



The Hon Jim Chalmers MP
Treasurer

The Hon Julie Collins
Minister for Housing and Homelessness

NATIONAL HOUSING ACCORD:
WORKING TOGETHER TO HELP TACKLE HOUSING CHALLENGES

The Albanese Government today announces the National Housing Accord, a landmark agreement to address one of our nation's biggest economic challenges: the supply and affordability of housing.

It will align for the first time the efforts of all levels of government, institutional investors and the construction sector to help tackle the nation's housing problem.

Our shared ambition is to build one million new well-located homes over five years from 2024.

The Accord recognises most of this supply needs to come from the market with government playing a key role in enabling and kick-starting investment.

We want more Australians to know the security of decent housing and more Australians realising the aspiration of home ownership.

It's more important than ever that we work together to ensure there is an adequate supply of affordable housing where it is needed – close to jobs, transport and other services.

The Budget delivers \$350 million in additional Federal funding to deliver 10,000 affordable homes over five years from 2024, on top of our existing election commitments. This funding will incentivise superannuation funds and other institutional investors to make investments in social and affordable housing by covering the gap between market rents and subsidised rents.

State and territory governments have agreed to build on our additional commitment with up to 10,000 new homes as well, delivering up to 20,000 new affordable dwellings in total.

The Accord also covers a range of immediate actions and areas for further work to support a sustainable, long-term pipeline of additional housing supply and help take pressure off affordability:

- States and territories to expedite zoning, planning and land release for social and affordable housing
- The Commonwealth to provide financing options through the Housing Australia Future Fund to facilitate institutional investment in social and affordable housing
- Working with local governments to deliver planning reforms and free up landholdings
- Institutional investors to leverage investment that delivers for their members' interests and for the national interest
- Construction sector peak bodies to support high energy efficiency rating construction, the training of more apprentices under an extended Australian Skills Guarantee and work to make housing more responsive to demand.

These commitments are tailored and timed to current conditions faced by the industry. They recognise and help manage current capacity constraints and support greater stability in the housing supply pipeline.

The Treasurer's Investor Roundtable, a newly established forum, will explore further areas of work to promote investment in housing next month.

The Roundtable will bring together leaders from the investment community including from some of Australia's largest superannuation funds, the major banks and global asset managers.

The Albanese Government's ambitious housing reform agenda aims to support more people into home ownership and improve the supply and quality of social and affordable housing.

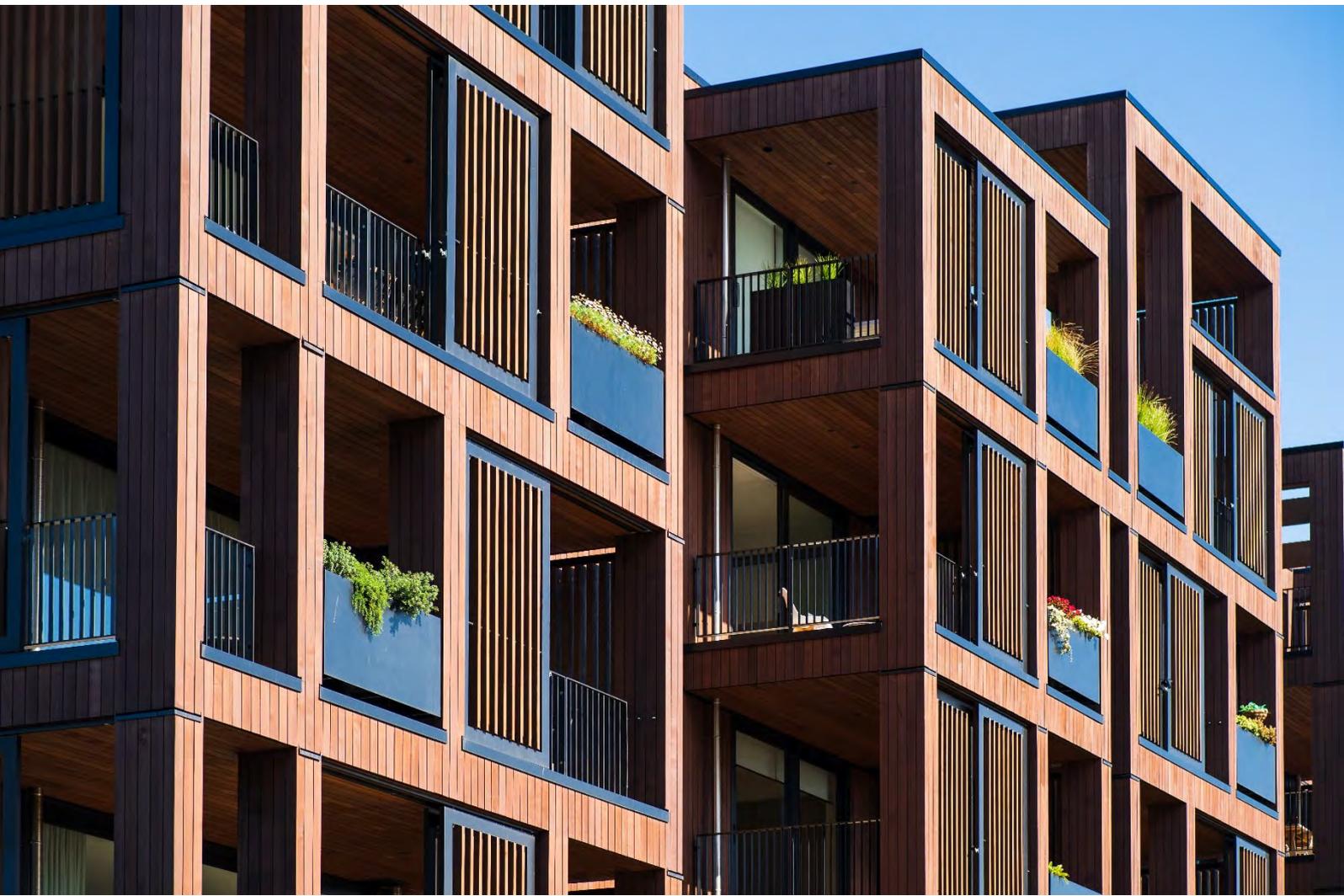
The Accord is the next step in our efforts to improve housing outcomes for the benefit of all Australians, our communities and our economy.

TUESDAY 25 OCTOBER 2022



Australian Government

National Housing Accord 2022



Introduction

Housing supply challenges need to be addressed to ensure Australians have access to safe, stable and affordable housing, as well as better housing choices that are close to work, schools and transport. The residential building industry is facing capacity constraints; looking forward, building activity is expected to decline from recent peaks, further exacerbating supply and affordability pressures.

Affordable housing is critical for the wellbeing of Australians and the productivity of the Australian economy. However, Australia is facing acute housing pressures and too many Australians do not have access to affordable housing. The national rental vacancy rate is at a record low of 0.9 per cent, with advertised rents 10.2 per cent higher in capital cities and 9.7 per cent higher in regional areas over the 12 months to September 2022.

The Accord brings together all levels of government, investors, and the residential development, building and construction sector to unlock quality, affordable housing supply over the medium term. Relative to comparable countries, Australia has a low level of institutional investment in housing. At the same time, we have the world's third largest pool of capital in our superannuation system, which is hungry for investments that will deliver stable returns over the long term for the benefit of members.

The Accord lays the groundwork to improving affordability by addressing Australia's housing supply challenges and enabling the delivery of more social and affordable housing.

The Housing Accord includes:

- an initial, aspirational national target of delivering a total of one million new, well located homes over 5 years from 2024, and
- immediate and longer-term actions for all parties to support the delivery of more affordable homes.

Immediate actions – Commonwealth and states and territories

	Commonwealth commitments	State and territory commitments
Up to 20,000 additional new, affordable dwellings	<ul style="list-style-type: none"> Support an additional 10,000 affordable dwellings¹ over 5 years from 2024 through an availability payment model, to be delivered at an energy efficiency rating of seven stars or greater.² 	<ul style="list-style-type: none"> Build on the Commonwealth’s commitment to support an additional 10,000 affordable homes over 5 years from 2024, with in-kind or financial contributions that enable delivery of a combined total of up to 20,000 additional homes. <ul style="list-style-type: none"> State and territory contributions can include new commitments or already announced but not yet committed projects and can occur earlier than 2024. Where projects are joint between a state or territory and the Commonwealth, dwellings will be apportioned based on relative contributions.
Collaborating to improve financing for new social and affordable housing projects	<ul style="list-style-type: none"> Provide availability payments and other innovative financing techniques through the Housing Australia Future Fund (HAFF) and/or National Housing Infrastructure Facility (NHIF) that will seek to facilitate superannuation and institutional capital investment in social and affordable housing, alongside established state and territory programs. 	<ul style="list-style-type: none"> Support the distribution of the HAFF, including through collaborative social and affordable housing projects with established state and territory programs, with further work to be undertaken on the model for the HAFF and the state and territory role in its roll-out.
Improving zoning, planning and land release	<ul style="list-style-type: none"> Identify whether suitable Commonwealth land can assist as part of the contribution to delivering social and affordable housing. 	<ul style="list-style-type: none"> Undertake expedited zoning, planning and land release to deliver the joint commitment on social and affordable housing in well located areas, including looking for immediate opportunities to free up well located state land, for example in and around train stations and TAFE campuses including for affordable housing. Commit to working with local governments to deliver planning and land-use reforms that will make housing supply more responsive to demand over time, with further work to be agreed under the Accord.

1 For the purposes of this Accord, “affordable housing” is generally taken to refer to rental housing that is provided at below market rent to qualifying tenants (usually between 70 and 80 per cent of market rent). Where states include home ownership in their affordable housing policies and/or programs, this will be included in the definition of affordable housing alongside rental housing, where those policies are consistent with the objectives of the Accord to provide more long-term supply of affordable housing for those who need it.

2 Or the minimum standard set by the National Construction Code for new residential dwellings, as amended from time to time. Where a state or territory has a minimum energy efficiency requirement for new residential dwellings below that set out in the National Construction Code, dwellings built to at least that state or territory’s minimum standard will be acceptable under the Accord.

Commonwealth commitments	State and territory commitments
<p>Making sure the right skills are available and improving access to social and affordable housing</p> <ul style="list-style-type: none"> Extend the Australian Skills Guarantee (including any sub-targets, e.g. women apprentices) to include apprentices on Government funded housing projects, in accordance with the broader approach to implementing the Guarantee. 	<ul style="list-style-type: none"> Improve access to social and affordable housing, including rental housing, by: <ul style="list-style-type: none"> ensuring commitments made through the Accord contribute to increasing access to affordable housing beyond existing commitments; and committing to building a strong and sustainable Community Housing Provider sector.

Commitments from the Australian Local Government Association (ALGA), institutional investors including superannuation funds, and residential development, building and construction industry representatives

ALGA	Institutional investors including superannuation funds	Residential development, building and construction industry representatives
<p>Immediate actions</p> <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Endorse the Accord and commit to increase investment in affordable housing where it is in the best financial interests of investors or members to do so. Commit to working constructively with Accord parties and other institutional investors to optimise policy settings that facilitate institutional investment in affordable housing. Build on constructive discussions to date to further develop workable financing approaches that will best leverage institutional capital to increase the supply of social and affordable housing including work on the importance of scale, the risk return profile of debt and equity exposure, and a clear investment pipeline. 	<ul style="list-style-type: none"> Publicly support and advocate among their members for a commitment to the delivery of the joint Commonwealth and state housing target and roll out of affordable housing. Advocate for their members to build all new affordable homes delivered under the Accord at an energy efficiency standard of at least seven stars on average (or the highest efficiency rating available in each state), with a focus on passive design and low energy use. Work with the National Housing Supply and Affordability Council to provide data and updates on the deliverability of the Accord commitments and the housing supply pipeline. Work with the Commonwealth and state and territory governments on policy solutions to housing supply and affordability.

ALGA	Institutional investors including superannuation funds	Residential development, building and construction industry representatives
<p>Areas for further work</p> <ul style="list-style-type: none"> Participate in and support the development of the National Housing and Homelessness Plan, with a view to improving land supply and facilitating the construction of new homes. 	<ul style="list-style-type: none"> Participate in and support the development of the National Housing and Homelessness Plan, with a view to supporting reforms that will encourage more institutional investment in housing. 	<ul style="list-style-type: none"> Participate in and support the development of the National Housing and Homelessness Plan, with a view to facilitating stability in the housing supply pipeline and making housing supply more responsive to demand.

Areas for further work – Commonwealth and states and territories

	Commonwealth commitments <i>(jointly with the states and territories)</i>	State and territory commitments
<p>Support for institutional investment</p>	<ul style="list-style-type: none"> Commission the National Housing Supply and Affordability Council to review barriers to institutional investment, finance and innovation in housing (e.g. Build to Rent). 	<ul style="list-style-type: none"> Participate in Commonwealth-led reviews of barriers to institutional investment, finance and innovation in housing.
<p>Work with the community housing and not-for-profit sector</p>	<ul style="list-style-type: none"> Work with Community Housing Providers and other relevant not-for-profit housing providers to ensure achievement of targets for social and affordable housing are met. 	
<p>Delivering on the commitments</p>	<ul style="list-style-type: none"> Finalise implementation schedules to deliver the affordable housing commitments outlined in the Accord. Lead development and agreement to the National Housing and Homelessness Plan. The National Housing Supply and Affordability Council will regularly 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. 	<ul style="list-style-type: none"> Participate in and support the development of the National Housing and Homelessness Plan, including further reviewing land supply and zoning policies and pursuing reforms relevant to each state or territory to make housing supply more responsive to demand.