



Budget 2017

Reducing Pressure on Housing Affordability

A new National Housing and Homelessness Agreement

The Government is introducing a new National Housing and Homelessness Agreement with State and Territory governments to increase the supply of new homes and improve outcomes for all Australians across the housing spectrum, particularly those most in need.

The issue

The 2016 COAG Report on Performance confirmed that three out of four benchmarks set by the National Affordable Housing Agreement had not been achieved, despite the Government providing the States with over \$9 billion since 2009. From 2009 to 2016, growth in the size of the social housing stock has stagnated and numbers on waiting lists have increased.

The Government will establish a new national agreement, with the requirement for concrete outcomes to build more homes and ensure improved housing outcomes across the housing spectrum. It will include specific funding for homelessness and provide greater certainty to providers of front line homelessness services.

The details

The Government will work with State and Territory governments through a new National Housing and Homelessness Agreement (NHHA) to deliver more affordable housing and build more homes.

Only one out of four benchmarks met*

- **10 per cent reduction in the proportion of low-income renter households experiencing rental stress:** no evidence that progress has been made. Instead, this increased from 35.4 per cent in 2007-08 to 42.5 per cent in 2013-14 (up 7.1 per cent);
- **7 per cent reduction in number of homeless from 2006 to 2013:** increase from just under 90,000 in 2006 to over 105,000 in 2011, a 17.3 per cent increase;

- **10 per cent increase in proportion of Indigenous Australians who own their own home from 2008 to 2017-18:** no evidence of any increase since 2008;
- **20 per cent reduction in proportion of Indigenous households living in overcrowded conditions:** 16 per cent decrease in the proportion between 2008 and 2012-13 (only benchmark on track to be met).

Funding maintained and ongoing

- The NHHA will maintain the Commonwealth's current funding of over \$1.3 billion a year provided under the National Affordable Housing Specific Purpose Payment.

- The new agreement will provide \$375 million over three years from 2018-19: maintaining the current \$115 million of annual homelessness funding provided under the National Partnership Agreement on Homelessness (NPAH). This funding will be ongoing and indexed, to maintain and provide certainty to front line services that help Australians who are homeless or at risk of becoming homeless.

Ensuring better outcomes

Under the NHHA, funding to State and Territory governments will be linked to outcomes in priority areas including:

- aggregate supply targets, including targets for social and affordable housing;
- residential land planning and zoning reforms;
- inclusionary zoning arrangements (land use planning intervention requiring or incentivising affordable housing including dedicated first home buyer stock);
- renewal of public housing stock and transfer of public housing to community housing providers; and
- homelessness services.

Bilateral schedules with clear targets will help ensure that each State and Territory is accountable for better outcomes that recognise the different housing markets in each State. These agreements will be underpinned by improved transparency and reporting and will be negotiated between the Commonwealth and each State and Territory.

Prioritising homelessness funding

To ensure that funding for front line homelessness services is preserved, the NHHA will separately identify the indexed funding, to be matched by the States, that relates to the NPAH. This funding will continue to prioritise support for people affected by domestic violence and vulnerable young Australians.

Budget impact

This measure will have a cost of \$381.8 million over three years from 2018-19.

This includes \$375.3 million for ongoing funding for homelessness and \$6.5 million for the National Competition Council (NCC) to assist with the implementation and ongoing assessment of State and Territory performance.

Current (figures for 2016-17)

2018-19 and beyond

National Affordable Housing Agreement (NAHA)

Affordable Housing funding

National Affordable Housing
Specific Purpose Payment (NAHSPP)

- Over \$1.3 billion per year
- Ongoing funding
- Indexed annually

Homelessness funding

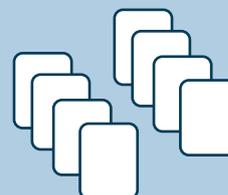
National Partnership Agreement on
Homelessness (NPAH)

- \$115 million per year
- Terminating 30 June 2018
- Not indexed
- Matching funding by States and Territories

National Housing and Homelessness Agreement (NHHA)

- \$4.6 billion over 3 years including \$375 million of new homelessness funding
- Combines funding for NAHSPP and NPAH
- Ongoing funding linked to outcomes in priority areas including aggregate supply and planning and zoning reforms
- Indexed annually
- Dedicated homelessness funding, to be matched by States and Territories, with a continued focus on people affected by domestic violence and vulnerable young people who are homeless or at risk of homelessness.

Bilateral schedules with States



Questions and answers

Is funding being cut?

- No. Funding will be increased under the new NHHA, with funding for housing and homelessness being made permanent and indexed annually. This will provide greater certainty to important frontline services which are dealing with homelessness issues.

Why is the Government moving to bilateral schedules?

- Housing market conditions vary considerably across and within States and Territories and between metropolitan and regional areas.
- These agreements will be negotiated between the Commonwealth and each State and Territory to reflect these differences.
- Bilateral schedules will ensure that each State and Territory is held to account to deliver better outcomes in order to receive payments.

Could the Commonwealth withhold payments to the States?

- The Government and individual States and Territories will agree on targets backed by specific, measurable actions aimed at unlocking supply and other initiatives designed to address issues specific to their jurisdiction.
- This is a fair and accountable process to deliver better outcomes.

Will States and Territories still match funding on homelessness?

- The Commonwealth is providing indexed homelessness funding and expects States to match this commitment.

Does the funding under the NHHA take account of the Social and Community Services (SACS) Equal Remuneration Order (ERO)?

- Yes. The \$4.6 billion funding for the NHHA includes funding for the SACS ERO.