



TREASURY LAWS AMENDMENT (NATIONAL HOUSING AND HOMELESSNESS AGREEMENT) BILL 2017

SUBMISSION TO SENATE ECONOMICS LEGISLATION COMMITTEE

Shelter Tasmania

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INTRODUCTION

Shelter Tasmania is an independent, not-for-profit peak organisation representing community housing and homelessness services in Tasmania. We are pleased to lodge this submission responding to the Treasury Laws Amendment (National Housing and Homelessness Agreement) Bill 2017. In addition, Shelter Tasmania is joining with the submission from National Shelter, our partner organisation. Further information about Shelter Tasmania is available on our website at: <http://www.shelertas.org.au/>

The state of housing in Tasmania

Tasmania has a critical shortage of affordable private rental housing, and public and community (social) housing, and an urgent need to increase the State's existing social housing supply to meet growing demand. Hobart is Australia's second least affordable capital after Sydney, with working families increasingly struggling to keep an affordable roof over their heads. This reflects lower average household incomes relative to the mainland.

In Tasmania, low income households are making impossible choices between essentials such as food and heating or keeping their home, with 39% of low income renters and 47% of low income home buyers in housing stress.¹ More and more people are being squeezed out of secure housing, with single parent families, young people and single people (including our elderly) the worst affected.²

Hobart's nation-leading housing boom creates a harsh reality for ordinary Tasmanians. Home purchase prices have risen by 10% in the past year and 8.5% the year before.³ Rents have also risen, by 6.6% in Hobart and 5.1% in Launceston. Incomes have not kept pace. Vacancy rates are at a record low, around 1%. Competition for rental housing is now so high that applicants are bidding prices up.

The severe lack of affordable housing means that many low income Tasmanians live in severe housing stress paying up to 65% of their income on rent.⁴ Many are in unsuitable housing, or in overcrowded or improvised housing. Apart from the personal cost to families and individuals, and ultimately to our community, the net effect is increased demand for social housing and increasing homelessness.

Since 2014, the number of applicants on Tasmania's Social Housing Register has grown by 36%, an average of 12% each year.⁵ Applicants wait 49 weeks on average for an allocation, with most allocations made to 'priority' applicants with high needs (who are homeless, whose safety is at risk, or who have a physical or mental health condition).⁶ 'General' applicants can wait more than two years for an allocation.

¹ Tasmania's Affordable Housing Strategy 2015-2016, available at http://www.dhhs.tas.gov.au/housing/key_projects_for_2014-15/tasmanian_affordable_housing_strategy.p14

² SGS Economics and Planning 2017, *Rental Affordability Index, May 2017*. Community Sector Banking, National Shelter and SGS Economics and Planning: Canberra

³ CoreLogic (2017). *CoreLogic Hedonic Home Value Index, March 2017 Results*; and Core Logic (2016). *CoreLogic Hedonic Home Value Index, November 2016 Results*

⁴ National Shelter, Community Sector Banking and SGS Economics and Planning (2017). *Rental Affordability Index, November 2017 Release*

⁵ Department for Health and Human Services 2016, Human Services Dashboard Statistics. Accessed 11/10/16, and 17/07/17 at <http://www.dhhs.tas.gov.au/humanservicesstats>

⁶ Housing Tasmania (2015). *The New Housing Assessment System. Fact Sheet*. Version 1.0 June 2015

The level of homelessness has also grown. Census 2011 recorded an estimated 1,579 Tasmanians experiencing homelessness (1 in 300 people);⁷ since then, the number of people seeking support from specialist homelessness services has increased by 28%.⁸ We are expecting this to be reflected in increased rates of homelessness in the Census 2016 estimates when they are released early next year.

The leading causes of homelessness are the lack of affordable housing and family domestic violence. Homelessness services struggle to keep pace with growing demand; on average 25 requests for assistance unable to be assisted each day. Most people go unassisted because of a lack of accommodation; half are single parents with children.⁹ Our members providing homelessness support services also report an increasing bottleneck for people trying to exit supported accommodation because there is not enough affordable or social housing available.

COMMENTS ON THE DRAFT BILL

Preliminary comments

- Commonwealth leadership can play a highly effective role in bringing all jurisdictions on board to address housing need. The NHHA needs to include a National Housing Strategy.
- In making our submission we draw the Senate Economics Legislation Committee's attention to the difficulty we find in responding to a fragmented approach where legislation is being introduced in the absence of information about the nature of the agreements to be established.
- We also wish to state our concern that the process being followed in framing the legal parameters for the National Housing and Homelessness Agreement (NHHA) to date has been done without providing a mechanism for constructive dialogue and mutual accountability between the states and commonwealth. This does not reflect the spirit of collaboration required to address the nation's severe housing issues.
- Of major concern is the inadequate level of funding being provided to address our seriously underfunded social housing and homelessness services system. Existing services are unable to meet existing demand as housing affordability continues to decline across the nation, including in Tasmania. We urgently call for greater investment by both the Australian Government and the States to increase funding levels that are sufficient to meet increasing demand.

Scope of the Bill

- The NHHA legislation should include the development of a National Housing Strategy and Plan, to help define and complement State and Territory plans. Mechanisms for informing, co-ordinating and resourcing a National Housing Strategy and Plan can be outlined in the NHHA.

⁷ Census 2011 cited in Homelessness Australia 2014. (Census 2016 homelessness data available in March 2018)

⁸ AIHW Special Homelessness Services 2011-12 and 2015-16, Supplementary Tables, Tasmania.

⁹ AIHW Special Homelessness Services 2015-16, Supplementary Tables, Tasmania.

- Shelter Tas believes that the NHHA legislation should promote a broad system addressing affordable and social housing, and homelessness. This should be reflected the definitions for *primary housing agreement* and *supplementary housing agreement* (Section 4). As currently drafted, these definitions allow for an agreement to relate to ‘any OR all’ of housing, homelessness and housing affordability matters. It would therefore be possible for an agreement to address just one element of the housing system instead of all three. Shelter Tas submits that the primary and supplementary agreements should be required to address all three elements: housing, homelessness and housing affordability.
- As already stated, social housing and homelessness services are severely underfunded. We are strongly of the view that any broadening of outcomes (such as for affordable housing) under the NHHA needs to be accompanied by additional funding from the Australian Government, and not be allowed to erode the already inadequate funding for the social housing system.
- It is also imperative that existing funding levels for homelessness services under the National Partnership Agreement on Homelessness (NPAH) and the National Affordable Housing Agreement (NAHA) are quarantined specifically for homelessness services.

Agreements

- The Bill (in Simplified Outline in Part 3B, 15B) proposes to allow payments to be made to a State either by way of a *primary housing agreement* (and *supplementary housing agreement*) or a *designated housing agreement*. Shelter Tasmania supports a consistent nation-wide approach enabled through a multi-lateral primary agreement. We urge that designated housing agreements should only be enabled in addition to, and not instead of, a primary agreement.
- As drafted, the Bill offers no guidance as to what constitutes a *credible housing strategy or homelessness strategy* (Part3B, 15C (5) & (6)). Shelter Tas requests that criteria for what constitutes a credible strategy along with the core matters to be addressed, are set out in regulation or other appropriate means.
- A strategy to improve housing outcomes for Tasmania’s Aboriginal communities in urban and remote communities is needed, and should form part of the agreements.

Funding

- The Bill fails to uphold the commitment announced by the Treasurer in the May Budget to guarantee funding security under a 5-year agreement. No term has been specified for the primary agreement, while a supplementary agreement can be anything from 1 to 5 years. Part 1,2 Section 4 should be amended to state a minimum 5-year term for the primary and supplementary agreements, to guarantee funding certainty.
- The Transitional provisions (Part 2, 10) should be amended to allow for one year’s funds to flow to the State(s) in the event that a primary or supplementary housing agreement is unable to be reached by 1 July 2018.
- The current ‘per capita’ funding formula for allocating Australian Government funding disadvantages Tasmania which has a smaller population with low growth and high needs (low income) population. Supplementary (bi-lateral) agreements should be sufficiently flexible to take into account different conditions in each of the States. Furthermore, Shelter Tas is of the strong

view that Tasmania's outstanding public housing debt, which absorbs 50% of each year's funding allocation (\$15.7m in 2016-17), should be retired, with the funds allowed to remain in the State to help fund the State's underfunded social housing system.

- Shelter Tasmania supports the need to require matching funding from the State for homelessness services, but Part 3B, 15C (7) should be amended to clarify that the matched funding should only be for that amount equivalent to the value of funds transferred across from the NPAH. We are concerned that increasing matched funding obligations beyond this would detrimentally affect funding levels elsewhere in the State's already underfunded housing system.
- Shelter Tasmania does not support the inclusion of triggers for holding up the flow of money to the States (in 15C(4)-(6)), including triggers relating to the achievement of targets specified in a supplementary agreement, or a housing or homelessness strategy. The failure of funds to flow to States would have serious consequences for the delivery of social housing services to consumers, and to the viability of business operations for non-government providers reliant on the funding for service delivery.

Housing and homelessness strategies

- Part 1,15C(5) of the Bill should be amended to include housing targets that are informed by projected need, using current information. At a minimum, targets should seek to exceed the current levels of social housing as a proportion of Tasmania's overall housing supply.
- Housing targets should also be expressed in clear terms as:
 - public and community housing (affordable to income distribution quintiles 1 and 2)
 - affordable home purchase housing (affordable to income distribution quintiles 1, 2 and 3).
- Targets need to reflect demand and be accompanied with additional funding so that they can be achieved. The funding for the provision of housing support services needs to be commensurate with the agreed targets.
- The opportunity for broader national reporting on the nation's housing need and supply should be captured by the Australian Government by supplementing State reporting requirements in Part 1, 15C (8) with additional information reporting on of housing demand, supply and affordability. This information would also assist with target setting under the NHHA.
- Tasmania's current Affordable Housing Strategy uses 2011 data and is out dated. Shelter Tasmania's view is that these projections should only be relied upon in the first year of the agreement, allowing time for them to be updated with more current information (including data from Census 2016).

Transparency of reporting by governments

- The reporting requirements of NHHA should extend to both State and Australian government spending. A more complete picture, and greater accountability for spending, on the housing system would be gained by reporting of national investments in Commonwealth Rent Assistance and tax subsidies for negative gearing and capital gains tax discounts (including performance against affordability indicators for the latter).

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- The Bill should include a requirement for publicly reported performance against targets on an annual basis, including reporting of net outcomes for social housing (taking into account new dwellings built and existing dwellings sold, demolished or repurposed).
- Reporting should also include spending on homelessness services for funds provided by both the Australian and State governments.

Delay date of commencement to December 2018

Shelter Tasmania supports the National Shelter recommendation to delay the timeframe and an extension of the current agreement until December 2018.

Shelter Tas is concerned that the commencement date of July 2018 may not allow enough time for balanced and considered negotiations to take place with all states and territories. With the current lack of clarity on what constitutes 'credible' plan for each jurisdiction it would be counter-productive to rush such an important agreement. Shelter Tas recommends that the agreement would not come into effect until all parties have signed the multiparty 'primary agreement'. This would require a commitment to extend the NAHA and NPHA if the new agreement was not completed by 30 June 2018.