

Urban Development Institute of Australia, National

Further Evidence Requested by the Chair

Following formal conclusion of proceedings at the Committee Hearing on Wednesday 15 March, Charlie Daoud supplemented the UDIA National comments and that of Michael Fotheringham(AHURI). The Chair requested that we provide a record in writing of the comments and thoughts behind those comments.

Specifically, our supplemental evidence on the day was that while the HAFF program may not be perfect, we need to start building immediately. The cost to deliver housing today is 30% higher than it was 2 years ago. The long term average for delivery costs is always increasing. The longer government waits to implement a program, the more expensive the same amount of new social/affordable housing will be to deliver. Quite simply, with every day that passes, it is costing them more and more for the same outcome and that's why we need to start asap with the option for program malleability in the coming years.

Flexibility in the program, as we discussed, promotes industry innovation. This is the approach NSW LaHC takes in their Future Directions program – they give the private sector the opportunity to innovate and lend support when needed. This has measurable benefits that I can detail if needed. A prescriptive program will stifle this.

This does not mean the design should be rushed but we should not hold off doing it for a “more perfect solution”. We need to be decisive on getting the initiative moving and set up a framework that allows us to modify, adjust and improve the HAFF investment mandate to ensure the HAFF:

- 1) works as intended over the short term; and
- 2) evolves with the market over the long term.

It is critical that we get the investment mandate framework right to ensure it focusses on the practical outcomes Government wants while being open on pathways to achieve those outcomes, so it encourages and promotes innovation – this needs consultation and deliberation across the private sector, Community Housing Providers and Government now, as well as reviewing the HAFF in 18 months to 2 year mark, to ensure it adjusted for the optimum outcomes. We are critically aware that even the best designed and drafted initiatives need to be reviewed early on to ensure it is optimised and fit for purpose.