



23 February 2023

Senate Standing Committee on Economics
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Dear Committee Members,

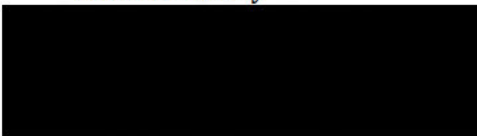
Anglicare Australia welcomes the opportunity to provide input to the Economics Legislation Committee regarding the Housing Legislative Package.

We note that the package remains substantially the same as the exposure draft previously released for comment. As such our feedback to that process remains relevant. We attach it below for your consideration.

Anglicare Australia believes there is much that can still be done to strengthen the legislative package, and ensure it meets the scale of the housing crisis. This is particularly important in light of current economic conditions. With interest rates and inflation at higher rates than expected, the fund may not generate the forecast returns without additional investment.

We look forward to working with the Committee and the Parliament and would welcome the opportunity to further discuss our proposals in this area. Please do not hesitate to be in touch if you would like to discuss the issues raised in greater detail.

Yours sincerely



Kasy Chambers
Executive Director

To whom it may concern

Re: Consultation on the Housing Legislative Package

Anglicare Australia welcomes the opportunity to make this submission on the Government's Housing Legislative Package, including the Housing Australia Future Fund Bill, National Housing Supply and Affordability Council Bill, and Amendment Bill. The introduction of this package could not be more timely.

Anglicare Australia applauds the Government's desire to show leadership in this area, and this package represents a start to addressing housing affordability. Yet the measures proposed do not match the scale of the housing crisis.

The Commonwealth is the only level of government that can provide the necessary funding and leadership to help ensure that every Australian has access to a home they can afford. In this submission, Anglicare Australia offers proposals to strengthen the Housing Legislative Package and help end the undersupply of affordable housing.

National Housing Supply and Affordability Council Bill

Housing supply is perhaps the most prominent answer to housing affordability. It is the favoured solution of the development industry, property commentators, and drives the logic behind the Federal Government's recently announced National Housing Accord. Yet the reality is that Australia has an oversupply of dwellings compared to its needs and demographics.ⁱ Between 165,000 and 240,000 new dwellings are already built across the country each year.ⁱⁱ Increasing supply in the private market has simply failed to make housing more affordable. The undersupply is not in housing, but in social and affordable housing.

In walking away from social housing, governments have assumed that the private rental market would provide enough affordable housing for those who need it. That has been shown to be false. Analysis by the Australian Housing and Urban Research Institute shows that governments' move away from directly supplying housing towards a reliance on 'demand-side assistance,' such as rent assistance, has led to a housing market that has never been less affordable. The shortage of affordable rentals for low-income households grew between 1996 and 2011, contradicting the theory that housing supply in the private market would 'filter' into low-rent accommodation over time.ⁱⁱⁱ A major effort will be required to change course and end this shortfall. A recent analysis has estimated the additional social and affordable housing required to meet the present need and the projected population growth to 2026. The analysis focused on people who are waiting for social housing as well as those on low and moderate incomes paying more than 30 percent of their income in rent in the private market. The data shows Australia will need an additional 500,000 social and affordable homes to meet these needs.^{iv}

The proposed National Housing Supply and Affordability Council is an opportunity to focus on that shortfall and provide advice on specific strategies to address it. In reviewing the Exposure Draft for the National Housing Supply and Affordability Council Bill, Anglicare Australia is concerned by the lack of focus on this shortfall and how to end it. Anglicare Australia recommends that:

- Instances referring to the Council's role as advising on "housing supply and affordability" be amended, so that the Council is advising on "the supply of affordable housing";
- The Council's functions be expanded to advise on strategies to end the shortfall of social housing, rather than simply monitoring conditions that impact social housing; and
- The Council's membership include representatives of the homelessness sector, housing sector, and tenants.

We further recommend that the secretariat for the Council be removed from Treasury, as proposed in the Exposure Draft, and placed within Housing Australia. It is critical that both the Council and Housing Australia are independent of Government in order to focus on boosting the supply of social and affordable housing for those who need it, and provide frank advice on the role of Government and the scale of investment required to meet these goals.

Establishing Housing Australia and the Treasury Laws Amendment Bill

Prior to the Federal Election, the incoming Government pledged to create Housing Australia to expand and build upon the work of the National Housing Finance and Investment Corporation, not simply to rename it. Unfortunately, the scope of Housing Australia as proposed in the Exposure Draft is much narrower than the role canvassed with the sector prior to the election. As currently conceived, establishing Housing Australia would simply involve renaming the National Housing Finance and Investment Corporation and having it administer housing-related programs. Finance and program delivery will simply not solve the housing crisis or end our social housing shortfall.

Anglicare Australia supports the creation of a body whose role it is to understand Australia's housing crisis and find ways to address it, working with the Council and managing the funds it is given to deliver affordable homes. Actors such as Federal, State and Territory Governments; developers; and investors all bring competing priorities to this area. Housing Australia has the potential to be an independent voice solely focused on delivering affordable housing to those who need it. Such a body would have a public interest remit and strength that allows it to withstand political changes and changes of government.

Anglicare Australia recommends the Treasury Laws Amendment Bill be re-worked and broadened to enable Housing Australia to serve the role it was initially conceived to fulfil. We would be pleased to work with other representatives of the housing sector, and the Government, to pursue these changes when the Bill is referred to a legislative committee.

Housing Australia Future Fund Bill

The proposed Housing Australia Future Fund would create ‘off budget’ funding for 20,000 social housing dwellings over the first five years. This is a welcome first step, but will not come close to meeting the social housing shortfall. Taking on the shortfall will require building 25,000 social homes each year for two decades.

Given the scale of Australia’s social housing shortfall, it is critical that the Housing Australia Future Fund be designed in a way that treats the Government’s modest off-budget plan as a floor, rather than a ceiling. Unless the Government is willing to allocate additional funding, this will mean doing as much as possible to attract institutional investment by ensuring the adequacy of returns. To this end, Anglicare Australia recommends adding a clause to the Bill ensuring the Government meets its obligations to investors and assuring the adequacy of returns.

It is also critical that the Housing Australia Future Fund does not become a vehicle to raise revenue for other parts of the Federal Budget. Anglicare Australia recommends adding a clause to the Bill requiring that the Government at least maintain its value, and reinvest any surplus generated back into the Fund. This offers some opportunity to make inroads into the social housing shortfall, and protects the Fund from being raided or undermined by future governments.

Final comments

While this package is a welcome first step, it is important to remember that the current Government has inherited decades of under-investment in social housing. After investing strongly in social housing as its main housing intervention, the last three decades have seen governments withdraw from this responsibility. Social housing stock has simply not kept pace with the growth in population,^v with demand now far outweighing supply. Housing has become less and less affordable over that same period.

Turning this around will cost money. Simply maintaining the current share of social housing as a proportion of Australia’s housing stock will require construction of 15,000 new social housing properties a year.^{vi} The current rate of social housing construction is about 3,000 dwellings a year.^{vii}

Put simply, it is not possible to end Australia’s housing crisis off-budget. It will require a major capital investment, and a plan to sustainably fund and maintain social housing. For this reason, Anglicare Australia’s recommendations aim to ensure that this package is not limited to delivering the commitments the Government has already made, but can be built upon in future to match the scale of the crisis faced by Australians navigating the housing market.

We applaud the Government's desire to lead and drive a response to the housing crisis, rather than simply leaving this work to the private sector and State and Territory Governments. The proposed package could form a strong foundation for that response. Our hope now is to work with the Federal Government, the National Housing Supply and Affordability Council, and Housing Australia to build on that work.

ⁱ Centre for Social Research and Methods (2017) [Regional housing supply and demand in Australia](#). Australian National University.

ⁱⁱ Australian Bureau of Statistics (2022) [Building Activity, Australia](#).

ⁱⁱⁱ Australian Housing and Urban Research Institute (2015) [Supply shortages and affordability outcomes in the private rental sector: short and longer term trends](#).

^{iv} SGS Economics (2021) [Economic Impacts of Social Housing Construction](#).

^v Australian Institute of Health and Welfare (2018) [Housing Assistance in Australia 2018](#).

^{vi} Ibid.

^{vii} Ibid.