



# **Amanda Rishworth MP**

## **Member for Kingston**

### **National Rental Affordability Scheme Bill 2008**

22 October 2008

I rise today to support the National Rental Affordability Scheme Bill 2008 and the National Rental Affordability Scheme (Consequential Amendments) Bill 2008, which deliver on the Rudd government's election commitment to establish a National Rental Affordability Scheme. This initiative is an important part of the government's \$2.2 billion affordable housing package. The National Rental Affordability Scheme provides incentives to participants to build new dwellings and to rent these dwellings to low- to moderate-income households at 20 per cent less than the market rate. The incentive for participants is a very generous one, with a Commonwealth contribution of \$6,000 per dwelling per year for 10 years and \$2,000, either through direct financial support or in-kind contribution, from states and territories. The scheme will create up to 50,000 new affordable rental properties, which are desperately needed right across Australia.

The National Rental Affordability Scheme is designed to ease the pressure on millions of Australians struggling to maintain secure rental accommodation. This has been exacerbated by increasing cost-of-living pressures and a lack of supply of housing stock around Australia. This legislation is part of the Rudd government's commitment to address the issue of affordable housing across the housing spectrum. For those who are homeless, we are acting; for those who are finding it hard to pay the rent, we are acting; for those who are trying to buy their first house, we are acting; and for those who are struggling to pay the mortgage, we are acting.

The previous government had 12 years to act on the developing housing crisis in Australia. They neglected to do anything about it or to deliver any respite for the millions of Australians doing it tough. Australians were facing increasing rental payments, increasing interest rates and less affordable rental homes. Vacancy rates are at critically low levels and rent is now rising faster than everyday living costs, with many families feeling the effect of housing stress, spending in excess of 30 per cent of their weekly income on housing. Research by the National Centre for Social and Economic Modelling found that there were over one million Australian households in economic housing stress in December 2007. Of these one million households, 700,000 Australians were paying more than 30 per cent of their limited income on rent, making it almost impossible for people to pay their rent and use rental accommodation as a stepping stone to purchasing their own home.

In my electorate of Kingston in South Australia rental accommodation has been particularly hard hit, with a poor supply of affordable rental housing. I have been actively involved with the Kingston community, trying to bring attention to this incredibly important issue. I have met with many struggling families, workers, students, young people and pensioners who are finding it hard to pay their rent each week. I have also met with community groups, local and state governments, churches and schools which have been affected by the housing crisis. They are all looking at ways to try and address this very worrying development in the Australian housing market. At present, a staggering 41 per cent of renters in Kingston are under rental stress. That is 2,987 households who are struggling each week to honour their rental commitments. More than 30 per cent of these households' income is going to housing, leaving very little for these households to pay for other expenses such as food, petrol and education for kids.

A particular quote really struck home for me. Often we have a sense that homelessness is something that people who are in private rental accommodation or who have mortgages will not face. Roseanne Murphy, in an article published in the *Record*, made a very striking statement:

Homelessness, for many, is just two pays away. It only takes a company to merge, or go into receivership, or any other of many factors for a person from being happily employed and living in a flat, to being unemployed, unable to meet financial commitments and homeless.

I think this quote really summarises the situation that many households in my electorate of Kingston who are suffering from rental stress are facing. That is why this measure before us today is so important—because it increases the number of affordable rental properties available to many of these households.

It is not only charities and governments that are concerned about the rental stress that households are facing. Even private landlords have observed the increases in the rental market, and I have actually met landlords who, out of concern for their tenants, have not even increased their rent to keep up with inflation. One of these examples is Graham and Marie Stevens of Aldinga Beach, who decided not to raise the rent on their four properties in line with general indexation. They observed that the strain of rising inflation and elevated rental costs could adversely affect both the financial sustainability of their tenants and the long-term profitability of their property investments. As such, I have been advised that their tenants have not faced a significant increase in rent for over 10 years. This is certainly a contrast to the majority of tenants in Australia who have faced incremental rises in their rental rate.

The Stevenses contacted my office in March this year to inquire about any potential tax breaks to offset their decision to lease their rental properties at lower than the market value, and I am pleased that the passage of this bill will ensure that landlords like the Stevenses who choose to build rental properties and to provide these properties at 20 per cent lower than the market rate will benefit significantly.

Many families and many households are under rental stress—I think we have heard that quite significantly throughout this debate—and often are not

able to afford basic household costs such as contents insurance and health insurance and, in extreme cases, as I have mentioned, basic provisions such as clothing and food. But, when it comes to housing, the Rudd government is acting. Whereas the previous government ignored the housing affordability crisis, which would have been quite evident if they had actually been listening to people in Australia, this government is acting. I do not think anything illustrates the indifference of the previous government to housing more than the fact that they did not have a housing minister while they were in office.

The housing affordability scheme also serves to consolidate many of the Rudd government's key election goals, including to reduce homelessness, one of the key issues in Australia. There are some great community groups out there that I have met in my electorate and that the previous speaker and many other members in this debate have spoken about—the fact that these groups are well aware that there are so many people doing it tough. There are many different associations in my electorate. There is the Southern Junction's Community Housing Association, Lutheran Community Care and the Southern Domestic Violence Service. I have been able to visit all of these services and hear first-hand about the issue of homelessness. The Southern Junction's Community Housing Association is the type of organisation that will benefit from the measures in this bill. This organisation actively engages with key stakeholders, including the South Australian government's Affordable Housing Innovations Unit, builders, financial institutions and other private organisations, to build houses, to make these houses rent out at less than 75 per cent of the private market rate. They do a significant amount to provide affordable rental accommodation. They have reacted like this because they have seen the huge, growing crisis that is occurring in the southern suburbs of Adelaide. It is groups such as the Southern Junction's Community Housing Association that will further benefit from and be able to do a lot under the measures proposed in the National Rental Affordability Scheme Bill that is before us today.

This government's strategy to address housing in Australia, as I mentioned, is a very comprehensive one, and the government have been very clear that we want to address both supply and demand constraints within the housing market. Addressing supply-side demand is very important. There is simply not enough housing stock available at the moment to meet the demands of Australian families, and this bill goes some way towards encouraging the increase of the supply of stock, as do a number of other measures.

One of these other measures that will address the supply-side issues—and it is already being rolled out—is the Housing Affordability Fund. This fund focuses on supply-side barriers to housing developments, principally by looking at things like holding costs of developers as well as funding infrastructure costs such as water, roads, sewerage, open space and community facilities. These are all things that are primarily provided by state and local governments and often hold back some of the housing developments that could contribute to the amount of housing stock available. These costs are usually incurred by homebuyers as well. With the government subsidisation under this program, it is expected that the savings will be passed on to new homeowners, and this will act as a significant

encouragement to building and ensuring that there is a new supply of affordable housing stock.

The Housing Affordability Fund will invest \$512 million over five years to lower the cost of building new homes. The fund will target greenfield and infill developments where high dwelling demand currently exists or is forecast. I know that in my electorate of Kingston there has been significant discussion about infill. There is concern about housing continuing to stretch out the metropolitan area. State government and a lot of councils are looking at how we might infill around transport corridors, shopping centres and services that already exist. This is a key strategy for both the state government and the local council in my local area—looking at infilling developments around where the jobs, services and transport are.

This government is acting swiftly on its housing affordability initiatives. On 15 September the Prime Minister, and the Minister for Housing, the Hon. Tanya Plibersek, announced the first round of expressions of interest from local, state and territory governments and private companies wishing to apply for money from the Housing Affordability Fund. I saw some of the people representing South Australian local government today in the parliament. They have already put in their applications for many projects and are feeling very excited about how these projects will assist them to plan more affordable housing around their local areas.

This legislation and the Housing Affordability Fund build on many other announcements that the government has already made in its short term in office to ease the problem of housing affordability. As I mentioned previously, the Rudd government has taken the issue of homelessness very seriously. This government has commissioned a white paper about homelessness and has already committed \$150 million to build hundreds of new homes for the homeless across Australia. The focus and the priority that this government has placed on homelessness has been welcomed by the many emergency accommodation places in my electorate and they have communicated that they are incredibly pleased to see that this government is putting this very important social issue on the agenda.

In addition, we have also seen our First Home Saver Accounts policy introduced to help first home buyers save for a deposit. Some of those accounts are starting to be set up and to collect money. That is a really positive thing that has been welcomed by a lot of people. Before the election, I spoke to a lot of people who were very concerned about being able to save for a deposit and to a lot of parents who were very concerned about how their children were going to save for a deposit. I am very pleased that first home saver accounts have been opened and that the policy does allow for parents to make contributions. I know that that has been very much welcomed in my electorate.

The most recent announcement aimed at helping first home buyers is an essential plank also of the Rudd government's economic security package. That is the announcement to help first home owners purchase a home by the doubling of the First Home Owner Grant to \$14,000 for those buying existing homes and the tripling of it for those buying newly constructed houses. In light

of the severe global financial crisis, this swift action is designed to stimulate the construction sector and target those who will benefit most from the injection of money into the economy, and that is first home owners.

The passing of this legislation, in conjunction with the many other reforms that we are making in the housing sector, is essential to the country and essential to many people in the area of Kingston. We as a government and as a parliament need to ensure that all Australians, regardless of their income, regardless of their previous circumstances, have access to basic accommodation. As I said previously, with over one million Australians facing rental stress, this situation could never be more urgent than it is now. Accordingly, I commend these bills to the House.