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Director
Housing Australia Future Fund Unit
Housing Division
Treasury
Langton Crescent
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By email to: housing@treasury.gov.au

To Whom It May Concern

Re: Housing Australia Investment Mandate Amendment

Thank you for the opportunity for the Housing Industry Association (HIA) to provide feedback on the Housing Australia Investment Mandate Amendment exposure draft.

HIA is broadly supportive of the establishment of the Housing Australia Future Fund Facility (HAFFF) and the National Housing Accord Facility (NHAH) to support the Government's commitment to deliver 30,000 social and affordable homes over five years and an additional 10,000 affordable homes.

HIA is fully committed to working with governments to boost the supply of housing of all forms and longer-term reforms to address housing undersupply and housing affordability in a sustainable and practical manner.

The establishment of Housing Australia and the National Housing Supply and Affordability Council are important initiatives to identify the longer-term reforms needed.

Further, HIA welcomed National Cabinet's Commitment earlier this year, through the Housing Accord, to build 1.2 million homes over the next 5 years as an import signally of intention and commitment from all parts of Governments to deliver on these much-needed homes.

HIA also recently provided a detailed submission to the National Housing and Homeless Plan that outlined a number of complimentary measures needed to support bringing more housing types of all forms to market and ensuring these are able to be built in a cost effective manner

<https://hia.com.au/our-industry/-/media/files/newsroom/submissions/2023/national-housing-and-homelessness-plan-issues-paper---201023.pdf>

These items though not directly related to the Housing Australia Investment Mandate Amendment, but rather highlight that boosting the supply of housing of all forms including social, community and affordable housing, needs to be addressed as part of a multi-faceted and targeted approach.

Regarding the proposed amendments as set out in the 'Exposure draft' and supported by the explanatory statement, HIA is generally supportive of the elements set out therein.

We do have a number of detailed comments to the Exposure draft which believe would enhance it and provide greater flexibility in its delivery that are provided in Appendix 1 overpage.

This flexibility of approach is considered important given the significant uptick in volume of social, community and affordable housing to be delivered under these programs and to enable the greatest number of businesses to be part of these programs and address the acute housing needs.

If you would like to discuss any of these matters further, please don't hesitate to contact me.

Yours sincerely

HOUSING INDUSTRY ASSOCIATION LIMITED

A handwritten signature in blue ink, appearing to read 'Simon Croft', with a long horizontal flourish extending to the right.

Simon Croft
Chief Executive, Industry & Policy

HIA's General Comments

The following are relevant general comments related to increasing supply of housing of all types under the Housing Accord and HAFF.

1. Improving the quality of data on housing

This includes building on the data collected and reported by the ABS.

The ABS has expended out it's housing collection recently by published 'Demolitions' but there remains additional data that would assist improving housing supply.

This is particularly the case around the provision of land supply, sales and the price of new residential land.

The quality of data on the supply of land is currently extremely poor. When it is reported it is inconsistent across regions and of little value. Improving the supply of land is central to increasing the supply of homes.

2. Housing Australia and Dwelling Supply:

Housing Australia should continue to build on the fine work undertaken by NHFIC, especially in their 'State of the nation' Report.

This provides an excellent snapshot of the challenges and the depth of undersupply of housing. It is important that this Report continue to clarify the task for state and local councils.

3. Affordable housing:

HIA would caution against using this term in goal setting. The goal should be to increase the supply of homes, to ensure that housing is affordable.

In defining 'affordable' comes challenges that could unnecessarily distort the efficient provision of new housing.

Definitions of affordable can be adopted in other related legislation, government policies of programs where it is not appropriate. A Federal definition could also place artificial thresholds in the market that are not relevant over time.

Setting one definition of affordable for one region may not be relevant in another region, with different wage rates, unemployment levels or other services.

The goal isn't to deliver a large volume of low-cost housing, but to deliver an adequate supply of homes for all households. This includes housing across the continuum.

If a definition of 'affordable' is to be adopted, it should be an outcomes-based definition, for example: a market with at least 3 per cent (perhaps 5 per cent) rental vacancy shall be considered to have delivered adequate supply of affordable housing.

Failure to deliver at least 3 per cent rental vacancies in a region ensures that renters have limited market power and it likely to see house prices rise faster than wages. This is not optimal. Similarly, attempting to lower the cost of established homes could lead to other adverse economic consequences.

To this end, defining success for Housing Australia, should be based on the outcomes achieved in the rental market, which is more reflective of changes in supply and demand than the established housing market.

Detailed Comments to Exposure draft

Section:
2 - Section 4 – Add HAFFF special purpose vehicle
HIA Comment:
HIA support's the inclusion of HAFFF special purpose vehicle is an entity mentioned in paragraphs 28F.
Section:
28B Simplified outline of this Part – Purpose of the HAFFF
HIA Comment:
HIA support's the purpose of the HAFFF as outlined in 28B.
Section:
28E HAFFF projects (4) – reference to dwelling's compliance with the NCC
HIA Comment:
<p>28E(4) is set out as follows:</p> <p><i>A dwelling is HAFFF construction compliant if: (a) the dwelling complies with the standards in the NCC relating to energy efficiency; and (b) the dwelling complies with the standards in the NCC relating to livable housing design.</i></p> <p>It is problematic to call out specific sections of the National Construction Code (NCC) and not the whole of the document as it can be misleading to those applying the provisions believing that it may only need to use some sections but other components of the NCC wouldn't be relevant.</p> <p>Further the NCC includes some exemptions for certain house types or block types and each state and territory adopts the NCC slightly differently as it applies to both livable and energy efficiency requirements.</p> <p>This would create confusion for approval bodies, builders and designers in that the NCC may apply differently in that state or territory or that building type or site for the purposes of building regulatory compliance compared to the requirement through 28E for funding approvals. This would complicate and confuse this unnecessarily.</p> <p>Furthermore, given the NCC 2022 provisions are now settled across the country in terms of adoption it is not considered a need to specifically call out NCC 2022 adoption anymore as this will be an obligation to most projects anyway by the time the HAFF provisions are adopted for projects.</p> <p>HIA would suggest removal of this clause or just add as a note, that projects need to comply with the National Construction Code (NCC) 2022 to be considered a compliant dwelling for the purpose of the HAFFF.</p>
Section:
28F Eligible project proponents for HAFFF projects
HIA Comment:
<p>Under 28F(i) it states -</p> <p>(i)a HAFFF special purpose vehicle that is a constitutional corporation.</p> <p>And it is defined as-</p>

- (2) An entity is a **HAFFF special purpose vehicle** if:
- (a) it has a purpose of undertaking any of the following kinds of projects:
 - (i) projects to increase available social housing or affordable housing, or both;
 - (ii) projects to address acute housing needs; and
 - (b) at least one of its members is an entity mentioned in paragraphs (1)(a) to (h).

HIA would like it clarified that in terms of building the dwellings under HAFFF, if working with or for a state government, a private building company/operator are also eligible to be project proponents to complete the work in a hybrid model under this definition or an expanded definition of eligible project proponents.

Further, for the 10,000 affordable housing components of the HAFFF that more flexible be considered for types of entities that could qualify to be considered eligible project proponents including private building company/operator.

Section:

28J Matters to be considered when making financial decisions

HIA Comment:

Under 28J(c) it states -

(c)whether the dwellings constructed under the project:

- (i) are close to work, schools, transport and other amenities; and

HIA would suggest that this be amended to recognize that many of the homes to be built will be in new area of land release or on land that has previously not been developed. As such infrastructure such as schools, shops, etc. would be planned to be built but generally come after housing and other infrastructure.

It is recommended that this criterion be re-drafted to recognised that the initial building of the dwellings may not be close proximity to schools, transport, etc. but close to 'planned' or 'designated areas' where schools, transport and other amenities are scheduled to be provided (or similar drafting).

Section:

28J Matters to be considered when making financial decisions

HIA Comment:

Under 28J(d) it states –

The extent to which the project's workforce (whether or not employed directly by the project proponent) will support greater participation of apprentices, in particular female apprentices and female trade apprentices in the building and construction industries;

Whilst supportive of the intent of this criterion, HIA would recommend it be broadened to include 'female construction workers' rather than just female trade and apprentices as onsite workers are only one component of construction industry that females operate in but they also play a large part in design, project oversight, building approvals, etc. and by reference to female onsite workers it can make this criterion difficult to satisfy particularly in more regional areas where many of this projects will be built.

Section:

28K Quarterly reporting of the Minister in relation to the HAFFF
HIA Comment:
HIA is supportive of the quarterly reporting requirements to ensure ongoing progress of delivery of the HAFFF projects from a transparency perspective.
Section:
28N Simplified outline of this Part
HIA Comment:
HIA support's the purpose of the NHAF as outlined in 28N.
Sections various
HIA Comment:
HIA's comments above on NCC compliance, eligible project participants and matters to be considered for financial decisions – would apply equally to projects under the NHAF.