



Towards NAHA Mark II

National Shelter dialogue ahead of the next National Affordable Housing Agreement and associated National Partnership Agreements

1 July 2011

Introduction

Between March and June 2011 National Shelter held a series of roundtable discussions with key stakeholders in housing assistance and homelessness to encourage early engagement on the next National Affordable Housing Agreement (NAHA). The series included a national roundtable in Canberra and state-specific events in Brisbane, Adelaide and Melbourne. Invitees were targeted to bringing together a range of perspectives that would contribute to strategic and long range thinking about what the NAHA can achieve over time. Participants included academics in the areas of housing and planning; housing and homelessness peak groups; large community housing providers; as well as officers from the federal Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), state Housing and Treasury Departments. A full list of participants is included in Appendix A.

Given the amount of time before the specifics of the new NAHA will be negotiated, neither the National Shelter roundtable series nor this report seeks to give specific recommendations at this point. The aim of the process was to encourage early engagement, build common understanding of issues and concepts, and record sector sentiment regarding these concepts. Rather than recommendations, this report will include key messages.

Context for discussions

The first and current National Affordable Housing Agreement was a leap forward from the Commonwealth State/Territories Housing Agreement it replaced. By including local governments and setting out specific reform agendas through its associated National Partnership Agreements (NPAs) it became a truly national agreement. However, in many ways this NAHA and associated NPAs failed to live up to sector hopes. By retaining a purely per-capita funding formula the NAHA perpetuated a 'winners and losers' situation amongst states. States with larger population bases and relatively smaller percentages of social housing stock were able to both maintain and grow their stock, whereas some states and territories with smaller populations and relatively higher percentages of stock were forced to sell off stock, especially where there are significant debts. In addition, inadequate indexation meant that core funding for housing assistance fell in real terms. While the injection of funds to social housing through the Nation Building Economic Stimulus and Jobs Plan was welcome, the driver of that program was to rapidly stimulate the building industry and did not lend itself to good planning for effective social housing.

National Shelter's thinking on the NAHA is informed by the work of the National Affordable Housing Summit Group. The Summit Group's desired framework for the current NAHA was articulated in a letter to the then Minister, Tanya Plibersek, in November 2008. This framework included:

1. Affordable Housing Programs to be defined more broadly than traditional forms of housing assistance;
2. Changes to the language used to describe types of housing assistance to remove stigma and promote flexibility. A range of types of assistance divided into Bands from A to D with Band A involving the deepest subsidy.
3. Net growth targets for dwellings in "affordable housing programs";
4. Within overall growth target, targets for assistance in each of the Bands;

5. Within overall growth target, overall occupant profile targets to ensure balance of high needs households, other low income households and moderate income households;
6. Operating and replacement cost subsidy paid by Commonwealth to providers (state or NGO) on a per dwelling basis;
7. Growth fund distributed to States on a per capita basis; and
8. Flexibility in State contributions, eg land, planning benefits.

This framework remains the basis of National Shelter thinking on the shape of the next NAHA.

Key points of discussion

Purpose and scope of the NAHA

Participants were generally supportive of the NAHA and associated NPAs as an appropriate approach to funding and shaping housing assistance.

However, it was noted that most low income people rely on the private rental market for accommodation and Commonwealth Rent Assistance being outside the scope of NAHA means housing assistance strategy is somewhat fragmented. Similarly, participants expressed some concern that ministerial responsibility for the various elements of housing is currently shared by four ministers: the Minister for Families, Housing, Community Services and Indigenous Affairs, the Minister for Housing and Homelessness, the Minister for Sustainability, Environment, Water, Population and Communities and the Minister for Human Services.

Twin funding streams

There was broad support in the roundtable discussions for the concept of twin streams of funding:

1. Operational funding to manage, maintain and replace existing stock: to be calculated on a per dwelling basis; and
2. Growth funding to encourage a net gain in stock and potentially other forms of housing assistance: to be calculated on a per capita basis.

Support for operational funding on a per dwelling basis was highly dependent on linking the concept to growth funding calculated on a per capita basis. This approach was seen provide a fair basis for calculating funding regardless of population share and historic stock numbers.

However, there were some concerns expressed about how this approach would be operationalised, and a clear desire to keep the outcomes focus of the NAHA and NPAs with enough flexibility to include for the broad range of types of assistance currently provided as well as allowing for innovation. Beyond traditional social housing, states are also providing housing assistance through bond loans, rental grants, support to navigate the private rental market and contributions to the National Rental Affordability Scheme (NRAS). Further, there were strong concerns, especially in South Australia where net social housing stock numbers have been reduced over recent years, about the need to insure that growth funds result in net growth of housing assistance and not just stock renewal.

Flexibility in delivery for sustainable portfolios and neighbourhoods

There was clear recognition in each consultation session that the traditional grants funding approach to public and small scale community housing is unsustainable. The contraction of real terms funding for social housing during the Howard years has forced increased targeting of social housing assistance to people with high and complex needs. As well as reducing rental returns, this targeting has created a support challenge for providers, both public and community, to assist tenants to maintain their tenancies. This challenge has been heightened by the higher density stock built through the Nation Building Economic Stimulus and Jobs Plan as higher concentrations of high needs tenants creates additional pressures within blocks of housing and for neighbours.

Providers, along with other stakeholders, expressed views that the next NAHA needs to create a broader based housing assistance system to achieve financial and social sustainability. There was strong recognition that in order to grow the whole system to house more people in the greatest need providers need to move beyond total reliance on grant funding. A broader base of tenants with an appropriate range of depth of rent subsidies would create better income streams which, in turn, would allow reinvestment in more stock. Ensuring that high needs clients continue to have access to assistance could be achieved by creating targets for each state as a whole and, in turn, for each provider requiring that a certain percentage of stock is used to house high need clients at any point. This type of flexibility would also allow states to spread assistance in ways which recognise the various needs in each of their regions, for example providing deeper subsidies in high building cost areas or targeting NRAS in boom areas where key workers struggle in inflated rental markets.

Also essential to creating opportunities for growth is strategic transfer of title to community housing providers who have greater scope to leverage than state agencies. Consultations reflected general support for a considered approach to transferring title of some stock to community housing providers who can demonstrate business cases which will allow for effective leveraging. There were also discussions about the case for state housing agencies to retain some stock, especially in the first instance, as state agencies bring essential capacity to responding to opportunities such as the Stimulus funding. On balance, participants generally were supportive of an initial target of title for a third of stock being transferred to community housing providers, a further third being managed by community housing providers and a third being fully retained by state agencies.

As community housing providers become more established in Australia, leaders are beginning to use innovative ways beyond pure reliance on grant funding to grow their stock numbers. Stand out providers in most jurisdictions have been able to combine Stimulus, NRAS and private finance to create developments which mix deeper subsidy social housing, NRAS, and sale to market stock which in the longer run can achieve both growth in stock numbers for housing assistance and more socially sustainable neighbourhoods. Participants highlighted the need to maintain and expand program flexibility to support such innovation.

Housing for Aboriginal and Torres Strait Islanders across Australia

This roundtable series, as well as a May 2011 National Shelter Roundtable of Indigenous Community Housing Organisations (ICHOs), revealed strong support for housing for Aboriginal and Torres Strait Islanders across Australia to be addressed more vigorously through the NAHA. In particular, participants expressed dissatisfaction with the dominant focus on remote indigenous communities, through the current NPA, at the cost of Aboriginal and Torres Strait Islander people who face additional barriers in accessing housing markets across Australia.

Participants were also very concerned about the ongoing limbo for many ICHOs as responsibility for funding is transferred from the Commonwealth Government to state and territory governments. The length of these processes, as well as the extreme focus on compliance by some states, is denying ICHOs and their client groups the opportunities open to non-Indigenous community housing providers in the growth agenda. Please see National Shelter's "Aboriginal and Torres Strait Islander Housing Round Table Report" for more.

Related agendas

Much of the conversation in the roundtable series was given over to the connections between the NAHA and related agendas, including planning and taxation. There was general agreement that the NAHA and its NPAs are not the instruments through which to address those agendas, but that the housing elements of those agendas need to be addressed in parallel.

Planning

There was keen discussion in the roundtables about the potential for planning approaches to relieve housing affordability pressures. Participants reported some faith in positive outcomes from inclusionary zoning in South Australia and the work of the Urban Land Development Authority in Queensland. There was also strong interest in the potential of good transport planning and infrastructure, as well as creating satellite business zones to ease cost of living pressures for people who have moved to more affordable areas on the outskirts of major cities only to be faced with significant commuting costs from car reliant suburbs.

Taxation

Providers were mindful of the potential taxation limitation of some of their innovative financial models. Roundtable discussions focused on the need for the upcoming national tax forum to create outcomes which would provide certainty in this environment.

More broadly, the current tax system inflates house prices and rents, reduces housing and employment mobility, inflates household and national debt, rewards speculative activity, reduces productive capacity in the economy and aggravates inequity.

Without addressing these fundamental structural problems, our governments at all levels, our community housing sector, our welfare service system and our homelessness response system will always be wading against the general current in trying to house those most in need.

Key messages

- 1. Key affordable housing stakeholders are highly engaged with the potential of the next NAHA**
- 2. Support for twin funding streams: per dwelling operational subsidy and per capita growth fund** to balance the interests of states and allow for good management of systems and maintenance of stock as well as net growth in housing assistance.
- 3. The need for flexibility to create financial and socially sustainable housing assistance systems** that deliver housing assistance that suits local needs.
- 4. A strong focus on Housing for Aboriginal and Torres Strait Islanders across Australia,** including through a NPA on urban Indigenous housing
- 5. Addressing related agendas through parallel processes,** including planning and taxation.

Appendix A – Roundtable Participants

Canberra, 2 March 2011, National Roundtable

Attendees:

Name	Role and organisation
Adrian Pisarski	Chair, National Shelter
Julian Disney	Chair Affordable Housing Summit Group
Dr Ian Winter	AHURI
Narelle Clay	Homelessness Australia
Andrew Tongue	FaHCSIA
Sean Innis	FaHCSIA
Adam Farrar	Community Housing Federation of Australia
Eddie Bourke	Community Housing Federation of Australia
Rebecca Oelkers	Brisbane Housing Company
Kate Cowmeadow	Queensland Shelter (notes)

Apologies:

Name	Role and organisation
Marcus Spiller	SGS Economics and Planning & VicUrban

Brisbane, 25 May 2011, Queensland Roundtable

Attending:

Name	Role and organisation
-------------	------------------------------

Adrian Pisarski	Executive Officer, Queensland Shelter
Kate Cowmeadow	Operations Manager, Queensland Shelter
Noelle Hudson	Senior Policy Officer, Queensland Shelter
Morrie Evans	Coast2Bay Housing Group
Jody Tunnicliffe	Queensland Council of Social Services
Jonathan Leitch	Department of Communities, Housing and Homelessness Services
Jago Dodson	Griffith University
Garth Morgan	Queensland Aboriginal and Torres Strait Islander Human Services Coalition (QATSIHSC)
Donna Clay	Queensland Aboriginal and Torres Strait Islander Human Services Coalition (QATSIHSC)
Rachel Watson	Mission Australia
Christopher West	FaHCSIA
Riley Kelly	FaHCSIA

Apologies:

Name	Role and organisation
Tony Waters	Department of Communities Housing and Homelessness Services
Alan Shaw	Department of Communities Housing and Homelessness Services
Gina Pearson	BRIC Housing
Janelle Thurlby	Queensland Treasury
Brad Currie	
Andrew Jones	University of Queensland

Adelaide, 27 May 2011, South Australian Roundtable

Name	Role and organisation
Adrian Pisarski	Chair, of National Shelter
Tony Roach	Community Housing Federation South Australia
Professor Andrew Beer	University of Adelaide
Matthew Woodward	Unity Housing
Tracy Ingram	Chair, Homelessness South Australia
Helen Connolly	Chair of South Australian Council of Social Services
Gary Wilson	Shelter South Australia
Alice Clark	Shelter South Australia
Kate Cowmeadow	Queensland Shelter (notes).

Melbourne, 6 June 2011, Victorian Roundtable

Name	Role and organisation
Adrian Pisarski	Chair, of National Shelter
Kate Colvin	Policy and Public Affairs VCOSS
Sarah Toohey	Housing Policy VCOSS
Nicola Ballenden	BSL, General Manager Public Affairs Brotherhood of St Laurence
Jacqui Watt	CEO Community Housing Federation Victoria
Margaret Crawford	Executive Director, Office of Housing
Ian Winter	Executive Director – AHURI
Megan Kirchner	Director Policy, Planning and Strategy Office of Housing
Marie Macferson	Local Government Association
Toby Archer-	Policy and Public Affairs – Tenants Union Victoria

Glen Manners	
Steve Staikos	

Apologies:

Name	Role and organisation
Julian Disney	Chair, Affordable Housing Summit Group
Tony Nicholson	CEO, Brotherhood St Laurence
Mark O'Brien –	CEO, Tenants Union Victoria