



**Andrew Barr MLA**

Chief Minister

Treasurer

Minister for Climate Action

Minister for Economic Development

Minister for Tourism

Member for Kurrajong

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Mr Tom Duncan

Clerk

ACT Legislative Assembly

[Tom.Duncan@parliament.act.gov.au](mailto:Tom.Duncan@parliament.act.gov.au)

Dear Mr Duncan *Tom*

Thank you for your letter of 20 September 2022 enclosing petition No 6-22, lodged by Mr Mark Parton MLA, about the Housemate proposal and reducing housing costs for ACT resident first home buyers. This letter is the Government's response to the petition in line with Standing Order No. 100 of the ACT Legislative Assembly.

The petition states that housing affordability is a source of stress to many Australians and the HouseMate proposal is a possible solution. The petition urges the Government to implement the proposal by supplying free residential land and creating affordable homes.

The ACT Government knows that housing affordability is a real issue and there are significant challenges in land availability and sector capacity to deliver additional affordable housing – this is something the ACT Government is seeking to address through the levers available at our level of Government.

We know that a wide range of factors have resulted in rising house prices. These include Commonwealth tax policy, historically low interest rates in recent years, financial deregulation, and increasing house sizes. In the ACT, housing preferences are critical in determining the demand for and price of dwellings.<sup>1</sup>

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<sup>1</sup> The ACT continues to build the biggest houses in Australia; the average floor area of a house built in the ACT in 2020-21 was 259.3m<sup>2</sup>, 1.3 per cent larger than the previous year, and well above the Australian average of 229.3m<sup>2</sup> (which reduced by 2.9 per cent from the previous year). (CommSec Home Size Report 2021)

The ACT Government is committed to working with the Commonwealth to address issues impacting housing affordability. We are also committed to and actively working towards addressing issues of housing affordability in the ACT and continue to prioritise actions to make housing more affordable – to both rent and purchase.

### The HouseMate Proposal

HouseMate is a proposed public homeownership system where homes would be sold at the construction cost price (estimated by Dr Murray at approximately \$350,000 on average), with superannuation funds used for deposits and ongoing repayments. HouseMate advocates that governments provide land for free (or nearly free) to eligible buyers, and only charges buyers construction and development costs.

There would be major barriers to the Territory unilaterally implementing HouseMate in the ACT, including:

- The proposal would require significant changes to Commonwealth policy and Commonwealth legislation, including amending superannuation legislation to allow trustees to withdraw contributions to pay deposits and make ongoing payments;
- The Commonwealth Government would be required to underwrite mortgages;
- The proposal recommends that HouseMate utilise the Reserve Bank of Australia to operate the financing system; and
- The proposal does not address how the cost to develop new estates would be funded.

The ACT Government remains committed to increasing the supply of more affordable homes and supporting Canberrans to access the housing market, including by considering new measures and adjustments to existing schemes to account for changing economic circumstances. The Government has a broad range of ongoing policies and programs to address housing and rental affordability, including but not limited to:

- the attraction of large-scale affordable Build-to-Rent through financial incentives;
- signatory to the Commonwealth Housing Accord and working with the Commonwealth Government to deliver the Help-to-Buy Scheme and Home Guarantee Scheme in the ACT;
- an urban infill target, ongoing consultation on planning reforms and a five year indicative land release program;
- affordable community housing land tax exemptions;
- nation-leading investment in public housing growth and renewal; and
- programs such as the land rent scheme and affordable home purchase scheme

The Government thanks Dr Murray and the petitioners for their contribution to the important topic of housing affordability.

Yours sincerely



Andrew Barr MLA  
Chief Minister

8 December 2022