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Standing Committee on Public Accounts
ACT Legislative Assembly
GPO Box 1020
Canberra ACT 2601

Via email: LACommitteePA@parliament.act.gov.au

Dear Committee Members,

Submission: Inquiry into Auditor-General Report: 4/2020 – Residential Land Supply and Release

The ACT Council of Social Service (ACTCOSS) welcomes the opportunity to make a submission to the inquiry into Auditor-General Report: 4/2020 – Residential Land Supply and Release.

ACTCOSS advocates for social justice in the ACT and represents not-for-profit community organisations. We have a particular interest in ensuring adequate supply of affordable, community, and public housing in the ACT. In terms of cost of living pressures, housing is the biggest item of expenditure for low-to-moderate income households in the ACT and it has become increasingly unaffordable. The ACT is experiencing an extended housing affordability crisis, and housing affordability is expected to continue to worsen in coming years.

Our 2021 ACT Cost of Living Report sets out some of the stark figures behind Canberra's housing affordability crisis.¹ Key indicators of this crisis include:

- Canberra is currently the most expensive capital city in which to rent a house or unit²

¹ ACTCOSS, [2021 ACT Cost of Living Report](#), ACTCOSS, Canberra, 2021, viewed 29 March 2022.

² Domain, [December 2021 Rental Report](#), Domain website, n.d., accessed 29 March 2022.

- The ACT had the highest rate of rental stress among lower income private rental households at 73%³
- In March 2021, out of 1,002 private rental properties advertised in Canberra none were affordable for households on working age social security payments⁴
- As at 7 March 2022, there were 3,028 households on the ACT's social housing waiting list. The average wait time for standard housing is now over 4.3 years (1,585 days)⁵
- The 2021 Rental Affordability Index shows that Canberra is the least affordable capital city for low-income households⁶
- The 2016 Census counted 1,600 people experiencing homelessness in the ACT.⁷

This housing crisis is being compounded by a declining share of, and an increasing demand for, social (public and community) housing. The social share of social housing in the ACT has declined from 7.6% to 6.7% between 2014 and 2020.⁸ Recent modelling by the Australian Housing and Urban Research Institute (AHURI) found a current shortfall of 3,100 social housing dwellings in the ACT, with 8,500 additional social housing dwellings required by 2036 to meet our current and projected need.⁹ Building on this AHURI modelling, UNSW City Futures Research Centre modelling has identified a current need for an additional 2,400 affordable housing dwellings, with a 3,400 additional affordable housing dwellings required by 2036 to meet the ACT's current and projected need.¹⁰ In total, this equates to a need

³ Productivity Commission, 'Table GA.3 Proportion of lower income private rental households paying more than 30 per cent of income on housing costs, by State and Territory' [data tables], [Report on Government Services 2021: G Housing and homelessness](#), Productivity Commission, 2021, accessed 22 June 2021.

⁴ Anglicare NSW South, NSW West and ACT, [Anglicare Research: Rental Affordability forcing more Canberrans into financial hardship](#) [media release], Anglicare NSW South, NSW West and ACT, 29 April 2021, accessed 22 June 2021.

⁵ ACT Government, [Community Services Directorate website](#), accessed 29 March 2022.

⁶ SGS Economics and Planning, [Rental Affordability Index, November 2021 Key Findings](#), SGS Economics and Planning, Canberra, 2021, accessed 29 March 2022.

⁷ Everybody's Home, [Homelessness and housing need in your local community, ACT heatmaps – total homelessness & social housing need](#), Everybody's Home website, accessed 18 February 2021, <https://everybodyshome.com.au/heat-maps/>

⁸ Australian Institute of Health and Welfare, [Housing Assistance in Australia 30 June 2021](#), AIHW, Canberra, 2021, accessed 29 March 2022.

⁹ J Lawson, H Pawson, L Troy, R van den Nouwelant and C Hamilton, [Social housing as infrastructure: an investment pathway](#), AHURI Final Report 306, Australian Housing and Urban Research Institute Limited, 2018, p 63, accessed 22 June 2021.

¹⁰ L Troy, R van den Nouwelant & B Randolph, [Estimating need and costs of social and affordable housing delivery](#), UNSW City Futures Research Centre, Sydney, 2019, p. 3, accessed 29 March 2022.

for almost 12,000 additional social and affordable housing dwellings in the ACT by 2036 (with a baseline set at 2016).

It is important to note that every dollar invested in social housing is estimated to boost GDP by \$1.30.¹¹

The [Auditor-General Report](#) notes that while (the modest) targets set for community housing were substantially exceeded in 2018-19, the targets for affordable housing were not met in 2017-18 and 2018-19 and the target for public housing was not met in 2017-18. This is attributed primarily to delays in key land releases in the Indicative Land Release Program (ILRP). The Report also notes poor take-up through the Affordable Home Purchase Program due to a mismatch with market preferences for larger and/or detached dwellings – it notes that only 16 of the 86 dwellings offered to the market at that time had proceeded to purchase. ACTCOSS recently observed that an Affordable Housing Purchase Program offering in Woden Town Centre did not include a car parking space with the dwelling – a lack of facilities is also likely to result in a mismatch with market preferences while also potentially contributing to poorer wellbeing outcomes for purchasers.

The Report identifies concerns around modelling of supply and demand that informs the ILRP. For ACTCOSS, this modelling is also inadequate as it fails to include any assessment of the community need for affordable, community, and public housing in the ACT. The ILRP needs to be informed by modelling of the community need for social and affordable housing in the ACT. As indicated by the forecasts by AHURI and UNSW outlined above, the Parliamentary and Governing Agreement target of increasing the public housing stock by 460 dwellings and an additional 600 affordable dwellings by 2025 is inadequate to address current and forecast need for social and affordable housing. The AHURI and UNSW modelling indicates that 425 social housing dwellings and 170 affordable housing dwellings are needed each year to 2036 to meet current and future demand.

ACTCOSS recommends that modelling of supply and demand that informs the Indicative Land Release Program include modelling of the current and projected need for social and affordable housing in the ACT.

There is a lack of clarity and transparency under the ACT Housing Strategy and the Parliamentary and Governing Agreement in relation to the baseline against which commitments to increasing the number of social and affordable housing dwellings will be assessed. The need for greater clarity and transparency about baselines and targets is highlighted by the Productivity Commission's 2022 Report on Government Services (RoGS) data on social housing. According to the 2022 RoGS,

11 KPMG, [Housing Ministers' Advisory Committee Social Housing Initiative Review](#), KPMG, Melbourne, 2012, accessed 29 March 2022.

- As at 30 June 2021, there were 10,859 public housing dwellings and 690 community housing dwellings in the ACT – a total of 11,549 social housing dwellings
- The number of public housing dwellings in 2021 (10,859) is below the number in 2012 (10,950) and the peak in 2018 (11,181) – i.e., there were 91 fewer public housing dwellings than in 2012 and 322 fewer than in 2018.
- The number of community housing dwellings (690) is the highest since 2012 when there were 500 – i.e., there were 190 more community housing dwellings than in 2012, but is still very low as a proportion of social housing (about 0.5% of total social housing stock)
- There were almost 100 more social housing dwellings in the ACT in 2021 (11,549) than in 2012 (11,450), though there were over 300 fewer social housing dwellings than in 2018 (11,858).¹²

ACTCOSS has recently written to the Minister for Housing and Suburban Development, Ms Yvette Berry MLA, to seek clarity in relation to how the ACT Government is tracking progress against its commitments to increase the number of social and affordable housing dwellings. The Auditor-General Report indicates that there is supposed to be a mechanism that would assist with this – the Environment, Planning and Sustainable Development Directorate’s Affordable, Community and Public Housing Targets Implementation Policy. However, the Report notes that this policy had not been finalised or endorsed at the time of reporting.

ACTCOSS recommends that the ACT Government clearly outlines the baseline against which its commitments to increase the number of social and affordable housing dwellings are being measured, and that progress towards these 2025 targets be publicly reported against this baseline on at least an annual basis.

ACTCOSS welcomes the ACT Government’s target of at least 15% release for affordable, community, and public housing. It is critical that this 15% target is made up of significant proportions of social and affordable housing to meet the need outlined above. The AHURI and UNSW modelling suggest that social (public and community) housing should make up a much greater proportion of this 15% than has been the case so far under the ILRP.

ACTCOSS recommends that the minimum 15% release for affordable, community and public housing be weighted according to modelling of the relative level of need for social versus affordable housing, ensuring it prioritises housing those most in need.

¹² Productivity Commission, [2022 Report on Government Services](#), Section G.18 Housing Tables, Productivity Commission, Canberra, 2022, accessed 29 March 2022.

There needs to be an increase in effective land transfers to ACT community housing providers and their empowerment to build more community and affordable housing. We note that the targets achieved and set for community housing are very low. The current number of community housing dwellings (690) represents only about 0.5% of total social housing stock in the ACT.¹³ In particular, there is a need for more land to be released for community housing at a value that is affordable so that it makes community housing development viable. This may mean offering land below the market value while recognising the value (social and otherwise) that will be realised through the provision of affordable, community housing. The ACT Government also needs to ensure other potential land is identified that could be included in the land release for social and affordable housing. One example is the opportunity to rezone church-held land so that it can be used for community housing.

The Report notes that at least part of the land for 886 dwellings relating to the former Northbourne Flats (Braddon and Turner) has remained unsold after its release in June 2018. ACTCOSS notes the market sounding conducted by the Suburban Land Agency (SLA) into Build-to-Rent housing and the intent to incorporate affordable rental dwellings (defined at less than 75% of market value and with a commitment to allocate at least 15% of dwellings in this category) within developments that will include the lands in Turner. ACTCOSS has recently made a submission jointly with ACT Shelter to the SLA advocating to use these future Build-to-Rent land releases as an opportunity to support mixed-dwelling developments with the maximum allocation of affordable housing feasible. The ACTCOSS and ACT Shelter submission advocates for a preferred model of development by community housing providers who are experts in the provision of social housing and can take advantage of the tax concessions and concessional financing facilities accessible to them.

ACTCOSS recommends that more land be released for community housing – including Build-to-Rent land releases – ensuring that land is offered to community housing providers at an affordable and/or subsidised price and is located near amenities, transport links and public services.

When land is sold to for-profit developers, the requirements for social and affordable housing must be much more stringent and enforced. This would mean that private, for-profit developers would be required to ensure a certain percentage of dwellings sold are affordable. It is critical to ensure that the quality of these dwellings and the amenities attached to or located nearby these properties are adequate. It is also important that the ACT Government ensure that what is promised by developers is delivered.

The past performance of developers (e.g., around building quality and affordability of housing) should determine their chances of success in future purchases. As outlined under the Parliamentary and Governing Agreement, the successful bidder should be chosen not only on price but on the quality of the offering. This must include its

¹³ Productivity Commission, *Report on Government Services*, Section G.18 Table 18A.3.

contribution to achieving the minimum 15% target for affordable, community, and public housing.

ACTCOSS recommends that land released to private, for-profit developers includes more stringent and enforced requirements for contributing to the 15% minimum social and affordable housing target.

As part of the mix of affordable, community, and public housing, ACTCOSS sees a significant community need to include a provision for low-threshold housing. This would be permanent housing for people experiencing long-term homelessness, including those with significant support needs relating to alcohol and other drugs, mental health, or other complex needs. This type of affordable or social housing would aim to provide a safe, secure home for people with their own lockable entrance. This housing model would integrate wrap around care and support and would need to be located near public transport routes to facilitate access to services including public health providers, and to facilitate travel to employment.

ACTCOSS recommends ensuring land released for social and affordable housing includes land suitable for development of low-threshold housing for people with high and complex support needs.

We appreciate this submission addresses several issues. We would welcome the opportunity to provide further information if required on any of the points raised, including through appearing at a public hearing.

Yours sincerely,



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