

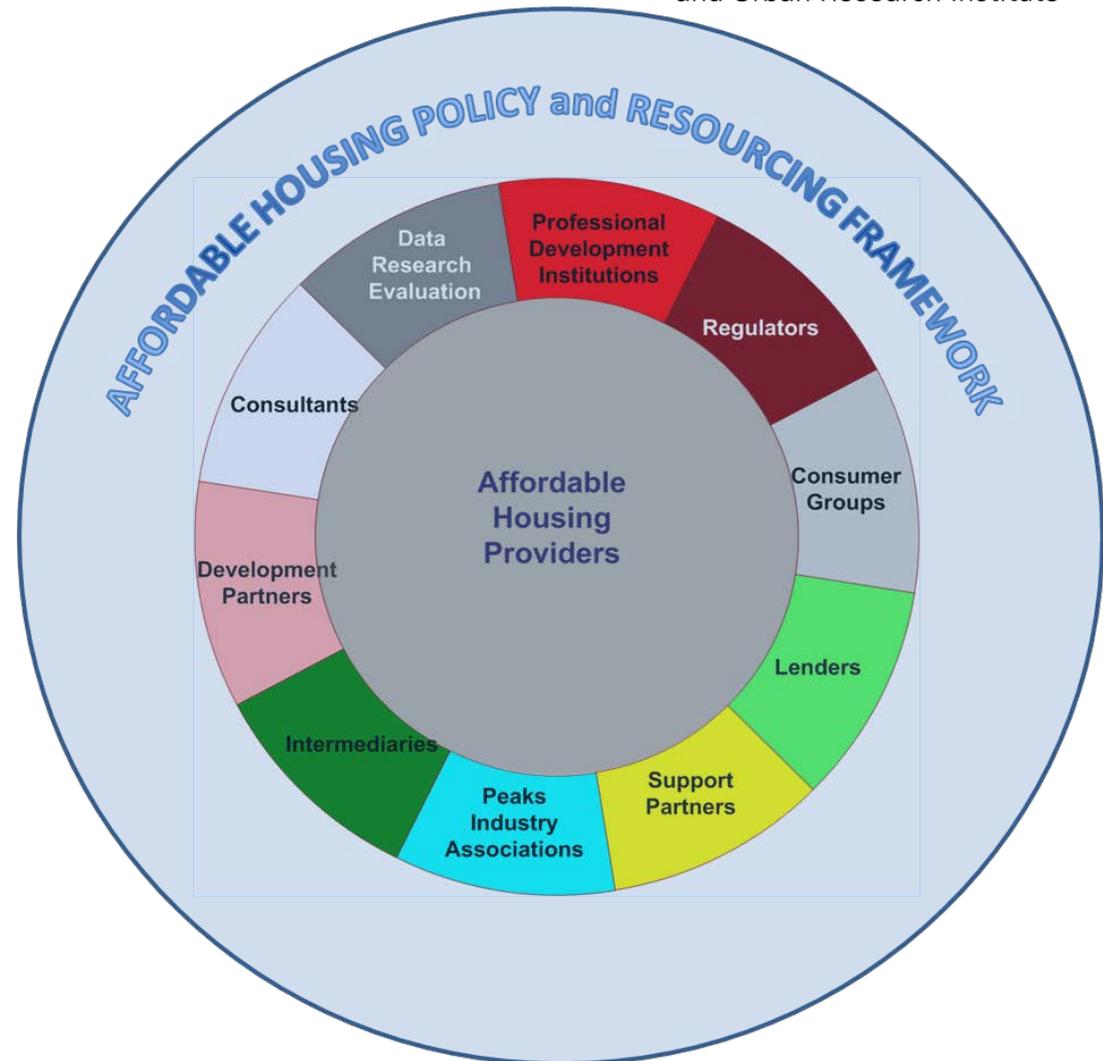
Strategies for new supply to meet needs for housing assistance: Affordable housing industry development

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Housing Assistance

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What is the 'affordable housing industry'?

- Non-govt (NFP and for-profit) AH providers
- AH policy and resourcing framework
- Institutional entities and players enabling, supporting, regulating AH provider activity
- Public housing system also part of current provision
 - But little scope to expand in response to rising need
 - Growing AH industry therefore about boosting non-govt provision



AH industry capacity-building efforts in Australia



- Govt-initiated and funded effort to build NFP housing sector ongoing since 1980s:
 - CHPs set up
 - Peak bodies initiated and supported
 - Industry plans developed
 - Regulatory frameworks created
- But post-2010 capacity-building effort diverse, fragmented
- 2014 National Industry Development Framework had little impact
- At state-level, NSW & QLD recently by far the most active – SA now developing IDS for AH
- NSW approach notable for govt-industry partnership model of capacity-building agenda planning

How the AH industry could contribute to expanding new housing supply

- Inspiration drawn from international examples of NFP affordable housing devm't
- US 'for profit' and NFP providers responsible for 2.4 million LIHTC-funded 'affordable rental' units built post-1986
- UK housing associations:
 - Approx 750,000 homes built since 1985
 - Now credited with approx 20% of total UK housebuilding
 - Post-2010 transition away from high capital grant rate regime – although 'social rent' output also much reduced
 - Largest HAs increasingly diversified into devm't for sale/market rent



Australia's AH industry and its contribution to new supply

- Delivering affordable housing projects since mid-1990s
 - Initially via SPVs, now also traditional CHPs & some for-profits
 - Around 19 large CHPs have established in-house devm't capacity/ experience
 - Industry led the way on mixed-tenure developments (e.g. City Edge, ACT)
- 2008-12 NRAS & SHI provided major impetus
 - c. 47% NRAS being delivered by CHPs, incl. new market entrants
 - c. 3,000 units constructed by CHPs directly funded under SHI
 - c. 2,300 additional units (12%) leveraged from SHI transfers
 - Private finance flowed & innovative models (e.g. NAHC) emerged
- Data v. poor but industry has contributed >25,000 new affordable rental dwellings post-2008 (estd)
- Capacity proven but major barriers remain

Barriers and risks to future supply

- Capacity-building/retention badly undermined by policy volatility
- Post-NRAS little ongoing govt. support for new CHP-delivered supply (exceptions: SAHF, NDIS specialist units) – AH developer pipelines currently smallest in years
- Cost of private finance too high – not v-f-m
- No mechanism/scale/certainty essential to harness more cost-effective financing esp. desirable institutional investment
- Regulation incapable of complex project assessment
- Progressive post-2019 loss of up to 37,000 affordable (NRAS) units
- Under-utilised capacity = poor use of resources – will degrade and decay

Identified gaps in recent/current AH industry support

1. Lack of clear, consistent govt & industry leadership
2. No mechanisms for inter-govt coordination, govt/industry co-planning
3. Major erosion of bureaucratic capacities
4. Industry peaks remain small & under-resourced
5. Regulation falling short of expectations/potential:
 - No nationally consistent approach
 - Added value not forthcoming – e.g. industry advice; core dataset
 - Policy oversight weak
 - No mechanism for industry voice on regulatory governance
6. No framework to harness private investment
7. No Indigenous voice or well-developed culturally appropriate policy & service frameworks

Summary

- AH industry – a system including supporting orgs and institutional frameworks as well as provider entities
- Partly helped by industry bodies and some govts, provider part of system has substantially enhanced capability over past 5-10 years – including significant development experience
- But, in parallel:
 - Problematic hollowing-out of govt housing policymaker capacity and dissipation of national reform momentum 2010-2015;
 - Regulatory system has suffered from policymaker neglect; now in urgent need of review and re-invigoration
- Larger issue govts must recognise – as in NSW SAHF – that new AH supply possible only with substantial financial support
- Stop-start AH-support policies wasteful of industry capacity

References

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