



THE HON MICHAEL SUKKAR MP
Minister for Housing and Assistant Treasurer

Ref: MC19-006087

Mayor David O'Loughlin
President
Australian Local Government Association
alga@alga.asn.au

25 OCT 2019

Dear Mayor O'Loughlin

A handwritten signature in blue ink that reads 'David', written over the name 'David' in the salutation.

Thank you for your correspondence of 14 August 2019 concerning the resolutions arising from the Australian Local Government Association (ALGA) National General Assembly of Local Government (NGA). Your correspondence has been referred to me as I have responsibility for this matter. I apologise for the delay in responding to you.

I welcome the resolutions brought forward by the NGA and commend the ALGA's contribution to the important policy issues of housing affordability and homelessness. The Australian Government recognises that access to secure and affordable housing has significant economic and social benefits, and is committed to improve outcomes across the housing spectrum. I have attached the Government's response to this letter.

The Government's plan to reduce pressure on housing affordability is a careful, calibrated and comprehensive response that is improving outcomes across the housing spectrum. There has been good progress to date on the Government's *Reducing Pressure on Housing Affordability* plan announced in the 2017-18 Budget. This plan was designed to improve outcomes across the housing spectrum, from Australians struggling to put a roof over their head to those in affordable housing, private renters and first home buyers. The 2018-19 Budget built on this plan as part of the Government's sustained effort to reduce pressure on housing affordability.

Since the 2017-18 Budget, tax, foreign investment, and superannuation changes have been implemented to help improve housing affordability. These include the First Home Super Saver Scheme (FHSSS); the National Housing and Homelessness Agreement (NHHA); the National Housing Finance and Investment Corporation (NHFIC); and concessional withholding tax arrangements for managed investment trusts that partner with community housing providers (CHPs) to provide affordable rental housing.

The Government is working with states and territories and local governments to remove unnecessary regulation and get more homes built faster. For example, under the Western Sydney City Deal, the Government is providing \$3.6 billion to support infrastructure projects, digital connectivity, jobs growth, skills, sustainability and liveability initiatives including contributing \$15 million towards a Western Parkland City housing package.

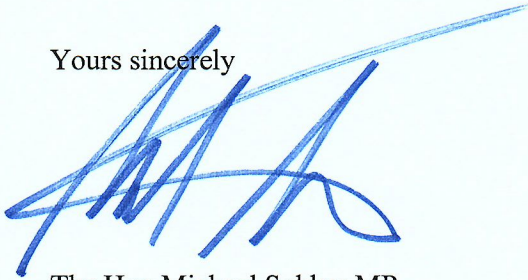
The Government is helping to improve outcomes in social housing and homelessness with the NHFIC operating an affordable housing bond aggregator that aims to provide cheaper and longer term finance to registered CHPs; providing tax incentives to increase private investment in affordable housing, and providing over \$1.5 billion annually to States and Territories under the NHHA, which also gives funding certainty to providers of homelessness services by providing ongoing and indexed Commonwealth funding.

On 12 May 2019, the Government announced that NHFIC would administer the First Home Loan Deposit Scheme and establish a research function that will examine housing demand, supply and affordability in Australia. Legislation to implement the Scheme and research function passed Parliament on 15 October 2019. The Scheme will provide up to 10,000 guarantees per financial year to help Australians realise their goal of owning their own home, by enabling first home buyers to purchase a modest home sooner with a deposit of as little as 5 per cent.

These changes will help to improve housing outcomes for all Australians.

I trust this information will be of assistance to you.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Michael Sukkar', is written over the text 'Yours sincerely'. The signature is stylized and somewhat abstract, with several overlapping strokes.

The Hon Michael Sukkar MP

CC: The Assistant Minister for Community Housing, Homelessness and Community Services, the Hon Luke Howarth MP

Resolution 56 - That the National General Assembly call on all Federal political parties, to commit to increasing funding and action to address the growing problem of homelessness in Australia by:

Developing a national plan to reduce homelessness which:

- Places the provision of affordable and social housing at the centre of the plan to reduce homelessness.
- Is informed by Housing First principles of providing stable housing and quality, personalised support.
- Includes the expansion of evidence-based models, which have demonstrated success in ending homelessness, such as Youth Foyers and Common Ground.
- Establishes specific targets and strategies to reduce homelessness among Indigenous Australians, who currently comprise 20 per cent of Australians experiencing homelessness.
- Includes sub-strategies for people rough sleeping, women and children escaping family violence, older people, particularly older women, young people exiting care and juvenile justice, people exiting corrections and those with multiple and complex needs.

Government Response

The Australian Government understands that housing is fundamental to the welfare of all Australians.

While state and territory governments have primary responsibility for housing and homelessness, over the next year the Government will invest more than \$6 billion in housing support and homelessness services. This includes significant expenditure for Commonwealth Rent Assistance (CRA) – an expected \$4.6 billion in 2019-20, to assist eligible Australians with meeting their rental costs. It also includes more than \$1.5 billion through the National Housing and Homelessness Agreement (NHHA).

Through the NHHA, the Government is improving funding for homelessness by ensuring homelessness funding previously provided through short-term agreements is ongoing and indexed. This will result in an additional \$125 million being set aside for homelessness services in 2019 20. States and territories will need to match this funding.

The NHHA also improves accountability, as states and territories are required to have publicly available housing and homelessness strategies and contribute to improved data collection and reporting. Homelessness strategies must address a range of priority cohorts listed in the NHHA, and outline reforms or initiatives that contribute to a reduction in the incidence of homelessness.

The NHHA priority homelessness cohorts are women and children affected by family and domestic violence, children and young people, Indigenous Australians, people experiencing repeat homelessness, people exiting institutions and care into homelessness, and older people.

The housing strategies must have a focus on addressing the housing priority policy areas under the NHHA. The housing priority policy areas include affordable housing, social housing, encouraging growth and supporting the viability of the community housing sector, tenancy reform, home ownership and planning and zoning reform initiatives.

The Government considers that keeping Australians safe and secure is a key priority. This is why the Prime Minister announced a \$60 million grant program for eligible organisations to provide new or expanded emergency accommodation. This program could deliver up to 450 safe places and assist up to 6,500 women and children experiencing domestic and family violence per year.

Additionally, in 2018, the Government announced up to \$118 million over five years for 103 Reconnect youth homelessness prevention services across Australia. Reconnect aims to help young people who are homeless or at risk of homelessness to stabilise and improve their housing situation, achieve family reconciliation (wherever practicable) and improve their level of engagement with education, training, employment and the community.

The Government has committed \$15.9 million to increase housing supply and reduce overcrowding in the Northern Territory's Barkly region under the Barkly Regional Deal. The Government is also providing \$30 million under the Hobart City Deal for local organisations to boost the supply of social and affordable housing in Greater Hobart.

Resolution 56 (cont.) - Developing a national housing plan which:

- Makes affordable and social housing a priority with a long-term national housing plan with associated Ministerial portfolio to drive integrated reform across Government, at all levels of Government and across industry sectors.
- Delivering housing related taxation instruments, and other incentives that will increase the supply of affordable housing by attracting institutional and private investment with models like enhanced 'build-to-rent' scheme that will create affordable private rental housing.
- Addressing the funding gap between costs and rental income for low-income households with subsidised rental, e.g. longer-term NRAS type models, access to affordable finance, etc.
- Direct Government investment to grow the supply of community housing, and build the capacity of the community housing sector (e.g. National Building program).

Government Response

The Government considers that the key to addressing rental affordability is to ensure housing supply is better able to meet demand. This is why the Government announced its 2017-18 Housing Affordability Package; a comprehensive plan to address housing affordability and improve housing outcomes for all Australians by unlocking supply, creating the right incentives for investment in affordable housing and improving outcomes for those most in need.

Key features of the package include more than \$1.5 billion for the NHHA a year (as noted against the homelessness strategy) and establishing the National Housing Finance and Investment Corporation (NHFIC).

NHFIC operates an Affordable Housing Bond Aggregator to provide cheaper and longer-term finance for community housing providers (CHP) to fund social and affordable housing in Australia. In addition to its current function, NHFIC is developing a research function to examine housing demand, supply and affordability.

NHFIC also operates a \$1 billion National Housing Infrastructure Facility (NHIF) to provide finance to eligible applicants for infrastructure that will unlock new housing supply.

NHFIC will also operate the First Home Loan Deposit Scheme, which will support eligible first home buyers purchase a home faster with a house deposit as low as 5 per cent, which will commence on 1 January 2020.

The Government is also increasing affordable housing supply through Managed Investment Trusts (MITs) that support more investment in affordable housing. MITs are designed to invest in residential housing (such as build-to-rent properties) provided they do so primarily for rental purposes. Foreign investors can also benefit from a concessional MIT withholding rate (15 per cent) if they invest in affordable housing.

Another existing Government measure contributing to rental affordability is Commonwealth Rent Assistance, which helps to reduce rental costs for Australians on eligible income support, family assistance and veterans' payments. The Government expects to provide an estimated \$4.6 billion in CRA in 2019-20 to more than 1.3 million individuals and families.

Additionally, the Government is providing \$30 million for local organisations to boost the supply of social and affordable housing in Greater Hobart. This funding is part of the Hobart City Deal and will help improve housing affordability by delivering more than 100 new dwellings for vulnerable Tasmanians.

City Deals are a genuine partnership between the three levels of government and the community to work towards a shared vision for productive and liveable cities. There have been seven City Deals agreed to date including the Hobart City Deal. Projects included as part of the Deal include building a visitor park, student boarding accommodation facility and entering into a public-private partnership for new social and affordable housing stock.

The Government has also agreed to waive Tasmania's outstanding housing related debt, which recognises Tasmania's unique challenges with housing affordability and homelessness. As at 1 July 2019, Tasmania's housing-related debt to the Commonwealth was \$157.6 million. In exchange, the Tasmanian Government has committed to redirect the saved annual expenditure to programs that increase access to social housing and reduce homelessness.

Resolution 56.3

That the National General Assembly call on the Federal Government to encourage State and Territory Governments to include a definition of tiny houses in planning legislation, to offer a flexible, legitimate housing model.

Government Response

The Australian Government understands the importance of approaching affordable housing in diverse and innovative ways, however planning and zoning legislation is a matter for state and territory governments.

Resolution 116

That the National General Assembly call on the Federal Government to develop a comprehensive National Housing Strategy.

Government Response

The response noted for Resolution 56.3 applies to this resolution.