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# **NATIONAL RENTAL AFFORDABILITY SCHEME BILL 2008**

## **NATIONAL RENTAL AFFORDABILITY SCHEME (CONSEQUENTIAL AMENDMENTS) BILL 2008**

### **Second Reading**

**Mr BRADBURY (Lindsay) (12.30 p.m.)** — I stand to speak in support of the National Rental Affordability Scheme Bill 2008 and the National Rental Affordability Scheme (Consequential Amendments) Bill 2008 before the House. The initiatives contained within the National Rental Affordability Scheme are amongst some of the most innovative that this country has seen in relation to making provision for affordable rental housing for members of communities right across this country. There are a number of design elements to this scheme that really do justify the praise that I have just lavished on this policy, and I will come back to some of those a little bit later in my contribution. But it is worth examining the anatomy of the scheme as proposed, because it has elements that are worthy of further attention.

The scheme is fundamentally about attracting and delivering greater investment in affordable rental housing. One of the most attractive elements of the scheme is that there is a direct subsidy provided to institutional investors or other eligible bodies, which might include quasi-government related entities or community-housing providers. It provides a direct subsidy for the provision of the accommodation in the form of an annual payment which will be indexed and linked to the rental component of the CPI, which is important. That annual payment will involve a \$6,000 contribution from the Commonwealth and \$2,000, either directly or in kind or a combination of both, from the states, and it will be available for investors over a 10-year period. But the most important and, I think, the key element of this particular scheme is the requirement that in order to retain eligibility for those payments the investor or the provider must continue to make the premises available to low- or middle-income earners—importantly, at a rental 20 per cent below the market value.

The significance of this particular measure is that this policy is not just about attacking the supply issue. There are some real supply issues; in my electorate in Western Sydney rental affordability is equally as significant an issue as housing affordability for home ownership. A very large proportion of the population rent, and we have seen some real pressures driving up rents in recent times. Apart from the supply issue and the obvious increase in rental prices driven by the lack of supply, we have also seen in particular over the last few years consistent and consecutive increases in interest rates, which have attacked the incomes of the providers of this housing and also increased their costs. Landlords have sought to recoup those increased costs by passing them on in the form of increased rents. That has put many families in my electorate under considerable hardship. I draw particular attention to the plight of many single age pensioners within my electorate who have been finding that the cost of meeting their accommodation needs through their weekly and fortnightly rental payments puts additional pressure on their budgets.

Of course it is a matter of public record that we have taken some fairly decisive steps in recent times to make some additional assistance available to those people. But one of the issues that we always need to take into account is that where direct assistance is provided to the renter, where that assistance is made available directly to the person renting the property, there is always the danger that landlords can opportunistically see a chance of increasing rent whilst retaining the existing tenant. That is something that we always have to safeguard against and that has traditionally been one of the challenges that governments have faced with direct rental assistance.

That is why it makes this policy all the more innovative and all the more effective insofar as the very essence of the assistance that is to be provided to the developer or to the institutional investor requires as a minimum that they deliver that property to someone in the rental market—a low- or middle-income earner—at 20 per cent below the market value. So we actually have a mechanism here to constrain costs rather than to inflate them. This is one of the challenges that we have in a range of areas when it comes to investing in homeownership and housing affordability, whether it be in the rental or the homeownership markets. It is worth noting that more than 1.5 million households will be eligible for assistance in this particular set of initiatives.

One of the other design elements of the scheme that is worth commenting on is the fact that, because of the way in which the scheme will be structured, incentives will be made available and there will be provision for the secretary either to issue a certificate in relation to a refundable tax offset or to make a payment. The significance of this is that it is not just a question of making a tax offset available to those that pay tax. The community sector and the government sector, where income tax is not a consideration, will also get the benefit of this incentive. It will not be an incentive that is available only to those that have income tax obligations against which the payments and the tax value of those payments can be offset. That will be a very important design element that will drive greater participation from, I think, local government and, more particularly, community housing providers.

I certainly recognise the great efforts of the Wentworth Area Community Housing team in my local community. They provide great assistance to many local people and have been doing so for a long period of time. I know that recently they have teamed up and joined in partnership with a number of other community housing providers under the banner of Blue CHP. Blue CHP has received \$6.4 million from the state government. Its members comprise the Argyle Community Housing Association Inc., the Hume Community Housing Association Company Ltd, South Coast Community Housing, Women's Housing Company Ltd and also Wentworth Area Community Housing, whose operations are principally based around the Penrith and Hawkesbury area. Blue CHP will seek and create appropriate house development and acquisition opportunities that are value for money and are located in response to identified need. They will finance affordable housing projects from government funding, private lending institutions and donations of cash, land and other services.

I am advised that Blue CHP will be one of the organisations that will be putting themselves forward and seeking to obtain funds under this scheme. They are very excited about it. They have been doing some great work in the past but I know that their excitement as a result of this scheme really does demonstrate the enthusiasm within the community sector for the potential that this scheme does provide.

On the issue of affordable housing and the cost of rental accommodation, I think that when we are

looking at policies designed to address accommodation needs within a community there are various approaches that we can take in terms of classifying those needs. But, crudely, the three classifications we might wish to draw upon to assist us in this discussion are those at the homelessness end of the market, those in the homeownership market and then those in the rental market, some of who may be upwardly or downwardly mobile throughout those three classifications, depending upon their circumstances. I noted with great interest the comments of the member for Kingston in relation to the quote that she cited and the general observation that most families are only two pay packets away from homelessness—particularly those that are in rental accommodation.

In commenting specifically on the housing needs within Penrith and the surrounding communities in my electorate, I recently had the opportunity to attend a very good conference—a local forum held by a number of organisations, including Wentworth Area Community Housing, Youth Accommodation Interagency Nepean and the Nepean SAP network. This conference was entitled ‘Towards ending homelessness in the Nepean’. The keynote speaker was our federal Minister for Housing, the Hon. Tanya Plibersek, who really provided a clear articulation of the government’s comprehensive policies right across the spectrum when it comes to affordable housing. The minister was very well received by the organisations that were participating. I think that is largely because those who work day to day within the community sector recognise the ongoing needs within their communities and are invigorated and refreshed by the new government’s agenda in this area. Not only are we interested, and that is something that they welcome, but we have an agenda and it is an agenda in which they see opportunities for their participation into the future.

On the occasion of the ‘Towards ending homelessness in the Nepean’ conference, I also had the great privilege of launching the housing help booklet produced by Wentworth Area Community Housing which provides important information on the options available to people facing accommodation difficulties. On 26 September this year, I opened the new premises of Wentworth Area Community Housing. That day was a great occasion. I think the great efforts of Wentworth Area Community Housing will continue to be built upon in their new premises and with a growing team. They are doing a great job in our local community and I certainly acknowledge their ongoing contribution to addressing the housing needs of local residents within my community.

I said earlier that there are several classifications in relation to housing and accommodation needs, including homelessness. I think one of the great things initiated by the Prime Minister was putting homelessness back on the national agenda. At the request of the Prime Minister, some would say ‘directive’, I and other Labor members went out into our local communities and engaged in extensive consultation with those who provide services and shelter for the homeless. It was something I did with great relish and it gave me the opportunity to maintain a close and ongoing dialogue with those service providers. It also opened my eyes to a range of other service providers doing much good work in my local community that I was not previously aware of. In fact, I recently provided some assistance at the Penrith community kitchen, which does some great work for people who are struggling to provide their next meal. They have some great volunteers at that centre and it was a real pleasure to spend some time with them and to see what great work they are doing.

Clearly, homelessness is an important part of the overall equation when considering providing for the accommodation needs of people throughout our communities. But, of course, there is the housing affordability-home ownership issue. Affordable rental is a key element of that. For many people trying to

save the funds in order to move into home ownership, having access to affordable rental is necessary to free up some room in the household budget for the savings required to make that leap. I note the range of policies that this government has begun implementing in relation to affordable housing. I know the Housing Affordability Fund will go a significant way towards providing funding opportunities in those areas where infrastructure can be delivered with assistance from the Commonwealth government rather than having to directly pass on those infrastructure costs to the homebuyer. In the end that only pushes up home prices and makes housing less affordable for those trying to get into the market.

Our first home saver accounts are also a very positive initiative. Those initiatives, combined with our determination to see that we better utilise existing Commonwealth surplus landholdings throughout the country, make a contribution to addressing the supply side issues and will assist in tackling the overall housing affordability challenge that we confront. More recently, as part of the government's economic strategy, we have seen the increase in the first home owners grant for existing dwellings from \$7,000 to \$14,000 and for new homes to the very significant sum of \$21,000. This is significant. I have noted that in my community the real estate market—and this is probably the case more generally throughout Sydney—has been very slow in recent months and years, and I think this latest initiative will put a little bit more life back into the local real estate market.

I was very pleased to see in this week's edition of the Penrith Press that there were comments from some local real estate agents. In particular, Mr Paul Dukes of Morris Dukes Real Estate expressed his delight with what he has observed as the positive response to the federal government's initiatives in relation to the first home owners grant. He said:

It's been phenomenal the past weekend, with Saturday being just amazing. Around 90 per cent of the inquiries have been from first-home buyers.

We have seen about a 70 per cent rise in inquiries and we hope to sell about five or six properties by this week.

That is significant. It is important. I am sure that it will also flow through to construction of new properties, which will contribute to the stimulus that this package was designed to inject into the national economy. I am sure that this will put a little bit of life back into the housing market in some of those areas that have not been experiencing growth in recent times, such as my local community, and ultimately that will be a good thing.

I saw a statistic recently that suggested that one in 10 jobs is related to the construction industry. If that is the case—and obviously there will always be arguments about statistical measurements of that nature—then that demonstrates in no small way the very significant role the construction industry plays in generating and sustaining economic development within the country. That is why these measures, combined with the broader measures that the government have announced in bringing forward our infrastructure programs, will go a long way towards providing an injection into a sector that is very much the backbone of our economy.

I conclude by saying that the National Rental Affordability Scheme is a fantastic policy. It is great not only to have been able to campaign on this during the last election but also to deliver on it by implementing the policy principles in the bills before the House now. I am very enthusiastic about it. I know many institutional investors who are enthusiastic about it. So too are community housing providers. Ultimately,

# David Bradbury MP

Federal Member for Lindsay



I think that these proposals will deliver real and tangible benefits in the form of lower rental costs for many working families in my electorate and the many carers and pensioners also doing it tough. I am certain that that will be a great benefit to my local community and I commend the bills to the House.