



# Election Policies

▶ 2024 AND BEYOND

# Foreword

**Since 1918, the Real Estate Institute of Queensland (REIQ) has been the leading advocate for the property industry in Queensland.**

In that time, Queensland's story has been one of opportunity and unparalleled economic success.

That success, however, has come with challenges - specifically in the form of housing.

The Queensland real estate sector plays a critical role in generating revenue for the State Government. Over the next four years, it is forecast to contribute more revenue to the Queensland state budget than mining.

Queensland can only continue to grow as an economy and as a society if it gets the housing policy foundations right.

Since 2019, vacancy rates in Queensland have remained at record lows. Additionally we have the lowest rate of home ownership.

Both of these factors are concerningly contributing to an ongoing rise in homelessness. In a state as prosperous as Queensland, there should be no need for families to be sleeping in cars or tents.

In response to these trends, the REIQ is proud to propose a set of policies that aims to stabilise the housing sector, and create a balance between supply and demand to ensure that upward pressures on prices are kept to a minimum.

Our proposed policies also aim to create a balance between renters and investors, first home buyers and downsizers. As part of the development of these policies we consulted with economists and other industry leading peak bodies to ensure they supported our overall target of a Home Ownership rate of greater than 70% for Queensland by 2032.

The only way to arrest and then improve the current situation is to build more dwellings that meet the needs of every part of our society.

The current operating environments for housing and construction stand in the way of this objective. High construction costs, convoluted rental regulations, and an unwillingness by governments to address the tax ecosystem, all create significant roadblocks to the much-needed construction of new dwellings.

The REIQ supports a system-wide review of taxes and fees across all levels of government to ensure our financial system is not an impediment to positive economic and societal outcomes.

The REIQ will always advocate for a fair and balanced housing system that provides the most efficient manner for all Queenslanders to access housing.

**Antonia Mercorella - CEO, Real Estate Institute of Queensland**

**Peter Brewer - Chairman, Real Estate Institute of Queensland**



# Levelling the playing field

# Policy Background

## Improving housing security for all Queenslanders through:

- ▶ Increasing the home ownership rate across the entire population to 70% by 2032
- ▶ Ensuring there is a level playing field for all investors
- ▶ Improving productivity and the affordability of constructing new dwellings
- ▶ Ensuring housing policies support a housing supply that matches population growth

To achieve this, the REIQ has considered three core areas:

- ▶ Taxation
- ▶ Regulatory environment
- ▶ Productivity

Currently, the pathway to home ownership is broken in Queensland.

The REIQ has developed six policies designed to enable home ownership and ease rental pressures while maintaining Queensland's reputation as a place for property investment:

1. Addressing the Home Ownership Crisis
2. First Homeowner Grant Reform
3. Closing the Deposit Gap
4. Balancing the Rental Market
5. Housing Supply Reform
6. Resolving the Construction Emergency





01

# Addressing the Home Ownership Crisis

# 01 ► Addressing the Home Ownership Crisis

## THE PROBLEM

Queensland is in the grips of a home ownership and rental crisis.

Our state has the lowest levels of home ownership of all states in Australia at 63.5% of the population. This is a significant decline from 70% in the early 1970s, when Queensland boasted the second highest level of home ownership in the nation.

Queensland now has the lowest levels of First Home Buyers entering the market of all states (ABS Census 2021).

Out of 94 international cities, Brisbane ranks 17th as 'least affordable', with a median-house-price-to-median-income ratio of 7.4. According to Demographia, this ratio is comparable to the greater New York City area (7.1) and Boston (6.6) in the United States.

This puts Brisbane in the 'seriously unaffordable' category worldwide for home purchases.

The largest decline in home ownership for Queenslanders is in the 25-39-year-old age bracket.

A comparison of home ownership rates from 2021 to 1971 shows an almost 18 percentage points (ppts) decrease in people aged between 25-29 years; a 14 ppts decrease in people aged between 30-34 years; and an 11 ppts decrease in people aged between 35-39 years.

According to 2021 Census data, there are more renters (236,210) in Queensland than homeowners (227,572) in the 25-39 age bracket. However, the number of homeowners (967,125) is almost three times the number of renters (330,632) in the 40 years and above age group.

The inability to purchase property in Queensland due to high prices, property taxes and lenders' mortgage insurance, means people are renting for longer, often in the same dwelling. The average tenancy life has increased from 14 months in 2014 to 22 months in 2023 (*Residential Tenancy Authority Annual Report 2014 and 2023*).



# 01 ► Addressing the Home Ownership Crisis

## THE SOLUTION - STAMP DUTY REFORM

Now is the time to reform Queensland's outdated Stamp Duty regime to encourage a higher rate of home ownership.

Stamp Duty, the costly tax that applies to property purchases, is a considerable barrier to those wanting to buy their first home, and to retirees seeking to downsize their family home and purchase a smaller dwelling.

Data from e61 shows that Stamp Duty impacts job mobility which affects the productivity of the entire economy. The tax also impacts significant life decisions such as starting a family, moving homes, changing jobs and downsizing.

Stamp Duty is an inefficient tax because it relies on property purchases to generate tax revenue which is dependent on real estate cycles. It effectively encourages homeowners to renovate rather than sell and purchase a more suitable property.

There are around two million spare bedrooms in owner-occupied homes in Queensland. This suggests that abolishing Stamp Duty has the potential to drive a significant trend in downsizing, substantially increasing the supply of housing into the market and, as a result, lowering house prices.

A study by e61 demonstrated that removing Stamp Duty would encourage a further 100,000 property transactions each year in New South Wales alone.

The REIQ encourages the Queensland State Government to negotiate a better GST outcome with the Federal Government in return for Stamp Duty reform.

## The REIQ proposes the following Stamp Duty reforms:

- Calculate the stamp duty threshold for the exemption based on the median price of the appropriate Local Government Authority for First Home buyers. This calculation would be set at 80% of the median house price of the LGA as per the reports provided by the REIQ for June each year. By having different thresholds for different regions, it would ensure that the exemption level was fit for purpose for local markets and not putting upward pressure on house prices
- Abolish Stamp Duty for downsizers aged over 55 moving from a large house to one with fewer bedrooms. This will allow generational changes for houses and neighbourhoods.
- Transition to a Land Tax-based model for First Home Buyers over the longer term. This would remove the burden of a large up front stamp duty expense for First Home Buyers.
- Allow those receiving First Home Buyer concessions to rent out rooms in the property they purchase to encourage home purchases and alleviate the financial burden caused by high purchase prices and interest rates. This would help reduce the current strain on rental market.



02

First

Homeowner

Grant Reform



## 02 ► First Homeowner Grant Reform

### THE PROBLEM

Home ownership rates in regional Queensland remain low with limited supply being added each year.

Despite the fact that 33% of the Queensland population resides outside of the Southeast corner, only 20% of new dwellings were provided to regional areas between 2016 and 2021 (ABS Census 2021).

If we are to encourage young people to remain in regional Queensland and diversify the economies of these areas, it is imperative that housing is made more affordable so more people can buy their own homes.

Currently, the Queensland Government's First Homeowners Grant (FHG) only applies to newly built residences up to a value of \$750,000.

### THE SOLUTION - FIRST HOMEOWNER GRANT REFORM

To increase the rate of home ownership in regional Queensland, consideration needs to be given to extending the FHG to also apply to established properties in these areas. This would help alleviate the relative lack of affordable accommodation in many regional areas that need to attract workers, as well as the challenges in expanding housing supply in many regions due to a shortage of builders and tradespersons.

#### The REIQ proposes the following First Homeowner Grant reforms:

- Extend the \$30,000 FHG to also apply to established housing in regional Queensland where new builds have largely ceased
- Provide funding to regional councils to ensure that infrastructure fees are reduced for developers
- Allow the FHG to be utilised for renovating currently unliveable properties across the entire state



03

# Closing the Deposit Gap



## 03 ► Closing the Deposit Gap

### THE PROBLEM

High rental costs make saving for home purchases difficult, and the additional costs of high property prices, stamp duty and lenders' mortgage insurance can make home ownership for first home buyers seem impossible.

In Queensland, a 20% home deposit for a first home represents 1.64 times the average annual earnings – a rate that has almost doubled since the 1990s (*Australian Institute for Progress (2023) Housing Affordability Index, September Quarter*).

This hurdle means that people stay renting longer, which exacerbates the rental crisis.

### THE SOLUTION - CLOSING THE DEPOSIT GAP

**The REIQ proposes that the Queensland Government explores three options to overcome this gap:**

1. Expand the Queensland Housing Finance Loan to a shared equity scheme that has a more relaxed eligibility criteria
2. Close the Deposit Gap Loan by providing concessional loans at the prevailing Queensland Treasury Corporation Bond rate
3. Act as Guarantor for First Home Buyers by complementing the Federal Home Guarantee Scheme with a more relaxed eligibility criteria

**Regardless of the option selected, the REIQ suggests the following criteria:**

- A minimum 10% deposit for the buyer
- A demonstrated three years of savings
- A maximum \$250,000 of annual earnings for the household
- Government support of up to a maximum 30% of the house value



04

# Balancing the Rental Market



## 04 ► Balancing the Rental Market

### THE PROBLEM

Boosting housing supply is the best way to solve Queensland's housing crisis in a sustainable manner.

There will always be a proportion of the population that will rent, so investment in housing needs to ensure that there are adequate rental properties in the future.

However, when it comes to supporting investors, the Government currently favours internationals over locals.

There are significant incentives for foreign multinationals to build rental accommodation in Australia, but local small investors have been subjected to five phases of increasingly complex changes to rental regulation.

While these changes have been focussed on providing protection and security for tenants, they have not been balanced with incentives to encourage investment by everyday Queenslanders.

There are currently no state incentives for everyday Queenslanders to invest in rental properties.

### THE SOLUTION - REVERSING POORLY DRAFTED LEGISLATION

#### The REIQ proposes:

- That the majority of stage 2 reforms are unnecessary and need to be revoked
- To allow periodic tenancies to be terminated with notice. Currently, periodic tenancies attract greater security than fixed-term tenancies
- To allow greater contractual freedom to parties to allow longer term tenancies.
- To expand targeted support to vulnerable Queenslanders. Current legislation is too restricted as it's focused on minority of tenants and exceptional circumstances
- To extend tax incentives to non-multinationals to ensure a level playing field for all investors



05

# Housing Supply Reform



## 05 ► Housing Supply Reform

### THE PROBLEM

Analysis by the REIQ shows that there has been a total shortfall of 18,000 new dwellings in Queensland over the last five years. This is despite a large increase in construction activity through the pandemic.

Given the recent decline in building approvals and completions, it is likely that this shortfall will be exacerbated over the next five years, putting further upward pressure on rents and housing prices.

The majority of new dwellings have been built in Southeast Queensland, putting regional areas at a disadvantage.

Analysis by Wolter Consulting shows that large portions of Local Government Areas (LGAs) are covered under Heritage or Character controls, making construction of medium density dwellings difficult to establish.

Beyond Heritage controls, there are several other complex controls and overlays that make construction of medium density challenging.

### THE SOLUTION - HOUSING SUPPLY REFORM

The relaxing of council restrictions to Heritage controls would encourage new housing development, which, in turn, would enable an increase in housing supply, and a reduction in housing purchase and rental costs.

#### The REIQ proposes:

- Providing councils with building approvals targets
- Incentivising local councils to boost housing supply by linking State Government grant funds
- Streamlining the definition of Heritage and other overlays to expedite the planning approval process





06

# Resolving the Construction Emergency



## 06 ► Resolving the Construction Emergency

### THE PROBLEM

Queensland has experienced the highest increases in construction costs of all mainland states (*ABS Producer Price Index March 2024*) and the longest construction timeframes of any other state in Australia (*ABS Building Activity June 2023*).

A key driver of recent elevated costs is a significant labour shortage of construction workers and tradespeople.

Another longer-term factor is the impact of the Best Practice Industry Conditions (BPIC) procurement requirements of the State Government. These conditions have proven to reduce productivity in the construction industry.

### THE SOLUTION - REDUCING CONSTRUCTION COSTS

#### The REIQ proposes:

- Increasing planning and training for construction industry apprenticeships to meet the labour shortfall impacting the construction industry
- Revising BPIC procurement requirements for large State Government projects to ensure productivity improvements are made without sacrificing worker safety.
- Provide incentives to private sector to develop housing using Modern Methods of Construction to scale.



# Conclusion

Queensland's low residential vacancy and home ownership rates are both placing strain on the housing market. In a state as prosperous as Queensland none of us want to see people living in cars or spending years on a social housing waitlist.

All Queenslanders need a roof over our heads, whether we rent it or own it. When we have a situation where people are struggling to find a suitable rental property or to ever transition to home ownership, it's a societal issue that impacts all of us. There is the impact being felt today, but there are also long-term intergenerational effects, as well as the indirect impacts which emerge in other areas such as youth crime.

This is why it's imperative that we get the housing policy foundations right for Queensland. It's clear that all three levels of government need to work together to address this complex problem.

The REIQ's six policies aim to stabilise the housing sector and promote a balanced marketplace by addressing the tax ecosystem, regulatory environment, and productivity standards.

1. Addressing the Home Ownership Crisis
2. First Homeowner Grant Reform
3. Closing the Deposit Gap
4. Balancing the Rental Market
5. Housing Supply Reform
6. Resolving the Construction Emergency

Our policies are designed to enable home ownership and ease rental pressures while maintaining Queensland's reputation as a place for property investment.

The REIQ has laid out a pathway towards improving housing security for all Queenslanders, and in alignment with these policies, we will continue to advocate for all levels of government to play their part in addressing our state's housing, rental and construction crisis.



**Real Estate Institute of Queensland**

Level 1, 50 Southgate Avenue

CANNON HILL QLD 4170

[reiq.com](http://reiq.com)