

Australian Council of Social Service

23 March 2022

By email: housing.agreement@pc.gov.au

Re: Review of the National Housing and Homelessness Agreement

Dear Commissioners,

Thank you for the opportunity to provide input into your review of the National Housing and Homelessness Agreement.

Due to capacity constraints, this submission is brief and high level. We refer the Commission to the detailed submission from ACOSS member National Shelter and our own existing policy and research reports on housing and homelessness, including our submission to the Federal Budget and series of reports on the impact of COVID-19 on housing affordability, homelessness and the rental market.¹

Australia is in the grip of a housing affordability crisis which has been building for some time, and which has been exacerbated by the COVID-19 pandemic.

New research led by Professor Hal Pawson, published by the ACOSS/UNSW Sydney Poverty and Inequality Partnership in November 2021, [*COVID 19: Rental housing and homelessness impacts in Australia*](#), revealed rapidly rising rents and declining affordability for low-income tenants around the country in the shadow of the pandemic. It found that annual urban rent inflation to August 2021 was 8% - its

¹ ACOSS, Budget Priorities Statement 2022-23: <https://www.acoss.org.au/wp-content/uploads/2022/02/ACOSS-BPS-2022-23-FINAL-220228.pdf>; Pawson, H., Martin, C., Sisson, A., Thompson, S., Fitzpatrick, S. and Marsh, A. (2021) 'COVID-19: Rental housing and homelessness impacts – an initial analysis'; ACOSS/UNSW Poverty and Inequality Partnership Report No. 7, Sydney: https://povertyandinequality.acoss.org.au/wp-content/uploads/2021/02/COVID19_Rental-housing-and-homelessness-impacts_report-1.pdf; Pawson, H., Martin, C., Thompson, S., Aminpour, F. (2021) 'COVID-19: Rental housing and homelessness policy impacts' ACOSS/UNSW Poverty and Inequality Partnership Report No. 12, Sydney: https://povertyandinequality.acoss.org.au/wp-content/uploads/2021/11/Covid-19_rental-housing-and-homelessness-impacts-in-Australia.pdf and Pawson, H., Martin, C., Aminpour, F., Gibb, K., Foye, C. (2022) 'COVID-19: Housing market impacts and housing policy responses - an international review' ACOSS/UNSW Sydney Poverty and Inequality Partnership Report No. 16, Sydney: https://povertyandinequality.acoss.org.au/wp-content/uploads/2022/03/COVID-19_housing-market-impacts- Poverty-and-Inequality-Partnership-report-16_v1.pdf.

highest rate since 2008 – and was even higher in the regions at 12.4%. For regional Australia, the proportion of tenancies low-income tenants can afford declined from 41% to 33% over the course of last year. This percentage looks set to deteriorate further with the end of affordable rents for homes developed under the “National Rental Affordability Scheme” (NRAS).

The research acknowledged new state and territory government investments in social housing during COVID, which are set to generate 23,000 new dwellings in the coming years. However, it also highlighted the severe shortfall of social and affordable housing nationally, with 155,000 households on the social housing waiting list currently and another 400,000 in need of affordable housing.

We note that the Productivity Commission has not been specifically asked to review funding levels under the NHHA. While major improvements can and should be made to Federal funding frameworks and mechanisms, no meaningful improvement to housing affordability nationally will be achieved without a substantial increase in funding to deliver more social and affordable dwellings, at scale. The need is great and the urgency is high.

Our recent Submission to the Federal Budget included a number of recommendations to improve housing affordability and reduce homelessness, including through a substantial new investment in social housing construction (20,000 dwellings in the first 3 years), a 50% increase in Commonwealth Rent Assistance, creation of a new affordable private rental incentive scheme, development of a First Nations Housing strategy with growth funding for Indigenous Community Housing Organisations and development of a new inter-governmental remote housing agreement.² Some of these investments would be best delivered through Commonwealth/State funding agreements, including the social housing stock boost.

Those worst affected by the affordability crisis are low-income households in the private rental market and those experiencing or at risk of homelessness. These groups should be the highest priority and central focus of Commonwealth/State housing policy and funding and their needs at the heart of the next Federal State Housing Agreement. The current Agreement includes a range of policy objectives that are broader than the associated resources or policy levers. These should be better aligned. A future agreement would be more effective if more focused on increasing social housing stock, improving rental affordability and reducing homelessness, rather than pursuing a broader range of reforms without commensurate resources to achieve them.

To sharpen the focus and align the funding towards increasing net social housing stock levels, the new agreement should separate the funding needed to maintain

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the existing stock of housing, and the funding necessary for social housing growth by providing:

- An operational fund paid on a per-dwelling basis to providers (State and Territory housing authorities and community housing providers) to provide adequate resources for maintenance, tenancy support and other operational costs; and
- A growth fund to State and Territory governments on a per capita basis.

The Federal Government has a leadership role to play in housing and homelessness policy. It should set a clear 10-year national housing and homelessness strategy which provides a framework for cooperative Federal/State action and investment. It should seek to ensure that, regardless of state or territory of residence, all people can access affordable, safe, sustainable and accessible housing that meets their needs. It should provide incentives to State and Territory Governments to exceed agreed targets, for example, in developing new social housing stock or undertaking additional beneficial policy reforms. It should consider housing as a core pillar in Commonwealth infrastructure policy, recognising the links with employment, transport and productivity.

Of course, a range of other Commonwealth policy levers also directly and indirectly impact on housing affordability, including income support settings (noting the role that the current rate of Jobseeker has in homelessness and rental stress), taxation settings (noting the role that housing tax concessions play in inflating house prices) in addition to immigration, population, infrastructure, employment and transport policies.

To maximise the outcomes achievable under the NHHA, Commonwealth and state/territory governments need to strengthen their cooperation and shared accountability by:

- a. Specifying matching arrangements for co-contributions from federal and state governments in the Agreement, particularly funding for social housing growth;
- b. Developing incentives for additional funding commitments from either the States or Commonwealth, such as matching of additional commitments;
- c. Providing targets for net growth in social housing stock in the Agreement; and
- d. Having regular meetings to foster cooperation between the responsible Ministers at State and Federal Government, and representatives of local Government.

Thank you again for the opportunity to comment. Please contact me to discuss this submission or for further information.



Yours sincerely,

Jacqueline Phillips
Deputy CEO/Director of Policy (job-share)