

In need of repair: The National Housing and Homelessness Agreement

Key findings

- Australians are spending more on housing than they did 20 years ago. Households in the lowest income quintiles spend the most on housing and housing costs as a proportion of income have increased the most for households in the bottom two quintiles.
- More Australians are renting, and for more of their lives. Renters tend to be younger and have lower incomes. The majority (66%) of low income private renters spend over 30% of their income on rent; 20% spend over half their income on rent; and 22% have less than \$250 left each week after paying rent.
- Private rental unaffordability and low vacancy rates are fuelling demand for NHHA-funded services. More people are seeking homelessness services (and more are being turned away) and social housing (176 000 households were on social housing waiting lists in 2021; around 40% were in 'greatest need').
- The lack of affordable private rentals is affecting the cost and effectiveness of NHHA-funded services.
- Home ownership is increasingly out of reach for young people (the share of younger households owning their home fell from 44% to 36% between 1997-98 and 2019-20). The main barrier is saving a deposit.
- Australia has one of the lowest housing stocks per person in the OECD (411 dwellings per 1000 people).

What we said about the Agreement

- The Agreement is ineffective. It does not foster collaboration between governments or hold governments to account. It is a funding contract, not a blueprint for reform. Because the various segments of the housing market are connected and governments have a range of policies, collaboration is critical for ensuring policies pull in the same direction and the limited assistance dollars achieve the best outcomes.
- The focus of the next Agreement should be on improving the affordability of the private rental market and the targeting of housing assistance. The next Agreement should be a living document (that aligns with and supports the National Housing and Homelessness Plan) and have:
 - a set of agreed principles for how housing assistance should be provided and assistance dollars spent
 - a broader scope, covering all forms of direct housing assistance (CRA, first home buyer assistance)
The NHHA funding is \$1.6 billion out of a total housing assistance spend of around \$16 billion
 - a new performance monitoring framework with annual reporting on outcomes and indicators
 - achievable and measurable targets that are focused on outcomes for people
 - a single base funding pool for housing and homelessness services that is allocated to jurisdictions according to need and the costs of providing services
 - governance arrangements (missing under the current Agreement), including oversight by a ministerial council and an independent body with monitoring and reporting functions
 - a new approach to supporting Aboriginal and Torres Strait Islander housing and homelessness services
 - a greater focus on building the evidence base.
- For the next Agreement, governments should agree to a reform agenda aimed at improving housing affordability. Our list of recommended reforms included:
 - expanding early intervention/prevention services and Housing First-type responses for homelessness
 - reforming CRA, informed by recommendations from a CRA review (there is a strong case for changes to improve its adequacy and targeting)
 - trialling rental assistance that is portable across social and private rental housing
 - winding back support for home buyers (the \$3 billion spent works against improving affordability)
 - setting targets for new housing supply in major urban areas, facilitated by planning reforms and better co-ordination of infrastructure.

Housing announcements in the recent Budget

- A new National Housing Accord (between the three levels of government, investors and industry). The Accord has an aspirational target of building one million well-located, energy-efficient properties over five years, starting from 2024.
- \$350 million funding for 10 000 affordable homes to kickstart the Accord (this is in addition to \$10 billion for a newly created Housing Australia Future Fund, to be managed by the Future Fund Management Agency. The Fund is expected to generate returns to fund the delivery of 30 000 social and affordable homes over five years and provide \$330 million to meet acute housing needs).
- State and Territory governments are to free-up land for construction (by expediting zoning, planning and land release) and fund an additional 10 000 homes.
- \$13.4 million over 4 years (and \$4.2 million each year ongoing) to develop a 10 year National Housing and Homelessness Plan in 2023 to support the development of short, medium and long term housing and homelessness policy.
- A 1 year extension for the NHHA to 30 June 2024, to allow for the development of the new arrangements.
- \$348.6 million over 4 years from 2022-23 for further initiatives to deliver more affordable housing, including:
 - \$324.6 million to establish the Help to Buy scheme that allows low-income earners to purchase a new or existing home with an equity contribution from the Commonwealth
 - \$15.2 million to establish a National Housing Supply and Affordability Council to advise on housing policy
 - \$0.5 million to establish Housing Australia (renaming and expanding the remit of NHFIC)
 - \$8.3 million to administer the Housing Australia Future Fund.