
Promoting Socio – Economic Inclusion through CBD Developments : Infrastructure and the economic case for investment in affordable housing

October 2016



HIGH-QUALITY SERVICES



CONNECTING



LOOKING AHEAD



The point of the presentation



Institutional investment –
a furphy?



The city have's and have not's...

- While the opportunities have never been greater for our cities, congestion, poor access to jobs and services, reduced housing affordability and increasing pollution can challenge the quality of life they offer.
- 40 per cent of Sydney's jobs growth is occurring in the city centre.
- The concentration of jobs (known as 'job clusters') in these economic centres is often reinforced by pre-existing transport corridors and interchanges

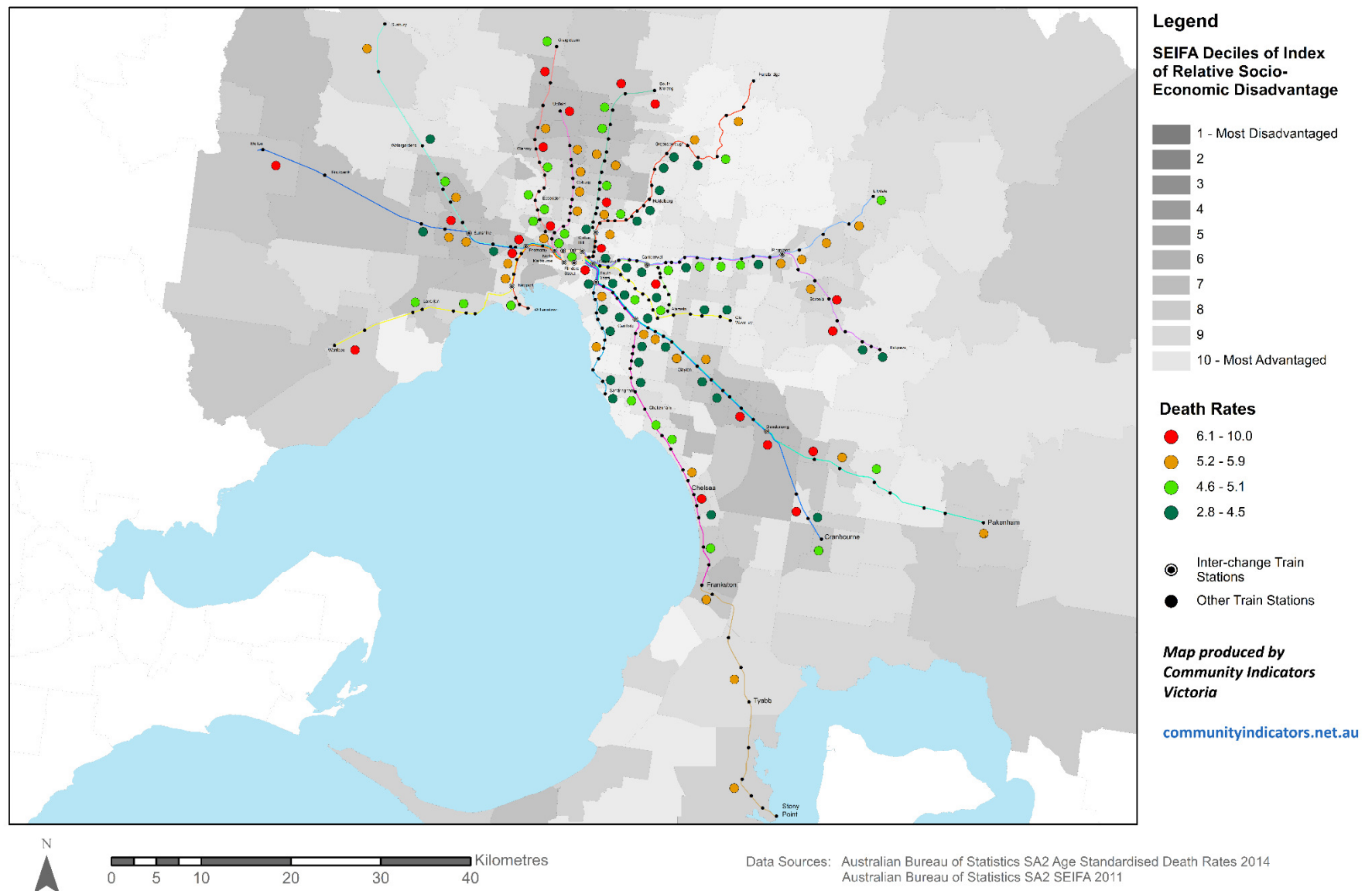


Melbourne city

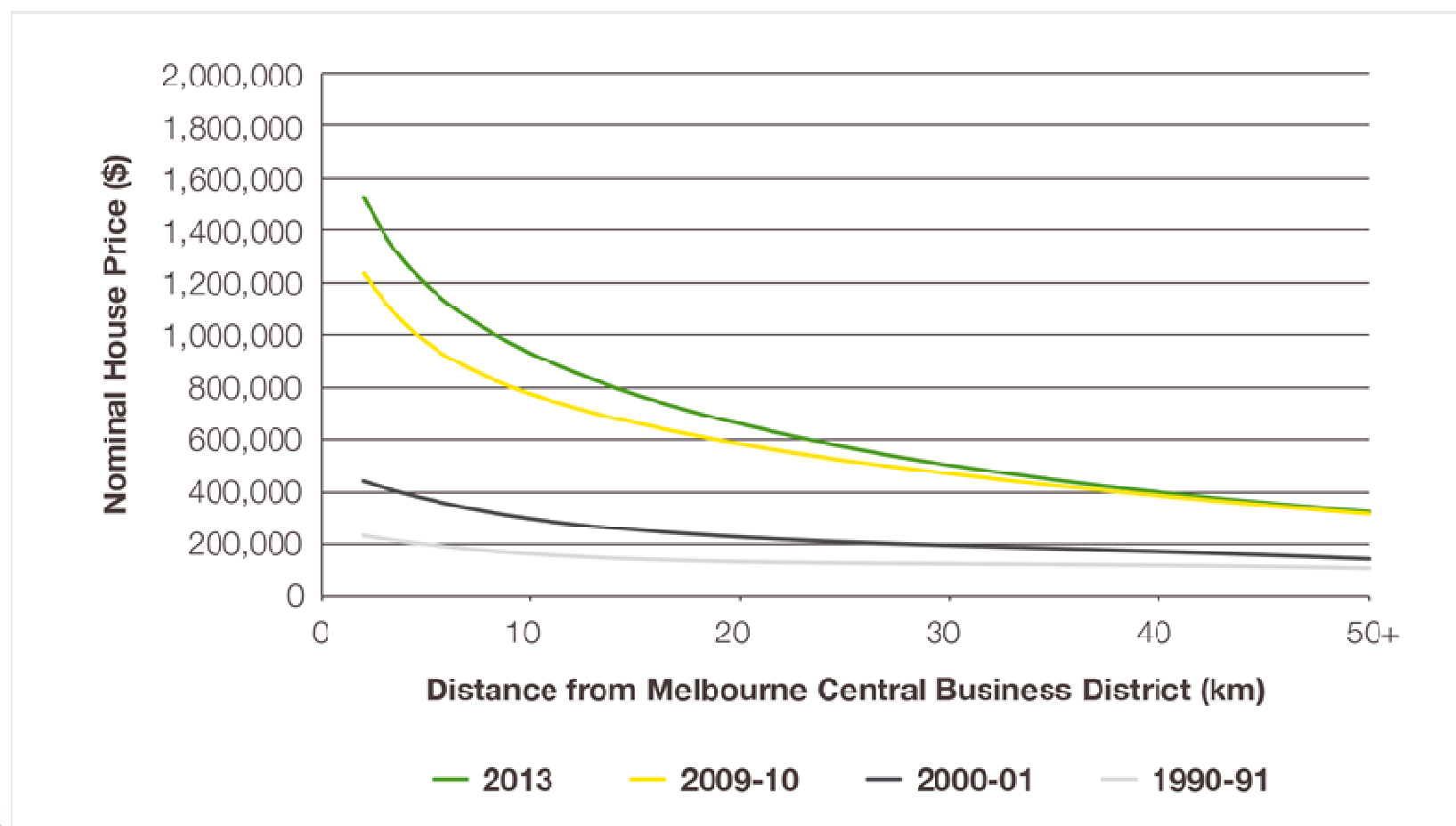


Another way of looking at Melbourne

Age Standardised Death Rates per 1000 People and the Melbourne Train Network



House price vs. distance – changing priorities for Melbourne



Source: Department of Infrastructure and Regional Development, State of Australian Cities 2014-15, Commonwealth of Australia, Canberra, 2015



Screaming headlines!!!

Australian house price
values have surged to a
new record high!!!

Growing at the second fastest
rate in a study of 23 countries,
according to global investment
bank UBS

Australian house
values had moved
about 7 per cent
above previous
peaks in 2003,
2007 and 2010

Evils of the hipster
café!!

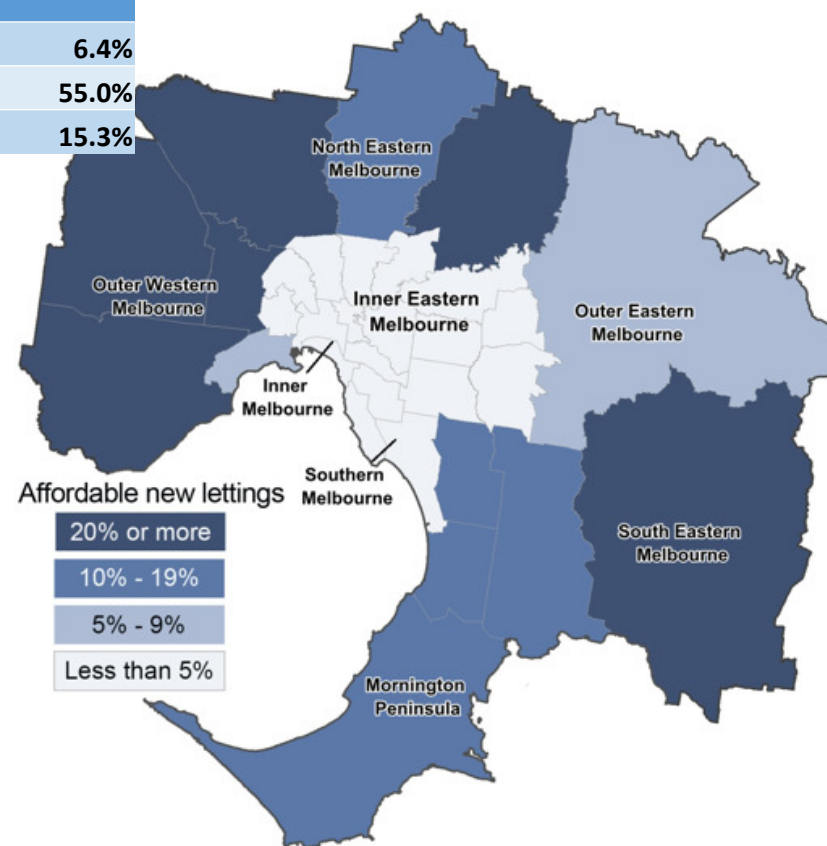
Is the domination of smashed
avocado on the nation's cafe
menus stopping the young
from buying property?

600 town and
suburbs on
NAB lending
blacklist



Melbourne – Affordable Rentals by household type

Affordable Rental (% of total)	Singles on Newstart - 1 Bedroom	Single Parent with 1 child - 2 bedroom	Couple on Newstart with 2 children - 3 bedroom	Couple on Newstart with 4 children - 4+ bedroom	TOTAL
Metro Melbourne	0.3%	2.2%	9.3%	25.9%	6.4%
Regional Vic	21.2%	51.0%	59.3%	62.2%	55.0%
Victoria	1.5%	9.2%	23.2%	35.3%	15.3%



Source: DHS, Rental Report – March 2016

Some consequences beginning to appear...

RICH but DISPIRITED

Higher property prices
entrench the advantages of
the wealthy

Property wealth provides no
extra emotional or material
comfort

Australia has never been a more
unequal society, social researchers
say.

*Income of the top 5 percent of
earners rose 78 percent from 1995
to 2012, while income of the
bottom 20 percent rose 44 percent,
according to a study last year*



Institutional investment – 6 commandments?

- A strong regulatory framework
- Strong policies and strategies at a state and federal level
- 3 to 5 CHPs of scale in each State.
- State or federal government support to close the funding gap.
- A willingness to trial pilot programs
- Allow the markets to do their work.

Source: Westpac Institutional Bank, The Financing Evolution in Social and Affordable Housing, February 2016



Harness Private Capital to Reform Housing Delivery

- Commonwealth Government should establish a financial intermediary to facilitate efficient access to long term finance, via bond market
 - Establish the organisation, modest operational seed funding
 - Underwrite limited element of risk to ensure market acceptance
- Institutional investment in affordable, accessible & social housing delivery by:
 - Stabilising rent payments through automatic debit from Commonwealth benefits
 - Establishing uniform light touch – but robust – Commonwealth led National Regulatory System for social, affordable and accessible providers within 3 years
 - Registration a condition of accessing non-market finance and public land benefits
 - Providing investor certainty on the structure of social and affordable housing subsidies over forward estimates, including the role of CRA

Cities deal – Western Sydney – Deciphering the deal

The City Deal will focus on:

- An increase in infrastructure investment, including transformative public transport projects, to unlock the economic potential of the region, reduce congestion and support local needs.
- A program of employment and investment attraction to support the development of the region, through reduced business regulation, investment in skills and removing barriers to employment, including a focus on youth and Indigenous employment.
- Improving housing affordability through support for increased supply and housing diversity, including improvements to planning and zoning regulations and higher density developments in appropriate locations.
- Improved environmental and liveability outcomes, including streamlined and coordinated biodiversity conservation, support for clean air, green spaces, vibrant arts and cultural experiences.
- Coordination between governments to deliver regulatory reforms that better integrate infrastructure, land use, housing and environmental planning decisions to facilitate growth.

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