

2 March 2022

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

## **Homes for Homes submission on the National Housing and Homelessness Agreement Review**

Homes for Homes welcomes the Productivity Commission's National Housing and Homelessness Agreement Review. We appreciate the opportunity to make a formal submission.

### **Executive Summary**

Homes for Homes does not compete with any policy, rather augments the work being undertaken by all levels of government to increase the supply of social and affordable housing.

To improve the financial sustainability of the social housing system, a new source of sustainable funding is required - Homes for Homes is that new source of sustainable funding.

The Homes for Homes model is simple – raise funds from voluntary tax-deductible donations as part of existing property transaction processes, then leverage both the money raised and existing expertise in the community to increase the supply of social and affordable housing.

While Australia is certainly not alone in facing a structural undersupply of social and affordable housing, meeting the challenge will require a substantial upscaling of investment in the sector.<sup>1</sup> In its recent statutory review of the operation of the National Housing Finance and Investment Corporation Act 2018, the Australian Government estimated a total capital investment in excess of \$290 billion would be required to close the supply gap over the next two decades.<sup>2</sup>

We commend recent announcements in additional investment in social housing across state and federal governments, however commitments still fall well short of the estimated total capital investment required.

As a new source of funding for social and affordable housing supply, Homes for Homes is well positioned to help close this gap.

Conservative economic modelling show that if just 3% of residential properties registered with Homes for Homes by 2050, Homes for Homes could realise over \$1 billion in donations. These

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<sup>1</sup> McKinsey Global Institute, *A blueprint for addressing the global affordable housing challenge*, McKinsey and Company, 2014.

<sup>2</sup> Statutory review of the operation of the National Housing Finance and Investment Corporation Act 2018, p 30.

funds are granted to create new social and affordable housing for the most vulnerable in our community.

The Australian Government can further amplify Homes for Homes impact by including the below practices in housing and homelessness state and territory funding agreements.

1. Embedding Homes for Homes into any tender processes applying to new land releases or surplus land sales undertaken by state and territory governments; and
2. Amending state and territory planning regulations directing local governments to reward applicants on multi-dwelling developments who participate in Homes for Homes, for example, providing uplift or application fast track benefits.

Examples are provided in this submission of where these practices are already in operation.

### **Addressing homelessness through increasing the supply of social and affordable housing in Australia**

Tackling the shortage of social and affordable housing in Australia is a first order priority with over 116,000 people homeless each night, while another 1.5 million live in serious housing stress. The problem is too big for any one government or organisation to solve alone - a whole-of-community approach is needed.

Housing has the power to break the cycle of poverty. All people have a right to safe and secure housing, yet Australia has a shortage of >600,000 social and affordable homes, projected to exceed 1 million by 2036.

The flow on effects makes this shortage one of Australia's biggest social issues, and one which the COVID-19 pandemic will most likely exacerbate as more people face job insecurity and experience housing stress. The cost of doing nothing is significant.

At its most basic, housing satisfies people's fundamental need for shelter from the elements. However, a house serves many other needs that allow people to function effectively.

A recent University of Technology Sydney (UTS) study found that people experiencing homelessness rely more heavily on the health, justice, and welfare systems. Once an adult is housed, the cost saving to government is between \$23,000 to \$44,000+ per year which is more than \$1 million over a lifetime. With these costs increasing every year and the number of taxpayers decreasing due to our ageing population, the only sustainable solution is for Australia to increase its supply of safe and secure housing.

Ongoing donations raised through property transactions deliver an increase in housing supply, for now and for future generations. Without an innovative solution, the chronic shortage of social and affordable housing will continue to grow – demand simply cannot meet supply. Homes for Homes is that solution.

Incorporating Homes for Homes into residential development projects creates a unique opportunity for a new funding stream to be realised in the social and affordable housing sector.

This can be achieved at no cost to government. Registering properties with Homes for Homes is also done at no cost to individuals or developers.

Homes for Homes is a sustainable funding stream designed to deliver an increase in social and affordable housing. Funds are raised via owners agreeing to register properties with Homes for Homes, enabling a tax-deductible donation of 0.1% of the sale price donated to Homes for Homes at the time of sale. Participation is recognised through a caveat registered on the property title which acts as a gentle reminder of the owners promise to donate at the time of sale. The donation flows seamlessly through the settlement disbursement process. Donations from each property sale remain in that state or territory. Donations are pooled and funding is granted to housing providers to increase supply of social and affordable housing.



1. Homes registered



2. Properties sold



3. Funds donated



4. Money distributed



5. Homes built

Often individuals are unsure how they can make a difference to end homelessness - a seemingly insurmountable problem. Homes for Homes provides a simple and meaningful way to contribute.

Australia's housing crisis can only be resolved by the whole community working together. Innovative initiatives that encourage the entire community to come together and make a difference to support those on the margins are desperately needed.

Once a home or development is registered, it continues participating in Homes for Homes, encouraging all future homeowners to donate when they sell, until a property owner elects to withdraw.

The idea of using property sales to generate a new fundraising stream is based on a similar, successful initiative seen operating in the US, whereby a single property developer in California encouraged owners of 25,000 properties to make a small contribution at their time of sale. Twenty years later, this initiative has raised over \$9 million for local community initiatives.

The Homes for Homes initiative can apply to the entire housing system - from existing dwellings to new developments including government housing stock - as the core premise is simply to encourage small donations on property sales which accumulate into billions.

Homes for Homes provides additional value to the sector with no financial outlay required by government and no associated risk.

### **Donations = increased supply of housing**

Homes for Homes is a new source of funding, not a builder. When sufficient funds have been raised in a state or territory, housing providers are invited to apply via an open tender process.

Homes for Homes has established Investment and Housing Advisory Groups who review grant applications and provide recommendations to the Homes for Homes Board to maximise impact from funds granted.

Homes for Homes has already increased social and affordable housing supply, granting \$1.14 million to 10 social and affordable housing projects, housing 53 people, with a further \$140,000 approved for disbursement in 2022.

Our experience across four grant rounds has shown that funds granted by Homes for Homes had a multiplier effect of 1:8. For every \$1 granted, Homes for Homes unlocked \$8 for the community housing sector. Typically, we have funded the crucial 10-20% equity component of a community housing project, which has meant that Homes for Homes is the key to more projects securing additional finance and becoming a reality.

Leveraging the multiplier effect means Homes for Homes' grant funding can be spread across more social housing projects – creating more homes to help end homelessness.

## **Governance**

Homes for Homes is robustly governed.

Established by Australia's largest and most successful social enterprise, The Big Issue, Homes for Homes is a not-for-profit company, limited by guarantee and endorsed as a Deductible Gift Recipient. All donations are tax deductible. Homes for Homes benefits from the knowledge, expertise, and networks of industry leaders.

Homes for Homes is independent from the finance, property, and community housing industries.

The Homes for Homes Board is responsible for authorising funding allocations to social and affordable housing providers. To assist in making funding decisions, the Board leverages the knowledge and expertise of an industry-based Investment Advisory Group and Housing Advisory Groups.

### Homes for Homes Board

Sonya Clancy (Chair), Chief People Officer, Bank Australia  
Adam Brooks, Partner, Thomson Geer  
Carolyn Viney, Chief Development Officer, Vicinity Centres  
Paul Kearney, CEO, Kearney Group  
Steven Münchenberg, Managing Partner, Blackhall & Pearl  
Wendy Fromhold, Director, WFConsulting

### Homes for Homes Investment Advisory Group

Sonya Clancy (Chair), Chief People Officer, Bank Australia  
Andrew Penn, CEO, Telstra  
The Hon Anna Bligh AC, CEO, Australian Banking Association  
Ian Smith AM, Joint Managing Director, Bespoke Approach

Peggy O'Neal AO, Chancellor, RMIT  
Sally Herman, Non-Executive Director  
Simon McKeon AO, Chancellor, Monash University  
Terry Campbell AO, Senior Chairman, Goldman Sachs

### Homes for Homes Housing Advisory Groups

Each state/territory Housing Advisory Group is made up of a panel of cross sector experts specific to their state/territory.

### **Developer support**

In addition, Homes for Homes has the support of many developers who operate across Australia.

Since launching in 2015, Homes for Homes has 36 developers who have committed projects nationally. The 30-year projection of donations flowing from these developments alone exceeds \$52 million. Beyond our publicly recognised property partners, Homes for Homes is also in discussions with a further 60+ developers.

The Green Building Council of Australia have included Homes for Homes as an 'innovation challenge' in their Green Star rating system. Developers can apply for up to two Green Star points when they include Homes for Homes in their projects. This type of incentive is a win-win for both Homes for Homes and the developer.

### **The role of government as an instrument of change**

Homes for Homes is engaging state and local governments, statutory agencies, and industry associations across Australia to explore inclusion of its mechanism in the planning process.

Moreland City Council were the first council in Australia that formally endorsed Homes for Homes. Homes for Homes is embedded within their design excellence scorecard. Developers who commit to Homes for Homes via the scorecard are fast-tracked through the planning process.

Bayside City Council, in Melbourne's southeast, has since unanimously voted that all planning permits issued for multi-dwelling developments must include a condition requiring the implementation of Homes for Homes, via a Section 173 Agreement under the Planning and Environment Act 1987. Analysis shows over \$13 million every 30 years could be raised from donations from multi-dwelling applications in this local government area alone. Kingston City Council also recently voted to support Homes for Homes in a similar manner.

LWP, a Western Australian developer are working in conjunction with state government to rollout Homes for Homes on all joint venture projects.

DevelopmentWA are favourably weighting proponents who participate in Homes for Homes when tendering for a development located at Shenton Park, minutes from Perth's CBD.

Integrating Homes for Homes across residential developments provides a sustainable and long-term source of new funding to support the creation of social and affordable housing in Australia.

By implementing the below practices into housing and homelessness state and territory funding agreements the Australian Government can significantly amplify Homes for Homes impact:

1. Embedding Homes for Homes into any tender processes applying to new land releases or surplus land sales undertaken by state and territory governments; and
2. Amending state and territory planning regulations directing local governments to reward applicants on multi-dwelling developments who participate in Homes for Homes, for example, providing uplift or application fast track benefits.

### **A path forward ...**

Homes for Homes is an innovative model that has the capacity to raise substantial funding to increase the supply of social and affordable housing across Australia.

After working in the industry for close to 30 years, the desire to resolve homelessness in Australia is certainly not the issue. Financial investment is what is needed to deliver on this desire. We believe with the support of the Australian Government; Homes for Homes can rapidly gain traction - becoming a part of everyday property transactions.

Again, we thank the Productivity Commission for providing the opportunity to make a formal submission on the National Housing and Homelessness Agreement Review.

Yours sincerely

Steven Persson  
CEO, Homes for Homes and The Big Issue

