

11 January 2023

Personal and Indirect Tax, Charities and Housing Division
Treasury
Langton Crescent
Parkes ACT 2600

Email: housing@treasury.gov.au

Dear Sir/Madam,

RE: HOUSING LEGISLATION PACKAGE 2023

We welcome the opportunity to provide our views on the Housing Legislation Package 2023 (the **Housing Package**) released by Treasury for community consultation on 19 December 2022, 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**).

We are pleased that a comprehensive Explanatory Materials is also available for review with the Housing Package, outlining the purpose and intention of each section of the Housing Package.

The REIQ commends the Federal Government for expeditiously producing the Housing Package after announcing in its Federal Budget in October 2022, a number of measures designed to prioritise housing affordability in the national agenda and address the serious housing supply shortage afflicting communities across Australia.

We have outlined herein various issues and factors which Treasury may wish to consider to ensure the success and effectiveness of the Housing Package.

We would be pleased to discuss any of the matters raised further and invite you to contact Ms Katrina Beavon, General Counsel and Company Secretary of the REIQ at kbeavon@reiq.com.au.

Yours Sincerely



Antonia Mercorella
Chief Executive Officer

HOUSING LEGISLATION PACKAGE 2023

Submission to
Treasury of the Australian Government

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 104 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 30,000 property professionals. This includes principal licensees, salespeople, property managers, auctioneers, business brokers, buyers' agents, residential complex managers, and commercial and industrial agents in Queensland.

Collectively, Queensland's real estate sector directly employs over 46,000 people (the State's second largest employer), is one of the top four industries which comprises over 50% of Queensland's small business landscape, and pays the second highest amount of State tax each year (2018/19: \$20 billion).

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.

1. Housing Supply and Affordability in Queensland

Housing supply and affordability is currently one of the most prominent issues in Queensland, with an alarming volume of Queenslanders becoming homeless or facing homelessness in the past 12 months due to the exacerbated conditions of the housing and rental market culminating over the past three years.

We appreciate the effects of the housing and rental market are felt across many communities in Australia. It is our view however, that the State and Territory markets are inherently different and should be considered with due respect to the unique features of the markets, legislative landscape, external factors, and events that have a material impact on the housing market, such as, severe weather events, interstate migration and the availability of social and affordable housing in each State and Territory. By comparison, the populous in some States or Territories may be in a more vulnerable position, and with greater need of specific Government assistance, than others at a given time.

In response to the deteriorating conditions of the rental housing market over the course of 2022, the Queensland Government hosted a Housing Summit on 20 October 2022 with Parliamentary members, Local Government representatives and key stakeholders across all aspects of the housing sector, including the Hon Julie Collins MP, Minister for Housing, Minister for Homelessness and Minister for Small Business.

In her address, the Minister noted that the Federal Government is committed to developing and implementing an ambitious housing reform agenda, bringing a strong focus to stable and affordable housing, and that different States have unique housing markets. The Minister also noted that many States have already taken significant actions to improve housing supply, affordability and the delivery of social and affordable housing.

In Queensland, data shows that current housing market conditions have been materially impacted by a declining supply of affordable housing. Alarming, the Queensland Treasurer noted at the Housing Summit, that Queensland is facing a forecasted rental housing undersupply of around 55,000 properties.

In 2022, Queensland consistently broke its own rental market vacancy rate records and has experienced the tightest rental market in history with 0.5% vacancy rate across the State in the June quarter of 2022, with some markets currently as low as 0.1%¹.

In our view, other key factors which have contributed to the current market conditions in Queensland include:

- the high volume of sales of residential property by investors over the past 5 years, contributing to a decline in rental listings of 48.2% in September 2022 compared to the previous 5-year average²;
- the increased prevalence of properties on the short-term rental market³;
- severe weather events experienced in Queensland in March 2022 leading to over 4,500 properties being severely or moderately damaged displacing both owner-occupiers and tenants⁴;

¹ See Annexure A - REIQ Residential Vacancy Report, September 2022

² 'The Brisbane rental crisis in five charts' CoreLogic, 7 September 2022 <https://www.corelogic.com.au/news-research/news/2022/the-brisbane-rental-crisis-in-five-charts>

³ Australian Short Term Rental Report 2019

⁴ QRA Reference: Report by Deloitte Access Economics. Last updated July 2022

- over 30,000 persons migrating from other states to Queensland in the 2020/21 financial year⁵
- a reduction in the average household population to 2.5 persons per household (Treasurer's Speech, Housing Summit 2022) and a higher level of sole tenancy tenancies due to COVID-19 influences;
- cost of living pressures and a rise in inflation in Brisbane of 7.9% in the 12 months leading to September 2022⁶; and
- legislative changes being introduced which disadvantage and constrain property owners and make investing in Queensland undesirable⁷.

We appreciate that many of the above factors, have been experienced similarly in other States and Territories.

Not surprisingly, the persons most affected include vulnerable Australians such as Indigenous communities, persons living with disability, regional communities, the elderly and persons experiencing domestic and family violence. Having said this we also note the impact being felt by Australian's who are financially secure that are not in a position to buy a property and may have a strong rental history, but cannot locate an affordable rental due to tight vacancy rates and supply of affordable homes in their area.

This is evident from media coverage over the course of 2022, and reports that individuals and families are being forced to live in their vehicles, at caravan parks, in tents, motels or short-term accommodation due to being unable to find an affordable rental property.

Unfortunately, this has been an unrelenting reality for many Queenslanders in communities over the course of this year. These reports validate the urgency for measures to be taken to reduce the volume of persons facing homelessness.

Interestingly, at the recent Housing Summit, although the stakeholders represented different areas of the housing, property and community services sectors, a common theme was that urgent action needed to be taken and it was noted that parties with an interest in housing (whether it be developers, lessors, tenants or real estate professionals) are each essential contributors to a healthy and sustainable market.

We are pleased with the Federal Government's proposed Housing Package. In our view, it will deliver much needed support to individuals, housing providers and organisations, as well as to the State and Territory Governments and bolster existing initiatives for the supply of social and affordable housing.

In particular, we are supportive of the objectives of the Housing Package to:

⁵ Financial Review, 'Aussies flock to Queensland at fastest pace in 20 years', Mark Ludlow 5 January 2022, <https://www.afr.com/policy/economy/aussies-flock-to-queensland-at-fastest-pace-in-20-years-20211221-p59jdt#:~:text=Net%20interstate%20migration%20to%20Queensland,quarterly%20basis%20since%20December%202003>

⁶ Consumer Price Index, September quarter 2022 | Queensland Government Statistician's Office (qgso.qld.gov.au)

⁷ COVID-19 Emergency Response Act 2020, Residential Tenancies and Rooming Accommodation (COVID-19 Emergency Response) Regulation 2020, Housing Legislation Amendment Act 2021

- create the Housing Australia Future Fund (the **Fund**) to facilitate a funding stream to support and increase acute, social and affordable housing; and
- establish the National Housing Supply and Affordability Council (the **Council**) to independently report, research and advise the Minister for Housing on options to improve housing supply and affordability across Australia.

We also strongly support the creation of a national housing and homelessness plan to set out the key short-, medium-, and longer-term reforms needed to improve housing and homelessness outcomes across the spectrum.

We note the recommendations of the Productivity Commission in the *In need of repair: The National Housing and Homelessness Agreement Study Report* for improvements which may be made to the National Housing and Homelessness Agreement, including⁸:

- a better-defined objective, with key terms defined and trade-offs articulated;
- principles for how housing assistance should be provided;
- 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;
- an agreed agenda of reforms;
- a new performance monitoring and reporting framework with annual reporting against outcomes, targets and performance indicators;
- a single base funding pool for housing and homelessness services that is allocated to jurisdictions according to need and the costs of providing services;
- 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.

We are interested in particular with the Productivity Commission's recommendation that the Federal Government should consider alternatives to subsidies for affordable rental properties, particularly given the National Rental Affordability Scheme is soon coming to an end. We look forward to positive progress in this regard in due course.

⁸ In need of repair: The National Housing and Homelessness Agreement Study report, Productivity Commission August 2022 [Overview - In need of repair: The National Housing and Homelessness Agreement \(pc.gov.au\)](#)

2. Establishing the Housing Australia Future Fund

The HAFF Bill requires the Fund to be credited \$10 billion as soon as practicable after establishment, with distributions to be limited to \$500 million per year. We are pleased with the estimation that 30,000 new social and affordable houses are anticipated over the next 5 years.

We welcome the level of funding committed and expect that this initiative will bolster existing State Funds and housing strategies and promote collaboration between the State and Federal Government on this important issue. For context:

- in Queensland, the State Government recently committed an increase of the Housing Investment Fund to \$2 billion with \$130 million to be distributed per year to support an increased target of 5,600 new social and affordable homes by 30 June 2027⁹;
- in New South Wales, the Community Housing Innovation Fund group of programs comprises \$225 million of funding to deliver 1000 social and affordable housing dwellings¹⁰;
- in Victoria, the State Government in their 2020-21 Budget invested \$5.3 billion in social and affordable housing as part of the Big Housing Build. The record-breaking investment included \$1.38 billion for the Social Housing Growth Fund to provide grants to the community housing sector to grow the supply of social housing across Victoria¹¹;
- in South Australia, the State Government invested \$452 million in new social and affordable housing supply and innovative partnerships with the housing sector were expected to result in a further \$220 million construction investment as part of Community Housing Asset and Investment Plan, which are planned to result in more than 1000 homes, of which 720 are projected to be retained as social and affordable housing¹²;
- in Tasmania, \$315 million was invested in social and affordable housing and homelessness across the State, bringing total investment to over \$615 million, for the purpose of building a total of 3,500 new social houses by 2027¹³;
- in Western Australia, the 2021-2022 State Budget committed a record \$875 million social housing investment including a dedicated \$750 million Social Housing Investment Fund. Social housing investment equated to more than \$2.1 billion in the Budget, to fund around 3,300 social housing homes¹⁴; and
- in the Northern Territory, \$22.3 million was invested for 2021-22 and 2022-23 to seed fund sector growth and provide a foundational investment in community housing under the Northern Territory Community Housing Growth Strategy 2022-32¹⁵.

⁹ Housing Investment Fund, Queensland Treasury <https://www.treasury.qld.gov.au/programs-and-policies/housing-investment-fund/#:~:text=The%20Queensland%20Government%20has%20doubled,homes%20by%2030%20June%202027.>

¹⁰ <https://fac-web.squid.cloud/reforms/future-directions/partner-with-the-nsw-government>

¹¹ <https://www.homes.vic.gov.au/social-housing-growth-fund#:~:text=The%20Rapid%20Grants%20round%20includes,all%20projects%20commenced%20in%202021.>

¹² Community Housing Asset and Investment Plans, https://www.housing.sa.gov.au/__data/assets/pdf_file/0003/130692/Our-Housing-Future-2020-2030.pdf

¹³ Tasmanian Budget 2021-22, https://www.premier.tas.gov.au/budget_2021/housing_and_community#:~:text=The%202021%20D22%20Tasmanian%20Budget,appropriate%20housing%20for%20all%20Tasmanians.

¹⁴ <https://www.mediastatements.wa.gov.au/Pages/McGowan/2021/09/875-million-to-significantly-boost-social-housing-in-WA.aspx>

¹⁵ Community Housing Growth Strategy 2022-32, https://tfhc.nt.gov.au/__data/assets/pdf_file/0009/1099170/tfhc-community-housing-growth-strategy-202232.pdf

We would be interested to know if there are any proposed mechanisms, other than advices by the Council and annual reviews, which ensure the distributions from the Fund are made equitably or are prioritised to recipient individuals, organisations and State or Territory Governments across Australia, that ensure the benefit of the grants are delivered to those areas which are in need of the most support.

We note under the proposed s18 of the HAFF Bill, the Minister can provide financial assistance by way of grants to:

- persons (individuals, partnerships, body politics and body corporates) in relation to acute housing needs; and
- a State or Territory in relation to acute housing needs, social housing or affordable housing.

The HAFF Bill defines *acute housing* as crisis housing offered to cohorts at serious risk of, or who are already experiencing, homelessness, including short-term and emergency housing, medium to long term transitional housing and specialist services in relation to housing.

Social housing is defined to include “community housing and public housing”, and *affordable housing* is defined to include “housing types that seek to reduce or eliminate housing stress for low to moderate income households where housing stress is typically defined as spending more than 30% of household income on housing costs”.

Although we are supportive of the above distinctions, we query whether non-government organisations, community housing organisations, not-for profits entities or alike should also have an ability to apply for a grant in relation to social and affordable housing projects as well as acute housing, as is possible with some of the State initiatives. We note the National Housing Accord 2022 states that these measures seek to facilitate superannuation and institutional capital investment in social and affordable housing, alongside established State and Territory programs¹⁶.

We also suggest clarification is provided as to what other criteria, if any, must be satisfied in order to be eligible, or successful for a grant.

It is our view that an extensive criterion should be satisfied prior to approval of a grant, including the number of proposed new acute, social or affordable houses to be built for a particular project, location of the project, evidence based modelling, and anticipated outcomes for vulnerable Australians, to ensure that funds are distributed in alignment with their intended purposes. We presume part of the annual review process will include reporting on milestones or particular funded projects to ensure the initiative is effectively achieving the intended strategic outcomes.

Further information should also be provided about the expected time frame for processing grants and distribution. It is our view that every reasonable effort should be made to expedite the process for parties so that those in reliance on funding to proceed with or complete social and affordable housing projects can do so in a timely manner.

¹⁶ National Housing Accord, p22 <https://ministers.treasury.gov.au/sites/ministers.treasury.gov.au/files/2022-10/national-housing-accord-2022.pdf>

Additionally, we are supportive of:

- s18(4) and (5), whereby a grant may include the reimbursement or part reimbursement of costs or expenses that a party has incurred or expended prior to receiving a grant;
- s24, which provides an exception to publication of information relating to grants, in order to protect the privacy of names and purposes of grants made to individual recipients; and
- s41 which provides that the Fund shall be invested and managed independently by the Future Fund Board within the parameters of the HAFF Bill, with the Federal Government only giving strategic guidance to the Future Fund Board at arm's length from the Government, being consistent with other investment funds managed by the Future Fund Board.

3. National Housing Supply and Affordability Council

As noted in Part 1, we welcome the establishment of the Housing Council, being an independent statutory advisory body to inform the Federal Government's approach to housing policy.

In particular, we consider the following functions of the Housing Council to be highly integral to the success of the Housing Package and future housing policy of the Federal Government:

- the reporting function including an annual reporting to the Minister on housing supply issues and affordability-related matters:
 - matters which have the potential to materially impact housing supply and affordability;
 - rental affordability;
 - homelessness; and
 - the number of new social and affordable houses being build annually;
- the research function allowing the Minister to request the Housing Council to undertake research on a specific matter relating to housing supply and affordability, including:
 - monitoring conditions such as home ownership;
 - rental adorability;
 - homelessness; and
 - the number of new social and affordable houses being developed; and
- the provision of independent advice to the Minister:
 - on the appropriate allocation of disbursements from the Fund;
 - on specific matters being considered at intergovernmental fora involving the Federal Government; and
 - to assist States and Territory Governments when deciding housing policy.

We strongly support each function, which in our view will provide the Minister with essential insights from industry experts, will promote agility and keep the Minister and relevant Departments informed of important matters effecting the housing markets across Australia. We agree that the Housing Council will be an excellent resource for the Minister to utilise to obtain essential data, trends and market analysis to directly inform policy and strategy.

We consider it important that the Housing Council keep discretion over their functions and powers and are pleased with this approach being taken in the Housing Council Bill.

In our view, it is essential that the members of the Housing Council are sufficiently representative of the housing sector across Australia, with the relevant industry expertise and standing to effectively fulfil the above functions, particularly if same are providing advices as to the appropriate allocation of distributions.

By comparison, the Queensland Government has recently appointed a Housing Supply Expert Panel for a two-year term, for similar purposes, to consult on matters that may inform the State Government's housing policy and strategy.

Twelve members including myself, have been appointed to the Housing Supply Expert Panel across property development, real estate, town planning, demographics, economics and Indigenous housing.

We note that the proposed Housing Council will only consist of seven members. The process for selecting members for consideration of appointment is not clear. We would welcome further information about this process, and if members are to be self-nominated.

We suggest for consideration, whether the number of appointed members should be increased to ensure substantial representation across the relevant subject matters listed in s22(2) of the Housing Council Bill including economics, planning and demography, social housing, social and homelessness policy, regulation and residential construction. In our view, it is equally essential that appointed members are representative and have standing across each jurisdiction of Australia.

Although we acknowledge there may be some benefit to a smaller group, it is our view that in order to deliver the functions proposed by the Housing Council Bill, the Housing Council would benefit more from a greater number of appointed members to ensure relevant matters, evidence and expertise are taken into consideration when reporting, researching and providing advice.

Additionally, we are supportive of the approach taken that an appointed member is to hold office for four years and for a total period of 8 years, to ensure the Council continues to develop and build its capabilities with the perspectives of newly appointed members.

4. Housing Australia

We note the Amendment Bill proposes to rename the NHFIC to 'Housing Australia' and NHFIC Act to 'Housing Australia Act'. It is our view that the renaming of this entity and legislation is not contentious and aligns with the Federal Government's objectives expanding the remit of the NHFIC's function, to be delivered once the Housing Package is enacted.

We commend the addition of an annual review mechanism of Housing Australia's activities to ensure the Minister maintains regular oversight of the initiative and to assess whether the activities are furthering the Federal Government's objectives in increasing and accelerating the supply of new social and affordable housing.

5. Conclusion

We are pleased with the proposed commencement provisions of each Bill, and in particular that the HAFF Bill will come into effect by proclamation, or otherwise, six months from royal assent.

Although we believe the initiatives established under the Housing Package will bring positive change and some relief to the housing markets of Australia longer-term, it is our view that all levels of Government must cooperate and collaborate on shorter-term solutions to provide the necessary relief to communities across Australia in the meantime.

The REIQ is committed to continuing to work with the Queensland Government and relevant stakeholders to develop, investigate and consult on measures to improve the housing market and reduce the instance of homelessness in Queensland.

With other shorter-term measures announced in the Federal Budget of October 2022, such as support for pathways to ownership and incentives to downsize, we look forward to positive progress.

We welcome any further opportunity to discuss the Housing Package with Treasury.

