

Xenophon calls for greater rental and housing affordability

Nick Xenophon, Independent Senator for SA

Key points

- There has been a decline in housing affordability in recent years, a situation which will only worsen in the current global financial crisis.
- Nick Xenophon believes that home-ownership is one of the bedrocks of society.
- He supports initiatives to help first home buyers, but argues that more needs to be done in the areas of planning laws, land release and lower government fees.
- He also supports measures for more affordable rental accommodation for those saving for home ownership, but calls on the Federal Government to make building more affordable housing both simpler and cheaper.

Senate Hansard

Senator XENOPHON (South Australia) (24/9/2008, 10:20 AM) —I rise to support the [First Home Saver Accounts \(Further Provisions\) Amendment Bill 2008](#) and related legislation. I note that this bill is essentially an administrative bill to impose a levy in order to finalise the government's First Home Saver Accounts scheme and that it imposes this levy to provide funding for APRA to carry out supervision of financial institutions which offer this scheme. So in that sense I welcome it.

I want to make some brief remarks in relation to the importance of housing affordability. Clearly there has been a decline in housing affordability. We have seen in recent years a spike in house prices in a number of markets, including, in South Australia, the Adelaide market, where housing affordability is becoming increasingly difficult for young people who are not in the housing market and who do not have the benefit of being able to sell their existing home with significant capital gains in order to buy another home. It has become increasingly difficult.

I think one of the bedrocks of a good society is to ensure that we have high levels of homeownership, but for too many young Australians in particular and those who, through changed life circumstances, find themselves in the real estate market again this dream has become a nightmare. I think we need to pause to reflect briefly on the implications of a drop in the homeownership rate, on what that means for us as a society in terms of people giving up on buying homes, not getting into the market and deciding to spend their income on other items rather than what I consider to be a bedrock in society: having that home and having that foundation in a community.

I agree with Senator Humphries that there are many other things that can be done. I see this move by the government as a good first step. But I think it is important that we consider not just land release but also planning laws. I am not a great subscriber to the view that you simply have increased urban sprawl in terms of the carbon footprint and in terms of the impact that has on the environment.

In Adelaide, Madam Acting Deputy President, as you may well be aware, before World War II about 46,000 people lived in the City of Adelaide in what was known as the 'square mile'. Now there are something like 22,000 people living there, fewer than half as many as 70 years ago and significantly fewer than, for instance, at the turn of the century. There is no reason why Adelaide has not got the capacity to have many more people living in the CBD. The Adelaide City Council suggests going back to pre-World War II levels. I think we should be bolder and go for a much more ambitious figure of up to, say, 100,000 people living in the CBD. That would involve the Commonwealth playing an active role—to put it bluntly, putting a rocket up state governments, who are dragging their feet on planning laws and, I think, standing in the way of allowing for environmentally sustainable, sensible developments that will allow for affordable housing, particularly in the CBDs of our cities and in transit corridors. There have been suggestions that that is the way governments are going across the country, and I welcome that, but I think much more needs to be done much more quickly in order to deal with that problem.

So, whilst this legislation is welcome in order to anchor the package announced by the government with respect to this saving scheme, unless you tackle those fundamental issues of housing affordability, of planning laws, of the release of land and of affordable housing generally—for which state governments bear a great deal of responsibility in terms of rates, taxes and impositions on new developments—I think that we will simply be moving too slowly in increasing the levels of homeownership in this country and ensuring that young people actually have a fighting chance of getting into the housing market. With those brief remarks, I indicate that I support this legislation, and I hope it is a package of many measures that in the future will make a dramatic difference in our level of homeownership in this country.

Senator XENOPHON (South Australia) (24/11/2008, 12:48 PM) — I will be supporting the [National Rental Affordability Scheme Bill 2008](#).

These bills aim to stimulate private investment in the low to medium income rental market. They are intended to help people on lower incomes, or in the early stages of their professional careers, to afford rental accommodation and possibly make the transition to future home ownership.

More specifically, these bills will enable entities participating in the Scheme to claim a refundable tax offset in their annual tax return, or through lodgement of an application by not-for-profit entities. Importantly, the bill has the support of the states and ensures state and territory contributions, either through cash or in-kind.

I am conscious that these bills have been the subject of a Community Affairs Committee report and do not wish to replicate in detail the contributions contained therein. However, I do wish to put on record a number of matters that I believe must be addressed for the viability and affordability of housing development in the future.

Whilst I welcome what is proposed in these measures, the magnitude of the problem must not be underestimated. According to *Demographia*, a demographic research organisation, Australian urban markets have one of the worst levels of housing affordability compared with nations such as the UK, the US, Canada and Ireland.

A January 2008 survey found that Australian's pay on average 6.3 times household annual earnings. In contrast, the UK's average is 5.5 times, Ireland is 4.7 times, the US is 3.6 times and Canada just 3.1.

Acting Deputy President, I believe one of the keys to creating more affordable housing in this country will have to be a wholesale revamping of planning laws.

It is getting too hard, too complex and too costly to build affordable housing in Australia.

A key to affordable housing is to tackle the myriad of red tape and myopic restrictions dealing with planning laws. These restrictions delay much needed projects, creating a shortage of housing which is driving prices up. The Commonwealth can play a key role in dragging local and state governments into the 21st Century on this issue.

And we're not just facing a shortage of dwellings.

I believe there is also a shortage of vision.

In Paris, in New York, in many of the world's great cities, families live in the city. City buildings aren't just workplaces, they're also living spaces and planning laws accommodate this.

In my home town of Adelaide at the end of World War II, about 46,000 people lived in the city area that was known as the 'square mile'.

Life was good.

These families made great use of the parklands all around the CBD, and none of them contributed to urban sprawl.

Fast forward six decades and the number of people living in the City of Adelaide has more than halved to around 22,000 people. Earlier this year I spoke to the Mayor of Adelaide, Michael Harbison, about Adelaide City Council's plans to increase the population in town back to WWII levels. And whilst I endorse this initiative I also ask, why can't we go further? Why not aim for 100,000 people living in the CBD?

Why does Adelaide have height restrictions on construction that keep buildings low and the cost of buildings high?

More has to be done, because right now we are failing homeowners and potential homeowners and the Great Australian Dream must not be allowed to become an unattainable pipe dream.

With these things in mind, I indicate my support for these two bills.

A note from Nick...

Thanks for taking the time to read this extract. If you have the time, I'd appreciate it if you were willing to share your thoughts on ways to improve housing and rental affordability in the future.

You can do this either by calling me: 08 82321144 or by email: Senator.Xenophon@aph.gov.au