



Budget October 2022–23

Improving Housing Supply and Affordability

The Australian Government's commitment to deliver more homes for Australians



Australia faces significant housing pressures. In response, the Australian Government is implementing a comprehensive housing reform agenda.

Safe and affordable housing is central to improving productivity and enhancing the wellbeing of Australians. Currently, too many Australians are unable to access such housing.

Home ownership has become increasingly difficult for Australians to achieve, as housing prices have outpaced incomes.

Renters are experiencing deteriorating conditions, with rents increasing and vacancies low.

Our housing challenge needs to be addressed by all levels of government and market participants to ensure Australians have access to safe, stable and affordable housing, close to schools and transport.

More investment is needed to address acute housing needs and increase the supply of social and affordable housing.

Australia is missing out on opportunities to leverage a large pool of superannuation capital.

The Australian Government's ambitious housing agenda affirms its commitment to improve housing outcomes for all Australians, including to increase the supply of social and affordable housing and support people into home ownership.

A new Housing Accord

All levels of government need to collaborate with market participants – including investors, and the residential development, building and construction sector – to unlock quality, affordable housing supply over the medium term.

To tackle these challenges, the Australian Government is bringing these parties to the table under a new Housing Accord.

One million new homes

The new Housing Accord sets an initial, aspirational target of one million new, well-located homes over 5 years from 2024.

The residential construction industry is currently facing capacity constraints. Looking forward, building activity is expected to decline from recent peaks, exacerbating supply and affordability pressures.

Under the Accord, state and territory governments will undertake expedited zoning, planning and land release to deliver on a joint commitment to improve the availability of social and affordable housing in well-located areas, including looking for immediate opportunities to free up well-located state land.

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.

Building more affordable dwellings

Under the Accord, the Australian Government is committing \$350 million over 5 years to deliver 10,000 affordable dwellings at an energy efficiency rating of 7 stars or greater (or a state or territory's minimum standard). This commitment is in addition to the 30,000 new social and affordable dwellings delivered through the Housing Australia Future Fund.

The states and territories will build on this commitment by providing in-kind or financial contributions that enable delivery of up to an additional 20,000 homes in total.

Securing investment in housing

Australia's superannuation system is hungry for investments that will deliver stable returns over the long-term for the benefit of its members.

By delivering an ongoing funding stream to help cover the gap between market rents and subsidised rents, the Australian Government is making more projects commercially viable to attract much-needed investor capital to the sector.

The Australian Government has secured endorsement from institutional investors, including superannuation funds, for the Accord. Investors will work constructively with Accord parties to optimise policy settings that facilitate institutional investment in affordable housing.

Further, investors have committed to build on constructive discussions to date, and develop workable financing approaches that will best leverage institutional capital to deliver more social and affordable housing.

Supporting the construction of new, affordable and energy efficient homes

Key residential building and construction industry representatives have agreed to support the delivery of the joint Commonwealth and State housing target and roll out of affordable housing. They will also 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.

Industry representatives will also advocate for their members to build all new affordable homes delivered under the Accord at an energy efficiency standard of at least 7 stars on average.

Reviewing key policy settings

The National Housing Supply and Affordability Council will be commissioned to review barriers to institutional investment, and innovative financing models in housing (for example, Build to Rent).

Making the right skills available

The Australian Government will extend the Australian Skills Guarantee (including any sub-targets, for example, women) to include apprentices on Government-funded housing projects.

The Government's housing agenda

Planning for the future of Australia's housing

The **National Housing and Homelessness Plan** will establish a clear national strategy to address the significant challenges facing the housing and homelessness sector. The Plan will set out the key short-, medium- and longer-term reforms needed to make it easier for Australians to buy a home or rent, and to put a roof over the heads of more homeless Australians.

The Australian Government is also providing \$15.2 million to establish a **National Housing Supply and Affordability Council** to independently advise the Australian Government on housing policy. It will be responsible for delivering advice on options to improve housing supply and affordability, reporting on key issues in housing policy, and promoting the regular collection and publication of data on housing supply, demand and affordability.

Increasing affordable housing

The Australian Government is establishing the \$10 billion **Housing Australia Future Fund** to provide a sustainable funding source to increase housing supply and improve service delivery. It will seek to draw in investments from state and territory governments and private capital providers.

The Fund will help build 20,000 new social housing dwellings, 4,000 of which will be allocated to women and children impacted by family and domestic violence and older women at risk of homelessness. It will also help build 10,000 new affordable housing dwellings, including for frontline workers.

The Australian Government is also expanding the remit of the \$1 billion **National Housing Infrastructure Facility** to more flexibly deploy up to \$575 million to unlock over 5,500 projected new dwellings, accelerate housing supply and seek to attract more institutional capital to the sector.

Helping people into home ownership

Home ownership will be achievable for more Australians through the **Help to Buy** shared equity scheme, which will assist homebuyers to purchase a new or existing home with an equity contribution from the Australian Government. This will mean eligible Australians can buy a home with a smaller deposit and smaller mortgage.

The **Regional First Home Buyer Guarantee** will bring home ownership back into reach for tens of thousands of Australians in regional areas. Starting 1 October 2022, 10,000 places are available each financial year to support regional first homebuyers to purchase new or existing homes with a deposit of as little as 5 per cent.

More older Australians will be encouraged to downsize their homes, freeing up housing stock for younger families. The Australian Government is extending the **exemption of home sale proceeds from pension asset testing** from 12 months to 24 months. This will give pensioners more time to purchase, build or renovate a new home before their pension is affected. In addition, the Australian Government is expanding access to **downsizer superannuation contributions** for people aged 55 to 59.

The Australian Government will also provide \$46.2 million to assist current and former ADF members to purchase their own home through the **Defence Home Ownership Assistance Scheme**.