

How can governments and community service providers reduce homelessness and/or support people who may be at risk of becoming homeless in Australia?

Factors that may increase a person's risk of becoming or remaining homeless can include:

1. Structural factors: lack of affordable housing.
2. Personal circumstances: discrimination. poor physical or mental health. intellectual disability. drug and alcohol abuse. gambling. family and relationship breakdown.

Personal circumstance factors are highly unique and intricate. However any homelessness that is a result of housing unaffordability can be completely addressed with the correct focus on funding, legislation and policy.

Urban Bio specialises in tackling structural factors around the financial and economic risks of providing adequate and sustainable housing for all.

The hole in housing inventory.

A simple review of new housing completions compared to population growth demonstrates significant shortfall and housing provision which has amassed over numerous years.

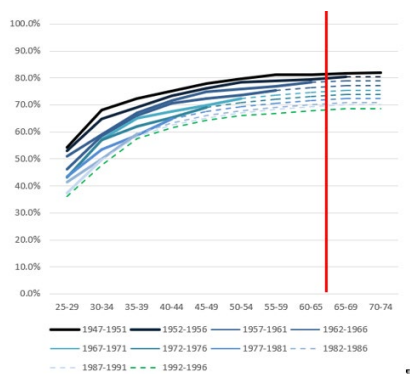
NIFIC estimated in 2023 that around 377,600 households are in need, including 331,000 in rental stress and 46,500 who are experiencing homelessness.

The age-old problem about to create political instability across Australia.

If you are a renter, and you have less than \$1m in savings at retirement (over and above your Super) you have a high chance of ending up homeless.

- Levels of home ownership are falling.
- Life expectancy is increasing
- Rents are skyrocketing
- Those who cannot afford to rent throughout their retirement are in severer risk of ending up homeless.

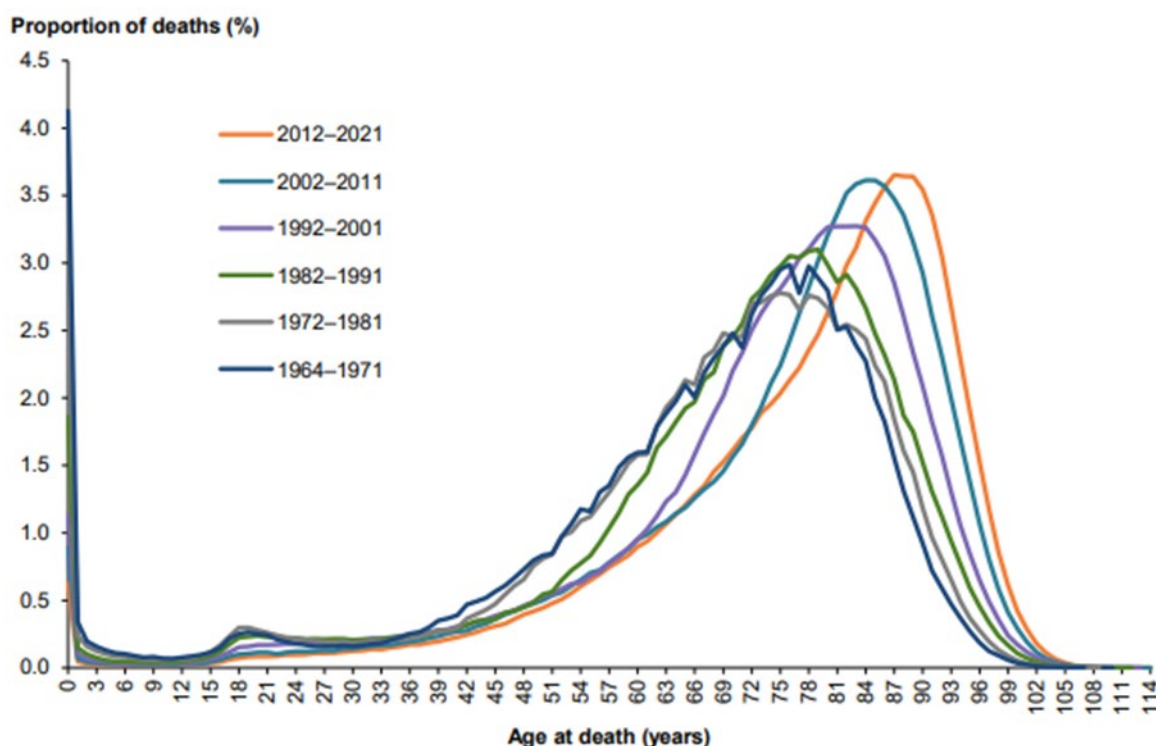
Due to undersupply of homes compared to demand, less Australians own their home. Of those currently under 30 year of age 1/3 are projected to be lifelong renters. As such they will have the added cost in retirement of having to rent.



Projected home ownership rates by year of birth

Over the past 5 decades, life expectancy in Australia has increased by 13.7 years for males (to 81.3) and by 11.2 years for females (to 85.4). It has increased at a rate of 3 months per year since the start of the 20th century. Within the decade to 2021, the most common age at death was 87 years for males and 91 for females. With significant medical breakthroughs it is likely this trend will continue and over the next five decades with a projected most common age at death being >100 years. Funding rental payments for an additional decade will be beyond the financial means of many retirees.

Figure 2: Proportion (%) of deaths by age at death and time period, Australia



Notes

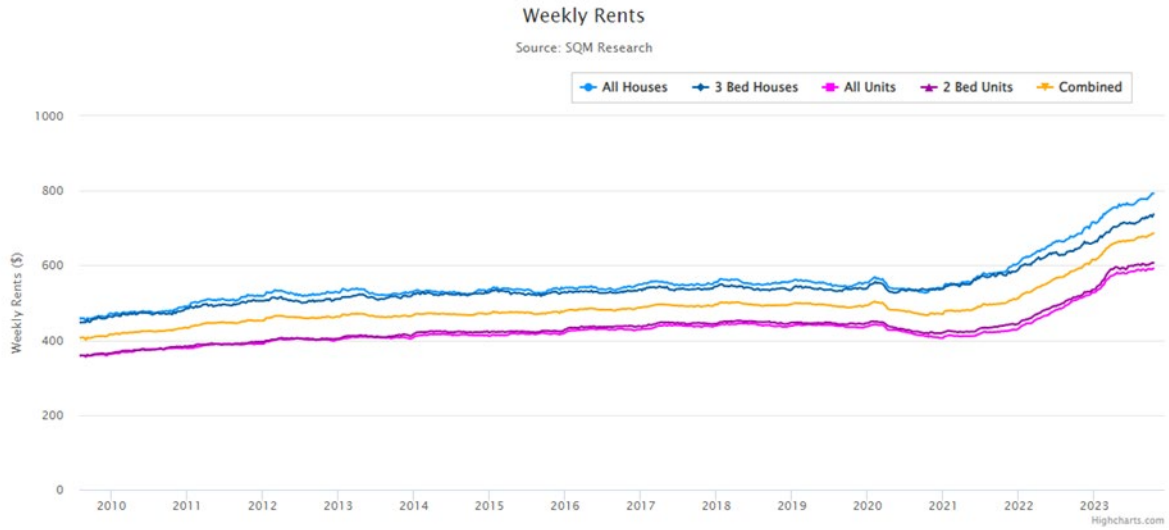
1. Deaths in 2021 include only those registered in 2021.
2. Excludes 8 deaths that exceed the validated sex-specific age at death in Australia.
3. Data for this figure are available in Supplementary Table S2.

Source: AIHW National Mortality Database.

The average rental on a 2-bedroom unit across Australia's capital cities is \$ 31,564 (SQM Research 2023) It is very hard to pay rent as a retiree, but if you want to retiree in place, in your home community in the eastern suburbs of Sydney, it is closer to \$48,000 per year.

WEEKLY RENTS

CAPITAL CITY AVERAGE



Approx time in retirement	2-bedroom unit annual rental	Total Cost Today's Dollars
30 years	\$ 31,564	\$946,920

*note the target Superannuation balance is calculated on the base assumption that all retirees own their homes outright at the time of retirement. It is assumed by ASFA that the Super Balance is only there to fund Daily essentials, health, family and social engagements.

ASFA Retirement Standard
Detailed budget breakdowns
September quarter 2022

ASFA Research and Resource Centre

The ASFA Comfortable Standard

health, vitality and connection in retirement

The minimum annual cost of a comfortable retirement.

Singles
\$48,266*

Couples
\$68,014*

Daily essentials	Staying fit and healthy	Staying socially engaged	Connecting with family
Housing • Council rates • Water, electricity, gas • Insurance • Internet/teko subscription • Home repairs and maintenance – • Fix leaking roof/repair plumbing • Replace broken household appliances • Run air conditioner or heater	• Health insurance • Pharmacy • Doctor/specialist visits • Exercise • In-patient services, rehab, physio, etc.	• Movies • Streaming services • Day trips – golfers/tennis/etc • Attending sports games • Visit to local club • Holidays	• Computer • Mobile/home phone • One domestic flight per year • One international flight every seven years

Groceries
 • Fresh food
 • Petting staples
 • Toiletries

Transport
 • Bus/train tickets
 • Petrol
 • Car ownership, insurance and maintenance/repairs

Clothing and footwear
 • Replace worn-out items
 • Medical wardrobe updates

Australia's trusted retirement savings companion since 2004

***For retirees aged 65-84 who own their own home.**

How to fund enough affordable housing to care for those vulnerable of becoming homeless.

The great stumbling blocks of affordable housing policy is how to fund it without blowing a hole in the national budget.

1. Subsidy or grant provided by government. Because the provision of affordable housing involves building something for market cost and renting it out at less than market rates it will never be the most economical pathway unless some form of top-up payment by govt is introduced. Due to the capital-intensive nature and the sheer number of dwellings required any Finance Minister will be coy about funding this through the national budget.
2. Through zoning uplift and bonuses for developments that incorporates affordable housing. When the permitted built form capacity of a piece of land increases so does the value of the land. Essentially re-zonings and max height bonuses for projects that include affordable housing can take the place of govt subsidy and help get projects to the hurdle rate. To have maximum effect these bonuses need to be generous to the point where they fully compensate for the cost of building the affordable units.

Diversity in approaches.

Diversity is a key risk mitigation strategy. A diverse ecosystem of parties looking to address the housing issues each with their own strengths and specialities. When one faces a challenging environment the others can pick up the slack. In the later half of the 20th century we had too much of a monoculture in delivery of social and affordable housing with Government Housing Initiatives being the primary delivery vehicle. When funding lines to these departments failed to keep up with demand we ended up with an affordable housing shortfall, as there were no other sectors to fill the void. This has been improved somewhat with the increased support / involvement of Community Housing Providers, opportunity for further diversity exists by engaging open market developers/asset managers.

Government housing initiatives have the strength of being consistent and have the potential to be countercyclical, active when the private market is in a downturn. Government entities also have access to vast tracts of underutilized land. They can encounter considerable uncertainty due to political uncertainty and can be subject to prolonged periods of limited funding.

Community Housing Providers have been a wonderful addition to the ecosystem complementing government and private actors they can leverage government land when it is tendered, access external funding and often have lower hurdle rates for projects. But their capacity is often subject to government funding rounds and government land tenders. There is huge potential to grow this sector if multiple new funding lines can be established. Some initial good work around the NHFIC bond aggregator and moves to potentially have equity funding through Super Funds they have been very positive initiatives we strongly encourage furthering these initiatives.

Open market developers. Are the party with the greatest skills, innovation and scale to properly mend the shortage of affordable housing Australia faces. The challenge is they are incentivized through a risk return matrix and the way the economic incentives have been created through the conventional planning and finance rules means the provision of affordable housing is almost never the highest and best use on a risk adjusted return basis and so this party is barely involved in tackling the issue.

There has been a real focus on how to find the redevelopment of government provided housing estates through the inclusion of for market houses in those developments. This has some merit as the full market priced dwellings can help subsidise the redevelopment of the site and it creates a more diverse community. This concept however, if inverted would have exponentially more scale. If we can convince open market developers to include an element of affordable housing in their developments we're starting to talk a scale of opportunity that would radically change the housing outcomes for Australians.

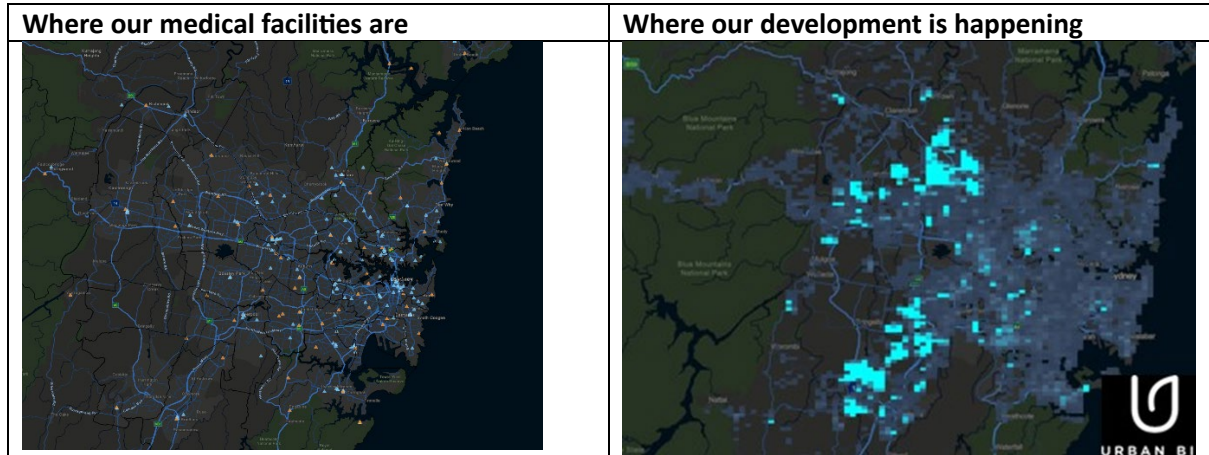
The inherent issue with only permitting affordable housing within residential zones is that it will never be the highest and best permitted use for taking on slightly less risk through the planning and finance stages of the project the developer/housing provider will always get a better return from doing full priced market development.

We strongly recommend creating mechanisms through the planning pathways that would mean across vast tracks of land the optimum financial outcome for developer would be to include 10 to 25% affordable product within their development. Incentivise this through building footprint bonuses set at a level that more than pays for the cost of providing the affordable product, and or permitting affordable housing and non residential zones such as neighbourhood centres light industrial commercial if they are located within one kilometre of mass transport station. The quantum of land zoned "low density residential" around the country even though it is within 400m walk of a public transport stop is inexcusable.

faster and more certain planning pathways for developments that include a portion of affordable housing

We need more urban infill.

Due to council politics we are building the majority of new dwellings a huge distance from CBD's and public transit lines there is no social infrastructure. Yet the wealthier inner suburbs with strong connectivity to jobs, social infrastructure and transportation nodes are not increasing their zoning.



Thank you for taking time to read our submission.