

Howard gentle with Rudd's affordable housing plan

By Phillip Coorey and Jacob Saulwick
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JOHN Howard refused to criticise Labor's policy to increase the amount of low rental housing but Peter Costello called it wasteful and "terribly inefficient".

With both sides competing to soothe voter concerns over housing affordability, Mr Howard pointedly refused to criticise Labor's policy which would spend \$600 million over five years to create 50,000 low rental homes.

"The intent of it is good," he said. "I would like to know more about it and I would like to understand exactly what Labor has in mind and whether it is workable or not."

Mr Costello said the policy was "not even a drop in the ocean" given the Commonwealth will spend \$15 billion over the next five years on rental assistance and public housing.

Labor's policy promises institutional investors and developers will get state and federal tax breaks of \$8000 a year per property if they build new houses or units and rent them at 20 per cent below market value.

Mr Howard confirmed the Government was working on its own affordable housing policy but one source said it would be unveiled closer to the election.

The Labor leader, Kevin Rudd, said his policy was targeted to help low- and middle-income earners escape the rental trap and save to buy their own house.

The idea won industry support yesterday. The executive director of the Community Housing Federation of Australia, Carol Croce, said the plan offered an initial lure to get institutional investors into the affordable housing market.

"Once they get more comfortable and see that this is a product that they can get a good return on, and there's a social outcome attached as well, everybody benefits," she said.

Some superannuation funds had considered investing in housing, said the principal policy adviser at the Association of Superannuation Funds of Australia, Brad Pragnell, but had been waiting for some form of government incentive to make it viable.

The NSW Urban Taskforce, representing the biggest developers, welcomed Labor's proposal, saying it would kick-start investment in residential housing.

But the senior manager at industry researcher BIS Shrapnel, Jason Anderson, said aspects of the policy were "a little skewed".

It would create new properties for low-income renters, who usually lived in cheaper, old properties. This would make it hard to figure out what was 20 per cent below the market rate of rent because rents for new properties were usually higher than where low-income renters lived. But Mr Anderson said increasing property supply should be encouraged.