



Inquiry into Annual and Financial Reports 2023–24

Answer to question taken on notice

Asked by: Ms Jo Clay MLA

Addressed to: Ms Yvette Berry MLA, Minister for Homes and New Suburbs

In relation to: Affordable and public housing delivery costs

Hearing: 10 February 2025

Uncorrected Proof Transcript: 10 February 2025, p 16

Transcript provided: 12 February 2025

Answer Due: 19 February 2025

Ms Yvette Berry MLA, took on notice the following question(s):

THE CHAIR: Mr Cain, do you have further specific questions? No. Excellent. Good job, team. We are back to the beginning. I will start again with a substantive, and we might get through if we are a little bit quick.

Minister, treasury has undertaken three application rounds for funding for build to rent proposals with an affordable component and instigated an \$80 million affordable housing project fund to provide assistance. As at June 2024, six projects have been approved for assistance through the fund and are expected to deliver about 280 affordable dwellings. Just so we do not get confused, I am asking this about our housing strategy, and Coordinator General, this is probably not an SLA specific question. Minister, can you tell me what is the cost to ACT government per build to rent dwelling?

Mr Pirie: We would probably have to take that on notice.

THE CHAIR: That is okay. I might fire at you a whole bunch of things that you may take on notice, and that will be fine. Can you tell me how that compares to the cost to ACT government per public housing dwelling?

Ms Berry: We will take it on notice.

THE CHAIR: How it compares to the cost to ACT per community housing dwelling?

Ms Berry: Take it on notice. Can I suggest we will probably take all of those questions on notice.

THE CHAIR: I would love to lodge them now, if it is okay, minister. And how it compares to the cost to ACT government per Rentwell or Homeground subsidised property? So all four of those. How they compare. Thank you.

Ms Yvette Berry MLA: The answer to the Member's question is as follows:

1. It should be noted that the four categories are not directly comparable, as the amount of support provided by the ACT Government varies (for example, bearing all costs associated with public housing, while only contributing a proportion of the costs for the other housing types):

- a. The cost to the ACT Government per affordable rental dwelling funded through the Affordable Housing Project Fund (AHPF) varies as each project is unique in nature and requires a diverse range of financial assistance to support the delivery of affordable housing.

The assistance could be in the form of upfront assistance (such as a capital grant), ongoing (such as availability payments or subsidies to support the ongoing operation of affordable rental dwellings) or other types of assistance such as Lease Variation Charge (LVC) discounts and de-concession fee discount.

The amount of assistance also depends significantly on the type and location of development (for example, dwellings in a larger development or a standalone development or in an established area or greenfield area), the planning and zoning status of the site (community facilities zone and residential zone), and other funding sources available (for example from Housing Australia).

The financial assistance from the AHPF is only available for affordable rental dwellings and is not available for market dwellings (even if they are in Build-to-Rent projects) or social housing dwellings.

Despite the projects being required to provide affordable rentals for a minimum period of 15 years, the dwellings are expected to be operational as affordable for the whole lifecycle of the development (over 40 years) as the CHPs are required to maintain those dwellings in the National Regulatory System for Community Housing (NRSCH) register. Should a CHP decide to sell those dwellings after 15 years of operation, they would be required to re-invest in the CHP sector. Accordingly, any financial assistance will perpetually benefit the CHP sector as it boosts the sector's capacity.

- b. Average/indicative construction costs for public housing dwellings were outlined in QON 2036 in August 2024 available at: <https://questions.parliament.act.gov.au/details/125dc702b7384d6d9c3ec1a9e1d2e62f>.

- c. The cost to the ACT Government per community housing dwelling cannot be separately quantified. Community housing is delivered by Community Housing Providers (CHPs), who may either manage or own and manage their dwellings. Depending on the uses of their dwellings (which may include affordable housing, social housing, or crisis and transitional accommodation), they may access various funding sources. This includes participating in the AHPF (refer point a, above) for

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affordable rental dwellings, participating in the Housing Asset Assistance Program by head-leasing a public housing property, or accessing other grant funding.

- d. The estimated average annual cost to the ACT Government per subsidised affordable rental dwelling through the ACT Government's Affordable Community Housing Land Tax Exemption Scheme (which include Rentwell and HomeGround as providers) is \$4,786 in 2024-25. This is revenue foregone from land tax, and there are other costs associated with the management of the affordable rental dwellings which are borne by CHPs and funded by the management fees paid by property owners participating in the scheme.

Approved for circulation to the Standing Committee on Environment, Planning, Transport and City Services

Signature:



By the Minister for Homes and New Suburbs, Ms Yvette Berry MLA

Date:

21/02/25