



ACT
Government

Economic Development

ACT Government's Affordable Housing Requirement - Indexation Method

While it remains important to impose a requirement for affordable housing on the industry in order to respond to a shortfall in affordable products in the market, the policy objective is delivered as part of a realistic response, recognising the constraints on the industry that impact on its ability to deliver the affordable product to a particular standard.

In light of this, the price range for affordable housing is indexed to take into account movements in the cost of building materials, labour costs for residential construction, and land servicing costs.

The method of indexation is based on the Australian Bureau of Statistics *Producer Price Index: House Construction Index for the ACT* and is applied to 80 per cent of the total price for house and land (being 60 per cent for the house component, and 20 per cent for service costs on the land), with the starting point being the range \$200,000 to \$300,000 as at the index for the March 2007 quarter.

The threshold is indexed annually using the relevant March quarter figure and applying it annually on 1 July each year.

The table below shows the relevant thresholds over each financial year:

Period	ABS Index	% Change	New Low range Value (rounded up to the nearest \$'000)	New High Range Value (rounded up to the nearest \$'000)
2007 - 08	148.5		200,000	300,000
2008 - 09	153.7	3.5%	206,000	309,000
2009 - 10	161.5	5.1%	215,000	322,000
2010 - 11	165.6	2.5%	219,000	328,000
2011 - 12*	171.0	2.7%	225,000	337,000

*Effective July 1
2011

For the purposes of application of the policy the relevant indexed amount will apply as at the date of the contract for sale for each property.