



Speech to the NSW Community Housing Conference

10/09/2008

Citigate Central Sydney, 169-179 Thomas Street
Sydney

Introduction

I would like to begin by respectfully acknowledging the traditional owners of the land on which we are gathered today, the Gadigal people of the Eora Nation.

Thank you Tom (Slockee, Chair of the New South Wales Aboriginal Housing Board) for that introduction, and thank you all for asking me to speak with you today.

Housing, housing affordability, finding a home and keeping a home are important issues for us all.

Many of the things we all take for granted would be impossible without safe and secure housing.

If you do not have secure and affordable housing, you miss out on so many of life's opportunities.

You become disconnected from job opportunities, health services, education and social networks.

This is why affordable housing is such a critical component of the Government's economic and social participation agenda.

I have said all of this often enough, but sometimes I think the problem is bigger than any of us realise.

I have people writing to me telling me their rent has gone up \$60 a week in a year; letters from carers saying that not only are they facing the challenges of their caring role, but now the added uncertainty of whether they can pay their increased rent.

There has never been a more critical time to work hard and work together to build a national housing agenda.

For the Australian Government – housing affordability is a key priority.

The May Budget included \$2.2 billion worth of new programs to improve housing affordability – the first major Federal investment in housing in many years.

Our approach starts to undo a decade of inaction – and help to make housing more affordable for Australians and their families.

National Affordable Housing Agreement

We are entering a new era in Commonwealth-State relations.

For the first time in a decade, the Australian Government is working with the States and Territories to address housing affordability.

We are working to bring together all funding for affordable housing under a new National Affordable Housing Agreement.

It will better coordinate social housing, homelessness funding and services, and affordable housing programs – providing a framework for housing policy.

The National Affordable Housing Agreement will incorporate the Government's new housing budget measures.

These measures include the Housing Affordability Fund, which provides \$512 million to help improve the efficiency of the housing market by reducing holding costs and contributing to the cost of basic infrastructure.

It includes the National Rental Affordability Scheme – which I will discuss in more detail shortly.

It includes the National Housing Supply Council – an independent body established to advise the Federal government on housing supply issues and produce a valuable State of Supply report each year.

It will also include funding to reduce homelessness under the A Place To Call Home initiative, a \$150 million program to build 600 houses across the country for homeless Australians.

People helped by this program will move directly into permanent housing – and receive tenancy and support services.

A number of States and Territories, including New South Wales, have developed innovative plans for how the Place to Call Program will work in their State.

I had the pleasure of attending an event yesterday with the new Premier here in NSW and Therese Rein – where the Premier named homelessness as one of his key priorities.

We are planning to have a lot more to say about reducing homelessness over the next decade in our White Paper which will be released in the next month or so.

National Rental Affordability Scheme

The Government's most ambitious new initiative – which will also be part of the National Affordable Housing Agreement – is the National Rental Affordability Scheme.

On 24 July, the Treasurer and I launched the first Expression of Interest round for the National Rental Affordability Scheme.

This round closed last week.

My Department are now crunching the numbers and assessing the applications competitively.

I am very pleased to report that the first round attracted some strong proposals.

There has been good interest from institutional investors and community housing organisations who want to build their portfolios of affordable housing stock.

As most of you would know, the Scheme aims make renting more affordable for low and moderate income households.

The Scheme will also create a new asset class for institutional investors in affordable residential housing.

It will encourage many institutional investors to enter the residential rental market **for the first time**.

The National Rental Affordability Scheme is a supply-side measure – increasing the supply of affordable rental properties – with 50,000 rental incentives to be allocated over the next four years.

These incentives – provided by the Australian and NSW Governments - are valued at \$8,000 each year.

If there continues to be demand, the Government will expand the Scheme by an additional 50,000 incentives over the following five years – further growing our investment in Australia's affordable housing stock.

This demonstrates the Government's long-term commitment to affordable rental housing and also acknowledges that the issue will not be resolved overnight.

The incentives are intended to leverage private sector investment of up to \$13 billion over the next four years.

More than 1.5 million households will be eligible to rent the dwelling at a 20% discount to market.

Many of you here have expertise in delivering affordable housing and your organisations are well placed to participate – and take advantage of – the National Rental Affordability Scheme.

The Australian Government sees the community housing sector as vital to the success of the Scheme.

The Scheme will bring substantial growth to the community housing sector – whether it is as tenancy managers or as owners and developers in a consortium.

These are exciting times.

My vision for the way forward includes more partnerships between community housing providers, developers and institutional investors and between community housing providers and human services sectors such as the aged care sector and disability services.

The benefits to investors in partnering with an experienced not-for-profit housing provider are immense – efficient tenancy management and quality tenancy management as well as lower than average rental arrears.

These kinds of partnerships or consortiums play to the strengths of the respective players.

Incentives under the Scheme will not be split between jurisdictions – this is a nationally competitive process ensuring the best applications are selected.

We will also be introducing the legislation that underpins the Scheme into Parliament over the next few weeks.

The second call for applications opens on the 25 October 2008 and there will be a third call in March 2009.

NRAS and New South Wales

So, what does this mean for New South Wales?

In New South Wales, not for profit providers who are registered with the Office of Community Housing are able to apply for the NSW National Rental Affordability Scheme contribution.

This is available to not for profit providers contributing an up front capital contribution of up to 40 per cent of the total project cost for procurement of the residential development.

In NSW, the median rent for a three bedroom house in Sydney is \$330 a week so let us use this as an example.

A similar dwelling under the Scheme will be rented at \$264 a week – a saving of \$66 a week for low and moderate income tenants.

The median Sydney rent for a two bedroom apartment – is greater still, at \$380 a week.

This same property would rent for \$304 a week, a reduction of \$76 a week under the National Rental Affordability

Scheme.

It is estimated that more than 1.5 million Australian households will be eligible to rent homes under the new Scheme.

A family with three children can earn up to \$83,000 and access affordable rental housing.

Renters in NSW have really felt the brunt of the housing affordability crisis, which has developed over the last decade.

No single government controls housing policy – all tiers of government have important roles to play.

The National Rental Affordability Scheme is a great example of how governments can work together and involve the business, investment and not-for-profit sectors to create solutions.

National Rental Affordability Scheme Capacity Building Strategy

To boost the capacity of the not-for-profit sector to be involved in providing housing as part of the Scheme the Australian Government has set up a Capacity Building Strategy.

This Strategy will specifically target the not-for-profit community housing sector.

We have committed \$1.5 million over two years to the Strategy.

Last month I announced that the Government had engaged Partnership Facilitators to assist organisations to get involved in the Scheme.

The Partnership Facilitators are busy now coordinating potential partnership arrangements between interested organisations – investors, not-for-profits, superannuation funds, community housing providers and aged care providers.

The Community Housing Federation of Australia and Aged and Community Services Australia are two partnership facilitators we have engaged.

MacroPlan is the organisation taking on the Partnership Facilitator role in New South Wales.

The next stage in our Capacity Building Strategy is to establish a Business Development Clearinghouse and which can be used by affordable housing providers, tenancy managers and any other potential partners in the National Rental Affordability Scheme.

I am pleased to announce today that the Australian Government will engage the Community Housing Federation of Australia to establish and manage this Business Development Clearinghouse.

We will also fund the CHFA to run workshops for aspirational housing providers interested in NRAS and to develop their capacity to be involved.

We will also fund a range of products and resources to meet the needs of potential partners in the Scheme – legal documents, financial planning modules, standard partnership agreements and partnership development kits.

These tools and products will be available to any interested applicants and partners in the Scheme through the Clearinghouse.

Conclusion

While we are working hard to ensure these ambitious housing projects and programs are implemented, picked up and used to their full advantage, I will continue listening to the people who take the time to come up to me in the street or to write me a letter.

These are the people who are directly affected by these problems and solutions – and these are the people I hope will contact me again in a year from now and tell me how they found a home and how happy it makes them.

I know that there is genuine enthusiasm to work together on housing affordability.

There is a commitment to positive, creative new initiatives to address the serious issues of affordability and availability.

I hope that we can continue to work together to develop new solutions to help improve housing affordability for Australians and their families.

I am sure your input will help us deliver new ideas and a long-term vision to make housing more affordable in Australia.

Thank you.