

SUBMISSION TO THE SENATE SELECT COMMITTEE ON AFFORDABLE HOUSING,

6TH April, 2008

In my role as Councillor, I have recently called for a report into ways Campbelltown Council can proactively facilitate affordable housing provision by working with the community and cooperative housing sectors. I did this because of the significant proportion of people in our community who are in housing stress. They do not qualify for public housing, yet are struggling to survive in the market.

My comments on this issue are based on the following:

1. My interest is in the low-to-moderate income earners, those earning between \$40 000 and \$70 000.
2. My concept of affordable housing is one where, after paying accommodation costs, sufficient weekly income remains to pay for the necessities for a decent life. It also means housing that is close to public transport, services, facilities and jobs.

My experiences as a Councillor increasingly convince me that the not-for-profit sector is the more appropriate sector for providing affordable housing to the low-to-moderate income earner. The market presumes a return on investment to individuals whether directly or indirectly as shareholders. There is no room for the low-to-moderate income earner here.

The first experience I draw upon to inform my position relates to the provision of accommodation in the seniors' living area and in the apartment area more generally. In my early days on Council I noticed that the developments that came to us for approval had no single bedroom units. This struck me as strange, as it seemed to me that people may be able to afford a single bedroom unit but could be forced out of the market if they had to buy a two bedroom unit. In pursuing this matter further I learned that the reason was financial. For the small investment it takes to convert a single bedroom unit to a two bedroom unit, the returns were significant.

In Campbelltown, we have since conditioned such developments to include a proportion of single bedroom units. This, however, is a token gesture towards affordable housing. The number of single bedroom units is low, and they still exist in the market.

The second experience relates to homes for the first home buyer. Developers frequently show Councillors the stock they have to offer in this market. These are usually quite grand residences, way beyond the financial capacity of the first home buyer from the moderate income bracket. Again, however, this is where the best return on investment exists.

These experiences point to the importance of return on investment and raise questions about the current Federal government's plan to provide incentives to individuals to invest in the affordable rental market. Implicit in this plan is a return on that investment. Where will that return come from? Rising rents? Increasing government

subsidies? Will it be sustainable? Who will determine the affordable rent? We know that affordability relates to a person's income and capacity to pay. It is not a market-set benchmark.

A preferable approach would be for the Federal Government to direct any public money to the not-for-profit sector where any surplus is returned, not to individuals, but to affordable housing provision. Governments at all levels must talk to the community and cooperative housing sectors to determine the best ways to support them in providing affordable housing to low-to-moderate income earners.

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