

Commonwealth Housing Legislative Package 2023

Victorian submission to public consultation

Social and affordable housing is one of the key building blocks for a strong community and strong economy. The Housing Australia Future Fund and the Housing Accord are welcome growth commitments, and Victoria looks forward to working with the Commonwealth to deliver new homes. The introduction of a National Housing Supply and Affordability Council provides an opportunity to strengthen our understanding of housing demand, supply and affordability.

Overall, the legislative framework and operational arrangements that are emerging appear to offer a sound basis for collaboration between the Commonwealth, State and Territories; and therefore maximum impact from Commonwealth investment. However, principles of subsidiarity suggest that investment decisions require significant engagement with State and Territory housing authorities in order to ensure:

- a) Coordination between investment streams from jurisdictions to ensure value for money
- b) Utilisation of information available to both levels of government in making investment decisions
- c) Avoidance of unproductive behaviour from housing market participants, including land owners, if they are able to create price competition for the same project or land holding

States also engage frequently, in accordance with their own policy frameworks, with local government regarding housing supply, affordability and investment. Deeper collaboration with States in the processes of the Housing Australia Future Fund will therefore assist in ensuring alignment with local government aspirations, needs and interests.

Housing Australia Future Fund Bill 2023

Fund expenditure

- Victoria questions limiting fund expenditure to \$500 million annually and considers that a more flexible approach may be more appropriate to take into account fluctuations in investment returns, wider economic circumstances, the potential impact of building and finance cost increases over time and to ensure the Commonwealth is able to deliver on its dwelling commitments within the announced timelines.
- Victoria suggests the Commonwealth consider incorporating rules that require the \$10 billion fund to be maintained, and the circumstances and authorisation, if any, needed to draw on the Fund corpus.
- Victoria seeks further information on the circumstances and rationale for allowing funds to be allocated to individuals. Victoria supports a clear mechanism to oversee and account for this expenditure, particularly where allocations will not be declared in reporting due to privacy concerns. Victoria supports limits on individual allocations in either number or value, and seeks further information on the circumstances in which individual allocations would be seen as desirable.
- Victoria questions the purpose of funds being placed in the Special Fund for some time before transacting grants and the extent that this will impact on investment returns and dwelling number outcomes.

- Victoria supports inclusion of a commitment that 10 per cent that all housing growth will be targeted to housing developments that meet the needs of Aboriginal people, with this housing to be self-determined by Aboriginal communities. The Victorian Government and the Victorian Aboriginal community have agreed this approach for all Big Housing Build social housing growth. This approach has the potential to avoid unnecessary and unproductive disagreements between States and Territories on First Nations housing priorities.

Definitions

- Victoria notes that acute housing needs funding is directed specifically to ‘the particular needs of remote Indigenous communities’. Recognising the chronic overrepresentation of Aboriginal people experiencing homelessness and housing exclusion, Victoria supports a broadened definition that acknowledges the particular needs of all Indigenous communities irrespective of where they reside.
- Victoria notes that as part of the Housing Accord, the definition of ‘affordable housing’ is also being determined. Therefore, consistency should be achieved where possible across various Commonwealth housing initiatives, which will reduce confusion when proponents are delivering housing.
- Victoria supports a consistent national definition of affordable housing that is broad and provides scope to align with existing jurisdictional affordable housing definitions. In Victoria, affordable housing is defined in the *Victorian Planning and Environment Act 1987*, as housing, including social housing, that is appropriate for the needs of very low, low and moderate-income households. In particular, using a limited definition of affordable housing focusing on a set proportion of market rent risks creating unaffordable housing in some areas, and unnecessary housing subsidies in others. For reference, the Victorian legislation defines affordability broadly, using income ranges as outlined below:

Table 1 – Greater Capital City Statistical Area of Melbourne

	Very low income range (annual)	Low income range (annual)	Moderate income range (annual)
Single adult	Up to \$26,680	\$26,681 to \$42,680	\$42,681 to \$64,020
Couple, no dependant	Up to \$40,010	\$40,011 to \$64,030	\$64,031 to \$96,030
Family (with one or two parents) and dependent children	Up to \$56,010	\$56,011 to \$89,630	\$89,631 to \$134,450

Table 2 – Rest of Victoria

	Very low income range (annual)	Low income range (annual)	Moderate income range (annual)
Single adult	Up to \$19,440	\$19,441 to \$31,110	\$31,111 to \$46,660
Couple, no dependant	Up to \$29,160	\$29,161 to \$46,660	\$46,661 to \$69,990
Family (with one or two parents) and dependent children	Up to \$40,830	\$40,831 to \$65,330	\$65,331 to \$97,980

Source: <https://www.planning.vic.gov.au/policy-and-strategy/affordable-housing>. Income levels are indexed annually using ABS data.

- In terms of acute housing, Victoria supports the definition 'risk of experiencing homelessness' in place of 'serious risk of experiencing homelessness' (Division 2. Clause 18. Paragraph 1.6647). This definition aligns with the terminology used in Victoria, including in the Residential Tenancies Act 1997 (Vic).
- In Victoria, to be inclusive of all experiences of family violence we use the language 'victim survivor' or 'person/people experiencing family violence' rather than 'women and children'. The current drafting by the Commonwealth elects to focus the response on women and children exclusively. We would recommend expanding this definition to be more inclusive. An alternative option could be to replace 'women and children' with 'adults and children'.

Investment Mandate

- Victoria acknowledges that a separate consultation process will be undertaken with States and Territories to discuss the content of the investment mandate.
- Victoria strongly supports state involvement and input into the development of the investment mandate. Each jurisdiction faces different pressure and housing challenges, with different regional priorities and demographic needs. These challenges are best addressed when considering the local context. Understanding of demand, local priorities and emerging needs are needed to inform the investment mandate.
- Victoria supports adoption of a sunset clause for investment mandate directions and measures to ensure coherence between directions.

Governance and functions

- Victorian asks that the Commonwealth circulate an infographic showing the governance and financial arrangements between the separate pieces of this legislation package (e.g. Future Fund, Fund Board, Minister/s, Supply Council, Housing Australia etc.). This should also include a diagram that sets out the various funds flows across the investment and the making of financial grants to CHAs and other grant recipients.
- Victoria supports greater clarity on the role that the COAG Reform Fund will play, including a clear purpose of the provision for funds to be allocated via the COAG Reform Fund.
- Victoria supports legislation that ensures States and Territories can be the recipients of funding from the Housing Australia Future Fund and COAG Reform Fund.
- Victoria supports legislation that enables funding direct to states and territories or Community Housing Organisations, to allow for flexibility in programs able to be supported and delivered.

National Housing Supply and Affordability Council Bill 2023

- The Supply Council does not indicate the need for membership to be balanced across the different fields of expertise. Victoria supports Council membership that provides reasonable coverage of all expertise areas.
- The Council will provide advice to the Minister on specific matters being considered at intergovernmental fora with the intention that states and territories have access to independent research on the issue. Victoria supports clarification that the Minister needs to share the advice with states and territories in all relevant forums (eg Council of Federal Financial Relations, Housing and Homelessness Ministerial Council) to ensure the intent of the legislation is carried through.

Treasury Laws Amendment (Housing Measures No. 1) Bill 2023 relating to Housing Australia & Housing Australia Act

- The legislation proposes that Housing Australia expands its remit to directly support new social and affordable stock in addition to enabling infrastructure. This means Housing Australia will be delivering grants and loans simultaneously. Victoria suggests the Commonwealth consider the separation of these functions through appropriate governance arrangements, given loans and grants have different policy and risk considerations, and to ensure the priorities of one do not adversely influence the decision-making of the other.
- Paragraph 4.4 in Chapter 4 of the explanatory material states: “Certain aspects of the exposure draft legislation are yet to be finalised. In particular, the draft legislation for Housing Australia’s investment function...” Victoria supports clear timelines and processes for state and territory consultation and input.