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Mr Alan Raine
Committee Secretary
Senate Standing Committees on Economics
Parliament House
Canberra ACT 2000

By email: economics.sen@aph.gov.au

Dear Mr Raine

Inquiry into the Help to Buy Bill 2023 and the Help to Buy (Consequential Provisions) Bill 2023

Thank you for the opportunity for the Housing Industry Association (HIA) to make a submission into the Help to Buy Bill 2023 and the Help to Buy (Consequential Provisions) Bill 2023, herein referred to as the Help to Buy Bills.

The Housing Industry Association (HIA) is Australia's only national industry association representing the interests of the residential building industry.

As the voice of the residential building industry, HIA represents a membership of 60,000 across Australia. Our members are involved in delivering more than 200,000 new homes each year through the construction of new housing estates, detached homes, low & medium-density housing developments, apartment buildings and completing renovations on Australia's 10 million existing homes.

HIA members comprise a diverse mix of companies, including volume builders delivering thousands of new homes a year through to small and medium home builders delivering one or more custom built homes a year. From sole traders to multi-nationals, HIA members construct over 85 per cent of the nation's new building stock.

HIA exists to service the businesses it represents, advocate for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building development industry.

HIA develops and advocates policy on behalf of members to further advance new home building and renovating, enabling members to provide affordable and appropriate housing to the growing Australian population.

Housing Conundrum

There has been extensive commentary over the past few years regarding the significant under supply of housing in Australia that is resulting in demand overwhelmingly outstripping supply and negatively impacting on housing affordability.

Furthermore, rental vacancies are at record lows and with a growing population finding it harder and harder to access adequate and affordable housing.

Equally access to finance for a deposit is the biggest obstacle for Australians trying to buy their first home, especially those paying rent while saving for their deposit.

HIA is broadly supportive of the Australian Government developing a long-term national plan to help all Australians to access housing, be it private, rental, social or community housing and this being a key pillar of Federal and State Government policies.

Within this context, HIA recently made a substantive submission to the National Housing and Homelessness Plan consultation paper ([HIA Submission](#)).

HIA's response focusses on measures to establish a reliable, long-term supply of housing that meets the demographic complexities and distribution of Australia's growing population.

To address this issue there is no silver bullet, rather it will require a multi-faceted approach that looks at a broad range of options and policy levers and it cannot solely be addressed by one area of policy.

Rather it cuts across housing supply, supply chain stability, access to skilled workers, planning reforms, policy settings that do not apply unnecessary or overly cumbersome rules on businesses as well as financial and monetary policies that support investment in housing.

HIA is constantly looking at these broader issues and seeking to put forward tangible policy options and solutions that provide clear pathways to achieving a steady and adequate supply of housing.

This is overlaid with a focus on increasing supply and enabling all Australians and in particular first homeowners to get them into home ownership.

HIA Supports Help to Buy Scheme

HIA has indicated our support from the outset on the announcement of the Help to Buy scheme to help first home buyers and other people who may be struggling to secure the deposit on a home, to get into home ownership.

It is understood that the scheme will assist homebuyers in acquiring their first home through the provision of equity contribution by the Commonwealth. Those qualifying for the scheme, will be able to purchase the home with a deposit of 5% and in some circumstances as low as 2% of the purchase price.

This scheme would be similar to other programs such as Keystart program which has been highly successful, in providing an affordable pathway into home ownership and enabling more Australians to get into their own home sooner.

It is expected once these Bills are passed, the Help to Buy Scheme will likely receive similar levels of interest.

It is considered that upon passage of the Bill the scheme, should be in first instance as a 'pilot scheme' and reviewed after 12 months of operation with the intention of expanding the number of scheme placements, and potentially doubling number of places given the scheme is a low risk option for governments.

Broader context on housing undersupply

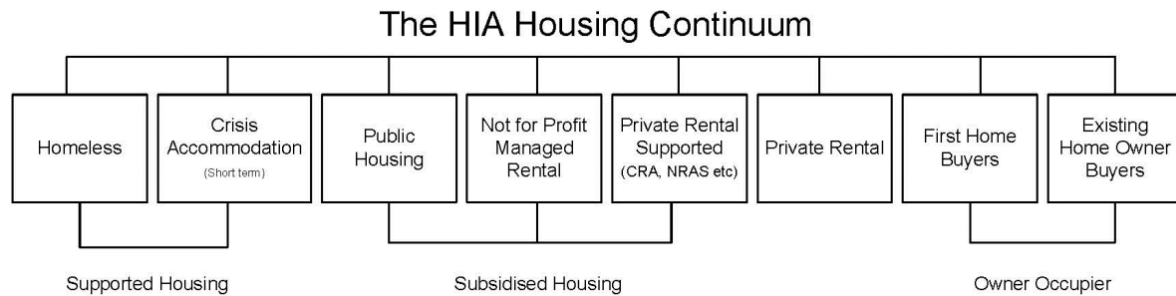
HIA understands that intention is that the scheme will be rolled out at the same time as the National Housing Accord, which includes the target to build 1.2 million homes over a five-year period commencing from July this year.

HIA is a strong supporter of National Cabinet's Housing Accord commitment, and we continue to put forward policy proposals to support delivery of these much-needed homes.

It is also noted that this Scheme would work alongside other governments policies to support greater levels of home ownership, including Home Guarantee Scheme, the Housing Support Program, and the National Housing Future Fund, which supports greater levels of social, community and affordable housing.

Housing Continuum

Housing supply and financial support schemes are important in delivery of more homes targeted across the Housing Continuum.



Improving affordability in the private housing market will only be achieved by supplying more homes.

Housing affordability should be underpinned by government policies that support the supply of new housing across the full continuum.

Supporting the delivery of all forms of homes along the housing continuum must be a priority. If supply falls in any one sector it will directly affect the affordability of housing in each of the other sectors.

Home ownership rates continuing to decline

An inadequate supply of additional housing over many years has led to a situation where there is intense competition to secure housing, amongst limited options. The intense competition is evident across the spectrum of the housing market.

Housing supply underpins housing affordability and improving affordability will enable more households to own their own homes.

Over the last two decades the rate of home ownership has declined. Home ownership data from the 2021 Census show home ownership rates in Australia are continuing to decline down to just 67%.

Furthermore, the rate for different age groups varies and paints are even more challenging landscape. The home ownership rate of 30–34 year old’s was 64% in 1971, decreasing 14 percentage points to only 50% in 2021.

For Australians aged 25–29, in 1971 it was around 50%, compared with just 36% in 2021.

This all reinforces that it has become increasingly difficult for those under 40 to get onto the property ladder. Whilst housing preferences and the expectations that people have for their housing have changed, the ‘Australian Dream’ of owning your own home remains.

Polling conducted for HIA by JWS Research found that 81 per cent of Australians believe that everyday Australians should be able to own their own home.

Furthermore, the research found that 92 per cent of renting households aspire to own their own home, yet only 49 per cent of these households feel that they will achieve this aspiration.

Concluding remarks

Access to finance for a deposit is the biggest obstacle for Australians trying to buy their first home, especially those paying rent while saving for their deposit.

Owning your own home is one of the best forms of security, and therefore it is imperative that programs that look to increase housing supply and reducing the cost of new housing to support higher rates of home ownership are supported.

At a time when the cost of buying a home has doubled and the time required to save for a deposit continues to increase, any government support to look at policy options to ease the burden on first home buyers is welcomed.

Therefore, schemes such as Help to Buy that look to assist first home buyers into home ownership and support the delivery of more homes are an important part of the mix to address our current housing shortages.

Thank you for allowing HIA to contribute to this very important conversation and we would welcome the opportunity to discuss these matters further as part of contribution to this