

HOUSING AFFORDABILITY: Tackling the challenge together

The housing continuum

Crisis

Social

Affordable
rental

Private rental

Assisted Home
OwnershipHome
Ownership

Housing is a core human right and is critical to the social and economic participation of all members of our community.

Options for housing appear along a continuum, ranging from crisis housing for those most vulnerable in our community at one end, to private home ownership at the other end. While there are gradual steps up and down the continuum as individuals move from one form of housing to another, there are vast differences in how housing is delivered from one end to the other.

There are many planning, policy, regulatory and incentive strategies that can be utilised to improve the affordability and accessibility of housing in any one stage of the continuum. However, when the continuum is addressed as a whole, and a range of solutions are employed to target supply and demand issues from crisis housing to home ownership, there is a higher likelihood of delivering improved accessibility and affordability across the spectrum.

With housing affordability recognised as one of the country's biggest issues- and continuing to grow- providing a supply of housing that meets the needs of low and moderate income earners will be all the more important. Understanding demand and increasing supply will provide opportunities for people to move along the continuum out of government-assisted housing, into the affordable private rental or home ownership market.

In its F2017-18 Budget, the Federal Government made a number of announcements to address the issue of housing affordability at several points along the continuum. While these much-needed initiatives are welcome, there's still

much more that can be done at a local level to leverage these initiatives. The release of the Queensland Government's *Queensland Housing Strategy 2017-2027* and *2017-2020 Action Plan*, is a welcomed first step to developing a comprehensive suite of policy settings. However, as acknowledged by the Minister and Government, the actions include many commitments for further investigation and development, and as such, there is more work to be done.

Taking the next step

The Property Council of Australia and the Queensland Council of Social Service (QCOSS) have partnered to look at how government, non-government, and private sector organisations can work together to affect a positive impact on housing affordability and accessibility in Queensland, particularly for low and moderate income earners.

Together we commissioned Urbis who produced a report titled *Affordable Housing Research: Addressing the Queensland Affordability Gap*, to shed light on the extent of the affordability issue in Queensland. From this research we have identified a list of recommendations that both organisations agree are needed to address the affordability gap.

Joint recommendations:



Expand the SEQ Housing Supply Expert Panel



Better use of Government resources



Regulatory reform



Incentives



More choices for renters

RECOMMENDATIONS:

Expand the SEQ Housing Supply Expert Panel

We need to develop an understanding of the demand for social and affordable housing, as well as where and how that demand is being addressed. Achievement of sustainable change requires cross sectoral collaboration and a consistent central point of reference for data collection, research and monitoring of the housing market.

The Queensland Government's move to establish the South East Queensland (SEQ) Housing Supply Expert Panel is strongly supported, however, monitoring and reporting on housing supply across the continuum is needed throughout Queensland and therefore the panel should be expanded. Furthermore, it is important that the panel is independent and brings together private, public and non-government sectors to provide solutions to current and future housing needs.

Setting a target

QCROSS and the Property Council recommend that the Queensland Government, through the expanded Housing Supply Expert Panel, set and monitor targets for affordable and social housing in regions across Queensland. Until such time as the Housing Supply Expert Panel establishes tangible targets, we recommend that the Government set a minimum target of 38,000 affordable dwellings, and 15,000 social housing dwellings over for the next 10 years.

Make better use of government resources

Unlocking government land

As the largest landholder in Queensland, the State Government has the capacity to swiftly increase both social and affordable housing stock across the state, by releasing government land with incentives and/or requirements. This would not require a commitment of large amounts of capital expenditure and would see effective utilisation of public assets. The *Advancing our Cities and Regions Strategy* provides a framework for this to occur.

Utilising infrastructure reserves

In addition to surplus land, the Queensland Government holds land acquired in anticipation of future infrastructure requirements. Other jurisdictions have successfully adopted measures to make use of this land for crisis and temporary accommodation, an approach that should be explored here in Queensland.

Social housing renewal

Existing social housing stock, especially aged and underutilised assets, should be transferred to non-government organisations (NGOs) and the private sector to increase the availability of quality, fit-for-purpose social housing. Alternatively, longterm leases would provide NGO's the ability to leverage and borrow funds to invest in affordable housing. NGOs should also be supported through access to state-based capital and growth funds- similar to the Federal Government's National Housing Finance and Investment Corporation- to enable their ongoing viability and expansion.

Better management of housing services

Social housing providers have the capacity to provide innovative and flexible service delivery and asset management, but are constrained by a range of policy and regulation. Supporting non-government management of social housing by providing certainty, developing effective partnerships, facilitating transfer of assets and/or management rights, and offering tax incentives along with the access to capital and growth funds, will provide a platform for the sector to grow.

Crisis	Social	Afford. Rental	Private	Assisted Owner	Owner
✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	
✓	✓	✓	✓	✓	✓
✓					
	✓				
✓	✓	✓			

There are lots of different ways to address the issue of housing affordability. Individually, implementation of the below strategies may have a small impact on improving affordability, but collectively, they can make a sustainable, long-term difference.

Undertake regulatory reform

A planning system that facilitates affordable housing

A streamlined and efficient land use planning system is needed to deliver an adequate supply of social and affordable housing in Queensland. The State must work with local governments to ensure planning schemes deliver a sustainable pipeline of land serviced by infrastructure, and that dwelling targets are monitored and reported on annually. Each year of delay in receiving planning approval costs \$6,470 (*Urbis- Greenfield Cost Impact Assessment, 2016*) - this is an avoidable cost, that is being added to the price tag of new homes.

Single housing code

Each Queensland local government has its own housing code, leading to considerable costs and inefficiencies in the design and construction of housing. Adoption of a mandatory housing code would address these issues and would also facilitate different forms of affordable and accessible housing, such as secondary dwellings, that are often not addressed in local government planning schemes.

Incentivise the delivery of affordable housing

Shared equity scheme

Queensland, like several other states, has a program providing shared equity affordable housing for people on low to moderate incomes. The Queensland program, however, is limited to eligible buyers who are currently a tenant in government-owned housing. The Queensland program should be expanded to accommodate social housing eligible applicants, as well as examined for opportunities for further expansion, to mirror the successful *Keystart* program in Western Australia.

Decreasing taxes, fees and charges

Government taxes, charges and regulatory costs can add approximately 22% to the cost of new housing. There are myriad opportunities for government to reduce this cost impost, with the most effective target being the progressive removal of stamp duty- which is not only a barrier to entry to the market, it is also a barrier to mobility. In the interim, stamp duty for seniors should be removed to encourage downsizing, and stamp duty thresholds should be reviewed to minimise the barrier to entry the duty creates for purchasers.

Local government incentives

Provision of housing is not just the responsibility of the State Government. Local governments have a significant role to play, through planning, taxes, fees and charges, along with the many policy levers at their disposal. Some local governments have already introduced incentives for desirable development types- such as student accommodation- through interventions including planning concessions, faster planning approvals and infrastructure charges discounts. Local government is encouraged to explore similar incentive packages to promote the delivery of social, affordable and accessible housing.

Create more choice for renters

Establishing Build-to-Rent

There is a recognised need and willingness for institutional investors to invest in rental housing. The Federal Government's decision to allow affordable rental housing within a Managed Investment Trust (MIT) is welcomed, however, more needs to be done to establish the Build-to-Rent sector in Australia. This includes ensuring that the Federal Government does not preclude MIT's from investing in market-led Build-to-Rent property. These properties are designed specifically for renters and there are several advantages for tenants, including onsite maintenance services, long leases and predictable rent increases.

Sub-market and affordable rental

Sub-market rentals offer properties for rent at below market rates to low income earners. Subsidies for investors, such as NRAS- which delivered approximately 38,000 new dwellings nationwide, rented at 80% of median area rent price- are demonstrated to add considerably to available stock, and the adoption of a similar program at a state-level is recommended.



Busting the myths

In the absence of a central agency tasked with monitoring and reporting on housing demand and supply, there are many myths regarding the extent of the issue of housing affordability and accessibility. The Property Council and QCOSS commissioned Urbis to undertake research to bust some of these myths, and assist in identifying the extent of the affordability gap in Queensland.

FICTION FACT

Affordable housing is only an issue in Sydney and Melbourne

Analysis of the housing market in South East Queensland has identified a current shortfall (or affordability gap) estimated to be as many as 296,170 dwellings across the region for low income households, and 89,000 dwellings for moderate income households. Parts of regional Queensland are also constrained.

Providing affordable housing is the government's job

While government has a clear role to play in funding crisis accommodation and social housing, through increasing the supply of housing and managing associated services, the private sector and NGOs are critical to ensuring there is an adequate supply of affordable housing in Queensland.

There is a government body responsible for measuring, monitoring and reporting on housing

While many government departments, housing providers, local governments, private companies, and not-for-profit organisations collect information about various parts of the housing market, there is no central point of reference to understand the extent of the issue, or how it is being addressed.

Only home purchase, not rental affordability, is an issue

Queensland has the nation's highest proportion, 47.6%, of low income households in housing stress. In many local government areas across Queensland, median rents would not be considered affordable for low and moderate income households.

If people spent less on other things, they could afford to pay more rent

Research shows that low income households need to spend more than the accepted benchmark of 30% of household income to afford the median rental price in SEQ and major regional areas. With very little increase in wage growth and essential cost of living services such as electricity, food, education and health rising, further pressure will be placed on low and moderate income households.

I already own a house, so affordability is not my problem

Unaffordable housing costs governments and the community through rising welfare costs, and effects our economic competitiveness.

Affordability is only an issue while there is so much investor demand- it will balance itself out soon

Affordability is projected to rapidly decline over the next 10 years. Furthermore, understanding and meeting demand for different product types is currently an issue. Investment is required in housing that meets the needs of a range of household types.

There is one definition of 'affordable housing'

There is no one single, widely agreed definition. While 30% of household income being spent on housing is commonly used as a benchmark, recent experience shows this may be an inadequate mechanism, particularly in regional areas.

Source: Urbis, 2017

A joint position paper of the Queensland Council of Social Service and the Property Council of Australia.

www.qcross.org.au

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