



Stakeholder Perspectives on Australia's Affordable Housing System

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1 EXECUTIVE SUMMARY

This report provides insight into how different stakeholders see the affordable housing system in Australia. The research was undertaken by the Australian Futures Project and was commissioned by the National Australia Bank as part of their commitment to working with stakeholders to explore solutions to improve affordable housing (broadly defined).

The findings are based upon 17 in-depth interviews with leaders from across different components of affordable housing system including government, non-government, the private sector, and academia. A wide range of literature was also reviewed and evidence from this literature is included to provide context to interviewee perspectives.

In discussing affordable housing, interviewees focused on both the challenges facing the affordable housing system today, as well as ideas for a better future. As this report is about stakeholder perspectives, only topics raised by interviewees are included. In presenting the research findings, the approach taken is to consider not just the 'symptoms' or one-off-events in the current system, but to also step back and identify different patterns of behaviour, embedded system structures and the underlying mental models and assumptions that have helped shaped the system in to what it is today (Meadows, 2008; Gerber, 2012). To this end, important factors driving the affordable housing system are categorised into four categories, both for insights into the current system (Section 2) and ideas for a better future (Section 3):

- System structures - the embedded structures and processes that define the system
- Patterns of behaviour - at the individual, organisation and systems level over time
- Mental models and assumptions - how the world is seen by stakeholders and decision makers, including biases and blindspots
- Symptoms and events - the resulting outcomes and activities we observe on a daily basis

Interviewee quotes are included where possible to illustrate their points in their own words. As Figure 1 below shows, there were a variety of key insights that arose regarding the current system.

While this research pieced together perspectives on what is known about the current system, it became evident that a lot of uncertainties remain. Interviewees raised many valid and through provoking questions including:

- Will government be willing and able to continue subsidising affordable housing in to the future?
- What is the smallest amount of money that government can contribute to attract the largest amount of institutional capital?
- How can government rebuild confidence that it will honour any commitments it makes?
- Should institutional investors come in to the space, who is willing to bear the risk on the rate of return? And what happens if there is no economic return?
- Given the financial challenges facing social housing providers, will cheaper capital be enough to bridge the gap?
- What tenancy reforms would be needed to create security for renters and a more attractive asset for investors?
- How do we create a market segment that looks and feels like infrastructure whereby we can meet the needs of those who can afford to pay a market or near market rent but need long term security of tenure and security of place?
- Where is the growth in affordable housing stock going to come from in the future?
- How can the pathway for those facing other challenges such as domestic violence or mental illness change so they aren't facing homelessness?
- What are the implications of fewer pensioners owning their own home in the future?
- What are the productivity impacts of affordable housing or the lack thereof?
- How can social housing be more flexible and responsive to changing client needs and demographics and how do we change the landscape to be more accommodating of the future?
- How do we make sure we have clarity around different models of affordable housing and for whom?
- How can everyday Australians better understand and embrace the challenge of affordable housing?

FIGURE 1. OVERVIEW OF KEY THEMES RAISED DURING STAKEHOLDER INTERVIEWS



Interviewees weren't only focusing on the current system. There were many ideas for a better future. These weren't all necessarily new or unique but they reveal potential priority areas for action and system transformation. In terms of system structures, ideas addressed both regulatory and market sides of the equation, including:

- Accessing institutional capital
- Increasing security of tenure
- Better land use planning
- Utilising vacant land and buildings
- Tax reform

In terms of patterns of behaviour, ideas were focused on creating change, including:

- Collaboration across the system
- Leadership

In terms of mental models, ideas were about thinking differently, including:

- Embracing a diversity of approaches
- Recognising the geography of social belonging and need
- The wider community valuing affordable housing

What is clear from this research is that there are many areas for action and leadership. However, it is important to note that the need to change patterns of behaviour and the way that affordable housing is thought about (mental models) can often be overlooked in favour of quick wins and tangible outputs. In fact, leveraging system change requires working at all levels of the system and across different sectors and stakeholder groups. This is because the affordable housing system is complex, ever changing, and subject to serious challenges. In the context of this complexity, system leadership requires:

- Humility - to be the host (versus hero) who can draw upon the emergent and self-organising nature of complex adaptive systems by empowering participatory action at all levels (versus hierarchy)
- Learning - uncertainty means that problems and solutions require learning and continuous evaluation and re-calibration (versus having 'the answer')
- Innovation - finding what works means taking risks, trying different solutions, and learning from failure
- Collaboration - progress often requires new relationships to be forged and letting go of power (versus command and control)

No single person can know the whole system - or has the whole answer. It is about seeing the bigger picture and thinking outside a single part of the system. While there has been much innovation over the past decade (and longer) to improve affordable housing, efforts have been isolated and not joined up across the system. A tipping point has been reached. There is a need and opportunity for a diverse group of committed actors to come together to help transform the affordable housing system as a whole. Government, non-government, private sector and academia all have their unique strengths. Rather than duplicating or competing, these strengths need to be harnessed in genuine partnership. Convening another meeting without purpose or generating ideas without action will only lead to further fatigue. Systems change has to start with a willingness to work together differently, a sharper focus, targeted innovation, willingness to learn through committed action, and ownership of outcomes by all partners. And it has to start with all stakeholders resisting short-termism and thinking long-term.

2 THE CURRENT SYSTEM

2.1 SYSTEM STRUCTURES

This section is about the system structures, processes and resources that define the affordable housing system. It includes an overview of the residential property market and the private rental market in Australia before moving on to the affordable housing system and the significant interventions that government has made in this space.

2.1.1 THE RESIDENTIAL PROPERTY MARKET

The Australian residential property market of 9.53 million dwellings is currently valued at over \$5.86 trillion. This includes houses, semi-detached dwellings, townhouses, terrace houses, flats, units and apartments. In the past 10 years the total value of this market has more than doubled (North, 2016). Rises in price are being driven by both demand (the buyers) and supply (the builders) side factors. For example, undersupply in housing construction can be caused by planning rules that prevent new buildings or higher density developments. It can also be caused by 'greenfield' sites becoming rarer and more expensive on the city limits (Wood & Ong, 2015). Population growth, rental price growth and favourable tax arrangements are also potential drivers of demand, depending on the circumstances.

The National Housing Supply Council has estimated the supply gap and shown that, from 2001 to 2011, the gap significantly widened (see Figure 2 below).

FIGURE 2: ESTIMATED OF NET DWELLING SUPPLY GAP, AUSTRALIA, 2001-2011 (NATIONAL HOUSING SUPPLY COUNCIL, 2012).

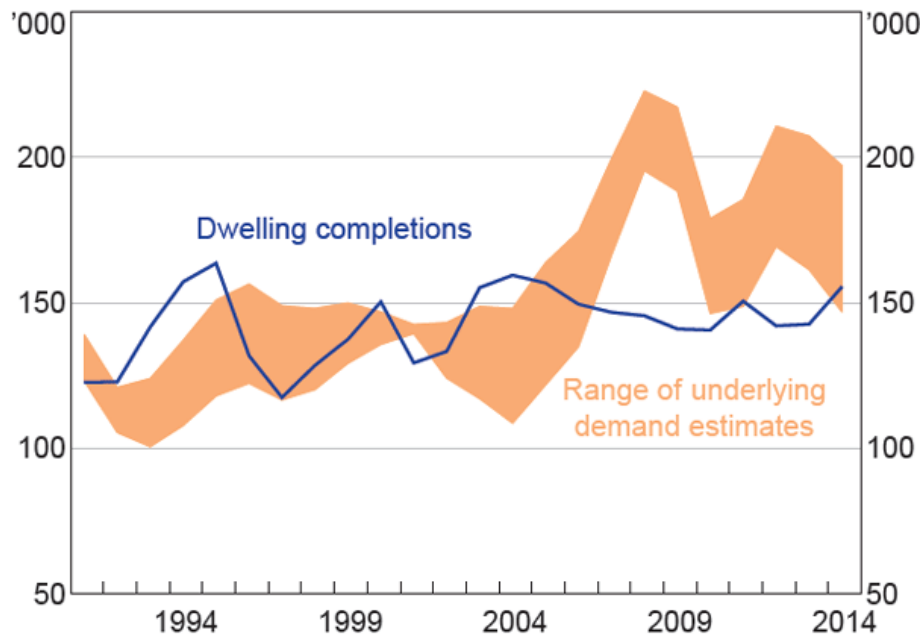
Year ending June	Change in underlying demand	Supply growth, net of demolitions, with allowance for unoccupied dwellings excluding 'resident absent'	Cumulative net dwelling supply gap 2001–2011 based on the difference between change in underlying demand and supply adjusted for demolitions and unoccupied dwellings
	('000 households)	('000 dwellings)	('000 dwellings)
2002	138	117	21
2003	140	135	26
2004	138	138	26
2005	137	142	21
2006	137	137	22
2007	162	130	54
2008	157	125	86
2009	211	128	169
2010	159	127	200
2011	163	135	228

Source: National Housing Supply Council estimates of underlying demand; National Housing Supply Council estimates of dwelling completions net of demolitions and adjusted for unoccupied dwellings.

Note: Figures may not sum exactly due to rounding. The net gap is assumed to be zero as at June 2001. All estimates and projections of the shortfall have been rounded to the nearest thousand.

This is somewhat contradicted by the Reserve Bank of Australia, whose own data shows that the gap between underlying demand for and supply of new dwellings in Australia has become smaller (see Figure 3 below) – though a gap still remains.

FIGURE 3: UNDERLYING SUPPLY AND DEMAND – ADDITIONS PER FINANCIAL YEAR (RBA, 2015)



Additionally, rates of home ownership are in decline and they have largely been in decline since 1981. The greatest decrease has been amongst young people aged 25 to 34. In 1981, more than 60% of this group owned their own home, compared with 48% in 2011 (ACOSS *et al.*, 2015). For would-be first home buyers and lower income households, the likelihood of ever being able to afford to buy seems ever distant. It is also worth noting here that indigenous home ownership participation is currently 37.4 per cent, well below the average for other Australian households of 69.6 per cent (The Senate Economics Reference Committee, 2015).

A DFA Household Survey for March 2016 found that over 1.35 million households aspired to purchase property. 83% were looking for owner occupied, and 17% for an investment. 21% were actively saving, hoping to buy sometime in the future (North, 2016). The biggest barriers stopping potential buyers from purchasing included that prices were too high (44%), the costs of living (16%), and fear of unemployment (11%). Only 1.1% of households looking to purchase property were expecting to transact within the following 12 months, indicating that the majority were disenfranchised from the property market (North, 2016).

For those that do take the leap into home ownership, many are faced with crippling debt. These households are at greater risk of experiencing economic hardship if they were to experience a financial shock, such as a sudden reduction in their income or if interest rates were to rise over the long term, which is looking increasingly likely (ABS, 2015).

Australian average household debt is now four times what it was 27 years ago, rising from \$60,000 to \$245,000, reflecting an annual growth rate of 5.3 per cent above inflation and leaving our income growth rate of 1.3 per cent trailing in its wake (NATSEM, 2015)

- Mortgages account for 62.8 per cent of debt for households headed by a person aged 30 to 50 (NATSEM, 2015)
- While mortgage debt is lowest among older households, it still makes up almost 30 per cent of debt for households headed by a person aged 65 or older. This is up from 19.6 per cent in 2004 (NATSEM, 2015)
- Mortgage debt is highest in Tasmania, with 65.7 per cent of total household debt tied to mortgages. New South Wales has the second highest share of mortgage debt at 58.2 per cent. The Northern Territory and the Australian Capital Territory have the lowest share of mortgage debt (NATSEM, 2015)



In summary, when it comes to home ownership, there are a range of challenges facing Australia. The media is full of stories on the cost of housing in Australia. Calls for ensuring supply meets demand are frequent. So too are calls to enable home buyers to compete on a level playing field with investors. Here, tax arrangements such as negative gearing are a big part of the story. Geography also comes in to play. Australia is a nation centred around a few large cities. While we talk about an Australian housing market, there are really many Australian housing markets across different urban, regional, rural and remote areas. There are even markets within markets when you consider how different neighbouring suburbs can be (Commonwealth of Australia, 2015). Within these cities, the range of housing options and access to jobs, transport and services varies widely. Being able to afford a house that is hours from work doesn't really do much for one's quality of life. Australian housing is increasingly unaffordable, at least where most Australians want to live.

2.1.2 THE PRIVATE RENTAL MARKET IN AUSTRALIA

The nature of Australia's private rental market is changing. Rather than being a transitional phase for households moving into home ownership or from social housing, it is a long-term sector for a significant number of households. Despite this, Australia's rental housing remains the least secure and most neglected pillar of our housing system.

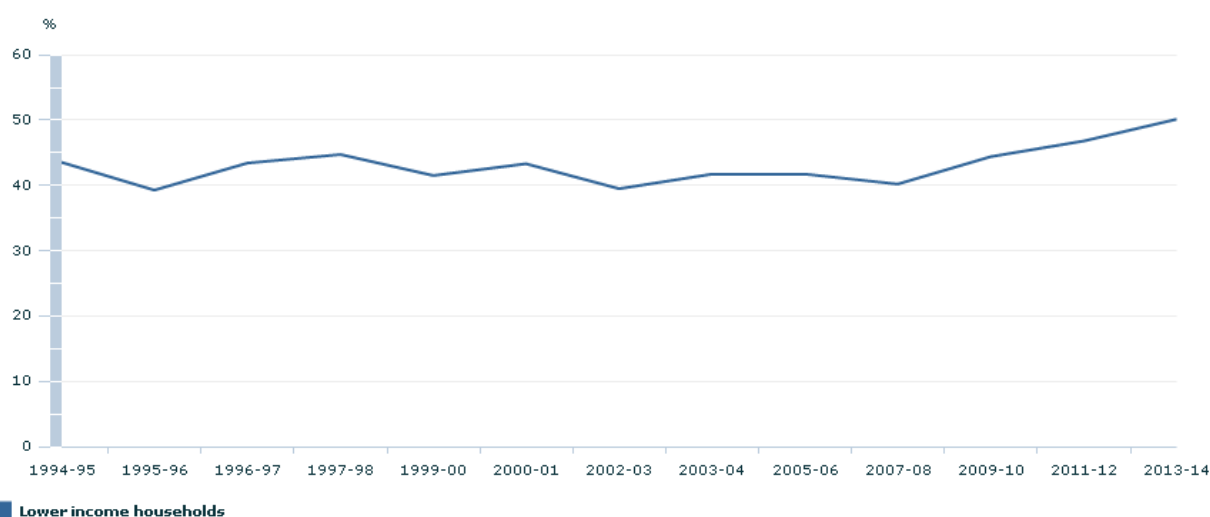
Based on Australian Bureau of Statistics data cited by the Australian Government (2016), we know that in 2013-14:

- 31 per cent of all households were renters
- Approximately 3.6 per cent of households rent in public housing with a total of approximately 5 per cent in social housing programs broadly defined
- There were around 3.6 million lower income households in Australia. Of these households, 26.8 per cent had housing costs that were greater than 30 per cent of their gross household income (commonly defined as rental or mortgage stress)
- There were approximately 657,000 low-income households across Australia in rental stress
- There are approximately 318,000 low-income households in mortgage stress (Australian Government, 2016).

There is a chronic shortage of affordable rental properties for low- to moderate- income earners. Rents are increasing at a rate above that of household incomes and this widening gap shows no signs of abating (Commonwealth of Australia, 2015). This means that low- to medium- income earners encounter significant problems accessing affordable and appropriate housing, with significant numbers experiencing rental stress or even severe rental stress.

A common measure of rental stress is to look at the proportion of lower income households paying more than 30% of their income on housing costs. According to the Australian Bureau of Statistics, in 2013–14, 50% of lower income renter households were in rental stress, as shown in Figure 4 below (ABS, 2016).

FIGURE 4: LOWER INCOME HOUSEHOLDS SPENDING MORE THAN 30% OF INCOME ON HOUSING COSTS, 1994-2014 (ABS, 2016).



To provide a snapshot of rental affordability, Anglicare (2016) looked at 75,410 properties Australia-wide that were listed at the time of their survey. They found that affordable rentals were extremely limited for a single person living on any government payment. Specifically:

- Singles living on an Age Pension could afford 2.1% of total rentals available
- Singles in Disability Support Pension could afford 0.5% of the total
- Singles living on Newstart and Youth Allowance could afford less than 0.1%

As per the quote below, life is getting more difficult for many Australians exposed to the private rental market.

Interviewee 15: We're seeing more people renting, particularly in some of the capital cities and regional city type of markets and that's going up the income scale more, so that people aren't getting into home ownership...It means that there are people sticking in private rental and being forced down at the bottom end, or denied private rental more and more.... And we've lost quite a lot of that very low market end stuff in the rooming house/ caravan park sector, quite quickly. As the population increases and densification has happened, those are the sort of nice big blocks in good locations that are often bought up and redeveloped into multi units, that aren't any longer accessible for the residents who were there.

2.1.3 AFFORDABLE HOUSING

For many people, home ownership is not possible due to low to no income and other life circumstances. For these people, they might be able to access public housing or social housing. Or they may be exposed to the vagaries of the private rental market, with the impossibility of amassing a deposit while in private rental stress. The chance to buy a home is a far away dream. This is where affordable housing comes in.

There are multiple definitions of affordable housing. The NSW Federation of Housing Associations defines affordable housing as “housing that eliminates housing stress for low-income individuals whilst balancing the need for housing to be of a minimum appropriate standard and accessible to employment and services” (NSWFHA, 2016).

In the context of affordable rental housing, the Australian Government applies the following definition: “Affordable housing is that which reduces or eliminates housing stress for low-income and disadvantaged families and individuals in order to assist them with meeting other essential basic needs on a sustainable basis, whilst balancing the need for housing to be of a minimum appropriate standard and accessible to employment and services” (Australian Government, 2016). The wider housing market is broadly made up of three main categories of households including those who:

- live in their own home, either with or without a mortgage;
- rent in the private rental market, with or without government assistance; and
- cannot access the private rental market.

Affordable housing generally refers to social (public and community) housing (for those who cannot access the private rental market) as well as the affordable end of the private rental market (for those who can afford it with or without government assistance). This continuum is illustrated in Figure 5 below.

FIGURE 5: HOUSING CONTINUUM (AUSTRALIAN GOVERNMENT, 2016)



Social housing is rental housing that is funded or partly funded by government; owned or managed by government or a community organisation, and let to eligible persons. It includes public and community housing.

2.1.3.1 The affordable housing industry

While numbers may have changed slightly over the past 12 months, the following numbers provide an overview of the affordable housing industry and the types of providers it comprises (Milligan *et al.*, 2016):

- A group of 40 commercially-oriented non-profit entities that raise private finance, procure housing and offer diversified housing services
- A second group of 283 smaller organisations that mainly provide government contracted tenancy and/or homelessness services
- Approximately 200 (both registered and unregistered) Indigenous-run community housing organisations (ICHOs)

Supporting institutions in the affordable housing domain include:

- Government agencies and their coordinating entities and the government-established regulatory systems.
- Industry peak bodies and peer network organisations
- Tenant/consumer organisations and tenancy support agencies
- Providers (for-profit and not-for-profit) of specialist services to the industry- including training and professional development, consulting, data and research services

2.1.3.2 Public housing sector

Public housing is rental housing provided and managed by state and territory governments and includes households living in public rental dwellings. Community housing is housing provided for low- to moderate- income or special needs households, which community-based organisations manage.

Social housing (both public and community housing) actually forms a small proportion of Australia's total housing stock. As at June 2015, there were 403,767 social housing dwellings across Australia:

- 321,627 public housing dwellings
- 72,105 community housing dwellings
- 10,035 state-owned and managed Indigenous housing dwellings

The vast bulk (approximately 75%) of social housing in Australia is public housing. This has declined from 87% in 2007–08 (AIHW, 2016a).

Much of the public housing stock was built between 1945 and 1980 by state and territory governments. The issue of maintenance and replacement of this ageing stock is well known.

Interviewee 12: Most of the public housing stock, including the stock that organisations like ours own, if they haven't already reached they are soon to reach the end of their useful life. There is a real need for rejuvenation of existing building stock. And obviously one of the big challenges is funding that.

Interviewee 14: The more I looked at our public housing system the more broken it appeared to be.

2.1.3.3 The community housing sector

The community housing sector provides social and affordable housing and predominantly consists of not-for-profit organisations. The size and scope of the community housing sector, and its relationship to public housing authorities, varies considerably across states and territories. The growth in community housing reflects the policy direction of the states and territories, supported in part by Commonwealth housing initiatives.

Mainstream community housing continues to grow with mainstream community housing stock increasing by 76% since 2008–09 (AIHW, 2016b). This is in large part due to stock transfers undertaken at the state and territory level (detailed further in Section 3.4.1).

According to the Australian Government, (2016), Community housing can deliver advantages as a model for providing affordable housing. Depending on the size and scope of the individual community housing provider, they can:

- Offer improved access to private finance;
- Offer a wider housing service, enabling tenant transition from social housing to affordable housing;
- Access additional taxation benefits via being endorsed charitable organisations;
- Offer improved asset management; and
- Improve tenant outcomes through tailored personal support.

However, in reality the community housing sector is not currently viewed as a mature asset class, and as such private financing institutions offer finance at unfavourable terms compared to other private sector businesses. This is not necessarily the fault of the community housing providers. Their development is hindered by the frameworks that govern them and the challenging patterns of behaviour described in section 2.2.1. The overall funding and policy framework of the community housing sector is largely set at the state and territory level, but the sector is heavily dependent on Commonwealth income support, including Commonwealth Rent Assistance (described further below), as a revenue stream. Community housing organisations continue to experience difficulties in building the balance sheets and cash flows necessary to operate at the scale required to secure finance for expansion, except by relying on the transfer of public housing dwellings (Australian Government, 2016). The good news is that there is future potential for large growth-orientated community housing organisations to become substantive players in the provision of large-scale affordable housing solutions.

Community housing organisations received a lot of mentions from interviewees. There were some positive comments, for example:

Interviewee 8: *They're out there building houses, building exciting new developments, housing people, doing very interesting sort of mixed developments - a mix of full market, new market, fully subsidised housing. I mean there's plenty of good examples across the country of really exciting new developments that are delivering the goods but just nowhere near enough of it.*

The majority of interviewees spoke about the challenges currently facing community housing organisations. This included lack of scale, fragmentation, lack of efficiency and loss of social purpose.

Interviewee 2: *There are some really neat structures in North America and in England and Europe...But all of those things work when you've got momentum, the question is how do you get from a good idea to 'have a go'? They started them in the U.S. and Europe a century ago, so they've ridden it for a century and now it works really well.*

Interviewee 3: *Traditional community housing providers are internally focussed on balance sheet primarily and obviously on cash-flow. Their interest is on the next 10 houses they're going to get, or where's the next 1,000 public housing transfer they're going to get? It's not necessarily focussed on 'how can I help X party achieve 5,000 properties?'...I think that there's a fundamental issue about the way that the business of the sector has been structured - primarily by governments. Nearly everything that our sector does has been a reflection on how government has wanted us to be created and to behave and that's just starting to break down now.*

Interviewee 4: *I think part of the problem is, being not-for-profits, you're not going to get CEO's really looking to merge and take over things. I mean, in the private sector I would have taken over a few of these already because they're not necessarily efficient.*

Interviewee 5: *We have got a very tiny amount of stock for people. We are not keeping up and we haven't been keeping up for a number of years.*

Interviewee 8: *I think the not-for-profit sector really needs to get its representation together and have just one voice to speak to government and other stakeholders with. I think it's pretty frustrating that they've got*

fragmentation... getting national representation is important and I think having the industry able to speak with one voice is important.

Interviewee 10: Our community housing providers maybe manage one hundred, five hundred, and a thousand properties. They don't manage the tens of thousands of properties you see in the UK. So the view that somehow government is going to move them 'from here to there', where in the last ten years we had the nation building stimulus, NRAS, and we saw maybe a five to ten percent movement in growth would indicate these are not guys that are going to be scale players, that are going to be holding that kind of stock. This means it's a struggle to invest in them and put money into that space.

Interviewee 13: It's not all about economics, and that's what the problem is. It all boils down to money. And I think in this - our sector has never been like that, in terms of the important thing is social wellbeing, you know the health of the community and all that sort of stuff. But now we're being urged to be a lot more business oriented particularly with community housing organisations having to have all these business models so they can grow and develop. I think a lot of them have lost some of that social thing...And I guess part of that is also because we've had to collaborate more with the private industry and government and they seem to be driving the push away from those social outcomes too. And you know, for us to be viable in the business world we've got to stop being what I've heard people mention, like you know "do-gooders."

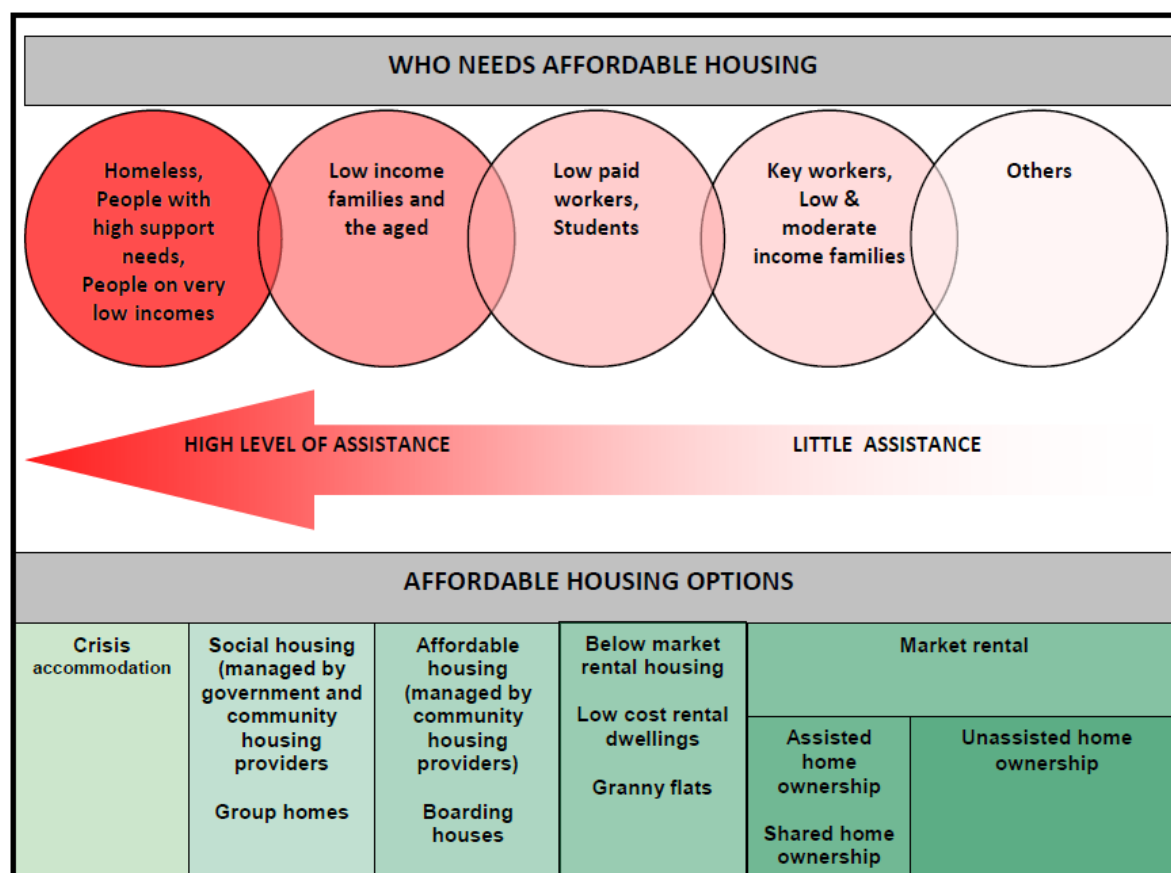
Interviewee 15: The community sector's got problems in terms of it being still quite fragmented. There are a lot of agencies compared to other sectors, like hospitals for example, there's only one per catchment generally speaking and some specialists, whereas that's not the case with housing and homelessness in most areas.

Interviewee 16: Community service has got a lot of work to do to raise its capability and sophistication around scaling and professional service delivery and client driven, customer driven responses. Those organisations that are 80-90 per cent funded only by government and that's all they know for the last, since their infancy, have a dependency on government funding and they haven't unfortunately - some are brilliant - but some haven't broken that dependency cycle so they kind of chase the dollar, get mission drift, don't understand their core capabilities and distinct service offering, and then everyone bleeds into everything and we think we can offer every service there is.

2.1.3.4 People who need affordable housing

While the housing industry players are important, it is important to remember the main stakeholders are those in need of affordable housing. There is a wide range of housing need experienced by a very diverse group of people across the nation, from the homeless to essential workers on moderate incomes, all of whom would benefit from improved affordable housing choice. Given the differing needs of different people requiring affordable housing, it follows that a variety of housing types is required, as outlined by Figure 6 below (Affordable Housing Taskforce, 2012).

FIGURE 6: WHO NEEDS AFFORDABLE HOUSING? (AFFORDABLE HOUSING TASKFORCE, 2012)



Those in need include children and pensioners. Almost a quarter (23%) of public rental housing and 39% of State Owned and Managed Indigenous Housing (SOMIH) tenants were aged 0–14 years old. Another 32% of public rental housing and 13% of SOMIH were for tenants aged 55 years and over (AIHW, 2016a).

Affordable housing isn't just for those in social housing. It is for those struggling to pay market rents in the private rental market. And people don't necessarily just move in a linear progression from temporary and public housing through to the private rental market and then on to home ownership. It isn't an automatic graduation through stages and types of housing and home ownership. And home ownership is not necessarily the end goal of the housing journey (despite this being a strong assumption held by many).

Even when reaching home ownership, a person does not always stay this way. Research by AHURI found there were three groups of home owners: ongoing owners who are able to buy and keep their home either as outright owners or buyers; leavers, who sold their dwelling and didn't buy another; and churners, who sold their dwelling and then after a period of renting bought another dwelling to live in. Based on data from 2001 to 2010, it showed that one in five Australian home owners and buyers experienced instability in their housing tenure - moving from owning to renting and, some, back again (Wood *et al.*, 2013).

Interviewee 1: *There is an assumption that governments and some others make that this is like a linear progression, that you go from homelessness to social housing to affordable housing to private rental markets... You might actually be in a private rental market, lose your job and all of a sudden you have gone back ten pgs... You can go from being quite successful, employed, having a home and then having a mental health problem and if you do not have the right support around you losing that job, losing your property, becoming homeless, it's a slippery slope.*

Interviewee 16: *There are those who are falling into homelessness who have actually owned their home or have been renting, you know... people who have got jobs and due to whatever financial hardship that they're falling*

into, whether it be household, huge household debt and a tipping point moment like an illness, an accident or a baby, they can no longer actually afford to have their home and they're either back living with Mum and Dad or they can't even rent. That is something that is starting to bubble under the surface and it gets missed.

2.1.4 INTERVENTIONS BY GOVERNMENT

Government at all levels play an active role in Australia's housing system – whether consciously or not. At the Commonwealth level, taxation settings, financial sector regulation, infrastructure development, immigration policy, the income support system, and national housing agreements all affect housing outcomes. At the state and territory level, taxation settings, strategic and statutory planning systems, infrastructure development, and the operational settings for social housing impact on housing supply outcomes. The role of local government is also significant in the supply of affordable housing, through its role in administering planning and development systems (Australian Government, 2016).

Interestingly, there is no head of power under the Constitution for the Commonwealth in relation to housing. Housing affordability and homelessness prevention are the responsibility of State governments. However, the Commonwealth currently has two major areas of spending on housing – the provision of Rent Assistance and payments to the States for affordable housing and alleviating homelessness (NCOA, 2014). In 2015-16, the Commonwealth provided around \$6.5 billion in housing assistance through agreements and programs including (DSS, 2016b):

- National Affordable Housing Agreement
- Commonwealth Rent Assistance
- National Rental Affordability Scheme
- Building Better Regional Cities Program
- Housing Affordability Fund

It is worth noting the comparison with the combined cost of negative gearing and the capital gains tax discount, which is approximately \$11.7 billion per year (Eslake & Hodgson, 2016).

Interviewee 17: There's broader economic benefit to providing subsidy for some parts of the market, and there is no property anywhere in Australia that the price of that property is not directly impacted by government, whether that be through planning, taxation, or other controls. So the notion that we've got a free market, that government's not intervening in the market, and it's a free market for residential is false. And I don't think that that gets enough consideration, because our government actually has most of the major levers that reflect in the price of housing. And so for the government to say 'well, we're choosing to make an intervention here through direct subsidy to make this affordable to a target group because it has social and economic benefit', I don't think that gets enough carriage in the public debate, and it's a blind spot in some of the policy discussions.

Figure 7 below shows the division of responsibility between different levels of government. It is a useful summary, noting that the National Rental Affordability Scheme is not continuing. This figure was included in the final report from The Senate Economics Reference Committee (2015), *Out of Reach*, originally appearing in the Reform of the Federation White Paper Issues Paper No. 2 (2014).

FIGURE 7: SUMMARY OF COMMONWEALTH AND STATE AND TERRITORY ROLES AND OVERLAPS (THE SENATE ECONOMICS REFERENCE COMMITTEE, 2015)

Area	State and Territory role	Commonwealth role	Overlaps
Policy	<i>Shared lead</i>	<i>Shared lead</i>	<i>High</i>
	Oversee policies that directly affect the housing market (land release, zoning, land taxes). Social housing and homelessness policy.	Oversees policies that indirectly affect the housing market (migration, tax settings, financial services regulation). Commonwealth Rent Assistance (CRA) policy. Influences national social housing, homelessness and Indigenous housing policy.	Both levels of government share responsibility for policy to address housing affordability pressures.
Funding	<i>Shared lead</i>	<i>Shared lead</i>	<i>High</i>
	Fund social housing and specialist homelessness services. Funds grants and concessions for first home buyers.	Provides funding to States and Territories for social housing and homelessness services. Funds the National Rental Affordability Scheme (NRAS). Funds CRA. Funds Commonwealth homelessness programmes.	Both levels of government jointly and separately fund housing assistance and homelessness programmes.
Delivery	<i>Lead</i>	<i>Secondary</i>	<i>Low</i>
	Oversee delivery of housing and homelessness services (often provided by non- government organisations).	Typically not involved in delivery of housing services. Delivers CRA payments to individuals. Limited direct involvement in homelessness services.	Limited overlap in delivery of individual programmes.
Regulation	<i>Lead</i>	<i>Secondary</i>	<i>Low</i>
	Regulate housing (community housing, tenancy management, planning, land release and zoning). Local governments also regulate residential planning and construction.	Regulates NRAS.	Little regulatory overlap.

Key	
<i>Who leads</i>	<i>Level of overlap</i>
Lead	High
Secondary	Medium
Shared lead	Low

2.1.4.1 National Affordable Housing Agreement

In November 2008, COAG agreed that governments would work together under the \$1.3 billion per year National Affordable Housing Agreement (NAHA) to improve housing affordability and reduce homelessness and Indigenous housing disadvantage. The “aspirational objective is that all Australians have access to affordable, safe and sustainable housing that contributes to social and economic participation”. National Partnership Agreements on homelessness, social housing and remote Indigenous housing accompanied the National Affordable Housing Agreement (COAG, 2010). The Parties to NAHA committed to:

- Providing direction for a range of measures including: social housing; assistance to people in the private rental market; support and accommodation for people who are homeless or at risk of homelessness; and home purchase assistance;
- Working towards improving coordination across housing related programs to make better use of existing stock and under-utilised Government assets and achieve better integration between housing and human services, including health and disability services; and
- Reducing the rate of homelessness.

The Parties also committed to:

- a) Improving integration between the homelessness service system and mainstream services;
- b) Taking joint action and a nationally coordinated approach on homelessness;
- c) Creating mixed communities that promote social and economic opportunities by reducing concentrations of disadvantage that exist in some social housing estates;
- d) Improving access by Indigenous people to mainstream housing, including home ownership;
- e) Contributing to the achievement of ‘Closing the Gap’ housing targets;
- f) Establishing a nationally consistent approach to social housing to create a more transparent, accountable and efficient sector, including common costing and financial management reporting, practices and methodologies;
- g) Providing compulsory rent deductions and improved information exchange between the Commonwealth and the States and Territories to improve the operational efficiency of public housing and to reduce evictions from public housing;
- h) Creating incentives for public housing tenants to take up employment opportunities within the broader employment framework;
- i) Enhancing the capacity and growth of the not-for-profit housing sector, supported by a nationally consistent provider and regulatory framework;
- j) Planning reform for greater efficiency in the supply of housing;
- k) Improving supply of land for new dwellings identified through audits of Commonwealth, State and Territory surplus land; and
- l) Increasing capacity to match new housing supply with underlying demand, including as a result of work undertaken by the National Housing Supply Council.

In 2012, the National Housing Supply Council ceased operations. Since this time, there has been little in the way of monitoring of ‘affordable housing needs’ nor the fulfilment of the NAHA (Milligan *et al.*, 2016).

2.1.4.2 Commonwealth Rent Assistance

Commonwealth Rent Assistance (CRA) is the main form of housing assistance in Australia, with over 40 per cent of households in the private rental market receiving these payments. In 2012–13, around 1,268,000 individuals and families received CRA at a cost of \$3.6 billion. In 2014, the number was 1.32 million. In 2015, this rose to 1.34 million income units receiving CRA (AIHW, 2016a). According to the Department of Social Services, this was at a cost of approximately \$4.4 billion. Eligibility for CRA Commonwealth rent assistance payments are provided to eligible income support recipients. It involves a base payment to certain households, to help them meet basic living standards. To receive CRA, a person must qualify for a social security income support payment or Family Tax Benefit A and must pay a minimum amount of rent, called the rent threshold (Commonwealth of Australia, 2015). The bulk of CRA goes to private landlords

and investors. A smaller proportion goes to non-profit community housing providers which they use to leverage more affordable housing construction.

Interviewee 1: I think that one of the things that does work in Australia and that you cannot get rid of or we are really screwed is rent subsidies. CRA is really critical and if that goes we are in all sorts of trouble.

2.1.4.3 National Rental Affordability Scheme (ended 2014)

The \$4.5 billion National Rental Affordability Scheme commenced in 2008. It aimed to address the shortage of affordable rental housing 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. The Government announced in the Budget on 13 May 2014 that it would not proceeding with Round 5 of NRAS, meaning no incentives would be allocated for Round 5 (DSS, 2016a). Despite its shortcomings, many interviewees were critical of the cessation of NRAS without an alternative framework being put in place.

Interviewee 2: My personal view is NRAS was a good piece of social policy kind of butchered in its execution because it put all of these philosophical overlays on it. When the Coalition came in they had good reasons and bad reasons for killing it...but four years later they haven't come up with any alternative yet. If you're going to complain and say that it's grossly ineffective and inefficient and you're going to kill it, at least come up with a better idea.

Interviewee 3: We do need mechanisms like NRAS, maybe with an institutional flavour, and we do need governments to see investment in this like an infrastructure. That's one of the benefits that we did see with NRAS which is that it was a government investment, because governments got a real return on that investment... So, we do need government and the institutions to try and get together to co-design something of the investment grade value and then we need to understand what the gap is and then we need to work out who's going to plug the gap. I don't think it's more complicated than that.

Interviewee 6: NRAS, as you've probably read, ended up being more of the same old Mum and Dad investor, retail investors and that was exactly the same as we saw in the U.S for the first seven years of the U.S low income housing tax credit program. That was retail investors and then there was greater institutional take-up at year seven once it was made permanent by act of their congress. We got to year seven here and then Tony Abbott came in...So where we sit right now in 2016, NRAS has come and gone.

Interviewee 10: Australia housing policy which I'm sure will come as no surprise to you doesn't have bipartisan support. And not having bipartisan support means that the policy settings are not embedded for a long enough period of time for the banking and financial sector to understand the product, to engage with it, to get past their natural lack of boldness in this space. They're always the last to the party, they were last to the party on NRAS by a long way. And by the time NRAS was embedded and they understood it government started sending mixed signals about it. So it was too late to embed it. So by the time it went through a couple of ministers and there was a chance for it to be embedded mixed signals had already been sent...It was already damaged by the parties that had created it which meant that it is a bit like the insulation scheme. If you were going to do the number one thing that you do in energy efficiency is actually insulation of homes. You can now never do that program now because it was rushed and done incorrectly. I see this as an ideal time to remind people in the housing space that NRAS was a similar scenario. It was the right cohort. It was the right mix. It was people with the ability to pay. It was embedded funding. It was an incentivised system. And it could be understood by wholesale and retail. You could get Mum and Pop but you could also get scale investment... but it wasn't thought out with all the embedded detail. They never went through and adjusted it along the way. So by the time that all those tweaks were necessary in order to embed it, it was being unravelled.

2.1.4.4 Social Housing Initiative (ended 2012)

The Social Housing Initiative (SHI) was a schedule to the National Partnership Agreement on the Nation Building Jobs Plan. This National Partnership Agreement began in February 2009 and expired on 31 December 2012. The main aims of the Social Housing Initiative was to stimulate the construction industry, increase the supply of social housing, provide

long-term accommodation opportunities for homeless people (and people at risk of homelessness) and deliver benefits to the community Australia-wide. It supported both the construction of new social housing (\$5.2 billion)

The SHI was a significant boost to the Community Housing sector and it is worth noting that the SHI exceeded targets for the delivery of dwellings and for repairs and maintenance in a very short period of time. Between October 2008 and March 2009 the Australian Government announced a number of stimulus measures in response to the Global Financial Crisis (GFC) as part of the Nation Building – Economic Stimulus Plan (NBESP). As part of the NBESP the Australian Government allocated \$5.238b over three and half years (2008/09 to 2011/12) for the construction of new social housing dwellings and the repair and upgrade of existing homes (\$400 million) across all states and territories (DSS, 2013b). The target was to construct 17,400 new dwellings within three years for people who are homeless or at risk of homelessness. 19,669 new dwellings were delivered (DSS, 2013a). A review of the SHI by KPMG in 2012 found that it had a clear multiplier effect. For every \$1 spent an additional \$0.30 in turnover was generated in the economy (National Shelter, 2013).

2.1.4.5 Building Better Regional Cities Program (ended 2014)

On 30 June 2012, the Minister for Housing and Homelessness announced the projects funded under the Building Better Regional Cities (BBRC) Program. It was based on a single application round in 2011. Sixteen Projects were approved for funding. The objective of the BBRC Program was to invest in local infrastructure projects that support an increase in the number of homes for sale and rent that are affordable for working families on ordinary incomes, in communities that are experiencing positive jobs and population growth that need more homes to be built. Funding for the BBRC Program became available in the 2011-2012 Financial Year and ceased on 30 June 2014 (DSS, 2016c).

2.1.4.6 Housing Affordability Fund (ended 2013)

The Housing Affordability Fund (the Fund) was a five year, \$400 million investment by the Australian Government to help reduce the cost of new homes for homebuyers. The Fund provided grants to state, territory and local governments, to work in conjunction with the private sector, to reduce housing-related infrastructure and planning costs, and to pass savings onto new home purchasers. Two funding rounds were conducted and program funding is now fully committed. Seventy five projects were approved for funding (DSS, 2016d).

2.2 PATTERNS OF BEHAVIOUR

The following section looks at patterns that have arisen over time within the affordable housing system. This includes behaviours at the organisation and system levels. In this context, a particular focus of interviewees was the behaviour of government and challenges with short-term thinking, inconsistent decision making, conflicting interests, and funding shortfalls. Attention was also given to the disincentives for people to leave social housing and the long waiting lists to get in. Another focus was the geography of housing and the growing distance between where people live and work.

2.2.1 CHALLENGES WITH GOVERNMENT DECISION MAKING PROCESSES

2.2.1.1 Short-term thinking

Frustration with short-term thinking was felt by many interviewees. Housing is a long-term industry. It has long lead times to bricks-and-mortar construction, decades of use, and a lasting impact on the community in which it is built. There was a strong sense that short-term thinking is contributing to the current situation. It isn't just about decisions that aren't made, but about the perverse outcomes of decisions that don't look to the future.

Interviewee 3: It's an easy time to be pessimistic because some of the good things that government introduced, they've just put them in the bin. It's taken 20 years to get that kind of quality of response up and then they just can it. A world class scheme that the rest of the world thought fantastic, look at the innovation in that. A very Australian way of doing it with the governments acting as catalysts for private investment and a very little view

of the world where it's a tax incentive driven arrangement. The first time that somebody gets a chance to hatchet, they do. That can cause a lot of damage to people's confidence both amongst the finance industry and amongst the development industry.

Interviewee 6: What Australia doesn't have is long-term thinking. There is such an indulgence as though Australia has the luxury that it can afford to chop and change approaches all the time, chop and change governments. But that really hinders that sense of credibility and continuity that institutional investors need.

The chopping and changing in government is driven in a large part by political imperatives and election cycles. It should be noted that economic imperatives are also prioritised over long term strategy by many other actors in the industry. That being said, special attention was paid to the damaging patterns of behaviour within government. The revolving door of Ministry changes, the months lost in briefing the new Minister and advisors, then the sluggish progress of the public service - who are hamstrung by the political delays - were all cited as frustrating and damaging. There was a sense that unless this could be addressed then only mediocre outcomes are possible.

Interviewee 6: I was appointed to a Ministerial Advisory Committee on Housing at the Commonwealth in 2010 by Minister Arbib, and by the time the Committee reported in 2012, there had been no fewer than 4 changes in Minister. (McClelland, Burke, Butler, O'Connor) The recent Cabinet reshuffle in NSW further illustrates this pattern as does the constant shifts at senior bureaucratic levels in the housing policy divisions of both the State and Commonwealth governments. This inefficiency of constant personnel and leadership change make long-term thinking impossible.

2.2.1.2 Inconsistencies

While effective at different levels and in different ways, it is widely acknowledged, even by governments themselves, that Australia's housing policy effort is fragmented. The various levels of government, and indeed different areas within the same government, often have contradictory objectives that pull in different directions (Commonwealth of Australia, 2015). This inconsistency, including the cancellation and changing of policy in rapid succession, has done much to erode trust in government decision making and commitments. The disenfranchisement is clear in the comments by interviewees.

Interviewee 2: The Australian Government have this amazing ability to change their mind even without changing government and they are increasingly demonstrating they're happy to break laws which were made previously because it doesn't suit them politically anymore... What that does is it damages anybody's belief that government will do what it says it's going to do, even after they've signed contracts or passed legislation... That regulatory risk affects the cost of funding. In effect it's damaging the government's risk rating and many institutions would just say it's not worth me entering into a building if they're relying on green energy credits, or carbon credits, or you know, whatever, because we don't have any confidence that the government will honour their obligations. That's just terrible.

Interviewee 3: One of the most significant risk factors in our strategic risk analysis is both government inconsistency and then the interaction between Commonwealth and State Government inconsistency and lack of coherence in terms of joined up processes and joined up strategy.

Interviewee 4: Policy change has chopped and changed. I've been in the sector since about late 2010 and I've seen more chops and changes of policy that has really driven us to look at how we can focus on growth without being hamstrung by government change. This is where you start to get businesses being driven in slightly different directions. If you are wanting to do the property development side you are getting pushed up the market from social to affordable housing and even to market housing, private rental or selling off.

Interviewee 17: Creating greater certainty is a real challenge. When we have looked at partnerships with the private sector, that lack of certainty creates an element of risk for them as to whether they actually want to play in this space, and that means when they're looking at a development pipeline, 'will that pipeline of opportunities from government actually flow, so is it worth the cost of participating in bids?'. And through to funding programs where we're trying to put together deals to acquire and develop more social and affordable housing, it

is contingent on us getting a source of funding or some commitment from government, and we've got months or sometimes years of uncertainty, and all of the costs that carry with that.

Interviewee 17: The US has got a lot more institutional investment into what they call multi-family housing there, and that's sort of typically 100, 200 units in a block, and it's owned by an institution of some sort, and there's a lot of partnerships with the not-for-profit sectors and it structures some of those deals. The things that have helped that to grow has been certainty, so the low income housing tax credit as a program has attracted a lot of interest, because it's built a whole industry around it, it's been around for 25 or 30 years.

2.2.1.3 Conflicts of interest

There was also a perception that political and economic imperatives were pulling State and Commonwealth Government's in different directions. Part of this was seen to be based on a misconception by the wider public and by policy makers that affordable housing and housing affordability are one and the same. It seems obvious that actions to improve affordable housing do not necessarily relate to or even impact on the value of housing and home ownership for middle to high income earners. However, this distinction is not always well understood.

Interviewee 2: They [State and Commonwealth Government] have different drivers and that's not very helpful at all... State Government could do a lot which would go a long way to easing the pressure...but they have a direct conflict in because half their revenue comes out of stamp duty...There isn't really an open conversation about all the levers that they have available because they don't want to say how much they rely on stamp duty. They don't want to say how much they rely on councils and things like that. It's just not a politically palatable conversation to have. But I think the general populace - if they had real information would say - actually, we'd rather you tax corporations or increase GST by whatever, and release land at a faster rate, if they had the choice, or allow people to increase the density of their developments.

Interviewee 3: There's a whole lot of gaming going on, where it's in everybody's interest not to talk about anything that's going to disrupt anything. Anything from negative gearing and taxation to capital gains, to inheritance tax or anything that might change the rules of the game in this overpriced market is a significant risk factor both politically and to the banks.... There's some significant self-interest and constraints.

Interviewee 7: At a Federal level and at a State level, housing is viewed as driving the economy. So they don't want to play with it, they don't want to hurt the economy's growth. So my understanding of it is that housing is currently an investment vehicle, but at the core of what we do as a society, housing must also be a shelter vehicle. You just need to think about. And both those things can co-exist...But my concern from a social justice level is it's fixable ... and the government knows it's fixable, but they're just churning the dollars on all the developments that we've got going on at the moment. I think if you look at all the social unrest in the world, if we had an interest rate rise where a lot of people became homeless and it became known that it was fixable and we never did anything about it, you could end up in social unrest territory.

Interviewee 12: I think there are better opportunities for developing some land use policies.... about zoning affordable housing components and use of public land. I know certainly in Victoria they'd set aside land for roadways and so on that are now off the agenda and going to be off the agenda forever - free them up so that we can provide more...but it's a bit of a challenge for the governments because they want to achieve a commercial outcome as well. So they have released some but it's generally gone to commercial developers because they've got their treasury department sitting behind them trying to maximise their return. An affordable housing provider isn't going to be able to fund the purchase of the same site at the same level. So there is a bit of a conflict of interest between trying to get the best financial outcome or the best housing outcome.

Interviewee 17: I think one of the ongoing frustrations is the disjointed nature of public policy, particularly as it relates to all three levels of government... We more often than not see different levers by different levels of government being exercised out of step, and in some cases isolated where state government for example says 'You can only use this particular program and you can't combine it with other programs', so you can't actually lever up and get a cocktail, if you like, of different things to deliver more outcomes.

2.2.1.4 Funding shortfalls

Given that the market has not provided affordable housing, and the financial challenges facing community housing providers, there remains an emphasis on the ongoing need for government funding. While institutional and impact investment might help unlock capital, the view is that government is not going to be able to vacate this space any time soon.

Interviewee 1: One of the things that really bugs me about this is that notion that everything can return a social dollar... We have to understand that governments actually have a role to play that doesn't always means that they are going to get a return ... They need to step away from just the economics of it.

Interviewee 3: Some of the risk that's sitting underneath this is downright basic stuff, it really is. The design and response is really quite simple. People have been doing it for forty years. It's quite simple. The issue is, who actually pays the subsidy, and how do you structure the subsidy so that it can allow capital flows of sufficient scale and longevity and cheapness to meet the outcomes that the nation needs? At the moment there isn't an appetite amongst governments to put their hand up for that. So, what we end up with is this sort of mismatch of housing needs and housing trends and housing rhetoric with the reality of government sort of saying, "We've got all these little levers, we could probably spin something out and get a bit of government land and get a bit of planning gain."

Interviewee 4: I think most probably if the government really wants to invest in this industry for the long term, they actually need to put some money into it.

Interviewee 5: You think there is a silver bullet somewhere and there is not. The truth is if you want to have the outcome, then governments have to put in and you can put in all kinds of different ways. Money is good, capital subsidies, or you can put in interest rates subsidies, or you can put in capital assets, but you have to put in somewhere. I think everyone is trying to find a way in which that doesn't happen and it just won't... We have a major problem and the only way that it can be funded is by some sort of government intervention. Again we can talk about the range of possibilities for that, but the market will not deal with it...What is difficult in Canberra is to assert a priority and funding challenge because the capital is so large and the income that we are producing is so small so it is not like electricity generation or transport.

By the nature of affordable housing being complex, overlapping with a range of other systems such as health and having no 'silver bullet', some interviewees felt it had been put in the 'too hard basket' by decision makers. This was in part driving a lack of attention and funding.

Interviewee 6: We just think well, this system is too hard. We always get put in the too hard basket and have for years and years and years ...I mean there's not an unsophisticated bunch of people around this but there isn't the energy to get over that sense of it being too hard or that sense of disempowerment.

2.2.2 LOW EXIT RATES FROM SOCIAL HOUSING AND LONG WAITING LISTS

The 2013 Audit Report of New South Wales (NSW) social housing, noted that tenants are staying in social housing longer, exit rates are falling, and waiting lists are growing. The waiting lists are growing for the elderly and people with a mental illness or disability as well.

Interviewee 1: We have massive social housing waiting lists, we have big waiting lists for indigenous people, social housing, we have community housing. If you look at all of those different groups of housing all of them have waiting lists.

Interviewee 9: One of the biggest challenges that we do have and, particularly the people that we work with has, including both younger people but also adults with severe complex mental illness, is around access to primarily supported accommodation but also independent accommodation where people can live.

Interviewee 12: In the older person's space it's probably more challenging... And our wait list numbers probably are evidence of that. I mean I just looked up some numbers earlier today and our wait list has doubled

from about five hundred to a thousand people in about three to four years. And with an aging population that number is only going to grow over the next fifteen to twenty years. So the problem is actually going to get worse which is a real challenge for all of us.

One reason given for low exit rates is that the gap between the cost of social and affordable rental housing is almost unbridgeable for many households. In theory, an adequate supply of affordable rental is essential to allow households to transition out of social housing into the private rental sector (Rowley *et al.*, 2016). In reality, the jump can be hundreds of dollars per week that simply isn't affordable for many on welfare payments and low incomes.

Interviewee 1: social housing situation means that if you are lucky enough to get social housing then actually you will be protected because you will never get over that 30% of your gross disposable income...If you then have to move from the social housing to the affordable housing the jump is just not realistic because then if you have only got that \$200 and you have to pay 40% of market rent to get into affordable housing and the market rent is \$600 a week you do not have enough money to pay for it even if you do not have any living costs.

Interviewee 13: It's a huge jump [to private rental], which is why so many people would rather reduce or keep their income low than move out of Public Housing or Community Housing, you know...I think that's a huge problem because it means that there's a lot of people who are in Public or Community Housing who actually could transition out, they're taking a spot that someone else could have because we've got such a limited number, but they don't want to because they'll be at risk...it's not all about the money - part of the reason is also about security.

There is also a perverse outcome generated by eligibility criteria. About 74% of new allocations for public housing and 56% of SOMIH were based on greatest need for social housing in 2014–15 (AIHW, 2016a). Large demand means that people have to demonstrate that they are in greater need than others on the waiting list, while those already housed in community housing have to demonstrate their continuing disadvantage (and that they are more disadvantaged than the next person) to remain eligible and within the (relative) safety of social housing compared to the private rental market.

Interviewee 13: There needs to be a real mid-point between public housing and the 25 per cent income-based rent, then Band B up to a certain amount. It needs to be a lot more realistic compared to the private rental market, so it's a real stepping-stone, right?...So if people have the capacity to then earn more they don't stop themselves from earning more so that they can go into either home ownership or private rental, you know. And I think we need to do things to try and stop those disincentives to independence. And that's something I find really frustrating. It's almost like we're trying to keep people down by creating these disincentives.

Rather than encourage people to improve their circumstances, for example through gaining employment or working extra hours, the shortage of affordable housing and the need to demonstrate disadvantage has the opposite effect (Commonwealth of Australia, 2015). This has led to criticism that “the system does not acknowledge, speak to, nor build on the strengths, resilience and aspirations of its customers” (Commonwealth of Australia, 2015).

Interviewee 6: People have to understand the system has had unintended consequences in various cohorts of people.

2.2.3 THE GROWING DISTANCE BETWEEN HOME AND WORK

As cities spread outwards and housing prices between inner and outer areas become more disparate, more and more people are living further away from job opportunities in the CBD. This in turn creates further disparities between life in the inner city versus middle and outer suburban communities. Australians are not only working more hours each week, we are also spending a longer amount of our time getting to work (NATSEM, 2011). This is a massive quality of life problem for many individuals and families. It is also a serious national problem that impedes economic activity, participation and productivity (ACOSS *et al.*, 2015).

- Labour markets are relatively weak in many parts of Australia's major cities, particularly in outer suburbs
- Only 10 per cent of all metropolitan jobs are within a reasonable commuting time. Jobs that are within a reasonable distance tend to be lower paying, less knowledge-intensive jobs (Infrastructure Australia, 2013)

- Data shows that the average hours Australians spent each week travelling to and from work have increased from 3.9 hours in 2002 to 4.4 hours in 2009 (NATSEM, 2011)
- Sydneysiders spend almost six hours per week getting to and from work in a car, bus or train. Commuters spend on average five hours a week travelling to and from work in Brisbane, and 4.8 hours in Melbourne. Canberra, Hobart and Darwin spend the least time commuting (NATSEM, 2011)
- Meanwhile, our travel corridors are becoming more congested. In Perth, Melbourne, Sydney, Adelaide, Brisbane and Canberra, without investment in new transport capacity and/or means of managing demand, car travel times are expected to increase by at least 20 per cent in the most congested corridors. In some cases, travel times could more than double between 2011 and 2031 (Infrastructure Australia, 2015)

Interviewee 4: The reality is that with the drive and uplift you have got to be able to spread that around the community and I think it's really important for service jobs that people need. Who are the people that are going to make the coffee? They're not all going to earn 150,000 per annum.

Interviewee 7: Affordable housing is also teachers, nurses, and police. It's not realistic that they have to live in Newcastle, Gosford, or Wollongong to afford a house and then work in the city.

Interviewee 12: People still in employment - they need to be in locations where they can get to their employment easily. A lot of people don't drive. They use public transport so they need to have good access to public transport. That's why building affordable housing out thirty kilometres from the city is really not achieving a good outcome for anybody.

Interviewee 14: There is a clear disjunction between the changing nature of work and the changing nature of households; between the geography of work and the changing need for proximity to work. All this is driving shifts in where people want to live...If you asked "what sort of profile would we plan for here, if we optimised outcomes for residents?" then you would have nothing like what the market has currently delivered...The notion that we can leave the design of successful cities to the market is patently mad.

Interviewee 17: [social and affordable housing] in public policy tends to be seen as a distinct piece, as opposed to the contribution that they make to areas like health, justice, education, and the impacts that are felt in those budget areas as a result of housing pressures. I think it's also potentially not recognised in terms of the economic impact of affordable housing, particularly for key workers...Increasingly in a market like Sydney you've got people on moderate incomes who are being forced out to the fringes, they're having to travel further to go to work, that has an impact, it has an economic impact but also there's a social impact, and that cost ends up being borne in different ways by the taxpayer. I don't think those things are well understood or ingrained in the public discourse.

2.3 MENTAL MODELS

This section looks at the way that affordable housing is perceived and these perceptions or mental models influence both approaches and outcomes in the system. This includes how we see the world, biases and blind spots. Some of the assumptions and mindsets mentioned by interviewees included: blind faith in the market; confusion between affordable housing and housing affordability; stigmas associated with homelessness and social housing; blaming the individual; continual prioritisation of home ownership over renting; and voters not placing a value of affordable housing as an important element of Australian society.

2.3.1 BLIND FAITH IN THE MARKET

Given issues with the financial viability of social housing, as well as the lack of market activity in this space, many interviewees thought that it is important to be more realistic about what the market can (and can't) deliver. While private funding models need to be enabled and encouraged, it also needs to be acknowledged that the market has limits. To date, the 'private market' has done little to produce new (particularly rental) housing that is affordable. In most cases, the costs of development are simply too high without public subsidy. Both the literature as well as interviewees reinforce that

market solutions to low cost housing are not likely to emerge without government intervention (Commonwealth of Australia, 2015).

Interviewee 2: Housing is commoditised... There's the cost of land, there's the cost of construction, the cost of capital and once you get past that there's very little else that affects it. There's transaction costs etcetera, but not really... The market is not going to generate affordable housing by itself, and so government, if it wants affordable housing, is going to have to do something. It's going to have to contribute something to 'prime the pump', if you will.

Interviewee 3: The basic truth is this - that we either have property that is overpriced both in the homeownership market and the rental market through investors, or we have incomes that are far too low for the bottom 40% of the people. You can only really look at the national issue of housing affordability through that lens. Given that we're not going to see a massive increase in Award Wages, we're not going to see any government intervention to restructure the employment market so that people can't be put on casual employment contracts with those that they currently have, and we're not going to see welfare benefits significantly increased; then we've got to deal with the housing system side of the equation.

Interviewee 12: There's really no financial incentive for developers to move into affordable housing... People trying to get into the market are moving further and further out. Further away from their social connections. Potentially further away from their work place which is placing greater stress on roads and public transport and so on.

Interviewee 14: The notion that we can leave the design of successful cities to the market is patently mad.

Interviewee 15: It's pretty clear that the states, federal and state governments and territories have pretty much got out of large scale direct provision and I do think that's an ideological decision that's got taken probably in the '80s and more in the '90s and, you know, it may well be that younger people as they come through, insist that that gets swung back, but that was really when it started to really flip away. Market delivery became important, and then the community housing agencies started to grow, but we're still an extremely small part of the picture in Australia.

Related to this is the issue that market solutions have had unintended consequences. As with any complex adaptive system, an action in one part of the system can have unanticipated effects on another (sometimes seemingly unconnected) part of the system. Results can be counterintuitive (McKenzie, 2014). For example, the more density controls are relaxed the more the value of land can increase because developers price in the ability to maximise the density and yield from each dwelling. In other words, the land quickly takes on the value of the potential yield. Likewise, if direct subsidies are not adequately targeted, they may end up being capitalised into home prices, compounding the housing affordability problems they were designed to address (Commonwealth of Australia, 2015). Unintended or perverse impacts were raised by a number of interviewees.

Interviewee 3: Simply pumping money into what is already an overheated market is going to do nobody any good because the next cycle will just swallow it all up and we won't get the long term benefits that flow from that.

Interviewee 10: Unfortunately when you starve a marketplace for ten to twenty years it tends not to be something you can resolve overnight...you're meeting a completely parched environment...prices rise on the way, which sends a signal to the market that they want to keep building. But they want to keep building where they're going to make the highest and best profit. And by now land is so expensive because you've strangled held it for so long that there's a minimum buy in...And now the planning system might be faster. But it still means that you paid such a huge amount for the underpinning land that you can only deliver six hundred, seven hundred, eight hundred thousand dollar bedroom homes. You can't deliver the subset stuff.

2.3.2 CONFUSION BETWEEN AFFORDABLE HOUSING AND HOUSING AFFORDABILITY

While housing affordability is a big challenge, and dominates the nightly news, it is important to distinguish the challenges of home ownership for middle to high income earners from the struggles of low income earners to find a place to even rent (let alone own). Dedicated effectors around affordable housing - which is related to but not the same issue as housing affordability – are often confused.

Interviewee 8: I think one of the other complexities that people get stuck in is the sort of media and political commentary around housing supply cycles, so lots of chatter through the media now about over supply of apartments in Melbourne and Sydney, Brisbane as well... trying to make the distinction between the short term cycles of the market in very particular locations and so long run structural problems and deficiencies of supply of affordable housing - it's really important that people don't get those two things confused. The fact that we may have an oversupply of apartments in the CBD in Melbourne for the next four or five years does nothing to address the 25 year, 30 year structural deficit that we've got.

When talking about affordable housing, there is a widely held assumption that simply increasing supply is the solution. The issue is that building more expensive houses for middle to high income earners doesn't create more affordable housing at the opposite end of the spectrum. The assumption that the benefits will trickle down doesn't play out in reality.

Interviewee 3: I think most analysis over the last six years would say getting supply right is essential to stop problems getting worse, but if the supply is all targeted at the upper end of the of the market or a narrow part of the market then affordability does not necessarily improve even though you're building a lot more houses. We're building a lot more houses over the last 18 months than we've built over the previous 18 months but affordability hasn't come back or improved. I think there's a more sophisticated picture.

Interviewee 5: It's not simply a supply problem. We are actually producing a large number of dwellings but we have to be able to afford it and there is an issue of affordability and availability and different income cohorts.

Interviewee 10: Unfortunately the reality is that if you increase land supply and you increase your speed to market and you allow higher density of houses and floor to space ratios, time and time again the market will still sell it to the highest and best value because it's the market. So the problem is that you do all the things that clear up the system because they tell you there will be more supply on the market. And they deliver more supply on the market but they deliver it to the top quartile, or the top quartile plus, which means while overall it delivers more stock into the market - it doesn't necessarily alleviate the stress in the market...How many levers you can pull at once without having unintended consequences? - because we're pulling an awful lot of them already.

Interviewee 13: There's hardly any competition; I think that's what the problem is. They all tend to be around the same price, you know. We need someone to come in and give them all a shake and say, "It can be done like this at this price. We're going to do it; we're taking over the market." ... I mean one of the developments was modular, but high-rise modular. It went up really, really quickly. I think in six weeks a whole apartment building was built, right, which is amazing...that didn't make any difference. They still sold virtually at market rate...I know that they could do it much more cheaply than they're doing it. And it's not on...It's greed, that's what it is. Why do they need to make a five hundred per cent profit?

Interviewee 17: It's not purely about supply. It's about supply to segments of the market. So supply may be part of the answer, but it has to be targeted, because the banana economics that says if we just produce more bananas prices will go down doesn't work in property markets. There are a range of other forces. And if supply were the answer, Sydney's produced more housing I think in the last 10 years than London, and yet the prices here have risen at a quicker rate. So it's not purely a supply issue.

2.3.3 STIGMAS AND BLAMING THE INDIVIDUAL

Several interviewees made comments about stigmas associated with social housing as well as the lack of empathy by the wider Australian public for those in need of affordable housing. There was a belief that this is being fueled by media

stereotypes as well as lack of lived experience. The result is that the individuals are seen to be flawed and at blame, without an understanding of the circumstances or the system that led them to that situation. This can translate to a reluctance by those in need to ask for help. It also dehumanises those receiving welfare. The alienation for individuals with a mental illness or disability can be even worse.

Interviewee 7: It's a real blind spot I think because we promote individual freedom we also blame the individual as well. It's this whole individualistic thing. Our Australian culture, from the time we've been a country, is supporting the battler, and giving the battler a go. If people realised how at risk a lot of people are, because I think there's a figure: for you not to be at risk of homeless stress, housing stress in Sydney, in the inner city, you have to be on a wage of about \$110,000 a year, and that's not many people.... There's so much stigma about becoming homeless that people ridicule them or put them down without realising 'that could be me next week.... Most of the rough sleepers in this space - once they're helped - will tell you, 'don't be too proud, ask for help early' and they wouldn't be on the street if they'd asked for help early. There's such a stigma and a shame to it, that people don't do it.

Interviewee 7: The research says that when you become homeless, when you go on the street, it's akin to being a veteran with PTSD, the trauma that you suffer. Once you become homeless it's quite likely that it will happen to you again, without support. So people don't know that. And some of the stories... A very capable contractor had a couple of bills go south, so then they were living on the street. The kids and the mum - the wife and kids - can go to a hostel, but the husband, no. So he sleeps in the park with the dog and then the kids and the mum come to him every morning for breakfast to have a picnic in the park, and they [the kids] don't know what's actually going on... But you'll see how proud some of these guys are with a key - I've got a key to a door that I haven't had for 10 years. Someone gave me a go.

Interviewee 9: I think there's a fundamental belief that people with mental illness will never recover and need to be hospitalised... that they cannot live in the community. I fundamentally believe that people with mental illness can recover and live meaningful lives in the community with the right support. And whether you're living with diabetes or living with a heart condition, you can manage that and live with that successfully. The same as with mental illness. So I think it's about that fundamental community shift in perception, in understanding of mental illness.

Interviewee 13: Prices have come down, but some people would rather have their house empty than rent it below a certain amount or rent it to a certain type of person, you know.

Interviewee 13: That's another frustrating thing for me; 'The deserving poor'. What is that? Who judges who is deserving and who is not? I mean I suppose people with addictions are the 'undeserving poor' because they 'choose' to have an addiction? Sometimes it's a lot more complex than that. I think that a lot of people don't understand that.

Interviewee 16: It's really interesting that 50 per cent of those customers [in financial difficulty] don't know where to go for help. They don't have a self-identity around going to Salvos or Catholic Care or whatever... The community service as a sector is an unstitched patchwork quilt and you would know that as well and it's often not easy for vulnerable consumers or consumers who have not been in the system to know how to navigate it and information awareness is actually part of the issue and particularly for housing.

Related to the lack of understanding around people needing affordable housing is the widespread 'not in my backyard' mentality and widespread resistance by local residents to affordable housing.

Interviewee 9: For example, even in a block of units - and we experience this all the time - we try and place people in a block of units where someone who has a mental illness will be taking up residence there - and people will say, 'not in my backyard, I don't want them next to me'. There's a perception in society which I think fundamentally needs to change. And then you've got the whole challenge with real estate agents, which we talk to about wanting to find accommodation for people with mental illness. You can see the attitude. You can see that they're feeling uncomfortable.

Interviewee 12: We're finding a lot - particularly in what you might call the gentrified suburbs which tend to be inner city – is a real opposition to vertical developments, and particularly affordable vertical developments which incorporate affordable housing. There have been a number of recent applications which local municipalities have knocked back which would have provided some - and generally speaking they're close to services, they're close to public transport - and they unfortunately get knocked back because some of these people they say 'do it but don't do it in my backyard'.

Interviewee 15: The NIMBY one is by far the biggest [frustration]. With the new social housing project going in, there's been a, 'Yeah, but what will it mean for the neighbourhood?', which is a pretty unpleasant way of thinking. I mean there's another strain of thought in Australia which I think is equally strong, if we can bring it up, which is about interesting diverse neighbourhoods which I think a lot of people in Australia are proud to live in. We need to appeal to that side of things a bit more. And people, you know, just get really warped ideas of those people. It's very tricky. And I think sometimes the pure real estate industry feeds that, you know, 'This is exclusive, this is safe'. There are some subliminal or even direct messages given sometimes.

2.3.4 PRIORITISING HOME OWNERSHIP OVER RENTAL

Affordable rents and appropriate housing are two aspects of private rental. Security of tenure is another. Combined they play a critical role in setting the foundations for a healthier and more productive population, which in turn contributes to a strong economy and to government savings. Despite this, Australia lags behind many other countries in terms of regulations around renting. Culturally, homeownership is seen as being superior to renting. Renting is not generally given the same priority in many circles.

Interviewee 2: If there was a thriving institutional ownership of housing, where rental was not considered a dirty word, rather it was the norm in Australia, we'd have a different conversation... 90% of the world don't own their own houses, whereas down here you are a lower second class citizen if you don't spend absolutely everything you have on buying a house... A Current Affair always shows you the house with the boards on the windows and the weeds growing as being a rental place, whereas 'if you own it you take care of it'. But the vast majority of renters take care of the property, right? They look after it. We have to have the conversation where renting is an acceptable way of life, all of your life... One thing that allows people to be comfortable renting is if you could have security of tenure for a long period of time. If you're a mum with two or three kids, you want them in the same place to go through school and under current laws here you've got 12-months maximum and the landlord can kick you out of they want to live in the house themselves. If you change some of those laws to give them a bit longer security of tenure it makes a big change in whether you consider yourself to be transitory or a permanent resident and all of those kind of things.

Interviewee 6: Within the political sphere, it has been disappointing to see a return to talk of home purchase affordability and a total ignoring private rental affordability. This is a backward step - losing ground we had gained in the last ten years bringing the housing issue into a more mature, nuanced level of discussion... And the idea that any private rental market facilitation is 'middle class welfare' is a real barrier. A 60,000 person social housing waitlist in a particular state requires policy toward the private rental sector, and that this is not 'middle class welfare'.

Interviewee 11: There is a cohort that would never consider public housing as an option. There is also a bunch of people who would never consider anything other than public housing because of past experience in private rental... This leads in to consumer protection and safeguards and the question 'what is it about the whole market that is making people feel insecure?'.

2.3.5 VOTERS NOT VALUING AFFORDABLE HOUSING

There were a lot of comments about the lack of awareness in the wider public about the role that affordable housing plays in both society and the economy. This meant that when it came time to vote the issue isn't a priority. This in turn can influence what action governments are willing to take.

Interviewee 6: The sense of ‘how can we afford NOT to do this?’ is where we need to get with housing - that this is deeply inefficient and impacting productivity and on so many other spending areas of government. The problem with housing is that it doesn’t impact a single spending area of government. It impacts health, education, employment, justice...the savings (a) are too far spread among departments, too far spread among levels of government and then (b) to longitudinally difficult to capture. And so that’s what hurts housing is that it is so fundamental. Ironically, because it is so fundamental and central to a lot of different outcomes, you can’t capture that binary measure that you need.

Interviewee 10: A prevailing view around engaging with key [essential] workers and is that it’s middle class welfare. And therefore you’re not going to have the support of a government to back you. Government is not going to give you a guarantee. They’re not going to subsidise. They’re not going to fund middle class welfare. ...It’s a matter of public will and government interest being aligned at the same time on the same topics.

Interviewee 14: The biggest problem we have got is indifference. Most of the decision makers are home owners. Most of the people sitting in parliament are home owners... I’m convinced the biggest problem is indifference. I don’t think they realise how serious a problem it is for the economy in the long-term. Even if you put compassion and benevolence to one side, it is just bad for our economy.

2.4 EVENTS/SYMPTOMS

This section looks at what is happening in the affordable housing system in terms of the events or ‘symptoms’ that have can be observed in the world around us. These symptoms are a function of many factors, including, but not limited to, the challenges around system structure, patterns of behavior and mental models described above. It is essentially the ‘what’ – the things we observe happening in the world versus ‘how’ or ‘why’ these issues arise. This includes things like the chronic shortfall in affordable housing stock, people falling through gaps in the housing system, growing incidences of homelessness, lack of financial sustainability of social housing, fewer pensioners having the security of home ownership and consequences for productivity.

2.4.1 CHRONIC SHORTFALL IN AFFORDABLE HOUSING STOCK

The stock of affordable housing - housing appropriate to the needs of low- to moderate-income households - has failed to keep pace with demand in recent decades. Put simply, despite growing demand, recent years have seen a decrease in total number both in terms of households and dwellings in social housing (Commonwealth of Australia, 2015). Some of the decline in public housing stock – and the increases in community housing stock – can be attributed to stock transfers undertaken at the state and territory level (Australian Government, 2016). However, the stock that does exist is ageing, with increasing maintenance costs and properties that are poorly adapted to purpose. Various states and territories continue to sell off stock and/or transfer management of existing stock to community housing organisations (Australian Government, 2016). See Figure 8 below.

FIGURE 8. SOCIAL HOUSING DWELLINGS NATIONALLY (AUSTRALIAN GOVERNMENT, 2016)

Year (as at 30 June)	Public housing	Community housing	SOMIH	Total
2015	321,627	72,105	10,035	403,767
2013	328,340	65,865	10,084	404,289
2011	331,371	59,777	9,820	400,968
2009	336,464	42,384	12,056	390,904
2007	339,771	34,707	13,098	387,576

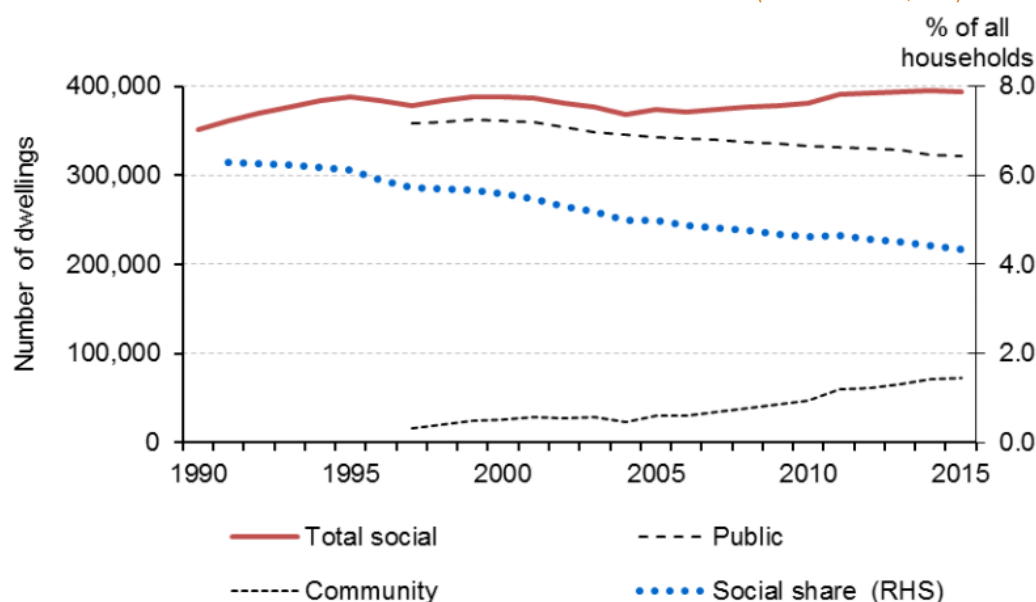


Interviewee 3: Most of those homes have just been given from one side of the equation, public housing, to another side of the equation, community housing and very little in terms of real new growth has been generated through these kind of activities, maybe 10% or so. We certainly can't get around going 'the community housing sector's doubled and therefore all we have to do is keep doubling'. We have double in a different way, and we have to look outwards.

Interviewee 8: For the past probably five or six years there seems to have developed a sort of fairly negative conversation between the affordable housing providers and the State government public housing agencies really fighting over the scraps around stock transfer of public housing assets to the not-for-profit sector which I don't think has been a particular helpful or productive conversation... I think we really need to get much clearer how we see those two sort of, well, whether or not we see them as two separate segments within the affordable housing sector or whether or not we're just going to have a single set of providers outside of government. State governments have been forwards and backwards on whether or not they are going to be playing an active role as both fund regulator and provider or whether or not they're just going to step back into being a funder and a regulator. I don't think many State governments have really thought that through.

Figure 9 provides a longer term view of an industry that has essentially flat-lined for 20 years.

FIGURE 9: NUMBER OF SOCIAL RENTAL DWELLINGS BY PROVIDER TYPE FROM 1990– AHURI (MILLIGAN ET AL., 2016)



Note: Data excludes state owned and community owned Indigenous social housing

Interviewee 7: There's simply not enough stock. And this is where some of the data is so in your face. There are 60,000 people on the housing waiting list, the urgent housing waiting list for FACS in New South Wales. You're on that list for 10 years. You can't be prioritised unless you get lucky enough ...And only 9,000 people per year get housed out of that list. There's simply not enough stock... All the agencies, all the people in this field are talking about it. Give us more stock and we can do something.

Interviewee 8: One of the blind spots we have is scale. Look to the European context and the social and affordable housing sectors in those markets are much, much bigger. We're talking up to sort of 15 to 20 per cent of the market is social/affordable housing.

Interviewee 15: Increasingly we've just been watching and not knowing what to do about housing supply... There was an injection of funding for housing supply for truly social housing out of the nation building, you know, the stimulus package, and occasionally there is something that comes through at the State level.... But they're unpredictable, intermittent and still not of a scale that's needed for the demand problem.

2.4.2 PEOPLE FALLING THROUGH THE GAPS

Several interviewees spoke about 'gaps' in the housing continuum that make it difficult for individuals and families to navigate. This included the gap between social housing where the contribution is based on income, to private rental, where the contribution is determined by the market value.

Interviewee 7: The cheapest rent you can get in Sydney for a 2 bedroom unit, if you're lucky, is \$600 a week. The job start allowance that you get is \$250 to \$260 a week. You're never going to get there, never going to get there.

Interviewee 10: There is a gap around people that are above the first quartile but are still firmly in the second quartile... That's a group of people who either are second or third generation within the system or people who have the capacity but are currently sort of under employed in order to maintain housing - or haven't had the opportunity because there's nothing in the system for them to transition out to. The most challenging of those quartiles is the second quartile because it's really not enough to face the stresses of home purchase. But it's the area where they can rent and have propensity to potentially maintain rental with a smaller level of scaled back support from government... Then the gap that probably has the most opportunity and also the highest level of need is between that second quartile and the third quartile. The second and third quartile presents a range of problems. These are people that have had levels of housing stress over time or living in rental above what they can afford. They have no ability to put down a deposit ... they're between the thresholds in that they don't earn so little that they hit the social housing space. But they don't earn enough to leap frog into anything that might look like home ownership at any stage. And there's nothing in the marketplace for them to rent at their level because people that earn more than them are the ones that are renting.

Interviewee 10: If you move across the continuum the working poor is no longer sitting in public housing they're sitting outside of it which means that they're sitting in either CHPs, so in the community housing provider zone, or they're sitting in high levels of rental stress in the affordable rental space. If they're lucky at a pinch they're sitting in either the space that was filled by something like NRAS or they're sitting in sort of what would be a traditional space for sort of say a shared equity model. But probably still under stress. And then that's before you get kind of get into the mainstream housing. Currently there's gaps along the continuum in all of those spaces.

Interviewee 11: There is a forgotten cohort that doesn't qualify for public housing. Affordable housing for these people is where some of the greatest opportunity lies in terms of maximising outcomes like employment. So we are looking at who we partner with and how do we create incentives so that the community housing sector wants to play in this space?

Interviewee 13: The main one [frustration] is around this notion of Affordable Housing that isn't really affordable, you know and particularly when you're looking at the mean income, right, which is they're saying about \$86,000. I don't know anyone in our sector - like the average person in our sector does not earn that sort of money... People providing services, and direct services in particular, they don't earn that sort of money, and to me that's not the average or the mean income. And I think that is so skewed. Same with the average or mean cost of housing, you know rentals or whatever, it's so skewed... there's a handful that are earning so much, but they skew the figures and the data, you know it's not an average, it's not really. So, that's really frustrating for me because it doesn't paint a true picture... I don't think there's a reasonably established scale for affordability as yet in Australia.

Interviewee 16: You literally can see that someone's been plonked on a conveyor belt and they're heading the wrong way and we kind of wait for them to be at the end where it's going to cost everyone a whole lot more and we throw money at that end because politicians are really, you know, they're influenced by prison numbers and stats and tough on crime and child protection numbers... I literally sit there and watch this conveyor belt and it's about government doesn't know how to stop the conveyor belt.

Based on comments made by interviewees, it became apparent that fragmentation within the wider housing system is a serious impediment to better outcomes. The failure doesn't necessarily lie with the different service providers. A lot traces back to the incentives and structures that are embedded within the system. And fragmentation isn't just about lack

of efficiency or duplication in the housing space. Shelter is a key part of our existence so it overlaps with many other systems as well including those that address health, welfare, drugs and alcohol, and family violence. On the ground, fragmentation means that a person in chronic need faces all sorts of barriers and difficulties in accessing the appropriate range of services. Commercial operators, non-government, government, and community housing providers are all shaped by the regulatory and policy structures of government. The system is set up to fit within this structure and its many silos. It isn't shaped to provide wrap around support or a cohesive experience for the person in need. The result is black spots where people fall through the gaps or are forced to remain in conditions that are not optimal for the individual or the wider system. Mental health patients in hospitals are unable to be discharged because their only pathway is homelessness. Domestic violence sufferers are unable to leave because their only pathway is homelessness. People can be on a waiting list for social housing for several years. Those that move from social housing to the private rental market face jumps in rent that can exceed their total income or mean they have to sacrifice on food, education and health.

Interviewee 1: While you have no affordable place to live and you have high levels of slow access to social housing and you have all sorts of issues around that [domestic violence]...if you have got no option around where to go you just don't leave. That is actually a real problem because what is the pathway? You shouldn't have to exit to homelessness.

Interviewee 9: I think there are bits and pieces of the elements around but I just don't think it's well integrated or systemically linked together. I think there's a lack of integration amongst the services that we have, particularly when it comes to whether it's residential or long term accommodation option because from a hospital bed out to community it's too fragmented... What traditionally happens is people fall through the gaps. So you might get discharged from hospital and you might go into residential rehab but the housing is not available, the person gets discharged into inappropriate accommodation, things fall over and they end up back in hospital... There's a disconnect both at the funding and the policy levers around that continuum because none of the systems are geared up to respond in that way. They've got their own criteria, their own inclusion, exclusion et cetera. And you might qualify for one but you don't for another - or you don't for another until a period of time has elapsed and you've tried other things and then people fall through the gaps.

Interviewee 15: One of the first things you've got to do is define what you mean by affordable housing and what your policies are seeking to achieve. Are they, you know, 75-80% of market rent or are the affordable rents for people who are actually on New Start and disability pensions and so on? They're two different things. And too often I suppose, because I work in that end with people who are already homeless or very much at risk, I always feel it's a bit of a shame when there's a lot of effort put into that just below market rent one. I mean that's important too, but it's not the end of the story.

Interviewee 16: There is a link between family violence and a risk of homelessness for women... and with real estate agents not understanding hardship and what it means they were initially part of the problem in not wanting to give women priority, put them on the list and give them houses.

2.4.3 GROWING INCIDENCES OF HOMELESSNESS

At the 2011 Census, there were 105,237 people homeless in Australia (0.5%) of the population (Homelessness Australia, 2012). The only places where rates of homelessness had decreased in the last decade were Queensland and the Northern Territory. In New South Wales and Victoria, rates of homelessness increased by more than 20% from 2006.

- NSW 28,190 (40.8 people per 10,000) +20.4% since 2006
- VIC 22,789 (42.6 people per 10,000) +20.7 since 2006
- QLD 19,838 (48.5 people per 10,000) -5.1% since 2006
- SA 5,985 (37.5 people per 10,000) +1.4% since 2006
- WA 9,592 (42.8 people per 10,000) +1.1% since 2006
- TAS 1,579 (31.9 people per 10,000) +32.9% since 2006
- NT 15,479 (730.7 people per 10,000) -7.8% since 2006
- ACT 1,785 (50 people per 10,000) +70.6% since 2006

The *Specialist Homelessness Services 2014-15 Report* (AIHW, 2016c) found that 256,000 people were assisted by specialist homelessness agencies across Australia from 2014-15, receiving nearly 20 million days of support and about 6.6 million nights of accommodation. However, 329 requests for assistance were unable to be met each day.

Interviewee 7: Most of them, I think it's about 65% of them would not be on the streets if they could afford a home...On the figures that we know, in New South Wales 1 in 250 people are homeless every night, so that's about 33,000 people I think. 8% of them are veterans. 25% of them are around domestic violence, 20% are indigenous, 20% are kids between 16-24 bracket...And an emerging thing is the women over 50s where their husband leaves them, or their husband dies, they're not workforce current, or maybe never had a job. And then there's no way in the world they can afford a house on the pension.

In terms of homelessness, Governments across Australia fund a range of services to support people who are homeless or at risk of homelessness. These services are delivered by non-government organisations including agencies specialising in delivering services to specific target groups (such as young people or people escaping domestic violence), as well as those that provide more generic services to people facing housing crises. These services support both those who have become homeless and those who are at imminent risk of homelessness.

- 1 in 3 clients sought support for domestic and family violence. Adult women are the most common group.
- About 1 in 10 clients had a disability
- 1 in 4 clients who received assistance from a specialist homelessness agency had a current mental health issue. This is about 63,000 people
- 1 in 10 young people presenting alone were sleeping rough
- Indigenous clients continue to be over-represented among homelessness service users. 1 in 4 were Indigenous, compared with just 1 in 33 of the population overall
- The more remote the area the greater the proportion of clients needing short term accommodation
- 59% of older clients lived alone prior to accessing specialist homelessness services

2.4.4 LACK OF FINANCIAL SUSTAINABILITY OF SOCIAL HOUSING

The lack of financial sustainability of social (public and community) housing is ongoing challenge for both for governments and community housing providers. In simple terms, the rent received from tenants does not cover operating costs, or fund new supply. Public housing had its origins in a much broader system with a wider range of income groups. This provided a cross-subsidy and helped finance the overall costs of provision. That system has been replaced by the gradual reorientation of social housing towards tenants with the greatest need and/or special needs who are reliant on Commonwealth income support payments (Australian Government, 2016).

Interviewee 10: We've got a sixty thousand person waiting list here and probably two hundred thousand people that could potentially access that system or meet some level of the current eligibility criteria that potentially access that system. Ninety seven percent of the people that sit in the social housing space currently between ninety three and ninety seven percent receive some sort of payment from government. So their main income stream is to support mainly from government. Which is a huge traditional leap away from the working poor that used to sit in that space.

This has meant that tenant demographics have changed over time, from family-based dwellings to predominantly high-need singles (including older people and people with disabilities). This has led to a continued reduction in the revenue base of public housing and placed increased financial pressure on the system (Commonwealth of Australia, 2015). The rents charged by state housing authorities are not sufficient to cover the costs of maintaining and renewing public housing stock. Transferal of public housing stock to community providers has done nothing to solve ongoing maintenance costs or provide the capital for new dwellings.

Interviewee 3: The key issue is, you can't deliver affordable housing without some form of direct or implied or cross-subsidy arrangement being put in place. The systems that we have in place in Australia have not left the agencies with sufficient surplus capacity to generate the kind of income streams that overseas systems have generated. It's okay for government in the UK or elsewhere to say, 'We'll set up the machinery and we'll provide

a bit of a guarantee under the finance so that it lowers the risk and cheapens the price, but at the end of the day you've got to carry on with your own subsidy arrangement'. That would never work in Australia because not for profits run around making \$10 a week off a dwelling. That \$10 a week can disappear the day that the council puts the rates up... We don't have the level of funding required underneath social housing to carry the cost of social housing without a significant facility or without a new model of purchasing those outcomes...I don't really feel that the banks will, or super funds will play in the space of social housing. They'll play in the space of a financial lend or an institutional lend through a bond structure or anything that's liquid and tradable and has got a government guarantee behind it, or government subsidy stream. They'll certainly look at all of that, but in terms of the net equity position in the general market, the fundamentals just don't stack up.

Interviewee 4: Social housing itself does not pay. The economics of it, if you are looking to invest, unless you get everything granted, it just doesn't stack up... There is this complete mismatch of income to the cost of the provision of the housing...It's the capital cost that cripples them and it's the capital cost of maintaining these properties that are old and haven't been maintained. That's the real risk in the management transfers, is the capital risk in terms of repairs and maintenance. They can certainly make a living. The dilemma that you face is the government wants you to use rent money to basically provide social services. That's when you are going to run into trouble and that's the real danger of the latest management outsourcing I see ...I don't think it is fixing the fundamentals. I actually think there is a major issue long-term with social rents and the cost of service provision. I actually think you are gradually heading towards an unviable business. Now, whether it's five years, whether it's 10 years, it's going to happen.

Interviewee 6: The next big move is stock transfer or management transfer where the individual state housing departments being faced with economic unsustainability of their public housing portfolios are transferring some of that stock to the not-for-profit sector, either just management contracts or full title but usually management contracts not transferring title...[Community housing] It is a viable business model, but not for growth - unless there's a new way to calibrate the system or to allocate the funding that currently goes into housing...There is no funding for ongoing building, there is no replacement funding. That's the issue.

Interviewee 17: Public housing falls into a category that really shows that the operating revenues we derive from it is probably sufficient to cover the operating costs and a modest sort of upkeep program. But in the long term you actually need an injection of capital funding if you're going to fully maintain those over the life cycle. And I think that's the biggest challenge in the social housing system, is that not only have we not kept pace with the population growth in terms of percentage of social housing relative to population, the quality and condition of much of our public housing and social housing has deteriorated, so there's a significant capital injection needed.

2.4.5 PENSIONERS NOT OWNING THEIR OWN HOME

Home ownership rates for older Australians, like home ownership rates overall, are trending lower, from 81 per cent of over-65s today to a projected 55 per cent by the middle of the century (The Senate Economics Reference Committee, 2015). Lower rates of home ownership and increasing indebtedness across the life course challenge Australia's age pension retirement policy, which is based on householders having low housing costs in old age (Wood *et al.*, 2013).

Interviewee 3: Once upon a time, low-income retirees who may have been renters for most of their lives would still be able to find affordable rental housing. You've got a scenario now that it is not only low-income retirees from the rental market, but low-income retirees and moderate-income retirees who have still got major mortgage commitments on their properties. That's going to be a structural shock to the nation in terms of poverty and pension requirements and insecurity.

Interviewee 12: We're moving towards a point where around about fifty percent of Australians won't own their own home at retirement...Our clients are aged pensioners ... over half of them that have never owned a home at any point in their lives. They've basically lived in private rentals and also public housing. And I suppose they come to us because they're looking for some form of security more than anything else... In the private rental

market they might only have a twelve month lease or something like that. Whereas coming into an organisation like ours they get a forty seven year lease. And that is really one of the critical points for those people.

Interviewee 13: Senior women, they're a growing cohort who are going to be, and already are, quite at risk of homelessness. Some are experiencing homelessness already because they've got a fixed income. They've got very little super, if any, and you know they can't access housing. Some have been in housing, in rental housing all of their lives and have never had the opportunity to buy, and now they're at the beck and call of the market. So, we've had so many calls...these poor little old women who had been in a property for a couple of years and the landlord decided to put the rent up, and like this was their third rent hike in the last year and they couldn't afford it anymore. They had to move out and had nowhere else to go.

Case study: The Old Colonists' Association of Victoria is a leading not-for-profit retirement village provider offering a continuum of care from independent living, assisted living and aged care to 500 elderly and deserving poor in Victoria. The intake includes a mix of pensioners who have been in the rental market with little to no assets (almost half the residents) as well as those that have owned their own home. Contributions vary and are based on an ability to pay, with a business model that makes services accessible to everyone, as well as financially sustainable. For more information, see: <https://ocav.com.au/about-the-ocav/>

2.4.6 NEGATIVE CONSEQUENCES FOR PRODUCTIVITY

Housing availability, price and dwelling characteristics all have potential productivity effects. In urban areas, housing markets are key shapers of the geographies of different activities, patterns of population density, and the concentration of different income groups into different places. This all has a significant influence on productivity. Commuting and related costs also come in to play. The effects aren't limited to those with employment. It can affect childhood education, the transition from school to the world of work, and how well households can use their home as a place of work, or as an asset to underpin investment in their own businesses (MacLennan *et al.*, 2015). Despite its importance, empirical research on the linkages on productivity and housing is rare. A review by AHURI (2015) found inadequate data existed on issues such as housing effects on regional and local area economies, human capital, businesses and innovation. There was a view shared by several interviewees that the productivity impacts are likely to be negative, even if we don't know exactly to what extent this is the case.

Interviewee 5: You have to wonder about productivity and the huge diversion at a national level of income and wealth going into relatively unproductive usage. But also how a family or a women by herself with two children who pays 50%-60% of household income in rent is not paying that into healthcare and education and all of the other things that we would want them to.

Interviewee 6: We need to ask what do we deserve in Australia and what is important from a national productivity and economic competitiveness point of view?

3 IDEAS FOR A BETTER FUTURE

Interviewees were asked about what a 'good future' might look like for the affordable housing system and what would be needed to make this happen. The following section includes the information on the ideas that were suggested. The ideas are categories into system structures, patterns of behavior and mental models.

3.1 SYSTEM STRUCTURES

3.1.1 ACCESSING INSTITUTIONAL CAPITAL

Australia is unique in the sense that it has very low levels of institutional investment in the private rental market. In recent times there have been a range of efforts to investigate options. This includes the recent work of the Council on Federal Financial Relations Affordable Housing Working Group, whose role was to investigate ways to boost the supply of affordable rental housing through innovative financing models. These models are aimed at the social housing sector and the private rental market for low-income and disadvantaged households. This process triggered 78 submissions, including a wide range of options for a financial intermediary (The Treasury, 2016). According to the Australian Government (2016), the key barriers to increased private institutional investment in affordable housing in Australia include:

- Scale - institutional investors require scale to justify the due diligence costs associated with new investment classes, as well as their need for diversification to address issues with portfolio risk;
- Return - investors require secure and predictable returns commensurate with similar investment classes and risk profiles;
- Liquidity - while both retail 'mum and dad' investors and institutional investors are likely to hold investments for a number of years, regulation of many of these funds requires that only a certain proportion of the total portfolio be invested in assets that are illiquid as institutional investors require the ability to disinvest quickly;
- Investor awareness - investors are not currently aware of opportunities in affordable housing and largely see the sector as not worth the effort, as property exposure can be gained through other investment assets such as bank shares;
- Long-term consistent policy settings - institutional investors require a stable, robust and durable government commitment in order to manage and assess risk and returns;
- Project pipelines - it may be necessary for affordable housing investment to be pre-planned and long-term, to ensure it is worthwhile for the private sector to invest in expertise and capability in this asset class;
- Capacity - while the community housing sector has expanded significantly, it still remains only one quarter the size of the public housing system; and
- Governance - institutional investors may be keen to see independent governance structures and improved transparency and reporting, to ensure decisions are made in the interests of maximising the value of the property portfolio and the associated income streams.

Finding ways to access institutional investment was raised as an important issue by numerous interviewees. There were mixed views on the likely impact and success of establishing some sort of financial intermediary or aggregator to attract institutional investment. The more positive views are included below first.

Interviewee 2: The constraints that superannuation fund managers operate under are very frustrating. Anything new is by definition risky and they'd much prefer to be the second or third rather than the first. So, there is this frustratingly ... people don't back themselves to analyse the credit or the worthiness of it because there is this pressure for comparable quarterly results, and so you've got guys with 30-year, 40-year liabilities investing in liquidity of day-by-day assets. They get very nervous about going more than three or four years out... The only thing they [government] can really effect easily, in my view, is the cost of capital. And it turns out that they have the lowest cost capital and they can actually, using their credit rating, they can bring down the cost of capital. So that, in my view, that's the best way for them to play... And so then the question becomes, what's the smallest amount of money that government can contribute to attract the largest amount, of say, institutional capital?... Having institutional capital I think would make a big difference, just because more houses would be built, there's more competition for tenants. Occupancy rates might go down a little bit but not so that people can't make money out of it, but it's just they can't make super profits out of it.

Interviewee 3: We have to come up with something that underpins the institutional investment as a mix of debt and equity and there has to be a holding process that generates rewards outside of just inflated capital gain expectations... What we need is cheap reliable long term capital that is invested in not only growing supply but

effective targeting to the right cohorts of people... I think that what the investment side of this deal needs is cheap long term capital that is lent on an infrastructure basis. Perhaps some kind of bank led and institutional led arrangement with the government for some tax adjustment arrangements to be put in place that benefit institutional investors and reallocate funds away from individual mum and dad investors, or creates that new segment of the marketplace.

Interviewee 3: When you think about institutional investment, I think institutions would like to see a national market. They know the different markets perform differently, they go up and down in different ways and they like to spread their risk, and they like to have a replicable kind of approach ...I don't think that there's any real barrier to institutional investment other than the ones that are very fundamental, which is, one is the rate of return, and the who carries what risk? I actually think they've been talking about the very same things for 10 years that I've been talking to them and nothing much has changed. They just want, unfortunately, in a real estate lens, or a real estate equity position, they want too much money. It won't come out of real estate. That's why we're all focussed on trying to create the right kind of infrastructure model which will enable them to look at the cash-flows on a reliable basis and not necessarily worry about the delivery end and the price of property going up or down... You can set up all kinds of aggregation vehicles. I think the real issue is that a submarket response will give a submarket return and probably an above-market risk. In that kind of environment, you actually need to know where your subsidy is coming from and you need to have the length of subsidy that allows those kind of investments to happen. I don't really give a damn whether the government sets up a housing finance corporation or asks a bank to set it up, or get a cohort of not for profits to set it up.

Interviewee 6: A financial intermediary really only makes it a little bit more cost efficient and brings down the risk premium and it brings down the interest rate because it's normalised into a market. But what it does is it creates certainty for those construction lenders so those construction costs can come down as well.

Interviewee 8: There's a recognition that borrowing costs for the not-for-profit sector are higher than they could otherwise be, and at a shorter term than they could otherwise be...If we can get this bond aggregator up that will be a really significant reform and initiative and alongside that the Federal government showing some leadership and taking control over a national regulatory framework, I think they would be two really significant reforms.

Some were more sceptical about the likelihood of a financial intermediary being created and attracting institutional investment. This wasn't related to the model not being desirable – it is a concept supported by many. It instead links back to observations about patterns of behaviour as described in Section 2.2.

Interviewee 10: When the aggregator model got up in the UK it had a particular set of combination of factors... You have to have a situation where there's actual a stream of funding available which is another risk factor. In the UK they were a bit flush with money at the time. That's not a situation that we have here...It's been twenty five years the Australian government and financiers and the private sector has tried to crack it and hasn't been able to crack it yet because there's not the settings for it.

Interviewee 15: I think the scale stuff is our biggest challenge and there's been quite a lot of talk about a corporate financial aggregator model. I think that's really critical, and I think it's critical that it be for social housing type projects as well as affordable housing to make the distinction between the two levels of rental. My concern at the moment about the COAG discussions is that the financial aggregator will be there to mainly deliver sub market but not social housing, and I'd like to see the same thinking delivering both.

Interviewee 17: I think there is a role for capital in solving this problem, and I think you have to create the market condition where capital can earn a rate of return that's commensurate with the level of risk. And so I think the private sector has a role, but it can't do it without government. I think there has been discussion of, for example, an aggregated financing type mechanism. I think the biggest barrier to that is actually certainty...We talked to investors in the UK and in Canada, some of the pension funds that are investing in those spaces, and looked at a variety of different ways of aggregating demand. The issue is not us replacing our debt, for them it's the pipeline of deals. And at the moment the non-government sector's appetite for capital, or capacity to take capital at scale is quite limited, and so the transaction costs are such that you just wouldn't contemplate setting up a unique sort of mechanism like that for the volume of deals that are in the market at the

moment.... What would it take to bridge the gap between market return and what it's going to cost us, and can we get a pipeline of those things?

3.1.2 INCREASING SECURITY OF TENURE

As home ownership rates decline, it is likely that renting will be the only form of housing for many Australians. This challenges the traditional view of renting as a short-term transitional phase. The private rental market is already a tough place for many people. In the future, significant volumes of public and private finance will be required to meet the projected need for additional rental housing (Commonwealth of Australia, 2015).

In this context, security of tenure and the rights of tenants is receiving increasing focus. In 2015, the Senate Economics Reference Committee recommended that the states and territories review their tenancy laws to ensure that all rental properties are required to meet minimum standards. The committee also recommended the Australian Government, together with the states and territories, investigate national minimum standards that would set specific minimum standards including security of tenure, stability and fairness of rent prices, a new efficiency and comfort standard, safety and security of the home, and better protection for groups in marginal housing (Commonwealth of Australia, 2015). Evidence indicated strongly that renting must be recognised as a mainstream, and for some, a permanent form of tenure in Australia's housing system and must be placed on Australia's national policy agenda as a key issue to address poverty. As a first step, the committee recommended that the proposed ministerial council consider tenancy regulations in the various jurisdictions with a view to delivering greater security for long-term renters (Commonwealth of Australia, 2015). Such recommendations were consistent with many interviewee's comments. There was a sense that the private rental market would be a better place for renters if they had more security as well as flexibility in terms of options.

Interviewee 3: The nation needs a new long term stable rental market segment...How do we create a market segment that looks and feels a bit like infrastructure whereby we can meet the needs of those who can afford to pay a market or near market rent but need long term security of tenure and security of place?

Interviewee 7: In this space the tenants and private social housing agents, they need long term leases. They don't need 6 months, they need 5 years to help that family transition out of that space...It's a guaranteed slow burn investment. But it's not sexy. It's not on people's minds.

Interviewee 12: I think security of tenure is one of those critical points for people. I think there needs to be some change around some sort of longer term security for people in rental accommodation particularly. So that they can feel comfortable 'I'm going to be here for five years so I can plan'. It certainly is something I've noticed again from our residents in the private rental market that they're at the whim of the landlord. I'm not sure what the answer is but it's just one of those issues that have got to be dealt with because people will then feel secure and there is value to the overall community and the economy in providing that... One of the most sought after things for people is to have a roof over their head - and to have a roof over their head that they know is secure in the longer term. And stakeholders need to work together to come up with a solution to that.

Interviewee 14: Home ownership doesn't have to be what we aspire to but security of tenure is something that should be an end goal.

Interviewee 15: Rental shouldn't be an afterthought in the legal sense and the policy making sense...I think younger people as they're coming through will insist, because they're not getting a good deal at all as it stands.

Case study: To assist with renting in the private market the Queensland Government has developed two user friendly tools. The first is interest free loans to pay for a bond when moving into a private rental. Eligibility for the loan is means tested based on the price of the new rental, and income of a household, factoring in dependents. The second tool is Rent Connect Officers, who assist in finding and applying for a place to rent. In particular, the Rent Connect Officers can assist those who have no identification documents or rental history, and those who need to establish that they would be a good tenant. For more information see:

<https://www.qld.gov.au/housing/renting/rentconnect/>

3.1.3 BETTER LAND USE PLANNING

In 2015, the Senate Economics Reference Committee recommended the Australian Government, together with the states and territories, commit to achieving a higher proportion of overall social housing as a percentage of Australia's housing stock (Commonwealth of Australia, 2015). Measures included state governments phasing out conveyancing stamp duties, improving the efficiency, effectiveness and equity of infrastructure funding arrangements, and ensuring land supply, urban planning and zoning processes have a positive effect on housing affordability (Commonwealth of Australia, 2015). Several interviewees also suggested that better planning was an important lever.

Interviewee 4: I'd like to see things like inclusionary zoning coming in. First of all, I see that happening with government land and then I see it happening wherever there is a new rezoning. You cannot do it to people who have already bought land with an expectation of where they are. That's just unfair. You have got to bring a degree of long-term fairness. It works well in London. It's happening in Canada. There are places all over the world where it's proven to work.

Interviewee 7: Developers are waiting for the government to say 'you have to make a percentage of your new development social and affordable housing'. They're just waiting for the government to say 'you have to do it.' But they [government] haven't done it.

Interviewee 11: Affordable housing is not just making the housing available, but about the affordability of living in the house. Planning levers can include overall design as well as internal design.

Interviewee 14: When you look at where Melbourne and Sydney are being successful in transforming their economies, it has been around a highly educated workforce and the growth of its educational and health institutions; around new hubs of emerging quality opportunities like in Clayton, Bundoora and Sunshine...It is possible to develop these alternative strategies, around a 21st century economy, where proximity is important... What is the nature of new work that is most likely to align with our natural advantages, skills, culture? Then how do you shape to place to best enable the workplaces needed and how do you accommodate the people to ensure these places prosper? There are real gaps. There is a conversation here that needs to be part of the solution... What is our plan for the future that is going to lead to enhanced prosperity and liveability? And what are our options for delivering on this?

Interviewee 17: I think the first point is better coordination between state, particularly state and local government...And I think that there are more ways to use the planning system to encourage affordable housing than just the uplift you might get through state environment plans, and the obligations that are being talked around inclusionary zoning. So I think using the planning system to better effect is one... If I can add one last thing on the wish list, it would be for state treasuries to revalue social housing as existing use, at existing use values as opposed to open market values. And the simple reason for that is when you start to value the asset relative to its purpose, it opens up a raft of different options about how you deal with it, trade it, sell it, and do deals with the market, valuing it at market.

Case study: In 2012, the Port Philip Housing Association (PPHA) completed Kyme Place in Port Melbourne. This innovative property arrangement involved the PPHA being transferred three levels of 'air rights' above a Council-owned car park. While the Council retains ownership and management of the carpark, the PPHA has constructed 27 dwellings above it for primarily by low income single persons, many who have experienced homelessness or housing related stress. For more information see: <http://www.ppha.org.au/portfolio/developments/104-completed-projects/144-kyme-place>

3.1.4 UTILISING VACANT LAND AND BUILDINGS

In 2015, the Senate Economics Reference Committee recommended that government-owned land, whether state or Commonwealth-owned, represented a potential land supply for affordable housing. The committee also recommended:

- a) the creation of a transparent, public, up-to-date register of government land and buildings that are considered 'surplus' or on the divestment program, including the location and size of this land, and any development restrictions attached to it;
- b) the direct involvement of the Commonwealth agency with housing policy responsibility in any asset divestment programs, and the possible application of affordable housing targets in divestment programs;
- c) the development of innovative partnerships involving public, not-for-profit, community and private consortiums that develop affordable and diverse housing on government land and buildings; and
- d) the exploration of innovative models, such as community land trusts, on government-owned land where the government retains the land or a share in the development, but a community or not-for-profit housing provider develop affordable housing.

Several interviewees also had suggestions for the use of vacant land or empty buildings.

Interviewee 1: *I think we need to be thinking a bit out of the box as well. What about the entire empty houses that we have around the place?...You cannot force somebody to give up their property for rent and it is going to lose value if somebody is in it, but you could legislate... There are spaces and places that are empty.*

Interviewee 7: *Rather than have our rough sleepers out here now, why can't we identify vacant blocks of land, vacant office buildings, and put demountable style accommodation in there with groups supporting them and transitioning them out of homelessness, rather than leave them where they are?...Not permanent accommodation but it's transitional. It's as close to a home as possible, with security, with specialist homeless support, and hopefully even getting them into jobs, that kind of stuff...With the DA process, sometimes a block of land can be vacant for 3 years, so why can't we use that vacant block of land? If a company leases or owns that vacant block of land then they can help fund it, they get the publicity from it, and then you can see what flows from that. Maybe they get a shortened DA and then everybody would be on board... And it would be a good news story for them.*

Interviewee 7: *How many vacant rooms are there in Sydney and New South Wales every night? Why can't there be something similar to an Airbnb for people at risk of homelessness, specifically cohorts that you could do it with? For the women over 50, they're not violent, they're not a risk... You can see why it's possible.*

Interviewee 12: *Governments, probably more so state and local, they do have some considerable land holdings that they could potentially release for affordable housing development. And perhaps providing some incentives to developers whether it's through tax breaks or something of that sort of nature or removal of stamp duty or something or other that will encourage them to be involved in affordable housing development because I mean, let's face it, at the moment they don't want to be because there's no incentive for them.*

3.1.5 TAX REFORM

The impact of investors on the housing market is a hot topic (and a political hot potato). This is partly because investment in housing gets special treatment by Australia's taxation system with a whole host of incentives. The treatment of stamp duty and land taxes also play a part in the current state of the housing market. Despite successive government reviews finding that many current incentives distort the housing market, they have persisted. This is much to the frustration of would-be owner-occupiers, and to the disadvantage of low (and even medium) income households.

- Capital gains are taxed at half the rate of tax on income from rent and work. They are also taxed on point of sale (often years later). This encourages landlords to borrow and spend ('gearing'), in pursuit of large capital gains. Meanwhile deductions can be deducted annually against other income (ACOSS *et al.*, 2015)
- Negative gearing is when the cost of borrowing is more than the rent received. Australia's tax system allows landlords to deduct the costs of negative gearing from their non-rental income which means landlords can spend even more (ACOSS *et al.*, 2015)
- Successive government reviews (including the Henry Tax Review and the Financial System Inquiry led by David Murray) have found that many current incentives encourage over-investment and over-leveraging in Australia's housing market (Wright, 2016)

There is also an issue in that housing has become an asset market. As the price goes up, it encourages buyers to get in to the market because they can see the value of the asset rising. In this instance, demand is not driven by 'housing need' but rather by access to housing finance. In this sense, the major determinant of the price of housing is the price of money. This is why simply building more houses doesn't necessarily make housing more affordable (Ting, 2016). Issues of tax reform were raised by numerous interviewees, although there wasn't a lot of optimism that changes would be forthcoming.

Interviewee 2: I'm not sure if there's any prospect of changing this, but I think there are tax incentives which drive housing prices into unaffordable realms which I don't think is a healthy outcome. What happens if you make your primary residence subject to capital gain now instead of exempt from capital gain? A brave move for a politician, but maybe in return for that you could make a portion of the mortgage tax deductible which is how it is done all over the rest of the world? Do those two drivers then change the escalation in pricing? It might change it dramatically.

Interviewee 3: There's a structural issue there because of the way that our market operates - the way that our market and the way that our investment part of that market, which is a substantial part, is chasing capital growth not rental yield. Our tax system has underpinned that need for capital growth, and so we've got some structural problems there. The amount of money that a person with a \$1 million home is getting tax free far outweighs the kind of subsidies we give to the lowest income people in public housing.

Interviewee 5: In the 1980s to 1990s housing boomed. It went from the thing that you do during the course of your life to accommodate a household and provide shelter where you can grow a family - to being the primary source of investment for most people... This glitch in housing pricing that has occurred means you have got whole lots of people priced out within a relatively short period of time... Significant numbers of people are being left out and being left behind and wondering 'why is that?'.

Interviewee 7: Housing has to become a two stream vehicle: investment and shelter.

Interviewee 12: We don't in any way incentivise people to move out of the family home and move to a retirement village. In fact it works in the reverse. Because they sell the family home, they've now got this cash asset which means they lose part or all of their pension which they've relied on for the past ten or so years. I think that needs to change because it does two things. It brings those older people into a greater community where they can socially and physically interact with people. But it also frees up other housing for other purposes. And I think the government actually disincentives people to do that at the moment.

Interviewee 14: We need to change the levers to get a better result and housing policy is a lever. We are letting down future generations at the moment... We need to be saying to the Federal Government 'let's put aside any further support for the housing sector'. I don't think the housing sector needs any more support. We need to take it away from Mum and Dad investors in housing and focus on building supply – and not just market driven supply but supply that is aligned to a long-term housing plan. That can only be delivered in partnership with government and large scale pension funds.

Interviewee 17: It's a little disheartening that a lot of the public debate last year about housing affordability was focused on negative gearing, and didn't sort of have a broader view of the raft of the other different things that impact on affordability. Now, whether you're for or against negative gearing, it's only one part of a much bigger set of levers that federal and state governments hold in relation to housing. So I think that's one of the ongoing frustrations... but there are discussions happening... where government's thinking differently, and saying how can we actually apply some subsidy and attract in private capital, and allow you to mix together something creatively, that's quite encouraging.

3.2 PATTERNS OF BEHAVIOUR

3.2.1 COLLABORATION ACROSS THE SYSTEM

Based on comments made by interviewees, it became apparent that fragmentation within the wider housing system is a serious impediment to better outcomes. As one interviewee said, collaboration isn't enough. The system needs integration. The question is what would that integration look like? Whether it is about facilitators who broker connections between services, or a digital platform that aggregates service offerings, there is a lot to be done to make it so that there is a pathway to affordable housing instead of a system that is impossible to navigate.

Interviewee 1: I think we have to be careful that we do not go into this affordable housing space with that kind of patriarchal or colonial notion of we can fix your problems for you and it is really simple. It is not simple and I think it is really important that we bring together different sectors and different groups with different expertise and that we do that from an open respectful place around people having different roles to play and then when those people come together they need to be open to understand what that lived experience is. It becomes very easy to make it an economic problem or to make it a supply problem or a demand problem. Actually that is far too simplistic...When you get the wrap around players actually playing the roles that they need to play and people can hold onto purpose and the purpose is about that individual....when all of that comes into play it changes people lives.

Interviewee 6: Other countries have not solved all of their housing problems but what they have done is they've established a market or a mechanism or a playing field whereby different sectors can collaborate and normalise partnerships which really means funding for affordable housing.

Interviewee 7: Once I started getting this space it was obvious that the sector didn't work together. It was very, very obvious in those early days... but then when we started talking together and realising what we could do for each other...We started to have meetings every 2 months with the goal let's identify a hotspot, let's go there with our collective resources, with the goal of housing people, of solving the problem. So in those early days, probably one of the first ones we ever did was about 4.30am in Central Railway, one freezing cold morning, and that first morning we knew of, the police knew of, an old lady in her 60s who had been indecently assaulted the night before. We got her a house that morning through having all those people there. And she thought, she'd been on the street for 10 years, and she thought she wasn't eligible ...And that was just having the right services there to get the outcome needed...And a recent example a month ago, we went to a park... we identified 6 people of the people at that food van that needed help and 4 of them were housed in a week. So it shows what's possible when there are agencies working together.

Interviewee 9: We moved from the language of partnerships, then we moved to collaboration around where you've got joint investment, joint accountability, joint responsibility et cetera but I think we've still got to push ourselves around that integration. People at the frontline or people who use services don't particularly care who provides it, or what it's called, as long as they get the response they need to be able to move on with their lives. And I think we've got to get to a point where, for example, a person who has a mental illness can get a comprehensive response, not just around their symptoms, but also around their other social needs, whether it's financial, whether it's accommodation. And I think because of the way we fund the system, because the way the system runs, we fragment it and then I think people's ability to negotiate what they need to be able to sort manage their life is not easy. It's not easy for people who don't have a mental illness and it's not easy for even the families of people with mental illness and then how do you expect people who have a mental illness to be able to do that themselves?

Interviewee 15: We've still got a problem with who's holding each piece of the puzzle and how they work it together...It's also really hard that there's federal government, state government and various local governments as well as the community sector who are all having to coordinate, and then within government there's different departments that have bearing on what happens with housing. There is no one holder of the key, which is a big problem for Australia.

Interviewee 15: Community agencies need to be prepared to take a little bit of a back seat sometimes and be quite generous. I actually think that there's a problem with some of our community agencies being a bit ego driven and kind of, it's about the glory of the agency, you know what I mean? Actually a good reputation follows if you're doing good things, but I think sometimes people are a bit reluctant to collaborate because they're worried about sharing information, , sharing money, sharing credit, and that's a shame. But I also would say that I think, increasingly, people are cooperating which is great. And it is hard when you start to think how do we get the private money or sort of pro bono type of support involved as well? It's a whole other way of thinking that we have to teach ourselves how to work that way, but it's worth the trouble.

Interviewee 15: The other one of those sacred cows is probably, sometimes when community agencies like us work with private sector agencies, there's a lot bit of condescension goes on. There's an assumption that the private sector is the one true way and, you know, we're not private sector, we're not government either, we are truly a third sector that actually has a lot of expertise and it may not be in the same thing as our private sector partners but that's why we've got a partner. It's a little wearing sometimes...I think that people who are coming from the private sector should be very curious and open minded about what the community sector does do.

Interviewee 16: In a very competitive landscape and in a massive sector reform which is the space and the environment that government and community service sector is in at the moment no-one trusts each other enough to get proper collaboration.

Case study: CareRing a Uniting Care Kildonan and Private Sector partnership – including NAB, takes a holistic approach by providing a single point of contact to tackle all issues facing a vulnerable household. While financial stress and corresponding housing support are key issues, customers of CareRing are also able to receive support for multiple complex issues including: mental health, family breakdown and unemployment. Overall the program has resulted in lower household debt, customers being more aware of their options, and customers being better equipped to manage their financial affairs. Private Sector partners also benefit by their frontline staff receiving new knowledge and skills appropriate to their roles. For more information see: <https://www.kildonan.org.au/assets/Uploads/CareRing-Report-July-2016-Condensed.pdf>

3.2.2 LEADERSHIP

Related to the topic of collaboration, there were different views on the role of leadership (and who needs to step up and lead) in the affordable housing system. Some felt it was up to Government, while others felt that the wider sector should jointly come up with solutions and then go to government, making it easier for them to join in.

Interviewee 1: It is a complex social problem. It is expensive and it requires a whole lot of different players to come together and play their parts and their roles. It actually requires some significant leadership in the space and it is going to require people to be willing to give something up.

Interviewee 3: If we can work out how we organise ourselves collectively into an investable group and then how we get that investment and that product range rated, then we could go to governments ourselves saying we have \$500 million, here's the terms for it, here's the programme that we want to deliver, and therefore here is the subsidy gap. We need the government to co-invest in the subsidy gap. I think that particular approach of taking the lead and creating that opportunity turns the procurement process on its head and enables us to have an honest debate.

Interviewee 4: New South Wales has to be the leader for it. There is most probably the best ... what would I call it, opportunity of people that most probably have the financial and intellectual grunt to actually make these things happen and New South Wales has got the best balance sheet most probably in the country.

Interviewee 5: We need the Commonwealth to force change... An interesting question is what would it take to achieve a shift in politics?

Interviewee 7: To me, it's so fixable with just the right people pushing it...Don't tell me it can't be done. How can we do it? If it can't be done, why can't we do it?...I think we just have to start. There's a great fear of all the models that we know of overseas aren't right here so we've got to work up a working model. But the only way we're can understand what works is to have a go...It's going to fail, there are going to be failures but we're ahead of where we were and we've just got to accept and learn from those failures...We can research things to death but you've got to actually learn how to learn as you go.

Interviewee 15: Don't be afraid to propose something, I guess, is what I'd say and that the perspective you have from on the ground, of being in touch with the people who are struggling, is incredibly important and valuable. Sometimes you can spot a way to put some things together that no-one else has that view on.

Interviewee 17: I think there needs to be recognition that affordable housing typically, in the groups that we're housing, it's a sub-market product, therefore it needs a subsidy, and you need a range of different sources for that subsidy. So I think a commitment from government some sort of either recurrent funding or capital funding would be on the wish list.

3.3 MENTAL MODELS

3.3.1 EMBRACING A DIVERSITY OF APPROACHES

The common assumption is often that everyone who needs affordable housing will have the same housing requirements (or that the same housing will suffice). Those in need of affordable housing are not all the same. Some might need a unit while others may need a larger family home. This is where a diverse range of approaches is so important. There is also a question of appropriate allocation. While 4% to 10% of households across social housing programs were overcrowded, and 12% to 23% were underutilised (AIHW, 2016b). More importance of diverse and appropriate housing options was emphasised by a range of interviewees.

Interviewee 1: In Australia the geographic space is just so different and I also think there is no one answer. We need bits and pieces of different things to come together to make this more. Otherwise, it is just naivety and you just end up investing a whole lot of money and then you turn around and you say 'well that didn't work'...For me the issue around affordable housing in Australia is how do we make sure we have clarity around different models of affordable housing and for whom? So that you actually have a situation where you are defining the most affordable housing space across different cohorts?

Interviewee 3: In reality people's situations require a whole lot of different kinds of responses and pathways between the broken parts of the system ...We need interventions that can intervene at different parts of the market cycle... We need a viable social housing system and we need to operate the social housing system as part of a continuum where we can use the subsidy in a variety of ways and where people can stay within the same home and sometimes they may be a renter on an income-based rent, and maybe on a discount market rent. If their situation is different they maybe start paying full market rent and they may be a part-buyer, they may be an owner. They may sell it back to the social provider and become a renter in retirement again staying in the same home if they have got strong connections to the area.

Interviewee 9: You've got three major systems: you've got the public system, you've got a community housing system and you've got the private system. It's about trying to see what works best for people at different points in their lives and what they can afford and what they can access in a timely manner... For a lot of people with mental health problems, it's also about knowing what's out there and being able to negotiate the whole system...Finding the right accommodation at the right time in the right location is quite challenging for people with mental illness... It's about being able to find the right accommodation option for individuals at a different point in their trajectory in terms of their own recovery, in terms of their own feeling safe, feeling a sense of hope that I've got: I'm managing my mental illness, I've got stable accommodation, I can start to look for employment, I can start to reconnect with my social connections around family, friends, support community, they're the critical aspects.

Interviewee 11: *We can't go for one size fits all solutions. The diversity of housing solutions is fundamental.*

Interviewee 13: *I think when it comes to affordable housing it's really important to look at all these different models...We need to look at all different ways...I think innovation is the key; we need to be a lot more innovative as to how we go about making housing more affordable.*

Interviewee 15: *There's many, many things, many strategies that are needed, but it all has to drive housing supply that's really for people at that very low income end, otherwise it just whizzes past them all the time.*

Interviewee 17: *My experience and observation and talking to colleagues in lots of different countries and lots of different jurisdictions is there is no silver bullet, there's no panacea that will cure all of this. It has to be a multitude of levers, and it has to be partly driven by recognition that there's a social obligation, but there's also an economic rationale for why we should be investing in this space... We need to be encouraging a more diverse market, so greater competition in social and affordable housing, which is about thinking differently about the role of government, and typically in most states we've got large almost monolithic state housing authorities, and there are efforts to diversify building the community housing sector. But what other sort of solutions might there be in building this market?*

Case study: The Australian Henry Project connects individuals interested in finding, sharing and co-owning affordable residential properties, and then helps them find properties that suit their needs. The nature of co-ownership can look different depending on the type of dwellings that are on the title, but the principle is the same. For example, one title may contain a three-bedroom home, and a separate rear studio. Two parties may enter into an agreement where one party will use the three-bedroom house (Party A), whilst another party will use the studio (Party B). They may agree that Party A owns 70%, whilst Party B owns 30%. They may agree that each party will have exclusive use of their share (i.e. the house or the studio) and they will share other amenities like a communal garden, and a shared garage/ laundry. For more information see: <http://www.henryproject.com/>

3.3.2 RECOGNISING THE GEOGRAPHY OF SOCIAL BELONGING AND NEED

Several interviewees emphasized that greater attention needs to be paid to the geographical and social aspects of housing and belonging. This includes realising that people have legitimate attachments to community and may not wish to move away from their community in order to access affordable housing – and that if they do move it can have negative social consequences. People are just as embedded in a community context whether or not they can afford to pay the rent. And just placing more housing in an area without assessing the appropriateness of the location won't necessarily address either housing or deeper social issues.

Interviewee 1: *Just because you put a cricket pitch in does not mean that you have created a social inclusive community. Somebody who understands space and that physicality of an environment is really important.*

Interviewee 4: *You have to actually say we need X number of social houses, so you buy the provision of housing in these areas. The rents will be different... this is what they are doing in Auckland New Zealand. They are actually saying, 'We need a thousand places, so we need to pay market rent for a thousand places in X area'. You have to recognise that to keep people and keep community diversification you are going to have to pay different rents.*

Interviewee 9: *It has to be affordable and where people can have a sense of ownership and belonging and being able to call that their home rather than just some sort of transitional accommodation. You've got to have a sense of ownership. It's a sense of feeling safe. And I think they're all the things around accommodation that contribute to good mental health: being able to feel safe, being able to have a space to call your own, being able to have a space where you can invite other people.*

Interviewee 11: *A blind spot is the planning piece. It isn't just about bricks and mortar. It is also about place making and building community. The planning piece is fundamentally important in making it viable and sustainable. We do the master planning for social housing. The local government does planning for its whole of*

government area. The two should be joined up. We are creating connections and trying to have that conversation... For example, we could look at the lead in time to construction and ask 'how can we use that land in the meantime for asset uplift and to build the appeal of the area?', whether it is to host food markets or things like that.

Interviewee 12: The delivery model doesn't align with what is being built, where. And where it is needed. What tends to happen is the developer will let's say they're going to build a thousand residential homes. They're looking for some rezoning as part of that process. The government will say you can have that but you've got to build ten percent affordable housing. Now there's no assessment of whether affordable housing is needed in that particular location ... what we find and what part of our assessment is location is critical - critical to services, to public transport, but also critical to the person or person's social networks. And often there's been no real study undertaken of where, in terms of the geographical location, that demand is most... To me the most important thing is we have an affordable housing framework that enables people to participate in the economy to have good access to services and to health, transport, retail so on. And to be able to remain socially connected.

Interviewee 16: Families need to be supported within in the context of their house and that house needs to be supported within the context of that community. There are three layers of reinforcing activities that need to occur in order to get the kind of intervention and change that is sustained over time with these families. And what happens often in housing whether you're a property developer or just a housing association everyone does the set-up, builds a building, does the tenancy collecting rent or whatever but then everyone walks away and these are families that have ongoing issues. They need support and they need their capability developed as a household - not a dependency, a capability.

Interviewee 17: Sustainable, safe and affordable housing is kind of the bedrock, and that if you are able to give people access to that at a price they can afford relative to their circumstance, and put in place some supports where they're needed, then you can actually help to engender better places to live for everyone in the community, but you can also help people to connect to the social and economic opportunity.

Case study: In the Netherlands elderly people are living with younger people as part of a shared care-giving and free rent arrangement for the respective demographic groups. "The experiment, which began four years ago in Dutch aged care facility The Humanitas, has according to its creators, proved to be a massive success... The young get real life experience and the elderly get to maintain contact and a link to the outside world." For more information, see: <http://www.news.com.au/lifestyle/relationships/family-friends/my-93yearold-flatmate-radical-solution-to-housing-crisis/news-story/e930434261523229ca3f090e3febb695>

3.3.3 THE WIDER COMMUNITY VALUING AFFORDABLE HOUSING

There was a clear view that unless the wider public (especially the voting public) places a higher value on affordable housing, then government is unlikely to take any radical steps to reform the affordable housing system. And some felt that in order to achieve greater public awareness of its importance, affordable housing needs a champion. The key point was that perception is powerful.

Interviewee 6: You probably hear in my voice there's a little bit of fatigue with all the submissions and sitting in on the high level stakeholder sessions... at the end of the day there does need to be that just community recognition that this impacts everybody, so a tagline like 'where can my child afford to live?'. And we still don't know what's going to be the thing that makes everyone realise, you know, wait a minute, when I'm whingeing about having to drive an hour and a half to work or the trains being too crowded, it's not a whinge about transport that's actually a whinge about affordable housing and recognising a lot of difficulties in our society for what they are.

Interviewee 7: No politician is going to win votes with pushing this. In my view it means statesmen and an influential leader like Martin Luther King, Mandela, saying this is our direction for the next 20 years. Our political system won't let that happen.

Interviewee 10: You have to have a financial stake. You have to have leadership. You have to also have a defined public problem. The problem is that when you talk about affordable housing or affordable rental what does that mean right? Affordability is the sustainability of the two thousands right? It's the word that's linked to everything and means nothing. Who are you making it affordable for? Do you have a target? Do people actually feel like that's somebody that's deserving and that you're actually fixing it?

Interviewee 12: We need to move away from ... if you talk to people on the street it's sort of a cost based view of it in the sense that people needing affordable housing are actually a drain on society. And that's not the case at all. We need to move to a more ... what do you call it? A value based model one that recognises the contributions that the elderly people have made but also there are a lot of people in affordable housing who actually do contribute economically. And I just think people need to recognise that because I mean if they didn't have that affordable housing where would they be?...People may be retired but they still do contribute to community in a whole range of ways whether it's voluntary work or caring for grandchildren while people are at work. We shouldn't lose sight of that and just fob it off ... it's almost an attitudinal change. I'm not sure how we do that but it's got to have that discussion to move away from this old model that these people are a burden to one where these people are valued...The first thing that needs to change is the perception.

LIST OF INTERVIEWEES

Thank you to the following people who took part in the interviews about the Australian affordable housing system and were so generous with their time and wisdom. Please note that the names are listed in alphabetical order and do not correlate with the numbers used above to distinguish interviewee responses (for example, Stella Avramopoulos is not Interviewee 1):

Stella Avramopoulos, Chief Executive Officer, Kildonan UnitingCare

Christine Castley, A/Deputy Director-General, Housing and Homelessness Services, Department of Housing and Public Works (QLD)

Ivan Frkovic, Deputy Chief Executive Officer, Aftercare

Carrie Hamilton, Associate, Housing Action Network

Dr Heather Holst, Deputy Chief Executive Officer and Director of Services and Property, Launch Housing

Caryn Kakas, A/Executive Director, Strategic Policy and Reform, Department of Family and Community Services (NSW)

Scott Langford, Chief Executive Officer, SGCH Group

Michael Lennon, Managing Director, Housing Choices Australia

Rob McGauran, Director, MGS Architects

Professor Kristy Muir, Director, Centre for Social Impact

Mike Myers, Managing Director, National Affordable Housing Consortium

Charles Northcote, Chief Executive Officer, BlueCHP

Chantal Roberts, Executive Officer, Shelter WA

Superintendent-Commander Allan Sicard, Harbourside Local Area Command, NSW Police

Andrew Tyndale, Director, Grace Mutual Ltd

Dr Ian Winter, Executive Director, Australian Housing and Urban Research Institute

Phillip Wohlers, Chief Executive Officer, Old Colonists' Association of Victoria

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