

Submission Housing Legislative Package

January 2023

Introduction

Homelessness Australia is the national peak body for homelessness in Australia providing systemic advocacy for the homelessness sector. We work with a large network of organisations to provide a unified voice when it comes to preventing and responding to homelessness.

Homelessness Australia (HA) welcomes the opportunity to provide a response and recommendations for amendments to the Housing Legislative package, including the Housing Australia Future Fund Bill, National Housing Supply and Affordability Council Bill, and the Treasury Laws (Housing Measures No. 1) Amendment Bill.

HA has welcomed the Government's housing and homelessness commitments and actions to strengthen housing and homelessness policy and collaboration, including the commitment to a National Housing and Homelessness Plan, the reconvening of the Housing and Homelessness Ministerial Council, creation of the National Housing Supply and Affordability Council and the Housing Accord, funding commitments to the Housing Australia Future Fund, and NT remote Indigenous housing and the repurposing of the National Housing Infrastructure Facility (NHIF).

Our focus in responding to the legislative package is recommendations for amendments that will strengthen the impact of the legislative program on the nation's housing affordability problem and homelessness crisis.

Summary of recommendations

1. That the purpose of the Housing Australia Future Fund be amended to:
 - a. specify that grants are for the purposes of delivering social and affordable *rental* housing,
 - b. define each of these terms to clarify the income levels of tenants, proportion of housing spent on housing costs or required discount to market rent, and
 - c. indicate that the grants program overall aims to *reduce or address* acute housing need and homelessness, rather than *in relation to* housing.
2. That the HAFF Bill be amended to:
 - a. require social and affordable rental housing delivery resourced by the HAFF to comprise $\frac{2}{3}$ social housing and $\frac{1}{3}$ affordable rentals,
 - b. include targets for homes for women and children and other victim survivors fleeing domestic and family violence, and for Aboriginal and Torres Strait Islander community-controlled housing, and

- c. restrict grants other than to a state or territory to regulated not for profit entities, and not to private individuals or private sector investors.
3. That the HAFF Bill be amended to:
 - a. limit the Minister's discretion in relation to disbursements from the HAFF
 - b. make it explicit that, should the revenues from the HAFF be insufficient to meet contractual obligations, the Government will provide additional funding to cover the shortfall, and
 - c. insert a requirement to maintain the real value of the \$10 billion fund, as a minimum level.
4. That the legislative package be amended to include a requirement for the Government to produce, review and update a long term National Housing and Homelessness Plan.
5. That the HAFF Bill be amended to:
 - a. bring forward the HAFF review to coincide with the delivery of the 10-year National Housing and Homelessness Plan
 - b. include in the HAFF review an assessment of the investment needed to fund the scale of social and affordable rental housing identified as needed to significantly reduce acute housing need and homelessness
 - c. require the responsible Minister to report to Parliament annually on the outcomes and impact of the HAFF, including the number of social, affordable and Aboriginal community controlled rentals delivered, any costs debited from the HAFF in relation to costs and other obligations incurred by the Future Fund Board, and the outstanding shortfall of social and affordable rentals.
6. That amendments to the legislative package be made to improve the clarity around responsibilities and to enable Housing Australia to adopt a broader remit, if not immediately, than over time, including:
 - a. inserting an additional function under Section 9 of the National Housing Supply and Affordability Council Bill to advise the Minister on the development, implementation and delivery of a National Housing and Homelessness Plan
 - b. expanding the delegations of the Housing Minister under Section 64 of the HAFF Bill to include senior officials in Housing Australia and other Commonwealth entities, and
 - c. adjusting Division 3, clause 31 of the National Housing Supply and Affordability Council Bill to enable the Council's secretariat and other functions to be carried out by Housing Australia.
7. That the National Housing Supply and Affordability Council Bill be amended to insert an additional clause under membership that the Minister must ensure that:
 - a. the Council members collectively have an appropriate balance of qualifications, skills or experience in the fields mentioned in subsection (2),
 - b. at least two Council members have appropriate qualifications, skills or experience in social housing or homelessness, child and youth homelessness, Aboriginal and Torres Strait islander homelessness and/or domestic and family violence homelessness,

- c. an additional Aboriginal and or Torres Strait Islander representative is appointed with the appropriate qualifications, skills and experience outlined in sub section 2.
8. That Section 18 of the Treasury Laws Amendment Bill be amended to include a requirement to include at least two people on the Housing Australia Board with experience in social and affordable housing or Aboriginal and Torres Strait Islander housing and homelessness.

Housing Australia Future Fund Bill 2023

Clarity of purpose

The Government commitments in relation to the HAFF include that it build 20,000 social and 10,000 affordable rental homes, including 4,000 targeted to women and children fleeing violence, as well as further specific commitments around remote Indigenous housing, crisis and transition housing for women and children fleeing violence and older women, and veterans housing. These commitments indicate a focus on addressing acute housing need, and delivery of homes to highly vulnerable cohorts.

To better reflect these commitments in the legislation, and future proof the Housing Australia Future Fund focus on acute housing need, a clearer definition is needed for the purposes of grants from the fund.

Currently, the Bill indicates that grants may be made in relation to 'acute housing needs, social housing or affordable housing'. Homelessness Australia recommends that this purpose be amended to:

- specify that grants are for the purposes of delivering social and affordable *rental* housing,
- define each of these terms to clarify the income levels of tenants, proportion of housing spent on housing costs or required discount to market rent, and
- indicate that the grants program overall aims to *reduce or address* acute housing need and homelessness, rather than *in relation to* housing.

In order to ensure the delivery of homes that will have the maximum impact on acute housing needs and homelessness, both now and into the future, the Bill should also specify the minimum proportion of resources to be directed to delivering social housing relative to affordable rental housing. Homelessness Australia proposes maintaining the commitment to $\frac{2}{3}$ social housing and $\frac{1}{3}$ affordable rentals, as well as retaining targets for homes for women and children and other victim survivors fleeing domestic and family violence. Targets should also be included to articulate the proportion of Aboriginal and Torres Strait Islander community-controlled homes delivered to meet the needs of Aboriginal and Torres Strait Islander communities.

The legislation also currently allows for grants to be made to any person or body in relation to acute housing needs. In order to realise the intent of the HAFF to grow social and affordable

rental housing, Homelessness Australia recommends that grants other than to a state or territory be restricted to regulated not for profit entities, and not to private individuals or private sector investors.

Delivering outcomes and new investment models

Homelessness Australia supports the intent of the HAFF to develop mechanisms and create a vehicle for institutional investment into not for profit social and affordable housing. This is an important opportunity to utilise the vast investment capacity of super funds to grow much needed social and affordable rental housing and develop investment models that can be scaled. However for this to be effective, potential investors need to be assured of the reliability of ongoing funding and policy stability. The provisions in the legislation for significant Ministerial discretion to make payments to the states creates a perception risk for investors that resources necessary to meet commitments, which may extend over several Governments, may not be available.

The provision in the legislation in Part 2, Division 4, section 15, that 'the Future Fund Board take all reasonable steps to ensure that the balance of the Housing Australia Future Fund Special Account is sufficient to cover the debits of amounts for the purposes specified in sections 12, 13 and 14', is not an adequate protection, as the mechanism available to the Board to meet commitments is to 'realise an investment of the Housing Australia Future Fund', which would reduce the value of the Future Fund investment.

The capacity of the Fund to meet the objective of a long term program of social housing delivery is also uncertain without an assurance that payments will be indexed to meet increasing costs, and the Fund topped up and/or surplus returns reinvested to enable increased payments to be made. The challenge of the increased cost of delivery of social housing is particularly acute at the moment as a consequence of recent steep increases in construction costs and interest rates.

Homelessness Australia recommends that the legislation be amended to:

- limit the Minister's discretion in relation to disbursements from the HAFF
- make it explicit that, should the revenues from the HAFF be insufficient to meet contractual obligations, the Government will provide additional funding to cover the shortfall
- insert a requirement to maintain the real value of the \$10 billion fund, as a minimum level.

Delivering to the scale of need

The Housing Australia Future Fund (HAFF) is being developed in a context of acute and growing housing need among low income Australians and a growing crisis of homelessness. Recent research commissioned by the Community Housing Industry Association revealed the shortfall of 659,0000 social and affordable rentals at the last Census, with housing need projected to increase to almost 1 million homes by 2041. Australia currently has record low

vacancy rates, and just reported a record annual increase in rents of 10.2 per cent in the year to December 2022.

This shortage of social housing directly drives homelessness, and makes it far more challenging to address homelessness. Analysis of AIHW Specialist Homelessness data reveals that only three per cent of women fleeing family violence received the long term housing they needed for the 2020 and 2021 financial years. The Nowhere to Go report commissioned by Everybody's Home in 2022 revealed that 16,810 homes are needed each year to prevent women fleeing violence becoming entrenched in homelessness or returning to violent homes because they have nowhere to go.

This shortfall of rental homes that people on low incomes can afford is causing immense harm in the community, with long term impacts on health and wellbeing, and more people pushed into homelessness. It also has significant economic impacts.

While the HAFF will make an important contribution to growth in social and affordable housing, it represents only a fraction of what is needed to address these issues. The HAFF could make a more significant contribution to addressing need by including mechanisms for review and reporting on acute housing need, and linking a needs assessment to a structured process of crediting further resources to the HAFF to enable it to fund a scale of social and affordable rental housing that will reduce acute housing need.

Including the Government's commitment to develop a national housing and homelessness plan, which is currently not included in the legislative package, as a requirement of Government, would be one way to enable this structure. The Canadian 'National Housing Strategy Act' provides an example of legislation that requires regular production, review and updating of a national plan. The Bill already includes provision to review the HAFF, which could be brought forward to coincide with the delivery of a National Housing and Homelessness Plan.

Homelessness Australia recommends that:

- the legislative package include a requirement to produce, review and update a long term National Housing and Homelessness Plan,
- the HAFF review be brought forward to coincide with the delivery of the 10-year National Housing and Homelessness Plan,
- this review include an assessment of the investment needed to fund the scale of social and affordable rental housing identified as needed to significantly reduce acute housing need and homelessness, and
- the HAFF legislation be amended to require the responsible Minister to report to Parliament annually on the outcomes and impact of the HAFF, including the number of social, affordable and Aboriginal community controlled rentals delivered, any costs debited from the HAFF in relation to costs and other obligations incurred by the Future Fund Board, and the outstanding shortfall of social and affordable rentals.

Leadership and coordination

Homelessness Australia welcomes the new capacity for policy leadership on housing created by the transfer of the National Housing Finance and Investment Corporation to Housing Australia and the creation of the National Housing Supply and Affordability Council. However, while each body potentially has an important role to play, the legislative package lacks sufficient clarity about how each body relates to each other, and where the responsibility for policy leadership lies, particularly in relation to homelessness.

Homelessness is mentioned in the National Housing Supply and Affordability Council Bill as relevant to its research agenda, but reducing or ending homelessness is not included as an objective of the Council. Homelessness expertise is included as one potential area of expertise for membership of the Council, which is welcome. Neither the HAFF Bill nor the Treasury Laws Amendment Bill specifically mention homelessness.

The Government has indicated that the Department of Social Services will develop the National Housing and Homelessness Plan, but the Treasury Department will support the operations of Housing Australia, and sit on the National Housing Supply and Affordability Council. The legislation indicates that the National Housing Supply and Affordability Council will advise the HAFF Board and undertake research on housing need, and that research undertaken by Housing Australia will be constrained from its current scope to research to assist it in the performance of its functions. Neither Housing Australia nor the National Housing Supply and Affordability Council will have a relationship with the States or local government who also have a critical role to play in addressing housing need and reducing homelessness. It is not clear which Department will drive the Accord.

While acute housing need is the major driver of homelessness, and makes it more difficult to resolve homelessness, the legislative package doesn't recognise that housing is not the only cause or issue that needs to be addressed to significantly reduce or end homelessness. A policy architecture to end homelessness needs authority across many areas of Government, as well as including diverse expertise, including in housing, domestic and family violence, child and youth homelessness, Aboriginal homelessness, mental health and disability.

The structure of relationships articulated in the legislative package is far less clear, and risks being far less effective, than the model envisaged in Labor's Housing policy prior to the election in which Housing Australia was to be guided by the National Housing Supply and Affordability Council, undertake research into housing need, and develop the National Housing and Homelessness Plan. While this model would have needed the National Housing Supply and Affordability Council to have reducing homelessness specifically included as a purpose of the Council, and homelessness expertise specifically required on the Council to be effective, it nonetheless provided a cleaner policy architecture.

Homelessness Australia recommends that amendments be made to the legislation to improve the clarity around responsibilities and to enable Housing Australia to adopt a broader remit, if not immediately, than over time, including:

- inserting an additional function under Section 9 to advise the Minister on the development, implementation and and delivery of a National Housing and Homelessness Plan or Strategy
- expanding the delegations of the Housing Minister under Section 64 of the HAFF Bill to include senior officials in Housing Australia and other Commonwealth entities
- Adjusting Division 3, clause 31 of the National Housing Supply and Affordability Council Bill to enable the Council's secretariat and other functions to be carried out by Housing Australia.

Membership of the National Housing Supply and Affordability Council

Homelessness Australia notes that the membership of the Interim National Housing Supply and Affordability Council includes members with a good balance of skills and expertise, with the exception of an Aboriginal and Torres Strait Islander representative. Given the significant overrepresentation of Aboriginal and Torres Strait Islander people in homelessness, and specific challenges they experience in the housing market, we recommend positions be designated for suitably experienced representatives from Aboriginal and Torres Strait Islander communities.

Homelessness Australia also recommends strengthening clause 22 on appointments to ensure that the balance of skills and expertise is retained over the long term and that the interests of low income renters and people without homes are represented. Given the complexity of homelessness, and different causes, including, but also separate from housing need, it is important to include persons with expertise in child and youth homelessness, and domestic and family violence as well as general homelessness.

Membership of the Housing Australia Board

Given the expansion of Housing Australia's role, and Homelessness Australia's recommendations for further expansion beyond the remit currently in the Bill, it is important that the membership include more than the current requirement for one Board member with skills or experience in social and affordable housing. Homelessness Australia recommends that Section 18 of the Bill be amended to include at least two people with experience in social and affordable or Aboriginal and Torres Strait Islander housing and homelessness.