

**Submission: NATIONAL RENTAL AFFORDABILITY SCHEME BILL 2008
and NATIONAL RENTAL AFFORDABILITY SCHEME (Consequential
Amendments) BILL 2008**

Dear Sir/Madam

Thank you for the opportunity to make a written submission to the Committee on these important Bills. I apologise for the delay in responding. The Planning Institute welcomes the opportunity to provide some brief comments.

The Planning Institute of Australia (PIA) is the national peak body for people and organisations involved in spatial planning practice in Australia. The Institute represents and supports almost 5000 planning professionals, Australia-wide and overseas. The Institute brings together professionals and organisations with a shared interest in 'the community, and the education, research and practices relating to the planned use of land, its associated systems, and of the natural and built environmental, social and economic impacts and implications of the use of land'.

PIA has previously provided comments on the Technical Discussion Paper: National Rental Affordability Scheme to the Government and is pleased that the legislation has been introduced to give effect to the Government's policy to address issues of housing stress for renters through this proposed Scheme. PIA considers these contributions an important step forward and commends the Government for its clear commitment to making more affordable housing available and for working in partnership with state governments and industry to do so.

PIA notes that several issues that it raised in its earlier comments appear to have been addressed in the Bills. In particular we strongly support the assessment criteria as set out in Schedule 1, Set 1 (page 17) of the Regulations, which require the proposal to deliver accessibility and sustainability outcomes including "proximity of dwellings to transport, schools, shops, health services and employment opportunities".

We note also that the priority areas of interest (p17 of the Regulations) include smaller proposals "where they deliver dwellings in areas of especially high rental stress or deliver innovative and affordable rental housing solutions". Clause (2) (f) in Schedule 1 (p18) also mentions that another priority area is for "proposals which maximize affordable housing outcomes for tenants including building and design features that reduce the overall cost for tenants." Both of these priority areas are to be commended.

However, PIA would have preferred the Regulations to be more specific about design attributes for proposals. For example PIA previously argued that criteria should include factors such as that housing "have an appearance that is not distinguishable from other housing so the affordable housing is integrated into the streetscape". PIA also believes that greater emphasis should be given to environmental sustainability such as requiring high energy

ratings and adopting water and waste saving techniques. Both of these factors should be important features of new rental housing stock that will also contribute to ongoing affordability for occupants. In our attachment to the comments on the Technical Discussion Paper, PIA proposed a number of criteria that could be used for affordable rental housing based on work prepared by the NSW Division of the Institute. I have attached these for your consideration for inclusion in the Regulations.

While very supportive of the initiatives in the Bill, as suggested in PIA'S response to the Technical Discussion Paper, we would like to see a higher level of support committed by the Commonwealth to affordable housing. PIA has argued, the contribution identified in the National Rental Incentive of \$6,000 per year from the Commonwealth Government and \$2,000 per year from the State Government is limited, and probably insufficient as an incentive in the Sydney metropolitan housing market. Such payments would be more suited to regional housing markets, with cheaper land and housing costs.

Unless State or Local Governments are part of a partnership that provides the land for the housing development, with no expectation of a financial return, then the National Rental Incentive is likely to have limited uptake in Sydney in particular. PIA also put the view that in areas where market rents are higher than median market rent, a 20% reduction will not be sufficient to achieve affordability for people on lower than median incomes. This has implications for example, for essential workers who may still be unable to afford rentals in higher market rental locations. PIA therefore recommended that consideration be given as to whether a higher proportionate reduction in rental can be achieved in some clearly identified locations.

Although the proposed Assessment Criteria mention the need for proposals to deliver accessibility outcomes, PIA considers it important that the spatial attributes of housing affordability be acknowledged by factoring commuting costs into the approval process for new affordable dwellings. Such costs would be considered if applications were subject to a social sustainability assessment. Transport availability and costs can significantly alter the affordability of a particular locality. We urge that this mechanism to be included in the Criteria.

We look forward to being advised of the outcomes of your Inquiry and trust that the provisions of the legislation will lead to more affordable housing for many more Australians seeking to rent quality homes.

Yours sincerely



Di Jay
Chief Executive Officer

ATTACHMENT

Examples of criteria that could be used for affordable rental housing

(extracted from PIA (NSW) Affordable Housing Policy: objectives and principles)

- A range of tenure types - investigate and promote innovation in tenure forms (eg, promoting shared equity with conditions on resale as a way to protect affordability in the future; co-operatives; land trusts; and new options being investigated by the existing not-for profit housing companies sector)
- Be close to facilities and services (eg shops and public transport)
- Be safe and secure (focus on Crime Prevention Through Environmental Design Principles)
- Have access to management support when required
- Be adaptable (to allow a wide range of future occupiers)
- Require low maintenance
- Sustain its asset value
- Have an appearance that is not distinguishable from other housing
- Be high quality and demand the same and even higher standards as the remainder of the community
- Be integrated with the existing community having a low or positive impact on neighbouring residents and property
- Be designed in harmony with the character of the neighbourhood and demonstrate quality urban design
- Be environmentally sustainable (providing high energy rating, and adopt water and waste saving techniques)
- Be socially sustainable (providing a mix of income groups living in our communities)
- Be economically sustainable (viable in the long term) and
- Be incorporated into a range of housing types (e.g age specific housing and group homes)