



Grounded

[Grounded](#) is a new advocacy body designed to advocate for Community Land Trusts as a for-purpose development model. Much of the following feedback relates to my work at Prosper Australia, where I was the director of research for 17+ years.

National Housing Supply and Affordability Council Bill 2023

Congratulations on the appointment of the council, a reasonable cross-balance between private and public interests.

In terms of the legislative draft, it would be appropriate to re-balance some of the functions with regard to the public interest. Some sections read like a wish list from the property sector.

In Functions, Section 9, the 'performance of the housing sector' could be expanded.

Without limiting subsection (1), the Council may consider the following matters when performing its functions: (a) the performance of the housing sector;

Performance could be qualified with regard to their ability to facilitate zoned capacity. Will zoned supply be delivered to the market? Will supply disappear in a falling market? Will any government regulator look at this behaviour? Too often government agencies act as if the property sector are good samaritans without the need to facilitate shareholder responsibility or fiduciary duties.

After 20 years of almost total reliance on housing supply as the panacea to the affordability quagmire, government must look behind the land supply curtain to see how supply is executed and at what cost to the public interest this behaviour enforces.¹

As a preamble to this point, we include the following from Grounded's upcoming Federal Budget submission.

Victoria, for example has more than doubled the supply pipeline from 150,000 lots to an average 350,000 lots over the last decade.² However, land prices have

¹ K Fitzgerald, [Forget red or green tape, developers squeeze supply with gold plated tape](#), The Age, July 2022.

² Victorian Planning Authority, [Melbourne Urban Development Program Report - Greenfields](#), 2022.

increased by 64% in real terms over this timeframe. The VPA's Greenfield land supply 2021 report finds that growth areas such as Hume/ Mitchell have 32 years of short term supply. According to Plan Melbourne, this is more than double the supply required for affordable housing.

However, land prices in Hume are more expensive than neighboring growth areas such as Whittlesea or Wyndham - with supply rates of 17 and 12 years respectively.

According to the Victorian Valuer General, Hume's vacant home block prices were valued at \$400,000, Whittlesea's \$375,000 and Wyndham's at \$318,000.³

This suggests that government reliance on the for-profit development model to deliver affordability is misconstrued. Federal funding of \$500 million train stations in growth areas only act to inflate surrounding land values. Furthermore, the influence of such infrastructure gifts have not been studied as to their influence on supply rates.

Queensland has the most thorough analysis of land supply on the eastern seaboard, tracking the entire production pipeline through their Residential land supply and development series. They include the statewide gazetting of land (residential lot approvals), through to approvals for headworks, lot completions, statewide and council approved zoned capacity (as yet unbuilt). They also monitor lapsed lot zonings which have not been built out.⁴

Queensland had a higher supply potential per capita with 457,135 dwelling lots in the development pipeline in 2012.⁵ By 2022, the broadacre supply was sitting at 402,555 lots in SEQ, with the study scope expanding to include the rest of the state and a total of 607,750 lots.

On current supply to affordability outcomes, Victoria would have to sprawl to Bendigo to have any impact on prices, and even then that would be questionable. Queensland's Springfield master-planned community is one of the largest in the nation with 43,500 lots available. Despite this, prices have increased by 8.1% *per annum* in real terms over 19 years of production.

Back to the legislation, a focus on performance could also/ instead be placed in Section 9, Functions, 2(C). This clause appears to be developer-orientated, without due recourse to the public interest. The following points (vi) and (vii) should be added to the text.

³ Victorian Valuer General, [Guide to Property Values 2021](#).

⁴ Queensland Government Statistician Office, [Residential land supply development](#), 2022.

⁵ Queensland Treasury, [SEQ Broadhectare study profile](#), 2013, p2

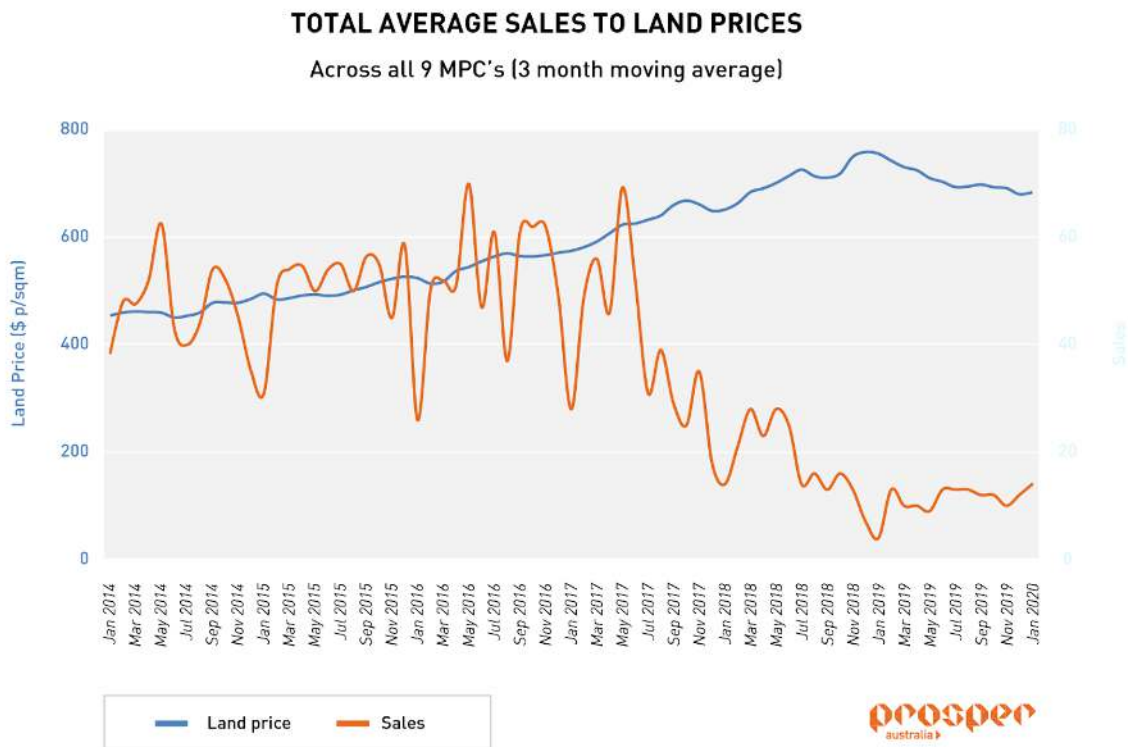
the impacts of the following on housing supply and 27 affordability and on the demand for affordable housing:

(vi) zoned capacity and profit maximising strategies

(vii) the impact of staged releasing of lots in a falling market.

Zoned capacity is the cumulative rezoned number of lots in the production pipeline. Why has the 'performance' of the development industry delivered so little for affordability outcomes when government has acted in good faith to provide the sufficient zoning?

Point (vii) reflects the need for government agencies to analyse why supply disappears in a falling market. The incredibly high cost of privatised property data has acted as a barrier to analysis for the nation's affordability experts. The following (expensive) graph showed what happened across 9 master-planned communities when auction clearance rates started to fall.⁶



⁶ K Fitzgerald, [Staged Releases report - Peering Behind the Land Supply Curtain](#), Prosper Australia, 2022.

As auction rates softened, days on market rose, sending a clear signal to the market to remove supply to enforce a pricing floor. This was prior to the Royal Commission into Banking. The year resulted in the most profitable on record in terms of national land prices, increasing \$683.5bn.⁷

Whilst challenging to put into legal ease, this (vii) suggestion raises concern about what point in the development market is affordability best enabled? In a rising market, falling market, or never? Oversight of zoned capacity is urgently required.

Housing Australia Future Fund Bill 2023

Our comments here reflect a similar deep seated commitment to long term affordable outcomes.

In part 1, section 4, Definitions, there is no definition of what affordable housing is. The necessary definition should include the 30:40 rule to be included for social housing - ensuring that no more than 30% of household income is required for rent for those in the bottom two quintiles of income earning capacity. This could be expanded to a 30:60 rule for affordable housing projects, such is the housing pressure.

In general, this exposure legislation is light on affordable outcomes. With no reference to the Terms & Conditions, it is apparent within the text that no formal oversight is to be given for affordable outcomes. 'Acute housing needs' means what precisely? This leaves the government open to criticism that it is once again relying on trickle down economics to deliver on affordability.

With superannuation companies publicly stating their desire for 6% returns on their investment, it points to the need for affordable outcomes. If government is serious about utilising super funds for least cost affordable outcomes, they should reform the Superannuation charter to ensure that public interest outcomes are placed above shareholder responsibility. Under such a scenario, economies of scale from a well developed super investment stream could recognise that the lower returns are offset by higher well-being factors in health outcomes, lower crime and improved community cohesion. With super accepting that these intangibles add to our common wealth, the lower financial returns could be offset against the higher social dividend.

Government should also be doing all it can to ensure that big super sees returns on affordable housing investments as part of its low-risk investment portfolio.

If the government was to add extra protection to ensure that affordability outcomes were delivered, it could include a section under Functions for affordable outcomes to include:

- (a) the 30:40 rule be met for social housing projects
- (b) the 30:60 rule be met for affordable housing projects

⁷ [Australian National Accounts](#), 520461.

- (c) that minimum occupancy rates of 95% be maintained over a 12 month period.

Similarly, there is no insight on what oversight will be provided for entities receiving recurrent funding.

Part 6 - Investment of the HAFF

The Future Fund Board may invest amounts standing to the credit 25 of the Housing Australia Future Fund Special Account in any 26 financial assets.

The word 'any' should be replaced with 'ethical investment in Australian financial assets'. Would it be in the government's interests for investments to be undertaken in rent-seeking foreign investments in the Build to Rent sector for example?

Treasury Laws Amendment (Housing Measures No. 1) Bill 2023

Under Schedule 2 - Housing Australia Functions:

Capacity building functions 32 (1C) Housing Australia's capacity building function is to provide 33 business advisory services and other assistance in capacity building 34 to:

ADD '(c) emerging community housing providers'.

Government needs to enable the capacity for additional for-purpose housing bodies that may not yet have reached the threshold for registration as a community housing provider. If any group needs capacity building, it is this potential group.

As the above tenor reflects, we need to move towards a system where balanced supply is shared between for-profit and for-purpose development.

We hope these contributions add to fairer housing outcomes.