**Questionnaire on housing finance policies and programmes – Australian response**

**Background**

**Legal/institutional framework**

Australia is a federal State with various levels of government; federal, state and territory, and local. Responsibility for housing across these levels of government is outlined in the *National Affordable Housing Agreement (NAHA)*, which commenced on 1 January 2009.

The Federal Government influences the housing market through direct and indirect means, including by providing home purchase assistance to first home buyers, financial sector regulation and taxation. The Federal Government also provides financial support to eligible renters though its income support system.[[1]](#footnote-1)

State and territory governments are responsible for the administration and delivery of housing services, including public and community housing. They also provide financial support through rental and home purchase assistance, and home lending programs. State and territory governments are also responsible for land use and supply policy, urban planning and developments, housing-related taxes and changes (including land tax) and residential tenancy legislation.[[2]](#footnote-2)

Local governments (councils) are responsible for building approval, urban planning and development processes.[[3]](#footnote-3)

For a fuller discussion of this framework, please see the attachments to this response and the Addendum to the 2007 *Report of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living*.[[4]](#footnote-4)

**QUESTION 1**

1. Is your country promoting housing finance policies or programmes aiming to enable access to homeownership and/or other affordable housing by the poorest segments of society, by providing credit through financial institutions (public, private or quasi‑private)?

If the answer is positive:

* 1. Please indicate whether these policies or programmes involve public subsidies, tax exemptions or other public financing
	2. Please indicate whether these policies or programmes involve the participation of one or more of the following international finance institutions:
* International financial institutions (World Bank Group, IMF etc)
* Regional development banks (IDB, ADB (Asian), ADB (African) etc)
* International private financial actors (commercial banks, investment funds, etc)
	1. Please indicate the period of time during which these policies and programmes have been implemented.
	2. Please indicate whether these programmes have been developed or implemented as part of recovery measures in the context of the global financial and economic crisis that started in 2008.

**RESPONSE**

**Home purchase assistance**

In Australia, housing finance policies are complemented by a broad range of housing assistance programs for low to moderate income households. For a fuller understanding of this context, please see the attached Australian Institute of Health and Welfare publication*, Housing assistance in Australia 2011*.

Under the National Affordable Housing Agreement, the Commonwealth provides funding to state and territory governments to deliver housing-related financial support and services to households to help in improving their access to home ownership.[[5]](#footnote-5) This can include direct lending (including government loans, shared equity and bridging loans), deposit assistance, interest rate relief and mortgage relief.[[6]](#footnote-6) Each state and territory has its own policies and programs in this area. While eligibility criteria for these financial support services differ, programs are generally targeted to low to moderate income households. More about these programs can be found on individual state and territory government websites, listed below:

State and territory government housing websites (current at 27 April 2012)

* Australian Capital Territory [www.dhcs.act.gov.au](http://www.dhcs.act.gov.au)
* New South Wales [www.housing.nsw.gov.au](http://www.housing.nsw.gov.au)
* Northern Territory [www.territoryhousing.nt.gov.au](http://www.territoryhousing.nt.gov.au)
* Queensland [www.communities.qld.gov.au/housing](http://www.communities.qld.gov.au/housing)
* South Australia [www.dcsi.sa.gov.au](http://www.dcsi.sa.gov.au)
* Tasmania [www.dhhs.tas.gov.au](http://www.dhhs.tas.gov.au)
* Victoria [www.housing.vic.gov.au](http://www.housing.vic.gov.au)
* Western Australia [www.dhw.wa.gov.au](http://www.dhw.wa.gov.au)

**Home purchase assistance for Indigenous Australians**

The Federal Government is committed to maximising opportunities for Indigenous Australians to own their homes. It is a key part of the Government’s approach to housing investment under the Healthy Homes building block of ‘Closing the Gap’ on Indigenous disadvantage.

The Home Ownership Program (HOP) is managed by Indigenous Business Australia (IBA), a statutory authority of the Australian Government that is accountable to the Parliament. HOP assists Indigenous Australians to achieve home ownership by providing concessional housing loans that feature low deposit requirements, low interest rates that gradually increase until they reach a rate one per cent below market variable interest rates for owner occupied homes, and standard loan terms of up to 32 years that may be extended to assist loan affordability.

Most loans are offered to first home buyers who have the capacity to repay a long term loan and are unable to secure finance from a bank or other home lending institution. Eligible applicants can apply for a loan to purchase an established residential property, to buy land and construct a new home, or to make essential improvements to an existing home.

HOP has been extremely successful, having provided over 15,000 loans to Indigenous Australians, creating an estimated wealth of $1.6 billion since 1975.

The Home Ownership on Indigenous Land (HOIL) Program aims to make home ownership a realistic choice for Indigenous Australians living on community titled land. The Program is a joint initiative between IBA and the Department of Families, Housing, Community Services and Indigenous Affairs.

The Home Ownership on Indigenous Lands (HOIL) program began in 2005. HOIL loans feature concessional interest rates and low deposit requirements, along with additional support including assistance with loan establishment costs, loan co-payment assistance, a grant to assist borrowers who have a good rental history, a matched savings grant and money management education.

Potential borrowers under the HOIL program have access to Money Management Services which provide practical and essential support to help people build longer term capability to manage their money better and increase financial resilience.

From 1 July 2012, the Federal Government is merging funding from the HOIL program and the HOP into a single Indigenous Home Ownership program.

The new program will continue the existing range of support for people who cannot obtain finance from mainstream lenders. This will make best use of the significant investment the Federal Government provides for home loans to help meet home ownership demand across Australia. The Government will ensure that access to loans for people seeking to move into home ownership on Indigenous land is prioritised.

**Private rent assistance[[7]](#footnote-7)**

Private rent assistance relates to financial assistance provided by state and territory governments to eligible low income households renting in the private market. Private rent assistance is usually provided as a one-off form of support and can include providing credit through bond loans, as well as rental grants, rental subsidies and payment of relocation expenses.**[[8]](#footnote-8)**

The range of private rent assistance programs differs across the states and territories, as does the eligibility criteria that applicants are required to meet before being granted a specific type of assistance.**[[9]](#footnote-9)** For more about individual state and territory government programs, please consult the websites as listed above.

**Participation of international financial institutions and the impact of the global financial crisis**

No government housing programs in Australia involve the participation of international finance institutions.

Most housing finance assistance programs were developed and implemented before the global financial and economic crisis that started in 2008, and are not part of recovery measures in the context of the crisis.

**QUESTION 2**

1. Please provide any available assessment of the impact of such policies and programmes on the housing situation of the poor or other categories of beneficiaries.

Specifically, please provide the following data:

1. The percentage of the population living in informal settlements before and after the implementation of these polices.
2. The percentage of households with access to improved sanitation (including in rural areas) before and after the implementation of these policies.
3. The percentage of households with access to electricity (including in rural areas) before and after the implementation of these policies.
4. The percentage of households with ownership of clear title on their dwelling before and after the implementation of these policies.

**RESPONSE**

The majority of assistance is provided for housing with access to electricity and proper sanitation as the majority of people living in poverty in Australia are in urban or regional areas. The main benefit of home ownership assistance programs is to achieve homeownership instead of renting and the policies do not have a major impact on electricity, sewerage and dwelling condition**.**

Remote Indigenous housing has also benefited from ongoing programs such as the Army Aboriginal Community Assistance Program (AACAP). Since 1997, AACAP has improved living conditions and environmental health in remote Indigenous communities across Australia. AACAP is a collaborative initiative, where the Department of Families, Housing, Community Services and Indigenous Affairs provides $6 million funding and the Australian Army provides its resources to deliver one project each year which can benefit multiple communities. Each project has a construction component, a health component and a training component. The construction component focuses on delivering things such as housing and housing related infrastructure to improve the living conditions of Indigenous communities. As an example, over the past five projects (2007-2011), AACAP has delivered 22 houses and repaired and installed community sewerage and water systems.

The following data provides insight into improvements in essential services and access to homeownership in the context of a range of policies to overcome Indigenous disadvantage in Australia, including housing finance assistance.

**Essential Services and Remote Aboriginal and Torres Strait Islander Communities**[[10]](#footnote-10)

While the standard of infrastructure in remote Indigenous communities generally remains below that enjoyed by Australians in most other locations, there were improvements in the availability and quality of infrastructure services in the five years to 2006. In particular, there were improvements in water and electricity supply and sewerage disposal. Overall, people in large communities had better access than those in smaller communities to more reliable types of services.

Proportionally more people used a town supply as their main source of water in 2006 than in 2001 (28 per cent compared with 12 per cent) and this was the result of more communities using a town supply as their main source of water (up 15 per cent to 152 in 2006). Nevertheless, in 2006, more than half (54 per cent) of all people in remote Indigenous communities relied on bore water. Very few people lived in communities where there was no organised supply of water (less than 0.1 per cent).

In 2006, a greater proportion of people had access to the state grid for their electricity supply than in 2001 (28 per cent compared with 24 per cent), as more communities accessed this type of electricity connection (up 10 per cent, to 204 in 2006). Community generators remained the main source of electricity supply for the majority of people (62 per cent) in remote Indigenous communities in 2006. Very few people lived in communities with no organised supply of electricity (less than 1 per cent).

Between 2001 and 2006, there was a 55 per cent increase in the number of communities connected to a town sewerage system as their main form of waste disposal. This resulted in the proportion of people whose community had town sewerage increasing from 8 per cent to 30 per cent. As a consequence, a lower proportion of people relied on water-borne systems and septic tanks (38 per cent and 28 per cent respectively) in 2006 than in 2001 (50 per cent and 36 per cent). Virtually all people in remote Indigenous communities had access to some kind of organised sewerage system.

**Home ownership**

From 1994 to 2008, the proportion of Indigenous people living in a home owned or being purchased by a member of their household, increased from 21.5 per cent to 29.0 per cent.[[11]](#footnote-11)

Please note that data from Australia’s 2011 Census, yet to be published, may provide evidence of further improvement in access to essential services**.QUESTION 3**

1. Please also provide information on programmes or policies concerning construction or provision of public housing for sale or rental in the country (including privatisation of public housing). Please describe significant reforms or developments in this sector over the last thirty years. Please provide (in annex) any relevant documents, laws, regulations or policies.

**RESPONSE**

**Background**

In Australia, mainstream public housing, community housing, state owned and managed Indigenous housing and Indigenous community housing are collectively referred to as ‘social housing’. Social housing is rental housing, distinguished from rental housing in the private market – referred to as private rental housing. About five per cent of all households in Australia live in social housing, the vast majority of these in public housing.

**Public housing**

In Australia, public housing comprises those dwellings owned (or leased) and managed by State and Territory housing authorities. Public housing is generally provided to people on low incomes and to those with special needs, and aims to provide a choice of housing location, physical type and management arrangements.

Public housing rents are generally set at market levels. To provide affordable housing, public housing rents are subsidised (or rebated) for eligible low income tenants so that they pay no more than 30 per cent of their gross income on rent. [[12]](#footnote-12)

The National Affordable Housing Agreement (NAHA) is the main source of funding for public housing, but it does not specify the amount to be spent on public housing (NAHA funding is based on outcomes and is not tied to specific programs).[[13]](#footnote-13)

State and territory governments have similar broad objectives for providing social housing. Individual jurisdictions, however, emphasise different objectives depending on their historical precedents and ways of interacting with community sector providers. Jurisdictions also have different private housing markets. These differences lead to a variety of policy responses and associated forms of assistance.

**State owned and managed Indigenous housing**

State owned and managed Indigenous housing (SOMIH) dwellings are defined as those rental housing dwellings owned and managed by government and allocated only to Indigenous Australians. They include dwellings managed by government Indigenous housing agencies for allocation to Indigenous tenants. At 30 June 2011, there were 9564 households occupying 9820 SOMIH dwellings nationally. [[14]](#footnote-14)

**Community housing**

Community housing is delivered by not-for-profit organisations that develop, own and/or manage affordable rental housing for people on low or moderate incomes or who have special needs. Community housing organisations receive tax concessions. They also typically receive some form of government assistance, such as direct funding or the provision of land and property, but a number of community housing organisations are self-funded. Increasingly, community housing organisations are seeking funding through alternative, non-government means, such as private debt funding and commercial arrangements. [[15]](#footnote-15)

**Indigenous community housing**

Indigenous community housing is housing funded by Australian, state and territory governments that are generally managed and delivered by Indigenous community housing organisations (although some Indigenous community housing dwellings are managed by State and Territory housing authorities). The commencement of the NAHA on 1 January 2009 resulted in changes to the funding and administrative arrangements for Indigenous community housing. [[16]](#footnote-16)

**Commonwealth Rent Assistance**

The Federal Government also supports low income households renting in the private and community housing rental markets through Commonwealth Rent Assistance, a non-taxable income supplement paid to eligible Australian residents. At more than $3 billion a year, Commonwealth Rent Assistance is one of the Federal Government’s major contributions to supporting access to affordable housing for low to moderate income households.

**Programmes or policies concerning construction or provision of public housing for sale or rental**

**The National Affordable Housing Agreement**

The National Affordable Housing Agreement encompasses housing assistance provided by all governments in Australia including Commonwealth Rent Assistance, social housing and homelessness services and various mortgage assistance schemes. The National Affordable Housing Specific Purpose Payment associated to the National Affordable Housing Agreement provides $6.2 billion worth of housing assistance in the first five years. The objective of the National Affordable Housing Agreement is to ensure that all Australians have access to affordable, safe and sustainable housing that contributes to social and economic participation.

**Nation Building and Jobs Plan - Social Housing Initiative**

The Federal Government is investing $5.6 billion in social housing over 2009-12 through the Social Housing Initiative. This program is the largest single amount ever committed by an Australian government and will benefit around 31,000 people.

The Social Housing Initiative supports both the construction of new social housing and the repair and upgrade of existing homes. Around 19,600 new social housing dwellings are being built under the initiative with the assistance of the not for profit sector at a total cost of $5.2 billion. The repairs and maintenance element ($400 million) has enabled approximately 80,000 existing social housing dwellings to benefit from repairs and maintenance works. This includes major upgrades to around 12,000 social housing dwellings that were vacant or would have become uninhabitable without this work.

The new homes constructed through the Initiative are owned by public housing authorities and not-for-profit housing organisations and rented to high priority people on waiting lists. Most of these are people or families who are homeless or at risk of homelessness, the elderly, Indigenous Australians or people with disability.

**National Partnership Agreement on Social Housing**

The $400 million (over 2009-11) National Partnership Agreement on Social Housing aims to increase the supply of social housing through new construction, and contribute to reduced homelessness and improved outcomes for homeless and Indigenous Australians. There are 1,957 new dwelling approved to be delivered under the agreement, including 1,779 social housing dwellings and 178 additional affordable housing dwellings are being delivered through partnering with the community housing sector.

**National Partnership Agreement on Remote Indigenous Housing**

Through the National Partnership Agreement on Remote Indigenous Housing the Federal Government is providing $5.5 billion over 2008-18 years to address significant overcrowding, homelessness, poor housing conditions and the severe housing shortage in remote Indigenous communities. A total of up to 4,200 new houses will be delivered and around 4,800 existing houses will be refurbished in remote communities. These dwellings will be made available to over 9,000 Indigenous families including those in need of safe accommodation.

Another major aspect of the program is the focus on local Indigenous employment. The program is exceeding the 20 per cent Indigenous employment target which builders are required to meet. Property and tenancy management procedures put in place as part of the program are also helping to ensure that houses will be better maintained and last into the future.

**Public housing for sale**

Most state and territory governments have programs that provide an avenue for purchase of public rental housing dwellings by tenants. For details of these programs please consult individual state and territory government websites, as mentioned above.

**Significant reforms or developments in this sector over the last thirty years**

**The National Affordable Housing Agreement**

The National Affordable Housing Agreement replaced the Commonwealth State Housing Agreement and the Supported Accommodation Assistance Program from 1 January 2009. It encompasses housing assistance provided by all governments in Australia, including Commonwealth Rent Assistance, social housing and homelessness services and various mortgage assistance schemes. The National Affordable Housing Specific Purpose Payment associated with the National Affordable Housing Agreement provides $6.2 billion worth of housing assistance in the first five years.

Under the National Affordable Housing Agreement, all governments have committed to undertake reforms in the housing sector. These include better integration of homelessness and mainstream services; reduction in concentrations of disadvantage in social housing estates; improved access by Indigenous people to mainstream housing, including home ownership; and enhancing the capacity and growth of the not‑for‑profit housing sector.

**Community housing reform**

The role of community housing in the housing sector is expanding, driven primarily by changes in government policy that encourage the sector to play a larger role in the provision of affordable housing.[[17]](#footnote-17) The benefits of growing the community housing sector include diversification of the social housing sector to drive efficiencies and innovation, and access by community housing organisations to additional sources of finance including private loans, in order to increase the number of social housing dwellings.

The Federal and state and territory governments have committed to a number of social housing reforms under the National Affordable Housing Agreement and the Nation Building and Jobs Plan Social Housing Initiative. These reforms include supporting the capacity and growth of the community housing sector supported by a nationally consistent regulatory system. To support growth Housing Ministers have agreed to transfer up to 75 per cent of new social housing dwellings to be built under the Nation Building and Jobs Plan to the community housing sector.

Community housing organisations are working in partnership with the Federal, State and Territory governments, and the private sector, to increase the supply of affordable housing, and many of the new dwellings constructed under the National Rental Affordability Scheme and other Federal Government social housing initiatives are or will be owned or managed by community housing organisations.

**National Regulatory Scheme for Community Housing**

The Federal and state and territory governments have agreed to pursue national regulation of the community housing sector under the National Affordable Housing Agreement and Nation Building and Jobs Plan National Partnership Agreement.

**Reforms to Commonwealth Rent Assistance**

Australia has moved away from providing housing assistance for lower income households in the form of public housing with a greater focus on housing demand subsidies to assist these households in the private rental market.  This is principally in the form of the Federal Government’s Commonwealth Rent Assistance payment.

**National Rental Affordability Scheme**

The National Rental Affordability Scheme (NRAS) is a long term commitment by the Australian Government in partnership with the states and territories, to invest in affordable rental housing.  The Federal Government is providing funding of $4.5 billion and the states and territories contribution (either in cash payments or in kind assistance) is $1.5 billion.

The Scheme, which commenced in 2008, aims to address the shortage of affordable rental housing outside the public housing sector by offering financial incentives to the business sector and community organisations to build and rent dwellings to low and moderate income households at a rate that is at least 20 per cent below the prevailing market rates. This can result in significant weekly savings for tenants.

The Scheme offers annual incentives for ten years. The value of the incentive in 2012-13 is $9,981. The two key elements of the incentive are:

• An Australian Government incentive currently of $7,486 per dwelling per year as a refundable tax offset or payment; and

• A State or Territory Government incentive currently of $2,495 per dwelling per year in direct or in kind financial support.

Through NRAS, the Federal Government is committed to stimulating the construction of up to 50,000 new homes and apartments, providing more affordable private rental properties for Australians and their families.  Dwellings range from studio apartments through to family homes, and are located where affordable rental accommodation is most needed, especially in areas where employment, schools and other services are available nearby.

**ATTACHMENTS**

* *Housing assistance in Australia 2011,* Australian Institute of Health and Welfare 2011

Available at -

<http://www.aihw.gov.au/publication-detail/?id=10737419155m>

* National Affordable Housing Agreement

Available at -[www.federalfinancialrelations.gov.au/content/national\_agreements.aspx](http://www.federalfinancialrelations.gov.au/content/national_agreements.aspx)

* *Report on Government Services 2012*, Productivity Commission, 2012

Available at -

<http://www.pc.gov.au/gsp/rogs/2012>

1. SCRGSP (Steering Committee for the Review of Government Service Provision) 2012, *Report on Government Services 2012*, Productivity Commission, Canberra. [↑](#footnote-ref-1)
2. R SCRGSP (Steering Committee for the Review of Government Service Provision) 2012, *Report on Government Services 2012*, Productivity Commission, Canberra. [↑](#footnote-ref-2)
3. SCRGSP (Steering Committee for the Review of Government Service Provision) 2012, *Report on Government Services 2012*, Productivity Commission, Canberra. [↑](#footnote-ref-3)
4. A/HRC/4/18/Add.2. [↑](#footnote-ref-4)
5. Australian Institute of Health and Welfare 2011. *Housing assistance in Australia 2011*. Cat. no. HOU 236. Canberra: AIHW. [↑](#footnote-ref-5)
6. Australian Institute of Health and Welfare 2011. *Housing assistance in Australia 2011*. Cat. no. HOU 236. Canberra: AIHW. [↑](#footnote-ref-6)
7. Australian Institute of Health and Welfare 2011. *Housing assistance in Australia 2011*. Cat. no. HOU 236. Canberra: AIHW. [↑](#footnote-ref-7)
8. Australian Institute of Health and Welfare 2011. *Housing assistance in Australia 2011*. Cat. no. HOU 236. Canberra: AIHW. [↑](#footnote-ref-8)
9. Australian Institute of Health and Welfare 2011. *Housing assistance in Australia 2011*. Cat. no. HOU 236. Canberra: AIHW. [↑](#footnote-ref-9)
10. This excerpt quotes the Australian Bureau of Statistics (ABS) cat. no. 4102.0 - Australian Social Trends, 2008  <[www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Chapter9202008](http://www.abs.gov.au/AUSSTATS/abs%40.nsf/Lookup/4102.0Chapter9202008)>. [↑](#footnote-ref-10)
11. SCRGSP (Steering Committee for the Review of Government Service Provision) 2011, *Overcoming Indigenous Disadvantage Key Indicators 2011 Report,* Productivity Commission, Canberra. [↑](#footnote-ref-11)
12. SCRGSP (Steering Committee for the Review of Government Service Provision) 2012, *Report on Government Services 2012*, Productivity Commission, Canberra. [↑](#footnote-ref-12)
13. SCRGSP (Steering Committee for the Review of Government Service Provision) 2012, *Report on Government Services 2012*, Productivity Commission, Canberra. [↑](#footnote-ref-13)
14. SCRGSP (Steering Committee for the Review of Government Service Provision) 2012, *Report on Government Services 2012*, Productivity Commission, Canberra. [↑](#footnote-ref-14)
15. SCRGSP (Steering Committee for the Review of Government Service Provision) 2012, *Report on Government Services 2012*, Productivity Commission, Canberra. [↑](#footnote-ref-15)
16. SCRGSP (Steering Committee for the Review of Government Service Provision) 2012, *Report on Government Services 2012*, Productivity Commission, Canberra. [↑](#footnote-ref-16)
17. Productivity Commission 2010, *Contribution of the Not-for-Profit Sector*, Research

Report, Canberra. [↑](#footnote-ref-17)