

2023

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

TENTH ASSEMBLY

**Standing Committee on Economy and Gender and Economic Equality - Report No 8 -
Inquiry into Housing and Rental Affordability**

Government Response

**Presented by
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Treasurer
October 2023**

Introduction

The ACT Government welcomes Report No.8 of the Standing Committee on Economy and Gender and Economic Equality - Inquiry into Housing and Rental Affordability (the Report).

The Report presents the results of the Inquiry that examined the impacts of residential and commercial property vacancies on rental and property prices in the ACT.

The ACT Government was made a Submission to the Inquiry in July 2022. Due to time constraints and the impact of the ACT budget, which was released on 2 August 2022, the Submission did not include consideration of commercial properties. The Submission concluded that vacant residential dwellings are not currently identified as a significant issue for the ACT and provided commentary on some of the broad factors impacting on housing and rental affordability.

The Report has two findings:

1. There is insufficient evidence to accurately determine the number of vacant properties in the ACT.
2. Subsequently, the Committee is unable to accurately determine if a vacancy tax is the best response to reduce the number of vacant properties in the ACT.

The Report has also made four recommendations. The Government response to each of the recommendations is set out below.

Recommendation 1 – Public, social and affordable housing

The Committee recommends that the ACT Government consider ways to provide more public, social and affordable housing in the ACT.

Government Response

Existing Government Policy

Improving housing affordability is a challenge in Canberra and across the country. In response to the challenge, the ACT Government is increasing housing stock across the board with a range of new initiatives designed to increase access, choice and affordability.

As part of the 2023-24 Budget, the Government is investing an additional \$345 million to continue delivering a comprehensive package of housing programs, initiatives and measures to help Canberrans access housing that is right for them and their situation.

The ACT Government has demonstrated its commitment to public housing, with 5.8 per cent of households in the ACT supported by public housing compared to 2.8 per cent nationally.

The ACT Government has over 11, 500 social and public housing dwellings, providing homes for more than 21,500 people. As part of the Growing and Renewing Public Housing program, 1,000 of these properties are set to be renewed, and 400 new public housing homes added to the portfolio by 2026–27. By the end of 2023–24, it is expected that around half will have been delivered.

The 2023-24 Budget includes funding to continue the Growing and Renewing Public Housing Program, which is the largest per capita investment in public housing in Australia.

The Commonwealth has also provided a \$50 million Social Housing Accelerator payment, and will support additional social and public housing through the Housing Australia Future Fund, which is aimed to deliver a permanent boost in the number of social and public housing stock.

The National Housing Accord brings Commonwealth, state and territory governments, industry and the community together. This year's ACT Budget makes the most of this significant opportunity to expand affordable housing in the ACT.

Additionally, the ACT Government's own \$60 million Affordable Housing Project Fund will help meet the ambitious target, to deliver 600 affordable rental homes by 2025-26.

- The Affordable Housing Project Fund so far includes support for four projects, owned or managed by a community housing provider, in 2023-24. These projects are expected to deliver around 180 new affordable rental dwellings for low-income Canberra households.
- The Fund will also enable the Government to run a Request for Proposal process in 2023-24, inviting proposals to develop an affordable rental initiatives as part of a planned Build-to-Rent development.

The Affordable Housing Project Fund will build on the Government's affordable rental achievements to date, including the 2022-23 release of a site in Turner for a Build-to-Rent development with minimum affordable rental component, as well as the development of Common Ground Dickson and the growing number of properties being offered under the Affordable Housing Land Tax Exemption Scheme.

Further, the Government will focus on land release for affordable, community and public housing dwellings, bolstering the community housing sector and encouraging Build-to-Rent developments.

- In 2023-24, the Government will be releasing multi-unit development sites to market with requirements for over 200 affordable, community and public housing dwellings.
- This is in addition to more than 300 affordable homes currently in developer pipelines, 355 affordable home sites released to developers, and 235 affordable home sites progressing toward release.
- The Government also plans to release a site in the Gungahlin Town Centre in 2024-25 for a Build-to-Rent development with a minimum affordable rental component.

The ACT Government continues to work closely with the community housing sector to leverage Commonwealth funding and assistance, including by identifying a pipeline of suitable sites for affordable and social housing.

Recommendation 2 - Diversity of medium and high-density housing

The Committee recommends that the ACT Government support a greater diversity of medium and high-density housing throughout the ACT, including encouraging and supporting the construction of more 3 bedroom and 4 bedroom apartments and townhouses.

Government Response

Existing Government Policy

The Planning Strategy 2018 provides the overall guidance for where growth and residential development is to focus (e.g. along corridors and around centres). Under the Planning System Review and Reform Project, nine draft district strategies were released for public comment between November 2022 and March 2023. The draft District Strategies have been based on examination of where there is current capacity for residential development (within existing zoning); they identified areas of change where further residential development and other uses could occur; and identified potential areas where there could be further growth accommodated with some change and intervention. These indicate where more medium and high-density development could occur - particularly in strategic locations in proximity to commercial centres, transport corridor and nodes.

An interim Territory Plan has been prepared as part of the ACT Planning System Review and Reform project. The new Territory Plan incorporates policy changes in response to Government policies and commitments including providing for a greater range of housing. Residential development proposals

will need to demonstrate that they provide an appropriate dwelling mix that can meet the changing needs of residents, including consideration of benchmarks for a minimum number of apartments with 3 or more bedrooms.

The interim Territory Plan includes changes to the Residential Zone 1 (RZ1) that will allow dual-occupancy developments on large blocks. Any block over 800 square metres in an RZ1 zone will be able to accommodate a modest second dwelling, up to 120sqm in size, and be able to unit title that second dwelling.

The Housing Design Guide (that is part of the Territory Plan package) provides guidance that supports diverse housing choices through the design. As a dedicated design element, guidance is provided through describing best practice apartment size and layout. Details of this guidance is outlined below.

- Include a range of dwelling sizes in all new developments, ranging from studio apartments to larger family homes, to encourage a diverse mix of residents.
- Design floor plates so all dwelling size types are mixed throughout the development. This will mean some smaller apartments can also enjoy the best outlook and view while some larger apartments can be more affordable due to less premium location.
- Consider providing larger apartment units for families and allowing working from home space, multiple main bedrooms, secondary living spaces, at least one bath, wider service spaces and easily access to communal spaces.
- Consider providing a study space with access to daylight, natural ventilation and with a minimum width to support working from home or a flexible guest room.
- Include some dwellings with larger rooms to suit residents with particular mobility, lifestyle or furnishing needs.
- Include some compact 3-4-bedroom family-appropriate dwellings to improve affordability for families or larger households.

Recommendation 3 – Promote the Affordable Land Tax Exemption scheme

The Committee recommends that the ACT Government invest in increased promotion of the affordable land tax concession scheme. Specifically, the ACT Government should consider promoting the affordable land tax concession scheme clearly on land tax notices.

Government Response

Agreed

Property owners who rent their property through a registered community housing provider as affordable rentals to eligible tenants under this scheme can access a land tax exemption. There may be additional benefits for these property owners through tax deductions and the ACT's Home Energy Support Rebate Program.

There are around 150 properties around the Territory currently participating in the affordable community housing land tax exemption scheme through two registered community housing providers: Rentwell and Homeground.

The Government has allocated funding from the 2023-24 Budget to actively promote and increase the take up of this scheme in 2023-24. The Government will consider the recommendation to promote the scheme in land tax notices.

Recommendation 4 – Short term rental accommodation

The Committee recommends that the ACT Government explore regulatory and policy solutions to address negative local impacts of short-term rental accommodation on the supply and price of long-term rental properties in the ACT.

Government Response***Noted***

The Government is currently considering any interactions between short-term rental accommodation and overall housing and rental affordability in the ACT. It will report back to the Legislative Assembly in late 2023 as part of the response to the Resolution of the Assembly on 30 March 2023 – Short-term rental accommodation in the ACT. The Government also notes that on 16 August 2023 National Cabinet agreed, as part of the “Better Deal for Renters” reform package, to consider options for better regulation of short-stay residential accommodation (STRA). The ACT Government is liaising with the Commonwealth and State and Territory Governments on the implementation of the National Cabinet agreement.