

Rachel G. Bratt
Department of Urban and Environmental Policy and Planning
Tufts University
Medford, Massachusetts 02155
617-627-3394
Rachel.bratt@tufts.edu

Partnerships: Policies and People:
Promoting Affordable Housing for Lower Income Households
Observations from the U.S.
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I am delighted to be here and honored to have been asked to present this talk this morning. Thanks to Ministers Jenny Macklin and Matt Brown, as well as to Mike Allen, Alan Madden and Ian Winter and to the many people involved in organizing this conference; in particular, thanks to Susan Trudgett, who has been absolutely amazing.

When speaking to a group like this, I am quite certain that I am preaching to the choir. I suspect that all of you here believe deeply in the importance of affordable housing.

Indeed, the very fact that you have a national housing conference is a clear indicator of how important this country views its housing challenges. In addition, your impressive Housing and Urban Research Institute is further concrete sign that Australia sees and understands that affordable housing is central to the lives and well being of individuals and families, to neighborhood stability, and to businesses that are seeking a strong and reliable labor force. I understand that in Sydney right now, and in other cities across

Australia as well, employers are encountering serious problems as their workers are finding it increasingly difficult to secure decent, affordable housing.

Housing is, of course also enormously important to the larger economy— both national and international. We need look no further than the US's subprime mortgage foreclosure crisis to see the close link between housing and the global economy. When investors in these loans began to lose millions of dollars, there were major rumblings on the US as well as international stock markets. Australia has been impacted by these problems as several hedge funds, banks and other investors have experienced major losses. The full economic implications of these events are still not fully apparent.

In my presentation I want to outline some of the lessons I think the US has learned about how the public as well as the private for-profit and nonprofit sectors might be able to help meet this country's housing challenges. My hope is that these observations will assist in articulating the questions and issues most important to you, help to frame policy approaches with attainable goals, and advance a progressive agenda, so that decent, affordable housing can become a guaranteed right for all.

I offer these comments with complete humility; I want to emphasize that I do not, by any means, think that the US has the answers to any other country's, complex housing problems, let alone, its own. But we have sure been working at it. With over 70 years of experience in providing housing assistance to lower income households, I hope that some

of our experiences will be applicable here, since it is clear that you we are confronting many of the same challenges.

And, speaking of humility, I was deeply humbled and it was truly exciting to arrive in your country the day before Prime Minister Kevin Rudd extended his apology to the Aboriginal people for the inhumane treatment of children and families during much of the 20th century. His speech was moving, eloquent and compelling and I felt that I was witnessing a statesman and true leader in action—qualities that are sorely lacking in the U.S.'s chief executive. I sincerely hope that a little over eight months from now, the leader of the U.S. will no longer be a source of deep embarrassment—that he or she will take a place alongside your prime minister as a person of integrity, sensitivity and intelligence.

Back to the talk...Before selecting the specific points I'll be discussing this morning, I read a number of reports about Australian housing issues and spoke with Peter Phibbs. I specifically want to express my enormous gratitude to Peter for playing a pivotal role in bringing me here. But I want to emphasize that I am far from expert on the housing issues you face and with the specific programs you have developed. First, a quick summation of what I understand to be the current situation here:

- 1) There appears to be an increasing focus on housing as a major national concern and the time may be ripe for developing new policies.

- 2) Housing affordability, or unaffordability, has become the central issue, particularly for low-income households.
- 3) The unassisted private market is not able to provide decent, affordable housing to the lowest income households.
- 4) The supply of public housing is not sufficient to meet current needs and this stock is dwindling in size and not being replenished.
- 5) Availability of low cost land in the major urban areas is becoming increasingly scarce.
- 6) There is a young community housing sector and there is increasing interest in supporting the work of nonprofit organizations.
- 7) There is also increasing interest in developing partnerships between the public, nonprofit and for-profit sectors.
- 8) There is growing recognition of a need for long-term rental housing and it is also being acknowledged that this form of tenure is not always a step toward public housing or homeownership.
- 9) Homeownership is a highly valued goal of most Australians.

With these realities as my jumping off point, I offer 6 broad sets of observations about the US experience with affordable housing. I want to note at the outset that I will not be talking specifically about the connections between race and housing. However, I want to emphasize and acknowledge that racial concerns have created enormous complexities and challenges in the US, in relation to housing, as well as other domains. We, in the US, have not yet resolved how to alter the present reality, so that a household's racial

characteristics will cease being a factor in creating disproportionate obstacles and disadvantages.

1) Multi-faceted housing policies are generally needed: supply, demand, and land

Starting in the 1970s in the US, the federal government started to turn away from its three-decade old and often-stated commitment to expanding the supply of housing affordable to low-income households. A demand-side strategy, which includes rental certificates, or vouchers, became the preferred form of federal housing assistance over the supply-side approach. Two compelling reasons drove this policy shift.

First, public housing and other publicly subsidized supply-side rental developments were receiving a great deal of bad press and public opinion was hostile to what often became known as “government ghettos.” Without getting into a lengthy discussion about whether the various supply-side programs deserved their negative reputation, and indeed I do not believe they did, suffice to say that there were many reasons behind the difficulties that public housing and other subsidized developments encountered.

Second, the federal government became aware of the high political and economic costs of the supply-side approach. Long-term commitments to subsidize affordable housing over several decades into the future became politically unpalatable. At the same time, the federal government became convinced that for every dollar of public expenditure, rental

vouchers are able to provide assistance to more households than production programs. In other words, vouchers were credited with giving “more bang for the buck.”

But, while demand-side programs can be very helpful in reducing affordability problems in the short-term, they do not add to the affordable housing stock. For the subsidy to be helpful, an adequate supply of suitable apartments for rent must be available.

Unfortunately, this requirement is not always met. For example, in the Boston area, where I come from, typically one half of all those who receive vouchers end up returning them unused, because of an inability to find a unit to rent.

Based on this, a key lesson is that neither a strictly demand or supply-side subsidy is sufficient by itself. Context, or, in other words, the state of the local housing market is critical. What is needed is for housing policies to be comprehensive— to provide a variety of different types of subsidies to assist households in a range of market situations. Unless there is a surplus of rental units in a given market area, programs that increase the supply of affordable housing, as well as enhance effective demand, are necessary.

Opponents of specific supply-side initiatives typically use a well-worn set of arguments. Among the most vigorous criticisms is that property values of private residences will be harmed. Many researchers in the US have undertaken studies assessing the impacts of subsidized housing on local property values. The overall conclusion is that if housing is well designed, fits in with the surrounding neighborhood, and managed well, there are no negative impacts of affordable housing on the property values of neighboring single-family homes.

Another important lesson is that in order to make affordable housing production possible, access to land and buildings is essential. In many locales in the US, land and building costs have risen dramatically in recent years, even in neighborhoods where market prices traditionally had been weak. This, in turn, is making it increasingly difficult to locate and access suitable properties, which can be converted or used for new development of affordable housing. In terms of possible policy responses, programs are needed to remove land from the speculative market so it can be transferred to a suitable affordable housing developer either at the present time or at some point in the future. Various mechanisms are being used in the US, including public land being transferred to affordable housing developers at low or no cost, land banking programs, and what is known as community land trusts.

So, in thinking about the components of a comprehensive housing policy, I want to underscore that, in addition to having supply and demand-side strategies available, it is very important to develop mechanisms to control the cost of land for affordable housing.

2) Deep, direct subsidies are cost-effective and efficient, but indirect tax incentives can have clear benefits

Despite the overall trend toward demand side subsidies in the US in recent decades, there has also been recognition that increasing the supply of affordable housing is important. In 1986 the US federal government created a new supply-side program, the Low Income Housing Tax Credit. However, rather than supporting this initiative through direct federal

appropriations of funds as in the prior supply-side programs, an indirect subsidy mechanism was chosen—one that depends on tax credits purchased by investors who are then able to reduce their federal income tax liability. The proceeds from the sale of the tax credits are then put toward the development costs of the housing. As with all tax incentive programs, expenditures are more hidden than direct appropriations, since they come in the form of revenues not collected by the tax system and therefore do not show up as a budgetary line item. In this way, these expenditures are relatively insulated from the political process.

The US Low Income Housing Tax Credit has been praised for accomplishing the job of producing housing by stimulating the production of well over one million housing units, with the vast majority going to very low income households—defined in the US as those at 50% or less of area median income. This program, unlike the earlier direct federal supply-side subsidy programs has survived and flourished. One of the major achievements of the tax credit program is that it has managed to monitor the private for-profit actors who play such important roles. Thanks to a strong regulatory framework, developers and investors stand a great deal to lose if the affordability restrictions are not followed or if resident incomes do not fall within prescribed limits. Based on more than 20 years of experience, much has been learned about how to make the tax credit program work and it has enjoyed significant political support.

However, the program also has been the subject of criticism, which leads to a number of general recommendations about tax credits:

- 1) First, it is important to minimize transaction costs. Given the complexity of these programs, and the need for lawyers, housing consultants, and firms that specialize in selling the tax credits to high income investors, a significant portion of the tax subsidy necessarily goes into transaction costs, rather than into the housing.

- 2) Second, the number of additional subsidies required to make deals work needs to be kept to a minimum. Unlike a deep subsidy program, which would completely cover the full costs of development and provide ongoing subsidies pegged to the actual costs of maintaining units that are rented to a very low-income population, tax credit developers invariably must rely on a host of other public and private funds. But assembling these various funding streams is time consuming, expensive, and adds another layer of complexity into the already complex tax credit deals.

- 3) Third, long-term affordability must be guaranteed. Although the Low Income Housing Tax Credit affordability restriction has been extended to 30 years (up from an original 15 years), even this period is not long enough. Experience has shown that what seems like a long use restriction when a development is first built, passes very quickly. In Low Income Housing Tax Credit partnerships, tax laws now allow a nonprofit the right of first refusal to purchase the property. However, the ability of the nonprofit to do this is dependent on the availability of additional subsidies, which may or may not be available.

- 4) Fourth, a strong regulatory framework must be in place to assure that units are rented to households at the target income limits.
- 5) And, fifth, sufficient tax credits should be allocated to meet the demand of developments seeking this assistance.

So, in summary, I suggest that simple is usually preferable to complex. When indirect subsidy approaches are used as in the US's Low Income Housing Tax Credit, the programs get very complex and there are inefficiencies, since a number of private consultants are typically needed to make the programs work. But, on the other hand, there are some definite political benefits to these types of less straightforward housing subsidy mechanisms and a great deal has been learned about how these partnerships can be structured and how to reduce inefficiencies.

3) Nonprofits can play a critical role

In the US, nonprofit development organizations are major producers of housing for low and moderate-income households, often using the Low Income Housing Tax Credit program. Community development corporations, or CDCs, are the most common nonprofit groups. Most were created in the 1970s and 80s and there are about 4,600 CDCs currently in existence. The first CDCs were formed in the 1960s as part of a series of programs collectively known as the War on Poverty. In addition to CDCs, which are typically neighborhood-based, there are about 100 large regional nonprofit organizations.

Together, the CDCs and regional nonprofits are providing affordable housing opportunities to about 1.5 million households. As a point of comparison, the total production by these nonprofits has now surpassed by more than 25 percent the current number of federally subsidized public housing units in the US, which stands at about 1.2 million.

I also want to note that, beyond housing development, many nonprofit organizations also are involved with other economic development initiatives aimed at promoting economic security for individuals and families.

In the US, the survival and growth of nonprofit organizations is of critical importance to the continued production of housing affordable to low-income households and to a wide variety of community development efforts. In particular, nonprofit housing developers are generally willing to enter into difficult market situations, such as the most distressed areas of a city, and to serve populations that the unassisted private for-profit sector cannot or will not serve—the very poor. Consistent with this commitment, nonprofits are more likely than for-profit developers to be the providers of special needs and supportive housing and to work very hard to make sure that the housing stays affordable over the long term.

In some respects nonprofit organizations in the US may be even better equipped than the public sector to carry out resident and community-focused activities. This is because in the US, federal housing policy is typically crafted to meet a number of larger political and

economic objectives, such as stimulating the economy and producing jobs, and the needs of the private housing industry as key players in achieving these goals typically take precedence over the low income housing agenda. As a result, nonprofits in the US actually may be better able to implement programs clearly aimed at meeting the housing needs of low-income households than public entities, whose missions may be saddled with multiple goals.

But it is not easy for nonprofits do their work. An extensive literature discusses the various challenges that CDCs face. These include the need to assemble a number of funding sources; the difficulty of maintaining a stable, competent work force in the face of low salaries and long hours; and the need to constantly raise money to cover the organization's operating expenses.

The US federal government has been a major supporter of nonprofits, through both direct loan and grant programs, as well as by giving preferential treatment to these groups in the implementation of several other federal initiatives. Nevertheless, financial and technical resources from the public sector do not meet the needs of the housing nonprofits and most observers would probably say that the full potential of the nonprofit sector in terms of affordable housing production has not been realized.

In order to further support the work of nonprofits in the US, and perhaps in Australia as well, the following is needed:

- 1) First, and probably most important, a steady and adequate flow of subsidy money is essential. Nonprofits simply cannot do the job of developing and maintaining housing aimed at lower income households without significant amounts of public support.
- 2) Second, a variety of types of technical assistance are needed to support the work of nonprofits. Some of this training can occur through structured courses, but we also know that nonprofit organizations often need one-on-one assistance to address problems or challenges that are unique to that group.
- 3) Third, whether in terms of people available to do the training, or staff for the nonprofit organization, it is important to have enough skilled professionals who can step in to the various professional roles.
- 4) Fourth, in addition to significant public assistance to make the housing affordable, there is also a need for nonprofit organizations to have access to a steady stream of operating support. While nonprofits in the US are able to derive revenues from fees associated with developing and managing housing, groups are always struggling to cover the costs of running the organization, particularly in the early stages of its development.
- 5) Fifth, in order for all of the above to be put into place, there needs to be a high level of support at both federal and local levels. The ability of nonprofits to work

effectively is, in large part, dependent on an institutional context that is prepared to assist nonprofit organizations meet their goals.

So, to sum up this point, I offer the observation that nonprofits can be key actors in providing decent, affordable housing. But to do their job well, they need significant supports and assistance.

4) Partnerships with private for-profit developers can work

Since the early 1960s, the US federal government has created federal housing programs that have been aimed at tapping into the significant resources of the private for-profit homebuilding industry. However, our experiences with partnerships have taught us that we have to be very careful to make sure that these arrangements are structured to maximize public purpose goals.

There is enormous variation in the US, and perhaps here too, among private for-profit and nonprofit developers. Either can have enormous sophistication, financial capacity, and technical expertise. Smaller and less well established organizations, whether for-profit or nonprofit, will likely be in less good positions to take on subsidized housing development, particularly large-scale complex projects.

Since most for-profits in the US, and I imagine here as well, are likely to be larger in size than the great majority of nonprofits, the former may have an edge in terms of staff capacity. Also, for-profits are more likely to have available front-end capital, which is

critical for any development, and allows developers to move quickly to acquire a desirable building or property. Although all developers need to pay close attention to market factors when considering a new project, for-profits may be in a better position than nonprofits to undertake sophisticated market analyses, because of their generally stronger financial position.

In other respects, however, nonprofits appear to have certain advantages over for-profit developers. For example, nonprofits typically have good connections to the community which likely translate into stronger support for the project, an ability to access targeted resources from the public and nonprofit sectors, and a deep commitment to resident services, neighborhood revitalization, and long-term affordability.

Too often, subsidized rental housing programs in the US have not included strong enough mechanisms to ensure that the units will remain available both to the original low-income tenants, as well as to future generations who need housing assistance. Of course, from the perspective of private for-profit developers, it is most advantageous for the housing to be restricted for low income occupancy for as short a period as possible, so that additional profits can be realized by converting the units to market rate dwellings.

In view of the various attributes of for-profits and nonprofits, it is often advantageous for them to form partnerships. We have learned that there are at least four specific characteristics of a strong collaborative arrangement between a nonprofit and a for-profit developer:

- 1) First, each partner should have development experience and knowledge. In addition, the for-profit partner should be willing to share its expertise with the nonprofit on issues pertaining to organizational sustainability and future leadership. To the extent that the nonprofit is less knowledgeable and experienced than the for-profit partner, third parties such as a housing lawyer, consultant or a more experienced nonprofit may be brought into the negotiations to advocate on behalf of the nonprofit.

- 2) Second, there is a need to articulate the roles and benefits to each partner, including how profits will be shared, the anticipated social and economic benefits to the community, the goals of the nonprofit partner in terms of increased visibility in the community, and the potential for increasing nonprofit capacity. At the same time, the nonprofit should be able to clearly articulate the contributions it will bring to the deal so that the for-profit developer can understand its value. In short, each partner should work to understand each other's roles, perspectives and contributions and a skilled project management team should be identified.

- 3) Third, in deals with a significant market component, where feasibility depends on a correct assessment of market risk, the for-profit partner should take major responsibility for carrying out the market assessments as well as shouldering the primary market risk with commensurate financial reward.

- 4) Fourth, the legal details of the partnership must be carefully crafted and understood by all parties and they must be consistent with government rules and regulations.

Ideally, nonprofit/for-profit partnerships should be structured to ensure, at the outset, that the for-profit partner can exit from the affordable rental housing once the property is successfully occupied and after having realized its agreed-upon profit. The nonprofit, in turn, should be assured that it will be able to cover the costs of assuming full ownership of the development, including the ability to provide the units as affordable over the long-term.

One idea used on a number of occasions in Boston, and perhaps elsewhere, involves a nonprofit/for-profit partnership in which both rental and homeownership units are constructed. The for-profit developer is able to realize his profit from development phase proceeds, particularly from the sale of homeownership units, while the nonprofit is able to retain ownership of the rental units and assure that they are operated compatibly with community objectives. This mechanism is meant to assure long-term affordability of the units, which, as we have been discussing, is a major concern in for-profit/nonprofit partnership arrangements.

So, to summarize this major observation: the public and nonprofit sectors may want to enter into partnership arrangements with private for-profit developers in order to leverage the significant resources typically available from this sector. However, a significant

amount of caution must be exercised to ensure that the public purpose goals of the affordable housing development are met, particularly that the housing will remain affordable over the long-term.

5) We need to think about housing in a holistic sense: the quadruple bottom line

Aside from the housing development's financial "bottom line," also to be considered are the societal contributions that this housing makes. Whether the developer is for-profit, nonprofit, or a partnership between the two, the goal should be to meet the requirements of what I call "quadruple bottom line"—

- the simultaneous need for financial and economic viability of the development *and* a commitment to social goals, which includes a concern for:
- the social and economic needs of the residents living in the housing;
- a sensitivity to how the housing fits in to the larger fabric of the neighborhood and how the housing may contribute to neighborhood viability;
- and an effort for the housing to be as environmentally sensitive and sustainable as possible, including the need for the housing to minimize the use of non-sustainable energy resources, and taking into account implications for transportation

For about 20 years there has been a growing sense in the US that public and nonprofit-owned housing could contribute to the self-sufficiency of its low-income residents. In the US it is now widely believed that housing should play an important role in alleviating

poverty, and should help residents address other issues limiting their social and economic opportunities.

Although *self-sufficiency* is the phrase commonly used to express this goal, it is misleading, because nobody is truly self-sufficient, nor I would add, should we be. Any community, any society, any country, encourages mutual support and both a giving and taking on the part of its residents. The notion that anyone is self-sufficient is really absurd, but this is the phrase that folks in the US have used repeatedly. In my opinion, the phrases economic security or personal and family sustainability express the concepts more precisely.

The “*housing-plus*” approach to subsidized housing involves providing not only the bricks and mortar—the housing, which of course is no small achievement in itself, but also services necessary to support resident families and initiatives focused on the neighborhoods in which the housing is located.

“Housing-plus” programs incorporate various levels of services provided by trained professionals for whom service delivery is the primary responsibility. The services themselves typically include some mixture of financial and credit counseling; literacy and language programs; job training; social service programs for families, youth, elderly, and special needs populations; and community and economic development activities.

There are at least two major challenges with delivering “housing plus” programs. The first relates to how the costs will be covered. In the US, while housing advocates are typically in favor of these programs, their primary concern is with the viability of the housing itself and they prefer that non-housing costs be covered by other sources of funds—such as social services appropriations. Creating a dedicated funding stream for “housing plus” programs has proven to be very difficult.

The second major challenge involves developing mechanisms for evaluation. In order for any owner of subsidized housing to do high quality assessments, it likely will need the help of researchers as well as adequate funding to cover the costs of the studies. Figuring out a cost-benefit metric that takes into account the possible outcomes for the buildings, the residents, the neighborhoods, and the environment, what I have just referred to as the “quadruple bottom line,” is needed. And, of course, without good evaluations, it is even more difficult to advocate for housing plus programs, since funding is typically dependent on being able to demonstrate clear results.

So, to conclude this set of observations, while producing decent affordable housing for low income households must be the overriding public policy goal, we also have to be aware of the broader issues surrounding the housing bundle. More experimentation and research will be needed to understand how the four elements of the quadruple bottom line can best work together to attain these multiple objectives.

Up to now, I have been talking a great deal about rental housing. But I am well aware that a majority of households in Australia, some 70 percent I believe, are homeowners. In fact, homeownership is so valued in Australia, that what is known as the “Australian dream” refers explicitly to the goal of homeownership. In the US, the parallel phrase, the “American dream” refers to the same aspiration. This leads to my 6th and last major set of observations.

6) Homeownership programs for low income households must be carefully designed

Of course, this observation is so self-evident that I am sure you are all saying to yourselves something like, “Duh.” Despite the simplicity and truth of this statement, sadly this lesson still has not been learned in the US.

The US has had a number of experiences with homeownership programs aimed at lower income households that tell us a great deal about the circumstances under which such a family would be likely to succeed. Indeed, the spike in home foreclosures in the US, in the aftermath of runaway subprime lending, has dramatically emphasized a number of important lessons—among them: homeownership is not for everyone and for a lower income household to have a successful homeownership experience, a number of unique programmatic attributes and supports are needed.

Unfortunately, however, the history of the US’s low income homeownership programs is filled with examples of how supports and consumer safeguards have been lacking. While

we would need much more time to untangle why in the US we have done such a poor job at following the simple guidelines that I am about to share with you, suffice to say that the level of regulation of the homeownership market has been weak or nonexistent. In the US and undoubtedly here as well, there are numerous private actors who play essential roles in homeownership development and finance. Unless strong oversight and enforceable regulations are in place, the quest on the part of each of these actors to maximize profits, in a financial environment where risk may be hidden or spread across a number of different entities, is a sure recipe for creating havoc for lower income, possibly unsophisticated homebuyers.

So, here are my top 9 lessons about homeownership programs aimed at lower income households.

- 1) First, extreme caution must be exercised in screening would-be homeowners to assess their ability to carry the financial responsibilities of homeownership. All homeowners need to be able to cover the costs of ongoing maintenance, including periodic expensive repairs such as a new roof or furnace. Low-income homeownership programs face a dilemma. On the one hand, there is a desire to make the loan terms as attractive as possible and to set credit limits low enough to qualify as many households as possible. On the other, it is very important that the financial arrangement carry some measure of risk for the homeowner and that realistic credit assessments discourage households from purchasing when they are unlikely to do so successfully.

- 2) Second, a key way for homeowners to carry some risk is by their having an investment in their homes, whether through “sweat equity” or with a cash contribution. At least some of the risk involved in homeownership should be borne by the owners, and they should be well prepared for these risks. If another entity assumes the risk, such as the government or a nonprofit, it should act in concert with consumer interests.
- 3) Third, prepurchase counseling is an important component of homeownership programs for low-income households. Such counseling should involve helping homebuyers find the best mortgage product available and educating them on the importance of shopping for credit, much as they do for other goods and services.
- 4) Fourth, high quality postpurchase counseling also is extremely important. Once a household has become a homeowner, significant efforts should be made to ensure that ownership is retained, even if financial difficulties arise. Postpurchase counseling is necessary to help homeowners understand how to carry out regular maintenance and, if they run into financial difficulties, how they might be able to avoid foreclosure.
- 5) Fifth, good quality construction and rehabilitation are obviously central to any homeownership program. Homeowners must be assured that they are getting a building in decent repair, or one for which repair costs are well understood and planned.

- 6) Sixth, funds should be available to homeowners in need of home repairs. Low-income owners have proven to be good targets for predatory lenders who take advantage of the inability of these owners to access conventional loans for maintenance and significant upgrading.

- 7) Seventh, there should be a watchdog agency involved in low-income homeownership programs. In any homeownership program, there are numerous opportunities for private-market actors to take advantage of the generally inexperienced homebuyers. This entity, most likely a nonprofit organization, would be responsible for selecting builders, arranging financing, and screening tenants.

- 8) Eighth, although it may be cost-effective to build homes in weak market locales, caution must be exercised about the potential for neighborhood factors to create problems for the new homeowners. For homeowners who purchase homes in severely distressed areas, safeguards should be provided in the event that they need to sell their homes and if the market is too weak to ensure a full return on their investment.

- 9) Ninth, quick resale of below-market priced properties with large front-end profits should not be allowed. Careful thought is needed, however, to provide a fair balance between enabling homeowners to accumulate equity in their homes, on

the one hand, and, on the other hand, preventing them from purchasing below the market and quickly reselling at the highest possible price. Many nonprofits in the US require homeowners to remain in their homes for a specified period of time, after which all equity and profits accrue to them. Other affordable homeownership programs structure restrictions on resale prices so that the longer a homeowner stays in a house, the greater the amount of equity he or she accumulates. These are attempts to balance the needs of the original homeowners to build assets, while advancing the goal of preserving affordability of the homes for new buyers, at least for a number of years.

The challenge of providing homeownership opportunities to lower-income households clearly is formidable and requires extensive support. But the desire for homeownership is so strong among so many people, regardless of income, that the quest for viable programs to serve low-income households continues to move forward. Nevertheless, policy makers must also confront the reality that homeownership really is not for everyone, and there always will be a challenge to figuring out whether any given household, even with the needed supports, will be able to be assisted enough to have a positive experience.

So, this covers my thoughts about homeownership as well as my 6 broad observations about housing experiences in the US.

I want to conclude by urging that we view housing as part of a movement toward greater social justice and equity—A Right to Housing. But to move in this direction, it is imperative that there be a clear political commitment to address a country’s housing challenges. In the US we have not been successful at keeping housing issues at the top of our domestic policy agenda. Given what I have learned in my few days in this country, reading the terrific work being done by the Australian Housing and Urban Research Institute, and with confidence in the new government headed by Prime Minister Kevin Rudd, I leave with a strong sense of optimism that Australia’s housing community has the opportunity to achieve an impressive and lasting record of success. Let me congratulate you in advance and I offer my best wishes for pursuing the good fight.