



SYFSSubmissionNHHA2022

24th March 2022

Malcolm Roberts and Romlie Mokak
Commissioners – Housing and Homelessness Agreement Review
Productivity Commission
4 National Circuit,
Barton ACT 2600
Australia

Dear Commissioners,

Re: Review of the National Housing and Homelessness Agreement (NHHA)

Please accept the following as a submission to abovementioned review. Southern Youth and Family Services welcomes the opportunity to respond to this review and look forward to continued discussions around this important piece of public policy.

Housing security and affordability continues to be a major public policy issue as the Australian economy charts its way out of the coronavirus pandemic and the increasing likelihood of natural disasters due to climate change. In this environment, expanding funding to reduce homelessness and funding to increase the supply of secure, social and affordable housing are crucial tools.

It is especially important that these funding improvements are delivered along with a National Housing and Homelessness Strategy that specifically meets the needs of identified priority groups including young people and families and regional/rural populations. This Strategy should consult widely and closely with the Sector and focus on barriers to delivery of social and affordable housing in Australia, as well as demand-side constraints that exist within taxation and macroeconomic policy settings. The continuing policy treatment of housing as an asset class, rather than a necessary form of social infrastructure, is leading to worsening affordability as benefits flow to existing property owners and the already wealthy, while those excluded (particularly young people and other marginalised groups) bear the cost.¹ A National Housing and Homelessness Strategy that seeks to build a fairer, rights-based housing system would go a long way towards addressing these issues.

SYFS has historical knowledge and experience in the development and implementation of all past related housing and homelessness agreements going back to the Commonwealth State Housing Agreement (CSHA).

Our submission outlines our assessment of the NHHA and our vision for future agreements, as well as some observations regarding general issues in housing and homelessness that have arisen over the life of the current agreement. From our position as a regional provider of housing and homelessness services with over forty years' experience, Southern Youth and Family Services (SYFS) make the following recommendations, which will be expanded upon below:

¹ Adkins, L., Cooper, M., & Konings, M. (2021). Class in the 21st century: Asset inflation and the new logic of inequality. *Environment and Planning A: Economy and Space*, 53(3), 548–572. <https://doi.org/10.1177/0308518X19873673>



Recommendations:

1. Increase of at least 20% to base funding for Specialist Homelessness Services;
2. Increase NHHA focus on capital investment in social housing, particularly delivered by small and medium-sized providers, especially in non-capital cities, regional centres, and rural areas. This should result in a net minimum of 20,000 social new net social housing dwellings annually, and an increase of social housing to 10% of all housing stock;
3. A National Housing and Homelessness Strategy that acknowledges the wide range of external factors that influence housing security including negative gearing and capital gains tax, other Commonwealth and State tax settings, financial sector regulation, planning regulation, income support, and tenancy legislation. This strategy should consider adopting targets for homeownership, rental housing and non-market (social, affordable, specialist) housing.
4. Mandated targets of 30% social housing in new large developments.

About Southern Youth and Family Services (SYFS)

Southern Youth and Family Services (SYFS) is a medium-sized community-based organisation that has developed over the past four decades in the Illawarra, Shoalhaven and Southern NSW. Originally established as a youth refuge for children and young people experiencing homelessness, housing services have been a core issue for SYFS since its inception.

SYFS has the principal purpose of relieving the poverty, misfortune and distress of children and young people who are disadvantaged, and their families. This includes children and young people who are homeless or at risk of homelessness, abused and/or neglected, placed in the care of the State, and involved with the criminal justice system.

SYFS is the largest provider that works with this cohort in these areas. In 2020/21, Southern Youth and Family Services received 8,840 referrals for support from children, young people, adults and families. From those referrals we were able to provide substantial support to 5,246 young people. In addition, 2,507 families received family relationship support and other services and there were 11,494 instances of short-term support. Approximately 25% of all SYFS clients were Aboriginal and 18% were from Culturally and Linguistically Diverse (CALD) backgrounds.

SYFS currently manages more than 50 different services, through nine different funding programs, across a range of different State and Federal Government Departments. The organisation is composed of six program areas:

- Accommodation and Housing Services
- Out of Home Care Services
- Youth Outreach Support Services
- Family Support Services
- Youth Health Services
- Youth Employment, Education and Training Services

SYFS has integrated its programs to deliver a comprehensive “wrap around” model which values the developmental / cultural needs of children and young people and the importance of therapeutic interventions. A vital part of our service encompasses providing people with a pathway out of homeless through the provision of a spectrum of housing options from crisis and emergency accommodation through to independent living and community housing. To this end, SYFS are accredited to provide Specialist Homelessness Services (SHS), transitional housing, a Youth Foyer, and are a Tier 2 Community Housing Provider (CHP) under the National Regulatory Scheme for Community Housing (NRSCH). These housing offerings, combined with wrap around services including outreach support, family services, Employment, Education, and Training (EET) services,

health services, and other supports, equip young people and families with the skills they need to survive in the contemporary economy. Our submission is from the perspective of a medium-sized community service embedded within a number of regional communities in NSW.

Purpose, outcome, and outputs of the agreement:

The NHHA provides more than \$1.6 billion in Commonwealth funding to the states and territories a year, including dedicated funding of \$129 million for homelessness services in 2020–21, which States and Territories were required to match. The historical purpose of the NHHA and the agreements that have preceded it has been to address the vertical fiscal imbalance that arises as a result of the limited tax-raising capacities of states and territories in relation to the size of their obligations in regards to their service delivery responsibilities concerning housing and homelessness.

The deepening housing emergency that is unfolding across Australia would indicate that simply maintaining the current funding envelope would lead to worse housing outcomes across the spectrum, and that significant increases to funding are required. For example, NHFIC’s recent report has indicated that in regional areas there has been a 26% increase in house prices, and that in places like Sydney, less than 10% of available properties are affordable to the lowest 60% of income earners.² These increases, when juxtaposed with stagnant worker incomes and social security payments that still sit below the poverty line, indicate that a sharp increase in funding is required to maintain current service levels. SYFS recommends a 20% increase to funding for Specialist Homelessness Services to account for an increase in demand.

The current purpose of the agreement requires that parties acknowledge “that there is a range of factors outside of the scope of this Agreement that impact the housing market, including Commonwealth and State tax settings, financial sector regulation, immigration, income support and rental subsidies.” While this may be true, it is our position that the development of a National Housing and Homelessness Strategy and the allocation of resources towards a coordinated national approach towards addressing housing security would begin to address the interrelated nature of these problems. We would like the agreement to go beyond simply *acknowledging* external factors, and to start *committing* to taking action to address them.

We acknowledge that this process would require considerable effort on behalf the Commonwealth, States, and the housing sector, and propose that the development of a National Housing and Homelessness Strategy be a staged process that occurs over the life of the next agreement, commencing with a housing needs survey to inform decisions about the locations where social and affordable housing is needed to address shortfalls and actioning the large number of recommendations relating to housing provision made by Commonwealth government review over the past five or so years.

Allowing a broadening of the scope in such a fashion would allow NHHA Outcome, Clause 15(e) to be addressed, namely to “contribute towards a well-functioning housing market that responds to local conditions”.

We would also recommend that the Purpose of the new NHHA retains its focus on improving housing outcomes for those who are homeless or at risk of homelessness. Our identified target group of young people who are homeless or at risk of homelessness experience continuing marginalisation and eventually criminalisation, often being held in custody because of a lack of appropriate accommodation.³ Young people who experience homelessness are placed at risk of lifelong marginalisation and poverty,⁴ and from a provisioning perspective

² National Housing Finance and Investment Corporation (2022) *State of the Nation’s Housing 2021-22*. Retrieved from URL: <https://www.nhfc.gov.au/media/1814/nhfc-state-of-the-nations-housing-2021-22-full-final.pdf>

³ Yfoundations (2021) *Young, in trouble and with nowhere to go: Homeless adolescent’s pathways into and out of detention in NSW*. Retrieved from URL: <https://yfoundations.org.au/our-work/youth-justice-report/>

⁴ McNamara P. (2015) “Young People at Risk of Lifelong Poverty: Youth Homelessness in Australia.” In: Fernandez E., Zeira A., Vecchiato T., Canali C. (eds) *Theoretical and Empirical Insights into Child and Family Poverty. Children’s Well-Being: Indicators and Research, vol 10*. Springer, Cham. https://doi.org/10.1007/978-3-319-17506-5_14

result in much higher costs to government in both the provisions of social services and health services.⁵ Improvements to housing outcomes provide significant flow-on social and economic benefits and it is important that this focus is maintained and refined.

To that end, SYFS believes that the purpose of the new NHHA should be to improve housing outcomes by addressing long-term housing *security* for people on low and moderate incomes (as well as affordability, as currently outlined in NHHA Outcomes, Clause 15(b)). There is a growing body of literature that demonstrates the detrimental and sometimes-traumatic effects of eviction and housing insecurity. During the COVID-19 pandemic, people on low incomes were more likely to experience housing insecurity, and those experiencing housing insecurity were more likely to experience poor health outcomes – it has even been argued that eviction may increase the spread of COVID-19 throughout societies.⁶ The improvement of housing security through the prevention of eviction is a key policy measure that will reduce inequality as well as improve public health as the communities continues to navigate the COVID-19 pandemic.

Issues across the housing spectrum

- Homelessness

Homelessness continues to be a major issue in society, as identified in the Issues Paper. The homelessness service system offers a way for people who are experiencing homelessness to receive some support to gain access to more secure forms of housing. It is our assessment that, when properly resourced, the homelessness sector is able to produce good outcomes for people who present at services. However, the homelessness service system does not exist in a vacuum and as such is influenced by external social, political, and economic factors. Homelessness services have been placed under immense strain over the past two years during the COVID-19 pandemic, as many households have faced housing, income, employment and family stress. In our own services, we saw an increase in referrals of 25% or more during lockdown periods, which aligned with an increased workload due to the new challenges posed by managing emergency/transitional accommodation and outreach housing support services during a pandemic. In aggregate, this level of pressure has resulted in headline figures indicating that nearly half of all people seeking help from homelessness services in NSW were not receiving it.⁷

Despite its challenges, the COVID-19 pandemic has demonstrated that governments possess the imagination to develop innovative housing and homelessness policies that can have a positive effect on social and economic wellbeing. Programs to house rough sleepers in unused hotel accommodation demonstrated that we have the capacity to significantly reduce homelessness by pursuing a “Housing First” model, and that these programs provide significant health, social and economic benefits.⁸ Whilst this model is not suitable for all cohorts of people experiencing homelessness, it does demonstrate that when required, significant government resources are able to be directed towards homelessness initiatives.

COVID-19 has posed unique challenges regarding homelessness. Loss of income and lockdowns has resulted in significant overcrowding amongst low-income and marginalised populations, which caused several issues, most important of which include greater challenges regarding infection control and higher incidences of family and domestic violence. Building design of hostels, boarding houses, and some crisis accommodation where shared facilities are commonplace has made infection control more difficult than in standalone self-contained units. For those who do reside in crisis or transition accommodation, the extreme unaffordability of the private housing market and inaccessibility of social housing has made the attainment of positive housing outcomes

⁵ McKenzie, D., P. Flatau, A. Steen, M. Thielking (2016) *The Costs of Youth Homelessness in Australia: Research Briefing*. Retrieved from url: https://researchoutput.csu.edu.au/ws/portalfiles/portal/20343727/1000008507_published_report.pdf

⁶ Benfer, E.A., Vlahov, D., Long, M.Y. *et al.* Eviction, Health Inequity, and the Spread of COVID-19: Housing Policy as a Primary Pandemic Mitigation Strategy. *J Urban Health* **98**, 1–12 (2021). <https://doi.org/10.1007/s11524-020-00502-1>

⁷ <https://www.theguardian.com/australia-news/2022/jan/25/almost-half-of-people-seeking-help-for-homelessness-in-nsw-in-past-year-did-not-get-it-report-finds>

⁸ Wood, L., Flatau, P., Zaretsky, K., Foster, S., Vallesi, S., and Miscenko, D. (2016) *What are the health, social and economic benefits of providing public housing and support to formerly homeless people?*, AHURI Final Report No. 265, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/265>, doi:10.18408/ahuri-8202801

more difficult. Despite this there is no capital funding for an increase to crisis accommodation. While we acknowledge the need for a renewed focus on early intervention and prevention services, the structural dynamics of the COVID-19 pandemic has raised the need for significant investment in SHS services.

It is now the case that in most of the areas in which we operate, an area extending from Wollongong to the Victorian border and as far inland as Cooma, Queanbeyan and Goulburn, there are no longer any rental properties available at a price that our clients can afford. Even with subsidies provided, the lack of available housing stock means that gaining access to housing if you are young and on a low income is effectively impossible. This has the double effect of driving people towards SHS services while also preventing them from finding housing stability and progressing through the SHS system. This necessitates an increase to funding for SHS services as well as urgent action to address to social housing supply crisis in Australia.

- **Social Housing**

It was pleasing to see that social housing has been acknowledged as a vital form of infrastructure in the 2021 Australian Infrastructure Plan. This plan acknowledges that over the next 15 years, Australia will need 730,000 social housing properties constructed, and that “currently, only 4% of Australia’s housing stock is social housing, compared to the OECD average of 6%. Investment in quality social housing should be a central part of a sustainable, inclusive economic recovery, including job creation.”⁹ The report also acknowledges that the quality, supply, and design of social housing across Australia is inadequate.

SYFS supports the setting of annual National social housing construction targets to address the current shortfall of social housing properties, particularly in regional areas. We feel as though sub-targets of housing should be devised to include regional social housing as well as housing for specific identified groups such as youth. SYFS primarily supports young people and families under the age of 24, and due to the extreme wait times experienced by those on the social housing list, many are unable to access social housing before this age. This is despite young people being more at risk of homelessness and more likely to be unemployed, underemployed, or in insecure work, making the maintenance of secure housing more difficult.

Social housing provides a vitally important link between homelessness services, community housing providers, and the private housing market. As private rental housing becomes more difficult to access, and social housing waitlists continue to grow, people experiencing homelessness are prevented from exiting homelessness into stable housing because there simply is not the housing available.

The fundamental problem driving the housing affordability problem is a lack of available social and affordable housing for low income people in Australia. This problem is caused by overheated demand from higher income families and the results filter throughout the entire housing system. To that end, the most straightforward supply-oriented solution is a sustained program of investment in social housing stock nation-wide, to alleviate the pressure currently placed on the system with over 50,000 people currently on the waiting list just in New South Wales and wait times routinely stretching out beyond a decade. This issue is becoming more acute in regional areas as those areas experience an influx of residents due to the COVID-19 pandemic as well as the lingering effects of the bushfires, and a sharp increase in rents in the private market, making access to housing difficult not only for individual tenants but for community housing providers and other support services.

- **Private housing**

In regional areas such as Southern NSW where we operate, it is our general impression that overheated demand is very much a contributing factor to housing unaffordability. Many young and marginalised people are unable to compete in housing markets because the market to purchase homes is dominated by wealthy investors, who are subsidised in their investment activity through negative gearing and the capital gains tax discount. As a result, families with more stable employment who would otherwise be looking to purchase property are priced out and thus enter the tight regional rental markets. This has been exacerbated by short-term holiday rental such as Airbnb – a land use that removes housing supply from regional markets, leading to a gentrification and

⁹ Infrastructure Australia (2021), *Reforms to meet Australia’s future infrastructure needs: 2021 Australian Infrastructure Plan*, p. 34

displacement of low-income residents in these high-demand areas – for example in coastal regions, alpine regions and scenic areas.¹⁰ Local research has demonstrated that in regional areas that experience tight rental markets, these effects have been exacerbated.¹¹

It has been known for many years that negative gearing and the capital gains tax exemption for property investors has distorted the Australian residential housing market. These tax exemptions encourage speculative behaviour, result in suboptimal utilisation of housing stock, and is predominantly utilised by high-income households as a tax shelter.¹² While tax breaks for investment property are not the only cause of high housing costs, they are an important component of the issue. Additionally, the number of new dwellings constructed every year represent a very small proportion of overall available housing in any given year, as the majority of housing available in the market consists of existing dwellings. As a result, tax and regulation settings that aim only to address housing supply will not make housing sufficiently affordable as they will be operating in a context of artificially stimulated demand for housing.

Australia is one of the few countries in the world where negative gearing is able to be applied against *any* source of income, including wages earned from labour.¹³ Additionally, the halving of capital gains tax for investment properties means that high income earners can not only *defer* their tax liabilities until the point of sale of investment property, but *permanently* reduce them, allowing high income earners to exempt themselves from progressive taxation. In the long run, this has led to growing inequality in Australian society – in the 2014-2015 tax year, 73.2% of the total capital gains tax benefits went to the top 10% of society, and 62.2% of negative gearing benefits went to the top 30% of society.¹⁴ Negative gearing has allowed high earners to amass large property portfolios at the same time that tax revenues have been in decline, and social housing construction has stagnated.

The policy problem in this situation is that the Australian housing market is overwhelmed with demand due to incentives offered through the tax system, and these taxation settings prevent low- and medium-income earners, and especially young people, from being able to access the levels of sustainable mortgage finance that is required to purchase housing. As a result, increasing numbers of people are consigned to a lifetime of renting, where security of tenure is weak by global standards and housing is of lower quality, often being dangerous to health.¹⁵ These barriers to housing security thus “filter” their way through the housing spectrum, resulting in overwhelmed social housing systems, stretched homelessness services, and people experiencing homelessness who are unable to access appropriately funded and resourced services due to the overwhelming demand.

The abolition of negative gearing and the capital gains tax discount would go some way to addressing this issue. Inequality in the housing market would be mitigated, and the increased revenues from taxation that would be received could be reinvested in an ambitious project of social housing construction, financed by the Commonwealth government and operated by Community Housing Providers. An already-existing organisation like NHFIC could be used for this purpose, with funds diverted away from the current First Home Buyers Scheme – which only fuels demand for housing and inflates prices – towards this purpose.

¹⁰ Yrigoy, I. (2019). Rent gap reloaded: Airbnb and the shift from residential to touristic rental housing in the Palma Old Quarter in Mallorca, Spain. *Urban Studies*, 56(13), 2709–2726. <https://doi.org/10.1177/0042098018803261>

Wachsmuth, D., & Weisler, A. (2018). Airbnb and the rent gap: Gentrification through the sharing economy. *Environment and Planning A: Economy and Space*, 50(6), 1147–1170. <https://doi.org/10.1177/0308518X18778038>

¹¹ Gurrán, N., Zhang, Y., Shrestha, P. (2020), “‘Pop-up’ tourism or ‘invasion’? Airbnb in coastal Australia,” *Annals of Tourism Research*, 81, <https://doi.org/10.1016/j.annals.2019.102845>

¹² Grudnoff, M. (2015) *Top Gears: How negative gearing and the capital gains tax discount benefit the top 10 per cent and drive up house prices*. Policy Brief. The Australia Institute: Canberra.

¹³ Adkins, L. et al., (2021), p. 557

¹⁴ Grudnoff, M. (2015), p. 5

¹⁵ Martin, C., Hulse, K. and Pawson, H. with Hayden, A., Kofner, S., Schwartz, A. and Stephens, M. (2018) *The changing institutions of private rental housing: an international review*, AHURI Final Report No. 292, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/292>, doi:10.18408/ahuri-7112201.

- **Housing security**

In recent years there has been a drive from State housing authorities to transition tenants from social housing to the private market to reduce the wait list, which has undermined security of tenure for many social housing tenants. The sense of ontological and psychological security that many social housing tenants experienced due to having security of tenure has thus been undermined by reforms that seek to destabilise this security.¹⁶ Research undertaken locally indicates that these fears are an everyday reality of the lived experience of social housing tenants in the Illawarra¹⁷.

The private rental market can not be relied upon to produce stable, secure, and affordable housing outcomes, especially for young people and people on lower incomes. Recent research has shown that landlords in the private rental market routinely discriminate against prospective tenants based on age, income, perceived socio-economic status, and other factors.¹⁸ This discrimination is driven by the power imbalance that exists between landlord and tenant due to regulatory gaps in tenancy law as well as a lack of viable alternative options. Research has indicated that a key way to address this insecurity is by massively increasing public and social housing as well as low-cost rental supply, as well as reducing incentives offered to property investors.

The improvement of tenants' rights nationally would strengthen the integrity of the housing system overall. This would include, at minimum, the abolition of no-grounds evictions, the increase of minimum lease lengths, the circumscribing of reasons for ending a tenancy, and improvements to the safety and security of rental housing. SYFS supports policy measures that would improve housing security for those experiencing homelessness, in social housing, and renting in the private market. It should not be the case that the only way to gain security of tenure is to enter the increasingly exclusive housing market through home purchase.

- **Low incomes, especially for youth without employment**

The introduction of the Coronavirus Supplement, originally announced in March 2020, immediately lifted Jobseeker and related payment recipients out of poverty and relieved pressure on people right throughout Australia, who had suddenly found themselves without work and struggling to pay their housing costs.¹⁹ The changes announced in February 2021 include the ceasing of the Coronavirus Supplement and an increase of \$25 per week to the rate of Jobseeker. This amounted to an effective cut to the take-home income of payment recipients and has consigned millions of people to remain in poverty, in a context of still-rising rents and house prices on most urban and regional areas.

It is evident that social security payments – which have not increased in real terms since the 1980s – need to be increased. But this increase, which has amounted to \$3.57 per day, leaving recipients with approximately \$44 per day, is wholly inadequate to meet the cost of living. SYFS supports the call by the Australian Unemployed Workers Union (AUWU) to lift the rate to \$80 per day to ensure that the stress of meeting housing costs is minimised as we work through the pandemic.

The current increase lifts Australia from providing the lowest amount of support to unemployed people in the OECD, to the second-worst – and this increase has been roundly criticised as inadequate by many sectors of society including economists, academics, the community sector, and unions.

¹⁶ Murphy, L (2020) Neoliberal social housing policies, market logics and social rented housing reforms in New Zealand, *International Journal of Housing Policy*, 20:2, 229-251, DOI: [10.1080/19491247.2019.1638134](https://doi.org/10.1080/19491247.2019.1638134)

¹⁷ Wynne, L, and A Sisson (2021), *Public Housing Renewal in the Illawarra: Understanding the risks of tenant displacement*. University of Wollongong and Shelter NSW. Accessed via URL: https://sheltersnsw.org.au/wp-content/uploads/2021/12/211130_UOW_PublicHousingRenewal_Final.pdf

¹⁸ Maalsen, S., Wolifson, P., Rogers, D., Nelson, J. and Buckle, C. (2021) Understanding discrimination effects in private rental housing, AHURI Final Report No. 363, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/finalreports/363>, doi: 10.18408/ahuri7324501.

¹⁹ Phillips, B., Gray, M., Biddle, N., (2020) *COVID-19 JobKeeper and JobSeeker impacts on poverty and housing stress under current and alternative economic and policy scenarios*, ANU Centre for Social Research and Methods.

Jobseeker payments provide a vital foundation for many of our clients to gain a base level of economic stability that enables them to transition from unsafe and precarious living situations, into stable housing and engagement with education, training, and employment. With this effective reduction, our clients encounter greater difficulties in breaking the cycle of poverty and face greater risks and challenges in their daily lives. Youth Allowance, at least at the Independent rate, needs to be on par with other social security wages also. The cost of living for independent young people is clearly the same as for that of adults and social security wages should be equal. Additionally, many young people are in insecure, short-term, contingent and precarious work, and the coronavirus pandemic has made the deleterious social impact of these forms of work clear. Insecure work is a major contributor to housing stress and intergenerational inequality – addressing this issue through improving wages and conditions for all Australian workers, but especially young people, would go a long way towards improving housing affordability.

Expansion of Recommendations

1. Increase of at least 20% to base funding for Specialist Homelessness Services

It is widely accepted that SHS services who are operating in an increasingly difficult environment with increased demand and limited resources. A 20% increase in funding, coupled with a minimum 6-7 year contract, would provide greater certainty to whilst enabling services to provide a much needed continuum of support. This would be a strength-based approach to working with young people and families to sustain their accommodation, as well as providing NSW Government with baseline data on homeless women which to compare the long term outcomes for women exiting SHS.

2. Increase NHHA focus on capital investment in social housing, particularly delivered by small and medium-sized providers, especially in non-capital cities, regional centres, and rural areas. This should result in a net minimum of 20,000 social new net social housing dwellings annually, and an increase of social housing to 10% of all housing

Small and medium-sized Community Housing Providers (CHPs) are uniquely positioned to be able to deliver social housing, especially in regional areas where they may be one of the only specialist community housing providers in the area. However these organisations are often unfairly disadvantaged in State and Federal funding programs as they do not operate at the scale required to divert significant organisational resources toward the preparation of increasingly detailed funding applications and tenders. It is increasingly becoming an expectation that organisations engage external consultants (economists, planners, etc.) simply for the purposes of meeting the requirements of a funding application – that is, unrelated to the administrative matters relating to the building of housing. In our view, this provides inequitable outcomes as funding ends up being allocated based on capacity to pay for consultants to produce reports to furnish funding applications. Research on this issue in Canada, for example, has noted that the increasing use of external consultants effectively operates as a “pay for priority” system.²⁰

Additionally, increasingly restrictive parameters are being placed around Federal and State funding programs that inhibit the ability of small and medium-sized agencies to deliver housing. A good example of this is the prohibition of the purchase of land in many grant schemes, including the Black Summer Bushfire Grant Program. It is important that small and medium-sized providers have access to capital grants that do not require a co-contribution and allow for the purchase of land, so that these smaller providers – who are often more connected to their communities and better placed to respond to local housing need – are able to build their portfolio for the benefit of the community. Where possible, small and medium sized organisations should receive assistance to reduce the time and cost associated with local government processes such as development applications and associated processes.

²⁰ Linovski, O. (2019). Shifting Agendas: Private Consultants and Public Planning Policy. *Urban Affairs Review*, 55(6), 1666–1701. <https://doi.org/10.1177/1078087417752475>

As a community-based organisation and Tier 2 Community Housing Provider, SYFS engage in a small amount of development activity in south-eastern NSW. Despite the moderate level of development activity undertaken by smaller Tier 2 and Tier 3 Community Housing Providers in regional areas, there are still significant administrative and financial hurdles faced by these organisations. Compliance costs are extremely high due to overlapping systems of accreditation, reporting, compliance, etc., and these costs are often not funded in tenders or funding programs. There is an increasing expectation that funding applications are for projects that are “shovel ready” and this presupposes a high level of speculative pre-planning on behalf of CHPs. Money spent on bringing prospective projects to “shovel readiness” is invested with no guarantee that projects will be funded. In the long run this disadvantages smaller providers who are less able to absorb this cost in the event that projects are not successful in obtaining funding.

The NHHA should commit to funding CHPs to construct social housing across the country, but especially in regional and rural areas. SYFS supports the call to construct at least 20,000 new net social housing dwellings per year for the life of the next agreement. There should be priority allocation for identified groups such as youth. These projects would provide significant social and economic benefit as well as much-needed stimulus for the Australian economy.

3. A National Housing and Homelessness Strategy that acknowledges the wide range of external factors that influence housing security including negative gearing and capital gains tax, other Commonwealth and State tax settings, financial sector regulation, planning regulation, income support, and tenancy legislation. This strategy should consider adopting targets for homeownership, rental housing and non-market (social, affordable, specialist) housing.

We note recommendation 35 of the *Final Report of the Inquiry into Homelessness in Australia* conducted by the House of Representatives Standing Committee on Social Policy and Legal Affairs, which recommends that the Australian Government, in consultation with state, territory and local governments, develop and implement a ten-year national strategy on homelessness.²¹ We agree with this recommendation and suggest that the development of the strategy be accompanied with an ambitious increase in funding for homelessness services and capital funding for social housing construction nationally.

The NHHA is an intergovernmental agreement primarily between States, Territories and the Commonwealth. However the growing role of the community sector cannot be ignored in the future development of housing and homelessness agreements. The NHHA has no specified representative or consultative role for the not for profit community sector built into it. A future NHHA would specify minimum funding levels for the peak body (National Shelter) and Industry body (CHIA) to provide a consultative mechanism to inform the development of future agreements.

The increasing delivery of social housing through community housing, particularly leveraging growth opportunities through entities such as NHFIC has resulted in one-third of all social housing properties under the management of the community housing sector, and with increasing levels of ownership. Community Housing Providers or an intermediary organization (such as National Shelter) should be representing the sector in the development of ongoing agreements.

Further justification for a National Housing and Homelessness Strategy has been expanded upon in Page 3 of this submission.

4. Mandated targets of 30% social housing in new large developments.

Many large urban in-fill developments continue to be constructed without enforceable benchmarks for social and affordable housing. Australian jurisdictions have relatively low amounts of social housing when compared

²¹ House of Representatives Standing Committee on Social Policy and Legal Affairs (2021), *Final Report of the Inquiry into Homelessness*. Commonwealth of Australia: Canberra.

to similar economies such as Canada, England, and Scotland.²² Sydney’s social housing percentage of 4.6% percent pales in comparison to that of London – one of the world’s most powerful financial centres – which has 24% of its dwellings classed as social housing. The UNSW City Futures Research Centre estimated in 2018 that at least 36,000 social housing dwellings would need to be built every year just clear the current backlog – and it is likely that this number is now higher.²³

With urban infill increasingly taking the form of “mega-projects” such as the Bays Precinct and Barangaroo in Sydney, or in regional areas the WIN Grand project in Wollongong, significant opportunity exists to construct large numbers of social dwellings in these developments. These dwellings could be managed by CHPs and may be reserved for specific groups – for example youth, women leaving domestic violence, or people with disabilities. A minimum target of 30% social housing for all new developments that caters for the diverse needs of the community should be mandated in Federal, State, and Local planning policy.

We thank the Commission for conducting the review of the NHHA, an important agreement for the housing and homelessness services sector. We hope that the review will influence the development and an agreement that will spark an ambitious program of social housing construction driven by a well-drafted National Housing and Homelessness Strategy. These initiatives are key to improving housing security across the housing spectrum. Making housing universally accessible, secure, and affordable will provide greater social and economic benefit to Australia and contribute to a better society. We look forward to following the progress of the Review and are available to provide further evidence or input as required

Kind Regards,

Ms Narelle Clay AM
Chief Executive Officer
Southern Youth and Family Services

²² Barnes, E., Writer, T., Hartley, O., *Social Housing in NSW, Report 1: Contemporary Analysis*, UNSW Centre for Social Impact, p. 31.

²³ Lawson, J., Pawson, H., Troy, L., van den Nouwelant, R. and Hamilton, C. (2018) Social housing as infrastructure: an investment pathway, AHURI Final Report No. 306, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/306>, doi:10.18408/ahuri-5314301.