



Shelter SA
Housing: a basic human right

SHELTER SA'S DETAILED RESPONSE TO THE DISCUSSION PAPER ON THE STATE HOUSING PLAN CHALLENGES

February 2003

Shelter SA fully supports the State Government's development of a 10 year State Housing Plan. The eventual Plan **MUST** be a Cabinet and Whole of Government priority. While it is ambitious, the State Housing Plan must also be linked to the Office of Economic Development Plan, the State Transport Plan, the State Planning Strategy and other Government initiatives that may be related to housing. In addition, all facets of housing programs must be coordinated.

This detailed response elaborates on the topics discussed in the Summary, which is an attached document.

The Challenges:

3.1 Support the Capacity of Residential Housing Industry

The challenge is to work with industry to develop appropriate initiatives and policies to ensure the long-term viability and effectiveness of the residential construction and management sector.

Shelter SA acknowledges that the boom / bust nature of the housing construction industry is detrimental to the quest for affordable housing. To ensure the long-term viability of the residential construction sector, structural changes need to be implemented.

- **Building labour shortages**

According to the Housing Industry Prospects Report 2001, one major problem has been building labour shortages; these shortages are compounded by the

cyclic nature of the building industry.¹ While recruitment consultants within the building trade regard strategic planning with long-term prospects for employees as the answer. Bob Day from Home Australia Pty. suggests a structural solution.² Day puts the root cause of the problem as the lack of youth entering the building trade. This is caused through award wages, which set unrealistic rates, especially for small business. Day emphasizes this stating that:

“In 1951 a first year apprentice’s wage was approximately 7.5% of a tradesman’s wage and there were virtually no unemployed teenagers..... the wage rate is now 40% and youth unemployment is now regarded as the ‘the single most important social problem of our time’.”

There is a consensus that the new apprenticeship initiatives are not working precisely because of the cyclic nature of the building industry. If, as Day suggests, apprentice workers were paid apprentice wages, the building industry would be able to support workers through “feast and famine”, and apprenticeships would be completed. University students accept that they will pay for their knowledge with either up-front fees or the clearance of a HEC debt once they are working. Why is there a different mentality for apprenticeships?

- **The residential management sector**

The long-term viability and effectiveness of the residential management sector is crucial to the success of all South Australians having access to safe secure appropriate and affordable housing. If future social housing need is to be fulfilled through non-government and private investment sectors, all sectors need to provide an environment where they can compete in the financial market, using market mechanisms. Wood suggests “High calibre managers with a range of skills are needed to manage the change.”³ Managers with high-level skills in finance, human resources, and strategic management are required. Basic governance needs to be addressed with committee members having backgrounds in law, corporate planning, banking, etc.⁴ These changes will ensure that a professional approach to tackle market forces is adopted and increase the potential for the housing market to compete on a level playing field.

- **Further research** is needed about the housing industry in relation to Government policies.

- **‘Green buildings’**

In their book *Natural Capitalism*, Lovins, Lovins and Hawken speak about ‘green buildings’, which are relatively inexpensive to build, operate and convert. According to Lovins et al., green buildings can reduce construction costs; however they advise that to reap the economic advantage of green designs the process has to begin with the design stage and progress through planning and approvals and then on to construction. Lovins et al. cite Davis, California as a

¹ *Housing Industry Prospects Report*, March 2001, Housing Industry Prospects Forum, South Australia, p.24.

² Day, B., 1998, *Slave Labour: A submission to the Australian Industrial Relations Commission Inquiry into Junior Rates of Pay*, Retrieved 24.12.02 from <http://www.hrnicolls.com.au/Special/BobDay2.html>

³ Wood, H., 2002, “Preparing for a diverse affordable housing sector”, *Parity*, 15, 6, 9 –11.

⁴ *Ibid*, p.10.

working example of such a housing development.⁵ This may be an initiative that South Australia could adopt, saving money on construction costs in order to supply affordable housing.

- With Australia's increase in ageing population, **in-home supports** must be planned for during the next 10 years and beyond.
- The **Government needs to give clear statements of priorities and outcomes** desired to the housing industry.

3.2 Pursue Affordable Housing through the Residential Planning System

The challenge is to pursue affordable housing through the Residential Planning System with an emphasis on the nexus between State regional and local planning instruments.

Any affordable housing initiative will require all parties, whether they are different levels of government, financial institutions, developers or non-government agencies:

1. To know exactly how and where they fit into the scheme of things.
2. To reach an agreement and adhere to it from the outset.

- **The State Housing Plan must be linked to the State Planning Strategy.**
- **Inclusionary Zoning**
If different planning strategies are to be implemented, in the pursuit of affordable housing, they need to be thoroughly assessed and some possibly enforced as mandatory. For example the 'inclusionary zoning' for affordable housing initiative in Sydney's Green Square was overturned in February 2000 by the Land and Environment Court. This was partially due to validity factors of Section 94, where it is only enforced when affordable housing is lost. However the most important issue for Green Square was that "inclusionary zoning provisions for affordable housing were held to an unreasonable interference with private property rights and outside the role of town planning mandated statute".⁶ If Provisions are not already in place in South Australia to deal with a similar occurrence, then measures should be undertaken to ensure that these are in place before such policies come into force.

Other negative issues that have arisen from inclusionary zoning policies are:

- "The 'for profit' development industry has been known to resist inclusionary zoning because it sees the private sector having public sector issues thrust upon it".⁷

⁵ Lovins, A., Lovins, H. and Hawken, P. 2003, *Natural Capitalism: Creating the Next Industrial Revolution*, Rocky Mountain Institute: Snowmass CO, <http://www.natcap.org>

⁶ Williams, P., 2000, "Inclusionary zoning and affordable housing in Sydney", *Urban Policy and Research*, 18, 3, p. 307.

⁷ Canada Mortgage and Housing Corporation, 'Using Inclusionary Housing Policies' Retrieved 8.1.03 from <http://www.cmhc-schl.gc.ca/en/index.cfm>

- “Administrative support is required from all levels of government to identify, monitor, control and enforce affordable pricing policies.”⁸ Affordability issues require some form of control or they can easily lapse over time.
- “Not In My Back Yard (NIMBY) opposition from neighbourhood rate payers where inclusionary zoning initiatives are planned.”⁹
- “Affordable housing should not mean low quality - therefore developmental controls should be in place to ensure minimum standards are adhered to.”¹⁰

Research suggests, as cited in ‘Using Inclusionary Housing Policies’, that inclusionary zoning policies are the most successful when mandated. Findings suggest mixed results for the success of these policies as a means of ensuring affordable housing provision. Conversely, inclusionary zoning initiatives have been found to be the most effective when implemented with other mechanisms such as density bonuses, land swapping and negotiation with developers.

- **Streamlining the Developmental Process**

Streamlining the development approval process will ensure construction starts sooner and so lowers costs. This can be achieved through greater efficiency in the approval process. This will need to be financed from the outset and should not mean that a decrease in time is at the expense of a decrease in quality.

Canada Mortgage and Housing Corporation reports a scheme implemented in Orange County California in which applications for affordable housing are given priority over all other applications. Orange County operates a ‘one stop’ process, in which developers are assigned a facilitator who not only checks and verifies their application but also shepherds their application through the process, while liaising with other parties who are involved in the process. Other US municipalities have initiated:

- A single permit application for all building permits requirements such as electrical, plumbing etc.¹¹
- Mediators to facilitate disputes between developers and the community’ because disputes can delay applications considerably¹²
- Different levels of government and agencies working through a co-ordinated process by standardising the application process so that people are qualified to make all decisions¹³
- Computerised applications, with software that can check, teach and track applicants and their applications that act as a teaching guide for novice applicants but also allows for tracking applications.¹⁴
- Pre-consultation service to provide expert advice on developmental cost cutting¹⁵

⁸ Ibid

⁹ Ibid

¹⁰ Ibid

¹¹ Canada Mortgage and Housing Corporation, ‘Reducing Length of Approvals’, Retrieved 8.1.03 from <http://www.cmhc-schl.gc.ca/en/index.cfm>

¹² Ibid

¹³ Ibid

¹⁴ Ibid

- Extended business hours.

- **Betterment or Developmental Levies**

According to the Progressive Forum, a betterment is:

“The unearned increment of property value that results from the actions of others besides the owner, particularly from decisions within the planning system.”¹⁶

A betterment levy is the tax on land to be developed, based upon the difference between the land value before and after planning approval.¹⁷ At present the profits reaped from changes in land use just add to socio-economic inequality. The windfalls that landowners presently receive through planning approvals are not only inflationary but that inflated value is passed onto the end consumer of the land, thus perpetuating the lack of affordable housing.¹⁸

Betterment or developmental levies can be used to facilitate affordable housing provision by reducing the rate of the levy if affordable housing is built or, as in the case of inclusionary zoning, require the payment of a fee as a condition of approval to assist with financing affordable housing elsewhere.¹⁹

Betterment or developmental levies can be the alternative option for developers opposed to inclusionary zoning. If the developer does not include a percentage of affordable housing in the developmental plan, they have to pay this levy, to enable councils to fund affordable housing elsewhere. These monies can be invested in a Trust fund specifically for affordable housing; alternatively the developer could build affordable housing elsewhere to a similar level of cost.

North Sydney Government area implemented a State Environmental Planning Policy No. 10 (SEPP 10) in an attempt to retain low cost rental accommodation. North Sydney council have been empowered, under Section 94 of the Environmental Planning and Assessment Act, to impose this levy for the loss of affordable housing, enabling them to replace the low cost housing.

Developmental fees have taken the form of linkage fees, which are based on the premise that developments for commercial uses create the need for affordable housing for future employees.

A problem with developmental levies is that they may not reflect the cost imposed by the project and can therefore be biased against higher density and rental housing. Fees that reflect lower costs would increase the supply of affordable housing. For example, if the developmental charge is based upon the type of dwelling, developers would probably build larger units but less of them on a piece

¹⁵ Ibid

¹⁶ The Progressive Forum, 'Betterment and Compensation, Retrieved 9.1.03 from <http://www.progressiveforum.info/taxbook/5betterm.htm>

¹⁷ Ibid

¹⁸ Day, P. 1996, Tax Reform Submission, Retrieved 2.1.03 from <http://www.earthsharing.org.au/day.html>

¹⁹ The Progressive Forum, 'Betterment and Compensation', Retrieved 9.1.03 from <http://www.progressiveforum.info/taxbook/5betterm.htm>

of land, rather than building a greater number of smaller ones so that they can reduce the developmental costs.²⁰

Other problems with the betterment / developmental levy are:

- The level of fees to be applied and how will these be calculated
- Determining what constitutes affordable housing and what does not.
- If the fees were set too high the developers would oppose these through the 'expensive' legal system that will not only add to costs but also cause delays.
- Fluctuations in the real estate market will surely impact upon these levies.
- Developers may have to find additional finance to pay these levies, and these costs will certainly be passed on to the consumer.²¹

- **Direct subsidies**

Direct subsidies can be useful but they can be easily manipulated by developers if not stringently controlled.

- **Efficiencies in construction process**

Mass construction projects can achieve significant reductions in costs and lead to greater efficiencies in the construction process.

- **State / local government affordable housing strategies**

Local Government must be included in all aspects of the State Housing Plan and the State Planning Strategy. If necessary, State Government housing objectives could override Local Government planning regulations, after reasonable consultations.

- **Tax concessions and development incentives**

This topic will be covered under the Alternative Financing section.

- **Infrastructure costs**

Any residential planning must take into account the provision or modification of sufficient infrastructure (power, water and waste, gas, drainage, roads, etc.). There are numerous ways these costs can be covered, through Government, the developer, the purchaser, Local Government or a mix.

Any planning activity in connection with new developments should also attempt to connect with existing infrastructure where possible, such as utilising existing transport routes, especially public transport corridors. New developments of affordable housing need to be accessible to employment opportunities. If policies such as aging in place are to be successful, the whole of government need to work cohesively for this and other such initiatives to be successful, especially where future planning is concerned.

²⁰ Canada Mortgage And Housing Corporation, 'Using Development Levies', Retrieved 8.1.03 from <http://www.cmhc-schl.gc.ca/en/index.cfm>

²¹ Ibid

3.3 Increase the Availability of Land for Housing

The challenge is to increase the supply and availability of land for housing, through the introduction of collaborative industry and government strategies (with particular emphasis on affordable housing).

- **Impact levies** are the same as developmental or betterment levies and are therefore dealt with comprehensively in challenge 3.2.

The introduction of impact levies are the same thing as developmental or betterment levies and are therefore dealt with comprehensively in challenge 3.2.

- **Alternative Landholders Projects**

Shelter SA suggests that one possible initiative to increase the supply of land is to work collaboratively with inter-church housing and other agencies. Inter-Church housing has land available but are reluctant to agree to its usage for affordable housing programmes under current government policy. At present, if land is pledged to government then control of this land is lost. In order to regain the land the agency has to pay government a monetary value as payment for the property. Inter-Church housing would be willing to lend the government land for a certain length of time, for example 35 years. The government would then return the land to Inter-Church housing at no cost to them. It is deemed that in 35 years the property would have been sufficiently utilised and therefore payment for any monetary value would be negligible. This option may require some negotiation and compromise to meet the requirements of both the government and Inter-Church housing. Collaborative programmes for land usage / supply with any agencies require flexibility and compromise for positive outcomes in addressing affordable housing initiatives.

- **Landbanking**

Land banking seeks to secure parcels of land that are under-utilized for subsequent future development. However one problem with this is that the secured land may be used for developments other than affordable housing. How can use for affordable housing be guaranteed? For land banking to be successful, a number of steps are required, these are:

- A thorough land inventory should be done with future housing development in mind.²²
- Sourcing of funding to buy the land, if not Crown land.
- Community involvement in type and location of housing to assist potential developers identify a site.
- Housing industry workers to provide information on best practice

If land banking is a viable option, what will the future infrastructure needs be. If the parcel of land is found within an urban development will the existing infrastructure support it or will further infrastructure be required to meet the needs of the new development? This is not just vital utilities such as water, electricity,

²² Landbanking, Retrieved 24.12.02 from <http://api.ucla.edu/rhna/HousingStrategiesPlans/HousingStrategies/Abag/Landbanking.htm>

waste management etc., but is also about employment opportunities for future households. Are there the necessary support services for the aging population? Can education networks survive the added demands that future developments may cause?

How will future land use for affordable housing impact on the existing infrastructure, economy, environment, and community viability? Will this land use require all levels of government to work in a concerted way? If so, is this achievable?

- **Sustainable land use**
Viable food production land should not be consumed by urban sprawl. Any residential development should be planned to capture run-off for future use.
- **Collaborative strategies**
All levels of government and industry should work together to bring about desired outcomes in affordable housing.

3.4 Maximise Social, Economic and Environmental Objectives in Urban and Regional Renewal

The challenge is to work collaboratively with government agencies and industry to ensure the maximisation of shared government objectives in urban and regional renewal projects.

- **Government's Social Objectives**
State Government needs to clearly state its objectives in housing the State's citizens. These objectives should link with employment, education, health and transport policies.
- **Utilization of existing buildings**
Shelter SA believes there are gains and losses with urban renewal projects. One area that appears to be overlooked is the utilization of existing buildings. Do buildings need to be torn down? It appears to be an economically viable option to demolish housing on large blocks and replace these with several more units or town houses. The cost of repairing some older buildings to make them habitable may be a cost effective option without the lengthy delays that new building options appear to have.
- **Higher density housing**
Higher density housing is desirable if it is thoroughly planned. However, it can produce drawbacks if it is not properly managed. Decreasing people's personal space can be counterproductive, or when there is difficult and disruptive behaviour by some tenants.
- **Existing infrastructure**
Can the existing infrastructure support higher density housing with future growth? All of the successful urban renewal initiatives appear to have worked because

they were well planned having used a multi-dimensional approach, so that initiatives were cohesive and complementary; goals were clearly outlined and implemented; and strategies had long-term vision and flexibility

- **Urban renewal bonds**

Portland Oregon USA is a case where their urban renewal policy worked through careful planning, with set boundaries. They financed the renewal through urban renewal bonds. The city issued these bonds, which were paid off through property tax increments as the property value increased.²³

Although this initiative works for urban areas, regional areas require greater risk management. Investors will only invest if they envisage a good return. Regional schemes require a thorough multi-dimensional approach, which includes the provision for employment to boost local economies, turning them into thriving communities. Employment would be the key issue here, with communities remaining sustainable and more self-sufficient. Co-operative housing could have a part to play here. The Group Self-Build programme uses sweat equity, which enables people on a low income to build their own homes, under the guidance of a qualified building supervisor.²⁴ This initiative not only transfers skills but also produces committed communities who have a vested interest in the upkeep of their environment.

- **Regional areas**

Regional areas require greater risk management. Regional schemes require a thorough multi-dimensional approach, which includes the provision for employment to boost local economies.

- **Overcoming higher regional housing costs**

One way to counteract higher construction costs is to provide more construction traineeships for rural young people, thereby developing the local skill base and providing employment.

- **Stop the withdrawal of vital services**

One thing the government can do to ensure that areas in regional Australia are able to thrive and that is to stop the withdrawal of vital services that provide for these areas. Alternatively if this is not possible, community involvement should be promoted to enable local people to take over services that are withdrawn, in order that areas survive and thrive. The only way for this to occur is to engage with the community.

²³ Urban Renewal Primer, Retrieved 9.1.03 from http://www.pdc.us/about/urban_renewal.html

²⁴ Performance Against Objectives, South Australian Community Housing Authority (SACHA), Annual Report 2000 – 2001, p.10

3.5 Increase Alternative Investment in Affordable Housing

The challenge is to identify those collaborative, alternative investment strategies in affordable housing, which maximise government outcomes and are most appropriate in the South Australian context.

- **Alternative investment**

Shelter SA believes that finding alternative investment strategies for affordable housing may be one of the most difficult challenges to address at present. The volatility of the stock market makes alternative investment opportunities appear attractive. This can be seen by the increased investment at the high end of the property market. Obviously the returns on investment in this sector are worthwhile.

- **Menzies Institute**

There has been discussion by the Menzies Institute regarding a shared equity scheme to assist in gaining investment into affordable housing.²⁵ However although the Prime Minister is also promoting this option,²⁶ there are a number of flaws. For example Chris Connelly proposes that the threat of negative equity, especially in this current market places the people who participate in this scheme at great risk. People could end up with greater outstanding financial commitment than the actual equity in the home, should the home need to be sold.²⁷

Another issue Connelly addresses is wealth creation: many people use the home as a vehicle in wealth creation for their retirement. Shared equity will significantly reduce a person's wealth once they reach old age - in fact the equity will be halved.²⁸

- **Institutional investment**

Schemes such as those that tap into superannuation funds, and those giving investors a return through the tax system could be a possibility.

- **National Affordable Housing Consortium**

Berry and Hall explored the role of the private sector in increasing the supply of affordable housing, and came up with three models, which should be pursued.

- **Tax concessions**

State and Federal tax concessions for the providers of affordable housing would help increase the supply of housing stock for low-income households.

²⁵ Caplan, A. and Joye, C. 2002, A Primer on a Proposal for Global Housing Finance Reform, The Menzies Research Centre Ltd., p. 15

²⁶ The Menzies Research Centre Ltd., Home Ownership Taskforce, <http://www.mrc ltd.org.au>

²⁷ Warnings of danger in shared equity, September 2002, Retrieved 22.1.03 from <http://www.abc.net.au/pm/s682032.htm>

²⁸ Ibid

3.6 Create a Viable Social Housing Sector

The challenge is to restate a political, financial and social commitment to the future viability of social housing programs and providers and continue to develop them to offer choice and meet diverse needs of the community.

- **Commitment to housing providers**
State Government needs to clearly support all forms of housing providers, to ensure housing stock numbers do not diminish.
- **Sustainable tenancies**
Shelter SA believes that initiatives for sustainable tenancies, taken up by the South Australian Housing Trust are to be commended. It makes financial sense to allow people time to pay, should they get into financial difficulty, rather than evicting them and having to accommodate them in expensive crisis accommodation.
- **Welfare housing**
The policy of targeting social housing to those in greatest need has led to the consequence of social housing becoming welfare housing. This policy needs to be reversed so that social housing can once again earn an income that cross-subsidises those who pay a low rent. One way to reverse this policy is through the provision of more social housing. Commonwealth Rent Assistance designed to bridge the gap between income and private market rent, is inadequate.
- **Commonwealth Rent Assistance**
At present the CRA provides assistance with no return to government. However, if social housing were in greater supply, this would enable government to rent to the non-welfare sector and gain more income. This leads to the social mix scenario, rather than targeting “those most in need” for public housing.
- **Public housing stigma**
Anecdotal evidence suggests that people who are accommodated through the Housing Trust are stigmatised and socially excluded, for being welfare recipients and supposedly having social problems. How can these people feel empowered to change their circumstance? If the Housing Trust had more stock they could provide more housing with a social mix.
- **Community housing**
It is imperative to stop the decline in public house stock and to increase the supply of public housing. If the alternative to this is for the Community Housing Authority to take on more of a lead role in the provision of social housing, this will still require additional housing. Stock transfer is just “robbing Peter to pay Paul.” It is additional housing stock that is required.
- **Support services**
Improved linkages between housing and support services are required if the aging in place strategy is to be successful. However the required support will be

ongoing because it cannot be a “once off” system. Most aged, specifically those over 80 years old, will require higher levels of support with the progress of time.

People with disabilities, those with mental health problems and people in financial difficulty would benefit from ongoing support services to maintain their tenancies.

- **Regional planning**

Housing shortages or affordability issues need to be addressed by a Whole of Government approach to regional planning.

3.7 Improve Housing Outcomes for Aboriginal Communities

The challenge is to identify current and emerging housing need, ensure appropriate housing growth, and improve housing opportunities for Aboriginal people including those in rural and remote areas.

- **Consultations with Aboriginal communities**

Shelter SA believes the current initiatives of the SA AHA are excellent and should be supported. Asking Aboriginal people what they need is a good starting point. The next area of importance is cultural sensitivity.

- **Better amenities for transient people**

Town camps should be developed for both urban and rural Aboriginal people, to provide better amenities to improve their health.

- **Discrimination**

There is still wide spread discrimination towards Aboriginal people in the private rental market. The Residential Tenancies Act should address discrimination.

- **Construction industry traineeships**

Construction traineeships for the Aboriginal community could empower and enable them to build their own homes.

- **Health**

One area that requires recognition is ‘the Aboriginal frail aged’, who through cultural differences and life circumstances, have aged early by white Australian standards. These people require support services alongside their housing in line with the aging in place strategy; however they need these supports at a younger age. This should not be seen as a personal failing but should be recognised and acknowledged as a structural factor.

3.8 Implement Strategies Toward Reducing Homelessness

The challenge is to reduce the incidence of homelessness through improved access to appropriate affordable and sustainable housing options.

- **Commitment to social outcomes**

Shelter SA supports the Social Inclusion Unit's initiative of attempting to reduce homelessness through various strategies. Multi-layered responses are needed within a multi-dimensional system. Reducing the number who are already homeless is one issue but equally important is the focus on preventing people from falling into homelessness

While work has been done on the State Homelessness Strategy prior to the creation of the Social Inclusion Unit, it is hoped that its recommendations will be considered and some incorporated in the SIU's Action Plan.

There are many people at differing life stages, youth have a totally different set of issues to people at the other end of the spectrum. Cultural diversity is another area that requires consideration.

The challenge in reducing homelessness is only addressing part of the problem because there will always be domestic violence, drug and alcohol abuse, people with mental health issues and some of these people and others will become homeless for various reasons.

- **Crisis accommodation**

There is a need for extra crisis accommodation. At present there is a consensus that South Australia lacks an adequate supply of crisis accommodation for families (both with and without children), youth, and Aboriginal people (families and single).

An initiative currently undertaken by the Royal Australian Institute of Architects in Sydney known as 'CRASH – Construction Industry Relief and Assistance for Sydney's Homeless', helps homeless people have access to vacant buildings as crisis accommodation. A short-term lease enables homeless people to occupy buildings that are waiting to be developed or demolished.²⁹ At present a number of homeless people take refuge in 'squats', according to Hindley Street Police these people are acting illegally because they are breaking into secure sites. Property owners are advised to secure premises to prevent homeless people from taking refuge. The major reason for this is public liability insurance issues should people become injured or if damage is done to the property. If people do break in and squat, they are liable for a number of different charges being brought against them, from simple trespass to break and enter. This is a costly procedure for all to follow up on.

Ontario Coalition Against Poverty (OCAP) reinforces the use of vacant buildings for homeless people although their methods are somewhat more radical. According to John Clarke from OCAP, they seize possession of vacant buildings for homeless people and costly legal action is then taken against them.³⁰ If contingency plans were in place for a well-regulated scheme to use vacant buildings this would assist with the crisis accommodation shortage, save police

²⁹ Crash into Architect Week, 26th September 2002, The Royal Australian Institute of Architects (RAIA) Retrieved 10.10.02, from <http://www.architecture.com.au>

³⁰ Clarke, J., 2002, The Fight for Housing Moves Forward, Ontario Coalition Against Poverty (OCAP), Retrieved 11.1.03 from http://www.geocities.com/insurrectionary_anarchists/quatteam.html

time and government money. For this proposal to work, there needs to be careful planning, adequate regulation, and insurance schemes in place to ensure all parties are protected from the few who may make claims on the system.

- **Boarding Houses and Caravan Parks**

People are in tertiary homelessness if they are living in boarding house type accommodation. Homeless people also require better protection under residential tenancy legislation. Using the cultural definition of homeless by Chamberlain and Mackenzie, people are in tertiary homelessness if they are living in boarding house type accommodation. This type of accommodation (and incidentally caravan park accommodation) should be covered under the Residential Tenancy Act, with any accommodation that is the person's primary residence.

Educational campaigns are also required to overcome the NIMBY (Not In My Back Yard) attitude. If more boarding house type accommodation is to be provided, a possible community backlash against this needs to be overcome. Further research is required but anecdotal evidence suggests there is a mismatch between the size of a boarding house in relation to its financial viability and community acceptance. If plans for a boarding house development are for housing a large number of people, the local community may object to the plans, as occurred in a recent initiative within Adelaide City Council.

3.9 Improve Support for Households in the Private Rental Market

The challenge is to ensure that access, affordability and support services in the private rental market enable successful tenancies, particularly for low income and disadvantaged households.

- **Role of Government**

Shelter SA acknowledges that at present the private rental market is unable to accommodate people who are on low incomes. Government policies need to ensure the provision of more housing stock.

- **Affordability**

Only 20% of homes offered for rent are affordable for those at the upper end of the bottom 40% of income earners. Only 2% of homes offered for rent are affordable by households entering the SA Housing Trust. This situation of housing stress has to be addressed,

- **Tenancy protection**

Shelter SA acknowledges that at present the private rental market is unable to accommodate people who are on low incomes. Head leasing may be one initiative to overcome this problem. Head leasing has been shown to control

prices and raise standards of accommodation. These arise from the pressure head leasing exerts on the private rental market.³¹

The downside to head leasing is if a private investor is involved. McNellis, Hayward and Bisset suggest the private investor may not consider the rental return from head leasing as being adequate for the investment in property for headleasing, especially if capital growth is low.³²

The Residential Tenancy Act falls short on regulation with regard to accessing the private rental market. At present the Act relates to discrimination only where children are involved.³³ Any other complaints of discrimination have to be pursued through the Equal Opportunities Commission. Anecdotal evidence suggests people are often discriminated against within the private rental market because of race, age, marital status, disability, class (welfare recipients), etc. It is difficult to prove discrimination because complaints are usually framed as other problems such as the accommodation is already being let, tenants' misconduct³⁴ or termination by landlord without specifying a ground of termination.³⁵ If there were greater coverage for issues of discrimination under the Act, it may well operate as a deterrent to discrimination, especially if the landlord believes there may be repercussions.

- **Link housing with support services**

Many people on low incomes need support services, from financial counselling to intensive case management, in order to maintain their existing accommodation.

- **Access to private rental**

Problems of discrimination and affordability mean that many people on low incomes cannot access the private rental market, so they stay with friends or in the very low ends of alternative accommodation types.

- **Multi-story developments**

Local government planning regulations apparently make it very difficult for developers to build multi-story units – yet these may be the most cost-effective way of providing low-cost housing.

- **Standards of housing**

Legislation should be altered to ensure that anyone's principal place of residence is subject to the Housing Improvement Act, regardless of who the owner is.

³¹ About Headleasing, Retrieved 22.1.03 from

<http://www.freeside.dcs.hull.ac.uk/~nigel/acc/om/headleasing/aboutHL.html>

³² McNellis, S., Hayward, D. and Bisset, H. 2001, 'A Private Retail Investment Vehicle for the Community Housing Sector', AHURI, Swinburne – Monash Research Centre, presented at Our Homes, Our Communities, Our Future, National Housing Conference, 2001, Brisbane.

³³ Residential Tenancies Act, 1995, Part 4, Division 2 - Discrimination Against Tenants With Children, Section 52, (1),(2) a,b and (3), p.23.

³⁴ Ibid, Part 4, Division 9 – Tenant's Conduct on the Premises, Section 71 (a) (b) and (c), p.33.

³⁵ Ibid, Part 5, Division 2 – Termination by the Landlord, Section 83 (1) (2) and (3), p.39.

- **Rental housing stress**
Research has shown that 78% of low-income earners in private rental are paying more than 25% of their household income in rent.
- **State rental assistance / guarantee**
A revival of the State Rent Relief program could help ensure low-income households retain their accommodation.
- **The aim of property management**
Surely the desired outcome for both landlords and tenants is to maintain a long commercial relationship where both parties feel secure with the arrangements.
- **Support for successful tenancy services**
Where a tenancy is in jeopardy, supports should be available to assist the parties to maintain a successful tenancy.
- **Tenants' Advice and Advocacy Service**
Shelter SA has for many years advocated for the creation of a Tenants' Advice and Advocacy Service, to help people sustain their tenancies.
- **Private rental market to provide affordable housing outcomes**
South Australia's private rental market needs to address the supply side of the equation to meet the demand for affordable housing.
- **Increased length of tenure**
If landlords and tenants both desire secure long-term relationships, there need to be leases ranging from 2 to 5 years, or even longer.

3.10 Increase Access to Homeownership for Low Income Households

The challenge is to support low-income households to purchase homes and to sustain their purchase without putting them in high levels of housing stress.

Shelter SA supports initiatives to enable people on low-incomes to purchase their own home. Sustainability is the key: while the first homeowners grant assists low-income households to purchase a home, it has also helped to raise house prices, by creating a greater demand for housing. One major problem with this will be the resultant negative equity when house prices fall. People are then trapped - they cannot sell their investment to move to cheaper accommodation. People abandon the property, taking with them a large debt.

When homeownership becomes unaffordable, whether it is through a change in circumstance (redundancy), or through a rise in interest rates fuelled by market conditions, people need assistance. Tax concessions on mortgages for people on low incomes may be a scheme worthy of some consideration. By reducing the cost over the long-term, homeownership may become more sustainable.

Extending the term of a loan would be another way to sustain homeownership, so that people pay less in repayments over the longer term. A shared equity scheme could be implemented when people experienced difficulty. A government or non-government housing agency could step in and take over some of the loan, to assist people through the crisis. Once the crisis was resolved, the full mortgage could be brought back from the agency or if the crisis worsens the agency can take on the mortgage - either way the agency will either gain an extra house or have the loan refunded and the purchaser is assisted as much as possible.³⁶

- **Homestart loans to organizations**

Low interest loans to community housing organisations would increase the supply of affordable housing, which could be on-sold to tenants.

- **Targeted assistance**

The current First Home Owners' Grant is available to millionaires. Such assistance with homeownership should be targeted to low-income earners only.

- **Mortgage relief if interest rates rise**

A government or non-government housing agency could step in and take over some of the loan, to assist people through the crisis.

- **Community Land Trusts**

According to O2 People For Action, the Community Land Trust of America implemented one of the most successful, sustainable and affordable housing models. The Community Land Trusts success happens through price capping. Limiting the resale price of the property keeps affordable housing affordable, when combined with long-term maintenance schedules.

According to O2, sound financial advice is the first step to sustainable homeownership. Having a qualified financial adviser to assist people into homeownership aids sustainability because it provides people with facts to enable them to make informed choices; it ensures people do not get out of their depth; it assists with the translation of jargon and also dispels some of the misinformation that helpful friends and relatives provide.

- **Mortgage insurance**

Mortgage insurance against unemployment or sickness, which is geared to people on a low income, may be another method of sustaining homeownership.

- **Support for the ageing**

Two schemes operating in the United Kingdom at present are the Home Reversion Scheme and the Cash Release Scheme. The Home Reversion Scheme is aimed at the over 60 years of age group, the person sells their home or a percentage of it to a plan provider, and in return they receive a lump sum or a monthly income. The person then lives in the house rent-free until the last remaining borrower dies. When the property is sold the plan provider reclaim their

³⁶ Low Cost Home Ownership, O2: Transforming housing organisations, Retrieved 22.1.03 from <http://www.O2.org.uk/Briefings/lcho.pdf>

percentage. The Cash Release Scheme is “where the owner takes out a fixed rate interest only mortgage and uses the money to purchase a regular income.”³⁷ When the borrower dies the original loan gets repaid.

The negative side to this is that in some cases the lump sum people released from their properties were unwisely invested which led to the loan outstripping the income from the bond investment.³⁸

- **Assisting young people to enter home ownership**
Home ownership is the primary means most people create wealth. Young people on low incomes should receive government assistance for this.
- **Secondary mortgage market**
Apparently Australia does not have such a market – yet companies operating in the USA through the secondary mortgage market are among the main suppliers of finance for affordable housing. Such a market should be investigated for implementation in Australia.

Are the challenges in Section 3 the right ones that the State Housing Plan should focus on, what do they mean for you or your constituency, and how and who should address them?

The challenges set in Section 3 are valid for the State Housing Plan to focus on. However a number of relevant issues are not covered as thoroughly as they might be:

- **The aging population and the implications for this.** The implications of being past “best by” at age 45, released from the employment market without the possibility of re-employment, are dismal. How does this impact upon the sustainability of those still purchasing a home and the implications for no longer being a homeowner when reaching retirement age? Is the private rental market capable of responding to this challenge?
- **Women fleeing domestic violence.** The provision for families in this situation is negligible. They are transformed into a single parent household, very often unemployed due to child care commitments. The private rental market is not adequately providing accommodation for this group.
- **The provision for youth housing.** The link in common, with domestic violence victims, is the need for more crisis accommodation. This is not just the issue of affordability - it is an issue of suitable housing for diverse groups.
- **De-institutionalisation** means greater numbers of people are living unsupported in the private rental market. Their accommodation becomes unsustainable partly because of their own mental health problems. Some not

³⁷ Equity Release Schemes, BBC News, June 2002, Retrieved 24.12.02 from <http://news.bbc.co.uk/1/hi/programmes/moneybox/research/2026974.stm>

³⁸ Ibid

only have a mental illness but they also suffer with some form of addiction. Once these people gain accommodation, it is not enough to withdraw support when they appear settled, or stabilized. The support they need is ongoing. Some of these people do not have independent living skills; they may not have had good social role models with regard to their behaviour. They not only require accommodation that is appropriate to their needs they also require ongoing support, together with good residential tenancy regulations to protect this vulnerable group.

- **Employment** is an issue that is closely interwoven with housing. Without adequate investment in the State's economy, via industry, the housing sector will continue to struggle. South Australia needs to encourage overseas investors to bring industry into the state. For example, BP solar were looking to invest in another facility to produce photovoltaic cells. South Australia could have been a prime location for such an investment. Western Australia was the only other state suitable for such a venture, but their water quality was not deemed good enough for such a facility. South Australia could have become world leaders in the solar industry but the facility was built in Spain. South Australia cannot afford to miss this sort of opportunity. Although greater employment does not end the necessity for affordable housing provision, it can go a long way to boost the local economy and so assist with financing affordable housing.

Shelter SA looks forward to the release of the six workstream papers and will comment on those in due course.