



Housing All Australians

Amendments to the Housing Australia Investment Mandate Direction

DETAILS

From: Housing All Australians Ltd

(DGR 1 PBI registered charity)

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SUBMISSION OVERVIEW

Housing All Australians (HAA) is a business led initiative looking at housing and its connection to homelessness through an economic lens (rather than a social one). Our partners include businesses and value aligned organisations concerned about the increasing level of homelessness, housing affordability, and how the lack of affordable housing is impacting society. Homelessness is the canary in the coal mine to a much greater issue within the housing continuum.

The 2021 the then National Housing Finance Investment Corporation (NHFIC) review by Chris Leptos AM quantified the shortfall on housing investment at \$290 billion. This is a national issue with such significant repercussions across society, especially for future generations that, if left address, will erode the very nature and fabric of Australian society. It is too great a crisis for government to solve alone.

Australia's housing crisis has been developing for decades and is so entrenched that it will take decades to correct. Government cannot afford to leave any stone unturned in providing Housing Australia with the legislative power to address the issue at scale, yet it is also important that it be allowed to be nimble to take advantage of opportunities as they develop, while maintaining an appropriate proper and robust governance in the public interest.

This submission is requesting that the Federal Government to consider amending the current legislation to enable a provision that will allow future Housing Australia to consider extending its funding remit to any party that was able to significantly contribute to the development of affordable housing, at scale, if it was deemed in the public interest and if it was able to be appropriately monitored to ensure full compliance with the intended objective.

As you will read, by providing the right legislative framework and allow future consideration of unlocking additional opportunities, at scale, centred around a digital approach to compliance, will allow Housing Australia to maximise its chances of success. Given the opportunistic timing of this Legislative Amendment process, a provision should be made for Housing Australia to take advantage of these opportunities as they emerge through advances in the application of technology, without having to revisit the final Legislation into the future.

We would be please to discuss the detail behind this innovation, and we look forward to that opportunity.

ABOUT HOUSIJNG ALL AUSTRALIANS (HAA)

VISION: HAA'S vision is An Australia where everyone has a stable place to call home whether they are rich or poor.

MISSION: To harness the ability of the private sector and collaborate to address the chronic shortage of low income affordable housing.

OUR DIFFERENCE: Unlike most housing charities in Australia, HAA is a private sector, business-led initiative (PBI & DGR1), examining the economic impacts of housing and homelessness. We challenge the status quo to bring sensible and meaningful change to existing government policies at a local, state, and federal level – on behalf of the future generations of Australians. We do not expect government to solve this challenge alone. This is our collective problem. And that includes business. HAA is becoming a conduit for value-aligned private-sector organisations that want to help vulnerable Australians.

INNOVATION: HAA thinks outside the box by developing new solutions to existing problems. With an intimate understanding of the economic drivers of the development industry, HAA uses this knowledge in a way that satisfies industry and achieves the public policy objectives. Too often policy, is written without a clear understanding how an industry will practically respond. This normally results in unintended consequences.

LEAN AND EFFECTIVE: Launched in 2019, HAA is a “virtual” organisation that has PBI and DGR1 status, but no physical office. HAA is now established in every state and territory, (except the NT at this point in time) and is currently 100% volunteer-led with pro-bono support from the private sector.

WHY HAA EXISTS: Historically, discussions about affordable, social, and public housing, have been perceived as largely a social issue championed by charity and not-for-profit (NFP) organisations. HAA exists to facilitate a private sector voice and shift the discussion around public, social and affordable housing away from its perception as being “just housing”, towards the true economic impact on Australian society. Just like roads, schools, or hospitals, HAA sees public, social and affordable housing as fundamental economic infrastructure, which provides the foundations for a future prosperous Australia.

HAA is a private sector initiative and a “for purpose” organisation that views housing and homelessness through an economic and commercial lens. It is repositioning the housing discussion as both an economic and social issue for Australia. Given the scale of housing investment identified in the NHFIC Review as \$290 billion, unless solutions are at scale and are economically viable, they will never drive the production of new housing stock that Australia so badly needs to mitigate the long term implications to future generations.

WHAT WE DON'T DO: HAA does not provide wrap-around homelessness services to those in need. We focus on bringing private sector organisations together to fit out vacant spaces, try new ideas, and create alternative housing models to unlock new housing supply and provide the innovation needed to change the paradigm. We partner with DGR1 support agencies such as the YWCA, Uniting and Salvation Army to provide the vital support services vulnerable Australians need.

THE PURPOSE OF THIS SUBMISSION AND THE SUGGESTED LEGISLATIVE AMENDMENTS

As mentioned in the Submission Overview, the Federal Government needs to make use of all levers to solve Australia's housing crisis. We restate. It has taken decades to get to this point and it will take decades to get out.

The community housing sector play an important role in the delivery of housing for those on low incomes, predominantly, those in social housing. As we know, to grow sector and to get access to the federal GST exemptions and Commonwealth Rental Assistance (CRA), State Governments have transferred some of their housing stock to Community Housing Providers (CHP's). In doing so, they have a direct interest in ensuring that the CHP's maintain the use of the homes for their intended purpose. In addition, the States and Territories, and now Federal Government, are also provide funds to the sector to facilitate the growth of social housing.

To ensure the intended purpose and to provide a level of transparency with the use of public funds, the CHP sector is regulated in each state and territory by the [Housing Registrar](#). However, Australia's housing crisis, will not be solved by engaging only with the CHP sector in the provision of social and affordable housing. Especially for affordable housing.

To maximise impact, consideration needs to be given to engaging the existing property and development "ecosystem". However, for this to be even a consideration for government, an appropriate level of transparency, governance and compliance **must** be able to happen.

To move towards an "at scale" solution that includes the participation of the development industry, Housing All Australians has developed its own affordable housing model called the Progressive Residential Affordability Development Solution. Or as we call it, the PRADS model (see page 12 of this submission for a further explanation).

In formulating the PRADS model as an "at scale" solution using private sector capital (not government), a fundamental requirement was to establish a credible private sector alternative to the Housing Registrar. This led to the idea of creating a digital Affordable Housing Register (AHR) that has a proper governance structure and allowed government the full transparency it needed to ensure all stakeholders perform their compliance obligations for the entire length of the agreed term of the affordable housing. This will be able to unlock private sector capital to drive the delivery of affordable housing as the developer is able to sell the affordable home to its investor

data base. Currently the majority, if not all, of the affordable commitments entered by local government into Excel spreadsheets.

Whilst the initial use of the AHR was created for the PRADS model, there are a myriad of other identified potential uses for this digital compliance register that will enable the further engagement of the private sector.

PEXA, has agreed to develop the AHR for HAA, on a pro bono basis, as their contribution to helping Australia with its housing crisis. This collaboration has been going on for several months and has included workshops with officers of local government, the State of Victoria and members of the development industry. A Minimal Viable Product (MVP) is expected to be completed by end of November 2023 with the objecting of a full roll out in 2024.

The AHR will provide a centralised platform that records all affordable housing obligations and will enable government to monitor the compliance of all stakeholders over the life of the commitment. It will ensure that developers, investors, owners, and tenants are undertaking their compliance obligations in accordance with agreed parameters.

In developing the AHR, it is acknowledged that for an “at scale” solution, we must recognise that at all levels of government, there are insufficient resources to oversee all the commitments. Therefore, the AHR will be kept “management light” via the use of smart technology, with the respective government authority only being notified when non-compliance is detected. To ensure the AHR is functioning as intended in line with the approved governance process, the AHR will also be subject to an annual audit.

The purpose of this paper is to inform the Federal Government of the development of the AHR as this could be of great use to Housing Australia in expanding its remit to include other organisations, that are not necessarily CHP's, in delivering affordable housing while still ensuring proper and thorough oversight.

PEXA to develop the Register for Housing All Australians.

[Property Exchange Australia \(PEXA\)](#) is a multi-award winning ASX-listed Australian prop-tech business with over a decade of experience. PEXA was formed to fulfil the Council of Australian Governments (COAG) initiative to deliver a single, national e-conveyancing solution to the Australian property industry.

Together, HAA and PEXA's mission is to harness the skills and capacity of the private sector to collaborate with private and public sector industry to address, at scale, the chronic shortage of low-income affordable housing. PEXA have agreed to create Housing All Australian's digital Affordable Housing Register on a pro bono basis as part of their contribution towards helping solve Australia's housing crisis. See attached links.

[PEXA Annual Report making mention of the Affordable Housing Register](#)

[PEXA and HAA Press Release on the development of the Affordable Housing Register](#)

Recommendation

That the proposed amendment to the Legislation should include the recognition of future technologies that will be able to monitor compliance, how they can be used to expand the funding remit of Housing Australia in the pursuit of Housing Australia's purpose and, subject to the Housing Australia's Board and the Federal Minister being convinced that the level of transparency and oversight required is able to be achieved, allow the expansion of Housing Australia's funding remit to other organisations, other than just CHP's, to deliver affordable housing across Australia.

This objective would be in line with one of the recommendations in the NFIC Review Report for the Federal Government undertaken by Mr Chris Leptos AM in 2021.

FURTHER BACKGROUND

The problem we are addressing

Housing affordability, housing stress, the lack of affordable housing for key workers, the lack of sufficient public and social housing and the resulting increase in homelessness, is set to create a significant social and financial burden for a future Australia. The increasing level of homelessness is the canary in the coal mine of a much greater issue with our housing continuum. We can never expect to eradicate homelessness unless we solve the upstream supply of "non-market" housing. Non-market housing is defined as housing that is not economically viable for the private sector to deliver without a form of subsidy.

Australia has a housing continuum problem which is now affecting Australia's economic productivity as the price of housing is now impacting on workers ability to find affordable accommodation close to where the businesses need their services:

- The Real Estate Institute of Australia (REIA) has found that housing affordability has been in decline for the past two decades and will continue to be an issue if household income does not increase. (August 2021 Media Release).
- Nationally, house prices soared 18.4 per cent in the year ended August 31, 2021 – the strongest annual growth rate in 32 years. (Core Logic 2021).
- According to the Housing Industry Association (August 2021), the COVID-19 crisis has spurred a faster deterioration in housing affordability in the regions amid a "rapid exodus" of population out of capital cities.
- A 2021 report by the Real Estate Institute of Australia (REIA) finds mortgage repayments for owner-occupiers have increased almost 180 per cent over the past 20 years, while household income has advanced by just 113 per cent.
- Our children are increasingly losing hope of ever owning their own home.

- In Australia, there are 175,000 people (as of June 2022) on the waiting list for social housing.
- Without addressing the entire housing continuum and making a significant investment in the delivery of social and affordable housing, including support for alternative housing models to increase the supply of both affordable private rental housing and shared equity models, homelessness in Australia will continue to increase.

The Economic cost to Australia of not housing all its people.

The *Give Me Shelter* economic series of reports.

Shelter is a fundamental human need, and without it, we have unintended human consequences that manifest itself in poor physical and mental health, increased family violence, policing, justice and eventually long-term welfare dependency. These outcomes have economic and social impacts to Australian society, as well as a significant impact to government budgets.

Mitigating long-term societal costs

One of HAA's objectives is to reframe the housing narrative as a fundamental long term economic issue for Australia. Unless we set a clear strategic path to provide the **fundamental human need** of shelter to house all Australians, rich or poor, we are either leaving future generations with an ever increasing cost burden of managing (and paying for) the unintended consequences of this lack of shelter, or, the erosion of our Australian Values because the future costs become so prohibitive for future taxpayers to bear. **Australia is heading for a lose lose scenario.**

To establish this economic narrative, in our first report in the *Give Me Shelter* economic series, HAA commissioned an Australian-first study into the [long-term economic costs to Australia of not providing sufficient public, social and affordable housing undertaken by SGS Economics](#). The objective was to quantify the expected increase in future costs to governments (read taxpayers) and to identify the underlying business case for increasing investment in public, social and affordable housing in order to mitigate future costs. The lack of affordable housing is now impacting business with their inability to source essential and key workers close to employment opportunities due to high rents.

HAA believes that if business truly understands the economic and social implications to the future prosperity of Australia by not providing housing for all, then solutions will be found. But to ensure they are the right solutions, HAA believes that business needs to be integral to the national conversation.

SGS Economics has estimated that by 2051, the additional annual taxpayer costs will reach \$25 billion per year (and growing). With the underlying (national average) benefit cost ratio being 2:1, a strong national business case exists behind mitigating these long-term taxpayer costs.

When comparing the resulting benefit cost ratio of 2:1 from to other nationally significant projects, we find it compares extremely well and often exceeds many other major infrastructure investments, including the Brisbane Metro (1.9:1), Melbourne Metro (1.5:1), Morley–Ellenbrook line Perth (1.1:1), M12 Motorway Sydney (1.8:1), Gawler Rail Line Electrification SA (1.1:1), Tasmanian Irrigation Tranche Two (1.6:1) and National Inland Rail (2.7:1).

The cost of Veterans homelessness

For its second study in the *Give Me Shelter* economic series, HAA commissioned RPS (a Tetra Tech company) to undertake a ground breaking report on Veterans

homelessness. [Entitled *Give Me Shelter: Leave No Veteran Behind*](#), the study found that if left unaddressed, the cost of veterans' homelessness alone to the Australian economy will reach \$4.6 billion over the next 30 years.

HAA believe it is crucial that we acknowledge the future costs associated with the unintended consequences of failing to provide housing for those who are most vulnerable, such as our veterans.

Homelessness among service personnel is not just a personal tragedy but a collective failure of society. These brave men and women who have served their country with honour and sacrificed so much should never face the harsh realities of experiencing homelessness. Our duty as a society is to ensure that veterans are provided with the support and resources they need to reintegrate into civilian life and have a place to call home.

"Many of these veterans have risked their lives for our country and to protect our way of life, experiencing events that impact their mental health. We need to house these veterans not only because it makes economic sense, but importantly, because it is the moral thing to do,"
RSL Australia President - Greg Melick.

Give Me Shelter: Leave No Veteran Behind identified several risk factors contributing to veteran homelessness, including being single, unemployed, experiencing financial strain, physical injuries, disabilities, mental health issues, limited social connections, and a higher number of lifetime traumatic events.

The veterans that are most vulnerable to becoming homeless are those transitioning out of the armed forces, and those aged 35 or under. Close to 6,000 or 5.3% of Australia's half a million current and former service personnel experienced homelessness in the past year, a rate nearly three times higher than that of the broader population.

However, the research by RPS found that only 1.1% of veterans access homeless support services, in contrast to 3.4% of the general population. *Give Me Shelter: Leave No Veteran Behind* also revealed that the **suicide rate among female veterans is 107% higher than the general population**, and nearly 30% higher for men, while the financial cost of all veteran suicides is estimated to total \$140 million annually.

RPS Chief Executive Officer – Australia Asia Pacific, Meegan Sullivan, whose team led the research said having access to the first ever Census data about military service has allowed Australia to examine the true human and economic costs of veteran homelessness in a way that was never possible before.

"Veteran's homelessness is a big issue, but it's not an insurmountable one. With a better understanding of the numbers and factors that contribute, we can start investing as a community in solutions that support veterans to remain in housing, and stay happy and healthy," RPS Chief Executive Officer Ms Sullivan said.

Give Me Shelter - Leave No Veteran Behind provides, again, a very strong business case for governments, agencies, and communities to work together and collaborate on comprehensive strategies and initiatives that ensure no Australian is left without a home.

The *Give Me Shelter* series of reports will continue to clearly demonstrate that if we don't act now and address Australia's housing needs, our grandchildren, and their descendants, will be left to confront the significant social and economic consequences.

OUR SUGGESTED APPROACH – short, medium and long term strategies

To build the required level of housing Australia ultimately needs will take decades. Even with the immediate focus by all governments on unlocking the ability to create more housing, this will also take time, yet with the immediate need to attract skilled immigrants to fill the skills shortage, their need for housing will displace others currently in the housing ecosystem and the level of homelessness will ultimately increase due to the lack of an immediate housing source. We need to consider some short term solutions as a form of “pressure relief valve” to the current housing shortfall.

Short Term Solutions

“Pop Up” housing or Meanwhile Use

Thousands of buildings across Australian cities stand vacant while many of our citizens experience homelessness. Often these buildings are fully serviced yet lay idle pending the outcome of lengthy planning and approval processes for redevelopment. Leaving them empty while thousands of Australians are homeless seems like a waste of a resource.

With the collaboration of an appropriate social services support agency, HAA knows many of these buildings can be re-purposed for short term shelter and used as crisis or transitional accommodation for people experiencing homelessness.

HAA has begun to achieve this aided by the good will that exists both in the property sector and business in general, and has attracted, and is attracting, value aligned corporates wanting to contribute their skills, products, and the expertise of their companies on a voluntary basis. These organisations and individuals see, and relate to, the purpose behind providing people with a basic roof over their heads. They are more than willing to use their extensive networks and experience across property development, management, and construction to help vulnerable Australians.

Australia’s first Pop Up Housing in Melbourne involved the repurposing of 32 rooms in a 52 room aged care facility that had been vacant for two years. Over the last 4 years, the YWCA have helped over 125 women stabilise their lives at no capital costs to government. Below is a link to the original ABC News story and a Case Study of the outcomes.

[Link to the Original ABC News Story:](#)

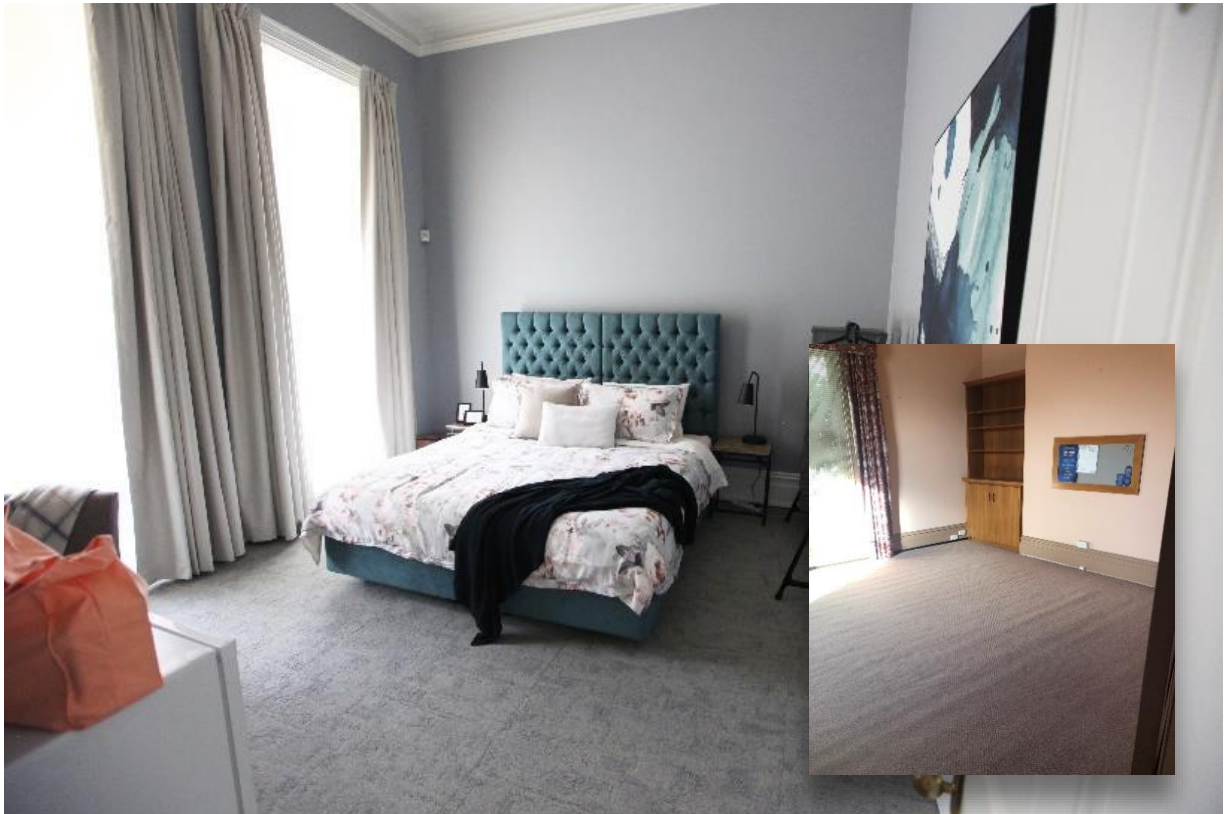
[4 years on – A Case Study on Melbourne’s first Pop Up Shelter](#)

Another similar project was launch in August 2023. The refurbishment of 31 empty apartments in South Melbourne for Southport Community Housing.

[**A CURRENT AFFAIR – AUGUST 2023 – HOUSING ALL AUSTRALIANS & BETTER LIVING GROUP**](#)

HAA currently have nearly 150 additional rooms, at different stages of refurbishment, both in Melbourne and Perth, and are about to undertake our first refurbishment in Tasmania.

Whilst this is currently only a small number, HAA believes there are thousands of buildings across Australia lying empty that can be used for **short term transitional shelter** while we build the homes our country needs.



One of our refurbished rooms in the eastern suburbs of Melbourne

Using empty rooms that sit vacant as another short-term using our “existing infrastructure”.

Like the use of empty buildings sitting vacant as a short-term solution, there are 13 million empty bedrooms in existing housing that may have a role to play in providing Australia with a short term solution (2016 census).

It is acknowledged that not everyone would want to rent one of their spare rooms, however even if we managed to unlock 1% of the 13 million rooms, it represents over 130,000 rooms being made available to essential workers close to where they serve society.

We are currently working on the economic benefits to the Australian Government of unlocking these bedrooms as a short term solution and how the current misaligned tax settings is preventing the use of this existing infrastructure in the national interest. This work will be completed and announced shortly.

Medium Term Solutions

The PRADS Affordable Housing Model and the PRADS Affordable Housing Register

HAA cannot stress enough that the solution to Australia's housing crisis is to address the entire housing continuum. The only state that has recognised this is Tasmania and this forms part of its Housing Strategy which will be released in last quarter of 2023.

To house all Australians will take a combination of increasing both home ownership and available rental stock. While the genesis of the HAA's Permanent Residential Affordability Development Solution (PRADS) model was to create affordable rental housing driven by collaboration between local government and the private sector. The principles can also be applied to also create a shared equity alternative.

At the Federal Government inquiry into Homelessness (July 2021), HAA presented several of its initiatives, including the PRADS model. In its final report tabled under Recommendation 30, point 4.252, the Federal Committee recognised the opportunity presented by HAA and stated:

"The Committee heard about innovative proposals such as the PRADS model, which seeks to attract private-sector investment in the construction of social and affordable housing. While the PRADS model involves local governments negotiating with developers, the Committee considers there is a role for the Australian Government to assist in the facilitation of its viability at a national scale".

HAA also presented its initiatives to the Victorian Government's Inquiry into Homeless in Victoria, and it also recommended to the State Government that it further explore further PRADS model and our Pop-Up Housing innovation. (see Attachment B for extracts of both committees' recommendations).

PRADS model

The PRADS rental model targets a proportion of households experiencing rental stress that are not currently housed through state provided housing and registered housing agencies – *i.e. affordable housing not social housing*.

The outcome of the PRADS model is the creation of privately-owned rental housing, rented at below market rents to tenants or households that fall within prescribed low-moderate income brackets. The obligation is secured by a legal instrument registered against the title for the property for a minimum of 30 years. The developer can then sell the affordable home to its investor database and then it is monitored by the PRADS Affordable Housing Register (AHR) which is currently being developed by PEXA.

The process is summarised in a little more detail as follows:

1. The developer and local government agree to work collaboratively to maximise the allowable planning outcome on the site. Based on the additional value created, they negotiate in good faith, the number of affordable dwellings that can be financially supported by the development and the percentage below market rent for which those dwellings can be rented in exchange for that planning outcome.

2. The obligation to rent the dwelling at an agreed percentage below the market rent, for a minimum of 30 years, is secured by way of a legal encumbrance registered against the title.
3. The developer is then able to sell the dwelling to investors (at a lower price due to the encumbrance) in the private market with an obligation for the investor to comply with a robust governance process which is monitored for local government by the AHR.
4. Through an approved property manager, the investor then rents the dwelling to eligible tenants.

The PRADS model is scalable with the potential to unlock private sector capital and create a significant supply of long-term affordable private rental housing without the need for any ongoing government subsidy.

This model can work and is applicable for apartment projects and land subdivisions. It works on the commercial principle of value sharing some of the uplift created through the planning process.

Nightingale Housing used the principles of the PRADS model to negotiate with Merri Bek Council a Planning Scheme Amendment with two possible density outcomes. The higher density outcome was able to effectively fund an additional 10% affordable housing (from 5% to 15%) without financially impacting on the development's viability. See link below.

[Nightingale & HAA Press Release regarding the PRADS model](#)

[Financial Review Article on Nightingales use of the PRADS model](#)

The PRADS Affordable Housing Register (AHR)

The AHR will enable government to monitor all stakeholders to ensure their individual obligations are met for the life of the agreement (which could be in perpetuity).

The AHR will incorporate the following (as a minimum):

- a) A paperless platform that allows all stakeholders to fill any required forms or information online. This includes the affordable rental application. (Copies of current paper-based forms that will need to be web based are attached in the Appendix A).
- b) Have full federal government approved cyber security protocols.
- c) With the expressed permission of the applicant, allow the automated uploading of information from the tenant including:
 - bank statements
 - income statements
 - Statutory Declarations as required.

- d) Allow an applicant to:
- Receive a link with login details to enable them to complete the rental application online and attach the required documents through a step-by-step process.
 - The system will be able to process each financial statement provided and prompt the applicant/tenant to submit any missing bank statement or document before allowing them to proceed to the next step of the rental application process.
 - By moving through the intuitive online process, the applicants will be able to verify their eligibility at the time of submitting their application through an automated pre-approval process. The property manager would automatically be notified of eligible applicants and will then be able to complete final tenant application approval process.
 - For existing tenants, annual eligibility review reminders will be automatically sent to prompt the tenant to provide the required information to ensure current eligibility which will be automatically assessed.
- e) Through an API with existing property management software, integrate the AHR with existing property management platforms so that once the property manager confirms the approval of tenant, the information is populated in the respective property management software to make the property management process seamless.
- f) Ensure the Statutory Declaration are legally signed.
- g) Process the eligibility criteria of tenants. This could be different in every LGA. The provision for this individual flexibility is important as each local government may have differing local needs and therefore different eligibility criteria for the key workers they are trying to attract.
- h) Copy of annual attestation by property manager noting:
- Affordable lease in accordance with the Residential Tenancy Act
 - Affordable Rents being paid no more than the agreed percentage of market rent.
 - Copy of Audit conducted every three years.
 - Valuation on market rent
 - Confirming tenants when initially occupying meet eligibility criteria and statutory declarations in place
 - All affordable leases are prepared and executed in accordance with the Residential Tenancy Act
 - Confirmation that the affordable leases are at the agreed level as negotiated with local government.

- i) The AHR will check all the above eligibility criteria against what was agreed and advise local government of any non-compliance by any stakeholder.

The AHR monitors the compliance and notifies government if a non-compliance is detected.

The AHR is a significant innovation that will help Australia with its housing crisis. It will be able to be used for a number of future government initiatives (yet unknown) where private capital could be deployed, and in doing this, a comprehensive and reliable form of monitoring compliance is needed.

LONG TERM SOLUTIONS

Progress Payments to build Multi Storey Apartments – the Singapore model.

It is widely acknowledged that there are no silver bullets in solving Australia's housing crisis. Consequently, it will be made up of a myriad of different concepts and options, all playing a part in shifting Australia's housing market over the longer term. In this context, we believe that one small, but significant step is to change the way apartment buildings are funded, through establishing the need (and illuminating the self-interest path) for regulatory and banking practice changes.

The objective of this initiative is to explore a new way to fund apartment developments in Australia that will ultimately lower the finance cost to consumers. This is particularly relevant at present and will become even more so as interest rates move higher.

This initiative works by utilising the funding principles behind the traditional House and Land Package and applying them to vertical apartment buildings. This will ultimately involve banks becoming comfortable in securing their interest via a charge over the pre-sale contract and a caveat on the title of the development site. Australian banks have already become accustomed to lending on a similar basis in Singapore, and it's time to bring this approach to Australia.

Outline of a Microeconomic Reform

Currently in Singapore, a statutory provision exists for progress payments to be made to a builder by banks funding an individual purchaser during the course of construction of a high-rise building. This lowers the cost of finance as the purchaser borrows as a mortgagor of residential property (at an interest rate much lower than the rate for development finance) and on a full recourse basis. Access to this funding in the early phases of a project, reduces or can remove entirely, the need for the developer to obtain project finance. This is different to what currently happens in Australia where the developer secures a development loan from a bank (at a higher cost due to the risks involved including possible settlement defaults), engages and pays the builder and only receives payment when the project is complete and titles to the apartments are issued. To the extent that the equity needed by the developer for a project can be reduced, the requirement to generate a return on that equity is also reduced.

By receiving progress payments during construction, development risk is minimised, finance risk is reduced, and interest costs are lowered. Ultimately, this should lead to cost savings for an end purchaser. It also protects the purchaser from a negative change in market conditions (and the need to contribute further equity) as their individual loan is locked in when construction commences. This avoids the current dilemma facing purchaser's where, in a declining market, the banks are requesting additional funds (more equity) to be contributed by the purchaser to make up the shortfall between the current market value of their purchase and the face price of the original contract of sale which was executed (with bank approval) years earlier.

The current market

The current national concern in respect to housing affordability makes it fertile ground to explore macro-economic reforms. Under the Singapore model, the additional risks faced by each individual bank providing a mortgage to individual purchasers is mitigated by:

- the developer needing to be registered and carry to carry developer Insurance;
- a requirement for the developer to maintain a specified surplus of assets over liabilities;
- requiring an obligation to be secured under section 7.4 of the *Environmental Planning and Assessment Act 1979 (NSW)*, which requires that the land be used only for the project;
- setting up a regulatory authority to protect the interest of the purchasers in the event of failure of the developer;
- requiring the sales prices of the apartments to be backed by a professional valuation expressed in favour of the purchaser and the mortgagee;
- increasing the deposit paid by the purchaser and allow the mortgagee to require that the deposit be used first before the mortgagee advances any funds;
- requiring the project account to be maintained with a minimum balance and withdrawals closely supervised;
- requiring the presale contracts to contain a condition requiring the developer to enforce the building contract when it comes to defect rectification for a period of 12 months; and
- requiring the project account to remain open until all defects are rectified.

The above indicates a highly regulated environment with a focus on consumer protection. It does involve a level of governance to oversee the process, but it also initiates a requirement for the registration of suitably qualified developers, helping to ensure unqualified developers can't access what may be considered a highly lucrative funding model. This should result in a professional and consumer-focused approach by the qualifying developers.

IBA Australia – incubating housing innovation

IBA stands for Internationale BauAusstellung (IBA) and has been undertaking housing demonstration projects in Europe for over 50 years. The IBA incubates innovation through engagement of universities and architects with the private sector. The demonstration projects, once built, are open to the public for a defined period so that they can experience first-hand housing innovation.

In 2017, Melbourne University secured a working relationship with IBA (Europe) and supported by the state government, established IBA Melbourne.

An opportunity exists for the new Federal Government to launch *IBA AUSTRALIA* in parallel with concurrent IBA's in Vienna and the Parkstad region of the Netherlands. Both these European IBAs have multiple projects, outputs and activities taking place this year. Instigation of *IBA AUSTRALIA*, will provide the framework for a series of

exhibitions, studios, publications and built demonstration projects to be implemented over the next 10 years.

While housing is a state and territory responsibility, an opportunity exists for the Federal Government to help incubate innovation through *IBA AUSTRALIA*, which can help to establish a national research agenda as well as an evidence base that invests in best practice and new ways of building and living. This could be a strong leadership position that encourages collaboration between the Federal and State and Territory Governments. More information about the proposed IBA Australia can be read in Attachment D.

Can Tasmania be a pilot for Australia to end homelessness?

All political parties are aware of the housing and homeless crisis that our country is facing, and no State or Territory is immune from its economic impact and its social consequences.

The size of the housing problem confronting Australia was stated in the review of NHFIC in 2022 undertaken by Chris Leptos AO. Government actuaries quantified the shortfall of public, social and affordable housing as requiring an investment of \$290 billion. If this number was calculated by government actuaries (not politicians) then why don't we not use this as a target and then collaboratively, work a strategy out over the next 30 years to achieve that target? Why? Because the size of the number scares people (our politicians on both sides) as it seems too hard to achieve. So, the can is kicked further down the road for another generation to fix. And so, it goes on.

Housing All Australians believes it is time we all stop looking at government to fix a problem that belongs to all of us. And that include business.

So, if \$290 billion is too scary a target to achieve, why don't we break it down to a smaller number and undertake a pilot to see what we can learn and, if successful, let's use the learnings to apply to the rest of the country. Tasmania already serves as a testing ground for various products in the business world, so why not test housing policies there?

Housing All Australians believes that Tasmania is an excellent location to undertake a pilot that can shape future housing policies based on research. We believe that the goal of ending homelessness in Tasmania is possible given the relatively low number of people currently on the waiting list and the current housing target set by the current government to achieve by 2023. We highlight a number of reasons below why Tasmania is well placed to achieve this.

- Tasmania is an Island State which makes it a great location to trial innovation.
- The Tasmania government has recognised that the solution to its housing crisis is to address the entire housing continuum. This is the fundamental building block of its Housing Strategy. The Tasmanian Housing Strategy is scheduled for public release in the last quarter of 2023.
- [The Tasmanian Government has already committed to providing 10 000 new social and affordable homes by 2032.](#)
- The current public housing waiting list in Tasmania is only around 4500 ([the ABC](#)). No other state has their waiting list lower than their housing target.
- The [Jacquie Lambie Network has pressured the Federal Government to agree to 1200 homes from the Housing Affordability Future Fund be directed to Tasmania](#) – double the state's original allocation – and [waive the state's social housing debt](#).
- Homelessness in Tasmania has increased 44.8 % in five years – [the ABC](#). ["For renters, data consistently shows that Hobart remains the least](#)

affordable Capital City and 'Rest of Tasmania' remains the least affordable 'rest of the state' region in the country.

With some additional the assistance from the federal government, ending homelessness in Tasmania is possible and it could pave the way for Australia to examine and measure the economic and social benefits of ending homelessness. By undertaking such a bold pilot, Australia could all benefit in the long term by understanding and measuring both the social and economic benefits. It is time to be bold and have to have an ambitious goal. Ending homelessness in Tasmania is something we should try, and not die wondering.

However, it's crucial to understand that there are no quick fixes. Finland declared its ambitious goal of eradicating homelessness back in 2008 and is now well on its way to achieving it by 2027.

OTHER INITIATIVES

How to put a downward pressure on rents using market forces

As we are all witnessing, the affordability of Australia's housing prices is getting to the point where it is impacting the prosperity of our country both now, and more significantly, in the future. This has not happened overnight but over a period of decades. The level of affordability has been slowly decreasing and at the same time, it is also being normalised into Australian society and therefore not noticeable to the uninformed. We have now reached the point where significant cracks have appeared and everyone seems to be surprised.

Over the years, governments have generally assumed that the "market" will solve the required housing supply. And in a perfect world it would. However, we do not live in a perfect world and there are so many rules, regulations, tax settings etc. that end up having consequences, both intended and unintended, as to what the market ultimately delivers and who is able to afford what. The reality is that given the complex and intertwined ecosystem just mentioned, the market has failed to deliver the diversity of housing Australia needs and a growing number of low-income people cannot afford to pay market rent and therefore need assistance from government. Otherwise, the resulting economic and social consequences, as outlined in the *Give Me Shelter* economic reports, will put a significant, and we would say unassailable, burden on future generations. Australia's housing crisis has been created by successive governments not seeing nor acknowledging this market failure.

However, all governments need to unlock private capital to help build social housing at scale to create "non market" housing. Build-to-Rent (BTR) seems to be an obvious solution, however, with high land costs, the current Built-To-Rent market is skewed towards the very high rental range.

During his role with Frasers Property Australia, HAA Founder, Rob Pradolin, was involved in securing the development of several high-profile government land sales that incorporated the delivery of social housing. This formed his view that to continue the sale of strategic government-owned sites is not in the long-term public interest.

If government moved to a land lease model and provided its land on a 40-year lease with a peppercorn rent, the financial metrics significantly change, and the introduction of affordable housing, or what we also term "non-market housing", becomes possible without using government funds.

The investor only needs to get a return from the capital employed and if this does not include funding the land, then these costs can go towards subsidising the rents for key workers. And after 40 years, if the land is needed for other strategic purposes, the government gets the land and improvements back in public ownership.

With an appropriate level of oversight in terms of ensuring these rentals are always kept affordable, perhaps using the Affordable Housing Register mentioned earlier, this could in the long-term result in a significant supply of below market rental stock which would be in competition against private landlords, therefore putting a downward pressure on rents.

By reframing social and affordable housing as economic infrastructure, we can start to mobilise the equity required from the infrastructure space which have much more long-term perspectives and generally lower return thresholds than the property sector. If done at scale and with a long-term perspective, this can make a real difference. This concept can also apply to land owned by church groups that are asset rich, but cash poor.

The delivery of non-market rental housing can also be delivered in a similar manner through third-party organisations (religious groups, cooperatives, etc.) to deliver the construction and management of properties to provide non-profit rental housing. This is achieved through facilitating policy changes, regulations, incentives, and/or subsidies that cover operational and maintenance expenses. This approach has emerged in countries like Austria that have a large portion of the nation's housing stock, provided as affordable rental and not owned and/or managed by a public governing authority (e.g. Mundt and Amann 2009, Marquardt and Glaser, 2023). Besides directly addressing the housing needs for those unable to afford private market rental, this approach is also intended to regulate and create competition with the private sector. This contrasts to the traditional "dual market" (Kemeny et al., 2005) in which social and affordable housing is closely controlled by the government, and a strict means test is applied, thus shielding the private market. Differently, in an "unitary market" (Kemeny et al., 2005), the social housing segment plays a key role by being offered to broad classes or populations and is delivered and managed by private and third sector organisations (Mundt and Amann 2009). According to the referred authors, when such competition is allowed and a sufficient quantity of high-quality housing can be provided at lower rents costs, for-profit landlords have to lower their rents to stay competitive.

The scale of the housing crisis in Australia can be quantified by measuring the proportion of household income that is used to pay for housing. In particular, "housing stress" is described as the proportion of low-income households (lowest 40% of household income distribution) that spend more than 30% of gross income on housing costs. Around 1 million low-income households were in financial stress in 2019-2022. 58% of low-income households in the private rental market were in housing stress, compared with homeowners with a mortgage (37%) and homeowners without a mortgage (0.9%) (AIHW Website). These figures have been further exacerbated with increased costs to supply housing significant increase in interest rates from April 2022 to July 2023 and simply a proportionate lack of social or affordable housing options: only 3.6% has been allocated to social housing (ID Community Website). Housing is a precondition to a having a satisfactory quality of life, holding a job, paying taxes and therefore a contributor to the community. However in the Australian context, greater proportions of the population are not being able to access this fundamental resource.

Non-market, housing at scale, can start to address this problem at the root cause and thus it is critical and urgent to research and investigate the potential for its implementing in Australia. The University of Technology Sydney (UTS) led by Dr. Cecilia Rocha and Dr. Kasun Wijayaratna, Housing All Australians (HAA), and Nightingale Housing have recently started a collaboration on this concept. Nightingale Housing has

established a non-for-profit model for the sales of residential units with a portion opened to any population class (via a ballot) with projects delivered in Victoria and South Australia. They are currently trialling a new model in line with the non-market approach in Sydney in which the below market rental units will be owned and managed by a non-government body. The UTS team aims to map and charter the process and participants involved in this project, from its beginning through design, construction, and all the way to handover and utilisation. With some financial assistance, the team is seeking to expand this exploratory research effort and generate crucial insights into the barriers and necessary adjustments needed to enable non-market housing in Australia. This broader research effort will also enable a roadmap and guidance for other organisations interested in entering this sector to be outlined.

UNDERCOVER - narrated by Margo Robbie

A documentary on Australian Women over 55 becoming homeless.

One of HAA's objectives is to share its knowledge with business and the public about the current significant shortfall of "nonmarket" housing and its connectedness with homelessness. RESPECTFUL UNREST

Recently, HAA participated in a documentary on how women over 50 years of age have become Australia's fastest growing cohort of homeless.

To maximise the impact of the documentary, the producers of the film secured the services of high-profile Australian actor Margot Robbie to be its narrator, and hopefully, increasing the level of public interest in the film.

A link to the documentary is available below for your private viewing.

[UNDERCOVER documentary - narrated by Margot Robbie](#)
[\(if link is not accessible through this PDF, please contact the writer and a separate link will be provided\)](#)

The film was released at the Melbourne International Film Festival on the 13th of August 2022 and then screened in cinemas in every state of Australia. In early 2023, it was shown on the ABC and had over 500,000 viewers. Since then, the documentary has had over 20 community screenings and Quest Apartment Hotels is continuing to support the documentary's promotion nationally. HAA is also currently working with a number of LGA's to facilitate further community screenings.

We would welcome the opportunity to screen this in Parliament House in Canberra.

Conclusion

HAA is a private sector initiative looking at housing and homelessness through both a social economic lens. We exist to facilitate a private sector voice and to shift the discussion and action around housing all Australians as an economic issue for a future prosperous Australia.

We would welcome the opportunity to work with the Federal Government and explore some of HAA's initiatives and engage the private sector in solving our growing housing crisis. This issue is too big for government to solve alone.

Let's be bold. Let's step outside our comfort zones and trial some new things. Let's establish an audacious goal like ending homelessness in one state – Tasmania and then measuring the economic and social benefits to guide future policy development nationally. Let's give it our best shot, but do it collectively as a nation. The only thing we have to lose is the future we want for our grandchildren.