

5<sup>th</sup> May 2020

**Chief Minister & Deputy Chief Minister**

GPO Box 1020, CANBERRA, ACT 2601

Via Email: Barr@act.gov.au & Berry@act.gov.au

Dear Chief Minister and Deputy Chief Minister,

***Re: Economic stimulus and community housing expansion***

Members of the Community Housing Industry Association (CHIA) ACT acknowledge the Government's efforts and contribution to minimise the risk and impact of COVID-19 on our community.

The necessary economic stimulus program that will be a part of the recovery in the ACT presents your Government with the perfect opportunity to have a real and significant impact on reducing housing stress and ensuring every Canberran has a secure and safe place to call home.

The economic stimulus program must include a focus on the construction of social housing as a priority, which aligns with [announcements today](#) from our parent CHIA National peak industry body. As we learnt from the stimulus package during the Global Financial Crisis, recovery initiatives are likely to fail if they lack the proper planning. We need to be preparing and looking toward the next two years now.

We acknowledge the extant major infrastructure projects in the Territory Plan, including those relating to tourism and events. However, while these are important to the ACT economy, the current crisis has highlighted a number of urgent social needs – affordable housing in particular. Many in Canberra were in housing stress before this crisis, and there will be many more in need as it unfolds.

Our members are ready to develop more social housing with the right supports. There is simply no better way of stimulating the economy than to construct social housing. The development of more social housing stock must be the top priority, and can be a great legacy of your Government.

CHIA ACT urges you to:

- Support increased investment in affordable rental properties, particularly targeting those in Quintiles 1 and 2 of household income
- Invest in more housing for people who are homeless
- Fast-track the policy changes and initiatives that will enable our members to better design and implement housing projects.

The initiatives that will have the greatest impact include the below:

**Provide subsidised land to CHPs.** With a revenue stream that can average only 60% of a property's market rate, social housing investment is simply not viable if Community Housing Providers (CHPs) are required to pay the market price for land. Land grants, or lease limitations social housing development in return for significant reductions in the land price are required.

**Stock transfer from Housing ACT to CHPs.** It is well established that social housing owned and managed by CHPs can deliver better social and economic dividends. This model generally is more cost effective, delivers higher levels of tenant satisfaction, attracts Commonwealth funds into the ACT from rent assistance, and reduces the on-going liability for government. Importantly, CHPs are more able to leverage their assets to generate a net increase social housing stock for the Territory, and adapt more quickly to changing demand.

**Providing CHPs with long-term management leases.** By providing established CHPs with long-term leases (at least 10-years, and ideally 20 years per recent announcements in NSW) it provides greater contractual certainty, reduced contract management costs, and opens up new financing options to increase their housing stock. The latter is particularly important for the purposes of stimulating economic growth.

**Lift land tax exemption limit of 100 properties from the current pilot.** The pilot has already been extended by 2 years, with 3 years remaining. We are experiencing a gradual increase in the interest from property owners, and a removal of the limit will ensure the full capacity is available. This is particularly important to capture properties that were previously dedicated to short-term tourism rental (for example former AirBNB). Should the Government also seek to progress an equivalent of the New Rental Development Program in Victoria, which formed part of our [budget submission](#), the current pilot may attract private equity finance into the community housing sector and to do so would require that the cap is lifted.

Increasing government spending and removing the inhibitors to CHPs to expand their stock will have a direct positive impact on economic activity through construction related employment, reduced stress on household income, and greater employment in the social sector.

The CHIA ACT members have 'shovel-ready' community housing projects waiting, with more that could quickly be brought forward. If you take this opportunity to significantly increase the social housing stock in the ACT, it will have a major positive impact on our community by lessening the housing affordability crisis, and delivering the Government an enduring legacy into the future.

CHIA ACT and its member organisations are prepared to be a part of the solution to Canberra's recovery, and work with the ACT Government to make our community stronger and more resilient into the future. Our members are ready to meet with you to discuss these options further.

Yours sincerely,

  
Andrew Hannan

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Chair, CHIA ACT Regional Committee, on behalf of CHIA ACT member organisations:

