



9 September 2009

The Hon Kevin Rudd MP
Prime Minister
Parliament House
CANBERRA ACT 2600

Re: Re-allocation of \$750m of social housing stimulus funding to other Government measures

Dear Prime Minister,

We are writing regarding the re-allocation of \$750 million from the social housing component of the Nation Building Economic Stimulus Plan ('Stimulus Plan'), announced in the Commonwealth Coordinator-General's Progress Report on 27 August 2009.

Our organisations welcomed the \$6.2 billion committed for public and community housing in the Stimulus Plan. We recognised that your Government's investment was the single largest investment in affordable housing in post war Australia.

However, we are also acutely aware of the level of housing need in Australia. We know that Australia is experiencing a shortage of an estimated 251,000 affordable dwellings for low income Australians.¹ We also know that 105,000 Australians are homeless on any given night.

In light of the critical need for housing investment, we are disappointed by the reduction in funding announced last week.

Continued investment in bricks and mortar—as well as ongoing operational funding to provide support to tenants—will be a crucial factor in achieving the Commonwealth's goals around halving homelessness by 2020 and alleviating housing stress, which affects more than a million low-income Australians.

The reduction in funding will be a significant and unforeseen setback for state governments and the community housing sector. Both have displayed a strong commitment to the expedient and efficient delivery of the Plan. The efficiencies achieved have been largely a result of the provision of land and concessions from state and territory governments, and leveraging by community housing organisations to drive government capital investment further. Based on the current data, it is likely

¹ National Housing Supply Council (2009) 'State of Supply' report, p98.

that an extra 2600 dwellings could have been constructed using the original funding allocation. It is likely that further leveraging over the coming years would expand the total stock to over 25,000 dwellings.

State and territory governments, as well as the community housing sector, have to date proceeded on the assumption that the social housing stimulus will be implemented as planned. On this basis, both have engaged in extensive consultation and planning with other sectors, including builders, developers, and the finance industry. Many of these plans will no longer come to fruition.

We acknowledge that the decision to reduce funding for the social housing stimulus is unlikely to be reversed. We are, however, calling for additional funding for social housing initiatives to be allocated in the forward estimates and delivered through the National Affordable Housing Agreement. Affordable housing should be a key national social infrastructure priority.

Given our mutual interest in securing an affordable housing future, we would welcome the opportunity to meet with you to discuss a long-term national housing policy agenda.

Yours faithfully,

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