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Towards an Australian Housing and Homelessness Strategy: understanding national approaches in contemporary policy



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Acronyms and abbreviations used in this report

ABS	Australian Bureau of Statistics	NAIA	National Agency for Indigenous Australians
ADS	Australian Disability Strategy	NATSIHA	National Aboriginal and Torres Strait Islander Housing Association
AHURI	Australian Housing and Urban Research Institute Limited	NDIA	National Disability Insurance Agency
AIHW	Australian Institute of Health and Welfare	NDIS	National Disability Insurance Scheme
ALGA	Australian Local Government Association	NDS	National Disability Strategy
APRA	Australian Prudential Regulatory Authority	NHFIC	National Housing Finance and Investment Corporation
APS	Australian Public Service	NHHA	National Housing and Homelessness Agreement
ARA	Asumisenrahoitus- ja kehittämiskeskus (Finland)	NHHP	National Housing and Homelessness Plan
AUD	Australian dollar	NHS	National Housing Strategy (Canada)
CAD	Canadian dollar	NHSAC	National Housing Supply and Affordability Council
CFR	Council of Financial Regulators	NPARIH	National Partnership Agreement for Remote Indigenous Housing
COAG	Council of Australian Governments	NPDC	National People with Disabilities and Carer Council
CMHC	Canada Mortgage and Housing Corporation	NRAS	National Rental Affordability Scheme
CRA	Commonwealth Rent Assistance	NRSCH	National Regulatory System for Community Housing
CSHA	Commonwealth State Housing Agreement	PRS	Private rental sector
CTG	Closing the Gap	RBA	Reserve Bank of Australia
DSS	Department of Social Services	ROGS	Report on Government Services
GBV	Common Good Building Associations (Gemeinnützige Bauvereinigung (Austria))	SDG	Sustainable Development Goal
GFC	Global Financial Crisis	SHS	Specialist homelessness services
HAFF	Housing Australia Future Fund	UN	United Nations
IGAFFR	Intergovernmental Agreement on Federal Financial Relations	UNCESCR	United Nations Committee on Economic, Social and Cultural Rights
LPH	Limited Profit Housing (Austria)	UNCRPD	United Nations Convention on the Rights of Persons with Disabilities
MAL	Intergovernmental agreements on Land Use (M), Housing (A) and Transport (L) (Finland)	UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
MMT	Modern Money Theory	VFI	Vertical fiscal imbalance
NAHA	National Affordable Housing Agreement		

Glossary

A list of definitions for terms commonly used by AHURI is available on the AHURI website ahuri.edu.au/glossary.

Executive summary

Key points

- Australia should have a Housing and Homelessness Strategy with a mission: **everyone in Australia has adequate housing**.
- Housing and homelessness problems are complex. They can be addressed with an ambitious, mission-oriented reform agenda and the Australian Government using the national money for the public good.
- Australia's system of concurrent federalism requires intergovernmental cooperation. A mission-oriented Housing and Homelessness Strategy could revitalise stalled discussions about institutions and principles for cooperation.
- At both levels of government, responsibility for housing policy making is fragmented. Where conceptualised as a welfare issue, policy development has languished.
- The National Housing Finance and Investment Corporation (NHFIC) is developing its expertise. The national financial regulators arguably conduct their own housing policy.
- No template is provided by other national approaches to policy in Australia. Experience shows strategy-making is itself a strategic process of building a constituency for reform. International obligations are a good place to start. Dedicated lead agencies and accountability are vital.
- International experience shows the value of a broadly scoped approach to housing policy, and of dedicated housing agencies.

- **An Australian Housing and Homelessness Strategy should:**
 - encompass the core areas of social housing and homelessness, and new core areas of housing assistance, tenancy law, residential building quality
 - align housing-related taxation, finance, planning and development with the Strategy mission
 - articulate with other relevant policy areas.
- **The Strategy should have a statutory basis, enshrining the right to adequate housing, nominating Housing Australia as the lead agency, and establishing regulatory and accountability agencies.**

This research aims to substantiate the rationale for an Australian Housing and Homelessness Strategy as a national project. Applying contemporary thinking about the role of governments in complex problem-solving, and lessons from other 'national approaches' here and internationally, we set out options for achieving cohesive, coordinated action on housing and homelessness in the Australian federation.

Key findings

Housing and homelessness: complex problems, new thinking

Housing and homelessness problems are complex, crossing over other policy areas and levels of government. They have diverse causes; solving them can achieve diverse benefits.

The goal of adequate housing for everyone—per the United Nations (UN) Sustainable Development Goals (SDGs)—sets the challenge clearly.

To meet that challenge, it is useful to think of governments and stakeholders being engaged in a mission that requires government leadership in the deliberate shaping of markets and direction of economic activity.

It is also useful to think about the special status of governments in financial systems, particularly when they are the issuer and guarantor of the national money, and how this status can be used to finance missions for the public good.

The lie of the land for a national approach to housing and homelessness

The Australian federation is a concurrent federation. There has been a long trend towards the expansion of the Commonwealth's powers, but it must interact with the states to implement policies.

The current peak forum for intergovernmental relations, the National Cabinet, replaced the Council of Australian Governments (COAG) at a time when principles for intergovernmental cooperation remained unresolved. A productive discussion of the institutions and principles necessary for 'cooperative federalism', including measures to promote subsidiarity and accountability, had occurred under COAG. However, this discussion persistently faltered on the vexed issue of 'vertical fiscal imbalance' and was badly derailed by the failed 2014 Reform of the Federation White Paper process.

Within the Australian Government, responsibility for housing and homelessness policy is divided. No one agency has overall responsibility for housing outcomes and for forming a strategic view of the housing system. Most intergovernmental activity has been around housing and homelessness conceived of as residualised welfare issues. The key instrument in this area of policy, the National Housing and Homelessness Agreement (NHHA), is deficient. Policy development regarding other levers, such as Commonwealth Rent Assistance, has languished.

The National Housing Finance and Investment Corporation (NHFIC), on the other hand, is increasingly important: its functions are expanding, and it is developing a broader housing policy expertise. Meanwhile, the Australian Government's financial regulators, the Reserve Bank of Australia (RBA) and the Australian Prudential Regulatory Authority (APRA), are arguably conducting housing policy of their own.

Housing policy responsibilities at the state and territory level are fragmented too, and capabilities are dispersed through diverse agencies with narrowly defined roles. This is at odds with the complex and interdependent nature of the housing system and is a barrier to coherently addressing the full scope of Australia's housing and homelessness problems.

Lessons from national approaches to policy in Australia

The present research looked for lessons from:

- case studies of recent national approaches to policy for Australia's First Nations (Closing the Gap), and to disability policy (the National Disability Strategy, now Australia's Disability Strategy); and
- a workshop with a group of experts in Australian policy making.

The first lesson is that there is no template for a national approach to policy. Making a strategy is itself a strategic process of engagement and constituency building. This constituency is both in the members of the public whose interests are at stake, and in the Institutions that effect policy.

Australia's international obligations often serve as a useful starting point or common ground on which to engage diverse policy makers. The expert workshop regarded the UN SDGs to be a cogent statement of goals for policy reform. Beyond that starting point the implications for different institutions or areas of activity may be framed quite differently.

To coordinate strategy development and implementation, a dedicated lead agency may be needed to communicate requirements and secure commitments from other agencies. Such an agency has been lacking in disability policy.

Accountability is crucial in national approaches to policy reform. This means more than accounting for the expenditure of public money, or for 'value for money' in outcomes; it is about demonstrating commitment to the objectives of the reform process, both to the other agencies and stakeholders in the process and to the people it is intended to serve.

International lessons

Canada's 10-year National Housing Strategy marks a return to affordable housing policy by the Canadian federal government. It is now at its midway point.

The strategy's rights-based approach, statutory basis and new agencies are important institutional innovations. A National Housing Council provides advice and a stakeholder voice, and a Federal Housing Advocate is empowered to research and investigate for accountability. Such institutions are lacking in Australian housing and homelessness policy.

Although it makes substantial commitments, the Canadian strategy is relatively narrowly focussed on affordable rental housing. Key matters of tax and finance, land ownership and use, and environmental policy are out of scope, and drivers of housing and homelessness problems are not addressed.

Select European countries present lessons for Australia—considering their scale and fiscal constraints, the lessons are at least as relevant to states and territories.

There is a strong lesson about the importance of a dedicated housing agency for leading policy development, coordinating with relevant other agencies, and providing accountability. Finland's national housing agency, *Asumisenrahoitus-ja kehittämiskeskus (ARA)*, is the exemplar, financing affordable housing and negotiating long-term intergovernmental agreements encompassing housing, land and transport development.

Austria's limited-profit housing sector highlights the value of a clear affordable housing business model, underpinned by a strong regulatory regime, dependable subsidies, high transparency and a 'common good' ethos. Vienna and Helsinki, as well as other Finnish municipal governments, are examples of land policy being used to develop significant stocks of affordable rental housing in city markets.

While the Austrian and Finnish systems go back even further, Scotland's commitment since the late 1980s to the housing and homelessness strategy process—of public consultation, goal setting, evaluation and revision—is immediately relevant to Australian governments, at both federal and state/territory levels.

Policy development

As a national project, Australia should have a Housing and Homelessness Strategy with a mission: **everyone in Australia has adequate housing.**

The Strategy should be comprehensive, with a set of secondary missions:

- **Homelessness is prevented and ended.**
- **Social housing meets needs and drives wider housing system improvement.**
- **The housing system offers more genuine choice** – including between ownership and renting.
- **Housing quality is improved.**
- **Housing supply is improved.**
- **Housing affordability is improved.**
- **The housing system's contribution to wider economic performance is improved.**

The scope of this housing and homelessness mission is extensive, reflecting the complex way housing and homelessness problems cross over conventional policy areas and levels of government. From Australian and international experience, a narrow focus leaves powerful policy levers unused and basic drivers of problems unaddressed.

Making a strategy is itself a strategic exercise. It requires development of the constituency for reform and the capacity of reformers to take on and influence established institutions, vested interests and entrenched ways of thinking. The diagram below indicates the **scope and stages** of an Australian Housing and Homelessness Strategy, strategically organising the policy areas it encompasses and touches. Beginning with the familiar core policy areas represented by the NHH (bottom left in the diagram), the Strategy is scoped successively outwards (up and to the right), with the intensity of housing policy leadership varying accordingly.

Figure 1: Scoping and staging the policy areas of an Australian Housing and Homelessness Strategy

Macroeconomic policy	Employment, skills and manufacturing	Welfare and retirement incomes	Immigration and settlement policy
Housing-related taxation		Housing finance	Urban and regional policy
Rental and first home buyer assistance	Residential tenancies law	Planning and development	Climate change policy
Social housing	Residential building quality and accessibility		Disability policy
Homelessness			Indigenous policy

Key: ■ Established core policy areas (NHHA) ■ New core policy areas ■ Policy areas for alignment with housing missions
 ■ Policy areas for articulation with housing missions

Source: Authors

- Social housing and homelessness are core policy areas for the Strategy. To meet current and future need, the Strategy should aim to grow social and affordable rental housing by 950,000 dwellings to 2041, with state and territory plans to regularly assess and update need and delivery.
- Housing assistance, residential tenancies law, and residential building quality should be new core areas of housing policy under the Strategy.
- Housing-related taxation, housing finance and planning and development regimes should be aligned with Australia's housing and homelessness missions.
- A range of other policy areas—such as skills and industry, immigration and settlement, welfare and climate change—should be articulated with the housing and homelessness missions, mutually informing and supporting policy development. The existing national strategies for First Nations (Closing the Gap) and people with disability need strengthening on housing and homelessness and should be priorities for policy co-development.

The Strategy's **institutional architecture** should have a statutory basis, enshrining the right to adequate housing. The law should also establish advice and accountability bodies, a national regulatory scheme for social housing (including public housing), and data transparency.

International experience shows the vital role played by dedicated national housing agencies coordinating the development and implementation of strategies. **Housing Australia** should be Australia's lead housing agency. Its roles would include policy coordination across government agencies, as well as research support to the National Housing Supply and Affordability Council, and policy delivery on home ownership products and social housing finance.

The study

We conducted desktop searches and reviews of academic and policy literatures, particularly in policy governance, public finance, federal and intergovernmental relations, disability and Indigenous policy, and housing and homelessness policy. We also conducted two programs of interviews—with domestic experts (18) and international experts (14)—and a workshop with 10 domestic experts in housing and homelessness and related policy areas.

1. Introduction

- **Strategies help to coordinate action in complex areas with diverse actors—but Australia has arguably never had a national strategy for housing and homelessness.**
- **This research substantiates the rationale for an Australian Housing and Homelessness Strategy, drawing on a mix of sources:**
 - academic and policy literatures on housing and homelessness, governments and finance, and Australian federal relations
 - interviews with domestic and international experts in housing, homelessness and ‘national approaches’ to policy making
 - a workshop with Australian experts.

This research aims to substantiate the rationale for an Australian Housing and Homelessness Strategy as a national project. Applying contemporary thinking about the role of governments in complex problem-solving, and lessons from other ‘national approaches’ here and internationally, we set out options for achieving cohesive, coordinated action on housing and homelessness in the Australian federation.

1.1 Policy context

In the Australian federation, powers and responsibilities with respect to housing and homelessness policy are shared across federal, state and local levels of government. Both policy areas also involve a range of non-government actors in program and service delivery, to say nothing of the wider range of actors in housing markets whose decisions about the consumption, production and financing of housing are shaped by policy.

A meaningful national housing and homelessness strategy would form an authoritative framework for coordinating housing and homelessness policy development and action across Australia’s different levels of government and public, private and not-for-profit sectors. Australia has not had such a strategy for years—arguably, ever.

In the early 1990s a 'National Housing Strategy' was sponsored by the Australian Government, but this was in fact a research program that might have informed a national strategy as we define it, not such a strategy itself. Rather, Australia's highest-level instruments of national housing policy have been the series of Commonwealth-State Housing Agreements (1945–2008), and more recently the National Affordable Housing Agreement (NAHA) (2009–18) and the National Housing and Homelessness Agreement (NHHA) (2018 to date). Especially in the more recent past, the primary function of these agreements has been to pledge Commonwealth funding as a contribution to state/territory government expenditure on social housing and other forms of housing assistance.

While these agreements have also contained statements of policy intentions in diverse housing-related areas, their significance to the wider housing system has been in long-term decline. In 2008, the Rudd Government instigated significant reforms to social housing sector funding (the NAHA), a new National Rental Affordability Scheme (NRAS) and a new funding and service reform agenda for homelessness. This '*comeback of national housing policy*' (Milligan and Pinnegar 2010) proved a short-lived episode that failed to generate any coherent and enduring national strategy.

In 2017, the Turnbull Government announced a 'comprehensive housing affordability plan', which included some significant policy initiatives—in particular, the establishment of the NHHA, and the National Housing Finance and Investment Corporation (NHFIC). However, the plan was far from comprehensive—it took the form of a three-page factsheet. Nor was it preparatory for an ongoing, wider collaboration with state and territory governments in pursuit of agreed policy objectives. As it happened, the meeting of housing ministers convened that year would be the last such meeting for five years. During this period all states and territories have published documents badged as housing strategies—a requirement of the NHHA, which does not demand the same of the Australian Government. The substance of these documents generally leaves a lot to be desired.

That, at least, was the context up to May 2022. Then—when the present research was just getting underway—a new federal Labor government led by Anthony Albanese was elected to office, with an election commitment to implement a 'National Housing and Homelessness Plan', establish a National Housing Supply and Affordability Council (NHSAC), and establish a Housing Australia Future Fund (HAFF) within NHFIC—with that institution to be renamed Housing Australia, reflecting a widened remit. In October 2022, the Albanese Government announced a multi-party agreement on housing supply, the National Housing Accord. This incorporated commitments from federal, state and territory governments, the Australian Local Government Association (ALGA), 'institutional investors including superannuation funds', and 'residential development, building and construction industry representatives'. At this writing (May 2023), legislation is before the Australian Parliament for the establishment of the NHSAC and the HAFF, and to reconstitute NHFIC.

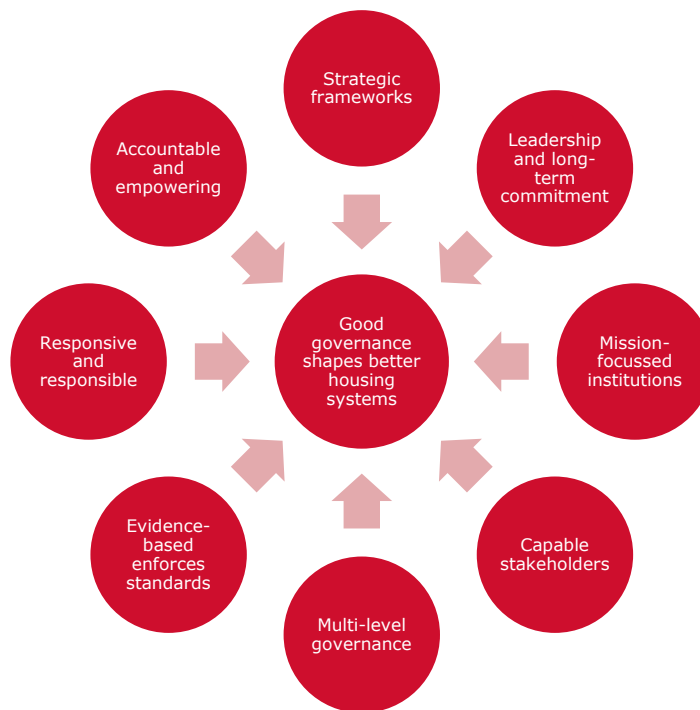
But these policy elements do not—or at least, do not yet—constitute the housing and homelessness strategy Australia has lacked and arguably needs.

Strategies help to clarify the purpose of action for all stakeholders. They bring together information and expertise that informs and stimulates public discussion and debate. Strategies help to define priorities and a rationale for reform.

A housing and homelessness strategy should aim to shape and create the kind of housing markets we need, promote the right kind of innovation and channel resources to address pressing housing needs. This involves more than fixing market failures and filling the unprofitable gaps in the market.

The landmark UN project *Housing2030* conceives of good housing policy governance deriving from clear strategic frameworks, mission-focussed institutions, capable stakeholders, long-term leadership and commitment (UNECE 2021). It typically requires multi-level governance, based on long-term agreements. It is also open to monitoring and critique, strengthens the voice of marginalised groups, learns from mistakes and adapts when necessary. In this way a national housing strategy can be market-shaping and transformative, addressing causes of well understood challenges, designing relevant policies and programs to ensure adequate housing for all.

Figure 2: Good governance shapes better housing systems.



Source: UNECE (2021)

1.2 The research

1.2.1 Research questions

The research was directed to the following questions:

1. What is the rationale for a national approach to housing and homelessness in Australia?
 - a. What is it about contemporary housing and homelessness problems that calls for a national approach?
 - b. How does contemporary thinking about the role of governments in solving problems support a national approach?
2. What is the lie of the land for a national approach to housing and homelessness?
 - a. Which government and non-government institutions (federal, state/territory and local) are relevant?
 - b. Is the ground changing, and are new frontiers emerging through developments in federal principles and relations?
3. How are national approaches being taken in other policy areas in Australia?
4. What is international best practice in strategic policy for housing and homelessness?
5. What are the options for an Australian Housing and Homelessness Strategy, in terms of formal institutional and policy elements, legal status and leadership?

1.2.2 Research methods

We used a mix of methods for this research. We conducted desktop searches and reviews of academic and policy literatures, particularly in policy governance, public finance, federal and intergovernmental relations, disability and Indigenous policy, and housing and homelessness policy. We also conducted two programs of interviews and a workshop with experts in housing and homelessness and related policy areas.

The interviews

We conducted two programs of interviews, one domestic and one international.

The domestic interviewees comprised 18 Australian experts in housing, homelessness, disability and Indigenous policy, constitutional law, federal relations and public finance.

The international interviewees comprised 14 experts in housing and homelessness policy: 12 from Canada, with close knowledge and involvement in that country's national housing strategy; and two from Finland, with close knowledge of that country's national housing agency.

The workshop

We conducted a workshop in October 2022, chaired by research team member Dr Milligan, with the following 10 experts:

- Dr Angela Jackson (economics)
- Prof Anne Tiernan (federal relations)
- Assoc Prof Ben Spies-Butcher (social policy)
- Brad Swan (disability policy)
- Prof David Hayward (social policy)
- El Gibbs (disability policy)
- Jenny Samms (Indigenous and housing policy)
- Dr Marcus Spiller (urban planning and infrastructure policy)
- Dr Michael Keating AC (federal relations)
- Peter Colacino (infrastructure policy).

In accordance with our ethics approval and with the consent of the participants, we identify—and thank—they here, but we do not identify participants with any comments or interpretations from the workshop discussion.

2. Why a national approach to housing and homelessness?

- **Housing and homelessness problems are complex, crossing over other policy areas and levels of government. They have diverse causes; solving them can achieve diverse benefits.**
- **The goal of adequate housing for everyone—per the UN’s Sustainable Development Goals—sets the challenge clearly.**
- **A ‘mission-oriented approach’ requires government leadership in the deliberate shaping of markets and direction of economic activity.**
- **Governments have a special status in financial systems as the issuer of the national money and can use this status to finance missions for the public good.**

This chapter sets out the basic case for a national approach to housing and homelessness: because problems in these areas are important, complex, and cross over other policy areas and over different levels of government. It also briefly reviews some new thinking about the role of governments in solving complex problems: new thinking about governments leading missions that deliberately shape markets and the direction of a society’s economic activity, and new thinking about money as a public good and governments’ capacity to finance public projects.

2.1 Housing and homelessness: complex problems

Housing and homelessness are complex, extensive fields. Unaffordable, inaccessible and materially inadequate housing harms individual persons and imposes costs in the form of impaired participation in social and economic life and the responses of social service and criminal justice systems. These harms and costs fall unevenly by gender, location and social groups, with Indigenous people experiencing the highest rates of inadequate housing and homelessness (AIHW 2022).

The production of housing also presents potential problems in terms of its draw on credit and real resources. So too the accumulation of housing wealth, in terms of its implications for equality and sustainability. The spatial pattern of housing development has consequences for the wider economy as well as for individuals (Maclennan et al. 2019). Finally, the physical condition and characteristics of the housing stock has implications for other overarching policy objectives—not only on enhancing population health, but also on reducing carbon emissions.

Housing and homelessness problems are themselves the expression of diverse causal factors, for which policy levers are spread across different agencies and levels of government. By the same token, realisation of housing and homelessness policy aspirations can yield benefits across diverse agencies, policy areas and aspects of social and economic life.

Achieving coherence and coordination amid this complexity is a key challenge. Below we briefly review key problems in housing and homelessness policy, highlighting how they cross into other policy areas and over multiple levels of government.

2.1.1 Home ownership

Owner-occupation has been the clear majority tenure in Australia since shortly after the Second World War, reaching a high point of over 70 per cent as early as 1966. Subsequently, the overall rate has drifted gradually downward to 66 per cent in 2021 (ABS 2022a). Rates for younger and now middle-aged households have declined much more (Pawson, Martin et al. 2022). These developments are recognised by all Australian governments as posing a prominent policy challenge—as evidenced by contestation around rival first home buyer assistance initiatives at recent state and national elections.

Over time, the proportion of outright owners relative to mortgagors has declined. Regarded historically as a means for having stable housing during one's working life and in a low-income retirement, home ownership has acquired additional functions, as an asset for leveraging into consumption, investment (especially in additional housing assets and upgraded housing standards), and financial assistance to children (especially in accessing home ownership themselves).

In its post-war growth phase, owner-occupation was encouraged and facilitated by an array of preferential treatments in policy: exemption from income tax (on imputed rent), land tax and the Age Pension assets test; concessional sales of public housing; war service home loans; building society subsidies; first home buyer grants; and rent controls that repressed competition from landlords. Over time some of these elements have dropped out (i.e. public housing sales and rent controls), and others have been added (exemption from capital gain tax, finance liberalisation), such that the array of preferential treatments no longer supports home ownership so much as existing home owners (Hulse, Reynolds and Martin 2019). The tax expenditures represented by these special treatments make owner-occupation the most subsidised sector in the housing system, and the wealthiest most subsidised cohort, through a capitalisation of tax benefits in house prices that compounds barriers to home ownership access for those lacking familial housing wealth.

Ostensibly to enhance access to home ownership, Australian governments have made heavy use of first home owner grants and stamp duty concessions: \$20.5 billion over the past decade (Pawson, Martin et al. 2022). The evidence suggests these merely assisted households close to access anyway, while feeding into higher prices (Pawson, Martin et al. 2022). Recent times have also seen growing policy maker interest in measures such as loan guarantees and shared equity schemes: alternative forms of demand-side First Home Buyer assistance to ease access to home ownership, primarily through reducing the deposit hurdle. There is also a pattern—seen in the wake of the 2007–08 Global Financial Crisis (GFC) and the COVID-19 crisis—of temporarily boosted assistance to stimulate construction and keep prices buoyant in the face of anticipated downturns, drawing forward spikes of first home buyers (Pawson, Martin et al. 2022). The first home buyer COVID-19 cohort is now heading into much higher interest costs and declining equity—stresses unseen on a large scale in the Australian housing system for years.

2.1.2 Private rental housing

The private rental sector (PRS) houses 26 per cent of Australian households and has been growing at the expense of both owner-occupation and social housing since the 1980s. Private rental dwellings are largely owned by other households, for the most part in small portfolios: almost half of PRS properties are owned by landlords who own a single dwelling; about 90 per cent are owned by landlords who own four or fewer (Martin, Hulse et al, 2022: 17). A nascent sector of large corporate landlords has recently emerged, but its growth is inhibited by policies that preference small-holding household-sector landlords (in particular, progressive rate land taxes) and, on the other hand, that make commercial property preferable to residential for institutional investors (Martin, Hulse et al. 2022; Pawson, Martin et al. 2019).

Beneath the gradual growth trend and persistent small-holding structure, the PRS is a dynamic sector. Over the past 25 years the distribution of rental price points in the sector has shifted dramatically up the rental scale (Hulse, Reynolds et al. 2019). Properties and owners churn in and out of the sector rapidly, making housing in the sector structurally insecure: more than half of rental properties in Sydney and Melbourne are no longer in the sector five years after first observation (Martin, Hulse et al. 2022). A similar proportion of landlords leave the sector at five years (Wood and Ong 2010); however, from other research it appears that many return to the sector, in a pattern of purposive investments ranging across locations and jurisdictions (Martin, Hulse et al. 2022; Pawson and Martin 2021).

For growing numbers of Australians, private renting has become a long-term or even perpetual prospect (Pawson, Hulse et al. 2017). The PRS is also the site of the worst affordability outcomes in the Australian housing system. The median low-income private renter household spent 36 per cent of its income on rent in 2019–20, with some 20 per cent of this cohort spending over half of their income on rent (Productivity Commission 2022). Moreover, as a source of low-cost accommodation, the sector has become increasingly deficient, with the national deficit of private tenancies affordable to low-income private renters growing from 48,000 to 212,000 in the two decades to 2016 (Hulse, Reynolds et al. 2019).

The primary policy intervention for affordability in the PRS is Commonwealth Rent Assistance (CRA), a cash payment from the Australian Government to persons who receive certain other social security or family tax benefit payments and who pay rents above certain thresholds in the private and community housing sectors. The total amount expended by the Australian Government on CRA is over three times its expenditure on housing assistance through the NHHA.

2.1.3 Social housing

Australia's social rental sector—public housing, community housing and Indigenous controlled housing—nowadays houses just 4 per cent of all households, down from over 6 per cent in the mid-1990s.

Although it has always been Australia's third sector (after owner-occupation, and private rental), in its post-war heyday, public housing (the only social housing form at the time) was funded by the Commonwealth-State Housing Agreements (CSHAs) to be a significant force in the planning and construction of Australian cities and towns, and ancillary both to industrial development and to home ownership.

In the quarter century to 1970, public housing authorities built just under 250,000 dwellings mainly for low-moderate-income working families and the aged and had sold 100,000 of them to households on favourable terms (Flanagan, Martin et al. 2018; Troy 2012). Criticised at the time for housing *too few* poor households (Henderson 1975; Jones 1972), public housing would subsequently become targeted to low-income and, later, crisis-afflicted households and single persons. With public housing also criticised for its high-handed approach to planning and tenancy management, some governments from the mid-1980s began fostering community organisations as the alternative social housing service providers.

In the mid-1990s the Howard Government drastically reduced CSHA funding and since then, except for the 2008–10 Social Housing Initiative economic stimulus, and occasional boosts from state and territory governments, funding has continued at 'starvation ration' levels (Martin and Pawson 2017). The sector's income from rents is also increasingly constrained. Social housing landlords charge income-related rents and having increased the proportion of income charged over the 1990s and 2000s, the low incomes of their target cohort—98 per cent of whom are in the lowest decile of incomes—are now tapped out.

At the same time, an ageing and under-maintained portfolio has seen maintenance costs tending to rise. Although the extent of this liability is not publicly disclosed by state and territory governments, ABS statistics indicate that 22 per cent of social housing households live in a dwelling with a major structural defect—twice the rate of all households (ABS 2022b).

As a result of their costs and revenue mismatch, public housing systems operate persistent deficits, and keep afloat through deferral of non-urgent repairs and stock sales (NSW Audit Office 2013; IPART 2017). Community housing's additional revenue earned from capturing CRA paid to their tenants typically generates small surpluses, which have been sufficient to support the financing costs of some new development. These projects, plus stock transfers from public housing, have seen community housing grow as the social housing sector's share of the total housing stock has declined. Meanwhile, the flow of new social housing lettings has declined more markedly—down 42 per cent in the three decades to 2021, or by 60 per cent pro rata to population (Pawson and Lilley 2022).

For the minority it assists, social housing nevertheless provides a degree of affordability and security unavailable to low-income households in the private market—and this enables households to realise a range of other benefits. Social housing tenants report improved school attendance by their children, improved access to doctors, eating healthier food, and feeling less stress (Phibbs and Young 2005). Ex-prisoners housed in public housing have better outcomes on a range of criminal justice measures than those assisted with private rental only (Martin, Reeve et al. 2021). These individual benefits register as cost savings to government: for example, those improved criminal justice outcomes represent a net saving of almost \$5,000 for each person assisted. According to a wider analysis, social housing investment generates a return 'comparable to, or better than' major infrastructure projects' (SGS Economics and Planning 2022: 10). Looked at the other way—the cost of *not* providing social housing, given its benefits, research by Nygaard concludes that the '*large, but avoidable, annual social and economic costs*' of Australia's affordable housing shortage will top \$1 billion annually by 2036 (Nygaard 2022: 11).

2.1.4 Homelessness

A nightmare for most people, and a living nightmare for 120,000 Australians on the night of the 2021 Census, homelessness is a growing problem in Australia. Persons classed as homeless by the ABS increased from 45.2 per 10,000 in 2006 to 48 per 10,000 in 2021—although the latter rate is an improvement on the previous census (50 per 10,000 in 2016), reflecting the extraordinary official efforts to temporarily accommodate persons during the lockdown phases of the COVID-19 pandemic (Pawson, Martin et al, 2021).

In 2021–22 governments spent \$1.3 billion on specialist homelessness services (SHS), an increase in real terms of 37 per cent over the previous five years. The increasing public cost is partly because of the rising numbers of people experiencing homelessness—over 250,000 persons accessed in 2021–22—and partly due to growing challenges faced by agencies in helping people resolve housing problems. Further costs associated with homelessness are incurred in other areas of government activity, particularly health and criminal justice. Research has demonstrated that, for the 'chronic homeless' cohort, these typically exceed the costs of providing permanent supportive housing (Parsell, Petersen et al. 2017).

For many, homelessness is triggered by personal crises related to finances, relationships or health. The most cited reason for persons seeking SHS assistance is 'financial difficulties' (39%), followed closely by family and domestic violence (37%). Equally prevalent is 'housing crisis' (37%)—a synonym for eviction—while 26 per cent cite 'inadequate/inappropriate home condition' (AIHW 2022). Both these reasons link homelessness strongly with housing system problems, consistent with the statistical relationship between housing affordability and

homelessness in Australian research (Parkinson, Batterham et al. 2019). Among other reasons for seeking assistance, 'transition from custody' is relatively small (4%) but it is one of the fastest growing, and there is a strong mutually reinforcing connection between homelessness and incarceration (Martin, Reeve, et al. 2021).

The Australian Government came later to homelessness policy than to social housing. The *Homeless Persons Assistance Act 1974* (Cth) was enacted in the context of moves to repeal state vagrancy laws and provided for grants to community organisations assisting homeless persons. In the 2000s, the Rudd Government gave significant national impetus to homelessness policy, through the 2008 White Paper *The Road Home*, additional funding for homelessness service reform, and a national target to halve homelessness by 2020. That target was subsequently abandoned, and homelessness slipped from priority under subsequent governments. While the 2017 National Housing and Homelessness Agreement (NHHA) required state and territory governments to develop homelessness strategies, only national 'policy priority areas' and 'priority cohorts' were specified to guide this process.

In its recent NHHA review, the Productivity Commission (2022) highlighted growing levels of homelessness as concerning evidence of national policy failure. Moreover, bluntly summarising Commission views on homelessness causes and solutions, the report declared that:

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. (2022: 204)

2.1.5 Residential tenancy law

All Australian states and territories have enacted residential tenancies legislation on a broadly common model of prescribed standard terms, notice periods and forms of agreement; market rents; accessible dispute resolution; and ready but orderly termination of tenancies, including without grounds (Martin, Hulse et al. 2022). By international standards it is light regulation, and highly accommodative of landlords dealing with their properties as they see fit (Martin, Hulse et al. 2022; Martin, Hulse et al. 2018). Residential tenancies laws cover private and social housing tenancies mostly alike.

The outlines of this broad model were first set out in reports of the Australian Government's Commission of Inquiry into Poverty (Sackville 1975) (although it was more protective of tenants, recommending legislation against without-grounds terminations). Between the late 1970s and late 1990s, all states and territories enacted residential tenancies legislation, with the National Competition Policy review process a prompt to late-acting jurisdictions to finally legislate. During this period the Australian Government also initiated a process intended to generate national minimum standards (Kennedy, Sutherland and See 1995), although this lapsed with the change of government in 1996.

Despite the commonalities, there are many differences in the details of the legislation across Australia. Since their original enactments, states and territories have repeatedly reviewed and reformed their laws in a largely uncoordinated way. The result is increasingly divergent positions on significant issues such as security (Victoria, Queensland and Tasmania have restricted—but not eliminated—without-grounds terminations; the others have not) and domestic violence. There are also gaps in reform: for example, no attention has been given to regulating for affordable rent increases, and significant aspects of the law regarding landlord obligations for the condition of properties are uncertain.

Contrary to real estate sector claims, past reforms have not caused landlords to disinvest (Martin, Hulse et al. 2022). As households rent longer into their lives, the degree of accommodation the law affords landlords, at the expense of tenants' security and autonomy, makes the model increasingly unfit.

2.1.6 Residential building quality, accessibility and environmental performance

Most Australians (83%) are satisfied with their dwellings, according to the ABS (2022b), although levels of satisfaction vary across tenures (76% for private renters, and 72% for public housing tenants). However, in numerous respects issues of dwelling quality—relating both to the existing housing stock, and the stock to be built in years to come—are rising up the policy agenda, their gravity perhaps obscured by the positive feelings most people evidently have in relation to their own homes.

As noted above, the deteriorating state of the public housing portfolio forms an important element of the social housing policy problem confronting Australian governments. Analysis of the Australian Housing Conditions Dataset, which counts social and private renters together, suggests 14 per cent of low-income renters cannot keep their dwelling comfortably warm in winter, and 23 per cent cannot keep it comfortably cool in summer (Liu, Martin and Easthope 2019), presenting risks to individuals' health and challenges for the energy performance of both newly built and existing housing within the context of aspirations to reduce carbon emissions in compliance with the 2015 Paris Climate Agreement (Li, Moore et al. 2022).

Building defects are startlingly common in newly constructed dwellings, particularly in the apartment sector: for example, 39 per cent of recently constructed apartment buildings surveyed by the NSW Building Commissioner had serious defects (Construct NSW 2021; also Crommelin, Thompson et al. 2021). The fire safety of cladding and other construction materials in recently built multi-unit blocks has also been called into question by the 2014 Lacrosse building fire (Melbourne) and the 2017 Grenfell Tower disaster (London) (Melser 2023).

The accessibility of newly constructed dwellings for persons with mobility impairments is also of growing importance (Ward, Franz et al. 2014). In 2021, most jurisdictions have agreed that mandatory minimum standards for accessibility should be included in the National Construction Code, but New South Wales and Western Australia have not committed.

2.1.7 Housing, development and land use planning

Each state and territory has its own statutory regime for land use planning and development, with local government (except in the ACT) playing a major role in making plans and assessing development applications. Since the late-1960s governments have increasingly pursued policies of 'urban consolidation', mostly by rezoning other urban land uses to residential use and relaxing controls on housing form and location.

Nonetheless, it is the strongly-put view of many developers and policy commentators that land-use regulations—both zoning, and finer development controls—are suppressing housing supply below what the market would otherwise provide (Kendall and Tulip 2018).

Most state government planning authorities operate forward rezoning and land release programs, plus precinct development planning, and contend there is minimal effective constraint on housing supply (Phibbs and Gurran 2021). In theory, costs from development regulation—including requirements to include certain facilities or housing forms in a development (i.e. inclusionary zoning)—are a liability on the underlying land that reduces its net present value and, therefore, the price developers pay landowners, not prices paid by housing purchasers (Spiller and Anderson-Oliver 2015). On the other hand, developers aim to maximise profit and may seek to manage supply to sustain existing or higher prices (Murray 2020; Fitzgerald 2022). There is also evidence of banks limiting credit to housing development that risks reducing market prices and thus valuations of the security for their lending portfolios (Dodson, de Silva et al. 2017).

Despite the weight of scholarly and professional planning opinion being with these other factors as drivers of supply constraints, planning systems have been weakened in favour of developer interests and are failing to adequately price wider public social and environmental externalities (Pinnegar, Randolph and Troy 2020; Gurran and Ruming 2016).

Aside from land use planning and development legal regimes, most states and territories also operate land agencies, which play a complementary role to the planning system by banking land, providing infrastructure and services, guiding urban development and moderating land prices (Davison, Milligan et al 2010). Most influential after their establishment in the 1970s, there was renewed interest in their potential in the 1990s. However, the original emphasis on promoting housing affordability has lessened, and now land agencies focus on market housing for purchase, constrained by their narrow corporate mandates, coupled with an imperative to deliver Treasury dividends.

2.1.8 Housing and economic policy

As a basic need, a durable built form and a major land use, housing is Australia's largest asset class. In December 2022 the total value of Australia's housing stock was \$9.615 trillion—down from a high of \$10.4 trillion six months previously, but still almost four times the capitalisation of the Australian share market (ABS 2023).

More than half of this stock is pledged as security for loans totalling \$2.12 trillion in outstanding credit from Australian banks and other deposit-taking institutions. Australia's owner-occupiers owe a total of \$1.4 trillion, and landlords \$640 billion (APRA 2023). Australian households have among the highest levels of household debt in the world (BIS 2023), and this exposure has caused the Reserve Bank of Australia concern about the effectiveness of monetary policy—in particular, increasing the risk of deeper contractions in household demand and wider economic activity (Lowe 2017a, 2017b; discussed further in Chapter 3). Concerns have also been raised about the banking sector's exposure to housing, including by the 2014 Financial System Inquiry (the Murray Inquiry), which highlighted housing as a source of systemic risk. Those concerns led to the Australian Prudential Regulatory Authority (APRA) implementing a range of macroprudential tools to influence rates of housing-related lending (Chapter 3).

Leaving aside the issue of the exposure of households and financial institutions to housing debt-related crises, housing represents a draw on households' credit that, were prices lower, might be used for investment in other enterprises—raising the question of its effect on productivity. In a review of the literature on housing and economic productivity, Maclennan, Long and Leishman (2021) find evidence that 'housing impacts economic productivity through multiple channels':

Poor physical housing conditions, especially in childhood and teenage years, are strongly associated with diminution and underutilisation of lifetime human capital;

High burdens of housing costs, especially for lower income households and renters, may divert household spending from efficient sectors to 'rentier' incomes and, as above, diminish the capabilities to enhance human capital;

High housing prices in favoured locations may induce low and middle income households to live further from centres of employment and, in addition to commuting cost effects, impair labour market matching opportunities in ways that reduce lifetime incomes;

Prolonged high housing costs in metropolitan areas may now be inducing firms and skilled labour to relocate away to less pressured places (with COVID-19 reinforcing this shift) that may be lower cost but also potentially less productive for the long term;

Housing assets play important roles in the formation and growth of small businesses;

Because housing sector processes may lag average productivity growth, housing booms may diminish short-term productivity growth. (Maclennan, Long and Leishman 2021: 5)

They conclude: '*Australian housing policy decision-making has traditionally failed to factor in these outcomes. This has diminished productivity growth*' (2021: 5).

2.2 New thinking about the role of governments in solving complex problems

Important as they are, housing and homelessness are not our only problems. In the face of rising complex problems around the world—climate change, pandemic disease, rising inequality and persistent extreme poverty—scholars, advocates and community groups are calling on policy makers to act with a new—or renewed—sense of ambition. In contrast to the politics of 40 years previously—*‘in this present crisis, government is not the solution to our problem; government is the problem’* (Reagan 1981)—and to the ensuing generation of policy making that deferred to the efficiency of profit-motivated private sector actors, contemporary calls for action affirm the specific legal and economic powers, capacities and responsibilities of governments. Whether in the form of a ‘Green New Deal’ or a ‘Just Transition’ to an ecologically sustainable economy, or ‘Building Back Better’ from COVID-19 or other nature-related disasters, governments are envisaged as leaders in more comprehensive and distributive projects of national and international benefit.

2.2.1 Goals and missions

The Sustainable Development Goals (SDGs) are the centrepiece of the United Nations’ 2030 Agenda for Sustainable Development, adopted in 2015 by all member states. The successor to the UN’s Millennium Goals and previous agenda for global development, the SDGs are more comprehensive, encompassing developed and developing countries, with more enumerated goals and targets. Three SDGs and targets particularly relevant to housing and homelessness policy are extracted at Table 1.

Table 1: Sustainable Development Goals and targets relating to housing and homelessness.

SDGs relating to housing and homelessness	Targets
End poverty everywhere, in all its forms (SDG 1)	By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions (Target 1.2)
Reduce inequality within and among countries (SDG 10)	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality (Target 10.4)
Make cities and human settlements inclusive, safe, resilient and sustainable (SDG 11)	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums (Target 11.1)

Source: UN (2015)

The 2030 Agenda states expressly that the SDGs *‘seek to realise the human rights of all’* (UN 2015). Analysis by the Danish Institute for Human Rights shows how extensively the SDGs map onto key international human rights obligations of the post-war period (Thornberry and Hassler 2019). This provides a foundation in law for policy action in pursuit of the SDGs, and for international human rights monitoring and jurisprudence to inform what actions must be taken. ‘Adequate housing’, for example, is a component of the right to an adequate standard of living affirmed at Article 25 of the *UN Declaration of Human Rights 1948* and at Article 11(1) of the *International Covenant on Economic, Social and Cultural Rights 1966*. Per Article 2(1) of the Convention, states must ‘take steps ... to the maximum of its available resources’ to progressively realise the right. ‘Adequate housing’ itself comprises seven elements, developed in the commentary of the UN Committee on Economic, Social and Cultural Rights (UNCESCR):

- i. security of tenure
- ii. availability of services, materials, facilities and infrastructure
- iii. affordability
- iv. habitability
- v. accessibility
- vi. location
- vii. cultural adequacy (UNCESCR 1991; Hohmann 2013).

2. Why a national approach to housing and homelessness?

The requirements of the right to adequate housing, particularly regarding security of tenure and prevention of homelessness through eviction, continue to be developed and refined by the Committee in comments and rulings on complaints (Kenna 2018)—a source of authoritative guidance on the progressive realisation of the right to housing and the SDG.

One prominent proponent of greater ambition and activity by governments is Mariana Mazzucato, who advocates a ‘mission-oriented’ approach to economic development and public policy (Mazzucato 2020). Spurred by dissatisfaction with the globalised financial system that brought on the 2007–08 crisis and ensuing recession, and with the lack of innovation, direction and purpose in governments’ responses, leading to unproductive investments in the shareholder economy and boosting existing residential real estate, Mazzucato puts forward ‘missions’ as a framework for developing more sustainable and inclusive societies (Lawson and Martin 2020).

Conceptually, missions are positioned between ‘grand challenges’ such as those enumerated by the SDGs, and the numerous discrete projects that realise mission outcomes (Figure 3).

Figure 3: Missions—a conceptual framework



Source: Mazzucato 2018

More specifically, Mazzucato characterises missions in the following terms:

- bold, inspirational, with wide societal relevance
- a clear direction: targeted, measurable, and time-bound
- ambitious but realistic research and innovation actions
- cross-disciplinary, cross-sectoral, and cross-actor innovation
- multiple, bottom-up solutions (Mazzucato 2018: 14–15).

Mazzucato's mission-oriented approach is based on the state having a greater role in innovation and value creation than is credited by private sector entrepreneurs—and, for that matter, by most policy makers and orthodox economists. Against the conventional wisdom that governments should not try to 'pick winners', limit interventions only to fixing market failures (investing only in public goods like basic research, devising mechanisms to internalise externalities) and take care not to 'crowd out' private enterprise, Mazzucato calls for the state to actively create and shape markets, and 'crowd in' collaborators as the patient leaders in new capital formation.

By setting societal missions, and using their own resources to co-invest with long-term capital, governments can do far more than 'level the playing field', as the orthodox view would allow. They can help *tilt* the playing field towards the achievement of publicly chosen goals. Just as the creation of the welfare state in the post-war period, and the information technology revolution in the decades around the turn of the century, unleashed new waves of economic growth and widened prosperity, so new missions today have the potential to catalyse new innovation and investment. (Jacobs and Mazzucato 2016: 20)

Mazzucato also calls for the state to claim its reward for its investment leadership and patience, including income for future investment, and in property rights that facilitate equitable distribution of access and benefits.

2.2.2 Money and finance

The new sense of ambition for government action is backed by new—or revived—understandings about money and the financial capacity of states.

These understandings take money seriously as an institution of law and government—in contrast to the commonplace notion of money as a commodity that merely conveniently substitutes for barter, and that is scarce for individuals and governments alike. Rather, money is properly a system of credit, consisting in promises of payment made between money users and money issuers, that are transferrable within a jurisdiction (Eich 2022; Skidelsky 2018; Hockett and Omarova 2017; Martin 2013; Ingham 2004). In such a system, as described by proponents of Modern Money Theory (MMT) and central bankers alike, units of money are created by accounting entries recording the extension of credit: by banks when they credit the accounts of borrowers, and by central banks when they credit the reserve accounts used by banks to settle the inter-bank transactions made by their respective customers (Nersisyan and Wray 2016; McLeay, Radia and Thomas 2014; Doherty, Jackman and Perry 2018). Money, as a system of credit, is structured hierarchically, with governments guaranteeing their central banks, and so ultimately issuing and guaranteeing the national money.

As such, money has always been '*a foundational institution of democratic self-rule*' (Eich 2022: 1), and its history is marked by moments in which money issuers and money users seek to shape its operation as '*a public good*' (Eich 2022: 213; also Feing 2022: 1; Desan 2020: 22). The present is such a moment:

Both the global financial crisis of 2008 and the monetary response to COVID-19 have now unravelled [the] illusion of money as neutral and apolitical. ... Money has once again been revealed as a construct of political power. (Eich 2022: 1)

In both those crises, central banks created vast sums of money for the benefit of private financial institutions. For example, the Reserve Bank of Australia (RBA) in 2020–2021 extended \$188 billion in credit to banks under its Term Funding Facility, and in 2020–2022 spent \$281 billion purchasing Australian government bonds from banks and other institutions, coming to own over 35 per cent of the stock outstanding. Similarly, in Europe and the United Kingdom, central banks came to own more than 50 per cent, and the US Federal Reserve over 30 per cent (RBA 2022). The result, as intended, has been the maintenance of the value and liquidity of banks' assets, and the swelling of their reserve accounts (in the case of Australian banks, from about \$30b to \$430b over the two years from March 2020: RBA 2022). The revived question is whether central bank money creation could be used for other public purposes.

This is monetary financing of government spending. Historically taboo in economic orthodoxy, it is also legally proscribed in some jurisdictions (e.g. the US and the Eurozone, but not the UK or Australia: Bateman 2020: 155). However, the experience during the income-shock phase of the COVID-19 pandemic of massively increased government spending coincident with massive purchases of government bonds by central banks—albeit mediated by banks and other institutions—has at least strained the taboo (Tooze 2021: 144). Some establishment figures have declared support for overt monetary financing as an emergency measure (Turner 2015; Skidelsky 2018), while MMT proponents advocate monetary financing of government as a matter of course.

One of the most publicly prominent movements in the new thinking about money, MMT foregrounds the state as the issuer of national money and highlights the policy scope this status gives for governments (Kelton 2020; Tcherneva 2020; Wray 2015). Money-issuing governments can spend to employ otherwise idle resources and labour (via a Job Guarantee, which offers a wage to anyone for work on designated projects), increasing economic output and developing new capacities (Tcherneva 2020). From this perspective, what constrains government spending is the availability of real resources in the economy, not tax revenues and bond issues, and the budget balance becomes a residual effect of the private sector's propensity to save.

Accordingly, MMT also recasts the roles conventionally ascribed to taxes and bond issues. Taxes underpin a basic demand for the national money, influence behaviour and create space for government spending without undue inflation, while bonds are an instrument of monetary policy, with governments using bond transactions with the private sector to change the amount of money in exchange settlement accounts and thereby overnight cash rates (Bell 2000: 613–614). Extending this logic, the rate paid by the central bank on exchange settlement accounts even more directly affects the cash rate and other market interest rates, meaning governments have a stronger hand in interest rate setting than is commonly supposed. It also means that bonds are less necessary, and governments are less beholden to bond markets, than is commonly supposed; indeed, bonds may be regarded merely as a safe interesting-bearing asset that governments graciously make available to savers.

Aside from MMT scholars, Hockett proposes an enduring system of central bank finance for subnational state and municipal governments—a 'distributed Fed'—drawing on the recent experience of the US Federal Reserve's Municipal Liquidity Facility (a 2020 pandemic response measure whereby the central bank offered credit directly to state and municipal governments) (Hockett 2020).¹ Other scholars focus on reforms for greater direction by governments in debt finance and the allocation of credit. Throughout her work, Mazzucato refers frequently to state investment banks as a prime example of the sorts of institutions required by a mission-oriented approach to investment (Mazzucato and Penna, 2015). Kedward, Gabor and Ryan-Collins (2022) propose an 'allocative green credit policy' regime that is organised around green industrial policy objectives and democratically agreed green missions. Drawing on the post-GFC experience of macroprudential regulation, this form of credit policy would deliberately shape the allocation of credit away from counter-productive purposes. Ryan-Collins expressly proposes a similar approach to credit for housing investment (2019; also Bezemer et al. 2018).

2.3 Summary

The seriousness and complexity of housing and homelessness problems calls for an ambitious policy response by governments. The goal of adequate housing for everyone, as stated in SDG11 and affirmed as a human right in international law, sets the challenge clearly.

To meet that challenge, it is useful to think of governments and stakeholders being engaged in a mission that requires government leadership in the deliberate shaping of markets and direction of economic activity. It is also useful to think about the special status of governments in financial systems, particularly when they are the issuer and guarantor of the national money, and how this status can be used to finance missions for the public good.

¹ Interestingly, Australian state and territory government bonds comprised 20 per cent (\$57b) of debt bought under the RBA's Bond Purchase Program (RBA 2022).

3. The lie of the land for a national approach to housing and homelessness

- **The Australian federation is a concurrent federation. There has been a long trend towards the expansion of the Commonwealth’s powers, it must interact with the states to implement policies.**
- **COAG’s replacement by the National Cabinet comes at a time when principles for intergovernmental cooperation are unresolved.**
- **Within the Australian Government, responsibility for housing and homelessness policy is divided. In the residualised ‘welfare’ aspect, policy development has languished.**
- **NHFIC’s housing expertise is increasing along with its functions. Meanwhile, the Australian Government’s financial regulators, the RBA and APRA, are arguably conducting housing policy of their own.**
- **Housing policy responsibilities at the state and territory level are fragmented too, and capabilities are dispersed through diverse agencies with narrowly defined roles.**

To prepare the way towards a strategic national approach to housing and homelessness policy, this chapter surveys the lie of the land. We begin with an overview of the Australian federation: how powers and responsibilities are distributed by the Constitution, and how intergovernmental relations are conducted. The second part of the chapter maps the institutions of housing and homelessness policy across the levels of government.

3.1 The shifting ground of Australian federal relations

3.1.1 The Constitution

In the Australian federation, powers and responsibilities regarding housing and homelessness policy are distributed across federal, state and local levels of government. Housing and homelessness are both clearly subjects within the legislative power of the states. Neither housing nor homelessness are referred to in the Australian Constitution, but the Commonwealth’s powers with respect to money, banking, taxation and social security are deeply influential on housing system outcomes. The Australian Government has used these and other constitutional powers—notably its authority to make conditional grants of funds to states (section 96 grants), and even its power in relation to external affairs—expressly to make housing and homelessness policy (Pawson and Milligan 2023).

The long trend of Australian federalism has been the expansion of the Commonwealth's powers, and hence the centralisation of policy leadership in the Australian Government. In a few rare instances, this has been the result of new Commonwealth powers gained at a referendum (e.g. the expansion of the social security power in 1946, and the expansion of the race power to Indigenous persons in 1967). Mostly the trend can be charted in landmark judgements of the High Court of Australia on expansive uses by the Commonwealth of its powers. First, in 1920 (in the *Engineers Case*),² the Court found that the Commonwealth's powers should be interpreted as 'plenary and ample', and capable of binding states and their agencies. It subsequently upheld the Commonwealth's nation-wide imposition of uniform income taxation, effectively displacing the states from income taxation and cementing section 96 grants as a major form of recurrent state income (the *First and Second Uniform Income Tax Cases*, in 1942 and 1957).³ Similarly expansive interpretations have been given of the Commonwealth's external affairs power, allowing it to legislate to implement international law or treaty obligations (the 1983 *Tasmanian Dam Case*),⁴ and the corporations power (the 2005 *WorkChoices Case*).⁵

Aside from its enumerated powers, the High Court has also held that 'the existence and character of the Commonwealth as a national government' implies 'a capacity to engage in enterprises and activities peculiarly adapted to the government of a nation and which cannot otherwise be carried on for the benefit of the nation' (the 1975 AAP Case per Mason J at 19). The 'nationhood power' underpinned the Australian Government's activities in the commemoration of the 1988 Bicentenary (*Davis v the Commonwealth*),⁶ and its economic stimulus spending in response to the 2007–08 Global Financial Crisis (*Pape v Commissioner of Taxation*).⁷

However, few of the Commonwealth's enumerated powers are expressly exclusive of the states. The Commonwealth's laws prevail over inconsistent state laws (s 109), but this priority underscores that both levels of government are expected to exercise their powers concurrently in many policy areas. And the expansion of Commonwealth power has not been untrammelled, with the High Court in other cases holding invalid Commonwealth laws for welfare programs beyond its narrow social security payments power (the 1945 *Pharmaceutical Benefits Case*)⁸ and laws impinging on the ability of states to govern themselves (the 1947 *Melbourne Corporation Case*,⁹ and *Austin v the Commonwealth*).¹⁰ Recently the long trend has become more complicated, if not reversed. Having found in *Pape* that the nationhood power could enable spending to relieve an extraordinary financial crisis, the High Court underscored that the federal executive always needs a constitutional basis for its spending and contracting, and in the *School Chaplains Cases*¹¹ made clear that this would ordinarily mean statutory authorisation within the Commonwealth's enumerated powers. As one of our constitutional law expert interviewees said:

It's almost as if over the last 10 years, something said 'stop'. You've got a federation and it's actually unlikely to go away, so you should make it work. (CL1)

As examples of the federation at work, this interviewee pointed to innovations in law and government currently happening at the state and territory level:

You see some really quite interesting experimentation going on at the state level: the charters of rights spread across the states, dying with dignity legislation spread across the states, Indigenous treaties are beginning to spread across the states. ... The goal, I think, is to try and get a set of intergovernmental mechanisms that merges the advantages of bottom up with the advantages of top down and we've never quite got that balance right. (CL1)

² *Amalgamated Society of Engineers v Adelaide Steamship Co Ltd* [1920] HCA 54.

³ *South Australia v Commonwealth* [1942] HCA 14; *Victoria v Commonwealth* [1957] HCA 54.

⁴ *Commonwealth v Tasmania* [1983] HCA 21.

⁵ *New South Wales v Commonwealth* [2006] HCA 52.

⁶ *Davis v the Commonwealth* [1988] HCA 63.

⁷ *Pape v Commissioner of Taxation* [2009] HCA 23.

⁸ *Attorney-General (Vic); Ex rel Dale v Commonwealth* [1945] HCA 30.

⁹ *Melbourne Corporation v Commonwealth* [1947] HCA 26.

¹⁰ *Austin v Commonwealth* [2003] HCA 3.

¹¹ *Williams v Commonwealth of Australia* [2012] HCA 23; *Williams v Commonwealth (No. 2)* [2014] HCA 23.

3.1.2 Intergovernmental relations: from COAG to the National Cabinet

The trajectory of the Commonwealth's powers reinforces the character of Australia's federalism as '*concurrent federalism*' (Galligan 2015; 1995). However, as Galligan puts it, '*Australia's concurrent federal system is strong on concurrency but weak on intergovernmental relations and management*' (Galligan 2015). Similarly, Kildea and Lynch observe:

The Commonwealth, despite its contemporary dominance, not infrequently requires State assistance to overcome some deficiency in its own power or expertise. But, while the Constitution thus renders government interaction a clear necessity, it is almost completely silent on the formal mechanisms through which Commonwealth and State interaction might be facilitated. (Kildea and Lynch 2011)

Instead, Australian intergovernmental relations are conducted at a sub-constitutional, political level. Over the past 40 years, governments have mostly sought to cast their interactions as 'cooperative federalism' and, along with other commentators, have sought to establish principles and institutions for this mode of intergovernmental relations (French 2018; McQuestin 2012; Painter 1998). For most of that time, the Council of Australian Governments (COAG) was the primary forum for intergovernmental relations in Australia, and a focus for commentary on the principles by which the Australian federation ought to operate.

COAG was established in 1992 as a regular meeting of federal, state and territory government leaders, chaired by the Prime Minister, initially to progress the National Competition Policy. From 2007, the Rudd Government significantly enhanced the forum's status, designating COAG the 'workhorse of the nation' in ongoing policy development (rather than time-limited reform projects), and stepping up its workload and frequency of meetings—including Ministerial Councils and officials' meetings between leaders' sessions. COAG's recast role aligned with the contemporaneous *Intergovernmental Agreement on Federal Financial Relations* (IGAFFR). This consolidated scores of specific purpose payments into six ongoing National Agreements (including the National Affordable Housing Agreement), under which federal funding would be recurrent and states and territories would have more flexibility in allocation of funds, and provided for additional time-limited National Partnership Agreements for specific priority areas of reform (including the National Partnership Agreements on Homelessness, and on Remote Indigenous Housing, and on Closing the Gap) (McQuestin 2012).

The Rudd Government also enhanced the role of the COAG Reform Council, an independent advisory body to COAG established in 2006. From 2007 the COAG Reform Council operated as a high-profile accountability body, undertaking evidence-based monitoring, assessment and reporting of the outcomes of the service delivery reforms enabled by the new flexibility in funding (Gallop 2012). Two such programs of reform—the National Disability Strategy, and the National Strategy on Closing the Gap—are discussed in Chapter 4.

The period also saw an uptick in scholarly analysis of federal relations, especially with the aim of further fostering cooperative federalism. Prominent themes in analyses were:

- **Vertical fiscal imbalance (VFI)**. A perennial topic in intergovernmental relations and omnipresent in analyses of the time, the imbalance of Australian Government tax revenues and state/territory expenditures (balanced by grants from the former to the latter) was said to be 'extreme' (Galligan 2015; McQuestin 2012) and presumed to need 'fixing' (Brumby 2015; Kildea and Lynch 2011; Fenna 2008; Walsh 2008). Proposed fixes to VFI included hypothecating more Commonwealth tax revenues to the states and territories (in the manner of the Goods and Services Tax) or giving states and territories more scope to impose their own taxes (Brumby 2015).

- **Subsidiarity.** This is the political principle that ‘functions should, where practical, be vested in the lowest level of government to ensure that their exercise is as close to the people as possible and reflects community preferences and local conditions’ (Twomey 2008; also Aroney 2011). That’s an Australian rendition of the principle; at the time ‘subsidiarity’ was also highly current as a principle of the treaties founding the European Union.¹² Subsidiarity has ‘broad appeal’, according to Aroney, because it is democratic (participation has greater prospects at smaller scales of government) and economic (at smaller scales of government provision of public goods is more likely to accord to public preferences, improving efficiency), while also recognising benefits from governing some issues at a federal level (where there are economies of scale, or where smaller-scale governments might otherwise free-ride or externalise costs) (Aroney 2016: 3).¹³
- **Entrenching a reformed COAG.** COAG was generally regarded as a necessity (‘if COAG did not exist, we would have to invent it’ (Kildea and Lynch 2011: 3)), or even ‘the institutional heart of the federation’ (O’Meara and Faithfull 2012). For most analysts, the way to federal reform—and fixing VFI, and adopting the principle of subsidiarity—was in entrenching COAG in legislation, while also providing for states and territories to have more influence on its agenda, and for greater accountability to parliaments at both levels of government (Kildea and Lynch 2011).

After the 2014 election of the Abbott Government, the Commonwealth embarked on its own recasting of federal relations, abolishing the COAG Reform Council and launching a process for a ‘White Paper on the Reform of the Federation’. Couched with references to subsidiarity and fiscal sustainability, the first issues paper stated the Australian Government’s commitment to ensuring states and territories were ‘sovereign in their spheres’ (Australian Government 2014), harking back to arguments that had been lost in the *Engineers* case and that were ‘alien’ to the reality of concurrent federalism (Galligan 2015). At the same time, the Abbott Government sought to impose an austerity budget that would have drastically cut payments to states and territories. The result, as one of our constitutional law interviewees described it: ‘nothing came out of it; it was absolutely abysmally organised and abysmally conceived’ (CL1). The White Paper process was terminated by the Turnbull Government without a resolution. COAG continued without the COAG Reform Council mechanism for accountability and transparency of government performance.

In early 2020, as the COVID-19 pandemic accelerated, Australian government leaders began meeting more urgently and regularly than per COAG’s timetable. On 13 March 2020 the meetings were dubbed meetings of **National Cabinet**, and leaders agreed to continue them in place of COAG, which was formally abolished in May 2020. Less elaborately bureaucratic than COAG, but also more secretive, the National Cabinet has retained ‘streamlined’ Ministerial Councils of COAG’s structure, with ministers responsible for keeping agendas brief and a sharper focus on priority issues (DPMC 2020a; First Secretaries Group 2022; Saunders 2020).

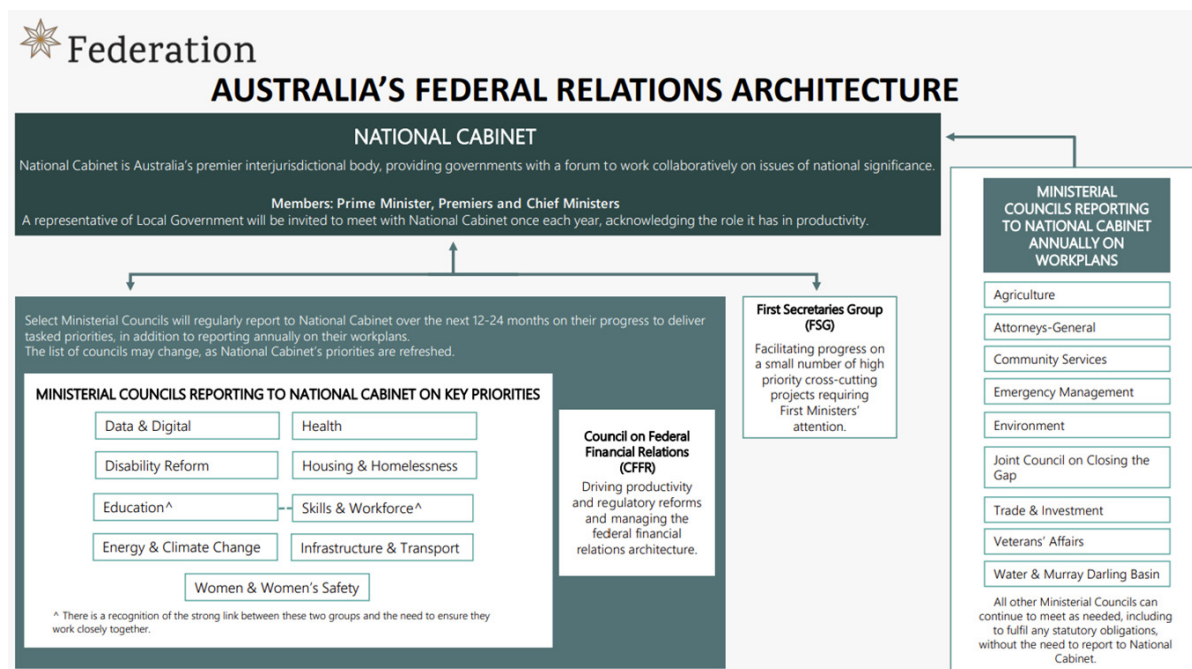
In the current ‘federal relations architecture’ (Figure 3), the National Cabinet is ‘Australia’s premier interjurisdictional body’, comprising the Prime Minister, state premiers and territory first ministers and, by invitation once a year, a representative of the Australian Local Government Association (ALGA). Reporting to the National Cabinet is the Council on Federal Financial Relations, comprising the treasurers of the Commonwealth, states and territories, and Ministerial Councils on different policy areas. One set of nine Ministerial Councils are ongoing (these include the Joint Council on Closing the Gap). The second set (also nine) report to National Cabinet over 12–24 months on certain key priorities and may be ‘refreshed’ as priorities change: ‘Housing and Homelessness’ is one such council.

¹² Subsidiarity is a principle of the Maastricht Treaty (1992) and the Lisbon Treaty (2007), and before that of Catholic social philosophy: ‘A community of a higher order should not interfere in the internal life of a community of a lower order, depriving the latter of its functions, but rather should support it in case of need and help to coordinate its activity with the activities of the rest of society, always with a view to the common good’ (Pope John Paul II, 1991, cited at Aroney 2016: 2).

¹³ See also Oates (1968) on the advantages of federal governments over state/local governments in stabilising aggregate demand and maintaining employment and incomes.

3. The lie of the land for a national approach to housing and homelessness

Figure 4: Australia's federal relations architecture.



Source: Australian Government 2022

The new architecture lacks an equivalent to the COAG Reform Council and the independent accountability it brought to national reforms. As Deem and Menzies suggest (2021), the National Cabinet appears to be no less susceptible than COAG to the effects of churn in political leadership and the tendency for short-term political priorities to dominate in the face of increasingly complex reform challenges—such as housing and homelessness problems. Moreover, the current architecture has been installed with less preliminary discussion of its principles and mode of work than was COAG. Unresolved issues—particularly concerns about VFI—may yet prove a stumbling block for the new vehicle of Australian intergovernmental relations.

The new thinking about the role of governments—discussed in the previous chapter—might help avoid the old stumbling blocks. A mission-oriented approach may be a productive way of framing National Cabinet's reform agenda and shifting its priorities beyond the short term. More importantly, thinking about money as a public good offers a way past the antagonism of VFI to potential new partnerships in federal finance. Whereas VFI assumes spending is financed by scarce tax revenues and borrowed funds, an understanding of money as a public good issued and governed by the federal government dissolves false constraints on public finance. Instead of questions of where the money is coming from, this understanding allows a more productive focus on questions of how money will be spent, what outcomes are sought, what real resource constraints and price impacts are anticipated. It also works in with the principle of subsidiarity. Assessments of need and decisions about what services will be paid for, and how they will be administered, can properly be made at the state/territory or local level. At the federal level, the government's role as issuer of the national money means it should conduct fiscal and monetary policy based on how much fiscal space is required for total spending, stabilisation of aggregate demand, desired impacts on the behaviours of economic actors, and an equitable distribution of incomes and wealth.

3.2 Mapping the institutions of housing and homelessness policy

The long trend of Australian federalism—of centralisation, lately complicated—is exemplified in housing policy. For most of the first half of the twentieth century, states implemented various programs for social housing construction and home purchase assistance, mostly in an ad hoc way. It was really with the inauguration of the Commonwealth-State Housing Agreements and federal funding that social housing became a prominent part of the policy landscape, and the landscape of Australian towns and cities, and state housing authorities become enduring institutions. It was also the Australian Government's retrenchment of social housing funding that drove the residualisation of the sector, and of the authority of social housing institutions in housing policy, across states and territories. At the same time, other centres of policy authority have arisen. The following sections map them.

3.2.1 The Australian Government

Housing and homelessness policy responsibilities are distributed across ministries and departments of the Australian Government.

Under the Australian Government's current Administrative Arrangements Order, 'social housing, rent assistance and homelessness' are matters dealt with by the Department of Social Services (DSS), 'housing supply and affordability' are matters for the Department of the Treasury ('affordability' was officially reassigned to Treasury from DSS in 2019). There is currently a Minister for Housing and Homelessness who holds appointments to administer both Departments, as did the previous Housing Minister in the Morrison Coalition Government.¹⁴ As a matter of practice, the focus of the Minister's administrative responsibilities in Social Services is the NHHA, and in Treasury, NHFIC. The Minister is not the senior minister in either the Social Services or Treasury portfolios but the current Minister, unlike her predecessor, is a member of Cabinet. Going back further, the minister's role has been nominally narrower (e.g. the Minister for Social Housing) and, under the Howard Government, there was no separate ministerial position at all.

The DSS, as noted in Chapter 1, has carriage of the task of developing the National Housing and Homelessness Plan (NHHP), a pre-election commitment of the Albanese Government. The scope of the proposed Plan and its relationship to the National Housing and Homelessness Agreement (NHHA) remains unclear at the time of writing. As also noted above, the NHHA is the principal funding agreement for states' and territories' social housing and homelessness sectors, per the IGAFFR established in 2009. The NHHA lists the range of other Commonwealth powers and responsibilities relevant to housing and homelessness—income support, immigration, finance sector regulation, tax settings, and the NHFIC—but says nothing about how they will be exercised.

As an Agreement under the IGAFFR, the NHHA is supposed to reflect that framework's principles of focus on service outcomes and their measurement; balancing government priorities; government accountability and transparency; providing both greater funding certainty and more funding flexibility to states; and promotion of economic and social reform. It is also required to be periodically reviewed by the Productivity Commission: the first review, conducted in 2022, was highly critical of the appropriateness and effectiveness of the present agreement.

The National Housing and Homelessness Agreement—intended to improve access to affordable, safe and sustainable housing—is ineffective. It does not foster collaboration between governments or hold governments to account. It is a funding contract, not a blueprint for reform. (Productivity Commission 2022: 2)

Among numerous other criticisms, the review also highlighted the 'disconnect between the amount of funding under the Agreement and [its] broad objective' (2022: 13).

¹⁴ Each minister's appointment has entailed additional ministerial responsibility in Treasury: the current Minister is also Minister for Small Business, and the previous Minister was an Assistant Treasurer. The responsibilities of ministers and departments are usefully explained at Bell 2022: 21–22.

In recognition of the need to connect the NHHA with its proposed National Housing and Homelessness Plan, the Australian Government has offered to extend the soon-expiring agreement until July 2024. The future scope and purpose of the NHHA will be an essential consideration during the Plan's development. If it is, as the Productivity Commission envisages, going to be much broader—bringing in all government housing assistance (e.g. including Rent Assistance) and including a focus on housing affordability and supply issues—it will need to be changed conceptually, as well as in detail.

DSS also administers the National Rental Affordability Scheme (NRAS), the program of 10-year subsidies for investors in new affordable rental housing, now winding down after its 2014 closure to new entrants. Introduced in 2008 by the Rudd Government with aspirations of attracting institutional investors and forging new consortiums with community housing providers, NRAS was administered by a succession of forerunner departments to DSS, who were criticised for its handling (Milligan and Tiernan 2011).

Rent assistance policy has changed little in recent years, even though the total amount of expenditure has grown. Apart from payment threshold indexation, the basic policy parameters of this program have remained unchanged since the 1990s—and the inadequacy of indexing is one of the main reasons for CRA's limited effectiveness as an affordability measure. Perhaps the main innovation in Rent Assistance policy in the recent past is the way in which the social housing sector has jury-rigged an operating subsidy from CRA, by transferring CRA-ineligible public housing tenancies into CRA-eligible community housing—an arrangement given Commonwealth ministerial imprimatur in 2009.

Treasury, with its housing supply and affordability brief, has carriage of the new (2022) National Housing Accord and is proposed to be the secretariat for the National Housing Supply and Affordability Council. Policy development regarding housing affordability and supply is done by the Revenue, Small Business and Housing Group, in which a new Housing Division has been recently created.

Although it attracted headlines—and some criticism—for its *'initial, aspirational national target of delivering a total of one million new, well located homes over 5 years from 2024'* (Pawson 2022), the Accord is more notable for its range of parties—the Commonwealth, states and territories, the Australian Local Government Association, and representatives of 'institutional investors including superannuation funds' and the 'residential development, building and construction industry'—and for the housing policy 'commitments' made by the parties. On the Commonwealth's part, the Accord gives a particular direction to its election promises and other recent initiatives: facilitating institutional investment in rental housing across the social, affordable and private sectors. To that end:

- The proposed Housing Australia Future Fund, along with an existing fund (the National Housing Infrastructure Facility) will be oriented to '[facilitating] superannuation and institutional capital investment in social and affordable housing, alongside established state and territory programs'; and
- The proposed new National Housing Supply and Affordability Council is to be tasked to 'review barriers to institutional investment, finance and innovation in housing (e.g. Build to Rent)'. (Australian Government 2022b)

For their part, the states and territories commit to expedite development of social and affordable housing, and to generally make 'housing supply more responsive' through planning and land use reforms. The private sector parties, consistent with the Commonwealth's theme, commit to 'participating in and supporting' the NHHP.

There was an early instance of this participation shortly after the Accord's announcement, when the Treasurer convened a new forum, the Treasurer's Investor Roundtable, with chief executives from 20 Australian banks, superannuation funds and asset managers, with housing its first agenda item. The Accord therefore signals a more assertive Treasury role in housing policy—but along conventional Treasury lines of public subsidies lowering barriers and drawing in private finance.

Within the Treasury portfolio are several other agencies that are independently governed and play significant roles in housing policy.

The **National Housing Finance and Investment Corporation** (NHFIC)—or **Housing Australia**, as the Albanese Government proposes to rebrand it—is a relatively new federal institution in housing policy and finance. Established in 2018—the same year as the NHHA, in which it is name-checked without further mention—NHFIC’s legislation is based on numerous constitutional heads of power, including the external affairs power, insofar as NHFIC’s functions ‘[give] effect to the International Covenant on Economic, Social and Cultural Rights done at New York on 16 December 1966, particularly Article 11 of that Covenant’ (s 10(1)(b)(i))—a remarkable, practical instance of the incorporation of the human right to housing in Australian domestic law. NHFIC’s original functions were:

- an Affordable Housing Bond Aggregator—providing relatively low-cost finance, backed by bond issuance, to community housing providers
- the National Housing Infrastructure Facility—a \$1 billion fund for loans or grants to finance housing-related infrastructure and, since 2022, social and affordable housing projects
- housing market research—filling some of the gap left by the 2014 abolition of the Rudd Government’s National Housing Supply Council.

Since then, several new functions have been added, with more proposed:

- a small program of capacity building grants for community housing providers—to help development proposals for NHFIC finance
- the 2020 Home Buyer Guarantee schemes—providing eligible home buyers (in all but one scheme, first home buyers) a guarantee that reduces the home loan deposit required by participating lenders
- the 2022 proposed Housing Australia Future Fund—a \$10 billion fund for the purchase of financial assets, returns on which will finance a program of availability payments for an estimated 30,000 new social and affordable dwellings
- the 2022 proposed Help to Buy shared equity scheme—providing eligible first home buyers an equity contribution to assist their purchase, to be later paid out or returned by the home owner.

With functions across different sectors and tenures in the Australian housing system, NHFIC/Housing Australia is developing as a centre of housing policy expertise. However, in the explanatory materials for the Albanese Government’s housing legislation, it is still characterised as a ‘delivery’ agency.

Aside from the proposed NHSAC, there are two further independent agencies with research functions relevant to housing and homelessness. One is the Australian Housing and Urban Research Institute (AHURI), which is networked with Australian universities and commissions projects—such as the present research—under its National Housing Research Program. The other is the Productivity Commission, which has inquired into human services reform (2017) and housing programs (2022) and shown a sustained interest in social housing reform—particularly to extend market principles to rents and dwelling allocations. The Productivity Commission also publishes the annual Report on Government Services (ROGS), which includes quantitative data about housing assistance and homelessness components. The standard of housing data in the ROGS is poor, with some measures conceptually flawed, some forms of assistance missing (e.g. affordable housing), and different definitions and reporting undermining comparisons between jurisdictions (see Pawson and Lilley 2022; Pawson, Milligan et al. 2014 for detailed discussion).

Last but certainly not least among the independent agencies with housing-related responsibilities reporting to Treasury are the RBA and APRA—see the Box 1 on these elephants in the housing policy room.

Elsewhere in the Australian Government, the Clean Energy Finance Corporation (a statutory corporation reporting to the Department of Climate Change, Energy, the Environment and Water) is becoming a major investor in affordable housing and private market Build-to-Rent (Pawson, Martin et al. 2019). In the Defence portfolio, Defence Housing Australia is itself a significant developer of housing and, with 17,000 dwellings under management, the country’s largest landlord outside the social housing sector (Defence Housing Australia 2022; Martin, Hulse et al. 2022). Indigenous Business Australia is a statutory agency with the purpose of advancing the commercial and economic interests of First Australians, which includes a role in lending for home ownership. All stand apart from the NHHA and housing policy.

Box 1: Elephants in the housing policy room: the RBA and APRA

Largely unacknowledged as centres of housing policy are Australia's financial authorities and regulators: in particular, the Reserve Bank of Australia (RBA) and the Australian Prudential Regulatory Authority (APRA). Through monetary policy and macroprudential regulation respectively, these institutions wield enormous influence on housing outcomes, but their influence is unguided by formal housing policy objectives.

The RBA, APRA, the Australian Securities and Investment Commission and the Australian Treasury meet quarterly as the Council of Financial Regulators (CFR). Chaired by the RBA, the CFR has no statutory basis but is relatively longstanding, having been established in 1998, when APRA was created to take over the RBA's prudential regulation role. Focussed by its charter on financial stability and efficiency of financial regulation, the CFR's inter-meeting activity is conducted by several working groups, including a 'Housing Market Risk' working group.

The RBA is Australia's central bank and sets monetary policy independently of the government of the day, subject to its statutory mandate: 'the stability of the currency of Australia; the maintenance of full employment in Australia; and the economic prosperity and welfare of the people of Australia' (section 10(2)(a)–(c) *Reserve Bank Act 1959* (Cth)).

For the RBA, 'the housing channel' is crucial to the implementation of monetary policy. For example, when it cut interest rates early in the COVID-19 emergency, the RBA explained:

The lower cash rate also boosts the cash flow of existing borrowers. It supports asset prices, including housing prices, which boosts household wealth and hence spending ... Housing price rises are part of the transmission of expansionary monetary policy to the economy. (Debelle 2021).

At the same time the RBA acknowledged that 'rising housing prices heighten concerns in parts of the community' and have 'distributional consequences'—in terms of the wealth of established owners relative to new buyers and non-owners, and in terms of the differential effect of monetary policy in different housing markets (He and Le Cava 2022). The RBA, however, demurred from managing these consequences (Debelle, 2021). Subsequent to those comments, the RBA has sharply altered course on interest rates, and the housing channel is transmitting a contractionary monetary policy, reducing household cashflows and partly reversing the recent boom in prices.

In the years prior to the pandemic the RBA had itself repeatedly voiced concerns about high house prices and household debt. The concern was not about the risk of GFC-style financial sector instability, but about risk to aggregate demand and economic activity.

Given the high levels of debt and housing prices, relative to incomes, it is likely that some households respond to a future shock to income or housing prices by deciding that they have borrowed too much. This could prompt a sharp contraction in their spending. ... An otherwise manageable downturn could be turned into something more serious. (Lowe 2017b)

Some commentators have suggested that its concern about house prices led the RBA to keep monetary policy tighter than justified by other economic conditions, resulting in higher unemployment (Gross and Leigh 2022; Tulip 2022). Despite stating that it did not target debt or house price ratios (Lowe 2017b), the RBA in other comments suggested that both factors were influencing monetary policy:

We would like the economy to grow a bit more quickly and we'd like the unemployment rate to come down a bit more quickly than is currently forecast. But if we were to try and achieve that through monetary policy it would encourage people to borrow more money and it probably would put more upward pressure on housing prices. And at the moment I don't think either of those two things are really in the national interest. (Lowe 2017a)

One of our public finance interviewees felt the influence of house prices was 'clear', but that the RBA's approach had changed:

If you look at some of their speeches prior to the pandemic, it's clear they were setting monetary policy in response to the housing market and they were keeping interest rates high to try and prevent house prices getting higher. But they've since changed their mind about that and now they are much more explicit about the fact that they don't target house prices, so they've had a bit of an evolution themselves. (PF1)

For present purposes, the point is not to adjudicate on the RBA's monetary policy decisions, but rather to observe first, how monetary policy implicates housing, second, how housing market conditions have implications for monetary policy, and third, how the RBA's understanding of these relationships has changed—without any formal articulation with housing policy, or accountability for housing outcomes.

Beyond the interaction of monetary policy and housing markets, the RBA is significant for housing and homelessness policy as a potential source of finance. As noted in Chapter 2, the RBA from 2020–2022 operated a large-scale government bond purchase program, expending approximately \$5 billion each week (equivalent to one HAFF every fortnight). Despite holding over a third of all outstanding government debt, the RBA maintains the taboo on monetary financing:

The RBA does not, and will not, directly finance governments. While the bond purchases are lowering the cost of finance for governments—as is the case for all borrowers—the Bank is not providing direct finance. There remains a strong separation between monetary and fiscal policy. (Debelle 2021)

RBA orthodoxy is beginning to come under challenge. With the RBA currently under heightened media scrutiny and its first formal review in decades, new questions are being asked about the role the central bank might play in economic reform and public investment. As our second public finance interviewee put it:

Should central banks and financial regulators care about wealth inequality, care about climate change? Care about housing affordability? I think it's all part of the same shift in realising the significance and centrality of finance and banking. When central banks and financial regulators attempt to do 'market neutrality', what they end up doing is reproducing the market as it is. Which is not neutral, at least in terms of its social outcomes and its environmental outcomes. (PF2)

Our interviewee suggested three ways in which the RBA might be brought into reformist policy:

- expand its mandate to expressly contemplate housing outcomes, such as affordability or price stability (as in the revised mandate of the Reserve Bank of New Zealand)
- establish closer correspondence with the policy priorities of the government of the day, such as through remit letters (as issued annually by the UK Treasury to the Bank of England), and
- create term funding facilities for social housing.

APRA regulates banks, insurance and superannuation funds with the aim of ensuring financial system stability. In particular, APRA regulates lenders by setting prudential standards (such as minimum capital requirements and risk management practices for different lending businesses), an approach following from the substantial deregulation of the financial sector in the 1980s, which removed quantitative limits on lending, equalised lending conditions for owner-occupiers and investors, and opened up the number of lenders. However, in the last 10 years APRA has made significant regulatory interventions in housing finance, called macro-prudential tools, to counter what it had regarded as 'a loosening of loan underwriting standards and an increasing share of higher risk forms of lending' following the Global Financial Crisis (APRA 2019).

Two 'tactical' macro-prudential tools targeted rental investors. First, in 2014 a 'benchmark on mortgage lending to investors' was applied to limit the growth of each bank's lending to investors to 10 per cent per annum. As a result, some banks stopped lending to investors for a time, but more generally banks reduced loan-to-valuation ratios and increased interest rates for investor loans. Second, in 2017 an 'interest-only lending benchmark' limited each bank's interest-only lending to 30 per cent of all lending (it had been above 45% for the total banking sector). Again, banks responded by increasing interest rates on such loans. Both measures were formally withdrawn by APRA in 2018, but on the basis that the effects were enduring (APRA 2019). Over 2015–2020, the investor share of lending for housing halved (it has since recovered about half that reduction), and the interest rate differential remains (Martin, Hulse et al. 2022: 26).

A third macroprudential tool of wider application is the loan serviceability buffer that lenders are required to apply when calculating how much they may lend, given an individual borrower's income. In 2014, APRA introduced a standard buffer of two percentage points on top of the current interest rate, subject to a floor serviceability rate of 7 per cent—and, for most of the subsequent period, it was the floor rate that applied, so the level of new credit for housing was restrained relative to the level implied by prevailing interest rates alone. In May 2019, during a dip on house prices, APRA removed the 5 per cent floor rate and increased the buffer to 2.5 percentage points, with the overall effect of freeing up new credit; four months later, with house prices again rising rapidly, APRA increased the buffer again to three percentage points. At this writing in early 2023, with interest rates suddenly higher and house prices declining, there is media speculation as to whether APRA will reduce the buffer to again free up credit provision (Ryan 2023).

Yet other macroprudential tools may be in prospect, with APRA in 2022 requiring banks to have systems in place to enable the speedy implementation of potential future macroprudential rules. As above, the point here is not to adjudicate on APRA's use of its macroprudential tools, but to highlight them as potent housing policy instruments that are not articulated with housing policy objectives.

3.2.2 State and territory governments

State and territory governments hold important housing and homelessness policy levers and are the main delivery agents of housing services in Australia.

Past and present institutional arrangements at this level of government manifest changing housing policy objectives and priorities. In the middle of the twentieth century, state Housing Commissions centred on public housing development and managing capital works. However, in the 1980s and 1990s, they were replaced with housing service agencies that funded and delivered—or, increasingly, contracted out—a more diversified range of housing products to individuals. As the government's role in housing declined from the mid-1990s, there was a further tendency for standalone housing agencies to be collapsed into larger administrations with (primarily) community welfare charters. One upshot of this model has been better integration of previously separately administered housing and homelessness services.

In other respects, however, the scope and influence of housing policy and the potential for policy innovation has been diminished. At times some jurisdictions—New South Wales in the 1990s, and Western Australia in the 2010s—have embraced an alternative approach by bringing a wider set of housing functions together in one agency leading to a more strategic housing policy-led approach. However, these instances have not been enduring. Generally, therefore, market shaping functions and regulatory oversight—e.g. planning for new housing supply, residential tenancies legislation, housing industry policy and building standards and regulations—have remained outside the purview of the primary housing agency (or administrative division) and its Minister. Even within the reduced sphere of social housing policy, state and territory housing agencies have been unable to affect a coherent strategy for the development of the community housing sector. In particular, the sector still lacks a national regulatory scheme (see Box 2).

3. The lie of the land for a national approach to housing and homelessness

The current configuration of state and territory housing arrangements is described in Table 2 below. While the community service model remains dominant, some jurisdictions have recently begun moving against the trend—for example, by re-creating a dedicated housing agency (e.g. Tasmania) or enhancing housing governance mechanisms—via appointing external advisory boards or internal cross agency advisory boards (Victoria and Queensland, respectively). New South Wales stands alone in retaining its 1998 statutory-based Aboriginal Housing Board and dedicated Aboriginal Housing Office, which funds and supports community-controlled housing for Aboriginal and Torres Strait Islander people in that state.

Recent state-level housing strategies (a requirement of the 2018 NHHA) reflect the variable commitment to and scope of housing policy endeavour in each jurisdiction. For example, the 2021 New South Wales strategy lacks an assessment of housing needs, substantial commitments or clear goals and targets (Pawson and Milligan 2021). State-level homelessness strategies are also marked by a diversity of approaches and shifting points of focus. However, during the COVID-19 emergency period, states showed considerable initiative and collaboration on housing and homelessness policy responses: eviction moratoriums, rent relief programs, and the remarkable rapid extension of accommodation to homeless persons. The Australian Government, on the other hand, was reportedly ‘absent’ in the development of these measures (Pawson, Martin, et al. 2021). The short duration of the emergency measures and the resumption of rising homelessness after the temporary accommodation effort was withdrawn also made plain the capacity constraints of the states.

Table 2: Housing administrative arrangements by state/territory, May 2023.

Jurisdiction	Lead agency	Administering entity	Other housing related- entities	Additional governance
NSW	Department of Planning and Environment	Land and Housing Corporation (public trading enterprise)	Department of Communities and Justice-housing services Aboriginal Housing Office (statutory agency)	
Victoria	Department of Families, Fairness and Housing	Homes Victoria		Homes Victoria Board
Qld	Department of Communities, Housing and Digital Economy	Housing and Homelessness Services		Housing Delivery Board Housing Supply Expert Panel
SA	South Australian Housing Authority			South Australian Housing Trust Board
WA	Department of Communities	Housing Authority		
Tasmania	Homes Tasmania			Homes Tasmania Board
ACT	Department of Community Services	Housing ACT		
NT	Department of Territory Families, Housing and Communities			

Source: Government websites

Box 2: Policy coordination break-down: the regulation of community housing

The potential for expansion of social housing in Australia has suffered from a lack of national leadership in policy development, investment and regulation. As a result, there is no coherent strategy for the development of a non-profit housing sector and approaches in individual jurisdictions vary significantly. The recent history of attempts to establish a national regulatory system for community housing exemplify the problem of achieving alignment without national commitment and guidance.

In 2010, an Australian Government discussion paper argued the case for Australia having a consistent system of national regulation and prudential supervision of not-for-profit housing organisations to support that sector's growth and to enhance organisational capacity, including encouraging organisations to operate at scale in multiple jurisdictions (DFHCSIA 2010). Following protracted negotiations, during which the option of national legislation was rejected by governments, an intergovernmental agreement was reached in 2012 between the Commonwealth, four states (New South Wales, Queensland, South Australia and Tasmania) and the two territories (ACT and NT) to adopt a common model of regulation under either new or amended state/territory law. The ensuing model, the National Regulatory System for Community Housing (NRSCH), has operated since 2014 as a series of state-based regulatory systems in those jurisdictions. Victoria and Western Australia have not adopted the model, preferring to retain pre-existing local regulatory systems and to work toward aligning their approach with the NRSCH.

This fragmented approach has resulted in unnecessary complexity and inconsistency of regulatory approaches, which is a barrier to attracting private investment in social and affordable housing at scale (Affordable Housing Working Group 2017). A proposed national independent advisory council intended to monitor regulatory standards and provide advice on future regulatory policy and adaptation has not been established. Without a single agency being responsible, attainment of nationally consistent data on the performance of housing providers has been impeded. Many other aspects and expected benefits of the system have also been found to be sub-optimal. Despite stakeholder calls for a major overhaul (Milligan, Pawson et al. 2017) and the findings of the requisite 5-year review of the NRSCH (Department of Communities and Justice 2020), there have been no major changes to the NRSCH, with the system largely abandoned by national government ever since its formal establishment. An extensive review of the Victorian system of community housing regulation was also undertaken (see Social Housing Regulation Review 2021) and a final report submitted to the Victorian Minister in May 2022.

Key outstanding issues identified through the 2018–20 review process include:

- a growing regulatory burden (especially due to additional contract regulation and overlapping reporting requirements across funding and regulatory systems applying to community housing organisations)
- a lack of regulatory attention to tenant-centred measures and outcomes; design flaws in the regulatory approach (especially the usefulness of the tier system of registration and the efficacy of financial performance reporting standards)
- emerging differences in regulatory approaches and enforcement across jurisdictions within the NRSCH, and
- deficiencies in registrar independence, governance, public accountability and transparency.

There have also been calls to broaden the scope of regulation to include public housing providers with the principal aim of enabling tenant input into regulatory decision-making and improving service delivery to tenants (Social Housing Regulation Review 2021).

The experience of the last few years of developing and implementing a national system of housing regulation through jurisdictional cooperation and collaboration suggests that it is unlikely that major regulatory reform to address issues such as these can be achieved without national leadership.

3.3 Summary

The Australian federation is a concurrent federation, and although there has been a long trend towards the expansion of the Commonwealth's powers, it must interact with the states to implement policies where it lacks a specific head of power, such as in relation to housing and homelessness. Over the years, policy makers and scholars have sought to establish institutions and principles for the cooperative practice of intergovernmental relations, but recent replacement of the COAG, the most enduring intergovernmental institution, by the streamlined National Cabinet comes at a time when the discussion of principles is also at an ebb.

Within the Australian Government, housing policy making is divided. No one agency has overall responsibility for housing outcomes and for forming a strategic view of the housing system. Most intergovernmental activity has been around housing and homelessness conceived of as residualised welfare issues, concerned chiefly with housing services for individuals, rather than the whole system and structure of housing provision (Pawson, Milligan and Yates 2020). The key instrument in this area of policy, the NHHA, is deficient, and policy development regarding other levers such as Commonwealth Rent Assistance has languished. NHFIC, on the other hand, has been developing a broader housing expertise as its functions are expanded. Meanwhile, the Australian Government's financial regulators, the RBA and APRA, are arguably conducting housing policy of their own.

There is similar fragmentation of housing responsibilities at the state and territory level. Reflecting this fragmentation, housing capabilities are dispersed through diverse agencies each having narrowly defined roles and priorities. This is at odds with the complex and interdependent nature of the housing system and is a barrier to coherently addressing the full scope of the housing policy challenges outlined in Chapter 2.

Deterioration in policy making capacity across the public service has been widely observed for some time, particularly in the housing space (Milligan and Tiernan 2011). The most recent independent review of the Australian Public Service (APS) attributed the decline to many factors, among them: increased outsourcing of policy advisory functions; undervaluing of domain expertise in public service recruitment; difficulty maintaining strategic policy roles amidst ongoing efficiency savings; and prioritisation of short-term, politically-driven policy agendas (DPMC 2019). Added to these general trends, the refusal of a strategic housing role by the Australian Government (Pawson and Milligan 2023) and the downgrading of most dedicated housing agencies at the state level, has decreased the capacity and influence of housing policy makers.

4. National approaches to policy in Australia: reflections from experts

- **There is no template for a national approach to policy. Making a strategy is itself a strategic process of engagement and constituency building.**
- **Australia’s international obligations are a good point on which to engage policy makers in diverse areas.**
- **To coordinate strategy development and implementation, a dedicated lead agency may be needed to communicate requirements and secure commitments from other agencies.**
- **Accountability is crucial for demonstrating commitment to the policy reform process and the people it is meant to serve.**

This chapter presents, in three sections, our analysis of expert reflections on national approaches to policy in Australia, which we gathered in the fieldwork for the present research. The first and second sections are brief case studies on policy for Australia’s First Nations and disability policy—two policy areas that have recently seen prominent ‘national approaches’ to reform, and with numerous points of contact with housing and homelessness policy. The third section discusses the major themes from our workshop, which ranged over the diverse policy areas in which the participants have expertise.

4.1 Policy for First Nations and Closing the Gap

4.1.1 Background

The guiding principle of First Nations advocacy in Australia and internationally is self-determination, which is ‘used by *Indigenous Australia to conceptualise for mainstream Australia the distinct cultural and structural claims that Aboriginal and Torres Strait Islander peoples are making of the Australian State*’ (Davis 2008).

Self-determination has also been adopted by governments and other agencies as a principle of policy and service reform. Following the 1967 referendum granting the Commonwealth power to make laws with respect to First Nations, which marked the death-knell of states’ racist ‘protection’ regimes, self-determination was adopted as the objective of the Whitlam Government’s Department of Aboriginal Affairs (1972), and later by the Hawke Government when it established the Aboriginal and Torres Strait Islander Commission (ATSIC) (1990). ATSIC involved elected First Nations people in policy making and program design via the COAG-endorsed ‘National Commitment to Improved Outcomes in the Delivery of Programs and Services for Aboriginal Peoples and Torres Strait Islanders’ in 1992.

Self-determination is now the express objective of the National Agency for Indigenous Australians (NAIA), the Australian Government's lead agency for First Nations policy, and of numerous various state and territory agencies and statutory regimes (including, for example, the NSW Aboriginal Housing Office and Aboriginal Housing Victoria) (Pawson, Milligan and Yates 2020: Ch. 7)

At times, however, governments have deliberately eschewed self-determination, preferring instead mainstream approaches or 'practical measures' or, in some instances, swingeing reaction and paternalism, such as in the 2005 abolition of ATSIC and the 2007 military intervention in the Northern Territory. As a result, policy regarding First Nations over recent decades has been erratic, with sometimes drastic changes in funding levels and community engagement. This has diminished trust in government. Allocation of resources and service delivery approaches have also varied geographically—chiefly through differentiating the roles and responsibilities of federal and state/territory governments respectively in remote and non-remote locations.

In 2008 the Rudd Government initiated, with COAG endorsement, the 'National Integrated Strategy for Closing the Gap in Indigenous Disadvantage' (COAG 2008). Although it avoided the terminology 'self-determination', Closing the Gap (CTG) heralded a more integrated, cohesive and long-term multi-government approach to improving Indigenous life expectancy, educational achievement, and economic opportunity. The initial ten-year strategy was supported by domain-specific funding agreements (such as the National Partnership Agreement for Remote Indigenous Housing 2008–2018 (NPARIH)) and implementation plans, which included specific targets for reducing Indigenous disadvantage across a range of service areas (e.g. healthy homes) and a performance monitoring regime accountable to Parliament to assess progress. In 2009, the Australian Government endorsed the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) (which had been voted against by the Howard Government in 2007) and represented CTG as a key policy platform giving effect to the Declaration.

The 2008 strategy was subject to considerable criticism and generally did not achieve its targets, but CTG has endured as a national bipartisan policy model. Renegotiated in 2019 with the Coalition of Aboriginal and Torres Strait Islander Community-Controlled Peak Organisations (the 'Coalition of Peaks') and adopted by COAG, the current iteration of CTG—the CTG Agreement—expressly invokes self-determination and establishes a new government-community partnership model of governance and a priority agenda for reform (DPMC 2020b).

4.1.2 Recent reform directions in policy for First Nations

The 2020 National Agreement on Closing the Gap (CTG Agreement) has boosted the policy making process by placing greater emphasis on joint government community decision-making and policy co-design. Some key elements of the new governance approach with potential wider application are highlighted below.

- **The Coalition Peaks.** In the absence of another accepted voice to governments, the Coalition of Peaks formed in 2018 to call for formal input by First Nations communities and organisations to the intended 'refresh' of the National Closing the Gap Strategy. A partnership approach to the latest CTG Agreement was proposed by the Coalition of Peaks, which at the time comprised over 50 First Nations community-controlled peak and member organisations across Australia. As a result of their initiative, the Coalition of Peaks are co-signatories alongside the Australian Government, all state and territory governments and ALGA to the Agreement.

Membership of the Coalition of Peaks has now climbed to over 80. Among the additional members is the First Nations housing peak, the recently founded National Aboriginal and Torres Strait Islander Housing Association (NATSIHA). This entity will be crucial to effecting strong government-community partnerships in the housing domain.

- **Governance by Joint Council.** The CTG Agreement establishes a Joint Ministerial and Coalition of Peaks Council on Closing the Gap (Joint Council). The Joint Council was the first Council formed under COAG to have formal non-government membership, and it remains so under the National Cabinet's architecture. Its role is to support national leadership, coordination and cooperation on Closing the Gap and provide advice to the National Cabinet, as it did to COAG.

Membership of the Joint Council is made up of 12 elected members of the Coalition of Peaks, a Minister chosen by each government, and a representative of the ALGA nominated by its president. The Joint Council is co-chaired by a representative of the Coalition of the Peaks and the appointed Commonwealth Minister.

- **Policy Partnerships.** The CTG Agreement provides for policy partnerships wherein First Nations representatives, communities and organisations participate directly in negotiating and implementing reforms and strategies derived from the Agreement. Policy partnerships are initially being formed in five CTG policy domains, including housing, which will first convene in 2023. Policy partnerships are resourced to meet regularly (e.g. quarterly) with Commonwealth lead agencies and state and territory government officials. Capacity building and independent secretarial functions will be supported where required. Each partnership will be enabled to commission research, engage experts, undertake community consultation, develop data, and undertake independent reviews and evaluations in accord with their annual work plans. Provision has also been made for place-based partnerships to bring government agencies and local communities together, to reduce gaps and duplication in local service delivery and to respond to community-led initiatives.
- **Sector strengthening plans.** The CTG Agreement recognises the right to self-determination by First Nations and commits to enabling more service delivery through sustainable community-controlled organisations. To advance this, priority has been given to investment in ‘sector strengthening plans,’ initially in the four service areas of early childhood care and development; housing; health and disability. The plans, to be developed over 2023–2024 by each jurisdiction in consultation with the Agreement governance (see above), will encompass proposals for workforce development, capital infrastructure, service provision models, and governance (including peak bodies).
- **Access to data and information.** The Agreement specifies that all parties are equal partners that have equal access to processes, information and data to support shared decision making, including appropriately disaggregated data. Development of community expertise in collecting and interpreting data is proposed to underpin this.
- **Transforming mainstream organisations.** The Agreement’s priority areas for reform include attention to systemic change in mainstream government agencies serving First Nations people. Elements include eliminating racism, embedding cultural awareness, ensuring cultural safety, reconciliation action, adopting community partnerships and greater transparency in resource allocations.
- **Public accountability.** Features of enhanced accountability under the Agreement include implementation plans published by each of the parties, a dashboard to inform reporting of progress against targets and key indicators, annual public reports by each party to the Agreement, and a three-year review of the Agreement by the Productivity Commission to be followed by an independent First Nations-led review and formal responses by the partnership parties.

4.1.3 Reform progress

In February 2023 the Productivity Commission published a report on its initial engagement with stakeholders about progress in implementing the CTG Agreement, focussing on its priority areas for reform (Productivity Commission 2023). The report indicates that while there is government and community commitment to making the CTG Agreement work, progress on reform and inclusion has generally been disappointing to First Nations stakeholders and is patchy across jurisdictions. As summed up by the Coalition of Peaks:

There is a lack of understanding about what shared decision-making means; there has been limited progress to support our community-controlled organisations and build an Aboriginal and Torres Strait Islander workforce; institutional racism remains unaddressed; and access to quality and meaningful data is still limited. (Coalition of Peaks 2023, February 9)

A further major concern is the alignment of government funding in all jurisdictions with the outcomes and priorities specified in the CTG Agreement—especially better access to funding by community-controlled organisations. The need to advance joined-up policy action to address the interdependency of socio-economic outcomes under the Agreement was also highlighted. This is particularly pertinent in the housing domain where housing outcomes can strongly impact on educational attainment, health and safety, and access to employment and training, and vice versa.

Following release of the report and an address on progress on Closing the Gap by the Co-convenor of the Coalition of Peaks to National Cabinet, Australian Governments recommitted to the CTG Agreement (Prime Minister of Australia 2023a).

Notwithstanding reported slow progress on their implementation to date, recent changes to the architecture for First Nations policy making are arguably among the best examples of participatory decision making in public policy being attempted in Australia at present. Positive aspects with potentially wider application include formal participation by non-government organisations in policy making (including at Ministerial level), formalised information and data sharing between agreement partners, investment in building capacity for joint participation and decision making and improved public accountability for socio-economic outcomes by all parties.

4.1.4 Housing and homelessness under the CTG Agreement

One of the 17 outcome areas of the CTG Agreement is 'Aboriginal and Torres Strait Islander people secure appropriate, affordable housing that is aligned with their priorities and need'. The CTG Agreement's headline priority for community-controlled organisations is also relevant, carrying the strong implication that First Nations community housing organisations should have a growing role in the delivery of housing services.

The targets associated with the housing outcome are narrowly drawn: to increase the proportion of Aboriginal and Torres Strait Islander people living in appropriately sized (not overcrowded) housing to 88 per cent by 2031 (from 79% in 2016: Productivity Commission 2021), and to raise essential services in communities to the standard of services in towns. Even if the 'appropriately sized' target is achieved, it has been estimated that around 125,000 Indigenous Australians will remain inadequately housed; 60 per cent of whom will be in remote areas (Dillon 2022). Similarly, achieving the priority for community-controlled organisations to successfully deliver more housing will involve recognising the true costs of housing service delivery, especially in remote and discrete communities (Nous Group 2017).

Funding for programs to achieve the CTG housing outcome and other reform priorities is the responsibility of national, state and territory governments. Since the 2018 expiry of the NPARIH, funding responsibility for remote area First Nations housing has been almost entirely devolved to the states and territories (except in the Northern Territory where a partnership arrangement continues until 2024), so jurisdictions must make their own specific funding plans.

Devolution of responsibility for remote area housing has occurred within a longer-term diminution in funding dedicated to First Nations housing, which is of course part of the larger shortfall in mainstream funding for social and affordable housing (Pawson, Milligan and Yates 2020). In their 2022 review of the NHHA, the Productivity Commission has documented their concern with poor transparency in what housing programs and services for First Nations people are being funded by states and territories (Productivity Commission 2022). Underlying this problem, the Commission notes *'the NHHA commits to the overarching outcome of contributing to improved housing outcomes for Aboriginal and Torres Strait Islander people [but] ... does not articulate specific objectives, outcomes, actions or targets for Aboriginal and Torres Strait Islander housing'* (Productivity Commission 2022: 427). As highlighted by NATSIHA *'it is vital that the next version of this Agreement does so'* (NATSIHA 2022).

Lack of clarity around funding levels and the scope of target outcome measures, together with the loss of previous dedicated funding sources and failure to adequately protect existing assets, brings into question the quality of future funding commitments to First Nations housing.

4.2 Disability policy and strategy

4.2.1 Background

Historically, disability policy in Australia was largely a matter of state and charity-operated institutions, and later in-community services, for people with disability. The Commonwealth was originally empowered only with respect to 'invalid pensions', but after the Second World War expanded its role first in the provision of rehabilitation services, then funding for disability services (under the *Handicapped Persons Assistance Act 1974* and the *Disability Services Act 1986*) and anti-discrimination legislation (the *Disability Discrimination Act 1992*) (Stubbs, Webster and Williams 2020).

In the 2000s, Australian disability advocates and policy makers sought a re-orientation of disability policy towards the rights and participation of people with disability, consistent with developments in international human rights obligations. In 2008, the Australian Government ratified the *United Nations Convention on the Rights of Persons with Disabilities 2006* (UNCRPD) and committed to developing a National Disability Strategy (NDS). In 2009, the Commonwealth and state and territory governments also made the National Disability Agreement under the new Intergovernment Agreement on Federal Financial Relations.

In preparation for the Strategy, the Australian Government established the National People with Disabilities and Carer Council (NPDC). In consultation with people with a disability and their carers, the NPDC produced the report *Shut Out: The Experience of People with Disabilities and their Families in Australia*, an excoriating record of the exclusion and lack of support experienced by people with disability. It also advanced a vision for the NDS as 'a whole-of-government, whole-of-life approach [that] will ensure that there is coordinated and comprehensive planning across all portfolios and between all levels of government' (NPDC 2009 62). Notable recommendations included:

- creation of 'lifetime care and support scheme' with 'person-centred planning' and individualised funding
- an Office of Disability to coordinate efforts across portfolios and between levels of government
- increased funding to advocacy and other non-government agencies to participate in monitoring and evaluation of the strategy (NPDC 2009).

One of our disability policy interviewees summarised the Council's message to the Australian Government:

As important as it was to look at disability support, we need to look at every aspect of people's lives. If we're genuinely interested in closing the gap on life outcomes for people with disability versus those without, we had to look at all aspects and not just disability support. ... That very significant moment where it stopped just being the federal government initiative and became a COAG initiative was really important. (DP1)

4.2.2 Content of the National Disability Strategy 2010–2020

Launched in 2010 as 'a shared agenda to help achieve the vision of an inclusive Australian society that enables people with disability to achieve their full potential as citizens' (Australian Government 2011; National Disability Strategy 2010–2020: 15), the NDS set out six priority areas of policy action, broadly aligned with the principles of the UNCRPD and other disability-related international obligations:

1. Inclusion and accessible communities
2. Rights protection, justice, and legislation
3. Economic security
4. Personal and community support
5. Learning and skills
6. Health and wellbeing (Davy, Fisher et al. 2019).

COAG agreed to the Strategy in February 2011, with governments committing to a series of implementation/monitoring plans, tracking national progress against each of the six Strategy outcome areas (Department of Families, Housing, Community Services and Indigenous Affairs 2012). The Australian Government also engaged the Productivity Commission to report on 'a national disability long-term care and support scheme in Australia', which would become the centrepiece of disability policy reform.

The National Disability Insurance Scheme (NDIS) was established under the *National Disability Insurance Scheme Act 2013* and was rolled out nationally from 2016. Jointly funded by the Australian and state and territory governments separately from the National Disability Agreement, the NDIS effects a fundamental shift in disability service provision, addressing people with disability as 'participants' in the making of individual goals and plans, and funding them to purchase reasonably necessary services from a marketplace of providers. A major new federal statutory agency, the National Disability Insurance Agency (NDIA), administers the scheme.

Notably, the NDIA does not develop or implement disability policy in the wider sense contemplated by the Strategy and the Office of Disability recommended in *Shut Out* was not established. Meanwhile states and territories have scaled back their own regulatory and service provision roles to different degrees, with New South Wales government virtually ceasing disability service funding and provision outside the NDIS.

While a remarkable achievement, it has been suggested by disability advocates and disability representative organisations that the NDIS came to dominate government attention and focus was lost on many other outcomes under the Strategy:

I feel that apart from the NDIS you can point to very little progress in most areas of the National Disability Strategy. And that is in part because of the NDIS; the governments proved that they couldn't walk and chew gum at the same time. And the NDIS sucked up all the oxygen in the room and they didn't make progress in other areas. And I would say that very little of the other areas in the strategy had resourcing. (DP2)

4.2.3 From the NDS to Australia's Disability Strategy

In 2017, COAG and the Disability Reform Council brought forward reviews of the NDS and the National Disability Agreement to inform the development of a new national disability framework for the period beyond 2020 (Davy, Fisher et al. 2019; Productivity Commission 2019). DP2 summarised the main themes of disability community feedback:

There was a lot of talk about what had changed and what hadn't. So, what had changed was, unsurprisingly, people had more support. Spend a few billion dollars and you'd hope that that had changed! But everything else pretty much hadn't. A lot of stuff, particularly on the economic front, the economic indicators around poverty, having enough money, had gone backwards. (DP2)

The evaluation found that the principles and goals of the Strategy were good but highlighted crucial formal shortcomings: the NDS lacked clear, measurable goals, timelines and accountabilities for implementation, and the lack of a single agency responsible for coordinating the implementation of the Strategy at Commonwealth or state/territory levels resulted in uneven implementation across jurisdictions. Among other substantial gaps, the evaluation noted '*affordable and accessible housing in the community, including supported housing options, were identified as a missing aspect of the NDIS and the Strategy*' (Davy, Fisher et al. 2019: 21). Separately, disability advocates and representative organisations criticised the NDS for failing to ensure that people with a disability were represented in all aspects of its '*governance structures, outcomes framework, monitoring, reporting and decision-making processes*' (CRE-DH 2020-1; CRE-DH 2020-2).

In 2021, after a further round of consultation, the Australian Government launched *Australia's Disability Strategy 2021-2031* (ADS), with the intention of strengthening process for implementation, monitoring and reporting. It revises the earlier Strategy's outcome areas, with an 'inclusive home and communities' outcome and an additional 'employment and financial security' outcome. Key features include:

- **Targeted Action Plans** in priority areas for additional work over 1–3-year periods. There are currently five Targeted Action Plans, with others intended for the future; the current five do not include housing and homelessness.
- An **Engagement Plan** outlining the ways people with disability will be engaged to inform the Strategy's implementation, monitoring and reporting (Commonwealth of Australia 2021).
- An **Outcomes Framework** measuring the contributions that key systems are making to ADS's outcome areas (Commonwealth of Australia 2021; AIHW 2023). For example, current measures under the 'inclusive homes' outcome include the percentage of social housing dwellings that meet the Liveable Housing Design standard; in future, the percentage of all new dwellings built to the National Construction Code accessibility standard.

The ADS is also designed to be the basis for Disability Inclusion Action Plans by state and territory and local governments (Commonwealth of Australia 2021). There is still no specialised disability agency at the Commonwealth level, but some state and territory governments have recently established Offices of Disability within their human services or communities' departments to lead policy development at that level.

According to interviewee DP2, the ADS 'has all of the nice stuff that you hope to see in a policy framework that might actually mean something' but suggested that the measures of outcomes appeared to be 'anything at the state/territory level that had disability written on it' (DP2). DP2 also wondered, 'a targeted action plan on housing—how would you get that to happen?', considering the long unanswered advocacy by people with disability on the issue.

4.3 Reflections from an expert workshop on national approaches to policy in Australia

Our October 2022 workshop (see Chapter 1.2) comprised 10 Australian experts on policy making in diverse fields—with professional roles as senior public officials, academics, community advocates or economic and social policy consultants. Participants were invited to reflect on their own policy domain knowledge and experience, and to apply this to how a national approach to a major policy issue could be best developed and underpinned. This dialogue with the research team was intended to complement the interviews held with key informants, which focussed on the vision for and scope of housing and homelessness policies *per se*. Key themes canvassed during the workshop included the rationale for a national approach, multi-level governance, institutional requirements, constituency building and stakeholder voice.

Below we summarise valuable contributions. The views that were offered are not attributed, and not expanded on or discussed critically here. Nor are they intended as a comprehensive record of the topics that were aired during the workshop: rather they are reported as one part of the research evidence that has helped to shape our thinking about a way forward for a national housing and homelessness strategy, as laid out in Chapter 6. Quotes included are the verbatim comments of workshop participants.

4.3.1 Rationale

Participants supported and suggested different ways of reframing the debate on housing away from old thinking about tenure and the primacy of home ownership that has dominated political discourse over the last eight decades.

Intergenerational rights and risks. One position held was that a national perspective on housing policy could be more sharply framed by emphasising the allocative role housing plays in the rights and risks assumed between generations and households of differing income, as well as the inequality of opportunities offered by one's heritage as an owner or tenant of property. While Australia has been a nation of (now ageing) owners and renters, long-term renters are now the fastest growing group of households across all income bands and age groups. The latter's needs and rights should be recognised as a political priority. Therefore, reform of the private rental sector to align with housing policy objectives will be necessary to provide an alternative to home ownership for younger workers.

Infrastructure. Housing, or more specifically social housing, can justifiably be framed as infrastructure—i.e. an asset that generates a social good—not as a residual problem resulting from a malfunctioning system. This framing recognises the community benefits of having social housing included in all local communities. These include reduced crime, health cost savings, better education outcomes and increased productivity.

Australia's social needs are indelibly connected to its capacity to plan for and guide investment towards necessary infrastructure, whether this be social housing, schools or public transport. A key problem to now has been that the superannuation industry has not been geared to mission-focussed strategic investment suitable to Australia's needs. This is an area now receiving attention from the Albanese Government.

Wellbeing and care. Another way of reframing the debate could be to draw on health economics and the concept of a 'wellbeing' model. From this perspective, housing should be measured in terms of how it contributes to the core capabilities of households to participate in society. The productivity implications of housing expenditures are a powerful way of arguing for reform. It becomes a way of evaluating outcomes of housing policies and building the case for reform over the longer term.

If you don't have a house, you can't have a job. And the more you spend on housing, the less you have to invest in your health, in your education, in food, and that creates inefficiencies more broadly, it lowers overall wellbeing. (Workshop participant)

Care economy ideas are also highly relevant to housing and should be given more prominence. Across the whole workforce, the fastest growing sectors are healthcare and social assistance. But these are sectors with huge problems of poor pay and conditions and inadequate capacity. A focus on the workforce is a necessary complement to discussions about housing as infrastructure.

A moral framework on the ethics of care is a viable alternative or complement to the ethics of rights. (Workshop participant)

SDGs and human rights. Globally, one of the most coherent and influential statements of housing objectives is the United Nations Sustainable Development Goal 11—the imperative to 'make cities and human settlements inclusive, safe, resilient and sustainable', with 'access for all to adequate, safe and affordable housing'.

4.3.2 Multi-level governance and institutional support

Australia has a history of uneven and sporadic policy attention being given to housing at the national level. Sustaining the attention of the Commonwealth on housing policy concerns is more likely to be achieved when connected to intergovernmental coordination mechanisms. This has most recently been seen during the national health emergency of COVID 19. Lack of access to adequate housing could similarly be framed as a national crisis requiring 'all hands on deck' collaboration or, alternatively, as a nation building idea. Among other things, this will require rebuilding long-term capacity in housing policy making at all levels of government with national oversight being particularly crucial.

Problem identification is important, but so too are institutions because so often in Australia political agreement does not hold. So, it's not only a question of how to secure government attention to such a policy area, but how to retain it. (Workshop participant)

A broader discussion about reform of the Federation, which may be regathering after the false step of the 2014 White Paper, could also inform future ideas about respective Commonwealth and state roles in housing policy.

If housing is framed as essential infrastructure (as discussed above) it becomes a natural realm for tri-partite collaboration in terms of taxation and social security provisions (a Commonwealth responsibility), micro-economic reform (state and territories) and local community building (local government and civil society).

Greater recognition of the multi-level governance involved in housing outcomes, would foster more collaborative agreement on solutions. (Workshop participant)

Following from this, collaborative design of policy instruments affecting housing—especially land tax, capital gains provisions and residential investment—could shape new improved circuits of investment that promote supply and access to more affordable housing, as seen in the leading international exemplars of housing strategy (Chapter 5). To achieve this a realignment of government roles and responsibilities and new institutional supports would be required. There needs to be recognition of the different interest groups, trade-offs and redistribution of benefits that will be needed. In this context, the concept of an ‘Accord’ is attractive but, as discussed below, there is not an organised group of housing interest groups that yet has the power to engage in these discussions and trade-offs.

It was also noted that a particular institutional barrier and possible priority for reform is the role of local government in housing, which has been overlooked and neglected in Australia.

In many other European countries, local government plays an important role shaping housing and neighbourhood development, through land policy, integrated planning, and direct provision. (Workshop participant)

The importance of codifying intended outcomes for housing interventions in legislation and regulation was also highlighted, with reference to overseas examples.

4.3.3 Constituency-building

While Australia has an architecture for enabling intergovernmental agreement on matters such a housing and homelessness, participants argued that this on its own is insufficient for progress on a major challenge to occur and be sustained.

A high-level political agreement on the problem and how to solve it is required in order to establish and progress a vision of reform. (Workshop participant)

This viewpoint is corroborated through experience from other major policy agendas where there has been progressive change, such as Indigenous land rights, post-retirement welfare, and disability policy. An agreed political approach to solving major social questions, such as access to adequate housing, is therefore required from an early stage of strategy formation.

Beyond the establishment of political consensus, agreement is also required on the causes of inadequacies in housing. There is currently a range of views on this, with some economists narrowly pointing to land supply and planning on the one hand or conversely, the inadequate supply of social housing on the other, placing both at the feet of state responsibility. Others emphasise demand-side drivers, such as taxation concessions, mortgage flows and migration, processes which are clearly in the realm of Commonwealth regulation.

Another key challenge is to achieve a consensus understanding on the under-performance of the housing system, and on how the causes might be addressed. (Workshop participant)

4.3.4 Community voice

There was considerable alignment of participant views on the weakness of processes that give voice and power to those who are currently marginalised or disadvantaged in policy making, both in housing and elsewhere.

One instance of this is seen in the concerns of people with disability. According to experts in this field, the expanded choice promised by the NDIS and Specialist Disability Accommodation has not materialised, production has only met half of the targets and many clients remain subject to service capture.

People with a disability wanted more control over the services provided to them at the same time government was enthusiastic about privatisation. However, we have ended up with a system that doesn't really satisfy either of these objectives or anyone. (Workshop participant)

A key learning from the NDIS model is that disability service providers were a strong voice who ultimately influenced the model and its current lack of regulation. (Workshop participant)

This has resonance for housing policy's ability to address the diversity of housing need in a market system dominated by private landlords and established home owners, and where there is not an organised community of interested tenants with power to engage in policy making.

Empowerment is also a continuing struggle for marginalised First Nations Australians. Enabling their role in national housing strategy-making should learn from innovations in the governance for the latest CTG Agreement, as well as innovations in state level processes (such as the Local Decision-Making models and processes evolving in NSW, and the Victorian Aboriginal Housing and Homelessness Strategy, which was developed in partnership with the First Nations community there).

With an eye to the growing importance of the care economy, one participant made the case that housing policy should become more firmly rooted in the ethics of care, learning from experience in policy areas such as aged care, disability services and social housing.

In these sectors, people as customers and the low paid workforce that supports them are rarely given an adequate voice or attention in policy making. (Workshop participant)

Overall, the workshop concluded that a more structural housing policy response is required—one that shapes market processes and recognises the critical role that secure affordable housing plays in health, education and other life outcomes. Concern was expressed that housing outcomes have become too reliant on market-driven processes and individualised benefits. A fairer national housing approach will require a focus on shaping markets for the greater good and giving strong voice and power to those who are currently marginalised or disadvantaged by current policy shaping market processes. This will require a clear articulation of what housing policy is trying to deliver; and where appropriate, codifying this vision into legislation and regulations guiding the use of land, circuits of investment in housing and direct government procurement.

4.4 Summary

In this chapter we reviewed the recent national approaches to policy for Australia's First Nations and to disability policy, and the wider reflections of a group of experts in Australian policy making. There is no template for creating and maintaining a national approach to a policy area in the Australian federation, and experience suggests that frustrations and disappointments will outnumber achievements even in high profile reform projects. However, experience also suggests some common themes—albeit varied—among the pitfalls, and among factors that can elevate and sustain efforts at reform.

The first, perhaps obvious, theme is **process**: a national approach is necessarily processual and no successful national strategy springs fully formed from the head of a policy maker or advocate. Both the case studies involved, at different stages, significant consultation processes: in each case, a correction to the specific ways in which First Nations and people with disability have been excluded from policy making and even individual decision-making. But beyond those specific areas, our experts reflected on the general importance of building an informed constituency for policy reform. This constituency is both in the members of the public whose interests are at stake, and in the institutions that effect policy. Both case studies also involved significant 'refreshes' or revisions that changed the form of the strategy and, in the case of CTG, the parties to it. The development of a national strategy is itself a strategic exercise.

To commence the process, Australia's **international obligations** often serve as a useful starting point or common ground on which to engage diverse policy makers. Australia's ratification of the UNCRPD was an important precipitating factor for the National Disability Strategy, and the belated endorsement of UNDRIP shored up the CTG Strategy. Our experts considered the UN SDGs to be a cogent statement of goals for policy reform. Beyond that starting point the implications for different institutions or areas of activity may be framed quite differently.

To maintain the process of national reform, a **dedicated agency** may be needed to coordinate implementation requirements across the various other agencies and non-government actors involved. Such an agency now exists for Indigenous policy making but has been lacking in disability policy: within terms of its statute, the NDIA does not have this role, and agencies beyond DSS have not been really engaged in relevant aspects of the NDS.

Finally, experience shows the importance of **accountability** in national approaches to policy reform. This means more than accounting for the expenditure of public money, or for 'value for money' in outcomes; it is about demonstrating commitment to the objectives of the reform process to the other agencies and stakeholders in the process, and to the people it is intended to serve. In our case studies, there were questions about the narrowness of outcome metrics and, especially relevantly for our purposes, about commitment shown to the housing aspects of both policy areas. It remains for a comprehensive national housing and homelessness strategy to make the substantial commitments to improving housing outcomes in line with the aims of these associated strategies.

5. International case studies of housing and homelessness strategies

- **Canada’s 10-year National Housing Strategy marks a return to affordable housing policy by the federal government.**
- **The strategy’s rights-based approach, statutory basis and advisory and accountability agencies are important institutional innovations.**
- **Although it makes substantial commitments, the strategy’s focus on affordable rental housing is relatively narrow. It does not address tax and finance settings that contribute to housing problems.**
- **Austria’s federal legislation and successful metropolitan planning enables a growing cost-rental sector.**
- **Finland’s national housing agency, intergovernmental agreements on land, transport and housing, and purposeful municipal land policy ensure affordable rental provision.**
- **Scotland carries out long-term, effective public administration, investment and regulation.**

In this chapter we look internationally for lessons for an Australian housing and homelessness strategy. First, we examine Canada’s National Housing Strategy as a contemporary case study of a national strategy in a comparable country, drawing on interviews with numerous local experts there. Second, the chapter examines potentially relevant strategic approaches undertaken in Austria, Finland and Scotland—revisiting a few of the countries examined in earlier AHURI research (Lawson, Legacy and Parkinson 2016; Lawson, Gilmour and Milligan 2010; Lawson and Milligan 2008).

5.1 Canada’s National Housing Strategy

With a population of just over 38 million people—about half again as large as Australia’s—Canada is, like Australia, an independent federation of former British colonies and a multicultural, highly urbanised society occupying First Nations’ lands. Also like Australia, Canada is a majority owner-occupier society whose second housing tenure is private rental, and social housing a small third component.

Commencing in 2017 for an initial 10-year period, Canada's National Housing Strategy (NHS), represents the re-engagement by the federal government in the realm of housing policy after an extended period of decentralised withdrawal. The NHS aims to address 'core housing need', build capacity among housing providers, and reduce homelessness. The NHS involves federal, provincial and territorial governments co-funding universal programs and tailored bilateral agreements and, more recently, direct federal funding of city governments to address homelessness.

This case study draws on a documentary review and a program of interviews with Canadian housing policy experts.

5.1.1 Background to the Strategy

In the post-war era, the Canadian federal government had a relatively extensive role in housing policy, through the Canada Mortgage and Housing Corporation (CMHC). The CMHC, established in 1946, facilitated home ownership by securitising mortgage lending and guaranteeing mortgages, and collaborated with provinces and territories in public investment in social rental and cooperative housing. In the 1990s, the federal government narrowed its role to supporting home ownership, and devolved responsibility for social and affordable housing to the provinces.

Following the Global Financial Crisis, the capacity of provincial governments to go it alone on housing issues, including the maintenance of income-related rents in public housing, was more widely questioned, and from 2015 advocacy by several provincial and city leaders and civil society groups pushed affordable housing into mainstream discussion. In 2017 the Trudeau Liberal Government, re-elected on a platform that promised a national housing strategy, launched a consultation process for the strategy, and in 2019 legislated the *National Housing Strategy Act 2019*. Originally budgeted at CAD \$40 billion in roughly equal contributions by federal and provincial/territory governments, total funds for strategy initiatives were subsequently boosted to CAD \$82 billion over 10 years, including as an economic stimulus response to the COVID-19 pandemic.

This impressive-sounding sum is undercut by the withdrawal of funding under prior social and affordable housing programs set to expire during the NHS period. In Australian terms, the average annual expenditure is equivalent to AUD \$9 billion, which is somewhat more than the total expenditure by Australian governments on social housing and homelessness in 2020–21 (AUD\$7.8b: Productivity Commission 2022).

5.1.2 Focus of the Strategy

From the launch of the consultation process, Canada's strategy has been framed as a 'human rights approach' to housing, and the *National Housing Strategy Act 2019* (Can) includes the following declaration at section 4:

It is declared to be the housing policy of the Government of Canada to

- (a) recognize that the right to adequate housing is a fundamental human right affirmed in international law;
- (b) recognize that housing is essential to the inherent dignity and well-being of the person and to building sustainable and inclusive communities;
- (c) support improved housing outcomes for the people of Canada; and
- (d) further the progressive realization of the right to adequate housing as recognized in the International Covenant on Economic, Social and Cultural Rights.

The focus of the NHS is assisting households in 'core housing need', defined as households in housing that is inadequate (i.e. in need of major repair), unsuitable (i.e. crowded) or unaffordable (costs more than 30% of household income), and where the local median rent for alternative housing is also unaffordable (Statistics Canada 2021). The NHS set the following targets, and subsequently revised some:

- 530,000 households removed from housing need
- Reduction of homelessness by 50 per cent—revised to 100%

- 100,000 new dwellings constructed—revised to 160,000
- 385,000 existing dwellings repaired—revised down to 300,000
- 385,000 community housing dwellings ‘protected’ (i.e. operating subsidies maintained)
- 300,000 households assisted through a new Canada Housing Benefit (Government of Canada 2019).

The financial centrepiece of the NHS is the National Housing Co-Investment Fund, which provides low-interest loans and grants for housing construction and repair projects to housing organisations in partnership arrangements with provincial and municipal governments. Other major funding programs under the NHS include:

- the Canada Housing Benefit, a new affordability payment to households jointly funded by the federal and provincial governments, and
- the Rapid Housing Initiative, a COVID-19 emergency response that funds the construction of accommodation for homelessness persons.

A range of smaller funding schemes under the NHS include the Rental Construction Financing Initiative (loans for new rental construction), the Affordable Housing Innovation Fund (grants for innovations in construction, financing and tenure, including Rent-to-Own), and the Federal Community Housing Initiative (extending operating subsidies for community housing).

Outside of these areas, relatively little attention has been given to other housing tenures such as home ownership (including shared and cooperative ownership), although the federal government has continued to develop new concessions intended to assist first home buyers (Pawson, Martin et al. 2022). The general view among interviewees was that more complex housing issues, such as equality, locational adequacy and climate neutrality, and the drivers of housing unaffordability in tax settings, incomes and labour relations, financial regulation, monetary policy and land policy have been given little attention.

5.1.3 Implementation and governance

Canada’s strategy was driven by strong political commitment at the federal level, and senior executive leadership from the Ministry of Finance and CMHC. Evidence informing the NHS came from assessments of ‘core housing need’ (CHMC 2014; Cox and He 2016) and the national consultation process led by a Federal-Provincial-Territorial Strategic Working Group. Numerous advocacy hubs were also established to ensure a voice for women, the homeless and vulnerable groups. The process collected expert input from 20 roundtables and reviewed submissions from structured public consultation on specific themes and challenges, with a strong emphasis on affordable rental, community housing provision and vulnerable groups. This informed the report *Let’s Talk About Housing* and later the detailed *What we heard* report.

The *National Housing Strategy Act 2019* (Can) enshrines the obligation to conduct a national strategy in accordance with human rights principles (section 5), and establishes two new federal housing agencies:

- the National Housing Council, comprising appointed representatives from the public and ex-officio members from CMHC and other agencies, to advise on the effectiveness of the strategy; and
- the Federal Housing Advocate, to promote and protect the right to housing and monitor the federal government’s progress on strategy timeframes and outcomes.

Ongoing federal-provincial coordination is formalised in 9–10-year agreements. Provinces, territories and cities maintain a varying role in co-financing and implementing the strategy. Some provinces are highly engaged in shaping the strategy such as British Columbia, while others have opted out (Quebec).

5.1.4 Outcomes

At the half-way point of the 10-year strategy, significant progress has been made towards some NHS targets, but the effort will need to lift if all are to be met by the end of the period. Highlights (per Government of Canada 2022) include:

- CAD \$31 billion of the total CAD \$82 billion have been committed to projects.
- Almost all the 300,000 dwellings repaired target is met.
- 120,000 of the 160,000 new dwellings target are built or under construction.
- 103,000 of the 385,000 community housing dwellings target are protected.

The federal government reports quarterly and triennially on the NHS website, www.placetocallhome.ca, which has a promotional emphasis. It highlights funds extended by the federal government, mostly in the form of CMHC loans, and gives less attention to grants and assistance co-funded by provinces and territories. The impact on core housing need and chronic homelessness is not featured and there are no surveys or counts of homelessness that measure their targets. Analysis relies more on investigative housing researchers than systematic monitoring and independent audits.

There has been some investment in housing for Indigenous communities in the North, but progress has been frustrated by fragmentation. More effective is the Rapid Housing Initiative, which has constructed 4,700 units (more than the 3,000 units targeted) and supported homeless persons with willing city governments.

5.1.5 Views of local experts

Strategic focus

The NHS focuses on addressing core housing need and reducing homelessness. It also elevates obligations to realise the right to housing. According to interviewees, there was a huge political appetite for a national housing strategy and the return of federal actors.

Everyone in the world is feeling the crises, and the right to housing framework has increased. All levels of government are talking about it. It's a priority. (C1)

Understated was a concern of provinces and territories regarding expiring federal subsidies on public housing. 'The NHS achieved the stabilisation of funding to maintain existing affordable rental housing'. (C2)

The NHS was marketed with bold targets, announcing the intention to lift 530,000 (later 490,000) households from core housing need and a reduction of homelessness by 50 per cent, and later 100 per cent. However, several interviewees raised some concerns about both the feasibility of the targets and the focus, given the modest budget and narrow focus on rental supply.

According to several interviewees, the ambitious goals were not grounded in research on the causes of unaffordable housing: *'they did not examine the nature of the problem ... [there was an] absence of an empirical basis'* (C3). Strategic efforts would also have to contend with existing settings shaping the housing system. *'The culture of building equity, capital gains and wealth accumulation and this is baked into the unaffordability that we have'* (C2).

While the NHS goals and targets were admirable, they lacked evidence and realistic alignment with the causes of unaffordability, and further the scale of resources to meet the targets set were insufficient. *'Targets are good, but the disconnect is the implementation. There should be commensurate resources and execution needs to be comprehensive'* (C4).

There was also an appreciation among interviewees, that regardless of intentions and efforts of the NHS, the influence of macro-economic and taxation policy affecting the cost of credit and investment conditions was much more powerful.

The major gap is the more macro strategy. The role of our central banks. Interest rates low, only recently up. Increasing costs. Sale and windfall, untaxed capital gain. Speculative housing and investment from higher income households and firms. Flipping and all that drives the price of real estate. This would have required a broader mandate. (C5)

Governance and implementation

The NHS was developed alongside initial stakeholder consultation. This fed into a federal steering group involving the Prime Minister's Office, Minister of Finance, the Minister for Housing and the CMHC. In developing the strategy, senior officer teams were developed around specific issues and tasks, but this was not sustained or institutionalised post the launch of the final strategy.

A gap in provincial coordination emerged. Provincial influence was not strong, yet responsibility for implementation of housing policy remained largely at their level, tenant-landlord relations also, while influential financial regulations and tax settings remained a federal concern but outside the strategy's remit.

Provinces that had played active and established roles before the strategy felt overridden. Interviewees had mixed views on either decentralisation and reliance on city-based approaches, and perceived a lack of federal acknowledgment, consultation and top-down approach. Only cities with strong municipal providers attracted more resources and some cities with high housing needs and non-government provision considered this to be unfair.

The strategy did not build on division of strengths; the federal government assumed a delivery approach to be back in the picture. (C6)

A new accelerated fund increased collaboration between the federal government and municipalities, leapfrogging provinces, and some advocates welcomed these new resources. The Rapid Housing Initiative Program is considered as most successful as quick allocation of grants during the COVID pandemic created deep permanent housing affordability.

Interviewees considered that programs needed to adopt clear definitions of what is affordable housing and focus efforts on vulnerable groups. However, it was noted that the largest programs provided more investment in housing with the weakest affordability outcomes. Other programs were criticised because their affordability requirements and funding allocation did not align, impeding outcomes.

Managerial barriers to acting quickly were also raised: *'non-profit stakeholders face many bureaucratic hurdles compared to for-profits and are constrained from efficient and active role in acquisition, while investors quickly buy up cheapest rental housing'* (C4). First Nations groups had specific concerns with the new NHS, as they were used to less funding but more autonomy. *'The federal level is unable to work out the governance of the plans and funds [projects] in a settler colonial way, delivery control, disputes internal too, and this is not resolved.'* (C6)

Accountability and voice

Interviewees from civil society organisations praised the rights-based approach of the strategy, which established in legislation the Human Right to Housing and the National Housing Council and the Federal Housing Advocate (appointed in February 2022, staffed from 2021). However, implementation has been slow, with these initiatives all taking three to four years.

Inflated expectations and very ambitious goals, as well as perceived shifts in priorities favouring bankable projects, also led to disappointments. While some data is provided on production and locations on an open access website, complaints have arisen over the depth of this data the lack of independent reporting (marketing) demonstrating the source, allocation and beneficiaries of grants and loans, in relation to strategy targets, reduction in core need. *'It's hard to tease out what is happening. One meta spreadsheet which is published online but does not have much information'* (C2). It was considered *'important to have disaggregated data and net change ... Goals need to be clear and include marginalised populations'* (C1).

Several solutions to improve accountability and voice were suggested: clear definitions of affordability, surveys of homelessness, and an audit process for allocation and use of subsidies, as well as public reporting on progress towards goals—without the communications spin. One interviewee called for ‘an independent agency that gets to sift through the data and make suggestions for improvement’. (C2)

The newly established Federal Housing Advocate has now commissioned focussed research, such as on the role of large corporate landlords, tax subsidies and the financialisation of housing. Focussing on structural issues, rather than individual concerns will be important.

Overall, there was also a sense that the efforts made by the NHS were not broad or big enough to address the challenge and lacked attention to key financial and tax levers of change. Despite best efforts, including provincial rent control, affordability efforts have been overwhelmed by increasing flows of investment, such as via Real Estate Investment Trusts, that operate freely and are in a dominant market position.

Overall, interviewees gave the NHS a mixed report card at its halfway point. While the stated aim of the strategy is to improve affordability, factors such as taxation, finance regulation and residential investment flows, all enabled by government settings, have not been acknowledged by the strategy as causally important or addressed in reforms. For this reason, the status quo has remained; and affordability and inequality persist. The following examples look towards Europe for alternative market-shaping strategies.

5.2 Select European cases

In this section we consider lessons for an Australian Housing and Homelessness Strategy from a selection of European countries. Rather than full case studies of a national strategy, like Canada's, each presents a narrower set of arrangements and actions that are worthy of consideration:

- Austria—national legislation in a federal setting, successful metropolitan planning and a growing cost-rental sector
- Finland—a national housing agency, intergovernmental agreements on land, transport and housing, as well as purposeful municipal land policy to ensure affordable rental provision
- Scotland—long-term, effective public administration, investment and regulation.

Notably, each of these countries is smaller by population than Australia: at 9 million, Austria's population is slightly larger than NSW's; and at 5 million each, Finland's and Scotland's populations are of similar size to Sydney's. Also, each is subject to financial constraints that do not apply to Australia: none issue their own currency (Austria and Finland use the euro, and Scotland the UK pound), and most tax revenue collected in Scotland goes to the United Kingdom government. By scale and financial constraint these countries may be more like the Australian states and territories than the Australian Government, and their lessons may be at least as applicable at that level of government.

5.2.1 Austria

Austria is a federation of nine regional level governments, including one city state, Vienna. According to Eurostat, in 2020, just over half of all Austrians (55%) are home owners (30% own their home outright, 25% with a mortgage). A further 45 per cent are tenants (30% pay market rents, and 14% a reduced rent). The government has played a longstanding role in housing supply, renewal and repair. This has occurred through conditional subsidisation across a range of tenures and programs that are designed and implemented at the regional level. Local government also has an active role, and use their powers in land acquisition, strategic planning and development approval, as well as municipal housing provision.

Almost one in four Austrian households reside in housing that has benefited from some tax concession, grant, public loan or interest rate subsidy. Rental housing is regulated in differing ways, depending on whether landlords receive some public subsidy. Subsidised rental housing must be provided on a not-for-profit, cost recovery basis, which is legally prescribed by the *Limited-Profit Housing Act 1978* known as the *Wohnungsgemeinnützigkeitsgesetz*. Public and private landlords can participate in this model, and municipal housing companies, cooperatives and associations have developed strong expertise. According to Koessler (2022), since 1970 limited-profit housing associations—known as Common Good Building Associations (*Gemeinnützige Bauvereinigung*, or GBVs)—have produced between 13,000 and 19,000 homes per year for rent and sale. Today there are 185 GBVs active in all the nine states, managing a total of 681,700 rental apartments across Austria.

Austria's strong supply side has been funded primarily through housing-targeted federal transfers for regionally designed housing programs, and secondly returns from outstanding housing program loans. A relatively small additional contribution is made from regional budgets (Deutsch and Lawson 2012). Some regional governments, such as Vienna, have increased support for affordable housing by using their capacities in land banking (*Wohnfond*), development competitions, and land use zoning (see UNECE, 2021).

National legislation

Austria's national legislation establishes a transparent operating model for limited-profit housing providers. The *Limited Profit Housing Act* defines key aspects of rent setting, revolving funds and auditing requirements (Koessler 2022:11–12). This clarity helps to consolidate good business practices among affordable housing providers, and fosters contestability and transparency in the allocation and use of subsidies. Furthermore, it promotes cost effectiveness and value for money for tenants. GBVs are monitored by an Auditing Association (*Revisionsverband*) which they must belong to, as well as the Regulatory Authority operating in each regional government, whose auditing rules are codified in the national law. Compliant GBVs are exempt from corporation tax in their main and ancillary areas of business.

Drawing from Koessler (2022), the key features of the limited-profit housing model are:

- **Cost-rent.** GBVs calculate rents on a cost-basis, which means that rents can neither be set above nor below the costs incurred in the production, financing and management of residential buildings. Rented homes for which financing loans have been paid off are subject to rent control on a permanent basis, also referred to as the Basic Rent.
- **Limitation of profits.** Surplus generating components are a constituent part of cost-covering prices. In the case of GBVs, however, these components are clearly defined by the Limited Profit Housing (LPH) Law and supplementary regulations that set upper limits.
- **Revolving funds.** Equity is permanently tied up for limited-profit purposes and surpluses are continuously reinvested. This is guaranteed by a limitation to profit distribution and by an obligation to reinvest any surpluses in housing construction. Furthermore, shares in a limited-profit housing association may only be sold off at the nominal value of the initial investment (the 'nominal value principle').
- **Personnel restrictions.** GBVs must be independent from the construction industry to prevent tie-in deals to the detriment of customers. This applies in particular to directors, managers or other representatives (officials) of limited-profit companies. The Law also sets a limit to the salaries of directors and managers of limited-profit housing associations and caps the administration cost per unit.
- **Limited business activities.** Limited-profit housing associations must primarily pursue business activities that are within the main scope as stipulated in the Law, i.e. the construction, maintenance, and renovation of homes, and must do so in their own name. Other areas of business activity such as the construction of business premises, garages or community facilities are allowed but must be secondary in volume. Some other undertakings require the permission of the respective regional government.
- **Audit requirements.** All limited-profit housing associations must be a member of an auditing association and are audited annually by independent auditors. The audit monitors compliance with the LPH Law, including the efficient and economic use of resources and capital as well as the sound management of the organisation.

Land policy

As mentioned above, proactive land policy and mission-focussed urban planning play key roles in Austria ensuring that sites are available for affordable housing and a diversity of housing is promoted. In Vienna the long-term metropolitan strategic plan STEP 2025 sets goals and targets. Land use zoning is used to promote socially inclusive and mixed areas. Subsidised housing is included in all large (re)developments to ensure inclusive accessible neighbourhoods and prevent social and territorial segregation.

5.2.2 Finland

By European standards a relatively large, sparsely populated country, Finland is, like Australia, majority owner-occupied (with home ownership rates of 66% and 64% respectively). However, Finland has also supported the development of other tenures such as non-profit cost rental housing provided by municipal housing companies and non-private housing associations as well as shared equity home ownership. Finland has enshrined in its constitution the right to housing, providing '*public authorities shall promote the right of everyone to housing and the opportunity to arrange their own housing*' (s 19).

For many decades Finland has benefitted from a national housing agency, the Housing Finance and Development Agency (*Asumisenrahoitus-ja kehittämiskeskus*, or ARA), which, since 1949, has had primary responsibility for developing and implementing Finnish housing policy. ARA also collaborates in making long-term intergovernmental agreements combining contributions of municipal land, with investments in transport infrastructure and affordable and social housing, known as MAL agreements. MAL agreements strengthen regional efforts to coordinate broader urban development objectives with multiple local municipalities and have a key role lifting supply by providing land for affordable housing.

Widely regarded as a European leader in housing promotion and urban planning, Finland has achieved the lowest rate of severe housing deprivation in the EU, a relatively low rate of housing cost stress, and declining rates of homelessness. Finland has adopted a Housing First approach, sustained by strong government support since 2008. It has continued the construction of about 8,000 social housing units per year, about 23 per cent of new dwellings. There are 374,000 such units provided mainly by municipal companies, non-profit private companies and foundations.

A national housing agency

ARA is the implementation agency for Finnish housing policy and operates under the Ministry of the Environment. ARA is governed by a board of directors designated by the Finnish Government and employs about 80 people. It has a range of formal functions: it develops housing policy; formulates intergovernmental agreements on housing; administers grants and guarantees for housing construction, renovation and energy efficiency improvements, and renovation of housing; monitors building performance; and conducts housing research (Linden 2023). Some of ARA's policy development functions are shared with other parts of the Ministry of the Environment, and some regulatory functions with the Treasury.

ARA implements an 8-year long development program agreed with the Finnish Government. The overarching program of the current Marin Government (2019) is titled *Inclusive and Competent Finland—a socially, economically and ecologically sustainable society*. The current housing policy recognises the need for diverse, market-driven housing construction and for state-subsidised, affordable housing production to supplement it. The policy has three main objectives, supported by clearly defined measures:

- building a carbon neutral society and improving the quality of construction
- supporting sustainable urban development and increase housing construction in growing urban areas, and
- eradicating homelessness within two government terms.

ARA implements its program through legislative reforms, grants, interest rate subsidies and guarantees, monitoring building performance, and it regulates both municipal housing companies and non-profit providers. It also plays a key role in monitoring the housing market, ongoing needs assessment and use of public subsidies. It reports regularly to government and the parliament, as is required for all government programs.

Over its 70-year history ARA has supported first home ownership, municipal and non-profit cost-rental housing, and a novel form of shared-equity ownership known as 'Right of Occupancy' housing. It no longer promotes single detached dwellings for owner-occupation, but instead strongly promotes affordable rental and shared ownership housing, with attention to the housing needs of students, young households, shared-equity home owners, as well as older persons, homeless persons, and Indigenous Sami people. It also conducts design competitions and promotes energy efficient housing developments and supports international knowledge exchange.

Funding for ARA administration comes from the national budget while grants, interest rate subsidies and loan guarantees are covered by a separate Housing Fund of Finland (VAR), which accumulates from repayments of previous ARA loan programs. The capital of the VAR is substantial but decreasing, and a housing policy working group proposed longer term solutions in 2021.

Long-term interest subsidies and guarantees are provided on approved loans and can be granted to municipalities, other public associations and non-profit housing associations that ARA has designated. In Finland, all state-subsidised housing must be for the provision of safe, cost-based housing for residents and allocated on a locally determined needs basis. Meeting initial allocation criteria and applying the cost-based rent are only required for a period of 40 years, being the period required to repay public loans and subsidies (Housing Europe 2021:34).

Intergovernmental agreements on Land Use, Housing and Transport (MAL)

To improve the functioning and competitiveness of urban regions and ensure balanced, socially inclusive and well-connected communities, Finland established a system of agreements between the government and municipalities of major city regions concerning land use (M), housing (A) and transport (L). These agreements now cover all regions where there is a large city (over 100,000 inhabitants). Today MAL agreements cover areas home to more than 55 per cent of the Finnish population (Linden 2023).

Agreements take place between the municipalities of urban regions, the regional transport agency, as well as relevant central government agencies—ARA, the Ministry of the Environment, the Ministry of Transport and Communications, the Ministry of Labor and the Economy, and the Ministry of Finance. ARA provides subsidies for housing production and infrastructure grants for municipalities and the government investments in collective transport systems and other traffic management improvements. Making agreements involves lots of team meetings and negotiations and this promotes intergovernmental understanding, cooperation and coordination between municipalities addressing regional disparities. MAL agreements are 30-year plans, which set objectives for land use development, housing production and investments in the transport network.

In this process, municipalities promise to provide land for social housing and the government promises to support social housing production and co-finance main new transport systems. The MAL for Helsinki involved the setting of housing targets for 66,000 new dwellings in 2020–2023, of which ARA social housing comprises 18,200 dwellings (28%).

Municipal government and land policy

Regional and municipal governments have an integral role in delivering national housing policy via land policy instruments, planning and establishment of housing companies (Ronkainen and Eskelä 2021: 9). Some Finnish municipal governments are quite large, such as the City of Helsinki, with considerable land resources and their own housing development. Municipal housing companies and not-for-profit housing associations play complementary roles in the affordable rental housing system.

Large cities such as Helsinki make active use of their considerable powers, including acquisition of land for housing. Helsinki now has considerable land reserves (70% of vacant land) and with financing from ARA is able to play a key role in the supply of affordable housing. At least 7,000 new and converted dwellings are delivered in Helsinki each year, guided by policies to conserve nature and green areas, and achieve social mix. Helsinki's 2020 Land and Housing Implementation Plan sets objectives for housing production, housing quality, vibrant areas and segregation prevention. The City's plan also sets out how progress will be budgeted for, monitored and accountably reported (Ronkainen and Eskelä 2021). Helsinki's municipal housing company, Heka, offers over 50,000 apartments to its citizens on a needs basis and is the largest landlord in the city. In all the city contributes towards 25 per cent of total residential construction.

5.2.3 Scotland

A nation within the United Kingdom, Scotland has its own parliament and responsibility for housing policy, devolved from the UK Government in 1999. Moreover, for decades prior to devolution, Scotland had its own housing legislation, along with housing policy governance frameworks and institutions, including Scottish Homes, a powerful national housing agency.

'In-house' policy capacity

Scottish Homes was set up as a quasi-autonomous non-government organisation (QANGO) in 1989. Its roles spanned housing and regeneration policy development and research, as well as housing association capital funding and regulation. One of its key missions was to foster the establishment of what became a strong not-for-profit housing sector.

As an enduring centre of housing domain knowledge and policy expertise, Scottish Homes also acted as a strong and knowledgeable advocate for housing interests within government. However, partly because the agency's QANGO status was discordant with the democratic accountability theme of the post-devolution Scottish Government, Scottish Homes was transitioned into Communities Scotland (in 2002), with this successor body's functions being absorbed into government a few years later. It is now part of the Scottish Government's Social Justice, Housing and Local Government portfolio, with its own cabinet secretary.

Strategic governance

Under devolved government since 1999, Scottish housing policy has strongly emphasised a strategic approach at both local and national levels. This has included obligations for local authorities to develop widely-scoped and periodically updated local housing strategies. In compliance with nationally devised guidance, these have been required to incorporate rigorous evidence on the scale and profile of unmet housing need and future housing requirements, as calibrated by the officially developed Housing Needs and Demand Assessment methodology. At the national scale, Scotland's current housing strategy is 'Housing to 2040', which '*sets out a vision for housing in Scotland to 2040 and a route map to get there*' (Scottish Government 2021). As an indication of the document's scope, it claims to show how the government will:

- continue affordable housing supply, particularly for social rent
- tackle high rents and increase stability for those in the private rented sector, and
- increase standards across all tenures, tackle empty homes and poor housing and increase energy efficiency and tackle fuel poverty. (Scottish Government 2021: 8).

Supply and energy efficiency standards

Much of Scotland's housing strategy document focusses on sub-market rental housing, and its centrepiece is a commitment to 'deliver' 100,000 affordable (meaning sub-market rental) homes over 10 years, with 70 per cent of these being social housing let at very low rents. Policy measures to achieve this objective include capital grants and land use planning instruments to finance and otherwise enable affordable housing construction, as well as funding for social landlords to acquire existing dwellings. Aspirations for the enhanced energy performance of

residential dwellings are to be achieved by, among other things, requiring that all new social rental homes 'will be zero emissions by 2026' (Scottish Government 2021: 10). More broadly, in support of enhancing housing quality across all tenures, the strategy also commits government to 'require in law that all homes meet the same quality standards so we can expect the same no matter where we live' (2021: 11).

The formulation of 'Housing to 2040' involved the 2018 publication of initial discussion and evidence papers highlighting relevant overarching policy aspirations such as the reduction of child poverty, climate change mitigation and managing an ageing population. This was followed, in 2019, by a public consultation phase focussed on defining a draft Vision and set of Principles to frame the strategy.

Tenant voice in social housing regulation

The Scottish approach to social housing regulation has caught the attention of Australian policy makers and regulatory reviews. For example, Victoria's interim report on Social Housing Regulation (2021) notes that in 2011 Scotland's regulatory system was strengthened with the formation of tenant panels, and by embedding in legislation requirements for tenant and prospective tenant input to regulatory decision-making, development and review of the tenant charter, policy reviews and communication of sector performance. It goes on to recommend that Victoria follow Scotland's lead in this regard:

It is important to ensure that a strong tenant focus is retained in the midst of sector growth over the coming years. Emulating the Scottish system, there is an opportunity now to strengthen tenant voice in social housing by legislating for tenant input and developing the 'consultation infrastructure', including a tenant scrutiny panel. (Social Housing Regulation Review 2021:3)

5.3 Summary

Midway into its 10-year NHS, Canada's experience presents some direct lessons for Australia. Canada has adopted a relatively **narrow strategy**, focussed on fixing a subsidy gap in its social housing sector, effecting repairs, generating new affordable rental housing and new homelessness services—with some programs outside the narrow focus, such as first home buyer assistance and the housing innovations fund. This is familiar territory for Australian housing and homelessness policy; to be sure, territory where grave problems persist and much work is to be done.

On the other hand, the narrow focus has left key matters of tax and finance, land ownership and use, and environmental policy out of scope, and drivers of housing and homelessness problems unaddressed.

Within the familiar territory the NHS occupies, Canada has created **new institutions** to prosecute the strategy: legislation that enshrines the right to housing and the strategy, a National Housing Council to provide advice and stakeholder voice, and a Federal Housing Advocate for accountability and research. Such institutions have been lacking in Australian housing and homelessness policy.

From our select cases from Europe, there is a strong lesson about the importance of a **dedicated housing agency** for leading policy development, coordinating with relevant other agencies, and providing accountability. Finland's ARA is the exemplar, with an affordable housing finance function and a role in negotiating long-term **intergovernmental agreements** encompassing housing, land and transport development.

Austria's limited-profit housing sector highlights the value of a **clear affordable housing business model**, underpinned by a strong regulatory regime, dependable subsidies, high transparency and a 'common good' ethos. The examples of Vienna, and of Helsinki and other Finnish municipal governments, are lessons in the use of **land policy** to develop significant stocks of affordable rental housing in city markets.

While the Austrian and Finnish systems go back even further, Scotland's commitment since the late 1980s to the **housing and homelessness strategy process**—of public consultation, goal setting, evaluation and revision—is immediately relevant to Australian governments, at both federal and state/territory levels.

6. Towards an Australian Housing and Homelessness Strategy

- **As a national project, Australia should have a Housing and Homelessness Strategy with a mission: ‘everyone in Australia has adequate housing’.**
- **The Strategy should be comprehensive, with a set of secondary missions directed to homelessness, choice, affordability, supply and other objectives.**
- **Social housing and homelessness are core policy areas for the Strategy. To meet current and future need, the Strategy should aim to grow social and affordable housing by 950,000 dwellings to 2041, with state and territory plans to regularly assess and update need and delivery.**
- **Housing assistance, residential tenancies law, and residential building quality should be new core areas of housing policy under the Strategy.**
- **Housing-related taxation, housing finance and planning and development regimes should be aligned with Australia’s housing and homelessness missions.**
- **A range of other policy areas should be articulated with the housing and homelessness missions, mutually informing and supporting policy development.**
- **The Strategy’s institutional architecture should have a statutory basis, enshrining the right to adequate housing and nominating Housing Australia as the lead agency. The law should also establish advice and accountability bodies, a national regulatory scheme for social housing, and data transparency.**

In this final chapter, we put forward our recommendations for an Australian Housing and Homelessness Strategy.

To do so we draw on each of the previous chapters of the present report, and on the wider body of research into policy solutions for Australia's housing and homelessness problems. We have organised our recommendations according to what the present research indicates are basic aspects of strategy-making:

- specifying a strategy goal or mission
- mapping the scope and stages of the strategy
- sketching the strategy's institutional architecture.

Rather than discussing these aspects in the abstract, we apply them and make our recommendations in the sketched form of an Australian Housing and Homelessness Strategy. We present our recommendations in an affirmative way (there are a lot of 'shoulds'), but we are not being exactly prescriptive. The intention is to start an informed conversation and provide a platform for consultation from which to build agreement across governing/administering institutions and with stakeholders.

6.1 Housing and homelessness missions

We think Australia should have a housing and homelessness mission. To clearly acknowledge the range of objectives to be met, our primary housing and homelessness mission is supported by a set of secondary missions.

The mission framework advocated by Mazzucato and discussed in Chapter 2 is useful as a way of framing a national approach to housing and homelessness policy, because it implies a persuasive, iterative process of strategy-making. This is consistent with the political way in which intergovernmental relations are conducted in Australia's 'concurrent' federal system, and with the lessons of other recent national approaches to policy, particularly in building constituencies for reform. The mission framework also proceeds from an ambitious, mobilising goal, such as the UN's Sustainable Development Goal relating to adequate housing (SDG 11). Strong links to human rights obligations make SDG 11 a good place from which to start an Australian Housing and Homelessness Strategy.

Australia's primary housing and homelessness mission should be:

Everyone in Australia has adequate housing. Adequate housing is affordable, secure and in a condition and location appropriate to the needs, preferences and cultures of households. Individuals can exercise autonomy in their householding decisions, and in making a home of their dwelling.

In support of this mission, Australia's secondary housing and homelessness missions should be:

- **Homelessness is prevented and ended.** Where the risk of homelessness arises, services work to prevent it; where it occurs, services work to ensure that it is brief and does not recur. Eviction does not occur unless duly justified, as a last resort, and does not result in homelessness.
- **Social housing meets needs and drives wider housing system improvement.** Social housing provides affordable, secure and decently maintained housing to persons not adequately served by the private market. Social housing providers also compete with private market providers and drive them to lift their game or to leave. Aggregate housing subsidies are sufficient to meet current and projected levels of need. Individual subsidies match the deficit between affordable rents and reasonable operating costs.
- **The housing system offers more genuine choice,** including between ownership and renting. Renting becomes a more genuine option as it becomes more affordable, secure and decently maintained, and tenants enjoy more autonomy; these improvements are driven by stronger laws and by more service-oriented landlords. Home ownership becomes more of a choice as affordability improves, direct competition between first home buyers and landlords recedes, and as alternative opportunities for commissioning construction open up. Across tenures, more diverse built forms are available. First Nations households can choose between housing services provided by their own organisations or by mainstream agencies.

- **Housing quality is improved.** New housing stock is built to higher standards of thermal comfort, energy efficiency and universal accessibility, and construction processes prevent, detect and address defects. In the existing housing stock, defects and health hazards are detected and addressed, and improvements are made to thermal comfort, energy efficiency and accessibility according to defined standards.
- **Housing supply is improved** by greater efficiency in the use of the existing housing stock, and by steady new construction activity planned and delivered according to assessed community need. The speculative holding of residential land and housing, and the diversion of housing to non-housing use, particularly in high-need areas, is discouraged.
- **Housing affordability is improved.** Subsidies ensure low-income households pay not more than 30 per cent of their income for their housing among a reasonable choice of dwellings and locations adequate for their needs. Low-income households who can afford to service a home loan are assisted to access finance for ownership through shared equity or mortgage guarantee schemes. Home owners are not privileged in tax and transfer policies. Preferential tax treatment of home ownership is shifted from tax exemptions to tax deferral mechanisms (e.g. land tax deferred to sale or transfer), to accommodate holding for housing use but discourage holding for speculation.
- **The housing system's contribution to wider economic performance is improved.** The housing sector's share of all credit is reduced over the longer term. Housing sector activity—in particular, sector draws on labour and construction inputs, and sector outputs—are stabilised, and housing price volatility is reduced.

6.2 Scope and stages

The scope of the housing and homelessness mission we have set out is extensive, reflecting the complex way housing and homelessness problems cross over conventional policy areas and levels of government. As we saw from the experience of Canada's National Housing Strategy (Chapter 5), and know from Australia's experience of the NHHA, a narrow focus leaves powerful policy levers unused and basic drivers of problems unaddressed.

In our discussion of other national approaches to policy reform in Australia in Chapter 4, we also reflected that making a strategy is itself a strategic exercise. It requires development of the constituency for reform and of the capacity of reformers to take on and influence established institutions, vested interests and entrenched ways of thinking.

In light of the housing and homelessness mission we have proposed, Figure 5 below depicts the policy areas encompassed or touched by an Australian Housing and Homelessness Strategy and organises them strategically. Beginning with the familiar core policy areas represented by the NHHA (bottom left in the diagram), the Strategy is scoped successively outwards (up and to the right), with the intensity of housing policy leadership varying accordingly.

Figure 5: Scoping and staging the policy areas of an Australian Housing and Homelessness Strategy.

Macroeconomic policy	Employment, skills and manufacturing	Welfare and retirement incomes	Immigration and settlement policy
Housing-related taxation		Housing finance	Urban and regional policy
Rental and first home buyer assistance	Residential tenancies law	Planning and development	Climate change policy
Social housing	Residential building quality and accessibility		Disability policy
Homelessness			Indigenous policy

Key: ■ Established core policy areas (NHHA) ■ New core policy areas ■ Policy areas for alignment with housing missions ■ Policy areas for articulation with housing missions

Source: Authors

The expanding scope of the Strategy also implies a temporal staging because in areas of little previous articulation of policies it will take time to skill-up participants. On the other hand, in some areas—notably, policy for First Nations, and disability policy—there is an urgent need for housing and homelessness policy reform, but here housing agencies and programs will need to work in with existing strategies.

6.2.1 Established core policy areas

From the CSHAs to the NAHA and the NHHA, social and affordable housing and homelessness are core territory for national housing policy in Australia. The long-term narrowing of these instruments and decline in real resources provided means there is a lot of work to do.

The scale of unmet need for **social and affordable housing**, and the cost of meeting it over a 20-year period, has been scoped in research (Lawson, Pawson et al. 2018; van den Nouwelant, Troy and Soundararaj 2023). On the latest figures (2021 Census), an additional 942,000 social and affordable housing dwellings will be needed to meet currently unmet need and projected future need to 2041 (van den Nouwelant, Troy and Soundararaj 2023). The future social and affordable housing sector Australia needs, therefore, is three-and-a-half times as large as the current sector, implying an average annual rate of growth of 6.5 per cent, or 47,000 dwellings. This is ambitious but doable.

The most cost-efficient means of financing this growth is demonstrated by Lawson, Pawson et al. (2018): a social housing provider borrows from NHFIC's bond aggregator program such an amount as can be covered by the project's rental income net of operating costs, with the rest of the cost of project development covered by a capital grant from the government. In most cases this grant will be the larger part of the total expenditure on development; in some circumstances, it might be reduced by an equivalent contribution of public land (Randolph, Troy et al. 2018). This is more cost-efficient than paying an operating subsidy for social housing development financed entirely by debt or by private equity; it is an exemplary case for public finance by the Australian Government as issuer of the national money.

For their part, states and territories should be responsible for developing consistent jurisdiction-level and local affordable housing plans aligned with the nationally agreed Strategy over relatively short cycles, to regularly assess the level and configuration of housing need, and other community service needs (e.g. relating to disability or ageing) and direct where the public investment in social and affordable housing should go.

There is also the question of a reasonable subsidy for the cost of operating and maintaining a decent housing service in the existing social housing stock. Although extensive bad repair is evident and acknowledged by state and territory housing authorities, it is not quantified in public data. This should be investigated transparently under the Strategy, as part of establishing a reasonable operating subsidy funded by the Australian Government.

For the social and affordable housing stock to grow, the capacities of organisations comprising the social housing sector must also grow. The capacity-building agenda outlined by Milligan, Pawson et al. (2017) remains relevant. Resourcing and implementing the sector strengthening plan for the First Nations housing sector (under development through the CTG Agreement: Chapter 4) should be accorded the highest priority.

The growth of social housing will address the single greatest outstanding issue in **homelessness** policy: the availability of low-cost housing for people on low incomes is the 'primary prevention' measure that policy makers and practitioners have sought to prioritise since the shift to prevention in the Rudd Government's *The Road Home* White Paper (Pawson, Clarke et al. 2022; Parsell and Marston 2012; Australian Government 2008). To make good on the mission of 'ending and preventing homelessness', homelessness services and other agencies will need to focus on a range of other 'secondary prevention' measures, such as preventing family and domestic violence and better coordinating access to housing on release from prison consistent with the White Paper's commitment to 'no exits into homelessness' (Martin, Reeve et al. 2021). Another area of practice for ongoing development is the engagement of local government in preventing and responding to homelessness, such as through involvement in assertive outreach teams (Pawson, Clarke et al. 2022).

6.2.2 New core policy areas

Beyond the core represented by the NHHA are policy areas that relate directly to our recommended housing and homelessness missions and that should be within the scope of an Australian Housing and Homelessness Strategy.

The first is housing assistance policy, in relation both to first home buyers and to renters. There are currently several **First home buyer assistance programs** in operation by the Australian and state and territory governments, and more in development (e.g. the Albanese Government's 'Help to Buy' shared equity proposal). Considering the evidence that the First Home Owner Grants and stamp duty concessions are costly and counterproductive (Pawson, Martin et al. 2022), first home buyer assistance policy should focus on the new deposit guarantee and shared equity schemes, including evaluations as to market impacts. Government-facilitated access to housing finance for any groups deemed high risk by commercial lenders, especially First Nations people, should also be retained at a level to meet demand.

Reform options to improve the currently modest effectiveness of **Rent assistance** are set out by Ong, Pawson et al. (2020). Of the two broad approaches to reform—increasing payment rates for recipients still in rental stress and changing eligibility to pay all low-income renters in rental stress—the second is the more effective approach. However, a Rent Assistance payment that is not tied to receipt of another social security payment is beyond the current constitutional power of the Commonwealth, so states will likely need to be involved in reform. Moreover, in the absence of reforms to resolve the social housing operating subsidy issue, any reform of CRA would need to remediate negative impacts for the community housing sector whose finances and viability are dependent on the treatment of the payment as effectively a supply subsidy.

Secondly, reform of **residential tenancies law** would benefit from a greater degree of national coordination.¹⁵ States' and territories' separate reform processes have in different degrees faltered on fear campaigns about 'disinvestment' and produced increasingly divergent laws and persistently unaddressed gaps. A new national agenda under the Strategy would be an opportunity to centre the improvement of tenants' rights and coordinate on the range of topics identified in the review of laws in Martin, Hulse et al. (2022). Although previous reforms have not caused disinvestment, a stronger reform agenda may well prompt some landlords to leave the sector—indeed, Martin, Hulse et al. argue such an outcome should be regarded as a positive policy outcome that opens up more space for owner-occupiers and more service-oriented rental housing providers. The latter might include for-profit Build to Rent operators, although it may be an opportunity for community housing providers to extend into market segments with potential to cross-subsidise their social housing operations.

Thirdly, issues of **residential building quality** should be on the housing policy agenda. There is a need for improved data about the physical condition of the existing housing stock and the distribution of defects and hazards, and for the development of cross-tenure repair and retrofit programs to improve performance, such as those recommended by Daniel, Moore et al. (2020). New residential construction is already the subject of intergovernmental coordination through the processes around the National Construction Code, but there is a need for these processes to be better informed by housing policy objectives and a 'consumer voice', especially around accessibility.

6.2.3 Policy areas for alignment with housing and homelessness missions

There are three major policy areas that powerfully impact the housing system, but where there has been historically little or no leadership from housing policy makers and currently too little alignment with our housing and homelessness missions: housing-related taxation; housing finance; and development and planning. In each, the first priority is to open up better informed discussions about housing impacts emanating from these areas, and how policy levers may be better aligned to our housing and homelessness missions.

¹⁵ At this writing (May 2023), the National Cabinet has recently directed Housing Ministers to 'develop a proposal for National Cabinet in the second half of 2023 outlining reforms to strengthen renters' rights across the country' (Prime Minister of Australia 2023).

Our housing and homelessness missions carry clear implications for reform of **Housing-related taxation**. Key reforms are:

- broad-based land taxes on the unimproved value of land, to discourage speculative holding, subject to deferral by owner-occupiers for such time as the property is transferred
- rental property vendor duty, in place of stamp duty, to discourage speculative transfers ('flipping')
- reducing the Capital Gains Tax concession as it relates to rental property, and modifying exemption so that tax applies to high-end owner-occupied properties, to discourage speculation and the profligate use of housing skills and materials
- ending the current treatment of negative gearing, or modifying it: e.g. by restricting it to newly constructed dwellings.

Tax reform is familiar territory for housing policy: indeed, too familiar, because decades of discussion has produced so little reform. The debate has, however, progressed somewhat: for example, opponents of negative gearing reform no longer pretend that it is about affordability for renters but, rather, about price support for existing property owners (Martin 2016).

The discussion might be progressed further by shifting the focus from taxation as a source of finance for government spending, to taxation as a means for shaping behaviours, specifically in housing markets. The discussion, then, should be about how tax settings can discourage speculation, both the speculative hoarding that keeps land from development, and speculative transfers that disrupt housing and do not directly add to new supply. Similarly, tax settings can deal more fairly between the would-be first home buyer, who currently saves a deposit from taxed income and would repay a loan from taxed income, and the would-be rental investor, who (typically) currently accumulates a deposit in the untaxed equity in their own home and would pay their loan interest from untaxed income.

Our housing and homelessness missions also carry implications for **Housing finance**—although this is less familiar territory than taxation. Despite the popularity of the 'financialisation of housing' as a critical framework for discussing housing problems, there has been relatively little engagement by housing advocates, or for that matter researchers, with finance policy and practice.

As we discussed in Chapter 3, the RBA and APRA have profound impacts on housing outcomes through their conduct of monetary policy and prudential policy respectively, and they have arguably adjusted their conduct in regard to considerations of housing outcomes—but they disclaim from engaging in housing policy. The Strategy should open communication with the RBA and APRA about the intersection of housing and finance, and work towards formally incorporating our primary housing and homelessness mission in institutional mandates and other policy guidance.

Thirdly, state and territory **planning and development** regimes should align with our housing and homelessness missions, particularly in facilitating the necessary growth of the social and affordable housing sector, and the development of more energy efficient housing and cities. Development approval processes should be efficient for social housing developers and other housing developers too. Planning regimes should operate with a reasonable degree of certainty; this is a familiar plea from property lobbyists, but they mean it as always getting what they want. Rather, developers and communities should be certain they will get what plans say they will get—and minimise the prospect of development being delayed by developers seeking changes and additional rights.

Other actions to better align planning and development with our housing and homelessness mission include:

- value capture charges on uplift from planning changes that grant additional development rights, and public infrastructure investment. Aside from revenue, charges are a spur to realise the uplift, bringing on development and hence new supply to the market
- inclusionary zoning to reserve a reasonable part of additional development rights for social and affordable housing development

- neighbourhood planning that promotes social inclusion, offers a range of housing choices, and is compact and walkable, reducing reliance on fossil fuels while protecting ecology
- less permission of the use of dwellings for tourism purposes, as facilitated by Airbnb and other short-term letting platforms—local councils should assess the level of short-term letting that can be tolerated considering local housing needs and sell scarce permissions.

Commonwealth, state and local governments should revitalise public land agencies with a remit to assemble and/or develop land for affordable home purchase and social and affordable rental housing. This could include assisting First Nations organisations, such as Land Councils, to develop their land ready for housing construction by providing, for example, a rolling fund.

6.2.4 Policy areas for articulation with housing and homelessness missions

Beyond those policy areas for closer alignment with Australia's housing and homelessness missions lie a range of other policy areas for articulation with the missions—'articulation' in the sense of connection, communication, co-development and accountability.

Some of this communication and movement will be by way of housing policy makers responding to developments in the subject matter of these other policy areas. For example:

- housing development impacts of constraints in resources, labour and skills
- housing demand impacts of immigration and settlement patterns
- housing performance impacts of climate change and mitigation requirements
- housing service delivery requirements for competently and safely working with First Nations people, people with disability and people ageing in place.

And there should be communication and movement in the other direction, as actors in these diverse policy areas consider their capacity to contribute to Australia's housing and homelessness missions.

6.3 Architecture and institutions

The primary housing and homelessness mission we propose reflects the terms of the UN SDG 11 and of the human right to adequate housing affirmed in international law. It should be enshrined in legislation—an **Australian Housing and Homelessness Strategy Act**, in the fashion of the Canadian *National Housing Strategy Act 2019* (Can).

Like the Canadian Act, the Australian legislation should place an obligation on the Housing Minister to make an Australian Housing and Homelessness Strategy, as well as obligations to regularly report on progress and periodically evaluate and review the strategy. Also like the Canadian Act, it should create two new statutory offices to advise and keep the government to account on the conduct of the Strategy and the pursuit of Australia's housing and homelessness mission:

- An **Australian National Housing Consumer Council**, representing the interests of home buyers (particularly in the apartment sector and first home buyers), private and social housing tenants, persons with lived experience of homelessness, and representatives of First Nations, people with disability, youth and other groups who face special disadvantage in the housing system, should serve as a consumer voice counterpart to the industry and academic perspectives of the National Housing Supply and Affordability Council.
- An **Australian National Housing Advocate**, with power to inquire independently into the conduct of the strategy and other housing and homelessness issues.

International experience shows the vital role played by dedicated housing agencies coordinating the development and implementation of strategies. **Housing Australia** should be Australia's lead housing agency. Building on existing NFHC delivery functions and housing domain knowledge, Housing Australia would have the guidance of an independent board, be answerable to the Housing Minister, resource the discussions of the Ministerial Council on Housing and Homelessness, take the lead on communicating with other Commonwealth and state/territory agencies and present the public face of the Strategy as it progresses. To overcome a current deficit in housing policy making capacity within the public service, workforce development should be an early priority for Housing Australia.

At the state and territory level, a similar institutional architecture should be established: a lead housing agency to coordinate within the jurisdiction and to collaborate with Housing Australia, advisory councils for information on jurisdictional housing issues, and an independent office for accountability. Governments should also establish a designated cabinet committee (or similar executive coordinating entity) to periodically consider housing policy plans and their implications for other portfolios.

A genuine **National Regulatory Scheme for Social Housing** should be an early priority for the Strategy. This is unfinished business from the Rudd Government reforms, to which new ideas have been added by the recent Victorian review of social housing regulation: in particular, bringing public housing landlords within scope, and lifting tenants' voice assessing social housing provider performance.

Consideration needs to be given to the future of the NHHA. One option would be for this to become a medium-term resourcing plan that allocates resources from both levels of government and establishes negotiated priorities and targets for their expenditure in line with the long-term missions of the overall Strategy. As such, it would specify responsibilities and obligations on all signatories: the Commonwealth and state and territory governments, and, possibly, local government.

The final vital element in the architecture is information. An effective and accountable Australian Housing and Homelessness Strategy needs **better housing and homelessness data**. Accountability is compromised by, for example, the current absence of basic statistics on social and affordable housing starts, completions, demolitions and sales; private and social housing tenancy terminations and evictions; and existing tenancy rents outside the capital cities. The wealth of housing data residing in government administrative datasets should be put in the service of the Strategy and made more readily available to researchers and the public. Independent oversight of this function is crucial, whether through the Productivity Commission or another specialist body accountable to National Cabinet.

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