

Productivity Commission - In need of repair: The National Housing and Homelessness Agreement

A Sector Briefing

Key points

- The NHHA is considered 'ineffective' and therefore in need of a major shakeup. Beyond and – to some extent separate from this – the report also argues for a much wider set of housing policy reforms, albeit restricted by the designation of property owner tax concessions as 'out of scope'
- It is acknowledged that, fundamentally, homelessness is a housing affordability problem with structural causes
- While some statements acknowledge the positive role of social housing in tackling homelessness and other severe housing need, multiple arguments are deployed to underpin a strong rejection of the case for expanding subsidised provision
- Social housing, as operated under the current Australian model, is considered deeply flawed and should therefore be transitioned towards an operational model much more akin to a market rental product – e.g. with market rents replacing income-based rents and with reduced security of tenure
- To help towards meeting higher (market) rents, public housing tenants should be made eligible for Commonwealth Rent Assistance (CRA), funded (at least in part) through ending NHHA financial support currently provided to underpin state/territory social housing services – i.e. replacing a supplier subsidy with a demand subsidy
- Separate from whether it should be extended to public housing, there is a case for enhancing the CRA framework in terms of both 'sufficiency and fairness' – implying the need to both restructure eligibility and/or the entitlement formula, and to raise payment caps. How much more governments should be spending on such help is unspecified
- The key to tackling over-expensive housing – both to buy or rent – is to enable expanded market housing supply – believed achievable through planning de-regulation and through more directive new housing construction targets for LGAs
- There is no case for intervention to generate newly built housing at a price affordable to low income Australians because this is 'inefficient' and because households across the whole income spectrum will in any case benefit eventually from newly built housing sold at market prices when this subsequently 'filters down' to them via market processes
- Inclusionary zoning to mandate developer contributions to affordable housing is rejected on principle, partly because it could compromise developers' speculative land acquisition activity

- There is a case for a large expansion in the NHHA remit beyond social housing and homelessness, to encompass both CRA and '[a]ll home buyer assistance ... provided by governments.

1. Introduction

The Commission's review

The National Housing and Homelessness Agreement (NHHA) is Australia's vehicle for intergovernmental collaboration on social housing and homelessness services involving the Commonwealth Government and state/territory governments. As the current successor to the Commonwealth-State Housing Agreement, established in 1945, the NHHA primarily provides the framework for national funding support for social housing and homelessness services operated at the state/territory level. Under the Agreement, commenced in 2018, approximately \$1.6 billion in Commonwealth Government funding flows annually to state/territory governments, on the basis of loosely defined 'policy priorities' agreed by the parties.

In 2021 the Productivity Commission was assigned to review the NHHA, and to assess 'how well governments have achieved the objectives, outcomes and outputs in the Agreement and the suitability of the Agreement for the future' (overview report p3). In discharging this duty, the PC has published a [main report](#) ('In need of repair: The National Housing and Homelessness Agreement') and [overview report](#) (hereafter collectively termed 'the report') detailing findings and recommendations.

In interpreting its mission rather broadly, the Commission has produced a wide-ranging review of Australia's housing system encompassing home ownership, the private rental market and the residential construction industry as well as social housing and homelessness. However, since recommendations are confined to what are termed 'direct housing assistance' activities, they exclude consideration of other crucial Commonwealth-controlled housing policy levers such as tax and financial regulation.

Headline findings

This is a huge review (a 600-page main report plus a 50-page overview document), drafted by an expert team, and drawing on an immense body of Australian – and other – research evidence. Some of the headline findings and policy recommendations will be widely applauded by those concerned by rising rates of homelessness and housing stress, and worried about inadequacies in national housing governance architecture. The Commission, for example, acknowledges at the outset that:

Australia has a housing affordability problem. Australians, particularly those on low incomes, are spending more on housing than they used to ...Demand for social housing is rising. More people are seeking help for homelessness and more are being turned away. Home ownership rates are falling, particularly for young Australians.... Rising rents and low vacancy rates are placing private renters under pressure, which increases demand for government-funded housing and homelessness services (overview report p2).

More specifically, the Commission reasonably acknowledges that '[p]rivate rental unaffordability and low vacancy rates are fuelling demand for NHHA-funded homelessness services and social housing' (overview report p6).

The NHHA itself is criticised as ‘ineffective’ and therefore in need of a major shakeup. ‘[The Agreement fails to] foster collaboration between governments or hold governments to account’ (ibid). Thus, as seen by the authors, major changes are necessary. In particular, the Commission argues for a substantial expansion of the Agreement’s scope – i.e. the policy instruments subject to its terms. Beyond this, however, the report argues for a much wider set of housing policy reforms, albeit restricted by the designation of property owner tax concessions as ‘out of scope’. Both sets of recommendations are further explained and discussed below.

Of note is that while the report acknowledges the new Labor government’s commitment to a national housing agency, a national housing affordability and supply council, and a national housing and homelessness plan, the Commission does not consider how these initiatives could address the shortcomings it identifies or play a role in the policy reforms advocated.

Structure of this briefing

Some of the observations above will resonate positively for many working in the housing field, as a refreshingly forthright analysis of Australia’s housing policy challenges. Similarly, as summarised in Section 2, many of the Commission’s perspectives and recommendations on homelessness will be equally welcomed by service providers and advocates alike. Beyond this, however, as discussed in Section 3, many of the report’s recommendations on social housing are far more contentious and contestable. Both here, and in many of its other arguments, it is evident that the Commission’s approach continues to be framed by a highly uncritical perspective on market forces in housing. On that theme Section 4, outlines the Commission’s views on how planning reform could make housing more affordable. Many of their recommendations here echo those of the 2022 House of Representatives Standing Committee on Tax and Revenue in the Committee’s [Inquiry into housing affordability and supply in Australia](#) (a.k.a. The Falinski Report).

Section 5 briefly recounts the report’s key observations and recommendations in relation to housing outcomes for Aboriginal and Torres Strait Islander people. Finally, in Section 6, we return to the Commission’s conclusions in relation to the core of its original brief, as regards the NHHA itself.

It should be stressed that this briefing does not claim to provide a comprehensive summary or analysis of the all the Commission’s findings and recommendations.

2. Homelessness

Homelessness drivers

The report acknowledges and underlines the seriousness of homelessness as an Australian policy problem. Positively, it acknowledges that ‘[p]eople becoming and remaining homeless is often the result of failures in other parts of the housing market’ (main report p27). Moreover:

Improving access to housing that is affordable to low-income households, including social housing, would help to prevent people becoming homeless and help people transition into long-term and secure housing more quickly. In addition, making improvements to the private rental market, including better access and security of tenure, and improving CRA, would help people to sustain their tenancies (overview report p27).

As seen by the Commission, ‘[t]here are two key drivers of the problems in the homelessness service system’. These are the (SHS) system’s inadequate capacity (evidenced by the numbers of requests

for help declined), and ‘[the] shortage of long-term affordable and secure housing’ (overview report p26). This kind of thinking is elaborated by strong statements in the Commission’s main report such as:

‘If governments want to reduce homelessness, they need to address the structural factors that lead to housing unaffordability. Otherwise, more people will become homeless and services will continue to face barriers to supporting people out of homelessness. Governments need to make social housing more accessible to people who need it, increase the supply of housing, and help people to pay for housing when needed’ (main report p204).

Strikingly, it is also concluded that the ‘nearly \$3 billion’ expended annually on first home buyer assistance ‘works against improving affordability’ and ‘would be better spent preventing homelessness’ (overview report p2).

The report recognises that ‘fundamentally, homelessness is a result of not being able to afford housing’ (main report p204). Beyond this ‘[i]f governments want to reduce homelessness, they need to address the structural factors that lead to housing unaffordability. Otherwise, more people will become homeless and services will continue to face barriers to supporting people out of homelessness’ (Ibid).

Housing First is a homelessness solution

The Commission also strongly advocates for the Housing First model, arguing that ‘[this] has been shown to be effective for people even with the most complex needs’ (overview report p26). The Commission states that ‘[a] key reason many people do not receive adequate support is that funding for homelessness services does not meet demand’ (main report p191), also noting that current funding allocations are not needs-based. While eschewing any explicit call for increased homelessness services expenditure, the report does call for ‘a study into the unmet need for homelessness support and a stocktake of current services’ (main report p221).

But building more social and affordable housing isn’t

However, as made clear elsewhere in the report, the corollary of this statement, from the Commission’s perspective, is the highly debatable contention that housing unaffordability results primarily from over-restrictive land use planning as an impediment to required new housing supply. And, thus, the key to tackling over-expensive housing – and, ultimately, homelessness – is planning de-regulation and more housing supply generally. Thus ‘[h]ousing will be more affordable if more homes are built’ (overview report p21). The Commission is, nevertheless, opposed to governments’ supporting social/affordable housing supply through concessions and other means.

An emphasis on preventing homelessness

Nevertheless, the report makes many useful observations and recommendations for the better management of homelessness, including an emphasis on the importance of eliminating discharges from prisons and health facilities when there is no accommodation pathway. Indeed, it repeats a previous proposal that ‘States and Territories should monitor and report on discharging into homelessness under the next version of the NHHA’ (main report p207).

Moreover ‘[u]nder the next Agreement, State and Territory Governments should bolster programs that prevent people leaving out-of-home care from becoming homeless’ (main report p208). And

tenancy support services are noted as a ‘promising[ly] ... cost-effective way to support rental ready clients to secure or maintain their tenancy [although] ... there is limited evidence to assess the[ir] long-term outcomes’ (main report p211). More generally, governments are urged to ‘establish a separate pool of funding for prevention and early intervention programs to address the causes of homelessness for the main ‘at risk’ cohorts’ (main report p211).

3. Social housing

The legitimate purpose of social housing

Social housing is acknowledged by the Commission as ‘an essential safety net for people on low incomes ... a small but important part of the affordable housing solution’ (overview report p27). The secure tenure and tenancy support services offered by social landlords are ‘an important benefit’ (Ibid). Moreover ‘[s]ocial housing is effective at preventing and addressing homelessness’ (overview report p44). It is important for achieving the NHHA’s objective of ‘contribut[ing] to improving access to affordable, safe and sustainable housing across the housing spectrum, including to prevent and address homelessness, and to support social and economic participation’ (main report p238).

To the Commission’s credit, the main report also acknowledges that the public housing system is becoming increasingly financially unsustainable. Usefully, it cites the 2017 estimate by the NSW Independent Pricing and Regulatory Tribunal (IPART) that the NSW public housing system was at that time annually underfunded to the tune of \$945 million (main report p253). Implicitly, such problems will be resolved by the proposed ability to charge market rents to public housing tenants (see below).

As to the purpose of social housing, the report emphasizes the importance of targeting ‘people ... at risk of long-term homelessness and people who are unable to access or sustain housing in the private rental market’ (overview report p29). It is acknowledged that ‘[l]ow levels of social housing stock limits homelessness service [provider] ability to help people out of, or prevent, homelessness, reducing the effectiveness of NHHA funded homelessness services’ (main report pp238-239).

The Commission, however, completely fails to grapple with whether Australia’s current scale of social housing provision is adequate for what is considered the sector’s legitimate purpose – i.e. ‘[accommodating] people ... at risk of long-term homelessness and people who are unable to access or sustain housing in the private rental market’. While this is very much in line with the sector’s tightly restricted legitimate role as advocated by the Grattan Institute, the report unfortunately fails to clarify the Commission’s view on whether there is any case for even maintaining the current representation of social housing – which, [as acknowledged by Grattan](#), would call for a large increase on construction rates as recorded over the past decade.

Over-privileged social housing tenants?

A key concern is that the supposedly advantageous position of social renters compared with private tenants means that there is insufficient incentive to exit the sector for social tenants who improve their situation and therefore no longer need this form of ‘housing assistance’. This anxiety harks back to a well-rehearsed Productivity Commission preference for demand-side rather than supply side housing subsidies, a viewpoint resting on faith that this form of support will evoke a market supply response.

Flying in the face of the efficacy of this strategy, is the increasingly deficient provision of low-cost housing in Australia's private rental market, alongside the striking real increase in the budgetary cost of private rental assistance. As quantified by recurring [AHURI-funded research](#), over the past 20 years the deficit in private rental housing affordable to low income private renters has grown from 48,000 dwellings (1996) to 212,000 (2016). Moreover, [spatial analysis](#) shows a long-term trend to displacement of low-cost private rentals from areas well-located in relation to jobs and services.

The Commission's reasoning also rests partly on estimates worked through in earlier reports which, it contends, demonstrate that the per unit government support for tenants of social housing is much larger than that for low income private tenants supported in the private market via Commonwealth Rent Assistance (CRA). The extent to which such a comparison holds water will depend, in part, on the account taken of the wider community benefit derived from investing in social housing stock. For example, it does not appear that the Commission has paid any account to the recent [SGS Economics finding](#) that, when such benefits are factored in, social housing generates a return 'comparable to, or better than' major infrastructure projects. Similarly, [recent analysis by Professor Andi Nygaard](#) concludes that Australia has an affordable housing shortage that is 'imposing large, but avoidable, annual social and economic costs' on the country, costs that by 2036 will exceed \$1billion annually.

Relatedly, in framing such cost-benefit calculations much will also depend on the specified time horizon for the analysis. For example, on a long-term basis, the Industry Commission (predecessor to the Productivity Commission) concluded in 1993 that [investing in public housing represented good value for money](#).

Another key variable will be the rate at which CRA is paid. The Commission itself has [previously floated](#) the case for a substantial up-rating of maximum payments to make good on historic under-indexation, an argument posed much more robustly by others such as ACOSS and Grattan. [Peter Mares has recently argued](#) that if it were 'to provide meaningful choice to low-income tenants in the private market [CRA] would need to be dramatically increased, perhaps even to a level comparable to the implicit subsidy in social housing'.

Replacing income-based rents with market rents in social housing

In its discussion on social housing, the Commission's main theme is to highlight what are argued as fundamental flaws in the model as currently operated in Australia. Re-stating a perspective argued in earlier reports, it advocates far-reaching changes under which social housing would transition towards an operational model much more akin to a market rental product. Central to this would be the replacement of income-based rents by market rents, with public housing tenants made eligible for CRA to assist in paying such higher charges. There is no discussion of the rationale for charging market rents for public housing as opposed to the [cost-based rent systems](#) that apply to social housing in the UK and elsewhere (i.e. where rent-setting is geared to generating total revenue to match landlord costs of provision).

Under the Commission's proposed model, social renters in need of additional financial support (however assessed) would also qualify for a top-up payment via a 'high-needs based housing subsidy to ensure housing is affordable and tenancies can be sustained' (overview report p45). This bears resemblance to an idea mooted by the Henry Tax Review (2010). However, it calls for clarification on whether the payment is intended to offset support costs associated with tenant vulnerabilities (as seemingly implied by the wording 'high-need') of whether its role is to ensure affordability (for qualifying tenants) by topping up CRA such that (pre-reform) residual income is protected.

If the top-up payment is for affordability, its necessary size would obviously depend on the extent to which CRA is subject to any across-the-board relaxation of current payment caps – potentially closing the gap on the market rent to be paid by social housing tenants. A key hidden issue is that unless public tenants in well-located higher value areas were to be fully compensated, the proposed framework would likely accelerate public housing sell-offs in all such areas.

The cost of simply making available CRA (at current rates) to the existing cohort of public housing tenants is estimated by the Commission at \$1.4 billion. It is suggested that this could be funded by simply ending annual NHHAs payments to state/territory governments.

There is no complementary estimate of the ‘top-up payment’ budgetary cost, but it is also suggested (main report p283) – surely with remarkable optimism – that this should be met by state and territory governments. In the absence of much more specific costings the feasibility (or ambition) of all these reforms seems highly questionable. In reality, it would surely be difficult or impossible to secure state and territory government agreement to channel more resources into the system via the proposed ‘high-needs based housing subsidy’ top up payment. In which case the Commission’s framework might need to function without any resources in addition to those within the system at present (i.e. with the \$1.4 billion in NHHAs support currently paid to state/territory governments simply re-directed via social security payments to the tenants). It is unclear how this would resolve the problem of provider underfunding – e.g. as quantified in relation to NSW public housing (main report p253, as mentioned above).

While primarily justified in terms of the asserted need to balance the financial support offered to public and private tenants, the proposed switch to market rents in place of income-based charges for public housing is also envisaged for community housing. Presumably CHO tenants would also be potentially eligible for the top-up ‘high-needs based housing subsidy’, although this is not made explicit.

As the Commission sees it, the logical consequence of the proposed changes for community housing would be for this new system to ‘displace other assistance [to CHOs] from governments. This may involve fewer ongoing grants ... for example, for tenancy management and other services, and withdrawal of the GST exemption, or a dividend from community housing providers’ (main report p271). Among other oddities here is the largely mistaken belief that CHOs in fact currently receive ‘ongoing grants’ to fund management activities¹.

Other concerns on the current social housing model

It is also not just that the Commission sees social housing tenants as currently over-subsidised by comparison with those in the private sector. Despite the fact that, as acknowledged, most states now issue tenancies of fixed duration, current tenancy terms are also seen as too advantageous compared with the private rental benchmark. Thus ‘[p]roviding secure tenure in social housing [relative to private rental] encourages tenants to stay which reduces openings in the system for people on waiting lists’. Admittedly, elsewhere in the report, there is lukewarm support for enhancing private rental security of tenure to some degree: ‘[t]enancy reform can enhance renters’

¹Although it might possibly be argued that the small ‘future fund’ style programs recently established in some states (e.g. the NSW Government’s Social and Affordable Housing Fund) fulfill this description – in terms of the annual revenue subsidy payments channelled to CHOs to bridge the gap between rental income and costs of provision.

security of tenure and the safety of rental homes’ (overview report p46). But this does not appear to be considered an important priority.

The report contains other curious statements on social housing that seem to further emphasize the Commission’s negative preconceptions on the model. For example:

Social housing has many shortcomings ... Waiting times are long, especially for people not in a priority category, which constrains timely housing support to people who most need it’ (overview report p28)

Income-based rent ... means that the [social housing] system is not financially viable without considerable government support, and this can compromise other objectives, such as building quality and safety’ (main report p249).

Such ‘shortcomings’, it is strongly implied, are an inherent feature of the tenure rather than glaring illustrations of wider housing policy failure in the ways that governments have funded and managed the social housing system over recent decades. In this respect the Commission has failed to come to terms with the requirements for a financially sustainable social housing system with a built in rate of growth at least commensurate with demographic and high housing need forecasts.

Other objections to any suggestion that expanding social housing (on the current model) could be an important national priority include the somewhat oddly stated concerns that:

Building more social housing can lock providers into long lived assets with high maintenance costs, the need for which can change over time’ (ibid p260), and that

Investment in new social housing may displace market developments because in the short term, construction of social housing competes for the same finite pool of land, finance, construction materials and workers as private development (ibid).

Moreover, introducing a straw man to the argument, the report contends that ‘[social housing] *alone* [our italics] cannot meet the needs of a growing population of households unable to afford to rent in the private market’ (ibid).

Other proposed reforms to CRA

Apart from widening its remit to include public housing, the report advocates other changes to CRA. Although these are not fully spelled out, clear signals are given, such as the assertion that ‘[t]here is a strong case for changes to CRA to address issues with its sufficiency and fairness’ (main report p325). In other words, potentially raising payment maxima and/or restructuring payment formulae so as to more closely target households in rental stress (including those in low income employment). As acknowledged, however, it has been recently [spelled out in other research](#) that there are important constitutional constraints that may restrict options here (especially in relation to extending eligibility to low income workers not also in receipt of ‘gateway’ social security benefits).

Of particular importance to the community housing sector, it is acknowledged that CRA is ‘an important source of funding for the community housing sector’ (main report pp325-326). However, the report does not appear to fully recognise the implications of this situation in relation to a possible general increase in CRA rates, as mooted. It needs to be recognised that the simplicity of raising CRA maximum payment rates might be seen by government (and welfare lobby agencies) as

relatively attractive, by comparison with the complexity involved in also shifting social housing onto a market rent (rather than income-based rent) system, as the Commission would also prefer.

If such any such general CRA increase were to be actioned by government, it would be inevitably justified in terms of improving stressed tenants' income after housing costs. But, as it would apply to tenants of community housing, the current rent model (where 100% of CRA is chargeable rent) this would yield no such benefit to tenants. Beyond this, any restructure of the payment to align more closely with rental stress might place at risk community housing tenant eligibility (since CHO tenants are not, in fact, subject to rental stress as long as income-based rents remain in place).

4. Housing supply and land-use planning

The impact of increased supply on affordability

Central to the Commission's thesis is that over-expensive housing results from inadequate housing provision. Thus, housing would be more affordable today 'if more had been built [in the past]' (main report p21). As it stands, of course, few could disagree with this statement. However, when read in conjunction with passages that reveal Commission's apparent belief that housing supply is primarily determined by land use planning regulations, rather than by developer behaviour in response to market conditions, it is concerning.

The Commission places faith in estimates by Tulip and Saunders (formerly of the Reserve Bank) that – holding all else unchanged – expanding overall housing stock by 1% would reduce rents by 2.5%, thereby reducing the number of tenant households in rental stress. Even if such a stock increase were feasible, however, it is acknowledged that any such expansion would be '[insufficient] to lower prices or rents enough to lift all Australians out of rental stress' (main report p463). Here, the authors draw on analysis suggesting that there is a significant body of renting households for whom 'the private rental market may not have enough options [to relieve them of rental stress] ... without a rise in wages, or reforms to Australia's income support system' (p484).

The report concedes that many argue the need for government intervention to enable housing construction specifically targeted at moderate and low income earners without the means to pay a market price for a suitable home. The Commission considers this mistaken for two reasons. Firstly, it is asserted that 'in 2016-17, twice as many houses in Australia were [in any case] built in the lowest house price decile relative to the highest decile' (main report p22). Secondly, as the authors see it, 'supply does not need to be targeted to the low-cost segments of the housing spectrum to improve affordability (ibid)'. This is because '[n]ew supply across the housing spectrum can flow through to improve housing affordability in lower-cost segments' (overview report p22).

This alludes to the concept of 'filtering', the idea that, as explained by [recently published AHURI research](#), 'the supply of new, higher quality dwellings, for higher- and middle-income households also leads to additional supply of dwellings for lower income households as higher income households vacate their former homes'. However, based on in-depth analysis of the Sydney and Melbourne housing markets, [that same report](#) concluded that 'there is little ... evidence that [such] age-related price dynamics are sufficient to generate a supply of affordable housing for low-income households'. Therefore, '[u]nder the prevailing housing market and planning conditions, the evidence does not support relying on filtering as a substitute for the non-market provision of affordable housing for low-income households'.

Reforming planning policy and regulation

The Commission places great faith in the relaxation of planning controls to enable greater density:

- reforming zoning rules that allow only single detached houses
- allowing more dense development ‘as of right’ along key transport corridors, with height limits set up front
- relaxing regulations limiting the building and use of secondary dwellings
- relaxing minimum carpark requirements around existing public transport
- relaxing minimum floor sizes. (main report p23).

While none of the above is objectionable in principle, they indicate the Commission’s unshakeable faith in deregulation as a solution to many ills and its corollary that regulation is liable to do harm. Two examples serve to illustrate these points.

First, the Commission expresses reservations about (what was at the time of writing), the next iteration of the NCC lifting the minimum energy efficiency ‘star’ requirements for new residential dwellings. The report acknowledges that higher energy standards might be desirable, but warns that this could damage affordability. The Commission also notes the decision by Energy Ministers to increase the rating ‘despite the Consultation Regulatory Impact Statement (RIS) of the policy change estimating a negative net cost to society at large and to most households’ p555.

The second example – one of much more direct concern – is the Commission’s remarkable denunciation of inclusionary zoning. The main specific complaint is that such a practice ‘can add extra costs to developments, potentially worsening overall affordability’ (main report p290). This rests on the concern that IZ obligations would unfairly bear upon land speculators – i.e. developers and others landbanking in the expectation of re-zoning. Evidently, the right to speculate must not be compromised (main report p289).

A more fundamental objection is the blunt claim that, as a means of generating below-market cost housing it is objectionable in principle because ‘[s]ubsidised affordable housing is not as fair or effective as other forms of housing assistance’ (ibid).

Another housing supply constraint, as rightly recognised by the Commission, is infrastructure such as roads, water and sewerage provision. Here, the report warns that ‘[w]hile a user-pays approach to funding local infrastructure can be efficient and equitable, governments should not use developer charges to cost-shift the funding of general community services onto new home owners’ (overview report p24). Generally, the Commission appears to prefer that infrastructure costs are met by the community as a whole, rather than being borne by new developments themselves. Such costs, it suggests, could be funded by local authorities through borrowing – although it is also acknowledged that rate capping is a problem which, by inference, should be reviewed.

Criticising advocates of subsidised housing provision, it is asserted that ‘subsidies always have hidden costs’ (p275). Thus, the provision of government land for housing at less than market value ‘[brings with it] an opportunity cost — governments could have used the proceeds from the sale of land to fund other government services, pay down debt or reduce taxes, but their choices are not explicit’ (main report p25).

5. Housing outcomes for Aboriginal and Torres Strait Islander people

The report gives serious consideration to the housing needs of Aboriginal and Torres Strait Islander people, with a spotlight on persistent overcrowding. It criticises the NHHA's lack of specificity around Aboriginal and Torres Strait Islander housing needs, principles of assistance and targets to drive improved outcomes (overview report p35).

A national Committee on Aboriginal and Torres Strait Islander housing is proposed together with alignment with the commitments made by governments under the 2020 National Agreement on Closing the Gap (NACTG). This would necessarily include:

The four Priority Reforms (formal partnerships and shared decision making; building the community-controlled sector; transforming government organisations and; shared access to data and information at a regional level), the Aboriginal and Torres Strait Islander housing target and the national sector strengthening plan for housing (overview report p35).

State and territory housing and homelessness strategies for Aboriginal and Torres Strait Islander people are also proposed.

6. The Agreement

Returning to the report's central mission, the 2017 NHHA is criticised on various grounds. It is seen as a document that lacks adequately defined objectives and performance indicators and, moreover, one that has failed to 'foster intergovernmental collaboration' (overview report p9) and 'lacks effective governance' (main report p109).

Despite reform of planning and zoning reform being highlighted as an NHHA priority, the Commission rightly notes that the Agreement has failed to drive associated action. Thus, it is advocated that the next Agreement 'should explicitly recognise the importance of housing supply as a solution to housing affordability and include a requirement for States and Territories to commit to targets for new housing supply in major urban areas' (main report p23).

Partly justified by the well-made point that '[p]olicies affecting one segment of the housing spectrum ripple through other segments' (ibid), the Commission advocates a large expansion in the NHHA remit beyond social housing and homelessness. Instead, the Agreement should encompass both CRA and '[a]ll home buyer assistance ... provided by governments' (overview report p48). This could be justified in terms of fostering Commonwealth Government accountability and giving the states and territories an expanded say in policy formulation – i.e. extending the Agreement's remit to encompass policy instruments (e.g. CRA) previously defined as a solely federal responsibility.

In advocating for the redirection of NHHA funds into CRA payments to public housing tenants, the Commission is proposing a huge change to the existing policy architecture, one which effectively fulfils the Commission's broader purpose by replacing a service provider subsidy with a 'portable' demand subsidy. Setting this on one side, however, the inclusion of CRA within the Agreement could have benefits. If, as would be hoped, some measurable improvement in affordability is specified as a national objective under the Plan and the Agreement then the Commonwealth would have to demonstrate how CRA design contributes to meeting that goal.

All of this implies a much more complex document than in the NHHA in its current form. However, the upside could be that the Agreement becomes the governance instrument by which governments

at all levels have their roles and accountabilities under the proposed National Housing and Homelessness Plan defined. Indeed, the Commission sensibly acknowledges the need to articulate the Agreement with the Plan, anticipating that:

The National Plan should be the overarching document, and the narrower Agreement the key avenue for implementing parts of the Plan (main report p160).

Nevertheless, in recommending such fundamental changes without emphasizing the necessity for such a review to be embedded within a wider assessment of housing policy settings (importantly also encompassing both tax and regulatory measures), the Commission ignores its own well-phrased acknowledgement (as above) that housing is an interconnected system that must be considered holistically.

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