



# CHIA & National Shelter: Submission to the National Housing & Homelessness Plan

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## 1. Executive summary

CHIA and National Shelter welcome the opportunity to contribute to the development of a National Housing and Homelessness Plan.

Australia's housing problems are complex, multi-faceted and interdependent.<sup>1</sup> Unaffordable rents, shortages of private rental properties, reduced access to home ownership, escalating homelessness, mortgage stress, and shortages of social homes are all major problems. We also need better planning systems to support the roll out of social, affordable and market homes through the National Housing Accord.

Our view is that the National Housing and Homelessness Plan must be a plan for the whole housing system – a plan for market, social and affordable homes, and for delivery of homelessness services and support.

This means placing the focus on tackling need - making sure there is enough of the right homes in the right places to meet the needs of all the population. It also means placing responsibility for development and delivery of the Plan with Housing Australia, an agency that is given whole of housing system expertise.

### 1.1 Priority reforms during the life of the Plan

CHIA and National Shelter have a firm view that the National Housing and Homelessness Plan must be ambitious and propose reforms across the housing system that will achieve a meaningful and measurable, difference during the 10 year life of the Plan.

We believe meaningful reforms are possible in the areas listed below. There has already been considerable development effort that can be built upon quickly to achieve these reforms.

1. A national long-term delivery program to build the social and affordable homes needed to address unmet and projected future needs enabling long-term construction pipelines, investment planning and sustained industry development
2. Planning reforms to support efficient delivery of social and affordable homes
3. Funded responses to address unmet housing needs in regional, rural and remote communities in collaboration with State and Territory governments
4. Tenancy law reform to improve renter's rights and conditions
5. Tax reform to support achievement of long-term housing outcomes over speculative investment returns
6. Reform of income support and Commonwealth Rent Assistance payments to create a closer link to housing costs
7. Increased assistance for low to moderate income households to enter home ownership
8. Health homes meeting energy, condition, and amenity standards
9. Implementation of a national climate change home retrofit strategy
10. Establishment of a national social and affordable housing regulatory system

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## 1.2 Plan scope, architecture and supporting institutions

The housing market and the institutional arrangements that support it are failing Australian communities. Holistic structural change is required. We believe a robust National Housing and Homelessness Plan is essential to usher in this structural change. The Plan has a significant role to play in:

- Putting homes for people at the centre by actively managing housing system processes and outcomes, being proactive in dealing with dysfunctional outcomes, and actively considering the implications of policy levers such as taxation, welfare and financial regulation for the housing system.<sup>2</sup>
- Seizing the opportunity to strive for an Australia where every locality has a permanent and diverse supply of homes affordable to low- and moderate-income people to protect against homelessness and poverty, boost productivity and create more vibrant neighbourhoods.

Within the overall Plan, separate but fully integrated sub-plans are also needed to tackle specific forms of need such as homelessness, address the supply of rental homes for low- and moderate-income households in metropolitan, regional, rural and remote areas, and address the housing needs of people who experience very high barriers to accessing the private rental market such as First Nations households and people with disability.

We believe much work still needs to be done to inform development of a comprehensive Plan that tackles housing needs. Most importantly, the Plan must be informed by a detailed, nation-wide analysis of housing needs and anticipated future demand to inform the location of new homes, including new social and affordable homes.

The Issues Paper has little to say about the final form of the Plan. We look forward to seeing publicly accessible versions of the Plan and Action Plans that outline a vision, goals, targets, indicators, and actions towards the goals and targets. We also expect to see detailed information about progress towards Plan goals and targets published regularly and accessible to all stakeholders, communities, and housing consumers.

For the Plan to make headway against the challenges besetting the housing market, it must be supported by institutional arrangements that:

- Consolidate or successfully coordinate national level housing functions
- Are designed with the aim of enabling long-term transformation of the housing market
- Support effective coordination across all levels of government and industry to deliver plan actions successfully

We believe all the following institutions and supports are needed to enable successful delivery of the Plan:

- Enshrining the requirement for a National Housing and Homelessness Plan, along with its purpose, delivery agency requirements and oversight mechanisms in legislation

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- A single agency with housing expertise, such as Housing Australia, tasked with leading development and delivery of the Plan and coordination with other agencies, States and Territories
  - Monitoring and oversight by the National Housing Supply and Affordability Council
  - Oversight by Housing and Homelessness Ministers meetings
  - Strategic oversight by National Cabinet
  - Structured opportunities for industry feedback
  - A consumer council to provide input from the perspective of housing consumers
  - Publicly available data on progress toward Plan goals and targets
  - An industry development strategy to support the growth of a strong not-for-profit community housing industry
  - A workforce development plan to ensure an appropriately trained workforce across the homelessness services sector

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### 1.3 Recommendations

#### **Priority reforms during the life of the National Housing and Homelessness Plan**

1. CHIA and National Shelter recommend that the National Housing and Homelessness Plan prioritise achievement of the following reforms during its 10 year life either through the Plan directly or by coordinating with plans led by other agencies or sectors:
  - i. A national long-term program to build the social and affordable homes needed to address unmet and projected future needs enabling long-term construction pipelines, investment planning and sustained industry development
  - ii. Planning reforms to support efficient delivery of social and affordable homes
  - iii. Funded responses to address unmet housing needs in regional, rural and remote communities in collaboration with State and Territory governments
  - iv. Tenancy law reform to improve renter's rights and conditions
  - v. Tax reform to support achievement of long-term housing outcomes over speculative investment returns
  - vi. Reform of income support and Commonwealth Rent Assistance payments to create a closer link to housing costs
  - vii. Increased assistance for low to moderate income households to enter home ownership
  - viii. Health homes meeting energy, condition and amenity standards
  - ix. Implementation of a national climate change home retrofit strategy
  - x. Establishment of a national social and affordable housing regulatory system

#### **Plan scope, architecture and supporting institutions**

CHIA and National Shelter recommend that:

2. The National Housing and Homelessness Plan is a plan for the whole housing system.
  - The National Housing and Homelessness Plan contains standalone but fully integrated sub-plans cover specific areas such as responses to homelessness, addressing rental housing supply for low- and moderate-income households in metropolitan, regional, rural and remote areas, and addressing the housing needs of people who experience very high barriers to accessing the private rental market including people with disability
  - With respect First Nations people there should be a process to support the development of a self determined plan for First Nations people, integrated into the NHHP and linked to Closing the Gap
3. The sub-plan relating to homelessness include the following priorities:
  - Sponsoring a shift from crisis response to prevention. This requires linkage with broader strategies to reduce poverty and improve outcomes across a range of domains including health, education and safety
  - A specific focus on ending homelessness and housing need among children and young people



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- Increased, fully indexed for inflation, investment in specialist homelessness services (SHSs) until measures to create more social and affordable homes have taken effect
  - Sponsoring a shift to needs based, rather than population based, Federal funding formulas
  - A plan for phasing out the transitional housing model and replacing it with Housing First approaches
  - A plan for ensuring people who need support on an ongoing basis to sustain a tenancy have ongoing access to the support they need
  - Including Housing First and rapid rehousing models when planning the social and affordable homes needed in each locality
4. Publicly accessible versions of the Plan and Action Plans outline a vision, goals, targets, indicators, and actions towards the goals and targets.
  5. Detailed information about progress towards Plan goals and targets is regularly published publicly.
  6. The detailed analysis of current housing supply is available to industry stakeholders and the public to inform future planning and housing delivery.
  7. The National Housing and Homelessness Plan is supported by legislation.
  8. Housing Australia is given whole of housing system expertise to develop and deliver the National Housing and Homelessness Plan.
  9. Delivery of the National Housing and Homelessness Plan is supported by oversight through and contributions from National Cabinet, State and Territory Housing and Homelessness Ministers, the National Housing Supply and Affordability Council, a consumer council, and an industry stakeholders and peak agencies forum.
  10. The National Housing and Homelessness Plan is informed a detailed analysis of current housing supply in all locations – including housing affordable to low- and moderate-income earners – as compared with current and anticipated need.
  11. The existing national social and affordable housing data collection arrangements are improved to provide publicly accessible information on:
    - The current supply of social and affordable rental homes by location and ownership type
    - The current supply of social homes by location and sector
    - The quality of existing social and affordable rental homes
    - The cost of delivering social and affordable rental homes
  12. The National Housing and Homelessness Plan is supported by an industry development strategy intended to support the growth of a strong not-for-profit community housing industry and prioritise delivery of Plan goals and targets by the whole housing industry.

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13. The National Housing and Homelessness Plan is supported by a workforce development plan to enable an appropriately qualified, skilled and capable workforce for the homelessness services sector.

## 2. About Us

### 2.1 Community Housing Industry Association (CHIA)

CHIA is the peak body representing not-for-profit community housing organisations (CHOs) across Australia. Not-for-profit CHOs are regulated, not-for-profit, organisations that manage rental homes for the long-term. They invest in building or buying homes, better services, and property improvements instead of shareholder profits. Our 150+ members collectively manage more than 120,000 homes, valued at over \$40 billion, for people on low- and moderate-incomes who find it hard to access affordable and appropriate tenancies in the private market.

The largest not-for-profit CHOs manage between 5,000 and 11,000 homes each. 102 of the largest, registered, not-for-profit CHOs, manage an estimated 96% of all community housing managed homes, with an average portfolio size of over 2,000 homes. Around a third of the homes managed by not-for-profit CHOs are also owned by not-for-profit CHOs, meaning their value is retained in perpetuity to support homes for people on low- and moderate-incomes. The remaining homes are managed on behalf of the State and Territory housing authorities or private investors<sup>3</sup>.

Over 25 percent of all social homes in Australia are managed by not-for-profit CHOs. Many also manage affordable rental homes, where rents are charged at a discount to market rent and eligibility is determined by the program requirements or government policy. Not-for-profit CHOs also manage short term accommodation such as crisis and transitional units. Some also have specialist disability accommodation.

Not-for-profit CHOs are regulated by the National Regulatory System for Community Housing, the Registrar of Housing Agencies (Victoria), and the Community Housing Regulatory Framework (Western Australia) and manage tenancies in line with relevant State/ Territory tenancy legislation.

### 2.2 National Shelter

National Shelter is a non-government peak organisation that aims to improve housing access, affordability, appropriateness, safety and security for people on low-incomes.

Since 1976, National Shelter has worked towards this goal by influencing government policy and action, and by raising public awareness about housing issues.

National Shelter's aim is to work towards every Australian having access to housing that is:

**Affordable** — people should not be left in poverty after they have met their housing costs

**Adequate** — everybody is entitled to housing that meets basic standards of decency and their own basic needs

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**Secure** — people should not live under threat of loss of home and shelter

**Accessible** — access to housing should be free from discrimination

**In the right place** — housing should be located close to transport, services and support networks, job opportunities, and social and leisure activities

**Able to meet their lifecycle needs** — people have different housing needs at different stages of their lives, and housing should be available to meet these changing needs.

National Shelter is supported by the work of State Shelters and members in all jurisdictions, as well as national member organisations, associate members, and sponsors.

### 2.3 About this submission

Research is a key part of the roles of CHIA and National Shelter. The basis of this submission is findings from research we have conducted or commissioned in recent years. In addition, we collected information from members about their aspirations for National Housing and Homelessness Plan through an online survey and two member-only consultation sessions. Around a quarter of CHIA's members and the majority of National Shelter's members responded to the survey, illustrating a high level of interest in the development of the National Housing and Homelessness Plan. In addition, over 50 members attended the two consultation sessions convened to shape this submission.

Our members have told us that a National Housing and Homelessness Plan for the whole housing system is essential for making headway against the complex, linked and intractable problems afflicting the Australian housing system. They have also told us that leadership is critical, and that the Plan must be developed and led by Housing Australia, an agency with whole of housing system expertise and leverage key institutions such as the National Housing Supply and Affordability Council, Housing and Homelessness Ministers meetings and National Cabinet.

This submission is also supported by the following peak organisations which represent not-for-profit CHOs at the state level, CHIA NSW, CHIA QLD, CHIA SA, CHIA VIC, Shelter Tasmania and Shelter WA.

### 2.4 Our position on the National Housing and Homelessness Plan

In addition to the research we have conducted or participated in, our position is informed by the findings of comprehensive research on viable approaches for an Australian housing and homelessness strategy recently released by the Australian Housing and Urban Research Institute (AHURI).<sup>4</sup>

We encourage the Department of Social Services (DSS) to consider this research when developing the Plan.

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## 2.5 The role of social and affordable housing

We believe the National Housing and Homelessness Plan can and should play an important role in enabling increased supply of social and affordable homes.

Social and affordable homes are essential social infrastructure that facilitate delivery of a range of social and other services by government and non-government organisations.<sup>5</sup> Our research demonstrates the extent to which social and affordable housing addresses economic, social and environmental problems that would otherwise place costs on government or the economy, creating positive economic, social and environmental benefits.<sup>6</sup>

- Research commissioned by CHIA in 2019 tested a methodology to for quantifying the social and economic benefits of social and affordable homes. It found these benefits are significant for both individuals and society, and in some cases ‘can equal the funding gap that currently prevails in social and affordable housing provision’.<sup>7</sup>
- Follow up research conducted in 2022 estimated the economic and social costs of the current shortfall in social and affordable homes at almost \$677 million nationwide, rising to approximately \$1,290 million by 2036 if nothing is done.<sup>8</sup> This research also found that communities in many parts of Australia are affected by under supply of this essential social infrastructure. The areas experiencing the greatest costs associated with under supply of social and affordable housing include regional areas such as the Richmond-Tweed area of northern NSW (before the 2022 floods), outback Northern Territory, the Sunshine and Gold Coast, and large parts of Melbourne and Sydney.<sup>9</sup>
- In October 2023, CHIA released a new tool for applying Infrastructure Australia’s social infrastructure assessment framework to social and affordable housing developments. Supporting peer reviewed research applies standard Australian social cost-benefit assessment conventions to a notional 50,000 home social and affordable housing program and tests the resulting social cost-benefit analysis across three different delivery mechanisms.<sup>10</sup>

## 2.6 The not-for-profit community housing industry value-add

The not-for-profit community housing industry is well established and growing fast. In addition to managing over 122,000 homes, not-for-profit CHOs as a group own almost 40,000 social and affordable homes, collect over \$1 billion per year in rent, and own assets worth over \$15 billion. Not-for-profit CHOs with development capacity currently have around 6,000 homes in the pipeline.<sup>11</sup>

The not-for-profit community housing industry offers Government a trusted, transparent and regulated partner with an established track record in developing and managing social and affordable homes available to the community in perpetuity. In 2021-22 alone, registered CHOs accessed loans totalling \$509.3 million through Housing Australia’s Affordable Housing Bond Aggregator, supporting construction of almost 3,300 new social and affordable homes.<sup>12</sup>

Not-for-profit CHOs are skilled at working between government and the private market place to deliver innovative housing solutions that meet the needs of the most vulnerable in our community

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and sustain tenancies.

While independent from Government, the not-for-profit community housing industry understands Government's needs and priorities, partners with the private industry to develop social and affordable homes, works effectively with non-profit community service providers to ensure tenancies are sustained, and tailors its approaches to suit diverse communities, markets and opportunities.

The financing and approval pathway to efficiently deliver non-market homes for low- and moderate-income people is complex and involves high transaction costs. While State and Territory housing authorities play a vital role in delivering new social homes, equally vital are the complex partnerships between not-for-profit CHOs, philanthropists, local government, commercial entities, and State/Territory government funding arrangements that deliver community housing homes.

Increasing the role of not-for-profit CHOs to owning and managing 50% of all social and affordable housing by 2036 is a National Shelter Policy Position and central to our vision for the National Housing and Homelessness Plan.<sup>13</sup> Leveraging the not-for-profit community housing industry's capacity to layer public and private sector financing to develop new social and affordable homes in communities Australia wide is a profound shift that can open up new opportunities for government and not-for-profit CHOs, and significantly expand the supply of social and affordable homes available to the community in perpetuity.

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### 3 Priority reforms during the life of the Plan

CHIA and National Shelter have a firm view that the National Housing and Homelessness Plan must be ambitious and propose reforms that will achieve a meaningful and measurable, difference during the 10 year life of the Plan. In the following section we identify some areas where we believe meaningful reforms are possible. These are largely areas where there has already been considerable development effort that can be built upon quickly to achieve reform.

- 3.1 A national long-term program to build the social and affordable homes needed to address unmet and projected future needs enabling long-term construction pipelines, investment planning, and sustained industry development

The most recent analysis of unmet housing need we are aware of was conducted in November 2022. This established there are currently over 640,000 households in Australia whose housing needs are not being met. It also estimated that, based on projected household growth, there will be over 942,000 households with unmet housing needs by 2041.<sup>14</sup>

Construction of new social and affordable rental homes has barely been keeping pace with sales and demolitions, despite significant efforts since 1996 to broaden the funding base, encourage innovation and reward efficiencies. 2019/20 was the second time in six years when there was an absolute reduction in social homes.<sup>15</sup> The phase out of the National Rental Affordability Scheme (NRAS) over recent years is actually reducing the availability of affordable rental homes during a housing crisis.

The establishment of the Housing Australia Future Fund and other proposed measures, will allow progress towards addressing this large and growing deficit of social and affordable rental homes during the 10 year National Housing and Homelessness Plan. However, to meet unmet need identified above we need longer term planning of social and affordable rental homes rather than one-off programs such as the Social Housing Initiative and the National Rental Affordability Scheme (NRAS) that have characterised recent decades.<sup>16</sup> Analysis for CHIA of the costs of social and affordable housing delivery across Australia also illustrates the costs to government of different mechanisms for delivering the required social and affordable homes.<sup>17</sup>

The National Housing and Homelessness Plan presents an important opportunity to embed a long-term program for the supply of social and affordable rental homes.

The long-term planning, investment pipelines and sustained industry development that typically supports infrastructure delivery in other sectors is necessary to support the supply of social and affordable homes as well. The role of social and affordable homes as social infrastructure is no longer in question. It is identified in as such in the 2019 Infrastructure Australia Infrastructure Audit, the 2021 Infrastructure Australia Plan and as a key infrastructure priority by Infrastructure Victoria.<sup>18</sup>

Furthermore, recent research into the supply of affordable rental homes has emphasized the centrality of continuity of funding and policy settings to building confidence in the industry,

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maintaining momentum for reform and attracting at-scale private investment.<sup>19</sup>

We believe a long-term delivery program could potentially involve a co-investment approach with State and Territory housing authorities that involves not-for-profit CHOs borrowing funds and taking the development risk on housing authority owned land with the gains from development shared between the parties in proportion to their contributions.

The design of programs also needs to ensure that the balance of risk between governments and the sector is equitable. Models that transfer significant risk to not for profit CHOs will not ultimately achieve the sustainable housing outcomes we need. CHIA's proposals in respect of the Housing Australia Future Fund design set out the conditions that would optimise outcomes<sup>20</sup>.

As part of establishing the program, we would like to see the Plan initiate work to agree nationally consistent definitions of social and affordable housing that are inclusive of all low to moderate income earners. At present, low-income wage earners are at risk of exclusion from both social and affordable homes in many areas due to having an income too high for social housing and too low to access affordable housing.

In addition, we would also like to see the Plan set directions and priorities for the delivery of new social and affordable homes. For example, we would like to see:

- Specific targets for Housing First and rapid rehousing models in the plans for each locality's additional social and affordable homes.
- A priority placed on responding to the needs of cohorts that have historically experienced barriers to accessing market homes such people leaving institutions and older people.
- A process to support the development of a self determined sub plan for First Nations people, integrated into the NHHP and linked to Closing the Gap
- A process to support the production of a targeted housing action plan under the Australian disability strategy with input from people with disability. This plan should be integrated and consistent with the NHHP
- Plans to improve low- and moderate-income worker access to affordable rental homes.<sup>21</sup>

### 3.2 Planning reforms to support efficient delivery of social and affordable homes

We see an opportunity for the National Housing and Homelessness Plan to play a critical role in incentivising States and Territories to implement planning schemes that prioritise efficient delivery of social and affordable rental homes.

At present not-for-profit CHOs navigate government policy and funding requirements often through competitive tender processes, compete on the open market for developable land, and comply with local government planning rules which often do not accommodate the delivery of social and affordable rental homes. These processes are not fit for purpose to produce social and affordable homes at the scale that is required over the life of the Plan.

There is an urgent need to invest in strategies that support State/Territory governments to create



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more efficient processes. Such strategies could include enabling co-design of common base models which can be tailored to suit the needs of individual jurisdictions, co-funding policy design work or offering matching funding for trial initiatives, and exploring opportunities to streamline access to land and planning approval pathways.

Examples of responses that could be explored through these strategies include identifying land for development of social and affordable rental homes within local government planning processes, identifying State or Territory owned land that is suitable for development of social and affordable homes, use of mandatory inclusionary zoning, and tendering pre-qualification schemes.<sup>22</sup>

### 3.3 Address unmet housing needs in regional, rural and remote communities

We believe that market intervention is required to address the housing supply problems in regional, rural and remote areas. Rents in regional areas have grown strongly since the start of the COVID-19 pandemic exacerbating the shortages of housing affordable to low moderate income renters that already existed in many communities.<sup>23</sup>

Those who propose housing construction outside the major cities experience a range of challenges that are collectively inhibiting the production of new homes including: shortages of developable land, higher construction costs, and lack of development uplift on available land making it harder to design a financially viable project. These barriers affect not-for-profit CHOs and the private industry alike while many First Nations communities experience additional planning system and infrastructure challenges. The result is extreme shortages of private rental homes contributing to overcrowding and homelessness – particularly amongst First Nation households – and low- and moderate-income households that are unable to access housing of a reasonable quality.

Addressing unmet housing needs in regional, rural and remote communities requires funded market intervention strategies, as well as reforms to link housing into broader strategies for economic growth and regional development including processes to plan social infrastructure such as schools, hospitals and childcare. We see this a priority reform for the National Housing and Homelessness Plan in collaboration with State and Territory governments.

### 3.4 Tenancy law reform to improve renter's rights and conditions

While tenancy law is the responsibility of states and territories, we see benefits in exploring the opportunities for improvements to renters' rights through a national framework which upholds the rights of low-income and marginalised renters, informs consideration and consultation at State and Territory level, and puts us on a path towards consistency in renter's rights across jurisdictions.

Reforms to create a national framework for strengthening renter's rights should be consistent with the 9 principles identified by the National Association of Renter's Organisations (NARO).<sup>24</sup> Namely:

- Better protections against no cause evictions
- Stronger protections and fair limits on rent increases
- Safe, accessible and healthy homes for renters



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- Better enforcement, oversight, and accountability so that compliance with rental laws is the norm
  - Bonds are lodged with an independent authority and interest earned is used for the benefit of tenants
  - Protection of private information and protection from unlawful discrimination
  - Appropriate protections for renters not covered by residential tenancies legislation
  - Access to free advice, assistance and advocacy for renters
  - Collect and make publicly available data to review progress and inform policy development

### 3.5 Tax reform to support long-term housing outcomes

Housing outcomes are a shared Federal and State/Territory responsibility and both levels of government control taxes with the capacity to drive housing outcomes. Capital gains tax and negative gearing in the case of the Federal government and stamp duty and land tax in the case of the States and Territories.<sup>25</sup>

Currently the ability for housing markets to supply enough homes to meet the population's needs is distorted by settings for capital gains tax and negative gearing that prioritise speculative housing acquisition for capital return over strategies that aim to ensure every household is able to meet their need for affordable housing.

A key goal for the Plan should be to explore opportunities to apply taxation settings that support achievement of long-term housing outcomes over speculative investment returns.<sup>26</sup>

### 3.6 Reform of income support and Commonwealth Rent Assistance (CRA) payments

The Federal government is also able to influence housing outcomes through the provision of income support and Commonwealth Rent Assistance payments.

Experience during the COVID-19 pandemic confirmed the link between the level of income support payments and homelessness. Higher income support payments reduce the number of people seeking help for homelessness.<sup>27</sup>

Current levels of income support and CRA are not enough to enable low-income renters to establish and maintain a home.<sup>28</sup> While we acknowledge the 15% increase in the maximum CRA payment announced in the May 2023-24 Budget which is providing financial relief to many households, we believe the approach to income support and CRA remains in need of reform.

Problems with the current settings include:

- The maximum payment for income support and CRA is the same Australia-wide, regardless of actual rental costs in different locations. In locations where housing is more expensive, households are still in housing stress after receiving income support and CRA. For example, in June 2022, 63% of CRA recipients paid more than 30% of their income on rent and 23% paid

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more than 50% of their income on rent after receiving CRA<sup>29</sup>

- Payment amounts are indexed in line with the consumer price index, rather than changes in the costs most pertinent to low-income renters – food and rental costs. This is especially an issue for CRA as its purpose is to supplement housing costs.
- CRA is not available to low-income households who do not receive a Centrelink pension or benefit. For example, only 57% of low-income private renters received Commonwealth Rent Assistance in 2019-20.<sup>30</sup>
- There are no minimum condition or amenity standards attached to properties rented by people receiving CRA. There is potential for the subsidy to trap renters in sub-standard properties that would be unviable on the open market.

We would like to see the Plan tackle these much needed reforms of income support and CRA payments to address the difficulties experienced by low-income renters in a meaningful way.

### 3.7 Assistance for low to moderate income households to enter home ownership

Home ownership is regarded as the default housing tenure in Australia but in many locations home ownership it is no longer an option for low- and moderate-income households. Home ownership rates are declining steadily, and the percentage of outright owners compared with mortgagees is also declining.<sup>31</sup> The result is more people are dependent on renting into old age and this has flow on effects for welfare and other budgets.

We believe there is an important role for the Plan to explore reforms to current arrangements supporting and enabling home ownership with the aim of making it easier for low- and moderate-income households to enter owner occupation.

In addition to tax reform, this could involve exploring ownership models that have potential to operate at scale to deliver affordable home in collaboration with State and Territory governments. Examples include shared equity models, community land trust models, reforming land lease models and increased use of modular construction methodologies.

### 3.8 Healthy homes meeting energy, condition and amenity standards

In our view, the Plan can play an important role in enabling reforms that ensure all homes, and certainly all rented homes, are healthy and meet energy, condition and amenity standards. The current fragmented approach across jurisdictions and tenures is not delivering healthy and climate resilient homes.

Energy efficiency standards are particularly important for rented homes to reduce the energy required to heat or cool a home and ensure access to an affordable energy supply. Improving the energy performance of rental homes has the capacity to make a significant difference to the quality of life of tenants through lower energy bills and a healthier home. The Community Sector Blueprint supported by many peaks and not-for-profit organisations, including National Shelter and CHIA, potentially provides a starting point for the development of a national approach.<sup>32</sup>

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In relation to newly constructed homes, we believe the Plan should set an ambitious target such as alignment with liveable housing silver standard and 7 star NatHERS.

In relation to existing homes, we suggest that some of the existing property condition assessment standards applied by state housing authorities and not-for-profit CHOs could be a useful starting point for defining tenure inclusive condition and amenity standards. The Decent Homes Standard developed in the United Kingdom is another useful resource.<sup>33</sup> We recognise that further development in the areas of thermal comfort, energy efficiency and digital inclusion will also be needed.

### 3.9 A national climate change retrofit strategy

Earlier in the year, both our organisations had input to and fully support, an ACROSS submission on the proposed National Energy Performance Strategy. This submission recognised that ‘residential buildings are where ‘significant gains can be made to improve the health and wellbeing of people and reduce poverty and inequality’.<sup>34</sup>

We would like to see coordination between the reforms implemented under the Plan and the National Energy Performance Strategy to ensure there is a clear plan to upgrade existing social and affordable homes as well as a strategy to ensure private rental homes are also improved. While data about social housing building efficiency standards is not published, it is accepted that many of the older State owned homes managed by not-for-profit CHOs perform poorly, contribute to Australia’s greenhouse gas emissions, and result in higher energy bills for residents.

At present, there are no effective financial incentives in place to encourage housing providers, including not-for-profit CHOs, to improve the energy performance of their properties. Our organisations contributed to the development of the ACROSS led, unfunded, National Low-income Energy Productivity Program (NLEPP) which aims to spend approximately \$5,000 per home to upgrade the energy efficiency of private rental properties, and 100,205 community housing and Indigenous community housing homes built before 5 star ratings were introduced.

We believe the Plan can play a crucial role in activating a program along the lines of the NLEPP to retrofit energy inefficient homes.

### 3.10 Establishing a national social and affordable housing regulatory system

A strong and fair national regulatory regime is a fundamental underpinning of expanded social and affordable housing supply.<sup>35</sup> We believe it is important that the Plan includes working towards a national regulatory system as a reform area.

It is critical that both Victoria and Western Australia (WA) join the National Regulatory System. The differences between the schemes are minimal and the disadvantages to providers, tenants and investors (including the Federal Government) far outweigh any benefits to the jurisdictions.

Currently most social and affordable rental homes lie outside the regulatory system; however, we believe that all forms of subsidised housing should be regulated. We would like to see a single clear

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definition of social and affordable rental home that is captured by the registration scheme, so that receipt of any government investment or concession for provision of social and affordable homes is conditional on registration in the national scheme. While public housing may be periodically subject to performance audits by jurisdictional Auditor Generals and their tenants are able to complain to an Ombudsman, these are not regulatory equivalents.

The NRSCH has already demonstrated its flexibility by accommodating diverse organisations including in NSW where a number of 'for profits' providing affordable rental homes have been registered. We believe further expansion to accommodate public housing is achievable and consistent with the way industry regulation has developed in jurisdictions with larger industries delivering social and affordable homes such as the United Kingdom.

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## 4. Aspirations for the National Housing and Homelessness Plan

As the National Housing and Homelessness Plan Issues Paper acknowledges, in recent years there have been many reviews, reports and inquiries into housing but ‘very few national strategies dedicated to setting out a long-term agenda and committed actions’.<sup>36</sup> CHIA and National Shelter welcome the development of a National Housing and Homelessness Action Plan to correct this situation.

As home ownership has become less and less affordable, a growing number of people are renting, with over 8 million Australians now making homes in the rental sector. However, the current state of the rental market is characterised by instability, insecurity, and a lack of adequate protections for renters. Market rents are unaffordable with many renters struggling to secure a new rental property in the fiercely competitive private rental market.

Around two in five of renter households include dependent children, and a growing number of people are long-term renters who will rent through their entire life, including into retirement. Renting is no longer a temporary step: it is a way of life for many people whose ability to have a decent home is determined by conditions in the rental sector.<sup>37</sup>

The pivotal role of secure and affordable homes for health, social and economic outcomes is widely acknowledged, including by the Productivity Commission.<sup>38</sup>

The housing market and the institutional arrangements that support it are failing Australian communities. Australia’s current housing and homelessness problems cannot be addressed by simply deregulating State and Territory planning systems and redistributing existing rent and home buyer. Similar approaches over the last decades have resulted in a steady deterioration in home affordability across all tenures and locations, culminating in the current crisis. It is time to take a different approach.

Solving our current housing problems is a national problem that calls for national leadership.

### 4.1. Role of the Plan

For too long the Australian housing system has been viewed as a by-product of efforts to tax, finance, support and regulate other sectors of the economy.<sup>39</sup> It is time to focus on making the housing system work efficiently to house the population of Australia. The National Housing and Homelessness Plan has a significant role to play in building the skills, institutions and governance structures needed to understand and proactively manage the whole housing system.<sup>40</sup>

The National Housing and Homelessness Plan offers a much needed opportunity to put homes for people at the centre by actively managing housing system processes and outcomes, being proactive in dealing with dysfunctional outcomes, and actively considering the implications of policy levers such as taxation, welfare and financial regulation for the housing system.<sup>41</sup>

### 4.2 The opportunity

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The National Housing and Homelessness Plan is an opportunity to take a first step in moving toward

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a more productive and better functioning housing system where ultimately – and through a range of market and non-market strategies – everyone in Australia has a safe, affordable and appropriate home.

Australia needs a housing system that supports economic productivity instead of undermining it. The benefits of stable and affordable homes will flow to the wider community through savings or productivity gains in health, education, workforce participation and potentially welfare spending.<sup>42</sup>

The Plan is an opportunity to strive for an Australia where every locality has a permanent and diverse supply of homes affordable to low- and moderate-income households in order to:

- Provide individuals and families with protection against overcrowded living conditions, homelessness and poverty
- Boost the productivity of local businesses and reduce costs associated with staff recruitment, retention and turnover by creating a nearby supply of low- and moderate-income workers
- Create more vibrant neighbourhoods by offering better access to local services and enabling a more diverse and inclusive communities

Our perspective contrasts with the approach outlined by the Productivity Commission in its 2022 *In Need of Repair* report.<sup>43</sup> Our perspective and supporting arguments are outlined in detail in the paper prepared for CHIA by SGS Economics attached at Appendix 1.

#### 4.3 A plan for the housing system

Our view is that the National Housing and Homelessness Plan must be a plan for the whole housing system – a plan for market, social and affordable homes, and the delivery of homelessness services. This means placing the focus on tackling need - making sure there is enough of the right homes in the right places to meet the needs of all the population.

The National Housing Accord calls for delivery of up to 30,000 new affordable homes by 2029 and we recognise there are potentially a range of ways a permanent supply of homes affordable for low- and moderate-income people can be created.<sup>44</sup> It is essential that the Plan outlines the intended role for social and affordable homes in meeting the Accord target.

Housing markets and housing needs vary greatly across Australia. Regional and even sub-regional housing markets have different histories, face different challenges and have different opportunities. There is no ‘one size fits all’ solution. It is essential that the Plan provides guidance on the specific cohorts whose housing needs will be addressed through the supply of the new affordable homes so that the right mix of housing options can be planned and delivered in each locality.

A focus on tackling need means applying strategies to support the market in locations where housing need exists but the relative value of land is low, development uplift is not available, or developable land is not available. A needs based focus means ending reliance on population based models for determining resourcing and learning how to link housing supply with urban or regional development, social infrastructure and investment frameworks instead.

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Planning for the whole housing system means setting directions for the total housing supply needed to support other national priorities such as immigration and population growth, infrastructure development, responding to climate change, delivering on Closing the Gap priorities and other predicted housing need. It also means applying approaches to shape market delivery or supply non-market approaches such as social and affordable homes to meet the anticipated demand for housing.

Planning for the whole housing system means addressing important issues that touch on all housing supply but which are often ignored in the context of rental housing, such as accessibility and climate resilience.

Planning for the whole housing system means aligning appropriately with the Infrastructure and Regional Development portfolios when developing and delivering the National Housing and Homelessness Plan. Aspects of these portfolios provide critical inputs for the delivery of the Plan including:

- The recently established, expert Urban Policy Forum with expertise in housing and building design
- The Federal government's commitment to develop a National Urban Policy
- Inclusion of social infrastructure in the 2021 Australian Infrastructure Plan delivered by Infrastructure Australia
- The support and engagement networks enabled by Regional Development Australia Committees in regional, rural and remote areas.

Planning for the whole system also means ensuring there are appropriate workforce strategies in place across all relevant industries - including construction, home energy efficiency and retrofitting, the community housing industry and the homelessness services sector – to support achievement of the Plan's objectives.

#### 4.4 Sub-plans addressing specific needs

We believe it is essential that the National Housing and Homelessness Plan contains separate but fully integrated plans to tackle homelessness, address the supply of rental homes for low- and moderate-income households in metropolitan, regional, rural and remote areas, and address the housing needs of people who experience very high barriers to accessing the private rental market such as First Nations households and people with disability.

There are some clear opportunities such as aligning a sub-plan targeting accessible affordable rental homes aligned with the National Disability Strategy, and aligning sub-plans with Closing the Gap priorities and commitments for housing and self-determination.

Our members have suggested a number of directions and priorities in relation to the homelessness sub-plan, as follows:

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- Understanding the drivers of homelessness apart from lack of access to affordable homes and sponsoring a shift from crisis responses to prevention. This requires linkage with broader strategies to reduce poverty and improve outcomes across a range of domains including health, education, and safety
  - A specific focus on ending homelessness and housing need among children and young people
  - Increased, fully indexed for inflation, investment in specialist homelessness services (SHSs) until measures to create more social and affordable homes have taken effect
  - Sponsoring a shift to needs based, rather than population based, Federal funding formulas
  - A plan for phasing out the transitional housing model and replacing it with Housing First approaches
  - A plan for ensuring people who need support on an ongoing basis to sustain a tenancy have ongoing access to the support they need
  - Including Housing First and rapid rehousing models when planning the social and affordable homes needed in each locality
  - A specific homelessness services workforce development strategy to support the transition to preventative and Housing First models

#### 4.5 A Plan that supports governments to work together

In our federal system, responsibility for housing policy and the policy areas that impact on the housing system is diffuse and often disconnected.<sup>45</sup> A national approach that involves the Federal government and State/Territory governments working together across a range of areas such as infrastructure, economic development, transport, workforce participation and population growth to fix Australia's housing market is necessary.

Additionally, a range of Federal agencies including the Department of Veterans Affairs, the National Disability Insurance Agency/ disability area of the Department of Social Services, and the climate change area of the Department of Climate Change, Energy, the Environment and Water hold aspirations for changes in the delivery of social and affordable rental housing that require a coordinated approach to address.

It is critical that the Plan outlines how the Federal government will coordinate internally and work with State and Territory governments to deliver the Plan, monitor delivery of the Plan, collect data to inform monitoring and evaluation and development of future housing and homelessness plans.

#### 4.6 Additional work to support the development of the Plan

The National Housing and Homelessness Plan Issues Paper canvasses a range of questions and problems that have been extensively researched over the past decades. Much is already known about these questions and their potential solutions. For example, extensive research already exists



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to show that direct funding by government of social housing construction is the most cost-effective and efficient model.

Conversely, during consultations to develop this submission our members identified a healthy list of activities necessary for creating an effective Plan. We propose that that these activities be undertaken as part of the Plan development process, if they are not already underway. The activities identified by our members are:

- Think tanks to explore lessons from recent international experience delivering large programs to supply market, social and affordable homes.
- A detailed, nation-wide, analysis of housing need and anticipated future demand to set a baseline for the Plan and inform the location of new market, social and affordable homes.
- Analysis to determine how many social and affordable homes need to be built in each jurisdiction – including homes to support Housing First and Rapid Rehousing options – as well as specific plans for how these will be delivered.
- Establishing clear and specific plans for how the social and affordable homes to be delivered under the Housing Australia Future Fund (HAFF) and National Housing Accord (the Accord) will be delivered.
- Confirming how the Plan will actively facilitate achievement of Closing the Gap priorities for First Nations housing and self-determination.
- Confirming how the Plan will respond to the recommendations of the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with a Disability.
- Engaging with State and Territory governments to understand each jurisdiction’s circumstances, capacity and to contribute to the delivery of Plan goals and targets.
- Scoping of vacant homes that could be brought back into use.
- Scoping of Federally owned land that could be made available for housing.
- Stronger engagement with national peak and industry organisations such as CHIA and National Shelter.

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## 5 Plan architecture

In our view, the architecture of the Plan is as important as its substance. We believe it is essential the Plan contains all the elements necessary to inspire action and measure effectiveness.

### 5.1 Vision

Housing touches on everyone's life. Everyone needs a home. It is essential the mission or vision articulated in the Plan is straightforward and meaningful to everyone – bureaucrats, industries involved with housing and, most importantly, the broader community. The vision must also encompass the whole housing system and all housing consumers. We suggest the following words or words with a similar meaning:

*'everyone in Australia has a safe, affordable and appropriate home'*

### 5.2 Goals

For the Plan to be effective for the full 10 years, we argue it should clearly articulate meaningful goals or outcomes that are connected to achievement of the long-term vision.

We surveyed our members on the goals that they believe are important steps toward achieving a situation where 'everyone in Australia has a safe, affordable and appropriate home'. All the proposed plan goals listed below are supported by our members. Our members also emphasised that reform of current taxation settings to support achievement of long term housing outcomes over speculative investment returns is an essential component of achieving these goals:

- Ending homelessness in Australia
- Australia's homes are safe, healthy and meet clearly articulated condition and amenity standards
- All communities have enough social and affordable homes to meet need
- There is enough good quality, community controlled, homes for First Nations people to meet need
- Everyone in Australia has fair access to home ownership and a fit for purpose private rental market
- Australia has a diverse housing supply with enough homes of the right type (including accessible homes) and in the right locations to meet its needs
- Australia's land and development sector is efficient, responsive and contributes to economic performance

We expect goals for First Nations homes to be aligned with Closing the Gap reform priorities and implementation plans.

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### 5.3 Contents of the Plan or Action Plan

As important as they are, vision and goals alone will not result in the reforms that needed. We expect the publicly available version of the Plan, or the Action Plan to include all the elements of a functional plan. The elements that our members have identified as necessary to support their own use of the Plan and Action Plan are:

- Clearly stated goals
- Clearly stated actions and timelines to achieve the goals
- Indicators and Targets to measure progress towards the goals
- Budget commitments against Plan actions. We recognise these may be embedded in a funding framework external to the published Plan document.
- Clearly stated agency and jurisdictional responsibility for achieving goals, actions, and targets
- Information about how progress towards targets will be monitored
- Information about how progress towards targets will be reported to the public.

In addition, the publicly accessible version of the Plan and Action Plans must use plain English and be supplemented by Easy Read versions, so they are accessible to all.

### 5.4 Indicators and targets

We expect publicly accessible versions of the National Housing and Homelessness Plan to specify specific, measurable, accepted, realistic and timebound targets that make it possible for all stakeholders and community members to understand the extent of progress toward achieving the Plan's goals.

Our members have told us that it is important that national targets specified in the Plan or other related documents such as the National Housing Accord are broken down into or built up from State/Territory targets that require each jurisdiction to improve its performance. For example, a national target of, say, social and affordable homes accounting for 6% of Australia's homes by 2030 may break down to/ be built up from a 5% target for one jurisdiction and a 7% target for another depending on the nature of housing need and demographic patterns in those jurisdictions. This approach is necessary to ensure that progress towards the goals and targets is made in all jurisdictions.

We recognise the process of developing the targets will necessarily involve identifying and agreeing a package of data indicators that will underpin monitoring of the Plan and be updated as the process of working towards defined goals and targets develops. We also recognise that such a process of developing indicators and targets will necessarily involve comprehensive consultation with State/Territory governments.

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We also believe that such a process also requires input from experts in a range of fields across the whole housing system. In our view, the National Supply and Affordability Council together with Housing Australia are best placed to oversight and coordinate this process, drawing on expertise within the Australian Institute of Health and Welfare as appropriate.

We asked our members about the types of targets they see as meaningful measures of progress towards the vision of 'everyone in Australia has a safe, affordable and appropriate home' and the goals outlined in Section 4.2. Their suggestions from our members are listed below. Further consideration is required to define a comprehensive set of targets for the initial 5 year Action Plan.

- A reduction in all types of homelessness during the life of the plan, working towards elimination of homelessness within a generation
- Achievement of Closing the Gap priorities and targets
- Measurable improvements in health and educational outcomes linked to increased availability of social and affordable homes
- A significant increase in the proportion of all homes that are social and affordable homes
- An increase in the percentage of homes meeting clearly articulated condition and amenity standards
- An increased proportion of homes that are within 30 minutes travel of major employment hubs
- An increase in supply of new homes to the housing market

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## 6 Institutions needed to enable delivery of the Plan

For the National Housing and Homelessness Plan to make headway against the challenges besetting the housing market, it must be supported by institutional arrangements that:

- Are designed with the aim of enabling long-term transformation of the housing market to provide safe, affordable and appropriate homes for everyone in Australia
- Consolidate or coordinate national level housing functions
- Support successful coordination across governments and industry to deliver Plan actions successfully

We believe all the arrangements discussed in this section are necessary to ensure this occurs.

### 4.1. Legislation

Transforming the housing market is a long-term proposition, the institutions that support it need to be designed to survive beyond the current electoral cycle.

We believe it is necessary to enshrine the requirement for a National Housing and Homelessness Plan, along with its purpose, delivery agency requirements and oversight mechanisms in legislation to ensure the Plan retains a level of priority for its 10 year life and potentially beyond. Canada offers a useful example of a federation with a legislated national housing strategy which could be considered when developing the Plan.<sup>46</sup>

### 6.1 A dedicated agency tasked with ensuring the Plan is delivered

We believe it is essential that Housing Australia (with an extended remit) is tasked with overall responsibility for overseeing development and delivery of the Plan.

We believe it is critical that there is focused leadership over time that can overcome implementation barriers and monitor progress with the Plan over time. In order to provide this leadership, we argue that Housing Australia needs to be designed with the intention of: consolidating national level housing functions; leading long-term transformation of the housing market; coordinating delivery of housing plans across government and industry; creating a high performing and influential agency; and avoiding unnecessary functional overlaps with other agencies. Our position is fully outlined in the CHIA position paper, 'A National Housing Agency for Australia'.<sup>47</sup>

The work requires a dedicated housing agency that understands the whole housing system and has the scope to focus on improving the housing market. These characteristics are essential for leading the long-term structural change and market transition that is needed to get the Australian housing market operating well. We see the leadership role of Housing Australia as including a responsibility for coordination across agencies and stakeholder engagement including:

- Responsibility for delivery of Plan goals
- Leadership of agency level coordination with State and Territory governments

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- Involvement in the development of any Federal-State/Territory bilateral agreements considered necessary to support delivery of the Plan
  - Consultation and coordination with industry and other Federal agencies such as the Australian Taxation Office, Infrastructure, Climate Change, Health, Social Services, and Veterans Affairs
  - Consistent engagement with the wide range of stakeholders with an interest in the functioning of the housing market including industry and sector peak bodies, housing consumers, regional and remote communities, First Nations communities, disability advocacy groups, industry representatives to name a few.

This long-term leadership role calls for a broad based agency that is set up for a long-term life focused on developing and implementing housing plans and strategies.

## 6.2 National Housing Supply and Affordability Council

We welcome the establishment of the National Housing Supply and Affordability Council. We believe the Council is well placed to assume responsibility for monitoring delivery of the Plan, overseeing the development of Plan indicators and targets, and ensuring the data needed to analyse the performance of the Plan is broadly available to the housing industry, consumers and academics.

## 6.3 Housing and Homelessness Ministers meetings

The States and Territories are significant stakeholders in the delivery of the Plan. Their support is critical to achievement of any proposed goals and targets.

For this reason, we propose that regular Housing and Homelessness Ministers meetings are necessary to oversee progress with delivering the Plan.

We argue it should be the role of Housing Australia to support and resource these meetings in relation to the National Housing and Homelessness Plan.

## 6.4 National Cabinet

National Cabinet brings together the heads of the Federal and State/Territory governments. We propose that the strategic decisions associated with National Housing and Homelessness Plan directions and resourcing are brought before National Cabinet.

## 6.5 Industry feedback and input

We believe it is essential that there is a structured opportunity for industry and other interest groups such as sector peak bodies to provide feedback to the National Housing Supply and Affordability Council on how the Plan is operating.

Industry, including the not-for-profit community housing industry, is a key stakeholder in the National Housing and Homelessness Plan and must be able to engage with the National Housing

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Supply and Affordability Council in a transparent way through a regular dedicated forum or similar arrangement.

## 6.6 A consumer council

Housing consumers are perhaps the National Housing and Homelessness Plan's single most important stakeholder group. We believe it is essential the operation of the Plan is supported by a housing consumer council or similar arrangement. The role of the consumer council would be to provide the National Housing Supply and Affordability Council with a consumer perspective on progress with the Plan.

We also propose that informing and engaging housing consumers and the broader community in the Plan would be part of the work of the agency responsible for coordinating delivery of the Plan.

## 6.7 Publicly available data

Key to measuring the Plan's success in the future is baseline national data comparing the current supply of homes with current and anticipated future needs. We expect this baseline information along with updated information generated as the Plan progresses to be available to the entire housing industry, consumers, and consumer organisations. This will enable the housing industry, including the not-for-profit community housing industry, and communities across Australia to make informed plans to develop homes of the right type in the right locations.

In addition, our members strongly support improvements to current national social and affordable housing data collection arrangements to improve transparency of what is being achieved. The Australian Housing Data Analytics Platform (AHDAP) is an existing platform that could be built upon to provide open access to the data that is needed to support planning and delivery of social and affordable homes. AHDAP is supported by a consortium of partners from across government, industry and academia led by City Futures Research Centre UNSW Sydney, and already brings together nationally significant housing-related datasets.<sup>48</sup>

Examples of nationally consistent datasets that our members would value having access to include:

- The current supply of social and affordable rental homes by location and ownership type
- The current supply of social homes by location and sector
- Data on the quality of existing social and affordable rental homes
- Data that sheds light on the cost of delivering social and affordable rental homes

The data on supply of social and affordable rental homes published by the UK Government Ministry of Housing, Local Government and Communities provides an example of the type of open access database that could be built up over time in Australia.<sup>49</sup>

Compiling this data may require a combination of approaches such as:

- Making existing information collections such as National Housing and Homelessness

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Agreement (NHHA) reporting and data held by the National Regulatory System for Community Housing (NRSCH) more accessible to not-for-profit CHOs

- Introducing new data collections supported by nationally consistent data definitions

## 6.8 Industry development

A whole of housing system National Housing and Homelessness Plan is new territory for Australia. We expect that a range of industries will need to be educated about the role of the Plan and supported to prioritise delivery Plan goals and targets. We assume this will be the role of an agency with housing market expertise, such as Housing Australia.

We acknowledge the housing construction industry is currently facing a range of challenges associated with workforce shortages, and transition to sustainable construction methods and material use which affect the supply of homes across all tenures. We believe there is a role for the Plan to consider the current capacity of the industry and apply strategies to support the growth of a strong and sustainable housing industry that is resilient to the challenges ahead.

In relation to the not-for-profit community housing industry specifically, we see a role for a co-designed national industry development strategy supporting the growth of a strong not-for-profit community housing industry, including strategies to expand and develop the community housing workforce. Research underscores the importance of a national industry development framework linked to targets for social and affordable homes outlined in the Plan.<sup>50</sup>

Not-for-profit CHOs presently operate at different scales reflecting differential State and Territory approaches over time. Federal engagement in housing offers an opportunity to even the playing field, strengthen both smaller and larger not-for-profit CHOs, and enable full not-for-profit community housing industry participation in the expansion of social and affordable homes in all jurisdictions and locations.

A strategy similar to the Community Housing Transformation Centre established under the Canadian Housing Strategy could be a useful starting point.<sup>51</sup> Canada, like Australia has a diverse not-for-profit community housing sector fulfilling a range of roles in a range of locations. The centre provides tools, access to funding resources and best practice resources to support not-for-profit CHO participation in delivering Strategy outcomes nationwide. We recommend the Plan incorporate a comparable industry development strategy relevant to the Australian context.

## 6.9 Workforce development plan for the homelessness services sector

We expect the National Housing and Homelessness Plan to set ambitious goals aimed at reducing and ultimately ending homelessness. This cannot be achieved without the support a qualified, skilled, and experienced workforce with the capacity to develop new capabilities and improve practices over time. It is essential that the rollout of the Plan is supported by a national workforce development plan for the homelessness services sector that maps the pathway towards a fully recruited, qualified, skilled and diverse workforce. We envisage this national plan would build on and extend the various State and Territory based homelessness sector workforce strategies developed in



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recent years.

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## 8 Appendix – Review of ‘In Need of Repair’ Report





# Review of Productivity Commission's 'In need of repair' report

CHIA

03 | 03 | 2023





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# 1. Overview

The Productivity Commission published a comprehensive review of national housing assistance policy in August 2022. It argues that Australia's challenges with rental stress, homelessness and receding access to homeownership are in large part due to inefficiencies in market supply of housing brought about by poorly designed planning regulations. According to the Commission, rectifying these inefficiencies and providing improved income support for low and moderate income earners otherwise in rental stress should be the key pillars of a revamped national housing assistance framework. This would see a winding back of home ownership support in favour of more investment in homelessness services. Social and affordable housing providers would perform a safety net function in the housing system, providing accommodation to those unable to access market offerings because of discrimination and complex support needs.

An alternative framing would have seen social and affordable housing cast in an essential infrastructure role, leading to a significantly different set of policy recommendations.

## 1.1 Background

The Productivity Commission's report, *'In need of repair: The National Housing and Homelessness Agreement'* released in August 2022 following a commissioning reference from the then Treasurer Josh Frydenberg in December 2021, is the first comprehensive review of national housing assistance policy in almost 30 years.

The report calls for a complete overhaul of the National Housing and Homelessness Agreement (NHHA) under which the Commonwealth transfers approximately \$1.6 billion each year to the States and Territories for the delivery of housing assistance programs, principally the supply of social housing and homelessness services.

The key moves proposed by the Commission include:

- Expanding the scope of the NHHA to cover all housing related assistance in which the Commonwealth is involved, including Rent Assistance paid to low and moderate income earners and various programs aimed at supporting access to home ownership
- Working with the States and Territories to radically reshape planning regulations to enable more responsive housing supply from the private sector, thereby putting downward pressure on prices and rents and creating opportunities for low and moderate income earners both directly and through vacancy chain and downward filtering effects

- Better targeting Commonwealth Rent Assistance (CRA), lifting its sufficiency in the hands of recipients and extending it to tenants of social housing in lieu of income related rents, so that these households are better able to find housing solutions which suit them best, whether in the private market or in social housing
- Withdrawing home ownership grants and tax breaks, other than for households who face structural barriers, such as discrimination, in accessing this tenure, and diverting the savings into homelessness programs

Under this reform prescription, social housing providers would perform a safety net role in the housing system, providing assistance for households that cannot secure opportunities in a well-functioning market because of crisis, complex needs or discrimination. Implicitly, the viability of these providers will be underpinned by receipt of market related rents made possible by improved Commonwealth income support for tenants, though the details of this arrangement are not set out by the Commission.

Social housing providers would therefore be placed on a more 'commercial' footing and tenants would no longer have incentives to remain in these dwellings when their circumstances or preferences change.

The size of the social housing sector under this set of policies is indeterminate. Both in its report and in subsequent public briefings, the Commission has been reluctant to put a figure on how much social housing Australia needs. Presumably, in the Commission's view, investment in social housing should be regarded as a residual, contingent on the efficiency of private housing supply. The more responsive market housing supply, the less investment required in social housing.

## 1.2 Economic framing

In terms of economic framing, the Commission sees the housing assistance challenge before Australia as the outworking of *regulatory failure*, rather than *market failure*. That is, the capacity of land and housing markets to respond to both background increases and periodic surges of demand in areas well located to jobs and opportunities has been so compromised by ill-directed planning restrictions that the country has been left with major housing shortages in these areas. These shortages have pushed down vacancy rates and driven up rents to the considerable detriment of low and moderate income households.

Looking at housing assistance through the Commission's conceptual lens, much of the problem would be resolved if two conditions are met. Firstly, the market is given a chance to work efficiently, by removing barriers to entry, clearing out regulations which cannot be shown to deliver a net community benefit and addressing incidental market failures which may inhibit housing supply, such as threshold infrastructure requirements or lot fragmentation. Secondly, income support is provided to those who cannot otherwise participate in an efficiently operating market.

This approach is reminiscent of that which was strongly advocated during the early days of National Competition Policy in Australia in the late 1980s. The then equivalent of the NHHA, the Commonwealth State Housing Agreement (CSHA), came under close scrutiny on the premise that poor housing outcomes for Australians 'was not a housing problem but an income problem'. Tying assistance to occupancy of a state-owned dwelling was considered to be inefficient in principle because those being assisted had no agency.

Acting on the same premise, other jurisdictions, most notably New Zealand and the UK, pursued policies of divestment in social housing in favour of improved income support for households requiring assistance. These were fairly quickly rolled back when governments were confronted with steeping outlays occasioned by inelastic private supply of housing at affordable rents.

The re-run of this approach advanced in the *'In need of repair'* report applies a more sophisticated formulation with a strong focus on fixing supply inelasticity. Accordingly, the Commission's reform agenda for planning regulation is, perhaps, the keystone of its policy prescription and deserves due examination of conceptual coherence, evidence base and real world practicality.

While the Commission has sought to be comprehensive in its review of Government programs impacting housing assistance, it is noteworthy that at least one major omission remains. More than three decades ago Flood and Yates (1987) showed that the biggest single subsidy delivered in the Australian housing system is the non-taxation of imputed rent for home owners<sup>1</sup>. Reform towards tenure neutrality in the tax system is clearly a fraught topic. Nevertheless, it warrants discussion here, and in any analysis which adopts the Commission's thesis, because such tax distortions in favour of home ownership will fuel anti-development sentiment in many communities.

### **1.3 An alternative framing**

An alternative economic framing of the national housing assistance challenge would apply an *infrastructure* lens rather than a regulatory failure / welfare choice lens.

This would propose that all suburbs and neighbourhoods require a permanent stock of housing that is affordable to low and moderate income households. Aside from providing protection from poverty for the relevant households (which can be considered a generic requirement of any housing assistance strategy), this permanent local stock of affordable housing would deliver two place or region specific benefits.

Firstly, it would support access to low and moderate income workers needed by local businesses and institutions. This would boost the productivity of these enterprises, other things equal, by reducing staff training and turnover costs.

Secondly, it would support more liveable, or higher amenity, neighbourhoods. In part, this would be due to better access to local services, supported by the abovementioned low and moderate paid workers, and in part through the maintenance of a more diverse and inclusive community.

These are external benefits; they flow to the wider community as a spillover of providing assistance to households requiring affordable housing. As recognised by the Commission, poverty mitigation also brings major external benefits for the wider community in terms of savings or productivity gains in health, education and workforce participation. But these are not necessarily place specific.

Assuming that communities recognise and value the place specific externalities of affordable housing, an efficiently operating market free of barriers to entry and restrictive development regulations could not be relied upon to deliver a welfare optimising stock of local affordable housing. This is because, as with other forms of infrastructure, the value of the externalities in question do not figure in the

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<sup>1</sup> <https://catalogue.nla.gov.au/Record/1816120>

accounts of developers and other agents transacting in the market. There is no commercial incentive for the market to provide a local, enduring, stock of housing which is affordable to low and moderate income households. To the extent that regular market development delivers housing which is affordable to this group of households, it is generally via the vacancy chain and filtering effects described by the Commission. But these offer no certainty that all communities will ultimately have a *local* stock of affordable housing sufficient to deliver the two place specific externalities described above. Indeed, vacancy chains are likely to distribute affordable housing to concentrated locations which are generally remote from jobs and opportunities.

Infrastructure is characterised by one or more of three features – natural monopoly, non-excludability and significant externalities. The presence of any one (or more) of these will mean that an otherwise efficient market will not produce a welfare optimising allocation of resources. This is why Governments step in to either directly provide, regulate the market to provide or subsidise the market to provide the infrastructure in question. This happens with public transport, roads, education, child care and health facilities to name a few. Local affordable housing infrastructure bears the same warrant on economic grounds.

This alternative framing, relying on the infrastructure role of social and affordable housing, is a mainstream one. Under the heading *“Social infrastructure is economic infrastructure too”* Infrastructure Australia in its 2021 Plan explains that ... *“investment in safe and adequate social housing generates positive wellbeing, health and productivity outcomes for individuals and contributes to the effective functioning of society”*<sup>2</sup>. Meanwhile, Infrastructure Victoria regards social housing as a key infrastructure priority for the State<sup>3</sup>. Nygaard (2022) has demonstrated the strong business case for investment in social housing with reference to the extensive economic benefits generated for the wider community<sup>4</sup>. Housing All Australians (HAA), a consortium of private sector organisations, is campaigning for increased investment in affordable housing based on its role as ‘economic infrastructure’. Planning strategies at the regional, municipal and local level routinely refer to the formation of diverse and inclusive communities with affordable housing for key workers.

Taking an infrastructure perspective on the national housing assistance challenge does not negate the Commission’s reform agenda. It remains important to optimise the efficiency of housing supply. Redirecting home ownership support funds to improve homelessness services is also well justified.

However, understanding social and affordable housing as essential infrastructure for successful communities suggests that the Commission’s analysis and prescription is incomplete. As with any other infrastructure program, governments must lead and ensure that all communities have the investment in local affordable housing that they need.

There are many ways of achieving this including direct government procurement, leveraging private capital through tax breaks or grants and regulatory measures such as inclusionary zoning. These are summarily dismissed by the Commission because its approach is captive to a conceptual framework

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<sup>2</sup> <https://www.infrastructureaustralia.gov.au/2021-australian-infrastructure-plan-implementation-and-progress/recommendation-8.3>

<sup>3</sup> [https://www.infrastructurevictoria.com.au/wp-content/uploads/2019/03/IV\\_30\\_Year\\_Strategy\\_WEB\\_V2.pdf](https://www.infrastructurevictoria.com.au/wp-content/uploads/2019/03/IV_30_Year_Strategy_WEB_V2.pdf)

<sup>4</sup> <https://www.communityhousing.com.au/wp-content/uploads/2022/05/CHIA-Everyones-Home-Wider-Benefits-Analysis-31.3.2022.pdf?x91874>

which would see a freed up market solving most of the problem, rendering innovative or government driven supply redundant. However, application of an infrastructure framework would call on government to set targets for adequate supply of social and affordable housing (which the Commission eschewed) and identify an optimal mix of delivery strategies which balance the competing objectives of long run cost effectiveness and the need to assist as many household in need as possible in the short term. Unsurprisingly, the Commission is silent on these matters.

## 2. A risky strategy with no ‘Plan B’

The Productivity Commission’s advice continues the unspoken dominant theme in Australian policy for the past 3 decades that Australia’s housing affordability problem can be solved through better income support to needy households, and allowing them to make choices which suit them best in the private market. This approach has demonstrably failed to date. The new contribution from *‘In Need of Repair’*, is a push to radically expand housing supply through planning deregulation, so that the market might respond more readily to household choices. It is not clear that this radical shift in market supply can be achieved, and no discussion of how policy should respond if the anticipated benefits of deregulation do not eventuate.

### 2.1 Empowering clients of housing assistance

In the Commission’s view the recipients of housing assistance should be at the centre of the reform process. Ideally, they would have agency and choice in resolving their housing requirements rather than be dependent on the business models and unrelated motivations of assistance providers, such as social and community housing organisations<sup>5</sup>.

The idea of ‘portable rental assistance’ looms large in this vision.

*“Portable rental assistance involves a shift away from providing assistance according to whether a person lives in public, community or private housing towards a system of financial assistance that can be accessed regardless of the type of housing a person lives in. It allows households to choose where they live based on their preferences, rather than the type of financial assistance available for different types of housing”. p 270*

This idea is embedded in the Commission’s advocacy of three principles – sufficiency, fairness and effectiveness – to underpin the next National Housing and Homelessness Agreement (see Figure 1). Of note is that these principles do not encompass external benefits for neighbourhoods and the wider community that might flow from the provision of subsidies for housing, whereas such externalities would figure prominently in the provision of, say, subsidies for education or child care.









Following these principles, the Commission urges that ... *“(i)n the next Agreement, the outcomes could be improved by shifting the focus away from systems to improving outcomes for people across tenure types (including homelessness, social housing and the private rental market). For example, rather than having outcomes focused on an effective homelessness service system and a well-functioning social*

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<sup>5</sup> The Commission overlooks opportunities to boost client agency within a social housing context. In submissions to the PC’s Review of Human Services, CHIA has noted how the social and affordable housing system could provide more user choice - even in the constrained environment that exists at present. For example, users could be more involved in designing reforms of social housing delivery and regulation. This includes the opportunity to trial Choice Based Letting which, based on overseas evaluations, looks able to improve tenant satisfaction and system efficiency.

housing system, they could focus more directly on improving outcomes for people experiencing or at risk of homelessness and people in social housing. The outcomes should also cover improved outcomes for people in the private rental market.” p 154

**FIGURE 1: PRINCIPLES FOR HOUSING ASSISTANCE (AS NOMINATED BY PRODUCTIVITY COMMISSION)**

Sufficient	Fair	Effective
 <p>People receiving assistance can access housing that meets their needs</p>	 <p>Assistance is targeted to people most in need</p>	 <p>Assistance is flexible and tailored to individual circumstances</p>
 <p>Household incomes after paying for housing costs are sufficient to cover other essential items (such as food, clothing and health care)</p>	 <p>People in the same circumstances are treated in the same way</p>	 <p>Assistance is delivered in a timely way</p>
		 <p>Assistance responds to changes in need over time</p>
		 <p>Assistance supports social and economic participation</p>
		 <p>Assistance delivers the best use of taxpayers' dollars</p>

Source: Figure 7 in the Commission’s report (p 15)

## 2.2 A safety net role for social housing

An inevitable outworking of these principles is that social housing must play a residual, safety net, role, pending expanded choices for eligible households in private housing markets.

*“Building more social housing will increase the supply of housing affordable for low-income households, but social housing is relatively costly and can only be a partial solution to affordability. Social housing should be targeted to people most at risk of long-term homelessness and people who are unable to access and sustain affordable and appropriate housing in the private market. For most low-income households, the focus should be on improving housing affordability in the private rental market.” p 231*

*“Social housing is a safety net for people on low incomes (mostly people who receive income support) who cannot access appropriate or adequate housing in the private market”. p 232*

Conceptualising the housing assistance challenge as one of lack of income and choices for low and moderate income households is not new. In fact, it has been the dominant paradigm in housing assistance policy for the better part of 4 decades. The 1980s saw a clear shift away from ‘social housing as infrastructure’ policies which had characterised the Commonwealth State Housing Agreements since 1945, towards models which implicitly relied on income support and private supply.

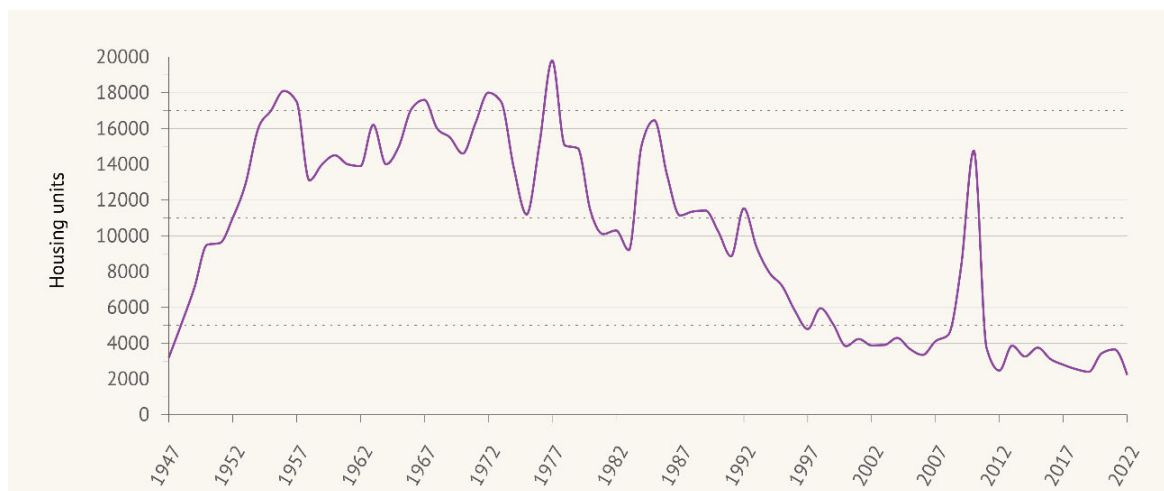
This is evident in the respective trajectories of social housing investment and Commonwealth Rent Assistance since 1985. Aside from a dramatic but short lived peak in social housing investment initiated in 2009 as part of the Commonwealth’s response to the Global Financial Crisis, building of new social housing has declined sharply over the past 30 years, and comprised only around 2,000 units in 2021/22.



This contrasts with the period between 1955 and 1985 when construction of public housing ran at a rate of more than 14,000 units per year, during a time when Australia’s population was much smaller.

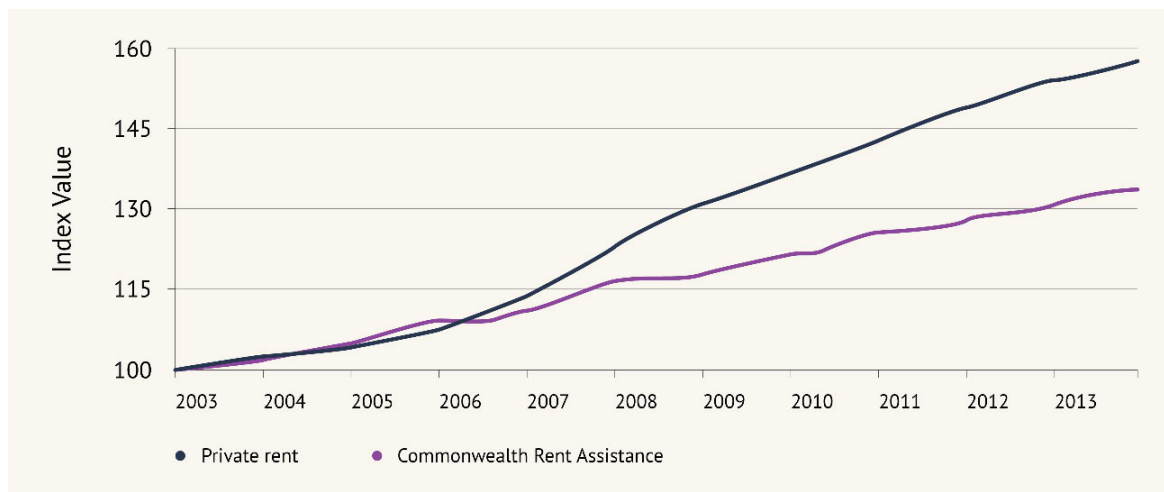
Meanwhile, some 1.49 million Australian households were in receipt of Commonwealth Rent Assistance in 2021. More than 27,000 households per year on average had become part of this group over the previous 8 years<sup>6</sup>. Unfortunately, the sufficiency of CRA declined steadily over this period, as the growth in the value of these payments fell behind that of private rents (Figure 3).

**FIGURE 2: DWELLING CONSTRUCTION APPROVALS – PUBLIC SECTOR**



Source: ABS Building Approvals data, SGS calculations

**FIGURE 3: GROWTH IN CRA VERSUS PRIVATE RENTS**



Source: Productivity Commission, 2015<sup>7</sup>

<sup>6</sup> <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/data>

<sup>7</sup> Productivity Commission, 2015, ‘Housing Assistance and Employment in Australia Research Paper Volume 2’, <https://www.pc.gov.au/research/completed/housing-employment/housing-employment-volume2.pdf>

While a focus on income support and client agency is an implicit characteristic of Australian housing assistance policy, what is new in the 2022 Commission review is its assertive stance on liberalising private housing supply so that it can, indeed, respond efficiently to the choices of eligible household empowered by ‘portable rental assistance’. As discussed further below, the Commission’s report dedicates considerable space to the hypothesis that planning restrictions, in particular, are hobbling the supply of affordable housing. The Commission opines that ... *“Housing that is affordable for people on low incomes does not need to be social housing. When housing supply is responsive to changes in price, new supply improves affordability in all parts of the housing market. .... new supply in the higher-cost segments of the housing spectrum flows through to improve housing affordability in lower-cost segments.”* (p 273).

### **2.3 What if supply doesn’t respond as theorised?**

*In Need of Repair* goes on to make a raft of recommendations about how such liberalisation might proceed. We appraise these below. Of note at this point, however, is that the Commission does not contemplate a scenario where deregulation and other planning reforms fail to improve the price elasticity of housing supply sufficiently to enable indirect production of affordable housing opportunities through vacancy chain and downward filtering effects. This is problematic, because as we will show, the evidence base for the proposed planning reforms is not especially compelling. Moreover, even if the Commission’s hypothesis holds in theory, the radical changes it envisages, which would see levels of development in inner and middle ring metropolitan areas orders of magnitude greater than what has been experienced to date, may simply not be implementable.

The Commission is silent on what governments should be doing to mitigate the (moderate to high, in our view) chance that its primary policy prescription does not work as well as it expects it to. One such mitigation might have been to boost investment into social housing as a ‘no regrets’ addendum to the planning reform prescription, given that the Commission itself has demonstrated that access to such assistance is now extremely rationed. Instead, the Commission steadfastly eschews nominating an investment requirement for social housing, perhaps in fear that this might send a confusing message about the optimal way of dealing with Australia’s affordable housing challenge. This leaves communities and vulnerable people exposed to significant risk.

## 3. Planning and the supply of housing

The Productivity Commission imagines reforms where housing supply is drastically expanded in places close to jobs and opportunities, following deregulatory models recently launched in New Zealand. These models would destroy urban amenity at such an alarming rate that they are most likely impractical in an Australian setting. Housing supply could be improved by reforming the regulation of development rights, interventions to overcome fragmentation of developable land and better co-ordination of infrastructure. The Commission does not examine these opportunities.

### 3.1 Planning regulations as a handbrake on housing supply

*In Need of Repair* strongly asserts that price inelasticity of housing supply in Australia is substantially due to excessive planning restrictions. As discussed, the review report contends that this choking off of supply seriously dents the efficacy of income support designed to help private renters facing housing stress.

*Housing supply is heavily influenced by planning systems, which States and Territories are responsible for designing (and local governments for administering). CRA is intended to increase the ability of recipients to pay for housing, but its effectiveness in doing so depends on market rents, which are influenced by supply. Where housing supply is not responsive to increases in demand, rents are likely to increase and erode the purchasing power of CRA, reducing its effectiveness as a form of housing assistance. p 81*

The Commission paints a picture of a heavily regulated development sector where government dictates, rather than market signals, direct investment and overall supply outcomes.

*The release of development land is highly regulated by governments, usually through zoning, planning, and land use and development regulations. These regulations allow governments to manage the community wide impacts of land development such as urban sprawl, increased pollution and environmental impacts, and infrastructure costs. It also enables them to manage the growth of urban areas and coordinate the provision of infrastructure. But such regulation also dampens how much housing supply can respond to increases in demand. It leads to the supply and development of land being more responsive to government actions than to price, with substantial price increases needed to stimulate even small increases in land supply. For example, in many parts of Australia, there are zoning restrictions that limit higher density housing in certain areas and effectively cap the number of dwellings that can occupy that space. If these caps are binding (in other words, if developers would like to build more housing than the restrictions allow) prices increase and an inadequate amount of housing is supplied. p 467*

Notwithstanding this critique, the Commission says that it supports a certain amount of regulation in the public interest. It writes that “unrestricted supply may not be the best outcome for society - even

*though prices are lower and quantities higher, there are good reasons why housing supply should be restrained in some cases (p 475)*". However, it argues that the governance of planning regulations is no longer fit for purpose, if it ever was, with an increasing gulf emerging between the interests of local communities – wishing to preserve their amenity and asset values – and those of the wider community which wishes to see fairer access to affordable housing. In the Commission's view, these respective goals need to be rebalanced, with State and Territory Governments taking a stronger role in enabling housing development in currently restricted areas.

*"The costs and benefits of planning and zoning restrictions need to be assessed carefully to ensure the right balance between local community preferences and wider social benefits. Local governments will be more influenced by 'not in my backyard' sentiments than State and Territory Governments; States and Territories may need to take on more responsibilities for local planning and approvals to support the delivery of more housing". p 494*

The evidence base put forward by the Commission to back this diagnosis is sketchy. In large part, the Commission relies upon analyses of the price premium in new dwellings occasioned by planning restrictions; that is, the sizeable wedge observable between the delivery cost of new housing (in construction and normal profit) and the end price to buyers<sup>8</sup>. Some empirical evidence regarding 'up-zoning' and the consequential impacts on housing supply is adduced, including with reference to planning deregulation in Auckland. But none of this material can be claimed to be conclusive.

The Commission goes on to make several recommendations for changes to substantive planning rules, including;

- Reviewing zoning rules that allow only single detached houses
- Allowing more dense development 'as of right' along key transport corridors, with height limits set up front
- Relaxing regulations limiting the use and tenure of secondary dwellings
- Relaxing minimum carpark requirements for developments where there is good access to public transport, and
- Relaxing minimum floor sizes.

The review also calls for improvements in planning processes to assist in achieving greater density, including:

- fast-tracking or code-assessing small-scale urban infill projects rather than requiring these projects to apply for development approvals.
- using design guides or nominating high-quality designs for medium-density dwellings that would be permitted automatically in middle-ring suburbs.

All of these measures have been rolled out across Australian cities, in one form or another, over the past 2 decades. While there is certainly scope to press further, experience with planning liberalisation

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<sup>8</sup> Kendall, R. and Tulip, P. 2018, The Effect of Zoning on Housing Prices, Research Discussion Paper, RDP 2018-03, Reserve Bank of Australia, Sydney.

to date gives little reason to believe that this line of reform could give rise to the revolutionary shift in supply elasticity that the Commission is relying on in its recommendations.

In our view, the Commission's analysis of planning regulation and its impact on housing supply is flawed. Planning regulation does, indeed, constrain housing supply but arguably only within welfare optimising limits. Arguably, the 'balancing of interests' which the Commission is looking for in determining supply capacity is already being delivered by the thoroughgoing processes of enquiry which most jurisdictions have to assess proposed planning policies and rules. Indeed, the reviews of planning systems across Australian jurisdictions undertaken by agreement between the States and the Commonwealth under the auspices of National Competition Policy (1995 – 2005) generally concluded that the competition limitations associated with land use and development controls delivered a net community benefit.

In any case, at least in the majority of metropolitan areas across Australia, planned capacity for housing supply is demonstrably adequate, measured in multiple years if not decades of annual absorption. Other factors beyond the development capacity allowable under planning rules are likely to be the key constraints on the responsiveness of housing supply. These relate to perverse incentives and rent seeking connected to the regulation of development rights, as well as market failures to do with land fragmentation and availability of infrastructure to support housing construction.

The Commission's implied recommendation for sweeping deregulation in the nation's planning systems could well diminish welfare in net terms. This would ultimately render it unworkable, and with it the vision for responsive housing market that can spontaneously resolve most of the nation's affordable housing challenges.

### **3.2 Regulation of development rights**

As a result of the planning laws which are applied across all States and Territories, development rights are, in fact, nationalised; that is, they are reserved by the State. Ownership of freehold title does not carry with it any rights to use or develop land for any purpose other than that which is currently being carried out lawfully or those which are permitted 'as of right', that is, without a requirement for development permission. Even when zoning may *allow* for higher density or higher order uses, no right to realise this higher value exists for the land owner unless and until they hold a duly issued development consent. Moreover, the State reserves the right to change zoning provisions at any time without compensation, except where a land owner holds a duly issued development consent.

The reservation of development rights by the State is especially transparent in the ACT where the land tenure available to private parties is limited to leasehold. In the Territory, proponents must both secure development consents and pay the Territory Government what is effectively a development licence fee equivalent to 75% of the uplift in site value brought about by the planning approval.

Governments reserve and then ration access to development rights because, as the Commission acknowledges, *laissez faire* city building would likely result in settlement patterns which are inefficient both in a financial and allocative (welfare) sense.

Put another way, development rights *must* be reserved and rationed if a welfare optimising pattern of settlement is to be achieved. The act of rationing will necessarily mean that the award of development rights will carry a scarcity premium.

The wedge identified by Kendall and Tulip (2018) can therefore be interpreted not as evidence that the planning system is failing and adding to housing prices, but rather as a natural outworking of efficient regulation.

Unlike other markets which are regulated in the public interest due to the presence of externalities or latent monopoly (e.g. liquor licencing, commercial fisheries) and/or where Government retains ownership of the resources in question (e.g. minerals, water), planning regulation involves no systematic application of licence fees (other than in the ACT). This creates rent seeking and gaming behaviours which militate against efficient housing supply, amongst other things.

For example, owners of land which *may* be used for higher density housing under current planning rules will be disinclined to sell to a bona fide developer unless the latter transfers all or the lion's share of the uplift in land value attached to a successful planning permit application. Even if the proponent is willing to make this transfer, land owners may wish to retain the site in anticipation of greater gains in the future when development land becomes still more scarce in the locality. The problem is compounded where developable land is in fragmented ownership. A minority of 'hold out' land owners can frustrate the release of viable parcels (see further discussion below).

Thus, as the Commission itself concedes...

*"Availability of zoned land does not guarantee that developers will proceed with developments. The planning system can create opportunities for residential development by rezoning land, but decisions about whether, when and where to subdivide the land and proceed to construction lie with landowners and/or developers. Other factors may also impact on new housing supply, such as the timing of infrastructure, the cost of developer contributions to pay for the infrastructure, and difficulties obtaining land for development in locations where ownership is fragmented. Above all, market forces need to drive demand for dwellings before they will be built."*

Provided ample development capacity is made available to meet projected housing needs in an area, planning per se may not be the handbrake on housing supply which the Commission imagines it to be. Rather, a key constraint may be inadequate regulation to correct for perverse incentives for the owners of developable land and the absence of other interventions – for example land assembly and accelerated provision of enabling infrastructure – to ensure that planned capacity is, in fact, released to bona fide developers when it is needed.

#### Constraints on land supply for housing

Unfortunately, in a lot of economic commentary, this land supply constraint (*on housing development*) is conflated with the effect of planning controls. Yes, planning controls place an ultimate limit on the capacity of a particular urban district to accommodate apartment construction, but as noted, planning systems in Australia typically provide for many years supply of nominal capacity, often under policy direction.

An aspiring ‘definitive’ essay published in the Economist newspaper on January 18, 2020, illustrates the continuing confusion between supply constraints associated with planning regulations and supply constraints associated with private withholding of developable land from the housing production process. The Economist states...

*“To get a sense of the argument that (overtight land regulation is the root cause of high house prices), compare Singapore with Hong Kong. Singapore has a fairly elastic planning system. The government owns most of the land. When house-price growth is too strong or the population is rising quickly, the state can release extra land faster than a barman at the Raffles hotel can mix a Singapore sling. In Hong Kong by contrast, the supply of developable land is controlled by a small clique of oligarchs. What will buy you a cramped bedsit in Hong Kong will buy you a decent sized pad in Singapore” ( Williams, C. (2020) No Place Like Home, The Economist, Jan 18, 2020, p 6)*

Regulation of development in Singapore – that is, the application of a hierarchy of plans governing the prospective development of a district and the enforcement of design controls – is likely to be as restrictive as that in Hong Kong. The key difference in housing outcomes in Singapore is the control of the land supply.

Extract from Spiller, M. (201) *Reserve Barking up the Wrong Tree on Urban*

### 3.3 Efficient planning regulation

While the Commission acknowledges the need for planning regulation it strongly suggests, as noted, that governments at the State and local levels have not got the balance right between enhancing the livability of cities and the need for responsive housing supply.

In its report, the Commission does not examine how State, Territory and local governments go about striking this balance.

Most jurisdictions have an explicit or implicit requirement that proposed planning rules meet a *net community benefit* test. Typically, exhaustive processes of enquiry and, in some jurisdictions, public

contestation, are pursued before such rules become law. These processes are generally seen to perform the role of Regulatory Impact Assessments (RIAs) which are applied in other fields of administrative rules making.

Unlike RIAs, planning reviews do not mandate cost benefit analysis prepared according to a pre-defined method. Nevertheless, they usually involve a deep probe across a broad range of impacts, including matters to do with adequacy of land supply for housing and implications for housing affordability.

By ignoring the fact that planning processes carry a range of inbuilt checks and balances to resolve the tension between competing objectives, the Commission's critique that planning 'excessively' constrains housing supply lacks credibility.

The Commission points to recent experience in New Zealand as compelling evidence that planning deregulation can generate substantial improvements in housing supply responsiveness. To deal with a housing affordability 'hyper crisis', the New Zealand Government has directed local authorities to uniformly amend their planning schemes to allow medium density housing development 'as of right' in most residential zones across the nation's larger cities.

In the New Zealand Government's latest initiative, all councils in Tier 1 cities (Auckland, Hamilton, Tauranga, Wellington and Christchurch) are required to up-zone almost all of their residential areas to implement default Medium Density Residential Standards (MDRS) which give proponents automatic permission to build three units of up to three storeys on any site.

Such initiatives may well improve the responsiveness of housing supply. However, it is not clear that planning deregulation of this type is welfare optimising.

A cost benefit analysis of the MDRS policy undertaken by PWC for the New Zealand Government is instructive. Figure 4 summarises the findings of that study.

According to the Base (or middle) scenario, the MDRS is expected to generate an additional 74,600 dwellings across the Tier 1 cities over 5 to 8 years from commencement, compared to what might be expected in these urban areas without the reforms. This is a substantial boost to supply, which is expected to put downward pressure on prices and improve affordability. PWC estimate the added consumer surplus from lower housing prices at NZ\$1.015 billion.

However, this gain in housing affordability is won at the cost of significantly reduced housing utility and neighbourhood livability. PWC's findings show that implementation of MDRS would lead to more congestion (an additional cost for the community of NZ\$1.944 billion compared to business as usual), loss of sunshine to dwellings (NZ\$0.514 billion), loss of views (NZ\$0.434 billion) and loss of environmental values (NZ\$0.409 billion).

Looking at housing and residential amenity issues alone, the MDRS is shown to generate a welfare loss for New Zealand of the order of NZ\$2.2 billion. This is the difference between the gain in consumer surplus from lower housing prices and the costs generated by the policy in lost amenity. The saviour for the policy in headline terms is that the increase in housing densities in well located areas generates a very substantial agglomeration related productivity benefit. This is so large at NZ\$5.487 billion that a net community benefit of NZ\$3.252 is produced.



**FIGURE 4: COSTS AND BENEFITS OF MEDIUM DENSITY RESIDENTIAL STANDARDS REFORM – NEW ZEALAND**

Variable	Low	Base	High
<b>Policy impacts</b>			
New dwellings added			
Auckland	27,927	39,167	53,683
Hamilton	3,389	8,260	12,191
Tauranga	3,819	5,818	8,462
Wellington	6,516	9,833	14,002
Christchurch	6,535	11,501	17,165
<b>Total additional dwellings</b>	<b>48,186</b>	<b>74,579</b>	<b>105,503</b>
<b>Benefits – all Tier 1 urban areas (\$m)</b>			
Added consumer surplus from lower housing prices	\$437	\$1,015	\$1,998
Agglomeration benefits	\$2,391	\$5,487	\$8,983
<b>Total Benefits</b>	<b>\$2,828</b>	<b>\$6,502</b>	<b>\$10,981</b>
<b>Costs of growth – all Tier 1 urban areas (\$m)</b>			
Supporting infrastructure	-\$33	-\$50	-\$71
New dwellings	\$88	\$136	\$193
- Fewer greenfield developments	-\$121	-\$187	-\$264
Congestion	\$1,261	\$1,944	\$2,765
Loss of sunshine	\$344	\$514	\$684
Loss of views	\$295	\$434	\$604
Environmental costs	\$367	\$409	\$460
Implementation costs	\$2	\$2	\$2
<b>Total external costs</b>	<b>\$2,234</b>	<b>\$3,250</b>	<b>\$4,442</b>
<b>Summary – all Tier 1 urban areas (\$m)</b>			
Total external costs	\$2,234	\$3,250	\$4,442
Total benefits	\$2,828	\$6,502	\$10,981
Net Benefits	\$594	\$3,252	\$4,442
<b>Benefit-Cost Ratio</b>	<b>1.27</b>	<b>2.00</b>	<b>2.47</b>

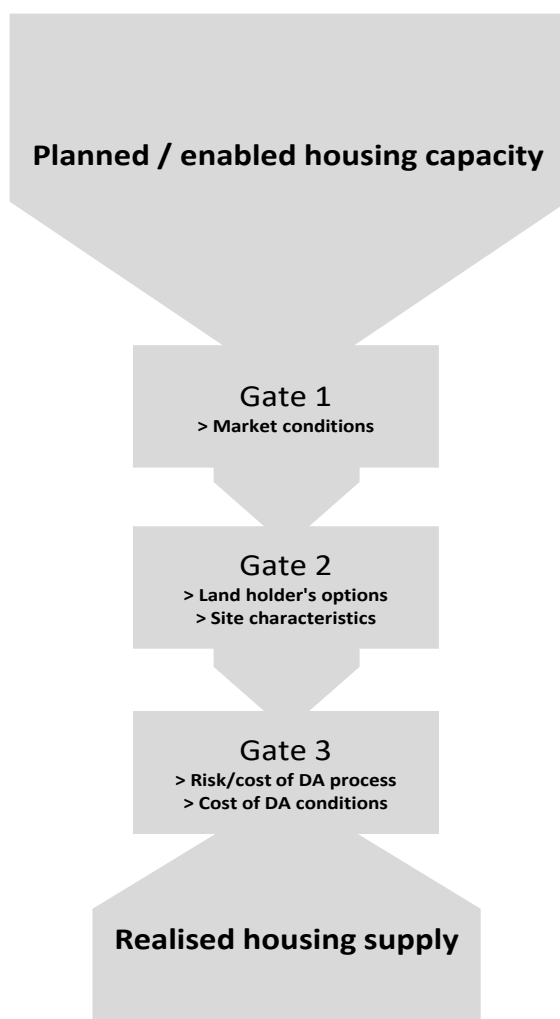
Source (PWC and Sense Partners, 2022)

If planning deregulation along the lines of the MDRS initiative were the *only* means by which housing supply responsiveness might be improved to the extent of producing an additional 75,000 dwellings over the medium term, the policy might be regarded as economically justified, notwithstanding the loss of amenity. However, as we discuss below, there are several alternative and additional ways in which supply elasticity could be significantly improved without having to destroy amenity.

### 3.4 Improving supply elasticity

The following diagram illustrates the role of planning regulation in housing supply. At the top of the diagram is the planned capacity for housing development in a given district or city. This represents the allowable quantity of housing construction based on planning rules for the area(s) in question, including those relating to density, site coverage, setbacks, parking provision and other requirements which determine the developable envelope for a site. These provisions are set out in schedules that attach to different zones that enable residential development. They are typically determined via a strategic planning process which identifies the need for future housing in the area and appraises the various constraints on development including environmental factors, heritage and the preferred character for the neighbourhoods under survey.

**FIGURE 5: FROM PLANNED CAPACITY TO REALISED HOUSING SUPPLY**



Source: SGS Economics & Planning Pty Ltd

For planned capacity to translate into realised housing supply, a number of gates need to be negotiated. Only some of these are connected with the planning system.

Firstly, as acknowledged by the Commission, market conditions must support the type of housing development envisaged in the statutory plans for an area. A planning scheme may identify several precincts for medium and high density development, thereby nominally adding significantly to the developable stock of housing. However, this will be of limited value if the demand for housing across the relevant district is primarily for low density dwellings, to the point where achievable prices for higher density typologies are not sufficient to sustain commercial viability.

Assuming the land is both available for development under the planning rules and viable for development under market conditions, its further progress towards realised housing supply will depend on the land owner's preferences and expectations. As discussed, owners of development sites who not developers – which will be the majority of owners – may be inclined to reserve the latent value in their site for later.

Another non-planning factor that could impede the progress of land into the housing production pipeline is the size and configuration of the properties in question. Fragmentation or odd lot sizes could deter development because of the additional expense and risk associated with title consolidation.

At the third gate, planning system factors come back into prominence. Land that is zoned for development at particular densities will typically still be subject to planning permission, to ensure compliance with rules and performance standards pertaining to design and development contributions. Potentially, these requirements could be so burdensome in cash and/or risk terms, that a project will be rendered unviable, at least until achievable sale prices rise sufficiently to cover the costs in question.

Applying the 'supply gates' framework to the evidence and logic presented by the Commission, a number of points are evident:

- Rezoning to increase nominal development capacity may not, by itself, lead to responsive delivery of housing supply.
- Planned / enabled capacity should be optimised within a net community benefit structure. Determination of the macro-envelope for development should balance the gamut of societal expectations around housing availability, housing utility, landscape value, environmental constraints and place making using cost benefit analysis or a similar. Housing supply ought not be automatically privileged in this analysis, unless there is clear evidence of community willingness to pay for this to be so.
- Supply responsiveness can be improved by applying a range of levers beyond changing planning rules, for example, by governments asserting their ownership of development rights (to mitigate withholding of development sites) and governments intervening to overcome land fragmentation and infrastructure barriers to feasible development.
- Within the planning system, supply responsiveness can be improved by streamlining approvals process to mitigate risk and uncertainty for proponents.

In short, there are several ways of boosting the elasticity of housing supply beyond sweeping and crude reforms to planning regimes.

Such planning reforms in New Zealand appear to have worked in inducing additional housing supply, at least based on early evidence. However, as shown in the cost benefit analysis of the NZ Government's Medium Density Residential Standards initiative, these reforms are expected to *reduce* welfare at the neighbourhood level; gains to home buyers (and renters) in lower prices will be outweighed by losses in sunshine, views and environmental quality for residents. In other words, livability in Auckland is potentially being compromised to improve housing supply flexibility in built up areas.

The supply gates analysis suggests that an alternative array of reforms – focussed on land assembly, licencing of development and infrastructure provision could similarly improve housing supply flexibility without an erosion of livability. The *In Need of Repair* report does not explore these alternative reforms which could provide a superior net community benefit to crude 'up-zoning,' preferring, instead, to urge emulation of the Auckland model.

### 3.5 Conclusion

The Commission puts great store on planning deregulation to correct housing supply inelasticity in Australia. Its vision is that this will free the market to provide most of the country's affordable housing requirements through normal rental transactions, assuming that governments provide adequate income support for households otherwise in stress.

However, a process of deep and far-reaching planning de-regulation, such as that pursued in New Zealand over the past 5 years, would most likely diminish urban livability to a significant degree. This is likely to render the idea impractical for State and local governments, regardless of the fiscal incentives on offer to undertake such politically unpalatable reforms. This underlines the riskiness of the PC's preferred reform strategy.

Enabling greater housing supply, within welfare optimising limits, is clearly a worthwhile policy objective. However, it is more likely to be achieved by addressing blockages to producer responsiveness that range well beyond the capacity for development enabled in planning schemes. Amongst other things, this would call for greater public sector intervention to acquire and de-risk sites in already planned medium and high density areas with a view to creating a strong pipeline for private sector investment in these parts of our cities.

In any case, even if supply shortcomings were to be mitigated through this alternative, more workable, strategy, it cannot be concluded that the market, acting on its own devices, will necessarily produce an adequate stock of affordable distributed across all neighbourhoods. We now turn to this issue.

## 4. Social housing

Notwithstanding its faith in better income support and better housing supply to fix Australia's affordability problem, the Commission acknowledges that the nation will need a significant stock of social housing to address demand that cannot be realistically filled by the private rental market. Unfortunately, the Commission has no advice on how big this stock of social housing should be and how it should be funded.

### 4.1 No guidance on how much is needed

Local availability of social and affordable housing generates multiple and substantial positive externalities including access to essential workers and formation of more cohesive and inclusive neighbourhoods. Nevertheless, the Productivity Commission does not recognise such housing as essential infrastructure for successful and sustainable communities.

In the Commission's vision, the social and affordable housing 'system' will continue to play a residual safety net function, but hopefully, with a considerably lessened case load made possible by a housing market liberated from unduly restrictive planning controls.

Accordingly, *'In need of repair'* eschews discussion of backlogs in social and affordable housing provision akin to the analysis it might make of deficiencies in transport, water, telecommunications and other infrastructure. Indeed, the Commission is dismissive of supply benchmarks for social housing.

*"Comparing the proportion of social housing stock with historical levels, with other countries and across Australian jurisdictions, or estimating housing need based on the number of people on social housing waiting list, provides little insight into the amount of social housing there should be." p 263*

At the same time, the Commission acknowledges that social housing will need to play a not insignificant part in a revamped national housing assistance policy, even proffering its own estimate of the supply gap left behind by a responsive rental housing market.

*"However, rent reductions can only do so much to improve rental stress. For many, even significantly lower rents are not enough to achieve housing affordability. The Commission estimates that there are around 180 000 households in the private rental market who have incomes of less than \$500 per week (Commission analysis of SIH 2019-20 data). For these households not to be in rental stress, they would need to find a rental property for less than \$150 per week, and to not be in severe rental stress, their rent would have to be less than \$250. While low-cost rental options may be a possibility for these households — for example, secondary dwellings such as granny flats (chapters 13 and 14) — the private rental market may not have enough options for these households without a rise in wages, or reforms to Australia's income support system." p 484*

When 180,000 households is added to those already in social housing (who can safely be assumed to require very deep subsidies given the tight rationing of existing places), the accommodation need that is beyond fulfilment by efficient markets would be around 5.4% of the total housing stock. Social housing represented 3.6% of the nation's occupied stock in 2021, down from 4.0% in 2016.

The measured gap in what an efficient market can provide expands to be between 10% and 15% of housing stock if allowance is made for the fact that affordable housing will also be needed by low and moderate income households in higher rent areas, in order to meet both household income and local area labour requirements<sup>9</sup>.

Regardless of the scale of the shortfall left by an efficient market, the fact is that there will be a gap. Unfortunately, the Commission provides little guidance on how best to fill it.

## 4.2 No guidance for how best to provide a social housing safety net

Policy experience in Australia is that governments may seek to fill market gaps in affordable housing provision through one or a combination of the following strategies;

1. **Income support:** topping up the incomes of lower income households enabling them to access market housing (on the presumption that the market will come forth with the required supply)
2. **Head-leasing** stock in the private market and on-renting it to eligible households at an affordable price (again on the presumption that the market will deliver required supply)
3. **Providing subsidies to private investors** or developers by way of grants or tax breaks to produce stock that will be made available to eligible households at an affordable rent with such housing retained as affordable stock indefinitely or for a limited number of years
4. **Providing subsidies to not for profit providers** who can leverage operating surpluses plus community provided assets (land etc) to build own and operate permanent affordable housing
5. **Investing government equity** to build, own and operate state housing, and
6. Forcing the owners of development sites to pay for the subsidies/equity required for affordable housing supply via **inclusionary zoning** and other planning mechanisms.

The Commission endorses Strategy 1 but, as noted, recognises that this will still leave a requirement for social housing provision. However, rather perplexingly, *'In need of reform'* finds issue with all of the other supply strategies.

Providing subsidies to private investors as per the erstwhile National Rental Affordability Scheme (NRAS) or through availability payments as occurs in public private partnerships for social infrastructure,

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<sup>9</sup> For a recent assessment of the aggregate requirement for social and affordable housing, see van den Nouwelant, R., Troy L. and Soundararaj, B. (2022) *Quantifying Australia's unmet housing need; a national snapshot* <https://www.communityhousing.com.au/wp-content/uploads/2022/11/CHIA-housing-need-national-snapshot-v1.0.pdf?x91874>

is criticised for being expensive and for potentially displacing housing production that would have occurred elsewhere in the market anyway.

Inclusionary zoning is dismissed as ill-advised because it (supposedly) adds to development costs, creates risk and uncertainty in the development approval process and cannot guarantee fairness in the allocation of any affordable housing that might be produced.

Provision of social housing through government equity investment is regarded as ‘relatively costly’ (p 231, p 261).

### **4.3 Unsubstantiated claims that social housing is expensive**

These views are generally at odds with the findings of the Productivity Commission’s predecessor, the Industry Commission, which undertook the last major review of the housing assistance system in Australia in 1993. While the Industry Commission cautioned against relying exclusively on public housing provision, this method of delivering assistance was found to be cost effective compared to other options.

*The options for delivering housing assistance to people on low incomes include cash payments, effective housing allowance schemes (that induce supply of appropriate rental housing), public housing and headleasing. In Chapter 5, these options are assessed against social justice criteria — accessibility, affordability, appropriateness, security of tenure and equity. They are also assessed against economic criteria such as efficiency and cost-effectiveness.*

*Public housing and headleasing are assessed to be more cost-effective than cash payments and housing allowances. Discrimination and security of tenure problems of low-income people are overcome and better targeting is achieved.*

*They avoid the monitoring and administration costs of ensuring that recipients receive appropriate housing.*

*Public provision of rental housing is shown to be more cost-effective than headleasing over the longer term — that is, there are benefits in terms of financial savings. This finding is subject to the condition that housing administration in the public sector is efficient, or at least not so inefficient as to negate these savings. There are often inefficiencies in public sector provision, but with public housing there is also the potential for efficiency gains through economies of scale, scope and density<sup>10</sup>.*

In the ‘*In need of repair*’ report, the Productivity Commission lists the Industry Commission’s 1993 report in the bibliography. However, the body of the report makes no reference at all to the above findings about the cost effectiveness of social housing.

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<sup>10</sup> Industry Commission (1993) Public Housing; Volume 1: Report, p xviii

#### 4.4 Funding the social housing system

The Commission would have the social housing system operating with greater attention to price signalling effects. In particular, it sees income based rents which apply in State owned and operated social housing as problematic in that they dampen incentives for tenants to relocate as their circumstances change. The Commission urges the extension of Commonwealth Rent Assistance to tenants of State owned housing, with these institutions then applying discounted market rents as applies in community housing sector.

This move would cost the Commonwealth around \$1.4 billion per year, roughly the amount that the Government currently distributes to the States and Territories under the NHHA. The Commission may, or may not, be alluding to a potential re-orientation of Government outlays from a mix of capital and program support in social housing provision towards income support. Such re-orientation has been canvassed in previous enquiries and has some merit. However, *'In need of repair'* is disturbingly silent on how social housing should be funded and financed once the federal government switches to 'universal CRA'.

Bearing in mind the Commission's own analysis that rent payable by very low income households cannot support market provided rental housing, even with availability of CRA, State housing authorities and, indeed, community housing providers would find themselves unable to finance housing acquisition unless there is a very substantial supplement to CRA for their tenants and/or they have access to free equity/grants. The Commission's report does not address this issue.

The Commission is advising that potentially 5% or more of Australian households are beyond the reach of an efficient rental housing market complemented by a targeted CRA program, but it offers no advice as to where the capital for this 5% safety net might be sourced. In fact, as noted above, the Commission appears to advise against all known potential sources of capital funding for social housing, including traditional government equity investment, leveraging private capital through tax breaks/grants and inclusionary zoning.

An alternative conceptualisation of social housing as infrastructure may have led to a more constructive discussion of funding. As infrastructure, social housing fulfills three functions – poverty mitigation (primarily a Commonwealth obligation), better labour markets (primarily State Government) and better places (local government and the urban development process). This might suggest a three way funding split – Commonwealth, State and inclusionary zoning. How funding could be orchestrated under each of these areas in turn for maximum efficiency and least distortion of housing markets is outside the radar of the Commission because of the way it has framed Australia's housing assistance challenge. Unfortunately, this leaves governments with little practical policy guidance.





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## 9 Endnotes

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<sup>2</sup> Duncan Maclennan et al., 'Making Better Economic Cases for Housing UNSW Sydney and NSW Federation of Housing Associations Inc', A Report to the New South Wales Federation of Housing Associations (Sydney: City Futures Research Centre, UNSW, March 2018), 7, [https://cityfutures.ada.unsw.edu.au/documents/481/Improving\\_economic\\_arguments\\_for\\_diverse\\_and\\_affordable\\_housing\\_models\\_for\\_Syd\\_2dCuytA.pdf](https://cityfutures.ada.unsw.edu.au/documents/481/Improving_economic_arguments_for_diverse_and_affordable_housing_models_for_Syd_2dCuytA.pdf).

<sup>3</sup> 'Profile: Australia's Community Housing Industry – Community Housing Industry Association', Community Housing Industry Association, accessed 4 September 2023, <https://www.communityhousing.com.au/profile-australias-community-housing-industry>

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<sup>6</sup> Christian Nygaard, 'Social and Affordable Housing as Social Infrastructure: A Literature Review for the Community Housing Industry Association' (Centre for Urban Transitions, Faculty of Health, Arts and Design, Swinburne University of Technology, 7 November 2019), 2.

<sup>7</sup> Nygaard, 2.

<sup>8</sup> Christian A. Nygaard, 'Cost of Inaction: Social and Economic Losses Due to the Social and Affordable Housing Shortage' (Melbourne: Centre for Urban Transitions, Swinburne University of Technology, 31 March 2022), 3, <https://www.communityhousing.com.au/wp-content/uploads/2022/05/CHIA-Everyones-Home-Wider-Benefits-Analysis-31.3.2022.pdf?x31751>.

<sup>9</sup> Nygaard, 3–5.

<sup>10</sup> Christian Nygaard and Trevor Kollmann, 'Social and Affordable Housing in Australia: A Social Cost- Benefit Analysis', Report produced for the Community Housing Industry Association (Melbourne: Centre for Urban Transitions, Faculty of Health, Arts and Design, Swinburne University of Technology, October 2023), [https://www.communityhousing.com.au/wp-content/uploads/2023/10/SCBA-Illustrator-Social-and-Affordable-Housing\\_after-peer-review-OCT-2023.pdf?x44817](https://www.communityhousing.com.au/wp-content/uploads/2023/10/SCBA-Illustrator-Social-and-Affordable-Housing_after-peer-review-OCT-2023.pdf?x44817).

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<sup>14</sup> Ryan van den Nouwelant, Laurence Troy, and Balamurugan Soundararaj, 'Quantifying Australia's Unmet Housing Need: A National Snapshot' (City Futures Research Centre, UNSW, November 2022), <https://cityfutures.ada.unsw.edu.au/documents/699/CHIA-housing-need-national-snapshot-v1.0.pdf>.

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<sup>17</sup> Ryan van den Nouwelant, and Laurence Troy, 'Costing social and affordable housing delivery across Australia' City Futures Research Centre, UNSW, October 2023

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