

18 March 2022

Australian Government
Productivity Commission
National Housing and Homelessness Agreement review

Via Online Upload

Believe Housing Australia (formerly AnglicareSA Housing) is a Tier 1 Community Housing Provider (CHP) based in South Australia and we welcome the opportunity to provide feedback to the Productivity Commission on the current National Housing and Homelessness Agreement (NHHA). The NHHA is a critical piece in driving change for increased housing solutions across Australia.

Believe Housing Australia work closely, and collaboratively, with government, Commonwealth, State and Local, with the aim to increase the number, quality and choice of social and affordable housing for the most vulnerable in our communities. Our goal includes playing an active part in delivering the State's housing strategy for the long term benefit of the vulnerable and disadvantaged.

We remain acutely aware of the need to ensure people can easily access safe, affordable, secure housing in metropolitan and regional areas across Australia. This highlights the need for sectors, stakeholders and services to collaborate and provide holistic, accessible and consistent responses for people.

Believe Housing Australia Ltd would like to provide the following feedback and recommendations to the Commission.

1. Supply

Within the Issues Paper, the Commission was asked, amongst many other items, to review the NHHA and look at

- *'options to maximise outcomes that can be achieved with the NHHA funding'*
- a) The South Australian State Government's successful public housing transfer initiatives actioned in 2015 and 2017 has resulted in Believe Housing Australia fast tracking a \$130M development and acquisition program in South Australia. We have invested heavily in asset redevelopment, new housing, maintenance services, community development and supporting infrastructure whilst continuing to deliver a high quality service to tenancies within our 2,140 homes.

We ask that the NHHA acknowledge the proven benefits of public housing management transfer into CHP sector and continue promote and hold government accountable to the previously agreed COAG amount of 35% of total stock be managed by the Community Housing Sector. A target within the NHHA is to include not only management transfer but title transfer as well. This will allow additional borrowings for increased housing outcomes.

- b) The NNHA funds the State and Territories an amount of \$1.595BN under the current NNHA of which \$129M is dedicated to Homelessness services. The remaining \$1.466BN could be an allocation towards the subsidy gap funding needed to increase build/supply of homes through the CHP's. We know that without additional subsidy of approximately \$12K per annum, the sustainability of developments for a social housing portfolio are unsustainable and debt cannot be covered by cash flows in the long term.

The \$1.466BN would equate to gap funding around 120,000 homes per annum. The unmet need for social and affordable housing nationally is now estimated to be around 650,000 dwellings¹.

With CPI escalation to this amount alone will see the CHP sector address the shortfall after 5 years. At a modest CPI escalation rate of 1.5% per annum, \$1.466BN funding in 21/22 will lead to just over \$1.579BN in 26/27 year. Refer table below.

CPI rate	NNHA Housing Funding Component	Escalated Funding Result	Year
	\$ 1,466,000,000		21-22
1.50%	\$ 21,990,000	\$ 1,487,990,000	22-23
1.50%	\$ 22,319,850	\$ 1,510,309,850	23-24
1.50%	\$ 22,654,648	\$ 1,532,964,498	24-25
1.50%	\$ 22,994,467	\$ 1,555,958,965	25-26
1.50%	\$ 23,339,384	\$ 1,579,298,350	26-27

Subsidy is essential for 'subsidised housing'. The average CHP social housing rental income per week of \$1802 barely covers operating costs of a home however with the gap funding CHP's are able to leverage and fund debt borrowings for increased supply.

In addition, as a Community Housing Provider we have access to charitable concessions which other housing providers cannot obtain. We have access to Stamp Duty Concessions, Payroll Tax and Land Tax exemptions however this is not enough to bridge the gap between the low rental received as a Community Housing Provider and the cost of long term asset management and renewal.

We acknowledge the Commissions comment regarding there is 'no right level required' but we must have targets to be able to measure our efficiencies and deliverables.

¹ Troy, L., van den Nouwelant, R. and Randolph, B., 2019. Estimating need and costs of social and affordable housing delivery. City Futures Research Centre, UNSW.

² NHFIC- Delivering more affordable housing: An innovative solution May 2021

2/ National Housing Strategy

Believe Housing Australia calls for a National Housing Strategy that clearly defines State and Territory accountability measures against its performance. The current performance measures within the NHHA do not give specific number or percentage targets of growth in supply of homes. Instead, it includes reporting on indicators rather than targets.

The National Housing Strategy should be clear with measures and targets set that are specific as a minimum. Clarifying roles of State, Territory and Commonwealth on how these targets will be achieved.

In the past it appears that accountability back to Commonwealth has been lacking however this may have been due to the non-specific nature of the NHHA in the past. This is our opportunity to remove any ambiguity.

In summary:

Programs such as the NRAS scheme is currently ending and does not have a Federal Government initiative as a replacement. We are suggesting one opportunity is for the NHHA funds be redirected as a subsidy gap funding mechanism to increase social housing supply.

The NHHA could be the vehicle to fund the :-

- Introduction of a specialist gap funding solution
- Develop clear, accountable targets for States and Territories for increased supply of social and affordable rental homes

Thank you for considering Believe Housing Australia's feedback and of course we welcome a meeting if so required to discuss any of these topics further.

Yours sincerely

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