

## EXECUTIVE SUMMARY

FINAL REPORT NO. 401

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



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Publication Date June 2023

DOI 10.18408/ahuri7127901

**Title**

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**ISBN**

978-1-922498-68-7

**Key words**

Housing, homelessness, national strategy, missions, Modern Money Theory, federalism, disability, Indigenous, First Nations, Canada, Australia.

**Series**

AHURI Final Report

**Number**

401

**ISSN**

1834-7223

**Publisher**

Australian Housing and Urban Research Institute Limited  
Melbourne, Australia

**DOI**

10.18408/ahuri7127901

**Format**

PDF, online only

**URL (full report)**

<https://www.ahuri.edu.au/research/final-reports/401>

**Recommended citation**

Martin, C., Lawson, J., Milligan, V., Hartley, C., Pawson, H. and Dodson, J. (2023) *Towards an Australian Housing and Homelessness Strategy: understanding national approaches in contemporary policy*, AHURI Final Report No. 401, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/401>, doi: 10.18408/ahuri7127901.

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**Acknowledgements**

This material was produced with funding from the Australian Government and state and territory governments. AHURI Limited gratefully acknowledges the financial and other support it has received from these governments, without which this work would not have been possible.

AHURI Limited also gratefully acknowledges the contributions, both financial and in-kind, of its university research partners who have helped make the completion of this material possible.

The research team gratefully acknowledges the contributions of all our Australian and international interviewees, and the participants in our expert workshop, as well as Xin Xia and Alessandra Buxton (City Futures Research Centre) for their administrative support.

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# 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 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 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.



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