

**SENATE SELECT COMMITTEE
ON HOUSING AFFORDABILITY IN AUSTRALIA**

**SUPPLEMENTARY SUBMISSION
FOLLOWING PRESENTATION BY TWEED SHIRE COUNCIL
ON 15 APRIL 2008**

At the Hearing on 15 April 2008 the Select Committee invited any further submissions in response to a question on notice. The question sought any further proposals to address the broad issue of housing affordability in Australia.

This further submission has not been endorsed by Tweed Shire Council, but is a personal submission by the Shire's Social Planner, Robin Spragg, on the basis of his experience working in the community planning field at the Local Government level.

The original submission focused on presenting evidence of the local effects of declining affordability, and the constraints on Local Government in addressing housing issues.

This submission focuses on some of the broader causes of declining affordability, and some opportunities to reverse the decline.

Robin Spragg MA Geog, Dip. TP

Proposal 1: Address Homelessness with a Network of Accommodation.

Homelessness is a symptom rather than a cause of unaffordable housing, but urgently needs to be addressed in a systematic way because addressing the causes will take some time to have a noticeable effect.

Efforts to manage homelessness have been swamped by rapid growth in numbers (see Tweed Mail article attached) and this has exposed a lack of sufficiently organised provision. Most agencies attempting to meet needs simply have few accommodation options and inadequate material resources.

A national network of cheap accommodation is required, with at least one hostel in each LGA. In larger LGAs where more than one hostel can be justified, the second should specialise in provision for young families with children and people under 25 years. The initial outlay required may be around \$1m per LGA, with running costs based on a 50% subsidy of operating costs. With these resources hostels could be managed by existing Non-Government welfare organisations. This would establish a holding operation while more basic matters were addressed.

Proposal 2: Apply Negative Gearing to Affordable Housing Only.

Negative gearing definitely encourages investment in housing, but it enables investors to outbid first home buyers at the lower end of the market. If it was abolished, investment in housing would fall, but probably not to a harmful level. In so far as it helps to provide some affordable housing, it can be considered good, but the majority of investment is in property at the higher end of the market. This needs to be corrected, so that negative gearing only applies to housing that meets specified affordability criteria. Some reduction of overheating in the housing market would be beneficial.

Proposal 3: An Affordable Housing Agency.

Protection of existing affordable housing and production of new affordable housing is almost nobody's role. It is a task for which Council's are most unfitted; they do not have funding available, they do not have housing management expertise, and it is a distraction from their primary role. Other Government agencies provide inefficiently in small ways for specialised community groups.

The primary providers of affordable housing are the State Housing Departments, whose resources have been diminished in recent years. As Pat Troy has pointed out in his submission, they used to provide mass public housing for rent at break-even levels, but they became welfare housing providers and lost their viability. Perhaps with a makeover, sufficient resources and a new role, they could become The Affordable Housing Agency? There is a role for a national agency able to negotiate, purchase land, plan and construct, and above all manage large affordable public housing projects, to increase the pool of economical housing available. It would eliminate the profit percentage necessary in private enterprise, and would focus on simple accommodation for low income earners.

Proposal 4: Urban Planning for Affordable Housing Types.

Developers in the private housing market focus almost exclusively on the upper levels of the market which are more profitable, or at least aim for the middle of the private mass market. Local Authorities rarely interfere in the market to achieve a balance of price levels, and often prefer more opulent housing developments. They are also careful not to incur the wrath of their residents by mixing medium density or subsidiary dwellings in the majority of detached housing suburbs. Occasionally, manufactured home estates are allowed, but always in a segregated situation. Building and Health Regulations tend to require higher and higher standards, perhaps providing sustainability but forgetting about economy and disability. Rating considerations militate against providing large proportions of seniors' housing eligible for rate concessions. Nobody is integrating the affordable housing types into contemporary urban development. In urban areas developed in recent decades there are few granny flats, student's digs, adult children's bedsitters, lone person single bedroom dwellings, shop top flats, loft conversions, or cheap apartments, and not that much purpose-built senior's housing.

The State Planning Departments control the specification of land use zones, the uses allowed in each and the conditions for approval. At this level or the Federal level there is a need for a fundamental review to specify higher densities and a wider range of affordable housing types that must be provided for in both existing and new urban developments. To achieve self-contained, compact urban areas able to be served by public transport, at least one third of the whole urban area should consist of medium density housing and a broad mix of affordable types. Conversion of large houses into units or for expanded households needs to become an automatically-approved, inexpensive process, and requirements on minimum floor area, minimum parking provision, materials and colours need to be reduced or abandoned.

Proposal 5: Decentralisation.

Living in concentrated metropolises and coastal strips produces high demand and competition for limited housing locations. At present all development growth is fortifying these trends. There are no moves towards decentralisation that could moderate competitive prices in the longer term and utilise cheaper land.

Decentralisation raises issues of regionalism and economic survival in rural areas, but affordability of housing is one benefit that it promotes. On a small scale, it would have little effect on housing costs in metropolitan areas, but on a substantial scale that slowed the growth of metropolitan areas it would improve affordability in the metropolises as well as the regions.

A target that aimed to reduce growth in the capitals by half would provide a major boost to almost all regional centres. Incentives to move would need to be provided by direction of Government jobs and projects to the regions on a large scale. Housing programs would benefit from cheap land and reduced servicing costs; regional transport viability would also be improved. The current tight housing market would be relieved, and re-oriented without going through a recession.