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Cracking Australia's affordable housing funding and supply crisis

The National Affordable Housing Alliance (NAHA) - a unified group of peak building, property, community housing, social services, union and industry superannuation funds, are calling on all sides of politics to commit to an Affordable Housing Working Group Mark 2 to deliver innovative funding solutions to tackle Australia's worsening housing crisis.

This would build on the success of the first Affordable Housing Working Group (2016) which delivered the National Housing Finance and Investment Corporation (NHFIC)¹. This initiative garnered bi-partisan support and transformed the finance options available to community housing organisations to increase the supply of affordable rental housing across Australia. It also consolidated reporting on housing data on supply and demand within NHFIC.

A renewed Affordable Housing Working Group, led by the Australian Treasury, could bring together all levels of government, investors and the housing and property sector to deliver policies that leverage new sources of private sector capital and capability into the supply of social and affordable housing.

"Significantly improving people's access to housing that is safe, secure and affordable for occupants has to be put high on a new government's agenda for 2022," said National Affordable Housing Alliance (NAHA) Chair Mr Rod Fehring.

"Despite significant efforts by governments, community housing and private sectors, over several decades, Australia's social and affordable housing supply has dwindled to less than 4% of total housing stock while homelessness has reached crisis point and the lack of affordable rental housing is now having direct economic effects in both cities and regional areas." he said

A recent independent review for the Australian Government found that 'an investment of around \$290 billion will be required over the next two decades to meet the shortfall in social and affordable housing dwellings.² This level of investment is well beyond the capacity of Federal & State Governments combined if the last 30 years is any indication.

"The longer Australia goes without solutions that match the scale of the problem, the more acute it becomes. Failing to support those that need support is now having profound social and economic implications," Mr Fehring said. "Productivity is impaired and housing stress is prevalent limiting housing options for the young and those on lower incomes."

¹ <https://treasury.gov.au/consultation/council-on-federal-financial-relations-affordable-housing-working-group-innovative-financing-models>

² <https://treasury.gov.au/publication/p2021-217760>

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Just published research has quantified what this means in dollar terms. It shows that the annual cost to the national economy now is \$676.5 million in foregone social and economic benefits, rising to \$1.286 billion by 2036.³

“We must urgently adopt new approaches backed by new alliances and sources of capital, to not only halt but gradually reverse this decline and substantially increase the supply of social and affordable housing in a durable, systematic and self-sustaining way. This begins by recognising the importance of social & affordable housing as essential infrastructure. Setting up an Affordable Housing Working group mark 2 would kick start this process aimed at testing policy Initiatives that will contribute positively In both economic and social terms. .”

" Long-term policies must be forged to address the level of need. A balanced response on both the supply and demand side of the equation is essential. To do that a form of Collaborative Federalism has to be developed as well as drawing in the private sector to Invest at the scale necessary." Mr Fehring said.

NAHA has drawn on the collective expertise of its members together with a range of experts in the field to develop four initial core policies which could be examined by the proposed Affordable Housing Working Group :

1. Implementing a Housing Capital Aggregator supported by refundable Affordable Housing Tax Offsets to incentivise and "crowd in" institutional investment in new social and affordable housing supply to help bridge the funding gap;
2. Establishing a Social and Affordable Housing Future Fund with an initial \$20 billion in funds under management to help accelerate supply of social and affordable housing;
3. Activating Affordable Build-to-Rent housing as a vehicle to deliver additional and more secure social and affordable housing.
4. Enhancing state and territory-based planning and development contributions legislation to prioritise up to 1% of infrastructure contributions and levies to be aggregated and channelled into social and affordable housing provision consistent with state and territory housing policies across Australia.

A copy of NAHA’s paper *Increasing the Supply of Social and Affordable Housing at Scale and in Perpetuity: Policy Options* is available at www.nationalaffordablehousingalliance.com

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About NAHA

The National Affordable Housing Alliance comprises Australia’s peak property, building, community

³ <https://www.communityhousing.com.au/wp-content/uploads/2022/04/CHIA-Everyones-Home-Wider-Benefits-Analysis-31.3.2022.pdf?x14738>

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housing, social services, union and industry superannuation groups who have come together with a focus on increasing the provision of social and affordable housing across Australia.

The Alliance's core members include: Australian Council of Trade Unions; Australian Council of Social Service; Community Housing Industry Association; Industry Super Australia; Homelessness Australia; Housing Industry Association; Master Builders Australia; National Shelter; and the Property Council of Australia.