



**Submission to the Senate
Select Committee on
Housing Affordability in
Australia**

March 2008

Prepared by the

Western Sydney Regional Organisation of Councils Ltd



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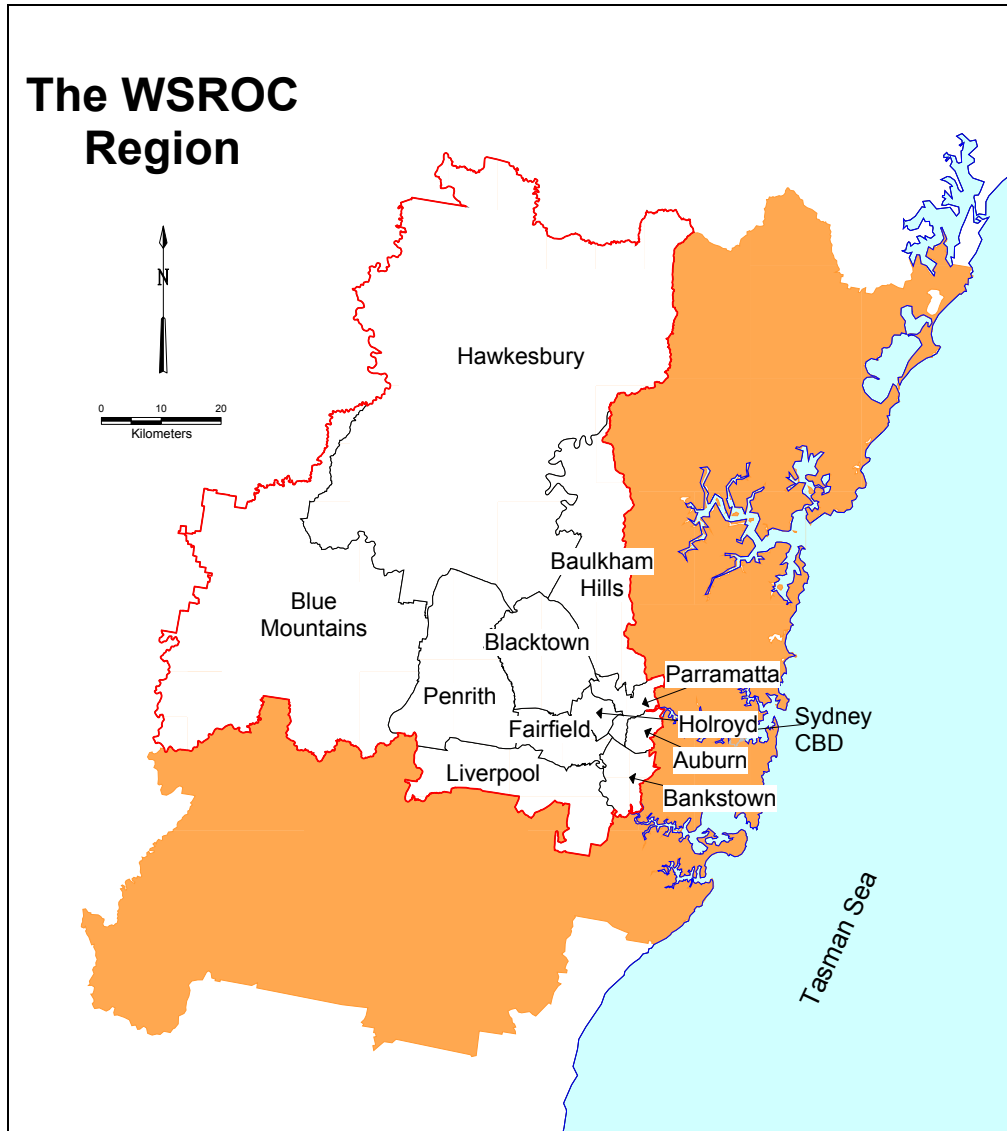
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Submission on Housing Affordability in Australia

1. INTRODUCTION

On 14 February 2008 the Senate established a Select Committee on Housing Affordability in Australia to inquire into and report on the barriers to home ownership including:

- (a) the taxes and levies imposed by State and Territory Governments;
- (b) the rate of release of new land by State and Territory governments;
- (c) proposed assistance for first home owners by State, Territory and the Commonwealth Governments and their effectiveness in the absence of increased supply;
- (d) the role of all levels of government in facilitating affordable home ownership;
- (e) the effect on the market of government intervention in the housing sector including planning and industrial relations laws;
- (f) the role of financial institutions in home lending; and
- (g) the contribution of home ownership to retirement incomes.

This submission has been prepared by WSROC in response to the establishment of the Inquiry. However, WSROC believes that the terms of reference are too narrowly drawn. More action is urgently needed at all three levels of government: more resources, more comprehensive and integrated policy and above all a national impetus.

2. KEY ISSUES FOR SYDNEY

A key issue for Western Sydney is the **lack of adequate, affordable¹ housing** that provides reasonable access to work opportunities and community services at a cost that does not cause substantial hardship to the occupants.

- Lack of housing affordability is greater in Sydney than in regional areas of NSW;
- The generational issues of housing stress;
- One in three low income households are in housing stress;
- 30% of single households are in housing stress, but couple households suffer the lowest rate of stress;
- Housing stress is more associated with income than profession;
- People in their 40s, 50s and 60s are possibly more likely to be still paying a mortgage than Australians of the same age a decade ago although the reported recent dramatic falls in home ownership may be more the result of changing in the wording of the census rather than a behavioural change;

The huge increase in housing costs has severe economic and social consequences. It can:

- affect economic development and competitiveness;
- result in inefficient urban development and high transport costs;
- influence fertility rates and family cohesion;
- reduce retirement security; and
- adversely impact intergenerational equity and the social strength of local communities.

1. 'Affordable housing' as defined in this submission, includes both public and private rental and full or partial home purchase, for low to moderate income households.

WSROC considers that there is a pressing need for government intervention to help trigger private investment in the lower end of the housing market.

What has changed?

The gap between the rich and the poor is getting greater with those with less than half the median income needing 27 times their annual disposable income to purchase a typical home in 2005/06.

During the last decade average house prices in Australia have almost doubled relative to income. In Sydney prices are substantially higher than elsewhere and some of its problems are more acute. There are unprecedented high levels of housing debt that have been incurred by people seeking to buy their homes, but their assets have not been significantly appreciating and more recently, particularly in areas such as Western Sydney, have been losing value.

Sydney has a higher proportion of renters than the national average. Nowadays the great majority of low-income renters pay more than the benchmark 30% of their income on rent and many pay more than 50%.

Overseas experience has pointed to the fact that a large social housing sector with acceptable rents evens out the costs of housing between different households and the various players in the housing market perform on a more equitable basis. However, changes in housing policies and the resulting changes in housing markets have increased polarisation. Such changes have also led to dehumanisation of tenants and increases in homelessness among this most vulnerable group.

The supply of appropriate housing is not keeping up with the increasing numbers of moderate income households – those earning between \$35,000 and \$55,000 per annum.

Over the last three decades large increases in value accruing to home owners have brought financial security to those who could not previously have known or expected it. The emotional investment that is made in the home has resulted in a combination of interest and commitment that makes housing unique in the market place.

3. KEY ISSUES FOR GREATER WESTERN SYDNEY

In GWS hidden inequalities in housing can stem from differences in the physical and social infrastructure provided in various parts of the region. The presence or absence of infrastructure provision, as well as limited employment opportunities, has been shown to directly affect the health and well-being of households³. Poor public transport provision, limited employment opportunities and scarce community services are all factors which erode the 'real' affordability of housing in Greater Western Sydney.

High levels of car ownership are exacerbating income deprivation in many areas. To bring about any change will require a massive alteration to a lifestyle that has developed out of necessity. Transport costs are the third largest items in household budgets after housing and food, consuming on average 14.8% of the proportion of household income in Sydney.

Localities situated in the middle and outer suburbs of Western Sydney are most vulnerable to the socio-economic impact of oil price rises. In these areas people are already suffering from a combination of housing stress and transport stress – a situation that is likely to get worse.

Many of these households will have little chance to rent or buy homes in locations near familiar social networks, employment or community amenities. Few of these households will find the housing forms currently offered by the industry suitable for their needs.

The escalating cost of land is also seriously impacting on future housing affordability in 'greenfield' estates.

Failure to accommodate the housing needs of moderate income households is important since it distorts the demographic profile of areas by leading to the exodus of:

- Locally born residents;
- Couples;
- Single parents;
- Local residents whose families have split;
- Older residents who no longer have the income to pay for local housing; and
- Essential local service workers from many local areas.

Without a significant change in how this issue is addressed NSW will continue to divide into a State of housing 'haves' and 'have nots'. Without strong leadership and partnerships the economic competitiveness of NSW will deteriorate and the housing opportunities and choices available to future generations will be severely limited.

The Older Suburbs

There is evidence² of increasing social polarisation across the region, with growing social diversity and physical obsolescence of the older suburbs built between the 1930s and the 1960s.

While Sydney's older inner city areas have experienced unprecedented pressure for densification and gentrification and the newest outer suburbs have undergone an upward transition in terms of social composition, the areas in between are ageing and becoming the major locations of urban disadvantage in Sydney and especially in Western Sydney..

It is now generally recognised that many of the social problems that have been encountered in areas that have experienced rapid urban growth have arisen from an imbalance in the age and household structure of the incoming population. The output of private builders in new release areas has traditionally been geared to the needs of a market dominated by the family purchaser.

Land use planning has resulted in ad hoc urban renewal with poor outcomes. There has been little understanding of the processes driving the changes or of the complex problems these areas face.

There has been no concerted effort to link land-use planning with the social interventions that these areas require, or recognition of how the housing market plays a key role in generating and maintaining the disadvantage of these areas. The lack of an integrated approach to addressing complex urban problems has contributed to a socio-economic divide.

There is a growing divide between these older localities and the newer more affluent housing estates. The spatial structure of Sydney is becoming increasingly polarised. In Western Sydney the most extensive areas of disadvantage have little public housing. In contrast, areas of disadvantage in the inner city have high proportions of public housing.

² Randolph,B and Holloway,D *Shifting Suburbs*, Urban Frontiers Program, UWS, 2003

The dwelling stock in the older Western Sydney suburbs, built of low cost materials using a mix of cheap construction methods, by today's standards lacks amenity and much of it is of fibro construction. Much of this housing is reaching the end of its life cycle.

Much of this poor quality housing has passed into the private rental market. Older owner occupiers are being replaced by more mobile renters; there are fewer higher end incomes or stable households to hold the community together.

There is a highly distinct demography. These areas contain high proportions of people born overseas speaking a language other than English, low income earners, very young families, high unemployment and low employment participation rates. Many of the medium density dwellings comprise walk-up flats. Most are in private ownership and are rented, with only a small proportion of people living in the social housing sector.

Yet these areas have many characteristics in common with the large public housing estates in south-west Sydney, since they share a similar income profile, large populations of young families and have a high rate of turnover. The physical form is distinct and unpopular and is only accepted by people who have limited opportunities and may be socially stigmatized.

Selective migration is occurring between suburbs, with the older areas losing upwardly mobile populations to the new fringe areas. The key feature of these older suburbs is a much more highly diverse housing market and greater concentrations of social problems. These, predominantly private sector areas, are now subject to intensifying pressures for change and renewal, especially where the housing occupies relatively large blocks of land. The change is largely unplanned and ad hoc.

Without intervention in the market, pockets of disadvantage in these older middle suburbs will continue to increase as social problems concentrate and new investment drains further. There is the danger that Western Sydney may become an even more divided and polarised society. The growing inequality is not only about income inequality, it has also to do with opportunities to live full lives.

4. HOUSING CAREERS

The changing nature of household formation and the emerging prevalence of non-traditional households (such as single parent families, lone persons and childless couples) are progressively complicating the development of a standard household history. Yet there is little evidence of fewer households aspiring to own their homes.

The allocation of households to dwellings must also be seen in terms of market constraints as well as individual preferences. The current out-migration from a number of the older established suburbs of Western Sydney suggests that there are some groups who consider their housing needs can be better satisfied elsewhere.

It would appear that constraints of housing availability, access to mortgages and lack of public housing provision, as well as social aspects of location and safety concerns, are also predictors of migratory potential. Also moves by owners to more expensive owner-occupied housing can depend more on capital gains from past ownership, rather than any increase in housing need.

Many of these older suburbs, despite being located on railway lines, have been losing population. This is clearly a matter of some concern since these areas have been targeted for urban consolidation. They are now the locations of some of the most disadvantaged communities in Australia. Land use planning in the past has failed to address the problems of these declining suburbs.

5. AFFORDABLE HOUSING IN WESTERN SYDNEY

Western Sydney is often considered to be an area of affordable housing compared to the rest of Sydney. However, this does not mean that the housing is necessarily cheap for the people who live there.

There has been a pronounced worsening in affordability in the traditionally more affordable LGAs. In some of the middle and outer suburbs of Western Sydney (particularly in Fairfield, Blacktown and Liverpool) the income to repayment ratios, which hovered in the low to mid-30s in 2001, accelerated to the low 40s in 2006. By contrast, many of Sydney's wealthier suburbs experienced relatively improved levels of affordability – at least for those already living there. This is because incomes rose so much more quickly there that the increase in house prices has not impacted so much on affordability in those areas.

In terms of rental in the lower value markets of Western Sydney, worsening levels of rental affordability are apparent. In these areas even relatively small changes have a big impact on what is left of a household's budget, once the rent has been paid. If rents do continue to rise it is probable that the most pain will be felt by those whose housing options are limited by locational constraints and a lack of choice.

The Australian affordable housing sector is tiny in comparison to North America and Europe and these larger affordable housing sectors have the capacity to offer a greater choice of housing options, whereas in Australia the products provided have been relatively undifferentiated and aligned principally with the criteria and rules for public housing, especially in rent setting and eligibility.

Urban Renewal

The issues surrounding the physical renewal and associated social change in ageing suburbs has attracted both policy and scholarly attention overseas but have received little attention in Australia.

There is a focus on physical renewal through high density development, with little consideration given as to who will live in these apartments. Unfortunately the socio-spatial implications of urban consolidation policies have not been widely understood, and as previously noted can lead to an increase in socio-economic polarisation.

Because households are becoming smaller and household formation rates are driving high housing demand, there is a perception that the problem will simply be found in supplying more smaller units of accommodation. Yet there is scant evidence that Australians have generally become more enthusiastic about high density living or that many older people want to downsize and move into apartments.

The current planning ideology that is attempting to concentrate flats in inner city and town centre locations implies a degree of social segregation by household type and will become a dominant feature of the future metropolitan structure. Urban consolidation policies need to be re-thought for existing socially disadvantaged areas, if socially regressive outcomes are to be avoided.

6. SPECIFIC ISSUES RAISED BY THE INQUIRY

(a) The taxes and levies imposed by State and Territory Governments

Despite the absence of direct intervention in the housing market the role of Government is still pivotal. Some of the most significant impacts on Australian housing stem directly from interest rate and taxation policies and the Federal Government's promotion of home ownership as a means of attaining financial security.

There appears to be the perception that ownership in its current form is the only form of desirable housing, whereas surveys indicate that what people really want is security of tenure.

This also raises a range of broader issues. These include the proportions of regional infrastructure costs that should be borne by new housing developments, which in turn is exacerbated by historic underinvestment by governments in infrastructure. Alternative mechanisms to fund infrastructure need to be incorporated including bond issues and betterment taxes.

There are also issues associated with cost shifting by State and Federal Governments onto local government. For example the recent changes proposed by the NSW Government in an attempt to reduce developer contributions. The changes appear to have been made at the behest of the development industry in the wake of the huge increase in State development levies associated with the Growth Centres. Even though S94 contributions are a well-established and accepted mechanism for providing local infrastructure, it would appear that Councils must bear the brunt (and a disproportionate share) of the cuts the Government has imposed, supposedly to improve housing affordability. As a result there will be fundamental and far-reaching impacts on the provision of community infrastructure.

(b) The rate of release of new land by State and Territory governments

Much of the lack of housing affordability debate has focussed on a criticism of the State Government's failure to release more land at the urban fringe. However, these land release arguments ignore the different housing sub-markets in a single suburb or LGA, let alone across the metropolitan region. It should be noted that housing in one sub-region does not automatically substitute for housing in other areas.

New residential development at Sydney's western fringe has stalled and while developers complain about taxes and levies, privately they admit they are withholding new house-land packages from the market because the prices they get are too low. The market for new housing appears to have disappeared. There could be due to a number of market factors:

- High levels of interest rates;
- Stagnation of house prices in some parts of Western Sydney;
- Inadequate capital gains, leading to a loss of confidence that housing will retain its value; and
- Increasing awareness of the locational disadvantages of life on the urban fringe including transport costs and limited provision of infrastructure and services.

Other concerns that have been raised include:

- Since new housing stock only accounts for 2% of the entire housing stock in Australia it is clear that simply zoning more land for development will not resolve the overall problem of housing affordability.

- It should also be noted that in the older parts of Western Sydney a considerable proportion of the applications received in the LGAs are for 'knock-down-re-build' (replacement) housing, which is not adding to the housing stock. (For example in Fairfield LGA only about 27% of applications per year are for 'new' dwellings compared to 73% which are for replacement dwellings).
- Gentrification in some areas is displacing those households that are in most need. In addition, urban consolidation policies being actively pursued by the NSW Government are actually reducing existing low cost housing opportunities.
- Even without planning controls other factors effect the availability of land for residential development. Unless all areas of the city contribute to affordable housing the current tendencies to socio-spatial polarisation are reinforced;
- The contribution of planning alone to new affordable housing supply is relatively modest, even in nations with a strong tradition of planning requirements for affordable housing; and
- What is needed is for State Governments to secure access to land for new affordable housing development, while maintaining social mix and diversity in areas of rapid market acceleration and gentrification.

(c) Proposed assistance for first home owners by State, Territory and the Commonwealth Governments and their effectiveness in the absence of increased supply

The gap between the rich and the poor is getting greater with those with less than half the median income needing 27 times their annual disposable income to purchase a typical home in 2005/06.

WSROC research³ has shown that the increase in average cost of houses in the GWS region overall far exceeded the average increase in incomes for the 'first home-buyers' age group over the period 2004-2006, at close to double the rate, despite a fall in prices from the end of 2004. As another measure of affordability, the number of years of average annual salary that would need to be accumulated in order to equal the average sale price, rose from 8 years to 9.5 years – an increase of 18.2%.

Significantly, while average prices did fall from the peak of the property boom in 2004, this fall was just 7.2%, leaving a 24.5% gap between price and income percentage increases. An interesting perspective on this price fall is that families, who may have been encouraged to enter the market by the availability of the First Home Owner Scheme payment of \$14,000, may have had this amount, or more, wiped from the value of their property by the end of 2006.

There needs to be greater understanding of how the First Home Buyers scheme has been poorly targeted which has distorted the market. Also rent assistance should be further targeted to ensure those in affordable housing remain eligible, even when rent is below market rates.

As the Reserve Bank recently stated "*Policies which simply give people more money to spend on housing are likely to be capitalised into higher house prices*".

³ Berryman, C *Housing Affordability in Greater Western Sydney*, WSROC, 2007

There should be greater acknowledgement of the distorting impacts that negative gearing and targeting has on the housing market and the resulting tax haven it provides for high income earners. Again, over time, negative gearing should be reinforced and more tightly targeted or even abolished; with safeguards put in place to avoid problems in the rental market.

(d) The role of all levels of government in facilitating affordable home ownership

WSROC is of the view that the Commonwealth and States and Territories should consider the South Australian approach of adopting an ambitious but not unachievable numerical overall target for improving the supply of affordable housing. Such targets should secure a sustained commitment across governments and encourage support from other sources.

Many private investors are seeking reliable rates of cash-flow rather than further speculation for capital gain.

While Local Councils in NSW are obliged under the *NSW Environmental Planning and Assessment (EP&A) Act 1979* to 'encourage the provision and maintenance of affordable housing', narrow interpretations of the *Act*, and accompanying State Environmental Planning Policies (SEPPs), limit the capacity of local governments to implement mechanisms to retain and promote affordable housing.

Accordingly, changes are needed to the legislative and/or regulative planning system to support the affordable housing objectives of the *EP&A Act* for Local Government.

(f) The role of financial institutions in home lending – The recent 4 Corners Program highlighting irresponsible lending practices clearly demonstrated that this is definitely not a solution for affordable housing. There is a need to review the role of all institutions to ensure these practices are stopped. At the same time financial institutions should be encouraged to support lending involving alternative forms of housing tenure, such as investment in housing co-operatives.

(g) The contribution of home ownership to retirement incomes - There are emerging issues of generational issues in terms of housing stress. For example across Australia it is estimated that one third of households in generation "X" and "Y" are in housing stress, compared with 18.8% of 45-49 years old and 10 % of those aged 60 years plus.

The debate about the impact of the ageing population has begun. Currently the spotlight has been on the economic impacts of a large retired workforce, the provision of health and social services to an older population and the spatial impacts of substantial immigration of retirees. Yet the policy implications of decreased mobility and increased social isolation, coupled with increased housing and transport stress, still need to be addressed by all spheres of government.

The findings of the just-released Senate Inquiry (March 2008) into the quality of life of older Australians¹² highlights the uneven distribution of home ownership and wealth among older Australians. There are important spatial dimensions to the issues identified in the report in relation to home ownership which require further exploration. For example, in relation to Western Sydney we do not yet understand which older home owners are accessing reverse mortgages, where they live within the region, how long they have occupied their home, for what purposes they are seeking this form of finance, and how this form of finance may link to place values, as well as the potential impact on urban regeneration processes.

We do know that mobility is especially critical to the well-being of an older population. Affordable, adequate transport options are essential for accessing community services, especially medical services, shopping and maintaining social linkages. But in parts of

Western Sydney the current urban form and service provision is ensuring that the ageing population are completely car dependent and will be left stranded when they can no longer drive.

The housing needs of older households are not clearly understood. Reduction in household size does not necessarily mean a reduction in dwelling size requirements. Approaching old age does not always lessen the desire to be burdened with the maintenance associated with the 'family home'. It would appear however that housing adjustment is much less important to older households.

Figures supplied to the Senate *Inquiry into the Cost of Living Pressures of Older Australians* by FACSIA highlighted the following:

- Older people have a comparatively high rate of home ownership – 82.1% home owner occupiers and an average home and contents value of \$409,000. ?
- Older couples have 90.4% home owner occupation
- Older singles have 74.5% home owner occupation
- Age pensioners have a lower owner occupation rate of 70%
- Uneven distribution of wealth among older population – in 2002 80 % of Australians aged 65 yrs and over possessed only 37 % of the wealth in this age bracket.
- Based on AHURI research, attachment to place of older home owners was more likely to be to the neighbourhood than to the home.
- People are now taking greater debt into retirement than in the past.
- Notable decline in home ownership over age 85 yrs – possibility of cohort effect or combination of cohort and age effect - but also reduced capacity for older people to trade their home asset for improvement in quality of life through change of residence.
- Growth in reverse mortgages among older people – only a minority are used to finance lifestyle options – most are used to upgrade the home to allow older people to remain in place whilst accessing in-home care, or to distribute assets to children in time of need, rather than on death.
- Average reverse mortgage \$50,000.
- Australian Seniors Finance had approximately 30,000 reverse mortgages representing \$2 billion dollars at August 2007 and
- Potential for reverse mortgages with compounding interest to erode or exceed the value of the asset.

Since 'baby boomers' have been the least affected by housing stress, they are often more complacent about rising house prices (with half spending less than 10% on housing).

Older people at present are rarely in housing stress, usually because they have paid off the family home and so they have no mortgage repayments. However, people now in their late 40s, 50s and 60s are much more likely to be still paying off a mortgage than Australians of the same age a decade ago. Should this trend continue, future generations will be less likely to enter into old age with their mortgage paid off and their home underpinning their financial security into retirement. This is important because for most home owners their home is their principal asset.

The prospect of buying a home for the more marginalised in the community (the poor, the unemployed and sole parent families) is very low. The housing boom has hit these groups particularly hard.

7. A SUGGESTED ALTERNATIVE APPROACH

For many in Western Sydney there are now more opportunities and more choice. But this is not universally shared. The shift of provision of services from the public to the private sector is also exacerbating inequality.

Demographic and social changes are placing increased pressures on housing choice. The consequences of not providing for a wider range of housing choice, than that currently offered on the market, may result in people being forced to move away from their area due to a lack of available accommodation suited to their present needs.

A more diverse range of housing and a greater social mix should be encouraged in both new release areas and older areas undergoing urban revitalisation, to ensure that new developments cater for as wide a range as possible of different socio-economic groups. The aim is to develop communities where residents of all ages and income groups can live together. The lifestyle needs of singles, childless couples, families, people with a disability and the aged should all be catered for.

In addition to being socially more equitable, such a strategy helps to reduce the peak demand for age-specific services such as schools and health care, and ensures a diversity of services exist to fulfil the full lifecycle of the community. It also assists in redressing the socio-economic imbalance that currently exists in Greater Western Sydney.

There is a need to counteract market failure with alternative forms of tenure, including co-operative structures which house people from across the socio-economic spectrum.

Since market and housing supply trends are cyclical, the current situation is at a particular point on the market cycle where there is more demand than supply. However, since planning responses are failing to take locational issues, there can still be undersupply in some areas and over-supply in others.

There needs to be greater understanding of how the poorly targeted First Home Buyers scheme distorted the market and it is recommended that refining this scheme could free up resources to improve housing access for lower income groups.

It is acknowledged that high levels of home ownership has had substantial benefits for public expenditure since it has saved on rental assistance payments. However, WSROC is of the view that rental assistance should be further targeted to ensure those in affordable housing remain eligible, even when rent is below market rates.

There should be greater acknowledgement of the distorting impacts that negative gearing and targeting has on the housing market and the resulting tax haven it provides for high income earners; with measures put in place to avoid problems in the rental market if it were to be suddenly abolished.

Rather than simply adopting UK and US housing models, further consideration should be given to other forms of housing tenure successfully used in other parts of the world, such as Sweden, which has shifted the co-operative approach beyond simply the provision of social housing.

8. CONCLUSION

In Western Sydney people more and more people are suffering a combination of 'housing stress' and 'transport stress' and are travelling longer and further just to carry out their daily activities. The community is highly car dependent and lacks access to local facilities and services. People's lives and working patterns are becoming increasingly complex and it is

recognised that access to public transport and other essential human services and facilities is essential.

Of particular concern is that more and more people have little freedom of choice in terms of where they live and find employment. Also reliance on market forces to provide housing choice has clearly failed. The consequences of not providing for a wider range of housing choice is resulting in more people being forced to move away from their area due to a lack of available accommodation suited to their current needs.

As more and more people move to the urban fringe, the peak demand for age-specific services such as schools and health care increases (hence the need for demountable classrooms in new release areas and the closure of schools in under-populated older established areas). The costs of the continued extension of the trunk infrastructure (roads, public transport, water supply, sewerage and drainage systems) coupled with the age-specific demands placed on human services and facilities, are all issues having to be tackled by the myriad of agencies and influential players in the urban development process.

In a NCOSS debate held at the NSW Parliament a few years ago, the then WSROC President responded to the question of ***Does it matter if the poor are forced out of Sydney?*** She noted that such a situation would be socially inequitable, environmentally irresponsible, would reduce cultural vitality and would be economically unviable. In summary, she stressed that it does matter if the poor are forced out of Sydney.

The Minister for Planning in NSW has also recognised that this is an unsustainable policy. He has been quoted as saying that the east/west divide still exists in household incomes and has announced he wants to break this down by improving access to employment, education and other key services. The Premier has also listed 'access to affordable housing' as an issue high on his agenda. WSROC is anxious to ensure that the rhetoric from all three levels of government is actually matched by a commitment to better housing outcomes.

A key issue for Western Sydney is the **lack of adequate, affordable¹ housing** that provides reasonable access to work opportunities and community services at a cost that does not cause substantial hardship to the occupants. WSROC therefore welcomes the increasing focus on housing affordability but believes that the attempt to address the issue such as the First Home Buyers Grant has been poorly targeted and that more resources should be put into public housing rather than rent assistance. As the Reserve Bank stated this week *"Policies which simply give people more money to spend on housing are likely to be capitalised into higher house prices"* More action is urgently needed at all three levels of government: more resources, more comprehensive and integrated policy and above all a national impetus.

Recommendations

1. **The Commonwealth and State and Territory Governments should consider the South Australian approach of adopting an ambitious but not unachievable numerical overall target for improving the supply of affordable housing. Such targets should secure the sustained commitment across governments and encourage support from other sources.**
2. **A more diverse range of housing and a greater social mix should be encouraged in both new release areas and older areas undergoing urban revitalisation, to ensure that new developments cater for as wide a range as possible of different socio-economic groups.**

3. **The aim of these policies should be to develop communities where residents of all ages and income groups can live together. The lifestyle needs of singles, childless couples, families, people with a disability and the aged being catered for. In addition to being socially more equitable, such a strategy helps to reduce the peak demand for age-specific services such as schools and health care, and ensures a diversity of services exist to fulfil the full lifecycle of the community.**
4. **Alternative forms of tenure, including co-operative structures which house people from across the socio-economic spectrum should be developed.**
5. **The impact of the first Home Buyers Scheme needs to be assessed in terms of its targeting and potential to distort the market. The Government should consider refining the scheme over time to free up resources to improve housing access for lower income groups.**
6. **The impact of negative gearing also needs to be assessed in terms of the impacts on the housing market and the resulting tax haven it provides for high income earners. Again, over time, the Government should consider tighter targeting for negative gearing or even its abolition.**
7. **While it is acknowledged that high levels of home ownership has had substantial benefits for public expenditure, since it has saved on rental assistance payments, rental assistance should be further targeted to ensure those in affordable housing remain eligible, even when rent is below market rates.**
8. **Rather than simply adopting UK and US housing models, further consideration should be given to other forms of housing tenure successfully used in other parts of the world, including the use of co-operatives to provide a broad range of housing and not just social housing.**
9. **Regulation of institutions to prevent inappropriate lending practices and encouragement to lend for other forms of housing tenure.**