

## PARTNERING TO IMPROVE HOUSING AFFORDABILITY, INCLUDING MORE EFFECTIVE PLANNING AND DEVELOPMENT PROCESSES

While recent interest rate reductions are very good news, the undersupply of new housing puts upward pressures on existing housing prices and reduces the proportion of affordable housing. The Australian Government wants to create further incentives to increase the supply of housing, particularly affordable housing, both rental and owner-occupied. We also know that local government, through its planning responsibilities, is well placed to play a positive role in shaping our future housing stock.

Through the Housing Affordability Fund (HAF), the Australian Government is investing \$512 million to lower the cost of building new houses. The HAF aims to improve the supply of new houses by tackling critical supply side barriers to construction, especially the length of time taken to commence development and the impact of infrastructure charges. Applications for grants under the HAF can be made for both greenfield and infill developments, with priority given to proposals that increase the amount of new affordable housing constructed, especially homes at market entry prices.

To stimulate the housing industry and increase the number of new houses built, the Australian Government has also introduced the First Home Owner's Boost. The Boost provides \$7000 for established homes and \$14 000 for newly-constructed homes in addition to the First Home Owners Grant (which is \$7000). This means that first home owners receive \$14 000 for buying an existing home or \$21 000 for homes that are new or yet to be built (eligibility is based on the existence of contracts to commence building). The First Home Owners Grant is an ongoing payment, but the First Home Owners Boost is only available on contracts signed between 14 October 2008 and 30 June 2009.

The Australian Government is a member of the Local Government and Planning Minister's Council (LGPMC) and supports the Development Assessment Reform. The Government has provided funding for the national electronic development assessment (eDA) system, and supported the preparation of *A Leading Practice Model for Development Assessment Reform*. The Model is based on ten leading practices covering the way planning and development policies are developed and applied, as well as appeal processes and opportunities for private sector involvement.

***From a local government perspective, what are the key barriers to construction of affordable housing?***

***How can local governments ensure that housing supply is adequate to satisfy the wide range of housing needs and income levels?***

***How can the Australian Government best work in partnership with local government to deliver housing affordability outcomes?***



## **PARTNERING TO IMPROVE HOUSING AFFORDABILITY**

As part of the 2008-09 Budget the Australian Government announced a \$2.2 billion housing affordability package. This included the Housing Affordability Fund, the National Rental Affordability Scheme, and assistance for the homeless, *A Place to Call Home*. The Australian Government is also investing \$1.2 billion in new First Home Saver Accounts.

### **Housing Affordability Fund (HAF)**

The Housing Affordability Fund will invest up to \$512 million over five years to lower the cost of building new homes.

This initiative will lower the cost of new homes by cutting red tape, acting as a catalyst for planning and development reforms, and contribute to the costs of infrastructure. It will address two of the most significant barriers to the supply of housing: holding costs incurred by developers that result from long waiting times for planning and development approval; and infrastructure costs, such as water, sewerage, transport, and open space. The first round of funding submissions, which closed on 15 October 2008, are currently being assessed, with a second funding round available in 2009.

### **National Rental Affordability Scheme (NRAS)**

Local governments are encouraged to investigate and promote the opportunities available under the National Rental Affordability Scheme to assist in meeting affordable housing targets in their area.

The National Rental Affordability Scheme aims to stimulate the construction of 50 000 new affordable rental dwellings at a cost of \$623 million over four years.

Annual incentives of \$8000 are available for new houses which are rented to low and moderate income tenants, including key workers and their families, at 20 per cent below market rents. The incentive is available every year for ten years, and is payable as a tax rebate or grant, depending on the tax status of the organisation applying for it. The first round of applications under the scheme are currently being assessed.

### **Electronic Development Assessment (eDA)**

The Australian Government has committed \$30 million from the Housing Affordability Fund to help purchase the IT infrastructure and software needed to implement electronic development assessment (eDA) systems nationally. eDA will reduce delays in planning approval processes, which in turn will lead to savings for home buyers.

Funds have been allocated to each jurisdiction based on their proportion of new dwellings. NSW will receive almost \$6 million, Victoria and Queensland around \$6.5 million each, SA almost \$1.8 million, and WA over \$3.8 million. The three smallest jurisdictions - Tasmania, the ACT and the Northern Territory will each receive \$500 000.



**An Australian Government Initiative**

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