



Australian Government
Department of Social Services

Productivity Commission Review of the National Housing and Homelessness Agreement

The Department of Social Services Submission to the
Productivity Commission

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List of contributing Agencies

This submission was prepared by the Department of Social Services (DSS), in consultation with:

- National Disability Insurance Agency
- National Indigenous Australians Agency
- Services Australia
- The Department of the Prime Minister and Cabinet, including the Office for Women
- The Treasury

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Executive Summary

While states and territories (states) are largely responsible for the provision of day-to-day housing and homelessness services, the Australian Government provides around \$1.6 billion each year to states to improve housing and homelessness outcomes through the National Housing and Homelessness Agreement (NHHA). This includes specific funding for homelessness services of \$131.8 million in 2021-22, which states must match.

In total, the Australian Government expects to spend \$9.3 billion in 2021-22 to assist people access secure housing. These measures include:

- reducing the cost of renting through Commonwealth Rent Assistance (CRA) and the National Rental Affordability Scheme (NRAS); and
- supporting Indigenous housing through the National Partnership for Remote Housing Northern Territory and the Indigenous Home Ownership Program.

In addition, the Australian Government's National Housing Finance and Investment Corporation (NHFIC) is designed to improve housing outcomes through several of its programs. This includes supporting people to enter the housing market sooner through the Home Guarantee Scheme, the \$1 billion National Housing Finance Facility, and providing finance to community housing developments through the Affordable Housing Bond Aggregator (AHBA).

The Commonwealth and the states recognise a mutual interest in improving housing outcomes across the housing spectrum. The outcomes in the NHHA are included for the purpose of monitoring sector-wide performance of Commonwealth and states funding. NHHA funding, however, is not linked to specific housing and homelessness outcomes, making it difficult to demonstrate the impact of the NHHA. The Productivity Commission's (PC) Review provides an opportunity to assess the effectiveness of the NHHA and the extent to which it is meeting its objectives.

The NHHA provides considerable flexibility and scope for states to determine their spending on housing and homelessness related activities and services, based on the specific needs in their jurisdiction. The NHHA requires that states report on linkages between national policy priorities where relevant, but funding is not prescriptive or conditional on meeting strict reporting requirements. While there are benefits to such an approach, there are also trade-offs in the ability to use the data provided to assess the impact of funding on national policy priorities and outcomes.

Australia's housing sector has evolved since the commencement of the NHHA. To mitigate the adverse economic and social impacts of the COVID-19 pandemic, all levels of government have introduced additional measures to support housing and homelessness outcomes. National housing priorities are also progressing as part of a number of other national agreements and strategies, including for example through the National Agreement on Closing the Gap Agreement; the Australian Disability Strategy, the National Action Plan to Reduce Violence Against Women and their Children; and the National Partnership on Family, Domestic and Sexual Violence Responses 2021-23. Looking ahead, any future arrangements would need to be cognisant of these initiatives and developments.

Introduction

The NHHA is the primary vehicle for the provision of Commonwealth funding to support state governments to deliver housing and homelessness services and programs. As stated under clause 14, the objective 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.

The NHHA recognises the Commonwealth and states have a mutual interest in improving housing outcomes, including outcomes for Australians who are homeless or at risk of homelessness, and the need to work together to achieve those outcomes.

The Commonwealth administers the NHHA by providing funding to states (on the condition of meeting annual reporting requirements) and progressing the data sharing arrangements as described in clause 28, and improving data as agreed under the Data Improvement Plan (DIP).

Roles and responsibilities under the NHHA

The Constitution does not reference housing (under the heads of legislative power enumerated in sections 51 and 52) as a responsibility of the Commonwealth. However, the Australian Government has been involved in housing since 1945. After World War II, the Australian Government provided housing to alleviate the acute housing needs of returned soldiers. As the Constitution does not provide the Commonwealth with a head of power to allow it to make laws to provide housing, the Commonwealth's role has been typically confined to providing financial assistance to the states through grants under section 96 of the Constitution.¹

The NHHA continues the long history of cooperation between the Commonwealth and states to improve housing outcomes. These joint efforts recognise the significant economic and social benefits of secure housing. Governments at different levels determine the policy framework by which the overall market operates. Governments provide direct support through interventions in response to market failure, economic downturns or assisting specific vulnerable or disadvantaged groups. The Commonwealth is responsible for implementing high-level national policies, including tax settings, financial regulation, immigration, and income support policy. While states are much closer to local housing markets, and are responsible for overseeing land release and zoning, land taxes, tenancy legislation, and stamp duty.

The Intergovernmental Agreement on Federal Financial Relations (IGA FFR) recognises that 'the primacy of state and territory responsibility in the delivery of services in these sectors is implicit in the Constitution of the Commonwealth of Australia' but also 'that coordinated action is necessary to address many of the economic and social challenges which confront the Australian economy'.² As such, policy and funding responsibilities are shared.

¹ See Commonwealth of Australia 2018 – [National Housing Finance and Investment Corporation Bill 2018 \[and\] National Housing Finance and Investment Corporation \(Consequential Amendments and Transitional Provisions\) Bill 2018](#).

² See Clause 6 Part 3 IGA FFR – [Intergovernmental Agreement on Federal Financial Relations](#)

Funding and Reporting

The Commonwealth is responsible for funding and administering the NHHA in line with the provisions of the Federal Financial Relations Act 2009 (the FFR Act) and IGA FFR.

Compared to the previous National Affordable Housing Agreement (NAHA), and the National Partnership Agreement on Homelessness (NPAH), the NHHA introduced two key changes:

1. increased accountability and transparency via new reporting requirements including annual Statement of Assurances (SoAs), changes to national performance indicators, and an ongoing data improvement plan; and
2. expanded objectives to include the whole housing spectrum supported by a range of National Housing Policy Priorities and National Homelessness Policy Priorities and cohorts, and incorporated state specific bilateral schedules.³

The NHHA does not have performance funding or mechanisms to direct states to fund social housing for specific policy priorities or cohorts. Rather, states must simply report spending in these areas. For example, while the NHHA includes national priority homelessness cohorts, states are responsible for determining the priority groups for social housing.

NHHA Funding

There are three components to NHHA funding: (i) general funding, (ii) homelessness funding and, (iii) supplementary funding for Social, Community and Disability Services (SACS) wage related costs.

Table A below shows for the period of the agreement to date (2018-19 to 2020-21) Commonwealth funding is over \$4.7 billion. By 30 June 2023, total NHHA Commonwealth funding is forecast to be around \$7.9 billion.

For 2021-22, the Commonwealth will provide around \$1.6 billion in payments to states. This includes \$1.48 billion in general funding and \$131.8 million in homelessness funding.

Table A: NHHA funding from 2018-19 to 2022-23 (\$m)

	2018-19	2019-20	2020-21	2021-22	2022-23
Housing	1,379.08	1,398.39	1,417.97	1,433.57	1,453.63
Housing (SACS component)	35.68	41.52	47.59	50.82	51.53
Homelessness	116.61	118.24	119.90	121.22	122.91
Homelessness (SACS component)	4.47	6.76	9.07	10.57	11.76
Total	1,535.84	1,564.91	1,594.52	1,616.17	1,639.84

Source: DSS NHHA payments model, Commonwealth Budget Paper No. 3

Note: Figures may not add up due to rounding

³ See NHHA Schedules A and B – [National Housing and Homelessness Agreement \(federalfinancialrelations.gov.au\)](https://www.federalfinancialrelations.gov.au)

SACS Equal Remuneration Order Funding

In 2012, Fair Work Australia (then Fair Work Commission) made a decision to increase wages in the SACS sector, including those working in housing and homelessness through an Equal Remuneration Order (ERO). The Australian Government agreed to fund SACS wage supplementation as a temporary measure, to support states' transition to full implementation of the ERO by 2020-21. In the 2021-22 Budget, the Australian Government announced it would provide an additional \$124.7 million through the NHHA in SACS ERO equivalent funding over two years.

General and Homelessness Funding

General housing funding is allocated according to each jurisdiction's share of Australia's population, while homelessness funding is allocated according to each jurisdiction's share of total homelessness, based on 2006 Census homelessness estimates (clause 50). NHHA funding is indexed to the Wage Cost Index 1 (as set out in the NHHA and in Schedule D Payment Arrangements of the IGA FFR).⁴ For payment purposes, states' population shares are updated annually using Australian Bureau of Statistics population estimates. States may direct Commonwealth general funding under this Agreement to the delivery of homelessness services, if they choose to do so.

NHHA Reporting

States are required to provide annual reporting on their expenditure through SoAs (clauses 36-39). SoAs provide information on states' NHHA expenditure for housing and homelessness, and state-own funding, for social housing and homelessness for the relevant financial year. Table B provides a breakdown of states' SoA reported expenditure under the Agreement from 2018-19 to 2020-21.

There are some limitations with the SoAs data and reporting. For example, there are inconsistencies in the collection and reporting methods used in each jurisdiction. SoAs are often delayed and reporting periods do not align with public reporting by the Steering Committee for the Review of Government Services through the Report on Government Services (RoGS). This limits meaningful comparisons between SoA reporting and other available information. For example, in the 2020-21 SoAs, total social housing expenditure (for state-own source of funding and NHHA) was \$6.08 billion, while RoGS data for the same period reports \$6.55 billion. As such, the Commonwealth often relies on these alternative data sources as they are more timely, consistent and robust.

⁴ Wage Cost Index 1 is a composite indexation method based on 75 per cent of safety net wage adjustment and 25 per cent All groups Consumer Price Index (CPI).

Table B: 2018-19 to 2020-21 NHHHA Statement of Assurance Expenditure (\$m)

State	Year	NHHA-funded housing expenditure	State-owned funded housing	NHHA funded homelessness expenditure	State-owned funded homelessness expenditure	Total housing & homelessness expenditure	Total expenditure 2018-21
NSW	2018-19	278.8	1486.3	197.7	154.8	2,117.6	6,600.1
	2019-20	278.9	1,402.1	204.7	195.9	2,081.6	
	2020-21	265.3	1,696.4	223.6	215.6	2,400.9	
Vic	2018-19	197.7	670.7	197.7	208.1	1,274.2	4,684.4
	2019-20	203.2	725.9	203.2	201.9	1,334.2	
	2020-21	206.6	1,307.7	206.6	355.2	2,076.0	
QLD	2018-19	239.1	148.5	75.1	123.7	586.4	1,932.5
	2019-20	242.8	201.7	77.5	152.2	674.2	
	2020-21	247.8	186.4	80.4	157.3	671.9	
WA	2018-19	119.5	366.5	44.1	40.5	570.6	1,991.6
	2019-20	121.2	524.4	44.7	46.1	736.4	
	2020-21	125.6	464.3	46.1	48.6	684.6	
SA	2018-19	74.4	590.2	33.1	35.3	733.0	2,100.4
	2019-20	74.8	561.5	33.9	37.3	707.5	
	2020-21	76.4	500.1	34.9	48.4	659.9	
Tas	2018-19	19.0	127.8	14.2	21.2	182.2	637.3
	2019-20	18.9	143.8	14.9	32.5	210.1	
	2020-21	19.8	185.7	14.8	24.7	245.0	
ACT	2018-19	3.2	354.2	22.7	1.6	381.7	1,158.9
	2019-20	3.1	373.1	23.3	2.4	401.9	
	2020-21	-	348.6	-	26.7	375.3	
NT	2018-19	11.1	383.6	8.6	28.4	431.7	1,261.5
	2019-20	11.4	281.9	8.6	31.1	333.0	
	2020-21	-	448.7	11.8	36.3	496.8	
Total	2018-19	942.8	4,127.8	593.2	613.6	6,277.4	20,366.6
	2019-20	954.3	4,214.4	610.8	699.4	6,478.9	
	2020-21	941.5	5,137.9	618.2	912.8	7,610.3	

Source: State and territory NHHHA Statements of Assurance.

Notes: this table does not represent the total investments made by the Commonwealth and states in housing and homelessness during the period 2018-19 to 2020-21. Discrepancies may occur between the sums of the component items and totals due to rounding.

Similar to the limitations with the SoAs, it is difficult to monitor the progress of states against the agreed commitments in the bilateral schedules for number of reasons, including:

- states have progressed new initiatives since the commencement of the agreement;
- collection methods, reporting, and definitions vary across jurisdictions, creating challenges in understanding and interpreting the data that is available; and
- states are not required to report on outcomes from these investments.

The compliance requirements for progress made (and reported) in the bilateral schedules are flexible. Clauses 16 and 21 of the NHHA state that Commonwealth funding to states will not be reduced because the aspirational, overarching national outcomes under clause 15 were not achieved; and the reforms and initiatives set out in their housing or homelessness strategies do not achieve their stated or intended aim.

Improving data under the NHHA

All parties to the NHHA have acknowledged the need to improve housing and homelessness datasets and have agreed to strengthen data through the DIP.

While the annual SoAs require states to report expenditure and output data, data measuring policy impacts or outcomes is limited. As such, the Australian Government has limited visibility of the effect of its investment on housing and homelessness outcomes.

Through the DIP, the Australian Government is working with states to develop and implement better, nationally consistent housing and homelessness data, and improve its collection, and reporting. A Housing and Homelessness Data Working Group (HHDWG) established by the NHHA Schedule C, guides the ongoing development and implementation of the DIP, with representation from all states and relevant agencies as listed in clause C24. The HHDWG is chaired by the Commonwealth (DSS), and the Australian Institute of Health and Welfare (AIHW) provides Secretariat Services.

To support implementation of the DIP, the Australian Government committed \$4.8 million, with states collectively matching this contribution, to create a pooled fund of \$9.6 million. This funding is being used to progress nine data development activities by 30 June 2023, as described in detail in Schedule E. This work delivers on the commitment made by all governments for nationally consistent data, and continuous improvement of data sets under the agreement.

By resolving gaps in performance indicator reporting, these activities will start enabling governments to better measure NHHA outcomes, and provide valuable information to inform future policy development and implementation.

These improvements would facilitate greater understanding of the needs and the demand for housing and homelessness services, which will inform and allow for more targeted investments and policy outcomes, including for priority cohorts.

Commonwealth contribution to national outcomes

The Australian Government provides support and assistance for housing and homelessness by providing funding either for programs and services directly, or to states for specific purposes. The Australian Government will spend approximately \$9.3 billion in the financial year 2021-22 to improve access to affordable, safe and sustainable housing.

While a notable share of this amount is attributed to CRA, the Australian Government also supports social and affordable housing outside the NHHA through the AHBA operated by NHFIC. Additional measures supporting housing outcomes also include:

- The Home Guarantee Scheme (comprising the First Home Loan Deposit Scheme, New Home Guarantee and Family Home Guarantee);
- HomeBuilder;
- National Rental Affordability Scheme;
- Safe Places;
- The National Partnership for Remote Housing Northern Territory and Indigenous Home Ownership Program;
- Hobart City Deal;
- Perth City Deal;
- Reconnect;
- expanding tax incentives for investments in affordable housing; and
- concessional withholding tax rates for Managed Investment Trusts.

Further details of the programs listed above are provided in the Appendix.

National Housing Finance and Investment Corporation

The Australian Government established NHFIC in 2018 to support housing outcomes in Australia by making loans, investments and grants to encourage investment in housing, particularly social and affordable housing, and the growth of the community housing sector. The community housing sector provides a range of benefits, including increasing the stock of safe, secure and affordable housing, and delivery of support services to enable people to access and maintain suitable housing.

NHFIC's AHBA, was introduced to support the financing needs of the social and affordable housing sector, and to support the sector's ability to increase scale, and meet the growing need for social and affordable housing. The AHBA allows social and affordable housing providers access to the longer tenor funding available via bond markets, after the sector argued it was not well serviced by traditional financial intermediaries. The AHBA provides loans to eligible Community Housing Providers (CHPs), and finances these loans by issuing bonds to institutional investors. These bonds are backed by the assets underlying those loans (i.e. CHP properties), and are ultimately supported by a Commonwealth guarantee.

The support of the Commonwealth guarantee allows NHFIC to raise funds at a lower cost, with this cost benefit largely passed onto CHPs. The benefits of accessing finance with lower cost funding and longer tenor (compared to alternatives available through commercial banks), strengthens the ability of CHPs to expand the supply of affordable housing for those most in need.

As at January 2022, NHFIC has approved \$2.8 billion of loans to CHPs under the AHBA, supporting more than 14,000 new and existing social and affordable dwellings. It is anticipated the loans will collectively save those CHPs around \$470 million in interest payments over the term of the loans. NHFIC's Board has also approved over \$320 million in loans and grants to eligible borrowers under the National Housing Infrastructure Facility (NHIF), supporting the delivery of over 6,700 new social, affordable and market dwellings. The NHIF is a \$1 billion facility that provides finance for eligible infrastructure projects that will unlock new housing supply, particularly affordable housing. The NHIF offers concessional loans, grants and equity finance to help support critical housing-enabling infrastructure. NHFIC also provides registered CHPs with support services to assist in developing their financial and management capability, to encourage the growth of the sector. This is funded by up to \$1.5 million of the \$175 million NHIF grant money.

The 2021 Statutory Review of the Operation of the *National Housing Finance and Investment Corporation Act 2018* (NHFIC Review) found that the NHFIC Act has been a singularly significant and successful intervention by the Commonwealth, in an area where responsibilities between the Federal Government and other levels of government are not neatly aligned.

As part of its response to the NHFIC Review in December 2021, the Australian Government announced a \$500 million increase in NHFIC's liability cap from \$3 billion to \$3.5 billion to support an additional 2,500 social and affordable houses (through low-cost financing). In response to Recommendation 1 of the NHFIC Review, the Australian Government has also agreed to give NHFIC an explicit mandate to 'crowd in' private sector financing to increase the supply of social and affordable housing.

Commonwealth Rent Assistance

The Australian Government provides a comprehensive social security system to support people who cannot, or cannot fully, support themselves. Commonwealth Rent Assistance (CRA) is a supplementary payment that aims to assist Australians receiving income support or family assistance payments with the cost of their private rental or community housing.

As stated under clause 24 of the NHHA, the Commonwealth is responsible for income support and CRA. CRA is a non-taxable income supplement payable with income support payments, Family Tax Benefit Part A, and veteran's service pensions or income support supplements, to eligible Australian individuals and families liable to pay rent for their principal home. Rent can include community housing rent, site fees, mooring fees, board and lodgings, and some retirement village fees. In 2021-22, the Australian Government expects to provide \$5.3 billion in rent assistance.

During the COVID-19 pandemic, CRA expenditure and recipient households increased due to the negative impact of lockdowns on employment, and the subsequent growth in income support recipients. At the pandemic's peak in August 2020, CRA assisted around 1.8 million recipient households with paying their rent. This compares with pre-pandemic numbers of 1.3 million in March 2020. This demonstrates the flexibility of the income support system in supporting Australians during economic downturns.

The growth in expenditure in 2020-21 was driven by an increase in Jobseeker Payment (JSP) recipient households. As lockdowns have lifted, the proportion of CRA recipient households with JSP as the primary payment type has since decreased from 37.9 per cent in June 2020 to 26.0 per cent in December 2021, compared to the pre-pandemic rate of 22.1 per cent in March 2020. However, the removal of temporary measures in the social security system between 25 September 2020 and 31 March 2021, and changes to the rate and the income free area for JSP in April 2021 means these data points are not strictly comparable.

One way to measure the effectiveness of CRA is to calculate the extent to which rental stress is reduced for recipient households. Rental stress is defined as a recipient household paying more than 30 per cent of their gross household income on rent. The Commonwealth's key performance measure for CRA is reducing the proportion of recipient households experiencing rental stress by at least 25 percentage points. As of June 2021, CRA reduced the proportion of CRA recipient households in rental stress by 26.8 percentage points (as shown below in Table C).

Table C: Proportion of CRA recipient households in rental stress (2018 to 2021)

Reporting period	Before payment (%)	After payment (%)	Difference (pp)
June 2018	68.3	40.3	28.0
June 2019	68.9	40.5	28.4
June 2020 ^a	55.4	29.4	26.0
June 2021	72.5	45.7	26.8

Source: DSS Annual Report, 2018-2021.

Note: pp – percentage point

^a The decrease in rental stress in June 2020 was most likely due to factors, including Government support, relating to the COVID-19 pandemic

Social and affordable Housing

Social housing is an important segment within the housing spectrum and comprises public housing, community housing, state owned and managed Indigenous housing (SOMIH), and Indigenous community housing organisations. Clause 25(e) of the NHHA states that “social housing and homelessness services, administration and delivery to support local needs is an area of state responsibility”.

In 2019-20, there were around 802,000 occupants living in Australia’s four main social housing programs. At 30 June 2020, there were around 436,300 dwellings, including:⁵

- 69 per cent or 300,400 public housing dwellings;
- 24 per cent or 103,900 community housing dwellings;
- 3 per cent or 14,600 SOMIH dwellings; and
- 4 per cent or 17,400 Indigenous community housing dwellings.

As shown in Table D, while the number of public housing dwellings has decreased over the last decade (330,906 in 2012 to 299,520 in 2021), there has been an increase in the number of households in community housing, from 59,993 to 101,880.⁶ This can be partly explained by the transfer of some public housing stock (management and/or title) to the community housing sector, in line with government policy to expand the role of community housing in the provision of social and affordable housing.⁷

Table D: Total public housing dwellings (as at 30 June from 2017 to 2021)

State	2017	2018	2019	2020	2021	Change (%) 2017 to 2021
NSW	110,221	111,341	100,623	96,939	96,728	-12.2
VIC	64,170	64,295	64,428	64,072	63,921	-0.4
QLD	51,263	51,413	51,817	51,890	52,195	1.8
WA	33,836	33,293	32,905	32,409	31,919	-5.7
SA	37,281	32,686	32,472	32,147	31,938	-14.3
TAS	7,065	7,005	7,037	7,050	7,031	-0.5
ACT	11,077	11,181	10,955	10,985	10,859	-2.0
NT	5,000	5,017	4,954	4,911	4,929	-1.4
AUSTRALIA	319,913	316,231	305,191	300,403	299,520	-6.4

Source: RoGS 2022, Housing data tables, Table 18A.3.

The most up to date complete picture published by the AIHW on all social housing programs (up to June 2020) shows a similar story (refer to Figure 1).

The national waiting lists for social housing increased on average by 3.5 per cent per annum from 2017 to 2021.⁸ See Table E for a breakdown across states. This growth outpaced the annual average increase in the estimated residential population in Australia over the same period of 1.25 per cent.⁹

⁵ AIHW, Housing Assistance Data Repository. Northern Territory Government. Department of Housing, Annual Report. Darwin, NT. Supplementary table DWELLINGS.

⁶ RoGS 2022, Housing data tables, Table 18A.3.

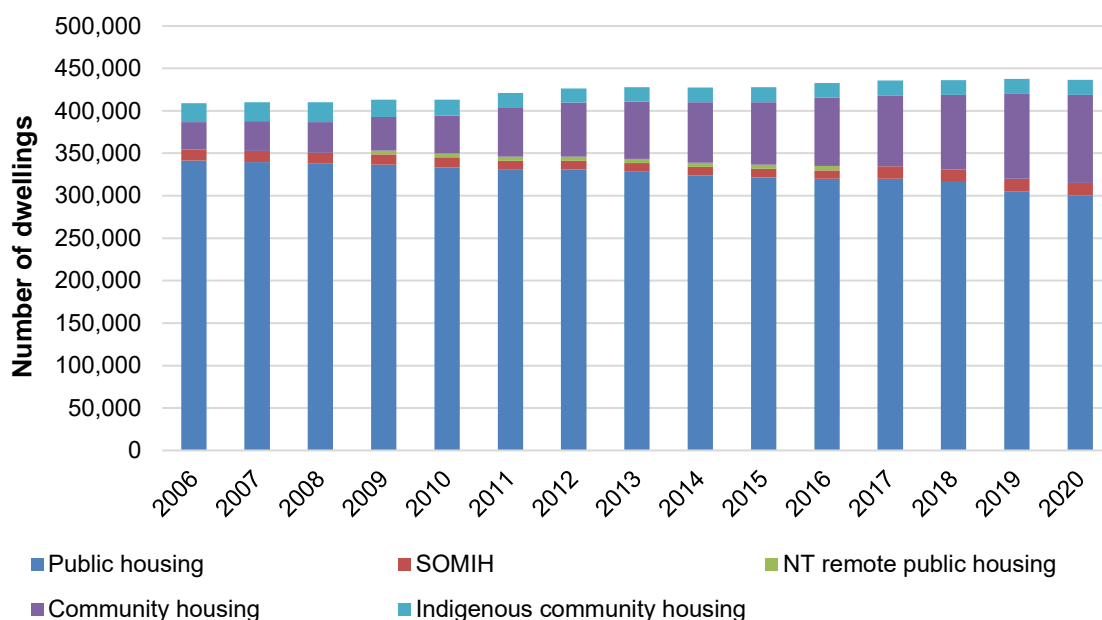
⁷ See RoGS 2022, Size and Scope – www.pc.gov.au/research/ongoing/report-on-government-services/2022/housing-and-homelessness/housing

⁸ RoGS 2022, Housing data tables, Table 18A.5.

⁹ ABS 2021, Cat. No. 3101.0.

While the number of households in social housing has generally increased over time, it has not kept pace with the growth in the overall number of households in Australia. The proportion of social housing households has declined from 4.7 per cent in 2010 to 4.2 per cent in 2020.¹⁰

Figure 1: Social housing dwellings - Number of dwellings by program, June 2006 to 2020



Source: AIHW, Housing Assistance Data Repository.

Table E: Social housing waiting lists (as at 30 June from 2017 to 2021)

State	2017	2018	2019	2020	2021	Change since 2017 (%)
NSW	54,091	51,163	49,325	49,674	48,239	-10.8
VIC	45,660	48,280	52,509	47,255	52,144	14.2
QLD	31,320	34,788	42,501	50,965	55,223	76.3
WA	16,785	14,830	15,458	15,056	17,665	5.2
SA	33,160	35,257	35,738	33,646	28,395	-14.4
TAS	3,284	3,496	3,747	3,687	4,565	39.0
ACT	2,246	2,162	2,638	2,775	3,208	42.8
NT	2,868	5,212	5,983	6,457	7,407	158.3
AUSTRALIA	189,414	195,188	207,899	209,515	216,846	14.5

Source: RoGS 2022, Housing data tables, Tables 18A.5, 18A.6 & 18A.7.

¹⁰ See AIHW 2021 – [Housing assistance in Australia, Occupants and households - Australian Institute of Health and Welfare \(aihw.gov.au\)](https://www.aihw.gov.au/reports-and-publications/housing-assistance-in-australia-occupants-and-households)

Homelessness

Homelessness is defined by the Australian Bureau of Statistics (ABS) broadly as *'home'lessness, not rooflessness*. A person is considered homeless if they have no suitable accommodation alternatives and their current living arrangement is:

- in a dwelling that is inadequate, such as rough sleeping;
- has no tenure, or if their initial tenure is short and not extendable, such as supported accommodation or 'couch surfing'; or
- does not allow them to have control of, and access to space for social relations, such as severely overcrowded dwellings.¹¹

In the 2016 Census, more than 116,000 people were estimated to be homeless in Australia. Of this number:

- 58 per cent were male;
- 21 per cent were aged 25 to 34;
- 20 per cent identified as Aboriginal and Torres Strait Islander peoples;
- Around 51,000 (44 per cent) were living in severely crowded dwellings;
- Over 21,000 (18 per cent) were living in supported accommodation for the homeless; and
- 8,200 (7 per cent) were rough sleepers.

Table F: Rate of homeless persons per 10,000 of the population, by state and territory of usual residence - 2001, 2006, 2011 and 2016

States and Territories	2001	2006	2011	2016
New South Wales	36.4	33.9	39.7	50.4
Victoria	38.9	35.3	41.7	41.9
Queensland	54.8	48.3	43.9	46.1
South Australia	39.8	37.0	36.4	37.1
Western Australia	53.6	42.3	41.0	36.4
Tasmania	27.5	24.0	31.0	31.8
Northern Territory	904.4	791.7	723.3	599.4
Australian Capital Territory	30.4	29.3	48.7	40.2
Australia	50.8	45.2	47.6	49.8

Source: ABS Census 2001 to 2016

Note: Data has been randomly adjusted to avoid the release of confidential data and may not add to the totals. Homeless estimates from 2011 onward for the category 'Persons living in boarding houses' have been revised to remove holiday dwellings.

¹¹ See ABS 2012 – [Information Paper - A Statistical Definition of Homelessness, 2012](#)

The Australian Government allocates homelessness funding to states under the NHHA in accordance with each state's share of total population of people experiencing homelessness, based on the ABS' 2006 Census homelessness estimates. In 2006 the total homelessness rate was estimated to be 45.2 per 10,000 population. In 2016 the homelessness rate was 49.8 per 10,000 (as shown in Table F), with the increase mainly driven by overcrowding. Allocating homelessness funding based on updated homelessness estimates could provide a more equitable and fair funding arrangement (noting the homelessness data from the 2021 census is not due for release until mid-2023).

Under the NHHA, states' homelessness strategies must outline reforms or initiatives that contribute to a reduction in the incidence of homelessness for priority cohorts identified in the agreement, as well as other cohorts determined by states as required. States are also responsible for reporting their spending against the priority cohorts in their annual SoAs. The national priority homelessness cohorts are:

- women and children affected by family and domestic violence;
- children and young people;
- Indigenous Australians;
- people experiencing repeat homelessness;
- people exiting institutions and care into homelessness; and
- older people.

While all parties to the NHHA have agreed the national priority homelessness cohorts, the Agreement does not prioritise one cohort over another, and it is up to each state to determine the priority for funding and services. Several stakeholders may raise that consideration could be given to triaging the list of priority cohorts, or expanding the list to include additional vulnerable or disadvantaged cohorts, such as people with disability, people with mental health issues, LGBTIQ+ people, newly arrived migrants, and veterans, among others.

To be eligible to receive funding under the NHHA, states are required to match the Australian Government's homelessness funding each financial year, including homelessness SACS funding, on a dollar for dollar basis. States have matched this level of funding in each year of the agreement, and invested significantly in supporting people who are experiencing, or at risk of homelessness, reflecting their primary responsibility for homelessness.

In 2020-21, state-reported NHHA expenditure on homelessness totalled \$618.2 million, representing a reallocation of around \$490 million from general NHHA funding. Separate to the NHHA, state-own funding for homelessness totalled \$912.8 million, resulting in a total reported annual homelessness expenditure of \$1.53 billion.

Housing and homelessness needs of specific cohorts

The need for social housing assistance and homelessness services varies considerably across jurisdictions and for specific cohorts, highlighting the need for tailored and targeted support. The allocation of funding allocated under the NHHA to assist national priority homelessness cohorts is determined by states, and varies across jurisdictions.

States also determine the priority groups for the allocation of social housing, and are responsible for managing waiting lists. Priority is given to people identified as being in greatest need (typically people experiencing homelessness and people with the severest of living circumstances, who are deemed to be ‘at risk of homelessness’). The AIHW notes that in recent years, the focus has shifted towards supporting a highly diverse range of vulnerable groups, such as those experiencing trauma, disadvantage, and/or financial instability (as noted in Box 1).¹²

Through the social services portfolio, the Australian Government is progressing a range of actions and measures to better support women and children affected by family and domestic violence, Aboriginal and Torres Strait Islander people, and people with disability, who face specific housing and homelessness challenges that need to be prioritised by all levels of government. These considerations are discussed below, while acknowledging that many disadvantaged and vulnerable people experience individual and complex challenges accessing housing.

Box 1: NHHA priority cohorts accessing Specialist Homelessness Services (SHS) assistance

Specialist Homelessness Services Collection (SHSC) data shows that the number of people from the NHHA priority cohorts seeking SHS assistance is increasing above the average for the broader population.

- Between 2011-12 and 2020-21, the overall number of people seeking SHS assistance increased on average by 1.8 per cent per year.
- By contrast, since 2011-12, the number of SHS clients seeking assistance due to family and domestic violence and housing crisis increased by 4.2 per cent.¹³ In 2020-21, almost 1 in 3 SHS clients (28.9 per cent or more than 79,300 clients) identified family and domestic violence as the main reason for seeking assistance.
- Between 2011-12 and 2020-21, the number of SHS clients identifying as Aboriginal and Torres Strait Islander peoples increased by an average of 5.9 per cent each year, which is three times faster than the SHS population identifying as non-Aboriginal and Torres Strait Islander peoples.
- Between 2011-12 and 2020-21, the number of SHS clients aged 55 and above increased by an average of 5.8 per cent each year, three times faster than the SHS population. This is consistent with the 2016 ABS Census data that older women are the fastest growing homelessness demographic, increasing by 31 per cent between 2011 and 2016.

¹² See AIHW 2021 – [Housing assistance in Australia, Priority groups and Waiting lists - Australian Institute of Health and Welfare \(aihw.gov.au\)](#)

¹³ These figures do not take into consideration changes in the Australian population over the same period.

Women and Children affected by family and domestic violence

Family and domestic violence and economic insecurity are key drivers of housing insecurity for women. Across all social housing programs, the majority of occupants were female (62 per cent) and older than 40 years (49 per cent).¹⁴ Since 2011-12, the number of SHS clients seeking assistance due to family and domestic violence and housing crisis increased by 4.2 per cent, which is almost two and a half times higher than the overall average (1.8 per cent). In 2020-21, almost 1 in 3 SHS clients (29 per cent or more than 79,300 clients) identified family and domestic violence as the main reason for seeking assistance.¹⁵

Access to safe and accessible housing is a key issue that has been raised by stakeholders throughout consultation activities undertaken to support the development of the *National Plan to End Violence against Women and Children 2022-2032 (next National Plan)*. Key issues include:

- Expanding options for women and children to stay safely in their own home, rather than being made to leave as a default;
- Enhancing linkages between emergency accommodation, transitional housing, and long-term housing, to support women through the continuum of housing needs, through to the recovery stage;
- Supporting victim-survivors to find safe housing options in the private market where they have capacity to do so;
- Recognising the particular housing challenges faced by women with disability, LGBTIQ+ communities, and migrant and refugee women, as well as women in remote and regional communities, and Aboriginal and Torres Strait Islander women; and
- Delivering safe housing options for children and young people experiencing domestic, family, and sexual violence including respite services.

Aboriginal and Torres Strait Islander People

Aboriginal and Torres Strait Islander peoples experience poorer housing outcomes across the housing spectrum, compared with other Australians.¹⁶

As of June 2020, there were around 15,050 Indigenous community housing dwellings, and 14,700 state-owned and managed Indigenous housing dwellings across Australia.¹⁷ Despite an increase in the net supply of social housing dwellings between 2017 and 2021 of 3,975 dwellings, Indigenous specific housing has fallen by 1,184 dwellings over the same period.¹⁸ Indigenous specific housing comprises 6.9 per cent of all social housing dwellings. Indigenous Australians also receive housing support through public housing and community housing. As of June 2020, around 14.7 per cent of all social housing households included an Indigenous member.¹⁹

¹⁴ See AIHW 2021 – [Housing assistance in Australia, Occupants and households - Australian Institute of Health and Welfare \(aihw.gov.au\)](https://www.aihw.gov.au/reports/10/housing-assistance-in-australia-occupants-and-households)

¹⁵ See AIHW 2021 – [Specialist homelessness services annual report 2020–21, Clients, services and outcomes - Australian Institute of Health and Welfare \(aihw.gov.au\)](https://www.aihw.gov.au/reports/10/specialist-homelessness-services-annual-report-2020-21-clients-services-and-outcomes)

¹⁶ See PC Issues Paper 2021 – [National Housing and Homelessness Agreement Review](https://www.pc.gov.au/inquiries/completed/national-housing-and-homelessness-agreement-review)

¹⁷ RoGS, 2022, Housing data tables, Tables 18A.6 & 18A.8.

¹⁸ Ibid.

¹⁹ See AIHW 2021– [Indigenous housing - Australian Institute of Health and Welfare \(aihw.gov.au\)](https://www.aihw.gov.au/reports/10/indigenous-housing)

Aboriginal and Torres Strait Islander peoples are over-represented as users of SHS.²⁰ Over the last 10 years, the average annual rate of increase for Aboriginal and Torres Strait Islander clients who received support from SHS agencies has been around 6 per cent, three times faster than for those not identifying as Aboriginal and Torres Strait Islander peoples (2 per cent).

Overcrowding is particularly prevalent in Aboriginal and Torres Strait Islander communities, and more acute in remote and very remote areas. In the 2016 Census, 42 per cent of Aboriginal and Torres Strait Islander peoples living in remote communities resided in overcrowded or severely overcrowded dwellings.²¹ Overcrowding continues to be a particular challenge in the Northern Territory (NT).²²

The Australian Government is committed to ensuring the housing needs of all Australians are met, and continues to support jurisdictions with the greatest level of need. This includes a \$550 million investment, matched by the NT Government, to total \$1.1 billion over five years (2018-23), through the National Partnership for Remote Housing Northern Territory.

The National Agreement on Closing the Gap has a target to increase the proportion of Aboriginal and Torres Strait Islander people living in appropriately sized dwellings. Target 9 is to *increase the proportion of Aboriginal and Torres Strait Islander people living in appropriately sized (not overcrowded) housing to 88 per cent by 2031*. This will require a nationwide 9.1 percentage point increase from 78.9 per cent in 2016 to 88.0 per cent by 2031.

The National Agreement on Closing the Gap also outlines four Priority Reform Areas to change the way governments work to accelerate improvements in the lives of Aboriginal and Torres Strait Islander peoples. A Housing Sector Strengthening Plan (SSP) is being developed (under Priority Reform Two) to enable a national, joined-up approach, and part of this work will focus on increasing the number of National Regulatory System Community Housing registered, and compliant Indigenous housing providers.

People living with disability

Early work with linked data (during the pilot phase of the National Disability Data Asset) shows that people with disability are disproportionately reliant on public and social housing. People with disability are more likely to live in public housing, more likely to access SHS, and more likely to receive CRA. Further, waiting times for public housing extend for years, and even priority groups such as people with disability may wait for up to a year to access public housing in several states. There is also a need for readily available accommodation for people with disability who are medically ready to be discharged from hospital, as current social housing options can be inaccessible to certain disabilities, resulting in people staying in hospital for longer than required.

²⁰ Aboriginal and Torres Strait Islander people comprise 28.9 per cent of all SHS clients (AIHW, 2021) compared to 3.39 per cent of the Australian population (ABS 2018).

²¹ ABS (unpublished) National Aboriginal and Torres Strait Islander Health Survey 2018-19

²² In the Northern Territory an estimated 61.6 per cent of Aboriginal and Torres Strait Islander people reside in inappropriate or overcrowded housing.

The terms of reference for the PC Review of the NHHA includes considering the extent to which the NHHA is meeting the obligations of governments under Australia's Disability Strategy 2021-2031 (the Strategy). While funding under the NHHA supports a number of Australians, including people with disability, the NHHA does not specifically reference people with disability, the Strategy, or its predecessor the National Disability Strategy 2010-2020 (NDS).

All governments have agreed to the Strategy, launched on 3 December 2021. Under the Strategy, governments are focused on delivering change by increasing the availability of affordable housing, and ensuring housing is accessible and people with disability have choice and control about where they live, who they live with, and how they live. An agreed key measure of performance under the Strategy's Outcomes Framework is the average wait times for social housing. The average wait time for public housing for people with disability was 413 days in 2020-21, a decrease from 500 days in 2018-19.

The National Disability Insurance Scheme (NDIS) provides a range of housing supports for eligible participants, including Specialist Disability Accommodation (SDA), Medium Term Accommodation, Individual Living Options, and home modifications. NDIS participants may also receive a range of other supports to help them live independently in the community. As at 31 December 2021, there were 16,972 active NDIS participants with SDA supports, with annualised supports in active plans of \$231 million. As at 31 December 2021, 14,681 participants had around \$132 million in funding for home modifications.

The NDIS is only responsible for the provision of accommodation for NDIS participants in limited circumstances.²³ Where housing supports are required due to risk of homelessness or the need of housing assistance, NDIS participants require ongoing support by state and territory governments to access public housing.

The NDIS is not responsible for the provision of accommodation for those in need of housing assistance, tenancy support, or ensuring that appropriate and accessible housing is provided for people with disability. The NDIS is also not responsible for homelessness-specific services, ensuring publicly funded housing incorporates Liveable Housing Design features, or the improvement of community infrastructure where this is managed through other planning and regulatory systems.

States remain responsible for providing affordable and accessible housing to people with disability who are not eligible for housing supports through the NDIS. This includes through crisis accommodation, public and community housing, as well as the private rental and home ownership market.²⁴

Some states have commenced work to support people with disability to access social housing, by integrating accessibility standards into their building codes. However, this will take time to improve accessibility. Given this, and that many people with disability have limited engagement with the labour market, lack social support, and have low income, a focus on accessible and secure housing for people with disability will need to remain a key priority for all levels of government.

²³ The division of responsibilities between the Commonwealth and states for the delivery of supports to people with disability is set out in the Applied Principles and Tables of Support (APTOS).

²⁴ Ibid.

Appendix: Commonwealth housing sector policies

Commonwealth Rent Assistance

CRA is a supplementary payment in the Australian social security system (initially commenced in 1985). The current legislative design of CRA was introduced in March 1993 under reforms to the Social Security Act 1991. Since then key changes to policy include, broadening the scope of eligible households (e.g. to supplement youth and study payments) and increasing the maximum CRA rate to account for the impact of GST.

CRA is a non-taxable income supplement which assists Australians receiving income support or family assistance payments with the cost of private rental or community housing. The Australian Government expects to spend around \$5.3 billion on CRA in 2021-22, to assist around 1.5 million eligible individuals and families with the cost of their rent.

The amount of CRA received is based on the amount of rent paid and the person's family situation (single, couple, how many children, if any). The income and asset test applying to the main payment may reduce the amount received.

The minimum amount of rent that a tenant needs to pay (the 'rent threshold') to receive CRA is set at a level that is considered to be a reasonable contribution for a person to pay. After this threshold is passed, CRA is then paid at 75 cents in the dollar up to the maximum rate applicable to the person's family situation. Settings for CRA rates as at March 2022 are provided in Table G below.

Table G: CRA settings, as at March 2022

Family situation	Rent Threshold	Rent Ceiling	Maximum payment
Single, no children	\$130.20	\$324.60	\$145.80
Single, sharer, no children	\$130.20	\$259.80	\$97.20
Couple, no children	\$210.80	\$394.00	\$137.40
Single 1 or 2 children	\$170.94	\$399.61	\$171.50
Single 3 or more children	\$170.94	\$429.10	\$193.62
Couple 1 or 2 children	\$252.70	\$481.37	\$171.50
Couple 3 or more children	\$252.70	\$510.86	\$193.62
Couple, illness separated	\$130.20	\$324.60	\$145.80
Couple, temporarily separated	\$130.20	\$313.40	\$137.40

Source: Services Australia

Rent thresholds and maximum CRA amounts are adjusted each year in March and September in line with the Consumer Price Index.

Further information on the settings of CRA is available at the Australian Government [Social Security Guide](#). Data on CRA recipient households is available on the DSS [Payment Demographic Data](#) report on data.gov.au, and in the annual AIHW [Housing Assistance in Australia](#) report.

The National Housing Finance and Investment Corporation

NHFIC was established by the Commonwealth Government in 2018 and is designed to improve housing outcomes in Australia through several of its functions. The AHBA is a financial intermediary that operates by making loans to eligible CHPs and financing those loans via the issuance of bonds in the wholesale capital market. The NHFIC board has approved \$2.8 billion in long-term loans to 35 CHPs and supported over 14,000 new and existing homes (January 2022). Loans provided by the AHBA have enabled CHPs to save an estimated \$470 million in interest and fees over the life of the loans, as well as other indirect costs associated with refinancing.

NHFIC also administers the NHIF that provides finance and grants for eligible infrastructure projects. It seeks to overcome impediments to the provision of housing (particularly social and affordable housing) that are due to the absence of critical infrastructure. Over \$320 million in infrastructure facilities have been approved to support over 6,700 projected new dwellings, and accelerate housing supply.

Home Guarantee Scheme

In October 2019, NHFIC's activities were expanded when the NHFIC Act and Investment Mandate were amended to establish the First Home Loan Deposit Scheme (FHLDS). The FHLDS was established with the aim of enabling first home buyers to access the housing market sooner. Under the FHLDS, eligible first home buyers require a minimum five per cent deposit to purchase a home – subject to meeting participating lenders' loan assessment criteria – with NHFIC providing a guarantee of up to 15 per cent of the value of the property. The take-up of the FHLDS to date shows strong demand from first home buyers. Evidence presented to the NHFIC Review indicates that the FHLDS appears to be achieving its objective of accelerating access to the housing market for that cohort of first home buyers that are able to secure a FHLDS guarantee.

In the 2020-21 Budget, the FHLDS was temporarily expanded to include the New Home Guarantee, which enables eligible first home buyers to build a new home or purchase a newly-built home with a minimum five per cent deposit. The New Home Guarantee aims to expand the supply of housing and stimulate the residential dwelling construction sector. Since 1 July 2021, NHFIC has also administered the Family Home Guarantee, which aims to provide a pathway to home ownership for single parents with dependents with a deposit of as low as two per cent.

Since inception, the FHLDS, New Home Guarantee and Family Home Guarantee – collectively, the "Home Guarantee Scheme" – have supported over 52,000 homebuyers to enter the property market.

Keeping Women Safe in their Homes (KWSITH)

This program supports women and their children who have experienced domestic and family violence by providing a range of home security upgrades and safety planning services that allow them to remain safely in their own home, or a home of their choice, where it is appropriate and safe to do so. The program can help to prevent homelessness by offering greater housing stability for women experiencing violence, by providing an alternative to

homeless shelters and emergency accommodation. This can also help to reduce the strain on emergency accommodation providers. Since the beginning of the program in 2015-16, the Australian Government has committed \$34.6 million to KWSITH, which has supported approximately 15,476 women and their children, as of 31 December 2021. In 2020-21 alone, the program supported approximately 5,318 women and their children.

In addition, the Australian Government has announced it is investing \$22.4 million to establish a Domestic, Family and Sexual Violence commissioner to evaluate the implementation of the National Plan to End Violence Against Women and Children and the Commission is responsible for developing linkages and consistency in reporting on family and domestic violence responses.

Safe Places

The Safe Places Emergency Accommodation program is a \$72.6 million capital works grant program funding new and expanded emergency accommodation for women and children escaping family and domestic violence.

The objective of the program is to deliver emergency accommodation to areas of most need. The Safe Places program will provide about 780 new safe places and assist up to 6,340 women and children escaping family and domestic violence each year. Funding is being provided across all states and territories to create safe emergency accommodation, in remote, regional, and metropolitan areas.

The Safe Places program assists women and children affected by family and domestic violence who are experiencing or at risk of homelessness. This cohort is identified as a priority homelessness cohort in the NHHA.

National Rental Affordability Scheme

The National Rental Affordability Scheme (NRAS, the Scheme) commenced in 2008, and aims to improve the supply of affordable rental housing to low and moderate income households. Under the Scheme, the Australian Government, in conjunction with the states, provided financial incentives to increase the supply of affordable rental housing, reduce the rental costs for low to moderate income households and encourage large-scale investment and innovative delivery of affordable rental housing.

NRAS provides an annual financial incentive for approved participants who rent dwellings to eligible people on low to moderate incomes at a rate at least 20 per cent below market rent. Incentives are available for up to 10 years per dwelling.

As announced in the 2014-15 Budget, there will be no further funding rounds or new allocations of NRAS incentives beyond those allocated in the Scheme and held by approved participants at that time. NRAS will continue to operate until June 2026, with properties progressively exiting the Scheme as their 10-year timeframe for incentives ends.

The National Partnership for Remote Housing in the Northern Territory

The National Partnership for Remote Housing Northern Territory is a joint \$1.1 billion investment between the Australian Government and the Northern Territory (NT) government from 2018-23. The Australian Government is investing \$550 million, matched by the NT government, to help reduce overcrowding through increasing the supply and standard of public housing in 73 remote communities and 17 Alice Springs town camps.

Indigenous Home Ownership Program

The Indigenous Home Ownership Program is delivered through Indigenous Business Australia, and provides low-interest, low-deposit, home loans for Aboriginal and Torres Strait Islander persons who face barriers to accessing mainstream finance. As part of the 2020-21 Budget, Indigenous Business Australia received an additional investment of \$150 million over 3 years (2020-21 to 2023-24) to deliver 360 new housing construction loans in regional Australia.

Aboriginal Hostels Limited

The Aboriginal Hostels Limited program provides safe, comfortable and culturally appropriate accommodation services to Aboriginal and Torres Strait Islander persons who must live away from home to access education, training, employment and health opportunities.

Hobart City Deal

The Hobart City Deal: Improving Social Housing Outcomes is a \$30 million Australian Government commitment to provide over 100 new social housing dwellings in Greater Hobart in partnership with community housing providers.

The dwellings will house priority applicants from the Tasmanian Housing Register including people living with disabilities, victims escaping domestic violence, elderly people, youth at risk and those who are homeless or at risk of homelessness.

Perth City Deal

The Perth City Deal: the \$48.4 million Homelessness Housing Projects, including \$8 million provided by the Australian Government, are a commitment to provide housing and support services to vulnerable people in need who are experiencing homelessness and rough sleeping in Perth.

This investment is supporting the delivery of a purpose-built East Perth Common Ground facility on the corner of Hill and Wellington Streets in Perth, which will comprise 112 self-contained apartments along with communal areas, on-site support services and commercial space.

Reconnect

Reconnect is a community based early intervention and prevention program for young people aged 12 to 18 years (or 12 to 21 years in the case of newly arrived youth) who are homeless or at risk of homelessness, and their families. Reconnect services work to prevent homelessness through the provision of counselling, group work, mediation and practical support to the young person and their whole family. There are 70 organisations receiving funding, \$124 million over 5 years from 2018-19 to 2022-23 to support around 7,900 young people each year to improve their relationships with their family, stay at school and participate in their local community.