Tuesday, 30 July 2024

Committee Secretary
Senate Standing Committee on Economics



by online portal or by email to economics.sen@aph.gov.au

Dear Senator Walsh and fellow Committee members

Inquiry into the National Housing and Homelessness Bill 2024 (No. 2)

The **Abundant Housing Network Australia** would like to thank the Senate Standing Legislation Committee on Economics for the opportunity to provide comments on this private member's bill.

Our network is a national alliance of independent, grassroots urbanists who advocate for a pro-housing agenda for Australia.

As advocates for housing abundance, we are writing today on what changes to Commonwealth governance of housing policy need to happen to facilitate greater housing growth — and keep state and local governments accountable to our national housing targets.

In addition to changes to the bill in question regarding the composition and competence of the Housing Consumer Council, we are advocating for a significant change in the machinery of government within the Australian Public Service to consolidate policymaking on housing and urban development within a central agency — namely the Commonwealth Treasury.

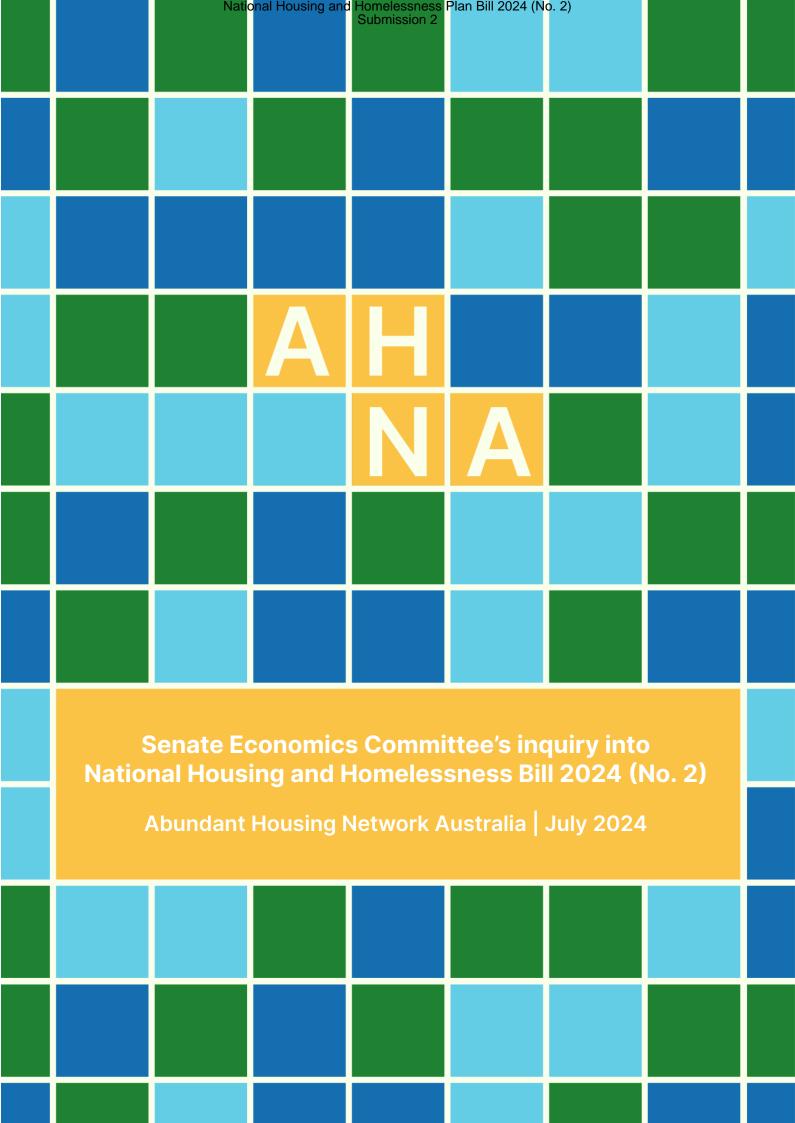
This submission builds on earlier work we have done as part of the Senate's earlier inquiry into the worsening rental crisis in Australia (appendix 1), the Department of Infrastructure's ongoing consultation on the draft National Urban Policy (appendix 2) in correspondence with Ministers on building completions data (appendix 3) and repurposing underutilised defence land (appendix 4).

The Abundant Housing Network Australia and our members welcome the opportunity to discuss this further with members of the Committee over the course of the Inquiry.

Yours sincerely

Abundant Housing Network Australia

e: hello@abundanthousing.org.au | w: abundanthousing.org.au



WHO WE ARE

The Abundant Housing Network Australia is a national alliance of independent, grassroots campaigners working to build a new vision for housing and cities—one that's more sustainable, liveable and affordable for everyone.

Our members — Greater Brisbane, Greater Canberra, Sydney YIMBY and YIMBY Melbourne — came together to forge a new urbanist politics that brings together everyone who loves our cities and wants to welcome more neighbours into them.

We represent thousands of people across Australia who want to see their cities grow and mature, who want secure and affordable rentals and who want to live near their families, friends and communities — but who feel drowned out by a debate dominated by a few loud voices.

We believe housing abundance—building more homes where people want to live—is key to solving the housing crisis and building the kind of cities people love.

Abundance gives everyone greater choice in where they live, gives renters better bargaining power, encourages better use of public infrastructure, and is more environmentally sustainable than sprawl.

MEDIA CONTACT: Jonathan O'Brien | hello@abundanthousing.org.au |



The Abundant Housing Network Australia acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land and community. We would like to pay our respects to their Elders, past and present.

A broken housing system hurts First Nations people more sharply than others and housing equity is a step on the path of justice and reconciliation we have failed to take.

We acknowledge that we are on stolen land and that sovereignty was never ceded.

This always was and always will be Aboriginal land.

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EXECUTIVE SUMMARY

The Abundant Housing Network Australia supports this bill with one important proviso: we don't think it will achieve much.

Most of the problems facing Australia in housing — especially in the financing of public and community housing — are questions of political will, not inadequate inquiry.

Ensuring there is enough funding and long-term regulatory certainty to deliver the scale of public, community and commons housing we need is a political struggle and a question of a government's willingness to commit scarce resources to a long-term home-building project — and this is an objective that we know isn't universally shared by Australia's political parties.

More reports will not sway a political party that fundamentally does not believe non-market housing is desirable or necessary for Australia's future.

For these reasons, we have chosen to focus our submission on what can be done to build capacity within the Australian public service to deliver on the Government's ambitions to build 1.2 million homes in the next five years.

Greater public sector capacity will help get projects going faster, remove roadblocks to progress that might be occluded by the current siloing of expertise, and — hopefully — provide some resilience to these historically vulnerable sectors when a more hostile government to their existence is inevitably elected.

We have developed a machinery of government change proposal that would consolidate the Australian public service's expertise on housing and urban development from four departments into a single central agency.

This new multidisciplinary group would be better equipped to tackle the complexities of how cities work and how people live within them.

By placing urban policy and housing delivery in a central agency also means that there would be internal discipline within the Australian public service — and confident leadership to say no to projects that do not deliver on these objectives.

To reinforce that point, we propose that the Commonwealth adopt two national missions: "eliminating homelessness" and "facilitating twenty minute neighbourhoods".

We believe that these changes would give the bodies set up by this bill more teeth and a better chance of surviving a change in government.

RECOMMENDATIONS

The bill in question

- 1. That this Bill pass.
- That national peak housing and homelessness organisations in our civil society be provided adequate and guaranteed funding to conduct their work — including advocating for policy change to the benefit of their members.
- 2. That the National Association of Renters Organisations be provided dedicated and guaranteed funding to provide a renters' voice nationally.
- 3. That funding be made available to key national urbanist organisations to ensure the needs of cities as a whole are advocated for.
- 4. That a representative from the National Association of Renters Organisations and a representative from the commons and cooperative housing sector be appointed *ex officio* as a full voting members of the Housing Consumers Council.
- 5. That s17(1)(a) be amended to add "residents of commons and cooperative housing".
- 6. That s20(3) remove "desirability of" and aim to ensure the Minister proportionally reflects the diversity of consumers and general population proportionally on the Council and further that "diversity of current housing tenure and ownership" be added to ensure that the make-up of the Council does not oversample landlords and owner-occupiers at the expense of renters and mortgagors.

Broader governance reforms

- 7. That the Commonwealth adopt "eliminating homelessness" and "facilitating twenty minute neighbourhoods" as national missions.
- 8. That the Commonwealth greatly expands its expertise and capacity to lead national conversations on housing, urban development, cities and land use.
- 9. That a machinery of government change consolidate housing and urban development expertise within a central agency (for example, per our draft *Proposed machinery of government changes* on page 9).
- 10. That a further machinery of government change consolidate housing sector support into a dedicated division within the Department of Social Services (for example, per our draft *Proposed machinery of government changes* on page 9).

1 THE NATIONAL HOUSING AND HOMELESSNESS PLAN BILL 2024 (NO. 2)

This bill canvasses some topics where more Commonwealth leadership and better data collection would improve policy-making, which we will explore later, but at the fundamental level, this bill is about creating mechanisms to report on the state of social housing.

We do not see how more reports recommending much the same actions that dozens of other reports from dozens of organisations, inquiries and agencies have recommended over the years would push a recalcitrant government in taking the ambition of action necessary to overcome decades of underinvestment.

If a government is elected with no intention of funding new social housing — or worse, wanting to dismantle what little non-market housing we still have in Australia — a legislated agency would simply get hollowed out to its barest functions or abolished, and its reports would go unanswered¹.

As the Abundant Housing Network has previously advocated for, Australia is in desperate need of far more non-market housing². We believe the Commonwealth should invest enough in public, community and commons housing to raise the proportion of overall housing stock to at least 5% public and 5% community and commons by 2040.

The problem we face isn't a lack of knowledge.

We know what to do, we just lack the confidence and will to do them.

We acknowledge this exact problem is one of the motivating reasons behind this bill and the strategy that underpins it.³ We also acknowledge how much progress has been made in a very short amount of time — establishing both Housing Australia and the National Housing Supply and Affordability Council and National Cabinet's resolutions on planning and renters rights reform.

The next step is obvious: pass this bill, finish the strategy and refocus the entirety of the Australian public service on tackling this crisis.

David Hayward, '<u>The Reluctant Landlords? A History of Public Housing in Australia</u>' (1996) 14(1) *Urban Policy and Research* 5.

² See appendix 1.

Chris Martin, Julie Lawson, Vivienne Milligan, Chris Hartley, Hal Pawson and Jago Dodson, '<u>Towards an Australian Housing and Homelessness Strategy: understanding national approaches in contemporary policy</u>' (AHURI Final Report No. 401, Australian Housing and Urban Research Institute, 2023) 42-43

In our view, the most significant aspect of this bill is the ability for the Advocate to self-initiate inquiries into the performance and branch of the Plan. Even in a defunded state, the Advocate would at least be able to continue to interrogate the Commonwealth's performance on housing unless it was abolished completely.

Nonetheless, there is value in better governance structures within the Australian public service and, while we have a Commonwealth Government sympathetic to the needs of the social housing sector, better reporting mechanisms on the state of housing.

We also acknowledge that these changes have long been requests of the social housing sector and that the current implementation of the National Housing and Homelessness Plan is — in some ways — an unfinished project until this bill passes.

Furthermore, this bill represents the continuation of a key failing of the campaign for housing justice and one of the reasons the Abundant Housing Network started.

Housing campaigning in the country for years has been narrowly focused on the needs and preferences of social housing providers and their advocates on one side and a largely fictional aspirational owner-occupier on the other, largely ignoring the 30% (and growing) of Australia's population who rent in the private rental market.⁴

Emblematic of that tendency is the fact this bill does not require anyone on the Housing Consumers Council to be a renter. A body whose explicit job it is to represent them in policy-making spaces does not guarantee that a renter or any renters advocate is appointed to that body. Merely that the Minister give consideration to the needs of private renters when making the appointment.

We know that without explicit instruction and structural systems in place, renters' voices are not included in decision-making spaces — and this is yet another example.⁵

Which is why, while we support greater and guaranteed funding for peak housing and homelessness bodies, the Network also believes the National Association of Renters Organisations needs dedicated and guaranteed funding both to the national body and in unconditional disbursements to its member bodies⁶.

The Network also supports dedicated funding being made to key urbanist bodies given housing is inseparable from their urban environments.

With those in mind, we suggest a few changes to the bill.

⁴ Australian Bureau of Statistics, '<u>Housing: Census, 2021</u>' (28 June 2022)

⁵ Abundant Housing Network Australia, <u>Submission to the People's Commission into the Housing Crisis</u> (April 2024) 7-8

Significant underfunding of tenants rights advocacy has led to the closure of several support services which in turn has reduced the capacity for renters representatives to advocate for law reform, especially at a national level. See: Deb Pippin, 'The National Nine — Principles for Strengthening Renters' Rights' (National Association of Renters' Organisations, August 2023)

Firstly, the National Association of Renters Organisations should be given a full voting position on the Housing Consumer Council. This will — at minimum — guarantee someone on the Council will be able to speak on behalf of private renters.

Likewise, a representative from the commons and cooperative housing sector should also be represented on the Council and the Council's functions at s17(1)(a) should be amended to add the commons and cooperative housing sector.

Appointments to the Council should also reflect the diversity of Australia's population and not merely be when desirable by the Ministers. Therefore s20(3) should be amended to remove "desirability of" and further an additional line at s20(3)(c) should added to ensure the make-up of the Council reflects as close as reasonably possible the diversity of current housing tenure — that the number of landlords, owner occupiers, mortgagors and renters should reflect those rates in the wider population.

Recommendations

- 11. That this Bill pass.
- 12. That national peak housing and homelessness organisations in our civil society be provided adequate and guaranteed funding to conduct their work including advocating for policy change to the benefit of their members.
- 13. That the National Association of Renters Organisations be provided dedicated and guaranteed funding to provide a renters' voice nationally.
- 14. That funding be made available to key national urbanist organisations to ensure the needs of cities as a whole are advocated for.
- 15. That a representative from the National Association of Renters Organisations and a representative from the commons and cooperative housing sector be appointed *ex officio* as a full voting members of the Housing Consumers Council.
- 16. That s17(1)(a) be amended to add "residents of commons and cooperative housing".
- 17. That s20(3) remove "desirability of" and aim to ensure the Minister proportionally reflects the diversity of consumers and general population proportionally on the Council and further that "diversity of current housing tenure and ownership" be added to ensure that the make-up of the Council does not oversample landlords and owner-occupiers at the expense of renters and mortgagors.

2 | BROADER GOVERNANCE REFORMS

We need to build resilience within the Australian public service to ensure that we don't lose expertise and focus on housing growth between elections. A key structural mechanism for doing so is setting up a dedicated cluster within a central agency — in our view, Treasury — responsible for coordinating housing and urban development across the Commonwealth, state and territory governments and local government.

At the moment, housing and urban development expertise is haphazardly spread across several small branches in four departments and seven portfolio entities⁷. These branches end up becoming siloed both within their own departments and away from broader housing expertise.

As a case in point, Treasury — which has the majority of current Commonwealth housing-related branches — ends up being narrowly concerned about the administration of demand subsidies or market analytics, often blind to the concerns of housing consumers, housing providers and the broader urban environment.

The idea of consolidating housing expertise within a central agency isn't a new one.8

Not only has Australia had a long history of having just such an agency — mission-driven departments focused on housing and urban development existed between 1942 and 1950 under Reconstruction, 1972 and 1982 as either Urban and Regional Development or Housing and Construction, and again between 1992 and 1996 as Housing and Regional Development.⁹

Likewise, housing advocates have been calling for greater Commonwealth intervention and expertise for years. Australian Housing and Urban Research Institute called for a dedicated housing policy coordination agency in 2017 in a paper that indirectly lead to their National Housing and Homelessness Plan framework¹⁰.

⁷ Treasury, 'Our organisation' (31 May 2024); Department of Infrastructure, Transport, Regional Development, Communications and the Arts, 'Our organisation' (8 July 2024); Department of Climate Change, Energy, the Environment and Water, 'Organisational structure' (July 2024); Department of Industry, Science and Resources, 'Organisation chart' (8 July 2024)

⁸ Catherine Stuart, <u>A National Housing Agency for Australia</u> (Community Housing Industry Association, January 2023).

David Lee, 'Rebuilding Australia: What We Can Learn from the Successes of Post-War Reconstruction', UNSW Sites (16 June 2020); Robert Freestone, Bill Randolph and Wendy Steele, 'Whither Australian urban policy?' in Australian Urban Policy (ANU Press, 2024)

Jago Dodson, Ashton de Silva, Tony Dalton and Sarah Sinclair, 'Housing, multi-level governance and economic productivity' (AHURI Final Report No. 284, Australian Housing and Urban Research Institute, 2017); Chris Martin, Julie Lawson, Vivienne Milligan, Chris Hartley, Hal Pawson and Jago Dodson, 'Towards an Australian Housing and Homelessness Strategy: understanding national approaches in contemporary policy' (AHURI Final Report No. 401, Australian Housing and Urban Research Institute, 2023)

The scale of the housing crisis — and the pressing need to build more compact cities and house more people in less land as part of our response to the climate crisis — necessitates the Commonwealth once again adopting a mission-driven focus on housing and urban development.

We support this bill and the National Housing and Homelessness Plan framework because it is a step towards that mission-driven Commonwealth leadership we need.

A plan is a good start but we need a cultural shift within decision-making spaces that puts "will this house more people" front and centre of every decision, much as we should hope decision-makers now do the same for gender equality and First Nations empowerment.

Delivering the Government's ambition of building 1.2 million homes over the next five years requires not just coordination but leadership — and being prepared to say no to projects that hinder that goal.

The Abundant Housing Network is calling on the Commonwealth to adopt two national missions to focus public, private and civic decision-making: "*eliminating* homelessness" and "*facilitating twenty minute neighbourhoods*" 11.

Whenever a policy decision is being made, the policy-maker needs to ask if it will help or hinder these missions — and those rare times a hindrance is approved, it should be noted, tracked and reported on.

Mission-driven leadership can only come about from senior public servants in a central agency with responsibility for directing and funding other government programmes — and critically, that leadership needs to have more broad expertise in housing and urban development as a complex system than merely as administrators of demand subsidies or social housing funding.

Critically, this agency will need the power and political will to discipline recalcitrant state, territory and local governments and even other Commonwealth agencies that fail to deliver on this ambition.

This discipline must take the form of withholding or tying grants and the threat of removing their power over housing related decisions. Appropriate "carrots" in the form of financial bonuses and additional public service support must also be available to governments and agencies that are trying to deliver.

For these reasons, we believe any consolidation of housing and urban development in the Australian public service must be within Commonwealth Treasury, and we have sketched out a model for how that would work.

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¹¹ For a discussion of national missions or "moonshots", see: Mariana Mazzucato, <u>Mission Economy</u> (Penguin, 2021)

A new dedicated group for housing and urban development within Treasury

The Abundant Housing Network proposes to establish a dedicated *Housing and Urban Development Group* within the Commonwealth Treasury, led by a high profile Deputy Secretary with the authority and influence to liaise directly with Ministers and other governments on housing matters.

Our proposal (which can be seen on the next page) pulls together existing housing related functions from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, the Department of Climate Change, Energy, the Environment and Water, and Department of Industry, Science and Resources — as well as the new entities this bill proposes to establish.

We are also proposing some new division-level policy champion roles along the model set by the Chief Scientist and Chief Economist in the Department of Industry, Science and Resources.

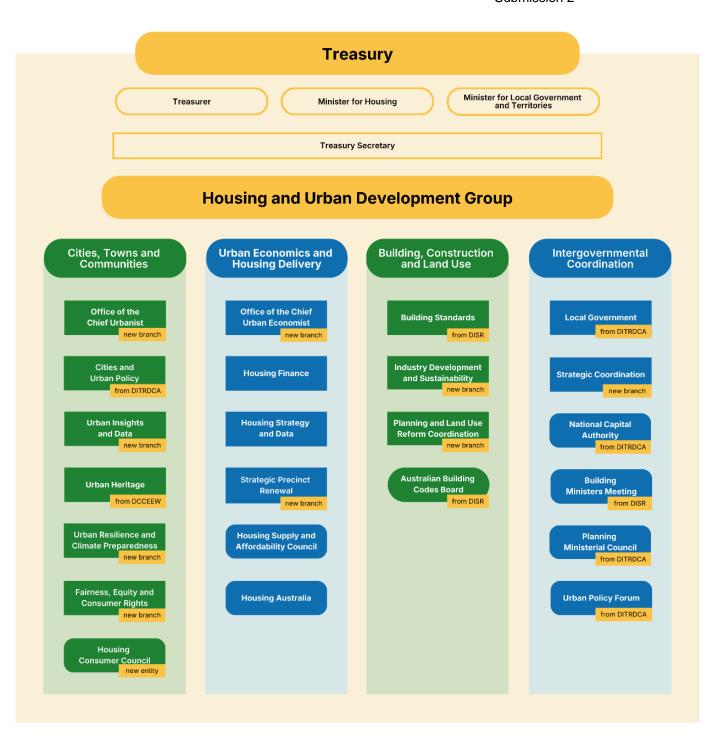
This proposal also creates new policy specialist branches on issues that have historically been largely the remit of state and territory governments whose responsibilities will be to facilitate intergovernmental cooperation and consistency in these areas and work as policy innovators in developing best practice for state and territory governments to adopt.

This proposal is not intended to instil economic orthodoxy across the Australian public service on housing — although facilitating a better understanding of modern urban economic thought across the public service would be beneficial.

Rather this proposal is about creating a multidisciplinary group where urban economics, urban planning, housing policy and infrastructure are put in conversation rather than competition with each other.

Cities are complex systems that require a wide range of expertise to even begin to understand and talking about cities is a unique language distinct from the portfolio silos our education system and public services jam them into.

We have done housing as an industry and as a right a disservice by not considering homes and the cities and towns they form as a part of a single complex system.





The new *Cities, Towns and Communities* division would focus on urban development from a social and environmental perspective.

Led by a new Chief Urbanist with responsibilities for promoting Australian cities and being a spokesperson for cities as complex social and environmental systems, this division pulls together cities and urban policy and responsibility for the new National Urban Policy from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts¹² and the (admittedly small) urban heritage unit from the Department of Climate Change, Energy, the Environment and Water¹³.

Urban policy at a Commonwealth level is notoriously fragile and one of the most frequently eliminated policy areas during a new Government's formation¹⁴. Urban development is seen by political decision-makers as an indulgence and something easy to cut to look fiscally disciplined. The irony of course being that in doing so, these governments undermine years of industry coordination and planning, make investment far more uncertain and risky and set back urban development projects by years.

Treasury is — for better or worse — seen as less easily interfered with by incoming governments. Moving these functions into Treasury insulates them from frequent machinery of government changes and defunding.

This also brings a birds eyes' view of cities to sometimes overly narrow discussion of housing and urban development within Treasury itself. By situating programs and projects within a larger urban context, Treasury would be able to draw on a more sophisticated understanding of cities and how people live, work and play in them when making decisions about what (and what not) to fund. A focus on policy innovation and turning academic research and industry data into practical policy options would support state, territory and local governments who cite capacity issues constraining their ability to engage with the breadth of urban research¹⁵.

Relatedly, we believe that it has been unhelpful to combine urban and regional development as a single portfolio. Regional development as it is largely delivered in Australia through the Office of Northern Australia, Northern Australia Investments and Projects and the Northern Australia Infrastructure Facility in Department of Infrastructure, Transport, Regional Development, Communications and the Arts and Analysis and Insights in Department of Industry, Science and Resources are overwhelmingly focused on natural resources and manufacturing and this comes at the expense of urban development as a distinct area of research and policy innovation. Urban policy, urban development and housing sit uncomfortably alongside largely unrelated functions in these departments.

¹³ In part because of the function sitting with a division predominantly focused on environmental and First Nations heritage, the underlying regulations for urban heritage nationally have not been updated since 1998. A dedicated urban heritage branch would be able to better facilitate a new national urban heritage framework and bring some of the more outdated principles guiding urban heritage up to current community expectations. See: James Lesh, 'Saving heritage policy: The past and future of conservation in the Australian city' in Australian Urban Policy (ANU Press, 2024)

¹⁴ For a brief history of Australia's urban policy, see: Robert Freestone, Bill Randolph and Wendy Steele, 'Whither Australian urban policy?' in Australian Urban Policy (ANU Press, 2024)

Hayley Henderson and Helen Sullivan, '<u>Uneasy bedfellows: Integrating urban research and policymaking in Australia</u>' in Australian Urban Policy (ANU Press, 2024)

In addition to those existing functions, we're proposing that this division support the new Housing Consumer Council and create three new branches: *Urban Insights and Data* which would support a nationally-consistent approach to urban infrastructure data collection and modelling; *Urban Resilience and Climate Preparedness* which would lead policy research into how cities as systems respond to climate change and what new subsystems are needed during urban crises like floods, heatwaves and pandemics; and *Fairness, Equity and Consumer Rights* which would focus on how people access homes and city services and respond to how we make sure cities are affordable, accessible and inclusive places (and importantly given the salience of the issue nationally, renters' rights).

The new *Urban Economics and Housing Delivery* division is mostly a reorganisation of Treasury's existing housing-related functions. Led by the Chief Urban Economist with responsibilities for championing urban economics and being a spokesperson on cities as complex economic and financial systems, this division unites private housing supply and demand programs under cohesive leadership.

In addition to those existing functions, we're proposing that this division be responsible for both the Housing Supply and Affordability Council and Housing Australia and that one new branch be set up. *Strategic Precinct Renewal* would co-design the Commonwealth Property Disposal Policy in conjunction with the relevant branches in Finance and other departments, with an eye to strategic urban renewal and land release.

We believe that the Commonwealth can afford to be more ambitious with its property disposal policy, particularly in the release of inner city defence land¹⁶. But as it stands, administrative bottlenecks are slowing down the disposal of underutilised land in the middle of a housing crisis.

A dedicated branch aimed at reimagining existing government land as new urban precincts and facilitating partnerships with industry, state and territory governments and civil society would get the ball rolling on housing delivery even while the release process is ongoing. The grunt work of disposing of land would remain with Finance and relevant departments.

The new *Building, Construction and Land Use* division brings across responsibility for Australia's building and construction standards from the Department of Industry, Science and Resources.

This division would be a significant expansion of the Commonwealth's role in facilitating industry resilience and aims to build stronger supply lines in foundation construction industries, review investment regulations and vehicles to ensure private investment is flowing to the right places and develop a new national construction

¹⁶ See appendix 4.

workforce plan¹⁷ with the new *Industry Development and Sustainability* branch and determine best practice in urban planning regulation nationally with the new *Planning and Land Use Reform Coordination* branch.

The new *Intergovernmental Coordination* division would focus on supporting state, territory and local governments in delivering on their housing ambitions and ensure lines of communication and collaboration remain open between them and the Commonwealth.

This division brings across responsibilities for supporting local governments and development of the national capital from the Department of Infrastructure, Transport, Regional Development, Communications and the Arts¹⁸ and creates a new *Strategic Coordination* branch to provide secretariat support for the Builders Ministers Meeting, Planning Ministerial Council and the Urban Policy Forum.

A key part of this change is moving the National Capital Authority across and reorienting its purpose to be more explicitly about growing Canberra and facilitating greater urban intensification within the National Triangle. The National Capital Authority's current powers, structure and lines of responsibility are not aligned with those of the ACT Government and their elected representatives.

The Abundant Housing Network believes that the National Capital Authority should have extremely limited influence over Canberra's planning and local affairs and most of its responsibilities should be transferred to the ACT Government. Canberra is not yet done but to achieve the urban transformation that is required, the National Capital Authority must be reshaped from a veto point into a true facilitator of progress.

This move alongside more substantial reform of the National Capital Authority's work would ensure it would come into conflict less often with local residents and the needs of our growing capital city¹⁹.

This new group would bring a level of cohesion and focus to Commonwealth policy-making in housing and urban development that we have not had since the 1990s. At a time when two of the biggest crises facing Australia — housing and climate, neither of which are forecast to get better in the near future — are at the forefront of our minds, we need that discipline, drive and focus again.

¹⁷ Including expanding migration pathways for building and construction workers in a sustainable way. See appendix 3.

The remainder of the Regional Development and Local Government, and Partnerships and Projects divisions within the Department of Infrastructure, Transport, Regional Development, Communications and the Arts would remain and merge. These divisions' remaining functions are predominantly concerned with regional development and the administration of natural resources and freight infrastructure funding. Territories would remain unchanged except for the National Capital Authority moving out of the department.

Greater Canberra, 'Uniting the Two Canberras: Reforming the National Capital Authority' (Submission No. 13) to the Joint Standing Committee on the National Capital and External Territories, Inquiry into fostering and promoting the significance of Australia's National Capital (September 2023)

Consolidating housing sector support into a dedicated division within Social Services

These changes leave one major area related to housing not moved into Treasury which is the administration of social housing and organisational support for the non-market housing sector. We believe these functions best remain with the Department of Social Services.

Emblematic of policy fragmentation in housing however is that these functions are spread across multiple divisions within the Department. While there are clearly some operational efficiencies to be found in combining administration of the Commonwealth rent assistance scheme with pensions, we propose consolidating all housing sector support functions within the Department into a single dedicated division.

This division would have dedicated *Policy*, *Strategy and Data*, and *Program Delivery* branches as well as a new *Housing Partnerships* branch responsible for supporting social housing providers and peak homelessness organisations. This division would also be the home of the new National Housing and Homelessness Advocate this bill proposes to establish.

Recommendations

- 18. That the Commonwealth adopt "eliminating homelessness" and "facilitating twenty minute neighbourhoods" as national missions.
- 19. That the Commonwealth greatly expands its expertise and capacity to lead national conversations on housing, urban development, cities and land use.
- 20. That a machinery of government change consolidate housing and urban development expertise within a central agency (for example, per our draft *Proposed machinery of government changes* on page 9).
- 21. That a further machinery of government change consolidate housing sector support into a dedicated division within the Department of Social Services (for example, per our draft *Proposed machinery of government changes* on page 9).

APPENDIX 1

Relevant excerpts from AHNA's submission to the Senate Community Affairs Committee's inquiry into the worsening rental crisis in Australia, 4 August 2023

What the Commonwealth can do

It is the job of every level of government around the country to do everything they can to drive down the cost of housing.

While the Commonwealth's role in housing has been relatively confined to financing vehicles, tax reform and ill-fated demand subsidies in recent years, the Albanese Labor Government's indication that they are committed to working with states and territories to boost housing supply, deliver more social housing, improve renters rights and develop a new urban policy for the nation, is a refreshing change of tack.

National Cabinet's *Better Planning for Stronger Growth* strategy²⁰ to build a new housing framework has the potential to completely change the face of Australia.

As such several of our recommendations are framed around what National Cabinet and state and territory governments should do, with the implication that these should be included in any outcomes arising from *Better Planning for Stronger Growth* and other foreshadowed national agreements.

In addition, we canvass several spaces the Commonwealth can take leadership on in housing. These range from improving housing policy coordination to regulating Australia's cowboy PropTech industry.

Housing policy coordination

The Commonwealth should take the lead on addressing policy fragmentation in housing by creating a clear political leadership framework in housing²¹. The creation of the National Housing Supply and Affordability Council is an important first step but more is needed.

²⁰ The Office of the Prime Minister, 'A Better Future for the Federation' (Media release, 28 April 2023)

²¹ Judith Yates, et al, 'Housing Australia' (Committee for Economic Development Australia, 2017) 27-28; Chris Martin, Kath Hulse and Hal Pawson, 'The changing institutions of private rental housing: an international review' (AHURI Final Report No. 292, Australian Housing and Urban Research Institute Limited, 2018) 70; Everybody's Home, 'We need a National Strategy' (Policy position, 2 May 2018); and Queensland Council of Social Services, 'Housing policy review' (March 2018) 23-28.

The Commonwealth should set up a fully independent housing policy coordination agency to support the work of the Minister and housing councils, and by encouraging state and territory governments to create joined-up departments responsible for all aspects of housing, from planning and financing to regulating and tenanting.

There also needs to be a national voice for renters with greater representation of renters and their advocates on national housing bodies. This would also necessarily involve greater funding for and formal recognition of peak national housing advocates like the National Association of Tenants Organisations as well as ensuring those organisations are represented on key national bodies like the National Housing Supply and Affordability Council. Likewise, state and territory governments should ensure that similar organisations are represented on their housing committees and roundtables.

These issues of policy fragmentation are underlined by a lack of consistent and unbiased data on the state of the rental market. While recent academic work has improved this gap, we continue to have poor and poorly accessible data on the state of rental housing.²³

In particular, we lack frequent and granular data on local rents and market changes despite renters' enforcement of their rights relies on having access to this information—a concept called informational asymmetry, a function of the fundamental power imbalance between renters and landlords and their intermediaries.

A priority for any new national housing strategy must be to improve the quality of and access to data by aggregating administrative data collected by the Commonwealth, state and territory governments on, for example, rent increases and bonds.²⁴

Two potential avenues to explore are establishing a national housing research council²⁵ and work with state and territory governments to build a real-time database of properties, tenancies and rental market information to equip renters with current and unbiased information on their property and local market conditions²⁶.

Department of Communities and Local Government UK, 'Citizens of Equal Worth: The Project Group's Proposals for the National Tenant Voice' (White paper, January 2009); and Department of Communities and Local Government UK, 'Regional and national tenants' organisations' (Report, October 2010)

Emma Baker, et al, 'An Australian rental housing conditions research infrastructure' (2022) 9(1) Scientific Data 33; See also the Melbourne Institute's <u>Journeys Home</u> and <u>Household, Income and Labour</u> <u>Dynamics in Australia</u> surveys and the Australian Bureau of Statistics' <u>Survey of Income and Housing</u> — particular for population level data on composition and consumption.

²⁴ Kath Hulse, Sharon Parkinson and Chris Martin, '<u>Inquiry into the future of the private rental sector</u>' (AHURI Final Report No. 303, Australian Housing and Urban Research Institute Limited, 2018) 49.

²⁵ John Daley, Brendan Coates and Trent Wiltshire, 'Housing Affordability: Re-imagining the Australian Dream' (Report No. 2018-04, Grattan Institute, March 2018) 6

Digital Rights Watch, Submission No. 560 to the Legal and Social Affairs Committee, Parliament of Victoria, Inquiry into the rental and housing affordability crisis in Victoria (7 July 2023) 14-15

The soon-to-be-established National Housing Supply and Affordability Council will help improve collection of consistent data, but it may not always have the right inputs.

This also necessitates the Council being properly resourced and independent, with researchers and experts on staff across a broad range of portfolios related to housing.

Recommendations

That Commonwealth, state and territory governments provide greater and more secure funding to peak renters' advocacy organisations and ensure that renters' advocates are represented on housing bodies, boards and committees.

That the Commonwealth create a new independent agency responsible for national housing policy coordination and research—to address policy fragmentation in and collect consistent data on housing, planning and land use.

Commonwealth leadership in planning reform

While planning and land use is largely a state responsibility, the Commonwealth has a significant role to play in incentivising and coordinating reforms.

The Commonwealth should work with National Cabinet to create a national planning reform agenda that aims to broadly upzone inner cities away and areas near public transport and employment hubs while also delivering high quality social infrastructure and public and community housing in these areas.

In particular, we want to see planning regulation move from being restrictive in the first instance to permissive in the first instance. Inconsistency between jurisdictions, bureaucracy for its own sake, and unnecessarily localised rules draw out the time it takes for a project to go from ideation through planning and into construction—with every week of waiting costing every project tens of thousands in employee expenses, loan servicing, holds on contractors and more.

The most equitable way to achieve this—in our view—is to broadly upzone our cities, particularly small lot residential areas in the inner city, to allow more by-right development without consultation requirements where those proposals meet building quality, accessibility and environmental standards, and to facilitate consolidation of residential blocks into larger more commercially viable project sites.

This approach would preserve the good parts of planning—like democratic control over the strategic future of the city, ensuring a high standard of design and construction, and good provision of good social and transport infrastructure—while cutting down on the unnecessary paperwork and reducing the risk of cooptation of consultation processes by bad faith anti-development activists.

The Commonwealth should also take a carrot and stick approach to getting state, territory and local governments to adopt their housing agenda by using financial incentives and direct investment in government housing projects to incentivise those governments to undertake planning reform, and to make major infrastructure investment contingent on planning and housing reform.

Recommendations

That National Cabinet adopt a nationally coordinated agenda for planning reform that moves state, territory and local governments to a more permissive and faster planning system, including for example:

- moving from prescriptive and arbitrary rules to a more permissive, outcomes-based regulation of land use and development
- broad upzoning across large areas—rather than specific sites.
- facilitating development in high amenity areas well-served by public and active transport and social infrastructure.
- removing parking minimums from transport oriented developments
- investigating mechanisms for the efficient and equitable consolidation of urban blocks, particularly small lots in residential areas
- ensure consultation is representative of the broader community, rather than just those with time and resources.

That the Commonwealth provide outcomes-focussed financial incentives to state, territory and local governments to deliver affordability outcomes.

That the Commonwealth make significant planning reforms a condition of funding major infrastructure projects and instruct Infrastructure Australia to develop a priority list of infrastructure projects that would unlock infill housing.

Definitional challenges

We have adopted non-market housing as the broad category as opposed to the more commonly used social housing.

The reason for this is social housing has an inherent ambiguity as to whether it refers to both public and community housing, or just community housing, and this ambiguity is cynically used by political groups to avoid scrutiny over housing decisions.

Non-market housing also captures a broader ecosystem of innovative housing models like cooperative or mutual housing, community land trusts and shared equity schemes.

Broadly, we define non-market housing by whether the owner is subject to market logic and the profit motive—namely *public*, which means government owned, *community*, which means owned by not-for-profit housing providers, or *commons*, which means owned by democratically-organised groups like cooperatives or mutuals. Then within that by whether the resident owns, rents long-term or rents short-term, what the form of price-control it uses²⁷, and how democratic control over the asset is.

Adopting a similar structure nationally would improve the housing debate's tractability to the public and provide regulatory surety to new entrants.

We avoid using affordable housing for the same reason of ambiguity.²⁸ While the public's understanding of what affordable housing means is housing that most people can afford, most governments use it as innuendo for subsidised housing, where—either through direct subsidies or indirectly via uplift or tax credits—for-profit entities rent the property to an at-need group at below-market rates or through a community housing provider. But unlike public or community housing, these schemes do not transfer ownership of the asset, letting for-profit entities receive capital gains as well as the subsidies.

We have heard from not-for-profit developers that a lack of consistent definitions nationally also limits their capacity to take advantage of different governments' programmes and increases the time-cost of expanding to new cities.

A key part of any national housing and homelessness agreement needs to be clearly defining key terms and ensuring states, territories and local governments adopt these in their regulations and communications. A national framework for non-market housing that captures categorisation by ownership, tenure, cost and democratic control would go a long way to improving the tone of the housing debate.

Recommendations

That the Commonwealth invest enough money in public, community and commons housing to raise the proportion of overall housing stock to at least 5% public and 5% community and commons by 2040.

That National Cabinet adopt consistent key definitions for non-market housing as part of a national housing agreement.

²⁷ See typologies in Alice Pittini, Dara Turnbull and Diana Yordanova, 'Cost-based social rental housing in Europe' (Housing Europe, December 2021); and Hanna Wheatley, Sarah Arnold and Joe Beswick, 'Getting Rents Under Control' (New Economics Foundation, July 2019) 7

Australian Housing and Urban Research Institute Limited, 'What is the difference between social housing and affordable housing - and why do they matter?' (AHURI Briefs, 28 February 2023)

That state and territory governments exempt public, community and commons housing projects from planning, heritage and consultation requirements provided the relevant authority believes it delivers a high standard of social and environmental benefit.

Better urban coordination

As Australia grows, the proportion of Australians living in increasingly dense cities is also growing—and overwhelmingly long-term renters are more likely to be living in these denser urban areas.

This isn't a bad thing.

Density is good for people, good for the economy, good for communities and good for the environment—and it's the only way to build enough homes for everyone in the face of a changing climate.

Urban agglomeration enables better matching of workers with employers, allows for the costs of providing goods and services to be shared among a larger population, and supports knowledge industries through increased learning.²⁹

Getting the design of these urban communities right is essential to ensure that our cities are attractive and welcoming homes for Australians at all ages and stages of life, while delivering much-needed additional housing with equitable access to jobs, infrastructure and services. Growing cities require smart investment in supporting infrastructure to address congestion costs.

Better city planning is also key to achieving the carbon emission reduction targets that have been set at a Commonwealth and state and territory level. Sprawling, car-dependent suburbs with limited amenities not only increase congestion and transport expenses for residents, they also contribute to transport emissions, land-use emissions, and environmental degradation.³⁰

While the link between this and the rental crisis may not be immediately apparent, renters—faced with frequent moving between homes, rapid changes to their rents, and poor security of tenure—are the most vulnerable group to displacement from their communities.

²⁹ Gilles Duranton and Diego Puga, '<u>Micro-Foundations of Urban Agglomeration Economies</u>' (2004) 4:1 *Handbook of Regional and Urban Economics* 2063

³⁰ Intergovernmental Panel on Climate Change, 'Sixth Assessment Report, Climate Change 2022: <u>Mitigation of Climate Change</u>' (2022), Chapter 8

Poor urban planning means that when renters are forced to displace further from their communities and workplaces to afford somewhere to live, they face poorer access to services, amenity and social infrastructure, and far longer commutes.

Likewise, good city planning—especially in the timely delivery of social and transport infrastructure—is critical to building social licence for building higher density neighbourhoods. Infrastructure Victoria found that access to high-quality infrastructure was a strong determinant of people's housing choices.³¹

Good urban planning—and good social and transport infrastructure—are critical to making renters' quality of life better and help build social licence for denser neighbourhoods.

A national approach to urban policy

While state and territory governments have primary responsibility for urban planning and the development of their cities, the Commonwealth can play a valuable role in coordinating a national urban policy agenda.

A national urban policy can help encourage best practice between our cities and ensure alignment on key policy objectives. In fact, without one, planning and allocating resources to infrastructure projects equitably is almost impossible.³²

Over the past few decades, the Commonwealth has increasingly displayed interest in urban policy initiatives—but not in a consistent, sustained way.³³

We are therefore pleased that the Commonwealth has announced the development of a new national urban policy and the establishment of a departmental cities and suburbs unit.³⁴

An effective national urban policy must guide the reform of strategic and statutory planning nation-wide, and require states and territories to plan for more liveable, people-oriented cities, while also providing more certainty for infrastructure planning.

To accomplish this, the Commonwealth needs to be ambitious with its national urban policy and any infrastructure decisions that flow from it. In particular, having clearly

³¹ Infrastructure Victoria, '<u>Our home choices: How more housing options can make better use of Victoria's infrastructure</u>' (March 2023) 22-24

³² Robert Freestone, Bill Randolph and Wendy Steele, '<u>A sustainable Australia depends on what happens in our cities – that's why we need a national urban policy</u>' (31 May 2023) *The Conversation*

³³ Australian Housing and Urban Research Institute Limited, 'What is cities policy in Australia?' (AHURI Briefs, 27 July 2020); and Marcus Spiller, 'National urban policy: an inter-governmental deal on better cities' (SGS Economics and Planning Briefs, 8 September 2022)

The Offices of Catherine King, Julie Collins and Clare O'Neil MPs, 'Towards a national approach to cities and regions' (Ministerial media release, 28 April 2023); and Jenny Wiggins, 'City dwellers get a National Urban Policy. But what is it?' (9 May 2023) Australian Financial Review

defined outcomes in terms of housing affordability and quality, commuting time, emissions reduction and equity.

It also needs to have discipline—both internally and with state and territory governments—to ensure alignment with national urban policy goals, with infrastructure investment being contingent on achieving these binding targets.³⁵

Where necessary, the Commonwealth should provide direct support to state and territory governments to build the necessary capacity for urban policy reform.

We would like to see a particular focus on social infrastructure—especially third spaces like libraries, community centres, cafes and social clubs— that play an essential role in peoples' lives, but particularly people with low socio-economic status.

Recommendations

That National Cabinet adopt a national cities policy that harmonises approaches to urban infrastructure planning and investment nationwide — with a particular focus on improving liveability of inner city areas for residents, reducing transport costs, enabling transport-oriented development, and reducing urban emissions.

That the Commonwealth expand existing grants schemes like the Thriving Suburbs Program to help state, territory and local governments build community infrastructure at the scale necessary to accommodate large-scale infill and inner urban population growth.

³⁵ Marcus Spiller, 'National urban policy: an inter-governmental deal on better cities' (SGS Economics and Planning Briefs, 8 September 2022)

APPENDIX 2

Relevant excerpts from AHNA's submission to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts' consultation on the draft National Urban Policy, 8 July 2024

2.1 | Modernise urban policy: move from urban planning to urban management

Cities are by their nature dynamic places. Across the world, they represent the centres of culture, economy, and innovation. Indeed, it is in our key cities where more people, more firms, and more ideas come together than anywhere else in our society.

And yet the way we make policy for cities is fundamentally at odds with this reality.

Policymaking for cities has over recent decades been colonised by the narrow methods of a single field: urban planning. Urban planners make plans—it's in the job title. Often, these plans are written by private consultants, rather than by the very public departments or teams tasked with the actual implementation. These plans usually have decades-long horizons, and are rarely revisited or revised.

Indeed, while our cities change constantly, the policies that govern them do not.

In order for our cities to thrive, Australia has to move from the stagnant, prescriptive practice of urban planning and toward a more dynamic practice of urban management. This more contemporary practice should leverage contemporary access to data measurement and analysis tools to measure the effective implementation of policy goals. It should involve capacity-building within public sector urban management teams, and replace a reliance on external consultants with a reliance on strong internal data.

Measurements, definitions, and goals should be standardised across all cities, and underpinned by scientific measurement. Where one city is failing and others succeeding, then that city can alter policy to align with its more successful equivalents. Where all cities are failing, it may be that the policy itself needs altering.

In order to execute policy in this way, cities and urban management departments will need to be equipped and incentivised to implement flexible controls that they can alter and implement quickly, and be provided with frameworks that welcome change rather than resist it. These tools and incentives should also be used by other relevant

Commonwealth agencies and landowners, for whom the National Urban Policy should be binding.

This section of our submission covers recommendations that will enable better urban policymaking in all spaces, with a particular focus on setting the conditions to enable housing abundance, and building more homes where people want to live.

2.2 | The National Urban Policy needs clear, codified priorities

The draft National Urban Policy has no fewer than 33 areas of focus. This makes sense: cities are complex systems, and by their very nature comprise a large number of stakeholders, each with competing interests and priorities. With that said, should the NUP be set up to treat all of these areas of focus equally, then it will almost certainly fail.

Without a clear set of priorities, the policy will lack the unifying goal required to orient the activities of its many stakeholders. This risks perpetuating one of the largest problems that currently permeates Australian urban planning systems: the lack of accountability stemming from the treatment of all goals either on equal footing or in silos.

As a tangible example of this, in Victoria both housing affordability and local heritage concerns are considered to be of equal importance within planning policy frameworks. So when a new heritage overlay is being proposed, and evidence regarding housing affordability impacts are heard by a Planning Panel, responses such as this are the norm:

The Planning and Environment Act 1987 contains a comprehensive set of objectives that seek to facilitate development in Victoria. These objectives include the conservation of places which are of historical interest but also to facilitate the provision of affordable housing...

In isolation these directions may seem to be in conflict however, when considered as a broad policy platform, a balance is required to ensure the objectives for planning in Victoria are met in favour of net community benefit.³⁶

So how exactly will the NUP strike this required balance?

Different stakeholders will have different opinions regarding the exact hierarchy of priorities within the National Urban Policy. We have ours, and will expand on them shortly. But what is absolutely clear is this: a successful, measurable policy cannot be neutral about its desired outcomes. In the absence of clear policy priorities, the loudest—or most senior—voice will always win, regardless of whether the outcome is

³⁶ <u>Maroondah Planning Scheme Amendment C148maro Maroondah Heritage Study Review 2023</u> (Planning Panels Victoria, 7 February 2024)

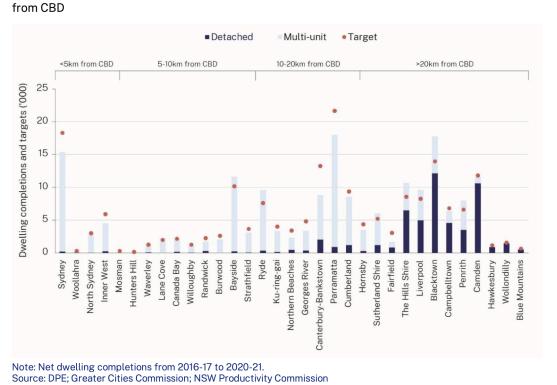
best aligned with the public good or desired policy outcomes. Therefore, more important to us than the Policy agreeing with our exact proposed hierarchy is that a hierarchy exists within the policy in the first place.

2.2.1 The Policy should prescribe compact cities as the desired urban form outcome

For too long, Australian cities have grown out, rather than up. For instance, since 2016, less than 20% of all new housing in Sydney has been delivered within 10km of the CBD—despite this being the most wealthy, amenity-rich, and accessible area in the country.³⁷ Instead, we have relied on delivering new housing on the suburban fringe simply because it is politically easier to deliver housing where privileged people are not. Not only does this deny future residents good access to jobs, amenities and transport, it locks in a low-density development pattern that is environmentally and financially unsustainable.

Figure 11: Sydney's inner ring has added very little housing

Completions by LGA from 2016-21 as compared to Local Council Targets, ordered by distance



Housing completions in Sydney by LGA. Source: NSW Productivity Commission.

2.2.1.1 | Compact cities are more environmentally sustainable

The urban policy status quo favours urban sprawl, and puts new housing in direct conflict with our most important ecosystems. In Sydney, sensitive koala habitats are coming into increasing conflict with new housing developments, and in Melbourne and

³⁷ Building more homes where people want to live (NSW Productivity Commission, 2023)

Brisbane in the desperate search for well-located land without onerous planning restrictions, more and more are built in flood prone areas.^{38, 39, 40} Densifying key inner-city areas, on the other hand, carries none of these environmental externalities, with the only barrier being current land use and planning restrictions.

Transport represents 20% of total carbon emissions in Australia, with private car use representing a large majority of this total.⁴¹ Sprawl and low-density development necessitates driving long distances for daily needs, adding to tailpipe emissions. As our energy grid continues to decarbonise, the share of emissions attributable to private car use will likely increase.

This is already the case in the ACT, which relies heavily on renewables for energy and is developed mostly as a low-density suburbia. As a result, almost 65% of the territory's emissions are transport-related.⁴²

In more compact cities, a greater share of trips can be made by public or active transport, and driving distances can be reduced. To successfully achieve Australia's net zero targets, Australians will need to live in cities that require less driving—an outcome best achieved by developing more compact cities.

2.2.1.2 Compact cities are more financially sustainable

As well as contributing to environmental sustainability, compact cities are more financially sustainable. This is because a greater density of development allows for infrastructure costs to be shared among more residents, lowering the per-resident cost of providing quality services.

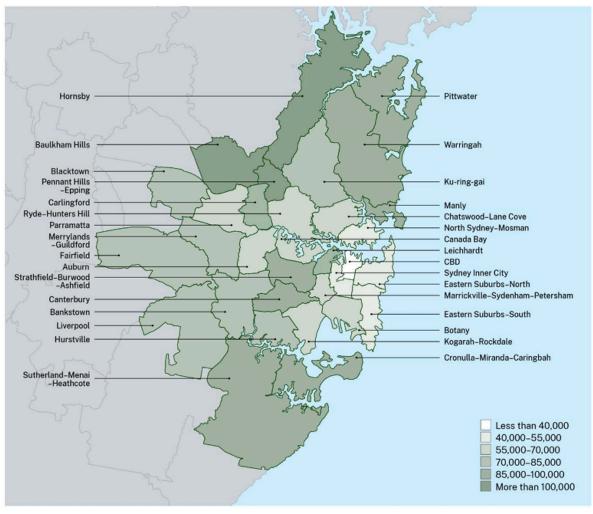
Nick McLaren and Tim Fernandez, 'Court Ruling to Allow Housing Development Will Doom Sydney's Koalas, Critics Say', ABC News (28 September 2021).

³⁹ Sophie Aubrey, '<u>Hundreds of homes suddenly deemed flood-prone in inner-city estate</u>', *The Age* (19 May 2024)

⁴⁰ Alicia Nally and Lucy Stone, 'Building in floodplains is still not prohibited, Bulimba Barracks approved by Brisbane City Council', ABC News (9 November 2022)

⁴¹ <u>Australian Infrastructure and Transport Statistics - Yearbook 2023</u> (Depart of Infrastructure, Transport, Regional Development, Communications and the Arts, 2023).

⁴² <u>ACT Greenhouse Gas Inventory 2022-23</u> (Environment, Planning and Sustainable Development Directorate, 30 September 2023)



Infrastructure costs per additional household, by Sydney SA3. Source: NSW Productivity Commission (2023)

In 2023, the NSW Productivity Commission estimated that it costs up to \$75,000 less to provide infrastructure for one new dwelling in an established area, compared to one new dwelling on the city's fringe. 43 Many of Australia's inner suburbs have spare infrastructure capacity that can be accessed at effectively no cost to governments, with predictable per-dwelling costs for any additional needed capacity. As Infrastructure Victoria highlights, even where capacity does not exist in established suburbs, total infrastructure capital costs are unlikely to be more expensive than in greenfield areas, even before factoring in the broader environmental and social costs of sprawl. 44

Compact cities enable us to provide higher quality infrastructure, at lower cost. At a time when government budgets across the country are stretched significantly, this should be a central consideration for our National Urban Policy.

⁴³ <u>Building more homes where infrastructure costs less</u> (NSW Productivity Commission, 2023)

⁴⁴ Infrastructure Provision in Different Development Settings (Infrastructure Victoria, April 2019)

Recommendations 3 & 4

Make the National Urban Policy binding for all relevant and landholding Commonwealth departments and agencies.

Establish compact cities as the desired urban form outcome of the National Urban Policy.

2.2.2 | Priority outcomes should be tangible and measurable

Embedded in the complex systems of cities are select key data points that should guide policy making. While not an exhaustive list, for the purposes of this discussion, we have selected four key measurable outcomes for consideration within the Policy:

- Rental vacancy rates
- Labour market participation
- Travel time between key locations, per transport mode
- Air quality

These are important and robust figures. They are measurable without self-report, and can be standardised for analysis at the level of the individual, as well as across geographies and demographics. They are also key indicators of any given city's success. We discuss each one separately below.

2.2.2.1 | Rental vacancy rates

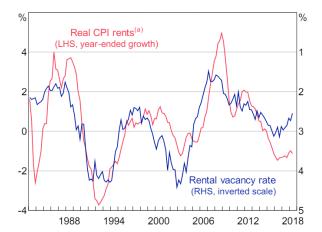


Figure 10: Real CPI Rent Growth and the Rental Vacancy Rate

Rent CPI rent growth and the rental vacancy rate. Source: Reserve Bank of Australia

As discussed earlier, great cities should be affordable. This means providing abundant housing where people want to live, maintaining a 3–5% rental vacancy rate at the level

of both the neighbourhood and the city, ensuring that the majority of inhabitants do not experience rent stress.

A 3% level of vacancy gives renters greater bargaining power in the market, and enables mobility for individuals and families looking to move across the entire city. ⁴⁵ As per Saunders & Tulip's 2018 *A Model of the Australian Housing Market*, "the dominant influence on real rents is the vacancy rate". ⁴⁶ On the other end of the spectrum, low vacancy rates and high absolute rents are the strongest predictors of homelessness. ⁴⁷

For the sake of all those living in our cities, we must ensure our most productive places remain affordable, so that everyone can benefit from our economic centres. Measuring rental vacancy rates as an indicator of urban policy success will be a key part of enabling that to happen.

2.2.2.2 | Labour market participation

Cities are, at their essential core, labour markets. The reason cities have emerged throughout history without the need for central planning is that they offer labour markets in which large numbers of people are able to find competitive advantage.

Alain Bertaud dedicates the full second chapter of his work *Order without Design* to this topic.⁴⁸ From a review of the literature, Bertaud uses the working definition of labour market participation as access to jobs within 60 minutes' travel, with the effective size of a city's labour market being "the average number of jobs per worker accessible in a 1-hour commute".^{49,50}

It is worth noting that effective labour market size is not just about measuring transit times to a given city's CBD. Rather, it is about measuring the transit time of all workers to all jobs. While quantifying effective labour market size is outside the scope of this submission, we can use a quick geographic example from Melbourne.

⁴⁵ Budaet Paper No. <u>1, 2024–25 Budaet</u> (Australian Treasury, 2024)

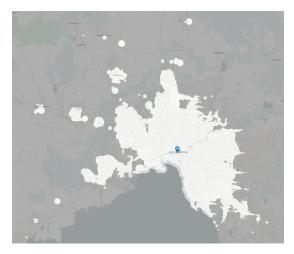
⁴⁶ Saunders, Trent and Peter Tulip, '<u>A Model of the Australian Housing Market</u>' (Economic Research Department, Reserve Bank of Australia, 2019)

⁴⁷ Colburn, Gregg and Clayton Page Aldern, Homelessness Is a Housing Problem: How Structural Factors Explain U.S. Patterns. Oakland, California, University of California Press, 2022.

⁴⁸ Alain Bertaud, Order without Design: How Markets Shape Cities (Mit Press, 2018)

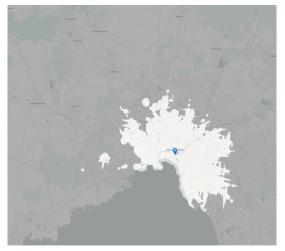
⁴⁹ Rémy Prud'homme and Chang-Woon Lee, "Size, Sprawl, Speed and the Efficiency of Cities," (Observatoire de l'Économie et des Institutions Locales, Université de Paris, 1998)

⁵⁰ Patricia Melo, Daniel Graham, David Levinson, and Sarah Aarabi, "Agglomeration, Accessibility, and Productivity: Evidence for Urbanized Areas in the US," paper submitted to the Transportation Research Board, Washington, DC, 2013.



Access to Melbourne's CBD within 60 minutes via public transport. Source: Mapnificent

Due to the radial design of Melbourne's public transport network, access to the CBD within 60 minutes via public transport extends across much of the city. But most people do not work right above Flinders Street Station. Move the destination to South Melbourne, one kilometre south of the CBD, and you get a very different impression.



Access to South Melbourne within 60 minutes via public transport. Source: Mapnificent

The area of the city with effective access to jobs even in South Melbourne is significantly smaller than access to jobs in the CBD. Move the destination even further from the city centre and you see even larger changes.



Access to Collingwood, Brunswick, and Cremorne within 60 minutes via public transport. Source: Mapnificent

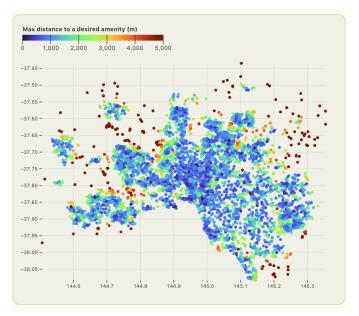
Cities should aim to maximise labour market participation, and this level of participation should be a metric of policy success. Cities across Australia will likely find that the easiest way to meet this policy goal will be to allow homes to be built in areas with already strong access to the majority of the city's jobs. This also offers another reason to embrace the compact city as a goal of the National Urban Policy.

2.2.2.3 | Travel time

As above, labour market participation is measured in part by understanding travel time. However, to and from work is not the only travel a given individual will undertake within a city. A successful city should also measure travel time to other key amenities and infrastructure, such as grocery stores and green space.

This travel time should be measured by various modes of transport, and should be measured from each individual lot in a city. Modern open data, such as OpenStreetMap,⁵¹ makes this sort of analysis simple.

Take for example YIMBY Melbourne's work-in-progress Walkability Index.⁵² This tool, built entirely from public data, measures the walkability of every single lot in Melbourne to key amenities, including grocery stores, libraries, parks, and schools. Performance can be measured at the level of an individual lot, or across an entire city.



Travel distance to the closest park and school from each individual lot in Melbourne, aggregated. Source: <u>YIMBY Melbourne</u>

This sort of data should be collected and measured as part of the policy goal of ensuring equitable access to amenity—a goal which can be maximised by densifying around existing infrastructure, and building more homes where people want to live.

⁵¹ API, OpenStreetMap

⁵² Walkability Index (WIP), YIMBY Melbourne

2.2.2.4 | Air quality

As discussed throughout this submission, densification is a broadly positive process, with enormous benefits for the city and its inhabitants. As such, this submission focuses mostly on reforms which enable urban places to maximise their beneficial traits.

However, one key externality of living in cities is exposure to increased air pollution.

Under current planning configurations, the bulk of new homes are built on main roads—our cities' most polluted corridors. These homes are subject to greater exposure to pollution, with negative health impacts for those living there. These planning decisions seem to be underpinned by the political power of wealthy landowners, rather than by empirical evidence and a desire for equitable outcomes. Indeed, corridor density typologies represent contemporary urban planning at its worst.

It is key, then, that air quality is measured across our cities, and that we prioritise building homes in areas with less exposure to main road pollution, while fitting new builds with infrastructure such as energy recovery ventilators (ERVs) to ensure better energy efficiency and better air quality in inner-city homes.⁵⁵

2.2.2.5 Other priority outcomes

The National Urban Policy may also want to consider other indicators of success beyond those listed above. All additional indicators of policy success should also meet the same standard of measurability as those examples given above.

2.2.2.6 | Handling urban planning intangibles

Status-quo-inclined urban planners may attempt to convince those crafting this policy that it should ensure to prioritise any number of intangible, subjective outcomes. These planning intangibles may include, for instance, the preservation of so-called neighbourhood character and heritage.

The costs of these intangibles should be adequately quantified by their advocates, including the opportunity costs of preservation and the costs of any subjective design preferences codified within urban plans.

These costs should be weighed up within the NUP against measurable, material priority outcomes, so as to ensure that material benefits for the majority of people are not being sacrificed for the unquantified and subjective preferences of a small but powerful minority.

⁵³ Xiong, Jing et al, '<u>Associations of Bedroom Temperature and Ventilation with Sleep Quality</u>' (2020) 26(9) Science and Technology for the Built Environment

⁵⁴ Sekhar, Chandra et al, 'Bedroom Ventilation: Review of Existing Evidence and Current Standards' [2020] Building and Environment

⁵⁵ Jonathan Nolan, '<u>Designing bedrooms in cities for a better night's sleep</u>' (2023)

Recommendation 5

Establish within the National Urban Policy a hierarchy of policy focuses that codifies explicit priorities and measurable outcomes. These measurables may include:

- a. Rental vacancy rates
- b. Labour market participation
- c. Travel time between key locations, per transport mode
- d. Air quality

2.3 | Policy must be underpinned by strong and standardised data aggregation

In order to move from the archaic tea-leaf reading practices of urban planners, and toward the data-informed future of urban management, we must recognise the elements that are key to creating good data-informed decisions.

While much is being said in 2024 about artificial intelligence and machine learning—it is worth noting that the actual analytic powers of these sorts of tools as they would be applied to urban management or related fields are not meaningfully better than they were five years ago. This is because the key limiting factor is not the strength of a given analytic model—but the quality of the data which it analyses. Put simply: garbage in, garbage out.

One major challenge faced by the member organisations of the Abundant Housing Network Australia is that different government departments, states, and councils all use different urban data formats and definitions. This makes aggregating data for analysis very difficult, and comparing across states near-impossible.

In order for the National Urban Policy to be successfully implemented, monitored, and iterated upon, it must establish a clear set of data dictionaries, formats, and reporting intervals for all stakeholders. This will enable policymakers to monitor the impacts of their decisions, and to make more rapid changes to urban policy in order to create the best possible outcomes for our cities.

2.3.1 | Example: the fuzzy definitions of "social" and "affordable" housing

It is essential that all government agencies, states, councils, and private stakeholders share the same definitions as they work to implement and comply with policy. Currently, this is not easily achieved within the Australian housing sector.

Indeed, a large problem facing housing delivery across Australia is the ambiguity of many terms used within the sector. For instance, while "social housing" is a common term used to talk about both public and community housing, the Abundant Housing Network Australia has adopted "non-market housing" as the term for this broad category.

The reason we have made this decision is that "social housing" is inherently ambiguous as to whether it refers to both public and community housing, or just community housing, and this ambiguity is cynically used by political groups to obfuscate their housing promises and decisions. "Non-market housing" also captures a broader ecosystem of innovative housing models like cooperative or mutual housing, community land trusts, and shared equity schemes.

Broadly, we define non-market housing as housing with an owner not subject to market logic and profit motive. Within this there are different classifications by owner type: "public", meaning government owned, "community", meaning owned by not-for-profit housing providers, or "commons", meaning owned by democratically-organised groups like cooperatives or mutuals. Within each of these ownership structures are variations of tenure types—whether the resident owns, rents long-term or rents short-term—what form of price-control it uses, ⁵⁶ and how democratic the control over the asset is.

Adopting a similar structure nationally would improve the housing debate's tractability to the public and provide regulatory surety to new entrants.

We avoid using the term "affordable housing" for the same reason of ambiguity.⁵⁷ While the public's understanding of what affordable housing means is housing that most people can afford, most governments use it as innuendo for subsidised housing, where—either through direct subsidies or indirectly via uplift or tax credits—for-profit entities rent the property to an at-need group at below-market rates or through a community housing provider. But unlike public or community housing, these schemes do not transfer ownership of the asset, letting for-profit entities receive both capital gains and the subsidies.

See typologies in Alice Pittini, Dara Turnbull and Diana Yordanova, 'Cost-based social rental housing in Europe' (Housing Europe, December 2021); and Hanna Wheatley, Sarah Arnold and Joe Beswick, 'Getting Rents Under Control' (New Economics Foundation, July 2019)

⁵⁷ Australian Housing and Urban Research Institute Limited, 'What is the difference between social housing and affordable housing - and why do they matter?' (AHURI Briefs, 28 February 2023)

Non-specific terminology in non-market housing has two key negative effects: first, it makes the collection and comparison of data difficult and, second, it cultivates public distrust in the sector and the policies which govern it.

Recommendations 6 & 7

Improve the use of data within urban planning by standardising the methodologies, definitions, and data formats used across all jurisdictions.

Provide nationally consistent definitions for key terms such as "affordable" and "social" housing.

2.4 | Assist stakeholders in measuring policy impacts

Council policy should be aimed at ensuring the best outcomes for those who use their services. However, key urban policy implementing bodies such as local councils have little guidance or capacity to run robust cost-benefit analyses (CBAs) prior to the implementation of their policies.

Ad hoc policy justification and implementation leads to inconsistency between and lack of accountability within councils. This should not be the case, however, as all councils deliver policy and services within the same broad categories, and should be guided by best practices to ensure congruence and interoperability of policies and services across Australia.

The Commonwealth Government should provide best practice frameworks for analysing and justifying the implementation of new policy instruments, to ensure that impacts and externalities are correctly costed and accounted for.

2.4.1 | Example: the Grattan Institute's Road Manager Survey

For an example of bad outcomes caused by council inconsistency, we can consider the Grattan Institute's Road Manager Survey. One shocking figure demonstrated that a full quarter of Victoria's councils do not know how many bridges they manage. Many councils, especially remote councils, rely on rules of thumb to determine whether they ought to grant access to a bridge or road instead of undertaking an engineering assessment. This is indicative of how the lack of clear frameworks leaves local governments to rely on informal or inadequate procedures in order to manage infrastructure and services. All councils should know how many bridges they have, and

⁵⁸ Marion Terrill, Natasha Bradshaw, and Dominic Jones, 'Potholes and pitfalls: How to fix local roads' (2023) Grattan Institute

should know about them in the same way through a consistent framework provided by the state government.

While this survey is restricted to the management of council roads, it illustrates a point that is more broadly applicable. Councils do not have the resources to measure, let alone maintain, their assets that the community uses and relies upon every day. This is the result of every council being required to manage their own individual frameworks, rather than relying on shared best practice that would enable them to operate more efficiently and in concert with each other.

In order for local government bodies to be more efficient, more well resourced levels of government must create the appropriate context for that efficiency. Better funding, more support from the Commonwealth Government to produce and guide CBAs, and larger councils, would all enable local governments to provide better services at lower costs.

Many of the considerations included when determining policy are similar or the same between different councils. Each council has limited resources to devote to developing policy, creating a great deal of unnecessary repeated efforts between councils. The Commonwealth Government could reduce this by creating best practice policy assessment frameworks for councils to use, laying out common considerations and how best to measure them. This would also enable policy to be more consistent between councils where considerations are similar, simplifying the process for entities that interact with many different councils, such as community housing providers.

2.4.2 | Example: Merri-bek's Brunswick Activity Centre Structure Plan

An example of local governments struggling to undertake appropriate CBAs can be found in Victoria in the form of Merri-bek council's recent Brunswick Activity Centre Structure Plan. The Plan requires large proportions of developments within the Activity Centre to be mandatorily allocated to commercial uses. The policy deviates from those of other similar councils and activity centres, and the costs of this policy—say, to housing developments and new residences—are not clearly measured anywhere within the policy documents. This makes it unclear whether this policy will actually lead to better outcomes in Brunswick, or whether placing this onerous requirement upon housing developers will simply increase costs and make housing less affordable within Brunswick's densest areas.

2.4.3 | Example: Active Transport Economic Appraisal Tool

A key example of strong cost-benefit analysis tooling comes from the Queensland Department of Transport and Main Roads. To help with the rapid and cheap assessment of the merits of active transport projects, the Department developed an

⁵⁹ 'Vibrant Brunswick Brunswick Activity Centre Structure Plan', Merr-bek City Council (2024)

interactive tool for use by councils and other practitioners.⁶⁰ This tool enables any staff member with appropriate data and information to complete a cost-benefit analysis in around 30 minutes, compared to the several hours, days, or weeks it would otherwise take to assess a project from scratch.

With council staff often embodying multiple roles and lacking specialist knowledge, time-saving tools and guidance can be a powerful way of empowering staff to make better-informed decisions across all Australia's cities.

2.4.4 International precedent

The New Zealand government, when faced with similar challenges from their local governments in the greater Auckland area, amended Section 32 of the Resource Management Act (RMA) with new rules that forced the assessment of the costs and benefits of new provisions. Whilst the Commonwealth Government does not have the power to make such a move, they can help develop an extensive CBA framework to assist local governments in complying with such a provision.

Such tools would help improve the quality of the local government decision making even without the States or Territory Governments implementing rules akin to Section 32 of the RMA.

Recommendation 8

Provide frameworks and clear best-practice cost-benefit analysis structures for land-use regulation and decision making.

a. Incentivise States and Territories to pursue the adoption of mandatory cost benefit analyses for all land use regulations in the vein of Section 32 of the Resource Management Act (RMA) from New Zealand.

^{60 &#}x27;Active Travel Economic Appraisal Tool', Queensland Department of Transport and Main Roads

2.5 | Policy frameworks must quantify opportunity costs

The response from the Planning Institute of Australia to both the NSW Government's Transport Oriented Development Program and the Victorian Government's Draft Housing Targets demonstrates that the urban planning sector often fails to consider the opportunity cost of their decision making. ⁶¹ ⁶² The risks of change are just assumed to be greater than the failures of the status quo.

While the draft NUP does recognise that the business-as-usual is not tenable, there needs to be the explicit declaration that inaction itself has costs—the current and ongoing housing crisis is proof of that. This is why it is vital to quantify the cost of fulfilling each of the policy's core principles. Without this quantification, we cannot make informed decisions. To effectively weigh up the tradeoffs the scope of the NUP demands, policymakers must quantify and measure the costs of both action and inaction on each of the policy's principles and objectives. Otherwise, the Policy will impose gridlock upon itself.

2.5.1 | Example: National Urban Policy proposed Principle 1

An example of where measuring costs is important can be found in the National Urban Policy under the *Principle 1* section, subtitled *City planning and governance must be collaborative and adaptive*. Much is said in this section about how strategic urban planning should be co-designed to be reflective of the local culture and character. Little is said, however, about how this principle should be balanced against its costs.

In practice, many of Australia's urban planning systems preserve local character by restricting any meaningful change to the prevailing urban form. While this does indeed maintain the local character of a given area, this comes at a large cost. Namely, the cost of restricting new housing and businesses, and thereby excluding residents and families not lucky enough to already live there. This is not a viable approach to planning the successful Australian cities of the future.

2.5.2 | Local suppliers should not come at the expense of outcomes

Diversification of supply chains cannot come at the expense of providing better urban outcomes. The assumption within the Policy that "sustainable procurement practices" are linked to "contracting locally first" is not well-founded, and risks reinforcing current government failures that have worked against achieving housing affordability.

In response to the 2024 Commonwealth Budget, the Abundant Housing Network Australia noted that the focus on locally training new tradies via TAFE without also

^{61 &#}x27;PIA VIC Briefing: PIA VIC Housing Targets Position Paper' Planning Institute of Australia (2024)

⁶² 'PIA NSW Submission Inquiry Into The Development Of The Transport Oriented Development (TOD)
Program' Planning Institute of Australia (2024)

fast-tracking migrants with construction skills, meant that pressures on the construction industry would not be eased in the short-to-medium term.⁶³

Outsized reliance on domestic solutions for which there is not the requisite capacity may be good politics, but it is bad policy. We recommend that this statement be removed from the Policy.

Recommendations 9 & 10

Measure and consider explicitly the opportunity costs of indecision and not acting.

Remove the focus on local contracting in the "sustainable procurement practices" section of the Policy.

⁶³ Michael Bleby '<u>Imported tradies need to live somewhere too</u>' (2024) *Australian Financial Review*

APPENDIX 3

AHNA's letter to the Minister for Housing regarding misreporting of building completions in Commonwealth data, 22 August 2023

Knockdown rebuilds misrepresented in building data

We are writing to you today regarding a consistent misreporting of building completions in Canberra that may have repercussions on the implementation of National Cabinet's ambitious and welcome New Home Bonus scheme.

As Australia's largest grassroots urbanism network, the Abundant Housing Network Australia is invested in making sure National Cabinet's agenda delivers the fastest housing growth possible in places where people want to live.

It has been brought to our attention by Greater Canberra, our member organisation, that the ACT's model for counting infill targets includes "knockdown rebuilds".

Knockdown rebuilds are detached single residences that are demolished and replaced with another—typically larger—single residence. Counting knockdown rebuilds artificially inflates completion figures without adding any new homes. This misreporting was uncovered in an estimates hearing on 19 July 2023.⁶⁴

We are not sure how widespread this counting practice is with state planning departments around Australia but we want to ensure that the grant conditions for the New Home Bonus scheme do not artificially distort building incentives.

As such, building a duplex should be eligible for two homes' worth of incentive payments. However, a mere knockdown rebuild should not be eligible for any. This ensures that all projects delivering additional homes receive the full bonus for each home built, not just the net increase in stock.

This enables medium density projects to be on equal footing with high density projects. This is particularly important for smaller cities and regional Australia, where medium density development is more central to their planning strategy.

We are seeking assurances that the New Home Bonus's eligibility only applies to builds that result in a net increase in housing stock—not merely the total newly built homes.

Yours sincerely

Jonathan O'Brien | Abundant Housing Network Australia spokesperson

⁶⁴ <u>Question taken on notice regarding infill targets and knockdown rebuilds</u>, Evidence to the Select Committee on Estimates 2023-2024, ACT Legislative Assembly, Canberra, 19 July 2023, 69 (Ben Ponton)

APPENDIX 4

AHNA's letter to the Assistant Treasurer and the Assistant Minister for Defence regarding policy changes to facilitate the release of inner city defence land, 13 February 2024

Repurposing Defence land for public housing

We are writing to you today regarding your invitation to make a pre-budget submission for the 2024-25 federal budget.

As Australia's largest grassroots urbanism network, the Abundant Housing Network Australia is invested in the success of the Albanese Labor Government's ambitions to deliver more housing supply in desirable, high amenity areas.

We understand that submissions have already closed and we apologise for missing the deadline. We wanted to provide our proposal regardless because we believe it strongly aligns with your Government's desire to take real action to address the housing crisis.

You might be aware of the campaigns by some of our members to see underutilised Defence land in our cities repurposed as demonstration housing precincts — showcasing world-class high-density mixed-use public housing in some of our wealthiest neighbourhoods.

Whether it's Haberfield Defence Site in Sydney, Victoria Barracks in Brisbane or Maribyrnong Defence Explosive Factory in Melbourne, Defence owns hundreds of hectares of inner city land that could be better utilised as housing.

We understand that there are currently policies in place in Finance that make such nation-building projects challenging if not impossible.

The Commonwealth Property Disposal Policy currently requires "surplus Commonwealth property [to] be sold on the open market at full market value, unless agreed otherwise by the Finance Minister".

We believe the Commonwealth can afford to be more ambitious with this policy. The administrative bottlenecks are slowing down the disposal of underutilised land in the middle of a housing crisis.

We request that the Commonwealth consider as part of the 2024-25 budget a programme that would see the transfer of underutilised Commonwealth-owned land to state or local governments at no cost, for the purpose of building public and community housing.

We envision this programme to have four key components:

- 1. amending the Commonwealth Property Disposal Policy to:
 - a. replace the discretionary approval of the Finance Minister with either a lower grade delegation or a clear policy instruction that disposal of public land to other public or community entities for the purpose of building affordable housing is permitted
 - prioritise the disposal of Commonwealth assets to other public sector or not-for-profit organisations at no cost or below market rate where there is a clear community benefit from the disposal
- 2. tasking Finance's clearing house for Commonwealth property to report publicly on underutilised Commonwealth-owned or -leased land — particularly Defence properties — that are within 30 kilometres of a major metropolitan centre, including assessing amenity value-adds like adjoining state or local government land or proximity to public transport, employment hubs, hospitals or higher education
- 3. transferring ownership of sites identified as both underutilised and having high amenity values to state or local governments at no cost on these conditions:
 - a. that this land be exempt from local planning regulations that limit construction of higher-density housing,
 - b. that the land be held in public or commons ownership in perpetuity, and
 - c. that at least 20% of the dwellings be public or community housing
- 4. establishing a fund to pay for any remediation or major infrastructure works necessary and to compulsorily acquire adjoining lots where appropriate and to support the viability of any housing project planned for disposed-of land.

We understand that some of this work is already underway within Finance and Defence, however we believe there is a clear public appetite for more ambition and more decisive action to deliver non-market housing.

We look forward to working with your Government to deliver the fastest housing growth possible in places where people want to live.

Yours sincerely

Travis Jordan | Abundant Housing Network Australia spokesperson

Submission to the Senate Committee on Economics inquiry into the National Housing and Homelessness Plan Bill 2024 (No. 2)

