and financial support.

FRAMEWORK FOR NATIONAL ACTION ON AFFORDABLE HOUSING

Schedule 1. Structuring current approaches (2005/06)

Schedule 1 identifies those activities, which can readily be aligned nationally and will provide important information and infrastructure to facilitate the implementation of subsequent schedules in the Framework. There are four commitments to be fulfilled by June 2006 outlined in Schedule 1 attached:

1. Create a National Sector Development Plan for Not for Profit Housing Providers, which will enable them to participate in large scale affordable housing initiatives;
2. Adopt a national approach to defining and analyzing affordable housing need at geographic levels and how it can be reflected in planning policy and regulations. It will support the identification of tenures, products, and price points necessary to meet household needs;
3. Review current subsidy streams and investigate the potential to strengthen certainty in light of the commitment to increase the role of the private sector and the development of the not for profit sector and to leverage new investment in affordable housing; and
4. Implement the work plan detailed in Commitment 4 (attached) to identify mechanisms and policy initiatives that will deliver increased affordable home ownership and rental opportunities for consideration by Joint Housing, Planning and Local Government Ministers in August 2006.

Affordable Housing Delivery/ Management	Parallel Policy Parameters
1. National Sector Development Plan for not for profit affordable housing providers	2. National approach to housing need analysis reflected in planning policy and regulations 3. Options to strengthen certainty in subsidy arrangements for affordable rental housing 4. Package of reform options (subsidy, financing, etc) for Ministerial consideration in Aug 2006

FRAMEWORK FOR NATIONAL ACTION ON AFFORDABLE HOUSING

Schedule 2. Packaging reform options (2006/07)

No individual housing lever is sufficient to resolve affordability in its own right and combinations of certain levers are mutually reinforcing and could amplify benefits. In some instances, one lever becomes useful only when coupled with others. There is a role for all levels of government as responsibility for the effectiveness of levers is shared.

A package of policy reform options will be prepared for consideration by Ministers in August 2006. Ministers will be asked to consider these reforms and identify areas for further development on a collaborative and no-commitment basis, noting that jurisdictions will need to consider their respective Cabinet processes. Issues to be addressed will include, but not be limited to:

Affordable Housing Delivery/ Management	Parallel Policy Parameters
<ul style="list-style-type: none"> - Diversifying affordable housing delivery sector - Strengthening subsidy arrangements - Expansion of special programs (eg for particular target groups) 	<ul style="list-style-type: none"> - Improving market efficiency - Leveraging financing - Adopting land supply and planning mechanisms - Aligning taxation policy*

* work funded by States and Territories only

Schedule 3. Cabinet/ COAG consideration for further development (2007/08)

Principle 11 of the CSHA explicitly calls for a comprehensive approach for affordable housing across all levels of government. Many of the policy levers, which impact on affordable housing supply reside outside housing portfolios and are likely to have financial implications for government. While each jurisdiction will be asked to indicate their commitment to these reforms in Schedule 2, there will be a need for whole of government endorsement of this framework to achieve mutually agreed objectives. Specific deliverables and targets will be established in pursuit of a strategic, integrated and long-term vision for affordable housing.

Affordable Housing Delivery/ Management	Parallel Policy Parameters
<ul style="list-style-type: none"> - Reforming affordable housing delivery and financing 	<ul style="list-style-type: none"> - Adopting complementary/ parallel policies to support affordable housing

FRAMEWORK FOR NATIONAL ACTION ON AFFORDABLE HOUSING

SUMMARY OF SCHEDULES

FRAMEWORK FOR NATIONAL ACTION ON AFFORDABLE HOUSING	
Affordable Housing Delivery/ Management	Parallel Policy Parameters
BUILDING ON SUCCESS	
<ul style="list-style-type: none"> - Brisbane Housing Company (QLD) - City West Housing Company (NSW) - Joint Venture arrangements (ALL) - Urban Renewal Partnerships (ALL) - Home loan finance (SA, WA) - Key worker housing (SA, NSW) - Large Housing Associations (ALL) - Private rental agreements (ALL) - Housing adaptability policies (ALL) - Aged care models (ALL) 	<ul style="list-style-type: none"> - Stamp duty concessions (ALL) - Planning system affordable housing targets (SA) - Land banking, supply and sequencing (SA, VIC, NSW, WA, ACT) - Developer agreements (NSW, SA) - Local Government partnerships with housing providers (ALL) - Concessions on fees and charges (ALL) - Ongoing affordability measures eg. five star energy ratings, transport (ALL)
SCHEDULE 1	
Approved, Aug 2005	
<ul style="list-style-type: none"> - National Sector Development Plan for not for profit affordable housing providers 	<ul style="list-style-type: none"> - National approach to housing need analysis reflected in planning policy and regulations - Options to strengthen certainty in subsidy arrangements for affordable rental housing - Package of reform options (subsidy, financing, etc) for Ministerial consideration in Aug 2006
SCHEDULE 2	
For Ministerial consideration in Aug 2006	
<ul style="list-style-type: none"> - Diversifying affordable housing delivery sector - Strengthening subsidy arrangements - Expansion of special programs (eg for particular target groups) 	<ul style="list-style-type: none"> - Improving market efficiency - Leveraging financing - Adopting land supply and planning mechanisms - Aligning taxation policy*
SCHEDULE 3 –	
For Ministerial consideration in Aug 2007	
<ul style="list-style-type: none"> - Reforming affordable housing delivery and financing 	<ul style="list-style-type: none"> - Adopting complementary/ parallel policies to support affordable housing
FRAMEWORK FOR NATIONAL ACTION ON AFFORDABLE HOUSING <ul style="list-style-type: none"> - Strategic, integrated and long term vision for affordable housing - Deliverables and targets for affordable housing - Statement of commitment from all jurisdictions 	

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FRAMEWORK FOR NATIONAL ACTION ON AFFORDABLE HOUSING

Schedule 1 – 2005/ 2006

COMMITMENT 1-

Create a National Sector Development Plan for not for profit housing providers, which will enable them to participate in large scale affordable housing initiatives.

RATIONALE

An enhanced not for profit sector, complementary to public housing, would have the potential to:

- Provide more flexible responses to a range of household types and local opportunities and circumstances; and
- Provide more opportunities to engage private and local community partners in the delivery of affordable housing and produce housing at a lower cost.

A nationally consistent approach will contribute to the confidence of investors, who operate nationally and internationally. It will also provide the potential for cost efficiencies and economies of scale in skill and resource development.

This strategy is identified as an early priority because:

- the development of infrastructure of this nature requires a long lead time;
- this infrastructure will facilitate the implementation of other aspects of the action plan; and
- a number of jurisdictions have already adopted strategies consistent with this approach.

COMMITMENT 2-

Adopt a national approach to defining and analysing affordable housing need at geographic levels, which is reflected in planning policy and regulations and provides comparable standards of affordability. The use of clear definitions and a consistent process to identifying housing need will ensure identification of the range of household needs and inform the range of tenures, products, and price points necessary to deliver housing to meet those needs.

RATIONALE

An adequate supply of affordable, well-located and appropriate housing is a key factor in achieving sustainable communities. It has a direct bearing on key sustainability objectives, including social diversity, inclusiveness, equity and competitiveness of places, and impacts on ecological outcomes and the quality of design.

The provision of housing operates within a market system where the provision of affordable housing is impacted to a large degree by economic and financial factors outside of the planning system, however the planning system can have an impact on the market-based system.

The land use planning process can influence the supply and range of housing produced both in new development and redeveloping areas. Planning Ministers agree that planning and providing for affordable housing utilising planning mechanisms is an important contributor to sustainable communities based on the triple bottom line approach to sustainability, through providing economic, environmental and social improvements.

The planning system can contribute to the provision of affordable housing by:

- enabling an efficient supply of land for housing for a broad range of residential densities and opportunities;
- encouraging housing type and diversity at different price points to meet different housing needs;
- facilitating residential development at locations with good access to services and facilities
- protecting existing or requiring the replacement of affordable housing stock where redevelopment of that stock takes place.

Tools to analyse housing need would primarily be adopted at Local, State & Territory levels. National coordination & consistency will contribute to:

- Improved and nationally consistent understanding of housing needs, within a spatial context.
- Inform the development of policy parameters, which are appropriate to local need analysis; and
- Cost efficiencies and economies of scale in skill and resource development.

FRAMEWORK FOR NATIONAL ACTION ON AFFORDABLE HOUSING

Schedule 1 – 2005/ 2006 (cont.)

COMMITMENT 3-

Review current subsidy streams and investigate the potential to strengthen certainty in light of the commitment to increase the role of the private sector and the development of the not for profit sector.

RATIONALE

Reliable subsidy streams to bridge the gap between the return required by investors and affordable housing returns is necessary to attract external investment into affordable rental housing.

Delivering affordable rental housing, particularly of the most disadvantaged end of the income scale and in higher cost markets, often requires some degree of subsidy. The more certain the subsidy streams, the more potential there is to leverage additional resources into the supply of affordable rental housing. There is a suite of current and possible subsidy options and sources that warrant investigation for their potential in the context of the wider outcomes being pursued under this Framework.

This strategy has a co-dependent relationship with Commitment 1 and will inform the packaging of options for affordable rental housing developed under Commitment 4.

It is considered a priority because:

- Reliable subsidy streams are a pre-requisite to leveraging additional investment and financing.

COMMITMENT 4-

Identify mechanisms and policy initiatives that will deliver increased affordable home ownership and rental opportunities for low-moderate income households (less than \$56,219 gross annual income nationally) for consideration by Ministers.

RATIONALE

This workplan brings together policy levers to maximise their effectiveness in overcoming market inefficiencies, resourcing affordable housing and leveraging more investment. It outlines options to establish the institutional and infrastructure requirements to support the effective delivery of affordable housing and bring confidence and certainty to financing and investment arrangements.

This work is important as it will

- Build on extensive research and work in this area;
- Recognize the multiplicity of levers and different opportunities presented by individual housing markets by providing a suite of options for both national and state/ jurisdictional consideration in 2006;
- Propose substantive initiatives to expand and improve housing assistance delivery informed by, but which go beyond individual pilots;
- Provide a clear picture of what policy changes might be needed to deliver affordable housing at an appropriate scale, and to attract the private sector;
- Offer Ministers the opportunity to consider possible changes to policy in a collaborative, but non-committal manner;
- Draw effective responses into a national plan for action, which is endorsed through individual jurisdictional statements of intent as well as joint Ministerial commitment (Schedules 2 & 3);
- Provide useful information base to explore the benefits of a National Affordable Housing Agreement, including its potential scope, objectives and elements.