

## Social Housing Investment Exceeds Expectations: the KPMG report into the Social Housing Initiative

Earlier this month Minister O'Connor released the report of the review of the Social Housing Initiative (SHI) conducted by KPMG. A summary of the key findings are outlined below. A full copy of the report can be found at <http://www.fahcsia.gov.au/our-responsibilities/housing-support/publications-articles/social-housing-initiative-review>.

### Background

Between October 2008 and March 2009 the Australian Government announced a number of stimulus measures in response to the Global Financial Crisis (GFC) as part of the Nation Building – Economic Stimulus Plan (NBESP).

As part of the NBESP the Australian Government allocated \$5.238b over three and half years (2008/09 to 2011/12) for the construction of new social housing dwellings. The target was to construct 17,400 new dwellings within three years for people who are homeless or at risk of homelessness. An additional \$400m was allocated for repairs and maintenance of existing social housing stock, including returning 2,500 existing dwellings that were uninhabitable to the social housing portfolio. The SHI was also expected to provide immediate stimulus to the building and construction industry.

The SHI was the second largest stimulus measure (monetary) in the Building Prosperity for the Future after the Building the Education Revolution.

### Social Impacts of the SHI

The report found that the SHI exceeded targets for the delivery of dwellings and for repairs and maintenance. The table below provides an overview on the dwellings constructed for each State and Territory compared with the original targets.

State/Territory	Total Dwellings Constructed	Target	Actual vs. Target	Target Exceeded By
ACT	421	290	131	45.2%
NSW	6329	5879	450	7.7%
NT	208	185	23	12.4%
QLD	4034	3618	416	11.5%
SA	1470	1348	122	9.1%
TAS	530	418	112	26.8%
VIC	4592	3889	703	18.1%
WA	2085	1832	253	13.8%
National	19669	17460	2209	12.7%

The SHI exceeded its original targets because the costs per dwelling were less than the anticipated \$300,000 resulting in more dwellings being constructed. The average cost per dwelling was \$286,000. Targets were also exceeded because density increases, in kind contributions from States/Territories including \$466m in land, and building in regional areas where land values are lower. Other additional benefits were that almost 50% of dwellings were constructed in regional areas and that almost 100% of dwellings achieved 6-star energy rating and adaptability.

The SHI also exceeded the targets for the repair, upgrade and maintenance of dwellings. There was an original target of 73,699 dwellings nationally approved for repair. This target was exceeded and over 80,000 dwellings were repaired. A further 12,115 dwellings were returned to housing portfolios across the country, significantly exceeding the target of 2,500 dwellings.

### Economic Impacts of the SHI

The review of the SHI found that it had a positive impact on the economy. These include:

<b>Economic Measure</b>	<b>Review Finding</b>
<b>Additional construction activity</b>	Approx. \$1.5b per annum on average over the life of the SHI
<b>Multiplier through the economy</b>	For every \$1 spent an additional \$0.30 in turnover was generated in the economy
<b>Value added (additional value in terms of wages and profit in each industry)</b>	\$730m on average for the construction industry over the life of the SHI
<b>Average annual value added (GDP)</b>	\$1.1b on average over the life of the SHI – approximately 0.1% of Australian GDP increase over the life of the SHI

The report also found that the SHI boosted employed direct employment in the construction industry by around 9,000 FTEs during the stimulus. Total employment generated Australia wide (including supporting sectors and supply chains) was 14,000 FTEs.

Other additional benefits of the SHI included:

- Exposure of construction industry to social infrastructure development,
- Inclusion of a broader range of industry participants due to other nation building programs operating at the same time,
- Delivery of high quality products with no discernible difference between private and social housing, and
- The foundation to leverage future growth across the social housing sector.

### Client Outcomes

The SHI targeted households and individuals who were homeless or at risk of homelessness. The profile of those assisted is outlined below.

<b>Target Client Assisted</b>	<b>Comment</b>
Homeless	55% of people assisted were homeless
People with disability	43% of people assisted were people with a disability
Aged	40% of people assisted were aged
Escaping Family Violence	6% of people assisted were escaping family violence
Indigenous	14% of people assisted were Indigenous

Note: an individual can choose multiple categories.

The review was not able to determine whether the CHSI had a direct impact on high priority wait lists and times.

## Issues for Further Consideration

Some issues were raised by KPMG on the delivery of the funding, and for future consideration. These are:

- Varied approaches to transfer of ownership of dwellings across jurisdictions
- Varying co-contributions required by States and Territories to development
- Local planning variations and potential negation of consultations with local council and communities.
- Greater involvement of community housing organisations into design and development processes.
- Better stakeholder management during the procurement process.
- Use of different procurement methods for different types (sizes) of developments.
- The need for State Housing Authorities and community housing organisations to factor in maintenance for dwellings in future costs.
- Consideration of a better mix of tenants in developments for better financial viability, as well as growth, and better social mix.
- Any future initiatives to include a mix of leverage approaches including build and sell, construct and transfer, and co-contribution.

## Conclusion

The SHI was a highly successful initiative. However, there has been little publicity about the outcomes of the initiative and the findings of the report. Additionally, despite the clear social and economic benefits of the SHI, there are currently no further additional funds allocated towards the provision of additional social housing.

The SHI represented the largest capital injection into social housing. However, if no further additional funds are provided to continue to grow social housing it will result in a decline in the overall provision of social housing. The KPMG report has already highlighted that with the completion of the SHI that the construction and activity levels of social housing have decreased to *below historical trends*.

National Shelter continues to advocate for a growth fund in the National Affordable Housing Agreement (NAHA) for the provision of further social housing and the delivery of an additional 200,00 affordable housing dwellings by 2021.

Emma Greenhalgh

Project Manager

National Shelter

Ph: 0402 927 243

[nsprojects@qshelter.asn.au](mailto:nsprojects@qshelter.asn.au)