

The model housing strategy

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Presentation outline

1. What is a 'strategy' and what are its essential components?
2. What are the key relevant features of the Australian housing governance context?
3. What are the precedents for an Australian national housing strategy?
4. What should be the scope of Federal Labor's national 'housing and homelessness plan'?
5. What overarching objectives should feature in a national housing plan (or strategy) for the 2020s?
6. Practical considerations: through what process might an Australian national housing plan be formulated and funded?
7. What are the key risks and trade-offs?

[18 slides]

What is a generic ‘strategy’ and what are its essential components?

Definitions:

- *A plan of action or policy designed to achieve a major or overall aim*
- *A formally planned **set of actions** to deal with a problem*

A coherent array of complementary initiatives – contrasts with BAU incrementalism

Essential strategy features/components:

- Analysis of problems to be tackled
- Clearly stated overarching aims (‘mission’) and associated specific goals
- Identified actions to achieve specified goals (quantified and time-specific targets)
- A costed and resourced implementation plan
- Monitoring and review mechanisms

Key relevant features of Aus housing governance context – federated structure

- Federated governance structure – e.g. more similarity with Canada than UK or NZ
- State govts established as primary domestic policy institutions
- Aus Constitution (S51) specifies areas of national govt competence
- State sovereignty in other areas (incl. urban planning, housing) means no equivalent national govt legal authority as in (e.g.) UK
- But many key ‘housing policy’ levers under federal control
- NHHA architecture in place (as CSHA) since 1945
- Vertical Fiscal Imbalance (VFI) means federal govt also holds much greater financial firepower

Aus housing governance context – key stakeholder groups

- Commonwealth Govt
- State/territory govts
- Local govts
- Regulators (e.g. RBA, APRA, NRSCH)
- National advisory bodies (e.g. PC, Infrastructure Australia)
- Producer interests (e.g. as represented by PCA, HIA, CHIA, MBA, UDIA, REIA)
- Financiers (banks, super industry)
- Consumer interests (e.g. as represented by Shelters, TUs)
- Indigenous interests (e.g. as represented by Coalition of Peaks, NATSIHA)
- Tertiary education and research sector (e.g. Universities, AHURI)

Precedents for Aus national housing plan (or strategy)

- Commonwealth Housing Commission (CHC) plan 1945
- CSHA (NAHA/NHHA) framework (1945-present)
- NHS process 1991-95
- National policy initiatives (beyond home ownership promotion) under Rudd Govt 2007-10
- Recent state/territory ‘housing strategies’ as required under NHHA – e.g. NSW Govt ‘Housing 2041’ (see Milligan and Pawson 2021)

Strategy scope

- Definition/breadth of ‘housing policy’
 - Narrow definitions often limited to interventions solely focused on satisfactory accom for disadvantaged households – e.g. social housing, homelessness services, private rental assistance
 - Broader definition: ‘...any action taken by any govt or govt agency to influence the processes or outcomes of housing’ (Clapham 2018)
 - Includes, but not limited to, production (development) of additional housing
 - Many relevant interventions, powers/policy settings ‘owned’ by govt depts without housing in title (e.g. DSS, Treasury)
- Housing functions as an interconnected system – key argument for broadly framed housing strategies that recognise this
- Given Aus housing policy governance structure, national strategy might logically provide framework for state/territory-specific strategies and implementation plans

Strategy powers

- Housing policy may be exercised through spending programs – e.g. subsidising either supply or demand; but also in other ways:

| Policy type | Examples | Federal Govt dept or agency | State (NSW) dept |
|--------------------|---|-----------------------------|--------------------------|
| Regulation | <ul style="list-style-type: none"> • Landuse planning • Building standards • Framing of landlord-tenant relations • Rules for issuance of housing loans | APRA ABCB | Planning, Fair Trading |
| Demand side | <ul style="list-style-type: none"> • Rent Assistance - low income tenants • First Home Owner Grants | Social Security (DSS) | Treasury |
| Supply side | <ul style="list-style-type: none"> • Direct provision – public housing • Subsidy for non-govt providers • Land release /assembly | Treasury; Infrastructure | DCJ, Treasury Landcom |
| Tax rules | <ul style="list-style-type: none"> • Rental investor and owner occupier tax concessions • Land tax • Stamp duty | Treasury | Treasury |

Possible overarching objectives for national housing plan (or strategy)

1. The market functions more smoothly; housing stock is utilised more efficiently
2. Housing system impairment of economic productivity and equity is reduced
3. The energy and environmental performance of the housing stock is enhanced
4. A more diverse range of housing forms enhances consumer choice
5. Historically rising levels of housing affordability stress are reversed

1. The market functions more smoothly; housing stock is utilised more efficiently

- Australia's housing market notoriously volatile – both socially and economically damaging
- E.g. Discourages investment in workforce capacity and technological development
- Making 'more efficient use' of housing (and developable land) – consensus objective in a world of constrained resources (e.g. >1 million owner occupied homes grossly under-utilised)
- Could imply necessary consideration of relevant tax/regulatory reforms

2. Housing system impairment of economic productivity and equity is reduced

- Draws attention to economic costs of underperforming housing system (Duncan Maclennan reports for CHIA) – e.g:
 - Over-investment in over-expensive real estate diverts capital away from productive activities
 - Inadequate housing conditions (including insecurity) impair educational performance and therefore detract from human capital formation
- Since housing system acknowledged as key driver of rising inequality, appropriate for Strategy to consider how to moderate
- Glaring inequity affecting Indigenous population a critical factor

3. Energy and environmental performance of housing stock is enhanced

- Aus housing stock notoriously poor on energy and environmental performance – links with net zero policy imperative
- Highly desirable that strategy focuses on housing condition as well as affordability
- Shaping appropriate targets and interventions on both of these will call for major analytical efforts
- Over-arching objective could, instead, be to ‘enhance housing quality’

4. A more diverse range of housing forms enhances consumer choice

- Aus housing system overly producer-dominated
- Consumer interests especially weakly represented in private rental
- New housing development and existing stock highly polarised between large suburban houses and small urban apartments
- Need to remedy ‘missing middle’:
 - House type (insufficient ‘town house’ type stock)
 - Density (relative dearth of medium density)
 - Provider type (PRS dominated by mum and dad landlords)

5. Historically rising levels of housing affordability stress are reversed

- Declining housing affordability detracts from national economic performance as well as population welfare
- Key concerns in three distinct areas:
 - Income/wealth thresholds for access to home ownership
 - Rental stress affecting low income households
 - Over-reliance on the homelessness service system to manage revolving homelessness
- Maximising appropriate new supply, a key factor

Practical considerations (1)

- Plan-making responsibility and governance
 - Assume led by HA as national housing agency; additional expert capacity to be commissioned as needed
 - Oversight group could include external stakeholders; independent experts – both domestic and international
- Initial task: define mission and overarching objectives (OOs) ideally ‘owned’ by all state/territory govts – possible role for summit event
- Supporting reviews, analyses (e.g. structured according to OOs) could be commissioned – initial rapid desk-top reviews to summarise existing knowledge; identify new primary work required
- Framing/drafting needs to articulate with stated national policy/plans in other relevant policy areas – incl: Climate change, NDIS, Aged care, Migration, labour market, ‘Closing the Gap’
- Must accommodate (or replace) NAHA structure

Practical considerations (2)

- Ideally aim to produce draft strategy (or even OOs) as main vehicle for wider consultation
- Implicit commitment to some expenditure growth possibly needed to secure necessary buy-in
- But substantial scope for redirection of resources, and emphasis on use of non-expenditure powers (e.g. tax, regulation)
- Associated guidance on state/territory housing strategies and scope for bottom up engagement essential

Key risks and trade-offs

1. External environment or short political cycle/instability undermines strategy development (e.g. GFC, interest rate shocks, Rudd-Gillard reign)
2. Bi-partisanship elusive (summit, legislation, independent review?)
3. Scope narrowed from the start (e.g. federal tax reform ruled out)
4. Risk that brief reform opportunity missed by over ambition/complexity. Perhaps aim for 2-stage process – initial ‘outline strategy’ based on desktop research only, later followed by ‘full strategy’
5. How, and how far, to integrate housing and homelessness agendas? Arguably, most suitably approached as two separate (though articulated) processes

Key references

City Futures Research Centre (2020) ***NSW Housing Strategy Discussion Paper: Submission to NSW Government***

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