

# The Australian

## Fix housing affordability first

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By harnessing the collective power of Australia's \$3 trillion pool of super capital, there is enormous potential for large-scale investment in affordable housing in this country.

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- 96 COMMENTS

Barely a week goes by these days without one commentator or another suggesting that Australians should be allowed to tap into mandatory super savings to buy their first home.

Aside from the many flaws in this proposal – including that it does nothing to address the root cause of Australia's housing affordability problem (which is lack of supply) and could actually inflate house prices in much the same way that previous first home-owner grants have been shown to do – Australians shouldn't have to choose between financial security in retirement and a roof over their heads.

Housing affordability is of significant concern to superannuation funds. A growing number of older Australians are facing retirement without the security of home ownership or, at the very least, access to affordable and stable rental housing. We know that older single women are the fastest growing cohort of homeless people in

Australia, and that even among more well-off Australians, the number of people entering retirement with mortgage debt is escalating rapidly.

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Profit-to-member super funds are also acutely aware that the chronic housing shortage is negatively impacting many of their members during their working lives. Some funds have large cohorts of members employed in essential services in metropolitan areas who can no longer afford to live within a reasonable commuting distance from their work.

If we accept that the policy settings in our retirement income system are about right, then we must do something on a large scale to make housing more affordable to ensure future generations of working Australians have secure housing in retirement.

By harnessing the collective power of Australia's \$3 trillion pool of super capital, there is enormous potential for large-scale investment in affordable housing in this country.

To date, while some profit-to-member super funds have invested in affordable housing where they can, this has not yet been achieved on a large scale. There are barriers that mean the overall level of institutional investment in affordable housing remains stubbornly modest.

The scale of the housing affordability problem requires a multi-faceted approach and a long-term genuine commitment on behalf of governments and private investors to remove these barriers. Action to address barriers such as restricted land supply and unfavourable tax implications would open up an immediate opportunity for super funds to significantly scale up their investment in new housing.

Turning housing into an asset class that could provide institutional investors with a competitive return would not only be a watershed for housing affordability, it is an opportunity to assist our economy to recover from the COVID-19 shutdown.

Earlier this week, Australian Institute of Superannuation Trustees and representatives of our member funds met with the National COVID Co-ordination Commission to look at ways to increase super investment in affordable housing. These discussions are also occurring with various state governments.

In addition to building affordable homes, there are many other innovative ideas that these funds are keen to explore with governments. This includes investing in affordable rental housing that increases security of tenancy, rent-to-buy developments that give working Australians an option to buy down the track, or

shared equity arrangements whereby funds enable a person to buy a house they would otherwise not be able to afford in exchange for a share of the capital gains when the house is eventually sold.

Now is the time to bury the idea that by allowing individuals to tap into their super we can somehow fix the affordable housing problem. Working together, the superannuation sector and both state and federal governments can improve housing and economic outcomes for more of us. Critically, this will leave workers' retirement nest eggs alone and allow their super to grow and do the job it was set up to do.

Eva Scheerlinck is chief executive of the Australian Institute of Superannuation Trustees.