



20 October 2017

Housing Policy Unit Manager  
Social Policy Division  
The Treasury  
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Dear Sir/Madam,

**Re: National Housing Finance and Investment Corporation consultation paper**

I write on behalf of Launch Housing in response to the proposed National Housing Finance and Investment Corporation (NHFIC). In particular, I focus on the need to support the increased supply of affordable housing as a necessary response to homelessness. As noted in the consultation paper (page 7) about the NHFIC, housing supply has not kept up with demand.

**Launch Housing**

Launch Housing is an independent Melbourne based community organisation, which brings 75 years' experience working with people at risk of or experiencing homelessness. We are one of Victoria's largest providers of housing and homelessness support services. We provide flexible, specialist services that directly assist thousands of individuals, couples and families every year.

Launch Housing is Victoria's strongest advocate for affordable housing and a leader of research into homelessness that produces better outcomes for our clients and lasting positive change for our community. We believe housing is a basic human right that affords people dignity, and this is reflected throughout every aspect of our work. Everyone has a right to a home and it is our job to make this happen. Our mission is to end homelessness.

We operate across 14 sites and 18 local government areas from Whittlesea in the north to greater Dandenong in the south east of Melbourne. Last year we supported 18,000 people at risk of or experiencing homelessness across Melbourne.

To underpin the importance of housing supply, the activities of Launch Housing are structured in terms of 'Getting Housing', 'Keeping Housing' and 'Housing Supply'.

In particular, Launch Housing is widely known for its social enterprise, and Australia's first not for profit real estate agency, HomeGround Real Estate. Since March 2014 we have provided landlords and tenants with a professional property management service, while reinvesting the revenue back into the community. With a current portfolio of over 350 properties, many of which are under the Affordable Housing Initiative, we have demonstrated our ability to increase the supply of housing to low income Victorians (<http://www.homegroundrealestate.com.au/>).

### **Affordable housing supply**

The lack of affordable housing supply is a critical situation that underpins the prevalence of homelessness. An increase in affordable housing is a necessary feature of any national response to reducing, and over time, ending homelessness.

With the imminent release of the Australian Bureau of Statistics 2016 Census, there is well-informed speculation that there will be a significant increase in the number of people experiencing homelessness nationally. Work undertaken by Launch Housing, in partnership with the University of New South Wales, suggests that the scale of homelessness demand has significantly changed in the past five years (especially in Victoria) and that over a third of respondents to an online survey to service providers said that there had been further significant change in the scale of homelessness over the past 12 months.

Unfortunately, the supply of social and affordable housing is not keeping pace with need. The national share of housing stock in the social rental sector has declined from 5.1 per cent at the beginning of the century to 4.2 per cent in 2016. As observed by the Productivity Commission, capital expenditure for social housing decreased from \$654.7 million in 2009-2010 to \$232.3 million in 2013-2014. Unfortunately, the private rental market has not filled this supply gap.

The situation is worse in Victoria where effectively the public housing system is financially 'broken' and has an out of date and old stock profile. See: report by the Victorian Auditor-General's Office – <https://www.audit.vic.gov.au/sites/default/files/20170621-Public-Housing.pdf>

Projections prepared for the Victorian Royal Commission into Family Violence underscore the extent of the housing supply problem. As noted by the report's author, Professor Yates, 1,700 more social housing homes are needed each year over the next 20 years to maintain social housing at its current 3.5 per cent share of the total homes in Victoria. This is an increase of over 30,000 social homes over the next two decades. Double this amount of social housing homes is needed over the next 20 years if lower income households, currently facing housing stress in the private rental market, are to access affordable housing. See: [http://www.vic.gov.au/system/user\\_files/Documents/fv/Victoria%E2%80%99s%20social%20housing%20supply%20requirements%20to%202036.pdf](http://www.vic.gov.au/system/user_files/Documents/fv/Victoria%E2%80%99s%20social%20housing%20supply%20requirements%20to%202036.pdf)

Accordingly, Launch Housing is supportive of measures, such as the affordable housing bond aggregator, to increase affordable housing supply. It is imperative that the NHFIC focus on facilitating the supply of affordable housing for a range of low income households, and not just key workers. A targeted response is required as an overall increase in housing supply does not necessarily lead to improved access for those on lower-incomes and/or at risk of homelessness.

Recent work by the Australian Housing and Urban Research Institute (AHURI) shows that most of the growth in housing supply has been taking place in mid-to-high price segments, rather than low price segments. There has not been a trickle-down effect whereby households buying new properties free up vacancies in the established housing stock to enable people experiencing housing stress to move into these at lower prices and rents. See: AHURI – <http://bcec.edu.au/assets/AHURI-Final-Report-281-Housing-supply-responsiveness-in-Australia-distribution-drivers-and-institutional-settings.pdf>.

The success of the NHFIC and the affordable housing bond aggregator relies on effective measures to support the capacity and growth of the community housing sector. As noted in the consultation paper (page 22), the potential of the affordable housing bond aggregator will only be realised if the community housing sector has the necessary financial, asset and risk management expertise. This is confirmed in AHURI research that shows how Australia's emerging affordable housing industry has considerable potential to expand housing options for lower income households. See: AHURI – [https://www.ahuri.edu.au/data/assets/pdf\\_file/0020/9083/AHURI\\_Final\\_Report\\_No268\\_Profiling-Australias-affordable-housing-industry.pdf](https://www.ahuri.edu.au/data/assets/pdf_file/0020/9083/AHURI_Final_Report_No268_Profiling-Australias-affordable-housing-industry.pdf).

Other measures such as the use of inclusionary zoning, as illustrated in the consultation paper (page 15), are also necessary features of a general approach to increasing affordable housing supply.

Likewise, effective engagement with and the participation of local governments will be critical. Launch Housing supports the planned National Housing Infrastructure Facility (NHIF), which will use tailored financing to partner with councils to support housing supply. In Victoria, this is especially pertinent in outer metropolitan areas (including growth corridors) and regional cities.

I look forward to the outcomes of the current consultation process and the opportunities of the NHFIC to support an increase in affordable housing supply.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tony Keenan', with a long horizontal flourish extending to the right.

**Tony Keenan**  
Chief Executive Officer