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National Housing and Homelessness Plan Team
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Dear National Housing and Homelessness Plan Team

Submission: National Housing and Homelessness Plan Issues Paper

The National Growth Areas Alliance (NGAA) welcomes the opportunity to respond to the National Housing and Homelessness Plan Issue Paper (the Issues Paper).

The NGAA is the peak body for local governments in Australia's outer metropolitan growth areas and advocates to state and federal governments on growth area challenges and opportunities. Together, we represent more than five million people living in Australia's fast-growing suburbs and are united by shared experiences of population growth rates at double the national average and long-term under-investment in vital infrastructure.

We take an evidence-based approach, with a Policy Platform built on the foundations of our comprehensive research strategy. We also help to develop Alliance Councils' capacity to deliver good growth through best practice case studies, policy discussions, and extensive networks.

We agree that access to secure and affordable housing is fundamental for the welfare of Australians. The Australian housing and homelessness system needs to facilitate access to safe and secure housing while meeting the needs of a diverse and changing community.

Australia is facing significant housing challenges. To address these, we support the proposed coordinated, national approach and the development of the National Housing and Homelessness Plan in close collaboration with state and territory governments and local governments.

We welcome the Australian Government's ambitious housing reform agenda, including the re-establishment of the Housing and Homelessness Ministerial Council as a forum for Commonwealth, state and territory ministers to progress critical housing and homelessness reforms, including improving housing supply, affordability and accessibility, and pathways out of homelessness.

Outlined below is our overarching feedback and specific responses to the following three parts of the Issues Paper:

- 2.3 What is the current approach of governments?
- 3.4 Social Housing – Affordable Housing
- 3.6 Planning, zoning and development
- 3.7 The Impact of Climate change and Disasters on Housing Security, Sustainability and Health

2.3 What is the current approach of governments?

Overarching feedback

The Issues Paper outlines the individual roles and responsibilities of governments for housing and homelessness which we broadly agree with, especially the following:

- State and local governments are much closer to local housing markets, with more direct housing and homelessness levers. They are responsible for developing and implementing housing and planning policies including overseeing planning, land release and zoning, land taxes, tenancy legislation, and stamp duty.
- Responsibility for planning and land use regulation is shared between local and state and territory governments. State and territory governments are responsible for overarching planning and development policies, strategic plans for metropolitan and regional areas, coordinating and investing in major infrastructure. Local governments are responsible for developing and implementing land use plans at the local level and processing the majority of development proposals.

We agree that the Australian Government is responsible for coordinating national policies, which indirectly influence the affordability of housing, including tax settings, financial regulation, and income support policy.

We would add that the Australian Government is responsible for some policies that directly impact on the affordability of housing, especially migration policy, because the hundreds of thousands of additional people arriving in Australia each year require somewhere to live which creates additional demand for both properties to rent and properties to buy.

Population distribution has wide-ranging implications for health outcomes, environmental impact, productivity, and access to opportunity. This presents a range of challenges and opportunities which can be better managed with a deliberate national settlement forecasting.

Deliberate national settlement forecasting requires a review of pre-Covid settlement patterns to determine who is moving to the growth areas around Australia and where they are coming from. This should include a review of new migrants to Australia to identify the preferred locations for settlement in Australia for migrants from different countries of origin. It should also include a review of interstate migration patterns to better understand broader population movements internally.

This data provides the basis for future projections of where migrants are likely to settle based on their countries of origin and the likely population growth in the settlement areas based on the total migrant intake and composition in any given year. It also shows national population movements to better understand the drivers for internal movements such as employment opportunities or lifestyle choices.

National Housing Infrastructure Facility

The National Housing Infrastructure Facility Critical Infrastructure (NHIF CI), administered by the National Housing Finance and Investment Corporation (NHFIC), is an excellent opportunity to finance housing-enabling critical infrastructure that Local Government wouldn't otherwise be in a position to fund.

We note the infrastructure that is currently included in the program - utilities, transportation, and telecommunications - enables new residential lots to be titled and sold. We encourage the Department to consider expanding this to include community and social infrastructure that supports the residents after they have moved in.

We reiterate previous feedback to the Australian Government regarding the NHIF CI, and urge the government to make specific amendments to enable Local Governments to access the funding. Our feedback is based on NGAA member Council's experiences which are outlined below:

- Infrastructure eligible for funding under the NHIF is generally planned and funded in conjunction with State Government during the planning process, which can take five to seven years.
- Reluctance from some councils to establish a Special Purpose Vehicle for the delivery of essential infrastructure. It is viewed as too complex and resource-intensive with significant start-up costs and risks.
- Lower interest rates are often available at State Government level – several Council CEOs noted that they disregarded all NHFIC offerings when this disparity became apparent.
- Further to the point above, Councillors and Local Government are required to deliver best value for their community/ratepayers, however NHIF is not considered to meet this requirement.
- As noted above, NHIF funding doesn't address the critical community and social infrastructure needed in greenfield developments which is not covered by existing funding mechanisms.
- We note that very few Local Governments develop social and affordable housing because it sits outside their remit.

Recommendations

In this context, the National Growth Areas Alliance recommends:

1. Implement national settlement forecasting that:

- Is based on pre-Covid settlement patterns and used to forecast where migrants are likely to settle based on their countries of origin, as well as internal population movements, and the likely population growth in the settlement areas based on the total migrant intake and composition in any given year.
 - Facilitates the consideration of migration settings and where the additional population should be directed in terms of skills and demographic profile.
 - Enables appropriate forward planning for infrastructure and housing aligned with population growth in the preferred settlement areas.
2. Implementing specific amendments to enable Local Governments to access the NHIF CI funding.
 3. Consider expanding the eligible infrastructure within the NHIF CI to include community and social infrastructure that supports the residents after they have moved in.

3.4 Social Housing – Affordable Housing

Overarching feedback

We agree with the overall commentary about affordable housing in the Issues Paper, including that:

- it contributes to the diversity of housing options; and
- definitions, offerings and eligibility criteria for affordable housing vary between states and between individual affordable housing schemes, however, this generally refers to housing at a lower than market rate. This can include affordable rental housing and affordable purchase products.

Further, we agree in principle that affordable housing should enable people to live in desirable locations, including locations that are close to jobs and well connected to transport, infrastructure and other services. In this context, however, we note that new housing supply in Australia’s growth areas should not be seen as the panacea of housing affordability. NGAA members consider *affordable living* alongside affordable housing, noting that the overall chronic lag in all types of infrastructure provision in many new growth areas communities mean that residents often need to travel long distances by private vehicle to reach employment opportunities, educational institutions, and essential services and amenities each day.

Questions for consideration

1. *How can governments encourage delivery and availability of affordable housing in the short, medium and long-term?*

From a Local Government perspective, the statutory planning requirements generally already include the option for affordable housing to be incorporated into larger developments. Member feedback indicates that this voluntary process is ad hoc, difficult to apply, and relies on the planning permit applicant or landowner agreeing to the voluntary contribution. In Victoria, this voluntary agreement is then included as a condition of the planning permit and enforced through a Section 173 Agreement which then runs with the land. We suggest this

voluntary approach requires strengthening to deliver a meaningful increase in affordable housing.

Case Study: Voluntary provision of affordable housing in the City of Whittlesea

The City of Whittlesea included a condition on the Planning Permit for a development in Shenstone Park that required the permit holder to enter into a Section 173 Agreement that required a minimum of 10 per cent of dwellings in the walkable catchment to be “allocated for Affordable Housing to eligible households, as defined by the Planning and Environment Act, through a mechanism that demonstrates eligibility, allocation and longevity for a minimum period of 10 years.” It further noted a component of this needed to be provided as a social housing, either via transferral to a registered housing agency for the purpose of the delivery of Social Housing, or an equivalent value made in donations.

The Permit Applicant appealed the decision at the Victorian Civil and Administrative Tribunal (VCAT). VCAT ruled to strike out the condition on the basis that:

- * The condition was inappropriate because the condition did not explicitly explain how the affordable housing was to be provided and was ‘arguably unenforceable’; and
- * The lack of an objective/ requirement in the Precinct Structure Plan meant there is insufficient policy basis to support the condition.

These findings from the VCAT directly relate to the way the Shenstone Park Precinct Structure Plan was drafted and demonstrate that the inclusion of affordable housing in greenfield developments in Melbourne remains voluntary.

Recommendations

In this context, the National Growth Areas Alliance recommends:

1. Strengthening the voluntary approach to providing affordable housing as part of a larger residential development. This may include mechanisms in the statutory planning system, such as Inclusionary Zoning, to require affordable housing to be incorporated into developments that meet a threshold size or scale.

3.6 Planning, zoning and development

Overarching feedback

The supply of housing, especially housing that is affordable, is complex due to the interaction of Federal and State policies with the statutory planning system that regulates where and what type of housing is constructed, however the housing is ultimately delivered by the private sector for commercial gain.

Considerations include:

- Issues around land banking and approved planning permits for residential subdivision not being acted on. These decisions are generally driven by commercial considerations

which include the cost of delivering serviced and titled residential lots to the market and the market demand for the lots.

- Infrastructure costs which burden State and Local Governments with delivering new infrastructure to meet the needs of new communities. There is a clear need to expand funding programs such as the Growing Suburbs Fund. Policies to reduce infrastructure/development charges on new development as a means to improve affordability only shifts the costs and creates a market distortion in respect to the real cost of delivering new housing.
- Housing supply and residential land zoning should be focused on unlocking opportunities in well located areas close to transport and existing infrastructure and services, including in growth areas. We note even growth area councils find it challenging to direct higher density housing to areas of high amenity.

Case Study: Land supply in the City of Whittlesea

Despite an adequate supply of residential land in the greenfield areas of Whittlesea, there is an overall housing affordability challenge based on future demand.

Currently, there is over 20 years of residential land supply in Whittlesea's zoned greenfield areas equating to 2741 hectares of zoned residential land in Precinct Structure Plan areas such as Donnybrook/Woodstock, Wollert, and Shenstone Park, with a net capacity of circa 48,208 dwellings (SGS Economics and Planning, 2021).

Conversely, Whittlesea has a shortfall in its established areas. Recent analysis indicates that there will be a shortfall of around 5,200 new dwellings by 2041. When dwelling types are considered, enough detached houses would be delivered to meet market demand, but there would be a substantial shortfall in delivery of medium density dwellings (around 7,700 dwellings), and a moderate shortfall in delivery of high-density dwellings (around 1,500 dwellings). The research concludes that the shortfall is likely to result from the market choosing not to deliver the medium and higher density dwelling types despite existing planning controls permitting a net capacity for 60,271 dwellings.

Questions for consideration

2. *To what extent is the supply, affordability and diversity of houses affected by planning and zoning regulations and administrative processes?*

NGAA Member feedback indicates that, in the current commercial environment, supply, affordability, and diversity of houses are much more likely influenced by consumer demand than by planning and zoning.

Infrastructure Victoria's recent report [Our Home Choices](#) concludes that Victorians prefer large, detached homes, and this consumer preference drives demand for large, detached homes in green field areas. Infrastructure Victoria found that location, number of bedrooms,

number of car spaces influence a decision, but are less important than home type, and that most households (61 per cent) would compromise on location to buy a particular home type.

Planning and zoning regulations are often inappropriately blamed for the lack of affordable and diverse housing. Member feedback notes that a large number of blocks in Perth are either vacant or zoned for much higher density development but remain undeveloped. It is a failure of the private market and the respective land owners, including the State Government (when these blocks are owned by the State), if they do not develop them and bring them to market.

3. How can planning and zoning regulations effectively increase the supply of land in well-located areas taking into consideration current and future hazard risk?

The plan should explore mandatory Inclusionary Zoning and an Infrastructure or Development Contribution System that recognises social and affordable housing as essential infrastructure. However we note the success of contributions systems depends on how they are administered. For example, in Western Australia, the City of Gosnells has a well-established Developer Contribution Arrangement (DCA) in redevelopment areas. However, the City of Gosnells has experienced problems with the State Government's oversight approach to DCAs, and as a result the City is unlikely to replicate the example.

In general, the NGAA supports regulation to ensure better outcomes are realised from new housing supply. Regulation enables Local Government to provide community infrastructure, public spaces and town centres as well as mitigate against urban heat island, biodiversity loss, urban sprawl and social disconnection, community resilience and climate-related disasters among others.

4. How can governments work together to be more responsive and flexible to housing demand pressures, both now and in the future?

All levels of government need to be better coordinated so that planning policy, housing policy, and infrastructure funding and delivery are aligned.

5. What is the role of state and local governments in the improvement of speed and/or transparency of development assessment processes to help improve supply of housing and the affordability of homes?

The NGAA does not consider the speed of development assessments to be a significant factor in constraining new housing supply across Australia. Member feedback in Western Australia in particular indicates that Development Approvals are almost always considered within tight legislative timelines established by the State yet there remains an undersupply of new housing and affordability issues.

We also note that a building permit is required prior to starting construction of a new residential building and that obtaining a building permit can also take many weeks.

6. How can the development assessment process address community concerns, so the length of appeals processes is minimised, and developers have an efficient path to resolve issues and gain approval?

It's important that community participation in the planning process does not come at the expense of expedited planning process to increase supply. We further note that Appeal bodies (often Administrative Tribunals) need to address matters in a far more timely manner.

7. *How can state and local governments improve accessibility (particular in the physical environment) through planning and zoning, for example, to ensure transport systems are accessible for the whole community?*

Member feedback from Western Australia indicates that, despite many areas around train stations having increased density zonings, other constraints have limited development (such as the lack of sewer in Kenwick).

8. *What key short, medium and long-term planning and zoning reforms could be explored in the Plan?*

As noted previously, the plan should explore mandatory Inclusionary Zoning and an Infrastructure or Development Contribution System that recognizes social and affordable housing as essential infrastructure. We also reiterate that the success of the Infrastructure or Development Contribution System depends on how it is administered.

9. *What other reforms, beyond planning and zoning, can governments implement to improve the speed and efficiency of the supply of housing?*

Recent research released by the Australian Housing and Urban Research Institute (AHURI) has found that government bonds and guarantees and tax concession have strong evidence for increasing supply of affordable housing. Crucially, the research concludes that these approaches would need to be adapted to the Australian context and that private involvement should be viewed as a way of extending, rather than replacing, public subsidy to house low income earners and those with special needs ([Private sector involvement in social and affordable housing](#)).

10. *How can governments and other stakeholders (e.g. property developers) ensure that planning and housing decisions do not create or embed hazard risks?*

Appropriate local government review of planning and development applications is critical to ensure that planning and housing decisions do not create or embed risk.

Recommendations

In this context, the National Growth Areas Alliance recommends:

1. Considering mechanisms in the statutory planning system, such as Inclusionary Zoning, to require affordable housing to be incorporated into developments that meet a threshold size or scale.
2. Considering an infrastructure or development contributions scheme that recognises social and affordable housing as essential infrastructure.

3. Implementing better coordination between all levels of government so that planning policy, housing policy, and infrastructure funding and delivery are aligned.

3.7 The Impact of Climate change and Disasters on Housing Security, Sustainability and Health

Overarching feedback

Climate change is exacerbating existing development problems and poses enormous challenges to the outer suburbs. They are disproportionately exposed to the adverse impacts of increasing global temperatures and the associated extreme weather events. Storms, floods and bushfires all pose incredible risk to outer suburban and peri-urban communities.

In particular, heat related impacts will be exacerbated by a very low percentage of mature tree canopy in both public and private spaces, and the insufficient minimum standards for thermal efficiency for new houses. Communities will be responsible for the increasing financial costs of cooling and heating a house with low thermal efficiency.

Growth area councils are committed to supporting their communities to become more sustainable and resilient, however the legacy of the initial planning and delivery models are inhibiting this. Many of the key decisions are beyond their control or influence, such as the strategic land use planning of the communities, the forward planning, coordination, and funding of public transport and road upgrades, and the thermal efficiency of new housing.

National leadership is required to develop a nationally coherent plan for sustainable development and growth, that is a cross sectoral, tri-level commitment to well planned, climate adapted, resilient suburbs – Suburbia 3.0.

Suburbia 3.0 must be climate adaptive, resilient, and deliver liveable communities under climate scenarios. It has to take the best aspects of the compactness and dwelling diversity of the inner suburbs and the open space and attributes of the middle ring.

The intensity and frequency of extreme weather events such as heat, flooding, and bushfire in outer metropolitan areas are likely to significantly increase. We must not keep building suburbs on land that is high risk for fire or flood, regardless of whether it is affordable.

Additionally, all policies and regulation relating to the built environment should be consistent with, and support the achievement of, the Federal Government's commitments to climate change. This includes the commitment to achieve net zero emissions by 2050, and reduce greenhouse gas emissions by 43 percent below 2005 levels by 2030.¹ Where a state or territory has more aggressive reductions targets, these should also be supported by associated policies and regulation.

Questions for consideration

11. *How can governments improve housing and accommodation service coordination to better support individuals affected by hazards?*

¹ Australian Government Office of Financial Management (November 2022) [Australian Government Climate Change Commitments, Policies and Programs](#)

Provide open data and analysis relating to urban heat island mapping, to help inform government decision making and address high risk areas

12. How can governments better encourage the uptake of energy efficient housing modifications and design?

Considerations include:

- Increase mandatory minimum thermal efficiency standards for new housing.
- Provide funding for energy efficiency improvements to existing housing stock, particularly for the most vulnerable. Data from the CSIRO Australian Housing Data Portal shows the average existing house is rated 2.2 stars for energy efficiency.
- Model and deliver global best-practice energy efficiency standards in government social housing.
- Provide a suite of energy efficient housing designs, appropriate to a variety of localities, and make them freely available to the public.
- Mandatory 'cost of living' or energy efficiency credentials requirement for all home sale advertisements.

13. What options should be explored for improving the energy efficiency of rental properties?

As noted above, rental advertisements should include mandatory 'cost of living' information (that is, information related to the cost of running the house in terms of heating and cooling etc).

Recommendations

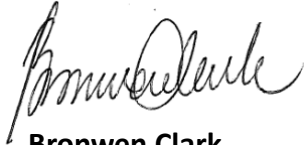
National leadership is required to develop a coherent plan for sustainable development and growth that is founded on cross-sectoral and tri-level government commitments. In this context, the National Growth Areas Alliance recommends:

1. Providing access to data and analysis relating to urban heat island mapping, to help inform government decision making.
2. Prevent new housing being developed in areas that are high risk for fire or flood, regardless of whether it is 'affordable'.
3. Consider increasing the minimum thermal efficiency standard for new housing, and achieve global best-practice energy efficiency standards in government social housing.
4. Provide funding for energy efficiency improvements to existing housing stock, especially for those who are most vulnerable.
5. Facilitate informed decision making by requiring the disclosure of energy efficiency credentials at point of sale.

Contact

The NGAA welcomes the opportunity to respond to the Issues Paper and provide the Local Government perspective on policies relating to housing and homelessness. Should you wish to discuss any of the matters raised in this response, please contact Caroline Speed, National Research and Policy Lead, on caroline.speed@ngaa.org.au.

Yours faithfully



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