



Queensland Shelter Submission to the Productivity Commission First Home Ownership Inquiry



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1. Introduction

In this submission Queensland Shelter details:

- How current Australian ‘housing economy’ trends are detrimentally impacting on low and moderate-income households, including aspiring home purchasers.
- How ‘policy failure’ at the commonwealth and state level is compounding this situation, and;
- The solutions and recommended actions to the crisis in housing access and affordability.

1.1 About Queensland Shelter

Queensland Shelter is an independent voice on housing rights representing the interest of low-income people in Queensland. The organization provides an important link between the community and government on housing issues and is committed to working towards a fairer and more just housing system.

Queensland Shelter members are individuals and organizations who share a commitment to the organizations goals. Queensland Shelter is affiliated with National Shelter, the peak body representing the housing interests of low-income people nationally.

1.2 How input to the inquiry was gathered

For the purpose of responding to this inquiry Queensland Shelter sought input from three regions in Queensland, the Sunshine Coast, Cairns (far north Queensland) and Bayside/Redlands. This input was gathered through a series of regional workshops, which were attended by interested individuals and community groups.

The outcomes of these workshops are attached to this submission.

2. Summary of key workshop themes

The workshops identified a broad range of issues impacting on access and affordability across the housing system. In collecting this information it was apparent the situation for aspiring home purchasers could not be separated from the issues impacting on housing access and affordability more generally. The same trends were identified as impacting at different points in the housing system, from home ownership through to the private rental market and public and community options.

The following themes were used to explore these trends:

- Housing market dynamics (including internal and external pressures, housing costs factors, investment and disinvestment patterns)
- Private rental market trends (investment/disinvestment, supply and demand, access and affordability)

- The capacity of the social housing system and community and voluntary services.
- The incidence of housing stress and resultant poverty and homelessness
- Local economy, employment and income factors and their impact on housing choice, access and affordability.
- The role of local governments in relation to housing issues (urban management and facilitating local responses to housing issues)

These broad categories were used to identify how changes in the ‘housing economy’ is impacting on the options and choices for households. Significantly, the workshops identified the failure of ‘governments’ to respond to the current housing crisis. This is particularly reflected in the recommendations arising from the workshops, including the need for a consolidated national framework, inclusive of the CSHA and other policy drivers. In this respect participants noted the impact of Federal Government policies, specifically taxation and broader economic policies, as a key contributor to the housing boom and house price inflation. The feedback gathered across the regions, indicates that low-income households are disproportionately bearing the costs of this ‘failure’ in housing policy.

3. Key housing affordability and access trends

Overwhelmingly the trends identified through the workshops all concerned a loss of housing choices, limited access, reduced affordability and a lack of security. Key trends included:

- a. Loss of low cost rental stock
In all workshop areas the lower cost end of the private rental market is in serious decline ¹(this was attributed to taxation policies, federal government investment incentives, First Home Owners Grant (FHOG), the GST, poor urban management and reduced returns on investment).
- b. House price inflation
All areas recorded rent and house price inflation for housing which had previously been available to low income households (an indication of the growing ineffectiveness of current rates of Commonwealth Rent Assistance ² the limited benefit of the FHOG, and the growing disparity between rents and incomes, particularly for pension, benefit recipients and low paid workers).
- c. Private rental market exclusion
Private rental risk management strategies are having a profound effect on access to housing in the private rental markets (Tenancy databases, lessors insurance and competition for access to a scarce resource are leading to

¹ Yates and Wulff, ‘Whither Low Cost Private Rental Housing?’ Urban Policy and Research, vol 18 No 1.

² National Shelter, Commonwealth Rent Assistance: Does it Deliver housing Affordability (see 22)

discrimination)³. This has significant implications for government and community services. This is represented in a 'blow out' in wait times for public housing and disturbing 'turn away' rates at crisis and emergency accommodation services, who are unable to meet increased demand.

- d. Overwhelming demand for housing assistance
Residents unable to sustain private rental and ownership options are looking to the affordability and security of tenure provided by public housing.⁴ Community and welfare organizations also identified increased demand for crisis and support assistance. This included significant increases in family homelessness, overcrowding and migration brought on by the need to secure 'affordable' housing somewhere. Agencies also reported 'new' forms of housing need amongst households who previously had not had to seek assistance. This included pensioners and other low income home owning or purchasing households who in struggling to meet rising living and housing costs (rates, insurance, maintenance and other outgoings) are presenting at emergency relief agencies.

4. Issues particular to aspiring home purchasers

In relation to prospective home purchasers and first homeowners, the loss of housing choice and access was reflected in the following feedback.

- a. Many low and moderate-income households are unable to secure a firm foothold anywhere in the housing market. This disrupts the notion of a 'housing career', particularly when rents and other living costs are such that households are not in a position to save for a deposit.⁵
- b. The direction of labour market reforms and evolving work and employment practices further exacerbate this situation. The interplay between growing housing costs, declining wages (in real terms) and an uncertain labour market position (i.e. casual work), has undermined the 'secure base' from which previous generations were able to more readily access 'home ownership'. The regions surveyed were also experiencing local economy impacts, including the decline in traditional forms of employment associated with rural industries.
- c. Concern for current housing policy dependence on home ownership led participants to question the wisdom of encouraging home ownership to the exclusion of other options. Services were seeing increasing numbers of families experiencing 'mortgage stress'. It was feared that a significant

³ AHURI – Qld Research Centre (forthcoming) Tenancy Databases: Risk minimisation and outcomes

⁴ As of 31/07/03 the Public Housing waitlist in Queensland is 30,3049 Applications (this represents as many as 100,000 people)

number of FHOG entrants would not be able to sustain their mortgage commitments in the long term, particularly in the event of rate rises, a significant life change or crisis. Few readily accessible, affordable and secure housing options existed for households, ‘falling out’ of home ownership. Even less assistance was available to assist households to deal with mortgage stress so they could keep their housing.

5. Policy failure not just market failure

These trends all indicate an abject failure across all levels of government to the crisis in housing access and affordability. This is particularly evident in the Federal Governments failure to:

- Maintain and develop interventions with a positive housing impact across the housing system;
- Address the negative social impacts of current policies on house price inflation and housing supply.

This failure means the Federal Government is not delivering on its responsibility to act in the interest of citizens, to protect human rights and ensure an adequate standard of living.⁶

Over the last 10 years households have been encouraged and increasingly felt, as if they had no choice other than to accept massive increases in debt to access housing. This is particularly evident among, young ‘first home’ purchasers.

This level of indebtedness is driven by the combined inflationary effect of a mortgage-lending sector competing for market share and a Federal Government pursuing a range of social and economic policies, which are working against housing affordability. Those with a specific housing impact include:

- The GST, First Home Owners Grant, tax concessions on loss making housing investments (negative gearing,) and the lowering of capital gains tax.

Alongside this raft of ‘wealth creating and industry assisting’ measures, there has been a failure to support initiatives promoting, choice, diversity and affordability in access to housing for lower income groups.

5.1 The CSTHA and a national housing policy framework

Ten years ago Queensland Shelter submitted to the Industry Commission Inquiry on Public Housing. The inquiry report began by affirming that housing underpins the quality of life for all Australians. It acknowledged that home ownership is not available (or appropriate) to all households. However, those not in-home ownership should enjoy some of the benefits, associated with home ownership, in particular,

⁶ See appendix 1. Australia’s Human Rights obligations in relation to housing

security of tenure. In this way the Industry Commission was re-connecting with the intended purpose of the CSHA. Importantly this acknowledges the fact that public housing was developed as an alternative to home ownership not the private rental market, which does not guarantee access, affordability or security of tenure.

Key findings of the Industry Commission inquiry into Public Housing⁷, included:

- Targeted housing assistance is more cost effective and efficient than income support in the long term
- Public housing is a cost effective and efficient way to meet government housing objectives
- Long waiting times for public housing means that people trying to leave crisis programs often have nowhere to live

Subsequent to the inquiry there has been a failure to build on the effectiveness of the CSTHA and the social housing system. Instead, public housing provision is being undermined and the promise to support the capacity of the community-housing sector has also failed to eventuate. These failures along with the reluctance to engage in a national conversation leading to an agreed policy response between the Commonwealth and the States, severely undermines efforts to move forward on the resolution of housing issues in Australia.

5.2 Private rental market policy

The erosion of the CSTHA and the absence of a national policy framework are further amplified by continuing inaction on addressing serious shortcomings in the operation of the private rental markets. This includes:

- The absence of a best practice approach to tenancy legislation and industry codes of conduct.
- The failure to encourage or direct investment to affordable rental housing provision, including the failure to support and encourage new long-term market entrants⁸.

This current housing crisis, including the range of issues specifically impacting on aspiring first home purchasers has been evident for a considerable amount of time. ACCOSS, National Shelter, The churches and other peak, industry and community groups have been issuing warnings of the need to approach housing delivery and the management of the Australian 'housing economy' in a more considered way.⁹

5.3 Social and economic policy levers

The Federal Government contrary to advice from a range of sources has relied solely on interest rate policy, investment and taxation levers to encourage housing provision. These have proved to be blunt and inefficient instruments. Whilst they have facilitated

⁷ Industry Commission Inquiry, 1993, Public Housing, Vol.1.

⁸ National Affordable Housing Consortium...

⁹ National Shelter, Housing Policy Platforms, 2001, 2003; The Housing Industry Association (HIA) 6 Point Plan (2001)

wealth creation outcomes for some, for many the costs of house price inflation, including insecurity and unprecedented levels of household debt outweigh any benefits.¹⁰ This insecurity is overwhelmingly being carried by low income, rent and mortgage paying households.

The First Home Owners grant has operated as a catalyst for growth in house prices. Far from creating greater affordability it has significantly contributed to a set of pre-existing issues impacting on housing access and affordability.

Simultaneous to the impact of housing related tax incentives and subsidies the Federal Government has been promoting social and economic policies whose effect has further diminished access to home ownership. These include:

- Deregulation of the labour market (casualisation of the workforce, enterprise bargaining, resulting in the erosion of condition and loss of job security)
- Maintaining a ‘dampener’ on wage growth, including the living wage allowance (pension and benefit levels and wages are indexed at or below inflation and CPI, whilst housing and living costs have grown considerably faster)
- Withdrawal from public or universal access to services is resulting in cost shifting to low and moderate income households (this is increasingly evident in relation to health, welfare, education, child care and growing rates of dependency, which increasingly are being responded to by households and communities with limited government assistance)¹¹

These are all indications of the failure of governments to provide social and economic policies that provide certainty, security and the flexibility required to support the increasingly ‘complex and diverse’ functions of Australian households.

These include:

- Readily accessible, available and affordable child care
- Access to good quality health and wellbeing services regardless of income or location
- Universal access to education and training opportunities.
- Improved employment conditions and income support provisions

Policy initiatives of this kind would greatly enhance household’s capacity to make a range of housing choices with maximum certainty and confidence. The absence of these policy positions ensures households are carrying significant levels of ‘risk’ in their daily patterns of living and working. The ever-present indication of this is the fact that unemployment and underemployment has remained high despite strong economic growth over the last decade.

*Employment insecurity affects the ability of people to plan for the future – in terms of a career, starting a family, the possibility of buying a house or saving for retirement*¹²

¹⁰ ACOSS, Impact, May 2003, Budget waste and well-off welfare,

¹¹ ABC Compass program – estimated that 2million Australians were providing unfunded ‘carer’ services to dependents

¹² Brotherhood of St Laurence, 2002, in VCOSS, Just Policy, No 30, July 2003, 17.

One of the key casualties of the transition to the ‘risk society’ is housing choice, access and affordability for low and moderate-income households. This is occurring despite historic levels of borrowing for housing investment. This investment is not translating into solutions for lower income groups, including prospective home purchasers. The result has instead been to create even greater uncertainty in the Australian housing system and broader economy. This is evidenced by the extent to which the household sector of Australia has redrawn its collective balance sheet:

From being modestly indebted in international terms, the average Australian household is now among the world leaders in terms of its debt to-to-income exposure....

*Higher leverage means that economic shocks to come such as rising unemployment are more likely to be amplified as they work their way through the economic system*¹³

6. Conclusion

The workshops undertaken with community members to generate input to this inquiry indicate significant housing access and affordability issues. Key themes from the three regions include:

- All three surveyed regions are experiencing dramatic and rapid change in their urban environments, employment structures, and population (migration growth). These trends have a significant, combined impact on access to housing opportunities.
- This lack of access to affordable and appropriate housing was identified as negatively impacting on community ‘health and wellbeing’ and detrimental to long term social and economic sustainability.
- Housing market dynamics (the property boom and house price inflation) were identified as reducing not increasing housing choices. Home ownership despite the availability of FHOG and low interest rates was out of reach of a growing number of local households.
- Housing risk and housing stress was spreading across the community from renters to home purchasers and owners, as households struggled to meet rising living/housing costs.
- Young aspiring home purchasers were seen as being particularly disadvantaged, as they faced entry to a housing market during a period of protracted house price inflation.

¹³ The Bulletin, September 23,2003, Max Walsh, The Wealth effect, page 40

- Workshop participants were concerned about the capacity within their communities to provide secure, affordable and accessible housing to community members unable to access home ownership. This is particularly evident in relation to the decline of low cost rental housing options (private rental stock including, boarding houses and caravan parks), and growing waitlists and reduced public housing options.¹⁴
- In response to these issues communities are seeking new solutions and the recommitment of governments to existing options, to ensure housing affordability and access for all residents. Communities identified the need to secure these commitments from all levels of government and for there to be co-ordinated policy frameworks negotiated to facilitate linkages and effective implementation of responses.

7. Recommendations

The situation for aspiring home purchasers cannot be separated from the issues impacting on housing access and affordability more generally across the Australian housing system.

Recommendation for improving housing access and affordability must also inevitably look for solutions in related social and economic policy areas.

Traditionally access to the Australian housing market (home ownership) was underwritten by a number of policy imperatives, which were broadly agreed to across the political spectrum. These included a set of conditions often referred to as the ‘workers welfare state’. A key role for government in this social contract was to mitigate the market and smooth the social and economic impact on citizens. This meant a role for government in providing services or ensuring at the very least citizens had access to those services which underpin quality of life for all citizens (health, education, housing, employment, income support etc).

Social and economic policy was leveraged towards encouraging home ownership. This was underpinned by a wage system, interest rate policies and the availability of low interest housing loans (often provided via the CSHA). There was an abiding recognition however that home ownership was not affordable or appropriate for all households. The Commonwealth State Housing Agreement was the embodiment of this recognition as it sought to provide household with the benefits of home ownership in an alternative housing arrangement (public housing).

The current social and economic imperatives being pursued by governments are not underpinned by a commitment to quality of life outcomes for citizens. In relation to housing this is evidenced by the continued erosion of the CSHA and the withdrawal

¹⁴ As a result of ongoing CSHA funding cuts public housing stock numbers in Queensland are in decline

of protective and enhancing social policy initiatives, the home owning welfare state which underpinned housing security for many households.

For the purpose of this inquiry the following are recommendations for improving housing access and affordability in Australia, including but not limited to aspiring first home purchasers:

- a. Recommitment by Australian governments to social and economic policies, which support community health and wellbeing, including households' capacity to access and maintain housing options. This includes:
 - Improved targeting of tax incentives to generate housing supply including the creation of new mechanisms to facilitate supply of low cost housing options.
 - Social infrastructure expenditure, as an investment in Australian families and households, particularly in the areas of health, education and income support.
 - A series of workplace and labour market policies, which provide for greater distribution of work and economic opportunities and are underpinned by a fair and equitable income and social support system.
- b. Re-commitment by governments to the Commonwealth State and Territories Housing Agreement and a National Housing Strategy. This includes:
 - Increased funding for the CSHA
 - Supporting social housing innovation and community based initiatives
 - The development of mechanisms to support secure long term investment in low cost rental housing
 - Review and extension of the rent assistance program to improve its application to households experiencing housing stress
 - State Government commitment to investing a proportion of stamp duty and GST revenue to housing solutions.
- c. The development of national, state and local planning frameworks for urban and regional development, which acknowledge the central importance of housing access and affordability to community health, wellbeing and sustainability. Such a framework would promote housing diversity and choice and be a mechanism for guiding local housing market supply towards addressing actual demand.

- d. Leadership at the commonwealth level in relation to best practice tenancy legislation, housing construction (including energy efficiency and universal design principles), home loan lending and finance. This is required to ensure that housing delivery in Australia occurs within a best practice framework geared towards quality, accessible, affordable and sustainable outcomes.

Appendices

Australia's human rights obligation in relation to housing and an adequate standard of living

Australia is a signatory to the Universal Declaration of Human Rights – Article 25 and a number of other covenants and agreements

Through the United Nations International Covenant on Economic, Social and Cultural Rights (ICESCR), Australia has made a commitment with other Nations of the world to work towards ensuring adequate housing for its citizens.

Article 11 (1) of the ICESCR, largely repeats the text of article 25 of the Universal Declaration of human Rights 1948. This sets out the right to an adequate standard of living in the following terms:

The States Parties to the present Covenant recognise the right of everyone to an adequate standard of living.... including adequate food, clothing and housing, and the continuous improvement of living conditions...

The intent of this Covenant is further explained through detailed comments, which state:

The right to housing should not be interpreted in a narrower, restrictive sense which equates it with, for example, the shelter provided by merely having a roof over one's head....rather it should be seen as the right to live somewhere in security, peace and dignity.

Adequate housing is defined to comprise security of tenure, availability of services, affordability, habitability, accessibility, location and cultural adequacy.

Australia has committed itself to ensure housing is available to all citizens, and to work towards continuing to improve living conditions. The CESCR also notes, homelessness and inadequate housing are significant problems in some of the most economically developed countries¹⁵.

¹⁵ For a fuller explanation of the relevance of the UN Charter and the ICESCR see “Homelessness and Human Rights” by Dianne Otto, reprinted by permission of the author in the Queensland Shelter newsletter, February 2003.

Cairns Housing Interest Network

Workshop 23 September 2003

Attendance

Shelter Housing Action Cairns, Ruth's House, The Women's Centre, The Department of Housing (Cairns Area Office), Access Community Housing, Oz Care, Mental Health project, and Queensland Shelter

About the Cairns Housing Interest Network

The Cairns Housing Interest Network formed in the early 1990s as a forum to provide input to the CSHA and improve co-ordination in the local response to housing needs. The network continues to support affordable housing initiatives, tenant rights and access to housing for the residents of Far North Queensland. Some examples of this work include: -

- Affordable Housing Summit and the formation of the regional 'Affordable Housing Action Group' (1995);
- Participating in the development of the 'Far North Queensland (FNQ) 2010 Regional Plan' and the associated affordable housing strategy;
- Supporting the mental health 'Pathways Home' project, and;
- Assisting in the development of housing initiatives, including the Cairns 'community boarding house'.
- Family homelessness research- "*Still almost nowhere to go*" (2003)

PART 1. Identification of key housing access and affordability issues

Overview

Until the recent impact of the property boom the Cairns housing market had been stable for ten years.

Cairns is currently experiencing a crisis, particularly in relation to housing affordability and access for lower income groups.

Reduced access to housing for low-income groups, including casual and low paid workers in the tourism, hospitality and rural industries, poses a serious challenge to the regions social and economic sustainability.

Housing market issues

The property market in Cairns had been stable for about 10 years. This has recently changed. There is now global property market interest (international investors) and intra and interstate investment activity (Sydney, Melbourne, Brisbane etc). This is driving up property values, increasing rates and rents. This impacts across income groups and household types, including 'renters' and aspiring 'home purchasers'. The resulting exclusion from the housing

market of ‘vulnerable households’ is increasing public and community housing waitlists and homelessness.

Public and Community housing impacts

Public and community housing is sensitive to changes in the broader housing markets. Service providers (community welfare, housing and homelessness services) are experiencing increased demand for their services and finding it increasingly difficult to provide solutions to households in a complex and competitive housing environment.

Case example 1. Cairns Community Rent Scheme

CRS is a transitional housing scheme for low-income households, which secures properties by head leasing from the private market. The CRS has a rental subsidy to cover the difference between market rents and what a low-income household can afford. The property boom is impacting on the CRS ability to assist households, by:

Reducing the number of available properties and increasing rents

- The CRS may soon be forced to drop their overall quota of properties and assist fewer households with their rental subsidy (provided to cover the difference between the market rent and what is collected from the tenants¹⁶). As a result of the property boom, lessors at the lower end of the market are selling and the CRS has to pay more to secure replacement stock.

Reducing the exit and entry points from the program.

- Fewer CRS tenants are able to return to the private rental market because of the rising costs and tightening market. This is resulting in increased demand for public and community housing. With waitlists for public housing growing, households must stay in the transitional CRS program longer (less turnover = fewer people assisted).
- Reduced access and turnover in CRS limits the ability for households to exit SAAP (Supported Accommodation Assistance Program) and other crisis options. The lack of a reasonable supply of affordable and appropriate housing is driving demand for housing assistance and support services far beyond their capacity to respond.

Case example 2. Public Housing – Cairns Area Office region

Changes in the housing market, particularly the loss of low cost properties through redevelopment and home purchase combined with rising rents and a low vacancy rate is driving up demand for public housing in Cairns.

- There are currently 1,800 households on the ‘active’ public housing waitlist in Cairns¹⁷. This includes a significant proportion of large families who do not have access to appropriate private rental stock in the region.
- The 1,800 households represents between 4,000 – 5,000 people.

¹⁶ CRS tenants pay the equivalent of public housing rents ... 25% of income

¹⁷ This only includes applicants who are active – that is, who do not have previous debts to the Department, who are still at the same address or have updated their address since moving etc.

- Current stock turnover – (the rate at which properties become available to households on the waitlist) is currently 25 allocations a month.
- Due to capital funding cuts (declining CSTHA funding, increased costs of construction and maintenance, including GST impacts) older public housing stock sold for ‘urban renewal’ has not been replaced. As a result the overall base of public housing in Cairns is in decline as the waitlist and overall housing demand grows.
- The private sector is not responding to households on low incomes by providing any new housing products (demand is growing while the supply is decreasing).

Private rental market trends

The heated property market is contributing to the exclusion of a significant number of people from rental housing.

- Low vacancy rates are driving up rents and resulting in restricted access to the market. As a result of redevelopment, gentrification and home purchase much of the low cost rental housing stock in Cairns has been lost¹⁸.
- Increasingly low-income people are not able to access the remaining low cost rental stock¹⁹. Increased competition for the remaining available housing allows lessors to ‘pick and choose’.
- The tightening of the market is exacerbated by ‘risk management’ practices, including tenant databases and rental insurance. Property managers utilize a range of screening tools and apply higher entry tests than self-managing lessors. These practices and trends are combining to restrict many groups access to housing, often simply on the basis of income, family type or status.²⁰
- Key groups excluded from the rental market in Cairns include: single parents; indigenous families; young people; large families; people with mental health or chronic health issues; people with disabilities (lack of access and discrimination), and women escaping domestic violence.

Labour market, local economy and income issues

The regions dependence on tourism and rural production creates a range of flow on impacts. Workshop participants characterised Cairns as being a boom/bust town. This cycle impacts on casual workers and lower income households’ access to secure and affordable housing. Key issues included:

- Cairns has a very high rate of casual employment. This is related to the predominance of tourism and rural industries.

¹⁸ Loss of low cost rental housing in Cairns has been driven on the demand side by the availability of FHOG and low interest rates, and on the supply side by lessors seeing an opportunity to capitalize on gains on properties after the GST impacted on rental yields. These conditions combined with FHOG bringing buyers onto the market made it an attractive time for lessors to capitalize on their returns. See Wood and Forbes, 2001, AHURI, The impact of tax reform on providers of boarding house and caravan park accommodation.

¹⁹ See Yates and Wulff, ‘Whither Low Cost Private Rental Housing?’ Urban Policy and Research, vol 18 No 1.

²⁰ See Lavarch Report (Qld State Government) and AHURI research on risk management practice in the private rental market

- Wages and security in these industries are low while the ‘cost of living’ in Cairns is high.
- The rural sector is in decline, a combination of poor seasons (lower than average annual rainfall – drought) and poor prices for key products like sugar cane are exacerbating this.
- The tourism industry is subject to an unpredictable range of impacts. Lately this has included SARS, variable exchange rates, the collapse of airlines (the holiday at home scenario) and the fickle nature of the global tourism market.

Local Government role

Participants identified a number of issues in relation to Cairns Council.

- Council identifies its role as a facilitator of residential and tourist development not a facilitator of responses to housing needs in the community.
- There is little or no engagement with residents on housing matters beyond the collection of rates.
- Council is a beneficiary of the property boom through increased rates revenue.
- Council currently has no mechanisms in place to mitigate the impact of the loss of low cost housing stock on the community.

First Home Owners - access and affordability issues

A combination of factors including income, labour market, debt, social and economic policy issues as well as ‘cost’ is excluding many aspiring purchasers from home ownership.

- Many households struggle to save for a deposit while paying higher rents and living costs (GST impacts).
- House prices are growing much faster than incomes.
- Other financial commitments and debts including the Higher Education Contribution Scheme impact on savings patterns and priorities.
- The growth in single person households and ‘dependency’ (care providing arrangements) is changing living and working arrangements.
- Life patterns for young people and young households are changing.
- Current social and economic policy encourages mobility and flexibility in labour markets and housing choices.
- The First Home Owners ‘push’ (FHOG) is seen to encourage many households into levels of debt/risk they cannot afford.

PART 2. What we want the housing system to deliver

- Choice - Home Ownership is not the only option. New, different and existing models of housing provision are needed which provide households with security and affordability.
- Security of Tenure
- Adaptability
- Appropriate flexibility in housing design and delivery (the ability to deal with change of circumstances and conditions)
- Affordability and Accessibility

PART 3. Recommendations to the Federal Government and Productivity Commission

What needs to happen:

- The federal government is offering incentives to get in to home ownership, but there is nothing available to help you stay in (housing help products are needed).
- An expanded commitment to the CSTHA – for public housing and the housing safety net is required.
- Improved targeting of tax benefits (negative gearing) to encourage investment in affordable housing.
- Identifying a percentage of housing generated ‘stamp duty’ and GST revenue, to be returned as social housing investment.
- Taking action federally on tenancy data base and other rental market exclusion issues.
- Capping home loan rate rises and providing discounted rates to first homeowners. Means testing FHOG.
- Mortgage relief strategies via Centrelink.
- Addressing inequities in the labour market for casual workers, including improved conditions and security of employment.

Cairns Supported Accommodation Program Network

Workshop 23 September 2003

Attendance

Shelter Housing Action Cairns, The Women's Centre, The Commission for Children and Young People, St Johns House, St Margaret's House, and Queensland Shelter

About the SAAP Network

The Cairns SAAP network provides a forum for communication and co-ordination amongst the homeless services in the region funded under the SAAP program.

PART 1. Identification of key housing access and affordability issues

Overview

Until the recent impact of the property boom, the Cairns housing market had been stable for ten years.

Cairns is currently experiencing a crisis, particularly in relation to housing affordability and access for lower income groups.

Reduced access to housing for low-income groups, including casual and low paid workers in the tourism, hospitality and rural industries, poses a serious challenge to the regions social and economic sustainability.

Housing market issues

The Cairns property market has boomed in the last few years. Houses are selling quickly and demand is pushing up prices. Key issues and trends include:

- Housing costs are being pushed up by interstate investors (Sydney and Melbourne)
- This is driving inner city gentrification, which is contributing to the loss of older low cost stock in the rental market.
- These trends are contributing to declining housing diversity and a growing mismatch between what people need and what is available in the market place.

Private rental market trends

The heated property market is contributing to the exclusion of a significant number of people from rental housing:

- There are very few rental vacancies available for large families
- Until recently, units were more readily available (still expensive) as a result of a building boom, ten years ago. This part of the market is now also very tight.
- A number of groups of people are particularly subject to private rental market exclusion.
- The situation for young people is exacerbated by a lack of income and access to household goods including white goods, and other living costs, including education and transport.
- As a result of the higher cost of living, households are being forced to share. Living alone is too expensive for people on low wages and benefits. Share housing is not appropriate for many people, and overcrowding is a growing problem.

Homelessness and impacts on the SAAP system

The tightening housing market is impacting on the service system.

- There is limited capacity in the local SAAP (Supported Accommodation Assistance Program) system to respond to the growing needs of homeless households and families
- There are only 2 Crisis accommodation facilities for homeless families in Cairns. Services are operating beyond their capacity. Over 300 families were turned away over a several month period in the middle of 2003²¹.
- Private boarding house facilities are closing and contributing to this increased demand.
- Caravan Park accommodation is available but expensive and unsafe, particularly for households with young children.
- There is a strong link between homelessness, mental health, and ill health. There are very few resources, support choices and options being developed to address this issue.

Trends for particular groups include:

- Homeless, older women are moving between children and other family members (and other unsafe temporary options)
- Young women are at risk of exploitation and abuse
- Young people generally are at risk from abuse when homeless. They are also likely to fall out of school. Some young people in Cairns are living in tents.
- Homeless families stay with relatives. This causes overcrowding and puts their family member's tenancy at risk.

²¹ Joanne Dunstan, 2003 "Still almost nowhere to go" housing options and issues for the homeless families of Cairns, for the Cairns Housing Interest Network.

- Homelessness increases the risk of children suffering abuse. Services in Cairns are now seeing second-generation homelessness and the affects of intergenerational poverty.

Public and community housing impacts

Public and community housing is sensitive to changes in the broader housing markets. Service providers (community welfare, housing and homelessness services) are experiencing increased demand for their services and finding it increasingly difficult to provide solutions to households in a complex and competitive housing environment.

- The public housing waitlist is growing and there is no capital works program to increase supply.
- Old public housing stock is being sold and not replaced (increasingly the balance of funds goes to maintenance and upgrade. Sale of old stock is meeting the shortfall in funding resulting from the declining CSHA).
- Public housing turnover is very slow. Tenants recognise and appreciate the benefits. The Queensland Department of Housing seeks to avoid evictions and focus wherever possible on sustaining tenancies.
- There is no access to public housing for independent young people under 18.

Local Government role

Issues in relation to Cairns Council:

- Council contributes to homelessness, in how it responds to park people and public space homelessness issues.
- Council does not recognise other homeless populations, including the hidden homeless (families living in cars, staying in overcrowded conditions, in refuges and shelters, in caravans and temporary accommodation)
- Homeless people lack power and a voice in Cairns.

In relation to First Home Owners

Public Housing used to be for working families - it has since been marginalised. Public housing should be extended and once again be an option (tenure of choice rather than tenure of last resort) for low-income earners.

Shared Equity and Tenant Buy

Public Housing/State Housing Authorities (SHAs) should be the shared equity partners not the Banks. This will ensure appropriate safeguards are in place to protect consumers from exploitation. The SHAs and ethical investors are in a position to share the 'risk'. The current models proposed by the Menzies institute and the Prime Ministers taskforce place all responsibility and risk on the household. It should be a more mutual arrangement.

First home ownership assistance

FHOG must be means tested to ensure better use of tax payers funds in achieving social as well as economic outcomes. Eligible purchasers should qualify for other forms of linked assistance. This includes interest rate

protections (against rises) as part of a first mortgage protection/relief scheme, underwritten by the Federal Government. This will ensure that households assisted to access the market can also access help in times of need.

PARTS 2 and 3. What we want the housing system to deliver, and; Recommendations to the Federal Government and Productivity Commission

A dynamic social housing sector

Recommitment to the CSTHA and bringing together key stakeholders – the Commonwealth, States and local Governments in partnership with community based organizations to deliver a diverse, revitalised social housing response to low income households.

Better targeting of FHOG and other home ownership products

Reforming Centrelink and Commonwealth Rent Assistance

The social security system is now based on control and punishment of poor people. Centrelink needs to support and facilitate people's engagement with their communities in a positive way.

The inadequacy of rent assistance also needs to be considered and appropriate measures taken to address this²².

Rebuilding the Social Safety net

Recommitments to key elements of the social safety net, including the SAAP program (Supported Accommodation Assistance Program), mental health, other health programs and access to education.

Redistributing the benefits of the property boom

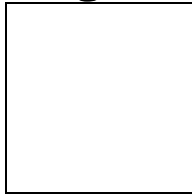
A proportion of State stamp duties (from house sales) should be devoted to addressing housing and homelessness issues.

A resourced role for local governments

Responding to, and supporting housing and homelessness initiatives at the community level.

²² See National Shelter, 2003, "Commonwealth Rent Assistance: Does it deliver housing affordability" and National Shelters recommendations on rent assistance to the Productivity Commission Inquiry.

Sunshine Coast Housing Network



Workshop 7 October 2003

Attendance

Nambour Community Centre, Sunshine Coast Regional Housing Council, St Vincent de Paul, Dept of Housing - Sunshine Coast Area Office, Sunshine Sanctuary, Noosa Youth Service, Community Housing Resource Worker (Brisbane North/Sunshine Coast), Lions Emergency Accommodation, Goodlife Community Centre, Caloundra Community Centre, Cooloolooloo Youth & Community Centre, Habitat For Humanity (Sunshine Coast/Cooloolooloo), Namtec, Integrated Family and Youth Service

About the Sunshine Coast Housing Network

The Sunshine Coast Housing Network was formed in 2003. It brings together the Cooloolooloo/Sunshine Coast Shelter Branch (formed 1999) and the Sunshine Coast Community Housing sub-regional board (formed 2002). The network undertakes local & regional research, identifies housing needs and opportunities, provides linkages and communication among social housing providers and the broader social service system. The network also undertakes local and regional social housing projects and lobbies for social housing and affordable housing responses and provides a mechanism for input to statewide and national forums.

PART 1. Identification of key housing access and affordability issues

Overview

The Sunshine Coast is one of the fastest growing urban regions in Australia. The region is connected to the global property and international tourist market and is experiencing significant intra and interstate migration. These factors are resulting in rapidly increasing residential property prices and significant strain on social infrastructure and services.

The regions social and land use planning mechanisms have been largely ineffective in dealing with the social and environmental challenges arising from rapid population growth and (re) development. Key community interests, including affordable housing, environmental outcomes and sustainable development are not being adequately addressed.

The shortfall of housing for low-income residents poses a serious challenge to the regions social and economic sustainability. Growing numbers of

households cannot consider home ownership in an environment where they do not have a secure foothold, anywhere in the housing market.

Housing market issues

The Sunshine Coast housing market has experienced extraordinary price growth driven by intra, interstate and international investors. This has caused considerable upheaval in the housing market, resulting in the loss of low cost stock and social dislocation for displaced residents. Some of the key trends and indicators of this include:

- The average house price in the Coast is now \$351,000
- Over 40% of recent residential property sales have been to investors (not home purchasers)
- Price growth and redevelopment is contributing to the loss of stock, which had previously been affordable and accessible to lower income residents.
- (Re) Development is focussed on the upper ends of the property market, including tourist apartments and expensive housing, not the needs of lower income groups.
- The loss of housing opportunities for lower income groups is causing migration from the coast to hinterland areas. This is taking households away from services, supports and job opportunities.
- Social infrastructure development on the coast is not keeping pace with rapid urban development. Few residents for example have access to public transport.
- Rural industries are under significant pressure to release land for residential development. Rural industries are significant employers and key contributors to the regions economy.

Private rental market trends

The heated property market is contributing to the exclusion of a significant number of people from rental housing.

- Rents have risen dramatically over the last few years (a typical example includes a three bedroom house renting 2years ago for \$180 now costs \$300 a week). Commonwealth Rent Assistance is increasingly ineffective in this environment. Many recipients pay over 60% of their income on rent and many low-income households (casual and part time workers) in rental stress are not eligible for assistance.
- The lack of rental options is causing; overcrowding, families to be split up, exclusion and discrimination against indigenous people, families and young people.
- Real estate and property managers are using tenant databases and exploitative share house arrangements (where residents are put on separate leases) to deny tenants access to their rights.
- Low-income households are resorting to living in caravan parks. This option is not affordable and often not safe for families.

Public/Community housing and community impacts

Public and community housing is sensitive to changes in the broader housing markets. Service providers (community welfare, housing and homelessness

services) are experiencing increased demand for their services and finding it increasingly difficult to provide solutions in a complex and competitive housing environment.

The public housing waitlist has blown out to 8 to 10 years and the priority waitlist to 18 months. There are currently 3,800 households on the waitlist. The stock level of the Department of Housing Area Office is 2,500 properties.

People who access community services for assistance are often labelled as 'welfare dependent' and discriminated against by landlords and real estate agents. Residents are increasingly frustrated and angry when they are unable to receive assistance from overwhelmed and under resourced community and welfare services. This frustration is sometimes directed at workers.

There are only 17 crisis houses for families in the region (Caboolture to Gympie). One local service provider has turned away up to 300 families every month.

Emergency relief and community support agencies are identifying 'new' need groups. These include working households unable to cover rent and homeowners, including retirees and pensioners who struggle with increased rates and living costs.

Waitlists for housing and a loss of low cost options is accelerating homelessness in the region. Growing numbers of families are living in cars and many are prevented from re-entering the rental market because of tenancy database listings. 'Couch surfing' - staying with friends and relatives (overcrowding) is also on the rise as people find it harder to get in, and stay in the housing market.

The cost of developing and managing new forms of housing, including boarding houses and hostels, for low income single people is prohibitive.

Labour market, local economy and income issues

The Sunshine Coast is highly dependent on the tourism and construction industries. In the hinterland the decline of traditional rural industries (sugar cane) is contributing to economic uncertainty for many residents. This ensures the region has:

- Higher than average rates of unemployment
- Higher rates of casual work, characterised by low wages and uncertain conditions

These issues when combined with high housing costs means many residents have a marginal foothold in the housing market and are not in a position to consider home purchase.

Local Government Role

Local Governments in the regions face a number of serious challenges.

- Residential development Vs green space
- Residential development Vs rural industry

- How to manage these tensions through, land use and social planning instruments.

Local Governments are reticent about taking on a broader housing role. However this is a key issue for residents at risk of being priced out of their communities. The local economy also relies significantly on a resident population of workers for the tourism, hospitality, service and rural industries.

Increasingly workers in these industries cannot access affordable housing and are unable to live near key employment centres. This is beginning to significantly impact on the social and economic sustainability of the region.

As the private market is not responding to the housing needs of these residents, local government must take a proactive role and work with the State and Federal Government on finding and developing solutions.

First Home Owners - access and affordability issues

A combination of factors including income, labour market, debt, social and economic policy issues as well as 'entry costs' is excluding many aspiring purchasers from home ownership.

- It is impossible for many aspiring entrants to save a deposit (despite FHOG) when paying high private market rents.
- The threshold for home loan finance is above many low-income earners capacity.
- A range of broader life cycle –and other key “risk factors” are combining to change household patterns of work, home life, housing choice and child rearing. Households are carrying a range of higher ‘stresses’ or uncertainties in relation to these issues, particularly around job and income security. Household indebtedness and lifestyle choices are key factors leading households to defer or not consider homeownership as an option.
- Some FHOG entrants will not be able to cover interest rate rises. Growing hidden home ownership charges – bank fees, stamp duties, rates and insurances, exacerbate this.
- The First Home Owners grant has had broader property market implications. It has resulted in a net loss at the lower end of the market (low cost rental turned over into home ownership) and has significantly contributed to property inflation, which has affected sale prices (entrance prices) and rents.
- There is a need to study the impacts on the First Home Owners Grant on; recipients, the housing market, including the housing options of low income groups, and; to quantify the overall housing market and economy impacts (the inflation in prices and household indebtedness)

PART 2. What we want the housing system to deliver

Choice, Affordability and Security

- Low-income people require greater choice in appropriately located affordable housing which is linked to facilities and services.
- There is a need for the Commonwealth to make a substantial recommitment through the CSTHA, for more public and community housing to deliver on these needs.
- Commonwealth Rent Assistance has to be indexed to improve its application for low-income renters – it should also be more broadly extended to low-income earners experiencing housing stress.
- Land ownership and tenure issues also have to be explored to identify alternate ways in which to deliver housing choice and affordability (i.e. group title options, co-operative models, Habitat for Humanity etc)
- Increased community input to planning (social planning, development and land use planning, native title and other key issues) is required to ensure social, economic and environmental outcomes are maintained in the interests of the whole community.
- The Australian housing system has to provide more security and certainty in housing outcomes for all residents, not just property owners. Federal Government policy needs to be explicitly focussed on securing and guaranteeing outcomes for all Australian households, particularly low-income households.

PART 3. Recommendations to the Federal Government and Productivity Commission

What we want to see happen:

- Greatly enhanced investment in Social Housing (public and community housing models) through the CSTHA framework.
- The States putting making a proportional annual allocation of stamp duty and GST revenue to housing solutions.
- Improved targeting of tax benefits (negative gearing) to encourage investment in affordable housing.
- Encouraging new entrants and a different kind of investor in rental housing through the provision of subsidies tied to outcomes (incentives model). This would include ethical (friendly, mutual societies, churches etc), superannuation and institutional investors.

- Support for community based and local government initiatives addressing housing needs including “Community Enterprises” which link employment and training to housing outcomes (i.e. finding extra \$ for housing – the building industry training fund, which is generated from the interest accrued by portable long service leave. Surplus funds could be invested in housing development – providing housing outcomes as well as training and employment for industry members and apprentices)
- Means testing eligibility for FHOG and implementing mortgage relief strategies (interest rate protection for eligible households etc)
- Addressing inequities in the labour market, including improved conditions for casual and low paid workers.

Bayside/Redlands Housing Focus Group Workshop October 2003

Attendance

Redlands Domestic Violence Resource Centre, Silky Oaks, Bayside Tenancy Service.

About the Redlands Housing Focus Group

The Redlands Housing Focus Group was established through a public meeting in 1993. The focus group operates as a sub-committee of the Bayside and Redlands interagency networks. The Housing Focus Group advocates for increased housing options in the Redland/Bayside region and has undertaken research, community consultation and project work towards achieving this aim. Areas of work include: -

- Maintaining housing referral and resource registers and local housing stock profiles
- Promoting housing issues via community and local government forums
- Consultation processes with the Department of Housing and local government
- Undertaking housing needs assessments, including an assessment of the regions unmet crisis housing needs, the housing needs of older people on Stradbroke Island, and caravan park residents ('The Gap Exposed' 2002)
- Contributing to the planning and delivery of other services including, transport, family services, aged care and community health
- Developing models for the innovative delivery of crisis and emergency housing options and establishing systems to support the capacity of local tenants to sustain their tenancies.

Membership of the focus group includes: housing organizations (tenant advocate and provider services), community centres (community development workers), youth and family support services, supported accommodation and crisis accommodation services (SAAP/CAAP), mental health and disability services, public tenants, local government representatives and other concerned community members.

PART 1. Identification of key housing access and affordability issues

Overview

The Bayside/Redlands region of South East Queensland includes the Moreton Bay suburbs and islands, to the south of the Brisbane River, bordered by Brisbane City, Gold Coast City and Logan City. The Redlands local government area, and the Bayside suburbs of Brisbane are amongst the fastest growing urban areas in Australia. Redlands Council predicts on the basis of

current trends that by 2016 the areas population will grow by nearly 300% on 1996 figures.

Traditionally the area has supported primary industries including agriculture, fishing and mining (Stradbroke Island). In recent times these land uses and the role of these industries as employers have been supplanted by tourism and urban development. The areas close proximity to Brisbane and the Gold Coast has made it increasingly popular for families, commuting workers and retirees.

Population pressures and competition for land use has led to dramatic land and house price inflation, gentrification, and redevelopment. This is resulting in the accelerated loss of low cost housing stock, higher entry costs and greater indebtedness amongst first home ownership entrants.

The regions social and land use planning mechanisms have been largely ineffective in dealing with the social and environmental challenges arising from rapid population growth and (re) development. The shortfall of housing for low-income residents poses a serious challenge to the regions social and economic sustainability.

Renters and prospective first home purchasers are leaving the region and established social supports, to access lower cost housing options elsewhere.

Housing Market Issues

Some of the key trends and indicators of this include:

- Wynnum Manly is becoming the Bayside “Paddington” (upmarket inner city Brisbane suburb)
- Gentrification of old waterfront homes is pushing up prices to between the 2 to 3 million-dollar mark.
- Population growth is creating commuter/dormitory suburbs. New high cost entrants to the area work elsewhere (40 mins – 1 hr to Brisbane CBD)
- Shortage of land, housing and infrastructure to support projected population growth (Redlands Council estimates that by 2016 the population will have grown 297%).
- Southern investors (buying on spec. often sight unseen) are pushing up prices. This is occurring on the mainland and the bay islands. These trends are causing dramatic changes in the area.
- The Redlands part of the bay region is quickly losing high quality agricultural land to residential development (red soil land). This is also affecting the employment structure of the region.

Private Rental Market Trends

- Very low vacancy rates. Rents are going up and Commonwealth Rent Assistance has not increased.
- Rents have also increased dramatically on the Bay Islands – they are now similar to mainland rents, however transport and other living costs are significantly higher.
- Continued loss of low cost accommodation including caravan parks (Victoria Point, Redland Bay, and Wellington Point. Point Lookout,

Alexander Hills – all within the last 10 years, amounting to more than 500 units of accommodation)

Public/Community Housing and Community Impacts

Public and community housing is sensitive to changes in the broader housing markets. Service providers (community welfare, housing and homelessness services) are experiencing increased demand for their services and finding it increasingly difficult to provide solutions in a complex and competitive housing environment.

Case example 1. Crisis Accommodation Program

A local service head leases a CAP property from the private market. A lowset 3-bedroom brick property was rented for \$ 175 a week for three years. Recently this property needed to be replaced. A similar replacement property could not be found for under \$230.

Case example 2. Community Rent Scheme

Increased private rental market rents are impacting on the capacity of the local Community Rent Scheme. Higher costs for head leased properties (from the private rental market) means they can fit fewer properties (and therefore assist fewer households) under their rent subsidy allocation.

Case example 3 SAAP – Supported Accommodation Assistance Program

It is increasingly difficult to find affordable and appropriate rental housing options for families exiting SAAP and crisis housing services. Increasingly households are moving from emergency option to emergency option.

Case example 4 Public Housing

Waitlists for public housing are increasing. Applicants now face a 5 –7 year wait for an offer of housing. Stock levels are decreasing through realignment and disposal of old stock. In the Redlands there is an historic lack of stock.

Case example 5 Homelessness

The housing situation is resulting in overcrowding, households taking on extended family members and families sleeping in cars.

Labour Market, Local Economy and Income Issues

The areas traditional industries of fishing, mining and farming are in decline. They are being replaced by service industries and tourism as the main local employers. Proximity to Brisbane and the Gold Coast has resulting in many people commuting to work. This trend is continuing, particularly among entrants at the higher end of the property market. Housing opportunities for lower income residents is in decline. On Stradbroke Island in particular there is a shortage of housing for workers in the service, tourism and hospitality industries.

Given the housing market trends in the area, low-income people are not in a position to consider home ownership. Middle-income earners also have to consider their options and many are opting to look elsewhere.

Local Government Role

Redlands Council is not involved in housing provision. Brisbane City Council, which covers part of the region, has some housing and homelessness initiatives, however none are present in the Bayside area. Redlands Council is facing incredible population growth and huge social infrastructure, environmental and social issues as a result of these pressures. Council is considering approving higher density housing forms, however beyond this they have no affordable housing policies or mechanisms.

First Home Owners - Access and Affordability Issues

- A combination of factors including income, labour market, debt, social and economic policy issues as well as 'entry costs' is excluding many aspiring purchasers from home ownership.
- A basic house in the region cost \$320,000. This represents a 50% rise in costs over 5 years.
- First Home Purchasers are carrying higher debts than ever before. This is locking households into working longer hours. Young families require two incomes to meet their obligations. This is increasing family pressures and impacting on decisions about when to have children.
- Some first home purchasers are moving away from the area and family to access more affordable purchase options in other places

PART 2. What we want the housing system to deliver

- Affordable and accessible housing, security of tenure and universal design
- Enough public housing to meet the need (CSTHA funding)
- Private sector contributions to the development of affordable housing
- A proportion of State stamp duties to be allocated to housing purposes
- A range of housing options and choices, which don't put people into greater debt.

PART 3. Recommendations to the Federal Government and Productivity Commission

What we want to see happen:

- A national commitment to social programs, not tax cuts (the budget surplus should be put towards the social safety net and social infrastructure and services)

- Extending the range of services for low income earners, including rent assistance and health care
- Better targeting of taxation incentives (i.e. negative gearing) and investment into affordable housing. Providing subsidies only where the investment meets agreed criteria around affordability, standards and management
- Encouraging new entrants and a different kind of investor in rental housing through the provision of subsidies tied to outcomes (incentives model). This would include ethical (friendly, mutual societies, churches etc), superannuation and institutional investors.
- Significantly enhanced investment in Social Housing (public and community housing options) through the CSTHA framework.
- The States making a proportional annual allocation of stamp duty and GST revenue to housing solutions and ensure public housing dollars from sales is returned to the area.
- Share equity schemes to only be considered where there is a fair sharing of the risk between partners. Access to this and other forms of Home Ownership assistance must be means tested.
- Addressing inequities in the labour market, including improved conditions for casual and low paid workers.