Centre for Equitable Housing

A Per Capita initiative

The National Housing and Homelessness Plan: A historic opportunity not to be missed

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V&F HOUSING ENTERPRISE FOUNDATION

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Housing Policy - in need of a master plan

Per Capita welcomes the opportunity to make this submission on development of the National Housing and Homelessness Plan (NHHP).

The development of a new NHHP presents the Federal Government with an historic opportunity to reshape Australia's broken housing system, to modernise it for the needs of contemporary Australia and to leave a lasting legacy for future generations.

The turbulence and significant underperformance of the housing market over the past few years has highlighted the need for systemic reform: to reverse the declining levels of home ownership, to insulate renters from the vicissitudes of unpredictable rent increases and insecure tenancies and to provide sufficient social housing for a growing and ageing population.

The decline in home ownership, particularly among Australians under the age of 40, rapidly rising asking rents and historically low rental vacancy rates, and the dire shortage of community and public housing for the thousands of families and individuals languishing on social housing waiting lists are distinct yet closely related crises. Each is causing significant distress for Australian households and contributing to growing societal and economic problems that threaten the social cohesion and aggregate wellbeing of the Australian community.

A genuinely new approach to national housing policy, which draws together disparate housing policy domains into a cohesive plan to house everyone in a secure, safe, affordable and comfortable home, could address significant economic and social challenges facing our nation.

A reformed housing system, that takes as its founding principle the provision of a secure, safe, affordable and comfortable home for all residents in our wealthy country, is fundamental to Australia's future. It has the potential to reduce social ills such as crime, mental ill health, loneliness and isolation; to improve our economic growth and sustainability; to support our advance towards a post-carbon economy; to reduce inequalities of wealth and opportunity.

If formulated correctly, the NHHP could set out a national mission which has effects far beyond the provision of housing assets or even secure shelter.

Throughout much of the mid- and late-20th century, Federal Governments produced national housing plans that set ambitious targets and allocated significant resources to fixing systemic housing problems. The Federal Government was a significant non-market actor in the building of homes to rent and to buy. The result was a country with one of the highest rates of home ownership in the developed world, and relatively low economic inequality.

There is much to be learned from these past policy processes and the politics surrounding them. We can and must return to such an ambitious and demonstrably successful approach.

Research by the Centre for Equitable Housing at Per Capita shows that the social, economic and environmental arguments for governments to develop an ambitious and far reaching NHHP will soon be joined by a fourth key reason: as demographic and wealth trends shift, there will be an electoral toll on parties that fail to properly address the growing housing crisis.

Our research has shown that 78% of Labor voters and 80.5% of Liberal voters who are likely to change their vote at the next election rank housing affordability as highly important in determining their vote.[1] Younger and poorer Australians understand that they should have a right to a secure, safe, affordable and comfortable home, but this is not reflected in current policymaking.

The purported aim of the NHHP, as set out in the Issues Paper, is ambitious – to create *"a clear, long-term vision for the future of housing and homelessness policy in Australia"*.[2]

This is a worthy ambition. However, there are flaws with the current consultation and policy development process for the NHHP that threaten to obstruct such an ambitious aim, and may set Australia up for another lost decade for strategic housing policymaking.

Objectives for the NHHP

While the stated aim of the Issue Paper is to develop a clear long-term strategy, the purpose of the strategy is unclear, and an overarching objective, or mission, is not stated.

For example, an objective of housing all Australians in secure, safe, comfortable and affordable homes, *regardless of tenure*, would require a different strategy to one simply concerned with reversing the decline in home ownership.

Similarly, if the purpose of the NHHP is to eliminate homelessness, this would require a different policy framework than would the imperative to just improve current homelessness services.

Without an explicit overarching objective that covers the housing system as a whole, the consultation and plan development process risks being piecemeal, and untethered from a set of measurable outcomes that will genuinely and sustainably improve housing security for all Australians.

Critical omissions from the Issues Paper

The housing policy domain is broad and complex, making it challenging to incorporate all relevant policy elements into a single strategy (see Figure 1). This is not reason not to attempt a transformative strategy, but the complexity of, and interrelationship between, the many policy issues affecting the housing market must be acknowledged and grappled with. Specifically, it is important to note at the outset that improving outcomes for homelessness and social housing, which the Issues Paper focusses on, are unlikely to be

[1] Matt Lloyd-Cape, *The Australian Housing Monitor: Housing Affordability Experiences, Attitudes and Appetite for Change* (The Centre for Equitable Housing, 2023) <https://centreforequitablehousing.org.au/our_work/the-australian-housing-monitor/> ('*The Australian Housing Monitor*').

[2] Commonwealth of Australia (Dept. Social Services), *National Housing and Homelessness Plan Issues Paper* (2023) 10 <https://engage.dss.gov.au/wp-content/uploads/2023/08/national-housing-and-homelessness-plan-issues-paper_2.pdf>.

effective in the long run if significant changes are not made to the broader housing system. The current Issues Paper does not recognise this sufficiently, continuing as it does to treat various policy issues as separate challenges that can be addressed with piecemeal reform.

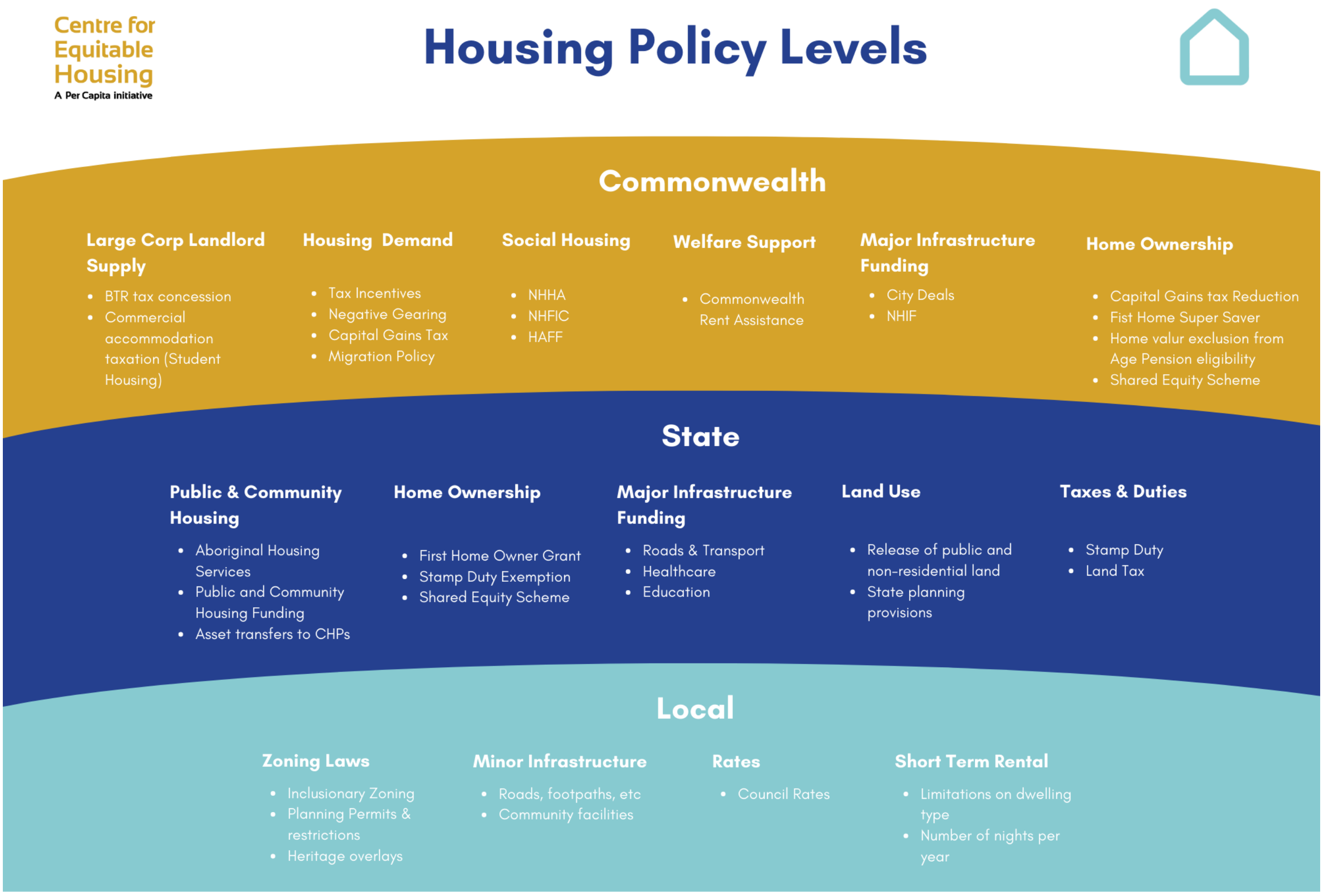
Housing policy incorporates everything from federal tax concessions to funding for social housing; from the RBA's target cash rate setting, to the regulation of pets in rental properties; from urban planning to the funding of homelessness services. The effects of individual policy changes too often have adverse, unforeseen consequences that may not be understood for decades. This makes it critical that master documents such as the NHHP establish an evidence basis of the causal effects on the housing system of different policy interventions, across all levels of government and by different ministerial portfolios, and encompass as broad a remit as possible.

Recent national housing strategies, such as the National Housing and Homelessness Agreement, have had a limited remit, and there has been an attempt to hive off homelessness and social housing issues from the broader housing market.

Therefore, Per Capita welcomes the current federal government's ambition of a broader housing policy and national strategy.

However, the Issues Paper does not encompass the full spectrum of policy domains that must be considered in order to draw up a cohesive, ambitious and achievable national strategy. The method of selection of policy issues for inclusion is not articulated, but it appears to be a conservative, "siloed" approach to a complex wicked problem.

Figure 1
Housing Policy Levels and Domains



Fundamentally, the structural causes of poor housing outcomes across the market must be diagnosed and their interrelatedness acknowledged and understood. This understanding is an essential precursor to enable the identification of specific policy interventions to be addressed by the strategy.

In the Issues Paper, trends affecting housing supply and affordability, and the risk of homelessness, are presented without a clear analysis of their causes, or recognition of the contestability of arguments around specific issues. The evidence of the causes of our broken housing system is not clearly articulated, yet the establishment of a strong evidence basis is essential to informing the necessary understanding of those causes.

Many assertions in the Issues Paper are simply not backed up by evidence or adequate analysis.

For example, in relation to the role of investors in resolving housing affordability, the Paper states that "[I]nvestors – both institutional and individual – are an important source of funding, particularly given the limited rental supply in Australia." (p62). However, one of the most significant trends in Australia's housing market over the past three decades has been the collapse of the share of investment going to construction of new dwellings, from an average of 18.7% in 1990-1995 down to 8.8% in the 2018-2023 period.

Investors do still play a role in the supply of new housing, but this significant fall in the share of investment directed to new construction must be acknowledged and interrogated. To simply state that investors are an important, therefore valuable, source of funding for housing supply in the face of a more than 50% fall in construction investment over a generation is a failure of analysis that will inevitably lead to inappropriate policy responses.

There are many key areas of policy that are lacking entirely from the Issues Paper. For example, the links between housing affordability and investor incentives such as tax concessions, the inadequate nature of mortgage lending regulation or the impact of population growth and the concurrent lack of infrastructure investment are barely mentioned.

The interrelatedness of elements of the housing system must be examined and understood if effective policy solutions are to inform the national strategy to address housing and homelessness. For example, Per Capita's 2022 report, *Housing Affordability in Australia: Tackling a Wicked Problem,* demonstrated how the structure of investment in the private rental market, which is dominated by small-scale investors or "hobby landlords", leads to housing insecurity and volatile prices for renters. We found that the instability and insecurity of Australia's residential rental market is in part caused by the structure of the Capital Gains Tax discount, applied after an investment property is owned for just 12 months, and its interaction with Australia's uniquely generous Negative Gearing regime, which encourages investors take on highly-leveraged debt to invest in rental properties in the pursuit of a medium-term, concessionally taxed capital gain. This creates a system of short rental tenures, which low-income renters are least able to accommodate,[3] and means that too many landlords are unable to meet the cost of adequately maintaining the quality and safety of the homes they rent to other people.

Acknowledging such causal linkages between different areas of economic policy and seemingly distinct elements of the housing market is fundamental to an appropriate and effective policy development process.

Importantly, an analysis of the distributional effects of policy settings is also conspicuously absent from the Issues Paper, despite the growing role of housing wealth in inequality within and between generations.[4] Gender inequality is playing out in, and amplified by, our current market-led approach to housing policy. It is also clear that current policy settings are leading to greater housing wealth returns to older and wealthier people, at the expense of younger and poorer Australians. Parental wealth is now a key determinant of a person's ability to buy their own home,[5] but the drivers of housing inequality and distribution of property wealth are not directly addressed in the Paper. This means that identifying

[3] Matt Lloyd-Cape, *Regulating Rentals in Australia: What Works?* (Centre for Equitable Housing, 2023) <https://centreforequitablehousing.org.au/our_work/regulating-rentals-in-australia-what-works/> ('*Regulating Rentals in Australia*').

[4] Rachel Ong ViforJ and Christopher Phelps, 'The Growing Intergenerational Housing Wealth Divide: Drivers And Interactions In Australia' (2023) 40(2) *Housing, Theory and Society* 238 ('The Growing Intergenerational Housing Wealth Divide').

[5] Emma Dawson, Matt Lloyd-Cape and Michael D'Rosario, *Housing Affordability in Australia - Tackling a Wicked Problem* (2022) <https://percapita.org.au/blog/our_work/housing-affordability-in-australia-tackling-a-wicked-problem/>.

appropriate government intervention to reduce such inequality and appropriately distribute the wealth built upon land and rents is left out of the scope of the strategy.

Appendix 1 summarises some of our work on many of the key policy areas that are critical for inclusion in the NHHP, grouped into three key "issue baskets":

- *the crisis of housing affordability and availabillity for low-income households;*
- *housing financialisaton and the decline of owner occupancy;* and
- *modernising the growing rental market.*

For greater detail on any of these areas, our work can also be viewed in full at the Centre for Equitable Housing website.

- For a systemic overview of housing issues affecting the country, please see *Housing Affordability in Australia: Tackling a Wicked Problem*
- To see our work on rising owner occupancy costs, please see *Generation Stressed: House Prices and the Cost of Living in the 21st Century*
- For a summary of proposed rental regulatory changes, please see *Regulating Rentals in Australia: what works?*
- Our nationally representative housing survey report the *Australian Housing Monitor: Housing affordability experiences, attitudes and appetite for change* provides an overview of how housing is currently experienced by the public, and shows their preferences for policy reform.
- For a gender lens on housing experiences and attitudes, *Glass Ceilings: Gendered Inequality in the Housing System* provides an invaluable resource.
- For an understanding of the role that short term rentals such as Airbnb play in the market, and the possibilities for regulatory reform of this sector, please see our report, *Light as Air: Regulating Short Term Rentals in Australia.*

Current policies and their effectiveness

The Issues Paper describes new Government programs and discusses some existing programs. However, these are not analysed for effectiveness, either on their own merits, or in comparison to other Australian programs, or in relation to housing programs from other national jurisdictions.

For example, Commonwealth Rent Assistance (CRA) spending is one of the largest single expenditures on housing by the Australian Government, dwarfing capital investment in social housing. Yet key questions that must be asked about the CRA scheme are absent from the paper. Such foundational questions might include: Is this spending effective in improving housing affordability and reducing homelessness risk? How does expenditure on CRA compare to direct investment in social housing stock to house price growth? More broadly, how effective is investment in preventative measures to reduce the risk of homelessness compared to after-market interventions such as CRA for improving housing affordability and homelessness outcomes?

The Government must engage in an analysis of the effectiveness of current policy programs, assessed against its own objectives to improve housing affordability and reduce homelessness, as well as against other options for public spending.

Again, distributional questions are central to equitable and effective outcomes. For example, in 2021-2022 the Federal Government spent $1.3 billion on Specialist Homelessness Services for the roughly 120,000 homeless people in Australia. At the same time, tax deductions for (mostly) high income housing investors led to $18 billion in revenues foregone in 2021-22, rising to over $24 billion in 2022-23.[6]

The Government must acknowledge and address the causal relationship between policies that increase house prices by encouraging speculative property investment and the extreme unaffordability of housing for low-income Australians that is a major driver of homelessness.

Given the critical importance of a ten-year plan such as the NHHP, the Government should engage in a stocktaking exercise. Ideally, this would result in an interdepartmental housing portfolio statement detailing the different housing programs and an assessment of their value, effectiveness and distributional effects. This would allow ministers, public servants and the public to fully understand the nature of our housing system and the impact of any proposed reforms to achieve the Government's stated objectives for housing in Australia.

Management of NHHP development

Strategic national housing plans have declined in their ambition and scope for well over 30 years. This has contributed to housing policy being increasingly scattered through different arms of the Federal Government, with core regulatory systems governing supply and demand devolved to state and territory governments and local councils (this latter largely dictated by the limits of the Australian constitution). As a result of the extreme marketisation of the housing system, national responsibility has been reduced to providing homelessness services and social housing and rent subsidies for Australians on the very lowest incomes. A role for the government beyond the provision of a safety net to serve those without market value has been eschewed for generations, despite the demonstrated success of government as a non-market player throughout the housing system in the post-war years.

A return to an effective, equitable and sustainable housing strategy, aimed at providing everyone with a secure, safe, comfortable and affordable home, cannot occur without an honest assessment of current policies and programs and their role in creating the housing affordability and homelessness crisis now upon us.

The current arrangement, in which the Department of Social Services is managing the development of the NHHP, indicates that, in the eyes of key policy makers, **the role of government in regulating our housing**

[6] Michael Read, 'Landlord Tax Breaks to Exceed $100b', *Australian Financial Review* (online, 28 February 2023) <https://www.afr.com/policy/economy/landlord-tax-breaks-to-exceed-100b-20230228-p5co3u>.

system remains that of simply the provider of a safety net for those whom the market does not find valuable enough to serve.

While the DSS does manage several housing policies and programs, the distribution of housing policy across government requires far more interdepartmental involvement than appears to be taking place in the development of the NHHP. Housing is not first and foremost a social security issue: it is a critical component in our national economic development, a primary determinant of health and wellbeing outcomes, and fundamental to household economic security. Around one in twenty workers is employed in construction. The value of residential dwellings is four times larger than GDP. Nearly every single Australian, regardless of their income, "consumes" housing every single day of their lives.

Confining the NHHP within DSS boundaries ignores the enormous importance housing plays in Treasury, Home Affairs, Skills and Training, Indigenous Policy, Climate Change and Energy, and Infrastructure, Transport, Regional Development and Local Government. **It speaks to a lack of ambition within the Government to do what is necessary** to reduce and, eventually, eliminate homelessness and to restore the right for all Australians to a secure, safe, comfortable and affordable home: the very bedrock of human wellbeing, social participation and economic security.

An appropriately cross-portfolio body should be tasked with the development of our national long-term housing and homelessness plan. Many experts have recommended that Housing Australia is the appropriate body for this task, given its position as the independent national housing authority.[7] Not only is it the most appropriate body, the development of the NHHP would lead to significant internal capacity development of this newly expanded government entity.

Next Steps for the NHHP process

The need for clear underlying principles

The NHHP consultation must begin with determined and ambitious targets and an explicit mission, tied to a statement of principle. The current Issues Paper presents an ambition to generate a clear national strategy, but a strategy *for what?* This is not made clear in the paper and, without a clear understanding of what the Government aims to achieve through this Plan, it is difficult for stakeholders to engage productively in the process.

We urge the Government to establish the underlying principles by which to guide housing policy over the next 30 years. There is no better starting point than that expressed in the 1945 Commonwealth-State Housing Agreement (CSHA) that:

> *"…a dwelling of good standard and equipment is not only the need but the right of every citizen – whether the dwelling is to be rented or purchased. No tenant or purchaser should be exploited for excessive profit"*[8].

[7] Chris Martin et al, 'Towards an Australian Housing and Homelessness Strategy: Understanding National Approaches in Contemporary Policy' [2023] (401) *AHURI Final Report* <http://www.ahuri.edu.au/research/final-reports/401>

[8] Patrick Troy, 'The Commonwealth Housing Commission and National Housing Policy' (4th State of Australian Cities National Conference, 24-27 November 2009, Perth, Australia, 2009) <https://apo.org.au/node/60176>.

Setting an unambiguous, rights-based approach to housing will lead to improved policy development in the interests of the Australian people and our social cohesion as a nation.

Beyond foundational rights-based principles, the Federal Government must establish the reasons for its role in the development of housing policy, specifically that:

- Coordination by federal government is critical to control the effects of national policies such as monetary policy, property taxes, population growth and distribution and macro-prudential regulation;
- Funding for social housing construction and maintenance, and for the provision of homelessness services, by the Federal Government is critical due to Commonwealth-State tax arrangements and the capacity of the Federal Government to issue currency and take on debt; and
- The urgency of systemic housing policy reform to halt the rise of significant housing insecurity and homelessness risk requires coordination between all layers of government that only the Federal Government can manage.

A mission-oriented approach with ambitious objectives

Per Capita endorses the proposal by Chris Martin et al (2023)[9] that a "mission-oriented" approach to housing policy must be taken by the Federal Government, similarly to its approach to industry policy and public infrastructure investment.

Under such an approach, there must be a clear understanding that government's role in a market economy is to shape markets in the interests of citizens, and to clearly define the parameters of market and non-market areas of housing. Treating housing security and affordability as a mission, with a clear and long-term declaration of commitment to provide all Australians with a secure, safe, comfortable and affordable home, will encourage the mobilisation of political will and private sector resources.

Australian Labor Governments have led incredible and transformative missions in the past, many of them inconceivable before they were enacted. These include the establishment of Medicare, the creation of the universal superannuation system, and more recently, the establishment of paid parental leave and the National Disability Insurance Scheme. The post-WWII Commonwealth-State Housing Agreement, which was part of the fundamental economic reforms of the Curtin and Chifley Governments that built Australia's strong and stable middle class, should be seen as just such a transformative, mission-based approach.

Our proposed mission is "that all Australians be housed in secure, safe, comfortable and affordable homes."

[9] Martin et al (n 7).

Dividing the issues into manageable categories

Given the scale of the mission outlined above, it would be preferable to split the process into distinct categories in order to allow for sufficient attention in each key area. While there are several ways this could be carried out, one approach would be to split the policy development process into four categories:

1. Home ownership
2. Private rentals
3. Social housing
4. Homelessness services

Under each of these policy groupings, a process of discussion is needed to establish:

1. A baseline of trends and key data;
2. Key Government objectives and targets;
3. A clear diagnosis of the issues preventing progress toward identified objectives;
4. A set of potential policy responses for public discussion;
5. An analysis of where responsibilities lie, where intergovernmental coordination is needed, and which institutions can best fill that role; and
6. Indicators for measuring progress toward these goals.

Such a model would foster a clearer understanding of the issues in each category, which could then be compiled into an overarching housing and homelessness strategy. This will require a commitment from Government to a more comprehensive process of consultation and policy development prior to the publication of the NHHP.

A commitment to major change must be central

Underpinning this approach is the need for an expression of significant government commitment to the process of reform. This would best be shown through legislating the NHHP, as has been done in other countries including Canada and Scotland.[10]

Centralising the right to a secure, safe, comfortable and affordable home in the NHHP would provide an appropriate moral and social purpose for housing policy. Legislating the NHHP would further legitimise the plan and safeguard it against attempts at recidivist policymaking in the future.

Fundamentally, the NHHP must not be seen as a process through which the management of an existing system is tweaked. Instead, it should be seen as a major national long-term project fix a set of failing, uncoordinated, overlapping policies that have contributed to a largely broken housing system. The Government must not shy away from the inevitable distributional questions in this process.

Fixing the housing crisis requires us to grasp the nettle of real reform, and eschew the easy option of tinkering with a demonstrably failing system for fear of upsetting the rapidly dwindling number of winners of the current property game. A secure, safe, comfortable and affordable home for all must be our goal.

[10] Ibid.

Appendix 1: Three key "issue baskets"

Per Capita has carried out research into various areas of housing, which can be found here.

While there are different ways to explore the issues and policies required for the improvement of our housing system, this section presents our research on a range research and policy issues into three critical "issue baskets":

- *the crisis of housing for low-income households,*
- *housing financialisaton and the decline of owner occupancy,* and
- *modernising the growing rental market*

While they are interlinked and overlapping, establishing themes under which policy challenges can be viewed is useful in helping to set objectives, and conforms to our proposed division of issues outlined above.

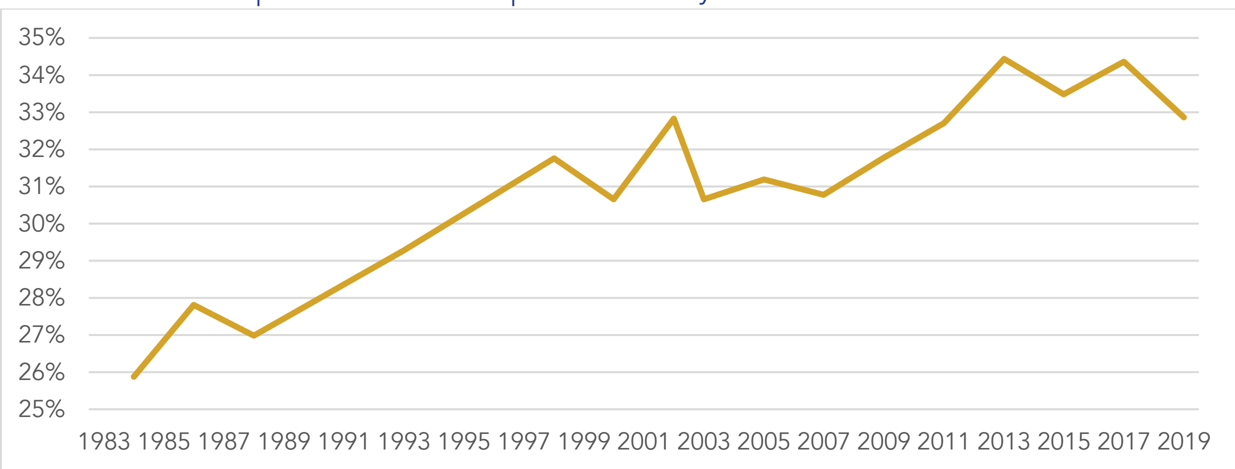
The Housing Crisis for Low-Income Households

Social housing in rapid decline

For low-income households (those in the lowest 20% of income earning), housing costs have been increasing for decades. As Figure 2 shows, the share of income spent by low-income households has risen from an average of 26% in 1984, to around 33% in recent years, placing the average low-income renter household into housing stress.

Figure 2

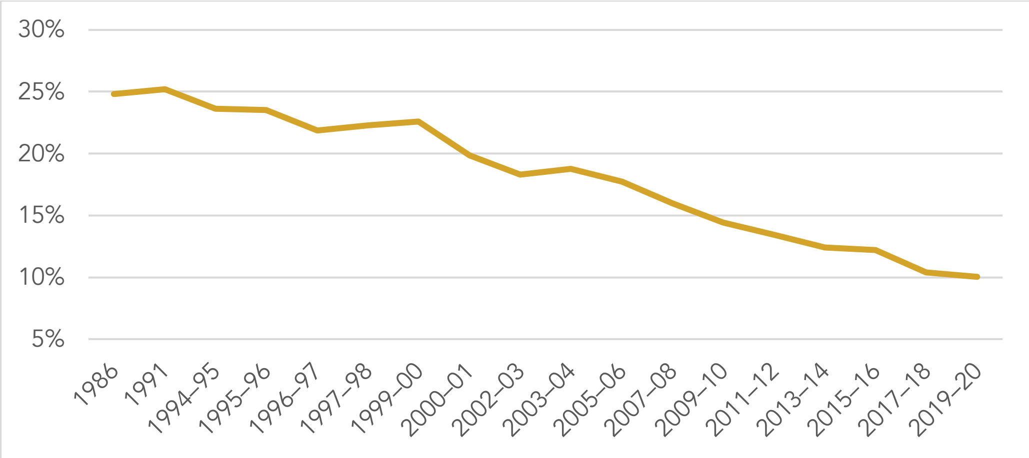
Proportion of income spent on rent by low-income households



Source: Interim Economic Inclusion Advisory Committee, *2023–24 Report to the Australian Government* (2023).

One of the main causes of this trend has been the residualisation of the social housing system. Over the same period, social housing stocks have declined dramatically. In the mid-1980s roughly one in four renters were housed in social housing, effectively removing most low-income renters from the private rental market. However, this share has declined to less than one in ten (Figure 3)

Figure 3
Social housing tenants as a share of all renters

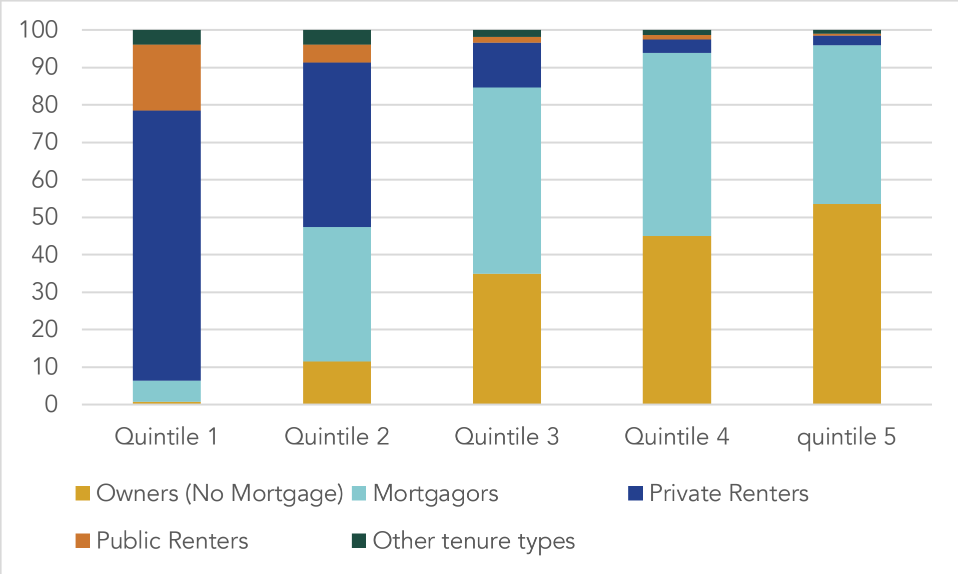


Source: Authors calculations based on ABS census data and ABS Housing and Occupancy Costs (various years).

As a consequence, in 2019/20 roughly 90% of households in the lowest net worth quintile rented - 72% in the private market, and just 17% in social housing (see Figure 4).[11] The private rental sector is not often the most appropriate tenure for low-income households, due to the unpredictable prices, fewer avenues for redress from negligent landlords, and insecurity over tenure length.

[11] Nalini Argarwal, Robert Gao and Megan Garnder, *Renters, Rent Inflation and Renter Stress* (Reserve Bank of Australia, 16 March 2023) <https://www.rba.gov.au/publications/bulletin/2023/mar/renters-rent-inflation-and-renter-stress.html>.

Figure 4
Distribution of Housing Tenure



Source: Argarwal, Gao & Garner (2023)

Social housing plays a critical role in our shared social infrastructure. Many Australians are not able to find secure, affordable or appropriate housing in the private housing market because of factors including, declining social welfare payments, uncontrollable personal circumstances, and discrimination from landlords. Social housing can offer capped rents, protecting tenants from losses in income, relatively secure tenure and access to specialised support services.[12] Over 90 per cent of social housing tenants surveyed by the Australian Institute of Health and Welfare in 2022 reported that their social housing unit made them "feel more settled" and supported them managing their finances.[13] Moreover, access to public housing has been found to act as a protective factor against homelessness in Australia.[14]

Social housing can be conceptualised as a form of social infrastructure. Social infrastructure refers to "physical assets" supporting the social and economic development of communities. These include schools, hospitals, and community centres, as well as social housing dwellings.[15] Investment in social infrastructure realises economic and social benefits. In the case of social housing, reduction in housing stress, insecure tenure and homelessness has been found to produce a range of social benefits. Such benefits range from increases in household expenditure, reduced mental and physical ill-health, higher educational attainment, reduction in hospital bed occupancy and reduced pressure on homelessness

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[12] Productivity Commission, *5 Social Housing in Australia* (5 September 2023) <https://www.pc.gov.au/inquiries/completed/human-services/reforms/report/02-human-services-reforms-housing.pdf>.
[13] Australian Institute of Health and Welfare, '3 in 4 Social Housing Tenants Satisfied with Their Housing' (20 October 2022) <https://www.aihw.gov.au/news-media/media-releases/2021/october/tenant-satisfaction-with-social-housing-linked-to>.
[14] Guy Johnson et al, 'How Do Housing and Labour Markets Affect Individual Homelessness?' (2019) 34(7) *Housing Studies* 1089.
[15] Chris Chan et al, *Public Infrastructure Financing: An International Perspective* (March 2009) <https://www.pc.gov.au/research/supporting/public-infrastructure-financing/public-infrastructure-financing.pdf>.

services.[16] Productivity gains associated with construction, design and ongoing operation of social housing dwellings may also considered as benefits of investment in social housing infrastructure.[17]

Overall, the economic return to investment in social housing has been estimated at $2 for every $1 invested.[18] Despite broad benefits associated with social housing investment, public investment has largely shifted towards demand-side interventions, with the private sector playing a growing role in the financing, construction, and operation of both subsidised and market-rate housing.[19]

Contemporary social housing provision in Australia has been referred to as an "ambulance service", with housing increasingly allocated to those with complex issues. Given the scarcity of dwellings, Freund et al. (2022) note that "having a very low income alone is rarely enough to access social housing".[20]

In 2020-21, fewer than 30,000 applicants were granted social housing tenancy. When adjusting for population, the rate of social housing allocation is 61 per cent lower than 1991.[21] There are now around 170,000 people on waiting lists for public housing alone.[22] Recent interviews with individuals currently on social housing wait lists by Morris et al. for the University of Technology Sydney's Institute for Public Policy and Governance found many wait list members were either marginally accommodated or homeless, or living with extreme anxiety surrounding future increases to housing costs or eviction. Members of both the priority and general wait lists reported extreme financial stress, food insecurity and poor physical and mental health.[23]

Alongside changes in social housing eligibility, social housing provision and operation in Australia has increasingly relied upon private investment and non-government partnerships. New dwelling construction is often achieved through joint ventures between private developers, government, and the not-for-profit sector. Governments have been described as 'steering' rather than 'directing' social housing provision, shifting responsibility to non-governmental providers through taxation incentives, private finance and planning incentives.[24]

The retraction of government leadership within social housing has several possible implications. Firstly, in some cases, funding is increasingly provided by service users, with projects relying on rent payments from tenants. This reduces the number of social housing dwellings accessible for very low-income households,[25]

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[16] Christian Nygaard, *Social and Affordable Housing as Social Infrastructure A Literature Review for the Community Housing Industry Association* (Centre for Urban Transitions, 7 November 2019) <https://www.communityhousing.com.au/wp-content/uploads/2019/11/Social-and-affordable-housing-as-social-infrastructure-FINAL.pdf?x12261>.

[17] Julie Lawson, Laurence Troy and Ryan Van Den Nouwelant, 'Social Housing as Infrastructure and the Role of Mission Driven Financing' [2022] *Housing Studies* 1.

[18] SGS Economics & Planning, *Economic Impacts of Social Housing Investment* (June 2020).

[19] Lawson, Troy and Van Den Nouwelant (n 17).

[20] Megan Freund et al, 'The Wellbeing Needs of Social Housing Tenants in Australia: An Exploratory Study' (2022) 22(1) *BMC Public Health* 582 ('The Wellbeing Needs of Social Housing Tenants in Australia').

[21] Hal Pawson and David Lilley, *Managing Access to Social Housing in Australia: Unpacking Policy Frameworks and Service Provision Outcomes* (UNSW City Futures Research Centre, May 2022) <https://cityfutures.ada.unsw.edu.au/documents/689/Waithood_final.pdf>.

[22] Australian Institute of Health and Welfare, 'Housing Assistance in Australia' (29 June 2022) <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/contents/households-and-waiting-lists>.

[23] Morris, Idle and Robinson (n 21).

[24] Katrina Raynor, 'Assembling an Innovative Social Housing Project in Melbourne: Mapping the Potential for Social Innovation' (2019) 34(8) *Housing Studies* 1263 ('Assembling an Innovative Social Housing Project in Melbourne').

[25] Lawson, Troy and Van Den Nouwelant (n 17).

and leads some community housing providers to minimise their risks by avoiding letting properties to younger or higher risk applicants. Secondly, the efficiency gains associated with the financialisation of social housing is dubious. Administrative costs associated with complex partnership arrangements can be significant.[26] Modelling by Lawson et al. (2022) finds that direct investment into public housing construction and operation is more efficient and effective than subsidies to non-government social hosing providers.[27]

The shift from state-as-landlord to after-market support

While private renters are sometimes eligible for CRA, CRA subsidises rather than caps rents. This has led to a large portion of recipients remaining in rental stress after receiving payments. 2020 modelling by Ong et al. found that over a third of low-income recipients of CRA were still paying more than 40 percent of their incomes on housing costs after rental assistance was deducted from rents. Moreover, the modelling found that 18 per cent of low-income private renters ineligible for CRA were paying more than 30 per cent of their income on housing costs, showing a pressing need for the reform of the CRA eligibility criteria.

Despite the re-centring of housing assistance towards rental subsidies, Commonwealth Rent Assistance is not within the scope of the NHHA. This is a departure from the CSHA's, which included CRA within their funding agreements. **The exclusion of the country's largest form of housing assistance is emblematic of the NHHA's lack of policy integration and coordination.** The NHHA is not able to report on CRA funding, targeting and outcomes, greatly limiting the extent to which the agreement can report on the fast-growing private rental sector.[28] It is critical the NHHP incorporates all federal housing programs in its purview.

The Federal Government now spends $7.5 billion per year just on Commonwealth Rent Assistance,[29] nearly five times the budget of the NHHA. But so far as we are aware, there has not been a Federal Government review of the effectiveness of investment in non-market housing, compared to spending on after-market housing subsidies.

Furthermore, social housing investment is considered by the public to be critically important. The Housing Monitor 2023 survey has shown that the decline of public housing investment is an issue of extreme concern among the majority of Australians, and an increase in public housing construction was the most preferred policy option for addressing housing affordability.[30]

The factors leading to the residualisation of social housing need to be properly incorporated into the NHHA in order to be addressed over the coming decade. The current situation is not natural or inevitable, but the outcome of political choices. Resolving this decline in social housing requires a significant shift in

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[26] Julie Lawson et al, 'Social Housing as Infrastructure: An Investment Pathway' [2018] (306) *AHURI Final Report* <https://www.ahuri.edu.au/research/final-reports/306> ('Social Housing as Infrastructure').
[27] Lawson, Troy and Van Den Nouwelant (n 17).
[28] Australian Housing and Urban Research Institute, *AHURI Submission to the Productivity Commission Review of the National Housing and Homelessness Agreement (NHHA)* (March 2022) <https://www.pc.gov.au/__data/assets/pdf_file/0005/337514/sub052-housing-homelessness.pdf>.
[29] Australian Treasury, 'Delivering Cost-of-living Relief' (2023) <https://budget.gov.au/content/01-col-relief.htm>.
[30] Lloyd-Cape, 'The Australian Housing Monitor' (n 1).

political will, and a recommitment by federal and state government to act as a housing provider and landlord.

Housing Financialisaton and the Decline of Owner Occupancy

The 'financialisation' of housing refers to the fundamental shift of housing from being viewed as a means of acquiring shelter, to being viewed as a vehicle for investment. This shift is facilitated by governmental settings encouraging the treatment of housing as a tradable asset through investor-friendly taxation regimes, deregulation of lending practices and a retrenchment in non-market housing provision.[31]

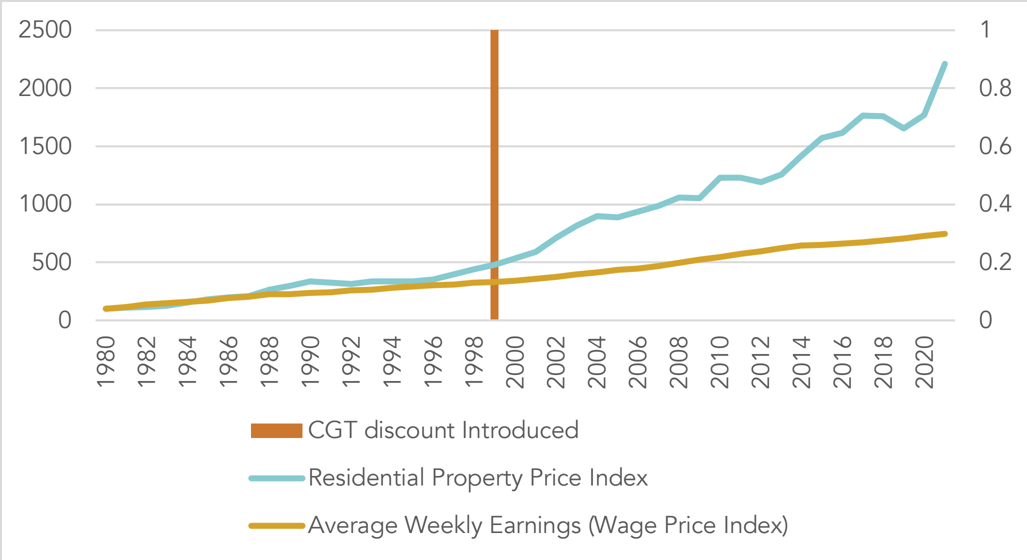
As housing has become financialised, people with greater financial power are more able to buy housing for non-shelter reasons, against the interests of people seeking housing for shelter. While it is intoxicating for investors to see capital growth in house prices grow far in excess of wages, the outcome for people without sufficient wealth is to see, home ownership, a key component of our social compact drift further out of view.

Banking deregulation in the 1980-90s, including the enabling of property investors to take on interest-only loans, has the effect of cheapening borrowing costs, but at the same time has massively increasing the attractiveness of housing investment. This has inflated housing values and allowing investors to outcompete first time buyers. House prices began to rapidly accelerate following the 1999 introduction of a 50% discount on the Capital Gains Tax upon sale of a residential investment property.[32] Between 2000 and 2013, investment property lending commitments grew by 230%. In contrast, commitments for owner-occupier housing grew by 165% during this time period, reflecting investor's relative advantage within the property market.[33]

Figure 8

[31] Alan Morris, 'The Financialisation of Housing and the Housing Affordability Crisis in Sydney' [2018] *Housing Finance International*.
[32] Matthew Lloyd-Cape et al, *Housing Affordability in Australia: Tackling a Wicked Problem* (Per Capita and V&F Housing Enterprise Foundation, May 2022) <https://percapita.org.au/wp-content/uploads/2022/04/VF_Housing-AffordabilityReport_Final.pdf>.
[33] Australian Council of Social Services, *Fuel on the Fire: Negative Gearing, Capital Gains Tax & Housing Affordability* (April 2015) <https://www.acoss.org.au/wp-content/uploads/2016/04/Fuel_on_the_fire_ACOSS.pdf>.

Increase in Residential Property Prices and Average Weekly Earnings, 1980-2021



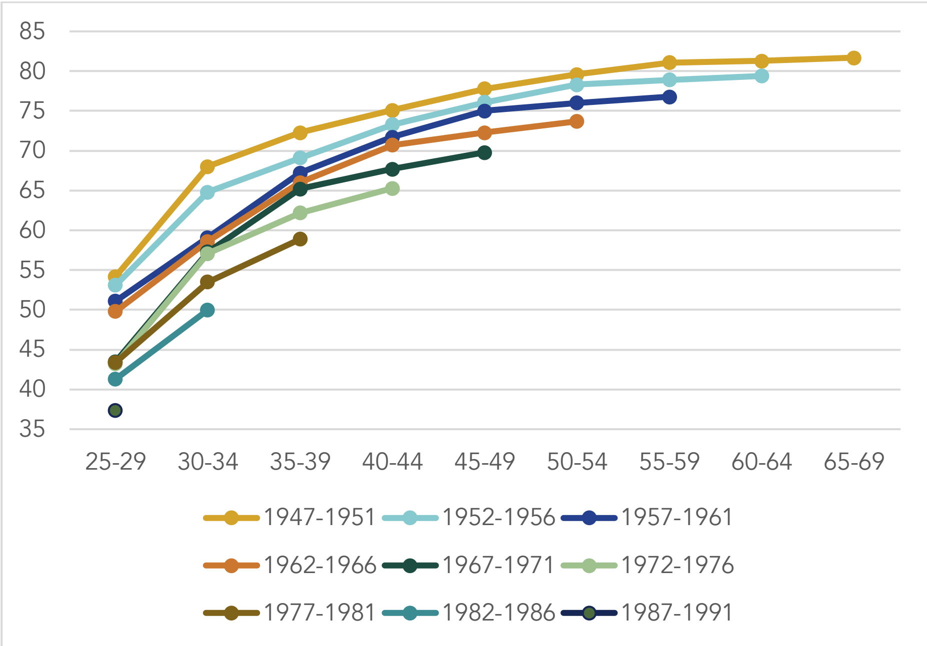
Source: Author's Calculations, derived from ABS Residential Property Price Indexes, Wage Price Index

Australia is home to some of the OECD's most generous tax concessions for property investors, with total revenues foregone from rental property tax deductions alone reaching $24.4 billion in 2022-23.[34] Australia's negative gearing allowances are extremely generous in a global context. In many countries, losses from investment properties are "quarantined" to residential property income, with Japan having the most similar treatment to Australia.[35] The ability to deduct losses from residential property investment from general taxable income (known commonly as negative gearing) creates a favourable setting for residential property investment. Investors are shielded from early losses associated with residential investment, encouraging investors to take out large, highly leveraged loans to purchase housing that may otherwise be used by owner-occupiers. This increases unfair competition for housing, to the detriment of young first-home buyers and low to middle income would-be owner-occupiers, who cannot write off their mortgage interest.

[34] Federal Treasury, *Tax Expenditures and Insights Statement, February 2023* (Federal Treasury, February 2023).
[35] Danika Wright, 'PolicyCheck: Negative Gearing Reform', *The Conversation* <https://theconversation.com/policycheck-negative-gearing-reform-58404#:~:text=Compared%20to%20the%20rest%20of,allowed%20with%20relatively%20few%20restrictions.>.

Figure 9

Home ownership by age cohort



Source: Australian Institute of Health and Welfare, 2022

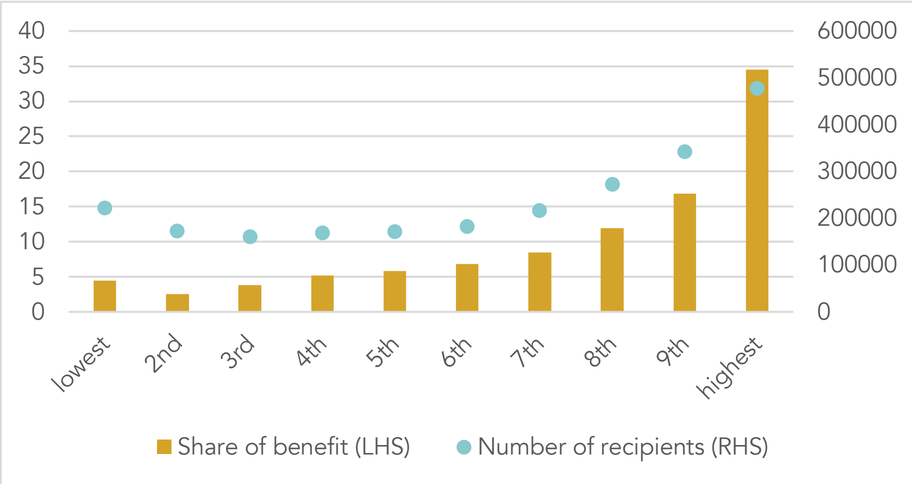
Distributional effects of financialisation

The largest single age cohort benefit from CGT-discounting are the over 75s, who reap around 6.5 times as much benefit from the scheme as 30-34 year olds. While this is an inevitability of since wealth is generally built over lifetimes, the application of CGT to the housing hamstrings younger Australians from being able to build wealth in the first place, since the already wealthy can outbid them based on these preferential tax arrangements. This can be seen in the decline of home ownership among younger Australians. Figure 9 shows how the share of homeowners among 30-34 year olds has dropped from 68% for people born in 1947-51 to 50% for those born 1982-1986.

This arrangement disproportionately benefits higher-income earners. Close to 80% of benefits flowing to the top 50% of income earners, as shown in Figure 10.[36]

[36] Matthew Lloyd-Cape et al (n 32).

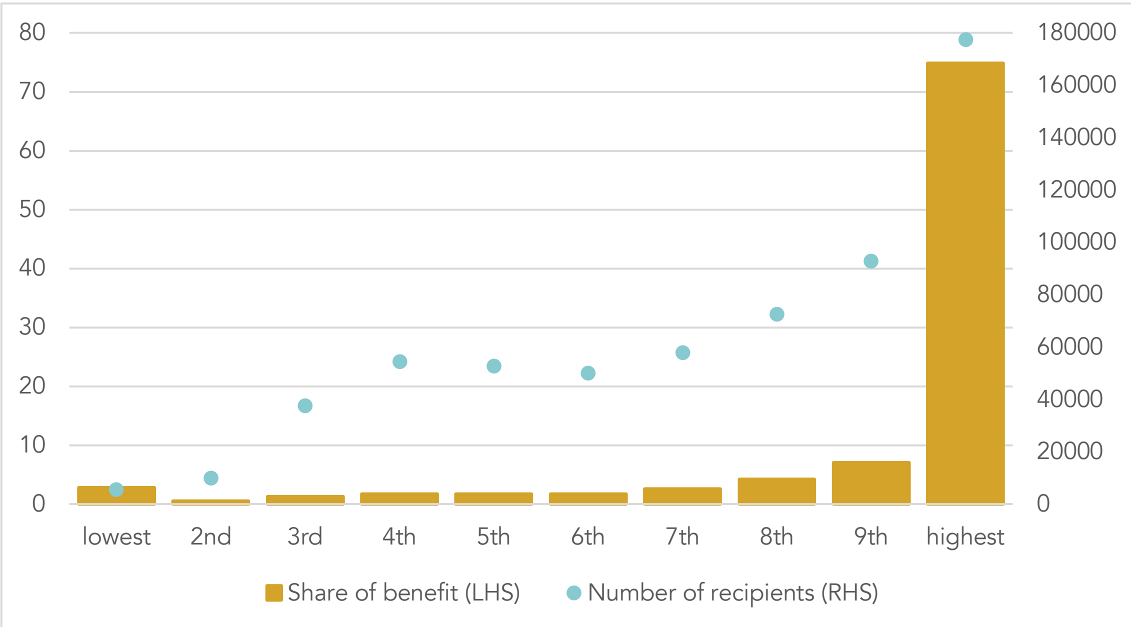
Figure 10
Share of benefit from Negative Gearing by taxable income decile, 2019-20



Source: Federal Treasury, Tax Expenditures and Insights Statement February 2023.

The benefits of the CGT discount are even more skewed toward high income individuals, with the top ten percent of earners taking around three quarters of the roughly $5 billion CGT discount pot[37].

Figure 11
Share of benefit from CGT discounting by taxable income decile, 2019-20



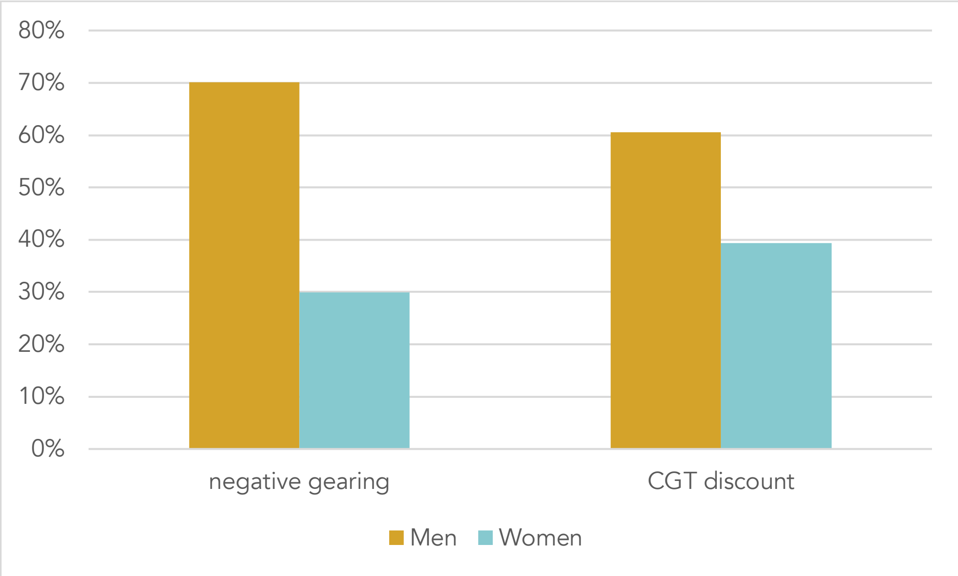
Source: Federal Treasury, Tax Expenditures and Insights Statement February 2023.

The financialisation of housing also contributes significantly to a divergence in housing wealth between genders. 70% of the distribution of negative gearing benefits flow to men, 30% to women. Similarly, over

[37] Federal Treasury, *Tax Expenditure and Insights Statement* (February 2023) <https://treasury.gov.au/sites/default/files/2023-02/p2023-370286-teis.pdf>.

60% of the CGT discount component for property investors accrue to men, with women gaining 40% of the benefits of this tax break.

Figure 12
Distribution of housing investor gains by gender



Source: Centre for Social Research and Methods, 2021

Finally, these arrangements have contributed to intergenerational inequality issues in housing. The "bank of mum and dad" has risen in importance for enabling younger people to get onto the housing ladder, effectively becoming the nation's nineth largest lender, with about $34 billion of loans made.[38] This means that while homeowning families can leverage existing property wealth to generate new loans, families without significant parental wealth, particularly Indigenous and migrant families, are increasingly excluded from home ownership.

The consequences of the bank of mum and dad are yet to be fully understood, but with an estimated $3.5 trillion forecast to be transferred from older to younger people over the next two decades,[39] this is an issue that must be interrogated. For example, our research has shown that around one third of male homeowners reported receiving familial financial support when buying their first home, compared to only a quarter of female homeowners.[40] This again shows that the financialisation of housing is a gendered issue, and why the NHHP must place a far greater emphasis on distributional effects of housing policy.

Economic effects of housing financialisation

As well as partially shielding investors from losses associated with investment property ownership, Australia's taxation regime allows property investors to realise significant gains upon sale of their property.

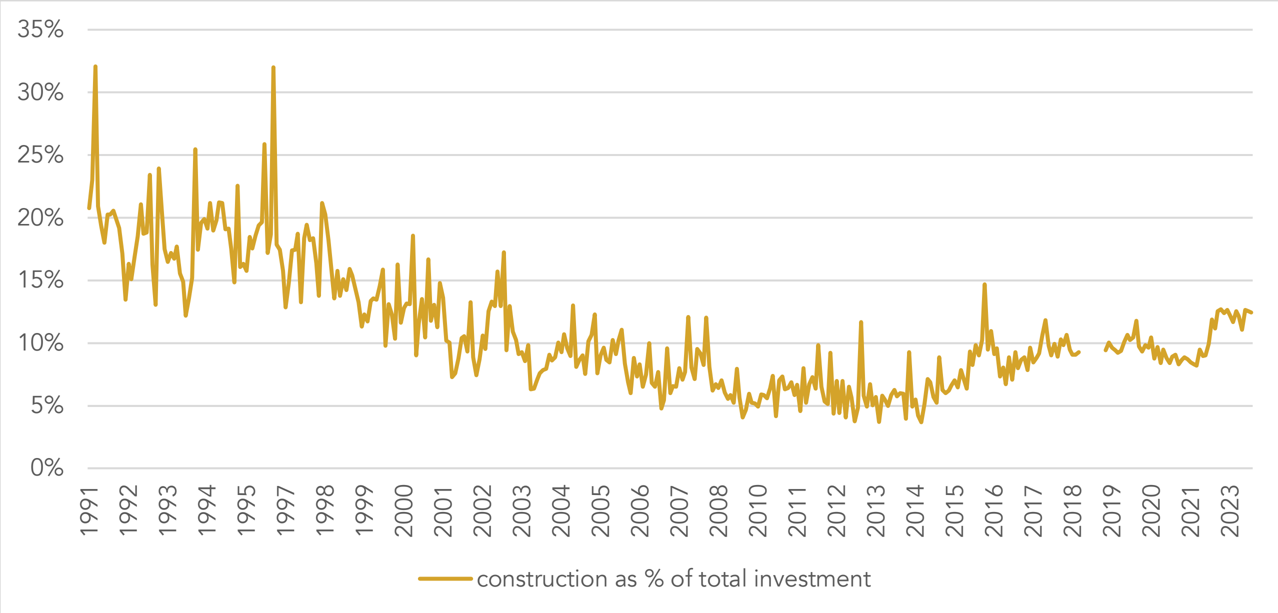
[38] Duncan Hughes, 'Bank of Mum and Dad Becomes Top 10 Mortgage Lender' (Australian Financial Review, online, 19 March 2021) <https://www.afr.com/companies/financial-services/bank-of-mum-and-dad-contributions-hit-34b-20210317-p57bkz>.
[39] Productivity Commission, 'Wealth Transfers and Their Economic Effects'.
[40] Lucy Tonkin, Matt Lloyd-Cape and Margaret McKenzie, *Glass Ceilings: Gendered Inequality in the Housing System - The Australian Housing Monitor, Report 2 - Per Capita* (Centre for Equitable Housing, 2023) <https://percapita.org.au/blog/our_work/glass-ceilings-gendered-inequality-in-the-housing-system-the-australian-housing-monitor-report-2/> ('*Glass Ceilings*').

Under current rules, a house qualifies for the discount after it has been held for just 12 months. This, in conjunction with weak rental protection laws, encourages short-term property speculation, a process which both increases competition for first home buyers and decreases tenant's security of tenure.

Over this period the structure of housing investment shifted dramatically. For much of the 1990s, construction of new homes as a share of total housing investment was over 20%. This has halved to around 10% in recent years, a clear indication that the purchase of existing properties has become more preferable to investors, compared to the far more socially beneficial investment in new housing stock. While there has been a slight recovery of these rates since the GFC, our current settings still direct capital into unproductive areas of housing investment. With more capital chasing fewer homes, the cycle of land price appreciation is inevitable, and more sensitive to rapid booms and busts. This makes the construction of new homes even more tenuous and volatile, accelerating the cycle of poor capital allocation.

Figure 13

Construction investment as a proportion of total housing investment



Source: Author's calculations based on ABS 5061 and 5069

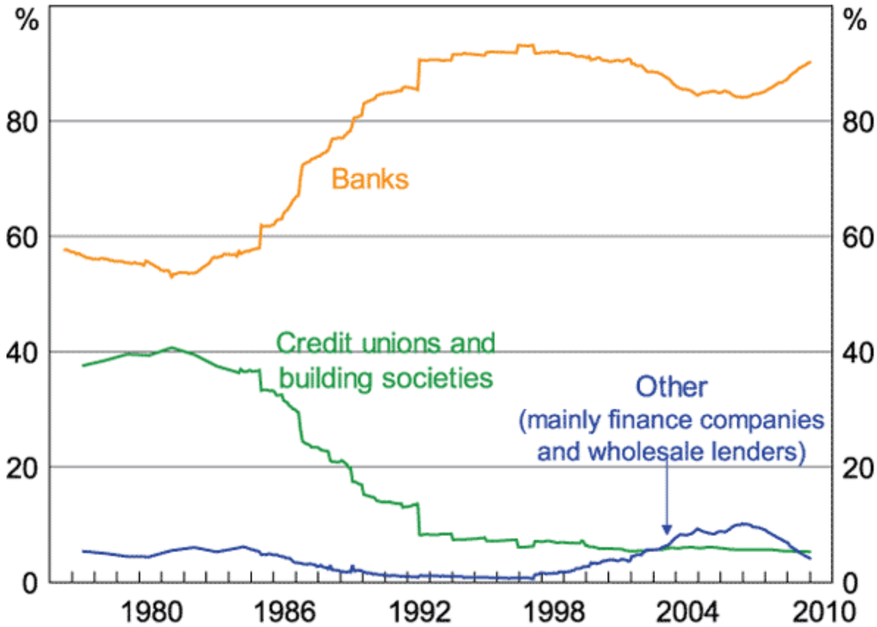
Another underappreciated element of the financialisation of housing is that the banking sector is far more dependent on residential mortgages, reducing their capacity and willingness to lend to businesses and other productivity producing parts of the economy. Following deregulation in the 1980s and 1990s, banks have focussed on residential mortgages as a relatively stable and easy model for growth, and the big four banks utilised the unfair regulation of companies and mutuals to absorb a huge share of the nation's mortgages[41] (figure 8).

[41] Reserve Bank of Australia, 'The State of the Mortgage Market' (30 March 2010) <https://www.rba.gov.au/speeches/2010/sp-ag-300310.html>.

The residential mortgage market now accounts for the "lion's share" of banking activity in Australia.[42] Around 65% of the big four's $2.9 trillion asset sheets are made up of residential mortgages.[43] Approximately 60% of lending from Australian banks is for housing, while many business loans are underwritten with housing. The Reserve Bank of Australia's newly appointed Governor Michelle Bullock has acknowledged that a sharp drop in house prices would leave banks to recover debts, leading to losses within the banking sector.

Figure 14

The distribution of mortgage credit during banking deregulation



Source: Reserve Bank of Australia, 'The State of the Mortgage Market' (2010)

Similarly, the vast majority of household debt is now mortgage debt, with household debt-to-income ratios rapidly increasing over the past decades. Household debt has risen from 60% of household disposable income in the mid-1990s to 180% today on the back of large mortgages.[44] This places households under significant potential stress, constrains household spending, increases the likelihood that households reduce consumption in times of economic downturn, increasing the impact of shocks as will be discussed in the next section.[45]

Mortgage affordability and financial settings

Currently, mortgage stress, as determined as spending more than a third of household income on mortgage repayments, is at its highest ever rate. This is due to a combination of very high mortgage debt-

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42 Morris (n 31).

43 Nassim Khadem, '"Big Four" Banks Made Huge Profits as Australians Took out Bigger Mortgages for Pricier Housing' (online, 10 May 2022) <https://www.abc.net.au/news/2022-05-10/big-four-banks-profits-home-loans-mortgage-debt-interest-rates/101051100>.

44 Reserve Bank of Australia, 'Chart Pack: Household Sector' (4 October 2023) <https://www.rba.gov.au/chart-pack/household-sector.html>.l

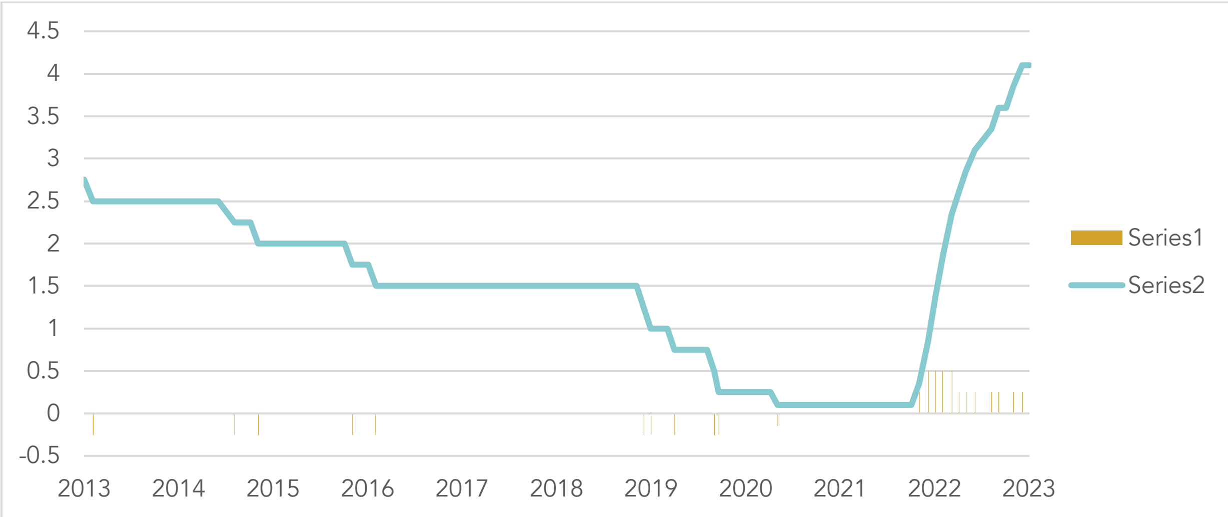
45 Michelle Bullock, 'The Housing Market and Financial Stability' (22 October 2021) <https://www.rba.gov.au/speeches/2021/sp-ag-2021-09-22.html>.

to-income ratios and the rise in RBA cash target rates on top of out-of-control house price to income ratio divergence.

It should be well understood that the RBA effectively sets a large proportion of housing policy for government through changes to the cash target rate. This is particularly so because of the structure of the Australian mortgage market, in which the vast majority of mortgages are variable rate and thus vulnerable to cash rate changes. However, the RBA does not have an explicit mandate to consider house prices.

With 12 cash rate increases in the last 16 months (Figure 11), all of which have been passed through to borrowers, the interest rate on mortgages is at its highest in over a decade. Since house prices cost significantly more now than in previous rate hike cycles, the effect of each basis point increase has far greater weight on monthly mortgage repayments for owner occupiers and landlords.

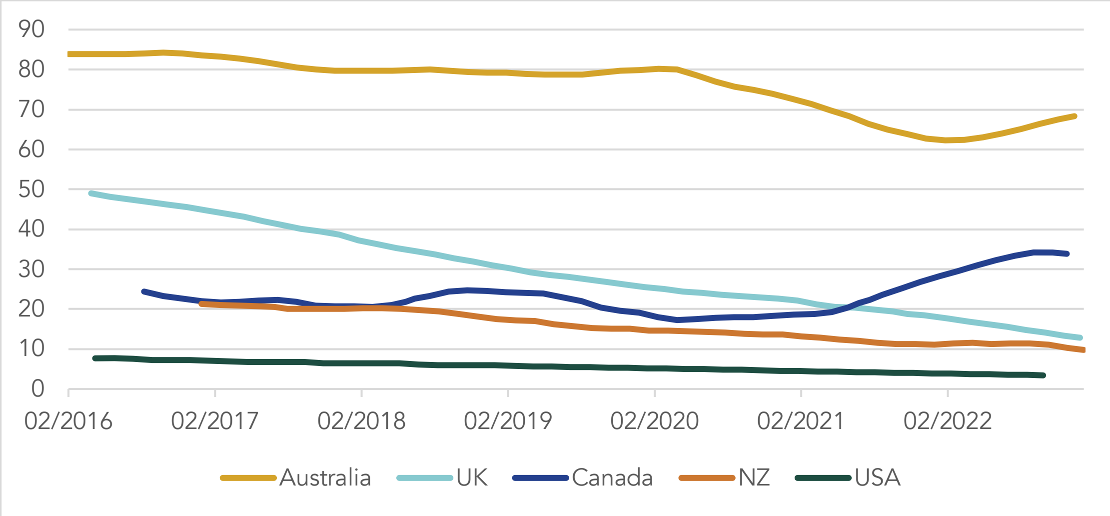
Figure 15
RBA Cash Rate Target and Changes



Source: Reserve Bank of Australia

These dramatic rate increases are more impactful on monthly cost than in many other countries due to our mortgage market structure. Unlike most comparable countries, the vast majority of mortgages in Australia are variable rather than fixed rate products (see Figure 16).

Figure 16
Variable Mortgages as a Share of All Outstanding Mortgages

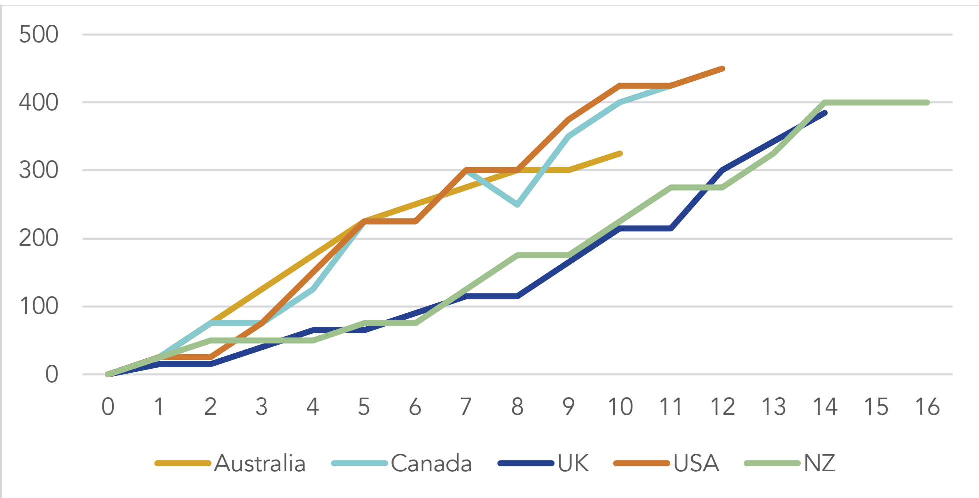


Source: RBA SMP Feb 2023, Box A

Obviously, month-to-month costs for mortgage servicing rise as mortgage interest rates increase. This is quite unusual – many comparable countries use state-owned financial institutions, or lending policies and regulations to promote higher stability in the mortgage market by offering long-term fixed rate mortgage products. Australia has no such non-market mortgage products or regulations.

Despite Australia having fewer rate increases, producing a lower overall lift in this rate hike cycle than the USA, Canada, or the UK (see Figure 13), the effect on mortgage rates is higher than every one of those countries, and entirely incomparable with the USA (see Figure 17).

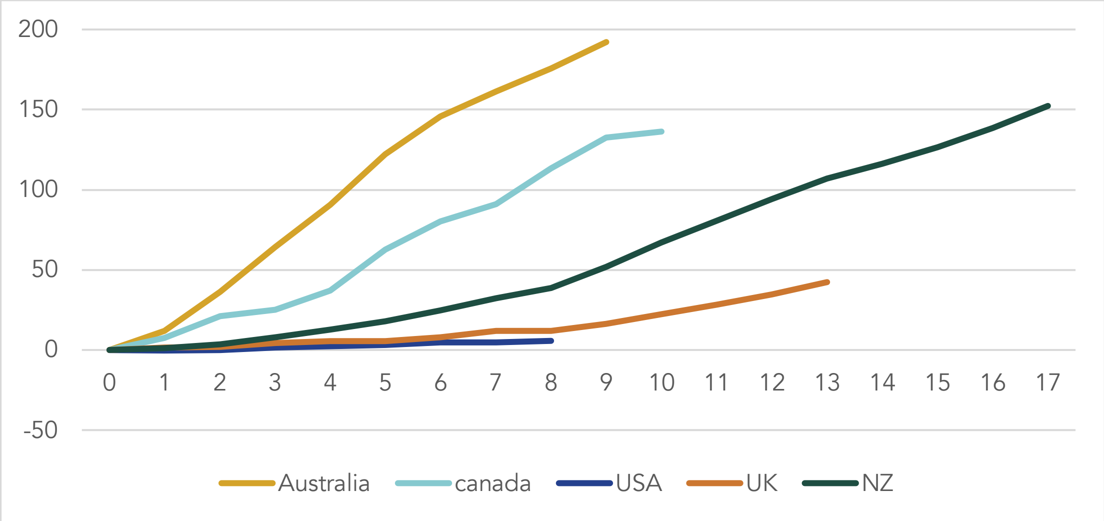
Figure 17
Changes in Central Bank Base Cash Rate (months from first central bank rate rise)



Source: RBA Statement on Monetary Policy. Box A: Mortgage Interest Payments in Advanced Economies (RBA, February 2023).

This means that landlords are far more likely to raise rents to match their mortgage payments, which change far more frequently than for landlords in other countries.

Figure 18
Changes to Mortgage Rates (BPS) for all Outstanding Mortgages (months from first central bank rate rise)



Source: RBA Ibid.

As such it is critical for the government to consider ways in which it can mitigate the impact of monetary policy on mortgage stress. This can be achieved through better management of mortgage market. A significant cause of rent price spikes is the structure of Australia's mortgage market. Part of the problem is the lack of competition within the mortgage market, very few not-for-profit mortgage providers, and little engagement in the mortgage market by the government.

One option would be for the Federal Government to intervene in the mortgage market directly, by offering a fixed rate long term mortgage against which banks would need to compete. Another would be to engage in the secondary mortgage market as is done in the US, by buying fixed rate products from mortgage providers.

Internationally, various schemes operate to protect mortgagees from the effects of excessive house price-income ratios, and the volatility this produces. For example, the Dutch Mortgage Interest Tax-Deductibility Scheme the Hypotheekrenteaftrek allows certain mortgage holders to deduct interest payments against their income tax, essentially providing the benefit Australia offers to investors to owner occupiers. This is accompanied by a government backed insurance scheme (Nationale Hypotheek Garantie, or NHG), which offers cheap mortgage protection against loss of income, incapacity and so on.[46] The Australian Government could consider schemes such as these for low-income mortgage holders to help both in terms of mortgage affordability and home purchase competitiveness against wealthier bidders.

[46] Richard Ronald and Kees Dol, 'Housing in the Netherlands before and after the Global Financial Crisis' [2011] *Housing Markets and the Global Financial Crisis: The Uneven Impact on Households* 93.

Modernising the growing rental market

As younger and poorer Australians are increasingly priced out of owner-occupancy, the share of households in the private rental market is growing. More and more people are spending longer periods in the private rental sector. However, our rental laws and the market structure are poorly structured to accommodate these increases. The landlord sector is overwhelmingly unprofessional, and unable to respond to the growing needs of renters. Tenancy laws are relatively immature by international standards.

There is now a pressing need to improve rental outcomes, and while many rental policies rest in the hands of the states, the federal government plays a significant role in shaping rental outcomes.

Shaping the landlord sector

The majority of landlords in Australia are small-scale, non-professional investors who are largely cushioned from rental losses by the tax arrangements listed above.[47] 71% of landlords in Australia own a single rental property. Unlike many overseas markets, including the United Kingdom and United States, there is little institutional investment, and very little not-for-profit activity in residential property, with the exception of a recent increase in student housing.[48] There are no mandatory professional qualifications or training for landlords, and no registry to track who landlord numbers, activity or conduct, as many other countries have.

The immaturity of the sector is shown by the growth in individuals owning rental properties over time, from 4% of the population in the 1978-1979 financial year to 15% in 2018-2019.[49] Due to the small-scale nature of most landlord's property portfolios, day-to-day management of properties is typically carried out by real estate agencies, with many landlords having little sustained engagement with tenants.

Landlords often exit and re-enter the private rental sector over time. Almost a quarter of landlords leave the sector within the first 12 months, while 59% leave after five years.[50] A recent survey of current and former landlords by Martin et al. found that the majority of landlords who had sold their properties did so because it was a "good time to sell" or because they sought to "realise capital gains". Churn of landlords has an adverse impact on tenants seeking stable, secure rental arrangements. UNSW Senior Research Fellow Chris Martin notes that "as properties churn through the rental sector, renters get churned out of their housing".[51] "Sale of property" is a permitted grounds to issue a notice to vacate premises in all states and territories, with tenants required to vacate a property in as little as 30 days in some states.[52]

Additionally, viewing a home as an asset to be disposed may limit a landlord's willingness to invest in their home, including complying with rental standards and carrying out necessary repairs. In markets where rental

[47] Alan Duncan et al, 'The Income Tax Treatment of Housing Assets: An Assessment of Proposed Reform Arrangements' [2018] (295) *AHURI Final Report* <https://www.ahuri.edu.au/research/final-reports/295> ('The Income Tax Treatment of Housing Assets').
[48] Productivity Commission, *Vulnerable Private Renters: Evidence and Options* (No Research Paper, September 2019) <https://www.pc.gov.au/research/completed/renters/private-renters.pdf>.
[49] Chris Martin et al, 'Regulation of Residential Tenancies and Impact on Investment' [2022] (391) *AHURI Final Report* <http://www.ahuri.edu.au/research/final-reports/391>.
[50] Ibid.
[51] Ibid.
[52] New South Wales, Western Australia and Northern Territory all allow for 30-day notice periods upon sale of property (with conditions)

demand is high, landlords may not see investment in quality of rentals as necessary in gaining acceptable rents.[53] This is compounded by the importance of capital gains in smaller investors' choice to buy and sell properties.[54] Highly leveraged small-scale landlords are also more likely to be vulnerable to interest rate rises.[55]

Alternatives to insecurity and churn - professionalisation of landlords, and improved renter rights

Diversifying investor profiles within the rental sector may help limit the churn of rental properties.

Build-to-rent properties are residential developments built specifically for long-term rental purposes. These properties are typically held as an asset by an institutional investor to enjoy stable longer-term returns[56]. All units in a single block are generally managed by a single owner.[57] Build-to-rent properties may enhance rental security and experience for tenants. While there is not currently a set minimum lease time-frame in build-to-rent properties, longer leases are known as a key benefits of the build-to-rent model.[58] Built-to-rent properties may also allow for greater customisation of units, on-site tenancy management services may not require bond payments.[59]

The build-to-rent sector does not guarantee affordable housing or 'ethical' landlordism. [60] However, affordable and secure housing through build-to-rent could be facilitated in a number of ways. States could legislate affordable housing targets in new build-to-rent developments through taxation concessions or an easing of planning controls. Additionally, ground lease models permitting residential development by the community housing sector upon government owned land could assist in securing suitable sites for build-to-rent development. Exploring the policy pathways taken in countries such as the UK, which has a thriving not-for-profit landlord sector, will be useful in learning lessons as to how Australia can develop this sector.

Prior research by Per Capita found that much of the leadership in the BTR sector has historically come from states, rather than the federal government.[61] A national housing plan could better distribute responsibility for this nascent sector to ensure all potential affordability and security of tenure benefits are delivered to tenants.

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[53] Steve Rolfe et al, 'The Role of Private Landlords in Making a Rented House a Home' (2023) 23(1) *International Journal of Housing Policy* 113.
[54] Martin et al (n 49).
[55] Mike Berry, 'Housing Wealth and Mortgage Debt in Australia' in Susan J Smith and Beverley A Searle (eds), *The Blackwell Companion to the Economics of Housing* (Wiley, 1st ed, 2010) 126 <https://onlinelibrary.wiley.com/doi/10.1002/9781444317978.ch6>.
[56] Victoria State Government, *Build to Rent Working Group* (Report to the Treasurer and Minister for Planning, 15 October 2021) <https://www.dtf.vic.gov.au/sites/default/files/document/Build-to-rent%20Working%20Group%20Report%20to%20the%20Treasurer%20and%20Minister%20for%20Planning.pdf>.
[57] Rotimi Abidoye, Bilal Ayub and Fahim Ullah, 'Systematic Literature Review to Identify the Critical Success Factors of the Build-to-Rent Housing Model' (2022) 12(2) *Buildings* 171.
[58] Victoria State Government (n 56).
[59] Luke Mackintosh, *A New Form of Housing Supply for Australia: Build to Rent Housing* (Ernst & Young, 4 April 2023) <https://www.propertycouncil.com.au/wp-content/uploads/2023/04/PCA-Build-to-Rent-housing-advice-Stage-1-2-Final-Public-Release-Update-04.04.23.pdf>.
[60] Frances Brill and Daniel Durrant, 'The Emergence of a Build to Rent Model: The Role of Narratives and Discourses' (2021) 53(5) *Environment and Planning A: Economy and Space* 1140 ('The Emergence of a Build to Rent Model').
[61] Matt Lloyd-Cape, *Submission to the Inquiry into the Rental and Housing Affordability Crisis in Victoria* (Centre for Equitable Housing, 2023); Lloyd-Cape, 'Regulating Rentals in Australia' (n 3).

A national commitment to the protection of renter's rights will also be essential to limit the churn of tenants through rental properties. Rental regulation in Australia varies between states and territories, with some states offering minimal safeguards for renters. Renters have comparatively little tenure security in Australia compared with much of the OECD.
Several Australian states allow 'no-grounds' evictions during or between tenancy terms. No grounds evictions refer to the termination of a rental agreement by a landlord without a specified reason. The existence of no grounds eviction provisions increase tenure insecurity among tenants, with a threat of losing ones' home present throughout a household's tenure.[62] Much of the OECD restrict landlord-initiated termination of tenancies to prescribed grounds, including non-payment of rent, sale of a property and renovation of dwellings.[63] No-grounds evictions are currently permitted at any time during tenancies in Western Australia, with New South Wales committing to a ban by the end of 2023.[64]

While the remainder of states have banned no-grounds evictions during all jurisdictions who have banned evictions without cause during fixed and periodic tenancies continue to permit the "end of a fixed term" as a grounds for tenancy termination.[65] Given that the majority of fixed-term tenancies in Australia last less than 12 months,[66] this may expose private renters to the threat of eviction annually.

Inconsistencies also exist between states and territories regarding the frequency of rent increases. The Northern Territory and Western Australia currently allow rent increases every six months in periodic tenancies. This is compared with the remainder of states and the ACT, which reduce rent increases to one increase annually. Given that no states or territories aside from the ACT place limits upon the amount by which rents may be increased by, renters in these states may be vulnerable to as many as two large increases each year.

As such, a national framework for convergence in rental rights and standards may help to steer all jurisdictions towards an appropriate and equitable outcome for renters.

Short term rentals

Our recent research paper, *Light as Air: Regulating Short-Term Rentals in Australia* examined the effects of the rapidly growing short-term rental (STR) market, and explored different regulatory options for reducing negative impacts on long term renters. One of the critical lessons from overseas experience is that compliance mechanisms rely on information sharing by platforms with government. Our research indicates that one in five hosts in areas with restrictions are breaking these rules. As such, there is clearly a compliance issue to be dealt with.

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[62] Kath Hulse and Zoë Goodall, 'Reforming the Private Rental Sector: Challenges in the 2020s and Beyond' (2023) 56(2) *Australian Economic Review* 240

[63] OECD Directorate of Employment, Labour and Social Affairs - Social Policy Division and 29/05/2021, 'PH6.1 Rental Regulation' <https://www.oecd.org/els/family/PH6-1-Rental-regulation.pdf>.

[64] Luke Costin, 'WA to Stand Alone in Keeping No-Fault Evictions', *PerthNow* (online, 17 July 2023) <https://www.perthnow.com.au/politics/wa-to-stand-alone-in-keeping-no-fault-evictions-c-11297150>.

[65] Victoria only permits these grounds for termination at the end of the first fixed term of a tenancy.

[66] Australian Housing and Urban Research Institute, 'Do Long-Term Residential Leases Result in Long-Term Tenancies?' (14 September 2017) <https://www.ahuri.edu.au/analysis/brief/do-long-term-residential-leases-result-long-term-tenancies>.

However, the negotiation over data sharing from corporations such as Airbnb should be tackled at the highest and most coordinated level. Lessons from the EU, New York and other jurisdictions show that gaining access to this critical data is complex and requires strong negotiation tactics on the part of governments. There is a role for Federal Government to play either coordinating State efforts or to act as negotiator on behalf of the states.