



**POLICY COSTING REQUEST – DURING THE CARETAKER PERIOD FOR A
GENERAL ELECTION**

Name of policy:	Safe as Houses
Person requesting costing:	Senator Milne
Date of request to cost the policy:	14 August 2013
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (i.e. from the Treasury or the Department of Finance and Deregulation)?	No
Details of the public release of this policy (Date, by whom and a reference to that release)	27 July 2013, Senator Milne / Senator Ludlum http://scott-ludlam.greensmps.org.au/content/media-releases/greens-plan-help-families-waiting-housing
Description of policy:	
Summary of policy (as applicable, please attach copies of relevant policy documents):	Increasing the supply of affordable rental housing by establishing an independent financial intermediary, the Australian Affordable Housing Finance Corporation, which will lend to providers of social housing and will fund itself by issuing three kinds of bonds; • 10 per cent of the funding from ‘zero interest social housing growth bonds’ issued to and held by the government to effectively act as a capital base for AAHFC; • 20 per cent of the funding from ‘tax smart housing supply bonds’, long term fixed interest bonds offering tax-free interest issued to retail investors; and • 70 per cent of the funding from tradeable ‘AAA housing supply bonds’ guaranteed by the government and issued to wholesale investors.
What is the purpose or intention of the policy?	To contribute to halving the social housing waiting list in a decade by financing the construction of up to 7,200 homes per year (with another 5,000 to be directly financed by governments).
What are the key assumptions that have been made in the policy, including:	
Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.	Yes, it is part of a package of housing measures. See Social housing – cutting waiting lists
Where relevant, is funding for the	Demand driven

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policy to be demand driven or a capped amount?	
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	No
Are there associated savings, offsets or expenses? If yes, please provide details.	No
Does the policy relate to a previous budget measure? If yes, which measure?	No
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	No
Will the funding/program cost require indexation? If yes, list factors to be used.	No

Expected impacts of the proposal

If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?

Estimated financial implications (outturn prices) ^(a)

Affordable Housing Finance Corp	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	0	-10	-10	-10
Fiscal balance (\$m)	0	-10	-10	-10
Bonds	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)	0	-25	-45	-75
Fiscal balance (\$m)	0	-25	-45	-75

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data	Milligan and Yates (2012) <i>Housing Supply Bonds – a suitable instrument to channel investment towards affordable housing in Australia?</i> Australian Housing and Urban Research Institute Final Report no. 188
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sources used to develop the policy)?	
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	Yes, by PBO on 17 July 2013.
What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?	7,200 additional households per year could be provided with affordable social housing.
Administration of policy:	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?	New authority, the Australian Affordable Housing Finance Corporation.
Should departmental expenses associated with this policy be included in this costing? If no, will the Department be expected to absorb expenses associated with this policy? If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies).	Any additional departmental expenses on top of the investment in the Affordable Housing Finance Corporation are expected to be absorbed.
Intended date of implementation.	1 July 2014
Intended duration of policy.	Ongoing
Are there transitional arrangements associated with policy implementation?	No
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	
Are there any other assumptions that need to be considered?	No
NOTE: <i>Please note that:</i>	

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- *The costing will be on the basis of information provided in this costing request.*
- *The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.*