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WORKING TOGETHER

FOR BETTER HOUSING AND SUSTAINABLE COMMUNITIES

A submission to the Queensland Government from

The National Affordable Housing Consortium



A SUMMARY OF RECOMMENDATIONS AND KEY DIRECTIONS

1. NATIONAL HOUSING POLICY REFORM – A COLLABORATIVE NATIONAL AGENDA

The Queensland Premier, Treasurer and Housing Minister should continue to work collaboratively with the Commonwealth through COAG to establish a National Housing Policy that clearly articulates Housing and Non Housing Outcomes, National & State targets, Roles and Accountabilities and Financial arrangements that provide a stable basis for stakeholder planning and investment and for community engagement.

The National Housing Policy should address:

Policy Goal 1: Increase Supply & Effectively Target Housing Support

Macro policy levers [Tax & Relief/ Land / Planning / Welfare] are aligned to deliver a sustained improvement in housing supply alongside the deliberate & measurable targeting of benefits [Tax & Welfare] towards supporting households based on need, at the point of need and for the time of need, including alignment around measurable housing and non-housing outcomes [employment/ productivity /health].

Policy Goal 2: A New Long Term Rental Market Segment

Facilitate the development of a new rental market segment which is long term, stable, secure and incorporates long term institutional holdings, socially responsible management and supports an appropriate mix of affordability and property types to meet changing housing need. Recalibrate associated tax, family and welfare policies towards greater tenure neutrality, new supply and new approaches to landlord-tenant arrangements.

Policy Goal 3: A Viable Social Housing System

Social housing has a critical role to play for those households in need of long term, high subsidy housing with better access to support services and to those who have faced a critical event and require a supportive housing outcome as a safety net and hand up.

The social housing system requires *transformational reform* and this should be addressed through COAG with specific consideration focused on:-

- Articulating and measuring the housing and non-housing outcomes sought from the system
- The Governance and Subsidy arrangements, including Commonwealth & State arrangements/NAHA/ future ownership and management
- Capital investment in renewal/replacement and growth of stock:
- Better matching to community needs and better forward planning
- A new human services approach [Personal Housing Plans] to address, rather than simply case-manage, disadvantage

Policy Goal 4: Housing Pathways: Greater Diversity: More Choice:

The economic and social conditions and choices within the Australian community are much more diverse and changeable than for previous generations.

In reforming our housing system, we need to promote diversity and create pathways between the social, affordable and market systems. This requires greater flexibility in applying subsidy and a more dynamic housing supply side response which enables innovation. This includes Shared Equity Home Ownership, rent to buy, buy to rent, co-housing and financing arrangements that reflect employment reality [increased casualization/part time or contracting work]

Institutional investment underpinned by appropriate Government policy and the right risk/return could help create a wide range of new market segments that better reflects households changing needs over time and provides more choice, but also more security in housing -at the time when people value that most highly.

2. STATE HOUSING POLICY- LEADERSHIP, LEVERS & SCALE

The social housing system requires a significant and sustained investment to renew the portfolio, better match the portfolio to need [Up to 40% mismatch] and to meet the needs of **15,000** households on the wait list. This investment is estimated at **\$4Billion**.

It is unlikely that the State is able to apply this level of taxpayers funds to meet this challenge. It is also a reality that other calls on taxpayers funds have historically held precedence over Housing Investment, including Health, Education & Infrastructure.

At recent rates of social housing supply it will take around **100 years** to deliver **15,000** new homes.

Serious commitment to transformation requires serious commitment to private sector investment alongside mobilizing community investment, tax and other financial advantages.

The Housing Market is also failing to meet community need. Supply, affordability, lack of diverse and appropriate housing choices, the fragmented rental investment market and the rapidly declining home ownership rates requires Governments to work together nationally through a range of Regulatory, Tax and Stimulus incentives.

At a State level, the Queensland Government needs to utilize its full range of resources and tools to act as a catalyst for systemic change in market behavior. This should be led through a co-ordinated approach to housing as social infrastructure and a key driver of investment and productivity

AN INFRASTRUCTURE LED APPROACH. RECOMMENDATIONS

LAND:

Create a **central register of land** and a **central program of land release** with the priority outcome being the delivery of a sustainable balance of housing and non-housing outcomes including evidence based requirements for integrating social, affordable rental and shared equity home ownership into developments.

Set a target of 1,000 social & affordable housing units per year.

PLANNING:

Set evidence based **targets** for the provision of social & affordable Housing within Local Government planning schemes.

Establish **Inclusionary Zoning** precincts aligned to urban renewal to capture a percentage of betterment for the community

Improve housing diversity and promote better use of land. For example, by enabling **secondary dwellings** without "household conditions of occupancy". This can assist retirees and others with rental income supplement and promote smaller dwellings for the rising cohort of singles and couples.

Establish a **Progressive Infrastructure Charging** regime that provides discounts for more affordable, diverse and sustainable homes and a fee premium on aspects of the market that promote over-consumption of housing.

Set an affordable housing supply **target of 7%** of total new dwelling construction per year, every year

A **new Governance** model involving EDQ and the Community Housing Sector could ensure that the Social Value outcomes sought by this process are prioritised, transparent and accountable

INNOVATION IN FINANCE

Provide a framework and mechanism to support increased investment in social and affordable housing. Act as a catalyst to incentivize institutional investment in the market.

Create a **\$500million Social & Affordable Housing Fund** as a catalyst to investment [See NSW]. **Target 2,000 new dwellings in phase 1- new commitment**

Get rid of the ineffective First Home Owners Grant, which most economists agree fuels housing inflation at the lower end of the market and provides a one-off private benefit to some buyers at the expense of good housing policy and future buyers. Use the saving to support Shared Equity Home Ownership which creates a beneficial community investment that can be recycled and used as a 'Housing Future Fund' [See Saul Eslake 2015]

Transfer current FHOG to a better targeted Shared Equity Home Ownership [NFP] program with a \$ for \$ matching by NFP and Private sector. **Target 3,000 new affordable homes per year and create a social equity fund [Futures Housing Fund] of \$300M per year from current Government funding commitments**

Trial the **Social Housing Capital Investment Fund** [NAHC, ISA, NAB & others] model to provide a tripartite co-investment in the renewal and growth of social and affordable housing by re-applying current demand side subsidies towards supply side capital investment. **Target 20% social housing renewal and 5% new additional social and affordable housing growth from current funding commitments.**

TAXATION

Plan a transition from transaction based Stamp Duty to a reformed **Land Tax system** that is broad based and generates revenue and underpins explicit housing policy outcomes, including a **progressive regime** that supports **large scale institutional holdings** of market and affordable rental housing.

Provide a clear and consistent approach **to Charitable Tax Concessions** to support community led investment to meet housing policy outcomes.

ASSETS

States, like Queensland are spending around 40% less on public housing than a decade ago per head of population [Productivity Commission]

The use of the State's asset base to deliver lasting community benefits and better meet future needs through enhanced investment **is not a debate about privatisation**. It is a debate about the inadequacy of current responses, the impact and costs to our health, productivity and well-being of this failure and the requirement for political leadership that uses all the tools the Government commands to act as a catalyst, facilitator and regulator to transform this failure.

- Establish clear **measurable policy outcomes** to meet the social and affordable housing needs of our community now and into the future
- Set clear **targets** for supply side, prevention and demand management responses
- Assess the current portfolio against **fit for purpose criteria**, including matching to need, adequacy, standards, responsiveness to emerging population demands [Disability / Aging]

- Identify the **financial and asset management framework** required to meet targets, including commitments to adequate public investment and the active facilitation of private and community investment.
- Provide **long term policy and funding predictability** to provide a measure of certainty to underpin co-investment from the private and community sectors.
- Establish a fair valuation methodology to underpin a **co-investment, shared risk, shared reward structure** to achieve a 10 year commitment to social housing renewal and growth targets.

New Governance arrangements like *Arms-Length Management Organisation's* [UK = 500,000 public housing units] can provide continued public ownership / management model alongside an ability to bring in external investment and capacity.

SUSTAINABILITY:

Establish policy goals for reducing the carbon footprint of new supply. Work with Industry to set out a '**Zero Net Carbon Footprint**' for new housing [See European Commission] by 2030. Work with Federal entities like the CEFC to **position Qld as the leading State in this mission.**

Ensure **all** the Supply Side programs [Land/Assets/SAHF/SEHO] above meet targets for energy, water and incorporate smart technology to reduce costs and improve consumer control.

Use **Progressive Infrastructure Charging** to reward industry leading standards.

Provide dedicated **R&D funding** through the Infrastructure and Innovations budget to assess the best value for money interventions, and promote commercialization within the existing housing market via retro-fitting strategies backed by incentives / regulations as appropriate

HUMAN SERVICES REFORM

If we could be as effective in addressing disadvantage and improving self-reliance as we are in rationing the intake of people to our services based on need, then we would be well on the way to a genuine transformation in Outcomes.

If we knew and cared as much about the strengths, aspiration and barriers facing households as we do about their vulnerabilities and we designed and implemented a more balanced and customer-focused service system, then we might achieve better outcomes

We need to name, own and be able to clearly measure the public policy outcomes we are investing in.

Within the social and affordable housing system this includes an ability to name and measure the housing and non-housing outcomes we are seeking to deliver. From a macro economic and social development perspective right through to the individual and household improvements in wellbeing, opportunity and health.

For some people the social housing system is their final housing destination for secure and affordable housing-and it rightly serves this purpose. The frail or very low income retirees, those unable to participate in the workforce on a reliable basis due to chronic health issues or certain disabilities and others with ongoing vulnerabilities. **For others** a crisis or event or some other factor that may be temporary means a social housing outcome is required for a period of need. People escaping violence, those with a health crisis, people who are homeless, those with drug or alcohol problems. It is important that the service system is able to support, plan and assist people build capacity and provide alternative pathways to maximize independence.

This is not just a case of joined up services 'Services Connect' and it is not about a 'wrap around' case management model it is about the fundamental reform necessary to address disadvantage not 'manage it'

This happens at a systems level **and** an individual level. It happens for today's needs **and** for preventing inter-generational flow through.

As well as continuing its support for the Sustainable Built Environment National Research Centre's 'Valuing Social Housing' research which NAHC is also sponsoring, the State should commit to:-

- Implementing a 'Valuing Social Housing' framework to ensure we can name, own and measure housing and non housing outcomes
- Use the framework to support reforms in **Procurement, Investment and Outcome based Contracting**
- Assess and align reforms at a service delivery level including piloting "**Personal Housing Plans**" [NAHC] which
 - Is a **person centric** model of human services- with the person co designing their Personal Housing Plan and agencies aligning to deliver the Plan
 - Incorporates NDIS reforms to 'investing in people' through **actuarial based investment** approach
 - Provides a new approach to **mutual responsibility** that is not compliance based
 - Identifies and **addresses barriers** to improved self-reliance
 - Capacity building without real opportunity to progress is a frustrating dead-end. The new approach must build **Capacity** and also provide real **Opportunity** to use the improved capacity
 - Adopts a new approach to supporting and sharing the '**risks**' that people moving from high dependency on Human Services to lower or nil dependency face through that **transition period**
 - Users **smart technology** for user control and real time data management
 - Develops a '**Benefit Flow Methodology**' to measure outcomes and the value of the benefits flowing to individuals, households, community and Governments

3. HOW NAHC IS HELPING ACHIEVE OUTCOMES AND WHAT WE NEED FROM GOVERNMENT TO MAKE A BIGGER IMPACT ON COMMUNITY OUTCOMES

NAHC NOW:

- 3,500 new affordable housing rental units delivered in the last 7 years [3,200 in Queensland] attracting \$1.4 Billion in private finance and creating over 15,000 FTE jobs. Currently saving tenants \$17m per year in rents. NAHC is Australia's largest and most successful NRAS provider and the only major supplier to fix rents at 75% of market not 80%.
- A sponsor of Research and Development and the commercialization of R&D including
 - Sponsoring the development and operations of the **Sustainable Living Infrastructure Consortia** based at Griffith University
 - Sponsoring **6 PH'd** including in Industrialized Housing, Zero Emissions, Actuarial Investments, Aboriginal Housing.
 - Principal project sponsor of the Sustainable Built Environment National Research Centre '**Valuing Social Housing**' project
 - **Disability Housing Design Competition** – NDIS/ Partners & 4 Universities

- **Design, Renewal and creating successful integrated communities.** NSW LAHC / Partners and 4 Universities
- Creating new national knowledge partnerships and new delivery opportunities
 - **Disability Housing Futures Work Group** Stage 1 & Stage 2 [Industry/Community & Research Partners]
 - **Social Housing Capital Investment Fund Work Group** [NAHC/ISA/NAB/Griffith/Serco]- Institutional Investment
- New Models, Products and Partnerships
 - International partnership with **'Places For People'** the UK's largest and most successful housing organisation
 - **Homes & Pathways** partnership to deliver renewal and growth in social & affordable housing in Victoria, through the Victorian Housing Reform Consortium
 - Homes & Pathways submission under Queensland Treasury Private Sector Led Proposals [Townsville Together]
 - NAHC & NFP partnership for a **Shared Equity Home Ownership program** and NAHC pilot in Kelvin Grove under construction, through **'Buy Assist'**
 - **Personal Housing Plan** development- NSW and Victoria
- New Business Structures
 - Shared Equity Home Ownership, Group Insurance and Financial Services via **'Buy Assist'** **100% owned commercial business. 2016 NSW.**
 - HERS. **Home Equity & Rental Services. NFP property company 2015**

NAHC:- A START UP PROGRAM.

OUR OFFER TO THE STATE TO CO-INVEST IN QUEENSLAND HOUSING OUTCOMES THROUGH 4 ACTION STREAMS

1. Co-invest with NAHC & our NFP Partners:- "\$ for \$" in a Shared Equity Home Ownership program in Queensland.
2. Provide NAHC [and other pre-qualified NFP's] with a rolling program of land to develop [Beyond the one-off and administratively difficult GLASS process]
3. Support a new build private rental supply of NAHC Affordable housing on 5 and 10 year headleases to NAHC with discounted rents. [1,000 units within 3 years]
4. Support an income securitisation model to create a Capital Investment Fund through co-investment with the Commonwealth, Institutions and NAHC, to renew and grow social housing. Deliver this through a new social housing Governance model [See above]

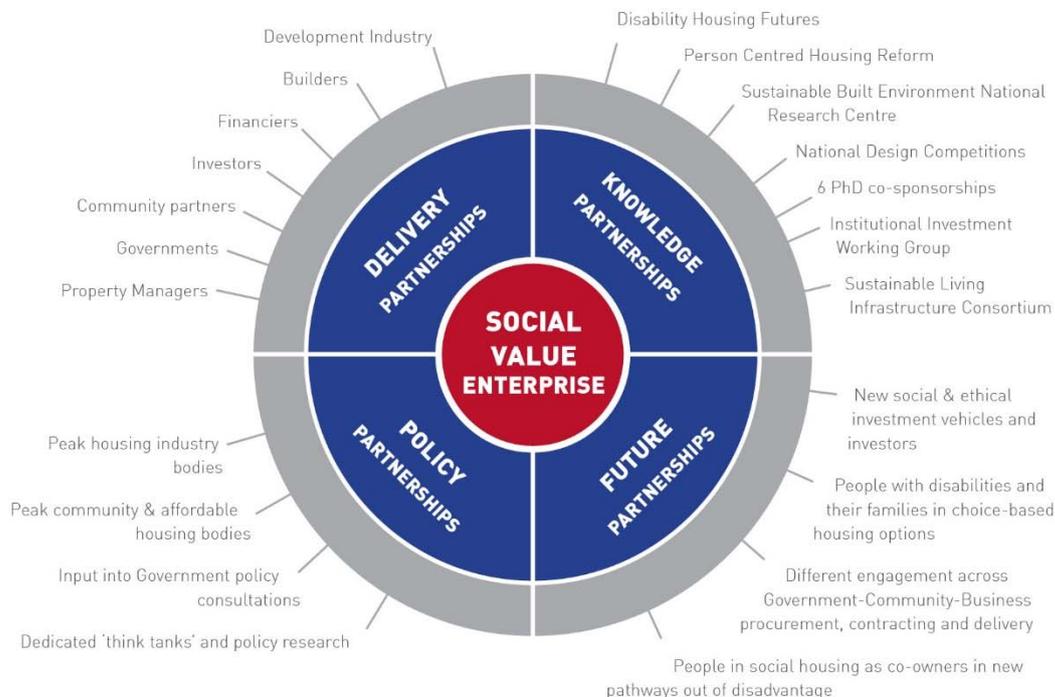
OUR SUBMISSION

ABOUT NAHC:

The National Affordable Housing Consortium is a Not For Profit Company and endorsed Charity. It was incorporated in November 2008.

It's Mission is:

“To facilitate affordable housing outcomes, achieving a balance in commercial, social and environmental outcomes; and act as a catalyst for housing innovation and integrated communities”



In the last 7 years NAHC has facilitated the completion of 3,500 NRAS affordable homes, with 50 more under construction, created a network of not for profit and for profit entities delivering and managing affordable housing, attracted over \$1.4B in private investment and achieved balanced outcomes for Government, private and community stakeholders.

As well as facilitating new housing on the ground, NAHC invests in research and development and has developed new models to assist social housing reform, stock renewal and pathways between the social and market systems.

NAHC expects to continue to play a leading role in social and affordable housing reform, renewal and increasing housing opportunities between social and market system. Above all, NAHC expects to add to the further growth in supply, which is essential if we are to address the underlying imbalance in the market.

INTRODUCTION: THE NATIONAL SCENE

In terms of size, quality, amenity and environmental health, Australia is amongst the best housed nations in the world. In terms of housing affordability, Australia has a continuous record, over a decade and more, of having a deep and sustained affordability problem that is amongst the worst in the developed world.

Despite record low interest rates reflecting a weak international and fragile domestic economy, housing affordability and housing stress remain serious problems and trend data suggests worse to come, particularly for low income market renters and those requiring a social housing solution.

It is a sad reflection on market and housing policy failure that housing outcomes are increasingly polarized into the 'housing haves' and the 'housing have-nots'. This is an analysis that not only undermines our national perspective as an egalitarian, 'fair-go' society, something that has not been true in housing for many years, but it also has very real consequences for our economic and social performance.

'Housing Have-Nots' are most profoundly illustrated by the sustained level of homelessness and the high level un-met needs of those on public housing wait lists. However, Housing Have-Nots also include those that do not have access to housing that is affordable or appropriate to their need, those paying more than 30% or even 50% of income, those on short term lets that desperately need long term stability, those living constantly on the edge of repossession and those young people unable to become independent because of housing market failure and finally, those fearful of retirement as they cannot meet ongoing housing costs.

Whilst the way data on affordability is presented may vary, there is a strong and consistent unity of message across the board. The message is that the long term relationship between incomes and house prices has been seriously eroded over the past 20 years and, without action to address the underlying factors, this trend will continue to create serious affordability problems, particularly for those households in the bottom 50% of income distribution.

It is worth remembering that it was only 12 years ago that the Productivity Commission Inquiry was told that there was no need for Government intervention because the housing market would 'correct' the problems of under supply and affordability.

12 years on and the problem is worse. 12 years on and the underlying problems are harder to fix. 12 years in which some people have suffered unnecessary hardship when solutions were already at hand.

The only positive thing from this experience is that there is now almost universal acknowledgement that our housing market is failing and that better and more focused intervention is essential.

Housing is not just another market commodity. It is as essential to individual and family well being as health, education and a livable income.

Making the housing system work for all Australians is as important as providing universal access to affordable health and education and is a role that requires active Government leadership.

DRIVERS

How we arrived at the current situation is well documented, including in previous Government and Industry Inquiries and Reports.

In summary:

- Financial liberalization changed the nature of, and access to, borrowing
- Population increases, immigration and changes in household formation. Housing supply failing to meet the scale of these changes
- The increase in dual income households, whilst reflecting the amazing and welcomed transformation in female participation in paid employment, also fuelled changes in housing finance lending which, it may be argued, fed mostly into prices rather than new supply.
- Whilst the rise in dual income households coincided with liberalization of credit, there has also been an accelerated trend towards casualization and part time working which has implications for home ownership and longer term 'income/housing security' within the housing context.
- The way tax relief and tax and charges have grown up in an ad-hoc manner; directly and indirectly pushing and pulling the housing system in different directions
- The long term relative decline in investing in direct provision of new social and affordable housing
- The inter-face between income based rents, taxation and welfare benefits like family tax benefit can mean some families seeking to improve their situation face a 'marginal tax rate, including loss of benefit' of over 50%. This 'trap' needs to be addressed.

However, it is widely agreed that the single largest and most important factor has been the sustained mismatch between housing supply and demand. Australia has a supply side problem. The National Housing Supply Council has put the supply shortfall at 228,000 dwellings rising to 369,000 in June 2016 and to 663,000 by 2031, if current trends and policy settings continue.

Policy Goal 1: Supply & Targeting

Replace a generation of under supply and poorly targeted interventions with a generation of action on supply and the re-targeting of assistance to address housing need

IS MONEY THE PROBLEM?

Housing Inquiries, including the 2015 Senate Inquiry Report, have provided evidence of the huge tax reliefs fueling the system, along with fairly modest direct Government spending on the one hand, accompanied by significant tax receipts taken across housing related activities.

Is this balance of tax reliefs, Government spending and housing related taxation achieving our economic and housing policy objectives as a nation?

If we are outlaying in excess of \$47B a year in housing tax concessions and direct Government spending, the Australian Community has a right to know why have we still got a housing problem? Surely this isn't the outcome planned by those who have set the tax relief, spending and taxation regime over the last 3 decades?

The inefficiency and often contradictory application of tax concessions and taxation treatment reflects ad-hoc policy interventions and disconnected strategic objectives. For example, when we added First Home Ownership Grants to the bottom end of an inflating market, we may have brought forward economic activity but we also added fuel to the affordability bonfire.

Another 'unspeakable' policy issue is the taxation of the family home. This untargeted relief fuels housing inflation and operates as a tax relief driven wealth transfer [often] to those who need it least. If we want to provide relief, how should it be effectively targeted.

When we add in State and Local Government taxes and fees, the efficiency of the housing system is further undermined

If we were redesigning a modern and efficient tax system, Stamp Duty would go. In a housing context it impedes labour mobility and the life-time 'housing careers' that reflect modern trends in household formation and break-up. It doesn't reflect modern economic and social circumstances. With an aging population and a legacy of undersupply the tax system needs to promote more rational use of existing stock, including downsizing by retirees.

Making more rational use of existing stock must be one of the actions we consider as part of our new housing policy suite. With an estimated 300,000 empty dwellings across Australia, some for long periods, what is the right balance of carrot and stick that reflects the national interest and ownership rights. Perhaps a revamped Land Tax Regime can encourage people not to keep property empty; whilst new investment opportunities through Not For Profit providers could provide joint venture or mutual investment models to bring such stock into affordable housing use.

At a Local Government level, infrastructure fees and charges may have been adjusted [somewhat] to respond to criticism of their impact on housing supply and affordability, but the way charges are levied does very little to steer property supply towards good housing outcomes.

Overall, the work of Professor Judy Yates and others has clearly demonstrated that our housing tax concession regime provides the greatest subsidies to those who need it least and they go disproportionately to those in the later periods of their housing careers, not at the point of greatest need.

TOO HARD BASKET: WINNERS & LOSERS

To make housing more affordable requires the relationship between incomes and house prices / rents to have some rational, sustainable relativity.

This could be achieved by housing prices falling or by the incomes of those in the bottom 3 quintiles rising more rapidly than house prices each year for a long period of time.

The reason why so many housing policy and economic commentators favour a long and sustained increase in supply along with re-targeting of current tax relief is to ease the inflationary pressure driven by under-supply and embark on a long term re-balancing of the market.

Together with further supply side measures, increases in stock will also need to be targeted to lower income households.

However, in an environment that is already characterized by housing winners and housing losers, it is difficult to conceive of a policy that would achieve better long term housing outcomes, including improved affordability, without some winners and losers.

Many households believe they have done well out of house price inflation, which for many has generated untaxed wealth, even if it is often only finally released on death. For others it represents a form of retirement security and improved choice and of course it facilitates access to other forms of credit.

With the majority of voters feeling good about house price inflation and becoming very anxious if house prices fall; and with media coverage of housing almost exclusively focused on housing as an 'investment good', we understand the huge political challenge of tackling this issue.

The complexity of the reform agenda is also reflected in the inter-connectedness of housing economics with other economic decisions and influences; from retail spending to retirement, from construction jobs to credit booms; from wage pressures to retirement security.

However, powerful arguments also exist for addressing this challenging issue and these include the lack of sustainability of the current housing system, its social and economic cost, growing inequality and wider equity and inter-generational issues.

TAX & TENURE: CHOICE & FAIRNESS

Home ownership is falling across the board. Some of this is undoubtable caused by price-exclusion, some by changing economic and household conditions and by choice.

Whilst the experience of many advanced economies demonstrates that a strong, long-term rental market can underpin market choice and enable a more balanced 'tenure-neutral' policy setting, in Australia the primary concern has been that many lower/middle income households are locked out of home ownership. With market rents reflecting housing under supply, many tenants are not able to save for that illusive 'deposit' even if they retained home owner aspirations.

Indeed, with rents rising faster than incomes and with a shortfall in available and affordable rental homes of around 500,000 [NHSC] the trends are all pointing in the wrong direction if we want to ensure pathways between renting and home ownership are effective.

A private rental market that includes long term, affordable, stable and predictable letting arrangements alongside a market for shorter term needs will only be created if the policy and finance setting make sense to institutional investors

In looking at housing policy we must look beyond the term 'security' simply as a function of residential law and towards the term "security" as a way renters can enjoy stability and longevity and a greater measure of control in rented housing. Other Countries have achieved this goal and there are some good lessons to learn as we seek to redesign our system to reflect a more tenure neutral policy setting.

In passing, it is interesting to note that renters who are taxpayers are the ones providing a net subsidy to home owners via tax free capital gains and to their landlords via negative gearing and capital gains concessions, thus helping those households enjoy greater wealth and security later in life. **Low income renters of course are more likely to hit retirement in a state of impoverishment.**

As a nation, we should have a policy setting that seeks to facilitate balanced and mixed tenure communities. This means income mix and tenure choice, different house types and sizes and a subsidy regime that improves diversity and creates pathways between tenures and housing types.

Policy Goal 2: Renters are here to stay: A new stable long term renting sector.

To facilitate the development of a long term, stable private rental market, incorporating long term institutional holdings and socially responsible management to meet changing housing need for affordable rental housing.

To achieve this policy goal in a complementary way to the traditional shorter-let, 'small investor' housing rental market

SOCIAL HOUSING: DECLINE OR RENAISSANCE?

The residual social housing system appears to be in terminal decline. This long term decline has happened on everyone's watch.

A system which emerged in the post war era to provide housing for returning service personnel and to underpin rapid immigration and postwar industrial development, continued to be a supply side intervention

largely as an economic 'lever' which also underpinned wages and provided a pathway from affordable rent to low cost home ownership.

As social housing adjusted to cope with the economic and social policy changes of the 1970's to 1980's it became much more of a housing welfare safety net.

Whatever the policy judgement at the time, based no doubt on a desire to ration a scarce resource to those in the greatest need, the consequences have been profound, and both the economic support and public support for the system has been eroded.

It was only in 2007 when the [then] Commonwealth Government asked why after \$10b in Commonwealth funding over the previous 10 years had we ended up with 43 fewer social housing units.

It took a GFC to kick some life into the level of supply needed to stop the decline. Despite the much needed and successful Social Housing Initiative funding, the long term trend remains down.

- The current financial arrangements are not viable nor are they particularly transparent.
- The social housing stock is aging and will continue to cost more to maintain
- A lot of the stock is mismatched to tenant need for smaller dwellings, disability standard etc
- The inadequate income stream has been further eroded by 'targeting' housing to those in the very highest need and often the very lowest incomes, creating a downward spiral which brings into question the entire economic model of social housing
- The cost base reflects the management of a higher needs tenant group. Social housing costs now include efforts to provide a supportive Human Services model to meet client needs, putting further pressure on what was once a property and tenancy service
- Public confidence is being eroded and the tenure is being 'labelled' in a negative manner. The aging stock and tenant profile is fueling NIMBY attitudes associated with negative perception of impact to community safety and property values. [None of which has been demonstrated]
- Homelessness, housing and support services are often fragmented, but this seem to be improving in some jurisdictions
- The 'gap' between social housing and the market is now so large and the cost impact of transitioning [rent payments and other benefits like security of tenure etc] are so great, there is little incentive or ability for tenants to consider to move beyond social housing. Apart from NRAS, few pathways exist between the social safety net and the market
- The system encourages people to 'be more vulnerable, more in need' than the next person in the Queue and to continue to demonstrate that need and vulnerability. Whilst many do face ongoing vulnerability, the system does not acknowledge, speak to, nor build on the 'strengths, resilience and aspirations' of its customers.
- The system is hugely inflexible, and 'one size fits all' policies, driven by worthy concerns to create equality of outcomes, are actually part of the problem

For those working in the system, it appears that political support becomes harder to garner as public support for the system erodes.

Policy Goal 3: A Viable Social Housing System

We need a new approach that evolves around

- A viable system
- Making better use of the public housing asset base as a stimulus to re-investment and renewal
- Developing a Human Services approach to tenant management

- Responding flexibly at a regional level [no longer a one size fits all system]
- Grow the system to meet community need
- A focus on a small number of measurable outcomes to create proper accountability
- Reconnect the social and market housing systems by providing different housing pathways between social and affordable and market products
- Recognise and provide for vulnerable households, but look to the strengths and aspirations of tenants and those on the wait list and involve them in decisions about their homes, communities and future options
- Integrate future social and affordable housing better within neighborhoods.
- Use subsidies and financial inputs in a much more sophisticated way and have greater flexibility in use of assets and resources to generate innovation focused on stated outcomes not outdated systems.

Policy Goal 4: Housing Pathways: Greater Diversity: More Choice:

The system should be dynamic and able to reflect changing needs and respond flexibly. It should be underpinned by public, private and community resources and delivered by regulated and accountable NFP housing entities.

The system should aim to provide multiple pathways between a social safety net and the market system with subsidies based on need and capacity to pay.

These pathways should include:

- Traditional long term social housing with appropriate wrap around support for those who are vulnerable and need indefinite assistance
- Medium and short term social housing for those needing a high subsidy housing outcome as a temporary safety net/hand-up
- Discounted market rental housing at a range of discounts [10%, 20%, 25%, 30%, 40%] for a range of periods [1 year to 10 years] adjustable depending on need and capacity to pay
- Shared Equity Home Ownership with normal bank lending and a 'social equity' trust holding say, 30%.
- Rent to buy schemes, possibly linked to a version of NRAS
- Rent to buy in social housing, possibly linked to shared equity or renewal strategies
- Buy to rent, where households in difficulty can sell property to a NFP trust and continue renting their home, or sell a part share via Shared Equity
- Co-housing, housing co-operatives, self build and community land trust options; *some* of which are ideally suited to NDIS customers and care providers requirements; *some* suited to 'intentional' communities of retirees etc, *others* which might suit younger people or families starting out.

TWO PRIORITY REFORMS:

Alongside tax reform the two most significant reforms that Government could facilitate are

- 1. Long term institutional investment in residential rental housing, in particular in affordable housing but eventually in social and affordable housing.**

New money driving new supply based on a steady 'infrastructure-like' investment model with reliable cashflow, appropriate risk distribution and adequate risk-adjusted returns. NRAS provides a good starting point for making this happen as a priority.

2. **Utilizing existing Government public housing assets and an associated 'register of Government land' available for the growth of a suitable mix of social, affordable and market supply.**

Indicative modelling on one area of 5,000 existing public housing stock illustrated that over \$400m in renewal and growth could be generated from under-utilized land, getting better housing outcomes and more social housing at **no additional cost** to Government.

Do we have a picture of what the national portfolio could deliver in renewal and new supply? If, for example about half of the nations public housing stock, say 150,000 dwellings, had similar characteristics to the site already modelled, this might facilitate \$12billion in renewal investment at no or limited cost to Government. This is the scale of activity we need.

In addition, Governments have often noted that their own land banks could complement and stimulate supply side initiatives. If packaged correctly and able to attract additional new resources, rather than substituting for existing activity, it could make a valuable contribution to new supply and affordability.

'Managing Decline' is not a policy option.

A big response is needed to kick start this effort.

Thank you for the opportunity to contribute to the Queensland Governments Housing Policy review.

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