

Guaranteeing the future of affordable rental housing

October 28 2013

An international review of the use of government guarantees to support investment in affordable rental housing will be released in Melbourne, Australia, today, ahead of a major Think Tank bringing together experts from Australia, UK and Switzerland.

The report by RMIT University's Dr Julie Lawson, published today by the Australian Urban and Housing Institute (AHURI), is part of a larger study that aims to design a guarantee scheme suitable for Australian [housing](#) conditions.

The review will inform discussion at an international Think Tank hosted by Australian Super in Melbourne tomorrow (29 October), which will hear from two European experts in the field: Dr Peter Gurtner (Switzerland) and Piers Williamson (UK).

Dr Lawson examined seven schemes in Europe and the US to detail how guarantees and intermediaries channel longer term, lower cost investment to increase the supply of social and affordable housing.

"Australian governments are struggling to address pressing infrastructure needs, including a severe shortage of affordable rental housing," she said.

"One of the most important findings of this review is the minimal impact that guarantees have had on government budgets

"Through appropriate revenue support and regulation, sound business management practices and carefully structured guarantees, there has been a zero default rate among many European housing providers receiving guaranteed loans.

"The cost and availability of private finance remains a major obstacle for all governments and for the affordable housing industry.

"Government and sector-based guarantees and intermediaries are a growing area of international innovation in the housing field and offer real opportunity for change, with the potential to sustainably deliver the affordable housing infrastructure so desperately needed in Australia."

The Think Tank will bring together senior stakeholders from investment funds, ratings agencies, housing ministries and providers to consider Australian and international research findings and discuss draft models for Australian conditions.

Visiting experts Dr Gurtner, Chair of the Swiss Bond Issuing Co-operative, and Mr Williamson, CEO of the UK Housing Finance Corporation, will share their extensive experience in pooling borrowing demands of landlords via a nonprofit intermediary and launching bond issues, with the assistance of a government guarantee.

Mr Williamson said: "I am excited to have the opportunity to take part in a forum which brings together a number of the subject matter experts in housing guarantees from around the world.

"To my knowledge this is the first such opportunity and it will allow us to share examples of best practice and, by sharing ideas, potentially improve each others' funding models.

"At the end of the day, the goal is to help produce more houses for less!"

The research being conducted by RMIT for AHURI is critically appraising different approaches to guaranteeing investment in social housing, to inform the development and implementation of a model appropriate to Australian conditions.

The RMIT research team led by Dr Lawson and Emeritus Professor Mike Berry is designing a potential government guarantee and financial intermediary to secure investment in social and affordable rental housing sector.

The results of the international Think Tank will directly inform the Final Report to AHURI, to be completed early in 2014, which will advise the Australian government on a way forward.

The research project is funded by AHURI, a national not-for-profit independent organisation that supports high quality research on housing and urban issues to inform the policies and practices of governments, industry and the community sector, and aims to stimulate debate in the broader Australian community.

The free dissemination of AHURI-funded research is made possible by the continued funding AHURI receives from the Australian Government and each state and territory [government](#).

More information: www.ahuri.edu.au/publications/projects/p53019

Provided by RMIT University

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