



# *The National Housing Report*

**9 February, 2009 – Issue 2**  
**Aged & Community Services Australia**



In this second issue of the National Housing Report (NHR) we report on some key and promising initiatives in developing housing options for older people. Since the first issue of the NHR the new National Affordable Housing Agreement has come into force; the first round of NRAS has been announced and the second round has been advertised; and perhaps most unexpectedly Prime Minister Rudd has announced an unprecedented injection of \$6.4 billion into social housing. All of these developments will be covered in this issue.

On Friday last week ACSA CEO, Greg Mundy, was invited to attend a briefing in Canberra with the PM, Treasurer and Ministers Plibersek and Macklin to discuss the housing details of this “Nation Building Investment”. The fact that ACSA was invited to an event that would traditionally concern only those involved in public housing policy and provision demonstrates that the Rudd Government understands, appreciates and supports the important role aged care providers play in housing senior Australians now and into the future.



The PM said that the Government can provide leadership and resources but those in the room are the only ones who can make it work. He acknowledged that there are “a legion of people of good mind and good heart” who can take on this challenge. He also stated that “business as usual approaches don’t apply” as the timelines for the building of 20,000 dwellings are extremely tight so his government will expedite approvals and work with local government to remove any barriers.

Minister Plibersek said this investment “is a huge opportunity for the not for profit and community housing sectors....a once in a lifetime chance to build the capacity of the sectors.”

ACSA will continue to work closely with the Federal Government around implementation issues for this package. As much of it will be rolled out by the state governments, the relationship of our state associations and members on the ground with their state housing authorities will provide intelligence and support the case for housing projects for older people.

We will continue to keep you informed of developments and we would welcome your ideas, views and involvement in these landmark Government housing initiatives.

## **The Nation Building Initiative**

The Rudd Government has delivered a total of \$6.4 billion to social housing through its recent “Nation Building” economic stimulus package (yet to be passed by Parliament at the time of writing). This has redressed the considerable disappointment with the new funding made available for social housing through the new National Affordable Housing Agreement (NAHA) late last year.

The key elements are:

- 20,000 new social housing dwellings which are linked to the Government's commitment to halve homelessness by 2020. 75% of the houses built under this program are scheduled to be completed by December 2010; and
- Funding for urgent maintenance (\$400million) to upgrade around 2,500 vacant social houses

The first stage involves bringing forward for construction approximately 2,300 social housing dwellings which have already been planned and approved at the cost of \$692million.

The second stage "involves a Commonwealth Government approved tender for new construction, including spot purchases of house and land packages for use as Public and community housing."<sup>1</sup> There will only be a "tiny proportion" of existing dwellings included in the initiative as a key aim is the economic stimulus provided to the construction industry of building new dwellings. Tenders will be called in 3 rounds with the first tranche due on 30 June and results announced by 30 August.

### **Implementation**

Details of the implementation are still emerging. The PM announced the creation of the Office of the Co-ordinator General headed by Mike Mrdak who is a Deputy-Secretary in the Department of Prime and Cabinet and will report directly to Rudd on the implementation of the entire stimulus package. He will have a co-ordinator for each of the elements of the package (eg housing, school upgrades) and these people should be in place by the end of this week. The states have agreed to mirror this structure and are in the process of establishing their teams.

State Governments have agreed to "maintain their effort" in this area, that is not to substitute this new money for already committed state expenditure. A benchmark based on forward estimates is being established for each jurisdiction for accountability purposes.

### **Project Models**

Minister Plibersek spoke briefly about the nature of the projects she would like to see developed. They are not interested in large developments for the most disadvantaged. They would like to see mixed developments – mixed both in terms of tenants and funding mechanisms. The Minister is aligning the application dates for NRAS, the Housing Affordability fund and the "Nation Building" initiative. She envisages projects that might contain some public housing, some key worker housing and other forms of social housing in good locations near transport, community facilities and not on the outer rim of major cities.

The Minister would like to see a "large proportion with title" go to the not for profit and community housing sectors. This would enable the Commonwealth Rent Assistance to be maximized and funds to be leveraged.

These details are contained in the COAG Communique – National Partnership Agreement on the National Building and Jobs Plan, 5 February 2009.

### **Outstanding Issues**

ACSA has already complimented the Government on this visionary initiative and has suggested that our members stand ready to assist. We have also raised a number of issues with Minister Plibersek's office.

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<sup>1</sup> Prime Minister of Australia Media Release – 3 February 2009

- The legislation to protect the tax status of NFP organizations who participate in housing programs only covers NRAS. Will similar legislation be enacted for this new program?
- Does the insulation grant apply to forms of housing occupied by older people such as independent living units and retirement villages or even residential care?
- How will this new program impact on/relate to NRAS? Our members tend to provide low cost housing and are having difficulty making the figures work. This program is 100% capital funding and much more attractive to providers, it could potentially assist with mixed developments using a cocktail of funds.
- Whether aged care providers will be required to be registered as community housing providers in order to participate in this “Nation Building Initiative”? The Minister for Housing has talked of developing a national registration system. Will our providers need to be part of this given the regulatory requirements of the Aged Care Act?

The Minister’s office has agreed to address the questions as quickly as possible. We would like to hear from you about any issues where you need clarification. Send your queries to [ldredge@agedcare.org.au](mailto:ldredge@agedcare.org.au).

A silver lining of the Global Financial Crisis is this commitment to vastly improve the social housing fabric of Australia. Aged care providers have the opportunity to be key players in this. It not only meets mission but is sound business.

## **The New National Affordable Housing Agreement Now in Place.**

The NAHA (which replaces the old Commonwealth State Housing Agreement) came into operation from 1 January 2009. The key elements of this are:

- The NAHA now incorporates SAAP (operational funding for homeless services) and the level of funding has been increased;
- \$2billion for indigenous housing which should build 4,200 new dwellings in remote areas and repair 5000 dwellings. This initiative aims to reduce the number of people living in the houses from 9½ to 6 per dwelling;
- Indexation of the base has been set at 2% which is below CPI; and
- The Social Housing Growth Fund of \$400million.

This Growth Fund has a number of requirements:

- It is primarily for new houses;
- It will be divided amongst states along population lines if the projects put up by states are acceptable;
- The target group is people who are homeless or at risk of homelessness;
- Houses are required to meet certain disability standards; and
- The funds can be used with other funding sources such as NRAS.

States are required to put their plans to the Commonwealth by 15 March. Members should be making contact with their state housing departments to determine if there is any capacity to participate in this round.

### **National Rental Affordability Scheme**

The National Rental Affordability Scheme (NRAS) is yet to see a big take up from the aged care sector. Successful round 1 applicants included ECH in SA, Amana Living in WA and potentially Illawarra Retirement Trust in NSW. We are expecting more players to come to the table with the larger round 2.

- ECH Inc received funding in the first NRAS round for the rehabilitation of 120 retirement units in Adelaide to provide affordable rental retirement accommodation for financially disadvantaged older South Australians. A total of thirty units will be released for rent each year over four years. All of the

units to be released are well located close to community resources such as public transport and shops, and are in suburbs where rising property prices have made rent increasingly unaffordable for older people living on low incomes. ECH has also committed to maintaining the units as affordable retirement rental properties beyond the life of the NRAS funding agreement.

- Amana Living has been granted almost \$2 million dollars in Commonwealth and State government funding to create quality and affordable accommodation for seniors at its Hale House facility in Coolbellup in WA. The NRAS funds will be used to refurbish 22 unoccupied units which will be completed by April 2009. The one and two bedroom units have been painted, re-carpeted and refurbished with brand new kitchens and bathrooms. Under the NRAS scheme, they will be rented to eligible low-income seniors at more than 20 per cent below-market rates.

Both ECH and Amana have acknowledged the valuable role ACSA played in developing their projects.

### **Case Study Modelling**

ACSA has established a business alliance Premier Partners who have undertaken financial modelling which demonstrates how successful the scheme can be for the sector. The NRAS financial feasibility modelling is close to completion. The base model assumptions are currently being 'comparative tested' with two not-for-profit organisations.

The task will result in providing a 'macro' study of individual NRAS projects over a 30 year lifespan, incorporating the 10 year government subsidies together with flexible discounted rental percentages, equity requirements and bankability.

NRAS project outcome reports, prepared by Premier Partners, will include:

- Development profit & margin;
- Project value on completion;
- Project returns;
- Capital structure/bankability; and
- Equity returns."

The case study modelling will be available on Premier's website from 14 February. Premier Partners have agreed to provide high level customised results to assist members considering applying in subsequent NRAS rounds to make appropriate decisions. You can contact Premier via their website.

[www.premierconsulting.com.au](http://www.premierconsulting.com.au).

### **NRAS Round 2 Announcement**

The following is an extract from Minister Plibersek's Media Release announcing round two which closes on 27 March 2009, it again emphasises the opportunities for NRAS in seniors housing.



*The NRAS Incentive is at least \$8,000 a year, which is tax free and indexed to the rental component of Consumer Price Index. The Australian Government contributes a \$6,000 incentive and the State or Territory where the home is contributes \$2,000.*

*NRAS will help build up to 50,000 new rental properties across Australia at a cost of \$623 million in the first four years. If market demand remains strong, incentives for a further 50,000 affordable rental dwellings will be made available over five years from July 2012.*

"NRAS will make renting more affordable in two ways - by reducing rent and increasing the supply of rental dwellings across Australia," Ms Plibersek said. "There are 1.5 million households eligible to be tenants, including seniors and key workers and their families."

Information sessions for investors will be held around the country from late January. For more information on NRAS or the information sessions go to [www.fahcsia.gov.au/housing](http://www.fahcsia.gov.au/housing) or call 1800 334 505

## Homelessness, Ageing and the Road Home



## The Road Home

### A National Approach to Reducing Homelessness

The definition of homelessness includes: "people who are sleeping rough, as well as people staying in temporary, unstable or substandard accommodation". The Federal Government's own figures show around 105,000 people in Australia are homeless on any given night.

Over 18,000 people aged 55 or over were homeless on Census night in 2006, 4,000 more than in 2001. Older people experiencing homelessness are more likely to have experienced mental illness or cognitive impairment, often as a result of alcohol and substance abuse. Many have been homeless for many years. They may have more complex health and support needs and often do not have family support.<sup>2</sup>

The Government's White Paper, *The Road Home* has set two "headline goals" to guide the long term response to homelessness:

- halve overall homelessness by 2020
- offer supported accommodation to all rough sleepers who need it by 2020.

The new National Affordable Housing Agreement (NAHA), has additional funding of \$1.2 billion for five years from 2008-09, \$800 million of which will be spent on homelessness. The remaining \$400 million is the total new funding allocated by the Federal Government for all other forms of social housing in the NAHA.

The response to homelessness will be implemented through three strategies:

1. *Turning off the tap*: services will intervene early to prevent homelessness
2. *Improving and expanding services*: services will be more connected and responsive to achieve sustainable housing, improve economic and social participation and end homelessness for their clients
3. *Breaking the cycle*: people who become homeless will move quickly through the crisis system to stable housing with the support they need so that homelessness does not recur.

The initiatives in the White Paper for older homeless people include allocating aged care places and capital funds for at least one new specialist facility for older people who are homeless in each of the next four years. The White Paper states:

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<sup>2</sup> The White Paper *The Road Home: A National Approach to Reducing Homelessness*

*“Housing models such as that established by Wintringham in Victoria, have proven successful for older people. To promote this successful model of housing for older people who are homeless, the Australian Government will amend the Aged Care Act 1997 to recognise older people who are homeless as a ‘special needs’ group. This will better allow the needs of older people who are homeless to be specifically taken into account during the annual allocation of new residential places and community care packages. It will also allow aged care providers who care for older people who are homeless easier access to targeted capital assistance grants.*

*The Australian Government will continue to fund the successful Assistance for Care and Housing for the Aged (ACHA), which helps to link older people who are homeless and those in insecure housing to care and accommodation. The Australian Government will provide funding of \$18.4 million over the next four years to enable existing providers to help more people obtain housing and community care services and for new providers to expand ACHA into new regions.”*

The White paper can be found at:

[http://www.fahcsia.gov.au/internet/facsinternet.nsf/housing/white\\_paper\\_on\\_homelessness.htm](http://www.fahcsia.gov.au/internet/facsinternet.nsf/housing/white_paper_on_homelessness.htm)

## **If Money Was No Problem by Roland Naufal**

At retirement industry conferences, speakers sometimes ask the audience a question like: Can you name a product in the Australian retirement market that you would choose for yourself to live in? Very few in the audience respond positively and it always gets a laugh. It may surprise you to know that many of the people creating our retirement options have no intention of ever living that lifestyle.

So, if we also do not want to accept the retirement choices currently on offer, how do we want to live as we grow older?

When looking for the answer, the USA is a great place to start. You can pose the question: *if money was no problem, what would we do?* The answer is: there is no single answer, we would live in lots of different ways.



We might like to live in a ski resort, in a CBD retirement high rise or in a sunbelt city designed for golf and spa living. In America, they’ve got all of that. Or we might like to retire to Florence. If you are concerned that they don’t speak English in Florence, the Americans have solved that too. This is a photo (left) of Lake Las Vegas, USA. If you look hard enough, on the right hand side you can see a full scale replica of the Ponte Vecchio in Florence. Little Italy in America!

[www.lakelasvegas.com](http://www.lakelasvegas.com)

One of the fastest growing retirement concepts in the USA is the intentional community. It is when a group of people decide they want to live together because they are friends or have common interests. Academics are living in a mixed co-housing community on campus at Berkeley in San Francisco. A group of friends are building a small community to grow older together in Boulder, Colorado. The Artists Community in Burbank, LA is one of the most interesting intentional communities. It consists of 141 apartments in a mixed socio economic community of older artists; painters, actors, sculptors, writers and their ilk. It is a fabulous place to grow older and their website is well worth a look



[www.seniorartistscolony.com](http://www.seniorartistscolony.com)

The range of innovative developments overseas is demonstrating that it is the retirement concepts we offer in Australia that need to be retired. The focus groups I run tell me that the new retiree wants a new approach to lifestyle, health and well being, a worry free property solution, sustainability and return on investment.

The new retirement options will be driven by high expectations. It will be *“our choices, our money, our future”*. We will not accept remote or programmed retirement living. We will demand a diverse a range of options that suits the diversity of people we are.