



21 February 2022

Mr Alan Raine
Committee Secretary
Senate Economics Legislation Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

Inquiry into the Housing Australia Future Fund 2023 package of bills

Thank you for the opportunity to make a submission to the Senate Economics Legislation Committee's the Housing Australia Future Fund 2023 package of bills. The Australian Government is to be commended for the pace and ambition of the legislative agenda being pursued through this legislative package, and for moving not only to directly respond to the housing crisis, but to work in partnership with other tiers of government, community sectors and industry in addressing these complex housing system challenges seen across the nation.

Housing Australia Future Fund Bill 2023

The Housing Australia Future Fund (HAFF) Bill 2023 creates a funding stream to support and increase social and affordable housing, and other acute housing needs, including addressing the particular needs of remote Indigenous communities and housing services for women, children and veterans. The HAFF aims to increase supply of social housing and affordable housing, supporting people into home ownership and investing more in acute housing needs. The HAFF Bill establish a sustainable funding source towards the delivery of these aims.

The HAFF is supported by a package of reforms, including:

- a National Housing Supply and Affordability Council (the Council) to independently advise the Australian Government on options to improve housing supply and affordability
- expansion of the remit of the National Housing Infrastructure Facility (NHIF) to support new social and affordable housing supply
- revision of the remit of the National Housing Finance and Investment Corporation (renamed as Housing Australia) to deliver the Government's social and affordable housing programs.

This package of reforms aligns with the development of a National Housing and Homelessness Plan, as well as the National Housing Accord.

The Government intends that in the HAFF's first five years, disbursements will support:

- 20,000 homes to provide social housing (of which 4,000 would be allocated to women and children leaving or experiencing domestic and family violence and older women on low incomes who are at risk of homelessness), and
- 10,000 affordable homes for key workers.

The Government intends that, over the same time period, the HAFF would provide:

- \$200 million for the repair, maintenance and improvements of housing to meet the specific needs of remote Indigenous communities
- \$100 million for crisis and transitional housing for women and children leaving or experiencing domestic and family violence, and older women on low incomes at risk of homelessness, and
- \$30 million to build housing and fund specialist services for veterans experiencing or at risk of homelessness.

The HAFF Bill also provides for channelling of State/Territory grants through the COAG Reform Fund. This provision allows the Housing Minister (or other designated Minister including the Indigenous Australians Minister, the Social Services Minister or the Veterans' Affairs Minister) to request the Finance Minister to transfer a specified amount (the amount of the grant) from the HAFF Special Account to the COAG Reform Fund.

A notable absence from the HAFF Bill, and from both the other bills in the package, as well as from the extensive explanatory notes that accompany the bill package, is a definition of Affordable Housing. What is meant by the term 'affordable housing' is often less clear than related terms such as 'public housing' 'social housing' or 'community housing.' There is no common meaning across jurisdictions. In some jurisdictions, 'affordable housing' may be defined based on a household's income, for others it may be defined as a housing rent or price that is lower than the prevailing local market. Some jurisdictions use the term only in reference to rental housing, for others it includes home ownership as well.

Use of the term 'affordable housing' should be broadly consistent; more importantly, each project relating to 'affordable housing' needs to clearly articulate what form of affordable housing the project is delivering and for whom. This does not mean that all projects need to use the same definition of 'affordable housing.' For example, while it is not necessary (or perhaps even appropriate) for the HAFF Bill to impose a definition of affordable housing that risks restricting innovation in funded projects, or incompatibility with a jurisdictions' existing definitions, it would be preferable (or could be operationally required as part of application assessment) that all projects

funded through the HAFF include clear definitions of what affordable housing is being provided, and to whom.

When ‘affordable housing’ projects operate without a stated definition, there may be ambiguity about whether they are funding new social housing; new ‘for purchase’ housing; or implementing strategies to encourage the private market to supply new housing (whether for rent or for sale). It means there isn’t clarity around whether an affordable housing project is targeted at very low-, low- or moderate-income households, or key workers. A lack of definition can also mean evaluations of ‘affordable housing’ projects are potentially inconsistent and unreliable.

The aspirations of the HAFF and related legislation are broad ranging and worthy, with appropriate specific targets for cohorts with specific needs.

Treasury Laws Amendment (Housing Measures No. 1) Bill 2023

The Treasury Laws Amendment (Housing Measures No. 1) Bill 2023 amends legislation relating to the National Housing Finance and Investment Corporation and its transition to Housing Australia. This Bill addresses matters arising from the enactment of the *Housing Australia Future Fund Act 2023*, as well as a range of largely administrative matters. AHURI notes these amendments, in particular the extension of the Commonwealth guarantee (a key recommendation of the NHFIC Review in 2021).

AHURI also understands that Housing Australia’s research function will focus more closely on work to assist Housing Australia in the performance of its financing, guarantee and capacity building functions. AHURI supports this approach, which is also consistent with the recommendations of the NHFIC Review, which was critical of the focus and value of research outputs.

While beyond the scope of the Amendment Bill, AHURI would further recommend that research outputs be peer-reviewed to ensure high-quality independent research outputs. Further, AHURI remains willing to assist with peer-review and quality assurance in these endeavours.

National Housing Supply and Affordability Council Bill 2023

The National Housing Supply and Affordability Council Bill 2023 provides the legislative framework for the Council and the role it will undertake in relation to the HAFF. Through our regular acquittal reporting to the Australian Government, AHURI has been recommending that the Government establish a National Supply and Affordability Council since the abolition of the National Housing Supply Council in late 2013. AHURI’s recommendations in this regard have focused on the importance of advice and high quality data examining not only housing supply, but also housing need, as well as housing affordability. AHURI is therefore strongly supportive of the establishment of the National Supply and Affordability Council (the Council).

AHURI also notes the announcement of the interim Council, to operate until the Council is established permanently through legislation, and is applauds the composition of the interim Council.

The Council (including the interim Council) will operate as an independent advisory body to the Government. The Government expects that the Council will contribute a strong evidence base to support the Commonwealth in developing housing policy positioning the Government to closely collaborate with the States and Territories on increasing housing supply and improving housing affordability.

AHURI notes that the National Housing Research Program (NHRP) has established a substantial and high quality evidence base on housing policy issues, and through this and other programs AHURI is already engages with key policy stakeholders and contributes to housing and homelessness policy thinking at state and commonwealth levels. While understandably beyond the scope of the draft legislation, it will be important that there is good communication and coordination between AHURI and the Council. To this end, AHURI will continue to engage positively with the Commonwealth in developing appropriate mechanisms for this coordination to assist the Government to make evidence-based policy and funding decisions.

The Housing Council Bill establishes the Council as an independent statutory body to advise the Government on housing affordability and supply (a 2022-2023 October Budget measure). This replaces an interim arrangement where the Council was established as a non-statutory body. The Housing Council Bill established that the Council will give advice to the Minister on the allocation of disbursements between Housing Australia, the COAG Reform Fund and the HAFF Payments Special Account from the HAFF Special Account.

As articulated in the Housing Council Bill, the Council's functions include:

- reporting to the Minister on housing supply and affordability matters, including matters that the Council relevant, or as requested by the Minister
- reporting on conditions in the housing sector that impact on home ownership, housing supply and affordability, rental affordability, homelessness, and the provision of new social and affordable housing supply
- working collaboratively with other Commonwealth bodies, State, Territory and local governments and other stakeholders in the housing sector to support the collection and publication of nationally consistent data, and
- providing advice to the Minister to inform appropriate allocations of disbursements from the HAFF.

AHURI supports each of these functions, and notes the continuing work being done under National Housing and Homelessness Agreement Data Working Group (HHDWG), defined in the Data Improvement Plan, which has been working toward improvement in nationally consistent data but has not progressed as rapidly as hoped. The relationship between the Council's activity in this space and the HHDWG work, in particular through AIHW work plans, will need careful consideration.

The Housing Council Bill outlines the membership of the Council (a Chair, Deputy Chair, four other appointed members and a Deputy Secretary in the Treasury). This is also the configuration of the interim Council. There is a concern that the size of the Council is prohibitively small. Notably the

previous National Housing Supply Council, despite its narrower terms of reference, was substantially larger, involving between 12 and 15 members. While excessively large panels and committees can be inefficient, the breadth of knowledge and experience stipulated for the council — spanning economics, urban development, residential construction, urban planning, demography, social housing, social policy, housing and homelessness policy, regulation, taxation or government policy relating to housing [*Clauses 22(2):(c-k)*] — may be better served by increasing the size of the Council by two or three more members.

Paragraph 12 of the Housing Council Bill identifies that reports may be published. This section is brief and may benefit from inclusion of further detail. The draft bill states that the Council may publish a report given to the Minister as requested by the Minister or on the Council's own initiative in monitoring conditions in the housing sector that impact housing supply and affordability.

While the independence of the Council is stated in some parts of the Housing Council Bill, the bill is silent on the approval process (if any) for publication of reports. It is unclear whether Ministerial approval is required before release of reports, or whether the Minister or any other actor can require alteration of reports prior to publication.

AHURI strongly supports independent publication by the Council — without the requirement for Ministerial or other external approval. AHURI also recognises the need to inform the Minister, and more broadly the Commonwealth Government, of the focus and findings of reports in advance of their public dissemination, and recommends an embargoed release mechanism similar to that used in the NHRP. AHURI would be happy to advise on the implementation of this approach.

The Housing Council Bill does not stipulate or allude to any quality assurance or peer-review requirements for reports published by the Council. While this may reasonably be deemed an operational rather than legislative requirement, AHURI recommends early consideration of the level of quality assurance involved in Council publications. AHURI has previously been asked to advise Treasury on design of peer-review and quality assurance mechanisms to improve the quality of housing policy evidence published by agencies where quality concerns have been raised. AHURI is available to assist the Commonwealth in designing an appropriate peer review and quality assurance process for Council reports, or could manage these processes on an interim or ongoing basis.

National Housing and Homelessness Plan

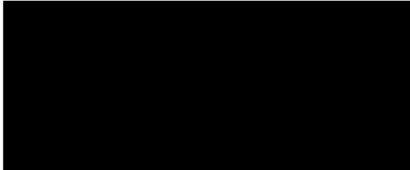
AHURI also notes the development of the National Housing and Homelessness Plan (the Plan), which has clear relevance to the HAFF package of bills. AHURI understands that the Plan will be developed through extensive consultation in 2023, including release of an Issues Paper seeking feedback through stakeholder submissions, a range of stakeholder engagement opportunities, and the release of a Draft Plan for feedback prior to finalisation.

AHURI is committed to working closely with the Commonwealth Government on the development of the Plan, and notes that the development of the Plan should be informed by progress in implementing the HAFF package of bills. Similarly, the program of work undertaken by the Council will need to be informed by the Plan.

To conclude, AHURI recognises the time critical nature of the Housing Legislative Package, and is broadly supportive of each of the Bills. While some areas, noted above, are not addressed in detail in the draft legislation, some of these details are not legislative matters but are more operational. Whether amendments to the Bills address these concerns, or they are addressed subsequently through other processes, AHURI is available and capable of assisting the Commonwealth in ensuring the Government's housing reform agenda leads to improved housing outcomes for Australians.

If I can be of any further assistance, please do not hesitate to contact me.

Yours sincerely,



Dr Michael Fotheringham
Managing Director
Australian Housing and Urban Research Institute