

## **A House To Call Home Now Out Of Reach For Many**

"The ache for home lives in all of us, the safe place where we can go as we are and not be questioned."  
- American poet and teacher Maya Angelou summed up the pivotal role of a secure home for all of us.

For more than 100,000 homeless Australians, just finding a place to live is the greater challenge.

In April, the National Housing Supply Council Australia estimated there was a shortage of 600,000 affordable rental homes for those on lower incomes. For those who are dependent on welfare payments, it is almost impossible to afford to rent a home in the open market.

Current estimates already put the shortage of social housing at 90,000 homes, which will rise to 150,000 in eight years' time if nothing is done. It was estimated that there needs to be \$7 billion a year invested in public and community housing just to fix that immediate problem.

This is compounded in Perth, which is now Australia's most expensive city according to the Numbeo cost of living website (see [www.numbeo.com](http://www.numbeo.com)). Numbeo recently ranked Perth as the 11<sup>th</sup> most expensive city in the world for everyday expenses such as groceries, transport and utilities.

Whether you are trying to rent or buy, affordable housing - or reasonably priced accommodation for households on low to middle incomes - is in short supply. Perth house prices rose by 6 per cent over the past financial year, the second highest rise of any capital city in Australia, according to the RP Data-Rismark Home Value Index.

Centrecare is tackling housing affordability in the metropolitan area through Stellar Living, a social and affordable housing company we set up to assist low income individuals and families secure affordable accommodation.

Stellar Living, in partnership with the Federal and State governments, manages more than 200 properties and is planning to build 22 more at Erskine, in Mandurah. Funding for this project has come through the Department of Housing and the Federal Government's Nation Building Economic Stimulus Plan. The State Government should be congratulated for its Affordable Housing Strategy 2010-2020.

But there is much more to be done if the housing crisis facing low and middle income earners is not to become a lifelong challenge.

The WA Department of Housing's Greg Cash, speaking at the Australian Council of Social Service (ACOSS) national conference in 2012 in Sydney said "even people on good incomes are struggling to afford a mid-priced home. The purchase price of a median priced house in Perth is out of reach for somebody on nearly \$100,000 (a year income)".

For those buying a house there is a high proportion of households facing housing stress. The benchmark for housing stress in Australia is spending 30 per cent of income on housing but for many the only way to secure a house is to pay a much higher proportion of income.

We all know about public housing waiting lists. What is not generally known is that people with jobs who are on low incomes do not normally qualify for public housing and are the most likely to suffer housing stress.

Recent research by Australians for Affordable Housing identifies that having a job does not equal being able to afford a home. Workers in occupations such as child care, trades and hospitality often cannot afford city rents. In the past five years, capital city rents have risen at twice the rate of inflation.

Australia's housing affordability crisis is the result of supply not meeting demand. The housing crisis attracts a lot of Band Aid solutions when the "affordability" challenge requires structural change in how we develop and manage housing in Australia.

First, there are the homeless, whose circumstances are critical. Next are the welfare-dependent, who generally require government assistance to pay for basic shelter. Then there are those workers who can't bridge the "deposit gap", or are burdened by high mortgages.

While solutions need to be crafted for all aspects of the problem, there are common threads contributing to house price inflation. A key cause is *ad hoc* and poorly considered land supply programs. Since the 1970s governments have shunned long-term strategic planning, including land release programs and the thoughtful allocation of vital infrastructure - road, rail, water, electricity and telecommunications – in favour of spending according to the election cycle.

Strategic planning is needed precisely because it is extremely difficult to balance urban consolidation and sustainability with growth. Not surprisingly, poor planning leads to poor budgeting, particularly for capital works. The result is a funding shortfall for social infrastructure.

Then there is the guaranteed house price inflator - stamp duty. Even more hostile to people seeking housing are so called "producer charges". That is, levies on new development. Governments now see developer charges as a quick, low-visibility solution to decades of infrastructure neglect. These charges are passed on to the first home buyer in the price of house and land packages. So, new home owners are paying for infrastructure that will be used by the whole community.

The Allen Consulting Group Report, Revitalising Australian property development, shows that developer charges actually cost jobs and inflate prices. In Sydney, the first \$90-\$130,000 of a new home project comprises taxes, a big chunk of which are developer charges.

A more efficient means of funding capital works programs is by way of government borrowing through government bonds. Government bonds amortise the cost of infrastructure over a longer period that reflects the long lives of social infrastructure. In an era where the Australian bond market is crying out for a role, the Allen report shows how vital infrastructure can be funded without sacrificing precious AAA credit ratings.

Archaic development approvals processes also decrease home affordability. Delays in approval to build are passed on as higher home prices. It would be hard to design a system worse than the current one where local parliaments (councils) also act as judiciaries (approval authorities). We need an approval process that both delivers a better-quality built environment and is legitimate in the community's eyes.

Assuming we could create decent planning systems, infrastructure funding vehicles, decent governance and a development approval system that the community actually applauds, where do we find the money to shelter the critically needy - the homeless and welfare dependent? The bond market is one answer. However, an ideal vehicle for funding affordable housing is securitised property investment.



**CENTRE CARE**  
*"People Making Time for People"*

A listed affordable housing trust vehicle could deliver thousands of homes for a very modest contribution of public funds. Such an approach could also provide tenants with equity in return for paying rent and maintaining premises. Such a trust is simply a collective investment vehicle like those large chunks of our super money are invested in. There is no reason such methods should not be applied to creating a tangible version of that much-abused phrase "social capital".

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