

20 October 2023

National Housing and Homelessness Plan Team
Department of Social Services

By Email: HousingandHomelessnessPlan@dss.gov.au

Dear Sir/Madam,

RE: NATIONAL HOUSING AND HOMELESSNESS PLAN ISSUES PAPER

The Real Estate Institute of Queensland (the **REIQ**) appreciates the opportunity to provide our position on the National Housing and Homelessness Plan Issues Paper (**Issues Paper**) released by the Department of Social Services.

In the next National Housing and Homelessness Plan and Agreement, we would like to see stronger and more ambitious proposals across each area of housing policy considered in the Issues Paper.

In particular, we would like to see:

- measures introduced that will increase the supply of good quality, well-located housing throughout the country;
- improved funding allocations for people experiencing homelessness (or at risk of homelessness) and for homelessness services;
- more social housing and subsidised affordable housing;
- innovative policy adopting the Housing First approach, with an aim of eliminating homelessness in Australia; and
- coordination between all levels of Government and accountability for outcomes.

We believe these objectives can be achieved with good policy-making and robust implementation. In this Submission, we set out a range of proposed initiatives for the Department's consideration. Our specific proposals are set out in '*Part 1: Executive Summary*' and are explored in more detail in each subsequent Part.

Millions of families and vulnerable Australians are experiencing housing insecurity and are relying on the Australian Government at this critical juncture to improve housing outcomes. It is vital that effective and definitive action is taken by this Government.

If you have any queries or wish to discuss, please contact Katrina Beavon, REIQ General Counsel and Company Secretary on kbeavon@reiq.com.au or on 07 3249 7303.

Yours sincerely



Antonia Mercorella
Chief Executive Officer

National Housing and Homelessness Plan Issues Paper

Submission to Department of Social Services

Contents

The Real Estate Institute of Queensland (REIQ)	4
Part 1: Executive Summary	5
Part 2: Homelessness	7
Homelessness in Australia	7
Renewed Strategy for Reducing Homelessness.....	8
Measures for Prevention and Early Intervention	11
Part 3: Homelessness services	13
Part 4: Aboriginal and Torres Strait Islander Housing.....	15
Part 5: Social Housing.....	17
Decline of Social Housing in Australia.....	17
Key Priorities for Social Housing Sector	18
Part 6: Housing costs, home ownership and the rental market in Australia	21
Home Ownership	21
Rental Affordability and Availability	25
Measures to Improve Housing Affordability.....	30
Part 7: Planning, zoning and development.....	36
Part 8: The Impact of Climate change and Disasters on Housing Security, Sustainability and Health	38
Part 9: Implementation.....	39
Part 10: Conclusion	40

The Real Estate Institute of Queensland (REIQ)

The REIQ is the peak body representing real estate professionals across Queensland. As the State's most trusted and influential advocate for real estate business interests and private property investor rights for more than 105 years, the REIQ remains committed to ensuring the highest levels of professionalism and good governance are achieved through regulatory compliance and the advancement of best practice standards of professional conduct.

The REIQ's enduring purpose is to lead a sustainable industry which continues to make significant contributions to the Queensland economy and to strengthen conditions for those working within the industry. Above all, the peak body aims to:

- Make important contributions to government legislation and policy settings;
- Advocate for balanced regulations for the benefit of all stakeholders;
- Provide industry-leading training for real estate professionals;
- Deliver timely, innovative and market-driven education programs;
- Promote risk management and increase professional competence;
- Implement effective and compliant professional standards; and
- Contribute to substantial industry research and development.

Membership and customer representation includes over 50,000 property professionals. This includes principal licensees, salespeople, property managers, auctioneers, business brokers, buyers' agents, residential complex managers, and commercial and industrial agents in Queensland.

WE HELP MORE THAN OUR MEMBERS

The REIQ's vision statement, for the real estate profession, extends our support and expertise beyond our membership to the broader real estate profession and community. We believe everyone should be able to make educated, informed decisions about buying, selling or renting property and business in Queensland.

Part 1: Executive Summary

The next National Housing and Homelessness Plan and Agreement must equally:

- set out meaningful objectives in all aspects of housing; and
- be fervently implemented by all levels of Government.

Discussion and research over the past few years have identified many issues in the housing sector. They are well-known to the Government and stakeholders.

Action must be taken now to address these issues. It is possible for Australia to eliminate homelessness, as other countries have, if action is not only committed to, but carried out.

The REIQ supports the following actions being incorporated into the next National Housing and Homelessness Plan and Agreement:

Homelessness

- a key priority should be eliminating homelessness in Australia
- proven international methods for reducing homelessness and enhancing homelessness services should be adopted in Australia
- a better-defined objective should be included:
 - with measures to eliminate both chronic and periodic homelessness
 - to implement early interventions to address contributors to homelessness
- a coordinated approach must be taken to providing services to individuals experiencing homelessness
- innovative solutions must be considered to better respond to and support individuals experiencing homelessness, such as pop-up shelters, Housing First programs and utilisation of vacant accommodation facilities

Homelessness Services

- a data-collection strategy should be implemented using and cross-referencing data sets to identify people experiencing or at risk of experiencing chronic homelessness
- a clear role or mandate should be introduced for Local Governments to support or engage with the delivery of homelessness services
- all levels of Government should commit to a study into the unmet need for homelessness support and stocktake of current services, to ensure the level of funding allocated is appropriate

Aboriginal and Torres Strait Islander housing

- the voices of First Nations persons should lead discussions on how the National Housing and Homelessness Agreement can best serve First Nations persons
- bilateral agreements under the next National Housing and Homelessness Agreement should clarify the roles and responsibilities of each level of government for improving housing for Aboriginal and Torres Strait Islander people in remote communities
- better data selection and collection is needed in order to identify the housing needs of Aboriginal and Torres Strait Islander people

Social housing

- the current volume of social housing in Australia should be increased to locally set targets that alleviate the waitlist
- the social services sector must be consulted with to ensure policy settings and funding arrangements adequately support individuals and foster stability in successful exit pathways
- additional work should be undertaken to understand entry and exit pathways in social housing in the current economic conditions
- a national standard of incentives and targets for each State and Territory should be implemented to support investment in social and affordable housing

Housing costs, home ownership and the rental market in Australia

- targeted measures should be included to increase the supply of housing across Australia – reforms should be aimed at encouraging supply targets for well-located homes, housing density, infilling and diversity
- pathways to home ownership must be supported, including addressing barriers to home ownership for younger Australians and low to median income households
- the Australian Government should future-proof the construction industry by reinvesting in complementary measures such as trade-based apprenticeship programs
- measures should be implemented to incentivise private investment in the rental housing market to increase the supply of dwellings
- immediate solutions such as incentives and regulatory changes should be implemented to unlock underutilised dwellings to return housing supply to healthy levels across all markets
- improvements must be made to housing assistance provided by Governments such as Commonwealth Rent Assistance (CRA), State and Territory Government private rental assistance and subsidies for affordable rental housing, including key worker housing
- balanced rental reforms may align the States and Territories in areas that will support better renting experiences without diminishing the rights of the lessor – such as minimum housing standards, retaliation protection and facilitating different types of tenure
- education and support services to assist tenants should receive greater funding and be made more accessible across Australia

Planning, zoning and development

- an approach to land use, planning, zoning and development must be coordinated across all levels of Government in Australia
- a collaborative approach should be taken by each of the State Governments and Local Governments in developing and updating where appropriate, a housing strategy bespoke for each region
- in addition to dwelling supply targets, housing strategies should include broader and more substantive objectives to meet density, diversity, accessibility, tenure and amenity considerations

The Impact of Climate Change and Disasters on Housing Security, Sustainability and Health

- detailed proposals and targets to promote sustainability in the development of housing and infrastructure should be included, to keep pace with international-scale innovation and community expectations

Implementation

- strong oversight, reporting and accountability measures must be included to ensure key milestones and deliverables are met
- a review should be undertaken at intervals to assess progress and make changes as needed

Part 2: Homelessness

Homelessness is a national issue in Australia. The next National Housing and Homelessness Agreement must include innovative and ambitious measures to eliminate homelessness in Australia.

Homelessness in Australia

The economic, physical, and social causes and impacts of homelessness, as set out in the Issues Paper and Productivity Commission's Report, are well identified.

A range of complex and interconnected factors perpetuate outcomes of homelessness or housing distress including poverty, unemployment, insufficient affordable housing options, wellbeing and mental illness, domestic and family violence, trauma, inadequate pathways for persons leaving prison or mental health facilities, and events that lead to displacement such as natural disasters.

The Issues Paper states that census data shows the number of people who are homeless has increased over the past two decades. On Census night in 2021, 122,494 people (48 per 10,000) were homeless. This represents around 0.5% of Australia's population.

Although Australia does take a slightly broader interpretation of homelessness compared to other countries, the proportion of the population experiencing homelessness in Australia is still relatively higher than other comparable countries.

In the United States of America, 18 per 10,000 persons are categorised as experiencing homelessness, representing approximately 582,462 people, or 0.17% of the population¹.

In England, an estimated 271,000 people are recorded as experiencing homelessness, being 1 in 208 people or 0.45% of the population².

After taking direct regulatory action in the early-2000's, Japan significantly reduced its population experiencing homelessness and has since maintained the rate of homelessness close to 0%. Policy measures were implemented from 2002 to support homeless people to find a job by offering training courses to those experiencing homelessness, many of whom were around fifty years of age. Japan also introduced incentives to encourage businesses to hire employees and subsidised rent options for housing, together with direct food aid for the most deprived people³.

It is noted that increased estimates of homelessness in Australia between 2006 and 2016 were largely driven by increases in severe overcrowding. Despite a 6% decrease between 2016 and 2021, people living in severely overcrowded dwellings still form the largest proportion of people experiencing homelessness – 39% of all homelessness in 2021.

Alarming, the Productivity Commission Report found that⁴:

¹ United States Department of Housing and Urban Development, 'The 2022 Annual Homelessness Assessment Report (AHAR) to Congress' (January 2022)

² Department of Levelling Up, Housing and Communities, 'Statutory homelessness in England: January to March 2023' (25 July 2023)

³ Yukihiko Kitagawa, 'Homeless Policy as a Policy for Controlling Poverty in Tokyo: Considering the Relationship between Welfare Measures and Punitive Measures' (May 2020)

⁴ Productivity Commission, 'In need of repair: The National Housing and Homelessness Agreement' (August 2022) page 43, finding 6.1

“It is unlikely the National Housing and Homelessness Agreement (NHHA) has met its objective of contributing to preventing and addressing homelessness.

- *Homelessness does not appear to have declined over the life of the Agreement.*
- *The homelessness-related requirements do not appear to have changed State and Territory Government homelessness investment and activities, and identifying homelessness priority policy reform areas and priority homelessness cohorts has not led to increasing expenditure and focus in these areas.*
- *Homelessness funding is not allocated to jurisdictions based on need.”*

Reducing homelessness should be a key priority of the next National Housing and Homelessness Plan and Agreement. There are many proven methods and international examples for reducing homelessness and enhancing homelessness services, as outlined in this Submission, that should be considered and where possible, adopted.

Renewed Strategy for Reducing Homelessness

How can the homelessness system more effectively respond to those at risk of, or already experiencing homelessness?

The next National Housing and Homelessness Agreement must include innovative and ambitious policy to ensure that all levels of Government, Non-Government Organisations (NGO’s) and stakeholders within the housing sector can deliver meaningful change for those at risk of, or already experiencing homelessness.

We agree with the recommendations of the Productivity Commission⁵, that the next National Housing and Homelessness Agreement must include:

- a better-defined objective;
- a broader scope, covering all forms of government-funded housing assistance;
- clarified roles and responsibilities;
- outcomes focused on improving outcomes for people across all tenure types;
- a new performance monitoring and reporting framework with annual reporting against outcomes, targets and performance indicators;
- oversight by a ministerial council; and
- provisions to align the Agreement with other agreements and policies, including the National Agreement on Closing the Gap and Australia’s Disability Strategy 2021–2031.

In our view, the key objectives of the Agreement should include:

1. substantially reducing the number of Australian’s experiencing both chronic and periodic homelessness; and
2. implementing meaningful early interventions to address systemic challenges that cause or contribute to homelessness in Australia.

⁵ Productivity Commission, ‘In need of repair: The National Housing and Homelessness Agreement’ (August 2022) page 40, recommendation 5.1

Wraparound services connected to housing should also have a greater priority in the next National Housing and Homelessness Agreement. Although many NGO's and community-led groups administer initiatives that provide essential support and services to individuals that experience homelessness, these services are usually limited to metropolitan areas and may be limited by their resources.

In our view, the Australian Government should consult with homelessness service providers and associated stakeholders to investigate how a coordinated approach can be taken to provide services to individuals experiencing homelessness across Australia, for example, through the provision of:

- mental health or substance dependency support, legal assistance, employment, and training services; and
- clothing, health and hygiene supplies, medications and food aid.

The 'pop-up shelter' concept should also be explored. Pop-up shelters are presently not common in Australia with only a few NGO-run offerings available in metropolitan locations.

Pop-up shelters refer to the transformation of underutilised spaces into temporary accommodation for individuals experiencing homelessness.

Although this is not a solution to homelessness, pop-up shelters can provide a safe and secure place for those experiencing homelessness to sleep and access services that they otherwise may not be aware of or have the ability to access.

Pop-up shelters can be facilitated in existing structures that are not being used, such as student accommodation facilities, aged care or residential facilities, or they can be erected in other spaces which include halls or community centers.

In Melbourne, registered charity, 'Housing All Australians' with support from Young Women's Christian Association (YMCA) established the Lakehouse facility, which has reportedly housed more than 125 women⁶.

In Brisbane, Beddown is a registered charity that activates and repurposes spaces into pop-up accommodation to ensure that those who are sleeping rough are able to sleep in a bed at night. Beddown has previously held successful trials within the Brisbane CBD and is currently working towards establishing 6 venues across Queensland⁷.

There are also examples of innovation in this space around the world.

In the United States, Pallet Shelter creates ready-made pop-up accommodation that takes one hour to assemble which can be utilised to create transportable rapid response shelter villages. Pallet Shelter partners with local community service providers to case manage individuals experiencing homelessness. Pallet Shelter has provided shelter villages for over 100 communities in the United States and is presently expanding internationally⁸.

In South East Queensland, there are a number of accommodation facilities currently sitting vacant that could be potentially activated to house individuals experiencing homelessness, including:

⁶ Housing All Australians: <https://housingallaustralians.org.au/whatwedo/pop-up-shelters/>

⁷ Beddown: <https://beddown.org.au/news-and-stories/>

⁸ Pallet Shelter: <https://palletshelter.com/blog/pallet-2022-impact-report/>

- **Vacant student housing at Griffith University, Mount Gravatt.**

It was announced by the Queensland Government in February 2023 that work had begun to convert 200 vacant student rooms into emergency short-term accommodation for those experiencing homelessness and housing distress. Work had commenced to change the floor plan to provide individuals with a small living area and bed space, with kitchen and bathroom facilities to be shared. Construction was to be completed by mid-2023. After approximately \$2.1 million had been spent on the conversion, the project was scrapped by the Queensland Government⁹.

- **Pinkenba Quarantine Facility.**

After more than a year of stakeholders (including Brisbane City Council) lobbying the Queensland and Australian Government, the Queensland Government agreed to fund the transformation of the Covid-19 Quarantine Facility owned by the Australian Government into emergency housing up to \$10 million. Presently the 500-bed site sits vacant. This project appears to be stalled due to unresolved bureaucracy between the Queensland and Australian Government and no clear agreement or framework on how and when this will be achieved. The Australian Government has previously maintained that the facility will be retained for defence use and accommodation for any future natural disaster or pandemic.

- **Queensland Regional Accommodation Centre (Wellcamp)¹⁰.**

In 2020, the Queensland Government funded the 1000-bed QRAC. The facility opened in 2022. In excess of \$220 million was spent on the facility, which now sits vacant as the Queensland Government chose not to renew its lease in 2023. The future of the privately-owned facility is undecided. Although built next to their airport and entertainment precinct, it is understood that infrastructure changes would be needed to make this facility appropriate for emergency accommodation or short-term housing.

There have been many calls on the Queensland Government to investigate these options in the current climate.

Although there is considerable community support for these facilities to be used for these purposes, at least in the short-term, prolonged bureaucratic hurdles, between all levels of Government and private sector has heeded any progress.

If the State Government partnered with a local community housing provider and homeless support services, then a Housing First approach could be taken utilising these facilities, even on a temporary basis, to assist persons experiencing homelessness to gradually move into social housing and/or affordable housing pathways.

⁹ Australian Broadcasting Corporation, 'Queensland government scraps plan to turn Griffith University student accommodation into emergency housing' (April 2023)

¹⁰ Queensland Audit Office, 'Queensland Regional Accommodation Centre (Wellcamp)' (June 2023)

Measures for Prevention and Early Intervention

What short, medium, and long-term actions can governments take to help prevent homelessness or to support people who may be at risk of becoming homeless? What actions can governments take to facilitate early intervention and preventative responses?

We agree with the recommendation of the Productivity Commission that prevention and early intervention programs should be a higher priority and that the Federal and State Governments should establish a separate pool funding for these programs¹¹.

Such programs should target people with a higher risk of becoming homeless, such as people leaving health and correctional facilities and care, Aboriginal and Torres Strait Islander people, young people and older Australians.

In our view, the next National Housing and Homelessness Plan must include allocated funding to support the delivery of new programs adopting a coordinated Housing First approach across Australia.

A 'Housing First' approach is internationally accepted as an effective, cost-saving method of reducing all forms of homelessness in societies around the world. Over the past 15 years in Australia, programs adopting the Housing First approach have scarcely increased.

In Adelaide, the Aspire Social Impact Bond was introduced by Social Ventures Australia in 2017. The Social Impact Bond funds the Aspire program, which provides long-term case management support grounded on a Housing First approach. Aspire is delivered by Hutt St Centre, an Adelaide based homelessness services specialist, in partnership with public and community housing providers. It is reported that since inception, almost 600 people have enrolled in the program and been supported for up to three years¹².

In August 2022, the Centre for Social Impact was funded by the SA Department of Treasury and Finance to conduct an evaluation of the Aspire Social Impact Bond and case management approach. The report found that the program and Housing First approach produced significant improvements for participants across housing, mental and physical health, wellbeing and personal relationships. It was additionally found that the program generated substantial savings of \$14.3 million for the South Australian Government in health, justice and specialist homelessness services¹³.

Finland implemented the Housing First policy in 2007. The number of homeless individuals residing in hostels or boarding houses decreased by 76% from 2008 to 2017. This reduction is attributed to the widespread adoption of prevention strategies, the replacement of outdated models of communal supported housing with Housing First and housing-led approaches, which largely replaced emergency shelters¹⁴. The success of Finland's Housing First approach is well-reported, with the country significantly reducing its homeless population each year¹⁵.

¹¹ Productivity Commission, *'In need of repair: The National Housing and Homelessness Agreement'* (August 2022) page 43, recommendation 6.1

¹² Social Ventures Australia, *'Housing First: the challenges of moving from pilot to policy'* (September 2022)

¹³ Centre for Social Impact, *'Evaluating the Aspire Social Impact Bond'* (August 2022)

¹⁴ Housing First Europe Hub *'Finland'*

¹⁵ Diaconia University of Applied Sciences and Ministry of the Environment, *'The Finnish Homelessness Strategy: From a 'Staircase' Model to a 'Housing First' Approach to Tackling Long-Term Homelessness'* (December 2009), Finland ends homelessness and provides shelter for

Ultimately, the Australian Government needs to coordinate an approach with the homelessness services sector.

There are many other international examples of early intervention and prevention programs that have also effectively impacted the rate of homelessness in communities.

In the United States of America, rapid rehousing programs offer short-term rental assistance and case management to get people at risk of homelessness from shelters into permanent housing. Providers recruit participating lessors with suitable housing that will be affordable even after assistance ends. Assistance is typically offered without preconditions like employment, income, absence of criminal record, or sobriety and the resources and services provided are tailored to the unique needs of the household¹⁶.

Eviction prevention programs may also be an effective tool for preventing low-income individuals or families from being evicted from the private rental market when they fail to meet rental obligations.

These programs assist providers with identifying persons that are at risk of homelessness and connecting them with support they may need to get back on track with rental obligations and ensure measures are taken to prevent homelessness.

An example of a successful program in Queensland, is the training package offered by the Tenancy Skills Institute¹⁷:

- Introduction to Renting – a free 2-hour short course designed for first time tenants covering shared tenancies, effective communication and cleaning, and budgeting tips;
- Classroom Course - Skillsets for Successful Tenancies - Dollars and Sense, a free tenancy skills 10-hour course covering communication skills, understanding rights and responsibilities as a tenant, cleaning and maintaining a rental property, budgeting and managing your money; and
- Online self-paced course.

The purpose of the training package is to help tenants to be aware of their rights and responsibilities, communicate effectively with their property manager, clean and maintain the property, and manage their finances. Graduates receive a certificate recognised by the real estate industry across Queensland and increase their chances of being approved and successfully maintaining their tenancies.

At this important juncture, there is an opportunity to significantly improve the outcomes of persons that are experiencing homelessness or at risk of homelessness. Other countries around the world have implemented robust and innovative measures that the Australian Government should seek to evaluate and emulate, working towards a target to eliminate homelessness in Australia.

all in need: <https://www.themandarin.com.au/205500-finland-ends-homelessness-and-provides-shelter-for-all-in-need/>; 'It's a miracle': Helsinki's radical solution to homelessness: <https://www.theguardian.com/cities/2019/jun/03/its-a-miracle-helsinkis-radical-solution-to-homelessness>;

¹⁶ United States Interagency Council on Homelessness, 'Rapid Re-housing' (August 2018)

¹⁷ Tenancy Skills Institute: <https://incommunity.com.au/tenancyskills/>

Part 3: Homelessness services

Access to effective homelessness and housing services across Australia is integral to achieving meaningful outcomes for persons experiencing homelessness or housing distress. Purposeful support under the National Housing and Homelessness Agreement is critical.

As noted in the Issues Paper, State and Territory Governments are responsible for the day-to-day delivery of homelessness services and directly fund specialist homelessness services, and the Australian Government supports delivery through dedicated funding under the National Housing and Homelessness Agreement which States are required to match.

The Australian Government must prioritise the feedback of homelessness service providers across the country, to ensure common issues around delivery can be addressed through policy and funding arrangements.

Co-ordinated Improvements in Housing and Homelessness Services

What housing or dwelling models may need to be considered to provide appropriate options for people experiencing chronic and repeat homelessness?

The Issues Paper notes that research has shown people experiencing chronic homelessness are among the heaviest service users, even though they make up a small proportion of the total number of people experiencing homelessness.

A data-collection strategy could be implemented within the community by using and cross-referencing data sets (outreach, emergency accommodations, health facilities, jails, hospitals) to identify people experiencing or at risk of experiencing chronic homelessness. Tracking engagement efforts at the person-level, such as with an active list, will allow Local and State Governments to better monitor progress of initiatives and ensure accountability.

In the United States¹⁸, communities have established ambitious monthly, quarterly or 100-day housing placement efforts to break down the larger goal of ending chronic homelessness into focused blocks of time and effort, while pushing their systems to perform with maximum efficiency and better outcomes, by:

- creating and sharing a community-wide list of people experiencing chronic homelessness;
- using a tested and validated assessment tool and process to prioritise and target interventions;
- using navigators and/or guides to address individual's needs; and
- monitoring progress rooted in access to housing on a weekly or monthly basis.

These methods are proven to be effective at reducing the number of individuals experiencing chronic homelessness.

¹⁸ United States Interagency Council on Homelessness, '10 Strategies to End Chronic Homelessness' (April 2016)

What are the medium and longer-term steps that can be taken to ensure we have a more consistent and coordinated service system to support people who are experiencing or at risk of homelessness?

Coordination must be assessed at all levels of Government. Presently, there is no clear role or mandate for Local Governments to support or engage with the delivery of homelessness services. Although responsibility does not, and should not, sit with the Local Governments, in our view, better coordination with all levels of Government will ensure that at a local level, the right level of funding and support is provided to service providers with a clear objective.

In its report, *Ending Homelessness in Australia: An evidence and policy deep dive*, the Centre for Social Impact identified five key actions to end homelessness in Australia¹⁹:

- 1. Leadership and proactivity at the Australian Government level and a national end homelessness strategy applying across all states and territories.*
- 2. An increase in the supply of social and affordable housing directed to an end homelessness goal.*
- 3. Comprehensive application of Housing First programs linked to wraparound support for those entering permanent housing with long histories of homelessness and high health and other needs.*
- 4. Targeted prevention and early intervention programs to turn off the tap of entry into homelessness which address the underlying drivers of homelessness including housing access barriers, family and domestic violence, mental health and drug and alcohol needs, poverty and unemployment.*
- 5. Supportive systems and programs which build the enablers of an end homelessness program include: advocacy, commitment, and resource flow to ending homelessness; effective service integration; culturally safe and appropriate service delivery including expansion of Aboriginal and Torres Strait Islander-led and controlled services to help address high rates of homelessness in their communities; and improving data quality, evaluation and research around ending homelessness in Australia.*

The Centre for Social Impact also found that services aren't adequately resourced to address current demand for services for all those that request support and to find permanent housing for all those who need it. Across Australia, there were around 95,300 unassisted requests in 2019–20, with three in five involving short-term or temporary accommodation.

Additionally, we agree with the recommendation of the Productivity Commission, that in the next National Housing and Homelessness Agreement, all levels of Government should commit to a study into the unmet need for homelessness support and stocktake of current services, to ensure the level of funding allocated is appropriate.

¹⁹ Flatau P, Lester L, Seiwright A, Teal R, Dobrovic J, Vallesi S, Hartley C and Callis Z, Centre for Social Impact The University of Western Australia, *'Ending homelessness in Australia: An evidence and policy deep dive. Bulletin 1: Ending homelessness in Australia: Understanding homelessness; taking action'* (2021)

Part 4: Aboriginal and Torres Strait Islander Housing

The REIQ has a proud history of working collaboratively with Aboriginal and Torres Strait Islander housing providers and supporting initiatives and programs focused on housing for Aboriginal and Torres Strait Islander peoples. We have also forged an excellent working relationship with Aboriginal and Torres Strait Islander Housing Queensland (ATSIHQ) since its inception in 2021.

We respectfully acknowledge the importance of feedback provided by First Nations persons and Aboriginal and Torres Strait Islander housing providers in this consultation process. The voices of First Nations persons should lead discussions on how the National Housing and Homelessness Agreement can best serve First Nations persons.

Existing Commitments

The Issues Paper notes the Australian Government's existing commitment to initiatives to support Aboriginal and Torres Strait Islander housing, including:

- *\$200 million from the returns from the Housing Australia Future Fund for the repair, maintenance and improvements of housing in remote Indigenous communities;*
- *\$100 million for housing and essential infrastructure on Northern Territory homelands;*
- *\$111.7 million to a new one-year partnership with the Northern Territory Government to accelerate building of new remote housing, targeted at addressing the worst overcrowding;*
- *\$9.2 million over 3 years from 2022–23 to establish the Housing Policy Partnership under Priority Reform One of the National Agreement on Closing the Gap;*
- *\$550 million from 2018–23, matched by the Northern Territory government, for the National Partnership for Remote Housing in the Northern Territory (NPRHNT) to help reduce overcrowding through increasing the supply and standard of public housing in remote communities and town camps; and*
- *\$150 million in the 2020–21 Budget over 3 years to Indigenous Business Australia (IBA) to deliver 360 new construction loans in regional Australia through the Indigenous Home Ownership Program.*

After decades of poorly delivered and monitored programs, the National Housing and Homelessness Plan serves as an opportunity for the Australian Government to reconfigure its approach and funding for initiatives to support Aboriginal and Torres Strait Islander housing, to ensure that meaningful change is being delivered to communities that are in most need.

How can governments best work with communities and the Aboriginal community-controlled housing sector to support better housing outcomes for Aboriginal and Torres Strait Islander people, including embedding the Priority Reforms of the National Agreement on Closing the Gap and promoting self-determination?

We agree with the Productivity Commission's recommendation 11.3, that bilateral agreements under the next National Housing and Homelessness Agreement should clarify the roles and responsibilities of each level of government for improving remote housing for Aboriginal and Torres Strait Islander people.

All levels of Government should be held accountable for their performance, as each are critical to achieving the objectives of the National Agreement on Closing the Gap and promoting self-determination.

There is also a strong argument that better data selection and collection is needed in order to identify the housing needs of Aboriginal and Torres Strait Islander people. There is limited information available, most of which is out of date by more than a decade.

Part of the above funding commitments should also be allocated to improve the viability and sustainment of Indigenous Community Housing Organisations (ICHOs) in urban, regional, rural and remote locations.

We otherwise generally support recommendations 11.1, 11.2, 11.6 and 11.7 of the Productivity Commission's Report, which in our view, adequately responds to the questions set out in the Issues Paper and sets out a framework to ensure that the voices of Aboriginal and Torres Strait Islander people are heard and will inform policy settings that impact them.

Part 5: Social Housing

The majority of stakeholders that participated in the recent Senate Inquiry into the worsening rental housing crisis in Australia, including the REIQ, agreed that urgent action was needed to increase the quantity and quality of public housing in Australia.

The National Housing and Homelessness Plan must include robust social housing initiatives and targets. This should include repurposing and making use of existing underutilised properties to increase numbers in the short term.

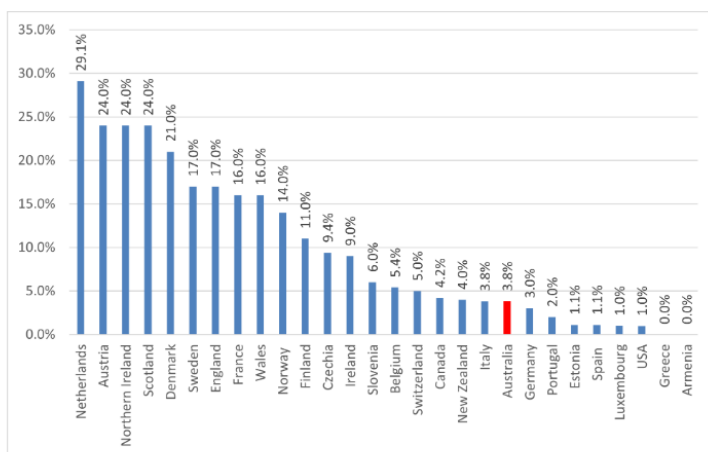
Decline of Social Housing in Australia

Data shows that over the past 10 years, social housing stock has increased by 3.2%, being relatively low compared to the 17.3% rise in title dwellings. Research from Australian Housing and Urban Research Institute’s (AHURI) notes that Australia has a low portion of social housing stock when compared to waiting lists and applications for social housing (estimated to be more than 164,000)²⁰.

Presently, there are around 443,000 dwellings that fall within the ambit of social housing in Australia. This represents 4% of the total housing stock, a decline of almost 1% since 1981²¹.

Compared to other countries, Australia has a low proportion of social housing²².

Figure 1: : Ranking highest to lowest % of social housing in the European Union and three other European countries, the UK, Australia, New Zealand, Canada and United States (2016–2020)



Source: AHURI²³

With waiting lists increasing substantially in recent years, it is clear that the current volume of public housing in Australia is not sufficient and must be increased to locally set targets that alleviate the waitlist.

²⁰ CoreLogic & ANZ, 'Housing Affordability Report - Reflecting on the Pandemic and the Rental Market' (May 2023) page 6

²¹ Australian Housing and Urban Research Institute (AHURI), 'What is the right level of social housing for Australia?' (July 2022)

²² Australian Housing and Urban Research Institute (AHURI), 'What is the right level of social housing for Australia?' (July 2022)

²³ Australian Housing and Urban Research Institute (AHURI), 'What is the right level of social housing for Australia?' (July 2022) Figure 1

Key Priorities for Social Housing Sector

The Productivity Commission found that social housing is an essential safety net for people experiencing, or at risk of, homelessness and for people unable to access or sustain housing in the private rental market, and is effective at preventing and addressing homelessness²⁴.

How can governments ensure social housing is built in the right location (including close to amenities, environmental, socio-economic, current and future hazard risk and cultural factors) and will meet current and future needs of social housing tenants and the broader community?

As noted above, the volume and quality of social housing must be improved under the next National Housing and Homelessness Agreement.

Social housing plays a crucial role in promoting a more equitable and inclusive society. By providing options to low-income individuals and families, social housing helps to reduce homelessness, poverty and alleviate pressure on the private housing market.

The REIQ acknowledges the Australian Government has already taken preliminary action to improve social and affordable housing across Australia by introducing the *Housing Legislation Package 2023* (the **Housing Package**) including the:

1. *Housing Australia Future Fund Bill 2023* (the HAFF Bill);
2. *National Housing Supply and Affordability Council Bill 2023* (the Housing Council Bill); and
3. *Treasury Laws Amendment (Housing Measures No. 1) Bill 2023* (the Amendment Bill).

The REIQ supports the introduction of the Housing Package which, in our view, meets key recommendations made by the Productivity Commission, such as implementing annual dwelling targets.

What are the key short-term and/or long-term social and economic issues in social housing?

As well as increasing volume of social housing, in our view, additional work should be undertaken to understand entry and exit pathways in social housing in the current climate and what policy levers can be utilised to support successful exit pathways so that existing dwellings can be better utilised.

In 2020, AHURI published its report, *Social housing exit points, outcomes and future pathways: an administrative data analysis* which analysed social housing pathways guided by four research questions:

1. *What is the nature of the principal social housing pathways (into, within, and out of social housing), and what are the experiences of tenants on these pathways?*
2. *Under what circumstances are pathways out of social housing considered unlikely to succeed?*
3. *Are some groups within the tenant population more (or less) likely to establish successful social housing pathways?*
4. *What happens once tenants exit social housing? What is known about those who subsequently re-enter, those who move to private rental housing, and those who enter home ownership?*

The report found that across the entire sample of individuals, the most common pathway typology was transitional with more than 43 per cent of individuals making two or more moves into or out of

²⁴ Productivity Commission, *'In need of repair: The National Housing and Homelessness Agreement'* (August 2022) page 256, finding 7.1

social housing during the 16-year analysis window²⁵.

The Report also found that social renting reflects a higher proportion of Indigenous Australians, lower levels of educational attainment, higher proportions of individuals not participating in the labour force, higher levels of single parenthood, more single person households, and a higher proportion of households with an individual having a disability or long-term illness²⁶.

The Australian Government must consult with the social services sector to ensure policy settings and funding arrangements under the next National Housing and Homelessness Agreement adequately support individuals and foster stability in successful exit pathways.

How can governments encourage delivery and availability of affordable housing in the short, medium and long-term? How can governments partner with institutional investors to support more housing development (particularly affordable housing)?

The Productivity Commission Report found that addressing barriers to the supply of housing is the best way to increase the supply of rental properties and moderate rents²⁷. Removing distortionary barriers to investment could marginally increase supply, but governments should not tip the scales in favour of this investment.

In jurisdictions with a greater presence of institutional investment and stronger policy frameworks to support social housing, there is a much higher proportion of social housing stock available.

As for what is the right level of social housing for Australia, the Productivity Commission considers this question in its Report.

Australia has a relatively fragmented and low volume of investment in public housing, compared to other countries.

This was demonstrated in the recent report published by the National Housing Finance and Investment Corporation²⁸ which compared investment from private institutions and Government in social and affordable housing, evaluating policy settings and barriers.

“International and domestic institutional investors cited several social and affordable housing investment enablers, including tax incentives and subsidies, risk diversification and stability of cash flows, regulatory reform to allow institutional investors to own social housing stock, allowing for profit providers to take on development risk and access government incentives, achieving ESG objectives and providing greater information on tender / funding opportunities.

Investment barriers cited by institutional investors included subsidised housing projects lacking sufficient commercial returns, insufficient scale, a lack of information on opportunities available, lack of data on vacancy risks, reputational risks around managing subsidised housing tenancies, and unfavourable market conditions.”

²⁵ Australian Housing and Urban Research Institute (AHURI), ‘Social housing exit points, outcomes and future pathways: an administrative data analysis’ (March 2020) page 20

²⁶ Australian Housing and Urban Research Institute (AHURI), ‘Social housing exit points, outcomes and future pathways: an administrative data analysis’ (March 2020) page 31

²⁷ Productivity Commission, ‘In need of repair: The National Housing and Homelessness Agreement’ (August 2022) page 273, finding 9.1

²⁸ National Housing Finance and Investment Corporation, ‘Private capital flows into affordable housing – international trends’ (March 2023)

While policy settings may not have a great impact on reducing barriers, the Australian Government should work with the State Governments and stakeholders that represent investors to evaluate the effectiveness of the current policy settings in incentivising investment in social and affordable housing.

Most States and Territories already have some form of incentive programs and tax concessions, such as the recently introduced build-to-rent stamp duty and land tax concessions in Queensland, providing eligible developments:

- a reduction in land tax of up to 50 percent for up to 20 years for BTR developments which feature at least 10 percent of rental homes as affordable housing;
- a full exemption for the 2 percent foreign investor land tax surcharge for up to 20 years; and
- a full exemption from Additional Foreign Acquirer Duty (AFAD) for the future transfer of BTR sites.

Under the next National Housing and Homelessness Plan, the Australian Government should implement a national standard of incentives and targets for each State and Territory to support diverse forms of investment in social and affordable housing.

Part 6: Housing costs, home ownership and the rental market in Australia

Australia is presently in the grips of a housing crisis. Many contributing factors have led to an undersupply of affordable housing within both the owner-occupied and rental housing markets.

The cost of home ownership as well as other factors, have led to a historically low level of home ownership in Australia. Research shows that levels of home ownership continue to decrease, forcing more Australians to rent than ever before.

This trend, as well as an undersupply of housing caused by other market forces, has placed an insurmountable pressure on the rental market, impacting the affordability of rental properties across all levels of the market.

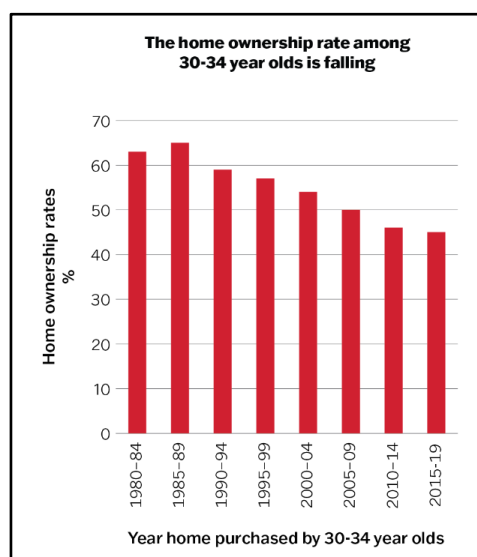
The Australians that are most impacted are those on low to median incomes, young Australians, the elderly and vulnerable individuals such as those experiencing domestic and family violence, persons living with disability and First Nations persons.

The increase in persons experiencing housing insecurity places a greater strain on housing services, social and community housing providers, and homelessness service providers.

For these reasons, the National Housing and Homelessness Agreement should include targeted measures to increase the supply of affordable housing across Australia and support pathways to home ownership.

Home Ownership

Over the past two decades, the proportion of households who are home owners in Australia has decreased from over 70% in 2000, to around 66%²⁹. The average age of ownership has also increased over this period, resulting in home ownership becoming less attainable for persons under 35 in Australia:



Source: AHURI

²⁹ Australian Bureau of Statistics Census 2021

Home ownership is identified in the National Housing and Homelessness Agreement as a ‘priority policy area’, however the Productivity Commission found there is little evidence that the Agreement has boosted home ownership³⁰:

“There is little evidence that the funds available to the States and Territories through the Agreement are used to fund programs supporting home ownership. The Performance Indicators in the Agreement do not require reporting on home ownership outcomes, except for reporting on the proportion of Aboriginal and Torres Strait Islander people purchasing or owning their own home.”

The level of home ownership in Australia should be a concern for policymakers. As the disparity of wealth between households increases, so too does the risk that home ownership will only be a possibility for high income households in future.

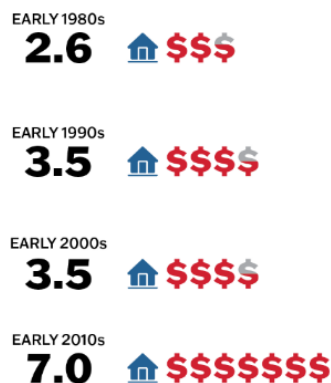
The cost of home ownership

There are many barriers to home ownership which should be addressed in the next National Housing and Homelessness Plan and Agreement, to ensure that home ownership can be increased within younger generations and for low to median income households.

Over the past decade, house prices have drastically outpaced wages with the average home now costing more than seven times the average first home buyer’s wage:

The median house price has increased significantly relative to the median income of 30-34 year olds over the past four decades

HOUSE PRICE TO INCOME RATIO



Source: AHURI

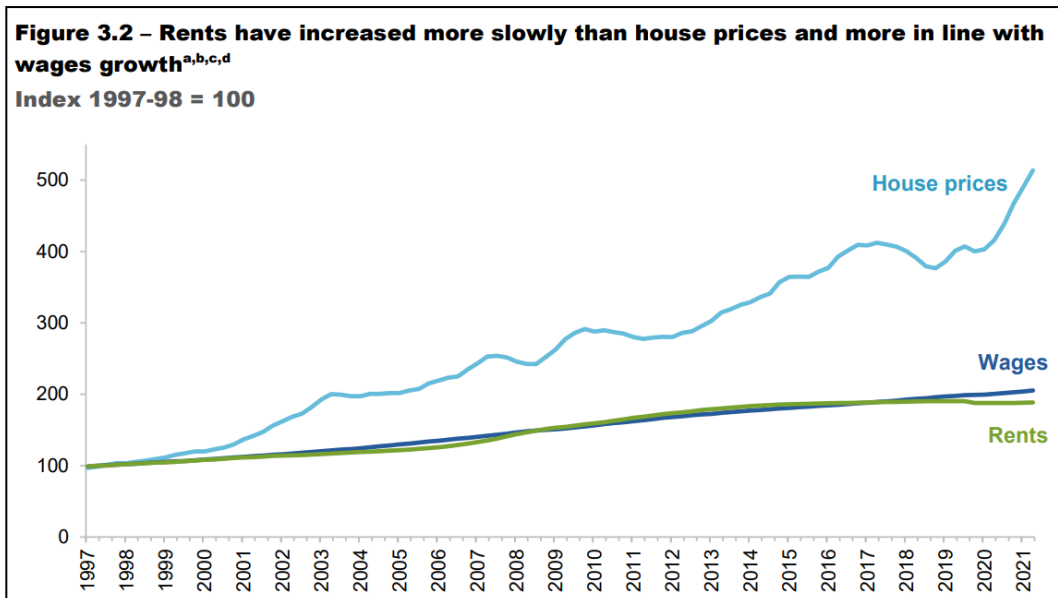
As a result, the time it takes to save the requisite deposit has consistently increased each year³¹.

In the context of the greater housing market, house prices have increased at a much greater rate than both wages and rents. The following Figure 3.2 was published in the Productivity Commission Report³²:

³⁰ Productivity Commission, ‘In need of repair: The National Housing and Homelessness Agreement’ (August 2022) finding 10.1

³¹ Australian Housing and Urban Research Institute (AHURI), ‘Young households struggle to buy a home, with first homebuyer rates lagging previous generations’ (July 2023)

³² Productivity Commission, ‘In need of repair: The National Housing and Homelessness Agreement’ (August 2022) page 87



The Issues Paper identifies that housing costs have increased substantially in recent years. In particular, over the past two years, soaring inflation, increasing interest rates and stagnant wages have contributed to housing distress across both renting and home owner cohorts. As noted in the Issues Paper and the Productivity Commission Report, the average portion of income that is required to service housing costs is well above 30%.

Home buyer assistance

Stronger pathways to home ownership must be included in the National Housing and Homelessness Plan.

On 1 July 2022, the Home Guarantee Scheme was expanded to make available:

- 35,000 places each financial year to support first home buyers to purchase a home with a deposit of 5% (the First Home Guarantee)
- 5,000 places each financial year to 30 June 2025 to support single parents with dependents to purchase a home with a deposit of 2% (the Family Home Guarantee)
- 10,000 places each financial year to 30 June 2025 to support regional first home buyers to purchase a home with a deposit of 5% (the Regional First Home Buyer Guarantee)

In our view, this program should be greatly expanded to offer more places each year and broaden eligibility requirements. In particular, the number of places available to support single parents with dependents to purchase a home should be at least doubled.

In addition to increasing the number of places under each category, we recommend new targeted pathways are considered such as:

- Offering a targeted version of the scheme to older Australians that may not be first home buyers but are presently renting and are eligible for the age pension. There is a cohort of older Australians that may have owned property in their lifetime, or co-owned property with a former spouse, have exited the housing market and are now unable to access affordable housing.
- Offering a targeted version of the scheme to persons living with disability. Where appropriate, the scheme could be expanded to help tenants living with disability purchase a suitable home. The Australian Government, with the State Governments and stakeholders in the social services and disability services sector could work collaboratively on a solution tailored for persons living with disability that want to transition into home ownership.

The next National Housing and Homelessness Agreement should include robust targets for the delivery of shared equity schemes, such as the Australian Government's Help to Buy scheme and low-deposit home loans from Government lending authorities administered through State Governments. Mandatory reporting should also be implemented under the next National Housing and Homelessness Agreement, particularly if funding is to be increased to support targets.

We strongly disagree with recommendation 10.1 of the Productivity Commission, that State and Territory Governments should seek to phase out first home buyer concessions, in order to redirect funding to assist persons experiencing or at risk of homelessness.

It is our view that State Governments should seek to reduce the upfront costs of buying a home such as stamp duty and other government costs. Homelessness and homelessness services should receive greater funding and support in the next National Housing and Homelessness Agreement, however, this should not come at the cost of home ownership pathways for first home buyers. Supporting Australians to purchase their first home is important in its own right.

Removing barriers to home ownership

Upfront and ongoing taxes and charges create a significant barrier for low-income individuals. Costs such as stamp duty, transfer fees, land tax, lenders mortgage insurance, home and contents insurance and conveyancing fees can equate to several thousands of dollars which are generally paid out-of-pocket in addition to a deposit.

Some of the Government-raised charges could potentially be reduced for first home buyers that meet eligibility requirements, such as falling below an income threshold, being younger than 35 or older than 55, or being eligible for other types of Government assistance.

A review should also be undertaken into the appropriateness of current thresholds for State-based tax.

In Queensland, the average cost of an entry-level property has far outpaced the current threshold of the first home buyer's concession in Queensland (\$500,000). The median home value in Brisbane is \$725,397 whereas in regional Queensland, the median home value is \$572,866³³.

³³ CoreLogic, 'Home Value Index' (3 July 2023)

Transfer lodgment fees on a median-value home in Brisbane add an additional \$2,500-\$3,000 to the purchase.

These thresholds must be assessed so that individuals purchasing their first home in the low to median end of the market can access the concessions designed for them.

Reducing State-based tax for the lower end of the market will not materially impact tax collected by the State, as any loss will be offset by the increased volume of transactions which is likely to be stimulated by a reduction. Ideally, stamp duty should be abolished and replaced with a broad-based tax.

If some of the above solutions are implemented, we would expect to see the number of home buyers across Australia increase.

Rental Affordability and Availability

The undersupply of housing at all ends of the market, soaring inflation and property ownership costs have caused rent values across all markets to inflate, impacting rental affordability across Australia. Consequently, an increasing proportion of low-income households are experiencing rental stress³⁴.

The average portion of income that is required to service rent is indicative of affordability. In September 2020, the average portion of income that was required to service rent was 26.5% (25% in capital cities)³⁵. For lower-income households, this figure was 32%³⁶.

Since then, rent values have increased by up to 28% on average across national markets³⁷. Consequently, the current average portion of income required to service rent nationally has increased to 30.8% (being the highest level since June 2014). In regional markets, this figure is greater at 33.1%³⁸.

Concerningly, for lower-income households, this rate is currently 51.6% - over half of a tenants' income³⁹.

When housing costs consume a significant portion of earnings, people with low disposable incomes often find it challenging to meet their basic living requirements. The strain of housing expenses can impede an ability to save for the future and a lack of affordable housing can force individuals to reside in substandard or overcrowded accommodations. It is no surprise, looking at these figures, why so many Australians are facing housing insecurity.

³⁴ Productivity Commission, *'In need of repair: The National Housing and Homelessness Agreement'* (August 2022) finding 3.1

³⁵ CoreLogic & ANZ, *'Housing Affordability Report - Reflecting on the Pandemic and the Rental Market,'* (May 2023) page 5

³⁶ Australian Bureau of Statistics Census 2020

³⁷ CoreLogic & ANZ, *'Housing Affordability Report - Reflecting on the Pandemic and the Rental Market,'* (May 2023)

³⁸ CoreLogic & ANZ, *'Housing Affordability Report - Reflecting on the Pandemic and the Rental Market,'* (May 2023)

³⁹ CoreLogic & ANZ, *'Housing Affordability Report - Reflecting on the Pandemic and the Rental Market,'* (May 2023) page 4

In Queensland, increases in median rent values follow over a decade of mostly static weekly median rent values⁴⁰:

Year	Median Rent
2008-09	\$330
2009-10	\$330
2010-11	\$340
2011-12	\$350
2012-13	\$350
2013-14	\$350
2014-15	\$350
2015-16	\$350
2016-17	\$360
2017-18	\$360
2018-19	\$365
2019-20	\$370
2020-21	\$385
2021-22	\$450

During this static period, tenants may have become accustomed to predictable and stable rental costs, budgeting their finances accordingly. However, when the market experienced a surge in demand, together with inflated costs of property ownership, lessors in most cases have increased rent to align with these costs.

For the tenant, this sudden escalation can result in a substantial financial burden, causing stress and uncertainty. For the lessor, they must meet free-market costs to ensure they can sustain the investment and continue to house the tenant.

That is not to say that all lessors have increased rents. Although the media sensationalises the outlier stories of lessors increasing rents by substantial amounts in short succession, in our experience in Queensland, we have seen an equal number of lessors choose not to increase rent, or opt for modest rent increases, for the benefit of the tenant and to sustain a longer term tenancy.

In our view, if an adequate level of supply of housing is brought into the market, and a healthy vacancy rate is achieved, then rents should continue to stabilise. However, with rent stabilisation, the costs of ownership are unlikely to follow suit and sustaining an investment in rental housing may become untenable. Incentives that reduce the cost of property ownership, such as State land tax concessions, could be considered to ensure property ownership is sustainable.

Rental Reforms

We are aware that there is presently a proposal to develop rental reforms to strengthen renter's rights across Australia. In our view, this option will not generate better outcomes in the rental housing sector in comparison to other essential measures such as increasing the supply and quality of social and affordable housing, or investing in homelessness services and initiatives.

We note the inherent difficulties in taking a national approach to rental law reform where each State

⁴⁰ Residential Tenancies Authority, Annual Report 2021-2022

and Territory has a unique legal framework underpinning the respective rental housing sectors.

In our view, balanced reforms may align the States and Territories in some areas that may improve tenant's experience of renting without diminishing the rights of property owners.

For example, introducing minimum housing standards. Most States and Territories in Australia impose a set of minimum housing standards that must be met by lessors in order to validly lease a residential premises. In Queensland, minimum housing standards were introduced and commenced on 1 September 2023 for new tenancies and renewed tenancies, and will apply from 1 September 2024 for all tenancies⁴¹. We would not oppose a national approach to a minimum standard of condition for residential property.

Tenure type could be another area of reform that may provide greater flexibility for tenants and lessors and unlock currently underutilised dwellings that are constrained by current State-based frameworks. Current provisions (or lack thereof) regulating tenancy arrangements in share-houses, rooming accommodation and secondary dwellings could be reviewed.

Retaliation provisions could also be assessed across each jurisdiction. In Queensland, if a tenant tries to enforce their rights under their tenancy agreement, including requesting repairs and maintenance to be done, then they are protected by the law and a lessor cannot choose not to renew their tenancy agreement at the end of the term. There are already matters that have been upheld in QCAT, where a lessor was ordered to renew a tenancy agreement on the basis that the tenant believed the lessor retaliated against them when deciding not to renew their tenancy at the end of the term. These provisions do offer protection and security, and empower tenants to enforce their rights in cases where a property owner has breached an agreement.

Any rental reforms considered, must ensure the rights of the parties are balanced. There are many areas of improvement that do not need to diminish the rights of the property owner in order to improve a tenant's experience of renting.

We strongly disagree with removing 'the end of a fixed term' as a ground for a tenancy to end. This measure should not be considered. Removing a property owner's contractual right to end a tenancy on the agreed end date of a fixed term will fundamentally change property law, tenancy relationships and bring many unintended consequences that will ultimately hurt tenants.

Essentially, it will mean that fixed term tenancy agreements will cease to exist, and a lessor will be bound by the same contractual agreement with the same tenant for as many years as the tenant chooses. This is not a balanced approach and severely prejudices the right of the lessor to choose how to use their property. As noted, there are many better solutions that will help tenants in a more meaningful way.

Improving Tenant Support Services

The REIQ supports the review of tenant support services on a national scale. The REIQ has a proud history of working with tenant support stakeholders, such as the Tenancy Skills Institute and community housing providers, to develop training and education to support objectives.

⁴¹ Residential Tenancies and Rooming Accommodation Regulation 2008 (Qld), Schedule 5A

Our experience in Queensland is that tenants are often uneducated about their rights, responsibilities, entitlements and protections under the RTRA Act and their tenancy agreements.

Targeted education and support services may assist some tenants, however access to these services in our view, can be improved.

The Queensland statutory authority, the Residential Tenancies Authority (RTA) plays an important role in providing tenant education in Queensland, however with the frequently changing legislative landscape and levels of misinformation rife within the community, there are opportunities for improvement in this space.

Available State-based tenant services could be reviewed to ensure that there are effective support services in place that can educate tenants about their rights under the relevant State tenancy laws, provide counselling for tenants experiencing financial hardship, and give guidance on dispute resolution and avenues for tenants to enforce their rights. States where such services are lacking may show a greater volume of tenant dissatisfaction.

We note that although improving these services may help tenants to realise their existing rights and entitlements, it will not improve the availability of affordable housing.

Tenancy Relationships and Dispute Resolution

In addition to education for tenants, we also support education being developed for property owners to ensure they understand their rights, obligations and responsibilities under relevant State regulation.

The reported statistics indicate that the actual instances of disputes and breaches are relatively low compared to the total number of tenancies.

For example, in Queensland there are approximately 622,164 tenancies⁴².

Out of these tenancies, there were only 22,112 conciliated disputes (3.5% of tenancies), 308 investigations into RTRA Act breaches, and 14,769 bond dispute resolution requests in financial year 2021/23.

These figures suggest that the majority of tenancy agreements are conducted amicably, with only a very small fraction encountering disputes or breaches.

Tenancy disputes and 'bad lessor conduct' often receive disproportionate media coverage, contributing to an exaggerated perception of their prevalence in the rental market.

It is essential to contextualise such incidents within the broader landscape of tenancy relationships, which in most cases function smoothly and responsibly between tenants and lessors.

⁴² Residential Tenancies Authority, Annual Report 2022-2023

Rent Control

We are aware that some stakeholders have made proposals to introduce rent control in the form of rent freezes, caps to rent increases and other costs that a property owner can recover.

This option must not be considered in the next National Housing and Homelessness Plan.

For the reasons outlined above, it cannot be ignored that making property investment untenable for property owners will result in further supply depleting from the market, more competitive conditions for tenants, driving rents even higher and seeing more tenants become homeless.

Rent caps will only perpetuate this cycle.

Reforms such as this ignore basic economic factors which underpin the setting of rents and the role of market forces. A rent freeze and rent cap disregard the rise in expenses experienced by property owners which are not aligned to CPI. Property owners would be expected to meet free-market driven cost increases.

One of the many consequences of rent controls, is the limitation placed on the financial capacity of property owners to supply quality tenant services and to carry out property improvements as offered under free-market conditions.

There is clear evidence of rent controls failing in comparable economies across the world.

For example, after rent control measures to restrict rent increases to 3% annually were introduced in St Pauls, Minnesota, professors Kenneth Ahern and Marco Giacoletti at the University of South California Marshall School of Business published a paper in March 2022 examining the effects and benefits of rent control measures.

In their paper, the authors found that⁴³:

- the introduction of rent control caused a 6-7% decline in real estate values in St Pauls, and up to a 13% decline in property values for rental properties specifically, compared to neighboring jurisdictions;
- the properties which values declined in the higher percentage range (up to 8.5%) were found to be those rented by wealthier tenants and owned by persons with a lower-than-average income; and
- the properties which values declined the least (less than 1%) were those owned by wealthier owners and tenants with a lower-than-average income.

Essentially, the analysis found that the poorest tenants would derive fewer benefits from rent controls and instead, the pattern of falling property values in St Pauls after the passage of rent control shows that wealthier tenants would reap the biggest gains from the law. Interestingly, property developers and financiers withdrew permit applications and projects after the law was passed and the city quickly acted to repeal the law due to the detrimental impact it had on the housing market.

⁴³ K R Ahern & M Giacoletti, *'Robbing Peter To Pay Paul? The Redistribution Of Wealth Caused By Rent Control'*, (May 2022)

Concerningly, rent controls also discourage investment in the development of housing. Australia's building industry relies heavily on private investment. A downturn in residential housing construction would not only reduce the supply of rental housing available to tenants but have adverse consequences generally to the building industry and broader economy.

With 30.6% of the 10,852,208 dwellings in Australia being rental properties⁴⁴, (equating to over 3,320,000 properties), even a modest decrease in rental housing supply of 5% would result in hundreds of thousands of properties being lost from the long-term rental market. In the current market, this is an unacceptable loss and would affect millions of Australians.

Notably, the Productivity Commission has also found in its Report that rent control is not an effective way to improve affordability for renters⁴⁵.

The REIQ will not support any form of rent control.

Measures to Improve Housing Affordability

What should the most important (long-term) and/or immediate (short-term) housing market policy focus be, across all levels of government, over the next 10 years?

It is largely accepted among stakeholders that increasing the supply of housing is essential for both relieving current pressures on the housing sector, but also for future planning with the population of Australia expected to increase significantly over the next decade.

Reforms aimed at encouraging an increase in supply of housing is needed. It is well established that gentle density, infilling and housing diversity are key characteristics and necessities for future planning and development.

Setting supply targets for well located homes is essential. Most jurisdictions are already in the process of reevaluating the delivery of targets. In Queensland, the State Government is currently preparing its ShapingSEQ Plan which is said to set out targets for relevant Local Governments.

In the next National Housing and Homelessness Plan, there is a critical opportunity for the Australian Government to encourage innovation in this space.

Residential Parks

For example, an initiative could be created to encourage the revitalisation, redevelopment and improvement of manufactured homes within residential parks around the country. Residential parks play a crucial role in providing affordable housing options. Residential parks can help alleviate supply and affordability issues by providing additional and diverse housing options in areas where land availability is limited.

Manufactured homes are generally more cost effective than traditional housing options and offer flexibility making them an attractive choice for low to middle-income families and pensioners. Residential parks provide a unique sense of community, fostering social connections and offering shared amenities such as swimming pools, clubhouses and recreational areas.

⁴⁴ Australian Bureau of Statistics Census 2021

⁴⁵ Productivity Commission, 'In need of repair: The National Housing and Homelessness Agreement' (August 2022) page 313

There are many aging and underutilised residential parks in Australia. This could be a potential area where the Australian Government, working with State and Local Governments, could facilitate grants or incentives to prioritise quality and accessibility as well as dwelling number targets.

Prefabricated Modular Homes

Another solution that may be considered are prefabricated modular homes and villages⁴⁶.

Research undertaken by Griffith University highlights how tiny homes can be utilised within Australia as a means of providing more affordable and inclusive housing options⁴⁷.

Other countries are utilising prefabricated modular homes in order to promptly create more quality housing. New Zealand is a recent example, adopting the earthquake-proof Panasonic modular homes which take only three months to assemble⁴⁸.

Addressing construction limitations

Regulatory measures should also seek to alleviate current constraints on the construction industry, rising costs of materials and shortage of skilled labour.

It is widely known that the construction industry has been impacted significantly in recent times by the nationwide shortage of skilled labour, leading to delays and increased labour costs. The increasing regulation within the sector has also driven up costs and caused delays.

As a proactive measure, in our view, the Australian Government should future-proof the construction industry by reinvesting in trade-based apprenticeship programs. Presently, the completion rate for apprenticeships in Queensland is around 37%⁴⁹.

By taking this strategic step, the Australian Government can ensure there is an adequate workforce with capacity over the next ten years to service housing development and competing infrastructure projects.

Construction cost escalations have also been a significant constraint on project feasibility in recent years. Data shows that the cost to build a home has increased by 18% over the last 12 months and an astronomical 42% over the past three years⁵⁰.

Measures should also be implemented to incentivise private investment in the rental housing market to increase the supply of dwellings, such as:

- stamp duty relief for long term investors: reduced stamp duty in exchange for minimum commitment to permanent rental market to bring investors and supply into the rental market; and

⁴⁶ Examples of modular and prefabricated homes: <https://www.theguardian.com/australia-news/2023/may/21/could-prefab-homes-be-future-australian-house-houses> and <https://homes.panasonic.com/english/news/release/2021/0108.pdf>

⁴⁷ Shearer H, Griffith University, 'Tiny houses: Planning for affordability and inclusion' (2018)

⁴⁸ Built Offsite: <https://builtoffsite.com.au/news/panasonic-prefab-homes/>

⁴⁹ Department of Business, Small Business and Training: https://desbt.qld.gov.au/_data/assets/pdf_file/0019/10990/appship-tship-new-commencements.pdf

⁵⁰ Australian Bureau of Statistics, Building a New Home: Construction Cost Changes (2020)

- increase land tax thresholds: review the land tax thresholds to align with appreciating property value, to reduce property ownership costs.

How can the utilisation of existing properties be improved? How can governments incentivise improved utilisation of existing properties

It is estimated that around 1% of all dwellings within Australia are unoccupied⁵¹. We suggest that the Australian Government collect and collate data from utility service providers to determine an accurate figure for the number of dwellings in Australia that are unoccupied.

It is our view that immediate solutions could potentially unlock a great portion of these dwellings to strategically return housing supply to healthy levels across all markets.

This includes initiatives such as:

- Incentives for owners of holiday homes to offer properties on the long-term rental market, such as a land tax concession. This would have an immediate impact in bringing more homes to the long-term rental market.
- Incentives for over 55's to purchase a home to encourage downsizing. Reducing stamp duty for over 55's to facilitate downsizing will have the impact of rebalancing dwelling sizes to allow more families to enter the market and access suitable housing. Existing dwellings will therefore be better utilised and improve overcrowding.
- Changing regulatory settings to facilitate the use of 'granny flats' as second dwellings on premises.
- Changing regulatory settings within each State and Territory so that transfer duty concessions/exemptions for first homes or principal place of residences do not limit the ability of buyers from renting out a room within their dwellings within a specified time frame from settlement. For example, in Queensland, if a home buyer (whether it is their first home or a subsequent home) purchases a property to live in and rents out a room within the first 12 months of living at the property, then they may lose entitlement to either the home or first home concession and will be liable for transfer duty at the higher investment rate.

In our view, these solutions would allow property owners to better utilise their homes without suffering undue financial consequences.

Programs that increase the volume of subsidised affordable housing should also be encouraged. Initiatives such as Tasmania's Private Rental Incentives should be replicated throughout Australia where possible, to increase the supply of affordable rentals for low-income households.

In the United Kingdom, there are many schemes that provide incentives for lessors to reduce rents, improve housing quality or take vulnerable tenants, including⁵²:

⁵¹ Australian Bureau of Statistics Census 2021

⁵² Cambridge Centre for Housing & Planning Research, 'Using incentives to improve the private rented sector for people in poverty: An international policy review' (October 2017)

- The ‘Rent a Room Scheme’ designed to encourage people to take a lodger and therefore increase the availability of rental housing. The first £7,500 received in rent from a lodger is exempt from income tax.
- Direct benefit payments of rent to lessors – under this program, rent payments are made direct to lessors on behalf of vulnerable tenants who are judged to be at high risk of failing to pay their rent or losing their home. This program incentivises lessors to let to tenants with poor payment histories, and to retain tenants who have failed to pay their rent but are entitled to benefits.
- In Scotland, there are grants and loans available to lessors to improve the energy efficiency of their housing, including the Home Energy Scotland Loan, the HEEPS Equality Loan and the Resource Efficient Scotland SME Loan.

How can flexibility, accessibility (particularly in the physical environment), affordability and security be improved in the rental private market, particularly for low-income earners?

Improvements must be made to housing assistance provided by governments such as Commonwealth Rent Assistance (**CRA**), State and Territory Government private rental assistance and subsidies for affordable rental housing, including key worker housing, which are utilised by low-income earners who receive income support payments or family tax benefits and are in the private rental market or community housing.

The Issues Paper identifies that the CRA has a considerable impact on reducing rental stress. It is noted that as at December 2022, CRA was able to reduce the number of recipient households in housing stress by around 28%.

The Productivity Commission’s Report found that CRA, although designed on sound principles of flexibility, portability and responsiveness to changes in renters’ circumstances, suffered issues of sufficiency and fairness, which must be addressed⁵³.

“Many CRA recipients experience high rent burdens and have little income left to afford other essentials after paying for rent. The value of the payment has declined over time, relative to rents, reducing its effectiveness. Some relatively well-off households, whose rent payments appear affordable, receive the payment.”

The Productivity Commission recommended that the Australian Government review the CRA to assess all aspects of the design of the payment (including minimum and maximum rent thresholds, the co-payment rate, indexation, income tapering and eligibility), with the aim of improving the sufficiency, fairness, and effectiveness of CRA⁵⁴.

Private rental assistance initiatives should also be evaluated and improved, where appropriate, under the next National Housing and Homelessness Agreement.

⁵³ Productivity Commission, ‘In need of repair: The National Housing and Homelessness Agreement’ (August 2022) finding 9.2

⁵⁴ Productivity Commission, ‘In need of repair: The National Housing and Homelessness Agreement’ (August 2022) recommendation 9.3

In Queensland for example, the following private rental assistance is available under the following restrictive eligibility requirements:

Assistance	Eligibility
<p>Bond Loan</p> <ul style="list-style-type: none"> • interest free, fee free • equates up to 4 weeks' rent • must be repaid 	<p>All conditions must be met:</p> <ul style="list-style-type: none"> • the tenant is not currently living in the property; • the tenant is an Australian citizen, permanent resident, or has a temporary protection or bridging visa; • the tenant doesn't own or part-own a residential property, a caravan, mobile home or live-aboard boat permanently connected to household utilities. • the tenant has less than \$2500 in cash or savings between all applicants; • the tenant does not have outstanding debts with the Department of Housing; • the tenant chooses a property where the rent isn't more than 60% of the total gross weekly income of all applicants listed on the application; and • the tenant meets the income limits for the household.
<p>Rental Grant</p> <p>One-off grant of 2 weeks' rent to support people in housing crisis to move into private rental.</p>	<p>To be eligible for a Rental Grant, the tenant must both:</p> <ul style="list-style-type: none"> • meet all the conditions for a Bond Loan; • not have received a Rental Grant before. <p>The tenant must also meet at least one of the following conditions:</p> <ul style="list-style-type: none"> • the tenant stayed more than 28 continuous days in a homelessness service (e.g. emergency housing or a women's shelter), or in accommodation arranged by a homelessness service, and apply for the Rental Grant within 3 months of leaving. • the tenant has exited a correctional facility after serving at least 28 days, and apply for the Rental Grant within 3 months of leaving; • the tenant has left a hospital or health facility, including mental health facility, within the last 3 months, stayed there for at least 28 days, an apply for the Rental Grant within 3 months of leaving; • the tenant has exited support from a child protection service within the last 3 months where they had been a resident for at least 28 days, or are still in care; • the tenant or a member of their household is experiencing domestic and family violence; • the tenant or a member of their household is experiencing sexual violence (outside of domestic and family violence); • the tenant is leaving a community-based rent scheme in Queensland to move into private rental accommodation and apply for a Rental Grant within 14 days of leaving; or • the tenant is homeless or at risk of becoming homeless.
<p>Rent Security Subsidy</p> <ul style="list-style-type: none"> • subsidy to help pay rent for 12 months • level of subsidy dependent on income 	<p>The tenant must be experiencing financial barriers to maintaining a tenancy, such as:</p> <ul style="list-style-type: none"> • additional bills • health issues • the sudden loss of employment • unforeseen caring responsibilities.

<p>No Interest Loan Scheme</p> <ul style="list-style-type: none"> • available up to the value of \$2000 • interest free, fee free • repaid over 18 months • budgeting and financial support throughout loan term <p>Set-Up Loan covers the costs of:</p> <ul style="list-style-type: none"> • starting a private rental tenancy • removalists • key deposits • essential household items <p>Rent Sustainment Loan helps current tenants pay rent if payments are behind.</p>	<p>Only tenants in Cairns and the Gold Coast are eligible.</p> <p>To be eligible for a NILS housing loan, you must:</p> <ul style="list-style-type: none"> • be a Queensland resident • be earning a net income of less than \$45,000.
---	--

These types of financial support provided by the Government should be assessed to determine if they should be increased or expanded where relevant, to keep pace with rental affordability.

Temporary measures could be taken to relax eligibility requirements so that more low to median income individuals that need short-term assistance can access the support they need.

These measures should be taken across financial support provided at both a State and Federal level.

Anglicare Australia’s 2023 Rental Affordability Snapshot⁵⁵, found that out of 45,895 rental listings reviewed:

- 345 rentals (0.8%) were affordable for a person earning a full-time minimum wage;
- 162 rentals (0.4 per cent) were affordable for a person receiving the Age Pension;
- 66 rentals (0.1 per cent) were affordable for a person receiving the Disability Support Pension;
- 4 rentals (0 per cent) all share houses, were affordable for a person receiving JobSeeker; and
- 0 rentals (0 per cent) were affordable for a person receiving Youth Allowance.

There is an evident gap between social welfare entitlements and housing affordability in Australia. As stated throughout our Submission, this is impacting low-income households and vulnerable persons the most.

We are supportive of the Australian Government establishing a new National Rental Affordability Scheme model under which the subsidy attaches to the tenant rather than the property. This will ensure that funding is allocated to those who are most in need and low-income tenants that are eligible for housing assistance will receive a subsidy, regardless of which property they live in.

⁵⁵Anglicare Australia, ‘2023: Rental Affordability Snapshot’ (2023)

Part 7: Planning, zoning and development

The next National Housing and Homelessness Plan and Agreement must coordinate an approach to land use, planning, zoning and development across all levels of Government in Australia.

As noted in the Issues Paper, the Productivity Commission found in its report that although states are reforming land use planning, more needs to be done to ensure housing supply responds to demand.

The following recommendations were made:

1. *states should report annual progress against land supply targets;*
2. *state and local governments should revise their planning regulations to promote greater housing density and diversity;*
3. *all states should set housing targets and work with local governments to meet these targets; and*
4. *the next National Housing and Homelessness Agreement should acknowledge the importance of housing supply as a solution to housing affordability and replace planning reforms with housing targets.*

As well as supporting the above recommendations, we consider coordination between all levels of Government to be highly essential to achieving better well-located housing, and planning outcomes.

The reported disconnect between design-led planning and value management planning within Government needs to be addressed. Housing needs to be developed responding to current and future adaptability and accessibility needs. The Australian Government should take expert consultation on specific design and planning needs from relevant stakeholders.

The Planning Institute of Australia (PIA) has called for a National Settlement Strategy⁵⁶, being a proposal for a holistic plan to accommodate growth across Australia.

According to the PIA, the National Settlement Strategy should:

- *get the community involved and lead a balanced national discussion about the future of our cities and regions as places to live and work;*
- *help us look for factors that influence regional population growth and change;*
- *provide a framework for addressing climate change resilience, hazards and carbon reduction in the built environment; and*
- *tackle the underlying trends that are shaping cities and towns.*

What key short, medium and long-term planning and zoning reforms could be explored in the Plan?

Acknowledging that there are already many examples of innovative housing policy and programs within Local Governments across Australia, a collaborative approach should be taken by each of the State and Local Governments in developing and updating where appropriate, a housing strategy bespoke for each region.

In addition to dwelling supply targets, in our view, housing strategies should include broader and more substantive objectives, such as initiatives that will:

⁵⁶ Planning Institute of Australia, 'Towards a National Settlement Strategy' (2018)

- a. reduce costs and streamline development processes, including for small-scale domestic developments to encourage clusters of infill, such as converting single dwellings to duplexes, multi-plex, medium-low density residences;
- b. fast-track the rezoning of underutilised urban land within existing urban footprints;
- c. introducing new incentives, concessions, grants, density bonuses and alike to motivate the private sector to partner with Local Governments to invest in housing and economic development; and
- d. introducing targets, initiatives and incentives, as well as direct logistical support, for social and affordable housing.

In Queensland, the State Government should do more to support the work of the Local Governments by setting out guidelines for strategies and providing support for implementation, that go beyond an annual dwelling target and a consolidation/expansion target. We are aware that other jurisdictions, such as New South Wales, already engage in this type of collaboration.

We support the recommendation of the Productivity Commission, that State and Territory Governments should set rolling long- and short-term land supply targets for major growth areas and report annual progress against these targets. States and Territories should set out how they estimate future demand for land, and report on the number and location of zoned and development-ready lots, disaggregated by infill/greenfield and permitted density.

Ultimately, there is significant research into this matter and expert advice across jurisdictions that clearly articulate the issues in planning and development at a Local and State level. It is incumbent on the respective Governments to address these issues.

Part 8: The Impact of Climate change and Disasters on Housing Security, Sustainability and Health

In our view, the National Housing and Homelessness Plan should include detailed proposals and targets to promote sustainability in the development of housing and infrastructure, to keep pace with international-scale innovation and community expectations.

There are many examples from countries around the world of successful implementation of practices that contribute to the circular economy and promote sustainability in housing. Programs that focus on waste reduction, sustainable urban development and circular procurement should be considered. The National Housing and Homelessness Plan may be a key opportunity to drive innovation in this sector in Australia.

The impact of flooding and natural disasters to the supply of housing must also be accommodated. For example, in Queensland, the 2022 rainfall and flood events estimated to have cost \$7.7 billion in social, financial and economic impacts, with public infrastructure damage of \$492 million and residential, commercial and environmental clean-up costs of \$42 million.

In our view, the National Housing and Homelessness Plan should encourage evolving building practices as societies adapt to changing climate patterns and seek more sustainable and resilient solutions. There are many examples of innovative approaches, advanced manufacturing and technologies being used globally to enhance building resilience in the face of severe weather events and natural disasters. This may include flood and storm-resistant designs and materials, green infrastructure, stormwater management infrastructure, energy efficiency and heat-resilient materials.

There is precedent for countries around the world such as the United Kingdom, Netherlands, Sweden, Singapore and Canada implementing sustainable housing targets as part of housing strategy in an effort to address environmental concerns, reduce energy consumption and promote sustainable urban development.

Part 9: Implementation

There must be a strong uniform vision for the implementation of the next National Housing and Homelessness Plan and Agreement. The housing outcomes of communities across Australia are dependent on the Australian Government implementing meaningful changes in the housing sector.

Unfortunately, the Issues Paper omits any assessment of the shortcomings of the current National Housing and Homelessness Plan and Agreement, nor does it stipulate an intention to improve implementation strategies which have not been fruitful.

Echoing some of the findings and recommendations of the Productivity Commission, the REIQ believes the following actions are essential in order to implement the next National Housing and Homelessness Plan and Agreement:

1. **Objectives** - A new approach should be taken to the responsibilities of stakeholders under the next National Housing and Homelessness Agreement. Responsibilities should be focused on policy actions to achieve the Agreement's objective, rather than being largely administrative.
2. **Coordination** – The Australian, State and Local Governments need to become more interconnected, to eliminate departmental silos. The role of governance is critical and intergovernmental forums, data-sharing and oversight must be adopted.
3. **Accountability** - There needs to be stronger oversight mechanisms, performance monitoring and accountability of all levels of Government. Performance indicators must be improved in the next National Housing and Homelessness Plan.
4. **Needs-based Funding** - Funds must be allocated between States and Territories according to need and better data must be forthcoming from the States and Territories to ensure effective funding allocations for homelessness and support services.
5. **Local Government** - Local governments roles in housing and homelessness must be clearly mandated. Adequate resourcing to respond to mandates.
6. **Strategy** - A clear strategic objective must be articulated. Outcomes should be people and place based, not systems and value management based.
7. **Housing Policy** - Collaboration on housing policy to gather, and make accessible, evaluations on housing policies and programs, and pull together insights from the housing evidence base.
8. **Research** - The Australian, State and Territory Governments should widen eligibility for funding under the National Housing Research Program to researchers beyond those from the AHURI partner universities. Governments should also have greater control over the grant allocation process, which is currently with AHURI.

Part 10: Conclusion

It is vitally important for the Australian Government to work collaboratively with the State and Local Governments across Australia to address the shortcomings of the current National Housing and Homelessness Plan and Agreement and ensure policy settings are conducive to achieving the objectives under the new National Housing and Homelessness Plan and Agreement.

The recent Senate Inquiry into the worsening rental housing crisis in Australia (which the REIQ participated in), was a productive first step for this Government to affect real change and improve the lives of Australians facing housing insecurity. Now, action must be taken.

We would like to see stronger and more ambitious proposals across a range of housing and other economic initiatives.

In particular, we would like to see:

- measures introduced that will increase the supply of housing throughout the country;
- improved funding allocations for people experiencing homelessness or at risk of homelessness, and for those services designed to help these people;
- more social housing and subsidised housing;
- innovative policy adopting the Housing First approach, with an aim of eliminating homelessness in Australia; and
- coordination between all levels of Government and accountability for outcomes.

Lastly, the importance of developing a successful National Housing and Homelessness Plan and Agreement cannot be overstated.

Millions of families and vulnerable Australians experiencing housing insecurity and facing unprecedented unaffordability, are relying on the Australian Government at this critical juncture, to take definitive and effective action to improve housing outcomes through good policy and strong implementation.