Major Concurrent 6: Housing systems and structural change

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Introduction

■ Evidence of an increasing housing crisis is all around us – it is affecting an ever-widening range of households, but also having wider impacts including undermining local economies and driving unproductive investment

■ It's clear that the outcomes of our current housing system are problematic.

■ However, there's no clear agreement about the outcomes we want our housing system to deliver.

■ Articulating desired outcomes could enable stronger community understanding of what effective intervention looks like.

■ Clearly articulating desired outcomes could also support effective and integrated governance arrangements required to deliver system reform

■ This work is intended as a 'thought piece' to prompt a shift in the way we think and talk about the Australian housing system

Outputs and outcomes

- Currently, most housing system discourse is focussed on outputs, rather than outcomes – eg:
  - Homeownership rates
  - Housing purchase and rental prices
  - Mortgage rates
  - CRA costs

- Often there's an underlying assumption that the 'great Australian dream' of widespread homeownership will 'fix' our housing issues.

- This leads to discussion about elements of the housing system in isolation, and often without a critical examination of why a change in one of those outputs might be desirable or undesirable, or how it might affect other parts of the system

- Effective reform requires understanding the impact changes to the housing system will have across different 'domains' and at different scales

- Current desired outcomes are not clearly articulated, so hard to evaluate whether actions are achieving intended outcomes

Housing system impacts

- The housing system impacts on a range of 'domains':
    - Housing availability
    - Housing stability
    - Built form & public realm quality (including climate change adaption and mitigation)
    - Functional communities
    - Finance & investment
    - Economy (including construction sector operation)
    - Fiscal impact

- These impacts are different at different scales:
    - Household
    - Neighbourhood
    - Regional
    - National

- Impacts don't occur in isolation. Change in one part of the system has implications in other parts of the system.

Current system outcomes

Examples

- **At Household level:**

  Increasing number of households experiencing difficulty finding appropriate and affordable housing, leading to increased housing instability, after housing poverty & homelessness

- **At regional level:**

  Inadequate housing supply, leading to
  - Inability to attract suitable workforce to regional areas
  - Constraints in regional economic growth

- **At national level:**
  - Overinvestment in housing
  - Reduction in funds available for productive investment

Outcomes framework 'strawman'

domains	Household has:	Neighbourhood has:	Region has:	Nation has:
Housing availability	suitable housing for composition/life stage	Wide enough housing mix to support diverse communities	Ability to meet regional housing demand & eradicated homelessness Adequate supply to house regional workforce	Adequate supply to house national workforce & eradicated homelessness
Stable Housing/Quality of life	Improved social outcomes (education/health/mental health)	strong local community/s Reduce pressure on local welfare services	Improved education, health and justice outcomes	Improved education, health and justice outcomes
Built form & public realm quality **(including climate change adaptation/mitigation)**	home that offers; • comfort, • temperature control, • good air quality	building and spaces that: • support over investment safety • respond to climate change	Reduced energy demand Reduced health incidents from heat/cold/poor air quality Reduced need for heatwave/cold shock interventions	Reduced demand for utility subsidy Reduced mortality from extreme weather events
Functional communities	Ability to make connections & feel part of local community Access to opportunities	Increased social capital, Viable local shops and services	Reduce need for new urban infrastructure	

Outcomes framework 'strawman'

domains	Household has:	Neighbourhood has:	Region has:	Nation has:
Finance & investment	Low levels of household debt Can afford food, utilities Can afford 'decent' retirement	Increased disposable income	Capacity for investment in regional infrastructure	Increased funds available for productive investment Decreased wealth inequality
Functional economy	Access to local goods and services	Viable business options	Can attract relevant employees	Productive investment
Construction Sector operation	Access to relevant trades, materials as required	Find relevant trades, materials	Skills available	Less peaks and troughs in housing delivery
Fiscal impact			Less demand on concessions and affordable housing subsidy	Less demand on CRA, subsidy and tax exemptions

Emerging approaches

- AHURI recommendations to National Housing and Homelessness consultation:
- We need a Housing and Homelessness Strategy with an explicit mission:

    Everyone in Australia has adequate housing.

- 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 mission is important because it clearly sets the challenge, and the role of government in addressing it:

    "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. "

Source: Towards an Australian Housing and Homelessness Strategy

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

What Policy levers are available

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

Source:

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

Towards an Australian Housing and Homelessness Strategy

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

Who controls the policy levers

IMAGINE HOUSING
Frameworks for effective
affordable housing delivery

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

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What would a framework change?

- Tools to test if current approach is achieving positive outcomes (evaluation)

- Build better public discourse

- Could require politicians to articulate what they are trying to achieve and how actions relate to that

- Easier to develop targets

- Easier to identify and critique shortfalls

- Easier to make compelling arguments for alternative approaches

IMAGINE HOUSING
Frameworks for effective
affordable housing delivery

Where to?

- Test framework:

  - Are the domains right?

  - Are the scales right?

  - Are the outcomes right?

- What kind of community and industry engagement would get buy-in to an agreed outcome framework ?

- Development of monitoring and evaluation tools

Conclusion

- Adopting an outcome framework could enable:

    - better public discourse

    - Identification of the domains and policy levers that need to be aligned

    - Evaluation of current approaches

    - identify and critique shortfalls

    - compelling arguments for alternative approaches

- Really interested to hear your feedback on what a framework should look like and how it might be used.

- Thanks for letting me share this fledgling idea