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Incentive plan for low-cost rental housing

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A national incentive scheme involving tax credits, cash payments, stamp duty concessions, bond issues and other benefits has been proposed as a way of encouraging private sector investment in more than 10,000 new homes a year for low and middle-income households.

The National Affordable Housing Summit will today call for a joint commonwealth-state package for investors, developers and landlords who agree to provide housing at below specified rent levels.

The summit, which is a coalition of groups including the Australian Council of Social Service, the Housing Industry Association and the ACTU, wants the National Affordable Rental Incentive scheme to be put on the agenda when the states and commonwealth begin negotiating a new housing agreement later this year.

The NARI proposal is designed to overcome traditional barriers to large-scale private investment in affordable rental housing, which by most measures is at crisis point.

The National Centre for Economic and Social Modelling has forecast that almost 16 per cent of renters will be paying more than 30 per cent of their income on accommodation, placing them in housing stress, by 2009-10.

It has been estimated that Australia needs to build 15,000 affordable houses a year to meet the growing need over the next decade.

The NARI proposal, which follows a summit in Canberra last year, comes as several institutions, including the giant industry funds movement, are examining ways of investing in affordable housing.

Chairman of the National Affordable Housing Summit, Julian Disney, said the proposal focused on a joint commonwealth-state package for investors, developers and landlords who agreed to provide housing for low and middle-income people at below specified market levels, or to commit existing housing for that purpose.

Professor Disney said the package avoided inflating rents, and it was hoped many renters would

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ultimately be able to save enough for a home deposit.

"The highest priority area where most people are in unaffordable housing is private rental, and this is the area where you can best achieve substantial improvement over a few years at modest cost," he said. "One of the most useful things you can do to get people into home purchase is to reduce the rental burden on them."

Under the scheme, NARI funding would be allocated on the basis of a specified number of dwellings, mostly newly constructed, which would be negotiated for each state over a number of years.

The federal contribution would be a cash payment or a tax credit, while the states would provide cash, tax and other deemed benefits. These could include a land tax concession, stamp duty exemption, discounts from developer charges, the sale of public land for development, issues of government bonds with a guaranteed rate of return to finance investment, and fast-tracked planning approvals for affordable housing.

Professor Disney conceded that further complementary assistance, such as rent subsidies, grants and commonwealth rent assistance, would still be needed for some very low income households.

NARIs would be allocated on a competitive basis to providers of affordable housing, who would have to comply with criteria for the mix of rents, household types and incomes and locations.

Ken Marchingo, the co-ordinator of PowerHousing Australia, a national network of 15 not-for-profit community housing groups, said a genuine partnership was needed between state and federal governments, while tax credits were crucial in attracting private institutional investment in affordable housing on a large scale.

Mr Marchingo said affordable housing groups were ready to step up to manage a new national stock of rental accommodation for middle and low-income earners.

"For a long time, there has been an unwillingness to progress this because there's been a sense that the community housing sector hasn't been robust enough to take this forward," he said.

"Well, we are and we're here."

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KEY POINTS

- The plan promotes private investment in affordable rental housing.
- Australia needs to build 15,000 affordable houses a year.

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