

Rebecca Vassarotti

ACT Greens Member for Kurrajong

Monday, 22 April 2024

Thank you for the opportunity to contribute a submission to the People's Commission into the Housing Crisis. I apologise this is a late submission and hope that it can be accepted.

Please note that the comments I am contributing are made in my capacity as elected representative, rather than in my Ministerial capacity or as a member of the ACT Government.

The ACT is an affluent community. We are however not immune from the housing crisis that has gripped this country and many other parts of the western world. I am very conscious of the fact that Australia appears to be in a much worse situation than many other countries due to a decades long pursuit of policies that have commodified and financialised housing, turning it into a way to create wealth, rather than a way to provide homes for people.

Key issues that have exacerbated this problem include:

- Tax incentives that have made it easier to buy your second, third and fourth home than someone's first home;
- A move away from providing public housing as a way to provide affordable and stable housing for people in community. Here in the ACT we started with a high base on public housing, but have seen a steady proportional decline as the population has risen but the number of public homes have not. I will note that at least here in Canberra we did not do the significant stock transfer to community housing providers that other jurisdictions participated in;
- Poor rental laws that see little regard given to tenants rights to create a home;
- Planning laws that do make it challenging to provide homes in the places where people want to live.

As a member of the ACT Greens, who share government with ACT Labor here in the ACT, there are significant things we have been working on to rebalance the situation. These include:

- Rental reform: we are the only jurisdiction in Australia to have rental controls. We banned no cause evictions last year and have introduced minimum insulation standards for rentals;
- Driven a record investment in homelessness services in the Territory, seeing an increase in the number of services provided here, and increasing the base rate for all specialist homelessness services;
- Secured a commitment to increase the number of public housing properties. However, we acknowledge that the roll out of this has been slower than we would have like and is not enough in the face of an escalating crisis.

We recognise however, that in an escalating crisis and in the face of what is essentially a failed private housing market, there is the need for Governments to act. We are acutely aware that the Federal Government has most of the levers to enact this change, particularly in relation to reforming taxation settings and prioritising direct funding for public housing.



We have worked hard over the last year to identify the things that are possible at a jurisdictional level. We recognise a huge part of the response needed is building much more public housing. As such, we recently released an election initiative which included a commitment to build and buy 10,000 public homes over the next ten years. To demonstrate how this could be achieved, we commissioned independent advice to cost and analyse this policy. I have attached these documents as part of my submission.

We are currently working on additional initiatives that further progress rental reform, planning reform and continue to resource homelessness services.

I would be happy to provide any additional information, drawing on my experience as a parliamentarian and a member of a shared government in the ACT.

Yours sincerely,

A handwritten signature in blue ink, reading "R. Vassarotti", with a long horizontal flourish extending to the right.

Rebecca Vassarotti MLA

ACT Greens Member for Kurrajong

HOMES FOR PEOPLE, NOT PROFIT.

EVERYONE SHOULD HAVE A SAFE, SECURE AND AFFORDABLE HOME.

Housing is a human right. The ACT Greens have a vision for housing where people will be able to live securely and affordably without having to fork out over \$1 million dollars to buy their own home.

Under an ACT Greens housing system, a home is less about bricks and mortar, and more about community, comfort, sustainability and accessibility.

Right now, more people than ever are struggling to put a roof over their heads. In Canberra, there are more than 3,000 people on the growing public housing waiting list.

For decades, Labor and Liberal Governments have refused to directly fund public housing, resulting in a plummeting number of affordable homes.

The two old parties have finally woken up to the crisis, but they're hand-balling the solution to the same developers that created the housing crisis in the first place, and not placing enough emphasis on the responsibility of governments to fix housing affordability.

The ACT Greens have a plan to fix the housing crisis that recognises the importance of public housing, rental reform, planning reform and strong community services.

Our goal is to return to a situation where public housing is once again readily available to the many people in our community who are simply unable to afford the private market.

Canberra needs publicly owned, affordable and high-quality homes. The ACT Greens' plan will see everyone currently on the public housing waiting list able to access a safe, secure and affordable home within the next term of parliament.

The Government has a responsibility to dramatically increase investment to deliver abundant affordable housing in the ACT and make this vision a reality.

THE ACT GREENS WILL:

- ▲ **Build and buy 10,000 new public homes** over the next ten years
- ▲ Establish a **publicly owned developer and builder** for public housing
- ▲ Create a **prefabrication manufacturing hub** for public housing
- ▲ Initiate a **pilot project for homeowners to sell their homes to the government** for use as public housing
- ▲ Create more **accessible and secure homes for people with disabilities**
- ▲ Fund Housing ACT to be a **landlord of choice**
- ▲ **In-source and adequately fund repairs and maintenance** for all public housing properties.

BUILD & BUY 10,000 PUBLIC HOMES

Rebuilding the ACT's Public Housing

Decades of governments under-investing and selling off public housing stock has seen the number of public homes decline in the ACT while the public housing waiting list grows.

Now we have a critical lack of housing for people who need it most. Currently there are over 3,000 applicants on the waiting list, and people often wait years before they are offered a home.

While they wait, more people are experiencing homelessness or struggling in the expensive private rental market, yet public housing is still seen as the landlord of last resort.

Groups who are impacted most by this situation include First Nations communities, people with disability, refugees, and people who are unemployed or earning a low-wage, including many who deliver essential services.

The best way to end homelessness and solve the housing crisis is to provide enough affordable housing for everyone - and the most secure kind of affordable housing is public housing.

The commodification of the private housing market, which is increasingly occupied by investors driving up house prices, has meant more and more people are living in rental stress and unable to afford private rental prices.

The ACT is an expensive place to live, especially if you aren't wealthy.

Essential workers are spending up to 76% of their income on rent.

It hasn't always been like this. When Canberra was first established, the Government provided homes as an essential service for people moving here to contribute to the city.

The Government built homes, and most people lived in public housing, meaning there was little stigma attached to it.

With a wider range of tenants, including more people who pay market rents, the ACT Government would have a sustainable income stream, which could be used to deliver even better public housing infrastructure.

Jurisdictions around the world have high proportions of their residential sector as public housing, built and owned by governments – some like Paris are over 20%, compared to the ACT's 6%.

After decades of neglect, we are finally seeing some direct investment into public housing in the ACT, but it is not enough.

Much of the recent renewal of the ACT's public housing has been financed by selling older public homes, meaning the total number of public homes is actually in decline.

We need to radically transform and accelerate the way we invest in public housing.

ESTABLISHING A PUBLIC DEVELOPER AND BUILDER

The ACT Greens will establish a public authority to take responsibility as the public developer and builder of an ambitious expansion of ACT public housing.

This public developer and builder will be tasked with building and buying 10,000 homes over ten years.

This will see the ACT Government in a position to be able to offer everyone currently on the public housing waiting list a place to live within the next Assembly term. This will see more people call public housing home – including young people, older people, families, First Nations community members, refugees and migrants who have chosen Canberra as their home.

Establishing a public developer and builder will ensure a focus on direct housing provision rather than profit margins. The authority will be tasked with looking at ways to accelerate this ambitious building program.

It will enable efficiency as we examine innovative options such as patent designs, bulk supply arrangements, and trades hubs. We will also work with suppliers to utilise modular and prefabrication building models, learning from other jurisdictions such as Queensland who are also investing in skills development in new building technologies including modular and prefabrication systems.

This will enable us to provide affordable, climate-wise public homes quickly and efficiently.

In the process, the Government will create hundreds of skilled construction apprenticeships, training opportunities and jobs that will strengthen workers' rights and careers in the construction sector. There will be opportunities to link into the apprenticeships, training and skills accreditation offered by the Canberra Institute of Technology.

The Greens' public housing package will ensure public housing tenants are provided with homes that meet their current and future needs.

Tenants with disability will have access to suitably accessible homes, as we will ensure that 70% of new public homes meet enhanced accessibility standards and that homes purchased for public housing are retrofitted as necessary to meet tenants needs.

THE PRIVATE SECTOR'S ROLE IN BUILDING CANBERRA'S PUBLIC HOMES

To complement the role of the public developer and builder, we will work with private sector developers and builders to facilitate more adaptive reuse, making the most of properties that already exist.

We will look at suburbs and precincts that are currently being developed to ensure there is adequate public housing provided as part of these new areas of Canberra – continuing our commitment to ensuring all communities across Canberra have a proportion of public housing.

The ACT Greens will also establish a pilot program to allow people selling their homes to offer them to the Government for use as public housing.

FINANCING OUR AMBITIOUS BUILD AND BUY PROGRAM

The cheapest and most effective way to fund public housing is through direct government investment.

The ACT Greens will invest \$2.2 billion in capital investment over the next term of Government to enable the public housing developer and builder to deliver this program. Our independent costing projects this will cost \$228 million over four years, comprised of interest on new gross debt. The total infrastructure capital required to deliver this plan is \$5.9 billion over ten years. This will result in \$1.7 billion in interest payments over the whole program.

This will enable the authority to build the public homes we need without having to sell existing public homes to fund it.

The Federal Government should step up as a co-investor in this program. The ACT Greens will continue to fiercely advocate for the Federal Labor Government to pay their fair share and reverse decades of neglect.

We will reverse the false economics that have forced Housing ACT to purchase land from the ACT Government at ever-climbing market rates. Instead, land will be provided at a discounted rate that reflects the wider community benefit that can be achieved by ensuring more people struggling in the private housing market have an affordable alternative.

Our independently costed plan demonstrates that reversing the decline in public housing is achievable. With the community's support and the Greens' political will, we can take on the housing crisis and rebuild public housing.

PUBLIC HOUSING AS A LANDLORD OF CHOICE

Setting Housing ACT up for Success

As a model landlord, Housing ACT works hard to support more than 20,000 Canberrans who call a public housing property home.

It is often a challenging job, and one that can be made harder with a lack of resources. For too long, Housing ACT has had to juggle the challenging task of meeting the needs of tenants with complex needs, deal with a shrinking revenue base and maintain ageing public housing stock.

With an additional 10,000 homes in the pipeline that will provide homes to thousands of families, we will also bolster the capability of Housing ACT to support the needs of housing tenants.

INCREASED CAPACITY FOR HOUSING ACT

The ACT Greens will increase the staff levels in Housing ACT to enable more engagement with tenants to support their housing experience and enable case management support for tenants with complex needs.

We will establish a team of community mental health professionals embedded in Housing ACT. This will support

Housing ACT's ability to support tenants with complex needs to maintain their tenancies.

This program will be built from the lessons of the successful PACER model which enables diverse professionals to collaborate on a case management basis to support people with complex needs. These staff will be co-located with the Housing Practitioner team and engaged on a rotational basis to foster learning across teams and Directorates.

We will invest in a technology innovation program to enable better use of IT – to bring housing tenant and property management systems into the current century, enable better record keeping and give staff more time to support tenants.

GIVING TENANTS AGENCY AND CONTROL

The ACT Greens will introduce programs that promote tenant control and engagement, community development and community-building, among housing communities and their neighbours. Tenants know their own needs best. We will support communities in multi-unit complexes as well as First Nations communities to promote self-determination and control.

We will ensure that Housing ACT has the funding to implement and facilitate these programs and partner with community organisations who support people to sustain their tenancies, access services and build community.

Our plan will ensure that we deliver public housing that actually meets people's needs.

INSOURCING PUBLIC HOUSING REPAIRS AND MAINTENANCE

The ACT Greens will insource public housing repairs and maintenance – providing an efficient and effective workforce of government-employed tradespeople to ensure the ACT's public homes are well-maintained, comfortable and resilient to climate change.

This will provide hundreds of jobs and training opportunities for the construction sector, and further strengthen the ACT Government's commitment to creating skilled, climate-literate career opportunities.

We will continue the ACT Government's work to modernise existing public homes to ensure they meet the needs of our tenants.

We will work with Housing ACT and other government partners to ensure we have the capacity to manage a rapid expansion in the number of public housing properties.

We will provide appropriate funding to maintain the quality of our public homes – to ensure homes are climate-wise, accessible and comfortable, fulfilling our responsibilities as a model landlord.



10,000 MORE PUBLIC HOMES

POLICY COSTING

3 APRIL 2024

Purdon express our respect for the Elders past, present, and emerging, from the Aboriginal and Torres Strait Islander people in the lands from which we meet and work—the Ngunnawal and Ngambari, and from the lands of the places we work with our partners.

We acknowledge and respect their enduring ownership of the countries on which we work, including the land, water, and communities. We also acknowledge and respect the continuing culture of the Aboriginal and Torres Strait Island people, and the contribution they make to the stories, knowledge, and life in our region.

We value the opportunity to work with these Elders, and other Aboriginal and Torres Strait Islander people, on this and all projects that improve community outcomes.

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1.0 Costing summary

The ACT Greens (client) engaged the Purdon Strategy and Economics team to undertake an independent costing of a policy that aims to achieve an additional 10,000 public houses by 2035 ('more public homes').

The 'more public homes' policy aims to address a declining proportion of public housing compared to all housing in the ACT, putting the trajectory on a path to 10% of ACT dwellings, a level not seen since the 1990s.

The aim is not just to achieve a numeric target, it will also house the most vulnerable Canberrans and contribute to supply of housing for those who are facing rental stress.

The costing is to consider a program of buying and building, maintaining a 'salt and pepper' approach, and focus on 1,2- and 4-bedroom dwellings. In addition, some properties are to be prefabricated, and some are to be from adaptive re-use. The client has requested some offsets to the costs, including requiring ACT Government land to be sold at less than market value.

The policy costing must also reflect other policy settings of the client. For example, the ACT Greens have committed to an in-fill ratio of 80% (compared to 70% in ACT Government policy), and have a policy that would increase development rights in residential zoned land. The costing assumes these settings are in place when the program is rolled out.

Intuitively, the capital cost of the 'more public homes' program can be expected to be in a range from \$5 billion to \$9.7 billion—10,000 dwellings between the lowest Housing ACT land inclusive building cost¹ and the approximate median detached house price in Canberra.²

The modelling suggests over 10 years the policy will require capital injections of \$5.9 billion to Housing ACT, appropriations to support the capital injections of \$10.1 million, and public debt interest of \$1.7 billion. Revenue from land sales will be \$137 million lower, and Housing ACT may have a higher accumulated operating deficit.

The modelled yield is an additional 290 three-bedroom houses, 2,606 four-bedroom houses, 337 one-bedroom apartments, 4,729 two-bedroom apartment, 1,689 three-bedroom apartments, 280 prefabricated 100 sqm dwellings, and a complex of 70 adaptive re-use dwellings.

The costing of these policies is not an endorsement of the policy. The costing relies on information in the public domain, which has limitations. Where there is no information in the public domain, the costing relies on assumptions based on industry experience.

There are limitations and assumptions that affect the inputs to the modelling. These must be considered in interpreting the costing summary.

¹ Clay and Berry, "Hansard: Debates of the Legislative Assembly for the Australian Capital Territory [QON Public Housing- New Cost of Development]."

² ACT Government (EPSDD), "ACT Land and Property Report: An Analysis of Land and Property Indicators in the ACT."

2.0 Costing profile

The ‘more public homes’ policy will deliver 10,000 new public housing properties over 10 years.

The policy is costed starting from the first budget after the 2024 ACT election—covering the budget years 2025-26 until 2034-35. The costing presents annual estimates until 2028-29, and then a single measure for budget years beyond forward estimates (BFE). All values are in nominal dollars consistent with ACT Treasury costing guidelines.

The policy impacts the general government sector (GGS), and the public trading enterprise sector (PTE). The GGS sector impact is assumed to be managed through the Treasury (CMTEDD). Housing ACT, a PTE sector entity, will be impacted as the entity that delivers and manages public housing.

GENERAL GOVERNMENT SECTOR

The primary effect on the GGS is from acquiring capital to fund capital injections. A second order effect is likely to occur through reductions in dividends or land payments from a discount on the sale of land from government estates. The measure costing summary is below.

Type	Component	Budget	Estimates				Total
		2025-26 \$'000	2026-27 \$'000	2027-28 \$'000	2028-29 \$'000	BFE \$'000	
Controlled recurrent	Interest	15,947	35,141	66,409	110,036	1,425,858	1,653,392
	GGS NOB	-15,997	-35,141	-66,409	-110,036	-1,425,858	-1,653,442
<i>Memorandum: CMTEDD finance</i>							
Income	SLA discount	6,920	6,469	11,473	17,934	93,762	136,558
	GGS OR	-22,918	-41,610	-77,882	-127,971	-1,519,620	-1,790,000
Balance sheet	Gross debt	325,458	717,160	1,355,295	2,245,637	4,645,562	5,871,342

The likely effect of the policy on the GGS (CMTEDD) is:

- Over the budget cycle an increase in the net operating deficit of \$227.6 million, comprised of public debt interest.
- Beyond the forward estimates the increase in the deficit will be \$1.4 billion comprised of public debt interest.
- Across the entire policy a net increase in the net operating deficit of \$1.7 billion.

The primary driver of the public debt interest cost is new gross debt, which increases by \$5.9 billion by 2034-35. The estimated cost of a land discount component is \$137 million over 10 years.

The costing excludes the potential for secondary effects like savings in other human services portfolios. Available, stable and effective housing may increase the health, correctional, educational, and employment outcomes of those in rental stress which may lower the costs of service delivery in other portfolios. These may be significant savings. It also excludes the impact of re-prioritising other policy funding to finance the additional deficit.

Housing ACT pays land rates on public housing dwellings, which are paid to the GGS. These will offset some public debt interest costs. Rates are included in the operations expenditure for Housing ACT.

HOUSING ACT

The primary effect on Housing ACT is a significant increase in stock, which will have consequences for the operation of the business, and the management of tenancies. The major impact will be a significant capital injection, matched with an increase in property, plant and equipment assets. Operationally, the effect will be an increase in expenditures, offset in part by new rental streams.

The likely effect of the policy on the PTE sector (Housing ACT) is:

- Over the budget cycle a capital injection of \$2.2 billion, and controlled recurrent appropriations of \$4.4 million to fund a capacity increase, and expenses associated with the capital injections.
- Beyond the forward estimates an additional capital injection of \$3.6 billion, and an extra \$5.8 million in capacity funding.
- Across the entire policy a capital injection of \$5.9 billion, and controlled recurrent appropriations of \$10.1 million.

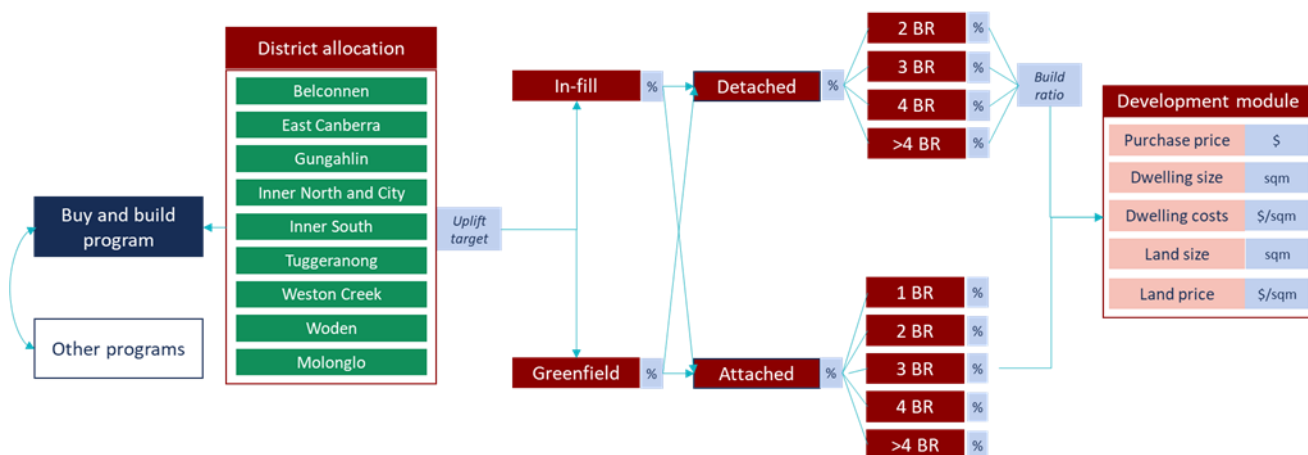
The measure costing summary is below.

Type	Component	Budget	Estimates				BFE	Total
		2025-26 \$'000	2026-27 \$'000	2027-28 \$'000	2028-29 \$'000	\$'000		
Capital Injection	Build	220,473	293,656	453,079	590,990	2,135,742	3,693,939	
	Buy	104,986	98,046	173,740	271,352	1,415,458	2,063,581	
	Prefab	0	0	5,249	5,433	74,505	85,187	
	Adaptable	0	0	6,067	22,568	0	28,635	
	Total	325,458	391,702	638,134	890,342	3,625,705	5,871,342	
Controlled recurrent	Capacity	780	805	832	859	5,770	9,045	
	Prefab	0	500	0	0	0	500	
	Adaptable	0	75	500	0	0	575	
	Total	780	1,380	1,332	859	5,770	10,120	
<i>Memorandum: HACT Finances</i>								
Revenue	Rent	7,002	13,762	26,023	46,097	748,640	841,524	
	Controlled recurrent	780	1,380	1,332	859	5,770	10,120	
Expenses	Dep'n	3,720	8,196	15,360	25,216	327,255	379,746	
	R&M	1,041	2,295	4,301	7,060	91,631	106,329	
	OpEx	7,809	14,865	27,222	46,703	669,766	766,364	
	Total	12,570	25,356	46,883	78,979	1,088,652	1,252,439	
	HACT OR	-4,788	-10,213	-19,528	-32,024	-334,242	-400,795	
Balance Sheet	Change in net assets [WDV]	321,739	705,245	1,316,715	2,153,864	4,379,361	5,377,820	

Within Housing ACT there will be significant adjustments to operating income, expenses, and assets. These issues will not impact the GGS budget directly, but are material. The key observation is that rent net of rebates is not expected to cover the increased operating, maintenance, and depreciation expenses. Across the entire policy the additional accumulated deficit for Housing ACT is estimated at \$401 million. This may require additional operational supplementation (not costed).

COSTING COMPONENTS

It is usual for a budget measure to include a short statement to broadly explain the expected policy outcome. The following sections summarise our interpretation of the costings. The modelling framework used to estimate the costings is presented below.

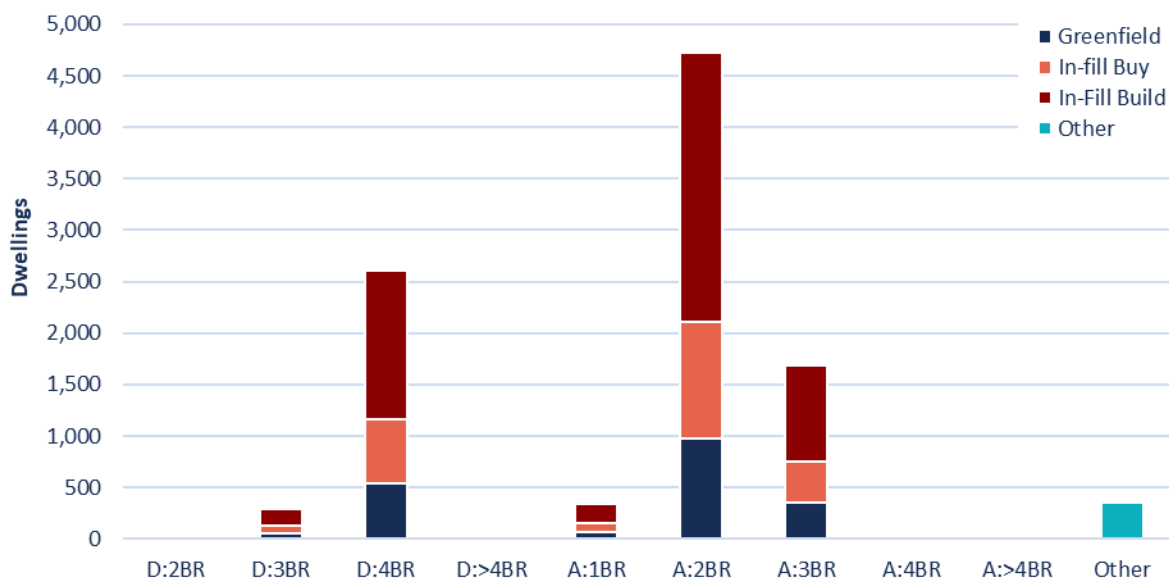


Note: Blue highlights represent assumptions that impact the costing. Where the assumption is a '%' all parts sum to 100 (for example 80% in-fill plus 20% greenfield). Other values are parameters within the model. All assumptions can be varied.

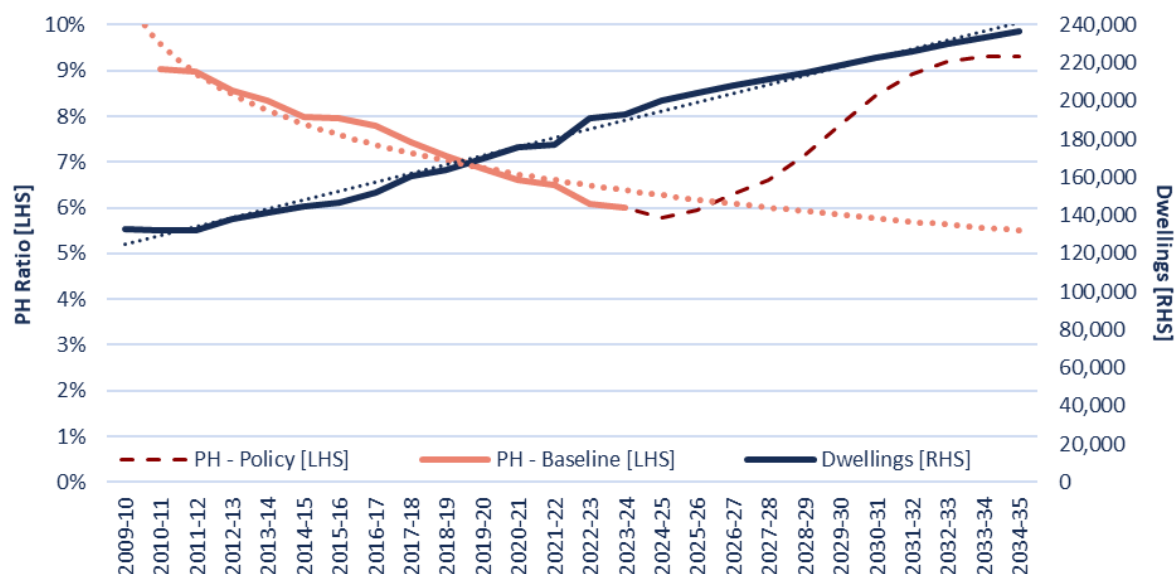
Buy and build

The ACT Government will increase public housing stock with a combination of buying and building 9,650 dwellings by 2035. The dwellings will be distributed across all ACT districts.

Around 2,295 dwellings will be purchased in the open market, a further 2,000 will be built in greenfield areas, and the remaining 5,355 will be built on in-fill land. The type of dwelling will meet the needs of current and future tenants by focussing on houses, around 290 three bedroom and 2,606 four bedroom, and 'missing middle' style semi-detached residences in 1-, 2-, and 3-bedroom formats (6,755). The estimated distribution of new dwellings at the end of the program is below.



The program will put the ACT on track to return the ratio of public housing towards 10%, last seen in the 1990s, and improve the quality of life for the thousands of Canberrans who struggle with no housing or unaffordable rentals. The trajectory is summarised below.



Prefabrication

Traditional building methods can be slow and subject to unpredictable events that increase costs and delay development. The market for prefabricated dwellings is maturing, the technology can support rapid and appropriate public housing growth, and emerging evidence suggests costs can be up to 30% cheaper than traditional building.

The ACT Government will provide support to this emerging industry by contributing \$500,000 towards local research, development, and industry expansion; and underpin demand by committing to 280 prefabricated public housing dwellings by 2035.

The roll out will be progressive to ensure the industry is ready. The government will commit to 20 prefabricated dwellings a year from 2027-28, and then increase the annual target by 10 dwellings every two years, to achieve a minimum annual target of 50 per year starting from 2033-34. This component policy will deliver fast, effective, and affordable options for our public housing portfolio.

Adaptive re-use

Over time commercial buildings fall out of favour as they age but are typically well located to essential services like transport, health, retail services, and employment hubs. Canberra has seen some excellent examples of adaptive re-use of some of these buildings—the Globe in the City and the Alexander and Albemarle buildings in Woden to name a few.

The ACT Government will work in partnership with industry to deliver 70 dwellings to the Housing ACT portfolio through a demonstration adaptive re-use program. The Government will engage with industry, undertake market research, and then acquire and adapt a building by 2028-29.

Lowering the land cost to public housing

Dwellings delivered on greenfield sites will receive a discount from the price of land which would otherwise be paid by Housing ACT. This discount reflects the wider community benefit that can be achieved by improved housing settings for those who are most vulnerable in the community.

The commitment requires the Suburban Land Agency to lower the price of land from ACT Government land releases by 50% compared to market prices when sold to Housing ACT.

SUCCESS INDICATORS

The *Financial Management Act 1996* contains accountability obligations. To measure the success of this policy we suggest a strategic indicator may be appropriate. The proposed indicator is below.

Proposed Strategic Indicator	Public housing dwelling stock is increased, and diversified, to achieve a target of 10,000 additional dwellings by 2035, and trending towards 10% of the total dwelling stock of the ACT.
Indicator description	This measure monitors the success of the roll out of the 'buy and build', prefabricated and adaptive re-use strategies to improve the wellbeing of ACT residents eligible for public housing.
Accountable body	Housing ACT

Targets for the strategic indicator

Target	2025-26	2026-27	2027-28	2028-29	BFE	2034-35
Infill houses	136	122	210	317	1,511	2,296
Infill attached dwellings	316	286	489	739	3,525	5,355
Greenfield houses	35	32	55	83	395	600
Greenfield attached	83	75	128	193	920	1,399
Prefab dwellings	0	0	20	20	240	280
Adaptive reuse	0	0	0	70	0	70
Total	570	515	902	1,422	6,591	10,000
Public Housing Ratio	5.8%	6.0%	6.3%	6.6%	7.2%-9.3%	9.3%