

ACT GOVERNMENT

# Options for a New Affordable Housing Strategy

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Discussion Paper for the Affordable Housing Working Group

February 2016

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## Introduction

Housing is an important enabler and foundation for full and active participation in the social and economic life of our community. For many years the ACT Government has recognised the importance of suitable housing to deliver whole of life outcomes through its Affordable Housing Action Plans, and provision of significant public housing and housing assistance. Under the newly elected ACT Government, it is now time to bring together the ACT Government's housing investment into a whole-of-government *ACT Affordable Housing Strategy* (the Strategy) to build upon our achievements, and to refocus and retarget efforts only to those on the lowest 40 per cent of incomes

There is recognition across all jurisdictions in Australia that more needs to be done to increase affordable housing. Housing affordability for those households on low incomes is on the national agenda and is one of four key areas for action identified in the Council of Australian Governments (COAG) communiqué issued after its meeting on 15 December 2015.<sup>1</sup>

The Commonwealth recently announced the establishment of an Affordable Housing Working Group (the Working Group). The Working Group is tasked with identifying potential financing and structural reform models that increase the provision of affordable housing for those on low incomes, assessing potentially viable proposals, and outlining the best method to progress these models. The ACT Government made a formal submission to the Working Group on 4 April 2016<sup>2</sup> highlighting the work being done in the ACT to address the housing needs of some of the most vulnerable members of the community and detailed the range of supply- and demand-side initiatives that have been pursued under the various iterations of the *Affordable Housing Action Plan* (the AHAP), first introduced in 2007.

By many comparisons, the ACT is doing well in responding to the housing needs of the most disadvantaged. Our public housing waiting lists are the lowest of all jurisdictions as a proportion of total stock<sup>3</sup> and housing assistance continues to be highly targeted to those in greatest need. Nevertheless, public housing waiting lists are growing and recent research by the Housing and Homelessness Policy Consortium ACT has highlighted the plight of the so-called 'working poor', with 13 per cent of the workforce found to be experiencing housing stress.<sup>4</sup>

This research echoed the findings of a recent internal review of the AHAP's implementation. The review found that while overall affordability had improved, the all of market supply side responses which have been a feature of the AHAP had allowed households on higher incomes to occupy lower cost housing and crowd out those most in need. Going forward, any new initiatives must be retargeted if the investment is to have an impact on reducing

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<sup>1</sup> Council of Australian Governments, *COAG Communiqué*, COAG Meeting, 11 December 2015, released 15 December 2015. <https://www.coag.gov.au/node/529>.

<sup>2</sup> ACT Government, *Submission to the Affordable Housing Working Group*, accessed 11 April 2016.

<sup>3</sup> Productivity Commission, *Report on Government Services 2016*, Table 17A.3 and 17A.5.

<sup>4</sup> Housing and Homelessness Policy Consortium ACT, *Housing Affordability and the Labour Market in the ACT*, p. 2, released 24 February 2016.

housing stress for households in the lowest two income quintiles<sup>5</sup> where there has been negligible change. Indeed, more than 50 per cent of households in the ACT in receipt of the highest rates of Commonwealth Rent Assistance (CRA) remain in housing stress.<sup>6</sup>

Acknowledging these findings and recognising that they impact directly on the ability of low income Canberra families to participate fully in the social and economic life of our community, the Strategy presents a range of potential policy and program responses that will help to:

- provide low income affordable home ownership options
- increase affordable rental housing, and
- strengthen housing assistance.

The Strategy has a deliberate focus on strengthening existing supports for low income households in income quintile one (Q1), earning up to \$53,000 per annum, and providing greater opportunities for households in income quintile two (Q2), earning between \$53,000 and \$95,000 per annum.<sup>7</sup> As a cohort, Q2 households are at greatest risk of experiencing housing stress, especially if they are reliant on the private rental market.

The Strategy acknowledges the foundational work of three iterations of the AHAP led by the Economic Development Division and proposes replacement initiatives, bringing to a close any further work on the previous initiatives contained within the previous 3 strategies. The strategy also builds on recent policy work undertaken by Housing and Community Services in conjunction with the Australian Housing and Urban Research Institute (AHURI) in 2015. The recommended responses described in the Strategy respond to this work and provide possible ways forward recognising that success in tackling the issue of housing affordability is dependent on coordinated whole-of-government action across the entire housing continuum from homelessness, public and community housing, disability housing, private rental and home ownership. The Strategy describes critical focus areas and presents a range of possible actions for consideration

Critically, it also needs to be acknowledged that there are limits to what the ACT Government can do without complementary and supportive action in other jurisdictions – most notably at the Commonwealth level, recognising that the Commonwealth exercises the greatest control on economic and budgetary levers.

## Options outline

### Outcome

These options seek a single clear outcome: *Enhanced liveability and social inclusion through increased affordable housing*. This is the common unifying objective of all parts of the

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<sup>5</sup> Chief Minister, Treasury and Economic Development Directorate, *Review of the ACT Government's Affordable Housing Action Plans from 2007 to 2016*, unpublished.

<sup>6</sup> Productivity Commission, *Report on Government Services 2016*, Table GA.28.

<sup>7</sup> Australian Bureau of Statistics, *Household Income and Wealth Distribution 2013-14*, cat. no.6523.0, released 16 December 2015.

Strategy and recognises the important role of safe, secure and affordable housing as a platform for increasing social and economic participation.

### Goals

In pursuit of this outcome, four key goals have been identified:

- Goal 1: Increasing affordable home ownership for low income households;
- Goal 2: Increasing affordable rental housing;
- Goal 3: Strengthening housing assistance; and
- Goal 4: Strengthening homelessness services

The achievement of these collective goals offers the greatest impact for government investment and the prospect of improved housing affordability for low income households. Each goal is important but, as noted above, particular attention is given to increasing affordable rental housing as this is the area of greatest need and, therefore, the greatest potential for improvement for the benefit of Canberra families and especially low income Q2 households.

### Focus Areas

The Strategy includes five recommended focus areas in support of the three goals. Each focus area addresses a particular issue that has either been identified in international or national research, through the various iterations of the AHAP, or as a result of the recent AHURI workshops and related analysis. The five focus areas are:

- Focus Area A: Planning, Regulatory and Policy Reform;
- Focus Area B: Increasing low cost Housing Supply and Diversity;
- Focus Area C: Targeted Support and Enabling Housing Pathways;
- Focus Area D: Delivering Greater Choice and Flexibility; and
- Focus Area E: Improving Equity and Sustainability in Social Housing.

### **Rationale**

In aiming to deliver increased affordable housing for low income households, the Strategy seeks to provide greater opportunity for some of the more disadvantaged parts of the community. It recognises that current market-driven initiatives have not achieved equitable outcomes across the income quintiles and the narrower focus of a number of the proposed actions is intended to remedy this situation, providing a hand-up to targeted cohorts where there is a clear market failure.

The Strategy seeks to support individuals and families to enjoy safe, secure and affordable housing. It recognises that suitable housing is an important enabler and foundation for full and active participation in the social and economic life of the community. In its absence, however, families may become isolated and excluded and the adverse consequences of this can be long-term and intergenerational.

Investment now in actively addressing impediments to housing affordability is supported from a social inclusion perspective, but also makes good economic sense.

The Strategy describes a range of policy and program responses that are assessed as most likely to contribute to the achievement of the three goals. They cover planning, regulation, policy and program matters that sit across the ACT Government.

The variety of the actions highlights the need for a genuine, coordinated, whole-of-government response to the challenge of housing affordability for low income households. A single, shared strategy is vital if competing priorities are to be identified and effectively managed and to ensure that all parts of government are contributing to their timely and effective delivery.

To support this intent, the Strategy identifies which parts of Government should be involved in the delivery of each action and nominates a lead Directorate for each action. The forecast costs of these actions are shown (where available) and the expected benefits and any dependencies are listed.

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## **The Goals**

### **Goal 1 – Increasing affordable home ownership for low income households**

Home ownership continues to be the dream of many low income Australians. For a growing number of families, however, it is a dream that is becoming increasingly difficult to realise. Previous governments have recognised this challenge and the 2007 *Affordable Housing Action Plan* (the AHAP) sought to drive action to improve housing affordability. As already noted, the AHAP has had overall success in increasing supply but limited success in improving affordability for households in the two lowest income quintiles.

This Strategy builds on this previous work but proposes a more targeted approach with a particular focus on Q2 households, which research has identified as the cohort most likely to be experiencing housing stress. With the appropriate product and mechanisms and in a less crowded market (due to targeting our investment and actions), there can be a realistic prospect for some of these households to be able to own their own homes.

### **Goal 2 – Increasing affordable rental housing**

Notwithstanding any initiatives to increase the availability of affordable homes for purchase there is a growing realisation that, for some, home ownership is either no longer a realistic option or may no longer be preferred. For these households, achieving safe, secure and affordable rental housing is now the objective.

Even so, conspicuous challenges remain and there is a clear need to increase the supply of affordable rental housing. Demand continues to outstrip supply and the Strategy therefore proposes a mix of demand- and supply-side initiatives to help close this gap.

While the National Rental Affordability Scheme (NRAS) has played an important role in increasing the supply of affordable housing, particularly in the student accommodation sector, research from AHURI shows that there are still ongoing issues for private renters in Q2 who continue to be crowded out of the rental properties they can afford by households in higher income quintiles.

While rental options exist for those at the higher end of Q2, for those at the lower end there are very few opportunities.

### **Goal 3 – Strengthening housing assistance**

For some households, especially those earning the lowest incomes - below \$53,000 per annum (Q1) – home ownership or private rental will not be a viable option. These households will continue to rely heavily on the social housing safety net (provided by public housing and community housing providers).<sup>8</sup>

The demand for housing assistance remains high, as evidenced by the public housing waiting lists, and affected households are those in greatest need and often present with complex support needs. It is therefore critically important that optimum utilisation of the social housing portfolio is achieved and systemic obstacles to efficient portfolio management are actively addressed. This requires consistent and proactive management of tenancy agreements and a collaborative approach to supporting tenants in meeting their tenancy responsibilities. Without this more stringent approach to tenancy management overlaid with investment in best practice and innovative asset management strategies the economic viability of the current public housing model is uncertain.

Actions for strengthening housing assistance have been identified. These reflect a desire to enhance the ‘normalisation’ of the social housing tenant experience to empower and equip tenants to confidently participate in their community, and for some, to transition to other tenure types. Each has been designed mindful of the obligations of the *ACT Human Rights Act 2004* and the desire for Housing ACT to be recognised as a trusted, consistent and respected ‘social landlord’.

### **Goal 4 – Reducing homelessness**

Strengthening specialist homelessness and housing support services for individuals and households who are experiencing homelessness, or are at-risk of homelessness, is a key focus in the *9<sup>th</sup> Parliamentary Agreement for the ACT Legislative Assembly*. There is a particular focus in the Agreement on ensuring specific vulnerable groups such as older women, Aboriginal and Torres Strait Islander communities, and women escaping domestic and family violence get the support they need. The Agreement also responds to the need to identify appropriate services for people seeking housing who have a lived experience of trauma. Action 21 in the Strategy includes a number of initiatives that respond to the ACT Government’s priorities and will work together to improve homelessness services and support for low income ACT households.

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<sup>8</sup> According to the ACT’s Human Services Registrar, as at 30 June 2015 there were 14 registered community housing providers in the ACT, who supported around 1,500 tenancies in over 1,200 different properties. Registered providers are placed on a single National Register in one of three tiers, according to their assessed level of risk, based on the scope, scale and complexity of their business activities. Tier 1 providers have the greatest capacity (large scale and ongoing development activities), while Tier 3 providers are small scale and generally low risk with no development activities. Two providers in the ACT - CHC Affordable Housing and Argyle Community Housing - are classified as Tier 1 providers.

## The Focus Areas

The Strategy identifies five focus areas. These are the themes that link the different actions to the three goals and the single, shared outcome. The focus areas provide an alternative frame of reference to the goals but, like the goals, seek to connect the actions in pursuit of the common outcome. The focus areas present as discrete building blocks within the Strategy and ensure that actions are progressed with respect to a sequence and timeline that supports the achievement of the desired outcome as economically, efficiently and effectively as possible.

### Focus Area A: Planning, Regulatory and Policy Reform

Planning, Regulatory and Policy Reform recognises that planning regulations such as those that mandate particular building practices, limit building densities or preclude particular designs can impact adversely on the supply of low cost housing, either to own or for rent. It also acknowledges that existing practices or policies may no longer be appropriate, serving to stifle innovation, presenting as systemic barriers to reform or failing to promote action that would better support the provision of affordable housing.

For example, there is an existing requirement to deliver 20 per cent affordable housing in all new Greenfield estates. However, there is no requirement that applies to urban infill developments in older, more established suburbs. With an increased focus on urban renewal and densification, inclusionary zoning in in-fill sites is critical.

Similarly, we know that the Affordable Home Ownership initiative launched in 2007 generated a supply of dedicated housing but, unfortunately, the targeting of eligibility, the existence of loopholes in delivery, and the immediate on-selling for windfall gain diminished the benefit of this initiative.

Since the commencement of the initiative, an estimated 2,309 houses were released under this initiative. Of those, 70 per cent are located in the outer districts of Gungahlin and Belconnen while 30 per cent are located in the more central districts of Weston Creek and Molonglo.

Planning, regulatory and policy reform offers scope for retargeting this initiative and helping to ensure that affordable housing for low income households is made available more equitably across all Canberra regions and in a form that caters for a diversity of needs.

## Focus Area B: Increasing Housing Supply and Diversity

Increasing Housing Supply and Diversity acknowledges the critical importance of supply-side initiatives in addressing housing affordability. Indeed, of the 20 recommended actions, nine are focused on better targeted housing supply.

This focus area seeks to deliver an increased housing supply and, importantly, provide a greater choice of housing type and design. It builds on the work of the Public Housing Renewal Program now underway which will, over the four year period 2015-2019, replace 1,288 ageing public housing properties and replace them, roof-for-roof, with modern, new, contemporary designed, energy efficient properties.

It canvasses consideration of apartment, villa and freestanding properties, as well as innovative design ideas such as tiny houses, the 'missing middle' and the adaptive reuse of commercial properties promoted in the Safe and Well Green Paper launched by the ACT Anti-Poverty Week committee in October 2015.<sup>9</sup>

It also considers the impact of possible changes to existing affordable housing initiatives and the expansion of the Greenfield development affordable housing requirement to urban in-fill areas. It seeks to re-target the supply of dedicated affordable housing, improve the geographic spread and enable the provision of new housing typologies aimed at lower income households.

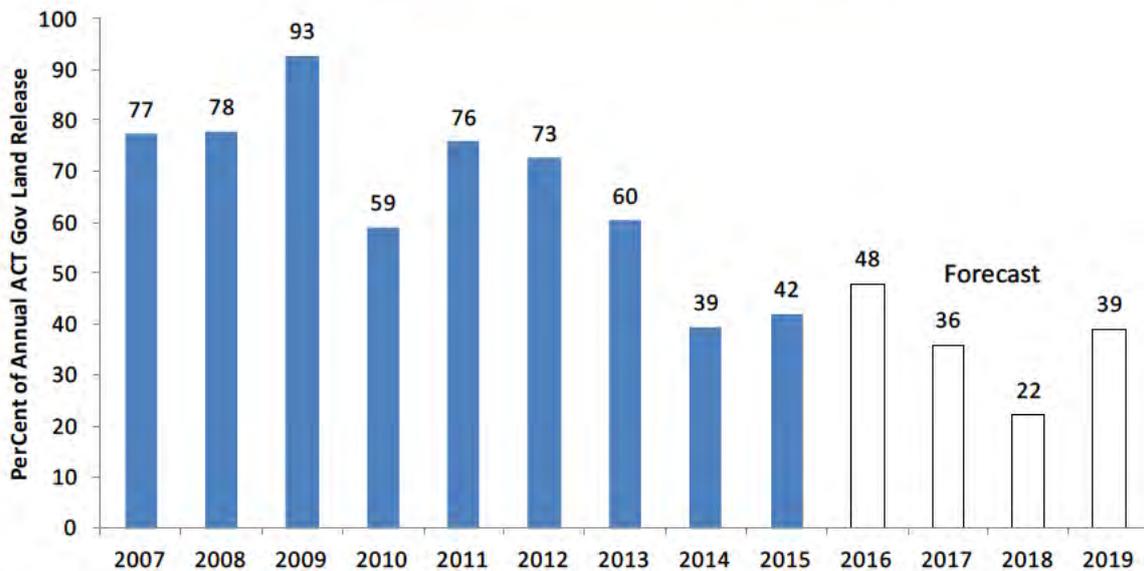
The need for focus in this area is illustrated in Figure 3 below, which shows the diminishing share of new developments in Greenfield areas. While 93 per cent of new developments in 2009 were in Greenfield areas, that percentage is forecast to be as low as 22 per cent in 2018, with an average of only 36 per cent over the next four years.

While there have been a number of challenges and delays associated with Greenfield land releases over the period, there has been an ongoing policy shift towards a more compact city. Specifically, the ACT Planning Strategy released in 2012 outlines a strategy to *'create a more compact, efficient city by focusing urban intensification in town centres, around group centres and along the major public transport routes, and balancing where Greenfield expansion occurs.'*

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<sup>9</sup> ACT Anti-Poverty Week Committee, *Safe and Well Green Paper: redefining the affordable housing crisis*, released October 2015.

Figure 1: Greenfield Land Release 2007 to 2019

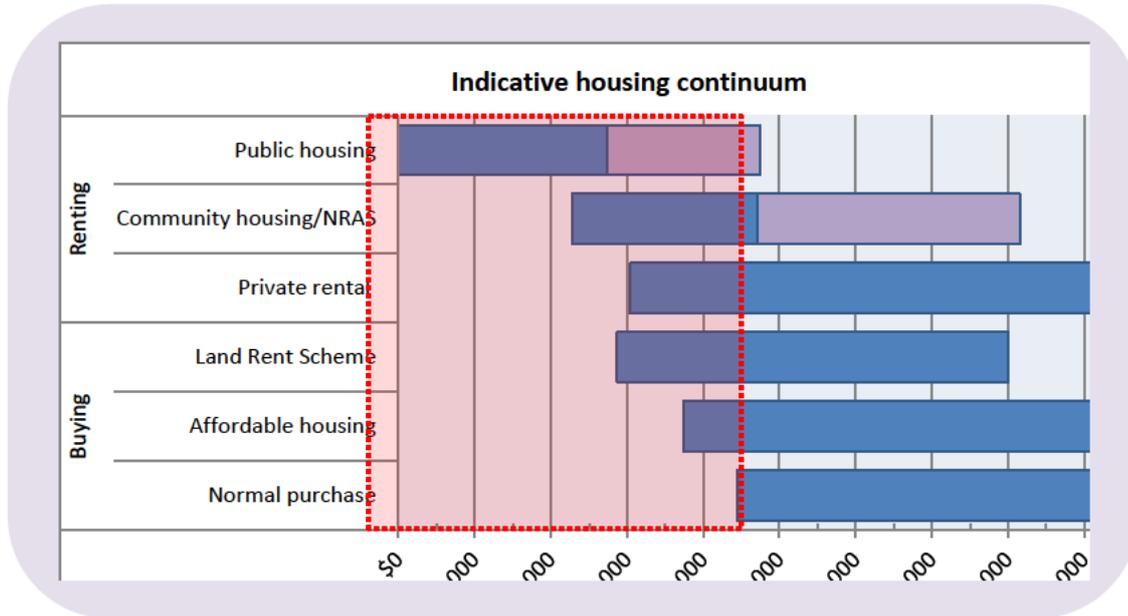


### Focus Area C: Targeted Support and Enabling Housing Pathways

As outlined in the Introduction, Q1 households are generally well supported by public housing and more than 99 per cent of these households are free of housing stress. However, more than 50 per cent of households dependent upon the private rental market and in receipt of the maximum rate of CRA are in housing stress.

The range of available housing options and pathways is outlined in Figure 4 below, which considers the needs of a family with a household income of between no income and \$180,000 per annum. It shows the limited choices available to households inside Quintiles 1 and 2 (the red zone in the graph), which are families in the lowest two income quintiles, earning up to \$95,000 per annum. The Quintile 2 households in particular may not be eligible for public housing, may be experiencing stress in the private rental market and are also unable to afford home purchase. For these households, the graph highlights the need for action to provide targeted support to better address these needs or to facilitate access to support pathways.

Figure 2: Indicative housing continuum



This focus area includes initiatives to support the delivery of more targeted housing support and the design of policies and programs that will make it easier to move across the housing continuum or to sustain an existing housing tenure. Consistent with the *Human Services Blueprint* the actions are designed to be person-centred, strengths-based and sustainable.

### Focus Area D: Delivering Greater Choice and Flexibility

Delivering Greater Choice and Flexibility seeks to promote activities that will provide greater choice for tenants and deliver greater flexibility to housing providers and, in particular, Housing ACT. Initiatives in this focus area address practical issues such as simplifying and streamlining processes to support 'downsizing' and reduce the potential for the under-utilisation of the ACT Government's housing portfolio – a performance indicator on which the ACT performed less well than most other jurisdictions in 2014-15.<sup>10</sup>

This focus area also canvasses a number of initiatives that would provide Housing ACT with greater flexibility to allocate available government housing to best meet the needs of housing applicants and tenants and, importantly, to improve the economic sustainability of its operations. For example, under this focus area initiatives are explored to increase revenue streams and market available properties in a different way to stimulate property interest and to reduce the changeover period between tenancies.

<sup>10</sup> Productivity Commission, *Report on Government Services 2016*, Table G.2.

## Focus Area E: Improving Equity and Sustainability in Social Housing

Improving Equity and Sustainability in Social Housing recognises the current inequities in housing support, especially when comparing Q1 households that have access to public housing and Q2 households that are trying to survive in the private rental market.

The range of initiatives included in this focus area explores opportunities for redirecting housing support to households dependent on the private rental market. In doing so, however, the benefits of preserving current levels of housing support and pursuing new and innovative opportunities for generating additional revenue and/or constraining operating costs, is acknowledged.

‘Normalising’ the tenant experience has also been identified as a broad objective of actions in this area. The intention would be to continue to provide appropriate housing assistance but to do so in a more targeted, tailored and time-limited manner. Such an approach is considered most likely to improve the sustainability of Housing ACT operations and, importantly, to create a climate that encourages and promotes innovation.

In this regard it should be remembered that, as at 30 June 2015, Housing ACT provided 10,611 tenancies for a total of 22,096 public housing residents. Annual rental subsidies were \$145 million and the average household rental rebate was \$261 per week or \$13,572 per annum. At the same time, total rental income was only \$88.25 million highlighting the unsustainable existing financial model and the urgent need to identify alternative sources of revenue and to minimise expenditure.

Optimising the use of the available government housing portfolio is also important and recommended actions included in this focus area seek to address the issue of property under-utilisation as reported in the Productivity Commission’s *Report on Government Services 2016*. As shown in Figure 5 below, under-utilisation of Housing ACT properties is above the national average and therefore presents as an obvious target area for attention.

Figure 3: Percentage of public housing households with under-utilisation at 30 June 2015

NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust.
14.9	16.1	14.6	11.8	25.9	14.6	16.6	6.9	16.0

Source: *Report on Government Services 2016*, Table 17A.54.

## **Actions and Further Consultation**

A total of 22 recommended actions have been identified. These actions represent a suite of possible options for the consideration by the ACT Government. Some are responses to identified problems with existing policies and programs, some are proposed areas for progressive development, and some are direct actions in accordance with Election Commitments and the new Parliamentary Agreement.

Some of the actions could stand alone, some are dependent on other actions or their effectiveness would be enhanced if the actions were progressed as part of a coordinated package, and still others are presented as possible alternative actions.

All are considered likely to contribute to the achievement of the Strategy's desired outcome of improving housing affordability for low income households, some to a greater extent than others.

Each action aligns to the goals and supply- or demand-side initiatives. This is further reinforced by nominating a single, shared whole-of-government Strategy, built on collaboration and cooperation across government, as a key foundational requirement if the outcome of improved housing affordability is to be achieved. Actions are also aligned against the ACT Government's Strategic Priorities and focus areas.

Consistent with the principles of the ACT Government's *Human Services Blueprint* the recommended actions are designed to be, wherever possible, person-centred, strengths-based and sustainable, providing appropriate programs, services and support.

It is proposed that those actions that address current market failure be implemented in the short term without further community or industry consultation while the remainder be put to the community via a representative advisory group initially and be discussed in detail at a Housing and Homelessness Summit in the second half of 2017. Feedback from the group and the Summit will clear the way for the formal strategy.

## **Intersections with the 2016 Parliamentary Agreement**

In 2016, the ACT Labor and the ACT Greens agreed that improving housing affordability is essential to ensuring secure accommodation for all Canberrans. The new Strategy outlined in this document addresses 4 of the 5 agreements reached on affordable housing and are outlined in table 3. The agreement to maintain a role for public sector land development with a board that includes independent members with skills from the social and affordable housing sector will be the responsibility of that new agency.

Table 1: 2016 Parliamentary Agreement intersections with the ACT Affordable Housing Strategy

Parliamentary Agreement		Link to actions within this Strategy
EC LAB 053	The LDA will be responsible for making sure the ACT Government releases more greenfield land and meets our affordable housing targets.	Affordable housing targets will be identified and defined as part of the ACT Affordable Housing Strategy (this Strategy)
EC LAB075a	Common Ground at former Downer Club site Use the former Downer Club site in Dickson to expand a program of low-cost supportive housing for the homeless and vulnerable: build another Common Ground development at the site at a cost of \$16m	Action item: Expand the Common Ground model to provide additional secure accommodation for people experiencing homelessness and those unable to access the Canberra housing market.
EC LAB075b	Housing for older Aboriginal and Torres Strait Islander People Use the former Downer Club site in Dickson to expand a program of low-cost supportive housing for the homeless and vulnerable complex for older Aboriginal and Torres Strait Islander people at a cost of \$4.4m, similar to the Kambah facility	Action item: Respond to the needs of the Aboriginal and Torres Strait Islander community with a second dedicated, culturally appropriate older persons housing complex.
EC LAB 078	Develop a Housing Strategy	The ACT Housing Strategy Discussion Paper has been developed in partnership with Community Services Directorate and Chief Minister, Treasury and Economic Development Directorate  This Strategy builds on the ACT Affordable Housing Action Plan (phases 1-3) and the ACT Housing Strategy Discussion Paper.
PA 4.4	Create an “innovation fund” to support new approaches to affordable housing, starting with support to establish <ul style="list-style-type: none"> <li>- HomeGround real estate</li> <li>- Homeshare for older Canberrans</li> <li>- Nightingale housing Model</li> </ul>	A targeted action is included in this strategy to explore an “innovation fund” including financial and legislative considerations.  The approaches identified for establishment are explored as options separate to the innovation fund to ensure their full consideration separate to the establishment of an ACT Government financial support mechanism.
PA 4.5	Maintain a role for public sector land development with a board that includes independent members with skills from the social and affordable housing sector	As decisions on Land Development Agency land releases are made through the LDA Board, this item will be addressed through the board membership requirements.

Parliamentary Agreement		Link to actions within this Strategy
PA 4.6	Set affordable housing targets across greenfield and urban renewal development projects with structures in place to prevent resale windfall gains	Setting an affordable housing target is a key action from the ACT Housing Strategy and is further explored in this document.  The structures to prevent windfall gains from sale will be considered in the establishment of a Government managed home purchase program
PA4.7	Work with community and business partners to construct purpose built accommodation for people experiencing mental health concerns and housing difficulties, utilising the "MyHome for Canberra" project plan.	Action area: Work with community and business partners to construct purpose built accommodation for people experiencing mental health concerns and housing difficulties, utilising the "MyHome in Canberra" project plan.
PA4.8	Grow and diversify the not for profit community housing sector, through a combination of capital investment, land transfer and other means.	Action areas: Support the sustainability of community housing providers within the specialist homelessness sector, by reviewing the Housing Asset Assistance Program (HAAP) to ensure a sustainable model for head-leasing arrangements in the homelessness sector.
PA4.9	Strengthen specialist homelessness and housing support services to make sure vulnerable groups (eg. older women, indigenous communities and women escaping violence) get the support they need; support people seeking housing who have a lived experience of trauma; fund professional development and training for the Specialist Housing and Homeless Service Providers; and support Uniting City Early Morning Centre provision of essential services.	Action areas: Strengthen specialist housing and homelessness support services to make sure vulnerable groups (e.g. older women, Aboriginal and Torres Strait Islander communities and women escaping violence) get the support they need; support people seeking housing who have a lived experience of trauma; fund professional development and training for the Specialist Housing and Homelessness Service Providers; and support the UnitingCare Early Morning Centre in the city to provide essential services.
PA4.10	Homelessness summit  Convene a homelessness summit in 2017 bringing together all key stakeholders to develop innovative proposals to combat homelessness.	Action area: Convene a Housing and Homelessness Summit in 2017 bringing together all key stakeholders to develop innovative proposals to combat homelessness and address housing challenges.
PA 4.11	Expand after hours and weekend intake referrals to homelessness services utilising the existing 'OneLink' service for a one year pilot program, and evaluate for continuation.	Action area: Investigate opportunities to improve efficiency, effectiveness and coordination across the homelessness service system, taking a co-design approach in preparation for procurement of homelessness services from 2019 when current Service Funding Agreements with all homelessness service providers expire.

## **Action 1: New Affordable Housing Targets**

### **The Release of 400 new Dwelling Sites per annum**

In order to maintain an adequate supply of affordable housing options and improve the geographic spread and diversity of affordable housing, it proposed that a target number of 400 sites be established which are spread across the full infill and Greenfield land release program. This action replaces the current ambiguous affordable housing policy that requires 20 per cent of a greenfield estate to be sold at the required affordable housing price threshold.

The action also reflects the vision set out in both the *ACT Planning Strategy* and the *2015 Statement of Planning Intent*, which calls for a more compact, urban intensive city which balances where Greenfield expansion occurs.

The ACT Government has responded to this by programming land release that provides for a number of significant urban renewal projects while concurrently reducing the proportion of Greenfield land within the program. For example, since the inception of the AHAP in 2007, when affordable housing provision was achieved from new Greenfield land, the proportion of this land has been on average around 66 per cent of the total release program. In the coming years this proportion is forecast to fall to 36 per cent. The affordable home purchase policy, however, has not changed over this time and only allows for site releases in new Greenfield areas.

The outcome of this proposed approach as applied to the next four year Indicative Land Release Program is illustrated in Figures 6 and 7, which compare a 'business as usual' scenario with the scenario if this action was adopted.

Under the 'business as usual' scenario, the current policy would see approximately 1,400 affordable dwellings sites concentrated within 10 suburbs. This already presents a challenge as outlined at Case Study 1 at [Attachment A](#) as the price of Greenfield land has made it almost impossible to deliver an affordable product on a single residential block.

Under the proposed approach, 1,600 affordable housing properties would be spread across 25 new and existing suburbs including a number of town centres.

The proposed 400 dwelling site annual target has been informed by the number of affordable sites that have been provided to the market since the launch of the AHAP in 2007.

Since the commencement of the affordable housing action plan, an estimated 2,886 Greenfield dwellings sites have been provided to the market for affordable housing. Of these 2,309 were for affordable home purchase at specific price thresholds, 577 sites were for affordable rental or purchase to Community Housing Canberra, and an additional 623 sites for Public Housing Renewal.

**Table 2: Affordable Dwelling Sites Released since 2007**

	<b>Total Affordable Sites Released</b>	<b>Yearly Average</b>
<b>Affordable Home Purchase</b>	2,309	256
<b>Community Housing Canberra</b>	577	64
<b>Sites for Public Housing Renewal</b>	623	69
<b>Total</b>	3509	389

The yearly average for dwelling sites made available for affordable housing thus far is 389. The proposed Affordable Site Release Target of 400 per annum reflects the grouping of existing and additional affordable housing initiatives outlined in Action 2.

In order to allow a level of flexibility, the ACT Government may wish to express the target as 'up to' 400 affordable dwelling site releases. The Government may also wish to adjust this particular target each year according to the challenges or opportunities that exist across individual developments or in order to respond to a particular target group.

#### **Additional Affordable Housing supply from the Private Sector**

In addition to the 400 affordable dwelling site target from the Government's annual Indicative Land Release Program, additional supply can be realised through new planning controls as outlined against Actions 9 and 11 in this new strategy. These planning controls as applied to currently leased private sector re-development sites have the ability to provide additional private sector supply. It is proposed that while these homes are counted in addition to the 400 on government released land, that no specific target be established.

Lead Directorate: CMTEDD is nominated to lead this action.

Timeframe: Short-term (one to three years). Internal work to progress this action has commenced and is expected to be completed by mid-2017. This work will be progressed for approval to the Minister for Housing and Suburban Development.

Figure 4: Geographic Spread of Future new Affordable Housing Options – 2017-18 to 2020-21 Business as Usual

Business as Usual delivery of Affordable Housing (2016- 2020)

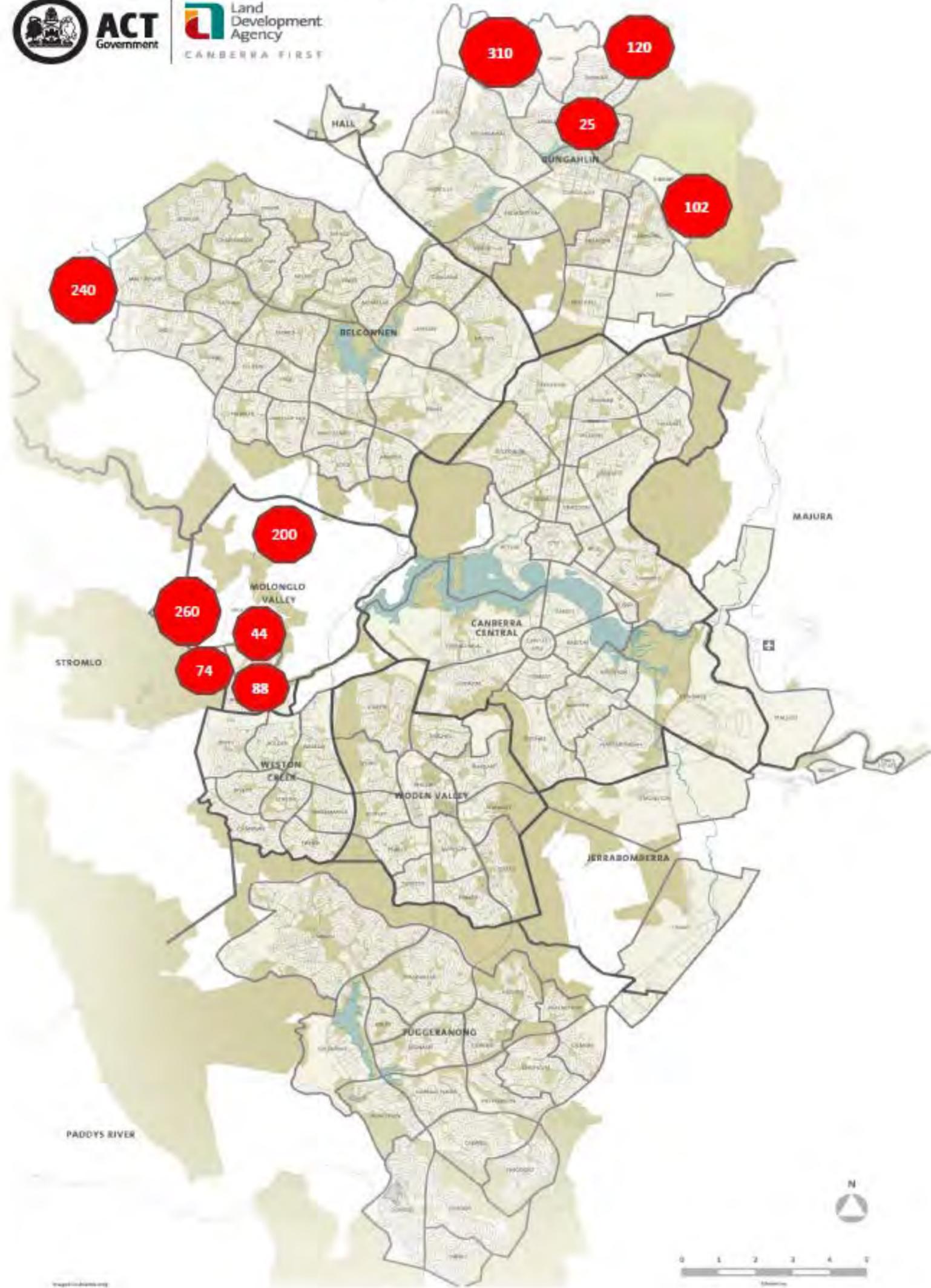


Figure 5: Geographic Spread of Future New Affordable Housing Options – 2017-18 to 2020-21 Proposed Option

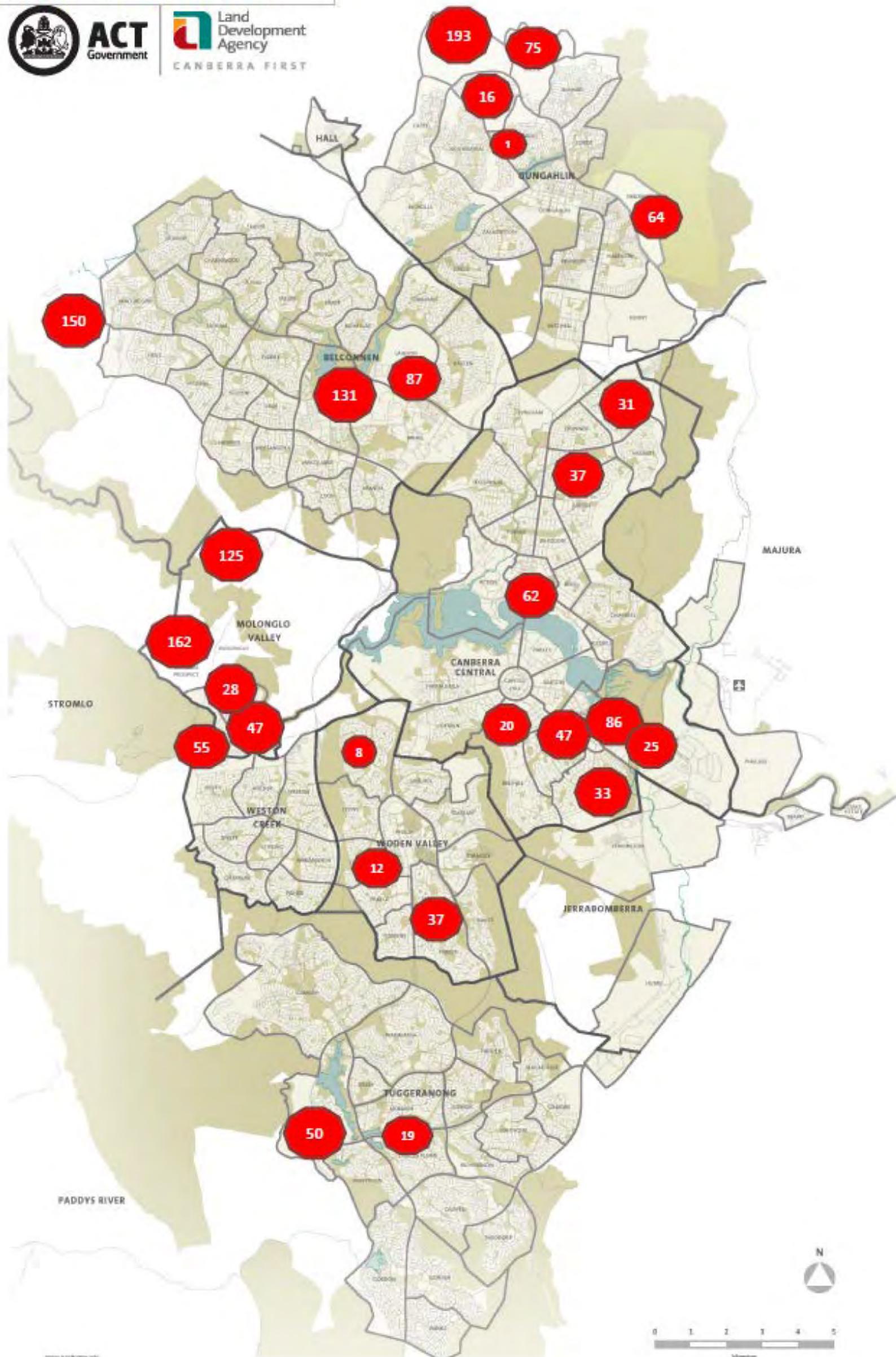
Proposed delivery of Affordable Housing



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## **Action 2: Expand the range of affordable housing types and tenures within new Affordable Housing Targets**

This action would formalise a number of existing arrangements around the provision of land for affordable housing to the public housing sector, the community sector and to the open market.

Setting a numerical target each year would allow for more flexibility, better targeting and consistent reporting of all ACT Government effort towards increasing the supply of affordable housing.

It is proposed that the following provision of sites be counted towards the 400 affordable dwelling site targets:

- Outright affordable home purchase at specific price thresholds
- Community housing
- Public housing
- Low income disability housing
- Shared equity purchase to eligible households
- Other innovative affordable housing types and tenures sold to eligible households

### Land Release for Affordable Home Purchase

It is proposed that within the proposed Affordable Site Release Target of 400 affordable home sites per annum, land is continued to be made available for affordable home purchase. The target market under the proposal however is projected to be smaller, consistent with Action 3 where eligibility is reduced and restricted to those households earning around \$100,000 or less.

The exact number of sites reserved for this type of housing within the 400 can be revised each year according to market conditions and site specific considerations.

Although this paper does not address the current affordable home purchase thresholds, there is likely to be a need to revise the thresholds downwards in line with the ability to pay of these lower income households.

### Land Release for Community Housing

To date, the provision of sites to the Community Housing Sector has been achieved through an allocation of sites to CHC Affordable Housing (under an MOU), or by direct sale/transfer to a handful of other providers.

Under the existing MOU, a minimum of 50 sites per year are made available to Community Housing Canberra for the construction of properties that are either:

- sold at full market rate,
- sold under the existing affordable housing thresholds and to eligible HBCS buyers, or
- retained within the CHC portfolio for affordable rental.

It is proposed that the allocation of sites under the CHC Affordable Housing MOU be continued and that only the sites released to the market as affordable purchase or affordable rent be counted under the new Affordable Site Release Target of 400 home sites per annum.

It is also proposed under Action 7 that land be made available to other Community Housing providers wishing to enter the ACT. Sites under this proposal that were made available as dedicated affordable housing would also count towards the 400 target.

#### Land Release for Public Housing Renewal

Historically, new land was made available for the construction of new public housing on an ad-hoc basis and typically at the end of any development of an estate. More recently however, the large scale renewal of public housing sites as part of the ACT Government's contribution to the National Asset Recycling Initiative (ARI) has necessitated the urgent provision of sites within Greenfield areas.

Since signing up to the ARI, the ACT government has transferred 623 Greenfield dwelling sites to the Commissioner for Social Housing.

In determining a more long term strategic program of land release for public housing, there has been some consideration of a fixed percentage of new land release being transferred to the Commissioner for Social Housing. This transfer is initially to satisfy the current urgent demand for replacement dwellings for tenants in those scheduled for disposal under the ARI, but could also be put in place more formally to assist in an accelerated renewal program of the public housing portfolio. This accelerated renewal program is one that has been flagged to increase from the current 1 per cent of the public housing stock, or 100 dwellings per annum, to 3 per cent, or 300 dwellings per annum.

There are options available to the Government in achieving this accelerated rate of 300 dwellings per annum from both dedicated land release and from the sale and redevelopment of existing public housing stock. While the build cost on new land is often less, this must be offset against the revenue foregone from the full sale of the land on the open market as opposed to being transferred at development cost to ACT Housing.

For the purposes of this action, any transfer of land to the Commissioner for the provision of new public housing stock would be counted within the 400 overall target. Importantly, however, any transfer of land to the Commissioner for sales of homes at full market value would not be counted.

An initial annual target of 100 sites per annum is proposed with the remaining 200 homes being realised from redevelopments within the existing Housing ACT portfolio.

#### Land Release for Disability Housing

With the establishment of the National Disability Insurance Scheme, there is an opportunity for the land release program to play a significant role in addressing the needs of those who are eligible for Specialist Disability Accommodation. Based on some NDIA assumptions, between 700 and 900 participants may be eligible for SDA payments in the ACT.

While there may be a number of avenues to make SDA available through either Housing ACT, the Community Housing sector, or sales on the open market, it is proposed that any site made available to eligible low income households within NDIS be included within the 400 annual target.

#### Land Release for Shared Equity Developments

Action 5 calls for the introduction of a shared equity scheme to eligible purchasers on the lowest two income quintiles. The action proposes a number of different models the government may wish to explore including the provision of sites specifically for private providers to work in conjunction with the development industry.

Any sites made available under shared equity model to eligible Q1 and Q2 purchasers would be included as part of a proposed Affordable Site Release Target

#### Other innovative housing types and tenures available only to Q1 and Q2 households

There are a number of other innovative affordable housing models in operation around Australia and internationally including the Nightingale, Common Ground and Wintringham models . Additionally there are micro-unit housing typologies, co-op housing, and housing models aimed at key workers. This action proposes to count any dwellings sold to Q1 and Q2 households under these models as part of the 400 Affordable Site Release Target.

Lead Directorate: CMTEDD is nominated to lead this action with input from CSD in terms of the demand for different housing types.

Timeframe: Short-term (one to three years). Internal work to progress this action has commenced and is expected to be completed by mid-2017. This work will be progressed for approval to the Minister for Housing and Suburban Development.

### Action 3: Establish a new Affordable Housing Income Threshold

The government currently provides a range of affordable housing options and assistance measures which are targeted at households with an annual income of up to \$180,000.

Home Buyers Concession and Land Rent income criteria shown in the Table 3 below is currently considered to reflect low-moderate gross household incomes. This threshold is in need of review for better targeting.

Table 3 Existing Home Buyers Concession criteria

Household formation	Total gross income threshold (\$)
Single person	160 000
Couple	160 000
Single or couple with 1 dependent	163 330
Single or couple with 2 dependents	166 660
Single or couple with 3 dependent	169 990
Single or couple with 4 dependent	173 320
Single or couple with 5 or more dependents	176 650

In rebalancing more of the government’s effort towards those households in the lowest two income quintiles, it is proposed that all government effort on affordable dwelling site releases outlined in action items 1 and 2 be strictly limited to lowest 40 per cent of income households.

For sites allocated to public and community housing, this action results in no change as current income eligibility for these housing types fall within income quintiles 1 and 2. For the affordable home purchase initiative however, it is recommended that a new income eligibility limit be established at \$100,000 for all single person, couple and couple with up to 2 children households. For households of 5 people and 6 or more people, caps of \$115,000 and \$131,000 are recommended. This is a change on the current policy as it affects the affordable home purchase.

The proposed action would help to better target home purchase assistance to Q2 households and reduce the potential for ‘crowding out’ in the market. It is acknowledged that such a reduction in the number of eligible households would influence total demand for dedicated affordable housing products but, critically, it should serve to decongest the market and improve the prospects of low income households being successful in securing affordable housing.

It is proposed that a new disallowable instrument specifically drafted for this purpose could be introduced.

As an alternative, the existing disallowable instrument could be amended to either introduce assessment criteria or change the thresholds for all programs/schemes including Land Rent, and Home Buyers Concession to have the same income criteria.

“The Affordable Housing Income Threshold” will require a number of new complementary policies including a definition of the entry and exit criteria and a decision making criteria for applicants including reconsideration options.

Lead Directorate: CMTEDD is nominated to lead this action. Treasury and the ACT Revenue office to provide advice.

Timeframe: Short-term (one to three years). Internal work to progress this action has commenced. This work will be progressed for approval to the Minister for Housing and Suburban Development.

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## **Action 4: Introduce an Affordable Housing Clearinghouse and Home Purchase Registration list**

This action proposes a single on-line clearinghouse to disseminate affordable housing information and link individuals directly to crisis accommodation, public housing, community rental housing, or affordable home purchase options.

The clearinghouse would integrate with already established systems and information for those seeking crisis accommodation and public and community housing. It would also establish a registration database for eligible households looking to purchase an affordable home.

This database registration approach was in operation as part of Phase 1 of the Affordable Housing Action Plan in 2007. The Land Development Agency's (LDA) *Ownplace* Home Purchase Program included a registration database of eligible purchasers that equitably and transparently matches buyers with different housing products. With the phasing out of the *Ownplace* program, there is no longer a central intake and distribution of affordable home purchase product to the market. The marketing of affordable housing product is left up to the builders who either undertake that role or engage sales agents. Currently, any approaches to the Government from buyers seeking affordable housing for purchase are advised to do their own research among real estate agents.

The current method is neither transparent nor equitable and, in many instances, there are errors contained within the advertising of these homes. Moreover, it has been apparent that current mechanisms that allow these properties to be sold on the open market with no buyer restrictions are leading to quick and easy windfall gains through various mechanisms including sale to businesses, trusts or other persons known to developers who already have significant income and assets. In addition there is evidence of off-contract inclusions which were added to the houses after contract exchange.

A government managed scheme could provide options around how affordable properties are managed and sold (see Case Study 2 at [Attachment A](#) for more details on a South Australian example). For instance, a property may sit within the database for a fixed period after which time if a buyer is not found, it can be sold on the open market. Furthermore, the potential changes to eligibility incomes is likely to limit the administrative costs associated with the previous *Ownplace* program due to a smaller pool of buyers compared to those that currently qualify for the Home Buyer Concession Scheme. Further, if dwellings were required to be constructed to a Class C Habitable Dwelling as a minimum, it would also be suitable to be included for disability housing or as an accessible dwelling.

Lead Directorate: CMTEDD is nominated to lead this action.

## **Action 5: Introduce Restrictions on the Second Sale of Affordable Housing**

There is considerable evidence to suggest that over the past 9 years, a proportion of the Government's affordable home purchase product sold at specific price thresholds has been acquired by speculative purchasers looking to make quick windfall gains.

An examination of second sale prices in the suburbs of Bonner, Harrison and Weston shows capital gains well in excess of the average recorded across all housing stock with some homes being re-sold days after the first sale.

While it is likely that Action 3 in this paper which proposes a new income eligibility threshold for affordable home purchase will reduce the incidence of deliberate speculation there may still be the prospect of large above market capital gains.

It is therefore proposed that a cap be applied on capital gains on second sale of an affordable home within 5 years of purchase. This cap would be indexed according to movements in housing prices across either a district or all of Canberra. Upon sale of the home, the seller would be entitled to an indexed capital gain (or loss) with the residual gains (or losses) being returned to the Territory.

## Action 6: Introduce a shared equity scheme

This action would introduce a shared equity scheme, to provide another pathway into home ownership for those earning \$100,000 or less per annum. Further work is required to assess the role the ACT Government may wish to play, or if it would be preferable to facilitate the operation of the scheme through private, not for profit providers.

There are many shared equity and shared ownership models in operation across State and Territories that target low income and key worker cohorts and such schemes have the potential to assist in easing the affordability pressures in the ACT market. Case Study 3 at [Attachment A](#) provides one Queensland example of how this has been approached.

Shared equity offers a solution to the current challenges of delivering affordable homes for purchase in developments with high land values, increasing the options available for Q2 households and avoiding the challenges inherent in the current land rent scheme.

The first iteration of the AHAP sought to establish two rent-to-buy or shared equity schemes: one for public housing tenants and one for the community housing sector, through CHC Affordable Housing. The public housing shared equity scheme has had a very low take up rate with only 70 public housing tenants accessing the scheme since 2007. The low take up rate is explained predominantly by low household incomes and the location of most properties in high land value areas.

Within the community housing sector, CHC Affordable Housing was unable to offer a rent-to-buy scheme, despite the availability of a loan facility, the transfer of housing stock and direct access to land at market values.

Nevertheless, shared equity schemes can provide a real opportunity for those on the margins of home ownership but who are unable to achieve this outcome without additional support. Unlike current home purchase initiatives and land rent schemes, shared equity schemes have the ability to convert land into its full market value, require no (or low) deposits, and provides buyers who would otherwise not be able to enter the housing market with real choice and risk-reduced equity.

Lead Directorate: CMTEDD is nominated to lead this action with input from CSD, particularly around the design of the scheme.

Timeframe: Short-term (one to three years). Internal work to progress this action has commenced. This work will be progressed for approval to the Minister for Housing and Suburban Development.

## **Action 7: Introduce incentives for private landlords who provide affordable housing**

This action proposes a scheme to encourage private rental landlords to make their properties available as long term rentals to eligible low income families. Despite being very active in the provision of around 2,400 NRAS properties, the ACT Government does not currently provide any concessions or incentives to private landlords who provide affordable rental housing. As a result, the demand for affordable rental housing exceeds the stock of available affordable housing. There is a need to close this gap.

It is envisaged that landlords would make their properties available as part of a community housing rental pool, managed by an external community housing provider with rents being set at below market value. An example of such an arrangement exists in Victoria through the not-for-profit HomeGround Real Estate Agency, a model that is under investigation in line with the recent Labour/Greens Parliamentary Agreement, and consistent with action 10 of this Options Paper.

In order to close the gap for the landlord to what the property may rent for at full market rate, the ACT Government could introduce a concession on rates, stamp duty or land tax.

An example study on a median priced house and unit under this scheme is at Table 9. While in both instances the concessions fall short of the cash flow difference, there may be some landlords who would be happy to forego the full market rate to contribute to a social need.

For developers looking to build new property to tip into the pool, further incentives or concessions could be made available.

**Table 4: Example study on a median priced house and unit**

	<b>Example House (Evatt) (\$)</b>	<b>Example Unit (Narrabundah) (\$)</b>
Weekly rent	+380	+390
Annual rent	+19 760	+20 280
Annual rates payable	-1 610	-1 046
Annual land tax payable (based on fixed charge 945 + AUV%)	-2 353	-1 445
Total cash flow	+15 797	+17 789
<b>Community Housing Pool (75% of market)</b>		
Weekly rent	+285	+292.50
Annual rent	+14 820	+15 210
Annual rates	0	0
Annual land tax	0	0
Total cash flow	+14 820	+15 210
<b>Difference (+/-)</b>	<b>-977</b>	<b>-2 589</b>

As shown in the above table, a subsidy on rates and land tax does not adequately offset the reduction in market rent. Providing additional incentives to landlords may work in concert with a number of other actions, such as planning and building code reforms to improve overall housing affordability.

Lead Directorate: CMTEDD (SPD and Treasury) is nominated to lead this action. No other Directorates have a role in its implementation.

## **Action 8: Provide opportunities for community housing providers**

This action would provide development opportunities for community housing providers that could be delivered as part of a new affordable site release target (as outlined in Action 1). These opportunities could be further enhanced by the extension of the current land rent scheme on these sites.

The delivery of new community housing has had some impact on housing affordability for those on low and moderate incomes. There is, however, potential to attract other players into the market who can deliver community housing of a suitable scale to help to address projected shortfalls.

At present the ACT Government provides the majority of its support for community housing through its relationship with CHC Affordable Housing. This includes the provision of a loan facility, the transfer of stock and the direct sale of land to enable the further development of community housing properties for affordable rental. Repayment of the loan is forecast to commence in 2017. To date, CHC Affordable Housing has delivered 401 affordable rental homes (against a target of 500 by 2017) and 257 affordable rental homes (against a target of 500 by 2017).

In recent years the shape of the sector has changed: a small number of 'growth' providers now own and/or manage an increasing share of the national community housing stock. This shift is driven by expectations that these providers can leverage their property portfolio to finance and manage the construction of new social and affordable housing. Community housing is seen as a vehicle for social and affordable housing growth and the policy expectation is that community housing will be able to attract the required finance to undertake this role which was previously reserved for State and Territory housing authorities.

However, the reality in the ACT is that the transfer of housing properties to community housing providers has not yet provided the expected benefits to the sector as most transferred properties came with long term, low income tenants and many of the properties were nearing the end of their economic life and were costly to maintain.

Larger interstate community housing providers offer the prospect of realising more of the expected benefits by capitalising on existing economies of scale. Australia currently has 28 Tier 1 community housing providers and a further 35 Tier 2 providers that, if provided with the right opportunities, have the potential to increase the existing supply of community housing.

There are already two Tier 1 community housing providers registered in the ACT (Argyle Community Housing and CHC Affordable Housing), and four in total who are registered in NSW as well as in the ACT. If the ACT Government could incentivise existing and other Tier 1 or Tier 2 providers to enter the ACT market there is potential for market competition to

increase the supply of affordable rental housing for Q2 households and help to relieve pressure on the public housing waiting lists.

Lead Directorate: CMTEDD is nominated to lead this action

Timeframe: Short-term (one to three years). Internal work to progress this action has commenced and is expected to be completed by mid-2017. This work will be progressed for approval to the Minister for Housing and Suburban Development.

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## **Action 9: Trial planning and building code amendments in selected suburban core zones to facilitate increased density housing options for sale to eligible purchasers**

This action would canvass further options to roll back planning and building code restrictions where they prohibit or restrict affordable housing typologies.

Planning and building code amendments could promote the development of more duplexes, triplexes and townhouses – the ‘missing middle’ – to meet the needs of low-income, smaller households. Specifically, amendments to Draft Variation 306 to allow the separate titling of dual occupancy dwellings on sites larger than 800sqm could unlock low cost housing options in existing suburbs.

The ACT’s housing stock is dominated by single detached houses on large suburban blocks. Within the existing planning and building code, there is essentially only one code that aims to facilitate low cost housing. The compact block code introduced in 2007 allows for the planning and development of housing on blocks up to 250 square metres. Appropriate amendments to facilitate other housing types could be further considered.

Examples of possible ‘low cost’ housing options that could be facilitated through changes to the planning and building code include:

- Development of infill sites using new and innovative designs such as Nightingale housing
- Dwellings that incorporate clever design and energy efficiency;
- adaptive reuse of empty and older non-residential and heritage buildings; and
- allow a capped number per annum of separately titled multiple occupancy dwellings on existing blocks that can only be sold to Q1 and Q2 households within set price thresholds;

Proposed Planning changes to achieve affordable housing outcomes include:

### **1. Define “affordable dwelling” and/or “Inclusionary housing”**

Affordable dwelling as defined by a set Government policy meaning a dwelling that is priced in a way that is targeted to purchases or renters who cannot afford to purchase or rent at market rate.

This definition would be included in the Territory Plan under the umbrella term “RESIDENTIAL”.

### **2. Include “Affordable dwelling” as a use in the Territory Plan**

The term would be included in precinct maps and codes for suburbs. For single dwellings, the single dwelling housing development code would apply. For multiple dwelling, the multi dwelling housing development code would apply.

Any additional merit track considerations would be applied through the Precinct Code and Precinct Map. This will apply special consideration to be applied to specific sites or land uses such as community facility zones. It will also provide some comfort to RZ1 zones that residential amenity can be maintained and protected while still delivering on affordability targets.

The precinct map can specify moratorium type constraints on development by allowing only a set numbers of affordable dwellings be permitted in residential zones per year.

Suburbs can be tiered according to distance to town/group centres. E.g., inclusionary zoning permissions increase the closer to a town/group centre.

### **3. Development of precinct codes with limit on number of “affordable dwellings” per year**

Precinct Maps can be produced that identify target areas for affordable housing development such as specific residential zones. This can also include zones where residential uses would not normally be permitted such as commercial and community facility zones.

For affordable dwellings, it is intended that Suburb Precinct Codes will provide additional planning, design and environmental controls for individual blocks. For example, affordable housing could be included in community facilities zones provided it is part of a community use development, or includes a requirement that all dwellings are adaptable (class C adaptable dwellings) under the Australia Building Code.

### **4. Lease clause changes**

Legislative changes can be used to limit the transfer and/or sale of “affordable dwellings” and to restrict changing the lease for a set amount of time, for example for 10 years. Example lease clauses could be worded as follows:

- (a) Purpose clause – to use the land for the purpose of *Affordable Dwellings* will align with the definition in the Territory Plan
- (b) Varying the Crown lease – that the lease cannot be amended for 10 years from the date of the commencement of the lease unless authority is granted by the Territory.

If a lease is varied within the time limit (e.g., 10 years), to allow sale or transfer outside of the affordable housing market then the Lease Variation Charge (LVC) would include the difference of the uplift based on unimproved value, or the difference between the market price and the indexation price

**a. Development Requirements and options**

**i. Development bonus**

Options to incentive affordable dwellings within multi-unit developments, the ACT system can provide floor space or density or height bonuses. For example, for every development of 10 dwellings or more, where a specified amount (such as 20% or more) is provided as an affordable dwelling as per the affordable dwelling index threshold, the development achieves a floor space bonus, or a relaxation of development height restrictions or densities.

Further options are explored under Action 11.

**5. Territory Plan considerations for flexible planning or building controls**

Potential code requirements that could be considered for affordable housing developments:

Code/ legislation change/consideration	Potential outcome
Must comply with the access and mobility general code and AS4299 adaptable housing (class C). More onerous design and siting requirements can be relaxed.	All affordable dwellings would be “adaptable” top assist in addressing aging in place.
Dwelling size and mix limitations/allowances	Affordable developments achieve a mix of products and types.
Number of dwellings on a block according to block size.	Affordable dwelling products contribute to a lower dwelling contribution where multiple dwellings types are proposed. e.g., Table A1/A3 in MUHDC could be amended to include “affordable housing” as well as supportive housing/adaptable housing
Private open space	Private Open Space for dwellings can be reduced where communal open space is provided at an increased rate and is accessible to all residents.
Car parking (shared arrangements, allowance in the “front zone”)	Car parking is allowed in the “front zone” where it is specifically allocated to specialist disability housing types or where a dwelling achieves at least a “class C” adaptable dwelling.
Solar access to Private Open Space and living spaces	That solar access achieving at least three hours of direct light for a dwelling can be achieved in either the internal of a dwelling or the POS that is directly accessible from a dwelling living area
Plot Ratio be increased where a development includes an affordable	Would be an initiative to encourage more affordable dwellings in a development.

housing component.	
Subdivision (R17) should remain however unit title and community title be allowed. Consolidation would be allowed.	This would allow some flexibility in the way products are sold or released to market or community housing providers.
Re-granted leases would include a clause that affordable dwellings not be on sold for 5 years unless at an affordable price as determined by ACT Government policy.	Would ensure affordable housing is retained in the target market
Distribution – one residential care accommodation development per section to protect urban amenity could be expanded to include affordable housing developments	Will increase the opportunities in different locations as well as highlight the option for development of different scale for supportive housing, moving away from CFZ which are typically large blocks.
Allow integrated housing developments where these include affordable housing	Introduce flexibility and variety in products to assist in increasing supply
Battle axe blocks permit more than 3 dwellings	At least one dwelling must address the frontage to either public open space or a main road carrying more than 3000vpd. The development must also address all other rules and criteria relating to battle axe blocks.
Heritage areas and buildings conversions to affordable or adaptable (class C min) dwellings have special considerations	Previously development limited dwellings have potential for adaptation to affordable housing

## **6. Market sounding/testing exercise with industry and development assessment**

The ACT Government contribution to this step is to advertise a new project to test affordability pilot projects. Some examples are as follows.

### **a. New and innovative housing options – Nightingale Housing**

Nightingale Housing is a new social enterprise set up by Melbourne based architects to develop an innovative, systems based housing model to deliver sustainable and affordable multi-residential homes.

### **b. New Experimental Architectural Typologies**

NEAT (New Experimental Architectural Typologies) was developed as a response to address urban infill constraints for affordable housing types as well as assist in reducing the pressure placed on Greenfield development as the demand for new development areas continues to exceed supply. NEAT explores options to reduce regulatory burden in higher density housing that achieves affordable as well as high quality architectural design outcomes. Designs can be applied to infill sites however, may also be suitable applicable to more compact Greenfield sites. The design outcomes proposed a mix of attached, semi detached and apartment homes that demonstrate high quality, innovative living while still achieving affordability requirements. The design competition was completed in 2014.

### **c. Compact dwelling typologies**

‘Tiny houses’ could be an affordable housing type for older people (singles or couples) who would prefer to live in a small, accessible, and easy to maintain dwelling with similar dwellings in close proximity on the same block. This would allow for shared garden/outdoor amenities and promote living in community while allowing for independent space. This option may be suitable for Q2 as well as Q1 households, given that 43 per cent of public housing tenants are single person households, and almost one in five households (19 per cent) has a main tenant aged 65 or older.

### **d. Adaptive Re-use**

In addition, adaptive reuse of empty and older office buildings for housing could capitalise on the embodied energy retained within the existing structure (representing about 95 per cent of the energy required in the construction of a new building) and their convenient locations near to transport, employment and education hubs. Re-purposing empty or low quality office space in inner city areas may be able to deliver a mix of full market priced as well as affordable housing. The ACT Government may wish to further explore this opportunity in the interest of urban renewal and increasing densification in the city centre.

Lead Directorate: The Environment and Planning Directorate (EPD) is nominated to lead this action with input from CMTEDD.

## **Action 10: Introduce an “Innovation Fund” to facilitate new affordable housing options**

This Action will establish an Affordable Housing “Innovation Fund” to provide seed capital for new and innovative approaches to affordable housing.

Examples of these innovative approaches include housing delivered under the Nightingale housing model, the Homeshare program that matches home owners with persons in need, and the not-for-profit HomeGround Real Estate model.

It is proposed that an advisory group be established that will assess each approach, choose suitable models and provide guidance on what level of commitment should be provided over what period.

The funding commitment under such a fund is to be determined but could be financed through:

- an annual ACT Government budget appropriation,
- contributions from the private sector in lieu of fulfilling the required number of affordable housing units; or
- part of the development contributions/incentives/revenues under Actions 1, 5 and 11, .

There may also be the opportunity to adapt elements of the existing New Zealand Housing Innovation Fund which supports affordable housing development through profits being returned to the fund from the sale of a property from a dedicated affordable housing development.

### **Social Housing Future Fund**

A paper has been published by Infrastructure Partnership Australia that intrudes the idea of a “Social Housing Future Fund” that may be used to alleviate pressure on Government owned housing assets. This model involves:

1. Sale of the assets on the private property market;
2. Redirect the sales revenue to
  - a. Government projects/initiatives with a high Benefit-Cost ratio; and/or
  - b. An established “fund” or similar that invests the proceeds of sale in securities, investment and/or bonds;
3. Lease dwellings from the private rental market (including Community Housing Providers) at market rate; and

4. The profit from the securities/investments/bonds would be used to fund the private market leases and is expended to be successful to the extent that additional properties would be made available to public housing tenants.

A review by Shepherd Shaw has identified some preliminary potential risks.

As the “fund” is required to cover the gap or subsidy for public housing, the assets will be expected to perform this function independent of further funding or intervention. It will need to cover market rent, upkeep and maintenance, administration such as transfers and agreements. This not considered to be plausible.

A risk has been identified that if the market rent prices increase (or performance of the investment decreases) to the extent that the investment would need to be sold to cover the cost of rents/maintenance. This would further deplete the Government financial assets.

If purchasers of the Government housing assets are not financially equipped to repair or maintain the assets then there is a risk that they will be on-sold and not available for rent. To compensate for repair or maintenance costs buyers could choose to raise rents or let properties fall into disrepair. Raised rents to cover maintenance costs may then influence local rent prices and conditions and equivalent housing prices will also increase.

The volume of sales from the Government assets may lower property values, which in turn may reduce the return to Government when the assets are sold.

There is a risk that poor condition low cost housing be retained in concentrated geographic areas causing social disadvantages.

Property management issues for Government may emerge as tenants are relocated out of properties. Tenancy relocations have potential to delay sales.

Shepherd Shaw have suggested that the use of a fund may add a financial cost to managing the investment. Shepherd Shaw suggest investigating a option without a fund where revenue from asset sales is directed straight into Government projects/initiatives with a high BCR. This option would also offer a subsidy to a consortia of housing providers who at the end of a fixed term (SS suggest 40 years) would “repay” the government with an asset/housing transfer. This however is acknowledged by Shepherd Shaw to not be completely self-funding.

Further research is required around this potential action. This approach may form one of a suite of actions that would assist to provide funding support to Government owned housing assets.

Lead Directorate: CMTEDD is nominated to lead this action.

## **Action 11: Investigate planning control flexibility such as density or floor space bonuses to facilitate “community benefit” incentives in town centres**

There is an opportunity in town centres to offer incentives for the developers of taller apartment buildings to provide better community outcomes in return for additional GFA.

Environment, Planning and Sustainable Development Directorate (EPSDD) are undertaking work around precinct code amendments that would provide incentives to obtain community benefits. The benefits may include:

1. communal open space;
2. increased accessibility or universal design standards;
3. public realm upgrades;
4. increase affordable housing provisions; and/or
5. greater variation in unit sizes and types

Incentives may include:

1. floor space, density or building height bonus; and/or
2. relaxed provision of car parks or private open space

Lead Directorate: The Environment and Planning Directorate (EPD) is nominated to lead this action with input from CMTEDD.

## **Action 12: Work to sustain public housing tenancies and prevent homelessness**

Housing ACT has been moving towards a 'social landlord' service delivery model through recent reforms called Modernising Tenancy Services. First introduced in 2014, this approach has implemented a targeted, differentiated and outcomes-focused operational model, which is aligned with the ACT Government's human services reform vision of 'better lives for everyone with better services.'

For this proposed action area, the ACT Government intends to build on and enhance these reforms by investigating the use of different approaches to support public housing tenants to sustain their tenancies and improve their wellbeing through participation in and contribution to the community. The NSW Government is currently investigating the use of 'personal support plans', which they plan to deliver in partnership with community organisations, to support tenants' involvement in education, training and employment. This represents a possible area of action for the ACT Government, and could entail developing a targeted and flexible support program aimed at improving outcomes for specific groups – for example, young people, people with disability or Aboriginal and Torres Strait Islander people – through additional support to engage in education, training, employment, improved life skills and participation in the community. This would be aimed at breaking the cycle of disadvantage and empowering tenants to achieve their desired outcomes.

Another key issue that affects the stability of public housing tenancies is debt. While only 6% of public housing tenants are currently in debt (with the remainder either on time or ahead in their rent payments), the ACT Government wishes to explore ways to improve how we support at-risk tenants to prevent them from falling into debt and, where debt does occur, to effectively manage it and avoid it escalating. This approach acknowledges that rental debt is reflective of other, often compounding events in a person's life, and targeted early intervention and prevention efforts could assist tenants' to sustain their tenancy.

Lead Directorate: CSD is nominated to lead this action.

Timeframe: TBA

## **Action 13: Support households to enter and sustain private rental tenancies**

Many low income households in the ACT are experiencing rental stress – paying more than 30% of their income on rent.

A range of private rental assistance options could provide a cost-effective early intervention and prevention response to support low-income ACT households to sustain or enter private rental accommodation. The provision of this kind of support would help to address a current system gap and aligns with the reform focus of the Human Services Blueprint. Currently, the only option that the ACT Government offers to assist tenants in the private rental market is the Rental Bonds Loan Program, which provides an interest free-loan of up to 90% of a rental bond to eligible low income households.

Offering an enhanced range of short to medium term financial assistance options to eligible low income households in the private rental market could improve low income households' access to affordable housing in the private rental market, thus relieving pressure on public housing waiting lists and freeing up more social housing stock for those most in need.

It is also worth exploring the suitability of tax incentives for landlords in the ACT who agree to rent their properties at an affordable rate for low income households, as well as exploring alternative funding arrangements through partnering with community housing providers.

Possible options for consideration include:

- Rental Subsidies – Two different kinds of short to medium term (1-3 years) rental subsidies could be targeted to specific groups, such as households on the social housing register and people seeking to escape domestic or family violence and establish a private rental tenancy.
  - The first option could help to relieve pressure on the social housing waiting list (1,914 households as of 9 January 2017) and the second could be delivered in conjunction with initiatives announced as part of the ACT Government's landmark Safer Families package. A subsidy would assist tenants in the private market to make up the difference between the market rent plus Commonwealth Rent Assistance and the amount the tenant can reasonably afford.
- Rental Arrears Grants – A one-off, non-repayable rental arrears grant for eligible tenants who need additional assistance with rental arrears. This grant could be targeted to eligible tenants who are at risk of eviction due to unpaid rent. This grant could be capped at \$1,500 and offered to cover up to a maximum of four weeks rent in arrears to assist tenants to sustain their private rental tenancy. This approach would align with initiatives now being taken by NSW and many other jurisdictions.

- Rental Guarantees – A rental guarantee for a private rental tenancy (of up to \$1,500) could be provided to eligible tenants who are experiencing discrimination in the private rental market or barriers due to an unsatisfactory rental history. The guarantee would be offered by the ACT Government and would only be paid out if damage or unpaid rent is incurred by the tenant beyond that which would be covered by the tenants' bond.
- Tenant references – A Statement of Satisfactory Tenancy could be provided by Housing ACT to help former social housing tenants to secure a private rental tenancy.
- Affordable rental incentives – Incentives for landlords to rent properties at affordable rates could be explored and may also include innovative funding approaches. For example, it may be possible that rental subsidies could be delivered through community housing providers and be considered as tax deductible donations. This option will require further investigation and community consultation.

Lead Directorate: CSD is nominated to lead this action.

Timeframe: TBA

## **Action 14: Respond to the needs of the Aboriginal and Torres Strait Islander community**

The ACT Government is committed to developing appropriate housing options for older Aboriginal and Torres Strait Islander people.

Following the successful completion in 2016 of the older persons' complex in Kambah, the ACT Government committed during the 2016 ACT election to building a second complex, working in close consultation with the community and the Aboriginal and Torres Strait Islander Elected Body to determine the most appropriate location for this second complex.

Lead Directorate: CSD is nominated to lead this action.

Timeframe: TBA

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## **Action 15: Support the future establishment of an Aboriginal and Torres Strait Islander community housing organisation**

Housing ACT and other mainstream housing services generally respond well to the needs of Aboriginal and Torres Strait Islander people in a way that is culturally appropriate and sensitive but it is also important that we work with the community to develop capability and capacity.

The ACT Government will work with the ACT Aboriginal and Torres Strait Islander Elected Body, local Aboriginal and Torres Strait Islander businesses and with the wider community to identify opportunities to establish an Aboriginal and Torres Strait Islander community housing organisation. This is a long-term, aspirational goal and a proposed timeline for establishment will be informed by community feedback.

The government recognises that previous attempts at sustaining a distinct Aboriginal and Torres Strait Islander community housing organisation have had limited success. In committing to establish a new community housing organisation the government will learn from the past and ensure that any new organisation is well supported by strong and effective governance arrangements and is of a suitable size and scale.

Lead Directorate: CSD is nominated to lead this action.

Timeframe: TBA

## **Action 16: Develop a long-term strategic asset management plan for ongoing public housing renewal**

The ACT Government recognises the important contribution that public housing has made to the growth and development of Canberra. Under the Public Housing Renewal Program, 1,288 older public housing properties are being replaced with new, energy efficient, contemporary designed properties that better meet the needs of tenants and are more economical to maintain.

As public housing in the ACT was originally designed to accommodate Commonwealth public servants when Canberra was established, the design of older public housing properties is not always suitable for the needs of our changing tenant profile. Public housing is an essential safety net for households in greatest need in the ACT, which often includes people with disability, people escaping domestic and family violence, the elderly and frail aged and single parents with children, who often require very different types and design of housing.

The ACT Government will investigate options to continue the progressive renewal of public housing properties following completion of the current renewal program in 2019. It will consider the projected demand for public housing and seek to establish the optimum size of a sustainable and financially viable public housing portfolio.

In doing so the government will also investigate the potential impact of different rent models, water utility charges and variations to current income and asset exemptions in enhancing the revenue base of Housing ACT to improve its financial sustainability and enable more social housing to be provided to households in greatest need.

Lead Directorate: CSD is nominated to lead this action.

Timeframe: TBA

## **Action 17: Strengthen specialist housing and homelessness support services**

This action would strengthen specialist housing and homelessness support services to make sure vulnerable groups (e.g. older women, Aboriginal and Torres Strait Islander communities and women escaping violence) get the support they need; support people seeking housing who have a lived experience of trauma; fund professional development and training for the Specialist Housing and Homelessness Service Providers; and support the UnitingCare Early Morning Centre in the city to provide essential services.

At the 2016 election, the ACT Government committed to reducing homelessness and strengthening the capacity of the specialist homelessness services sector to respond to the Territory's most vulnerable people. People seeking homelessness support often have high and complex needs requiring a specialist response from skilled practitioners to provide the necessary case management and wrap-around support. The key foundations stones for a skilled, robust and effective specialist homelessness sector are:

- a policy framework that brings government and experts together to develop a best practice approach to addressing homelessness in the ACT context;
- a highly trained and skilled workforce; and
- frontline service delivery that has the capacity to respond to the individual needs of those seeking support.

To address these needs, the Government has initially identified three key areas for action:

- responding to homelessness through a lens of trauma, developing a system-wide response to contribute to improved long-term outcomes for clients;
- strengthening the specialist homelessness services sector through professional development and training, including a skills analysis of the existing workforce and developing a strategic training and development program focusing on:
  - case management and skills-based training;
  - recruiting for skills-based boards; and
  - building financial management skills and embedding best-practice governance in policies and procedures; and
- supporting UnitingCare Early Morning Centre to provide essential services. An evaluation in 2015 found that additional resources would further assist in responding to unmet demand through designing a service model that also provided post-crisis support to people experiencing or exiting homelessness.

The Government has also identified key groups that need more support, including older women, Aboriginal and Torres Strait Islander communities and women and children escaping domestic and family violence. The ACT Government seeks ideas and feedback from the community on the key actions identified so far, as well as any other suggestions for

addressing the needs of key cohorts or actions that may assist in improving housing and homelessness services for the most vulnerable Canberrans.

Lead Directorate: CSD is nominated to lead this action.

Timeframe: Short-term (one to three years). Internal work to progress this action has commenced and is expected to be completed by mid-2017. This work will be progressed for approval to the Minister for Housing and Suburban Development.

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## **Action 18: Convene a Housing and Homelessness Summit in 2017**

There is considerable focus nationally on the need to address housing affordability and how government, community and business can work together to support those on low and limited incomes to gain or sustain housing. There is also a wealth of policy and practice on the wide range of interventions on how best to support vulnerable people experiencing housing and homelessness challenges, but we need to bring this together with local expertise and knowledge of the ACT context to co-design and deliver lasting solutions.

The objective of the Summit would be to bring together leaders in government, health, social enterprise, industry, business, academia, housing, community and welfare sectors to develop responses aimed at achieving enduring solutions to homelessness and addressing housing challenges facing low income and vulnerable families in the Territory. The development of effective cross-sector integration on these issues is critical.

To support this approach the ACT Government intends to host an ACT Housing and Homelessness Summit in 2017. The Summit will involve broad community sector, business, industry and government participation and, importantly, will provide a forum for the voice of people experiencing homelessness or those with a lived experience of homelessness, to share their stories and explain the interventions or supports that were most helpful for them.

The Summit will contribute to the strategic policy directions of addressing homelessness in the ACT, identifying possible responses to the housing needs of particular cohorts, and considering how best to address housing affordability issues across the housing eco-system.

Lead Directorate: CSD is nominated to lead this action.

Timeframe: TBA

## **Action 19: Continue to advocate strongly at a national level for a long-term consistent funding solution for housing and homelessness services**

The ACT Government has consistently advocated for a longer-term commitment from the Commonwealth Government for housing and homelessness services and the clear need for Federal funding certainty under the National Affordable Housing Agreement (NAHA) and the National Partnership Agreement on Homelessness (NPAH).

While the Commonwealth has recently announced a one year extension to the NPAH, a longer-term solution is needed if a more stable operating and investment environment is to be created. The current pattern of one-year extensions is unsustainable and only heightens the anxiety of service providers and their clients who are amongst the most vulnerable members of our community.

The ACT Government is working closely with the other States and Territories and the Commonwealth to secure longer-term funding for housing and homelessness services and we will continue to advocate nationally for sustainable, transparent and adequate funding arrangements for the ACT's vital homelessness services. The intent is that funding certainty should be achieved this calendar year.

Lead Directorate: CSD is nominated to lead this action.

Timeframe: TBA

## **Action 20: Work with community and business partners to construct purpose built accommodation for people experiencing mental health concerns and housing difficulties**

The ACT Government recognises that people who suffer from mental health issues are over-represented amongst those experiencing homelessness or at risk of becoming homeless. These people can experience difficulty sustaining independent housing and often need long-term, ongoing support to maintain their housing. Stable long-term housing is an essential requirement for achieving improved social and economic engagement.

The ACT Government is committed to developing a new housing solution for people experiencing homelessness as well as enduring mental illness in the ACT. A promising model is the 'MyHome' model of supported accommodation.

MyHome in Canberra is a long-term, ambitious community initiative which aims to build and provide safe, secure and affordable supported accommodation and provide high quality care for people with serious, enduring long-term mental illness who currently live in unsuitable accommodation and are unable to live independently

The ACT Government plans to first conduct a feasibility study to review the available evidence and literature on the success and efficacy of the MyHome model and identify the preferred model for Canberra, including costs, location, design and scope of the service..

Lead Directorate: CSD is nominated to lead this action.

Timeframe: TBA

## **Action 21: Undertake a cohort and feasibility study for Ainslie Village**

Ainslie Village is nestled at the base of Mt Ainslie and houses approximately 170 residents with high and complex support needs in a congregate community housing model in which residents have their own room but share communal facilities.

Ainslie Village plays a vital role in the homelessness and mainstream service system and was originally intended to be only temporary housing for people experiencing homelessness. Many residents have health issues, and have lived in Ainslie Village for a number of years due to a lack of other suitable accommodation options. Additionally, as the complex has aged, maintenance costs have substantially increased and the congregate style of accommodation is no longer effectively meeting the support needs of the resident cohort.

The ACT Government plans to undertake a feasibility study for Ainslie Village in 2017-18, to provide a detailed analysis of the resident cohort currently living in Ainslie Village and their housing needs and identify alternative housing models to provide more suitable long-term housing that will enhance residents' life outcomes, wellbeing and participation in the community. The study will also investigate options for the redevelopment of the site to improve amenity, safety and urban design and support the long-term financial sustainability of the public housing portfolio.

Lead Directorate: CSD is nominated to lead this action.

Timeframe: TBA

## **Action 22: Expand the Common Ground model**

The ACT Government has committed to addressing homelessness, including engaging people who are chronically homeless, who remain one of the most difficult target groups to engage with due to a variety of structural, systemic and individual barriers.

Many people experiencing, or at risk of homelessness, repeatedly move through mainstream systems and institutions such as prisons, hospitals, drug treatment programs, foster care and homeless shelters.

To assist in addressing this issue, in 2015 the ACT established the first Common Ground in Canberra, located adjacent to the Gungahlin Town Centre. Common Ground targets people experiencing chronic homelessness through the coordinated delivery of affordable and stable accommodation with on-site support services to encourage long-term stabilisation and to improve housing sustainability over time. The Gungahlin Common Ground consists of 40 long-term accommodation units, 20 for those with experiences of chronic homelessness and 20 affordable rental units, targeted at singles and couples over 18 who have no children.

Critically, Common Ground is a model that reflects a strong tripartite partnership between the community, business and government sectors. The success of the current Gungahlin Common Ground is due to the passion, drive, energy and philanthropy of the community and private sector leveraging government investment.

There are number of options for expanding Common Ground and the ACT Government is seeking community feedback on the most effective and preferred way to determine the design, location and recommended model for an expansion of Common Ground.

Importantly, expanding Common Ground in the ACT will be informed by the program evaluation now underway. The ACT Government is committed to ensuring that any future investment in Common Ground delivers the best possible outcomes for those who have experienced homelessness and represents value for money for the community.

Lead Directorate: CSD is nominated to lead this action.

Timeframe: TBA

## **Action 22: Investigate opportunities to improve efficiency, effectiveness and coordination across the homelessness service system**

This action will investigate opportunities to improve efficiency, effectiveness and coordination across the homelessness service system, taking a co-design approach in preparation for procurement of homelessness services from 2019 when current Service Funding Agreements with all homelessness service providers expire.

In August 2016, following an extensive co-design and evaluation process, the ACT Government announced new funding arrangements for the ACT's homelessness services. The new agreements provided three year contracts with options for a further one plus one years to organisations funded under the National Affordable Housing Agreement (NAHA).

In terms of national context, the Productivity Commission is currently undertaking an inquiry into Introducing Competition and Informed User Choice into Human Services. The Inquiry is examining whether the efficiency and effectiveness of human services, including health, education and community services, could be improved by introducing greater competition, contestability and informed user choice. A key area of interest is the housing system, including public, community and private housing. A draft paper is planned to be released in May 2017 for public comment, with a final paper due to the Commonwealth in October 2017.

This work needs to be carefully considered in terms of its implications for the ACT as it represents a chance to achieve better outcomes not only for tenants, but for those seeking to enter the system (experiencing homelessness or severe housing stress).

Noting the current national focus on housing affordability and the potential for future changes in this area, the ACT Government wishes to work collaboratively with the sector to ensure that, collectively, we are well placed to respond to any external changes to ensure that we can maintain a strong and effective homelessness service system in the ACT.

Lead Directorate: CSD is nominated to lead this action.

Timeframe: TBA

## **Action 22: Support the sustainability of community housing providers within the specialist homelessness sector**

This action will support the sustainability of community housing providers within the specialist homelessness sector, by reviewing the Housing Asset Assistance Program (HAAP) to ensure a sustainable model for head-leasing arrangements in the homelessness sector.

The Housing Asset Assistance Program (HAAP) has been operating since 2008 and provides public housing properties to non-profit community providers and ACT Government Directorates to enable them to provide a range of housing solutions, such as crisis or supported accommodation, to people who require short-term housing within the social housing and human services system. It remains an important part of the ACT Government's commitment to reducing homelessness and assists people to move from crisis housing to more stable housing with the support that they need, using a 'housing first' approach to housing support. As of October 2016, there were 634 properties allocated to 36 organisations.

Housing and Community Services (HACS) initiated an internal review of HAAP in late 2016 and has consulted with current HAAP providers about the operation of the program and areas for reform.

Important points raised so far include the need for more visibility in the community about the program, the sustainability of financial models, head leasing arrangements, strengthening focus on outcomes, clear and consistent program operation, exit pathways and workforce development.

HACS is committed to consulting further with the community sector on these reform areas with the aim to finalise an implementation plan for program improvements by the end of 2017.

Lead Directorate: CSD is nominated to lead this action.

Timeframe: TBA

## Conclusion

Housing affordability is an issue across Australia and the ACT is not immune. Households in the lowest two income quintiles have been identified as being particularly at risk of experiencing housing stress, with those accessing the private rental market at greatest risk. The Strategy has therefore focussed especially on the needs of this cohort whilst also recognising the potential for flow-on and cascade-down effects of reforms across the housing continuum.

The Strategy has canvassed a range of possible policy and program response options in pursuit of:

- increasing affordable home ownership;
- increasing affordable rental housing; and
- strengthening housing assistance.

The Strategy has built on the foundations of the previous iterations of the AHAP and, importantly, shows the potential for further targeted actions to have a positive impact on housing affordability in the ACT.

Most critically, the Strategy highlights the need for coordinated, collaborative action as part of an agreed whole-of-government response to housing affordability. The effectiveness of previous actions has been constrained – and occasionally undermined – by competing priorities and this cannot continue.

There is significant value for government in continued investment in housing services to support those in greatest need and to achieve more equitable access to available resources. In this regard, the Strategy seeks to emphasise the benefits of a hand-up rather than a hand-out and seeks to create a ‘normalised’ housing experience for public housing tenants. This is considered essential if Housing ACT is to operate in a sustainable, self-supporting manner and provides the rationale for some of the recommended options detailed in the Strategy.

### Case Study 1: Affordable housing requirement in Throsby

The Gungahlin suburb of Throsby is the most recent release of Greenfield land to the market. The suburb has a total yield of 1,100 dwelling sites, and the affordable housing component is to be delivered through the sale of 124 units and 96 single residential blocks. The single residential sites are 250 square metres and are required to be sold at market value, and have a home valued up to \$380,000 built on them. The valuation for these sites is set based on valuations of non-affordable sites elsewhere in the estate. A security bond is retained to ensure that affordable housing is delivered within the price ranges.

The average price per square metre achieved at auction for the non-affordable sites in Throsby has exceeded all expectations and is \$1100 per square metre. Applying this valuation to 250 square metre affordable sites would result in an average value of \$275,000 per site. The builder, however, is required to build a home to a minimum spend of \$110,000 in accordance with the planning regulations. Therefore, it is not possible to deliver single residential affordable housing in Throsby under current requirements.

### Case Study 2: [www.propertylocator.sa.gov.au](http://www.propertylocator.sa.gov.au)

The South Australian Government's Affordable Homes website was launched on 29 August 2007 ([www.propertylocator.sa.gov.au](http://www.propertylocator.sa.gov.au)).

A key component of South Australia's 'Affordable Home Ownership Initiative', the website lists properties available for sale at under \$250,000, which meets the affordability criteria for moderate and low income households.

New homes listed on the website are offered exclusively to low and moderate income earners for 90 days. Former Housing South Australia rental properties are also offered on a restricted basis to eligible low and moderate income earners for 30 days. Once the 15 per cent affordable housing targets are fully operational within new development areas, the website provides an important mechanism for managing the sale of new affordable housing stock. The site ensures that low and moderate income earners are able to access available affordable housing as it enters the market, and provides protection against spirited inflationary pressure associated with investor competition.

It also demonstrates the market viability of new housing units tied to affordable price points.

### Case Study 3: National Affordable Housing Consortium

The National Affordable Housing Consortium (NAHC) operate predominantly in South East Queensland and Northern New South Wales and over the past 5 years they have partnered with developers and builders to deliver over 3,000 new affordable homes and have attracted over 2,800 investors and \$1.3 Billion into the affordable housing market.

The model relies on collaboration across a number of fronts:

- the NAHC itself, which in its not for profit capacity takes carriage of the legal aspects, sales and marketing, qualification criteria, home buyers vetting, and is responsible for delivering the outputs under any proposal, and is the responsible entity for ensuing regulatory compliance with financial services;
- the Lending Institutions who provide finance to the buyer, but have reduced lending risk because of the 'pre-qualifications' undertaken by the NAHC;
- developers who work with the NAHC to identify suitable standard entry level property stock that is diverse in type (high or medium density housing) and location and provide a discount;
- the Government who may make land and development opportunities to provide better outcomes for the community, or to retain equity at no additional cost; and
- the Homebuyer who is required to finance 75% of the value of the property (as per standard home loan conditions). Under the terms, the homebuyer pays down against the bank mortgage, and then against the NAHC equity after an interest-free term. The proceeds are then shared with NAHC in proportion to the equity when the property is sold.

NAHC has expressed interest in introducing a "Buy-Assist" shared equity program to the ACT region.

#### Case Study 4: 'Granny Flat' legislation

In 2013, the Territory Plan was amended under [Variation 306](#) which removed restrictive conditions around the development and occupation of secondary residences, commonly known as granny flats. While the *Planning and Development Act 2007* has previously provided for the development of granny flats adjacent to the primary residence, the conditions were highly restrictive and not open to the private rental market.

In an effort to provide wider opportunities in affordable housing, the variation increased the maximum dwelling size and removed restrictions on who can occupy a secondary residence (previously an occupant had to be related to the primary resident). Granny flats are unable to be sold as separate titles.

While comprehensive data is not yet available on the success of this initiative in increasing the supply of affordable rental housing, these changes have allowed secondary dwellings to be leased on the private market. Though rents vary between suburbs, rental yields of up to 15 per cent can be achieved in the most popular suburbs ([afr.com](#), 2015).

This case also represents an opportunity to conduct research on the success of this initiative in conjunction with other areas of the ACT Government, such as the Environment and Planning Directorate.

#### Case Study 5: West Belconnen Riverview

One example of a cross-border development is the planned Riverview development in West Belconnen.

Land in the ACT is finite and generally expensive, and Greenfield sites in the ACT are in high demand. In light of this, in 2013 NSW and the ACT partnered with the Riverview Group to facilitate the planning and development of some 4,500 new homes in West Belconnen adjacent to the existing suburb of Holt in the ACT, over the next 10 to 15 years. The Riverview Group will add another 5000 homes over the NSW border.

Riverview is isolated from the rest of NSW as the only entrance and exit is through the ACT – and the ACT and NSW Governments are working together to integrate transport and services.

The establishment of the suburbs will occur separately with respect to planning and development laws, but will be integrated as part of the ACT/NSW Government Memorandum of Understanding on Regional Cooperation (2011).

### Case Study 6: Affordable Rental Scheme

The small-scale Affordable Rental Scheme is managed by Housing ACT on behalf of the Affordable Rental Office, and provides affordable housing for older people on low incomes (65 years+), in 28 two-bedroom properties in Bonython, Chapman, Florey, Kambah and Rivett.

The original model set rents at a flat rate of 74.9 per cent of market rent, which led to some households experiencing severe housing stress. Under this model, a single occupant paying \$308 a week and receiving the maximum Centrelink payment of \$465.70 a week was paying 66 per cent of their income in rent.

In response, a demand side policy intervention introduced a hybrid income and market rent setting mode with 6 rent bands that charges a percentage of market rent ranging from 33.3 per cent of market to 74.9 per cent of market rent. This means that tenants now pay an affordable rate that reflects their capacity to pay. This model increased the subsidy across the 28 properties from \$2,605 per annum to \$5,429 per annum, but resulted in a more flexible scheme that can transition households to appropriate and affordable rent levels as required.

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