

21 December 2022

Housing Branch
Personal and Indirect Tax, Charities and Housing
The Treasury,
Langton Crescent, Parkes ACT 2600
housing@treasury.gov.au

Attention Will Devlin,

PIA Submission - Commonwealth Housing Legislative Package

The Planning Institute of Australia (PIA) is the national body representing land use and infrastructure planning and the planning profession. We engage with over 10,000 practitioners each year through events, education and training and represent over 5,600 members.

PIA supports the package and wants planning systems to play their part

PIA strongly endorses the expansion of the Commonwealth's investment in social and affordable housing – and broadly support the funding and institutional mechanisms in the legislative package (See **Attachment A** and Treasury [website](#)). PIA want planning systems to enable the smooth delivery of this social infrastructure and ensure this growth strengthens the performance of urban areas.

Planning for the location, timing, diversity, form and performance of housing as part of urban settlement is the central role of our profession. Housing is best accommodated where attention is paid to urban amenity, access to jobs and services and efficient and effective deployment of enabling infrastructure. The market is supported in delivering these outcomes by a planning regulatory environment which shapes private and public investment in housing – but does not act as a barrier.

Planning works by identifying strategic outcomes for people and places over time, enabling supporting infrastructure delivery and designing risk-weighted processes that assure built form outcomes can be achieved. The outputs of the planning process include zoned capacity for urban greenfield growth and urban renewal and a lower risk environment for investment in housing and supporting services and infrastructure.

Planning is concerned with pathways for future housing supply - at volumes, locations and of types that align with strategic plan and long-term population scenarios. PIA is also conscious that enabling capacity for growth does not equate to the actual completion of dwellings – and that the price of housing (to buy and rent) is not very sensitive to the amounts of housing that are able to be delivered short to medium term. PIA notes research ([link](#)) that the new housing that is provided tends to not be accessible to the lower income quintiles.

PIA's *'Role of Planning in Housing'* Position Statement ([link](#)) and Discussion Paper ([link](#)) acknowledge the need for social and affordable housing to be delivered at an unprecedented scale by the public sector and private partners.

Good planning enables investment in social and affordable housing to offer the best returns from a societal perspective. Planning helps locate and shape social and affordable housing where it works as part of the community. PIA emphasise that the value proposition of planning is not just its role in enabling capacity for future housing supply – but the value and savings created by urban settlement that reduces living costs, connects labour markets and jobs, optimises return on infrastructure investment, de-risks and incentivises diverse housing forms.

The package would equip Housing Australia to expand social and affordable housing

PIA understands that \$10Bn would be available to both publicly fund and leverage other private capital in the delivery of social and affordable housing at scale. We understand that the legislative package creates the Housing Australia Future Fund and Housing Australia and to hold and disburse the funds according to the objects of the acts and specific investment mandates that are yet to be developed by the responsible Ministers and under the guidance of the Future Fund Board.

We understand that the legislation expands the remit of the NHIF to directly fund and finance social and affordable housing and enables the NHIFC (as Housing Australia) to deliver the Government's programs. Housing Australia would implement aspects of the National Housing and Homelessness Plan – designed to improve housing and homelessness outcomes.

Housing Australia would fund acute housing needs as well as having a broader object: *"to enable support to be provided to increase the availability of social and affordable housing"*. This object is repeated across the bills on exhibition and is appropriate as it would not restrict Housing Australia from acting on any matters that would improve access to social and affordable housing (noting the statutory definition of affordable housing – distinct from 'affordability').

PIA would like to emphasise the need for funding to add to long term supply of social and affordable housing in perpetuity. Commonwealth funds should not just leverage super and private money for a top-up subsidy for a limited life - a minimum would be to transition to stock to Community Housing Providers who could retain stock at sub-market rents (but not for waiting list tenants).

While the package would enable the right actions – PIA are looking for measures that target social and affordable housing funding in the right place and enhance planned urban growth/renewal priorities aligned with a spatial strategy for land use and infrastructure.

PIA supports a National Housing and Homelessness Plan - within a 'spatial' National Settlement Strategy

A National Housing and Homeless Plan must extend beyond a mechanism for achieving budget priorities to an actual spatial strategy for more productive, fair and liveable cities and towns. The Commonwealth's investments must not be 'spatially blind' to the impact they have shaping cities and towns. Simple funding prioritisation based on an even national per capita share may not give the best results in jurisdictions with a less mature set of state / regional growth strategies.

PIA acknowledges AHURI's recent observation ([link](#)) that state and territory governments are not strategically coordinated to support national objectives, with each jurisdiction having their own specific housing and homelessness concerns and focus. The lack of an overarching national plan over the last few decades has meant Australian housing policy has largely devolved to lower levels of government, with outcomes being reduced coordination, accountability and certainty.

As a consequence, an AHURI Inquiry notes: 'Australia's housing system is failing to deliver a sufficient supply of affordable homes and wider affordability pressures are affecting household wellbeing. *A national strategic framework is needed to address these failures.* By integrating and enhancing the public subsidies, financial settings, policy levers and programs that exist across the three levels of government, a national framework for housing will drive outcomes across the continuum of housing needs and help deliver long-term growth of affordable housing supply.'

PIA has prepared a blueprint for a National Settlement Strategy ([link](#)) as a framework for national spatial strategies on housing - alongside place outcomes for population infrastructure and climate adaptation. PIA would appreciate the opportunity to work with Treasury, Housing and Infrastructure Ministers on how the Housing and Homeless Plan would relate to a National Settlement Strategy.

Grants should incentivise better strategic planning for housing - not a dumbed-down planning system

PIA has presented evidence ([link](#)) to the Falinski Inquiry - that housing purchase and rental prices are relatively insensitive to plausible rates of increase in housing supply. This is the case while demand in Australian markets remains superheated by an attractive tax and investment environment for housing as an asset.

PIA understand the 'Housing Australia Future Fund Bill would establish the HAFF Payments Special Account to make grants in relation to acute housing needs. Following a decision of Government to allocate disbursements from the Fund, a designated Minister would request that the agreed amount be debited from the Fund and credited to the Housing Australia Future Fund Payments Special Account for the purpose of making grants. Grants to a state or territory would be channelled through the COAG Reform Fund.' There is an opportunity for these grants to states or territories to be contingent on certain housing outcomes or reforms being undertaken.

There have been calls for planning system / zoning reforms to promote supply. PIA support supply growth for future population needs integrated with strategic planning to generate great places over the long term - not ad hoc measures that risk poor place outcomes and less return on infrastructure investment.

This predicament is discussed in the linked papers on strategic planning ([link](#)), outcomes associated with the New Zealand blanket rezoning experience ([link](#)) and how planning regulation interacts with land supply ([link](#)).

PIA urge the COAG Reform Fund grants and any reform incentives – to be based on advice from the Council. This advice should not conflate additional zoned capacity for housing with actual completed supply - nor conflate increases in supply with an improvement in ‘affordability’.

PIA support COAG Reform Fund Grants incentivising improvements in state and regional strategic planning for urban growth and change. This is the most effective way of aligning infrastructure and increasing diverse housing supply where it can have the greatest long-term value. Grants should not encourage ill-informed ad hoc rezonings in the wrong places.

PIA also support COAG Reform Fund Grants promoting the adoption of inclusionary housing measures through planning systems as part of a wider range of mechanisms for delivering affordable housing in perpetuity managed through CHPs. PIA support the phased introduction of lower rates for inclusionary zoning on all housing land (eg 10 years) as well as requiring higher levels of affordable housing dedication contributions at the rezoning stage – and on public lands.

PIA wants the National Housing Supply and Affordability Council renamed and tackle the right questions

PIA support renaming of the Housing Supply and Affordability Council - to the ‘Housing Council’. This would make it clear that all aspects of the Government’s role in improving access to the right housing in the right locations are in scope. Both demand and supply initiatives should be considered as part of the Councils advice to Government. The tax settings that superheat demand for housing as an investment asset should be on the table - as well as factors influencing supply such as construction supply chains, capacity of CHP sector, land banking and access to enabling infrastructure funding.

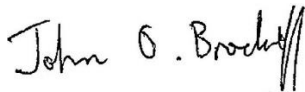
PIA understands the Housing Council Bill establishes the Council as an independent statutory advisory body to inform the Commonwealth’s approach to housing policy by delivering independent advice to the Government on options to improve housing supply and affordability. The Council is a critical element which will support the Commonwealth’s enhanced role in housing policy, informing Government of gaps in the supply and affordability of housing in Australia and assisting the Government to make evidence-based policy and funding decisions. The Council gives advice to the Minister on the allocation of disbursements between Housing Australia, the COAG Reform Fund and the Housing Australia Future Fund Payments Special Account from the Housing Australia Future Fund Special Account. The Minister should have regard to this advice.

PIA strongly supports having a planner(s) on the council to ensure that the Commonwealth’s investments and actions in housing markets are responsive to their spatial implications and create more productive and liveable cities.

Next Steps

Please do not hesitate to contact PIA for further information via john.brockhoff@planning.org.au. PIA would be pleased to contribute to Housing Australia's work integrating spatial planning outcomes in mechanisms supporting the bills including the National Housing and Homelessness Plan.

Yours sincerely



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ATTACHMENT A – COMMONWEALTH HOUSING LEGISLATIVE PACKAGE ON EXHIBITION

The Treasury [website](#) includes the relevant bills. The purpose of consultation is to seek feedback on the Exposure Draft Bills and Explanatory Memorandum contained in the Package:

- The *Housing Australia Future Fund Bill 2023*
- The *National Housing Supply and Affordability Council Bill 2023*
- The *Treasury Laws Amendments (Housing Measures No. 1) Bill 2023*, covering the following measures:
 - Transition of the National Housing Finance and Investment Corporation (NHFIC) to Housing Australia (Schedule 1)
 - Updating the functions of the NHFIC Act 2018 to simplify the functions and constitutional basis of, and introduce an annual review mechanism for, the National Housing Infrastructure Facility (Schedule 2)
 - Implementation of the Government's response to Recommendation 6 of the Statutory Review of the Operation of the NHFIC Act 2018 (Schedule 3)
 - Consequential amendments from establishing the Housing Australia Future Fund (Schedule 4)

- The accompanying Explanatory Memorandum.