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HOUSING AFFORDABILITY

ONLINE CONSULTATION FINAL REPORT

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ONLINE CONSULTATION

FINAL DRAFT REPORT

JUNE 2017

GAP - Global Access Partners Pty Ltd

ACN 000 731 420
ABN 74 000 731 420

71 Balfour St, Chippendale
Sydney NSW 2008
AUSTRALIA

T +61 2 8303 2420
F +61 2 9319 5754
www.globalaccesspartners.org

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EXECUTIVE SUMMARY

This report is based on material gathered during the Housing Affordability Online Consultation which was hosted by the institute for active policy Global Access Partners (GAP)[1] on Open Forum[2] from 27 April to 8 June 2017.

Developed by the GAP team in consultation with the NSW Department of Planning and Environment, the Housing Affordability Online Consultation engaged a broad cross-section of the community in a conversation about housing affordability.

The consultation was officially launched by the Hon. Anthony Roberts MP, NSW Minister for Planning, Minister for Housing and Special Minister of State, on **Thursday, 27 April 2017,** with a publication of his first blog *'Where will 1 million more people live'* – one of three blogs written by the Minister.

The Housing Affordability Online Consultation ran for six weeks at www.openforum.com.au/housingaffordability/ and was closed to public commentary at 12:00noon Australian Eastern Standard Time (AEST) on **Thursday, 8 June 2017**.

The consultation offered a unique opportunity for the general public, including homeowners, future homebuyers, tenants, developers, real estate agents, lawyers, academics, larger organisations and key stakeholder bodies, to contribute to the debate on housing affordability. Open Forum also featured a number of blogs from the NSW Government to provide background and context to the issues discussed.

The community was invited to contribute to the following question: '**What can be done to improve housing affordability?"**

To raise public awareness and encourage participation, GAP organised an extensive publicity campaign which included promotion through mainstream and community media, partner networks, Open Forum's subscriber base and social media. This was complemented by a broad promotional campaign run by the NSW Department of Planning and Environment.

1 Global Access Partners Pty Ltd (GAP) is an independent not-for-profit organisation which initiates high-level discussions on the most pressing social, economic and structural issues and challenges across a broad range of Australian economic sectors. Through its pioneering '*Second Track*' *Process* programme of initiatives and Open Forum, GAP fosters links between community, government and academia to streamline the process of 'fast-tracking' solutions to key issues, increase stakeholder participation in policy development and promote fresh, cross-disciplinary approaches to regulatory problems.

2 Open Forum is an online discussion platform hosted and facilitated by GAP. The site was launched in July 2007 with the mission of increasing citizen participation in public policy debates. Having grown organically since then, the forum enjoys an impressive blogger database and a very high level of readership comprising senior business executives, government policy makers, academics, thought leaders and community advocates, as well as interested private citizens. The participation in online debates is free and open to people of all ages, backgrounds and political views.

All comments submitted to the consultation were moderated by the GAP team in accordance with Open Forum's Moderation Guidelines (http://openforum.com.au/moderation-guidelines).

During the Housing Affordability Online Consultation, Open Forum received **6,660 visits** from **5,102 unique visitors**, while the consultation recorded **69 individual comments and 26 blogs** from the community. The total number of **pageviews** was **15,030,** with an average of 2.3 pages viewed per visit.

This report summarises the comments and blogs submitted and is organised under the themes which emerged from the debate. Submissions by expert contributors are delineated by their full name and title, while some members of the public chose abbreviated or assumed names. The views expressed reflect a wide range of opinions and do not necessarily reflect those of the NSW Government or GAP.

The Housing Affordability Online Consultation will remain online indefinitely as a 'read-only' forum and a free information resource which can be used for educational and historical purposes.

GAP invites the NSW Department of Planning and Environment to consider supporting a second phase of the Housing Affordability consultation to further explore and develop community proposals.

DISCLAIMER: This report represents a range of views and interests of the individuals and organisations participating in the Housing Affordability Online Consultation. They are personal opinions that do not necessarily reflect those of Global Access Partners Pty Ltd or the NSW Government. Given the different perspectives of participants, the report does not reflect all the views of all participants and it should not be assumed that every participant would agree with every option put forward.

SUMMARY OF MAJOR ISSUES

Housing affordability varies greatly across New South Wales, with prices ten times higher in Sydney than some outlying regions. While home building has reached record levels, demand continues to outstrip supply, and many aspiring homeowners feel excluded from the market. Sydney's population may swell by another million by 2027, further ramping up demand, and while consultation respondents offered different remedies, all agreed that solutions must be found.

According to the NSW Government's data, Sydney house prices are driven by spiralling land values. Although 90% of the price rise since 1987 was balanced by higher wages and lower mortgage rates, today a 20% deposit plus stamp duty on an average detached home in Sydney is equal to 158 weeks of pre-tax average full-time wages. Census data reveals that 61% of 20 to 34-year-olds had bought a property in 1981, but just 43.2% in 2011, and this percentage may plummet to 23.7% by 2019. If people have not bought a house by 40, the odds are they never will.

Consultation participants offered the following solutions:

Land and Planning Approvals

The NSW Government is releasing land and approving development at an increasing rate, but many respondents called for more land to be rezoned for development. Faster planning approvals and efforts to counter the 'not in my back yard' (NIMBY) opposition of existing residents would also increase supply. Incentives or quotas for affordable dwellings in new developments were backed by many Open Forum respondents in return for relaxation of the planning rules.

Housing Density and Smaller Dwellings

The NSW Government encourages the creation of medium-density terraced housing in urban areas. Contributors urged a wide range of measures to help in the creation of smaller homes at higher density to increase the housing supply, reduce prices for first homebuyers and cater for those living alone. These included council zoning changes and relaxed 'granny flat' rules.

A Holistic Approach

Several respondents agreed that a multi-pronged, holistic approach is required to tackle such a complex and contentious problem as housing affordability. A combination of measures to increase supply and reduce demand are required, as there is no single 'silver bullet'.

- **Foreign Investment and Immigration**

Respondents overwhelmingly supported strict measures to constrain or outlaw the purchase of Australian housing by foreign investors to free more homes for domestic buyers. Investors who leave property vacant should be further penalised, and some respondents supported immigration curbs to reduce housing demand.

- **Generational Issues**

Initiatives to encourage Baby Boomers to downsize and free their large, underused homes could be supplemented by exemptions on rental income from leasing vacant rooms. More support is needed for vulnerable young people leaving out-of-home care, while Millennials may be forced to embrace alternative housing and employment choices. Property investment by self-managed super funds should be curtailed, and clear affordability goals would focus political attention on results rather than rhetoric.

- **Jobs and Inequality**

Respondents saw the housing affordability problem as a symptom of wider economic and social inequality, which should be tackled at its root through greater job opportunities and more progressive tax and welfare arrangements. People should be encouraged to move to regional towns with lower house prices, while trustworthy renters could be offered loans on a smaller deposit without the burden of compulsory mortgage repayment insurance.

- **The Rental Market**

Rents are increasingly unaffordable for working families, particularly in inner Sydney. Appreciation of the 'use value' of housing as shelter, rather than its 'exchange value' as an asset, would focus the debate on people's basic needs rather than profit.

- **Public Housing**

Improvements to the public housing stocks, financed by levies on developers and investors, could reduce demand and prices in the rental and property markets and ensure every NSW resident has a roof over their heads. A quasi-government body could be created to facilitate private investment in new social housing.

- **Innovative Buildings**

Modern prefabrications and 3D-printing techniques could reduce the cost and time required to build smaller, more affordable homes.

Alternative Ownership Models

More diverse shared ownership and communal living options could prove attractive in urban settings. Rent-to-buy schemes could help renters buy their own property, while regulatory change could encourage long-term renting options based on the European model.

Tax and Incentives

Tax exemptions and new savings accounts for first homebuyers were recently announced by federal and state governments, but respondents offered a smorgasbord of additional suggestions and the curtailment of investor tax breaks. Policies should be assessed by their ability to pressure prices downwards, rather than increase an individual's capacity to pay, as this tends to drive up prices.

Negative Gearing

While investors and realtors defended negative gearing, members of the public backed its elimination to reduce demand for investment property.

Transport Infrastructure

Fast rail links would allow city workers to live in cheaper outlying suburbs and commute in reasonable time to work. Better urban public transport would reduce the traffic congestion caused by greater population density. Graduated payroll taxes and incentives for remote working could encourage firms and employees to relocate to regional towns.

Developing Regional NSW

Large cities dominate Australia's population distribution and economic activity. Infrastructure investment and personal incentives to shift economic activity to regional towns would relieve pressure on Sydney and allow families to buy larger and more affordable homes.

Respondents' requests for expedited supply, better transport and streamlined regulation echoed those made in the Stevens Review. [3] The public were more vocal in their calls for restrictions for foreign buyers and domestic investors and raised wider concerns over social housing and economic inequality.

This report summarises public suggestions for political consideration, rather than assessing their validity or recommending a particular approach. The appointment of Federal and State Ministers for Housing and the collation and publication of reliable data on housing demand and supply would flag a commitment to holistic and evidence-based action and increase its chance of success.

[3] https://www.nsw.gov.au/improving-nsw/projects-and-initiatives/first-home-buyers/housing-affordability-report-to-the-premier/

HOUSING AFFORDABILITY ONLINE CONSULTATION

BACKGROUND

The NSW Government acknowledges that housing affordability is one of the most pressing issues facing the state and that ways must be found to help more residents own their own homes. Communities are built on the sharing of experience and ideas, and so Global Access Partners decided to host an online consultation on the Open Forum website to give citizens an opportunity to air their views and policy proposals.

The Housing Affordability Online Consultation welcomed contributions from homeowners, prospective homebuyers, tenants, investors, developers, real estate agents and academics. Submissions were also solicited from politicians, thought leaders and stakeholder bodies to encourage debate. The consultation officially opened on 27 April and closed on 8 June 2017.

The consultation was designed to focus on improving housing affordability for people of moderate means, rather than public housing or homelessness, important as those issues are. However, the comments which touched on these and related issues are retained in this report, as many respondents believed a holistic approach is required. While the terms 'affordable housing' and 'housing affordability' are sometimes interchanged in public discourse, **'housing affordability'** commonly refers to the relationship between house prices and incomes, while **'affordable housing'** refers to low-income or social housing.

Many submissions to the Housing Affordability Online Consultation were received before the Federal Budget of 9 May 2017 and the NSW Budget on 20 June 2017. Both budgets announced a range of measures to help first homebuyers and addressed several points raised in the consultation debate. These suggestions are retained in this document, as many went further in scale than the measures announced by the governments.

PROMOTION

Global Access Partners' publicity campaign for the Housing Affordability Online Consultation on public policy website Open Forum consisted of three main promotional areas:

- Government channels
- Social media
- Community outreach

A soft launch of the consultation's landing page took place on 12 April 2017 to assist with the promotion to a select group of key stakeholders.

The Housing Affordability Online Consultation was officially launched on Open Forum on 27 April 2017 by the Hon. Anthony Roberts, NSW Minister for Planning, Minister for Housing and Special Minister of State, in his first blog *'Where will 1 million more people live'* – one of three blogs produced by the Minister. Minister Roberts' blog and the consultation's landing page, featuring a further 10 related blogs, were promoted across social media channels.

An integral part of the promotional strategy was a constant stream of information and commentary provided on Open Forum during the consultation. By approaching high-profile bloggers, members of stakeholder organisations and experts, GAP successfully promoted the consultation and achieved a large volume of submissions. The strategy of harnessing the contributors' networks, including social media, helped create 'hype' around housing affordability. Strong and continued reinforcement of the consultation particularly on social media contributed to awareness and pressure to participate.

All enquiries, including phone calls and emails from the general public, were answered by the consultation team on average within four hours, and comments were also uploaded to the website within four hours.

Conversation played a key role in the consultation, and notification of replies to comments and timely posting of comments was a contributing factor in the success of the consultation.

Technical support was also offered, and for those unable to navigate the online system, the GAP team uploaded the comments on their behalf.

Promotion through government channels

Promotion of the consultation by the NSW Department of Planning and Environment played a crucial part in its awareness and credibility. The Department provided a clear indication to users that Open Forum was a powerful medium through which they could share their views with the NSW Government.

Over the six-week consultation period, the Department promoted the consultation on its website, RSS feed and social media channels in the format of the 'Conversations with the Minister series':

- *Where will 1 million more people live* – the Hon. Anthony Roberts MP, 27 April 2017 http://www.planning.nsw.gov.au/News/2017/Conversations-with-the-Minister-series-Where-will-1-million-more-people-live
- *There are more options than 'up'* – the Hon. Anthony Roberts MP, 8 May 2017 http://www.planning.nsw.gov.au/News/2017/Conversations-with-the-Minister-series-Housing-density-there-are-more-options-than-up
- *Connecting communities* – the Hon. Anthony Roberts MP, 16 May 2017; http://www.planning.nsw.gov.au/News/2017/Conversations-with-the-Minister-series-Connecting-communities

The Department also promoted the Open Forum blog of Justin Douglas, Executive Director of Economics, Population and Land-use Analytics, NSW Planning and Environment, on its website.

- *Housing affordability – understanding the problem* – Justin Douglas, 17 May 2017 http://www.planning.nsw.gov.au/News/2017/Housing-affordability-understanding-the-problem

A general link to the consultation's landing page was promoted on the NSW Department of Planning and Environment website from 15 May 2017

- http://www.planning.nsw.gov.au/Policy-and-Legislation/Housing/Minister-blog-series

and also in the Department's e-newsletters for April and May 2017

- http://planning-nsw-gov-au-2148779.hs-sites.com/planning-news-the-latest-news-from-the-department-of-planning-and-environment_apr2017
- http://planning-nsw-gov-au-2148779.hs-sites.com/may2017

Social Media

Social media played a pivotal role in directing the community to the Housing Affordability Online Consultation. Promotion through existing online communities proved highly efficient as it captured the interest of Australians already active in the discussion of social issues. Twitter, Facebook and LinkedIn were the most influential social media tools.

Twitter

@openforum_au updated its 2,100+ followers (58 tweets and 67 retweets) regarding the consultation; the posts were then retweeted by its followers. Twitter proved to be an outstanding success for the consultation. It was also used to target those individuals who mentioned #housingaffordability and related topics on Twitter, and they were sent personal messages highlighting where they could contribute to the consultation.

During specialist programs and events on housing affordability, the GAP team utilised Twitter to emphasise that Open Forum was hosting a consultation on the topic – e.g. #qanda, the federal budget, @lgnsw Planning Breakfast, #smashedavo debate, among others.

In addition to the tweets above, 60 councils with a Twitter presence of approximately 332,200 followers were approached in regard to the Consultation and asked to participate.

GAP's own Twitter page – @globalaccessau – was used to support the activities of Open Forum's Twitter page. GAP informed and updated its 170 followers (20 tweets and 30 retweets) on the consultation.

Facebook

Open Forum's Facebook page, which has an established presence of 457 likes, was used to promote the Housing Affordability consultation.

Contributors and supporters used Facebook to share their Open Forum Housing Affordability blogs and, in turn, reached an even broader network. Facebook users who were in discussions around housing affordability were directed to the consultation page.

LinkedIn

Personalised and targeted messages were created for individual groups on LinkedIn for the promotion of the Housing Affordability Online Consultation.

- Affordable housing network: 79,775 members
  Australian Manufacturing Forum: 4,280 members
- Australian New Media: 7,409 members
- Australia real estate (#1 network/community): 414 members
- Country Kids Connect 880 members
- Executive Women Australia 10,321 members
- First 5000 449 members
- H2020 SMART CITIES & Communities" ICT in Building and Construction, ASCE, BIM & VDC 10,906 members
- Leadership Think Tank 230,533 members
- NARPM - National Association of Residential Property Managers 12,443 members
- Open Forum Bloggers 142 members
- Property Investment & Finance Australia 1,417 members
- Smart Cities & Urban Innovation 21,193 members
- Smart Urbanism 23,044 members
- Strata Community Association 2,238 members
- Strata Management Australia 835 members
- Talking Real Estate 471 members

Real Estate Business Online 4,759 members
- Real Estate Investment In Australia 8,087 members

Community Outreach

A media release was sent to 200+ property journalists on 25 May 2017 outlining the consultation. Media coverage resulting from the promotion of the consultation included:

- Real Estate Institute of NSW (REINSW) – The Hub newsletter, 8,000 subscribers, 1 May 2017; https://reinsw.informz.net/informzdataservice/onlineversion/ind/bWFpbGluZ2luc3RhbmNlaWQ9MTcxMjIxNCZzdWJzY3JpYmVyaWQ9NTEwNTQ2NDc3
- The Real Estate Conversation – Newsletter - 1June 2017 – 78,000 circulation; http://mailchi.mp/37d7406d3650/44os86n1ta-854721?e=1f5a699a79
- The Real Estate Conversation - Have your say on NSW Housing Affordability – 1 June 2017; https://www.therealestateconversation.com.au/2017/06/01/have-your-say-nsw-housing-affordability/1496268388
- The Real Estate Conversation – Newsletter - 2 June 2017 – popular today http://mailchi.mp/1919594ecb0a/ifn6egvabj-854753?e=1f5a699a79
- Churches Housing website – Have your say – 11 May 2017; http://churcheshousing.org.au/index.php/have-your-say
- Churches Housing – Autumn Newsletter; http://churcheshousing.org.au/chi_web/files/newsletter-May2017.pdf

Seminar

Details of the Housing Affordability Online Consultation were promoted at a seminar about Housing Affordability in Redfern, organised by the Association for Good Government on 21 May 2017.

Newsletters

Newsletters were sent to the three GAP communities, calling for contributions to the consultation.

- GAP – 9 May 2017, 2,471 recipients
- Open Forum – 16 May 2017, 4,957 recipients
- First 5000 – 23 May 2017, 4,500 recipients

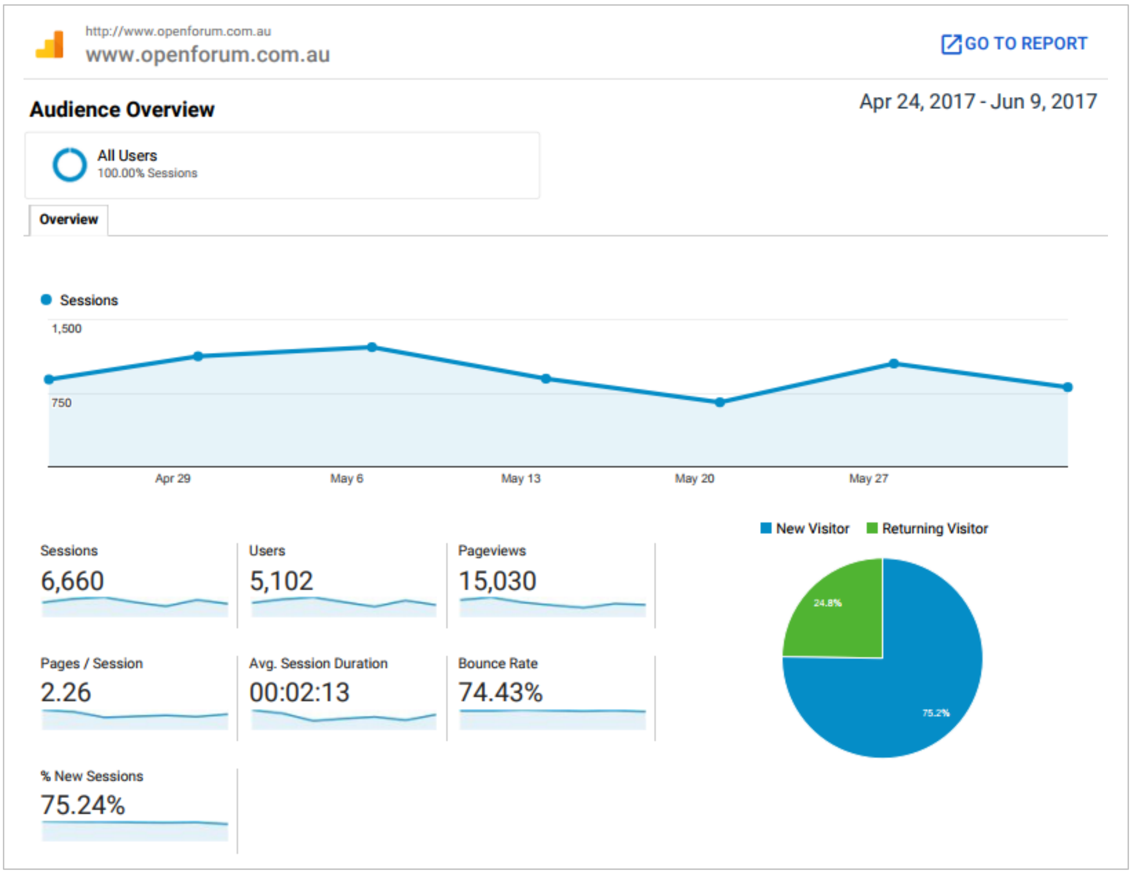
NB: All the above links were active at time of publication of this report.

PARTICIPATION STATISTICS

Success of any online, interactive discussion forum is generally measured in terms of site visits, demographics and participation, including the number and quality of comments and submissions.

The Housing Affordability Online Consultation brought together **5,102 people** from across Australia, with a majority of visits – **3,560** (54%) – coming from Sydney NSW.

Chart 1. Audience Overview (Google Analytics)



Between 24 April and 8 June (AEST), **5,102 people** visited the Open Forum site **6,660 times** and viewed **15,030 pages** in total, an average of 2.3 pages and 2.13 minute per visit. **Twenty-five per cent** were **returning visitors.** Surges in visits were registered on Thursday, 27 April (the official launch of the consultation); Tuesday, 9 May (when the consultation was promoted to the broader GAP community via a newsletter); and Thursday, 1 June (the day of the NSW Premier's announcement of the new housing affordability package).

The consultation generated **69 individual comments and 26 blogs** from the community.

The most popular pages of the Housing Affordability Online Consultation were:

- the lead page of the consultation – http://www.openforum.com.au/housingaffordability/, 2,545 page impressions,
- Open Forum's homepage, which during the consultation period featured exclusively the content on housing affordability – http://www.openforum.com.au, 2,274 page impressions; and
- two blogs by Minister Roberts:
  - *'Where will 1 million more people live'* http://www.openforum.com.au/forums/conversations-with-the-minister-series-where-will-1-million-more-people-live, 696 page impressions
  - *'Housing density – there are more options than 'up'* – http://www.openforum.com.au/conversations-with-the-minister-series-housing-density-there-are-more-options-than-up/, 547 page impressions

The landing page of the consultation generated the largest number of responses, with 62 comments.

SUMMARY OF ISSUES

The following chapter summarises the comments and blogs submitted during the Housing Affordability Online Consultation and is organised under the themes which emerged from the debate. Submissions by expert contributors are delineated by their full name and title, while some members of the public chose abbreviated or assumed names.

LAND AND PLANNING APPROVALS

The NSW Government is releasing land and approving development at an increasing rate, but many consultation participants called for more land to be rezoned for development. Faster planning approvals and efforts to counter the NIMBY opposition of existing residents would also increase supply. Incentives or quotas for affordable dwellings in new developments were backed by many respondents in return for relaxation of the planning rules.

NSW Government Policy

In his first blog for the Housing Affordability Online Consultation *'Where will 1 million more people live'*, **the Hon. Anthony Roberts MP,** NSW Minister for Planning, Minister for Housing and Special Minister of State, outlined how his department will support Sydney's housing needs as the city grows by an extra million people over the next decade, with over half a million in Western Sydney alone.

People want to live in their own homes near their families and workplaces with access to good schools, services and amenities, and Minister Roberts accepted that under-building in the past decade has left the city 100,000 homes short of demand.

The NSW Government is therefore allowing 'development where it makes sense' through its Priority Growth Areas and Precincts Program. This will deliver new homes, more jobs and improved public spaces close to modernised transport and services. Integrated planning will make it easier for people to travel to work and walk or cycle to shops and services. Growth centres in the North West and South West have rezoned or released 27 precincts which will generate 119,800 dwellings and 64,600 jobs, while new homes may be built in Crows Nest and St Leonards as part of their metro station developments.

The Department's Metropolitan Housing Monitor shows that 35,382 new homes and apartments were completed in Greater Sydney in the year to January 2017, the highest number since June 1971. There is enough zoned and serviced greenfield land to support more than 80,000 new homes in Greater Sydney, with a further 75,000 possible when supporting infrastructure such as roads and water is installed. More housing approvals are being granted at a faster rate than in any other state, with more than 70,000 dwellings approved since November 2015, mainly in multi-unit blocks.

More Land and Fewer Planning Restrictions

Despite this unprecedented growth, most contributors agreed that further steps to release land and ease planning delays were required. Baz01 had no doubt that opening more land was the best way to improve housing affordability, as other approaches risk becoming 'double-edged swords'. Michael Gill agreed that supply should be increased by ensuring large disputed building sites are not left idle and vacant for years. Ian Bersten promoted the placement of small, mass-produced houses on the fringes of 'underused' public parks, such as Callan Park in Rozelle, which might see one, two or three-storey apartment buildings using the park as their 'back yard'. The land would be rented from the state, with the houses sold for their building cost to people in essential but lower-paid services. Mass-produced one, two and three-bedroom flats could be inserted by crane into steel or concrete frames, with a central corridor offering access to all units.

Astrid Vasile asked the government to free more land for residential development, remove a range of planning restrictions, reduce license costs and provide better infrastructure. However, Jac L demurred and thought the sacrifice of more green space should be a last resort, given the problems of urban sprawl. He declared that Sydney and Melbourne are already too large and that 'smarter housing' on the existing footprint could deliver the required density. Adequate green space for the public could then be retained around areas zoned for medium and high-density development to improve health and amenity.

lawres outlined the ways in which the Northern Beaches Council encourages affordable housing by making it easier to mandate targets and financial incentives for developers. He said it would amend the Affordable Rental Housing State Environmental Planning Policy (SEPP) to give affordable rental housing development bonuses in perpetuity, rather than expiring after ten years. More councils should promote the benefits of cheaper homes, remove legal impediments to the transfer of council-owned rentals to community housing providers, investigate shared home ownership and equity arrangements, and implement rate reforms to encourage affordable housing.

Charlie Daoud, a property development and construction company director, offered a series of measures to encourage affordable housing and thought all developers should be required to hold a developer's license awarded after education in sustainable design and affordable housing. He criticised the NSW Government's desire to increase housing in central Sydney, despite its wealth of existing infrastructure, as multiple acquisitions are required to create developments worth rezoning because individual lots are so small. The resulting schemes often prove difficult to achieve, and he highlighted Blacktown City Council's failure to deliver on their promises. While land can be rezoned in outer suburbs for those content to live there, young professionals who work in the city would benefit from residential development of government land in urban centres.

Peter Sleiman, a developer who has built 170 Sydney properties and has applications for 358 more, said his proposal for 400 units at 28-34 Victoria Road in Burwood would offer a range of financial deals to help first homebuyers. These will include a reduced deposit and an extended settlement period for certain units, with some prices capped to $650,000 to take advantage of the new stamp duty exemption. Such incentives offer an example to other developers, and Peter Sleiman urged councils to prioritise the acceptance of such plans.

Linda McLennan sought further steps to increase the number of affordable properties for rent to low-income earners and key workers. In line with the suggestion of the Sydney Alliance, she asked for mandatory inclusion of affordable housing on 15% of every privately-owned development and 30% of public land rezoned for residential purposes, rather than the 5-10% outlined in draft plans by the Greater Sydney Commission.

VictorK recounted his experience as an immigrant to Australia and buying a property in Strathfield before prices increased beyond the reach of his younger acquaintances. He urged the government to increase housing supply by rezoning land close to transport facilities, rather than areas 30 or 40 km from the city. Rezoning land near extant transport links would maximise the use of existing infrastructure, rather than cost major capital investment in a new suburb. Baz01 aired the concerns of landowners in the South West Growth area, who have awaited the release of a new 'South West Land Use and Infrastructure Strategy' for some time.

ck argued affordability cannot be improved by increasing taxes or reforming property laws without disadvantaging existing owners and suggested that buying property in an expensive city might not be for all. He wanted the relaxation of regulations on changes of use, as he owns several apartments which are restricted by Bayside council to tenancies of 90 days or less, which might otherwise be owner-occupied or offered for long-term lease. He criticised the ‘blind eye’ turned to illegal short-term lets and Airbnb, but said that opening Strata-titled serviced apartments for residential use would increase rental stock and ease affordability problems.

ck suggested windfall taxes on landowners who benefit from jumps in land values when their property is rezoned for residential use. Some of this revenue could be used to help developers provide cheaper homes for first homebuyers and affordable social housing. Streamlining the approvals process would also reduce prices, as red tape costs are passed onto the buyer.

Greg B. Hutchins drew on his experience in municipal government to observe that Sydney’s issues are far from unique. Millennials typically want to live in urban centres, given their education and career aspirations, but they struggle to afford the properties they covet. He stressed the need for combined action, involving regional governments and local business, to deliver affordable housing, and pointed to the success of planning regulations which insist on a percentage of affordable homes being built in new developments around the world. Greg Prentice also advocated a percentage dedication of public housing or affordable rental units in every new development, while Denise Cameron urged NSW to learn from Tasmania’s HomeShare and StreetsAhead programmes to help low-income earners gain access to affordable homes.

Housing Density and Smaller Dwellings

The need to increase housing density while maintaining decent living conditions was raised by respondents, and there were many suggested measures to encourage smaller homes.

NSW Government Support for Medium-Density Housing

The NSW Government accepts that young people struggle to achieve home ownership, and although many Baby Boomers own their homes, they fear their offspring will not be able to. New South Wales' strong economy offers opportunities for innovation thinking, and in his second blog for the consultation *Housing density – there are more options than 'up'*, the Hon. Anthony Roberts MP urged options beyond traditional free-standing houses and unit apartments.

Greater density is required to boost affordability, and different dwellings should be offered to meet diverse needs. Demographic trends are transforming communities and Sydney's ageing population, and an increase in the number of children born in the next 20 years will demand new types of homes as well as greater numbers. Not only will Sydney have almost half a million more people over 65 in 20 years' time, but over 1.5 million babies may arrive between 2016 and 2036.

Families will still comprise half of all households, but home ownership for people aged 20-35 continues to decline. Medium-density housing can address the 'missing middle' of the housing stock, as terraces, townhouses, manor homes, villas and dual-occupancy homes could offer young families the space they need at a price they can afford.

Terraces require less space than detached homes and, given the high cost of land, are commensurately more affordable. However, data from the RPS Group shows that many inner middle-ring Sydney suburbs, such as Five Dock, Lane Cove, Marrickville and Northbridge, have less than 20% of this type. The NSW Government has therefore released a draft Medium Density Design Guide and an Explanation of Intended Effect to inform a new Medium Density Housing Code for consultation. The design guide provides for terrace-style housing on Torrens and Strata-titled lots, dual occupancies and semi-detached homes, as well as other types of building holding two to three dwellings.

Medium-density housing creates walkable environments, which strengthen a sense of community and can prompt the release of large, underused homes into the market by giving older people an attractive downsizing option. Six hundred thousand Sydney homes have at least two bedrooms empty every night, equivalent to 20 years of new housing supply.

Zoning Changes

Johncunno was concerned that government advocacy of medium-density design has not been followed by the state imposition of zoning changes it requires. If planning decisions are left to local councils, the NIMBY objections of local voters will hinder development and stymy other creative designs. He agreed a vibrant 'missing middle' would free Sydney's 'clogged supply chain' and encourage over 55s to downsize and urged the NSW Government to launch a new version of SEPP 10 to encourage multiple occupancy.

professed said buying and renting would both be more affordable, given increased supply. He backed zoning changes to encourage in-fill development as a simple and cost-effective measure to increase housing stocks and maximise the use of existing infrastructure. High-density housing along arterial corridors will not entice the elderly from their freestanding homes, but zoning changes to encourage in-fill could help Sydney suburbs expand with less stress on shops, schools and public transport systems.

Although Noor Talukdar backed job creation in outer Sydney districts, such as Penrith and Campbelltown, to encourage more people to move there, professed thought residential development in these regions would stress their infrastructure, create socially isolated communities and fail to relieve pressure in Sydney in the short term. Instead, he called for building on smaller subdivisions in Sydney. Many suburbs, including the most sought-after, have no lot size restriction or allow 250m^2 lots, and so forcing zone changes from R1 lots of 500m^2 or 600m^2 to 250m^2 across the whole city would allow small developers and owner-occupiers to reinvigorate suburbs full of ageing brick and weatherboard homes through medium-density additions. Such homes would entice the elderly from their larger properties when large apartment blocks would have little appeal. Although a simple solution, it would require resolve from NSW Planning and Environment to force councils to re-zone appropriately and immediately as part of the plan.

Ken Gutierrez also backed flexible fill in standards to increase housing density, particularly along transit corridors. In addition to medium-density homes, he favoured inclusionary zoning and more creative solutions through smaller lots, 'tiny homes' and second units. Anne Fritz agreed that many more houses and apartments must be built to handle population growth. Such building should be upwards in city centres and outwards into satellite towns which generate their own work opportunities such as Badgerys Creek.

Robert Snell, a certified financial planner and housing affordability expert, urged the government to increase the pace of planning approvals to cut the costs and delays which are inevitably passed on to end buyers.

Smaller Homes

Student and mother Safronia Benasic advocated ‘tiny living’ as the best way to give people threatened by homelessness the dignity of their own home. Tiny homes can take many forms and deliver a compact, more efficient space which is less expensive to build, buy and maintain. The Tiny Homes Foundation promotes these housing solutions in concert with employment, education and social initiatives, and Brisbane City Council is currently reviewing regulations to encourage their use. These integrated living systems can also help the elderly, people with a disability and people with addictions or prison records to take their place in the community.

Frustrated suggested building two independent properties in a single shell, with double-brick walls between them, independent access and separate back yards. Although much smaller than conventional homes, this design would put an affordable roof over two families’ heads in space allocated for one.

r_w offered a detailed rationale for reducing lot sizes. The Environmental Planning Instruments and Development Control Plans drawn up by local councils tend to mandate minimum lot sizes for land sub-divisions and apartment floors, but restrict buildings by maximum size. He argued that minimum size requirements for homes impose the values of wealthy decision makers on other people, who might prefer to spend their limited resources on other priorities.

Minimum land and lot sizes date from the ‘garden suburb’ concept of the early 1900s, when separated houses with ample fresh air were built in suburbs such as Daceyville to escape the squalor of the inner-city slums. While these layouts reduced pollution from wood and coal smoke, their better social conditions owed more to the relatively affluent workers who live there, rather than architectural design. r_w argued that town planners still yearn for garden suburbs and eschew maximum-density homes, while planners, developers and residents insist on unnecessary standards to exclude the ‘underclass’ from their environs.

One Western Sydney council lays out 19 different minimum lot sizes in its Environmental Planning Instrument, the smallest being 400m^2, although inner-city suburbs allow three-bedroom houses on just 176m^2 due to age-old land divisions. r_w argued that families in Western Sydney could live in modern terraced houses on equally small blocks to reduce their costs, while a shortage of small, cheap apartments in the city forces strangers to share homes. He therefore called for the imposition of maximum, rather than minimum, lot sizes on developments to maximise the use of scarce land. He would scrap restrictions on apartment size in multi-story blocks and leave the market, rather than bureaucrats, to determine their size. He rejected front and side set-backs as decorative wastes of space and advocated their elimination to create terraced homes. Roof gardens might compensate for the loss of green space, and planning rules could offer incentives to developers to include them.

r_w suggested that planners zone housing density according to land values, allowing high-value plots in the city to host taller apartment buildings. If a ratio of $25,000 per bedroom was set, a block of land worth $1,000,000 would be allowed to accommodate 40 bedrooms, allowing housing density to match people's desire to live there. Councils would be obliged to adjust their zoning every five years to match changes in land values. Opportunities for corruption and windfall profits are created when land is rezoned, but if councils rezoned more land more often, sharp jumps in value would be minimised.

r_w called for longer-time frames to shape planning decisions, with large buildings permitted near train stations to allow for the needs of the next century, rather than 20 years. Cheap flats could be built in industrial areas to house a percentage of the workforce, as much of industrially zoned land is used for transport rather than manufacturing, while schools, hospitals and emergency service stations could be extended to house their staff on site. Permanent caravan parks could provide shelter for those unable to afford brick and mortar homes, with leases of up to 50 years offered with regulated contracts and cheap and effective dispute resolution to encourage their use.

Dual-key city apartments and suburban 'McMansions' could be designed to transform into two separate homes by closing one door, allowing older people to sell or rent the other side of their homes when their children leave, or to give them to their offspring. An easing of fire safety restrictions, such as mandatory firewalls, would ease the subdivision of large houses into flats, as would the retention of the 'principal place of residence' capital gains tax allowance when part of a private home is leased out. The shortage of one-bedroom flats in Western Sydney could be tackled by mandating a higher percentage of smaller flats in development schemes, while differentials in council and water rates for one- and two-bedroom flats could be introduced to charge higher rates for larger properties, which would, in turn, encourage people to choose smaller ones.

While people accept the need to recycle their rubbish and are encouraged to buy smaller, more economical cars, no such effort has been made to extol the benefits of smaller homes. An education campaign that 'smaller is better' would help change public and planner attitudes, while the construction of large houses could be discouraged by a sliding scale of extra stamp duty or fees. However, r_w criticised the imposition of compulsory quotas for affordable housing in development projects, as they constitute a private tax on the majority of people buying homes at market prices, as the costs would be passed on to them.

nmcgregor backed the calls for smaller, but better built dwellings, warning against a return of the overcrowding and social problems caused by cramped, substandard slums where people had to sublet rooms to strangers to survive.

'Granny Flats'

Russ Grayson remembered that many people once lived comfortably in tiny cottages and small homes are once again *en vogue* in Europe, Asia and coastal cities in the USA. To skirt restrictive regulations, small houses are sometimes built on a wheeled chassis or skids to be moved around a rural property. The 'granny flats' built in suburban back yards, ostensibly to accommodate an ageing parent or relative, offer a proven model for affordable small-scale housing, and the concept could be expanded to form small house parks for groups of these affordable dwellings.

Caleb Griffiths asked for relaxations of 'granny flat' restrictions to encourage more self-contained flats in existing homes. The maximum floor area could be increased to 80m^2 to allow two-bedrooms and a larger lounge, while excluding the space taken up by party walls and separate passageways. Terry Miller urged the abolition or severe limitation of the s.94 levies for secondary dwellings such as 'granny flats', which are charged by a handful of councils. Levies in Manly, for example, can amount to $20,000, meaning that few such flats are created. Reducing the levy might increase revenues by boosting their construction. Secondary dwellings of this type are an inexpensive form of accommodation, ideal for low-income earners, but few low-cost, small homes will be built in suburban back yards if they continue to be taxed in this manner. Haddad suggested allowing extra storeys to be added to homes to form separate dwellings, allowing two families to occupy the same site.

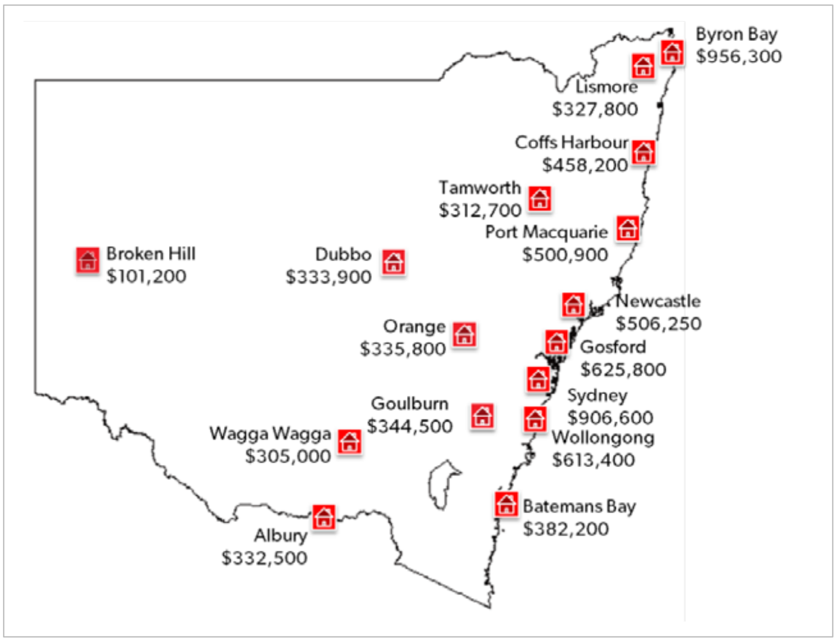
Mixed Housing

Anne Fritz recalled walking on the beach at Watsons Bay half a century ago and marvelling at the egalitarian nature of the housing there. Old workers' cottages stood next to older apartment blocks and new housing which allowed people unable to afford the more expensive homes to rent and live in this 'magical and beautiful' spot. Many more people live in Sydney today, with more yet to come, and the Eastern Suburbs are now an unaffordable enclave beyond the means of people born there. Anne Fritz therefore called for a return to mixed housing to build *"the Australia to which we still can aspire".*

HOME OWNERSHIP TRENDS

In his blog on Open Forum, Justin Douglas, the Executive Director of Economics, Population and Land-use Analytics at the NSW Department of Planning and Environment, offered an overview of home ownership trends across the state. Average house prices vary significantly across NSW, with homes in Sydney up to ten times more expensive than some regions where houses may be bought for under $100,000.

Map 1. Median house prices, selected locations

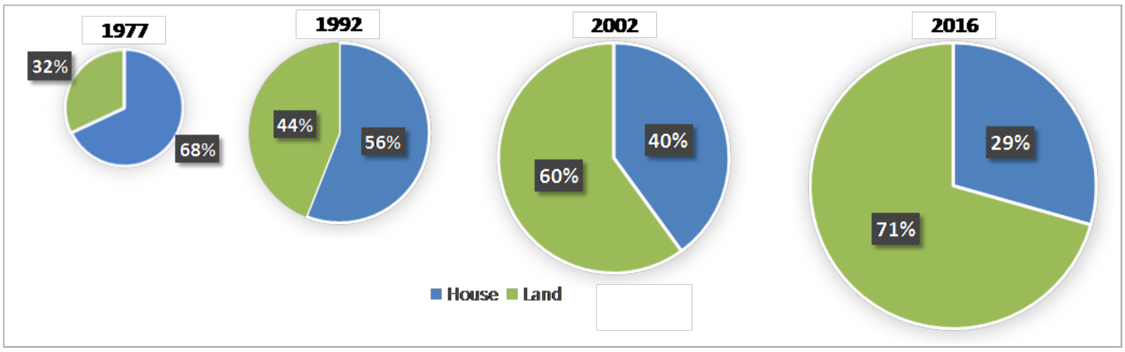


The housing affordability debate dates back decades, but its nature has changed over time. Debate in the 1980s and 1990s was driven by high mortgage rates, which climbed from 13.5% in June 1988 to 17% the following year, although pre-April 1986 loans were capped at 13.5%. House prices in Sydney climbed by more than 80% in two years after March 1987, posing an additional challenge to first homebuyers.

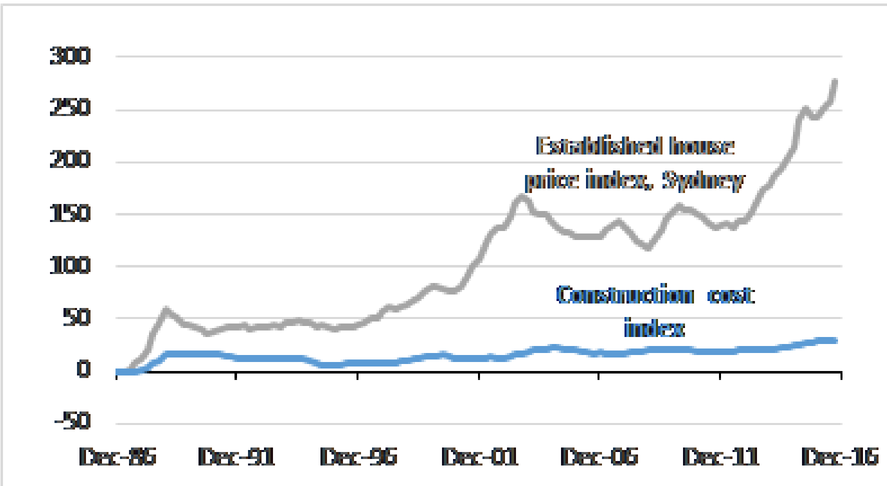
Justin Douglas noted that the impact of rising house prices in the 21st century has been largely offset by lower interest rates and higher wages. Mortgage repayments have stabilised around 28% of an average twin income, despite the rise in house prices. Other prices went up by 151% between December 1986 and December 2016, while average wages climbed 262%. Mortgage interest rates declined 11.3% over the same period from 15.5% to 4.2%, meaning the borrowing potential of the average wage increased 870%, slightly outstripping the 850% rise in detached house prices.

However, although lower interest rates make larger mortgages more affordable, first homebuyers face an increasing struggle to save up a larger deposit. While large deposits are no longer compulsory, a 20% sum is commonly required to avoid paying lender's mortgage insurance. The time required to save a 20% deposit has increased with house prices. A 20% deposit plus stamp duty on an average detached home now equals 158 weeks of average take home pay, compared to 52 in 1986. Financial institutions now offer a wider range of low deposit loans, but this increases mortgage repayments.

Inflation in land values, rather than buildings, powers the growth of Sydney house prices. Where land accounted for a third of the cost of a house in 1977, it absorbs two thirds of the sum today[4].



Many people now buy smaller blocks further from the CBD, and gardens have shrunk as larger homes are built on them. More people also live in apartments, unable to afford a free-standing home. While the inflation-adjusted costs of construction have remained relatively flat, the price of the house once built has jumped sharply[5].

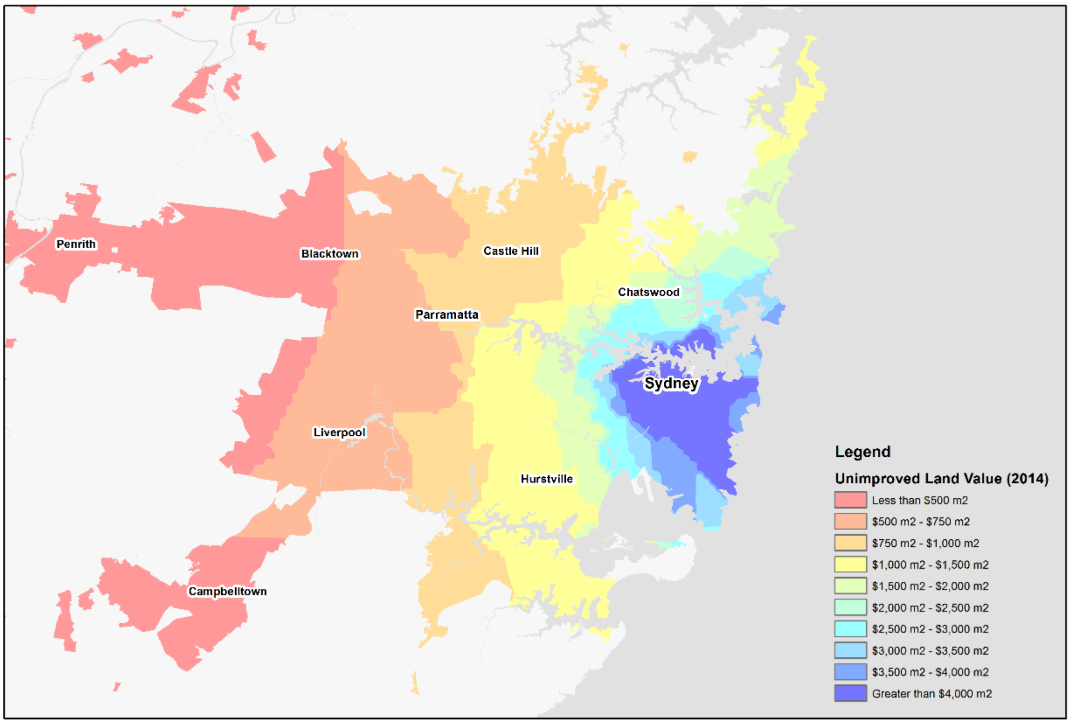


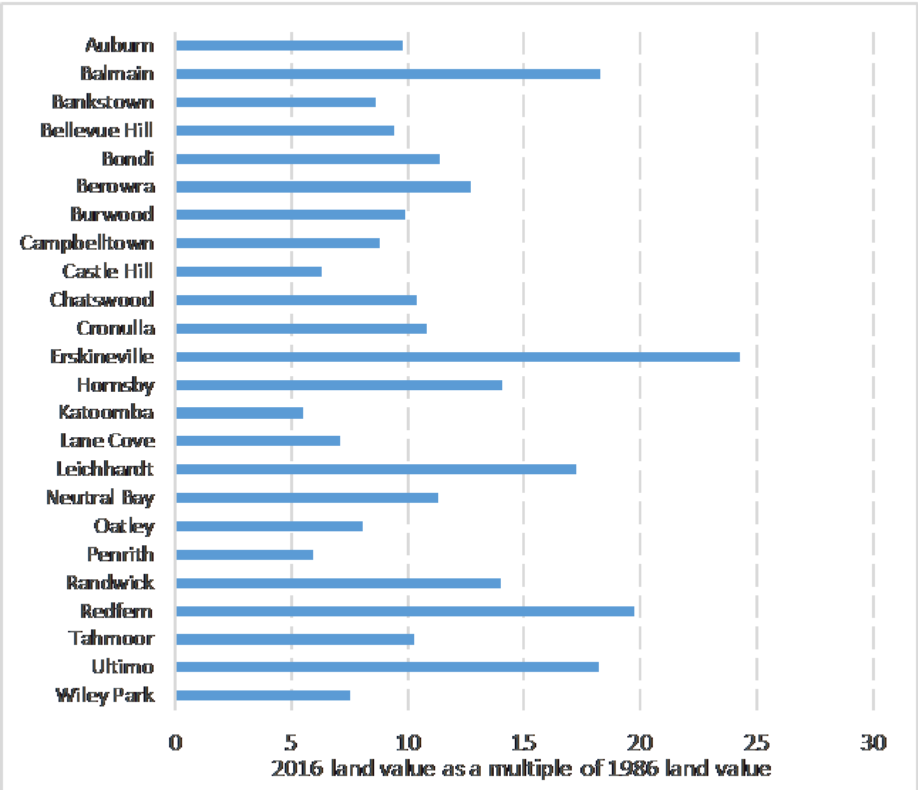
4 Applied Economics, Domain, realestate.com.au, DPE calculations

5 ABS House price index, dwelling investment deflator and CPI, DPE calculations.

Growth in residential land values varies across Sydney[6], but the increase averages ten-fold over the last 30 years[7].

Unimproved Land Value - 2014

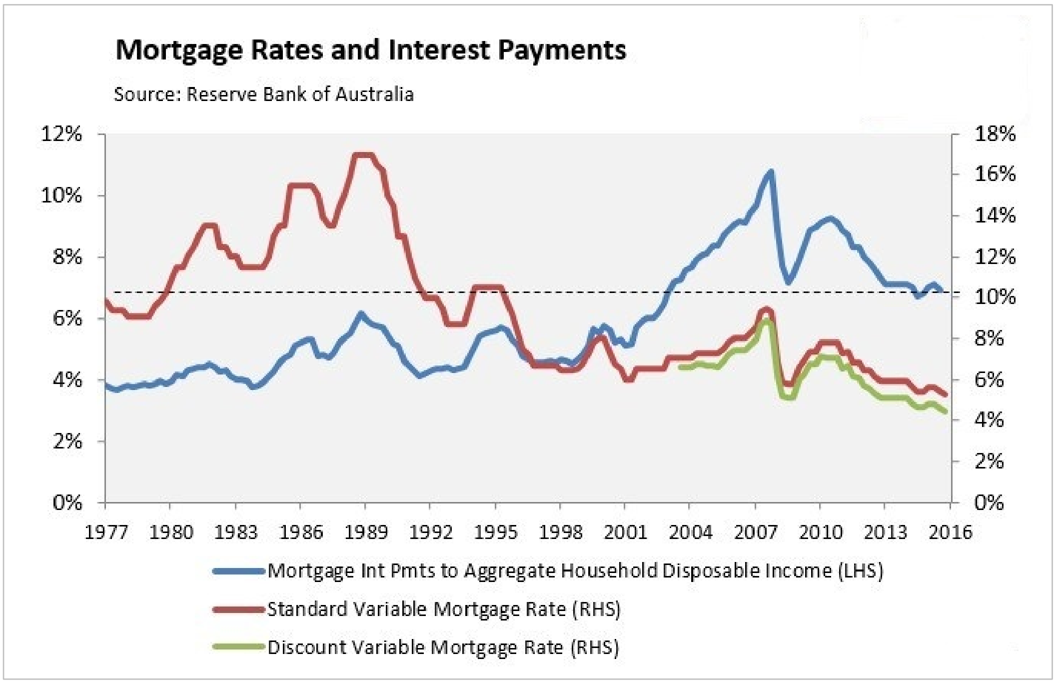




6 NSW Valuer-General's Land Tables, DPE calculations

7 NSW Valuer-General's Metropolitan Land Values report and DPE calculations

Commenting on Justin Douglas' analysis, markmuir maintained that Sydney was a significant outlier in the interest rate surge of the late 80s[8], which, in turn, unbalanced figures for the whole of New South Wales. Although he accepted that prices have risen faster in NSW and Victoria than other states over the last 15 years[9], he observed that 6% of household disposable income across Australia was consumed by mortgage interest payments when variable mortgage rates hit ~17% in 1989[10], but this proportion almost doubled to 11% when mortgage rates 'spiked' to 'just' 9.5% in 2007. Any significant rise in mortgage rates today would devastate disposable income, given the larger size of loans today.

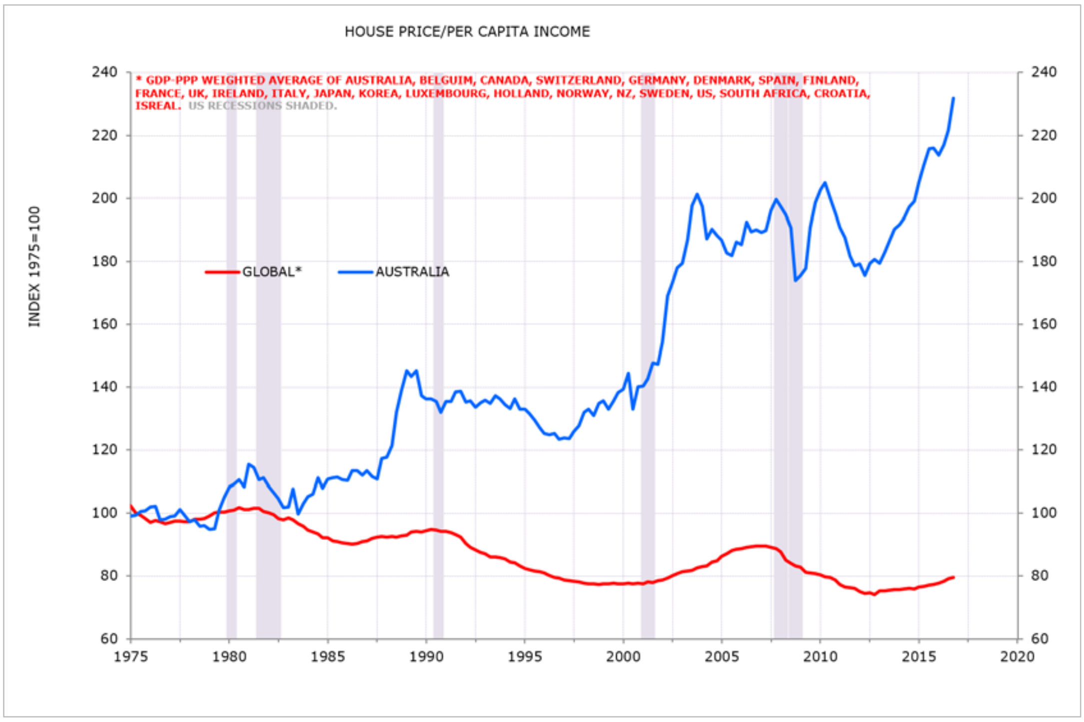


In contrast to Justin Douglas, markmuir contended that house prices have significantly outpaced disposable income since the late 80s, leaving Australians proportionally worse off than their peers abroad.

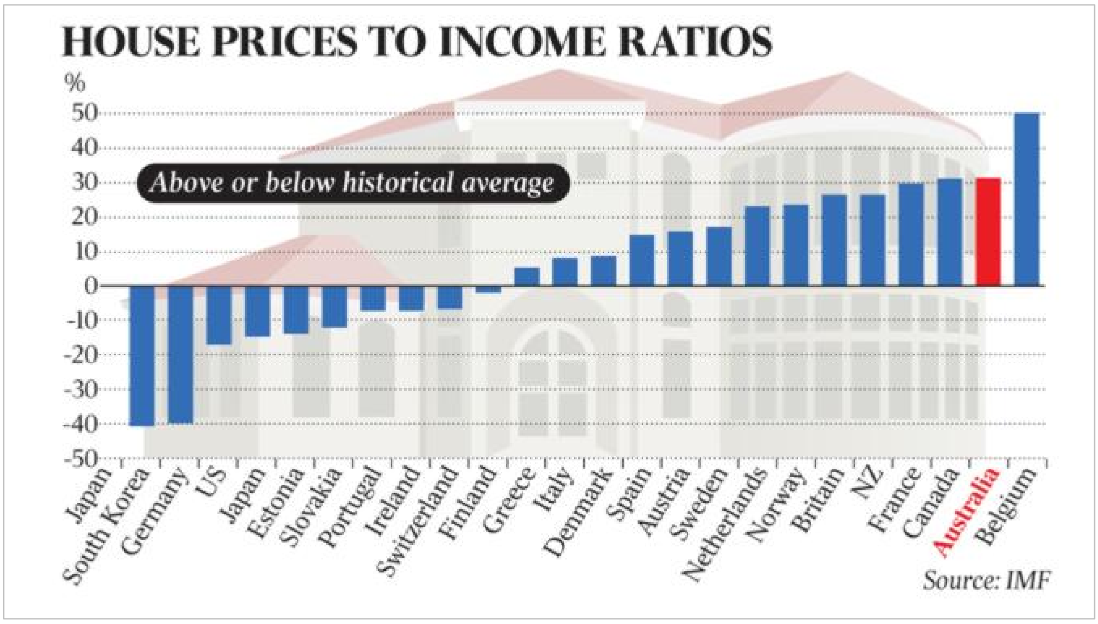
8 http://www.rba.gov.au/publications/bulletin/2012/dec/images/graph-1212-2-04.gif

9 https://www.rba.gov.au/speeches/2017/images/sp-gov-2017-05-04-graph5.gif

10 Macrobusiness.com. http://i.imgur.com/62XRonH.jpg



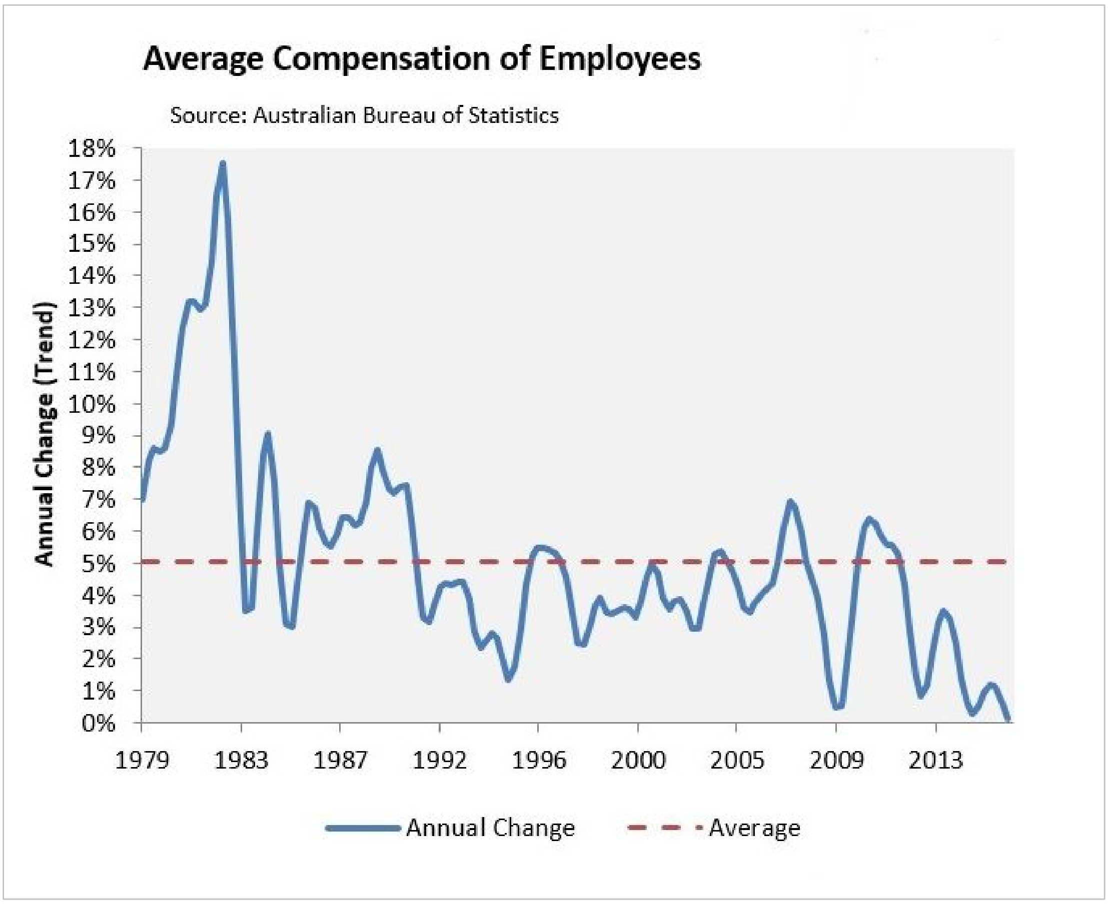
Australia may have the second highest ratio[11] of house price-to-income compared to its own historical average in the developed world. This means Australians now take on larger amount of debt in proportion to their income than their forebears[12].



[11] http://resources3.news.com.au/images/2014/06/11/1226951/266727-abd71b48-f160-11e3-aad6-e5c45a718cb3.jpg

[12] http://www.smh.com.au/cqstatic/12z7v7/1310housing_729.png

markmuir argued that wage growth and inflation kept mortgage repayments at manageable levels despite higher interest rates in the early 80s, but he doubted this would be the case today, as wage growth has stalled[13], and average weekly earnings[14] and labour share of factor productivity increases[15] are declining in real terms.



markmuir believed the growing dichotomy between house prices and construction costs merits the reintroduction of tax on the unimproved value of land and cited Treasury modelling[16] to show it might improve economic efficiency. He criticised plans by NSW and Victoria to sell or lease their land registries to 'private monopolists', as this might hamper similar policy analysis in the future.

13 http://i.imgur.com/1mppYQb.jpg

14 http://i.imgur.com/eRmuiwL.jpg

15 http://i.imgur.com/t0g1k7F.jpg

16 www.treasury.gov.au/PublicationsAndMedia/Newsroom/Speeches/2015/~/media/Treasury/Publications%20and%20Media/Speeches/2015/Tax%20reform/Images/Roger_Brake_5.ashx

A Holistic Approach

Several experts in their field stressed the need for a holistic approach, but common purpose is easier to advocate than to achieve.

Tim Lawless, Head of Research at CoreLogic Asia Pacific, called for a multifaceted response from the public and private sector, but accepted that unanimity may be hard to achieve, if necessary measures compromise the interests of economic interest groups, as they inevitable will. Steps to reduce capital flows from foreign investment to reduce demand, for example, will be opposed by those who profit from existing arrangements.

Australia's three layers of government also have distinct and sometimes conflicting agendas, limiting the scope for a coordinated response. While the federal government sets immigration policy, state governments must fund the extra infrastructure they require, and local councils must zone more land for additional housing in the face of opposition from nearby residents. While the federal government can influence and support these initiatives, lower-tier administrations must largely rely on their own resources.

Underinvestment in efficient transport infrastructure relative to population growth can drive up house prices in areas close to work, transport and amenities, while a shortage of strategically located, appropriately zoned land drives up the value of land. New transport links or more building alone will not solve the crisis when new infrastructure projects increase prices in their locality, as investors look for new opportunities, rather than drive down prices elsewhere. The solution must lie in understanding and adjusting the interplay of the full range of factors affecting supply and demand.

John Cunningham, President of the Real Estate Institute of NSW, also back a holistic approach to achieve more equitable housing opportunities for first homebuyers, retirees and essential service personnel. Many countries have found creative ways to increase supply and affordability through institutional investment, equity growth sharing schemes and government incentives for low-cost housing. However, similar efforts in Australia have been dogged by planning red tape, ideological argument, jurisdictional inertia and uncooperative stakeholders. Outdated tax and planning laws stifle the NSW property market, and John Cunningham called for new approaches to help both buyers and sellers.

He urged the government to adopt a range of measures in unison, including increasing stamp duty brackets to reduce the duty paid on higher-priced houses and higher-density housing close to transport and other facilities. Appropriate new housing for Sydney's ageing citizens in their local areas and adjustments to the pension means test would encourage them to downsize, freeing their underused homes for growing families. John Cunningham also asked for reductions in the tax liability of the remaining partner in a shared property if one partner leaves.

Cheryl Thomas, NSW Deputy Executive Director at the Property Council of Australia, agreed that determined, long-term approaches to address both supply and demand are required, if the children of today are to buy a home tomorrow. The debate is often clouded by 'tit for tat' arguments between conflicting stakeholders, and the Greater Sydney Commission must turn its good intentions for an overarching strategy into reality to optimise outcomes for NSW.

Cheryl Thomas called for the planning system to free more developments over the next 12 months, with code assessment to speed approvals for medium-density units and a $500 million boost for the Housing Acceleration Fund to deliver basic utilities for homes on new land.

Chris Johnson, the CEO of Urban Taskforce Australia, also argued the government should adopt a comprehensive approach to improve housing affordability by increasing the housing supply, encouraging developers to build cheaper homes and subsidising affordable housing.

Urban Taskforce Australia calculates that Sydney should complete over 40,000 new homes every year, but the city has fallen short by over 5,000 in recent times. Developers are obviously eager to build more homes, but Sydney's planning system is slow and complicated and appears designed to stop, rather than support, new housing development. The removal of red tape would speed new supply, but high house prices mean that cheaper rental accommodation is also required. Appeals and exhortations to builders will fall on deaf ears, but they will respond to incentives, and bonus floor space could be awarded for the provision of affordable homes. The Affordable Rental housing SEPP 2009, through which a developer pledges to devote 20% of a project's area as affordable rental housing for ten years before selling the properties, could generate 40,000 extra affordable homes over the next decade. The government could also sell the land it releases for development at a cheaper rate to developers who allocate 20% for affordable homes.

The government should lead the effort to improve affordability and use incentivising carrots, rather than legislative sticks, to enlist the wholehearted support of the private sector. Future governments are unlikely to subsidise housing prices, and so mutually beneficial collaboration with the market is required.

Malcolm Gunning, the President of the Real Estate Institute of Australia, said Australian home ownership is in decline after forty years of stability, and rapid population growth and demographic change make housing a priority issue. He urged the government to 'objectively assess' the full range of property taxes, help social housing tenants transition to private rental homes and to appoint a Minister for Property Services. Malcolm Gunning asked the Commonwealth to allow first homebuyers to use their superannuation funds for property, while a new mechanism to compile reliable data on housing demand and supply would also assist the formulation and assessment of other policies.

Lisa Claes, Managing Director of CoreLogic Australia and New Zealand, welcomed the steps announced in the May 2017 Federal Budget, but again underlined the importance of a coordinated approach to achieve a real and lasting impact. While the introduction of the First Home Super Savers Scheme will give people tax breaks on saving for a deposit, CoreLogic's *Perceptions of Housing Affordability* report[17] suggests this may not be enough for first homebuyers.

CoreLogic's research finds that buyers must now save 1.5 years of household income for a 20% deposit, almost twice the 0.8 years required 15 years ago, and three quarters of respondents to their survey – conducted before the NSW Government's stamp duty announcement – said they would welcome its reduction or elimination. Seventy-one per cent also believed a government grant would help them enter the market, but the impact of such help has been questioned for its knock-on effect on house prices.

While other contributors have called for more single-bedroom apartments to cater for people living alone, **Lisa Claes** observed that most of the apartments under construction are already better suited for small households than growing families. 60% of prospective buyers in the CoreLogic survey believed that more land releases will improve affordability, but as this land is often on the fringe of the city, more infrastructure investment will be required to provide the jobs, transport and amenities new residents will need.

In common with **Malcolm Gunning**, **Lisa Claes** advocated the appointment of a dedicated Housing Minister to assess the issue and coordinate the response across departmental and jurisdictional boundaries, a move backed by almost two thirds of her survey. Residential real estate is Australia's largest asset, worth $7 trillion, yet there is *"no one at the helm steering the ship".*

Lisa Claes agreed with other experts, and the NSW Premier herself, that no quick fix is possible. Progress will be achieved through collaboration between private, public and government sectors towards a common goal. While it appears a monumental task, it is worth embarking on for the future of Australia.

Consolidated Planning

Ken Gutierrez agreed that affordable housing is a complex issue and demands a multi-pronged approach. **srobbo78** said that Sydney homes are beyond the reach of young professionals raising families, let alone those most in need in the community. As incentives to first homebuyers and increasing market supply have not proved insufficient for the task, he recommended a detailed system mapping of the issues to deepen understanding and prompt alternative policies.

[17] https://www.corelogic.com.au/resources/pdf/reports/housing-affordability/2017-05-CoreLogicHousingAffordabilityReport_May2017.pdf?language_id=1

professed said that in New Zealand, Auckland, which suffers from similar housing pressure within comparable geographic restraints, took the bold step of amalgamating all its city councils in 2010 to create a unitary authority and empower a more focused and improved planning system in the city. By contrast, the 'archaic bureaucracies' of Sydney's multiple councils continue to block the systemic change required. professed claimed that other nations can deliver housing, infrastructure and transport projects worth billions of dollars in the time it takes to secure planning permission for minor developments in NSW and said the state must bring its own bureaucracy up to date if it is to help modernise the region.

Anne Fritz agreed that housing affordability must be addressed from several directions at once. While many of these ideas have been aired before, they must be applied in unison to be effective.

Foreign Investors and Immigration

Many consultation participants blamed foreign investment for driving up prices in Sydney, and calls were made to reduce immigration to cut housing demand.

Foreign Investors

Several respondents asked for curbs on foreign investment, before the NSW Government announced the doubling of the foreign investor surcharge on stamp duty from 4% to 8% and the increase from 0.75% to 2% on land tax from 1 July 2017.

Stewart Nattrass said the global financial crisis of 2007-8 encouraged Chinese and other Asian investors to switch their attention from America, where real estate prices tumbled during the GFC, to Australia. While this protected the domestic economy, he believed it was time to revisit international participation in the housing market. Several nations prohibit foreign ownership of residential property, and foreign speculators can invest in Australia through other means, including the stock market.

Laurie Newman agreed that measures to restrict or eliminate foreign buyers were required to reduce housing demand and land prices. The ANZ-Property Council Survey reveals that a quarter of Sydney's houses were sold to foreign investors in the twelve months to September 2016. rpark89 backed limits on the number of units or houses in a development that can be foreign-owned, while Disillusioned wanted foreign investment banned entirely.

Antoinette Colbran offered her personal experience in support of curtailing foreign investors. Having previously owned property in Sydney, she recalled a 'massive change' when trying to enter the market and called for incentives for Australians who want to own their own home.

Bina Narula said limiting foreign ownership of affordable housing would be a 'tremendous start' to solving the issue. He said most new units are snapped up by foreign investors adept at exploiting loopholes in current regulations.

The complaint that many of these dwellings are left to sit unoccupied after they are acquired, squeezing an already tight rental market, was echoed by Karen R Levin, who declared her interest in the redevelopment areas of Green Square and South Sydney where empty investment purchases are a major problem. She called for a strict rule against overseas buyers buying property and then leaving them vacant, citing swathes of foreign-owned, but empty new units in Green Square and Mascot and a two-storey house in Maroubra worth well over a million dollars which has stood empty for six years. Disillusioned said the government should consider compelling the sale of property left vacant for a certain time to optimise the use of existing housing stock, rather than clearing more land for 'dog boxes'.

The Australian Government announced a 'ghost tax' on unoccupied foreign-owned property in the Budget in May 2017.

Jac L echoed these pleas for restrictions and called for proper enforcement of current laws and increased penalties for those who cheat the system. Anne Fritz argued for a tax on foreign investors, to slow the price escalation of real estate.

Charlie Daoud would also reduce, limit or remove the ability of real estate agents to charge more than a standard rate for property sales to overseas clients to curb the 'ridiculous' commissions they now pursue. Such charges inflate housing prices and promote the sale of new property approved to meet domestic housing targets to foreign purchasers. He conceded that the recent federal initiatives to tax vacant property will help to some extent, but blocking such transactions would go further.

Noor Talukdar backed the banning of foreign purchases of homes worth less than $1.5 million to end their competition with Australians seeking first or family homes, and to encourage their purchase of large and expensive luxury homes to boost the local economy.

Immigration

Several contributors pressed for immigration curbs to reduce Sydney housing demand. Robin Varian not only opposed foreign ownership of housing and farmland, but espoused a complete halt to permanent immigration until the housing situation is resolved. Temporary refugees could still be accepted on humanitarian grounds, on condition they return home once peace prevails. Teresa Kiernan also urged policy makers to address the 'massive and rapid immigration' which boosts housing demand, while Tobias called for the removal of 'growth lobbyists' from power and the outlawing of political donations, as well as slowing immigration from its current record levels of 200,000 per year.

Robert Snell acknowledged a recent and divisive surge in debate around immigration and housing and accepted the extent of public frustration. While people can be 'quick to play the blame game', he urged policy makers to bear in mind that planning failures have real social consequences. While he remained confident that immigration of any scale can be accommodated with proper preparation, he accepted that immigration increases housing demand. As long as this is balanced with additional supply, there is no impact on prices, but achieving this balance is complicated by the division of responsibilities between the Commonwealth and States. The federal government set immigration policies, while state governments are responsible for the city planning which must accommodate them. Robert Snell encouraged all tiers of government to collaborate towards commonly agreed targets on home affordability.

GENERATIONAL ISSUES

Initiatives to encourage Baby Boomers to downsize and free their large, underused homes could be supplemented by exemptions on rental income from leasing unused rooms. More support is needed for vulnerable young people leaving out-of-home care, while Millennials may be forced to embrace alternative housing and employment choices. Property investment by self-managed super funds should be curtailed, and clear affordability goals would focus political attention on results rather than rhetoric.

Baby Boomers

Rob Ward, the CEO of Di Jones Real Estate, accepted that newspaper headlines, proclaiming *"Housing out of reach", "The death of the Australian dream"* and *"Generation rent is here"* could discourage people from seeking their own home, as housing affordability reports from the Real Estate Institute of Australia continue to chart declines. He agreed with markmuir that historically low interest rates do not offset current price rises, wondered why governments have been taken by surprise by this long-developing issue and pointed to the generational issues which exacerbate the imbalance between demand and supply.

Australia's 5.5 million Baby Boomers were born between 1946 and 1965 and comprise a quarter of the population, yet hold half of the nation's housing and financial assets. They worked hard to buy their own homes before the current housing boom, but their children now struggle to follow their example. As the active life expectancy of older people increases, so does their reluctance to sell their main asset and downsize, but this hesitation is compounded by a lack of attractive retirement-friendly alternatives. The boom in high-rise apartments hold little attraction for older people, who also face prohibitive stamp duty costs when buying again. Many of them have smaller superannuation savings than younger workers, as they began their careers long before compulsory superannuation was introduced in the early 1990s.

Robert Snell recalled that a Sydney home could be bought for three times the average wage in 1970, in contrast to prices at 12 times average wages today. Declaring his interests as a parent and financial planner, he said his older clients were depressed about their children's prospects in the property market. He was personally disappointed that tax changes to encourage affordability, infrastructure and more liveable cities were ignored by the 2015 tax review.[18]

[18] Australian Government (2015), Tax White Paper, http://www.treasury.gov.au/ConsultationsandReviews/Reviews/2015/Tax-White-Paper

House prices are inflated by self-managed super fund holders borrowing to buy residential property as a safe and lucrative investment. Compounding the impact of foreign investors, this has created a self-fulfilling prophesy of ever-higher prices which benefits speculators and investors with the capital for large deposits at the expense of first homebuyers.

Prospective first homebuyers struggle to save for a home deposit while repaying the HECS[19] debt for their higher education. Women who want to pause their careers to have children also face a growing HECS debt accumulating interest without a cap[20].

The Baby Boomers who benefitted from rising house prices now feel pressured to help their children find a home. Indeed, they may put their own retirement plans at risk by overextending themselves financially, risking greater reliance on the government to fund their retirement. Housing affordability therefore becomes a problem spanning the generations and threatens the public purse as well, rather than only affecting younger and poorer people.

Robert Snell called for coordinated initiatives, including the adoption of clear affordability goals. Governments as well as individuals need specific, measurable, attainable, relevant and time-focused (S.M.A.R.T) targets to focus their performance and succeed. Vague sweeping statements of good intent are no substitute for hard targets to force political attention on results. Rather than soundbite-sized initiatives to tinker with the system, wholesale reform is required to achieve permanent and long-term relief.

Census data reveals that 61% of 20 to 34-year-olds had bought a property in 1981, but that figure fell to 43.2% in 2011 and may collapse to 23.7% by 2019. If people have not bought a home by the age of 40, the odds are they never will. A series of specific, well-considered home affordability goals should therefore be set in every city to reverse this decline. A target of 60% home ownership could be set for 20–34 year-old Sydneysiders by 2050, for example, with interim targets of 40% by 2030 and 50% by 2040. This would focus immediate as well as long-term attention on the problem and set a context for economic modelling to measure progress and adapt policies accordingly.

No one department or level of government is tasked with housing affordability. Responsibility for addressing the problem can disappear into the gaps between them, and the fractious nature of modern media-driven politics means that the long-term, bipartisan effort required is difficult to mobilise or maintain. Robert Snell called for all parties to accept housing affordability as a national economic priority, or if that proves impossible, for a non-political planning organisation to be given the task.

[19] Higher Education Contribution Scheme

[20] Higher education was free in 1970, although only 161,455 students were at university, compared to over 1 million domestic, and 360,000 foreign, students today.

A National Housing Affordability Planning Organisation (NHAPO) could work with the Greater Sydney Commission and Infrastructure Australia, as well as federal, state and local governments, to set and pursue housing targets which ensure Sydney remains 'liveable' while absorbing inexorable population growth. NHAPO would need political authority to convert its plans into action, but its success would also depend on community consensus for change empowered by continuous open consultation.

More dwellings are required for people living alone, as almost a quarter of households are single people. This will require revision of current rules on apartment size, but affordable, well-planned micro-apartments are already a feature of many international cities and offer a stepping stone into the market. Unfortunately, rather than encourage these smart and efficient designs, some Australian states have actually increased their minimum requirements in the last two years and, while this appears to increase amenity, it actually reduces affordability and prevents young people buying or renting affordable homes.

Development is required between 5km and 20km from the CBD to allow homeowners to access its higher paying jobs and the suburban transport infrastructure. Permanent zones for first homebuyers could be required in every new development to protect them from investors, with their owners only allowed to sell these properties to new first homebuyers like themselves. The steady accretion of this stock in new developments would gradually build enough homes to support city working first homebuyers at reasonable prices.

Robert Snell backed a ban on self-managed super funds borrowing to buy residential property, as this has contributed to the rise in prices and shortage of homes. A reversion to former regulations would still allow the purchase of property by these funds using their own resources.

Reforms to old-age pension income and assets tests could encourage older people to move to smaller properties, freeing their underused homes for younger families. The idea of allowing pensioners to quarantine or exempt their proceeds from downsizing from pension means-testing has been raised before, but faces several practical issues. Most retirees want to move to a more manageable home in the same area they have lived in for years, if not all their lives, but affordable, single-level homes are in short supply, as developers favour multi-unit apartments to maximise the profits from the purchased land.

As an alternative, the excess space in older people's homes could be unlocked by pension income-test reforms which encourage the renting of unused rooms. Over 1.8 million empty Sydney bedrooms were counted in the 2011 Census, and a 2016 report by the NSW Department of Planning and Environment estimates that more than half a million Sydney homes have at least two empty rooms. The majority of these belong to 'empty nesters' or older single people, but a pensioner's home, irrespective of its empty rooms, is already excluded from the assets test, and so many pensioners will not downsize for fear it will jeopardise their old-age pension. Indeed, recent reductions in the maximum allowable assets for the age pension assets test created an even greater incentive not to downsize.

An exemption for some of the surplus derived from downsizing a home which has spiralled in value will not encourage older people to move, if they cannot find a suitable place to live. Other older people will simply refuse to move under any circumstances, so, as an alternative, the pension income test should allow pensioners with empty rooms to rent them out without risking their entitlements. Unlike some other suggestions, this would generate multiple and immediate benefits at little cost to the taxpayer. The increase in low-cost rental accommodation would encourage mobility of labour, house lower-income people and ease rental costs across the board. This would, in turn, make it easier for young renters to save a deposit, reducing one of the largest obstacles to home ownership. At the same time, extra rental income would help support the homeowner's longer and healthier old age, reducing welfare expenditure. Mechanisms to bring pensioners and renters together would soon spring up online and should prove relatively straightforward to administer.

To avoid the reform giving pensioners an extra incentive to stay in a large home, the income test benefit could be amended over time, as the supply of suitable dwellings for young and old alike catches up with demand. NHAPO, the proposed peak body, could advise the government on policy adjustments and blend them with assets test exemptions to encourage downsizing for those who want to.

Adam Hodge said 'trickle down' on the supply side could be achieved by building high-quality, three-bedroom inner-city apartments costing $2 million or more, to give retired people sitting on $3 million homes in Mosman and Balmain more attractive and substantial downsize options.

Professor Hal Pawson, the UNSW Professor of Housing Research and Policy at the City Futures Research Centre, was more optimistic than some about the financial position of Baby Boomers and their families. Most Baby Boomers have paid off their loan or have low mortgage repayments on homes bought at pre-boom prices. Children with access to the 'bank of mum and dad' are relatively well-placed, compared to those on middle or lower incomes without access to family largesse, for whom the 'deposit barrier' has grown from 100% of average annual income in 2000 to 170% today. Workers, who might once have saved 10% of their wage to compile a deposit in a decade, must now save for 17 years.

Beyond a calamitous interest rate shock and housing price crash, there is no 'silver bullet' to solve the housing problem, and so a combination of measures is required. In addition to federal government reforms to the concessional treatment of 'the family home' in the pension assets test, planning system inefficiencies must be addressed to increase supply, while over-investment in housing should be discouraged to reduce demand.

Prof Hal Pawson argued much of the problem was caused by the inefficient use of existing housing, rather than a shortage of stock. An ever-higher number of dwellings are second homes or under-occupied and surveys by the Australian Bureau of Statistics (ABS) reveal that nearly 1 million owner-occupiers across Australia have three or more bedrooms than they need. High stamp duties exacerbate the problem by discouraging older people from downsizing, while there is no penalty for owner-occupiers or landowners failing to optimise the use of their houses or land. Measures on both the demand and supply side must improve housing affordably for first homebuyers and increase the affordable rental stock for lower income earners to ease Sydney's housing problem for all income groups.

Millennials

Sarah McKenzie, a 25-year-old writer, accepted that young people may have to consider new housing alternatives, as the average price of a Sydney home now tops $1 million. While foreign students often enjoy free tuition and expense subsidies, Australian graduates face heavy student debts, and high living costs force half of Australia's 18 to 24-year-olds to live at home where they can save for a deposit, instead of renting. Far from being lazy or entitled, Millennials stay or return home after college because of economic circumstances, rather than personal immaturity.

Sarah McKenzie spends a third of her income on rent in a house shared with five people, with little left over from other expenses to save for a home of her own. In May 2016, Malcolm Turnbull suggested that wealthy parents should 'shell out' to help their children buy property, prompting Bill Shorten to accuse him of being 'out of touch'[21], but Ms McKenzie saw a point on both sides. If she were a well-to-do mother, she would give her children the best start in life, but most young people cannot rely on parental indulgence. Millennials study, work and save just as hard as their parents did, but are much further away from owning their own home through no fault of their own.

An article[22] in *Huffington Post* by property investment strategist Andrew Crossley argued that Millennials should stop 'whinging' and be content with a home an hour from the city. He saw the real issue as Millennial 'self-entitlement' and their unwillingness to give up the excitement and convenience of the city centre despite their inability to afford it. In reality, young people gravitate to Sydney because that is where the universities and jobs are.

Society tells young people that owning a home brings status and financial security. It is therefore natural for them to want what their parents achieved; however, their aspirations are frustrated by financial realities, rather than individual sloth. Houses in the harbour city are unlikely to become affordable any time soon, and so new lifestyles will be needed to pursue the Australian Dream.

21 http://www.smh.com.au/federal-politics/political-news/malcolm-turnbull-defends-saying-wealthy-parents-should-shell-out-to-buy-their-kid-a-house-20160504-goml5z.html

22 http://www.huffingtonpost.com.au/andrew-crossley/entitled-millennials-need-to-stop-whingeing-about-unaffordable_a_22047167/

Young People Leaving Out-of-Home Care

Jason Juretic, CEO of Stepping Stone House, a non-profit organisation offering accommodation and opportunities for homeless young people, championed more support for young adults leaving out-of-home care.

The housing problems encountered by graduate offspring of affluent Baby Boomers are dwarfed by the challenges faced by the poorest and most vulnerable members of society. Over 43,400 children and teens live in out-of-home care to escape domestic violence, child abuse, neglect and drug addiction, but they must leave to fend for themselves at 18. Over 3,000 young people leave care every year, often taking low-paying, full-time jobs to survive in the expensive rental markets of Sydney or other state capitals. Only 2% of these young adults complete full-time tertiary education, dooming them to a 'hand to mouth' existence of limited opportunities and low wages. Many of these young people struggle both financially and emotionally in their rented accommodation, and house sharing can pose psychological and social issues for people raised in dysfunctional environments or accustomed to institutional care. The experience of childhood trauma can delay emotional and intellectual maturity for up to two years, hampering their efforts to keep a job or room, meaning that 50% are reduced to couch surfing or living on the street within a year of leaving care. Lacking education, prospects and family support, these young people are unlikely to ever buy their own home.

The government could help them by extending a degree of support up to the age of 21 and providing subsidised housing for those most at risk. To encourage independence and integration into society, the government could also fund courses in the mental health, employment and relationship skills they will need. Such programmes are delivered by The Home Stretch, for example, while Stepping Stone House has helped young people leaving care since 1989. A third of its residents reach tertiary education, and all of those who completed its independent living programme over the last six years secured employment upon leaving.

Housing affordability is not only an issue for the offspring of the middle class and aspiring young professionals. Those who call for greater support for young people with education and prospects should remember the needs of young people who face much greater difficulties with far fewer resources at hand.

JOBS AND INEQUALITY

Respondents saw the housing affordability problem as a symptom of wider economic and social inequality, which should be tackled at its root through greater job opportunities and more progressive tax and welfare arrangements. People should be encouraged to move to regional towns with lower house prices, while trustworthy renters could be offered loans on a smaller deposit without the burden of compulsory repayment insurance.

Dr David Thorp, an independent analyst and reform strategist, said the unwillingness to state the real problem behind the housing affordability crisis was the main obstacle to its solution. It is an inevitable consequence of decades of increasing inequality, and he urged the reversal of Peter Costello's changes to superannuation and capital gains tax as a first step towards its remedy.

Housing has become a vehicle for retirement savings alongside superannuation, while immigration has increased demand, and there are no fast trains to connect cheaper residential areas to existing employment centres. Affordability is therefore a complex issue that cuts across a swathe of public policy, but decision makers must start by considering who needs help, what housing they require, and why they cannot afford it.

Politicians shy from identifying who they would help, as this would alienate other voters. The price of desirable land is the sum that someone will spend on it – it cannot be unaffordable for everyone – and wealthy people bid prices up beyond the reach of others. However, addressing wealth distribution would create winners and losers and so lose them votes at the ballot box.

Reducing inequality requires a more progressive tax and welfare system, which might also boost the economy overall. Bureaucratic 'affordable housing' schemes to allocate accommodation outside the market price mechanism do not always help those most in need, although they can reduce the spatial stratification of society by wealth.

The best way to acquire the money for a house is to have money already. People with poorly paid jobs struggle to secure the deposit and bank loan they require to reach the first rung on the 'property ladder'. Government-facilitated financing mechanisms, such as a social housing bond aggregators or co-ownership schemes, might help these people, although they will not 'change the game'.

Compulsory superannuation reduces the ability for lower paid workers to save for a deposit, and Dr David Thorp suggested that people in most need might be allowed to access their superannuation for housing. This allowance would not bid up house prices if kept limited in scope, but the more people it was extended to, the less effective it would be. The artificial segregation of superannuation and property policy is at odds with the holistic approach required to improve people's lives. Superannuation still makes up a minority of most people's retirement savings as Australians have used their houses as their nest eggs for decades, downsizing and reaping the profit from the rise in land prices from the next generation that buys it.

Although the government could relax development controls until supply matched immigration-driven demand and the price of housing fell to the marginal cost of building a unit in a high-rise building, this would clash with the vested interest of landowners to keep prices high. More intensive development would also be opposed by genuine or self-interested opposition to greater urban congestion, although this problem could be ameliorated through better public transport.

Substantiating **markmuir**'s argument that stagnant real wages for lower paid workers hamper first homebuyers, **nmcgregor** revealed he had not enjoyed a pay-rise for 13 years, leaving home ownership a distant prospect at the age of 49. He called for the government to invest in the working poor and unemployed who find themselves trapped in the 'poverty cycle of social welfare'. **Michael Gill** called for a halt or limitation of short-term contracts in teaching and other sectors and the restoration of permanent, full-time positions to give first homebuyers the financial security they need, while **Teresa Kiernan** asked policy makers to address the decline in wage growth by encouraging employers to facilitate employees working two or three jobs through the Fair Work Act.

Graham Cooke, the Insights Manager of finder.com.au, discussed a range of financial proposals to help lower income earners, although he noted the idea of allowing first homebuyers to access their superannuation savings for purchasing a property was rejected by 80% of economists surveyed by finder.com.au in April 2017.

He agreed with Malcolm Turnbull that increasing the housing supply was the best way to slow price increases over the long term and supported development incentives for higher-density housing near city centres, the release of government land for development, and zoning brand-new suburbs on the city outskirts, as Melbourne has done.

More immediate help for people struggling to save for a 20% deposit, when prices rise quickly and interest on savings is low, could be given through concessions for renters with good payment records. Lenders could recognise them as less risky and give them loans on a lower deposit without requiring lender's mortgage insurance, as the responsibilities of paying a home loan are little different from rent. **Michael Gill** went further to ask for government intervention to force banks to remove their customary 20% deposit limit and insurance requirements for first homebuyers.

Graham Cooke said the low cost of borrowing has increased housing demand. The RBA cash rate is now at an historical low of 1.5%, with mortgages on the market at 4.5% or below. He warned this era may be drawing to a close, with 86% of economists surveyed by Finder.com.au expecting the next change to be an increase. Potential buyers on lower incomes should factor a potential rate rise of 2-3% over the next few years into their calculations.

Jasmine Flattery-Shirley, an Associate at the District Court of New South Wales, asked for government help for lower income first homebuyers. Young adults who cannot rely on family help or inheriting a property will struggle to save for a deposit, if their income barely exceeds basic living expenses, particularly if they have children. Rent absorbs a third of her income, and it would take her almost 13 years to amass $100,000 for a deposit by saving $150 a week from her average, full-time wage.

She asked for the reintroduction of free or subsidised higher education to ease the burden of HECS debt for young graduates, noting that her own undergraduate degree cost $90,000 and left her $100,000 in debt – the same as a standard house deposit. HECS repayments might also begin later in life and above the current threshold of $55,874, once graduates are more established in their careers.

Jasmine Flattery-Shirley thought the first home savers accounts could mirror superannuation in requiring employers to contribute a certain amount to an employee's savings fund as part of their salary package. An enforced percentage of the employee's wage would also be placed in the account, which could only be accessed to buy a first home. Rent control would help tenants save for their own property, while the tax burden could be shifted from younger to older Australians.

Jofree Balce criticised many of the consultation's suggested solutions as insufficient for the task, arguing that incentives for developers do nothing to address the bane of speculation. Toughening loan criteria, reducing negative gearing, releasing more land or increasing capital gains tax would still leave ample room for capital gains. Such measures can only slow the central problem of inflated land prices and wealth inequality.

THE RENTAL MARKET

Rents are increasingly unaffordable for working families, particularly in inner city. Appreciation of the 'use value' of housing as shelter, rather than its 'exchange value' as an asset, would focus the debate on people's basic needs rather than profit.

Kim Toyer recounted her struggle to escape from 'the rental circus'. The upgrade of the Pacific Highway near her rented home in regional NSW saw her landlord raise her rent from $425 a week to over $600, resulting in her family, and many other residents, being given notice to leave. After three months of searching, she found an alternative home at $570 a week, forcing her children to change schools, but a promise of long-term possession was broken after a year. Rental bans on children and pets encouraged her to investigate building her own home, but despite savings of $35,000 and estimated mortgage repayments of just $470 a week, she was unable to secure loan insurance, as she was told she lived in a regional town, rather than a major city.

Ned Cutcher[23], a senior policy advisor at the Tenants' Union of NSW, offered a detailed breakdown of rents in Sydney suburbs to confirm that rents are still climbing[24]. A three-bedroom home in expensive harbor-side suburbs, such as Rushcutters Bay and Woolloomooloo, is beyond the reach of even dual income families earning $140,000 a year, making more distant suburbs, such Hornsby, Epping or Lidcombe, their alternative. Rents are more affordable elsewhere in NSW, but jobs in the regions may be harder to find.

Ned Cutcher argued that housing is often discussed as a financial asset rather than shelter, meaning that 'demand for housing' is a proxy for mortgage demand, and the housing supply becomes geared for mortgage holders rather than home-makers. Much of the demand fuelling price rises comes from investors, rather than owner-occupiers, pricing out first homebuyers. This situation forces people to stay in rented accommodation for longer, which, in turn, drives up rents even when new property enters the market. Many new units are not suitable for families with children, despite families being the largest group requiring rented accommodation. In essence, rental supply is not being driven by renter demand, because housing supply is tailored to suit mortgage takers.

Investors do not buy existing property to give renters somewhere to live, but to boost their own prosperity. Aided by tax arrangements, such as negative gearing and capital gains tax discounts that empower a debt-to-wealth strategy, investors buy property for its price growth potential, rather than to meet renter demand. High-value property generates larger profit margins, and so developers clear cheaper housing to build more expensive new units and homes. Over time, this reduces the number of affordable rental properties for families, exacerbating rent rises in the city.

23 http://tunswblog.blogspot.com.au/

24 See the National Shelter Rental Affordability Index and the Anglicare Rental Affordability Snapshot for 2017 etc.

The now-defunct National Housing Supply Council once reported on the affordability and availability of rental housing and found a shortage of cheaper properties for low-income households for the same reasons as today. The abolition of official rent tracking means the problem can be ignored by politicians, but the problems for poorer families remain.

The 2017 Federal Budget concentrated on measures to increase supply, including the renewal of the National Affordable Housing Agreement, renamed as the National Housing and Homelessness Agreement, under which the Australian Government pledges to work with State administrations to increase dwelling stock through planning and zoning reforms. Ned Cutcher argued that rents and house prices should be monitored to assess the success of these and other measures.

nmcgregor said that Sydney's 'obsession' with home ownership and the 58,250 residential homes listed for rent to tourists on Airbnb and Expedia reduced rental opportunities for Sydney families. He urged local councils to enforce zoning legislation[25].

Use and Exchange Value

Ian McAuley, an adjunct lecturer in public sector finance at the University of Canberra and fellow of the Centre for Policy Development, also questioned the treatment of housing as a financial commodity and called for homes to be valued for their use, rather than as profit-making assets. Karl Marx's distinction between use value and exchange value has been adopted more recently by conservative European economic philosophers such as Karl Polanyi and Harvard's Michael Sandel, and although it not part of mainstream economic thinking in Australia, it could add a more human dimension to the housing debate.

A home's 'use value' is the enjoyment its occupants take every day in its comfort and shelter and will remain relatively steady over time. If its upkeep is neglected, its use value will fall, but well-maintained and occasionally renovated dwellings will maintain or increase their use value. Every resident understands the concept of 'use value' in practice, if not in theory, even if it is not expressed dollar terms.

'Exchange value' only becomes important when people look to move or buy - or are solicited by real estate agents. The real exchange value of Sydney housing has almost quadrupled since 1987, but these capital gains have demanded little risk or effort by their owners, unlike profits from investment in a business or shares. Capital gains in residential property are a product of wider economic and social factors, such as investment in new transport or amenity infrastructure, as well as increases in demand. As Kim Toyer found to her cost, the exchange value of a house, driven by the price of land on which it sits, can rise sharply when new roads, railways or workplaces are created nearby.

25 https://www.neighboursnotstrangers.com/single-post/2017/05/09/Give-Us-Your-Homes-The-Rise-and-Rise-of-Short-Term-Letting-in-New-South-Wales

Ian McAuley argued that inflation-adjusted capital gains from housing could be taxed at 100%, as they do not accrue from effort or risk-taking by the owner. This would also imply 100% compensation through the tax system for people whose house fell in value due to economic decline in their communities, as it would otherwise tie them to that location if they sought employment elsewhere.

While stable house prices will never be achieved, it could become the benchmark to measure policy effectiveness against. One path towards stability could be for governments to rely on annual charges to finance urban amenities. Greenfield developments would therefore remove the costs of local infrastructure from the home's purchase price, with those costs paid over time through higher rates and land taxes. The prospect of paying these fees would depress the market price by their present value, with an anticipated $5,000 rates bill cutting the purchase price by $100,000, given a 5% real discount rate. Such taxation should aim to stabilise prices, rather than raise revenue, and transition measures for retirees and others on fixed incomes would be required.

While the suggestion may seem radical, former Treasury Secretary Ken Henry supported taxes on immovable assets, as they are the hardest to evade, and the ACT, which benefits from its lack of division between state and local government, is slowly increasing rates on established houses while lowering transfer taxes on purchases. In addition to its economic impact, the approach would also encourage society to value housing in terms of use, rather than exchange.

The public expects house prices to continue their climb, and politicians know that owner-occupiers feel better off when their house prices rise. However, this makes little sense for people planning to live in Sydney. Patient investors, who sought steady dividends, could still seek stable rental returns rather than capital gains in a new era of more stable prices, generating a European-style rental market, in which renters enjoy the security of a long leases at a stable rate and reducing the pressure to buy. A more equitable rental market is required to help tackle the wider problem of housing affordability, and all outlays, even those of a capital nature, could be allowed as tax deductions to encourage landlords to keep their properties up to date. Those seeking higher returns could then shoulder the risk it should require and invest in start-ups or other economically more productive activities.

Bill Boyd also called for a 'massive shift in attitude' by politicians, bankers and real estate agents to once again view housing as a place of shelter, rather than an asset to make rich people richer at the expense of those who cannot afford their own home.

Public Housing

Although publicly owned housing was not a focus of the GAP consultation, the issue was raised or touched upon by many respondents as a factor affecting housing affordability. The state of social housing clearly affects demand and therefore price in the private housing market and must be considered, if a holistic approach is to be taken and a comprehensive solution pursued.

vivi la rock said the 'ripple effect' which forces outpriced city dwellers into the outer suburbs, in turn, drives lower-income families further out to the fringe. A growing number of homeless people inhabit the Nowra showgrounds[26], for example, and she asked for internationally proved solutions to be trialled in Sydney. London imposes levies on developers to pay for affordable housing, while Copenhagen taxes overseas residents who buy property there. Many of Sydney's new developments are snapped up by investors who leave them vacant as they wait for prices to rise, rather than renting out to people who need a roof over their head. The housing market has become a 'gambling den' for speculators, rather than a means to house Australians, and so private investment properties might be limited to one apiece and protected from foreign investors. A levy on developers could fund housing for essential workers, such as nurses and police officers, closer to their place of work and increase their disposable income to boost the local economy.

nmcgregor castigated the rundown of public housing by successive governments and the selling of public homes to private buyers without rebuilding the stock. Gosford Council has built a group of small dwellings for lower-income residents, and he urged others to follow suit. arcobelina agreed the government should rebuild a viable public housing stock for the poorest in society. This would also lower rents in the private market and ease the burden of tenants saving to buy their own home.

Linda McLennan advocated more help for public housing tenants to buy their own homes, including shared equity schemes and 50-year loans for low-income earners. A 'Housing Bank Fund' could provide capital for projects and offer credits to voluntary workers, carers and contributors to the community. Anne Fritz stressed that new social housing should be planned in concert with social services, work opportunities and transport to ensure that infrastructure is ready before home building is complete. The taxation generated from new residents could then offset some of the construction cost.

r_w also suggested innovative funding arrangements to support social housing. The NSW Housing Commission sold or let public housing to people on average incomes in the 1950s, but funding cuts tightened eligibility over time, leaving public housing dominated by 'problem tenants' and 'the underclass' and giving it a bad name. That said, few investments

26 http://www.2st.com.au/news/shoalhaven-news/107576-homeless-people-to-stay-at-nowra-showgrounds-for-now-in-campervans-and-caravans

are as secure and lucrative as housing, as savings and bonds can be eroded by inflation, and the share market can plummet as well as climb. Small investors could therefore be enticed to finance residential housing through the founding of a quasi-government institution to give investors the security they seek. Private property unit trusts, which allowed multiple small investors to own a share of residential or other property, have attracted fraudsters in the past, who declared bankruptcy once the money was received and disappeared with the profits, and so a public imprimatur is required to encourage new investment.

Contemporary governments abhor borrowings on their accounts for ideological, if not practical, reasons, but establishing a housing finance institution under government supervision would attract funds from smaller investors, who lack the funds to purchase a second house themselves, but wish to protect the real value of their savings against inflation.

mg_razo appealed to the government and community to rethink their negative attitude towards social housing occupants. Local residents reflexively oppose affordable housing developments because of the perceived social impact, but mixed housing could integrate people from different income levels into the wider community, counter negative stereotypes, and prevent the spread of low-income ghettos.

Ava Harris was concerned about the loss of public housing in Millers Point and Waterloo. She feared its residents would be relocated to Western Sydney with less access to the services and infrastructure they require, compounding their disadvantage and creating a vicious cycle of generational deprivation. She suggested the creation of a vibrant, connected and affordable housing project in Waterloo as an alternative.

Janice Rutherford compared obstructive environmental and planning regulations in NSW and California and called for the dilution of laws and reviews which slow, reduce or halt public housing projects. The NIMBY mentality of existing residents should be challenged, as it can stop must needed development in its tracks. Developers and local governments should undertake public outreach to alleviate and address local concerns.

Ken Gutierrez concurred that communities must overcome their instinctive NIMBY opposition to affordable housing. Its residents would prove a community asset, rather than personal threat, and would teach the children of local homeowners, respond to their emergencies and deliver services every day. Government should understand the economic power and civic capital that affordable housing brings to communities and give it the same priority they would to major retailers and employers. Home builders should acknowledge that affordable housing should not be poorly built to ensure new dwellings remain decent, sustainable and desirable.

Ken Gutierrez called for action to improve equality, strengthen sustainability and encourage affordable housing supply, including increasing the minimum wage, streamlining the review process, transforming old commercial centres in neighbourhood villages, and imposing an affordable housing levy on all new development.

Innovative Buildings

Modern prefabrications and 3D-printing techniques could reduce the cost and time required to build smaller, more affordable homes.

Prefabrication

Anne Fritz said non-traditional construction methods could reduce the cost of social housing and affordable homes. Australia remains wedded to old-fashioned techniques, despite its national self-image as an inventive and practical nation. When her father, an award-winning Hungarian inventor, emigrated to Australia sixty years ago, his proposals to use lightweight prefabricated building panels were rejected by the Master Builders Association, despite their use in building whole communities in Hungary and Israel. He was told his inventions had no future here because regulations mandated a particular weight of concrete in every cubic metre of wall. Six decades after Europe embraced lightweight prefabricated building panels, it may be time for the Australian Government to catch up and use strong, light, economical and durable prefabricated panels to build cheaper social housing.

Dr David Thorp also backed the cost-effective use of modern modular construction to meet social and affordable housing targets by building smaller, cheaper homes.

Russ Grayson, a photojournalist specialising in community initiatives, observed that several companies sell energy-efficient, prefabricated houses for assembly on site. Although marketed as holiday housing, such prefabs could also cut the cost of permanent housing, as their modular design affords the construction of a variety of homes. Prefabrication can be used to build small apartment buildings and can integrate solar hot water and electricity systems for the householders, which can also sell back to the grid.

3D Printing

3D printing, also known as additive manufacturing or production by CNC[27] machines, turns a digital design into a physical object by laying down successive layers of plastic or other material. Companies which print houses are already in business[28], and such techniques may become ubiquitous on building sites. The building industry, like many others, may repeat the mistake of resisting new technology which threatens long-established practices, but new entrepreneurs will exploit its potential even if traditional builders do not. In addition to complete smaller homes, 3D printing will be increasingly employed to create doorways, window spaces, conduit channels and other fittings on-site in larger, more traditional, buildings.

27 Computer Numerically Controlled

28 http://apis-cor.com/en/

These and other technological innovations may require legislative change to prevent a repetition of the obstructionism encountered by Anne Fritz's father 60 years ago. Technology outpaces legislation in many sectors, and while safety standards must be maintained, too great a delay will only exacerbate the problems new techniques could help solve. Although affordability is driven by the rising cost of land, rather than construction, 3D printing and prefabrication should offer fresh options for people on low incomes or with alternative needs.

ALTERNATIVE OWNERSHIP MODELS

Several respondents suggested the adoption of alternative, international or innovative models of home ownership and a rediscovery of shared facilities as a solution to housing needs.

Shared Equity

Terrence Bondfield would welcome a mix of public and private housing on redundant or under-used Commonwealth and State land. The vast Orchard Hills defence site in Penrith could be repurposed for housing, for example, with its military functions transferred to Nowra. First homebuyers might be given the land on a 30–50 year lease and, with the waiving of stamp duty for first homebuyers of cheaper homes, could buy their own home for the cost of its construction - less than $300,000. Orchard Hills lies close to public transport and a hospital, while the airport being built nearby will create jobs and service opportunities.

Perry Homes in Maitland or MacDonald Homes NSW can sell a four-bedroom home and land package on the North Coast for less than $375,000, with a weekly mortgage of less than $300 cheaper than any rental in Sydney. The land purchase on such homes is deferred until the home construction mortgage is paid or considerably reduced, allowing people on modest incomes to reduce the strain on public housing.

Charlie Daoud backed schemes which allow developers to share equity in a home with the purchaser. The biggest barrier for 'key workers' entering the housing market can be saving the deposit, and shared equity schemes can ease the burden significantly.

Cooperative Housing

Greta Angel recommended increased financial support for self-managing co-op housing as it is more cost-effective than other forms of social housing. Middle- and low-income families need more help to buy or build their own homes through the government, cooperative building societies or community housing providers.

Russ Grayson argued that share housing and housing cooperatives could suit young workers' needs today, despite their association with temporary student accommodation and the counterculture lifestyles of the late 1960s. Adelaide's Selli Hoo share-house has been open since the 1970s and offers residents their own room, while they share a kitchen, lounge and garden as well as household tasks. Old commercial buildings could be turned into housing cooperatives of this type, with a mix of ownership and rental accommodation offering personal rooms and common facilities.

Andrew Paul thought Australia could learn from Community Land Trust schemes in the UK and USA[29], and **Russ Grayson** highlighted the work of the Waratah Community Land Trust in providing affordable housing in Sydney. Community Land Trusts purchase urban or agricultural land and hold it in trust for housing or farming. Affordability is maintained through the secure, long-term nature of the lease, which removes it from the property market.

Crystal Waters Permaculture Ecovillage in the hinterland of the Sunshine Coast was the first of its kind in the mid-1980s and is informed by Indigenous attitudes to the land. Through the Community Titles Act in NSW and analogous legislation in other states, ecovillages offer freehold title to the land on which a dwelling is built, with shared ownership of common acreage and water storage. Land can also be leased for individual initiatives, such as market gardening, and most ecovillages have a community building. Some ecovillages, including Crystal Waters, host small businesses such as cafes and bakeries to take advantage of passing highway trade. Although designed for rural areas where work is scarce, the concept could be revitalised for people able to work remotely through the internet, rather than live in the city.

Scandinavian co-housing communities also offer freehold title to the dwelling while sharing common facilities. Residents of EarthSong in Auckland, New Zealand, for example, share a laundrette, kitchen and dining room and use common water and solar energy infrastructure. Cascade Co-housing in Hobart was Australia's first example and comprises an energy efficient block resembling the terrace housing found in older city precincts and backed again by the NSW Government. While the costs of co-housing would vary with location and dwelling size, the combination of smaller individual spaces and shared facilities could offer an attractive option for constrained urban lots, as well as rural communities.

mg_razo agreed that some Millennials may prefer communal living with their peers to the traditional 'big back yard'. These schemes could also help youths at risk of homelessness by offering a communal stepping stone between institutional care and fully independent living.

Rent To Buy Schemes

Jacques De la Haye suggested renting with an option to buy schemes in which a portion of the rent counts towards a down payment. **Robert Snell** noted British models which offer tenants a lower rent to allow them to save a deposit for a home, or pay their savings into a tax-exempt bond. Australia's NRAS[30] once gave investors tax advantages for renting out dwellings below the market rate, but there was no option for the renter to buy the property in an organised way. A new scheme designed to attract larger investors might now be reconsidered.

29 http://communitylandtrust.com.au/index.php/2017/05/11/2017-federal-budget/

30 National Rental Affordability Scheme

Long-Term Renting

International business consultant Peter Strohkorb observed that house ownership is a lower priority in Western Europe and argued that Sydney residents may have to consider long-term renting as an alternative to owning property.

While owning a modest house on a quarter acre block was the measure of success for previous generations, their descendants in expensive, congested Sydney have to rethink their options. Sydney has sprawled outwards and built upwards, with suburban lots subdivided and stand-alone homes replaced by multi-unit blocks, but the pressure on housing increases and prices continue to rise.

The usual solutions involve financial breaks for first homebuyers and increasing the housing supply. However, any policy which increases the number of prospective buyers – such as allowing access to superannuation funds - will drive up demand and therefore prices, while releasing more land and building more homes will see investors buy more property to negatively gear and squeeze young buyers out of the market. Although investor activity could be curbed by regulation and tax, these ideas beg the question of whether home ownership is a realistic or even desirable option for many urban Australians.

It has never been *de rigueur* on mainland Europe. Far fewer Germans, for example, own their own homes, despite the nation's affluence, and many people are content to rent most of their lives. German laws protecting tenants are strong and favour long-term occupation, while Germans have feared debt since the hyper-inflation of the Weimar years and avoid borrowing large sums from banks. They know that financial institutions have the interests of their shareholders, rather than their customers, at heart, and prefer to spend their income on lifestyle, entertainment and travel. German firms grant more annual leave than Australian companies, giving their employees more time to enjoy their higher disposable income and travel the world. Germans are not worse off than Australians because they do not own their own homes. While many Australians want a house to leave to their children, the division of a single fixed asset can cause sibling conflicts, increase legal costs and deepen emotional pain. Germans leave money to their children, rather than debt.

Rather than bemoan the vanishing dream of home ownership, it may be time for Australians to embrace this approach and enjoy a 'cashed up' lifestyle.

r_w said that shops and other commercial properties are typically leased as shells, with the tenant fitting out the empty space to their requirements. Germany has a similar approach for residential flats, with the tenant taking a long-term lease and either buying the kitchen from the previous occupant, or fitting their own in a bare room with basic plumbing. Long-term leases allow the tenant greater scope to redecorate than is customary in NSW, although tenant maintenance responsibilities may also be higher. German landlords allow their long-term clients to make changes because they do not face continual costs of 'making good' after less motivated short-term tenants leave. As well as giving greater security to renters, this approach also reduces landlord maintenance costs, and so r_w suggested reducing or abolishing land tax for long leases of residential property of perhaps 20 or even 99 years.

Tax and Incentives

A host of suggestions on tax policy were received, although official measures announced during the consultation, including the Federal Budget in May, and the support package for new homebuyers announced[31] by the NSW Government on 1 June 2017 went some way to meeting these demands. While some proposals for savers accounts, taxes on foreign investors and empty properties, tax relief for downsizing pensioners and stamp duty relief for first homebuyers have been overtaken by events, they are retained in this report for completeness and to underline the relevance of the political response. Furthermore, the measures announced at both federal and state level may not be enough to satisfy all respondents. The Australian Government's reluctance to tackle negative gearing and capital gains will disappoint those who stressed these issues with some vigour.

Housing Affordability Measures in the 2017 Federal Budget

The Federal Budget unveiled in May 2017 offered first homebuyers tax breaks on a new superannuation-style savings account to help them accrue a deposit, going some way to meet a major concern of many contributors to the Open Form debate. The First Home Super Saver Scheme will be offered to all first-time purchasers, regardless of age, but caps on contributions will limit upward pressure on house prices and control the Treasury's loss of revenue. These accounts resemble the First Home Saver Accounts introduced by Labor and scrapped by Tony Abbott in 2014, but will not receive a top-up from government.

Despite the caps imposed on personal contributions, the new accounts were criticised in some quarters as adding fuel to the fire of house price inflation, a concern which also drives opposition to the unlocking of superannuation accounts. Philip Lowe, the Governor of Australia's Reserve Bank, backs efforts to boost housing supply, while Assistant Minister to the Treasurer Michael Sukkar acknowledges that *"by the time you save the money for a deposit the market has moved on and now you need 60 or 70 thousand"*.[32]

While the accounts were welcomed by some consultation participants after they were announced, the Australian Government made no move to limit the negative gearing and capital gains tax concessions which raised the ire of many in the community. Labor has pledged to restrict negative gearing to new homes and halve the capital gains tax exemption for investors from 50% to 25%.

Federal tax breaks to encourage retired people to downsize from their large family homes were also announced, with older people given exemptions from the annual $100,000 cap on concessional superannuation contributions and the $1.6 million cap on retirement accounts. However, the proceeds from downsizing will still be included in the pension assets test.

31 https://www.nsw.gov.au/your-government/the-premier/media-releases-from-the-premier/comprehensive-package-to-support-first-homebuyers/

32 http://www.skynews.com.au/news/top-stories/2017/05/05/first-home-buyers-set-for-tax-break-in-budget.html

Grave concerns about buyers from abroad were tackled in part by the Coalition's announcement of a 'ghost house tax' on foreign investors holding vacant property, while calls for more holistic planning were met with an extension of the government's City Deals to encourage all levels of government and the private sector to cooperate in the development of urban areas.

NSW Government Support for First Homebuyers

The NSW package announced at the start of June abolished stamp duty for first homebuyers on homes worth up to $650,000 from 1 July 2017 and offered discounts up to $800,000, saving buyers a maximum of $24,740. Stamp duty was also scrapped on the lenders' mortgage insurance, commonly required by banks for first mortgage takers with limited deposits, saving an additional $2,900 on an $800,000 property.

The foreign investor surcharge on stamp duty was raised from 4% to 8% and from 0.75% to 2% on land tax, while stamp duty concessions for investors purchasing off the plan were removed. Three billion dollars from government, councils and developers were pledged for infrastructure to accelerate the delivery of new housing, while approvals for well-designed terraces, townhouses, manor homes and dual occupancies will be fast-tracked. Independent panels will help councils in Sydney and some regional areas process development applications more efficiently and safeguard the integrity of the planning process while retaining the character of local communities.

In her media announcement on 1 June 2017, NSW Premier Gladys Berejiklian accepted that housing affordability is 'a complex challenge' without a 'single or overnight solution' and thanked former Reserve Bank governor Glenn Stevens for his report and advice on avoiding unintended consequences. However, *The Sydney Morning Herald* reported that property prices in affordable areas were expected to jump 'overnight' on the back of the stamp duty reduction as first homebuyers flocked to take advantage and bid up prices. Raine & Horne business development manager Edwin Almeida, quoted in the article, predicted that prices for affordable properties would leap 5%, with homes in Blacktown costing between $20,000 and $40,000 more. He observed that *"easy money does not make the market more accessible for first homebuyers. It just means vendors and developers will increase the price of property to meet demand"*[33].

Stamp Duty

Before the government's announcement was made, financial planner Robert Snell advocated the abolition of stamp duty for first homebuyers to reduce the transaction's immediate cost. However, he urged the removal of stamp duties for all buyers, including investors, as some first homebuyers will continue to live at home, while renting out their first property to help cover its mortgage.

33 Prices to jump 'overnight' due to fire-home buyers. Jennifer Duke. Sydney Morning Herald. 24 June 2017.

Melissa Campbell also called for the abolition of stamp duty on first home purchases under a capped and reasonable amount and no doubt welcomed the NSW Government's new policy.

Rob Ward argued for lower stamp duty to encourage Baby Boomers to sell their homes to free up the market for young families. However, he realised that stamp duty is also a lucrative source of revenue for state governments due to their failure to adjust its brackets to account for increasing prices. The NSW Government doubled its stamp duty receipts over the last four years to $8 billion a year. The median house price in NSW has grown six-fold over the last 25 years, but stamp duty on a typical Sydney property has soared by almost 1,000%, making people hesitate to downsize.

Rob Ward called on the government to tackle stamp duty as their first priority, as it affects housing affordability more than any other tax. Current stamp duty concessions for first homebuyers, as adopted by Victoria and now NSW, should be extended to older Australians to encourage them to downsize. He thought that helping first homebuyers pay less stamp duty for homes well below the average price will only fuel the bottom of the market, but more houses of every type will come on to the market if older people pay lower rates when they sell their homes.

Taj Singh, the Director and Co-Founder of First Home Buyers Australia, asked for a 50% cut in stamp duty on purchases of existing dwellings and a 100% exemption on all new dwellings for first homebuyers.

Joanne Seve highlighted the role of state taxes in determining the price of land and called for tax brackets to be reassessed more regularly as property prices rise. Successive state governments over the last 30 years have reaped windfalls from maintaining brackets as prices rise, which has further degraded house affordability. Readjustments should not require taxes rises elsewhere, as reductions in the rate of a transfer tax should stimulate turnover and so remain revenue-neutral. Annual indexation of the NSW land tax threshold has failed to address the increase in land tax paid by investors due to the exponential growth in land values. Investors are therefore compelled to increase rents to levels which many tenants cannot afford. r_w agreed that 'bracket creep' should be tackled, but there is little public pressure for amendment, as relatively few people move house every year, and no permanent polity is formed to push for change.

Cheryl Thomas agreed that stamp duty should play its part in wider tax reform. However, she criticised the NSW Government's announcement of exemptions up to $650,000 as 'all but useless', as the median price for a Sydney home now tops $1 million. She asked the Government to increase the threshold for first homebuyers and update the duty's archaic tax brackets, which now place more than half of Sydney properties at the highest rate.

Malcolm Gunning slated stamp duty as a major hurdle for first homebuyers and older downsizers. Stamp duties unfairly penalise people who move often for work and distort the choice between renting or buying, and renovating or moving. By preventing more efficient use of the housing stock, stamp duties exacerbate the problem of housing supply, and Malcolm Gunning called for their removal. Greg Prentice offered an opposing view, suggesting higher stamp duty be imposed on rental properties, while Michael Gill suggested the offer of a stamp duty voucher based on repairs, furniture and moving costs.

Land Tax

Taj Singh was one of several contributors to suggest the replacement of stamp duty with an annual land tax. This would reward Baby Boomers for downsizing, rather than penalising them, and allow young families to make better use of larger homes. He would also change the current land tax calculation from being based on land value to the number of properties owned, with the tax applying to Australians with more than three properties and to foreign investors from their first one. Dr David Thorp believed the replacement of stamp duty with a land tax would change the nature of the investor market from unreliable single-property owners to more stable and professional multi-property rental management.

Prof Hal Pawson also backed a broad-based land tax to replace stamp duty. This would encourage the speedy development of residential sites, many of which are now held vacant for long periods by speculative land-holders. It would also obviate the need for a difficult-to-operate 'vacant property tax' of the kind announced at the federal level.

Alan Luchetti favoured the imposition of a new land tax equivalent to its current rate plus the proceeds of negative gearing and capital gains exemptions, verified by the production of the relevant tax returns.

r_w opposed the concept as a wealth tax on a single asset class. Land is already taxed through council and water rates and, depending its value, the current land tax itself. Stamp duty is also a form of wealth tax, albeit paid only on the transfer of assets, while bank deposits are eroded by inflation and company shares incur capital gains tax upon sale. To prevent distortion between asset types, r_w supported a levy on all assets to pay for subsidised housing and other public goods. NSW is progressively reducing stamp duty on share transactions, and r_w suggested this be reviewed, as land transfers continue to be taxed at a higher rate. If wholesale reform of land tax is not embraced, institutional investors could still be encouraged by exemption from the current land tax to build affordable housing, as the current threshold favours small investors over major institutional holders of capital.

Developer Incentives

Charlie Daoud advocated subsidies for private sector property developers. He urged the abolition of GST for developers who build affordable housing, and additional tax breaks on their profits, to make them more viable. He supported bond aggregation and advised community housing providers to pursue partnerships with the private sector. mg_razo backed tax credits and a reduction in fees which may dissuade developers from beginning construction. Developers build houses for profit, and if taxes and fees are too high, they will opt for more lucrative options.

r_w said that buying a larger house is encouraged by the current capital gains tax exemption on a principal place of residence. If the owners' marginal income tax rate is high, they will be better off buying a larger principal place of residence than investing in shares or additional property. Australia could adopt the US system of including income gained from the sale of the principal place of residence as taxable income. The American system offers a generous property value threshold before tax applies, offers the ability to 'roll-over' the proceeds into a new property, deferring the tax payment until the replacement property is sold, and allows rates and residence taxes as an income tax deduction.

Capital Gains Tax

Taj Singh argued that many tax policies are too generous to investors and disadvantage first homebuyers. He questioned why wealthy investors buying multiple properties receive more tax concessions than a young couple struggling to buy their first home. He backed a federal reduction in the capital gains tax discount, from 50% from a sale after twelve months of residence to a tiered scale of discounts depending on length of tenure. No allowance would be offered with less than a year's occupation, while 25% would be given for 12-24 months, 37.5% for 24-36 months and 50% for three years or more to discourage short-term speculation.

Anne Fritz supported a gradual decrease in the discount offered, and Teresa Kiernan and Jac L also wanted the issue addressed. Greg Prentice advocated the imposition of capital gains tax on family homes sold after less than seven years of ownership, while Julia Wright was forthright in her demands for a two-year residency before capital gains exemptions apply. She believed this measure would stop wealthy developers 'tarting up a place' and selling it on for profit without paying tax because they have *"pretended to live in it for six months"*. Fierce Dinosaur was equally forthright in his condemnation of capital gains exemptions and other investor-friendly tax arrangements.

Robert Snell suggested restricting income tax deductibility so that property expenses can only be offset against property income. The surplus expenses could then be deferred until the sale and, by reducing the capital gain, cut capital gain tax liabilities.

Investor Disincentives

Tim Lawless said investors in the past have accounted for 33% to 40% of housing demand, but the ABS calculates that has risen to nearly 60% in NSW. This demand has outstripped supply and increased prices, which, in turn, attracts more investors to the market.

APRA[34] and ASIC[35] recently cracked down on interest-only mortgages, and lenders are abiding by stricter servicing standards and writing fewer mortgages on small deposits, but investors still benefit from strong tax incentives to invest in property through negative gearing and a 50% capital gains tax concession for sales made a year after purchase. The 2011 Census revealed that apartments were more than two and a half times more likely to be owned by investors than owner-occupiers. Most of the unprecedented number of high-rise apartment projects being built rely on investors buying off the plan, and Tim Lawless warned that action to curtain investors might curtail future construction.

Teresa Kiernan called for tax disincentives for investors, rather than fines, fees or subsidies, to reduce their influence on the market. Wealthy companies can ignore monetary penalties as they pass these costs on to their customers, while subsidies such as the First Home Buyer Grants merely drive higher prices. She therefore backed the taxation of investor profits to reduce unnecessary demand for land and housing.

Buyer Incentives

mg_razo asked for additional government help for first homebuyers, including access to bonds and tax credits for those unable to save a deposit on a home.

Nick Guggisberg, the Manager of Community and Cultural Development at Kiama Municipal Council, made clear he spoke for himself, rather than as a council representative, when criticising the financial support given to help people afford accommodation. Such measures inevitably backfire by fuelling price rises and exacerbating, rather than easing, the problem. Rent assistance drove up rents across the board by increasing the amount which renters could pay, and the First Home Owners Grant has the same effect on house prices.

Nick Guggisberg suggested that proposed policy levers be assessed by their ability to place downward pressure on prices, rather than increase an individual's capacity to pay. With this in mind, he suggested tax deductions for homeowners who rent their properties below market rents, the restriction of negative gearing to new properties, and the payment of rent assistance directly to the property owner through a tax concession in lieu of a reduced weekly rent. The First Home Owners Grant could be replaced with a tax concession for property developers to claim if they sell to a first homeowner at a certain percentage off the market price.

[34] Australian Prudential Regulation Authority

[35] Australian Securities & Investments Commission

Noor Talukdar supported a range of incentives for Australian buyers of first homes and larger second homes as their families grow. These might include further reductions in stamp duty, capped interest rates, capital gains discounts and even partnerships with major grocery chains to offer discounted food. He would also reward developers for selling more homes to first home or family buyers, but called for checks on their profit margins. To balance this, he urged the abolition of tax concessions and the imposition of higher rates and duties on Australian investors with three or more homes.

Denise Cameron asked for a wider definition of first homebuyers, to embrace couples where one partner has owned a home before, but not received support towards it, as this would help people rebuild their lives after divorce or bereavement.

First Home Saver Accounts

Taj Singh's suggestion of a first home saver account mirrored that announced by the Australian Government. His version would be run by a local bank or financial institution and allow contributors to sacrifice up to $7,500 of their pre-tax annual salary tax-free and up to $7,500 of after-tax savings. People could save their money for interest, or invest in managed funds offered by the provider. Earnings from the account would be tax-free, with contributors compelled to contribute over at least three separate financial years before being allowed to surrender it to pay their deposit.

Age Pension Assets Test

r_w said the inclusion of a pensioner's home in their pension assets test would be politically unviable and would create uncertainty, as house values can vary, which would presumably be reflected by variations in the pension they received. Furthermore, houses are not incrementally divisible assets which the owner can slice to raise additional funds. However, the pension assets test on land is generally restricted to two hectares, to prevent retired farmers claiming a pension while owning, but not farming, their holdings. r_w therefore suggested a similar area test for the homes of new claimants, with 60m^2 - a reasonably sized two-bedroom 'granny flat' - or a more generous 80m^2, set as the limit to encourage downsizing or the renting of surplus rooms.

To balance the equation, and further encourage the renting of redundant space at affordable rates, the income from tenants could be exempt from the assets test and income tax. Renters might also be required to help the pensioner in simple tasks for a few hours a week. Such arrangements would benefit young renters and older homeowners, as well as driving down rents, optimising the use of housing space, and reducing the burden on social services.

Market Forces

In sharp contrast to most respondents, Gordon Hoff argued that housing affordability lies outside the scope and responsibility of government. While many 'good ideas' can be offered to better the lot of one group or another, they will all generate unintended consequences by distorting the market, and so the government should play no role in the pricing of any private goods – including housing and rent.

Negative Gearing

While investors and realtors defended negative gearing, members of the public backed its elimination to reduce demand for investment property.

Graham Cooke argued that negative gearing benefits the wealthy more than the less well-off. By encouraging investment in property, it pushes up house prices, disadvantaging those without a foot on the property ladder, and so he called for its abolition or limitation to improve housing affordability. While its proponents claim it depresses rents by allowing landlords to absorb losses when rental yields fall below costs, most landlords will charge as much as they can, meaning rent levels depend on market forces more than negative gearing.

Jac L also asked the government to address negative gearing, as it favours investors over first homebuyers. nmcgregor expressed the same argument in more colourful terms, by demanding the government stop 'pandering to the rich' by allowing them to offset their taxes. Tax breaks should benefit those at the bottom of the ladder, rather than those at the top. Greg Prentice and Teresa Kiernan also backed its immediate abolition.

Fierce Dinosaur blamed much of Australia's housing affordability crisis on the 250,000 empty or underused dwellings in Sydney and Melbourne, held, for the most part, by investors employing negative gearing to minimise their tax liability while waiting for house prices to rise. The UK has imposed higher tax on empty homes, regardless of where their owners reside, and there would be no need to build any new homes in Australia's two largest cities for the next five years, if existing homes were used for shelter rather than pecuniary gain.

People with money or access to credit are land-banking, rather than saving in low-interest accounts or taking risks on the stock market, as the security and rate of return on property outstrips any other. Such investors can hardly be blamed for taking advantage of these 'unfair policies', and there is little hope of change when many Members of Parliament have a string of negatively-geared investment properties.

Fierce Dinosaur warned that the speculative housing bubble will inevitably burst, leaving investors with huge mortgages on properties worth hundreds of thousands less than they paid. He predicted 'a cascade of bankruptcies', as investors attempt to offload overpriced assets into a falling market, and was concerned about the social impact of the crash.

Julia Wright asked Australia to follow the UK's lead and phase out negative gearing, as it is merely a tax dodge for wealthy people to avoid paying income tax by hiding behind high, tax deductible, mortgages. If this 'gravy train' was stopped, many investment properties would be sold to first homebuyers. Anne Fritz backed a gradual decrease in negative gearing on investment properties, while Matt James, vivi la rock and Robin Varian called for it to be limited to a single home, as people who own more have no need of further largesse. rpark89 would limit negative gearing to two properties instead.

Nick Guggisberg believed that negative gearing should only apply to new housing, as the deduction was designed to increase the housing supply, which negatively gearing an existing house clearly fails to do. Prof Hal Pewson argued that indiscriminate subsidies for landlord investors should be abolished, if politicians are serious about damping speculative housing demand.

Disillusioned criticised measures to increase housing supply when it would be more effective and less expensive to abolish the negative gearing which artificially stokes up demand. Investors, denied generous tax allowances on property, would turn to the stock market or new businesses for higher returns, allowing house prices to fall to more affordable levels. The government should reveal the cost of negative gearing to tax revenues to increase public support for its elimination.

Bill Boyd agreed that the affordability crisis is driven by 'investor greed', rather than housing shortages, or elders living in houses too large for their needs. He supported the restriction of negative gearing to first homebuyers who live in that home to eliminate 'rorts' and investors and allow house prices to fall to affordable levels. He urged stricter enforcement of residency qualifications and the restriction of tax deductions for repayments and maintenance to owner-occupiers.

Robert Snell was more cautious and suggested a five-year trial for any reforms, with exemptions for first homebuyers who live in their parents' home while paying off a first mortgage through rent. Requiring cash deposits of up to 40% from investors in different cities would allow more flexible control of different markets than a blanket ban on negative gearing.

Taj Singh called for tax deductions on interest to be reduced from 100% to 50% to encourage investors to reduce debt, although he conceded that changes are unlikely to come soon. Malcolm Gunning was one of the few to support negative gearing in its current form, until a coordinated review of all property taxes is attempted.

TRANSPORT INFRASTRUCTURE

The importance of better transport links to allow people to buy more affordable property out of Sydney, but still commute to their inner-city jobs, was raised by many respondents. Fast rail links would allow city workers to live in cheaper outlying suburbs and commute in reasonable time to work. Better urban public transport would reduce the traffic congestion caused by greater population density. Graduated payroll taxes and incentives for remote working could encourage firms and employees to relocate to regional towns.

The Hon. Anthony Roberts MP outlined the NSW Government's strategy for a 'well-planned and connected community' to help people travel easily to work, education and social activities. The Government will spend an unprecedented $73.3 billion over the next four years on transport infrastructure and build more homes along transport corridors, as part of its 20-year Plan for *Growing Sydney*. The Precinct Support Scheme was given a $40 million boost in the 2016-2017 budget to support local council infrastructure spending in priority precincts, and the Industry Department recently canvased community feedback on how best to use up to $15 million in three Sydney Metro Northwest precincts.

Xphung and carolynh, who both identified themselves as landowners, submitted pleas for the State Government to include Strathfield in the NSW Priority Precinct program. They claimed that 80% of residents support high-rise residential developments of up to 24 stories near the Strathfield Station and argued that priority status would consolidate the fragmentation caused by the area's subdivision under three different councils.

Jane Rybarz said Sydney residents were faced with the choice of owning their own home an hour from their workplace, buying a more central property with friends or investors, and renting it to tenants or moving to a more affordable city. Dr David Thorp saw an 'obvious' solution to these problems in fast trains to connect cheaper, distant land to employment centres. This approach is used by most global cities, and he asked why NSW trains are so slow by comparison, when journey times could easily be slashed by modern techniques. ck agreed that fast rail would allow residential decentralisation into areas of cheaper land, a resource which Australia has no shortage of, but must start to use properly. Anne Fritz supported the calls for better communications and transport and believed the cost of fast trains and light rail will become more viable as population density increases and new work opportunities are created outside the city centre. Jac L also suggested fast rail links to revitalise neglected regional centres and backed significant investments in public transport in densely populated urban areas, rather than schemes like Westconnex.

rpark89 thought new urban developments should be created within a 30-minute subway ride of the city. The Australian dream of detached homes and gardens is unrealistic in Sydney, and so the city could follow the successful Japanese city model of high-density central housing and fast transport links.

r_w criticised the NSW Government's transport corridors as attempts to 'squish' ever more people into Sydney. He questioned whether the billions spent on new roads, railway tunnels and light rail was cost effective and recommended planning for the next century, rather than the next 20 years. He called for the modernisation of rail transport to outlying edges of Greater Sydney, as the determining factors in transport calculations are cost and time, rather than distance. Railways may have changed their propulsion, but are essentially unchanged from 200 years ago and are likely to persist long into the future, albeit in new forms. Investment to permit 160kph trains, modest speeds by the standards of Japan and France, should not be beyond Sydney's capabilities.

DEVELOPING REGIONAL NSW

Large cities dominate Australia's population distribution and economic activity. Infrastructure investment and personal incentives to shift economic activity to regional towns would relieve pressure on Sydney and allow families to buy larger and more affordable homes.

Bongo drum asked for a greater focus on regional opportunities and opposed 'Asian-style high-rise apartments' in Sydney, as more people mean more congestion and swamp hospitals and schools. He believed the debate should centre on the number of people Sydney can accommodate, rather than how to house everyone who wants to live there. London, Paris and New York do not strive to build more affordable housing, as people who want to live there are willing to rent, while those who want an affordable house with a garden for their families move to the outer suburbs.

Newcastle, Wollongong, Port Macquarie and Coffs Harbour not only offer high-quality, affordable homes and attractive family lifestyles, but need more people to drive their economies. Better job prospects and a higher salary-to-mortgage ratio make these towns a better bet for young workers and their families, and the focus on Sydney ignores better alternatives elsewhere. Policy makers should 'think regional' rather than metropolitan and halt Sydney's growth *"before we lose sight of what being in Australia is all about".* Greta Angel also backed steps to encourage young people, retirees and low-income recipients to live in new towns and revitalised regional communities by increasing awareness through forums and media campaigns. Jasmine Flattery-Shirley agreed that people who cannot afford Sydney house prices might have to look elsewhere.

Linda McLennan also backed job creation in other regional centres and better infrastructure to build those communities. Incentives for Sydneysiders, immigrants and social housing occupants would encourage them to relocate there. Arcobelina suggested up to 50,000 new homes could be built in the regions.

Rather than invest in expensive transport links to ferry more people into Sydney more quickly, ck favoured a graduated payroll tax to encourage larger firms and their employees to relocate to less congested areas. Large firms – and government departments - in the CBD could be charged a 25% levy, reduced to 10% in the rest of Greater Sydney and zero rated elsewhere, with graduations to ease transitions in intermediate zones. Any increase in revenue over current taxation could be hypothecated for public transport or subsidised housing.

Firms and employees could also be encouraged by tax exemptions or other incentives to work remotely from home where possible, to reduce traffic congestion and the need to live near the CBD. The tradition of travelling long distances to work is relatively modern and is increasingly superfluous in a hyper-connected digital age. Sarah McKenzie agreed that more young people will abandon the city for more affordable homes in regional towns, as digital technology decentralises jobs now based in Sydney. ck suggested that, just as workers "fly in and fly out" in remote mining areas, essential service workers could live in motel style accommodation in the city during the working week and live in the regions in their free time.

srobbo78 said Sydney could model itself on Tokyo, with plenty of public green space and quality housing built around satellite city hubs with access to world-class transport and infrastructure. While he also urged the government to look at the impact of foreign and speculative investment on housing prices and open new opportunities for younger buyers to enter the market through cooperative or dual occupancy solutions, he prioritised the need to create new job markets elsewhere in NSW to attract people from the overcrowded metropolitan centre.

COMPARISON WITH THE STEVENS REVIEW

The Housing Affordability Online Consultation should be seen in the context of other NSW Government reviews. While Open Forum invited a large number of submissions from the general public, former Reserve Bank Governor Glenn Stevens consulted public officials and private companies to compile his report on housing affordability for Premier Gladys Berejiklian[36] in May 2017. The similarities in findings are striking, but the different emphasis placed by the community may be equally instructive.

Mr Stevens notes that while the relative price and quality of most consumer goods has improved markedly in recent years, the cost of Sydney housing has spiralled due to rising demand and the limited amount of land in desirable districts. Sydney's economic vigour attracts migrants from the rest of the country and abroad, but its physical expansion is constrained, unlike Melbourne, by national parks and the ocean. He detailed the high cost of land in Sydney compared with Melbourne and accepted the need for higher housing densities powered by range of planning reforms.

While a decade of underbuilding exacerbated price rises, the market still ensures that almost everyone can find a home, albeit at a price, location or type they find less than ideal. Mr Stevens backed measures to expand housing supply, but, in tune with Open Forum contributors, stressed that better transport links would allow people to live further out in cheaper, less crowded locales and commute to work in reasonable time to central locations. Sydney's regulatory costs are also higher than other state capitals, and cutting these could compensate in part for high land prices. Mr Stevens also urged politicians to explain the need for more housing, as well as facilitate it, to overcome local objections – as did several comments on GAP's online consultation. He also urged the consideration of innovative and radical solutions, and the online consultation generated no shortage of them.

In common with expert and public contributions to GAP's online consultation, Mr Stevens called for comprehensive, strategic and holistic planning to ensure that infrastructure improvements support population growth. He asked the Greater Sydney Commission to assume an oversight role as part of its 'three cities' agenda and hear the views of all involved as well as ease the planning burden faced by smaller councils. The Greater Sydney Commission accepts the need for 70,000 additional dwellings a year to accommodate an extra 1.75 million residents by 2037, increasing Sydney's stock of 1.7 million residences by 40%. While the annual growth of 2.25% required has been achieved in the past, the challenge of maintaining it over the next twenty years in a highly cyclical industry faced with dwindling land should not be taken lightly.

[36] https://www.nsw.gov.au/improving-nsw/projects-and-initiatives/first-home-buyers/housing-affordability-report-to-the-premier/

Mr Stevens also criticised the cost and complexity of Sydney's labyrinthine planning regulations and the resultant delays in approvals. He observed that professional fees and tax duties inflate the already high price of land, as they multiply up the value chain. Minor boosts to the number of bureaucrats processing applications might free developers to build on land they buy more quickly, and he suggested that councils be sanctioned for falling short of building targets.

While several prospective first homebuyers appealed for greater government incentives on Open Forum, Mr Stevens rejected this approach, as these funds might be better spent elsewhere. Half the existing support goes to people buying their second or subsequent home, rather than first homebuyers, and they no longer stimulate construction. Expedited approvals are required to hasten supply, rather than expensive subsidies which will further boost demand. He also saw no reason to change tax incentives to encourage the institutional, rather than private, ownership of rental stock.

Mr Stevens acknowledged that his interactions with public officials and commercial stakeholders might underplay public concerns over foreign investors, and this was borne out by their prominence in the Housing Affordability Online Consultation. He stressed the problems with identifying and penalising foreign investors, but higher levies recently announced at both the state and federal level will at least generate new revenue if they fail to quell overseas sales.

In common with Open Forum contributors, Mr Stevens offered a raft of recommendations to improve housing supply, strengthen public infrastructure and help first homebuyers, alongside a call for specific housing targets to improve political accountability. While long-term planning is required, he warned that hectic electoral cycles inhibit political will to take unpopular decisions, and several proposals in this report would require a good deal of political courage. A handful of Open Forum contributors worried about the impact of future interest rate rises, but Mr Stevens believed a cooling market should offer a breathing space to implement long-term reform, rather than an excuse to avoid it.

Both Mr Stevens and the public at large agree that political leadership, commercial vigour and community good will to address the problem are required and that issues which have festered for 30 years will not be cured overnight.

CONCLUSION

Sydney has long been proud of its status as one of the world's most attractive and 'liveable' cities, but it now tops less desirable league tables as one of the most expensive conurbations in the world. [37] The average price of a Sydney home is now $1,123,991[38], and prices continue to rise. Younger and less affluent people struggle for a toehold in the property market, while wealthy investors add to personal portfolios worth millions. Rapid price rises driven by the soaring cost of land have spurred record levels of construction, but this intense activity has not been enough to match supply with demand. The Housing Affordability Online Consultation allowed the public a chance to air their frustrations, and the passion with which they were expressed underlines the political danger of ignoring the issue, however difficult or contentious the solutions may appear.

As several Open Forum contributors observed, no single department or tier of government is responsible for housing affordability, and the temptation to leave expensive or controversial action to the future or others is strong. Long-term bipartisan support for meaningful affordability goals must be agreed.

While most stakeholders agree with the notion that every Australian should have a decent and affordable home, spiralling house prices have enriched the majority, while leaving the minority behind. Radical measures to reduce house prices – or address wealth inequality - would be rejected at the ballot box and so will never be promoted. Solutions must therefore leverage economic realities and offer benefits for all, as altruism did not feature much in the discussion. Well-placed residents may support the notion of high-density, more affordable housing in other areas, but, unless they own the land on which it will be built, will oppose it in their own back yards. While many called for concessions which would benefit themselves, it is always other people who are urged to live in distant suburbs, rent rather than buy, or lease out their bedrooms to strangers.

As with other issues which cut across different departments, financial interests and individuals' lives, a holistic approach is required. This is a call to arms for the whole community in their own interest. Every stakeholder should consider what they can do to improve things themselves as, in the long term, it is in everyone's interest to strengthen the society we all depend upon. An increasingly resentful society fractured by housing status which pits the young against the old will build a better future for no-one.

Measures from overseas are often suggested as cures for Australian ills, but international comparisons also put Sydney's housing problem into perspective. Australia is thirty-one times the size of Britain, for example, but has just a third of its population. Britain must host 248.25 persons for every km^2, while Australia has just 2.66^2. The problem is not too many

[37] http://www.demographia.com/dhi.pdf

[38] https://www.domain.com.au/news/sydney-house-prices-climb-more-than-10-per-cent-to-record-11-million-domain-group-20170123-gtryjd/

Australians or a shortage of space, but the extraordinary concentration of the populace into a handful of sprawling conurbations. The ABS predict the proportion of Australians living in state capitals will climb from an already incredible 66% in 2013 to 72% in 2053, with 89% of these people in four largest cities alone.[39] For all the innovation and dynamism which urban concentrations foster, measures to multiply population density in Sydney risk stripping it of the attributes which attracted residents, firms and tourists in the first place. The State Government is responsible for New South Wales as a whole, rather than just Sydney, and greater regional development is sorely required.

Sydney is home to more than 5 million people, well over a million and a half more than 1970. It has done remarkably well to accommodate so many new arrivals and maintain housing standards the envy of most cities in the world. However, encouraging the growth of regional centres such as Newcastle-Maitland (which has just 438,775 residents)[40], Wollongong (295,842) and Albury-Wodonga (90,319) would take some of the pressure off Sydney. Fast rail links would allow more people to live further out and commute without clogging the roads to Sydney, but their extension to other towns in the state would produce even more potential for growth.

While recent government announcements covered some of their requests, more radical, populist or contentious requests were also presented. Several respondents suggested curbs on immigration as well as restrictions on the foreign ownership of homes to reduce congestion and competition for new homes. The restructuring of the tax system to favour young people and low-income earners was also popular. Many people thought the relaxation of planning regulations should be accompanied by developer requirements for a larger proportion of affordable homes, while the recent stamp tax concessions may not diminish calls for its abolition in favour of a land tax to optimise the inhabitation of homes.

Direct grants to renters or first homebuyers may appeal to voters, but tend to inflate the market, exacerbating rather than ameliorating the problem at hand. A range of more imaginative solutions must be found, but the notion that this will be driven by government begs the question of where social and economic change now comes from. Rapid progress is being made in many fields where technology and society drive the pace in unpredictable but exciting directions, leaving politicians and their legislation floundering in their wake. Despite all the calls for long-term planning, it would be equally short-sighted to think the problems which planning is trying to solve will be the same in 20 years. The automation and digitisation of vast swathes of the economy will surely affect the housing market in time. An age in which most people can work or study online at home, call up driverless electric cars on demand and live in 3D-printed homes of their own design is not too far away and will look very different from our own.

[39] ABS 3218.0 - Regional Population Growth, Australia, 2012-13

[40] ABS figures up to June 2016 (ABS 3218.0 - Regional Population Growth, Australia, 2015-16)

Genuine efforts to redistribute economic activity, encourage remote working, embrace new forms of ownership, permit innovative building design, reduce rather than reinforce property speculation and improve transport links will doubtless be made, but they will only work in concert, rather than piecemeal. It is not for this report to recommend one measure over any other, as that is for democratically elected representatives to decide. However, to maintain – or perhaps regain – public confidence, the politicians must hear the voice of the public.

CONTACTS

Helen Hull
Project Lead
Housing Affordability Online Consultation
+61 2 8303 2434
hhull@openforum.com.au

Catherine Fritz-Kalish
Co-Founder & Managing Director
Global Access Partners
+61 2 8303 2420
cfritz@globalaccesspartners.org

Olga Bodrova
COO & Director of Research
Global Access Partners
+61 2 8303 2420
obodrova@globalaccesspartners.org

Global Access Partners (GAP)

ACN 000 731 420
ABN 74 000 731 420

71 Balfour Street
Chippendale NSW 2008

PO Box 978
Strawberry Hills NSW 2010
Australia

APPENDICES

List of Featured Bloggers

Safronia Benasic is a student and mother of a seven-year-old son living in Canberra. She believes in social justice and equal opportunity for all in regards to health and maintaining a lifestyle that is healthy and sustainable to the environment. She believes in learning about what healthy living is about and what can be done to reduce health complications in regards to safe insulation in your home and safe work practices, ensuring to make more people aware of health risks associated with inequity to services and unsafe insulation in houses. Is your house killing you and you don't even know it? Why is Australia behind when it comes to giving Australians adequate dental care? These are some of the topics that Safronia is passionate about.

- *Tiny house phenomenon* – 30 May 2017; http://www.openforum.com.au/tiny-house-phenomenon/

Lisa Claes is Managing Director of CoreLogic Australia and New Zealand. Her responsibility extends to leading CoreLogic's international business, which includes operations in the U.K. and expansion into global emerging markets. Prior to joining CoreLogic, Lisa served as executive director for customer delivery at ING Direct. She was also a member of ING Group's International Retail Council and chaired the Group's Global Mortgages Forum. Lisa brings a well-formed view of client and consumer requirements in an increasingly data-driven and client-focused marketplace. A barrister earlier in her career, Lisa is also active on several boards and non-for-profits, including serving as the chair of LIXI, the Australian lending industry consortium that develops and maintains data standards. Well-recognised in the Australian banking and financial services industry for her thought leadership, Lisa regularly publishes and presents on key issues and trends shaping the future.

- *Overcoming the impediments – what will it take to shake up housing affordability?* – 19 May 2017; http://www.openforum.com.au/overcoming-the-impediments-what-will-it-take-to-shake-up-housing-affordability/

Graham Cooke is Insights Manager of finder.com.au.

- *How can we help Australians enter the property market?* – 26 April 2017; http://www.openforum.com.au/how-can-we-help-australians-enter-the-property-market/

John Cunningham is President of the Real Estate Institute of New South Wales. John commenced his career in real estate in 1977 with a very simple philosophy—to establish business relationships built on trust. He opened Cunninghams Property in 1991 with his wife, Ann, in Sydney.

- *Time to get creative to solve housing affordability* – 27April 2017; http://www.openforum.com.au/time-to-get-creative-to-solve-housing-affordability/

Ned Cutcher began his association with the Tenants' Union of NSW in 2002, when he completed the Introduction to Advice and Advocacy training as a hotline volunteer at Marrickville Legal Centre. He has been with the policy team since 2009, taking on the senior role in 2015. Ned completed a Bachelor of Laws through the University of New England in 2014.

- *Rental affordability deteriorates again* – 5 June 2017; http://www.openforum.com.au/rental-affordability-deteriorates-again/

Justin Douglas is Executive Director, Economics, Population and Land-use Analytics with the NSW Department of Planning & Environment. He is a public policy adviser with more than two decades of experience in Australia's preeminent economic policy advising agencies, including senior executive roles at the Commonwealth Treasury and in the Prime Minister's Department. During that time he advised Prime Ministers Howard, Rudd and Gillard, as well as a number of Commonwealth Treasurers, on a broad range of economic, social and public policy challenges, including housing affordability.

- *Understanding housing affordability* – 17 May 2017; http://www.openforum.com.au/understanding-housing-affordability/

Jasmine Flattery-Shirley is currently an Associate at the District Court of New South Wales and is admitted to the Supreme Court of New South Wales. She has had a wide range of experience, working in both criminal and civil jurisdictions at private firms and at the Crown Solicitor's Office. She has a keen interest in criminal law and is a proud Sydney renter.

- *How to make saving for a house more feasible for young Australia* – 31 May 2017; http://www.openforum.com.au/how-to-make-saving-for-a-house-more-feasible-for-young-australia/

Russ Grayson is an online and photojournalist reporting on food systems, community initiatives and technology and society. A media contact for the Australian City Farm & Community Gardens Network, Russ has worked in international development in the South West Pacific, local government and urban agriculture.

- *To buy, to build, to share, to print – how do we make accommodation affordable?* – 5 May 2017; http://www.openforum.com.au/to-buy-to-build-to-share-to-print-how-do-we-make-accommodation-affordable/

Malcolm Gunning is the president of the Real Estate Institute of Australia, as well as the principal of Gunning Real Estate, which has offices in Hurstville and Surry Hills in Sydney. With Over 35 years of experience in all facets of real estate agency practice, property development and property valuation, he is the immediate past president of the Real Estate Institute of NSW.

- *REIA calls on Fed Gov to provide housing affordability solutions* – 26 April 2017; http://www.openforum.com.au/REIA-calls-on-Federal-Gov-to-provide-housing-affordability-solutions

Chris Johnson is the CEO of Urban Taskforce Australia, an organisation that represents the property industry. In this role Chris has produced research papers on the structure of local government in NSW and publications on the future of our cities. He worked closely with local government as Executive Director in the NSW Department of Planning and Environment in developing the Housing Code, plans for regional cities and urban renewal generally. Before this he was NSW Government Architect for ten years, a member of the Central Sydney Planning Committee, the Heritage Council of NSW and many government committees. Chris has written or edited over a dozen books on urban planning, architecture and cities. He has been adjunct professor at three Sydney universities and was made a Member of the Order of Australia in 2012.

- *Three fundamental policies to improve housing affordability* – 28 April 2017; http://www.openforum.com.au/3-fundamental-policies-to-improve-housing-affordability/

Jason Juretic is CEO of Stepping Stone House, a not for profit organisation providing medium to long-term accommodation and development for young people who are homeless, or who are at risk of homelessness or are living away from their families aged 12 to 24 years old.

- *We need to make housing accessible for young people leaving Out-of-Home-Care* – 29 May 2017; http://www.openforum.com.au/we-need-to-make-housing-accessible-for-young-people-leaving-out-of-home-care/

Tim Lawless is widely regarded as one of Australia's leading property market analysts and commentators by business and the media. As the founder of the CoreLogic Australian research division (formerly RP Data), Tim's expertise across property markets has positioned him as one of the country's most experienced and popular property market analysts and commentators. His knowledge and expertise is sought after by a myriad government entities and regulators as well as national and international corporate entities operating across property, banking and nancial sectors. As group Research Director, Tim heads up a team of analysts across both Australia and New Zealand and is responsible for reporting on property market conditions and the interplay with economic and demographic factors. Tim has more than 15 years' experience in similar roles and holds a Bachelor of Business degree, specialising in information management, from the Queensland University of Technology.

- *Solutions to housing affordability require cooperation* – 26 April 2017; http://www.openforum.com.au/solutions-to-housing-affordability-require-cooperation

Ian McAuley is an adjunct lecturer in public sector finance at the University of Canberra, a fellow of the Centre for Policy Development. His research interests are in public policy, with a specialisation in health policy. His academic qualifications are in engineering and business management from Adelaide University and in public administration from Harvard University. Besides his academic work, he has assisted consumer and welfare organisations in financial and economic policy matters. Together with Miriam Lyons he wrote *Governomics: can we afford small government?*

- *The value of housing – a contribution from Karl Marx* – 19 May 2017; http://www.openforum.com.au/the-value-of-housing-a-contribution-from-karl-marx/

Sarah McKenzie is a Sydney-based writer and editor who currently works as Content Manager at Manning & Co, a strategic marketing consultancy. She is passionate about issues affecting youth, social justice and equality, literature and the arts.

- *On housing affordability for young people in Sydney* – 5 May 2017; http://www.openforum.com.au/on-housing-affordability-for-young-people-in-sydney/

Hal Pawson joined UNSW in 2011 as a Professor of Housing Research and Policy at the City Futures Research Centre. His key interests include the governance and management of social housing, private rental markets and urban renewal. Formerly a researcher at Edinburgh's Heriot-Watt University (1995-2011), Hal's prolific record of academic publication includes numerous journal papers and three co-authored books – most recently After Council Housing: Britain's New Social Landlords (2010). He is a member of the Australasian Housing Institute, a Fellow of Chartered Institute of Housing, and Managing Editor (Australasia) for the leading international journal Housing Studies.

- *Above all, a plan for housing is needed* – 15 May 2017; http://www.openforum.com.au/above-all-a-plan-for-housing-is-needed/

The Hon Anthony Roberts MP is the NSW Minister for Planning, Minister for Housing and Special Minister of State since January 2017 in the Berejiklian government. A Member of the New South Wales Legislative Assembly, he has represented the Electorate of Lane Cove for the Liberal Party since 2003. Following the Coalition victory in the March 2011 election, Anthony was appointed Minister for Fair Trading in the O'Farrell Government, assuming his position on 3 April 2011. Upon taking office, he immediately embarked on a wide-ranging Fair Trading reform agenda in areas including the State's fifty year-old strata and community title laws, the home building sector, the retirement village industry, the motor vehicle industry, and the residential land lease communities sector. He successfully implemented legislation to prohibit the sale, manufacture and possession of synthetic drugs, was responsible for introducing new measures to reduce the number of children falling from apartment windows, and developed new laws to address the issue of ticket scalping for major events in NSW. On 9 December 2013 Anthony was promoted by then-Premier Barry O'Farrell to the role of Minister for Resources and Energy, and Special Minister of State. On 23 April 2014 Premier Mike Baird promoted Anthony to the additional role of Leader of the House in the NSW Legislative Assembly, on top of his existing portfolios. As Leader of the

House, Anthony is responsible for the NSW Government's legislative agenda. Since December 2013 Anthony has embarked on a series of aggressive energy market reforms, including deregulating electricity prices, announcing a market-led rollout of smart electricity meters and ending gold-plating of the electricity networks. In the resources sector he has delivered the landmark NSW Gas Plan, facilitated the signing of an historic agreement on land access between gas producers and landholders, and commenced the first NSW Minerals Industry Action Plan. He served as Minister for Industry, Resources and Energy between 2015 and January 2017.

- *Where will 1 million more people live?* – 27 April 2017; http://www.openforum.com.au/forums/conversations-with-the-minister-series-where-will-1-million-more-people-live/
- *Housing density – there are more options than 'up'* – 8 May 2017; http://www.openforum.com.au/conversations-with-the-minister-series-housing-density-there-are-more-options-than-up/
- *Connecting communities* – 16 May 2017; http://www.openforum.com.au/conversations-with-the-minister-series-connecting-communities/

Taj Singh is the Director and Co-Founder of Australia's premier First Home Buyer Organisation – First Home Buyers Australia (FHBA). Taj Singh is also a Lending Adviser by trade and a former Management Accountant for a Sydney Advertising Agency listed on the NYSE.

- *What can be done to improve housing affordability for first-home buyers?* – 14 May 2017; http://www.openforum.com.au/what-can-be-done-to-improve-housing-affordability-for-first-home-buyers/

Robert Snell is a Certified Financial Planner®, founder and business owner of Life Values Pty Ltd, and a housing affordability export. Robert has been a passionate advocate for first homebuyers for many years and has seen the challenges first hand with his client base.

- *What you didn't know about housing affordability and the upcoming NSW State Budget* – 24 May 2017; http://www.openforum.com.au/what-you-didnt-know-about-housing-affordability-and-the-upcoming-nsw-state-budget/
- *The real home truth submission* (pdf) – http://www.openforum.com.au/wp-content/uploads/2017/05/The-Real-Home-Truth-04042017-Final.pdf

Peter Strohkorb is an international business consultant, a published author and a professional speaker. He is also a popular Executive MBA Guest Lecturer at the prestigious Sydney Business School.

- *Is it time to give up the Great Australian Dream?* – 27 April 2017; http://www.openforum.com.au/is-it-time-to-give-up-the-great-australian-dream/

Cheryl Thomas has over twenty years' experience working in and for the public, private and NGO sectors producing and delivering advice to industry and political leaders across Australia's three levels of government. She is currently the NSW Deputy Executive Director at the Property Council of Australia, managing the advocacy team and overseeing policy issues across planning and taxation to advance a competitive and sustainable property industry in NSW.

- *We need real solutions to improve housing affordability* – 26 April 2017; http://www.openforum.com.au/we-need-real-solutions-to-improve-housing-affordability/

Dr David Thorp is an analytical, strategic reformer with a conscience, working on public service strategy/reform, finance, economics, fiscal strategy, transport, housing and planning, sustainable energy and social/human services. David has a BA in engineering from Cambridge and a Ph.D in solar photovoltaics from the University of NSW. His work and ideas in these areas, along with theories of gravity and the universe, can be found at davidthorp.net.

- *Addressing housing affordability – time to tell the truth* – 28 April 2017; http://www.openforum.com.au/addressing-housing-affordability-time-to-tell-the-truth/

Rob Ward is CEO of Di Jones Real Estate.

- *Housing affordability – a simple problem with a complex solution* – 8 May 2017; http://www.openforum.com.au/housing-affordability-a-simple-problem-with-a-complex-solution/

Links to Blogs and Submissions

NSW Government Blogs

- *Where will 1 million more people live?* – the Hon. Anthony Roberts MP, http://www.openforum.com.au/forums/conversations-with-the-minister-series-where-will-1-million-more-people-live/
- *Housing density – there are more options than 'up'* – the Hon. Anthony Roberts MP; http://www.openforum.com.au/conversations-with-the-minister-series-housing-density-there-are-more-options-than-up/
- *Connecting communities* – the Hon. Anthony Roberts MP; http://www.openforum.com.au/conversations-with-the-minister-series-connecting-communities/
- *Understanding housing affordability* – Justin Douglas, NSW Planning & Environment; http://www.openforum.com.au/understanding-housing-affordability/
- *Comprehensive package to support first homebuyers* – NSW Government; http://www.openforum.com.au/comprehensive-package-to-support-first-homebuyers/

Community Submissions

- *Time to get creative to solve housing affordability* – John Cunningham; http://www.openforum.com.au/time-to-get-creative-to-solve-housing-affordability/
- *Solutions to housing affordability require cooperation* – Tim Lawless, http://www.openforum.com.au/solutions-to-housing-affordability-require-cooperation
- *We need real solutions to improve housing affordability* – Cheryl Thomas; http://www.openforum.com.au/we-need-real-solutions-to-improve-housing-affordability/
- *Three fundamental policies to improve housing affordability* – Chris Johnson; http://www.openforum.com.au/3-fundamental-policies-to-improve-housing-affordability/
- *REIA calls on Fed Gov to provide housing affordability solutions* – Malcolm Gunning; http://www.openforum.com.au/REIA-calls-on-Federal-Gov-to-provide-housing-affordability-solutions
- *Is it time to give up the Great Australian Dream?* – Peter Strohkorb; http://www.openforum.com.au/is-it-time-to-give-up-the-great-australian-dream/
- *Housing affordability – a simple problem with a complex solution* – Rob Ward; http://www.openforum.com.au/housing-affordability-a-simple-problem-with-a-complex-solution/
- *Addressing housing affordability – time to tell the truth* – Dr David Thorp; http://www.openforum.com.au/addressing-housing-affordability-time-to-tell-the-truth/

- *What can be done to improve housing affordability for first-home buyers?* – Taj Singh; http://www.openforum.com.au/what-can-be-done-to-improve-housing-affordability-for-first-home-buyers/
- *To buy, to build, to share, to print – how do we make accommodation affordable?* – Russ Grayson; http://www.openforum.com.au/to-buy-to-build-to-share-to-print-how-do-we-make-accommodation-affordable/
- *On housing affordability for young people in Sydney* – Sarah McKenzie, http://www.openforum.com.au/on-housing-affordability-for-young-people-in-sydney/
- *How can we help Australians enter the property market?* – Graham Cooke; http://www.openforum.com.au/how-can-we-help-australians-enter-the-property-market/
- *Above all, a plan for housing is needed* – Hal Pawson; http://www.openforum.com.au/above-all-a-plan-for-housing-is-needed/
- *Overcoming the impediments – what will it take to shake up housing affordability?* – Lisa Claes, http://www.openforum.com.au/overcoming-the-impediments-what-will-it-take-to-shake-up-housing-affordability/
- *The value of housing – a contribution from Karl Marx* – Ian McAuley; http://www.openforum.com.au/the-value-of-housing-a-contribution-from-karl-marx/
- *What you didn't know about housing affordability and the upcoming NSW State Budget* – Robert Snell; http://www.openforum.com.au/what-you-didnt-know-about-housing-affordability-and-the-upcoming-nsw-state-budget/
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