

21 February 2022

Housing and Homelessness Agreement Review
Productivity Commission
GPO Box 1428
Canberra City ACT 2601, Australia

Dear Productivity Commission,

Submission to the Housing and Homelessness Agreement Review

I welcome the opportunity to respond to the Productivity Commission's Review of the National Housing and Homelessness Agreement (NHHA). The review provides an opportunity to influence the formulation of the next agreement and strengthen its outcomes and impacts.

Infrastructure Victoria primarily advises on action within the remit of the Victorian Government. Since our inception, we have considered infrastructure to include social housing and accommodation for homeless people. We made recommendations to the Victorian Government on social housing in *Victoria's infrastructure strategy 2021–2051* (<https://www.infrastructurevictoria.com.au/project/30-year-strategy/>).

Victoria's infrastructure strategy 2021-2051

Victoria's infrastructure strategy 2021-2051 recommends the Victorian Government set public, long-term social housing targets. The Victorian Government already has several major programs to build more social housing in Victoria, including the Big Housing Build program, Social Housing Growth Fund, and Social and Affordable Housing Contribution. Our research demonstrates that social housing significantly reduces the incidence of homelessness.¹ Setting a target can help the Victorian Government monitor its achievements, and if necessary, adjusting its policy settings to achieve its goals.

The strategy also recommends rapidly renewing dilapidated public housing properties to improve functionality, accessibility and energy efficiency. The condition of existing social housing stock is deteriorating. Many homes no longer meet the needs of tenants. Older low-rise apartments or 'walk ups' are inaccessible for some older people and people with a disability. Many dwellings have low energy efficiency standards. This results in higher energy bills for tenants, and poorer health.

In regional Victoria, the strategy recommends focussing social housing investments in regional centres, near transport and services, for better access to health, social and economic support. New social housing is ideally located in places with good access to jobs, transport and services. This includes fast growing regional cities like Ballarat, Bendigo and Geelong where appropriately located social housing can address the drivers of regional disadvantage.

Review of the NHHA

State and territory governments do not achieve housing outcomes alone. As the NHHA acknowledges, the national and state and territory governments have different housing policy instruments and share others. In this situation, governments must co-ordinate their policy responses so different policy instruments act together to generate the desired outcome. The NHHA, or a national housing strategy, could fulfill that co-ordinating function.

The current NHHA does not do this effectively. Its objectives and outcomes would benefit from being more specific. Its performance indicators are potentially useful, but they do not specify the desired performance. For example, *Victoria's infrastructure strategy 2021–2051* recommends the Victorian

¹ Prentice, D. and Scutella, R. *What are the impacts of living in social housing?* Infrastructure Victoria Technical Paper No.1/18, May 2018.

government set clear social housing growth targets (recommendation 68). The NHHA could adopt a similar approach, setting targets it wanted to achieve for the performance indicators. This allows governments and communities to gauge progress and success more easily.

The NHHA mainly places restrictions on state and territory governments in spending Australian Government funding. It does not capture other government commitments, or document cooperative approaches to achieve shared housing policy goals. A revised NHHA or national housing strategy could incorporate these functions.

Infrastructure Victoria will watch the Commission's review with interest. If we can be of further assistance during the review, please contact me or Mr Llewellyn Reynders, Director of Research and Economics,

Yours sincerely,

Dr Jonathan Spear
A/Chief Executive Officer