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Senate Standing Committees on Economics
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NATIONAL SHELTER

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Submission to the Economics Legislation Committee Review of the Provisions of the Treasury Laws Amendment (National Housing and Homelessness Agreement) Bill 2017.

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National Shelter is the peak non-government organisation representing the interests of low-income housing consumers, and has been in operation since 1976. National Shelter incorporates both national members and state peak bodies. This submission carries the endorsement or includes views garnered from Shelter Tasmania, Shelter WA, Shelter SA, Shelter NSW, Queensland Shelter, NT Shelter and ACT Shelter. They may also contribute their own submissions to make points specific to their state interests.

National Shelter welcomes the opportunity to provide this submission on the proposed amendment to the Bill.

This Bill amends the FFR Act to introduce new funding arrangements for Commonwealth support for housing and to address homelessness. The Bill establishes a funding framework to support improved outcomes across the housing spectrum. The Bill also repeals the NSPP for Housing Services.

National Shelter supports that intention which is consistent with *Housing Australia's People: A Serious Plan*, a joint policy platform released by ACOSS and National Shelter in 2017 which calls for:

- a new national affordable housing plan and funding agreement;
- national targets to achieve a new increase in the supply of affordable housing dwellings for low income households;
- Increased funding to expand the stock of social housing for low income households;
- Commonwealth and state tax reform to reduce incentives for speculative investment; and
- Increased assistance to low income renters through a boost to Rent Assistance.

In relation to the proposed legislative amendment we think the scope of the proposed amendment is too narrow and make the following points:

1. The NHHA legislation should include the development of a National Housing Strategy and Plan leading and complemented by State and territory plans.

The Commonwealth has played the primary role in driving affordable housing policy and responses from and with states since the inception of the Commonwealth State Housing Agreement (CSHA) in 1946. National Shelter believes that the commonwealth should continue its leadership in the area of affordable housing as only it has access to the range of settings which affect housing affordability. National Shelter welcomes the ongoing role of the commonwealth, implicit in the NHHA Bill and argues this role should be strengthened.

The National Affordable Housing Agreement (NAHA) was conceived as a broader housing agreement than its predecessor the CSHA but due to "New Cooperative Federalism"¹ NAHA became part of a broad reform of agreements which removed matching funding arrangements in favour of outcome measures and untied grants.

The outcome measures used in the NAHA were inappropriate to the funding arrangement and while they may have been intended to release the states to introduce a range of measures to tackle housing affordability, thereby achieving the outcomes, they became inappropriate benchmarks against what was essentially a welfare housing funding arrangement.

If the NHHA is to avoid this problem then it needs to include a National Affordable Housing Plan to lead states developing plans to tackle affordable housing and homelessness.

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<https://books.google.com.au/books?id=ZMdeCAHV5qcC&pg=PA97&lpg=PA97&dq=new+cooperative+federalism+Rudd&source=bl&ots=4EHnU7bB9J&sig=y8jlrYh2LcivJ8SAObVCazAr7PY&hl=en&sa=X&ved=0ahUKEwia0-mqzlrYAhXFWLwKHdGuBGkQ6AEITjAI#v=onepage&q=new%20cooperative%20federalism%20Rudd&f=false>

It is critical that the NHHA have a broader goal than only funding a declining level of social and affordable housing or maintaining an inadequate funding arrangement for specialist homelessness services (SHSs).

A National plan and strategy will require additional resources from the Commonwealth which may then provide a basis for negotiating with states and territories to develop additional measures.

National Shelter promotes funding be provided in two components:

- a. An operational fund on a per dwelling basis which may need to flow through states to CHPs
- b. A growth fund for net new social housing dwellings (see also evaluation and monitoring below)

Currently the Bill reads as though the Commonwealth expects additional elements in state plans to be provided without additional resources from the Commonwealth and suggests withholding funding from states if plans are not “credible”. The Bill requires amending to clarify what defines a credible plan.

2. There should be no triggers to reduce or cease the flow of funds to states.

Where penalties or sanctions are required they should not impact funding vital to social housing provision or the provision of homelessness services. Threatening funding withdrawal or reduction if state plans are not “credible” begs the question of whose and what criteria determine “credible”.

The legislation needs definitions of terms like credible and National Shelter recommends the legislation outline an evaluation strategy be developed drawing on the work of AHURI².

At present this area of the legislation is too vague to understand or be supported.

3. Funding for homelessness, social and affordable housing should be discretely identified so it may be tracked to ensure no decreases in revenue flows to homelessness services or social and affordable housing.

The NAHA and any SPP for the NHHA embeds funding for affordable and social housing as well as homelessness, both for previous SHS/SAAP funding and funding under the previous National Partnership Agreement on Homelessness (NPAH).

States currently have the freedom to utilize funding provided under the SPP for any housing purpose including social housing, private rental market housing, bond loans, rental subsidy, social housing provision and maintenance and social housing provision and maintenance or other measures relating to the supply of housing and homelessness services.

National Shelter argues current funding levels from the Commonwealth are inadequate, do not guarantee or provide incentives for additional and necessary funding from states and risk funds slipping between program areas resulting in the loss of one or other area of housing and homelessness service provision.

While a matching funding requirement exists for NPAH funding it is unclear whether states continue to match funding for services under the previous SAAP arrangements. Without additional funding being provided by the Commonwealth there is a risk that states may ‘borrow’ funds from one area (e.g. social housing) to continue to meet funding allocations to homelessness service provision or vice versa.

4. Funding from the Commonwealth should be increased with the new money used to negotiate any additional outcomes from states.

It is difficult to see why states should agree to changes without additional resources being placed on the table and this potentially risks triggering states failing credible plan thresholds for housing or homelessness.

Ideally a capital fund (paid on a per capita basis) to complement NHFIC measures and meet subsidy gaps for social and affordable housing (perhaps a sliding subsidy based on occupant need or occupant profiles across a portfolio of housing) complemented by an operation fund paid on a per dwelling basis.

A new capital fund could then be used to leverage additional outcomes including land, planning measures, state tax reforms, which would complement commonwealth initiatives introduced in the 2017 budget.

² https://www.ahuri.edu.au/__data/assets/pdf_file/0022/2695/NRV3_Research_Paper_7.pdf

5. National Shelter supports the development of bi-laterals which can recognise the different conditions and social housing levels in each state and territory.

Bilateral agreements are supported by National Shelter and its state Shelter members. Collectively we have some concerns about conditions imposed on states for the same level of (already inadequate) funding.

Currently we pay per-capita which punishes some states (SA, Tas, ACT and NT) while rewarding others for low social housing levels (Qld, Vic). As argued above a two-tiered approach to funding with a per capita growth fund and per dwelling operational fund would rectify this.

SHS funding is also provided on a per- capita base without recognising the different levels of homelessness experienced by jurisdictions e.g. the NT has a much higher level of homelessness relative to population.

National Shelter believes state governments should provide sufficient funding to pay for their social housing systems including being explicit about the level of financial support required to maintain the existing system and expand social housing provision. This is supported by the commonwealth via NHHA arrangements and should include targets to maintain and expand the current level of social and affordable housing in relation to population. Additionally:

- 🚩 Part 1,15C(5) of the Bill should be amended to include housing targets that are informed by projected need, using current information. At a minimum, targets should seek to exceed the current levels of social housing as a proportion of overall housing supply.
- 🚩 Housing targets should also be expressed in clear terms as:
 - public and community housing (affordable to income distribution quintiles 1 and 2)
 - affordable home purchase housing and affordable housing rental programs (affordable to income distribution quintiles 1, 2 and 3).
- 🚩 Targets need to reflect demand and be accompanied with additional funding so that they can be achieved. The funding for the provision of housing support services needs to be commensurate with the agreed targets.
- 🚩 The opportunity for broader national reporting on the nation's housing need and supply should be captured by the Australian Government by supplementing State reporting requirements in Part 1, 15C (8) with additional information reporting on of housing demand, supply and affordability. This information would also assist with target setting under the NHHA.
- 🚩 Asks from states need to be commensurate with the funding of a social housing system
- 🚩 Asks outside social housing (planning, land release etc) ought be accompanied by additional resources from both C'wealth and states negotiated as part of bi-lateral/supplementary agreements.
- 🚩 State plans which flag decreasing levels of social housing should not be acceptable

6. The NHHA should include a mechanism to ensure transparency of the cost of the social housing system currently obscured by state budget and systems reporting.

- 🚩 The reporting requirements of NHHA should extend to both State and Australian government spending. A more complete picture, and greater accountability for spending on the housing system would be gained by reporting of national investments, Commonwealth Rent Assistance and tax expenditures/discounts for negative gearing and capital gains tax discounts (including performance against affordability indicators for the latter).
- 🚩 The Bill should include a requirement for publicly reported performance against targets on an annual basis, including reporting of net outcomes for social housing (taking into account new dwellings built and existing dwellings sold, demolished or repurposed).
- 🚩 Reporting should also include spending on homelessness services for funds provided by both the Australian and State governments. However, we are wary of reporting requirements for specific cohorts without additional resources as placing potential increased reporting requirements on service providers which would add an administrative burden.
- 🚩 Reinstate a National Housing Supply Council with specific responsibilities to oversee an evaluation framework and develop a reporting framework in consultation with states, territories and the non-

government sector. A new NHSC should include expertise from economists, academics, treasury, states community and industry and include consumer representative perspectives to ensure a complete picture of housing demand and supply is formed.

7. Delay the date for commencement to December 2018

National Shelter believes the commencement date of July 2018 risks rushing and forcing agreements which could be counter-productive to the development and agreement of parties to reasonable and balanced housing plans. There is a real risk that some jurisdictions may not be able to meet the deadline or be reluctant based on the development of credible plans with poor definition.

National Shelter recommends a delay to the timeframe and an extension of the current agreement until December 2018.