Seeking Shelter

Affordable housing saves lives. And we desperately need to provide more of it. But how? Urban planning expert Carolyn Whitzman shares her perspective on a fundamental issue.

FROM THE STREET, with its glass and concrete, Common Ground looks like any other newly constructed apartment building in central Melbourne. It is what is inside that counts: 131 studio apartments over eight floors, half of which are designated for those who have been chronically homeless, and half for other low-income singles and couples. Common Ground is an innovative example of ‘Housing First’ – a model that is based on the idea that the first and greatest need of vulnerable, homeless and at-risk people is stable housing, and that a great number of related needs – such as mental-health care, healthcare and employment – will either be solved, or be much easier to deal with, once that is established.

Developed in the US in the early 1990s, the Housing First model has been shown to be both successful in providing long-term housing, and cheaper in the long run than the alternatives: short-term crisis accommodation, prison or hospitals. As put simply to me last year by a San Francisco urban economist: “We would rather spend a dollar on developing a long-term home for a person than $20 dealing with that person in an emergency room.”

The links between violence against women and homelessness are being increasingly acknowledged, as is the need to provide housing for people with disabilities, young people leaving foster care and older single women and men. Yet Common Ground and a few similar projects around Australia are still ‘one-offs’, rather than part of a comprehensive, national affordable housing program.

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Australia’s population is projected to grow to 38 million by 2060, with Sydney and Melbourne each growing by at least three million people. There will be a higher proportion of older people, and a lower proportion of people in the paid workforce. What this means is that there needs to be millions of new dwellings built in the next three decades, and they need to be built close to public transport, as well as health and social services.

Housing affordability affects everyone, and a growing number of singles, couples and families with children are unable to buy their own home. But the affordable housing
shortage is far worse for low-income renters. Capital city rents rose by twice the level of inflation from 2005 to 2010. In 2011, there was a shortage of over half-a-million suitable rental properties, so even most households who are receiving rental subsidies from the government are paying well over the recommended maximum rent. Anglicare’s annual ‘Rental Affordability Snapshot’ noted that, in 2015, a single person on government payments living in a capital city (such as a person with disability, an 18-year-old moving out of foster care, or a single parent with children) cannot access any rental properties at the recommended maximum rent. For many households, the choice is stark: pay the rent or eat, but not both.

As Michael Parkhurst, of the US-based philanthropic foundation Meyer Memorial Trust, told me last year: “The biggest issue in the affordable housing industry is that we are selling a product that the customers can’t afford to buy.”

Private developers are responsible for more than 95% of the housing produced in Australia. Federal and state investment in public housing has stalled since the 1980s and community housing providers in Australia are much smaller than their overseas counterparts. Between 1996 and 2007 the number of public housing properties shrank by 32,000, while the country’s population grew by 2.8 million people.

Unlike most other comparable countries in the world, the Australian federal government does not have an ongoing program to subsidise the development of housing at below-market rents.

In response to the Global Financial Crisis, the former Rudd government delivered a Social Housing Initiative as part of its Nation Building Program, which delivered almost 20,000 new dwellings and funded repair/maintenance for a further 80,500 subsidised dwellings from 2008 to 2012. There was an additional program aimed at moderate-income earners – the National Rental Assistance Scheme – that delivered 28,000 below-market rental homes.

But both of these schemes have now been discontinued, while existing public housing, mostly built in the 1960s and 1970s, continues to deteriorate amongst growing waiting lists.

As is the case with so many innovative affordable housing projects in Australia, Common Ground is the result of a partnership approach. In this case, the federal and state governments provided funding, and the City of Melbourne sped up the approval process. Grecon, a large private developer, built the apartments with no profit margin, saving about $40 million dollars (it has since contributed to Common Ground projects in Sydney and Brisbane). Other construction and planning companies also provided their services at cost. Yarra Community Housing developed the project, and Launch Housing (formerly Homeground), another community housing organisation, manages it.

The units in Elizabeth Street Common Ground were almost immediately filled, of course. So why couldn’t that great partnership build more? Simply put, the Victorian government changed in 2010, and the federal government changed in 2013 – and neither new government seemed focused on large-scale investment in affordable housing.

Without either direct government subsidy (like the Nation Building Program) or indirect subsidy (like the National Rental Affordability Scheme), these projects will never be replicated, let alone scaled up to meet the broader need.

Affordable housing decisions don’t have to be so politicised. In the US, the Low Income Housing Tax Credit has, since 1986, allowed private investors to obtain tax credits in return for a 10-year investment in constructing or rehabilitating low-income rental housing. This stable and politically bipartisan program injects about US$6 billion a year into affordable housing. Providing government backing for bonds – a guaranteed low-risk, low-yield, long-term instrument, with
tax incentives – is another possibility whose viability has been researched in Australia. Tax Increment Financing allows the use of revenues from increases in property values to fund greatly needed infrastructure within that area. In Portland, Oregon, $150 million from these funds has gone to non-profit housing projects between 2006 and 2011.

Alongside these subsidies, there is a desperate need for an integrated policy approach from all levels of government. Commonwealth, state and local governments need to set housing targets that recognise the continuing need for high-subsidy, low-income housing projects such as Common Ground, and lighter subsidies to encourage a new stock of below-market rental housing.

The City of Vancouver has developed a housing and homelessness strategy for 2012–2021 with annual targets, and collaborates closely with both surrounding local governments and the provincial (state) government, whose funding is vital to realising such strategies. It maps out the land assets to be used for affordable housing and makes this publicly available. These also translate into six community plans over 20 to 30 years in its most rapidly changing neighbourhoods, where local residents have an opportunity to set long-range public transport and community facility services that are necessary to support a rapidly growing population.

More deeply, though, there needs to be a shift of attitudes about the basic need and right that is shelter. Owning a house has been an important means of retirement savings for two-thirds of Australians. In fact, 19% of Australian households own an investment property, with any losses claimed as an income tax deduction, which is known as ‘negative gearing’. The cost of negative gearing alone as a government program has been over $33 billion, from 1995 to 2012. And negative gearing is just one example of the heavy government subsidisation of home ownership, at the expense of programs that might encourage affordable rental housing and other forms of social investment.

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I have been convening an ‘action research’ partnership on affordable housing in metropolitan Melbourne since early 2013, called Transforming Housing. State and local governments, banks and philanthropic investors, private developers and not-for-profit housing providers have been collectively identifying barriers and developing policy, finance and construction enablers that can overcome these barriers. We are learning from similar large-scale initiatives like The Sydney Alliance and The Big Issue-sponsored Homes for Homes (a scheme in which home owners can elect to donate 0.01% of the sale price of their property to fund benevolent housing projects) to explore ways that diverse groups can work together for the common goal of providing more and better affordable housing.

There are grounds for hope. The new federal government is talking about infrastructure and innovation in a way that may create the space for an affordable housing industry to be developed. The government of New South Wales is developing an integrated affordable housing approach and the government of Victoria promised greater measures to support social and affordable housing in its 2014 election platform.

At Common Ground’s fifth anniversary celebrations at the start of October, resident Dolly Armstrong spoke movingly about her experiences of family violence and abuse, leading to depression. Common Ground felt like her first real home. For so many of the residents of affordable housing, it can mean the difference between life and death. It is vital for our society to acknowledge this basic fact and, together, plan to save more lives.

Carolyn Whitzman is a Professor in Urban Planning at the University of Melbourne. She is the author, co-author or lead editor of five books, including: Melbourne: What Next? A Discussion on Creating a Better Future (2014) and Building Inclusive Cities: Women’s Safety and the Right to the City (2013).