



Shelter NSW

**SUBMISSION TO THE
NATIONAL HOUSING AND
HOMELESSNESS
AGREEMENT (NHHA)
REVIEW**

Productivity Commission



About Shelter NSW

Shelter NSW has been operating since 1975 as the state's peak housing policy and advocacy body. Our vision is to create a sustainable housing system that provides secure homes for all.

We pursue our vision through critical engagement with policy and practice and thought leadership. We provide systemic advocacy and advice on policy and legislation for the whole NSW housing system to resolve housing inequality.

We are especially concerned for low-income households which struggle to afford good-quality and well-located housing in the private market. Shelter NSW is concerned about the housing crisis in NSW and the rising trends in homelessness; housing rental stress as well as the impacts of poor-quality housing, particularly on low-income households.

Shelter NSW welcomes the opportunity to provide a submission to the Productivity Commission's (the Commission's) important review of the National Housing and Homelessness Agreement (NHHA).

As a member of the 'Shelter' group of organisations we support in its entirety, the submission made by National Shelter. We also endorse the submission made by Homelessness NSW and will actively reference many of its recommendations as they relate to the Homelessness sector.

Executive Summary

The purpose of the NHHA is to *contribute to improving access to affordable, safe and sustainable housing across the housing spectrum, including to prevent and address homelessness, and to support social and economic participation*¹. It is intended to contribute to quite sound (but unquantified) *aspirational*, (and) *overarching national outcomes* such as a well-functioning general and social housing market and an effective homelessness service system.

From the outset we observe that even by its own confined and undemanding stated purpose (of just making a 'contribution'), we consider that the NHHA has surely failed, if not nationally then certainly in NSW.

In NSW we see a steady decline in the capacity of the overall housing and homelessness system to support lower income and priority cohorts of people.

¹ National Housing and Homelessness Agreement (2018) accessed [Federal Financial Relations site](#)

We note:

- close to 50% of the over 47,000 people seeking accommodation assistance from the Specialist Homelessness Sector (SHS) in 2020-21 being turned away², social housing stock and investment that is steadily decreasing – not keeping up with population growth let alone demand
- close to 50,000 households waiting as long as 10 years for social housing (now a highly 'rationed' form of 'welfare' housing).

In NSW the following general trends are widely observed:

- deepening and damaging housing unaffordability. In 2009-10, 41.8% of homes built or sold were affordable to low-moderate income households. By 2017, this had deteriorated to just 17.4%³.
- lower income renters in rental stress⁴(43% of all renters, over 335,000 households)
- increasing realisation of the cost of living with rising temperatures, natural disasters and energy-inefficient homes - disproportionately felt by lower income households⁵.

We note and understand the confined review of the NHHHA – with the *broader set of policies affecting the housing markets*⁶ such as income support and taxation out of scope. But in doing, so we call for a National Housing & Homelessness Strategy that will address the dynamics of the entire housing system and identify the critical public policy levers and responses at the disposal of the Commonwealth. The Commonwealth is responsible for so many of these levers that either influence the shape of the housing market or policy responses to support those failed by it; and it has substantial revenue raising capacity.

The Commonwealth has the capacity and the responsibility to do more and achieve better housing outcomes.

The creation of a National Strategy would allow strategic choices to be made about the most effective and efficient government (commonwealth, state and local) responses. A new and better funded NHHHA would sit within the strategic framework, alongside other housing-related responses such as aged care and disability and support mechanisms such

² Productivity Commission (2021) *Annual Report on Housing and Homelessness – refer Appendix A Table 3 for more detail*

³ Productivity Commission (2022) *Report on Government Services - Housing & Homelessness sector overview table GA-*

⁴ Productivity Commission (2022) definition table GA.3: *households whose members are at or below the 40th percentile of equivalised disposable household income (excluding CRA)*

⁵ Deloitte (2021), *The economic impacts of the National Low-Income Energy Productivity Program*, report prepared for the Australian Council of Social Service [Link to report accessed 27 Jan 2022](#)

⁶ Productivity Commission, (2021) *National Housing and Homelessness Agreement Review – Issues Paper* at p2

as Commonwealth Rental Assistance. The strategy would also account for the requirements and impact of the social security system and taxation systems in general.

A National Strategy would have the broader national goal of *ensuring the provision of sufficient housing to allow all households in Australia to live with dignity*⁷.

Our submission will also address the governance and reporting design of the NHHA itself. It lacks: measurable targets; appropriate data collection and reporting requirements; and has poorly defined responsibilities. Together these features undermine the capacity of the agreement to meet its objectives.

With our focus on the Commonwealth taking a much-more active strategic leadership role we also call for the states, and NSW in particular, to improve its approach and outcomes. We contend that the NSW Housing Strategy, despite its welcome existence, lack targets, and transparency – factors that we regard as essential to any credible state housing strategy. More broadly we contend that on most measures, NSW is not progressing at a sufficient rate to resolving widespread housing stress and homelessness (in all of its forms).

⁷ National Shelter submission

Shelter NSW recommendations:

1. The Australian Government to commission the development of a National Housing Strategy – focused on meeting the housing needs of low-moderate income households; and increasing the supply of non-market housing available to them; with timebound targets for homeownership, rental housing and non-market (social, affordable, specialist) housing. The national strategy to actively address and incorporate the impact of other Commonwealth responsibilities in the areas of aged care, disability and income support.
2. The national housing strategy to include a plan to lift the national level of social housing to 10% of all housing by 2036.
3. Create an independent statutory authority to oversee the development of the strategy, establish data and reporting processes, and ensure inputs from all levels of government are commensurate with the national strategy.
4. Commonwealth and NSW Government to make a joint commitment to grow (build or acquire) social housing in NSW by 5,000 dwellings per year over 10 years (estimated investment of invest \$2.6 billion⁸ per year in NSW for the next 10 years) .
5. Invest \$500 million in an expanded repairs and maintenance program for existing social housing stock in NSW. This would include upgrades to inefficient fixtures (water, heating and cooling) and improve the thermal performance of existing social housing stock.
6. Increase Specialist Homelessness Service Program funding in NSW by 20% or approximately \$156 million over 3 years so that services can meet current demand.
7. Separate the current national housing and homelessness payments into two streams:
 - a) an operational fund paid on a per-dwelling basis to providers (State and Territory housing authorities and community housing providers); this could be preserved for structural maintenance, and clarify the homelessness payments being quarantined out. Payments should be sufficient to cover operational costs and Commonwealth Rent Assistance. Need to be identified on a per capita basis of each State and Territory, and
 - b) a growth fund to be provided to State and Territory governments on a per capita basis. The Commonwealth Government to establish an affordable housing infrastructure booster (the boost) with a variable subsidy based on land and housing cost, regional variation, a variety of contributory inputs (planning, land, equity).
8. That First People's Housing organisations have specific components of future agreements to consider how systems (regulatory, financial) can facilitate their participation and registration within a National Regulatory Framework.
9. That future agreements include rapid response strategies to assist recovery from climate induced disasters.

⁸ Equity Economics, 'A Wave of Disadvantage Across NSW: Impact of the Covid-19 Recession'. p.4

NSW Context – demand and the response shortfall

NSW is not well-placed to prevent or respond to a sustained wave of homelessness, severe overcrowding or housing stress let alone the longer-term trends of an aging population and income/wealth inequity.

Responses by Government and a strained community and social sector are failing to keep up with current demand. The need for Governments to step in has never been greater.

In NSW, we see evidence of a failing housing system and strained sector:

- **Close to 50% of the over 47,000 people seeking accommodation assistance from the Specialist Homelessness Sector (SHS) in 2020-21 being turned away**⁹ This has steadily worsened since 2015-16 where 15,471 or 34.2% had the same experience (*Refer Appendix A - Table 3 for key trends*). Over the last decade, each year, at least 45,000 people present at SHS services seeking help (with Aboriginal & Torres Strait Islander people consistently overrepresented at nearly a third of all SHS clients)¹⁰. The NSW Auditor-General also found¹¹ that the reach of SHS services into regional areas was limited, with just 34 of 128 local government areas receiving direct support (and noting a 75% increase in regional clients between 2013-2017)
- **Social housing stock and investment that it decreasing – not keeping up with population growth let alone demand** with an estimated net increases of as few as 400 - 800 additional dwellings over the coming years¹² (and social housing stock falling to 4% of total housing in NSW compared to the OECD of 7%¹³ and down from 5% in 2014¹⁴).
- **Close to 50,000 households waiting as long as 10 years for social housing** now a highly 'rationed' form of 'welfare' housing.
- **National Rental Assistance Scheme (NRAS)¹⁵ expiring across the country**¹⁶: 906 have already expired in NSW with a further 5,639 properties due to expire by 2026.
- **Commonwealth Rental Assistance (CRA)– still leaving households stressed.**¹⁷ At the end of June 2020, 538,758 'income units' in NSW were receiving CRA¹⁸ But even

⁹ Productivity Commission (2021) *Annual Report on Housing and Homelessness* – refer Appendix A Table 3 for more detail

¹⁰ Productivity Commission (2022) op.cit. Table 19A.4

¹¹ Office of the Auditor-General (2021) *Responses to Homelessness* at PPs 9 and 15

¹² Pawson et al (2021) op.cit. Table 6.3 Social Housing Pipeline 2012-22 to 2023-24

¹³ Pawson, H (2021), *Social Housing production continues to languish, while demand has soared*, [UNSW City Futures blog](#)

¹⁴ Australian Government (2021), Australian Institute of Health and Welfare, *Housing Assistance in Australia* [AIHW link - NSW Summary](#)

¹⁵ This is a Commonwealth & State program. Eligible NRAS applicants from low-moderate incomes attract a contribution for each approved home; rent is set at least 20% below the prevailing market rates

¹⁶ Commonwealth Government (June 2021) [nras-quarterly-report-30-jun-2021.pdf \(dss.gov.au\)](#) at p3

¹⁷ Productivity Commission (2022) op cit [page link](#)

¹⁸ [AIHW \(2021\)](#) op cit, *Housing assistance in NSW*

with this support, in 2021, 48.5% of these income units were still stressed - paying more than 30% of their income in rent.

- **deepening and damaging housing unaffordability.** In 2009-10, 41.8% of homes built or sold were affordable to low-moderate income households. By 2017, this had deteriorated to just 17.4%¹⁹. This is distorting and restricting general spending and workforce mobility alike. In Greater Sydney, there is a spatial mismatch between the homes and workplaces of essential workers like nurses, teachers and police – driven to the outreaches of Sydney and beyond, facing long commutes²⁰ Regional centres, once the ‘cheaper alternative’ to Sydney have seen widely reported²¹ soaring house prices that are unlikely to be resolved in the short-medium term.
- **Lower income renters²² (43% of all renters, over 335,000 households in NSW) continuing to struggle with ‘rental stress’.** According to the Productivity Commission²³, in 2017-18, 58% of these households experienced rental stress paying more than 30% of household income in rent. This has largely unchanged over the past 10 years and in fact, may have worsened particularly in recent years in regional centres, where rents have surged 12.4% in the year to August 2021 (with private rental supply reportedly falling by 6% in 2020-21 in regional NSW.²⁴
- **increasing realisation of the cost of living with rising temperatures, natural disasters and energy-inefficient homes** - disproportionately felt by lower income households (with the least ability to adapt and respond)²⁵.

Responding to homelessness in a crisis mode is expensive and inefficient for Government and the community sector. Preventing homelessness and chronic housing stress is smarter and fairer. But this requires a stock of well-designed, secure and affordable social and transitional housing where and when it is required. Only Government has the power, resources and policy mechanisms to address this. Currently the NSW Government (along with the Commonwealth) is failing to meet current demand for social housing – critical for satisfying current demand but also has a means of preventing homelessness.

¹⁹ Productivity Commission (2022) *Report on Government Services - Housing & Homelessness sector* overview table GA-4

²⁰ Gurran et al, The Conversation (2018) [Key workers like nurses and teachers are being squeezed out of Sydney](#)

²¹ Burke Kate (2022), *Sydney's sea and tree changers push regional house prices to record highs*, [link to SMH accessed Jan 28, 2022](#).

²² Productivity Commission (2022) definition table GA.3: *households whose members are at or below the 40th percentile of equivalised disposable household income (excluding CRA)*

²³ Ibid. [Introductory page](#)

²⁴ 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 [Link accessed Jan 27 2022](#)

²⁵ Deloitte (2021), *The economic impacts of the National Low-Income Energy Productivity Program*, report prepared for the Australian Council of Social Service [Link to report accessed 27 Jan 2022](#)

NSW Government Response

The Commonwealth-NSW NHHA²⁶ outlines the NSW Government's commitments under the *Future Directions for Social Housing* and *NSW Homelessness Strategy delivering up to 23,000 new and replacement social housing dwellings, 500 affordable dwellings (as well as up to 40,000 private dwellings)*.

Social Housing shortfall

Under these programs the stock of social housing has increased – an increase of 8.7% from 2011-2020. But over the same period general housing stock has increased from 2.8 million in 2011 to 3.3 million in 2020, an increase of 15.4%.

It is these trends that lead researchers and advocates alike to say that the NSW social housing program 'is not keeping up' with general population or need. In NSW, in 2020 social housing represented 4.71% of total housing stock, having steadily decreased and now at its lowest rate since 2011²⁷ (see Appendix B, Table 4 of this submission, assembled by Shelter NSW for a detailed view on this data).

The percentage of total housing stock that is social housing is much lower in NSW than in many countries. For example, NSW compares unfavourably to both England (17%) and Scotland (24%). Canada has a high percentage (13.5%) however it should be noted that this figure includes both social and affordable housing dwellings²⁸. In a similar sense, total expenditure per capita on social housing is also in decline.

In June 2021, research which examined project-by-project detail, determined that since 2016, the NSW Government has committed to build just 9,386 new social housing dwellings by 2026. This was determined after the difficult task of tracking this program - sifting out reannouncements and 'replacements' being announced as new builds²⁹. According to Professor Hal Pawson³⁰ however, this commitment will actually deliver very little in the short-medium term with a prospective net gain in social housing dwellings of just 400 – 800 in NSW (2021/22 to 2023-24), compared with 8300 in Victoria and 4400 in Queensland and of course a social housing waiting list of over 50,000 households. By any accounts 9,386 is significantly less than 23,000. Appendix B outlines more granular data indicating a net growth in social housing dwellings of just 15,621 between 2011-2021.

²⁶ NSW NHHA Schedule E1 accessed from [federalfinancialrelations.governemnt.site](#)

²⁷ Barnes, E., Writer, T., Hartley, C. (2021) *Social Housing in New South Wales: Report 1 Contemporary analysis*, Sydney: Centre for Social Impact at p 4, 27 [link](#)

²⁸ Ibid at p 31

²⁹ Ibid [link](#)

³⁰ Pawson, H et al (2021) op. cit., Aminpour, F. (2021) at p 105 Table 6.3 [Link to report accessed 27 Jan 2022](#)

Urban planning experts³¹ have projected that in order to even just prevent a further deepening of the social housing shortfall, there is a need for a national program producing just over 290,000 additional homes for low-income households up until 2026 (numbering almost nearly 15,000 per year). This has prompted cross-sector calls for a social and affordable housing building and/or acquisition programs in NSW that would deliver 5,000 (net) dwellings per year over the same timeframe³².

Under current programs and funding arrangements under the NHHA it is difficult to see how the social housing shortfall in NSW will be resolved.

The lack of progress on substantially growing the stock of new or replacement social housing in NSW presents other problems for the NSW Government. Given the aging profile of NSW's social housing stock (around 40 years), the Government is faced with a challenging maintenance program.³³ A recent NSW parliamentary committee³⁴ noted its general concern for the *current state of the housing portfolio and the lack of adequate resources to keep it in a suitable condition for occupation*. It noted that the decrease in the maintenance budget since 2018 has in fact exacerbated the situation, with older social housing properties showing accelerated deterioration. Having explored the recurrent funding model and noting its inadequacies, the Committee recommended that the NSW Government provides a one-off budgetary investment to fund the current backlog of the planned and capital works program, in order to bring the existing housing stock to safe and liveable standard.

In 2013 the NSW Auditor-General³⁵ examined the supply and maintenance of public housing in NSW, noting the Land and Housing Corporation's (LAHC's) advice, that in the previous year it had been *\$330 million short of maintaining the current number of properties at a reasonable standard*³⁶ forcing it to sell properties and reduce its maintenance. Shelter NSW endorses the assessment made by the Auditor-General in 2013 and the more recent parliamentary committee, that this approach (by LAHC) is financially unsustainable.

Beyond the need to build and maintain social housing dwellings to a safe and liveable standard there is an increasing realisation that living in poorly-design and poorly constructed dwellings are exposing lower-income people to unreasonable impacts. Whether that be health impacts from living in poorly insulated and hard to cool (or heat) dwellings or cost-of-living impacts from rising energy costs. Lower income households spend a significant part of their disposable income on energy costs;³⁷ challenged to deal with impacts of rising

³¹ Lawson, J et al, (November 2018) *Social Housing as Infrastructure*, Australian Housing and Urban Research Institute [AHURI Final-Report-306-Social-housing-as-infrastructure-an-investment-pathway.pdf](#)

³² Equity Economics (2020) [Supporting-Economic-Recovery-in-NSW-Investment-in-Social-and-Affordable-2020.pdf](#)

³³ Parliament of NSW, Legislative Assembly, Public Accounts Committee (2021). *Follow-up review of the management of NSW Public Housing maintenance contracts* (Report no. 7/57 Public Accounts Committee) [link](#)

³⁴ Ibid. Introduction and Recommendation 18 at p62

³⁵ Office of the Auditor-General (2013) *Making the best use of public housing* [link to report](#)

³⁶ Ibid at p18

³⁷ Australian Energy Regulator 2019, *Affordability in retail energy market*, Commonwealth of Australia, Canberra.

temperatures and to cope with any rising energy costs³⁸ As a result, they spend disproportionately more on energy costs compared to higher-income households³⁹ (6.4% versus 1.2%). Whether as private or social housing renters or low-income homeowners, these households often have little control over the energy efficiency of their homes and little financial capacity to upgrade old, inefficient appliances such as water and space heating/cooling systems. There is therefore, pressure on the NSW Government to not just maintain its social stock but to upgrade it to provide more climate-resistant dwellings.

Persistent unmet demand for specialist homelessness services (SHS)

According to Equity Economics research⁴⁰ the NSW Social Sector provides essential care and support to over 1 million people each year – *including those impacted by poverty, homelessness, domestic violence, mental health challenges, disability or other complex issues*. Its workforce is bolstered by 1.7 million hours of volunteer time each week. In spite of this, it is a system under considerable strain with steadily rising demand and a well-documented very large unmet need⁴¹. In terms of a sector, there is clear evidence of it making a difference for the clients it is able to support. In 2020/21 for example, 14.7% of clients were living in crisis accommodation before approaching SHS; reduced to 6.8% after support. The 5.1% of clients sleeping rough reduced to 2.6% after support.⁴²

The NSW Council of Social Services (NCOSS) in its own prebudget submission⁴³ notes the appreciation of the \$50 million Social Sector Support Fund but notes that as a *one-off injection does not address the fact that the social services system was already straining well before the pandemic and will continue to do so without adequate, sustainable funding*.

Shelter NSW supports the NSW Council of Social Service's call for a 20% increase in recurrent baseline funding. This would enable the sector to manage increased costs and risks incurred due to:

- *rising demand and cost of service provision*
- *increased data collection and reporting requirements by funding agencies*
- *increased responsibility in the level, type, complexity and location of service deliverables*
- *more onerous contract terms with no guarantee of annual indexation or growth funding.*

Aboriginal and Torres Straits Islander people seek out the support of homelessness services

³⁸ Grey, C.N.B. et al 2017, 'Cold homes, fuel poverty and energy efficiency improvements: A longitudinal focus group approach, *Indoor and Built Environment*, vol. 26, iss.7, pp.902-913. doi:[10.1177/1420326X17703450](https://doi.org/10.1177/1420326X17703450)

³⁹ Deloitte (2021), *The economic impacts of the National Low-Income Energy Productivity Program*, report prepared for the Australian Council of Social Service, accessed 10 November 2021

⁴⁰ Equity Economics (2021), *The Social Sector in NSW*, report prepared for NCOSS [Link](#)

⁴¹ Productivity Commission (2021) *Annual Report on Housing and Homelessness – refer Appendix A Table 3 for more detail*

⁴² Productivity Commission (2021) op. cit. Table 19A.31

⁴³ NCOSS Pre-Budget Submission 2022-23, [link](#)

at a dramatically disproportionate rate – with close to a third of all SHS clients consistently being from that community (as compared to their general representation in the community at 3.5% ⁴⁴). A permanent increase in recurrent baseline funding would allow a more equitable spread of service across NSW and will strengthen Aboriginal Community-Controlled Organisations to provide culturally-appropriate local support to communities that continue to experience disproportionate levels of disadvantage.

Structural Funding Gap

An academic review of the original 2018 NHHA, noted that it provided no additional federal funding, *aside from a widely supported extension of previously time-limited funding for front line homelessness services*. By implication, states and territories were to improve housing outcomes by doing more and better through reform or efficiency measures.⁴⁵ Over time and assessing outcomes this approach has proved to be insufficient, suggesting that a structural funding gap exists within the overall system.⁴⁶

Putting aside any challenges the Commission may have in accurately assessing the total cost of social housing incurred by the states, say due to a lack of transparency, claims of a significant funding gap do seem credible. In its submission National Shelter cites the NSW example of how the current funding model underpinning the NHHA leaves a significant gap. In 2017 the NSW Independent Pricing and Regulatory Tribunal (IPART) used a comparison to market rent methodology to estimate the funding gap of social housing in NSW in 2017. It found that the funding gap in NSW was \$945m per annum⁴⁷. This is at least twice the level of funding provided by the NSW government to support social housing than it receives from the Commonwealth. The IPART went further noting that if the gap was funded through an explicit subsidy (they suggest made by the NSW Government, but we say by the Commonwealth and the State) the government's social housing building agency Land and Housing Corporation or the community housing providers (CHPs) sector would be able to *operate on a financially sustainable basis*. It went further to suggest that LAHC and CHPs would then be able to *reinvest funds to expand the supply of social housing* (the latter being contractually be required to do this)

⁴⁴ Productivity Commission (2022) op.cit. Table 19A.4

⁴⁵ Gurrán, N., Rowley, S., Milligan, V., Randolph, B., Phibbs, P., Gilbert, C., James, A., Troy, L. and van den Nouwelant, R. (2018) *Inquiry into increasing affordable housing supply: Evidence-based principles and strategies for Australian policy and practice*, AHURI Final Report 300, Australian Housing and Urban Research Institute Limited, Melbourne [accessed March 20 2022](#)

⁴⁶ Shelter NSW has noted with much concern that this has been exacerbated by the NSW Government's requirement that its social housing building agency Land and Housing Corporation be 'self-funding' driving it to self-off public housing land and stock to fund the expansion of social housing in other parts of the state. Shelter NSW has described this in media reports as 'cannibalising the social housing stock'. Shelter NSW has recently released research by Murray, C.K & Phibbs, P (2021) addressing this approach by the NSW Government [Reimagining-the-economics-of-public-housing-at-Waterloo](#)

⁴⁷ I P A R T (2 0 1 7) Figure [report-review-of-rent-models-for-social-and-affordable-housing](#) Figure 4.2 at p 46

According to the National Shelter submission, the Productivity Commission's own Report on Government Services (RoGS)⁴⁸ shows that all social housing recurrent costs were \$4.489b in 2021. The Commonwealth contribution to that was \$1.6b or approx. 35.7% demonstrating that states contribute 64.3% of current social housing and homelessness costs.

We endorse the assessment made by National Shelter that the Commonwealth contribution to the existing NHHA should be increased 2-3 times its current level to at least match state contributions if no other changes were to be made.

We also support its assessment that the current approach of calculating payments on a per capita basis has introduced perverse incentives for states like South Australia to sell large amounts of social housing stock. Consequently, as a means of counteracting these perverse outcomes, we endorse the recommendations that a growth fund be added to the agreement (equivalent to the current imbalance in Commonwealth contributions) and to also change the payment of the existing NHHA to a per dwelling payment.

A National Housing Strategy is required

Lack of access to affordable housing, whether it be as renter or homeowner, risks entrenching disadvantage and generational inequity. The NSW Treasury's own assessment⁴⁹ of the relative differences in the wealth of households approaching retirement (aged 50-64) who do not own their own home as typically having just \$78,000 net household wealth provides a stark contrast to the estimated \$1.4 million for homeowners of the same age. Concerns about housing unaffordability contributing to generational inequality is a global concern, noted by the OECD in a 2021 paper⁵⁰

The COVID pandemic has provided an important reminder about the criticality of well-built, accessible and affordable housing to the safety, mental and physical wellbeing of people. Coming out of the pandemic, rising housing costs are widely acknowledged as a key part of cost-of-living concerns; threatening to compromise the recovery especially for low-income people and especially in regional areas⁵¹ Natural disasters that have 'bookended' the pandemic – fire and now devastating floods, have also revealed how exposed many communities are. As always, it is and will be lower-income people with the least purchasing power in the private housing market who are increasingly exposed in such disasters.

⁴⁸ Productivity Commission (2021) <https://www.pc.gov.au/research/ongoing/report-on-government-services/2022/housing-and-homelessness/housing>

⁴⁹ [2021-22 NSW Intergenerational Report - Overview](#)

⁵⁰ OECD (2021) *OECD Housing Policy Toolkit* pp 15, 24 [accessed March 23, 2022](#)

⁵¹ Davidson, P., (2022) *A tale of two pandemics: COVID, inequality and poverty in 2020 and 2021* ACOSS/UNSW Sydney Poverty and Inequality Partnership, Build Back Fairer Series, Report No. 3, Sydney [Build-back-fairer-report accessed March 22, 2022](#)

While there has been some general coalescing about 'the problem' of housing unaffordability (both in the short term and longer term for the current younger generation), a casual observer might conclude that there are as many ideas about how to 'fix' it as there are media reports about it (or more cynically, state and federal parliamentary inquiries earnestly investigating it). Absent from the challenge has been a Commonwealth strategy, commensurate with the scale and threat of the problem of the housing crisis. The absence of a strategy means that the necessary trade-offs, synergies and likely consequences (intended or not) are not thoughtfully considered, consciously decided or planned for. As the OECD notes, having a comprehensive strategy in place allows these necessary though often difficult policy decisions (and associated funding choices) to occur.⁵²

Gurran et al⁵³ note *that a national strategic framework must integrate the different subsidies, policy levers and programs which exist across states and territories, to ensure they support outcomes across the continuum of housing needs and deliver long-term growth of affordable housing supply.* While such a strategy would necessarily need to represent both an aligned Commonwealth and States approach, its development would have to be led by Commonwealth agencies, and be powered by Federal political leadership.

The current NHHA fails to acknowledge the extent to which current Commonwealth policies directly impact the housing system. These range from Capital Gains Tax, negative gearing, the non-taxation of imputed rent, the establishment of the National Housing Finance and Investment Corporation (NHFIC), the First Home Deposit and Savers Schemes, the Home Equity Access Scheme, Commonwealth Rent Assistance, and more recently the Homebuilder program. Each of these programs attracts explicit funding or provides subsidies. A comprehensive housing strategy would examine these programs and approaches, and assess the outcomes (intended or otherwise) for various parts of the housing system. Funding for the NHHA should be increased, taking account of the relative public investments and returns for these other approaches. Shelter NSW has often noted that in the absence of any genuine reform of the broader taxation system (with its negative consequences for lower-income people) funding for the NHHA should be increased - to build more social housing and to appropriately fund homelessness services.

A national strategy is also required to respond to climate related disasters, such as bushfires and flooding. Such a strategy should consider how it will trigger housing responses as and when required to meet the housing needs of displaced households. The NHHA should, in its next iteration., formally incorporate a Commonwealth-State agreement about the principles

⁵² OECD op. cit at p43

⁵³ Gurran et al (2018) Op. cit. at p 35

for a fast and comprehensive response and the funding to support, in the likelihood of more frequent and damaging disasters.

The next section will consider the need for clear and compelling targets, accessible and transparent data. These mechanics are the important support behind a national housing strategy – a strategy that needs to be able survive a change of government and have a momentum that comes with the *continual reinforcement of key messages and regular communication of achievements*⁵⁴

Shelter NSW notes the Canadian National Housing Strategy (on the following page) as noted and described by Gurran et al⁵⁵ as an illustration of a whole-of-government approach and one which communicates the strategic choices and ‘big bets’ that the Canadian a government has taken.

⁵⁴ Gurran et al (2018) op. cit. at p18

⁵⁵ ibid Box 1 at p 47

Example: Canada's National Housing Strategy

In early 2018 the Canadian Federal Government launched Canada's first national housing strategy: A Place to Call Home. The strategy initiates Federal Government re-engagement in housing, and is the most ambitious federal housing program in Canadian history.

The strategy, which has a 10-year timeframe, aims to bring together public, private and not-for-profit sectors and to foster bilateral government cooperation to address the country's housing needs. While the strategy recognises and addresses housing needs ranging from shelter needs for the homeless to owner occupation, funded initiatives under the strategy are primarily targeted at meeting the housing needs of the most vulnerable.

The strategy adopts a 'whole-of-government' approach, aligning investment in affordable housing with other government goals around job creation, access to education and healthcare, and prevention of violence against women. The strategy has six nation-wide targets, which include:

- removing 530,000 households from housing need
- investing in the construction of up to 100,000 new affordable homes
- repairing and renewing 300,000 existing units
- protecting 385,000 households from losing an affordable home
- supporting 300,000 households through the Canada Housing Benefit
- cutting chronic homelessness by 50 per cent.

\$40 billion in Federal funds is committed to implement the strategy.

To ensure the continuation of the strategy across political cycles, new legislation is being put in place that will require successive governments to maintain the strategy; to prioritise the housing needs of the country's most vulnerable; and to report to Parliament on outcomes and progress towards meeting the strategy's targets. A new Federal Housing Advocate and a National Housing Council with diverse representation will advise the responsible Minister and the Canada Housing and Mortgage Corporation in relation to the strategy. The strategy is being accompanied by a campaign to reduce discrimination and stigmatisation of low-income households and to highlight the benefits of affordable housing initiatives and inclusive communities.

Data, Accountability and Transparency

National Shelter has made the assessment that *most of the current performance indicators for the NHAA cannot be achieved within the parameters of the existing agreement structure or level of financial support. Many of the indicators do not apply methods to measure them, are outside the parameters of the current agreement, or are meaningless.*

A Performance Indicator like *'an increase in the proportion of social housing occupants that are housed in homes that match their needs'* provides no quantitative referencing to the current situation or the quantum of improvement required and by when.

The following performance indicators, while potentially relevant to a broader appropriately funded housing strategy (as discussed) are not connected to the terms and operation of the current NHHA (or linked to the funding that flows from it).

- *an increase in the number of dwellings that are permitted by zoning in cities or urban areas*
- *a reduction in the average time taken to decide the outcomes of a development application or residential building permit in cities or urban areas*
- *a decrease in the proportion of rental households with household income in the bottom two quintiles that spend more than 30 per cent of their income on rent*
- *an increase in the proportion of Indigenous Australians purchasing or owning their own home.*

In terms of accountability and transparency, a new agreement should include clear targets and clear proportions of funding and assigned responsibility for dwellings, programs and outcomes. A new agreement should include an ability to track net dwelling additions or losses in each jurisdiction, based on a national audit or process to identify and track all social and affordable housing dwellings nationally and in each state. (At the very least this would relieve researchers such as those quoted in this submission and Shelter NSW itself from having to manually track this type of data – from government announcements or in the case of data noted in Table 5 of this submission – from Questions on Notice put to various NSW Ministers for Housing).

A new agreement should also reduce policy and data collection complexity by providing agreed operational definitions and working assumptions. Shelter NSW is aware for example, of research that is soon to be released that compares and contrasts how social housing waiting lists are managed from state to state and territory. Our early view of that research is that there is a surprising and concerning level of difference – so much so that we wonder how state waiting lists and efforts to reduce them might currently even be compared.

Shelter NSW supports the requirement within the current NHHA that states prepare 'credible' housing strategies but recommends that any comments we have about the need for more accurate targeting and reporting of program outcomes at the national level should also occur

at the state level.

In July 2020 Shelter NSW made a submission to the NSW Government on its proposed Housing Strategy⁵⁶. Our general commentary⁵⁷ (noted here for reference) was that we considered that it was a good start towards an integrated, long-term plan to solve the state's most demanding housing problems. A strategy was better than no strategy. And while we appreciated that it did codify some very sound projects and programs – it unfortunately, stopped short of setting out the key targets and game-changing actions and funding that would drive significant change. Since that time, we have not yet seen any further documents that have supplied this kind of information.

With the benefit of a national view, National Shelter assesses that the current NHHA has *no incentive for States to provide accurate information on their dwelling numbers, condition, maintenance requirements, energy performance, or long-term asset management*. We support the position that *this should be a requirement of a national regulatory system applied to all forms of subsidised housing, including state owned and managed social housing, community housing, Indigenous community housing, and any private housing receiving forms of subsidy (such as capital gains discounts, negative gearing, or covered by other tax concessional arrangements)*.

Conclusion

Shelter NSW finds that the current National Housing and Homelessness Agreement (NHHA) is inadequate and not fit for purpose. This submission argues for a new agreement to be created under the umbrella of a new National Housing Strategy, accompanied by a substantially larger amount of Commonwealth funding required to enable a scaled social housing building program and allow current substantial unmet need for homelessness services to be met. A future agreement, while committing to joint outcomes should specifically assign responsibilities so as to avoid confusion, delay or abrogation of responsibility by any party.

Even without progress being made on a national strategy we have recommended (aligned with National Shelter) that any funding tied to the agreement be commensurate with the joint programs required for a new formula for distributing NHAA payments i.e split into an operational payment per dwelling and a capital or growth component per capita.

Given the already significant role of the community housing sector and its demonstrated and

⁵⁶ Shelter NSW (2020) [Housing-Strategy-Discussion-Paper-Shelter-NSW-Submission-Final-July-31-2020](#) accessed 23 March, 2022

⁵⁷ Shelter NSW website (2020) [nsw-housing-strategy-more-homework-needed-to-fix-our-broken-housing-market/](#) accessed March 23, 2022

growing capacity we further endorse National Shelter's recommendation that the sector move towards owning and managing 50% of all social and affordable housing by 2036. A reformed NHHA should deliberately involve this broad community housing sector and relevant peaks in the development of future national agreements, including dedicated resources to First Nation's people organisations.

Shelter NSW thanks the Commission for the opportunity to comment on the NHHA and looks forward to participating in any future review.

Appendix A – demand for social housing and Specialist Homelessness Services

Table 2. NSW Social Housing register - information

| Financial Year (as at June 30) | NSW Housing register - applicants | Priority | Median wait time for priority (Note 1) | Newly housed applicants (Note 2) | Total Social Housing dwellings (Note 3) |
|--------------------------------|-----------------------------------|----------|--|----------------------------------|---|
| 2020-2021 | 44,127 | 5,801 | (Note 5) | | 153,515 |
| 2019 - 2020 | 51,395 | 5,308 | 2.5 months | 4,600 | 152,064 |
| 2018 - 2019 | 51,014 | 4,484 | 3.2 months | 4,118 | 151,828 |
| 2017 - 2018 | 52,932 | 4,595 | 3.4 months | 4,244 | 151,672 |
| 2016 - 2017 | 55,949 | 4,496 | 3.2 months | 4,291 | 151,630 |
| 2015-2016 | 59,907 | | | | |
| 2014-2015 | 59,035 | | | | |
| 2013-2014 | 59,534 | | | | |

Source: Prepared by Shelter NSW – sourced from various FACS/DCJ Annual Statistical reports & direct advice

Table 2 Notes

Note 1: median wait time for priority approved applicants housed in public housing and Aboriginal Housing Offices properties

Note 2: Applicants who were homeless or at risk of homelessness

Note 3: includes public housing, community housing, Aboriginal housing & Aboriginal Community Housing.

Source FACS Annual Statistical report 2017-18 Objective 4: Breaking disadvantage with social housing assistance as well as dashboards such as [Social Housing Residential Dwelling Dashboard](#)

Note 4: Shelter NSW has limited access to data for the period 2013-2015 but has included the general housing register data for that period for illustrative purposes.

Note 5: 2020-21 data unavailable

The NSW Government has in recent years, made considerable investments in SHS, other homelessness programs and referral services like Link2Home. However, the *Commonwealth Productivity Commission Annual Report on Housing and Homelessness*⁵⁸, highlights the degree to which a large proportion, almost 50% of people in need of SHS in NSW, do not receive the accommodation required.

In 2019-20 the *proportion of people with an unmet need for housing services* was highest in NSW (46.9%), followed by Victoria 35.5%, the ACT (35.6%) and Queensland (32%).

Over time we can see a growing number of people seeking accommodation services and, concerningly, a growing proportion of those who needs are not met. In NSW this translates to 22,709 people in 2020-2021, who did not have their needs for accommodation met.

Absolute numbers of clients in NSW consistently exceed 45,000 since 2015 are of great concern.

⁵⁸ Australian Government, Commonwealth Productivity Commission (2020) *Annual Report on Housing and Homelessness - Report on Government Services - Housing & Homelessness Services (2021)* - Tables 19A.7 and 19A.16 Homelessness Services

Table 3 - Specialist Homelessness Services (SHS) – accommodation needs met in NSW

| <i>Accommodation Services in NSW</i> (notes a, b and c) | | | | |
|---|---|----------------------------|---|----------------------------------|
| <i>Financial Year</i> | <i>Clients with identified need for accommodation who were not provided with that service (No.)</i> | <i>Total Clients (No.)</i> | <i>% of total clients need <u>not</u> met</i> | <i>Total Support days ('000)</i> |
| 2020-2021 | 22 709 | 47 121 | 48.2 | 7454 |
| 2019-2020 | 21 790 | 46 437 | 46.9 | 7122 |
| 2018-2019 | 21 552 | 47 652 | 45.2 | 7163 |
| 2017-2018 | 19 306 | 46 072 | 41.9 | 6806 |
| 2016-2017 | 17 354 | 46 643 | 37.2 | 6571 |
| 2015-2016 | 15 471 | 45 240 | 34.2 | |

Table 3 Notes (extract from Table 19A.7 and 19A.16 Productivity Commission 2021/22 Homelessness Services):

- a. Need for accommodation includes need for 'Short-term or emergency accommodation', 'Medium-term / transitional housing' or 'Long-term housing'.
- b. Unmet need for accommodation and services other than accommodation is dealt with differently by different jurisdictions and data may not be comparable.
- c. For some central intake models, the role of intake agencies is to identify and link clients to an agency well suited to the individual client's needs, rather than to provide clients with particular services. This may have an inflationary effect on the proportion of clients with unmet need for services for jurisdictions which operate such central intake models.
- d. Recurrent cost to Government per day of support for clients, 2019-20 dollars (accommodation & other services)

Appendix B - NSW Government track record on the delivery of social and affordable housing in response to population growth and demand

According to Professor Hal Pawson in a very recent [UNSW City Futures Blog](#)⁵⁹, the overall stock of social housing (as compared to total housing stock) in Australia and NSW has failed to keep pace with population growth even if demand was deemed to be static on a per capita basis.

Figures 1 and 2 on the following page illustrate both of these points (noting that Figure 1 highlights the actual decline of the social housing stock in 2019-20).

Further detail about the specifics of the NSW Social Housing dwelling portfolio is provided in Table 4. This table shows a very modest increases in NSW in the total number of social housing dwellings and households accommodated between 2011 to 2020.

Tables 5 provides further insight into the specifics of the NSW Government program of social (and public housing) building/acquisition as well as its divestment program (noting that this data is not easily accessible).

⁵⁹ Pawson, H (2021), *Social Housing production continues to languish, while demand has soared*, [UNSW City Futures blog](#)

Figure 1 - sourced from Pawson, H. (2021) UNSW City Futures

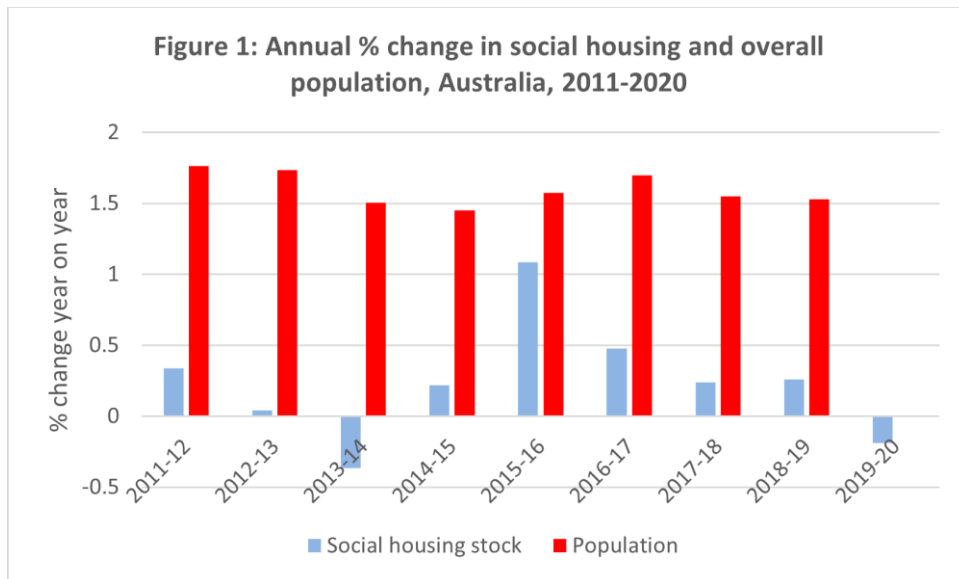


Figure 2 sourced from Pawson, H (2021) UNSW City Futures

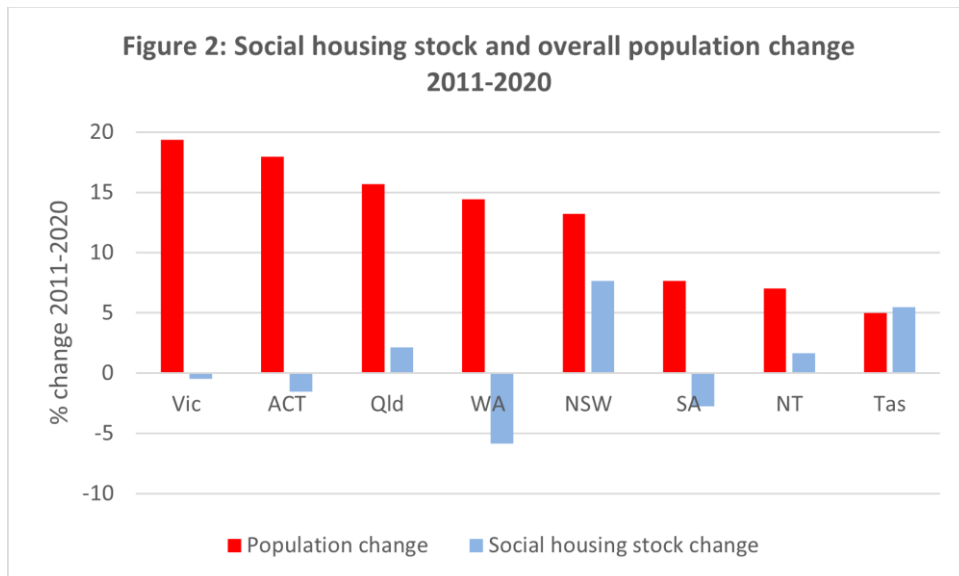


Table 4 Number of social housing dwellings & households in NSW, at 30 June, 2011- 2021

| | Public housing (No) | <i>Number of households</i> | State owned & managed Indigenous housing (No.) | <i>Number of households</i> | Community housing (No.) | <i>Number of households</i> | Indigenous community housing (No.) Notes (a) (b) | Total Social Housing Dwellings | Total Households in Social Housing |
|------|----------------------------|-----------------------------|---|-----------------------------|--------------------------------|-----------------------------|---|---------------------------------------|---|
| 2021 | 96 728 | 93 131 | 4 531 | 4 372 | 52 963 | 47 536 | - | 157,941 | |
| 2020 | 96 939 | 93 107 | 4 560 | 4 361 | 49 312 | 45 477 | 3 719 | 154 530 | 142 945 |
| 2019 | 100 623 | 96 695 | 4 591 | 4 413 | 46 250 | 39 621 | 3 719 | 155 183 | 140 729 |
| 2018 | 111 341 | 106 895 | 4 603 | 4 414 | 34 743 | 31 404 | 3 461 | 154 148 | 142 713 |
| 2017 | 110 221 | 108 125 | 4 608 | 4 472 | 33 837 | 29 788 | 3 370 | 152 036 | 142 385 |
| 2016 | 110 174 | 108 637 | 4 613 | 4 506 | 32 647 | 26 897 | 3 004 | 150 438 | 140 040 |
| 2015 | 110 214 | 108 732 | 4 641 | 4 530 | 27 858 | 26 220 | 3 055 | 145 768 | 139 482 |
| 2014 | 110 805 | 109 370 | 4 632 | 4 504 | 26 254 | 24 805 | 2 746 | 144 437 | 138 679 |
| 2013 | 111 216 | 110 074 | 4 540 | 4 452 | 26 026 | 25 973 | 2 991 | 144 773 | 140 499 |
| 2012 | 112 310 | 111 087 | 4 478 | 4 372 | 25 311 | 25 844 | 3 055 | 145 154 | 141 303 |
| 2011 | 111 547 | 111 448 | 4 238 | 4 233 | 24 090 | 24 298 | 2 445 | 142 320 | 139 979 |

Table Source: adapted by Shelter NSW from Productivity Commission 2021 Housing Services - Tables 18A.3 and 18A.4 which cites the original data source as: *Australian Institute of Health and Welfare (AIHW)* (unpublished) National Housing Assistance Data Repository. Notes: (a) Indigenous CHP numbers of dwelling data for 2020 unavailable - will assume 2019 figure for comparison purposes (b) - data for households in indigenous community housing unavailable

Table 5 Social Housing Portfolio (build/acquire/sell) & Funding 2011- 2020

| | <i>Social Housing built or acquired (No.)</i> | <i>Social Housing properties sold (No.)</i> | <i>Net annual impact on social housing stock (No)</i> | <i>Sales Proceeds from the Sale of Social Housing Dwellings (\$ millions)</i> | <i>LAHC Capital program (maintenance, upgrading & new supply) (\$ millions)</i> |
|--------------|---|---|---|---|---|
| 2020 | 153 | 302 | -149 | \$196.8 | \$112.1 |
| 2019 | 390 | 351 | 39 | \$269.1 | \$198.8 |
| 2018 | 784 | 453 | 331 | \$456.3 | \$244.3 |
| 2017 | 522 | 282 | 270 | \$316.4 | \$273.3 |
| 2016 | 639 | 322 | 317 | \$315.3 | \$264.6 |
| 2015 | 486 | 191 | 295 | \$111.4 | \$147.3 |
| 2014 | 441 | 470 | -29 | \$115.9 | \$120.0 |
| 2013 | 536 | 725 | -189 | \$162.1 | \$96.2 |
| 2012 | 1,614 | 869 | 745 | \$166.3 | \$183.3 |
| Total | 5,565 | 3,965 | 1,600 | \$2,197.0 | \$1,640.0 |

Table 5: Data sourced from formal questions put to the Minister for Water, Property and Housing – all answered in December 2020. Questions 4429 *Social Housing Sales*; 4431 *Social Housing Construction*; 4603 *Public Housing Construction*