

# National Housing Accord

## HEADLINE RESPONSE

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- Australia faces a significant housing affordability challenge.
- In response, the Government is taking a national leadership role and implementing a housing agenda that is focussed on increasing supply, delivering new social and affordable homes and increasing access to home ownership and rentals.

## KEY FACTS

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- The Government has agreed a National Housing Accord with states and territories, local government, institutional investors and the construction sector. The Accord includes:
  - an aspirational target of one million new, well-located homes over 5 years from 2024, and
  - \$350 million from the Commonwealth over five years from 2024-25 to support the delivery of 10,000 affordable homes, on top of the 30,000 social and affordable homes committed to under the Housing Australia Future Fund.
- Under the Accord, state and territory governments have agreed to build on the Government's commitment to support delivery of up to an additional 10,000 affordable homes. This enables delivery of a combined total of up to 20,000 affordable homes.
  - State and territory governments will also expedite zoning, planning and land release for social and affordable housing.
- The Australian Local Government Association will work with state and territory local government associations to advocate for a commitment from Australia's councils to support the delivery of social and affordable housing.

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- Institutional investors including superannuation funds have committed to increase investment in affordable housing where it is in the best financial interests of investors or members to do so.
- Construction industry representatives have agreed to advocate for a commitment to the delivery of the joint Commonwealth and state housing target and roll out of affordable housing.
- New affordable homes to be built under the Accord will be at an energy efficiency standard of at least seven stars (or at least the minimum standard in each state, if lower).

### ***New Homes Bonus***

- On 16 August 2023, National Cabinet agreed to a new national target to build 1.2 million new well-located homes over five years, from 1 July 2024. This is an additional 200,000 new homes above the original National Housing Accord one million homes target agreed by states and territories in 2022.
  - The Commonwealth has committed \$3 billion to the New Home Bonus, to reward states and territories that achieve more than their share of the one million well-located homes target under the National Housing Accord.
  - The Commonwealth will also provide \$500 million for the Housing Support Program, a competitive funding program for local and state governments for things like connecting essential services, amenities to support new housing development, or building planning capability.

### ***National Housing Supply and Affordability Council***

- The Government established an interim National Housing Supply and Affordability Council to provide expert, independent advice on housing matters.

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- Under the National Housing Accord, the Council will:
  - work with residential development, building and construction industry representatives to provide data and updates on the deliverability of the Accord commitments and the housing supply pipeline, and
  - advise on the suitability of the national target in consultation with the states and territories, and in response to ongoing monitoring of the capacity of the residential building industry.
- On 9 May 2023 the Minister for Housing commissioned the interim Council with a review of barriers to institutional investment, finance and innovation in housing. The Minister asked the Council to consult widely, identify barriers in the Australian context, review evidence from comparable international jurisdictions, and recommend priority actions.
- On 8 September 2023 the interim Council released the review into Barriers to Institutional Investment, Finance and Innovation in Housing. The report focuses on what can be done to increase the supply of rental dwellings via institutional investment. It notes that with the right policy settings, regulatory systems and financial structures there is a realistic and early prospect of establishing a significant new investment asset class. The report provides 11 recommendations that the government is considering.

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# Housing Agenda

## HEADLINE RESPONSE

- At every opportunity, the Government has added to our already ambitious housing agenda which will boost the supply of all housing, making it easier and more affordable to rent and buy.
- These housing challenges cannot be solved by one government alone. The Government is working with the state, territory and local governments to deliver better housing outcomes.

## KEY FACTS AND FIGURES

- On 11 September 2023, the Government confirmed an additional \$1 billion will be invested in the National Housing Infrastructure Facility, to support more new homes.
- This commitment will support the passage of the \$10 billion Housing Australia Future Fund legislation, enabling the Government to deliver the single biggest investment in social and affordable housing in more than a decade.
- On 16 August 2023, National Cabinet agreed to an ambitious new national target to build 1.2 million homes over five years from 1 July 2024. This is an additional 200,000 new homes above the National Housing Accord agreed by states and territories in 2022.
- As part of the National Cabinet meeting, the Government announced:
  - \$3 billion for a New Home Bonus, for states and territories that achieve more than their share of the one million well-located homes target under the National Housing Accord.
  - \$500 million for a Housing Support Program, a competitive funding program for local and state and territory governments to kick-start housing supply in well located areas.

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## Housing Agenda

- On 17 June 2023, the Government announced a new \$2 billion Social Housing Accelerator to deliver thousands of new social homes across Australia.
- The Government is working to deliver a new National Housing and Homelessness Plan to identify the short, medium and long-term steps that can be taken to address housing issues in Australia.
- The Government is also providing \$1.7 billion for a one-year extension of the National Housing and Homelessness Agreement with the states and territories, including an extra \$67.5 million boost to homelessness funding over the next year.
- The Government's \$150 million Urban Precincts and Partnerships Program over three years from 2024-25 will support a new coordinated funding approach to urban and suburban community infrastructure.

### Support for Renters

- In the 2023-24 Budget, the Government is supporting renters and new rental supply by:
  - Committing an extra \$2.7 billion over five years to provide more Commonwealth Rent Assistance. This is on top of the roughly \$5 billion the Government currently spends on Rent Assistance each year. This is the largest increase to Rent Assistance maximum rates in more than 30 years.
    - : Around 1.1 million households will benefit from an increase of up to \$36 per fortnight, including indexation and depending on the household type.
  - Providing incentives to support Build-to-Rent developments by:
    - : Increasing the capital works tax depreciation rate from 2.5 per cent to 4 per cent per year for eligible new Build-to-

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## Housing Agenda

- : The 50 per cent restriction on the share of places allocated to major lenders was removed.
- The Government is committed to commencing the Help to Buy scheme in 2024 which will support more low and middle-income Australians into home ownership.
  - All states have agreed to progress legislation so the scheme will run nationally.

### NHFIC programs

- The Government is amending the National Housing Finance and Investment Corporation's (NHFIC) Investment Mandate Direction. This will require NHFIC to deliver, across the Affordable Housing Bond Aggregator, National Housing Infrastructure Facility and Housing Australia Future Fund, a minimum of 1,200 homes in each state and territory within five years of the Housing Australia Future Fund commencing operation.
- The Government has increased the Commonwealth guarantee of the NHFIC's liabilities by \$2.0 billion to \$7.5 billion. This will allow NHFIC to provide more loans to Community Housing Providers for social and affordable housing, supporting around an additional 7,000 dwellings through the Affordable Housing Bond Aggregator.

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## Housing Agenda

### Impact of Budget measures on the underlying cash balance (UCB)

(\$m) UCB	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Increased Support for Commonwealth Rent Assistance Recipients	-5.9	-537.9	-704.6	-725.3	-743.3	-2,716.9
Targeted tax incentives for build-to-rent	0.0	0.0	-2.9	-10.9	-20.6	-34.3
National Housing Infrastructure Facility (NHIF) <sup>^</sup>	0.0	2.8	0.0	0.0	0.0	2.8
Increasing Housing Australia's Liability Cap	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Resourcing	0.0	-2.7	0.0	0.0	0.0	-2.7
National Housing and Homelessness Agreement – transitional funding	0.0	-67.5	0.0	0.0	0.0	-67.5
Urban Precincts and Partnerships Program	0.0	-3.4	-53.0	-52.0	-51.3	-159.7

<sup>^</sup>In 2023-24, \$2.8 million of the available interest will be reallocated to support delivery of housing priorities. The remainder of the available interest will be used to support social and affordable housing as part of the NHIF. The amount of available interest is uncertain and depends on take up of NHIF loans and grants.

### Legislation

- The Housing Legislative Package, including the Housing Australia Future Fund Bill 2023, is currently before Parliament.
- The maximum CRA rates will be increased in September 2023.
- Reducing the MIT withholding tax rate for build-to-rent will require legislation. Increasing the capital works depreciation rate will also require legislation. Legislation will need to be passed before 1 July 2024.

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# Housing Australia Future Fund (HAFF)

## HEADLINE RESPONSE

- Australia faces a significant housing affordability challenge. The Government is taking a national leadership role and implementing a housing agenda focussed on increasing supply, delivery of new social and affordable homes, and access to home ownership.
- With the Housing Australia Future Fund, the Albanese Government is set to deliver the single biggest investment in social and affordable housing in more than a decade.
- The Fund will create a secure, ongoing pipeline of funding for social and affordable rental housing, fulfilling the commitment the Government made to the Australian people.

## KEY FACTS

- The Australian Government has committed to establishing a \$10 billion Housing Australia Future Fund, which will help to build 30,000 new social and affordable housing properties over five years and support a range of acute housing services.
- The Government introduced the *Housing Australia Future Fund Bill 2023* into Parliament on 9 February 2023. It passed the House of Representatives on 15 February 2023.
- On 11 September 2023, the leader of the Greens, Senator Adam Bandt, indicated their support for the Housing Australia Future Fund.
- Over its first 5 years, disbursements from the HAFF will support the delivery of:
  - 20,000 social housing properties – 4,000 of which will be allocated for women and children impacted by domestic and family

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## Housing Australia Future Fund (HAFF)

violence and older women on low incomes who are at risk of homelessness.

- 10,000 affordable homes for frontline workers like police, nurses and cleaners.
- In addition to this, \$330 million over the first five years will be made available to fund acute housing needs on an ongoing basis. In the first 5 years, the investment returns will fund:
  - \$200 million for the repair, maintenance and improvements of housing in remote Indigenous communities.
  - \$100 million for crisis and transitional housing options for women and children impacted by domestic and family violence and older women on low incomes who are at risk of homelessness.
  - \$30 million to build more housing and fund specialist services for veterans who are experiencing homelessness or at risk of homelessness.
- The Government has worked hard to secure the Senate's support for the HAFF Bill and agreed important amendments to improve its operation:
  - A minimum of 1,200 dwellings in each state and territory are supported by the HAFF to ensure no state or territory misses out on desperately needed homes.
  - Setting a disbursement amount of \$500 million per year from 2024-25 to provide greater certainty to the social and affordable housing sector.
  - Indexing the \$500 million disbursement amount by growth in the Consumer Price Index from 2029-30 to ensure support from the HAFF is maintained in real terms over time.

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## Housing Australia Future Fund (HAFF)

- Bringing forward the date of the first statutory review of the operation of the HAFF by two years, to December 2026.
- In addition, the Government has committed to an additional investment of \$1 billion in the National Housing Infrastructure Facility to support new social and affordable homes.

### BACKGROUND

- The exposure draft of the *Housing Australia Future Fund Bill 2023* and explanatory material were released for public consultation between 19 December 2022 and 11 January 2023 as part of the Housing Legislative Package (the Package).
- In addition to the Housing Australia Future Fund Bill 2023, the package consists of:
  - the National Housing Supply and Affordability Council Bill 2023;
  - the Treasury Laws Amendments (Housing Measures No. 1) Bill 2023 covering the following measures:
    - Transition of the NHFIC to Housing Australia
    - Updating the functions of the NHFIC Act 2018 to simplify the functions and constitutional basis of, and introduce and annual review mechanism for, the National Housing Infrastructure Facility
    - Implementation of the Government's response to Recommendation 6 of the Statutory Review of the Operation of the NHFIC Act 2018;
    - Consequential amendments from establishing the Housing Australia Future Fund; and
    - an accompanying Explanatory Memorandum.

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## Housing Australia Future Fund (HAFF)

- The Package passed the House of Representatives on 15 February 2023, and was introduced to the Senate on 6 March 2023.
- The Senate Economics Legislation Committee Report for the Package was tabled on 22 March 2023.

### Key elements of the *Housing Australia Future Fund Bill 2023*

- The HAFF will provide a sustainable and ongoing source of funding for housing. Within its first five years of operation, the HAFF will support the delivery of 30,000 new social and affordable homes and fund a range of acute housing needs.
- Disbursements from the HAFF will help to bridge the gap between the commercial cost of delivering new social and affordable housing and the below-market rents such assets generate.
- The Bill:
  - Establishes the HAFF as a dedicated investment vehicle and the HAFF Special Account for Fund returns
  - Assigns responsibility for HAFF investments to the Future Fund Board of Guardians in line with an investment mandate
  - Credits the HAFF with \$10 billion following the passage of legislation
  - Provides for disbursements to be allocated via the Housing Australia (currently known as NHFIC) Special Account, the COAG Reform Fund, and a new HAFF Payments Special Account
  - Places reporting obligations for the HAFF on the Future Fund Board of Guardians.

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