



TAKE THE PRESSURE DOWN

AN URGENT NATIONAL RENTAL SUPPLY BOOST

The Greens' plan to increase the supply of affordable and sustainable rentals

The private rental market is a critical part of the Australian housing system, but it is broken and failing us as a nation. Australians are under severe pressure from a chronic gap in supply, lack of choice and growing unaffordability.

The situation for Australian renters is dire. With a current supply gap of 539,000 affordable and available rental dwellings in Australia, the time to stand up for renters is now urgentⁱ.

The average Australian rent has at least doubled in every city since 2000; and in Brisbane, Perth, Darwin and Canberra the rent has tripled since 2000. The Anglicare 2013 rental affordability snapshot found less than 1% of 65,000 listed rental properties were affordable to anyone on a low income, and only 4% were suitable to a family on the minimum wageⁱⁱ.

> IT'S TIME

The Greens are committed to urgently addressing this gap and standing up for Australian renters.

The Greens will invest over \$200m to build 85,000 new affordable rentals over the next decade, benefiting more than 220,000 people and reducing the acute pressure in the rental market.

The Greens Rental Revolution package will:

- **Review and fund another 50,000 homes under the National Rental Affordability Scheme (NRAS)** and provide an additional incentive to ensure they are exemplary green buildings and come with solar PV
- **Provide funding for 20,000 student rentals through a new University NRAS scheme**
- **Provide funding for 15,000 new rental homes through our 'Convert to Rent' Initiative**
- **Include a target of one third pre-fabricated, fast build, modular housing**
- **Review the effectiveness of Commonwealth Rent Assistance**

> ANOTHER 50,000 HOMES UNDER THE NRAS PROGRAM

The National Affordable Rental Scheme (NRAS) was introduced in 2008 increase the supply of new affordable rental housing by 50,000 new dwellings, and to encourage large-scale investment and innovative delivery of affordable housingⁱⁱⁱ. It was targeted to low and moderate income households and the first of such schemes in Australia. At December 2012 almost 11,000 NRAS properties had been delivered, and around 1 in 5 NRAS properties house someone with a disability, and almost 1 in 4 are allocated to sole parent families^{iv}.

The Greens want to provide much needed certainty to the program and see it extended to another 50,000 dwellings from 1 July 2013, as the government originally promised.

The Greens have some concerns with the scheme and so would formally review the scheme to improve it.

The Parliamentary budget Office has estimated another 50,000 NRAS incentives would cost \$53 million over forward estimates.

> GreeNRAS

The Greens believe the next NRAS scheme provides the perfect opportunity for the government to show leadership in building homes that are exemplary in design and sustainability. The opportunity for the Australian government to show leadership in this area should not be squandered.

We believe there is no good reason why the next 50,000 NRAS dwellings should not come with solar PV (or an equivalent on site or local new renewable energy source) as a mandatory feature. Nor is there reason why the future NRAS homes would not be designed to the highest green building standards.

World class sustainable housing does not need to be more expensive to build.



Many examples exist locally and internationally that demonstrate this can be done at well under the average cost of \$350,000 budgeted per dwelling. For example:

- An existing NRAS project at the Clayton Campus of Monash University has also achieved 5 Star Green Star certification^v.
- Housing NSW has delivered two social housing developments in Sydney on cost-neutral budgets that achieved 5 Star *Green Star* ratings. The Redfern Housing Redevelopment has 66 apartments, 40 townhouses and two community rooms, with a high proportion of adaptable and accessible housing for older people and people with a disability and features many benefits including design that reduces energy consumption by 74 per cent^{vi}.
- In July Environmental Scientist and Gardening Australia presenter Josh Byrne completed two 10-star rated 3x2 homes \$1200 per sqm (the standard dwelling cost) using standard building methods. The house also included a 3kw solar system, rainwater tank and Greywater system, and will save about \$1600 per year in energy bills and \$400 in water^{vii}.

The Greens will provide an additional up front incentive of **\$2000 per dwelling** to provide Solar PV (or alternative localised renewable energy) and meet the highest sustainable building benchmarks (detailed below)^{viii}. **We're dubbing this initiative GreeNRAS.**

This measure would add benchmarks to the NRAS guidelines to ensure that the desired outcomes are understood and can be measured. The incentive would be available for developments that include (for example):

- 1) Renewable energy generation on site via PV cells or alternative.
- 2) A minimum of 20% - 50% reduction in buildings' energy consumption and predicted greenhouse gas emissions compared to the standard practice energy benchmark
- 3) A minimum 10% improvement on the regulated thermal performance standard in the relevant jurisdiction and
- 4) A minimum 60% by mass of construction and demolition waste is reused or recycled and a Waste Management Plan is provided.
- 5) A minimum 20% reduction in mains water consumption including rainwater harvesting and provision for greywater recycling
- 6) A minimum 20% reduction in embodied carbon in building materials through more sustainable materials
- 7) Protection of existing ecological values of the site and increased biodiversity values on site

These benchmarks could be achieved through ratings tools including the NABERS 5 star (energy and water) rating and the Green Star Multi Unit Residential certified rating or the One Planet Action Framework^{ix}

This initiative would support the next generation of green builders, auditors and practitioners.

We will provide \$10 million per year over forward estimates to implement our policy.

> 20,000 NEW STUDENT RENTALS

The Greens will introduce a new scheme to build 20,000 new affordable rentals for students on higher education campuses over ten years.

There are 1 million full time students in Australia but no federal department will take the responsibility for housing them. In Melbourne alone it's estimated by the Victorian Treasury that about 70,000 students compete for 19,000 beds, leaving a gap of 51,000 (or a 72% shortage).

Universities have great potential to provide more housing for students and capitalise on the fact many universities and education institutes already own land and buildings that could be used for development.

The Greens UNI NRAS scheme also allows the universities to bypass the states altogether – provided they already own the land, and their applications meet strong environmental, design, and tenancy management conditions; and that the dwellings remain as student housing in perpetuity (and are not sold off after ten years).

Our scheme will cost \$28 million over the forward estimates.

> 15,000 NEW HOMES UNDER 'CONVERT TO RENT'

Our Convert to Rent policy will create 15,000 new rental dwellings out of existing empty or underutilised buildings. The program includes a 15% target for modifications suitable for people with a disability. The proposal suits a matched funding model from state or local governments, but matched funding is not mandatory.

The Greens Convert to Rent Initiative will increase the amount of affordable rental housing, and revitalise local neighbourhoods and economies.

Our initiative provides financial assistance worth \$21,000 to property owners to help convert vacant or unused space into rental units to provide affordable housing to low income households.



The program was successfully introduced in the City of London, Canada in 2008 and could be readily and cost-effectively implemented in Australia.

At the 2011 census there were 934,500 dwellings that were unoccupied, representing a vacancy rate of 10%, or 1 in 10 dwellings across Australia vacant on Census night. While many of these vacancies can be accounted for as holiday homes or residential turnover, abandonment is also a cause^x. There are also thousands more vacant commercial buildings across our cities and towns.

This initiative turns these empty, abandoned or underutilised into affordable housing opportunities, benefiting renters and owners.

The scheme will cost \$32.5 million per year to fund 15,000 new conversions over the next decade.

The Canadian example

The Government of Canada introduced a national program in 2006 to rehabilitate and convert empty properties to affordable rentals, and it's been successfully adopted in many provinces and cities across Canada. In 2008 for example the City of London in Canada implemented a Convert to Rent program which in the first two years invested \$1.9m to convert 112 new rentals across 13 different sites and house 170 people. The federal government made co-contributions of \$7.7 million.

The UK Example

An estimated 14 per cent of British high street shops are currently empty or boarded up after the credit crisis ripped through the retail sector. Online retail has also changed the way people shop, showing we need to change the way we think about the retail mix in traditional high streets. The British Planning Minister has put forward a proposal for traditional high streets by saying empty or boarded-up shops should be turned into housing, and has released a consultation paper that suggests councils throughout England should concentrate their efforts to revitalise shopping to just one or two "prime streets". The rest can be converted. The Minister will also allow farmers to convert rural buildings into housing.

How the Convert to Rent Program works

Convert to Rent offers a \$21,000 grant on the condition the owner keeps the conversion as an affordable rental for at least 20 years, and sets the rent at no more than 75% of the market rent valuation or at 25% of the tenants' income.

The program would be open to all owners with properties that are structurally sound and could feasibly be converted to residential accommodation, including private entrepreneurs and not for profit organisations. Conversions encouraged would

include a diverse mix of studios and 1-4 bedroom apartments to suit a range of demographics. Eligible tenants would be low to moderate income earners including key workers such as teachers and nurses who cannot afford the median rent.

The program, including tenant management, would be administered by the community housing sector and 1.5% of the package has been allocated for this service. This is to ensure the program is as attractive as possible to building owners who might want to put their building to a more productive use but do not want to become (or be suitable as) landlords.

Convert to Rent will:

- Provide a \$21,000 grant to property owners to convert their unused buildings in to long term affordable rentals
- Provide additional funding of \$5000 for buildings modified for people with a disability
- Provide 1.5% of overall funding to the community housing sector to manage the scheme
- Require state governments to conduct a state-wide audit of vacant residential and commercial space to determine how much is going to waste – as a first step
- Examine tax reform and other incentives that currently offer perverse incentives to keep buildings empty.

> FIXING COMMONWEALTH RENT ASSISTANCE

1.1 million Australians currently receive Rent Assistance at a cost of around \$3 billion a year. 72% of Austudy recipients, 77% of students on Youth Allowance, and 46% of families on the parenting payment remain in housing stress at the full payment. Additionally, many low income households struggling with rental costs don't receive it but arguably should^{xi}.

In the last decade Commonwealth Rent Assistance (CRA) has risen by just 9% (\$35) yet private rental prices have tripled. A single student on Austudy currently earns \$377 per fortnight with an extra \$113.40 Rent Assistance, to a total of just \$245 a week.

Increasing rent assistance by \$25per week for example would pull 100,000 households out of housing stress and improve the lives of 1.1 million people trapped in the private rental market and already receiving the maximum rate of rent assistance.

The Henry Tax Review called for maximum rates of Rent Assistance for income support recipients to be increased and linked to movements in market rents. Housing and welfare peak bodies have called for a review of CRA and a 30% increase across the board.



The Senate Select Committee Inquiry into housing affordability (*'A good home is hard to find'* 2008) recommended the Australian Government commission an independent evaluation of the CRA program to ascertain its effectiveness and cost effectiveness in improving housing affordability and to make recommendations regarding future directions for the program. The committee also recommended increasing support CRA for older Australians living in private rental accommodation.

The Greens agree the review should be undertaken in the context of a more comprehensive review of all government initiatives, both supply side and demand side, aimed at improving housing affordability.

We will provide \$180,000 to the Productivity Commission to review rental assistance in 2014-15. The Greens would then look to reform and increase Commonwealth Rent Assistance based on the findings of the Review.

> ONE THIRD MODULAR TARGET

Our proposal to build 85,000 new rentals includes a 1/3 target for sustainable prefabricated or modular housing. This is because modular housing can be delivered in significantly less time and at up to half the cost of conventional housing. In suburban Perth a one bedroom house was recently delivered in just 14 weeks from the time of order to delivery on site – at a cost of around \$75,000 it can be installed in 10 hours by four people^{xii}.

Modular and prefabricated housing is also far more sustainable and cheaper to run: its high level of insulation means the house is far easier to heat in winter and keep cool in summer, and typically use just 10% of the energy of a five star home. Prefabricated homes can also be built to any design and are extremely well suited to infill developments in urban centres.

> THE OTHER PARTIES

The private rental market has not produced an adequate supply of affordable rental housing for current needs and the demand for affordable rental housing will increase in the next few decades. The problem is structural, not cyclical^{xiii}. What is needed is long term vision and funding.

Labor introduced the NRAS scheme in 2008 but has refused to commit to extending it as promised if the scheme was successful. It also tried to cut the target from 50,000 to 35,000 and use the savings to spend on the Queensland flood reconstruction effort.

The Coalition does not have a housing policy and cannot be trusted to invest in affordable rental housing or care for those most hard hit by the housing crisis. Tony Abbott has twice

refused to sign on to the government's commitment to halve homelessness by 2020.

Fact box – Rental affordability and supply in 2013

- About one third of Australian households are renting.
- Renters tend to be younger and have lower incomes than homeowners.
- In 2010-2011 only 5% of homes sold or built nationally were affordable for low income householdsⁱ.
- In 2012 a household on the minimum wage paid 72% of its income on a median priced rental compared to 35% in 2003ⁱ.
- Rental demand is expected to double in 20 years
- There are 856,000 households in Australia on very low income (in the lowest income quintile) who either do not own their home outright or are not in public housing. These households are under extreme pressure either in the private rental market or in crisis accommodation.
- One in four private renters are in housing stress
- By 2021, 40% of households will be single and over 65 years – with many of them renting
- Private renters have emerged as a new cohort of homelessness
- There are about 225,000 households on the social housing waiting list, with long waiting times and undersupply adding more pressure to our rental market
- The ACOSS 2012 Community Sector Survey revealed that the highest area of unmet need for disadvantaged Australians is access to housing and homelessness services.

ⁱ National Housing Supply Council (2012) Key Affordability Indicators 2012 at http://www.nhsc.org.au/content/publications/housing_supply_affordability/downloads/using_supply_affordability_report.pdf

ⁱⁱ http://www.anglicare.asn.au/site/rental_affordability_snapshot.php

ⁱⁱⁱ <http://www.fahcsia.gov.au/our-responsibilities/housing-support/programs-services/national-rental-affordability-scheme>

^{iv} http://housingstressed.org.au/wp-content/uploads/2011/09/DOC_120226_-AAH-budget-statement-2013-14-Final.pdf

^v <http://www.gbca.org.au/project-directory.asp#1125>

^{vi} <http://www.gbca.org.au/green-star/redfern-housing-redevelopment/2905.htm>

^{vii} 'Tassie turning on to energy-efficient homes', The Mercury, Monday March 12, 2012

^{viii} The house plans and detailed information and fact sheets on 'Josh's House' are freely available at <http://joshshouse.com.au/welcome/>. Note the star rating tool refers to the Nationwide House Energy Rating Scheme (NatHERS) which is based on a scale of 0-10, with 10 being the highest rating score and requiring no heating or cooling. 6 stars is the minimum energy efficiency standard required under the Building Code of Australia.

^{ix} Note 5 Star Green Star signifies 'Australian Excellence' and 6-star Green Star is the highest rating available under the Green Star system and signifies that a project has 'World Leadership' benchmarks

^x One Planet Framework at <http://www.oneplanettoolkit.org/about/framework/>

^{xi} <http://blog.id.com.au/2012/australian-census-2011/the-where-and-how-of-vacant-dwellings/>

^{xii} See "Easing Housing Stress Budget Statement 2012-13" page 7 for full breakdown – *Australians for Affordable Housing* at www.housingstressed.org.au

^{xiii} Cockburn Herald 'Pre-fabulous', September 15 2012

^{xiv} Professor Judy Yates (2011) Developing a national policy and program agenda for investment in Affordable and Accessible in Rental Housing: Women's Housing Security.