



Submission on the Help to Buy (Consequential Provisions) Bill 2023

PowerHousing Australia

February 2024



Adamstown Development. Photo supplied by PowerHousing Member, Home in Place.

Contents

Executive Summary.....	2
Recommendations	2
Proposed Measures	3
1.Supporting those in Social and Affordable Housing	3
2. Harness the opportunity to partner with CHPs	5
3. Greater investment into social and affordable housing	5
Conclusion.....	6
Appendix:	7
About PowerHousing Australia	7
About PowerHousing Affilliate Members	8

Executive Summary

PowerHousing Australia is a member network of 37 registered Community Housing Providers (CHPs) who are here to fight the housing crisis together with Government, stakeholders and partners. Our Members provide social and affordable housing to 90,000 households and 150,000 tenants across the country, with the majority being low to moderate income earners and vulnerable Australians. Our 60 affiliate partners are national finance investment, construction, materials, labour, software, housing data and supporting expertise who include ANZ, JLL, KPMG, Macquarie Group, Metricon, Stockland, Bunnings, CoreLogic and others.

CHP housing has doubled over the past decade and through the introduction of the Housing Australia Future Fund, it is projected that the Fund will on average increase the number of social housing dwellings twofold each year for at least 5 years. Our CHP Members deliver invaluable support to thousands of Australians, with assistance going beyond the provision of shelter, as many provide wrap-around and holistic supports. These supports are critical in sustaining tenancies and assisting those most vulnerable in our community into safe rental homes or home ownership where possible. PowerHousing strongly supports the introduction of a Commonwealth-backed shared equity scheme. Shared equity is a viable and effective alternative to outright private home ownership which helps lessen the barriers to homeownership. We commend the Government on their commitment to supporting the housing needs of all Australians and the leadership of Housing Australia on initiatives such as the Help to Buy, the Housing Australia Future Fund Facility and the National Housing Accord Facility. However, there is still significant gaps in the current Australian housing system and greater investment into social and affordable housing is required to confront the affordability crisis.

PowerHousing Australia welcomes the opportunity to provide this submission on the Help to Buy initiative and the associated Help to Buy (Consequential Provisions) Bill 2023. Our feedback is framed by consultations with our Members and the PowerHousing Board.

Recommendations

Our key recommendations for the Help to Buy initiative include:

- 1. Support those in social and affordable housing** - Ensure a focus on social and affordable housing residents who are low to middle income earners and include some vulnerable cohorts, who would greatly benefit from home ownership through this shared equity initiative.
- 2. Harness the opportunity to partner with CHPs** - Align to the Housing Australia Future Fund Facility and the National Housing Accord Facility. Housing Australia to look for opportunities for social and affordable housing tenants to purchase homes they reside in where appropriate.
- 3. Invest more into social and affordable housing as a sustainable solution** - Expand the number supported under the program, while also investing further into social and affordable housing rentals to stabilise the housing continuum and provide a robust trajectory for many to home ownership.

Proposed Measures

1. Supporting those in Social and Affordable Housing

Access to safe and stable housing is a basic human right that enhances the social, economic and civic participation of all Australians. The current housing affordability crisis has highlighted the need for governments both federal and state, to prioritise housing as a key policy issue. The effects of inadequate supply and limited access to stable housing is evident across numerous domains, such as the education, disability, social services, public health, mental health and justice systems. With the cost-of-living skyrocketing, including rents, food prices, fuel and electricity, many are either on the brink of or are experiencing homelessness. PowerHousing Member, Mission Australia in their *A Safe Place to Call Home* report noted a 26% increase in demand for homelessness services over the last three years.



Photo supplied by PowerHousing Member, Mission Australia Housing.

As interest rates continue to rise, home ownership is becoming more out of reach for the average Australian. Over the past few decades, home ownership has significantly declined. Home ownership rates have fallen for some time; moving from above 70% around the year 2000 to 66% in 2023¹. According to the Australian Institute of Health and Welfare (AIHW)² young Australians have demonstrated the greatest shift. While the home ownership rate for 30-34 year olds was 64% in 1971, this has now receded to 50% in 2021. For 25-29 year old Australians, 50% owned a home in 1971 compared with only 36% in 2021.

Housing Australia's State of the Nation's Housing Report 2022-23 has identified that price to income ratios have increased for potential first home buyers in nearly all major cities and regional areas.³ As outlined in PowerHousing Australia and CoreLogic's Australian Affordable Housing Report (2023)¹, with rising property prices, Australians are struggling to save and are taking longer to meet the large deposits required. The national dwelling value to household income ratio peaked at a record high of 8.1 in the June

¹ PowerHousing Australia and CoreLogic (2023). Australian Affordable Housing Report – Standard House Environmental Scan. Available at: <https://www.powerhousingaustralia.com.au/2023/12/04/powerhousing-corelogic-australian-affordable-housing-report-2023/>

² Australian Institute of Health and Welfare (2023). Home ownership and housing tenure. Available at: <https://www.aihw.gov.au/reports/australias-welfare/home-ownership-and-housing-tenure>

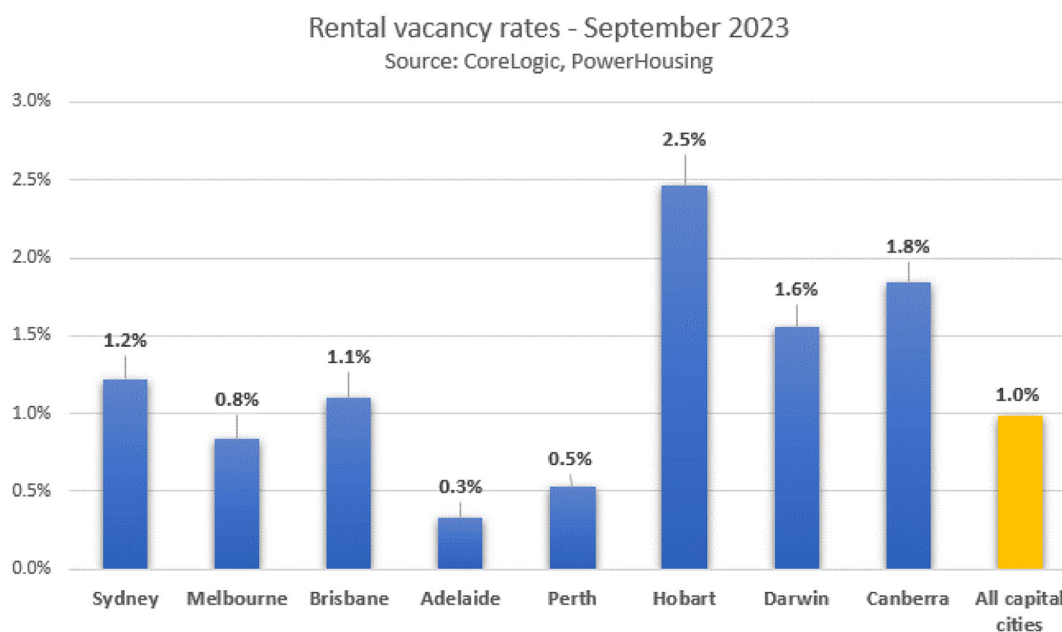
³ Housing Australia (2023). State of the Nation's Housing Report 2022-23. Available at: [State of the Nation's Housing Report 2022-23 | Housing Australia](https://www.housingaustralia.gov.au/state-of-the-nation-housing-report-2022-23)

quarter of 2022 but has since reduced to 7.5 in the September quarter of 2023. For the September quarter of 2023, the combined capitals ratio was 7.5, and the combined regions ratio was 7.3. Despite, the ratio no longer being at a record high, it is still elevated and is well above the decade average of 6.9. Sydney has seen the greatest discrepancy between dwelling value and household income, with a ratio of 9.4 in September 2023.³

An increase in the portion of income required to service a new loan on the median dwelling value in Australia has also been evident. Serviceability costs were 29.0% in March 2020 and have now increased to 46.2% in September 2023. This explains why the greatest shift in home ownership figures are seen in younger Australian cohorts, as they have had less time to save for a deposit and to service their loan.

Concurrently, private rental prices are also rising, meaning that a greater number of Australians are struggling to find or maintain stable housing, whether through renting or ownership. National median rents have increased by more than 20% over the past two years. Regional rents have increased by 39.8% over the past five years to September 2023, with a 34.6% increase in the capital cities. Over the past year to September 2023, regional rents increased by 4.0% and capital city rents increased 10.0%.

National vacancy rates are also at multi-decade lows with cities like Adelaide, Melbourne and Perth having vacancy rates that are well below 1%. As of September 2023, the combined capital cities measure indicated a vacancy rate of 1.0%.⁴ The impact of housing unaffordability in both ownership and rentals, is further compounded by a downward trend in the number of dwellings approved recently and a likely slowdown in housing construction. Projections from HDD Economics indicates a drop to around 159,723 on the lower limit to 165,000 dwelling commencements is likely in the 2023/24 period. This would translate to an 8.7% fall for completions.⁴



Social and affordable housing tenants are low to middle income earners including some Australians from highly vulnerable cohorts. Through unfortunate life events or by being in lower income positions, many supported by CHPs have been unable to source suitable accommodation in the private rental market. This includes people with disabilities, older Australians, indigenous Australians, new migrants and refugees,

⁴ PowerHousing Australia and CoreLogic (2023) Australian Affordable Housing Report – Standard House Environmental Scan. Available at: <https://www.powerhousingaustralia.com.au/2023/12/04/powerhousing-corelogic-australian-affordable-housing-report-2023/>

people who've experienced family and domestic violence and those who have experienced or are at risk of homelessness. Many CHPs provide wrap-around social and community services and supports, which can assist with the transition to long-term accommodation while supporting tenants holistically through a person-centred approach. CHPs are committed to making sure that affordable housing provides benefits to tenants, while ensuring a sustainable model to help mitigate the current housing crisis.

With the right level of support, tenants residing in social and affordable housing have frequently purchased their own home. And therefore, should be identified as a target group for the Help to Buy initiative so that they have an equitable opportunity to access home ownership through this shared equity model. This further supports the housing continuum by creating vacancies in social and affordable housing to service new tenants and reduce waitlists.

2. Harness the opportunity to partner with CHPs

With housing supply not meeting current demand, innovative solutions are required to help alleviate the housing crisis. As Housing Australia will be overseeing the Help to Buy initiative, in addition to the Housing Australia Future Fund Facility (HAFFF) and the National Housing Accord Facility (NHAF), there is opportunity to ensure adequate alignment between all three initiatives and to embed a trajectory between social and affordable housing through to shared equity home ownership.

CHPs are not for profits who are driven by a social purpose to maximise tenant outcomes, while ensuring economy and efficiency. Surpluses generated by CHPs are reinvested to deliver more social and affordable homes. CHPs have a good understanding of the intersectionality between housing and other domains, providing assistance beyond the provision of shelter as many provide wrap-around supports to a diverse cross-section of Australians.

To ensure a simple and streamlined trajectory between the HAFFF, NHAF and the Help to Buy initiative, CHPs should be included to deliver the Help to Buy initiative. This may include looking at opportunities for social and affordable housing tenants to purchase homes they are residing in where appropriate. Benefits of incorporating this into the Help to Buy model includes:

- providing social and affordable housing tenants with an equitable opportunity to purchase a home through shared equity,
- adding a further layer of capacity building assistance from a CHP they are already accustomed to which promotes security, sustainability and support,
- promoting familiarity with location (i.e. maintaining valuable community connection through proximity to schools, work and other amenities),
- helping to create a virtuous cycle of housing delivery where tenants who transition to homeownership help subsidise the provision of additional rental stock.

Grants could also be made available for CHPs to help deliver education programs and initiatives which educate social and affordable tenants who are eligible for the Help to Buy initiative by delivering sessions on purchasing a home, financial management and home maintenance.

3. Greater investment into social and affordable housing

PowerHousing is in support of the Federal Government's Help to Buy scheme, however we consider the 10,000 places per annum (up to 40,000 households) insufficient to meet current demand and to make a meaningful impact on the turbulent housing market. As such, we recommend expansion of the program to support a greater number of Australians into home ownership through shared equity.

The Government should also consider how investing in other components of the housing continuum can support more Australians into home ownership. While acknowledging limited resources, the Federal Government should consider the stabilising impact that social and affordable housing has on the entire housing continuum through alleviating the imbalance of supply and demand of affordable housing options.

As renting an affordable home through a CHP does not generally exceed 74.9% of the market rent, tenants are more likely to be able to save and continue along the housing continuum to home ownership.

Government investment should be channelled directly through to CHPs under both the Help to Buy Scheme and initiatives that directly seek to increase social and affordable housing, such as the HAFFF. Direct investment into CHPs will provide a robust trajectory for many into home ownership, maximise long term social and economic outcomes for the community and lead to sustainable flow through stages of the housing continuum together with reinvestment from CHP's.

Social and affordable housing needs to be recognised as essential components of a healthy housing system, not as an issue that needs to be solved. Greater direct investment from Government and incentivisation for investment by the private sector is required to maximise impact and to meet the current gap in housing experienced by so many Australians.

Conclusion

PowerHousing Australia welcomes the introduction of the Help to Buy shared equity initiative and is encouraged by the Federal Government's ongoing and strong commitment to social and affordable housing.

PowerHousing is recommending that the development of the Help to Buy shared equity initiative consider focusing on social and affordable housing tenants as recipients of the initiative. Further, PowerHousing Members welcome the opportunity to partner with Government to support eligible applicants in securing a home under the initiative and for scope under the program for CHPs to receive funding to provide education sessions around home ownership as required. Lastly, with value in expanding the initiative to a greater number of recipients, there should also be consideration of the impact that greater investment into social and affordable housing will have not only on the Help to Buy initiative but in helping to stabilise the housing continuum more broadly.

PowerHousing Australia, our network of growth CHPs and affiliate partners again commend the Government on the introduction of the Help to Buy shared equity initiative, the HAFFF and NHAF. With a continued focus on developing the right mechanisms and policies, our Members are optimistic to see a more stabilised housing market with social and affordable housing playing a significant and needed role.

Appendix:

About PowerHousing Australia

PowerHousing Australia as a representative peak body has Community Housing Provider (CHP) Members across Australia, is committed to addressing housing need through growth of supply, best practice in housing and community development, and excellence in tenancy and asset management.

PowerHousing Australia and our 37 registered CHP Members, provide social and affordable housing to 90,000 households, with assets worth over \$35 billion and 150,000 tenants nationally, the majority being low to moderate income earners and vulnerable Australians. Refer below to our CHP Members.

PowerHousing Australia is based in Canberra in close proximity to the seat of Government in Australia. Working closely with our Members and Affiliates we act as the independent voice for the growth providers of social and affordable housing.



About PowerHousing Affiliate Members

Our 60 Affiliate Member partners are national finance investment, construction, materials, labour, software, housing data and supporting expertise who include. Refer below to our principal and corporate Affiliate partners. This Affiliate expertise connects and collaborates with our CHPs to help support these growth providers of social and affordable housing to deliver more housing outcomes in partnership with Australian governments.

Principal Partner



Corporate Affiliate Partners

