

HOUSING

HOUSING
VICTORIA
AUSTRALIAN DEMOCRATS

2006

OUR ELECTION COMMITMENT

Victorians on low incomes are struggling to purchase houses - particularly first home owners - public housing waiting lists are too long for this to be an option for all but the most disadvantaged and many cannot afford to enter the private rental market. Boarding houses and other low cost housing options are disappearing and homelessness is increasing, including for families and people with mental illness.

Our commitment is to:

- Establish a housing task force that includes local government and peak housing organisations, to develop a comprehensive state housing plan for the future needs of Victoria.
- Rethink Melbourne 2030 to encourage improved housing where housing stock is relatively poor quality, rather than damage streetscapes with high heritage values and sound houses.
- Identify and acquire land formerly used for industrial or warehouse purposes in inner western and northern Melbourne for the development by the Department of Major Projects of low and medium cost, high and medium density housing.
- Reduce car parking requirements for developments in areas well served by public transport and require good bicycle and pedestrian access.
- Reduce stamp duty by 80%, means-tested for the 25% of houses in the lowest cost bracket, ramped down to 10% reductions for houses sold for over the median - currently \$350,000.
- Extend the current \$3,000 first home owners' bonus to December 2009, means-tested and targeted at greater social and environmental outcomes.
- An additional \$60 million to provide 350 homes for rent by Victorians on low incomes.
- Push for a Government-release housing bond delivering say 6% returns or a housing trust (as in SA) to fund investment in more low cost housing.
- A public inquiry to examine the housing needs of low income households and the assistance to help meet those needs, as recommended by the Productivity Commission.
- Introduce a shared equity home buying system for first home owners where government and non-government agencies invest in and own a percentage of the house, to be available for purchase by home owner as funds become available. (Encourage the Federal Government to convert rent assistance to a monthly payment grant to those eligible

THIS TIME AN UPPER HOUSE THAT WORKS

Our vision for an approach to housing in Victoria is one that:

- Provides affordable and accessible housing, particularly for those on low and medium incomes and those marginalised by disability, illness and other disadvantage.
- Provides a mix of housing that includes sufficient low cost housing to meet need and a mix of housing types that better caters for one parent families, lone people, the aged and the disabled
- Gives a high priority to providing accommodation for the homeless and those in housing crisis
- Is substantially more energy and water efficient
- Is fair to renters and those in body corporate systems

for the first three years of shared equity arrangements.)

- Progressively tighten the energy efficiency rating system for new houses and incentives for those that improve on the minimum requirements of the Building Code.
- Support and facilitate the retrofitting of existing household building stock through energy audits, rebates and finance packages, to be delivered through local government or community organisations.



A U S T R A L I A N TM
DEMOCRATS

This election commitment was updated on November 21, 2006
All our election commitments are available online at
www.vic.democrats.org.au

HOUSING

- Establish an ombudsman for bodies corporate within Consumer Affairs Victoria to resolve disputes outside the legal system and to establish model rules.
- Provide funding to deal with the estimated \$130 million backlog of urgently needed improvements in public housing units.
- Legislate for minimum standards for rental housing and strengthen the Residential Tenancies Act for security of tenure, including for caravan park residents.
- Prohibit the practice of setting rents through bidding.



The Problems

Many Victorians are being denied the basic right to adequate, affordable housing. Without access to affordable, appropriate and secure housing, people can be disadvantaged in their access to health, education and employment services.

While adequate accommodation is a basic human need, many people in Victoria are homeless including children. For many years, the cost of housing in Victoria has increased far ahead of inflation, welfare payments and wages.

Almost \$450 million of Government funding is provided in first home owner grants of \$7,000 and \$3,000 in first home owner bonuses yet this has not improved affordability, indeed housing costs in the

suburbs where most of this has been spent have risen dramatically. 35,000 families are currently on the public housing waiting list and many will wait at least 10 years. In 2001 66% of people in public housing were unemployed.

The expansion of housing into new areas is placing great pressure on the environment. Poorly sited, nowhere near public transport and inadequately insulated housing cause households to increase consumption of water and energy and forces reliance on private car transport.

Sustainable housing for the future should be adaptable for an ageing population with transport and social infrastructure to support older people.

The State Government collected more than \$2.7 billion in property stamp duty last financial year, substantially pushing up house prices. It has promised to cut stamp duty from 6% to 5% for houses valued between \$115,000 and \$500,000 and a flat reduction of \$2,850 for houses worth \$400,000 to \$500,000 but this will do little to improve affordability and is still higher than other states.

With a decline in public housing funding over recent years, more people are dependent on the rental market and without intervention, housing affordability in the private rental market will deteriorate.

Families on benefits can spend half of their income on housing, leaving little for food, clothing and education. One third of people receiving rent assistance spent over 30 per cent of their income on rent and nine per cent spent over half their income on rent. This impacts on the capacity of these households to meet other basic needs, such as energy and phone.

To be effective, the supply of low-cost dwellings must be targeted to

low-income households. Low income earners are being forced into poverty by high rentals or ever increasing house prices and mortgage repayments.

Much of the problem is a result of Federal Government policy which has resulted in Australia's housing being amongst the least affordable in the world - a massive retreat from the former era of widespread home ownership.

Australia provides more in tax breaks for higher income earners, who can afford to invest in housing than we provide in housing assistance to lower income earners.

Even the welfare recipient targeted rent assistance, which indirectly subsidises landlords, now costs more than public housing.

The Federal Government is involved in housing through the Commonwealth-State Housing Agreement and by providing rent assistance. Yet the Federal Government considers housing affordability as a States' responsibility and argues that failures are due to the States.

The Treasurer recently attacked the States for not adopting the Productivity Commission's recommendations, whilst rejecting all the recommendations aimed at his Government such as its recommendation that a national public inquiry examine housing needs of lower income households and the targeting of the First Home Owner Scheme, which disproportionately goes to high income earners and may well be pushing house prices higher. All tiers of government should act to alleviate the problem.

See also our commitment on **Planning and Local Government:** www.vic.democrats.org.au