

18 March 2022

Housing and Homelessness Agreement

Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Dear Sir/Madam,

Submission to the Productivity Commission Review of the Housing and Homelessness Agreement

Thank you for the opportunity to provide information into the review of the Housing and Homelessness Agreement and for the online discussion between the Productivity Commission, the Australian Local Government Association (ALGA) and a number of our Local Government Associations on the 12th October 2021.

ALGA is the national voice of local government in Australia, representing 537 councils nationally and this submission should be read in conjunction with any submissions made by individual local governments or local government associations.

ALGA housing advocacy

ALGA has a long history of advocacy to improve housing outcomes for regional and local communities with engagement in many national inquiries such as the recent Federal Parliament Standing Committee on Tax and Revenue's "*Inquiry into Housing Affordability and Supply in Australia*" and participation in a recent ARC research project on "*Local Governments and housing in the 21st Century*" which also included a survey of local governments.

Our Board's current advocacy position on housing calls for:

- The development of a National Housing Strategy;
- A National Housing Summit;
- Reinstating a national governance model to address affordable housing and homelessness that includes local government; and
- Acknowledging local government's role in housing by providing funding of \$200 million over four years to assist councils to develop and implement innovative housing partnerships.

Local governments and housing

Whilst the provision of affordable housing and direct support to people who are homeless is not a local government responsibility, local governments often facilitate affordable housing and support to those who are homeless within their communities, operating within state/territory planning, financial and other legislation requirements. The housing challenge is different in each community and the council response is dependent on its financial resources and priorities.

There are many examples across the country of councils stepping up to assist their communities with affordable housing. For example, some councils have been funded by their State Governments to provide support to people who are homeless, others have stepped into thin housing markets to facilitate affordable housing or councils are working with other councils in their regions to address the housing issues.

Councils also administer and develop local planning schemes operating within the relevant State/Territory planning legislation.

The shortage and costs of rental properties and affordable home ownership is causing significant social and economic impacts in cities and towns across Australia, including rural and regional communities. This is due to a range of factors such as changes in recent migration patterns, cheap finance and labour and material shortages in the construction sector.

The impacts on local governments and communities includes housing stress for individuals and families, difficulty in attracting and housing key workers including councils' staff and an increase in homelessness.

Local governments and financial sustainability

The backdrop of these housing challenges is the increased financial pressure that local governments are under in the recent context of the pandemic and natural disasters. Shifting costs onto councils to help fund the housing challenges can have a negative impact on council's capacity to adequately service its local community. For example, reforms that propose rate exemptions for community housing have a significant impact on council's capacity to adequately provide local services and infrastructure, often in locations that may already have a backlog of infrastructure in poor condition.

ALGA recommends the following issues be considered in the review:

1. Development and endorsement by the three levels of governments to a national housing affordability strategy.

Currently the bi-lateral agreements are developed in the absence of any national agreement, for example to national and state-based targets for the supply of social housing. In addition, there is little consistency across jurisdictional affordable housing plans. It is well documented that there is a substantial under investment in social housing and services for people who are homeless but there are few levers or frameworks to improve this situation, other than through this national agreement.

ALGA also recommends a national housing summit that could bring all stakeholders together to help shape this national agreement.

2. Recognition of the role of local government in the Housing and Homeless Agreement

ALGA understands from feedback from our member Associations that there is variable engagement between State/Territory Governments with their respective local governments on housing even though local governments have a role in the provision of housing at the local level.

Despite the role that local governments undertake in housing, five year bi-lateral housing and homeless agreements are between the federal and state/territory governments with very little if not no reference to local government.

Local governments should not be a signatory to the agreements but should be recognized in these agreements.

ALGA would be pleased to facilitate further discussions between our Local Government Associations and the Productivity Commission to provide more details of local governments' role and current challenges in affordable housing with their local communities.

Please contact Liz de Chastel, Executive Director Policy on telephone _____ if you require further information.

Yours sincerely

Matt Pinnegar
Chief Executive