Chapter 23
Investment in affordable housing

23.1 Evidence presented to this inquiry indicated strongly that renting must be recognised as a mainstream, and for some a permanent, form of tenure in Australia's housing system. As a consequence, affordable rental housing must be placed on Australia's national policy agenda as a key issue to address poverty.\(^1\) Indeed, the increasingly tight and expensive private rental sector is locking low-to moderate-income earners out of affordable and appropriate housing. This situation indicates market failure and suggests that market solutions to low cost housing will simply not emerge naturally: that there is a clear need to find ways to attract private investment into low cost and social housing.\(^2\) But currently, without government incentives, affordable housing does not tend to appeal to private investors.

23.2 In this regard, an AHURI investigative panel of experts on rental housing and institutional investment found that significant volumes of public and private finance would be required to meet the projected need for additional rental housing in Australia, which could not be met from existing suppliers alone.\(^3\) Evidence presented before the committee similarly highlighted the need for greater investment in affordable housing. Clearly, left to its own devices, the rental market will not deliver affordable housing for low- or moderate-income earners.\(^4\)

23.3 In this chapter, the committee considers the role of government as an enabler and investor in providing affordable rental housing.

Government sector

23.4 The vast bulk of social housing in Australia is public housing, much of which was built between 1945 and 1980, provided by state and territory governments and

\(^1\) See, for example, National Foundation for Australian Women ACT, Submission 38, p. 4.

\(^2\) See for example, Mr Cameron Murray, Submission 17, pp. 8 and 12.

\(^3\) Vivienne Milligan, Judith Yates, Ilan Wiesel and Hal Pawson with Carrie Hamilton, Financing rental housing through institutional investment Volume 1: outcomes from an Investigative Panel, for the Australian Housing and Urban Research Institute at University of New South Wales, March 2013, p. 2.


The Investigative Panel comprised 'hand-picked experts from the banking and financial investment sectors, affordable housing providers (for-profit and not-for-profit) and affordable housing industry specialists, together with nominated senior officials of interested Commonwealth and state government agencies' (p. 9).

\(^4\) Mr Mills, City of Melbourne, Proof Committee Hansard, 9 September 2014, p. 30.
financed through 'long-term, low-cost loans via the Commonwealth Government'.\(^5\) This report has drawn attention to the shrinking pool of public houses in Australia and the deteriorating state of many of the dwellings. Yet the demand for public housing continues to mount.

### Not-for-profit sector

23.5 The trend over recent years has seen the public sector withdraw from direct funding of public housing and a heavier reliance placed on the not-for-profit sector to assume a greater role in providing social housing. The Queensland Department of Housing and Public Works noted that the non-government sector had an increasingly important role to play in developing and delivering affordable housing and housing assistance services.\(^6\)

23.6 The Hobsons Bay City Council was just one of the many submitters that recognised the contribution community housing makes to accommodate both low-income and moderate-income earners as well as groups with particular housing needs. Even so, it was of the view that the partnering of the community sector with government to provide affordable housing would 'require a funding commitment from both federal and state governments'.\(^7\) Indeed, it underlined its belief that 'in terms of equity and fairness, government must take responsibility for ensuring that a supply of affordable housing was available for those most vulnerable.'\(^8\)

23.7 In its submission, COTA noted the importance of renewed investment in social housing to increase the stock of housing for low income households.\(^9\) While it recognised the need to bring about social and economic renewal in the affordable housing market, it acknowledged that to do so required investment. Mr Schrapel thought that it would be difficult in the short term to redevelop neglected public housing and therefore some level of public investment was required.\(^10\) The committee has made a number of recommendations designed to ensure that the public sector continues to invest in affordable housing. But increasingly government and the not-for-profit sectors are looking to the private sector to also contribute to improving access to affordable housing in Australia.

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5. See Dr Julie Lawson and Professor Mike Berry, *Submission 24*, p. 10; Professor Frank Stilwell, *Submission 25*, pp. 4–5.
Private investment

23.8 Mr Myers, National Affordable Housing Consortium, voiced the view of a number of submitters when he stated that the not-for-profit sector did not have the ability to attract the level of resources required to fix Australia's affordable housing problem. He thought that they were doing a great job of leveraging but noted that the leveraging was coming in at 'perhaps 15 per cent' with cost bases rising probably as fast. He suggested that both the finance and resources coming in through institutional investment must be considered, as well as how government might support that mechanism.\(^{11}\) National Shelter also highlighted the need to attract large scale institutional investors into the affordable housing market.\(^{12}\)

23.9 While recognising that the community housing not-for-profit sector was a significant part of the affordable housing equation, Mr Pisarski likewise argued that long-term institutional investment was required in residential property per se, not just the affordable end of it. He referred to the lack of interest displayed by the institutional investors in the residential rental market:

> Generally, institutions in Australia invest in commercial rather than residential property...You do need to get that large scale to create the sorts of long-term tenancies that would be in everybody's interest. But we have this history of mum-and-dad investors, by and large propped up by negative gearing and tax treatments. Even Ken Henry's idea of a 40 per cent income savings deduction was a way of equalising treatment between investment types so that then you would have been able to agglomerate small investment. I do not need to buy a whole house but I might still want to invest in property. So I could put $5,000, $10,000 or $20,000 into a residential property investment portfolio and that can invest on my behalf.\(^{13}\)

23.10 Mr Langford, Junction and Women's Housing, supported the contention that private investment was needed to drive that renewal in social housing where government had left a funding void. He similarly pointed out that, by and large, individuals owned the majority of private rental in Australia and referred to the barriers holding back institutional and private sector investors from moving into the affordable housing space. He noted that they would be looking for more stable returns. In his view, partnerships were required to attract long-term investment.\(^{14}\)

23.11 Dr Lawson and Professor Berry also asserted that access to private finance was crucial to not-for-profit housing agencies aspiring to develop or acquire new stock. In this context, they argued, however, that Australian efforts orchestrated by

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11 Proof Committee Hansard, 10 September 2014, pp. 53–54.
12 Submission 78, p. 23.
13 Proof Committee Hansard, 10 September 2014, p. 40.
14 Proof Committee Hansard, 28 July 2014, pp. 34, 44.
various governments 'to attract institutional investment into rental housing have been "piecemeal and fragmented" or have lacked essential policy support'. They stated:

National leadership can be demonstrated by governments acting as both an enabler and investment partner. In housing this could entail tax incentives for additional affordable and sustainable housing (via the continuation of a refined NRAS) plus government guarantees backing investment to reduce perceived risk, and equity contributions in the form of subordinated public loans or government land.

23.12 In their assessment, such strategic actions would 'channel lower cost institutional investment to appropriately regulated landlords serving the housing needs of those households not met by current market processes'.

**Interest in higher end of rental market**

23.13 The prospect of low returns stands out as one of the major disincentives to invest in affordable housing. The AUHRI investigative panel of experts highlighted the fact that institutional investors were deterred from investing in rental properties because they 'heavily discount capital gains and expect higher rental yields than those typically applying in the rental investment market'. In respect of low returns, rental yields have hovered around the 4 per cent mark for the last decade.

23.14 The Department of Social Services agreed with the view that institutional investors have little interest in affordable housing. Despite recognising the importance of private investment in affordable housing, the department noted that:

To date, efforts to attract a significant level of institutional investment into affordable housing have been unsuccessful, primarily due to the return offered on these investments. Given the fiscal constraints on all levels of government, necessary changes will need to be considered to ensure that private and institutional investors are able to take on a greater role in the provision of affordable housing.
23.15 Retirement villages illustrate this point. Mr Yates, COTA, referred to the changes in the retirement village industry over the past couple of decades, which have seen the industry move more upmarket because 'it could not necessarily see how to make a lot of money out of lower income people, although there are quite a lot of pensioners in current stock'.

23.16 More broadly, Mr Doss, Brisbane City Council, observed that the industry appeared to be providing housing more at the higher end of the market rather than at the affordable end, particularly in Brisbane. In his view, this preference to invest in the higher end market was to do with profit margins. He gave an example:

...when we ran a housing affordability scheme a few years ago which included federal government money we had a lot of trouble attracting developers to undertake that scheme. That gave them substantial reductions in infrastructure charges—up to 50 per cent reduction in some cases. But that meant that the product had to be rented at a certain level. We found that we would go chasing to try to get people into that scheme. We ended up having to hand money back, because in the market there were better profit margins in the higher end of the market.

23.17 The Brisbane City Council found that players such as the Brisbane Housing Company and others have had 'to be the ones who go in there and provide an alternative to the market, but they have a specific mandate to be able to do that'.

Brisbane Housing Company Ltd

23.18 The Queensland state government and the Brisbane City Council worked together to establish the Brisbane Housing Company because there was a particular concern about the loss of affordable housing in inner Brisbane. Mr David Cant, CEO of the Brisbane Housing Company, explained:

Public housing did not have much stock in inner Brisbane; so, as the demographic of people in need was switching from families to single people, it was felt there was a particular need to be addressed.

23.19 The company was incorporated as an independent charity in 2002 and was originally planned to deliver 400 homes over four years. It has successfully delivered 1,500 homes of which it retains 1,200. Over time, the company has varied the types of dwellings and has engaged in mixed-tenure developments, where, 'as the density of dwellings in inner Brisbane has risen, it has been less appropriate to make it all

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22 Proof Committee Hansard, 10 September 2014, p. 4.
23 Proof Committee Hansard, 10 September 2014, p. 4.
24 Proof Committee Hansard, 10 September 2014, p. 60.
affordable housing'. Therefore, as stated by the CEO, 'we have made a virtue of necessity and done some complexes where we have sold some apartments as well'.

23.20 Mr Doss noted that the Council provided some seed funding for the Brisbane Housing Company as well as access to sites within Brisbane. He noted that initially, the aim was to deliver housing to the social and affordable housing part of the market. According to Mr Doss, the company learnt some lessons from delivering entire buildings of social and affordable houses. He maintained that best practice dictated that 'instead of having entire complexes of one type, you salt and pepper different forms of housing through development areas', which fits with the 15 per cent target adopted in Western Australia and under consideration by Economic Development Queensland (EDQ). Mr Doss commented:

So Brisbane Housing Company has now moved on to where it will provide a number of different housing choices within its developments, from the high end to middle of the road to affordable to social housing as well, and those products work quite well...It also provides appropriate support services within those developments.

23.21 Mr Cant referred to the need to persuade people who invest in property to divert their funds into affordable housing. With regard to the Brisbane Housing Company, he was pleased to be able to say that:

...by getting well-designed buildings that are well located and with strong on-site management, we have actually persuaded them that it is a good place to invest their money. Some have been owner occupied, some have been investors buying a market for sale unit and some have been NRAS investors.

23.22 Mr Cant explained:

Privatisation is normally the privatising of profit. We are a not-for-profit. The unstated premise of all my remarks is that these disposals are to charities or not-for-profits—be they not fully charities, but I think they would all be charities—that retain the portfolio for the community's benefit. We only house people from the public housing waiting list in our rental properties. The stuff we sell we might sell in the open market, but the things we rent out we rent only to people under the single register in Queensland.

23.23 Mr Walker stated that the Queensland Department of Housing and Public Works was of the view that the Brisbane Housing Company was a good model among

25 Proof Committee Hansard, 10 September 2014, p. 60.
26 Proof Committee Hansard, 10 September 2014, p. 60.
27 Proof Committee Hansard, 10 September 2014, pp. 5–6.
28 Proof Committee Hansard, 10 September 2014, p. 60.
29 Proof Committee Hansard, 10 September 2014, p. 62.
many good models.\textsuperscript{30} Professor Beer told the committee that the Gold Coast Housing Company had also been very successful.\textsuperscript{31}

23.24 Clearly, programs are needed to create opportunities for institutional or corporate investment into private rental. The Brisbane Housing Company and the Penny Lane Key Worker apartments are both examples where partnerships between government, community housing providers and private investors have worked to provide affordable housing. But, as noted earlier, there must be incentives to attract private investment.

\textit{Incentives for investors}

23.25 The AHURI panel of experts on rental housing and institutional investors found that:

\begin{quote}
Financial incentives and credit support will be essential to achieve increased supply at the affordable end of the market, to overcome investor perceptions of risk and to meet their yield requirements. The impact of government support is demonstrated by the way that NRAS has catalysed increasing specific interest from the finance industry in investment in the supply of affordable rental housing.\textsuperscript{32}
\end{quote}

23.26 There are numerous government backed schemes that could be used to attract investors into the affordable housing markets. Youth Affairs Council of Western Australia mentioned promoting private engagement in social housing through protected savings and loan circuits (France), guaranteed housing association loans (Netherlands), providing tax incentives to investors of special purpose bonds (Austria) and via low-income housing tax credits (US).\textsuperscript{33} Professor Beer thought it was worth noting that in the United States of America (US) a lot of affordable housing was provided privately because of tax breaks for developers if they provided affordable housing. In brief, he explained that developers there might produce 200 multifamily housing units but 20 would be developed as affordable housing in order to attract substantial tax breaks for the overall development. In his words, such a tax arrangement would 'be important for them in terms of their feasibility'.\textsuperscript{34}
23.27 Mr Schrapel, Uniting Communities, agreed with the view that in the end engaging the private sector came to an investment issue and referred to incentives, including taxation that would allow these schemes to flourish. Dr Lawson and Professor Berry noted that the primary purpose of any financing instrument should be:

…to attract larger volumes of appropriate investment, under improved terms and conditions to those that exist currently to ensure the supply of decent quality, secure and affordable rental housing. International research demonstrates that raising funds at this scale will require a dedicated financial mechanism and appropriate institutions that are fit for purpose to raise and distribute funding.

23.28 The committee has written at length on NRAS as an effective incentive encouraging the private sector to invest in affordable housing but, as a number of submitters argued, this scheme on its own was insufficient to meet the growing demand. Dr Lawson and Professor Berry referred to the housing supply bonds (HSB) proposal, which has been developed with funding from AHURI working with industry specialists both in Australia and Europe.

**Housing supply bonds**

23.29 In 2011, the Senate Economics References Committee considered the merit of introducing social bonds as a means of attracting private investment into Australia's social economy. It recognised that the development of a social bond market in Australia 'could bring significant finance to the social economy and thereby relieve the government of some social infrastructure costs.' It recognised, however, that the lower rate of return on a social bond coupon presented challenges when competing in the commercial market. The committee formed the view that government support was required to 'catalyse this market' and recommended that further exploration of ways to create incentives to invest in a social bond market be undertaken.

23.30 In its response to the committee's recommendation, the Australian Government noted that the uptake of social bonds in Australia had 'typically been limited to investors with a direct or personal connection with a specific social venture'. It suggested that before considering tax concessions, more needed to be done to understand the use of social bonds and the circumstances in which they could be a viable option for encouraging social investment. It noted further:

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35 Proof Committee Hansard, 28 July 2014, p. 35.
36 Submission 24, p. 19.
37 Submission 24, p. 19.
Given social impact bonds are complex instruments; further consideration is being given to some of the potential challenges associated with their implementation. The Government also recognises that social impact bonds are only one type of social investment tool amongst a range of new and emerging products.\(^{39}\)

23.31 In May 2012, after extensive research and consultation, AHURI published a report on HSBs. AHURI informed the committee that recent policy interest had focused on the housing bonds model, pioneered in Austria, which could be effective at leveraging finance for affordable housing. It explained that the Austrian Housing Construction Convertible Bonds scheme had 'been found to be popular among risk averse investors; an efficient scheme for capturing long-term savings; and, given the modest tax incentive, very cost effective'.\(^{40}\)

23.32 A 2012 AHURI study recommended a suite of HSBs with each bond type having risk and return characteristics and enhancements designed to attract different potential investors. According to the study:

> The HSBs proposed are intended to provide a standardized instrument for retail and institutional investors, to encourage investment in affordable rental housing and to keep at arm's length the respective roles of investor in, and provider of, affordable housing. The bonds are issued by an intermediary, not by individual providers, in order to achieve this standardisation. The funds raised are then on-lent to providers.\(^{41}\)

23.33 The creation of a specialist financial intermediary (or intermediaries) to channel raised funds towards affordable housing delivered by registered providers would be central to the financial architecture proposed to deliver the HSBs. The role of this specialist intermediary would be 'to link suppliers of capital with appropriate investment opportunities and to create aggregation benefits and efficiencies through lower transaction and search costs'. The financial intermediary would also assist in making providers 'investment ready'.\(^{42}\)

23.34 The proposed three HSBs matched to each investor segment are outlined in the following table:

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\(^{40}\) Submission 93, p. 29.


\(^{42}\) Julie Lawson, Vivienne Milligan and Judith Yates, *Housing Supply Bonds—a suitable instrument to channel investment towards affordable housing in Australia?*, p. 64.
Table 23.1—Housing Supply Bonds

<table>
<thead>
<tr>
<th>Bond type</th>
<th>Characteristics and enhancements</th>
<th>Investor segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA Housing Supply Bond</td>
<td>A fixed interest, long-term (up to 10 years) AAA-rated bond—implying need for a government guarantee.</td>
<td>Super fund managers (15% tax rate)</td>
</tr>
<tr>
<td>Tax Smart Housing Supply Bond</td>
<td>A fixed term, fixed interest (or indexed) lower yield long-term bond with a tax incentive to generate a competitive after-tax yield.</td>
<td>Retail investors (various tax rates)</td>
</tr>
<tr>
<td>NAHA Growth Bond</td>
<td>A zero interest bond that converts a direct grant into a long-term revolving loan.</td>
<td>Governments</td>
</tr>
</tbody>
</table>

23.35 The AHURI report also recommended a number of specific regulatory measures to reduce risks, including:

- ensuring that standards of financial auditing comply with eligibility for funding; and
- a sustainable business model and designated tax privileges.44

23.36 According to the report, performance based reporting 'must be sufficiently robust to ensure adherence to intended goals and appropriate sanctions must be in place to reinforce good performance'.45

23.37 In concluding, the AHURI report suggested that the HSBs proposal was 'now ready for more detailed refinement and development'. To do so, the report recommended that as part of the implementation strategy, a task force be established. This would be:

...a collaborative government–industry–third sector task force to steer and coordinate five expert groups with the overall goal of developing and refining the HSB concept, based on the broad proposal contained in the

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report… [Its] core focus 'should be to develop a tradable housing bond and contribute directly to the plan for the enhanced NAHA with advice on consequential policy settings, public funding, legislative requirements and governance'.

23.38 It is worth noting that AHURI researchers continue to build on their work developing a model that would attract and channel private investment towards affordable housing. For example, in their submission, Dr Lawson and Professor Berry proposed the Affordable Housing Finance Corporation Model, which, they described as 'simpler than the HSB approach'. This proposal was 'grounded in extensive national research of industry stakeholders and successful international experience'.

23.39 A number of witnesses supported the introduction of affordable housing bonds as a special purpose financial instrument to attract investment in affordable rental housing. For example, the Queensland Council of Social Service suggested that developing affordable housing bonds was an option to promote greater private sector investment in affordable housing. According to the council, the concept of social bonds was well-grounded and had been used internationally to encourage investment in affordable housing. In its view:

Affordable Housing Bonds would complement and extend existing public subsidies, such as NRAS, to increase the supply of affordable housing over the long-term.

23.40 Mr Brett Petersson described the AHURI proposal for tradeable bonds as 'a sound proposal', which had 'received significant support from industry and financiers'. The City of Boroondara also cited AHURI's research on HSBs and the affordable housing finance corporation model for Australia. In its opinion, AHURI's model for HSBs proposed:

…a safe, effective and innovative way to increase social housing stock managed by registered Community Housing Providers (CHP) and funded through a strong and low-risk investment framework.

23.41 According to the City of Boroondara, all of the schemes reviewed by AHURI in its international study of housing guarantee schemes showed a zero default rate and no call had yet been made on the government guarantees. The City of Boroondara

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47 Submission 24, p. 27.

48 Submission 175, p. 20.

49 Submission 175, p. 20.


51 Submission 69, p. 15.
stated further that this default rate was due largely to the 'supportive role of Government in bolstering the equity position of housing providers and their revenue stream and the financial management and monitoring regimes guiding housing sector organisations'. In the City of Boroondara's view, this arrangement provided a 'sustainable and sound business model' which was 'first and foremost the strongest line of defence protecting any Government guarantee, growing supply capacity amongst providers and easing access to lower cost larger volumes of investment'.\footnote{Submission 69, p. 16.}

23.42 The Institute for Social Research, Swinburne University of Technology noted the failing private rental sector, in terms of security, supply and affordability, and the 'great need' to rebuild Australia's social housing sector. In its view, much of the growth could be funded by savings in other areas (negative gearing, FHOS) but also by some form of affordable housing supply bonds as proposed by Dr Lawson and Professor Berry.\footnote{Submission 86, pp. [8–9].}

23.43 National Shelter referred to round tables held in 2012 and 2013 involving approximately 150 participants, who broadly supported the introduction of an affordable housing supply bond to attract the significant investment potential of superannuation and equity funds.\footnote{Submission 78, p. 22.}

**Committee view**

23.44 Clearly, the comprehensive work undertaken by AHURI on housing supply bonds provides a solid, well researched body of work that now warrants the Australian Government giving far more serious consideration to the introduction of HSBs or similar vehicles designed to attract investment affordable housing in Australia.

**Recommendation 40**

23.45 The committee recommends that the Federation White Paper process give due consideration to the proposal for the introduction of housing supply bonds using AHURI's research as a starting point for its consideration.

23.46 The committee also recommends that the Australian Government establish a cross-sectoral high level industry and government Housing Supply Financing Task Force, as proposed in the AHURI report. It would provide advice to governments on the potential for a housing supply bond in Australia and investigate other mechanisms for private investment.

**Options**

23.47 Clearly the HSB is only one means of attracting private investment into the affordable housing market. It should be noted that the AHURI expert panel expressed...
considerable interest in the housing supply bonds proposal which was 'consistent with housing being seen as an infrastructure–type investment'. Even so, the expert panel saw housing supply bonds 'as a medium rather than short-term solution because of the inevitable delays in designing them and in establishing the institutional environment needed to support their delivery'. According to the expert panel:

There was a sense of urgency for more immediate action, specifically around the unallocated NRAS incentives, and a commitment to a minimum supply target for new rental housing as an indicator of the scale of opportunity that government was seeking to generate.55

23.48 At the National Shelter 2012 and 2013 round tables, a number of options were discussed including the 'housing supply bond', as well as an 'infrastructure bond' and an expanded and revised NRAS. National Shelter observed that common to all these options was an acceptance of the need to attract substantial investment into affordable housing to alleviate the current lack of supply. National Shelter identified a number of matters that would need to be addressed to secure greater institutional investment in affordable housing:

- certainty from government, particularly the need for bi-partisan or multi party support;
- scale of investment including government backed opportunities to enable institutions to invest $500m per annum using a portfolio approach;
- reduction of financial risk for institutions; this may require the Commonwealth to underwrite a component of debt, if not all;
- ability for liquidity of investment;
- government equity and government credit enhancement to assist with consistent and predictable yields as a yield gap does exist;
- revising NRAS to improve its workability including for scale investors, fix aspects of its tax treatment and provide ongoing funding certainty to ensure a pipeline of supply;
- development of an investment scheme that does not require investors to fund property development; and
- recognition that the requirements of institutional investors differ from banks. For example, banks prefer strata development but institutions prefer lower risk management arrangements such as multi-unit residential that are all rental.56


56 Submission 78, pp. 22–23.
23.49 As noted throughout part II of the report, there was also general acceptance that public funding would be needed to continue to assist in the provision of affordable housing. For example, National Shelter acknowledged that while there was support for attracting private investment into affordable housing, it should not replace government funding. It accepted that while private investment should be used to accelerate affordable housing outcomes, government funding, through a subsidy, would still be required for social housing. National Shelter also suggested that the introduction of private investment mechanisms, such as supply bonds, would also supplement and provide alternatives to existing private rental investment measures, such as negative gearing or capital gains tax.\(^{57}\) Together with Shelter WA, it recommended the creation of vehicles such as unit investment trusts (in which investors can invest in the overall fund instead of individual properties) and Affordable Housing Bonds for attracting and managing institutional investment in rental housing.\(^{58}\)

23.50 It is important to note that the 2012 AHURI study on HSBs also suggested that HSBs were not intended to replace existing forms of housing assistance for affordable rental housing, such as that provided by NRAS and CRA, and under NAHA. It stated:

> Instead, they aim to complement and extend the value of such public subsidies in order to increase the long-term supply of affordable housing. HSBs of themselves will not deliver affordability outcomes for tenants regardless of their circumstances. Assistance currently provided through NRAS and CRA is still needed to ensure affordability outcomes for tenants of affordable rental housing and to assist with repayment of the bonds over their (presumed 10-year) life span.\(^{59}\)

23.51 As noted earlier, a number of witnesses referred to other mechanisms designed to attract private investment into the affordable housing sector including tax incentives to boost the supply of affordable housing. Some have already been introduced in Australia including NRAS, but other suggestions are drawn from overseas, including protected savings and guaranteed housing loans and, as considered at length by the committee, housing supply bonds.\(^{60}\)

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57 Submission 78, p. 23.

58 Submission 78, p. 11.


60 See paragraphs 23.28–23.29.


**Conclusion**

23.52 Without doubt significant amounts of public and private finance will be required to fill the growing shortfall of affordable rental properties in Australia. Investment is not meeting current demand, let alone projected needs. The Australian Government has available to it any number of levers to attract much needed private investment in the supply of affordable rental properties. The committee has considered and made recommendations in respect of taxation incentives, schemes such as NRAS and HSBs. It has looked at the role of community housing providers and the partnerships they can form with private enterprise to develop affordable housing. These various schemes and incentives are not intended to work in isolation but to come together as a concerted effort to boost the supply of affordable housing.

23.53 In this regard, the overriding message coming out of this inquiry is the need for the Australian Government to give coherence to the numerous local, state and national incentives and schemes intended to contribute to the provision of affordable housing. It can only do so by providing much needed leadership through a renewed COAG process and by having a Minister for Housing and Homelessness driving this process. The committee has made recommendations accordingly.