



## Australian Government

National Mental Health Commission

Manager  
Financial Services Taxation Unit  
Corporate and International Tax Division  
The Treasury  
PARKES ACT 2600  
Email: [affordablehousingtax@treasury.gov.au](mailto:affordablehousingtax@treasury.gov.au)

### **Public Consultation - Increasing the supply of affordable housing - September 2017 Treasury Laws Amendment (Reducing Pressure on Housing Affordability Measure No. 2) Bill 2017 and Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 2017.**

#### About the National Mental Health Commission

The National Mental Health Commission (the Commission) provides cross sectoral leadership on policy, programs, services and systems that support better mental health and social and emotional wellbeing in Australia. There are three main strands to the Commission's work: monitoring and reporting on Australia's mental health and suicide prevention systems, providing independent advice to government and the community, and acting as a catalyst for change. In 2012, the Commission developed its *Contributing Lives, Thriving Communities Framework (the Framework)*. The Framework acknowledges that a fulfilling life requires more than just access to health care services. It means that people living with a mental health difficulty can expect the same rights, opportunities and health as the wider community.

One of the five domains in the Framework is "feeling safe, stable and secure". The inclusion of this domain reflects national and international evidence on the importance of having a home for an individual to be able to lead a contributing life. As part of our work, the Commission has conducted national consultations to build a better understanding of housing issues in relation to mental health. Across all regions and demographic groups, two overwhelming demands dominated – the need for more and better housing, and the need for more and better services. The Commission therefore welcomes the opportunity to provide comment on the exposure draft and the explanatory material relating to increasing supply of affordable housing in Australia in this context.

#### Current work

The Commission's work on housing and homelessness strives to articulate both the individual and structural factors that contribute to housing insecurity and mental health difficulties. While a bidirectional relationship between mental health and having a home exists, the Commission confirms that best practice models of integrated housing and service delivery e.g. Housing First and Common Ground, provide the optimal conditions to support both recovery from mental ill health, and to reduce the rates of rough sleeping and the need for crisis accommodation. Beyond individual models, we have found support for the allocation of social and affordable housing within new developments, and reforms to negative gearing and capital gains tax. Associated with this have been calls for greater protections for tenants including longer leases, anti-discrimination measures, and access to legal aid.





## **Australian Government**

National Mental Health Commission

### Mental health and homelessness

Housing stress, along with financial stress can be both a consequence and a contributing factor to mental illness. Compared to the general community, fewer people with mental health difficulties own their own home, or are paying off a mortgage, more people rent and the need for housing support is growing. However, affordable housing is only one part of the picture. While the draft Treasury Laws Amendment (Reducing Pressure on Housing Affordability No. 2) Bill 2017 (Treasury Laws Amendment Bill 2017), Income Tax (Managed Investment Trust Withholding Tax) Amendment Bill 2017 (Income Tax Amendment Bill 2017) and supporting materials do not explicitly address housing access for people living with mental ill health, the Commission supports the introduction of legal and policy instruments which leverage private investment to create more housing stock for those earning low to moderate incomes.

### Security of tenure and support

Security of tenure and access to ongoing support from trusted providers of health and social services is critical. The Commission is therefore pleased that the Treasury Laws Amendment Bill 2017 has acknowledged the need for long-term stability in tenancy arrangements, requiring that dwellings must be used to provide affordable housing for a period or periods totalling at least three years (1095 days) in order to attract an additional capital gains discount. The Commission would counsel caution however, in assuming that this will automatically translate into downstream arrangements between registered community housing providers and tenants.

### Additional barriers

The Commission has also been told that there are barriers beyond supply of affordable housing for people with low or limited income. These include exclusion from the private rental market due to insufficient cash reserves to furnish a rental bond, and for those with a mental health condition, discrimination and stigma from landlords and agents, especially where individuals and families are in receipt of a social security payment or rental subsidy. In this setting, management of tenancies by community housing providers may go some way to mitigating these concerns. The inclusion of culturally sensitive housing services for groups including Aboriginal and Torres Strait Islander and Culturally and Linguistically diverse peoples should also be considered.

### Incentives

The Commission acknowledges that the purpose of the Treasury Laws Amendment and the Income Tax Amendment Bills 2017 is to increase private and institutional investment in affordable housing. However, the Commission seeks to raise concerns regarding the methods as follows:

- i) The proposed model provides for an additional 10 per cent capital gains discount (to a total of 60 per cent) for provision of a dwelling through a registered community housing provider. These conditions (including cumulative availability of three years) are contrasted with the current capital gains tax discount provisions of 50 per cent for eligible assets held by individuals for at least 12 months. The Commission recommends consideration of a model that is more, or at minimum, equally favourable for the provision of affordable housing. Specifically, the model could provide commensurate conditions i.e the requirement for the dwelling to have 12 months of cumulative availability for affordable housing, with a capital gains tax discount weighted towards this option. The initial discount could commence at a rate of 60 per cent, increasing by 1 per cent per annum for each year of affordable housing provided, capped at 70 per cent in the tenth year. This model incentivises use of private







**Australian Government**

National Mental Health Commission

dwellings for affordable housing in the short term, and retention of access for low to moderate income earners in the longer term.

- ii) The new law excludes entities with an ownership interest in a dwelling from receiving a National Rental Affordability Scheme (NRAS) incentive for the NRAS year while also acting as an eligible dwelling under this legislation, presumably with the intention to increase overall availability of low cost housing. The Commission would query however, if the new legislation is likely to increase actual levels of housing stock, rather than inducing a re-arrangement of current property portfolios e.g withdrawal of a property from the NRAS in order to render it eligible under the affordable housing provisions.

Thank you for the opportunity to comment on the draft Treasury Laws Amendment and the Income Tax Amendment Bills 2017. The Commission would be pleased to discuss the above points in more detail, if it may assist as the final versions of the Bills and Explanatory Memorandum are developed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Maureen Lewis'.

Maureen Lewis  
Deputy Chief Executive Officer  
National Mental Health Commission  
29 September 2017



