

19 October 2023

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

Homes for Homes' submission on the National Housing and Homelessness Plan

Homes for Homes welcomes the Australian Government's development of a National Housing and Homelessness Plan and appreciates the opportunity to make a formal submission.

Homes for Homes is an innovative model that has the capacity to raise substantial funding to increase the supply of social and affordable housing across Australia, now and for future generations.

Homes for Homes is a proven community-led solutions-focused model that works to increase the supply of social and affordable housing nationally. This approach is evidenced by the diversity of individuals and organisations who contribute to and support Homes for Homes on an ongoing basis.

Homes for Homes democratises the national challenge of solving homelessness, potentially allowing every Australian who owns a home the opportunity to help. Unlocking billions of additional dollars requires minimal support from government, and no additional funding.

Executive Summary

Homes for Homes does not compete with any governmental policies. Rather it augments the work being undertaken by all levels of government, community housing providers, and the wider community sector to increase the supply of social and affordable housing via a new source of sustainable funding.

The Homes for Homes model is simple: when a home sells, whenever that is, 0.1% of the sale price is donated to help build homes for those in need. The voluntary donations are tax-deductible and part of existing property transaction processes. Homes for Homes leverages both the money raised and existing expertise in the community to increase the supply of social and affordable housing.

While Australia is certainly not alone in facing a structural undersupply of social and affordable housing, meeting the challenge requires a substantial upscaling of investment in the sector.¹

We commend recent announcements of additional investment in social housing across state and federal governments, however there is still much to do.

¹ McKinsey Global Institute, *A blueprint for addressing the global affordable housing challenge*, McKinsey and Company, 2014.

As a new source of funding for social and affordable housing supply, Homes for Homes is well positioned to support and work alongside all government initiatives designed to address these challenges.

Conservative economic modelling show that if just 3% of residential properties were registered with Homes for Homes by 2050, Homes for Homes could realise over \$1 billion in donations.

Experience to date shows that this would leverage projects to increase the supply of social and affordable housing worth \$8 billion.

Given the nature of Homes for Homes' annuity style model, any acceleration of the registration of homes would exponentially increase funds available. **The Australian Government can amplify Homes for Homes' impact on a state-by-state basis by including in the National Housing and Homelessness Agreements (NHHA) two practices that have already been implemented on an ad-hoc basis in different jurisdiction:**

1. Embed Homes for Homes into any tender processes relating to new land releases or surplus land sales undertaken by state and territory governments; and
2. Amend state and territory planning regulations to direct local governments to provide incentives for applicants of multi-dwelling developments to participate in Homes for Homes.

Including these two practices would amplify the goal across all levels of government to deliver 1.2 million homes over the next five years. Leveraging these practices would expand partnership opportunities for Homes for Homes within the property industry and help the model to become embedded across entire property portfolios, not only at the initial tender or planning phase. This would accelerate registrations, exponentially increasing funds available. Examples are provided in this submission of where these practices are already in operation.

In addition, one of the clear messages coming from peak bodies at the stakeholder round table in Melbourne was that the National Housing and Homelessness Plan must encourage **additional sustainable** investment in social and affordable housing. This could be achieved by including Homes for Homes on all at-market properties delivered under the plan. Based on our initial analysis (conservatively estimating 60% of the 1.2 million dwellings delivered to be at market) there is an opportunity to raise \$1.9 billion by 2058 at no cost or risk to federal or state governments. This new sustainable funding has the potential to unlock \$15 billion of social and affordable housing projects for the benefit of all Australians.

This submission from Homes for Homes focuses on what we consider to be the highest priority of all the questions raised in the National Housing and Homelessness Issues Paper – how to grow the supply of, and therefore improve access to, social housing stock. And it provides information on how Homes for Homes can help achieve this goal with a long-term, sustainable funding model that will not rely on ongoing financial support from governments.

The support of Homes for Homes ensures a significant new recurrent income stream and allows funds to be granted to community housing providers where they are needed most.

Background

Tackling the shortage of social and affordable housing in Australia is a first-order priority with more than 122,000 Australians experiencing homelessness each night, while another 1.5 million live in serious housing stress. Homes for Homes is a community-led solution that allows for the problem to be shared across the community as whole.

Housing has the power to break the cycle of intergenerational poverty. All people have a right to safe and secure housing, yet Australia has a shortage of more than 600,000 social and affordable homes, projected to exceed 1 million by 2036.²

The flow-on effects make this shortage one of Australia's biggest social issues. The cost of doing nothing is significant. At its most basic, housing satisfies people's fundamental need for shelter from the elements. However, a house serves many other needs that allow people to function effectively.

In 2020, UTS prepared a research paper on behalf of Homes for Homes that analysed 100 international studies about prioritising permanent housing as a solution for homelessness. The research found overwhelming benefits to both homeless individuals and the wider community in systematically addressing the issue of housing shortages. Housing is a 'circuit-breaker' for people experiencing homelessness upon which they can make better decisions and build healthier, longer lives. The Australian Housing and Urban Research Institute (AHURI) calculated in 2013 that if health, justice, welfare, children-in-care, and eviction rates were reduced to population averages by providing housing, the cost offset for a single man would be \$44,137 annually, or \$1,058,491 over a lifetime.³ By providing a consistent funding stream to build more secure and stable housing, Homes for Homes helps to reduce pressure on government services, freeing up government resources to do more.

How Homes for Homes works

Ongoing donations to Homes for Homes raised through new and repeated property transactions deliver an increase in housing supply, now and for future generations. Without an innovative solution, the chronic shortage of social and affordable housing will continue to grow – demand simply cannot meet supply. Homes for Homes is part of that solution.

Incorporating Homes for Homes into residential development projects creates a unique opportunity for a new funding stream to be realised in the social and affordable housing sector without any adverse or unintended consequences. This can be achieved at no cost to

² Troy, L., Van den Nouwelant, R. and Randolph, B., (2019) *Estimating need and costs of social and affordable housing delivery*, City Futures Research Centre, UNSW Built Environment, UNSW Sydney

³ Zaretsky, K. Flatau P, Cleare A, Conroy E, Burns L, Spicer B. (2013) The cost of homelessness and the net benefit of homelessness programs: a national study. AHURI Final Report No.205. Melbourne: Australian Housing and Urban Research Institute.

government. Registering properties with Homes for Homes is also done at no cost to individuals or developers.

Homes for Homes is a sustainable funding stream designed to deliver an increase in the total stock of social and affordable housing. Funds are raised via owners agreeing to register properties with Homes for Homes. Later, at the time of sale, a tax-deductible donation of 0.1% of the sale price is donated to Homes for Homes.

Participation is recognised through a registration on the property title⁴, which acts as a gentle reminder of the owners' promise to donate at the time of sale. The donation flows seamlessly through the existing settlement disbursement process. Donations from each property sale remain in that state or territory. Donations are pooled and funding is granted to housing providers to increase supply of social and affordable housing. On average, every \$1 granted by Homes for Homes leverages an additional \$8 to increase the stock of social and affordable housing.



1. Homes registered



2. Properties sold



3. Funds donated



4. Money distributed



5. Homes built

Once a home or development is registered, it continues participating in Homes for Homes, encouraging all future homeowners to donate when they sell, until a property owner elects to withdraw.

Often individuals are unsure how they can make a difference to end homelessness – a seemingly insurmountable problem. Homes for Homes provides a simple and meaningful way for the entire community to contribute.

Australia's housing crisis can best be resolved by the whole community working together. Innovative initiatives that encourage the entire community to come together and make a difference to support those on the margins are desperately needed.

The Homes for Homes initiative can apply to the entire housing system as the core premise is simply to encourage small donations on property sales that accumulate into billions. Properties can include existing dwellings, new developments, and government housing stock (where a

⁴ Homes for Homes recognises participation on title via lodging a caveat on title which ranks in priority behind and is subordinate to any other dealing, while in Queensland registrations use the system of Administrative Advice.

donation would not be sought from government, but rather a long-term perspective taken that governments' participation facilitates any subsequent owner donating).

Homes for Homes provides additional value to the sector with no financial outlay required by government and no associated risk.

Capacity and capability constraints impacting growth of the community housing sector.

Community housing organisations play a critical role in providing safe, secure, and affordable rental housing for Australia's most vulnerable. In addition to increasing the supply of social and affordable housing, providers often also provide or coordinate social service supports (wrap-around services) for tenants, ensuring recipients receive integrated and coordinated services that work together to meet their needs.

Community housing providers consistently advise that their ability to increase housing stock just requires one thing and that's **money**. Homes for Homes is a long-term sustainable income stream for the community housing sector; one that is solely dedicated to increasing the supply of social housing.

Homes for Homes funding is often the difference that unlocks a project for a community housing provider.

Homes for Homes is a new source of funding, not a builder of homes nor a provider of services. When sufficient funds have been raised in a state or territory, community housing providers are invited to apply for grants via an open tender process.

Our experience across multiple grant rounds has shown that funds granted by Homes for Homes has a multiplier effect of 1:8. For every \$1 granted, Homes for Homes can unlock \$8 for the community housing sector. Typically, Homes for Homes has funded the crucial 10–20% equity component of a community housing project, meaning that Homes for Homes has been key to several projects securing the remaining capital required to become a reality.

Leveraging the multiplier effect means Homes for Homes' grant funding can be spread across more social housing projects – creating more homes to help end homelessness.

In only a few short years, Homes for Homes has already increased social and affordable housing supply, granting over \$1.8 million to 21 social and affordable housing projects, creating housing for more than 350 people.

Homes for Homes has the capacity to grant funding several times a year using our robust, efficient, and cost-effective governance process that ensures grants are disbursed in a timely manner so that projects can be delivered quickly.

Governance

Homes for Homes is governed robustly.

Established by Australia's largest and most successful social enterprise, The Big Issue, Homes for Homes is a not-for-profit company, limited by guarantee and endorsed as a Deductible Gift Recipient. All donations are tax deductible. Homes for Homes benefits from the knowledge, expertise, and networks of industry leaders.

Homes for Homes is independent from the finance, property, and community housing industries, while still working closely with each sector to create lasting partnerships and leverage expertise.

The Homes for Homes Board is responsible for authorising funding allocations to social and affordable housing providers. To assist in making funding decisions, the Board leverages the knowledge and expertise of Housing Advisory Groups in each state, which assess the grant applications against thorough selection criteria. Recommendations are then made to an industry-based Investment Advisory Group, which considers the proposals before endorsing to the Homes for Homes Board that funds be granted.

A full list of the Homes for Homes Board, Investment Advisory Group and Housing Advisor Group members can be found in Attachment 1 at the end of this document.

Developer support

In addition, Homes for Homes has the support of many developers who operate across Australia.

Since launching in 2015, Homes for Homes has over 40 developers who have committed development projects. In addition to the \$1.8 million already granted by Homes for Homes to Community Housing Providers, the 30-year projection of donations flowing from these developments alone exceeds \$68 million. Beyond our publicly recognised property partners, Homes for Homes is also in discussions with a further 50-plus developers.

The Green Building Council of Australia has included Homes for Homes as a 'leadership challenge' in their Green Star rating system. Developers can apply for up to two Green Star points when they include Homes for Homes in their development projects.

Government support

Homes for Homes is engaging state and local governments, statutory agencies, and industry associations across Australia to explore inclusion of its mechanism in projects and planning processes. While ultimately successful, such engagement is time consuming for a small organisation like Homes for Homes. However, if included in NHHA, the examples of government support below could be fast-tracked.

- Moreland City Council in Victoria was the first council in Australia to formally endorse Homes for Homes, which is now embedded within its design excellence scorecard.

Developers who commit to Homes for Homes via the scorecard are fast-tracked through the planning process.

- Bayside City Council, in Melbourne's southeast, has since unanimously voted that all planning permits issued for multi-dwelling developments must include a condition requiring the implementation of Homes for Homes, via a Section 173 Agreement under the Victorian Planning and Environment Act 1987. Analysis shows over \$13 million every 30 years could be raised from donations from multi-dwelling applications in this local government area alone.
- Kingston City Council in Victoria also recently voted to support Homes for Homes in a similar manner.

Increasingly, developers are including Homes for Homes in planning applications to demonstrate an additional social impact beyond existing levers used by local governments.

- LWP, a Western Australian developer, is working with the WA state government to roll out Homes for Homes on all joint venture projects.
- DevelopmentWA is favourably weighting proponents who participate in Homes for Homes when tendering for a development located at Shenton Park, minutes from Perth's CBD. And, more recently, DevelopmentWA announced the inclusion of Homes for Homes across eight of their master planned communities.

Integrating Homes for Homes across residential developments fast-tracks property registrations, providing a sustainable, long-term source of new funding to support the creation of social and affordable housing in Australia.

How can the Australian Governments help grow social housing stock?

By including a requirement in the NHHA that state and territory governments adopt the practices below, the Australian Government can accelerate and amplify Homes for Homes' impact significantly:

1. Embed Homes for Homes into any tender processes relating to new land releases or surplus land sales undertaken by state and territory governments; and
2. Amend state and territory planning regulations to direct local governments to reward applicants on multi-dwelling developments who participate in Homes for Homes, for example, providing uplift or application fast-track benefits.

A path forward...

The desire to solve homelessness in Australia is not the issue. Financial investment is what is needed. With the political and policy support of the Australian Government, Homes for Homes can become an integral part of everyday property transactions. It is a proven model that delivers additional recurrent income dedicated to increasing the supply of social and affordable housing nationally.

Again, we thank the Department of Social Services for providing the opportunity to make a formal submission on the National Housing and Homelessness Plan.

We are available to elaborate on any aspect of this submission, and our experience working in the sector, to assist governments increase the supply of social and affordable housing.

Yours sincerely

[Redacted signature]

[Redacted name]

Homes for Homes, and The Big Issue



Attachment 1

Homes for Homes Board

[REDACTED], Homes for Homes/The
Big Issue

[REDACTED] Super Housing Partnerships
[REDACTED] Kearney Group
[REDACTED] Blackhall & Pearl
[REDACTED] WFC Consulting
[REDACTED] Australian Banking Association

Homes for Homes Investment Advisory Group

[REDACTED] Australian Banking Association (ABA)
[REDACTED] Goldman Sachs Australia
[REDACTED] Homes for Homes/The
Big Issue

[REDACTED] PEXA
[REDACTED] Monash University
[REDACTED] RMIT
[REDACTED] Telstra
[REDACTED] Bespoke Approach

Homes for Homes Victorian Housing Advisory Group

[REDACTED] Housing NSW (Chair)
[REDACTED] Yarra Housing
[REDACTED] Homes for Homes
[REDACTED] Ministerial Advisory Council, Fisherman's Bend
[REDACTED] Vicinity Centres
[REDACTED] Consulting
[REDACTED] Arup
[REDACTED] Victorian Building Authority (Past member)

Homes for Homes City of Casey Housing Advisory Group

[REDACTED] Housing NSW (Chair)
[REDACTED] Vicinity Centres
[REDACTED] Fisherman's Bend
[REDACTED] Balcon Group
[REDACTED] Roz Hansen Consulting
[REDACTED] Hornsby & Co
[REDACTED] Affordable Development Outcomes
[REDACTED] Women's Property Initiatives
[REDACTED] Homes for Homes

Homes for Homes ACT Housing Advisory Group

[REDACTED] Housing NSW (Chair)
[REDACTED], Capital Airport
[REDACTED], Property Council of Australia
[REDACTED] Housing and Design Services
[REDACTED] Suburban Land Agency
[REDACTED]
[REDACTED] Homes for Homes
[REDACTED]
[REDACTED] SGCH [REDACTED]
[REDACTED] Woden Community Services [REDACTED]
[REDACTED] EY [REDACTED]

Homes for Homes NT Housing Advisory Group

[REDACTED] Housing NSW (Chair)
[REDACTED] Cairns Airport
[REDACTED] NT Community Visitors Program
[REDACTED] Northern Territory Land Corporation
[REDACTED] NT Department
of Local Government
[REDACTED] AHURI
[REDACTED] Aboriginal Housing NT
[REDACTED] NT Shelter
[REDACTED] Homes for Homes
[REDACTED] PEXA

Homes for Homes QLD Housing Advisory Group

[REDACTED] Housing NSW (Chair)
[REDACTED] Q Shelter
[REDACTED] PowerHousing Australia
[REDACTED] AHURI
[REDACTED] Avid Property Group
[REDACTED] Access Community Housing Company
[REDACTED] The University of Queensland
[REDACTED] Homes for Homes
[REDACTED] PEXA

Homes for Homes NSW Housing Advisory Group

[Redacted] Housing NSW (Chair)
[Redacted] NSW Land Registry Services
[Redacted] GBCA
[Redacted] UNSW Sydney
[Redacted] National Legal Aid
[Redacted] PCA
[Redacted] Homes for Homes
[Redacted] PEXA

Homes for Homes WA Housing Advisory Group

[Redacted] Housing NSW (Chair)
[Redacted] Curtin University
[Redacted] DevelopmentWA
[Redacted] Shelter WA
[Redacted] Eastcourt
[Redacted] PwC
[Redacted] Homes for Homes
[Redacted] MinterEllison
[Redacted] PEXA

