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Senate Standing Committee on Economics
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Parliament House
Canberra ACT 2600

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Housing Australia Future Fund 2023 package of bills

HIA takes this opportunity to respond to the Senate Economics Legislation Committee's inquiry into the following three bills:

- Housing Australia Future Fund Bill 2023
- National Housing Supply and Affordability Council Bill 2023
- Treasury Laws Amendment (Housing Measures No. 1) Bill 2023 (Housing Australia Bill)

HIA welcomes this legislative package.

Supply is fundamental

Home ownership continues to be the foundation that has helped build a stable and vibrant Australian society. Achieving an improvement in home ownership begins with taking actions that can deliver a genuinely responsive supply chain for new land and housing in all forms, in all locations, year on year.

Poor housing affordability has become a characteristic of most of Australia's major metropolitan areas. An inadequate supply of additional housing over many years has led to a situation where there is intense competition to secure housing, amongst limited options. The intense competition is evident across the spectrum of the housing market.

HIA has long held the view that tackling housing affordability starts with making the supply of housing a national priority and improving affordability will enable more households to own their own homes. Ensuring housing supply can respond to changes in demand in a timely way should be the basis for all government actions that influence the housing market.

Supporting the delivery of all forms of homes along the housing continuum must be a priority. If supply falls in any one sector it will directly affect the affordability of housing in each of the other sectors.

As the residential building industry reaches the end of the current cycle of home building, it is critical that Australia is well placed with information and facts about what the near and mid-term future for housing supply is. Land supply underpins this hence land supply data is fundamental to a national knowledge base and to future national policy initiatives.

While many of the levers in housing delivery across the housing continuum are the responsibility of states and territories, there has always been a key role for the federal government. The creation of Housing Australia is

pivotal to making housing supply a national priority and support the housing industry to meet the needs of all Australians.

It is hoped that through this legislative package the federal government can take an active role in the oversight and guidance of housing supply across Australia.

Comments on the legislative package

In general terms the legislation appears to establish the necessary framework and arrangements for the operation of Housing Australia, the National Housing Supply and Affordability Council (Council) and the Housing Australia Future Fund. HIA provided a submission on 11 January 2023 to the consultation undertaken by Treasury. Those submissions remain relevant and are included at Attachment A.

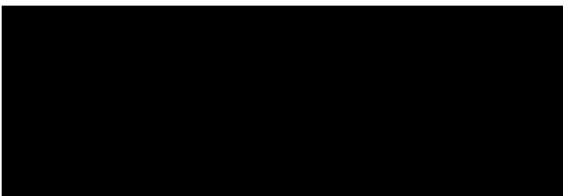
The recognition set out in the legislation that the functions of the National Housing Supply and Affordability Council will reach beyond the social and affordable housing sector is critical and reflects HIAs view that supply across all forms of housing is necessary to respond to both the ongoing and pent up demand for housing. However it is disappointing that this same remit has not been reflected in the Housing Australia Bill and is only outlined in the explanatory material.

One matter worthy of highlighting is the removal of section 8(1D) of the Housing Australia Bill (when compared to the exposure draft version) which provided for 'research' to be an express function of Housing Australia. As is outlined in Attachment A, including this as an express function of Housing Australia is critical and complementary to the role of the Council.

HIA recommends that section 8(1D) be included in the Housing Australia Bill.

Noting the comments in this submission HIA encourages the Committee to recommend that the bills be passed through the Parliament.

Yours sincerely
HOUSING INDUSTRY ASSOCIATION LIMITED



Jocelyn Martin
Deputy Managing Director - Industry and Policy

Attachment A

1. Draft Treasury Laws Amendment (Housing Measures No. 1) Bill 2023

The exposure draft Bill appears to create the necessary administrative structures for the formation of Housing Australia.

HIA has supported the creation and operation of the National Housing Finance and Investment Corporation (NHFIC) since 2018. The establishment of a body to facilitate finance and investment in the affordable housing sector has been proven to be a sustainable and productive arrangement. The creation of the first home buyers guarantees, coordinated by NHFIC, has also been extremely successful and has provided assistance for tens of thousands of Australians, of all ages, to achieve their dream of home ownership.

The continuation of these programs under a newly formed Housing Australia is an appropriate next step in the development of a national organisation that provides a coordination role in housing supply and home ownership in Australia.

To this end, HIA supports the recrafting of section 8 to articulate the ongoing functions for Housing Australia. However given the extended remit of Housing Australia and the Government's agenda, as outlined in the explanatory material, "to improve housing outcomes for Australians", HIA believes there could be purpose in broadening the actions included in section 8(1C) with respect to the 'capacity building function'.

The Government has rightly recognised that there is a role in oversight of all housing issues, not solely those related to social housing and affordable rental housing. Reference is made to the private housing market also being a core element of the mission for Housing Australia. One way to articulate this would be to include reference to "the national coordination of housing data and information related to housing supply in all forms, at all stages of the housing supply chain" as part of the "capacity building function". Currently this provision is limited in scope to just the work associated with the financing activities of Housing Australia with registered community housing providers.

Alternatively, this issue could be taken on as an amendment to section 8(1D) which relates to the "research function" for Housing Australia. While research has been a role of NHFIC to date, the activity and ability for NHFIC to lead data collection from states and territories has been limited. Housing Australia should have a specific and clear role in data collection and coordination across all housing matters. This function should not be solely the remit of the National Housing Supply and Affordability Council (the Council). This should not be seen as a conflict with the Council's responsibilities. HIA considers that Housing Australia playing this role will be critical to ensuring the Council receives consistent, accurate and coordinated housing information when requested.

The proposed extension of the guarantee functions out to 2028 is an important recognition of the ongoing role the federal government will, and should, continue to play with the home buyer guarantees and the bond aggregator. HIA supports both these functions continuing.

2. Draft National Housing Supply and Affordability Council Bill 2023

HIA supports the creation of the National Housing Supply and Affordability Council.

HIA has been an advocate for the role of the federal government in tracking and reporting on land and housing supply for decades. HIA participated in the work of the Indicative Planning Council when it existed and the National Housing Supply Council during its time in operation (2008-2012).

While the Commonwealth is not a delivery agent for new land and housing across Australia, the impact of orderly planning and management of new housing supply on the Australian economy makes it clear that there is a fundamental role for the Commonwealth to take in the oversight of land and housing data.

The residential building industry contributes over \$100 billion towards Australia's gross domestic product each year and warrants a level of national oversight and coordination that reflects this contribution.

The overlap between housing supply with key economic policy issues, such as population, infrastructure delivery, employment mobility and housing affordability, are also clear.

The National Housing and Homelessness Agreement struck in 2018 by the then COAG Ministerial Council on Federal Financial Relations sets out a range of objectives and actions for the Commonwealth, states and territories in relation to private housing supply and social and community housing. HIA supports these actions but questions the tangible delivery by states and territories on the commitments made and the oversight of these actions.

In 2018, HIA updated our overview of the publicly available information on land supply across each jurisdiction. The process was difficult, the results were inconsistent and of most concern, the data gaps were significant. As year's end in 2022, there had been limited improvement in this data, with the NSW government recently returning to the public release of this type of data.

HIA's position statement *Improving the Subdivision Process for Residential Land* outlines seven key stages of the land supply pipeline and calls on all levels of government to support public reporting of timely, consistent and accurate land supply information. This information is essential to allowing governments, industry and home buyers understand what is driving land availability, housing distribution and home prices at any time in the housing cycle.

The renewed committed to Housing Australia to conduct comprehensive research into housing demand, supply and affordability in Australia is welcome. The research efforts of NHFIC have been hampered by the limited access to reliable, accurate and timely land and housing supply data across all states and territories. Despite this, NHFIC has committed extensive resources to build a depth of information and knowledge on housing that should continue to be recognised and expanded. HIA hopes that the Council can make a significant difference in these data gaps and more importantly in gathering an agreed national position on housing demand, housing supply and the reforms needed to ensure Australia can deliver the housing we need in a timely and affordable way. Both the Council and Housing Australia must have the authority to access and report on relevant data, with Housing Australia being recognised as gate keeper and source of truth moving forward.

Oversight of the Council

HIA supports the Council being an independent advisory body. However the provision of administrative support by Treasury, and membership of the Council, in lieu of Housing Australia, may be seen as a limitation on this independence. It is critical that the operating relationship between the Council and Housing Australia is transparent, open and not duplicative.

With Housing Australia retaining a research function, and also having oversight of 'delivery' for existing and any future housing programs, there should be legislative recognition of how the relationship with the Council will operate. This may be a matter for future regulatory instruments.

Council membership and engagement

HIA acknowledges the appointment of a six member Interim Housing Supply and Affordability Council in December 2022.

The legislation provides for the Council to ultimately operate with seven members. In accordance with section 22(2) it would be appropriate for the final formation of the Council to include representatives from the home building and land development sectors of the housing industry.

HIA also considered that the Council needs to have a structure to engage with experts that have genuine and current knowledge of the land and housing supply pipeline. Representatives from the residential building and development industry and key industry associations must be engaged at the highest level, to ensure both the Council and Housing Australia have access to 'on the ground' information. Representatives from those jurisdictions that currently report land supply in a meaningful way will also bring value to the discussion.

While this is not a matter for the legislative arrangements, HIA is keen to understand how the Council may seek to

build its connections with the industry and inform its work.

Functions of the Council

The Council role should be one of gathering information and combining this with expert knowledge to guide decisions on future housing supply across the housing continuum. Section 9(2) sets out a range of matters that the Council may have regard to. In general terms HIA has no concern with these matters, however some matters most likely sit outside the scope of responsibility the Council can effectively influence. For example, references to climate change and ensuring climate resilience in housing supply.

3. Draft Housing Australia Future Fund Bill 2023

HIA recognises the importance of the Housing Australia Future Fund in providing a framework to facilitate a new approach to the construction of social housing and affordable rental housing.

HIA is a member of the National Affordable Housing Alliance. In 2022, the Alliance set out a series of policy options to address the shortfall in the supply of social and affordable housing. Australia's future social and affordable housing needs are immense with an estimated 819,000 new social and affordable dwellings required over the next 20 years to reduce current shortfalls and keep pace with a growing population.¹

While the current commitment to deliver up to 50,000 dwellings through the Housing Australia Future Fund falls well short of this estimate, the Fund clearly has the potential to be a model that supports the construction of housing to address the shortfall.

The creation of the Fund is the first step in process. HIA looks forward to understanding how the allocation of funds will translate to housing on the ground and we would appreciate the opportunity to be engaged in the ongoing dialogue as the operation of the Fund and the future national housing agreement is settled.

¹ Increasing the supply of social and affordable housing at scale and in perpetuity: Policy options, National Affordable Housing Alliance, 2022