Community Housing
INDUSTRY ASSOCIATION

MEDIA RELEASE

Federal Budget needs to go beyond loans and directly invest in key infrastructure - social and affordable housing

Increasing the government guarantee for the National Housing Finance and Investment Corporation (NHFIC) by $2 billion is a welcome step from the Federal Government, but only direct investment in social and affordable rental housing would create homes for the growing number of families in rental stress and facing rising food and fuel price, the Community Housing Industry Association (CHIA) has said.

"We welcome the Federal Government's commitment to extend NHFIC's lending capacity to help the community housing industry build more housing. However, lower cost loans on their own aren't sufficient to generate the scale of social and affordable rental housing we need. This budget has recognised the benefits of investing in infrastructure so it is disappointing that social and affordable rental housing wasn't included in their plans. As with roads and rail, social and affordable housing creates value – it delivers significant economic growth, reduces expenditure in other public service budgets as well as improving the wellbeing of Australian families in desperate need," says Ms Hayhurst.

"Only two weeks ago Infrastructure Australia published Regional Strengths and Infrastructure Gaps which identified that the single most identified infrastructure gap needing to be addressed to '*capitalise on new opportunities and industries*' is the '*availability, diversity and affordability of housing*. In most of Australia's regions the report found severe pressure at the bottom end of the rental market, too little social housing and an impact on regions' ability to attract or retain younger, lower paid workers. It's a vivid illustration of why housing needs to be considered alongside more traditional infrastructure when planning for economic growth".

As Andrew Hannan, CHIA's chair explained, Australia has consistently failed over many years to meet the demand for social and affordable rental housing. "NHFIC's State of the Nation's Housing Report, sets out the undersupply in social housing in stark terms. In the last decade the average annual growth in social housing has been just 0.4%, while what is needed to reduce the current shortfalls and keep pace with demand is growth around 5.5% per year; that's over 35,000 homes"

He pointed out that the problem will get worse, "With the Commonwealth's National Rental Affordability Scheme winding down, many of the 36,000 plus affordable rental homes it supported will be lost. However, we can turn this round if all levels of government pull together. Our Federal Pre-Budget Submission (2022) proposes a cost-effective funding model – the Housing Boost Aggregator - that leverages the existing NHFIC arrangements, brings in institutional capital and uses the capability, capacity and financial sophistication of the community housing industry to deliver thousands of additional dwellings".

He went on to say "NHFIC also highlighted in their report just how difficult it is for lower income earners to get into home ownership. The government has responded by expanding the home loan deposit guarantee scheme. Going forwards, there is now a great opportunity for all parties to recognise renters' housing needs and put this undersupply of social and affordable rental housing front and centre of their election campaigns. The community housing industry is ready and waiting to lead in delivering the national program Australia badly needs".

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