



ACT
Government

Economic Development



ACT AFFORDABLE HOUSING ACTION PLAN PHASE III

JUNE 2012



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AFFORDABLE HOUSING ACTION PLAN PHASE III

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AFFORDABLE HOUSING ACTION PLAN PHASE III

EXECUTIVE SUMMARY

The ACT housing market is one of the most robust in Australia. Over the four years from 2007-08, more than 17,000 new residential dwelling sites have been released in the ACT, much of which is a result of the Government's accelerated land supply program.

Whilst the Government has been active in increasing the supply of residential properties, demand remains strong. As at April 2012, there were 4,177 approvals for new residential dwelling commencements.

The Real Estate Institute of Australia's Housing Affordability Report has Canberra as the most affordable state or territory in which to buy a home. However, whilst house prices have begun to stabilise after a long period of growth, the ACT remains one of the most expensive housing markets in Australia. For a significant portion of the ACT, this does not affect affordability, but it is a significant barrier to those in the lower income quintiles.

One of the main reasons behind the strength of the ACT market is the higher than average incomes and lower than average long term unemployment rate. The table below shows ACT income quintiles compared to the national average. It indicates that the ACT has higher income in all quintiles.

GROSS HOUSEHOLD WEEKLY INCOME QUINTILES

	1	2	3	4	5
ACT	\$577	\$1,336	\$2,024	\$2,915	\$4,768
Australia	\$348	\$797	\$1,366	\$2,059	\$3,820

Source: Australian Bureau of Statistics. cat. no. 6523.0 – *Household Income and Income Distribution*. 30 August 2011.

Although the ACT has higher than average incomes, the continued strength in both the purchase and rental markets has meant that housing affordability remains a key issue for many Canberrans, particularly for those in the lower two income quintiles.

The demand for rental accommodation in the ACT is very strong. Rental vacancy rates have been below 2.5 per cent since December 2005, and moving annual vacancy rates have remained under 2 per cent since 2009. Low vacancy rates are not only a contributing factor to rising rent prices, but in the longer term can also constrict churn in the rental market, impacting on the ability of renters to transition to more appropriate accommodation.

Most households in the low income quintiles would struggle to purchase a residential property in the ACT, and many low income households in the private rental market pay more than 30 per cent of their income in rent, which is a measure of rental stress.

As such, it can also be difficult for renters in the lower quintiles to transition into home ownership, not only because of the cost of the house and land but also the burden of upfront costs such as stamp duty.

The Government believes safe, secure and affordable housing is a basic human need and acknowledges that this is an issue for some members of our community, particularly those in the lower two income quintiles. As such, addressing affordable housing continues to be a priority area for the ACT Government.

Since 2007, two phases of the Affordable Housing Action Plan have been released. Together they contained 84 recommendations for actions aimed at providing more affordable housing options in the ACT, addressing homelessness and providing affordable accommodation for older persons.

On 12 April 2012, a progress report on the Affordable Housing Action Plan was released. The report shows that 55 of the 84 initiatives have been completed. A further 26 are either ongoing or under way. After investigation, the remaining three initiatives were withdrawn due to market circumstances.

Since the Affordable Housing Action Plan was first released in 2007:

- A record 17,000 home sites have been released through the accelerated land release program.
- The Land Development Agency has delivered 293 affordable house and land packages through its OwnPlace program, with another 106 under construction.
- More than 1,200 blocks have been exchanged or settled through the Land Rent Scheme.
- Requirements have been introduced to ensure that 20 per cent of housing in greenfield developments is reserved for affordable housing.
- More than 2,600 new rental dwellings will be built and rented at no more than 80 per cent of the market rate for 10 years through the National Rental Affordability Scheme. This includes the development of 1,000 new student accommodation dwellings each at the University of Canberra and the Australian National University, and more than 600 dwellings to be built by CHC Affordable Housing.

The progress report highlights the extensive work undertaken by the ACT Government to address housing affordability. However, the Government acknowledges this continues to be a significant issue. Updating the Affordable Housing Action Plan in 2012 was identified as a measure of achievement in the Government's 2011-12 key priorities.

The ACT Government will continue to build on its proven successes while also investigating new initiatives to further alleviate housing pressures. As the impact of Phases I and II becomes more evident and housing prices begin to stabilise, Phase III has been prepared with a primary focus on low income households and households in rental stress.

Phase III of the Affordable Housing Action Plan introduces a set of 14 new actions aimed at improving housing affordability in the ACT by increasing the amount of affordable rentals, improving utilisation of land in established suburbs and expanding the mix of affordable properties for sale. These actions are summarised below:

Increasing supply of rental accommodation

- Reduce land tax on properties with average unimproved land values between \$75,000 and \$390,000.
- Encourage institutional investment in affordable rental properties.
- Increase the supply of affordable rental properties through transfer of land or surplus properties to the community housing sector.
- Investigate a requirement for the delivery of public and community housing stock in large infill and greenfield residential developments.

Better utilising existing sites

- Provide grants to small clubs to assess the viability of their sites for residential development.
- Assess and consider options for facilitating residential development on underutilised community facility land.
- Offer a lease variation charge remission to facilitate redevelopment or adaptive reuse of commercial accommodation that delivers affordable housing.

Relieving blockages to affordable purchase

- Introduce variable thresholds for affordable housing based on dwelling size.
- Commence abolition of stamp duty.
- Increase property and income thresholds for the Home Buyer Concession Scheme.
- Explore options for extending the OwnPlace scheme into englobo and joint venture developments.
- Investigate higher targets for affordable housing requirements in englobo releases.
- Develop a Sustainable Land and Affordable Housing Guide.

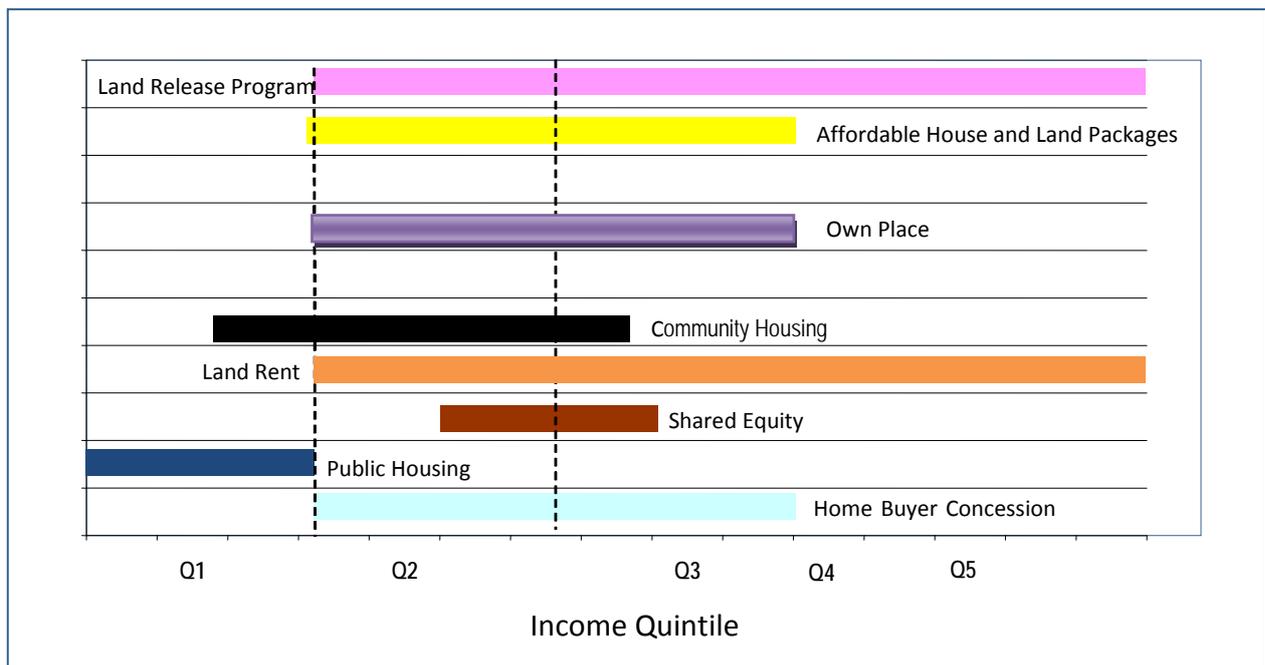
Short term accommodation

- Release land for short term accommodation.

These new actions intersect with the major taxation reforms recently announced by the ACT Government. The Taxation Reform Plan, which was released on 5 June 2012 as part of the 2012-13 Budget, supports economic growth, makes housing more affordable and allows the Government to maintain and enhance the high standard of living our community enjoys. It also supports the Land Supply Strategy announced in the 2012-12 Budget which aims to release 19,500 new residential dwelling sites over the next four years.

This plan complements the Government’s Targeted Assistance Strategy which contains a range of measures designed to assist households facing financial pressures. The table below shows how current housing programs assist people at different income quintiles.

ACT AFFORDABLE HOUSING PROGRAMS BY INCOME QUINTILE



ACTION 1 - Reduce land tax on properties with average unimproved land values between \$75,000 and \$390,000.

Land tax applies to all residential properties that are rented. It is assessed quarterly, with the land tax liability based on the Average Unimproved Value (AUV) of the property for the past three years. The cost of this tax is generally passed on by the investor to the tenant.

From July 1 2012, changes will be made to the residential land tax rates to make the system more progressive and to better support investment and supply of affordable stand alone rental properties in the ACT. The new residential land tax rates will reduce the land tax on all properties with an AUV between \$75,000 and \$390,000.

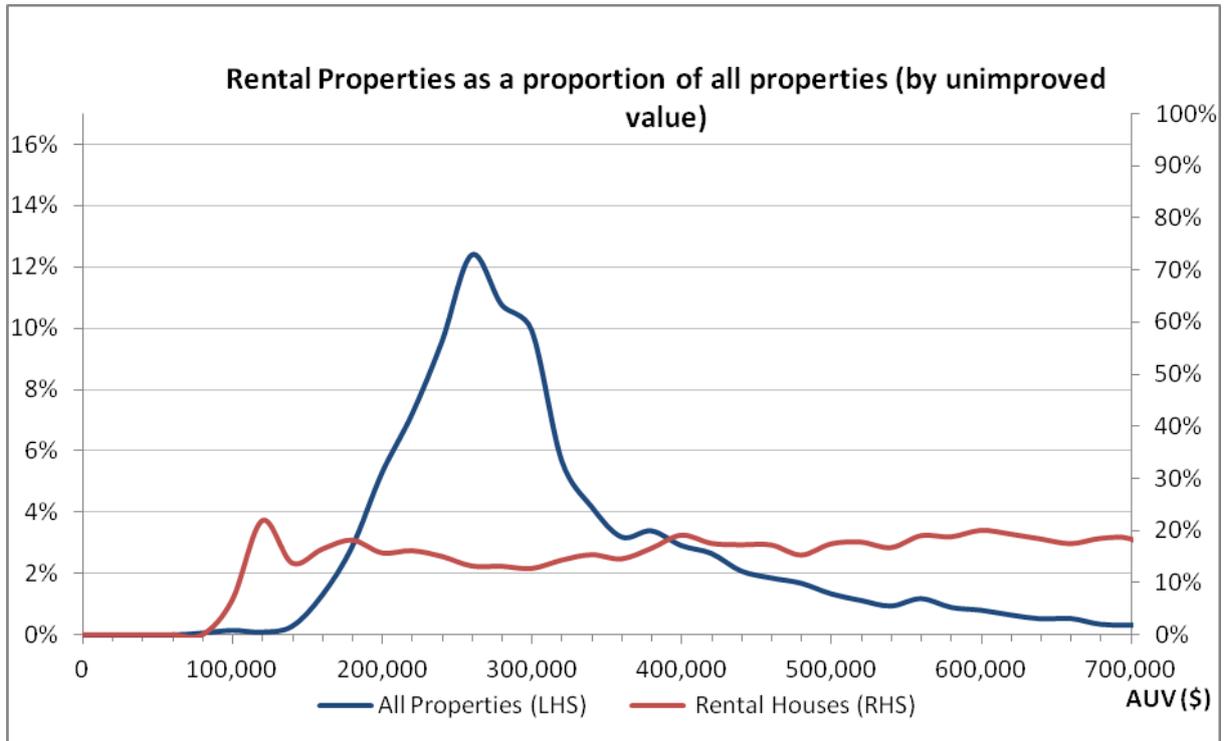
The new rates and thresholds are shown in the table below.

RESIDENTIAL LAND TAX RATES AND THRESHOLDS

CURRENT SYSTEM until 30 June 2012		NEW SYSTEM from 1 July 2012
Average unimproved value	Rate (%)	Rate (%)
Up to \$ 75,000	0.60	0.60
From \$75,001 to \$150,000	0.89	0.70
From \$150,001 to \$275,000	1.15	0.89
\$275,001 and above	1.40	1.80

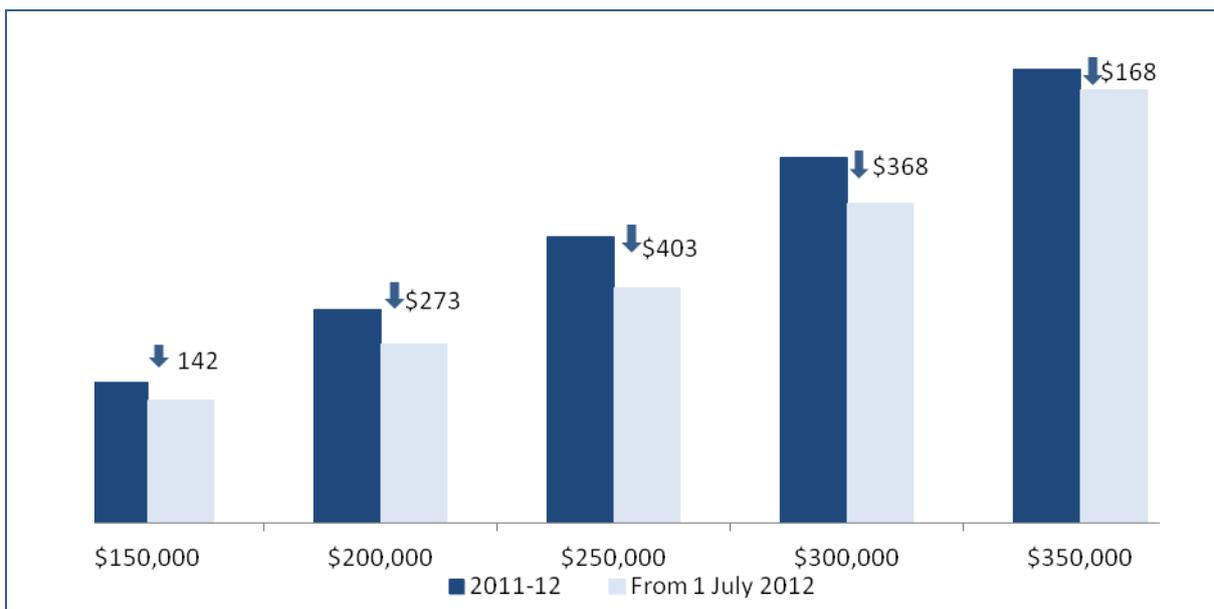
This reform means that medium to low cost houses will have the largest tax cuts, which will improve the rental affordability in the market for dwellings with land values up to \$390,000. This is an area of demand and under-supply as shown in the chart below, which highlights that in the \$200,000 to \$400,000 land value range there are proportionately less rental houses.

RENTAL PROPERTIES AS A PROPORTION OF ALL PROPERTIES BY AUV



These changes are aimed at encouraging investment in this section of the market to provide more affordable rental accommodation for families on low to medium incomes. The ACT Government will actively encourage landlords to pass this saving on and thereby put downward pressure on rents.

AVERAGE IMPACT ON LAND TAX FOR AUV VALUES



ACTION 2 – Encourage institutional investment in affordable rental properties.

A number of strategies designed to remove barriers to investment in the rental market are already available nationally and in the Territory. They include the National Rental Affordability Scheme (NRAS), remission on the lease variation charge and land tax reforms.

NRAS is an Australian Government initiative that was established in 2008, and offers a joint Federal/State subsidy of \$7,486 and \$2,495 respectively per affordable rental dwelling, per annum for a period of ten years. The scheme is aimed at encouraging investment in new properties that will be rented to low to moderate income earners at a rate that is at least 20 per cent below the market rent.

In the ACT, the ACT Government subsidy has been provided by way of in-kind support, including the granting of land. Possible remissions on the lease variation charge and reforms to the ACT land tax system are discussed in the relevant sections of this action plan.

The original Affordable Housing Action Plan included a recommendation to call for expressions of interest from institutional investors to develop and rent 200-400 private rental dwellings incorporating the potential for shared equity and on-sale to eligible tenants as part of a wider land release of up to 1,000 sites.

The scheme was pursued by the Government but ultimately withdrawn due to the onset of the Global Financial Crisis and subsequent availability of Federal stimulus funds. However, as the ACT economy has recovered well from the 2009 GFC and remains strong during the ongoing global economic crises, it is now timely to revisit this option.

Increasing supply in the stock of rental properties in the Territory is a key element to relieving pressure on existing properties, and keeping rental prices stable. Actions that create incentives to increase investment in the rental market also provide an opportunity to target provision of properties rented at affordable levels.

The Government will seek expressions of interest from large institutional investors to undertake a large scale multi unit development, with a proportion of the units to be retained by the investor and made available for affordable rental.

ACTION 3 – Increase the supply of affordable rental properties through transfer of land or surplus properties to the community housing sector.

The community housing sector provides a range of affordable housing options, including managing affordable rental properties for lower income tenants. In particular, the community housing sector is an important housing provider for those people who are not eligible to access public housing. It is also important for those who may be transitioning out of public housing as their financial circumstances improve.

As well as encouraging private investment in affordable rental properties, the Government will continue to support an increase in the capacity of this sector to deliver affordable rental properties to eligible tenants. It is envisaged that this assistance, where appropriate, will be provided in the form of a transfer of land or surplus properties.

To this end, the Government will review its landholdings and properties to determine those which could be transferred to the community housing sector to deliver more affordable rental properties to eligible tenants.

As land suitable for development becomes more scarce in the ACT, it is timely to consider other ways that the community housing sector can be supported to deliver more affordable housing properties.

In 2008 the Government provided support to CHC Affordable Housing by transferring around 140 ACT Housing properties to CHC. More affordable rental properties are required in the ACT, so rather than transferring public housing stock, this initiative will identify surplus government properties that could be suitable for refurbishment or redevelopment. A benefit of refurbishment is that it can be faster and less expensive to develop than building from scratch. The recent redevelopment of Cameron Offices in Belconnen for student accommodation is a good example.

ACTION 4 – Investigate a requirement for the delivery of public and community housing stock in large infill and greenfield residential developments.

The ACT Government holds a significant amount of public housing stock in large estates in key areas. Examples of these estates include the Northbourne, Allawah, Currong and Bega Flats.

Under the National Affordable Housing Agreement and the Public Housing Asset Management Strategy, the ACT Government has committed to redeveloping its multi unit sites (which are one third of stock) to reduce concentrations of disadvantage and to provide a built form that meets the needs of clients with social and economic disadvantage and complex needs. The Government has for some time had a policy of ‘salt and peppering’ public housing stock throughout Canberra to avoid this concentration and enable locations close to schools, public transport, medical and other facilities.

There is strong demand for public and social housing. At present, the Community Services Directorate constructs and spot purchases dwellings in new estates and in established areas to augment its stock. Some private developers also incorporate social housing into their developments. The City Edge development in O’Connor is a particularly good example of how public and social housing can be integrated into private developments.

The Economic Development and the Community Services Directorates will investigate a mechanism to deliver social housing in new infill developments and greenfield estates similar to the current requirement for affordable housing.

ACTION 5 – Provide grants to small clubs to assess the viability of their sites for residential development.

Many of the smaller clubs in the ACT are having difficulty remaining financially viable, especially as their premises age and require significant improvements. A number of these clubs are located in existing residential areas where there is an opportunity for densification as part of the Government's urban infill strategy.

For some clubs, the cost of exploring these options can be prohibitive. The Small Clubs Site Redevelopment Support Scheme will be implemented to help small clubs undertake a feasibility study to assess the appropriateness of all or part of their site for residential redevelopment.

The scheme has two objectives:

1. To provide assistance to smaller clubs seeking greater future financial security, including in terms of diversifying their sources of income away from electronic gaming revenue; and
2. To support the supply of new housing in Canberra through urban intensification.

Access to the scheme is restricted to clubs that only operate a single venue. If the feasibility study undertaken by clubs identifies that all or part of the club site would be suitable for development, the decision to proceed will be entirely at the discretion of the club. Consultation is currently being undertaken with the club sector ahead of finalisation of the scheme's design.

This scheme was funded in the 2012-13 Budget. The Government will call for eligible clubs to submit expressions of interest to participate in the scheme by the end of July and funding will be offered to successful clubs in early September.

ACTION 6 – Assess and consider options for facilitating residential development on underutilised community facility sites.

There is a range of existing urban sites where development of affordable homes for sale or rent would be appropriate, particularly in and around underutilised community facility sites.

Since the 1920s, community organisations have been granted land in the ACT through concessional direct sales for places of worship and other facilities such as schools. In some cases this land is either underutilised or surplus to the needs of the lessee, and may be suitable for infill housing development. Many of the sites leased by community organisations are zoned community facility land, which allows development applications to be submitted for both supportive housing and residential care accommodation.

Despite sites zoned as community facility land becoming increasingly scarce, many existing sites are significantly underutilised. These sites, typically held by community organisations or by the Government, can be suitable for certain types of residential developments such as supportive or aged care.

As the Territory's population ages, an increased supply of affordable accommodation for the aged (including supportive housing and residential care accommodation) will be necessary. It is understood that there is considerable interest among some lessees in developing supportive housing on their underutilised or surplus community facility land.

An assessment of underutilised community facility land held by community organisations and the Government will be undertaken, and the Government will consider options for facilitating development, within existing land use zoning.

It is envisaged that specific criteria for site selection would be developed based on:

- size;
- suitability for residential development;
- potential yield;
- opportunity to consolidate with adjacent land; and
- location - noting the potential for it to meet objectives of the Government's urban infill strategy and Transport for Canberra.

ACTION 7 – Offer a lease variation charge remission to facilitate redevelopment or adaptive reuse of commercial accommodation that delivers affordable housing.

Opportunities exist for the better utilisation of the ACT’s ageing stock of low grade, vacant commercial buildings. Targeted remissions to Lease Variation Charge (LVC) can result in adaptive reuse or redevelopment of commercial buildings to achieve improved sustainability and planning outcomes.

The current office vacancy rate in the ACT is 10.6 per cent, which is the highest rate of any capital city. An increasing amount of the vacant stock is low grade office space that is no longer competitive for use as office accommodation. Many of these vacant buildings are located in town centres, close to public transport and community infrastructure.

A scheme to offer LVC remissions where redevelopment includes affordable housing is considered appropriate as it will help achieve a number of Government objectives including those included in the draft ACT Planning Strategy and Transport for Canberra. The scheme will build on the office conversion initiative that offers up to 75 per cent remission on the LVC for redevelopments that deliver improved environmental performance.

A similar adaptive reuse policy in the mid-90’s was successful in encouraging development in the City area when vacancy rates were also high. The policy was a catalyst for the redevelopment of a number of buildings, encouraging a significant increase in accommodation in the city centre, and successfully revitalising the precinct in accordance with Government objectives of the time.

Under this scheme all proposals will be assessed by the Government on a case by case basis and take into account how the overall development contributes to achieving the Governments objectives.

ACTION 8 – Introduce variable thresholds for affordable housing based on dwelling size.

The first phase of the Affordable Housing Action Plan included a requirement that 15 per cent of the blocks released each year target house and land packages within the \$200,000 to \$300,000 price range. The price range was set to respond to a shortage in the market of houses in this category.

Following representations made by industry this threshold was indexed in 2009, and currently sits at \$337,000. The requirement was also increased to 20 per cent in 2010.

An estimated 723 affordable homes have been delivered in the Territory since the introduction of the policy, with a further 550 affordable properties to be delivered in future developments in Casey and Crace in the next three to four years. This creates new opportunities for people to purchase an affordable home of their own, and in turn has allowed the renewed availability of rental properties otherwise tenanted by those would-be home owners.

Since the threshold has been applied, there has been an increase in one bedroom apartments that are delivered as part of the overall 20 per cent affordability requirement and less stand alone properties. Industry feedback indicates that the \$337,000 affordable threshold is too restrictive to deliver all of the types of affordable properties in demand, especially stand alone houses.

As of 1 July 2012 the affordable housing threshold system will change to a three tier model which will specify price thresholds based on the dwelling size. This will enable a broader range of affordable dwellings to be produced in new estates.

NEW THREE TIER AFFORDABLE HOUSING THRESHOLDS (T1,T2,T3)

	Net living area*	Price	Indicative product	Affordability
T1	<80m ²	\$290,000	1-2 bedroom units and smaller townhouses.	Households in mean end of second income quintile.
T2	81-105m ²	\$340,000	2-3 bedroom units or townhouses; some small detached housing.	Households in upper end second income quintile.
T3	>105m ²	\$373,000	3+ bedroom units, townhouses or detached houses.	Households with income of lower end of third income quintile.

*Net living area definition: Apartments: Areas are measured to the outside face of external walls and to the centre line of party walls between both units and common areas. Detached Houses: Areas are measured to the outside face of external walls including internal walls between the living areas and garage (but excluding the garage).

This change will provide more incentive and flexibility for developers to build innovative affordable homes and offer a greater product choice to home buyers. For example, a smaller property could be delivered on a medium sized block which would allow for extensions to be added later on. The new affordability thresholds will take effect from 1 July 2012, but will not apply to any land already offered for sale.

Most households in the low income brackets struggle to purchase a residential property in the ACT. The table below shows the borrowing capacity of ACT households in the lowest two income quintiles. It is based on a household paying 30 per cent of its gross income on loan repayments and a 10 per cent deposit (the amount generally required by a bank to secure a mortgage).

ESTIMATED BORROWING CAPACITY FOR LOW INCOME HOUSEHOLDS

Quintile	Gross annual household income	Fortnightly income	Affordable loan repayment^{1*}	Max affordable loan	Total house value
1 – mean	30,086	1,154	346	112,500	125,000
2 – mean	69,663	2,672	802	261,000	290,000
2 - upper	87,965	3,374	1,012	329,500	366,111

The first two tiers will be affordable for households in the mean to upper end of the second quintile. If land rent is able to be offered on Tier 3 properties they will also be able to be purchased by this group.

At this stage, the Government will continue to mandate only the quantum of affordable dwellings, not the product mix. However, in the event that product mix delivered continues to be skewed towards one bedroom apartments where the market demands larger, stand alone dwellings, the Government will consider specifying the product mix within this quantum in the future.

Affordable Housing Requirement in Infill Projects

In some infill areas, particularly large projects in the inner north and south the value of the land may preclude these affordable targets from being reached. In these instances, the Government will consider applying particular affordable housing thresholds to these estates, either by way of higher value thresholds or a proportion of market value.

Whilst these housing products would not be considered affordable for buyers in the lower income quintiles, it would provide more affordable properties to other income quintiles looking to transition through the housing spectrum. This would in turn free up a range of properties in the broader market.

¹ Based on 30% of income

ACTION 9 – Commence abolition of stamp duty.

Duty on conveyance, otherwise known as stamp duty, is a tax payable when you buy a house. The amount paid is reflective of the price you paid for the house.

In the Tax Reform package, announced as part of the 2012-13 Budget, the ACT Government acknowledged that this tax is unfair. Currently less than nine per cent of people contribute around a quarter of total taxation revenue at a time when their circumstances may necessitate a move or when families can least afford it.

The Government will abolish stamp duty over a 20 year period with an initial five year plan that started on 6 June 2012. This reform will be undertaken slowly as large changes in tax rates may result in volatility in house prices. Reducing tax rates gradually each year avoids this problem. Over the next 20 years, the Government will continue to reduce stamp duty rates until they reach zero.

Under this reform, all homebuyers will pay less conveyance duty on properties valued up to \$1.2 million. The savings for a range of property values over the next five years is shown in the following chart.

SAVINGS IN THE AMOUNT OF CONVEYANCE DUTY PAYABLE 2012-13



The cost of Conveyance Duty will continue to fall over the next five years. For example, for a property valued at \$500,000 duty will reduce from \$20,500 to \$13,460, saving \$7,040 by 2016-17. The savings for a range of property values over the next five years is shown below

REDUCTION IN CONVEYANCE DUTY OVER A 5 YEAR PERIOD

CURRENT SYSTEM until 5 June 2012		6 June 2012	1 July 2013	1 July 2014	1 July 2015	1 July 2016
Property value thresholds (\$)	Duty payable (\$)	Duty payable (\$)				
100,000	2,750	2,400	2,200	2,000	1,800	1,480
200,000	5,500	4,800	4,400	4,000	3,600	2,960
300,000	9,500	8,550	8,100	7,500	6,600	5,460
500,000	20,500	18,050	17,100	15,800	14,600	13,460
750,000	34,875	31,800	29,600	28,300	27,100	25,960
1,000,000	49,250	48,050	45,850	44,550	43,350	42,210

This reform will be undertaken slowly. Large changes in tax rates could result in increased house prices rather than the benefits flowing to the buyers. Reducing tax rates gradually each year avoids this problem.

COMPARISON OF NEW CONVEYANCE DUTY WITH THE CURRENT SYSTEM

CURRENT SYSTEM until 5 June 2012		NEW SYSTEM	6 June 2012	1 July 2013	1 July 2014	1 July 2015	1 July 2016
Thresholds	Rate (%)	Thresholds	Rate (%)				
Up to \$100,000	2.0	Up to \$200,000					
\$100,001 to \$200,000	3.5		2.4	2.2	2.0	1.8	1.5
\$200,001 to \$300,000	4.0	\$200,001 to \$300,000	3.75	3.7	3.5	3.0	2.5
\$300,001 to \$500,000	5.5	\$300,001 to \$500,000	4.75	4.5	4.15	4.0	4.0
\$500,001 to \$1,000,000	5.75	\$500,001 to \$750,000	5.5	5.0	5.0	5.0	5.0
		\$750,001 to \$1,000,000	6.5	6.5	6.5	6.5	6.5
Above \$1,000,000	6.75	Above \$1,000,000	7.25	7.0	7.0	7.0	7.0

This means that the upfront costs for purchasing a home valued up to \$1.2 million have been and will continue to be reduced. This is particularly important to those people entering the housing market at the affordable end of the spectrum as the costs to enter the market will be reduced.

It also means reduced costs for people who are transitioning through the property spectrum as they upsize or downsize in line with their changing family needs. This will free up more properties throughout the market to enable a varied mix of housing options for all home buyers.

ACTION 10 – Increase property and income thresholds for the Home Buyer Concession Scheme.

The Home Buyer Concession Scheme (HBCS) provides assistance to eligible people purchasing residential land or a home. A full concession on the amount of stamp duty payable is currently available for eligible households purchasing property up to \$375,000. For properties up to the median price (\$450,000), eligible households are able to pay stamp duty at a concessional rate.

As part of the Tax Reform Package, announced as part of the 2012-13 Budget, the ACT Government has increased the property and income threshold and aligned the HBCS more closely with the NSW *First Home – New Home Scheme*. These changes increase assistance to home buyers to purchase a new property and support new dwelling supply and activity in the construction sector.

From 6 June 2012, the HBCS only applies to the sale of new land or the construction of a new house. This will include new homes, substantially renovated homes and vacant blocks of residential land.

To increase accessibility to the HBCS, the income threshold has been extended by 25 per cent to \$150,000. This increases by \$3,330 for each dependent child up to a maximum of five children.

The property value criteria up until which a full duty concession is provided has been increased.

- For house and land, the property value threshold at which a full duty concession is available has increased \$10,000 to \$385,000.
- For land, the property value threshold at which a full duty concession is available has increased \$27,000 to \$235,000.

The expansion of these value thresholds will increase affordability for low income households entering the housing market. These changes will also support land supply through new constructions while also better allowing homebuyers with an annual income up to \$150,000 purchase a new home.

The ACT Government will continue to run the old HBCS (for established homes) alongside the new scheme until 31 August 2012. From 1 September 2012 only the new HBCS for new properties will be provided. A comparison of the two schemes is provided below.

COMPARISON OF OLD AND NEW HBCS

CURRENT SYSTEM until 31 August 2012		NEW SYSTEM from 6 June 2012	
Thresholds - residential home (new and existing)	Duty payable	Thresholds - residential home (new and renovated)	Duty payable
\$0 to \$385,000	\$20 (minimum duty)	\$0 to \$385,000	\$20 (minimum duty)
\$385,001 to \$450,000	\$20.10 for each \$100 that exceeds \$385,000	\$385,001 to \$450,000	\$24.10 for each \$100 that exceeds \$385,000
Above \$450,000	No concession	Above \$450,000	No concession
Thresholds vacant block	Duty payable	Thresholds - vacant block	Duty payable
\$0 to \$235,000	\$20 (minimum duty)	\$0 to \$235,000	\$20 (minimum duty)
\$235,001 to \$263,000	\$22.55 for each \$100 that exceeds \$235,000	\$235,001 to \$263,000	\$25.55 for each \$100 that exceeds \$385,000
Above \$263,000	No concession	Above \$263,000	No concession
Income eligibility threshold	\$120,000	Income eligibility threshold	\$150,000

More information on the HBCS can be found at:

http://www.revenue.act.gov.au/home_buyer_assistance/home_buyer_duty_concession

ACTION 11 – Explore options for extending the OwnPlace scheme into englobo and joint venture developments.

The ACT Government’s OwnPlace program has been very successful. The scheme delivers two and three bedroom, stand alone or terrace properties within the affordable threshold (currently \$337,000). OwnPlace builders are required to build homes that incorporate a standard set of inclusions set by LDA to ensure a high quality affordable housing product.

It has delivered more than 293 affordable homes to date, with 106 more under construction. The first OwnPlace ballot had 660 registrations for approximately 150 blocks. The second ballot had 360 registrations for the ballot of approximately 50 blocks.

A key feature of OwnPlace is that purchasers must register their interest in the scheme, and be eligible for the HBCS, ensuring that the affordable property is sold to a purchaser who might otherwise struggle to purchase a home.

Importantly, OwnPlace also offers purchasers the opportunity to utilise the land rent scheme, providing an even more affordable home purchase option. Land rent is not available on affordable housing sold in englobo developments.

The OwnPlace scheme offers significant benefits because it delivers a completed home which is ready to be lived in, assurance of product quality, is targeted to those meeting an eligibility requirement and includes the option of land rent.

The OwnPlace program will be revisited with a view to offering a similar program in englobo and joint venture developments.

ACTION 12 – Investigate higher targets for affordable housing requirements in englobo releases.

The ACT Government currently requires 20 per cent of all dwellings in new estates to be delivered under the affordable housing threshold. Another way to boost supply of affordable housing to the ACT market, thereby assisting in easing the pressure on the rental market, would be to allocate an englobo release aimed at delivering a high percentage of affordable housing. The Government might also consider specifying the product mix, as well as the quantum, in such releases.

The new three tier threshold system has been designed to encourage diversity in the delivery of affordable product that can be delivered. This also creates an opportunity to increase the target of affordable properties delivered in one estate.

The target of 20 per cent affordable housing in greenfield developments was set to ensure that a diversity of housing types was delivered in new suburbs. In urban infill developments in established areas, there is opportunity to increase this target as the englobo development is adding to the already established demographic profile of the area.

Accordingly, the Economic Development Directorate will investigate options for an englobo release targeted at delivering up to 60 per cent affordable housing.

ACTION 13 – Develop a Sustainable Land and Affordable Housing Guide.

The ACT Government will develop a Sustainable Land and Affordable Housing Guide to provide a suite of affordable housing designs to builders and purchasers.

The guide will demonstrate that functional, innovative and beautiful design can be achieved regardless of the price point. Designs will also be matched with information about standard block types taking into account solar orientation and topography and construction conditions, to ensure homes are as affordable to run as they are to build.

There is an increasing challenge in new and future suburbs with blocks on steep and sloping land. This Guide will ensure affordable solutions are found. Standard block types will enable the development of a standard range of housing types, with cost efficiency savings for builders which will be passed on to purchasers.

The Guide will provide better information to people seeking to build an affordable home by matching block types with housing designs. A suite of affordable housing designs, freely available to builders and purchasers, will be developed to demonstrate that functional, innovative and beautiful design can be achieved at any price point. The design of a range of house types will reduce upfront design costs and will also aim for planning pre-approval, reducing time and costs to builders and purchasers.

House designs will consider innovative construction techniques to maximise affordability and efficiency. The Guide will include housing that could be built in stages, allowing for later extension as the homeowners' family needs and financial position changes. For example, a design for a two bedroom house with carport that can be extended to a three bedroom home with garage in the future. Universal and adaptable design options will be provided in addition to designs which consider ageing in place to reduce the future financial and social burden of relocation.

The ACT Government is considering an architectural design competition which will generate fresh and innovative ideas for the design of affordable housing to be included in the Guide.

The Government will collaborate with the design and construction industry in the development and communication of the Guide to ensure maximum liveability, buildability and reduced living costs and to maximise use of the Guide by both homebuyers and builders.

ACTION 14 - Release land for short term accommodation.

The ACT Government recognises that the availability of short term accommodation in Canberra is related to affordable housing, particularly for those moving to the ACT.

The hotel occupancy rate in Canberra is 73 per cent, however Canberra has an unusual pattern of demand as a result of the impact of the parliamentary sitting weeks. Therefore the occupancy rate is inconsistent throughout the year, with rates close to 100 per cent in sitting weeks.

The Government encourages the development of additional hotel accommodation on suitable sites as they become available, and has committed to releasing suitable land for the development of a range of short term accommodation.

The Government has recently committed to a direct sale of land in Greenway to enable the expansion of the Country Comfort hotel. This is expected to result in over 80 additional hotel and apartment style rooms.

Releases in Campbell and Lyneham are also being pursued.

CONCLUSION – MONITORING AND NEXT STEPS

The delivery of affordable housing is a priority for the ACT Government.

The Government believes safe, secure and affordable housing is a basic human need.

This plan comes in addition to two phases of the Affordable Housing Action Plan which have been released since 2007 and includes actions that will help to improve housing affordability for households in the lower income quintiles in the ACT.

These actions will result in an increased supply of affordable rental accommodation, better utilisation of sites with good potential for urban infill redevelopment, increased access to affordably priced properties for sale in new developments and an increased amount of short term accommodation.

Some of these actions have already come into effect and some commence in July 2012. Others will require more work to finalise. In some cases EDD will need to consult with stakeholders to develop the details of the proposed policy and identify the most effective methods for implementation.

EDD has reported regularly on progress towards implementing the recommendations in Phase I and Phase II. Similar reports will be provided to Government in September 2012 and March 2013 to report on progress for the actions contained in this report.

These reports are listed as Accountability Indicators for EDD in the 2012-13 Budget Paper 4.

ACT Affordable Housing Action Plan Phase III



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