

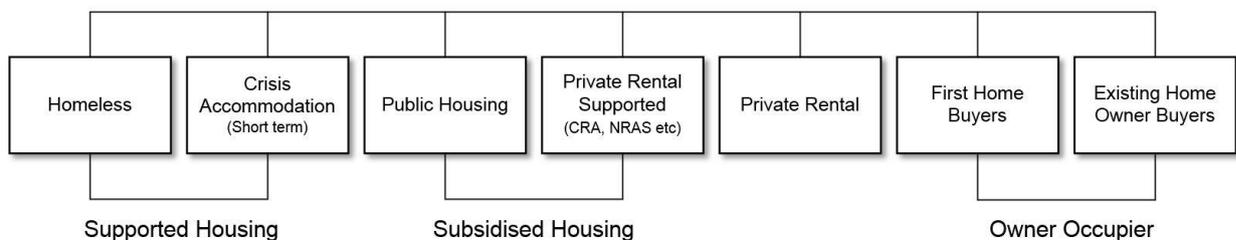


Housing Affordability

Policy Background

- A fundamental tenet of HIA's efforts to promote housing supply is that every Australian should have access to a home. Access to shelter is a basic human need and is critical to allow all Australians to participate in society to their full economic and social potential. Yet despite being a developed and economically advanced nation, housing affordability remains a challenge for many Australians.
- When considering their role in promoting housing supply, all levels of government must acknowledge that housing affordability is a function of an adequate housing supply and that by placing pressure on the supply of new homes for private rental and sale, through poor policy settings, governments effectively place pressure back down the housing supply chain, increasing the number of people seeking government assistance for housing.
- To assist in highlighting the connection between each part of the housing supply chain, HIA has developed the concept of the 'housing continuum'. This allows stakeholders to better describe the broad variety of housing types that make up the housing supply chain and provide a comparison of these housing types by tenure and delivery mechanism (ie government, not for profit, private).

The HIA Housing Continuum



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- Housing affordability is improved as a consequence of an adequate housing supply at an appropriate price for each cohort of the housing continuum.
- Many developers and builders contribute to ensuring sustained levels of housing affordability by offering diversity in product, including housing for the low and moderate income end of the market. Yet overall housing supply continues to fall short of underlying demand year on year.

Policy Issues

- Housing affordability is generally accepted as a term that refers to the relationship between housing costs (rent, mortgage repayments) and a household's total income. It can be applied at the individual dwelling level, but often refers to the conditions across the overall housing market.

- For the housing industry, housing affordability is intended to focus attention on achieving an outcome – that is, to create an environment where a person not currently in the private housing market has the ability to enter it, whether to rent or own.
- When affordability is low, the ability to enter the market is restricted for those on low and moderate incomes. When affordability improves, the ability to enter the market, and remain in the market, for these households also improves.
- Recent state and commonwealth government inquiries into affordable housing have been unable to clarify the various definitions for housing affordability cited by lobby groups, community housing providers, governments and regulators. Attempts to address Australia's housing affordability challenges first requires a clear definition and scoping of the problem. The housing affordability challenge has numerous cohorts, looking through different prisms:
 - Those on public housing waiting lists;
 - Those waiting on community housing providers;
 - Those requiring housing support (housing for the disabled and for emergencies)
 - Those in private rental housing, supported by Commonwealth rental assistance payments;
 - Those experiencing unsustainable increases in private rental costs; and
 - Those saving for a first home.
- HIA has a range of policies aimed at improving housing affordability by addressing specific issues that detract from affordability and supply. This statement aims to set out industry's expectations of government to support housing affordability through a range of avenues.

HIA's Policy Position on Housing Affordability

To address the imbalance between the supply of and demand for housing, which leads to reduced housing affordability, government policies need to:

- Recognise that a continuing undersupply of housing stock contributes to the unaffordability of housing in Australia – across numerous segments of the community.
- Support and enable industry to meet overall housing supply targets by creating the right environment to incentivise a wide variety of housing to be built in the marketplace.
- Support industry to voluntarily assist governments to improve the supply of low and moderate income housing stock (affordable housing), for rent or sale, as a supplement to governments own social and crisis accommodation provision (for example NRAS programs).
- Support and promote initiatives that improve housing supply and therefore housing affordability for all households including:
 - Maintaining abundant land supplies including short, medium and long term land supply in the pipeline for detached housing sites in conjunction with medium density opportunities.
 - Setting clear land supply targets for authorities to ensure land supplied for housing in both greenfield and infill sites are maintained.
 - Addressing the excessive taxation burden on housing.

- Restricting any further development contributions being levied on housing, particularly those which levy for community infrastructure items that should be funded by general taxation measures.
- Continuing to support and implement housing based infrastructure rather than place that responsibility back onto industry to fund this.
- Ensuring a streamlined planning approvals process where constraints on the land are clearly identified in the first instance and standards for the subsequent design and construction of housing are specified in single residential housing codes for all jurisdictions.
- Allowing the private sector to assist with the heavy workload of authorities in planning and ensuring better statutory time frames are delivered for housing development.
- Identifying surplus land for residential development and facilitate its release in a timely manner.
- Actively promoting policies which to allow for a range and mix of housing to be developed at all price points.
- Making new housing supply and housing affordability an objective of state planning legislation.