

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Social Policy Division

Question No: 280

Topic: Housing Supply

Reference: Hansard page 87-88 (29 May 2017)

Senator: Rhiannon, Lee

Question:

Senator RHIANNON: Just going back to the issue of housing supply: the last National Housing Supply Council report in 2013 estimated the shortfall of affordable housing available to the bottom 40 per cent at 539,000 properties. Is the government planning to meet that shortfall with their new housing policies, including the National Housing Finance and Investment Corporation?

Senator Cormann: The government is providing additional tax incentives for investment in affordable housing and social housing. We are also, of course, proposing the establishment of the National Housing Finance and Investment Corporation as an affordable housing bond aggregate of which we also leverage additional investment in affordable housing. These measures, combined with a series of other measures in the budget, will help ensure that the supply for that segment of the market will increase in the future.

Senator RHIANNON: Do we take that as a yes?

Senator Cormann: We take it as a: that is what we are working on.

Senator RHIANNON: Will the NHFIC have any target with regard to additional supply?

Mr M Brennan: I think that has yet to be determined. If there were a target around supply, it would be broader than just the NHFIC. The government's approach to try and encourage more affordable housing comes through in a range of initiatives of which the NHFIC is one, and the bond aggregate is one, but the bilateral agreements with states would be another under the new National Housing and Homelessness Agreement. Any target—I do not think the government has put forward a target or adopted a target or anything like that—would not be specific to the NHFIC. It would be broader than that, but, as I said, the government has not, to date, put a target on the amount of additional affordable housing it is seeking to generate.

Senator RHIANNON: What I trust is a factual question, and should be able to be answered, is: what is the latest available data on the shortage of affordable housing?

Senator Cormann: We might have to take that on notice. That is, to be fair to the officers in the Fiscal Group of Treasury, probably more a social services portfolio question, but we will seek to assist you on notice.

Senator RHIANNON: With all due respect, Minister, you have come here for estimates. You have come here, being obviously very proud of your housing affordability measures—

Senator Cormann: That is your commentary.

Senator RHIANNON: Surely that one bit of data should be your starting point for how you are going to address this issue, and you say you have to take it on notice or you flip it off somewhere else.

Senator Cormann: There are different parts of government that are responsible for different aspects of public policy, which I am sure you are very well aware of. The questions that you have just asked go directly to the areas of responsibility in the Social Services portfolio.

Mr M Brennan: We will take that on notice. Any estimate of our shortfall—be it of affordable

housing or housing supply in general—requires a fair bit of interpretation, judgement and assumptions. The same was true when the National Housing Supply Council was in full swing. It would often have an assessment of what the overall housing backlog was, and it required a fair bit of assumption about what the ideal level of housing stock ought to have been and how short we were from it. The same would apply to any estimate of what the shortfall of affordable housing is. I think that is part of the reason why, I suspect, there will be reluctance to place a precise target on how many new affordable housing dwellings we are aiming for on the part of government. I think it is more likely that we will see a broad directional commitment to trying to develop the sector and expand the affordable housing stock.

Answer:

There is no official measure of the shortage of affordable housing. One study calculated that the shortage of affordable and available dwellings for households on the lowest 20 per cent of incomes, which deducts affordable dwellings occupied by those on higher incomes — the crowd out factor — was 271,000 dwellings in 2011, up from 211,000 in 2006 (Hulse. et al 2015).