

CHIA Response - Independent Review of Infrastructure Australia

Introduction

CHIA is the peak body representing not -for-profit community housing organisations (CHOs) across Australia. Our 150+ members manage a \$40 billion-plus portfolio of more than 118,000 homes, housing people on low incomes, disadvantaged in accessing suitable accommodation in the private market. Many of our members also develop new social and affordable housing, funding and financing this through a combination of private finance, government grants or equity (land) contributions, planning concessions and own equity. A snapshot of our sector is available [here](#).

The Community Housing Industry Association (CHIA) welcomes the opportunity to input into the Independent Review of Infrastructure Australia. The response is informed by our organisation's considerable engagement with Infrastructure Australia since the publication of the 2019 Infrastructure Audit Report, as further discussed below.

Our submission is focused on those areas where we have the experience and expertise to make a contribution. In particular, CHIA is focused on the case for reinstating social infrastructure (specifically social and affordable rental housing) as a formal priority area for Infrastructure Australia.

The submission is structured as follows. First, we explain our involvement with Infrastructure Australia; second, we explain why social and affordable housing is important essential infrastructure; and third we respond to other specific guiding questions in your list.

CHIA and Infrastructure Australia

- CHIA contributed feedback to the 2019 Infrastructure Australia Audit in which, for the first time, social infrastructure was included. The Audit identified considerable challenges for social housing, highlighting the mismatch between supply and demand, as well as the deteriorating condition of existing homes. The report acknowledged the severe impacts resulting for First Nations people in remote areas where overcrowding rates are high. It also argued that supporting the community housing sector could contribute to an increase overall housing supply, as well as improving current tenancy and asset management.
 - While the challenges for social housing had been identified, unlike other forms of traditional infrastructure there was little evidence available to quantify the benefits flowing from government investment in expanding its provision. Without such evidence the case for including social housing in the Infrastructure Plan was not strong, weakening the prospect of a successful application to the Priority Project list.
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- During the consultation process on the 2019 IA Plan, IA invited the sector to quantify the benefits associated with social housing. In response, and with support from a consortium of housing and homelessness organisations, CHIA commissioned the Centre for Urban Transitions, Swinburne University of Technology to analyse the [case for social and affordable housing as essential social infrastructure](#) - see the next section.
- Following receipt of the CHIA/Swinburne report, Infrastructure Australia encouraged us to build on this through an application for inclusion of a social and affordable housing project / program on the Infrastructure Australia Priority Projects list. Over the last two years we have developed and refined our application to meet the requirements of the Infrastructure Australia assessment framework. Regrettably, however, with the unexpected removal of social infrastructure from Infrastructure Australia's priorities earlier in 2022, the application was unsuccessful.
- CHIA also raised funding to operationalise the model used in the application process to facilitate its use by housing providers and governments to quantify the cost-benefit case for any proposed social and affordable housing project. Both Infrastructure Australia and Infrastructure South Australia have contributed funding to this enterprise and sit on the project steering group. This work is ongoing and due for completion by the end of 2022.
- Our latest project (see above) is a potential input to the Infrastructure Plan 2021, Outcome 8.3.1 - *Guide better social infrastructure investment by developing a consistent, national valuation framework that captures, measures and assesses the quadruple-bottom-line benefits of social infrastructure.*
- CHIA's interaction with Infrastructure Australia has been a constructive and positive experience. During the priority project application process IA provided helpful advice, engaged with us over the social and affordable housing chapter in the Infrastructure Plan and supported our 'benefits' analysis.

Social Infrastructure (Social and affordable housing)

- CHIA strongly supports reinstating social infrastructure (specifically social and affordable housing) as a focus area for Infrastructure Australia.
- Infrastructure Australia's own report Regional Strengths and Infrastructure Gaps records the prominence of housing diversity and affordability in the list of infrastructure gaps is consistent with a recently-published national [housing needs analysis](#), as published by UNSW City Futures Research Centre in 2019. This demonstrated that every SA4 census area in Australia had a significant shortfall of social and affordable rental housing in 2016. This research is being updated, using the 2021 Census data. Despite recent reductions in migrant-associated population growth, we doubt that this will show a reduction in need.
- The 2019 research estimated that meeting current and emerging need for social and affordable housing would call for construction of over 1 million new homes by 2036, clearly a project of national significance.
- The research mentioned in our submission's first section demonstrates the benefits associated from constructing this new social and affordable housing. These are of two types:
 - Social and affordable housing as an independent effect on the wellbeing, productivity and cost-reduction for individuals and society.

- Social and affordable housing as a platform for unlocking additional individual and societal wellbeing, productivity and cost-reduction for individuals and society.
- A CHIA-commissioned report, [Costs of Inaction \(2022\)](#), estimated that the current social and economic costs (foregone wider benefits) from Australia's affordable housing shortage totals some \$677 million (nominal, undiscounted) per annum. Based on the projected shortfall in social and affordable rental housing in 2036 this cost would increase to approximately \$1,290 million (nominal, undiscounted), per annum.
- More recently there has been an increased focus on the relationship between housing availability and the jobs market. A well-functioning labour market requires labour mobility, where workers can move from one region to another to fill gaps. A lack of affordable and secure housing options limits the ability of workers to easily move between regions and undermines the efficiency of the labour market. Even within regions, the instability, stress and logistical challenges facing workers who are poorly or insecurely housed can curtail their ability to engage in paid work.
- The crisis in our rental market is not only producing large rent increases in regional areas, but it is also impacting labour mobility. This was highlighted in the recent SGS Economics Report: [Give Me Shelter \(2022\)](#) which estimated that the lack of social and affordable housing would cost \$25 billion a year by 2051, partly due to the impacts on the efficiency of the labour market.
- Housing affordability problems are currently particularly acute in regions where there are major traditional infrastructure developments. The [Moree Special Activation Precinct](#) is one such example. It is anticipated that the precinct '*will provide Moree with a new business hub, specialising in agribusiness, logistics and food processing. The Precinct capitalises on the region's existing agricultural industry and its access to the Inland Rail and major highways*'. The precinct masterplan covers transport, energy, water and environmental needs but ignores housing despite (1) forecasting the creation of an additional 4,000 jobs and (2) in a supporting technical document identifying:
 - '*A Lack of diversity and affordable rental options*
 - '*No transitional housing (particularly impacting women who experience lengthy refuge stays, often in surrounding towns)*
 - '*No youth specific refuge*
 - '*Limited temporary accommodation for men, both high-risk and temporary workers (e.g. tradespeople)*'.
- The new Commonwealth Government intends to give housing more prominence as a national policy priority through the establishment of a national housing agency - Housing Australia – which will support a Housing Affordability and Supply Council. A National Housing and Homelessness Plan will be developed and a Housing Australia Future Fund to support the development of 30,000 new social and affordable homes is being established.
- However, the scale of investment required to address the growing shortage of social and affordable housing is of a scale and importance comparable to more traditional infrastructure. Currently material support for social and affordable housing is seen as a government grant or subsidy rather than as an investment. Recognising that it is essential infrastructure and making it a focus area for Infrastructure Australia is necessary to change the way it is viewed and, thus, the opportunities for securing not just investment from government but also from institutional investors.

- A recognition of social infrastructure as a priority focus for Infrastructure Australia should also encourage the agency to incorporate an assessment of the impacts of other infrastructure investment on the need for social infrastructure.
- The assessment framework also needs to be adapted to reflect that individual social and affordable housing projects are generally small scale. The framework needs to be able to assess a program delivered over a larger geographical area.

Other Guiding Questions

- **IA's role** - The review should consider how the reports produced by Infrastructure Australia are used and progressed. While considerable effort goes into these, it is unclear how they are implemented or taken up. Take the regional strengths and infrastructure gaps report. This makes clear that it is not proposing solutions. However, there should be more clarity about how its findings influence other planning processes and funding programs. Apart from the obvious example of regional plans, in our own housing field the findings could inform:
 - State housing strategies and the forthcoming National Housing and Homeless Plan
 - The allocation of funding / the prioritisation of bids for housing programs including the forthcoming Housing Australia Future Fund
 - Objectives / outcomes from the 2023 National Housing and Homelessness Agreement.
- IA has emphasised a place-based approach to investment ensuring an integrated approach to planning. Given ongoing examples where major infrastructure investment overlooks or ignores its impact on other local infrastructure there could be scope for IA to have a role in improving practice – perhaps through the way it assesses priority projects.
- **IA's governance** – the Board should include representatives with expertise in social infrastructure. Rather than including industry representatives on the Board, there could be a separate advisory council / expert panel involving industry and peak bodies.