

20 October 2023

National Housing and Homelessness Plan
Department of Social Services
GPO Box 9820
Canberra, ACT 2601

Dear Sir/Madam,

Submission to National Housing and Homelessness Plan Issues Paper 2023

Thank you for the opportunity to make a submission to the National Housing and Homelessness Plan Issues Paper.

The Australian Local Government Association (ALGA) is the national voice of local government in Australia, representing 537 councils across the country. In structure, ALGA is a federation of State and Territory Local Government Associations.

Our submission should be read in conjunction with any separate submissions received from our members, the State and Territory Local Government Associations, as well as from any individual councils or groupings of councils.

We also want to thank the Department of Social Services for engaging with the local government sector and facilitating two online workshops on 6 October 2023. We appreciated the opportunity to have an in-depth discussion about the issues facing communities and how local governments are responding to these challenges.

As a signatory to the National Housing Accord, we also want to commend the Federal Government for supporting the development of a National Housing and Homelessness Plan, to guide the national priorities in addressing the housing crisis which affects nearly every community across the country.

We also want to acknowledge the Federal Government's support for critical local infrastructure to support new housing developments with the recent announcement of a \$500 million Housing Support Program. We look forward to working with the Government to develop this program further.

Councils are managers of local places and the level of governments that people turn to in times of crisis. The housing affordability and supply crisis is one of the top priorities facing councils and their communities across the country. The shortage affects the social and economic fabric of communities in many ways – from the inability to attract key workers, to the displacement and stress on low-income households, to the increase in people and families who are homeless.

Role of local governments in housing

Local governments as the level of government closest to the community, undertake an important role in engaging with and planning for the housing needs of their communities. This includes planning to ensure there is an appropriate supply and mix of housing to meet community's diverse and changing needs.

In addition, many local governments continue do some "hard lifting" in their communities, to deliver affordable housing despite their own financially constrained operating environments including cost shifting, rate capping and rate concessions for community housing.

The diversity of engagement by local government with housing and homelessness depends on issues such as state/territory government requirements, other priorities of councils, the nature of housing challenges in the locality, resources, and capability.

The range of housing issues addressed by councils is significant but also diverse and includes residential land development and supply, housing affordability, population change, urban design, energy efficiency, liveability and social and public housing, the impacts of Airbnb, overcrowding and second homes, housing for the elderly, student housing, key worker housing, and specialist forms of supported housing for people who are homeless or at risk of being homeless.

Some councils choose to extend their involvement in housing beyond the traditional planning requirements, for example by using excess council land or buildings for housing, collaborating with local community service providers, hosting local housing forums, or providing information about homelessness services. Councils often support innovative solutions to homelessness which include prevention, supporting crisis and other services and assisting with pathways out of homelessness.

Planning legislation

State and Territory Governments legislate or have policies in relation to planning and housing requirements for implementation by local governments. These requirements vary across jurisdictions but can include measures such as mandated housing affordability/housing density targets, the use of inclusionary zoning requiring a percentage of affordable housing dwellings, requirements for preparation of regional and local housing plans, requirements for forecasting population growth to facilitate sufficient land supply and infrastructure, and faster housing approvals.

Implementing some of the state/territory planning requirements such as housing targets can be contentious within local communities, for example if there are pressures on roads, services, community infrastructure and open space.

In general, we support reforms to planning legislation and our members look forward to working collaboratively with their respective state and territory planning departments to work together on these reforms.

We do not however support the removal of local planning decision making from councils and their communities – there is no evidence that councils are not delivering on assessment timeframes nor are better outcomes achieved through state planning decisions. Removal of these powers is contrary to the role of elected local governments that represent the views and needs of their communities.

Land supply

While many local governments work closely with their local communities to provide affordable housing, councils are often unfairly criticised for lack of land availability even when they are constrained by financial resources and legislative requirements. Land availability is a complex issue not simply addressed by rezoning for residential purposes.

The planning system facilitates and responds to the market, but developers determine the timing, and price of housing. For example, a 2020 study found that Australia’s top twelve listed residential property developers were holding landbanks that constituted 13 years of supply at current rates¹.

Rezoned land also requires appropriate local and state level infrastructure and services to ensure not just a supply of housing but the creation of liveable communities. Land supply is only one element and a very early step in making housing more affordable. There are a range of interventions that are needed to address housing affordability including taxation reform, improving tenancy legislation, increasing rent assistance and investment in social housing.

In some locations providing more housing is constrained by ageing infrastructure that cannot accommodate impacts of increased population or is not built to current standards. In many situations, including in rural and regional areas, councils do not have the financial capacity to manage the upgrades required to essential infrastructure.

Summary

Our member associations have advised that the key issues that council most need to be addressed to deliver more affordable housing include:

1. Improved infrastructure planning, funding, and financing frameworks, including in regional communities;
2. Address the shortages of planners and building surveyors for example the support of costs and tuition fees associated with undergraduate planning degrees,
3. Address the chronic underinvestment in social housing;
4. Introduce mandatory social and affordable housing contributions through the planning system;
5. Ensure planning approvals translate to development; and
6. Include local government expertise in planning reform.

¹ Murray, C (2020) [Time is money: How landbanking constrains housing supply](#)

It is essential that local governments be recognised and appropriately funded to support their communities to deliver more housing. ALGA remains committed to local governments obtaining a fair share of Commonwealth taxation revenue. Our position is that local government Financial Assistance Grants should be increased to at least 1% of Commonwealth taxation revenue. Financial sustainability and revenue certainty allows councils to better plan and develop infrastructure that meets community expectations. Financial Assistance Grants critically augment revenue streams such as rates revenue and infrastructure contributions.

We support a considered national dialogue about housing affordability and settlement across Australia. Despite the current housing challenges there is no longer a national dialogue between the three levels of government on housing. National Housing and Homelessness Agreements are now determined between the Federal Government and individual state/territory governments without direct engagement of local government. This approach fails to acknowledge that local decision making is critical to successful implementation of national housing targets.

Further supporting information for this submission is at Attachment 1.

Please contact [REDACTED]
[REDACTED] if you require any further information.

Yours sincerely

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Attachment 1 - Further background information – local governments and housing

Planning assessment and creating liveable communities

Councils are required to comply with their relevant state and territory planning legislation. Over the last few years there have been extensive reforms by State and Territory Governments into their respective planning legislation including frameworks for infrastructure charges. Arguably, most of the reforms (and others) have increased the efficiency, transparency, and effectiveness of planning systems.

For example, single detached dwellings generally do not require planning approval but are assessed for building compliance.

What is common across the 537 local governments is that local governments strongly support robust, well-planned initiatives to improve housing supply and affordability, as well as support the economic and social wellbeing of their communities. Councils are primarily responsible for providing a wide range of critical local area services including planning, libraries, and waste management and for infrastructure provision (e.g. roads and footpaths, parks, sporting grounds and swimming pools) required by the local community.

Communities depend on councils to deliver amenity and infrastructure for the public good. However, many councils also face declining revenue including from state imposed rate pegging or rate capping, the need to provide relief from rates and other fees and charges such as for community housing providers, and increasing demand for local services, an ageing population, and an infrastructure backlog.

Planning Metrics

Key metrics from across the jurisdictions indicate that local governments consistently deliver on the required legislative timeframes. For example:

Data collected by the Western Australian Local Government Association for over 6 years indicates:

- Local governments approve 98% of DAs – This has been consistent across all 6 years.
- Local governments delegate 97% of DAs to officer for a decision - This has been consistent across all 6 years.
- 93% of all building permits approved within timeframes (10 or 25 days)
- 30% of permits require further information after lodgement – need standard documentation requirements to improve.
- Approximately 80% of all single houses do not require planning approval in WA – just need a building permit.

In NSW with data collected by the State Government²:

- More than 63,000 dwellings were approved through local council approvals since July last year, with councils approving almost 17,500 dwellings during the March quarter alone. Approximately 66% of these dwellings were part of a multi-unit development. (These approval numbers far exceed the State's interim dwelling approval target for y/e June 2023 of 16,250 dwellings.)
- Council-led rezoning approvals have unlocked 30,000 dwellings, contributing to more than half of the State's interim target to rezone enough land for 50,000 dwellings by June 2023.
- As the number of applications declines with the slowdown in the construction sector, so too do the number of approvals. However, we know that councils continue to overwhelmingly approve DAs at a consistent rate of around 97% (and have done so for the last decade or more).

The SA Government's Performance Indicators Scheme Annual Report 2021-22, indicates that:

- 89% of planning consent decisions are made within the statutory timeframe by the relevant authority.
- 85% of applications are verified within the 5-day statutory timeframe.

Local Government Workforce

We have conducted a workforce survey³ of local governments with funding and support from the Federal Government and the top skill shortages are with planners and engineers. Whilst there are many examples of councils sharing staff resources across regions, traineeships, and support from State planning departments to councils, planners are now in the skills in demand list.

A 2023 report prepared by the Planning Institute of Australia⁴ found that 232 local governments in Australia had no planners on staff, which equates to 43 per cent of all local government areas. We were pleased to see the National Planning Reform Blueprint⁵ endorsed by National Cabinet in August 2023, commit to adequately resourcing built environmental professionals, including planners, in local government.

The value of infrastructure contributions

Nationally councils raise 3.3 percent of total taxation revenue through rates, but their infrastructure responsibilities include local road, bridges, pedestrian and cycle networks, local water and sewerage utilities, stormwater and water management, buildings and facilities, regional airports and aerodromes, parks, recreation, cultural, family and community services facilities, and a range of other infrastructure vital to local communities and important for creating liveable communities.

² [Quarterly pipeline progress | Planning \(nsw.gov.au\)](#)

³ [2022 Local Government Workforce Skills and Capability Survey - Australian Local Government Association \(alga.com.au\)](#)

⁴ [Planning Institute of Australia](#)

⁵ [Meeting of National Cabinet - Working together to deliver better housing outcomes | Prime Minister of Australia \(pm.gov.au\)](#)

Infrastructure contributions support development and community building by enabling:

1. sustainable financing which enables timely infrastructure delivery to support development;
2. combining financing from various landowners into a single, orderly, planned, and efficient infrastructure network, rather than each developer constructing their own infrastructure solution;
3. developers to maximise developable land space as they have a mechanism to contribute to external network improvements rather than construct their own infrastructure solutions on their own land;
4. preventing the 'first mover' problem: where infrastructure is close to capacity, the next developer can be required to construct major infrastructure to support subsequent development, so developers will wait for someone else to move first and construct it. Infrastructure charges allows them to get on with development by contributing to planned, catchment infrastructure solutions.

Infrastructure contributions are paid by developers to allow local governments to fund local infrastructure such as cycleways, footpaths and roads, parks and flood proofing drains, childcare venues, and performance spaces.

The contribution supports the growth in the first place by delivering, in a timely manner, the infrastructure that growth/development needs to provide our communities with places to live, work and play. Infrastructure charges are therefore as critical for development – it is in the interests of growth and development that Infrastructure Charging schemes are supported.

Council contribution plans are generally limited to the initial costs of providing this infrastructure. The ongoing life cycle costs of managing and maintaining infrastructure are not typically included in these plans; these are generally supported by rates. Infrastructure contributions are made by developers to help deliver the infrastructure needed as communities grow. This is based on the economically sound user-pays (or beneficiary pays) principle of the existing planning system i.e. new development contributes towards the cost of infrastructure that will meet the additional demand it generates and benefits from. Infrastructure contributions also equitably distribute these costs between beneficiaries, lowering infrastructure barriers to development and facilitating growth.

Reducing infrastructure contributions would put pressure on council's financial sustainability and also put at risk having adequate infrastructure to create liveable communities.

Rural and regional communities

Many regional areas of Australia have also encountered recent population growth since the COVID pandemic started and this has led to an increase in demand for housing. Unfortunately, many regional areas have underlying pre-existing housing challenges such as⁶:

- Lack of investment in housing in regional areas over many decades, with very few houses in many towns having been built in the past 50 years;
- Age of existing dwellings impacting on the attractiveness of housing and the appeal of regional migration;
- Properties in tourism destinations converting to Airbnb;
- Absence of 1- and 2-bedroom dwellings to facilitate older resident downsizing, or independent retirement living and aged care capacity, the occurrence of which would vacate larger dwellings and potentially facilitate the regional migration of families;
- Lack of affordable housing for rent or purchase;
- Investment in regional housing not supporting a commercial return for private developers;
- Bank Loan-to-Value Ratios considerably higher than exist in metropolitan areas; and
- A decline in the number of suitably skilled builders and tradespeople, due to an ageing workforce.

Homelessness

There is a diverse range of activities that councils undertake to respond to supporting people who are homeless or at risk of homelessness in their communities in these areas:

1. Supporting individuals and families to avoid becoming homeless;
2. Provision of crisis accommodation; and
3. Providing pathways out of homelessness.

Some of the responses by councils to addressing homelessness include:

- Identifying excess land suitable for social housing;
- Developing partnerships with community housing providers;
- Advocacy for and co-ordination with local community service providers;
- Undertaking street counts to provide evidence of the issue;
- Managing public places;
- Provision of storage lockers and facilities to support food kitchens;
- Supporting low-cost housing models;
- Navigation of the complexity of the social security system and job hunting through free internet access at libraries;
- Education with the community and business operators; and
- Working with family violence prevention and multicultural organizations

⁶ Regional Development SA 2021 [Growing our Regional Workforce](#)

Below are some tangible examples of local governments engaging with homelessness issues in their communities:

- City of Salisbury (SA) – Assistance with Care and Housing Project which aims to support those who are homeless or at risk of homelessness to access appropriate and sustainable housing;
- City of Melbourne (Vic) with the Council to Homeless Persons Connect Respect -The program provides training to businesses on how to connect with people experiencing homelessness so that they have the confidence and knowledge to respond in an inclusive and respectful way;
- City of Fremantle (WA) – Solutions based approach to interactions between front line staff and people who are homeless;
- Brisbane City Council (Qld) - Brisbane Housing Company (BHC) is a not-for-profit organisation established by Council with the Queensland Government. It provides affordable rental accommodation for people on low incomes;
- Katherine Town Council (NT) – Provides an online listing for accommodation and housing services; Tweed Shire Council (NSW) - Council provides Secretariat support to the Tweed Shire Housing and Homelessness Network which aims to build an innovative and integrated housing and homeless service system in the Tweed Shire;
- City of Hobart (Tas) - In early 2019, the City of Hobart established a Housing with Dignity Reference Group to offer an opportunity to people with a lived experience of homelessness to have a voice and a place to be heard.
- Parramatta City Council, Liverpool City Council and North Sydney Council (NSW) – All have developed Homelessness Strategies, Policies or Action Plans; and
- City of Darebin (Vic) - The City of Darebin has recently released its shower access policy, giving those experiencing homelessness entry to recreation facilities.

Homelessness in indigenous communities

The reasons for the high rate of homelessness in indigenous communities are complex and linked to the causes of indigenous inequality in education, health, job opportunities and lack of appropriate housing.

For example, the rate of homelessness in the Northern Territory is twelve times the national average. In remote communities of the Northern Territory homelessness is driven by overcrowding in public housing. Almost 90% of the homeless population in Darwin are Indigenous.

Indigenous people who are homeless in urban areas are competing for shared spaces such as parks, beaches and urban bushland which causes issues for local governments in managing social expectations of mainstream society and cultural diversity of first nation peoples. Shortage of affordable temporary housing for visitors from community also drives people to parks and open space.