

Homes NSW submission on \$1 billion increase to the National Housing Infrastructure Facility

September 2024



Acknowledgement of Country

The Department of Communities and Justice acknowledges the Traditional Custodians of the lands where we work and live. We celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of NSW.

We pay our respects to Elders past, present and emerging and acknowledge the Aboriginal and Torres Strait Islander people that contributed to the development of this submission.

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Introduction

Homes NSW welcomes the Commonwealth government's extension to the National Housing Infrastructure Facility (NHIF), and its ongoing commitment to supporting women and children experiencing domestic and family violence (DFV), and youth experiencing homelessness.

We are committed to collaborating at all levels of government to respond to the ongoing and growing need for more social and affordable housing, in particular the people and families considered by this \$1 billion increase to the NHIF.

NSW appreciates the opportunity to comment on the exposure draft of the Housing Australia Investment Mandate Amendment (2024 Measures No.2) Direction 2024.

We note that the Investment Mandate Amendment (the Amendment) is designed to be flexible to the differing systems, cohorts and circumstances across States and Territories. This flexibility is welcome and will be critical for its successful implementation and to maximise the potential benefits offered.

Continued flexibility and close collaboration with and between States and Territories and Housing Australia (HA) on development of the subsequent program guidelines and procurement processes will be essential to ensure the intended outcomes of the Amendment are fully realised.

We offer the following feedback to maximise the benefits of the Amendment, and ensure delivery of intended outcomes is realistic and practical.

1 Responses to consultation request

1.1 Reflections on the policy merits

- Australia is experiencing an extreme housing crisis and experiences of homelessness are growing. In NSW there are 57,701 applicant households on the social housing wait list, with 9,641 identified as priority, including because they are experiencing or at risk of homelessness and/or domestic and family violence.
- The National Housing Supply and Affordability Council (NHSAC) State of the Housing System 2024 highlighted that, nationally, waitlists for public housing increased by 9.1% from 2019 to 2023 and the Everybody's Home report calls for a national target of 750,000 social homes over the next 20 years, or 15% of new housing supply.
- The current use of temporary accommodation in NSW is averaging around 3,100 households a night and across a year over 28,000 individual households. We estimate about one third (28%) of those are chronic or repeat users of temporary accommodation. About 8-10% of households using temporary accommodation move into social housing.
- We need more social housing to come anywhere close to meeting demand, and we welcome the effort that the Commonwealth Government is already making to boost the supply of social and affordable housing for example through the Social Housing Accelerator Fund, Housing Australia Future Fund and National Housing Accord.
- However, to tackle the housing and homelessness crisis will need more than the approximately 40,000 social and affordable homes already promised. This will require a significant uplift in investment beyond what has already been committed.
- In recognition of this significant need, the NSW Government has recently announced a \$6.6 billion investment, the largest made by any NSW Government into social housing in the state's history.
- It will fund 8,400 new social homes, upgrade 33,500 public and Aboriginal social homes. and boost homelessness support services. This includes for women and children escaping domestic violence, Aboriginal people and their families, older people, those with a disability and young people without family support.
- Homes NSW notes the critical dependency of NHIF procurement timeframes, tendering and the corresponding impact on project viability and speed of delivery, and the pace demand for housing assistance is growing.
- Homes NSW is keen to explore opportunities for joint procurement of crisis and transitional accommodation with and between Housing Australia, Commonwealth Treasury, Department of Social Services (DSS) and States and territories. This would allow the Commonwealth to draw on the expertise of the States and territories whilst maximising available funding for better outcomes overall.

Most effective way to increase housing options for priority cohorts

- Homes NSW suggests that to be effective investment should be flexible to allow for long term housing for women and children and young people to move on from crisis and transitional accommodation services, in addition to funding new short-term crisis and transitional accommodation.
- In NSW, crisis and transitional accommodation are distinct from social and affordable housing, and are part of the overall response to homelessness, which also increasingly focuses on access to long term housing for example via "housing first" models.

- Homes NSW recommends flexibility to use the NHIF to boost supply of social and affordable housing, targeting the homes to the proposed women and children, and youth, cohorts.
- Homes NSW sees particular opportunities to generate homes for particular cohorts of young people leaving care, to prevent known homelessness risks.
- Crisis accommodation exists as a potentially lifesaving short term response. A significant proportion of the women and children who use crisis accommodation can, with appropriate support, re-enter the long-term private market housing system if they are supported through a longer journey of recovery.

The NHIF provides the opportunity to grow the supply of quality housing at a price that is affordable so that people who have been supported by crisis and specialist homelessness services can move on from crisis and transitional accommodation into more long-term stable housing.

- Homes NSW recommends that any dwellings built via this investment do not have “in perpetuity” conditions attached to the short-term accommodation status. Rather, homes generated from the funding should support housing first principles and positive exits from specialist homelessness services into social and affordable housing.

(For clarity, NSW still supports homes generated from NHIF and related government investment being required to be available for use and benefit in the social and affordable system in perpetuity, through the existing processes of taking an interest on title so that proceeds from dealing in homes over time are reinvested into more new social and affordable homes.)

- States and territories are working hard to address the housing crisis and should be free to shift the use of homes generated through the NHIF to meet the expressed need of the population as it changes through time. Tying new homes to specific uses in perpetuity risks creating sections of the homelessness and housing system portfolios that are underused or cause legacy costs and constraints in later years. Maximum flexibility is needed for portfolio management across the homelessness and housing systems.

Collaboration with states and territories will be key

- This NHIF investment is an example of where the Commonwealth, states and territories can effectively partner to develop procurement processes that will make the best use of this money, to maximise the impact on vulnerable people’s lives.
- Especially in relation to accommodation for people with support needs, Commonwealth investment needs to be combined with state and territory expertise, and with services funded and governed by states and territories. There is little point in delivering new accommodation which is not linked to the necessary support funding, for example.
- Regrettably, delivering NHIF funding under a HAFF-style approach makes it harder for projects to combine new capital funding with state and territory support funding.
- Also of note is Safe Places program (round 1), where the Commonwealth provided grants to fund the building, renovation or purchase of new or emergency accommodation for women and children experiencing violence. Under this program service delivery funding was not secured, meaning the funded buildings have created an ongoing unfunded service delivery gap.
- Because of this, it is desirable that the NHIF have the flexibility to generate social and affordable homes for the proposed cohorts to move to from crisis and transitional accommodation settings, and/or that program design and implementation be intentional about opportunities to substitute new fit for purpose accessible accommodation buildings for older, end of life, or poorly located properties.
- Homes NSW would like to ask that Housing Australia (HA) be directed, through its Investment Mandate, to collaborate with States and territories on the development of the program

guidelines and procurement for homes delivered through the NHIF, as well as their proposed implementation and in its assessment of potential projects.

- States and territories have essential insights to offer in relation to demand, and an ability to link projects and proposed new supply to existing support services – without which the new crisis and transitional accommodation will not be able to operate and instead a new service burden will be created. Housing Australia cannot take these decisions in isolation or without knowledge of existing State and territory contracted services, their location, capacity, and historical performance record, as well as planned State-funded projects.
- It appears the DSS is taking a more collaborative approach for its proposed grant program for the \$100 million HAFF acute stream, for which the priority cohorts overlap the NHIF funding. We recommend Commonwealth Treasury and Housing Australia engage with DSS so the NHIF is implemented through more collaborative procurement options.
- NSW has a functional design brief for crisis refuge accommodation, which may be of interest to stakeholders. It can be found at https://www.dpie.nsw.gov.au/___data/assets/pdf_file/0006/508704/Domestic-Violence-Crisis-Accommodation-Functional-Design-Brief_Accessible.pdf

Considerations for Aboriginal and Torres Strait Islander people and families

- Aboriginal and Torres Strait Islander people and families are overrepresented in homelessness and domestic and family violence statistics in NSW.
- It is unclear how the new funding might be structured to address this disparity, and Homes NSW would welcome a focus on this in the program design, and procurement.
- Homes NSW notes there are specific cultural considerations when providing crisis accommodation in these contexts.
- NSW hosts 54 National, or Local Scheme registered Aboriginal CHPs, and a number of Aboriginal organisations who are contracted to provide homelessness services.
- Homes NSW would welcome the NHIF processes being culturally suitable to encourage and deliver successful participation by Aboriginal CHPs and organisations.
- In particular the 12-month project application timeframe may disadvantage Aboriginal Community Housing Providers (ACHPs) and Aboriginal Community Controlled Organisations (ACCOs) from applying including as it may rush community codesign and consultation, as will any part of the fund set aside as concessional loans.

Maximising the benefit of affordable housing for the system

- Homes NSW investment programs like the Community Housing Innovation Fund, NSW Government initiatives such as Transport Oriented Developments (TODs) and planning reforms, and Commonwealth programs such as the Housing Australia Future Fund (HAFF) and the National Housing Accord, are promoting the generation of new affordable housing.
- Affordable housing can make the social and affordable housing system more financially sustainable, when it is allocated to moderate income tenants who can pay higher rents. It should be leveraged to do the same for crisis and transitional housing in appropriate situations.
- This is important as many women who need crisis accommodation may come from, and be reasonably expected to return to, affordable or market rent or ownership settings.
- For example, most women who use the Homes NSW ‘Start Safely’ program which provides support to rent in the private market after an experience of domestic and family violence, do not need or return to any other housing assistance services after 12 months.

- The opportunities to generate more new affordable housing means the role of affordable housing could grow or change. For example, affordable housing may be an option for families leaving domestic and family violence who may not be eligible for social housing.

1.2 Definitions

- NSW has an accredited Specialist Homelessness Service (SHS) system and mainstream and Aboriginal Community Housing Provider (CHP) sector.
- Obligations for these providers are already in place and effective.
- Definitions for DFV and family are not required for SHS and A/CHPs to manage the allocation of housing.
- Homes NSW has concerns that the legislation’s specificity cannot, or would not realistically be enforced, and reporting/evidential or compliance requirements associated with definitional eligibility may be re-traumatising to service users.
- Should definitions be retained in the amendment, Homes NSW suggests that the definitions of DFV, “family” and “family member” are retained from the *Family Law Act 1975* (Cth), rather than the definitions proposed.
- In particular the definition of "family member" varies from *the Family Law Act 1975* (Cth) definition and inadequately addresses Aboriginal and Torres Strait Islander kinship systems in NSW.
- It should be noted that unaccompanied children under 12 years require a child protection response. For children aged 12-15 years the aim is to reunify them with family or broader support networks where it is safe to do so and otherwise to transition them to longer term supported accommodation. Homes NSW considers “youth that could be housed” as 16-24, with 16 and 17 years olds able to sign a lease or otherwise with legal supervision.
- Culturally appropriate housing solutions need to consider the extended family and kinship networks that are central to many Aboriginal communities. Without a more comprehensive and culturally sensitive definition of family, there's a risk that housing solutions under the NHIF will not align with the actual living arrangements and family responsibilities of Aboriginal people.
- Homes NSW understands that different States and territories have different definitions for crisis and transitional accommodation. The NSW definitions are below:

SHS program accommodation models	Definition	Description
Crisis accommodation	<ul style="list-style-type: none"> • An accommodation model for people who are experiencing, or who are at risk of homelessness, which provides emergency or shorter- term accommodation e.g. crisis refuges. 	<ul style="list-style-type: none"> • Shorter-term services or other crisis facilities that provide either 24/7 on-site support, partial on-site support and/or outreach support. • May be provided in a congregate care setting (single building with shared living), in self-contained accommodation on a single site or across multiple sites, or through brokered nights of accommodation.

		<ul style="list-style-type: none"> The referral and assessment process for these services is usually quite rapid, and dependent on accommodation availability.
Transitional accommodation	<ul style="list-style-type: none"> An accommodation model for people who are experiencing, or who are at risk of homelessness, which provides medium or longer-term accommodation. This is not expected to be an ongoing or permanent arrangement. 	<ul style="list-style-type: none"> Longer-term services or other transitional facilities that provide partial on-site support, and/or outreach support. May be provided in a building with shared living facilities or in self-contained accommodation on a single site, or across multiple sites. The referral and assessment process for these services may be lengthier and may involve an interview process.

1.3 Eligible Project Proponents

- NSW has a strong, vibrant and resilient sector of CHPs, ACHPs and Local Aboriginal Land Councils (LALCs) registered via the National Regulatory System for Community Housing (NRSCH) or NSW Local Scheme.
- Homes NSW does not recommend expansion of eligible project proponents to non-government entities who are not also registered housing providers, unless they do so where they have identified an appropriate registered service delivery partner.
- Homes NSW suggest clarification to eligible project proponents to include ACCOs and SHS only where the project is in partnership with a registered housing provider.
- The requirement for the funding to be linked to new supply misses an opportunity to provide a better service experience to vulnerable cohorts escaping DFV.

NSW has numerous properties providing crisis accommodation in the right location and supported by strong local service delivery, however many of these properties are poor condition and not fit for purpose.

Allowing upgrading of existing properties with this funding would provide a significantly improved customer experience whilst capitalising on the existing support service provision.

Homes NSW notes that DSS \$100 million capital grant program will be available for the refurbishment of existing facilities. This is extremely welcome, though the size of the grant program will not fully meet the need across all states and territories.

- Homes NSW recommends that consideration also be given to projects that provide housing for perpetrators of domestic violence. Lack of accommodation for perpetrators can lead either to homelessness, to the perpetrator returning to the family home, or recidivism as bail or release conditions are breached due the need for housing.
- Housing for youth is particularly important in reducing future homelessness. In the 2021 Census the rate of homelessness for children and young people in NSW increased: by 57% for young people 19-24; and 25% for children and young people aged 12 to 18. Around 30% of young people experience homelessness within the first year of leaving statutory Out of Home Care (Productivity Commission, 2022, Housing and Homelessness Agreement Review, <https://www.pc.gov.au/inquiries/completed/housing-homelessness/report>)

- A further cohort for eligible projects should be accommodation for young people using violence. Their accommodation needs are significant and complex and need to be aligned to youth services and DFV supports for children and young people such as Safe and Strong and Integrated Domestic and Family Violence Services (IDFVS).
- Projects funded by the NHIF could benefit from application of Modern Methods of Construction (MMC), and other innovative approaches to delivering extra homes such as tiny homes and secondary dwellings.
- MMC refers to the wide variety of construction and manufacturing methods that are different to traditional onsite construction. This includes prefabrication, off-site manufacturing, and modular or volumetric dwellings, and new technologies such as 3D printing, robotics, and artificial intelligence (AI).
- The benefits of MMC include reduced construction time, improved quality through factory controlled settings, reduced impacts of weather, improved sustainability through the possibility of disassembly and the flexibility and adaptability of designs.
- The use of this technology has been successfully used for permanent and temporary homes including for young people transitioning from out of home care, Core and Cluster models for victim survivors of domestic violence with self-contained accommodation and co-located services amongst other typologies.

An example of this is the delivery of Village 21 pilot by Kids Under Cover which offers accommodation model provides studios for six young people, giving them a stable home and wrap around supports and communal living elements for up to three years.

1.4 Funding mix for the additional \$1 billion

- Crisis and transitional accommodation operate with zero or low rental returns.
- Given this it is difficult to conceive how these projects would service a concessional loan.
- This is further complicated by the need for service support to accompany these dwellings, which is not part of the \$1 billion. (And the recently struck National Agreement on Social Housing and Homelessness does not increase overall funding for States and Territories over five years.)
- Homes NSW recommends that the entirety of the \$1 billion is structured as grants, if the focus is to be on 'accommodation', or that more flexibility is available for investment as 'housing' for the targeted cohorts.
- Should the concessional loan component remain, clear guidance should be given to how projects can cross-subsidise by building mixed tenure dwellings. For instance, allowing inclusion of a proportion of social, affordable and market housing to make the project financially viable.
- Broadly speaking, Homes NSW would welcome an ongoing conversation with Housing Australia, Commonwealth Treasury and DSS, to explore partnership approaches for joint-funding of initiatives.

1.5 Time limited state and territory funding allocations

- We welcome the intention to allocate money quickly to see projects and homes on the ground as soon as possible.
- However, recent experiences with the HAFF, and NHIF-SAH raise concerns about how swiftly Housing Australia will be able to move on this.
- There are processes that HA has to adhere to as an organisation that States and territories are not necessarily bound by.

- The Social Housing Accelerator has been a clear example of how states and territories have been able to move quickly and deliver outcomes within 12 months.
- Under the current proposal, NSW would expect around \$300 million of investment in crisis and transitional capital projects, where those can be approved within the first 12 months.
- To ensure equity and that regional areas or Aboriginal communities do not miss out, we welcome the apportionment to states and territories.
- However, the 12-month timeframe is unnecessary. If a timeframe is required, then 2 years could be more appropriate.
- The timeframe creates undue pressure on sectors which will be 'new' to the housing and construction space. Rushed projects will cost more in the long run.
- States and territories should be able to bring forward projects which may have been through existing state tender processes, and were compliant, but unable to be funded previously, for rapid investment.
- States and territories should also have time to work in partnership with ACHPs, CHPs and SHSs to ensure high quality projects can be brought forward for funding.
- Imposing time limits can have negative consequences as evidenced by our experiences with HAFF. Including;
 - Competing for consultant resources for concurrent applications
 - Inability to undertake significant tasks in the correct order which creates additional risk, manifesting as additional costs.
 - different states and territories have different preparedness and ability to respond to accelerated application processes, yet the demand is national and ongoing. Operators in this sector are there because they want to achieve outcomes - artificially introducing competition will not increase motivation.
 - a short project application time frame may in particular disadvantage Aboriginal Community Housing Providers (ACHPs) and Aboriginal Community Controlled Organisations (ACCOs) from applying.
- Current communication suggests that any time limit to State and territory funding allocations will commence from the approval of the Amendment. This is a yet unspecified time before publication of the guidelines for project applications. If a time limit on state and territory funding allocation is retained, Homes NSW recommends that the timeframe should only commence on the publication of the Guidelines.

