



# *The National Housing Report*

**22 December, 2009 – Issue 4**



**Aged & Community Services Australia**



In the 12 months since the first National Housing Report hit your in trays, housing issues have been big news. There have been two successful rounds under the Commonwealth Government's National Rental Affordability Scheme (NRAS), with the 3<sup>rd</sup> well underway. Social housing is being developed under the national stimulus package at a rapid rate. With both initiatives fully allocated and operational we could see about 20,000 new social housing dwellings and 50,000 new NRAS properties available at reduced rents. The Government is to be applauded for this significant growth in difficult financial times.

However, the first State of Supply Report by the Housing Supply Council, estimates there was a minimum shortfall of some 85,000 dwellings in 2008. This figure is based on the incidence of homelessness and low vacancy rates in the private rental market. Therefore, even when the unprecedented growth in social and affordable housing programs, is fully operational, there will still be a major shortfall in housing.

The Council added that a comparison of medium growth estimates of underlying demand against a medium supply projection, showed a cumulative gap of 431,000 by 2028. The greater the gap between supply and demand, the greater the likelihood of a negative impact on affordability.

This stark prediction reinforces the importance of ACSA's work with COTA in the Older Persons Affordable Housing Alliance. The Alliance is calling on the Commonwealth Government to develop a national older persons housing strategy to create new and affordable stock but also to ensure existing housing is maintained and enhanced to support people age in place.

Recently Ian Yates, the CEO of COTA, and I met with politicians and bureaucrats to put our case for action. We have been arguing for a fair share of all housing programs for older people. We are also very concerned that when all the stimulus money has been spent activity in this area will stop. This does not have to be the case when so much more can be done for relatively small amounts of money.

For example, home maintenance, modification and energy efficiency programs play a vital role in supporting older people to remain in their own homes. These measures are often the most cost effective and person centred response to a housing problem. They can also reduce risk and costs and in many cases greatly improve quality of life. In its recent report, AHURI found that while expenditure on home maintenance and modification is relatively small compared with expenditure on health and aged care for older people, it does reduce Government spending in other areas by:

- decreasing the levels of hospitalisation and length of stay
- enhancing capacity to manage individuals with chronic conditions in the community
- reducing or delaying entry into residential care

Another area requiring urgent action is the ageing stock of affordable independent living units (ILU) managed by our members. Much of the ILU stock is between 40 and 50 years old and in critical need of upgrading, reconfiguration and in some case replacement. Most of the units are small (one bedroom) and below community standards. Organisations, both large and small, are increasingly deciding that they can no longer afford to operate ILUs. At a time when the number of older people with unmet housing needs is increasing, this forgotten but very significant social housing sector must have an immediate injection of capital to enable the continued provision of secure housing for older people with low incomes and limited assets.

The Government could also consider other innovative approaches such as stamp duty relief when an older person downsizes their home, and the promotion of creative housing models for seniors, to free up larger houses for bigger families.

Ian Yates and I met with Ministers Plibersek and Elliot, their then counterpart Tony Abbot and departmental bureaucrats. On all occasions we received positive reactions but we need action. We will continue to push the case for better and affordable housing for older people and for enhanced business opportunities for our members.

## NRAS Report

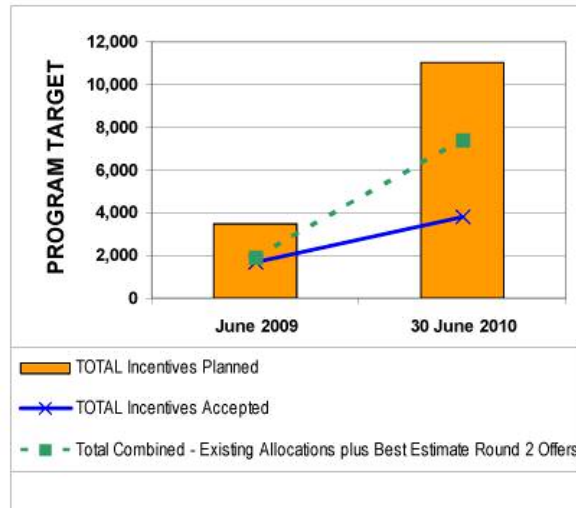
The results of Round 2 of NRAS have been announced and the 3<sup>rd</sup> round is underway. It is pleasing to see that five aged care providers were successful in the recent announcement receiving a total of 234 incentives. At the end of the establishment phase of the program the Government had intended to allocate 12,000 incentives but to date there have been:

- 3,799 approvals in round 1
- 6,741 approvals in round 2

Not all approvals translate to contracts but the FAHCSIA chart on the next page outlines the current state of play.

Other round 2 data released by FAHCSIA shows that 80% of the NRAS incentives went to charitable and not for profit providers but there has been a level of interest from institutional investors.

## Progress against anticipated allocations for the Establishment Phase



Allocations of NRAS incentives are based on need and the quality of the application and are not governed by state allocations. The breakdown of Round 2 is as follows:

ACT -	101	NSW -	1363
Qld -	1649	SA -	542
Tas -	337	Vic -	2405
WA -	344		

Unsurprisingly 76% of the round 2 places are in metropolitan areas and only 11% in provincial Australia and 17% in the bush.

### Member Projects

Below are brief descriptions of two member projects successful in round 2. NRAS was designed as an incentive that could play a role in bringing together other funding to make a project viable – the first project is in this category while the second is NRAS alone.

Baptist Community Services – NSW & ACT [BCS] is developing community housing at Goulburn and Lismore. These two projects worth over \$11 million will provide much needed low-cost rental accommodation for seniors and people living with disabilities, who are facing the challenge of finding and affording a rental home. NRAS incentives have been approved for all 59 dwellings.

BCS has provided the land. They have also received funding from the State Government under the Social Housing Growth Fund which contributes 75% of the capital development costs for these projects, to deliver housing for people eligible for public housing or at risk of homelessness

The Goulburn project comprises 23 one bedroom and 10 two bedroom, single storey dwellings. In Lismore, the project comprises a mix of single and double storey townhouses, a total of 13 one bedroom and 13 two bedroom dwellings.

The design and construction at both Goulburn and Lismore has incorporated various elements of universal design principles, energy efficient rating and new innovations which aim at preserving our environment and reduce costs to residents and the broader community.

## **Goulburn Project**



*Artists' Impression of Goulburn project*

The ACH Group was recently successful under Round Two. 22 Independent Living Units across two sites in Adelaide's highly sought after eastern suburbs will be substantially rehabilitated under the scheme. Without this support these units may have been lost. The sites contain two storey, walk-up Independent Living Units which, due to their age, have become unsuitable for frail older people. The rehabilitation of the sites will involve the installation of lifts, major internal alterations, upgrades to kitchens and wet areas, and provision of additional car parking. Target residents will be people in the 75 to 90 age group, and will include War Widows.

### **NRAS – Round 3**

The third round is specifically targeted - and unlike previous rounds, open for progressive applications until the end of August 2010. Applications are sought that:

1. link to proposals under the Social Housing Initiative, a component of the Nation Building and Economic Stimulus Plan.(similar to the BCS proposal)
2. seek to have the private sector develop state-owned land that has been released for residential development - the NRAS component can be all or part of the development.
3. propose to construct a minimum of 1,000 dwellings as a large scale portfolio of affordable housing.

Round 4 will be announced in the New Year and we are told that it is likely to be more appropriate to aged care providers and similar to previous rounds but this has not been confirmed. It is worth noting that the NRAS subsidy has been indexed and increased from \$8,000 to \$8,672 per unit.

At the time of writing the tax issue is still outstanding as it was only resolved for rounds 1 & 2. We hope that the Henry Tax Review, due to report this month, will devise an ongoing solution.

### **NRAS Post Implementation Review**

At the commencement of the NRAS, the Government indicated its commitment to review the implementation of the Scheme in its first two years of operation to identify refinements that could be made for later years.

FAHCSIA has commenced a review to:

- Examine the extent to which the National Rental Affordability Scheme (NRAS) has met its stated objectives to 30 June 2009.
- Examine and analyse evolving issues in the Scheme, with particular reference to its administration, marketing activities, compliance, investor participation, assessment processes, economic feasibility (including effectiveness of the level of Incentive), and other matters which have impacted on the Scheme's early implementation.
- Advise on processes and possible adjustments to the Scheme's current settings to progress the Expansion Phase of the Scheme to July 2012.

## Housing Affordability Fund

Round Two of the Housing Affordability Fund will give priority to greenfield and infill developments as well as planning reforms that reduce the time it takes to approve development applications. Only state and local Governments and their departments and agencies can apply but providers can participate via joint ventures.



The Innovative Housing Solutions for Older People project is underway with the support of an ACSA National Partner, ThomsonAdsett Architects. The project has been designed to provide information and educate housing providers on contemporary and innovative Australian and international housing models.

Case studies which exemplify the best housing initiatives will be available on the ACSA website.

To select the best programs we conducted a Delphi exercise and asked those working in the field: *In 20 years time will housing for older people be different to how it is now?*

The responses were encouraging and affirming of the project's direction, in that industry experts emphasised the need for greater consumer choice and diversity of models, and the creation of intergenerational communities among other criteria, reflecting the growing research regarding how older people want to live. The Delphi Report is available on the ACSA website [www.agedcare.org.au](http://www.agedcare.org.au)

A range of projects are now being selected for inclusion. Generally they have been chosen for specific innovative features rather than for the overall development. For example, there will case studies highlighting the use of tax incentives, community engagement processes and intergenerational approaches to housing. While not all aspects of each program are innovative or best practice, those involved in developing new housing will be able to pursue features of interest.

The project reference group has developed criteria to guide the selection process including:

- Learnings from the project should be identifiable, transferable and able to be replicated;
- The auspice organisation is willing to engage with other organisations interested in learning about the program;

- The project supports the development of innovation that is not common in current practice; and
- The project provides models that can inform future developments around areas including emerging needs, changing demographics, new business models and alternative funding sources.

The project is a great opportunity for providers to explore new avenues and ideas for ideal housing solutions for older people. The Case Studies will be available in 2010.

## Housing 2020

### *Western Australia's New Approach to Affordable Housing*

In October 2009 the Western Australian Government released one of the most comprehensive State Government policy approaches to improving the provision of affordable housing in Australia. The strategy is called 'Housing 2020: Future Directions for Affordable Housing' and sets an agenda for 20,000 new social housing dwellings in WA by 2020. It is the outcome of the Social Housing Taskforce established in December 2008 which made 56 recommendations addressing issues from homelessness to home ownership.

Although Housing 2020 does not directly address the issue housing and older people it acknowledges that the housing system for everyone is under increasing strain in WA with public housing waiting lists growing 57% in the last three years and medium weekly rents doubling in the last five. The Taskforce undertook considerable research and Housing 2020 accepts their emphasis on the need to develop rental market responses. The diagram on the next page offers a comprehensive overview of the goals and actions proposed in Housing 2020.

### **Key Highlights**

Housing 2020 proposes four key areas of reform:

1. Reforming public housing to enable it to support greater throughput; people will be encouraged to use it as a base for moving into other options.
2. Promoting partnerships and growth in private and community sector housing.
3. Increasing the supply and range of affordable land and housing options
4. Interventions to encourage improved support services and interventions to encourage the transition to private options.

The report sets the significant goal of a change in the nature of public housing to remove the concept of a 'public house for life'. The believe public housing should be seen as a place to stabilise a person's housing situation and build their capacity to move on. This is not a recommendation that sits with older peoples' needs for security of tenure and their frequently stated aspiration to remain in their homes as they age.

Figure 2 – Future Directions for Affordable Housing

Figure 2 – Future Directions for Affordable Housing				
GOAL	STIMULATING ACCESS TO AFFORDABLE HOUSING			
KEY REFORMS	Reform public housing provision	Promote growth through other sectors	Increase land and housing options	Improve support and transition incentives
PRINCIPLES	More effective interventions for more people, rather than a 'public house for life' welfare solution	Long-term public, private and community partnerships to finance and deliver housing	Wider affordable land and housing options outside the public system	Active support and interventions to encourage transition to private accommodation
ACTIONS	<ul style="list-style-type: none"> <li>• More social housing stock</li> <li>• Detailed demand model</li> <li>• Housing needs register</li> <li>• Refined eligibility criteria</li> <li>• More effective rent setting and tenancy management policies</li> <li>• Better asset management</li> <li>• Improved under-occupancy and stock alignment</li> <li>• Support to encourage independence and transition out of the public system</li> <li>• Complementary Commonwealth/State reforms</li> </ul>	<ul style="list-style-type: none"> <li>• Larger community sector (stock transfer, leveraged growth, common waiting list)</li> <li>• Active small and medium for-profit providers (NRAS, rental brokerage scheme)</li> <li>• Housing innovation unit to develop:                             <ul style="list-style-type: none"> <li>⇒ Tradable finance and investment instruments to attract institutional investors</li> <li>⇒ Innovative mixed tenure trial projects</li> <li>⇒ Possible not-for-profit housing company</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Planning system reform</li> <li>• Planning policies and tools                             <ul style="list-style-type: none"> <li>⇒ Increase zoning densities</li> <li>⇒ Ancillary accommodation</li> <li>⇒ Incentives for affordable housing</li> </ul> </li> <li>• State land agencies                             <ul style="list-style-type: none"> <li>⇒ Affordable supply</li> <li>⇒ Demonstration projects</li> </ul> </li> <li>• Affordable housing priority for disposal of surplus State land</li> <li>• Local Government/Regional housing strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Specific measures for regional and Aboriginal housing</li> <li>• Better links across housing and homelessness services</li> <li>• Private rental assistance                             <ul style="list-style-type: none"> <li>⇒ Bond assistance, subsidies</li> <li>⇒ Brokerage, tenancy guarantees</li> </ul> </li> <li>• Targeted home ownership programs (shared equity and refined Keystart products)</li> <li>• Improved coordination of support for people with ongoing or complex needs</li> </ul>
OUTCOMES	Housing when people need it, for the agreed duration of their need	Maximum community and market-based solutions	More effective outcomes from the land and planning system	Specific needs addressed from homelessness to home ownership

However, the report also proposes increasing stock, improved matching of housing to needs and better asset management. This may allow for specific policy responses for particular target groups such as older people. It is an opportunity for WA to develop a policy which specifically addresses the needs of older people such as the one developed in NSW “*New Directions in Social Housing for Older People*”.

The growth of social housing stock is recommended to be supported through: the introduction of new financial instruments, the entry of small to large scale investors and a range of innovative projects and approaches. As has been occurring in the United Kingdom, the report also recommends the transferring of public housing assets to non-government housing associations.

This is intended to improve the management of stock and provide a capital asset for the associations to leverage and purchase further stock. Stock transfer has already begun occurring in WA and aged care organisations that have registered as housing associations have been a key part of this development. Southern Cross WA has already taken possession of a significant portfolio of public housing stock.

Many previous government reviews have recommended improved land use and planning systems. Housing 2020 concurs with a range of recommendations around smaller dwellings, improved densities, enhanced planning processes and the identification of surplus government land. The report also identifies the need for the development of local and regional housing strategies. Housing 2020 acknowledges that some households will still require individualised support.

It highlights the need for better links between housing and support services, improved financial assistance and subsidies and the introduction of shared equity and loan schemes.

Housing 2020 is one of the most ambitious attempts by a state government anywhere in Australia to address the problem of housing affordability. The West Australian Government has identified the next step as the development of a more detailed action oriented affordable housing strategy.

There is much to commend Housing 2020 but the WA Government must address the key issue of security of tenure for older people in public housing. It will also need to ensure that aged care and housing organisations are supported to respond to the significant changes proposed and the growth in opportunities to provide better outcomes for older peoples' housing needs.

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