

AMPLIFY

NATIONAL HOUSING AMPLIFICATION

Deliberative
Guide





This checklist is for you to keep track of what you think about the reforms.

Reforms	Opinion on reform (circle)	Notes or questions I need answered
1 Stamp Out Stamp Duty	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
2 Housing Tax	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
3 Boost Rent Assistance	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
4 Homes for Everyday Heroes	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
5 Commuter Communities	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
6 More Bang for Your Block	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
7 Fab Prefab	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
8 Faster Visas for Faster Homes	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
9 Renters' Rights	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
10 'Build to Rent' Booster	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
11 Affordable Homes Guarantee	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
12 Target 10%	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
13 Master Plan	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

AMPLIFY

AMPLIFY is thrilled to welcome you to Australia's first **National Housing AMPLIFICATION**.



This is a new community-led process where you get to play a central role in addressing the housing crisis.

This Deliberative Guide explains how you and your fellow **AMPLIFIERS** will find uncommon ground and decide the solutions you want to see implemented to improve housing affordability, housing choice and housing security.

This Guide will support you to learn, debate and deliberate together with other participants at Australia's first national public deliberation in February 2025.

This Guide will also be used by many other Australians keen to have a voice on housing solutions. It stands as part of the transparent record of the national housing **AMPLIFICATION**.

AMPLIFY your voice here
www.amplifyaus.org

Team AMPLIFY!



What this guide will cover

About AMPLIFY	2
The State of Housing in Australia	4
About the National Housing	6
AMPLIFICATIONHousing Reforms	10
> Making Housing More Affordable	13
> Expanding Housing Choice	31
> Increasing Housing Security	49
> Enabling Change	67
So get involved!	72
APPENDIX	75
Full versions of housing reforms	
> Making Housing More Affordable	76
> Expanding Housing Choice	94
> Increasing Housing Security	112
> Enabling Change	128

About AMPLIFY

AMPLIFY is the place where Australians get to have their say and make a difference on the most important issues that we face. We are a community of Australians, from all walks of life, who care about our country.

We are non-partisan and completely independent of any political party.

With the right mindset and a shared commitment to our future, the **AMPLIFY** Community will find “uncommon ground” and identify the right solutions to the big issues facing Australia. We are much smarter collectively than individually. We will do this by bringing our community together for events in all parts of the country, facilitate online conversations, share evidence, talk with experts and together come up with the right solutions. **AMPLIFY** puts people at the heart of decision making.

We will make a difference by Amplifying the voice of our community to spark change and to help build the policy blueprint for Australia's future. We will hold the people in power to account. This is how positive change will happen.

Together we will help Australia become a more prosperous, fairer, more cohesive and happier country.



Your role in the National Housing AMPLIFICATION

You are amongst 100 Australians who have been randomly selected to take part in an Australian-first deliberative process. Together with the other participants, you represent all parts of Australia, all ages, all political views and housing tenure.

This deliberation is at the heart of the National Housing **AMPLIFICATION**. It tackles the question: how can Australians get a fair go at housing?

If you're reading this but not one of the 100 participants, you can still be involved. Visit **AMPLIFY** at www.amplifyaus.org

As one of the participants, your task is to give your view on a set of housing reforms that have been put forward by experts. Your views on these will be recorded before and after the event in Sydney where you'd have the opportunity to learn about and debate each reform. You will weigh the pros and cons, confront the trade-offs and find uncommon ground together on housing reform.



The State of Housing in Australia

The housing crisis is hitting all Australians, from young professionals looking for a rental, to new families looking to find secure housing to bring up their kids in, to women fleeing domestic violence and to ageing Australians trying to age well in place. At its worst, the crisis induces homelessness. At its 'best', the crisis means some level of housing-related stress and lost opportunity to be more prosperous.

Among the main problems affecting large numbers of Australians are a lack of housing affordability, housing choice and housing security. We know this because:

- **Affording a home to buy or rent has never been harder.** It takes someone on a median income around 12 years to save for a deposit today, compared to 4-5 years in the 1990s.
- **Choice of homes that are the right size and in the right location is limited.** The proportion of three-bedroom dwellings in major cities has decreased despite this being the most popular number of bedrooms.
- **Security in one's home is weakening. The typical lease term in Australia is 6-12 months.** In Germany and the Netherlands, it's indefinite. And 2-3 years in France and Hong Kong.

These are housing problems the **AMPLIFICATION** seeks to address.

Contributing to housing affordability, housing choice and housing security issues, and other housing problems, are several interlinked factors growing over decades, including:



Housing is delivered by a complex system with the power to effect change spread between several groups. This makes change harder. In addition, reform attempts by government and industry based on evidence-based policy often get stuck in the political crossfire of media. Public debate struggles to get beyond simple binaries and so public opinion remains divided.

For the whole Australian community, continuing under current settings and assumptions will reduce quality of life and hold Australia back.

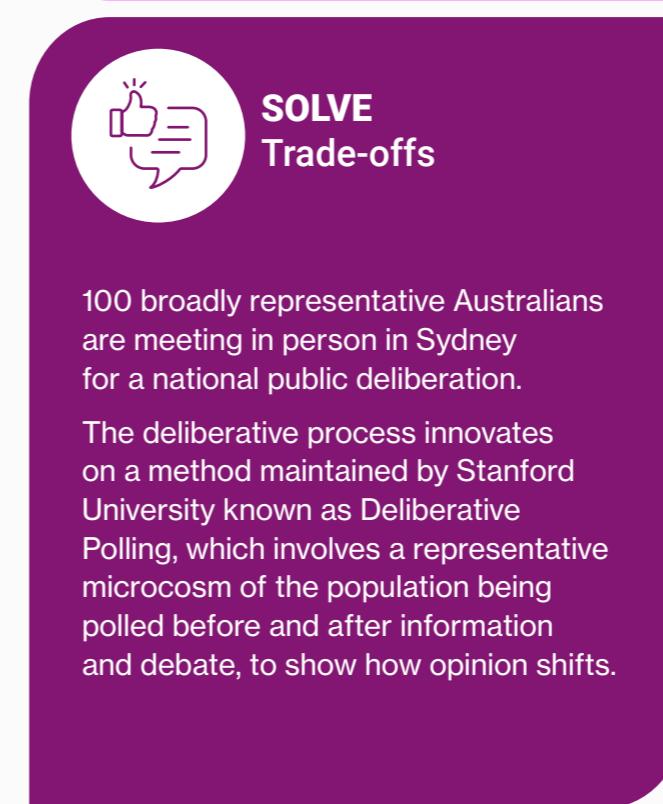
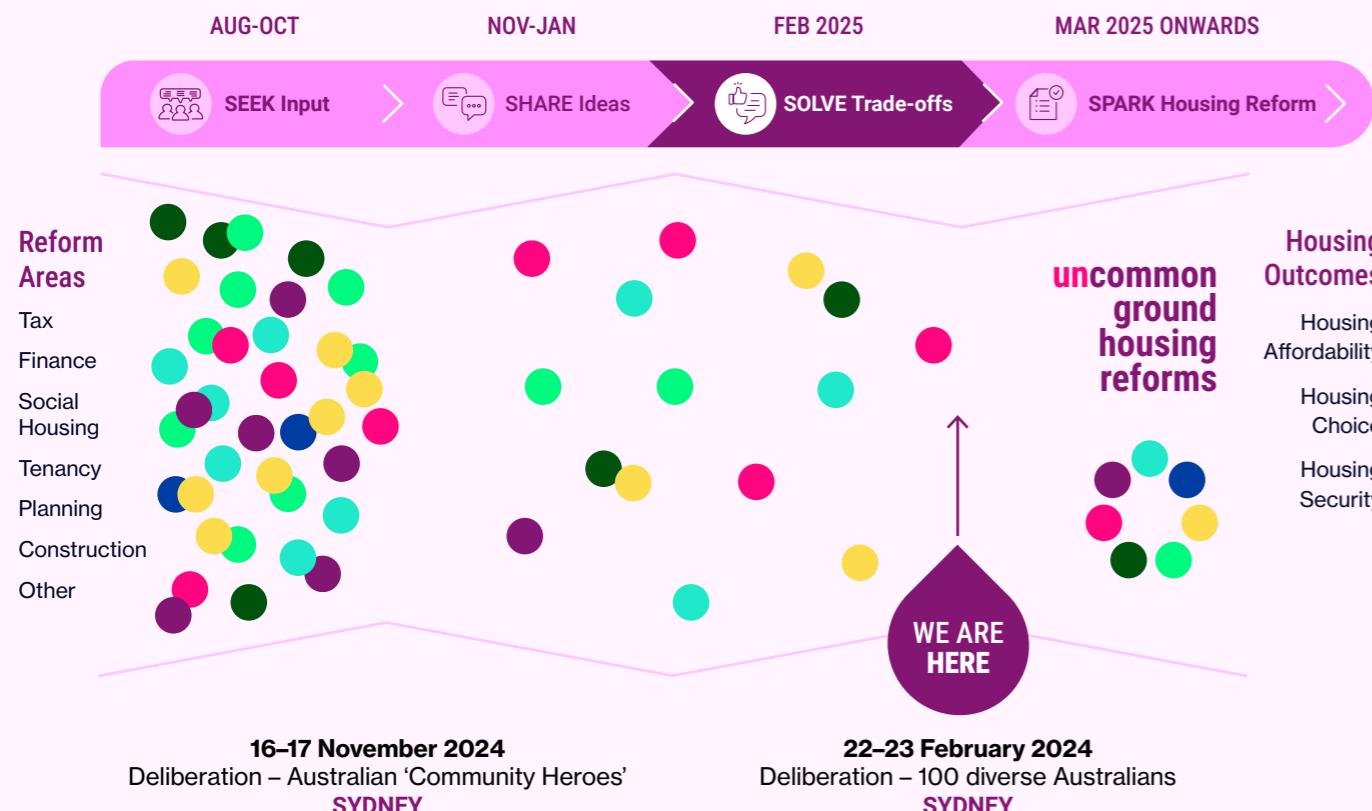
It's time we find **uncommon ground on housing reform!**

About the National Housing AMPLIFICATION

AMPLIFICATION is a unique process helping Australians to make our collective voice louder and stronger. It includes deliberation techniques and tools but also incorporates innovative formats and processes to help the community find solutions for the biggest challenges we face.

Australia's first **National Housing AMPLIFICATION** has the community involved in the housing debate, supporting constructive public discourse and finding uncommon ground on housing reform. This means building greater consensus for reform that will help Australians get a fair go at housing affordability, housing choice and housing security. The approach began in 2024 and follows four stages.

Housing: The Approach



A Message to You from the Community Heroes

We are ready for you to 'SOLVE Trade-offs' and 'SPARK Housing Reform'.

10 Community Heroes did the hard work of shortlisting 13 top housing reforms, from a total of 46 submitted to the process, for you to deliberate on. **They have a message for you:**



Over time housing has become about more than just meeting our basic needs. Our homes keep us safe, enable us to be with our families and provide a place from which we can thrive. Our homes now also play a big part in our financial success and provide security in our retirement.

In expanding the purpose of our homes, we have begun to make decisions that are counterproductive to things we care deeply about, like our young people being able to purchase their own homes, having a safe and secure place to live in and eradicating homelessness. The policies and processes of some of our leaders are deeply unhelpful and have also undermined housing affordability, housing options and housing security for decades.

We know that there are no silver bullets to improve housing quickly. And there are different ways to get to the same result. It is clear we need to do several things simultaneously to address this complex issue and help sow the seeds to help future generations.

In response, together we selected 13 housing reforms from 46 submitted by experts for Australians to discuss. We chose these 13 because they target different parts of the affordability, choice and security challenge and, in our view, represent the most important areas for reform.

Is there more that we could do?
There always is, but with **AMPLIFY**, with the Community Heroes behind them, we can't think of a better shot at holding the only housing reform conversation Australia needs right now – a big public one.

99 Community Heroes



Housing Reforms

The 13 housing reforms you will be deliberating on aim to improve: housing affordability; housing choice; and housing security (not exclusively). These are not the only goals of the reforms nor are the reforms the only changes needed for lasting improvement.



Making Housing More Affordable

01 Stamp Out Stamp Duty

Replace stamp duties with land value taxes

02 Housing Tax

Phase out housing tax concessions for multiple properties

03 Boost Rent Assistance

Increase Commonwealth Rent Assistance and index it to rents, not inflation

04 Homes for Everyday Heroes

Unlock private investment for essential worker housing: a national digital solution



Expanding Housing Choice

05 Commuter Communities

Unlock density with the Missing Middle Zone

06 More Bang for Your Block

Gentle densification for all

07 Fab Prefab

Level up modular housing via harmonisation of state and territory building codes

08 Faster Visas for Faster Homes

Getting the tradies we need to boost housing supply



Increasing Housing Security

09 Renters' Rights

Strengthen protections for renters

10 'Build to Rent' Booster

Encourage 'Build to Rent' for institutional investors

11 Affordable Homes Guarantee

Implement Mandatory Inclusionary Zoning for affordable housing

12 Target 10%

Create a broad-based social housing program



Enabling Change

13 Master Plan

Implement a national housing and homelessness plan embedded in law

The following sections of the document are organised according to the three housing problems outlined above and contain the following information:

Reforms:

- Title, Author
- Summary and overview of the proposed reform
- Alternative perspectives on the reform from Community Heroes and Housing Experts

Appendix:

- Reform in full, including details on impact, feasibility, and value for money.



Making Housing More Affordable

01

Stamp Out Stamp Duty

**REPLACE STAMP DUTIES
WITH LAND VALUE TAXES**



Author:

Brendan Coates,
Grattan Institute

Reform in brief:

With transitional financial help from the Federal Government, State and Territory Governments should replace stamp duty with broad-based land value taxes (LVTs). All housing owners would incur an annual tax on the unimproved value of their land, potentially payable at property sale. This would generate behavioural change that makes better use of existing housing, would more fairly tax wealth growth from rising house prices and make Australians up to \$20 billion a year better off.



Overview of the reform

State and Territory governments should replace stamp duties on property with general property taxes. Shifting from stamp duties to a broad-based property tax would improve housing affordability and raise rates of homeownership, while making Australians up to \$20 billion a year better off.

Stamp duties are among the most inefficient taxes available to the states and territories. They discourage people from moving to housing that better suits their needs, and from moving to better jobs. And they reduce rates of homeownership.

Stamp duties are also unfair. Stamp duties especially penalise young people, who tend to be more mobile. Stamp duties also act as a de facto tax on divorce. When the family home is sold to enable assets to be split, the separating couple each need to pay stamp duty if they purchase again. It's a big reason more than half of divorced women who lose their home don't buy again. In contrast, property taxes – which are levied on the value of property holdings – are the most efficient taxes available to the states and territories.

Proposals to switch from stamp duty to land tax have stalled because the politics are hard. However, the right transition model can help manage the politics. While such a switch is a state government responsibility, the federal government should commit to filling part of the revenue hole arising should a state swap stamp duties for property taxes, including through any reduction in a state's share of the GST.

Widening the Perspective

COMMUNITY HEROES' PERSPECTIVE

Strengths / Benefits

Reform:

- 1 Would improve affordability and help people into homeownership, paying less at the outset (although they would have to pay a small tax over the longer term).
- 2 Supports fairer housing – doesn't discriminate against people who have to move house (i.e. those who divorce, those fleeing violence, become a carer, get a new job etc).
- 3 Likely to free up more houses and make better use of existing housing – as people downsize, upsize and move locations when it suits them without the disincentive of Stamp Duty.
- 4 Provides a predictable income base for states / territories (whereas stamp duty fluctuates as it's connected to the number of transactions).

Challenges / Uncertainties / Questions

Reform:

- 1 Impacts everyone who owns lands, not just those who are buying housing, so it's politically sensitive.
- 2 Will be hard to 'sell'
- 3 Raises fairness challenges during the transition from one tax to the other, noted in the proposal. A fair transition period is important, especially for people who have purchased a property recently. E.g. getting a credit for the stamp duty they had paid.

AMPLIFY & HOUSING EXPERT PERSPECTIVE



**Professor
Robert
Breunig**
Australian
National
University



Implementation by States and Territories introduces the **risk of competition** between the States to offer lower land tax rates to favoured groups. If states introduced large tax-free thresholds or exemptions for certain groups, the benefits of the policy would evaporate as the states 'race for the bottom'.

An alternate to this proposal is for the **Federal Government** to re-introduce a broad-based land tax but then give all the income raised back to the States where the housing is built.

The reform faces a significant communications challenge with the public. When viewed simplistically, it's an existing tax that a relatively small number of people pay each year. Without overcoming the perception of being worse off, it's difficult to see how support for this reform is sustained.

Read the full proposal in the annex on page 76.



02

Housing Tax

PHASE OUT HOUSING TAX CONCESSIONS FOR MULTIPLE PROPERTIES



Author:
Maiy Azize,
Everybody's Home

Reform in brief:

Federal Government to phase out Negative Gearing tax deductions and the Capital Gains Tax Discount over ten years. This incremental approach would guard against concerns about the impact of the reform on housing markets. The tax reform proposals are expected to save considerable funds. The current arrangements are expected to cost the Federal Budget \$176 billion in foregone revenue between 2025-26 and 2034-35. These funds can be reinvested into a broad-based social housing program.



Overview of the reform

Everybody's Home proposes phasing in a regime of tax reform. These reforms would be phased in over ten years. As part of these reforms, the capital gains tax discount would be incrementally reduced over the next ten years. This incremental approach would guard against concerns about the impact of the reform on housing markets. The current negative gearing arrangements would be phased out.

The past three decades have seen a major shift in how the Federal Government approaches housing. The Commonwealth used to directly supply homes as its main policy response for housing affordability. This changed in the 1980s and 1990s, when the Federal Government began relying on the private market to deliver homes. Rather than supplying housing, Federal Government spending was reoriented to supporting the private market. A key aspect of this support has been tax concessions for investors who earn incomes as landlords.

The most well-known of these tax concessions relate to negative gearing. Negative gearing describes a situation where expenses associated with an investment property, including interest expenses, are greater than the income earned from the property. These losses can be deducted from other income, such as salary and wages. Negative gearing tax deductions were formalised in Australia in 1987.

Capital gains tax exemptions have also promoted speculative investment in housing. When an investor sells their investment property for more than they paid for it, the investor has experienced a capital gain. Capital gains are subject to capital gains tax. Since 1999, Australia has had a 50 percent discount on capital gains tax if the asset was held for more than twelve months. This means that if a \$100,000 capital gain was recorded, only \$50,000 is subject to tax.

Not only are the costs of these tax concessions ballooning, the benefits are skewed heavily toward high income earners. Analysis has shown that negative gearing and capital gains tax concessions overwhelmingly benefit people on the highest incomes. Findings from the Centre for Equitable Housing similarly found a distinct generational divide. Negative gearing effectively acts 'as an intergenerational transfer of wealth from young to old', with those over 40 taking 71 percent of the benefits and those under 30 just 29 percent.

Together these policies have a dual perverse effect of both reducing housing affordability and increasing wealth inequality.

Widening the Perspective

COMMUNITY HEROES' PERSPECTIVE

Strengths / Benefits

Reform:

- 1 Could raise additional revenue for the government, helping fund an expansion of social and affordable homes.
- 2 Could reduce the rate of capital gains of housing over time by reducing the demand for investment properties.

Challenges / Uncertainties / Questions

Reform:

- 1 May result in the provision of less private rental properties, but this could be outweighed by increased investment in social and affordable housing by the government, if it chose to do so.
- 2 Is likely to be opposed by the real estate and property industry.
- 3 Has a long phase-in period of ten years which could subject the reform to change for political reasons.

AMPLIFY & HOUSING EXPERT PERSPECTIVE



**Professor
Robert
Breunig**

Australian
National
University



This reform will make rental accommodation harder to find and renting more expensive. Disallowing expense deductions on rental properties will discourage people from going into the business of building and operating rental properties.

Treating the deductibility of expenses and the tax treatment of capital gains differently for housing than for all other assets, income and businesses, adds layers of bureaucratic complexity and creates opportunities for unfairness that will be particularly available to those with more money. For economic efficiency and fairness, different types of income and assets must be taxed in similar ways.

Alternative proposal: Reducing the generous tax treatment of owner-occupied housing by applying a broad-based property tax is a better, fairer and simpler policy that would increase housing affordability.

Read the full proposal in the annex on page 80.



03

Boost Rent Assistance

INCREASE COMMONWEALTH RENT ASSISTANCE AND INDEX IT TO RENTS, NOT INFLATION

Authors:



Brendan Coates,
Grattan Institute



Matthew Bowes,
Grattan Institute

Reform in brief:

The federal government should increase the maximum rate of Commonwealth Rent Assistance by 50 per cent for singles and 40 per cent for couples, and index it to changes in rents for the cheapest 25 per cent of homes in our capital cities, rather than inflation. This would provide immediate support to the growing number of low-income households who struggle to meet their housing costs, and would reduce housing stress and poverty among low-income Australians.



Overview of the reform

Commonwealth Rent Assistance is an income supplement of up to \$211 per fortnight, paid to individuals who receive a government payment or pension, and who rent in the private rental market.

Because Rent Assistance is a demand-driven payment that varies with rents and goes directly to low-income households, it is among the most cost-effective ways the federal government can reduce housing stress and poverty among renting households.

In 2022-23, the payment reduced rates of rental stress among recipients from 72 per cent to between 44 and 63 per cent, depending on how rental stress is measured.

But the rate of Rent Assistance has not kept up with the rents paid by recipients. Even after a combined 27 per cent increase in the maximum rate across the previous two federal budgets, net housing costs for many recipients have increased since 2020.

The federal government should further increase Rent Assistance, so it supports a minimum adequate level of housing for recipients.

The maximum rate should be increased by a further 50 per cent for singles and 40 per cent for couples. It should also be indexed to changes in rents for the cheapest 25 per cent of homes in capital cities. These increases would boost the maximum rate of Rent Assistance by \$53 a week (\$2,750 a year) for singles, and \$40 a week (\$2,080 a year) for couples, at a cost to the federal government of \$2 billion a year.

This reform would ensure single Australians receiving pension payments (Age Pension, Disability Support Pension, Parenting Payment) could afford to spend \$350 a week on rent, enough to rent the cheapest 25 per cent of one-bedroom units across Australian capital cities, while still affording other essentials. And couples receiving pension payments could afford to spend \$390 a week, enough to rent the cheapest 25 per cent of all one- and two-bedroom units.

With further increases in working-age payments – including JobSeeker and Youth Allowance – these increases in Rent Assistance would also make renting affordable for working-age recipients of Rent Assistance.

Widening the Perspective

COMMUNITY HEROES' PERSPECTIVE

Strengths / Benefits

Reform:

- 1 Is well targeted. It directly addresses a specific problem – financial gap for a defined group of people. It would help many vulnerable households.
- 2 Is credible given its link to the Henry Tax review, which gives a ceiling/cap – not an open ended blank cheque.
- 3 Better matches actual rents, instead of it matching wages/income as determined by CPI – rents often rise faster than CPI – so this responds to the need directly.
- 4 Can be implemented relatively quickly – and will impact relatively quickly.

Challenges / Uncertainties / Questions

Reform:

- 1 Doesn't address the drivers of rent rises that lead to rent assistance being needed in the first place.
- 2 Could distort the market because government is subsidising rents – and there is incentive for landlords to raise rents. However, we agreed this is low risk, because the reform is targeted.
- 3 Benefits only a small proportion of people, not the 'middle millions' who are struggling to pay rents. Other reforms are needed to support these people.



AMPLIFY & HOUSING EXPERT PERSPECTIVE



Mark Ronisvalle

Former Deputy Secretary,
NSW Treasury



The reform is not affordable as currently drafted:

- The cost of the proposal to increase Commonwealth Rent Assistance (CRA) is put at \$2 billion per annum. This is equivalent to an average increase in personal income tax of around \$125 per annum.
- It is proposed that the increase in CRA will be funded from 'savings in other Commonwealth Government expenditure programs'. There is a public perception that finding government expenditure savings is easy. However, every government expenditure has a lobby group supporting continuation of the relevant expenditure which makes any reform politically difficult. Budgeting is about making choices of where limited spending capacity should be allocated. The proposal needs to put forward a concrete plan to offset its cost, otherwise it simply represents a request to increase the Commonwealth Budget deficit (or raise taxation).
- To reduce the cost of the proposal, consideration should be given to: a phased winding back of 'in-kind' subsidies provided to public housing tenants; changes to the taper arrangements for the additional CRA payment; and the introduction of different CRA thresholds for different locations recognising differences in the cost of housing in different places.

The reform could act to increase house prices and rents and lock-in higher subsidies over the long term:

- In an environment where housing supply is limited, pushing more money into the housing sector by increasing CRA payments could act to increase rents and housing prices generally. This could benefit existing property owners.
- Indexing CRA payments to market rents could further exacerbate this problem by reducing the market constraints on landlords increasing rents charged to existing tenants in receipt of an increase in CRA. In part, this arises because there is a fixed cost associated with changing where you live.

The reform does not address the fundamental problems with the housing market.

The need to lift the CRA subsidy by so much implies that current housing policies (i.e. regulation and tax settings) do not result in the housing market meeting the needs of lower socio-economic groups within the community.

Read the full proposal in the annex on page 84.

04

Homes for Everyday Heroes

UNLOCK PRIVATE INVESTMENT FOR ESSENTIAL WORKER HOUSING: A NATIONAL DIGITAL SOLUTION



Author:

Robert Pradolin,
Housing All Australians

Reform in brief:

Housing All Australians should collaborate with the Banking Association, the Australian Local Government Association and the Property and Development Industries, to implement the Progressive Residential Affordability Development Solution (PRADS) model and register, nationally. The PRADS register, developed in collaboration with PEXA, will unlock private sector investment in affordable rental housing for essential workers nationally, and at scale. These properties will be searchable on realestate.com.au and the centralised national platform will be fully transparent to government to ensure compliance by all stakeholders. This market-driven solution will mobilise private capital to deliver affordable rental housing for essential workers at scale, while maintaining flexibility at the local government level.



Overview of the reform

Australia faces an unprecedented housing crisis requiring an additional \$290 billion investment in social and affordable housing over the next two decades¹. **That is \$14.5 billion spent on housing every year for the next 20 years!**

This funding challenge is too significant for government to address alone, demanding innovative solutions that can unlock new forms of investment capital, at scale.

Housing All Australians' (HAA) response to this crisis combines three groundbreaking elements:

- 1 The **PRADS Model** enables collaboration between all levels of government and the development industry, by using planning incentives to create additional value that subsidises affordable housing for a minimum 30 year period. These obligations are secured through the placement of a restrictive covenant on individual titles, allowing the properties to be sold to private investors.
- 2 The **PRADS Register** will use digital technology to monitor compliance of all stakeholders, ensuring the affordable housing commitments are maintained for the agreed period. This technological solution provides governments with unprecedented and transparent oversight, enabling the unlocking of private sector capital, at scale, for affordable housing.
- 3 **PRADS integration with realestate.com.au** brings essential worker housing into the mainstream property market. For the first time, a national platform will identify properties that are, initially, only available to essential workers, at below market rents. Users will be able to find these properties by searching for keywords such as "affordable housing" or "essential worker housing" and available "PRADS" tagged properties will be displayed.

Significantly, the PRADS register will also revolutionise how essential worker housing is defined. Moving beyond the traditional rigid definitions, by using smart technology it will enable each Local Government Area (LGA) to set specific criteria based on its economic circumstances and unique workforce needs including the opportunity to set specific income bands that will qualify the essential workers able to receive the subsidised housing within their municipality.

Additionally, the PRADS register addresses a key concern for local governments – the resource-intensive nature of monitoring long-term affordable housing commitments. The current widely accepted practice of tracking these obligations through Excel spreadsheets is inefficient and risky, particularly given these commitments often span 20-30 years and involve multiple stakeholders. The PRADS register replaces these basic tracking systems with a sophisticated centralised "management light" digital platform that automatically monitors compliance in real-time, alerting councils only when issues are detected.

This innovative solution has gained widespread support from industry and local government, demonstrating its potential to transform how Australia delivers affordable housing for its essential workers. It can and should, over time, be used in unlocking further private sector investment for all types of subsidised housing, including social housing.

¹Statutory Review – Operation of the National Finance and Investment Corporation Act 2018 – August 2021

Widening the Perspective

COMMUNITY HEROES' PERSPECTIVE

Strengths / Benefits

Reform:

- 1 Enables more houses to be built and more choice of houses.
- 2 Encourages more private capital to be spent on housing.
- 3 Assists people who don't qualify for welfare but are still experiencing housing challenges.
- 4 Empowers local communities.
- 5 Provides stable affordable housing as the covenants are 30 years long.
- 6 Addresses certain weaknesses of a similar scheme which has recently ended (the National Rental Affordability Scheme).

Challenges / Uncertainties / Questions

Reform:

- 1 Isn't clear on whether it would provide more housing in regional areas.
- 2 Could reduce prices for existing houses in the area (i.e. affect market values).
- 3 Targets essential workers, but might be better if it accommodated a wider set of people struggling to get housing.
- 4 Is unclear on elements of implementation so this initiative may or may not be feasible.



AMPLIFY & HOUSING EXPERT PERSPECTIVE



Karen Walsh

National Shelter



The model does not recognise the expert and highly regulated Community Housing sector, which has the confidence of government, regulators, and institutional finance to deliver and operate affordable housing. Community Housing Providers are integral to the existing affordable housing framework, given their expertise and established partnerships, and should be considered in the proposed reform.

The reform relies on an existing arrangement delivering more benefits than it currently does but isn't clear how it generates the additional benefit. Councils are already able to utilise Voluntary Planning Agreements (VPAs), where developers agree to provide community benefits, such as affordable housing, in exchange for development approval or planning concessions. What specific improvements does this proposal offer over the current system?

The proposal isn't clear that sufficient government endorsement is possible. All State and Territory Governments would need to adopt the register for it to work.

It's not clear how the reform delivers nationally, at scale, in a way that is economical and sensitive to local requirements. It appears that to work, the model requires detailed localised work between several parties, which would need to be coordinated and take time (is this the role of Housing All Australians?). The resources to do this nation-wide would be significant and so economies are needed to reach scale. However, economies could be rejected at the local level where they appear 'cookie-cutter'.

Read the full proposal in the annex on page 88.



HOUSING REFORMS

Expanding Housing Choice

05

Commuter Communities

UNLOCK DENSITY WITH THE MISSING MIDDLE ZONE



Author:

Jonathan O'Brien,
YIMBY Melbourne

Reform in brief:

State and Territory Governments, with the backing of the Federal Government, should implement a bold transit-oriented and mixed-use development program through broad upzoning around transit and urban centres. This would deliver more homes where people want to live, increasing housing supply and reducing rents, mitigating the cost of urban sprawl, increasing construction sector capacity, and increasing housing choices by creating interconnected networks of high-amenity, walkable neighbourhoods across Australia.



Overview of the reform

State and Territory governments across Australia, with the financial and political backing of the Federal Government, should embark on a bold transit-oriented development program enabling six-storey, mixed-use development on all residential land:

- within 1 kilometre of a train station, or
- 500 metres of a tram or rapid bus transit stop, or
- within a 3 kilometre radius of any major city CBD.

This ambitious program will enable more homes to be built where people want to live, reducing rents, increasing housing supply, and reducing the cost of living while increasing housing choices for all Australians, by building the kind of missing middle density that typifies liveable cities around the globe.

This reform would see lively streetscapes across our inner-urban areas, along our train and tram lines, around rapid bus transit stops and near our town centres. Gentle walk-up apartments, abundant shopfronts, sidewalk cafes, and pocket parks would replace unaffordable and unsustainable inner-city cottages.

To maximise the reform's impact, housing projects within the Missing Middle Zone should be able to be constructed by-right, so long as they comply with the relevant building codes and fit within the six-storey building envelope laid out by a simple zoning code.

The advantage broad upzoning has over many other housing policies is that it is virtually free to implement. By removing restrictions on investment into new homes and housing where people want to live, we unlock enormous amounts of value while actually reducing housing costs and the administrative burden placed on our nation's myriad planning departments.

Furthermore, this reform will actually generate revenue. By implementing a modest 30% Windfall Gains Tax, state governments can capture a portion of the value generated by upzoning and accrued as capital gains by incumbent landowners, to reinvest it back into the community for new infrastructure such as social housing, open space, etc.

Widening the Perspective

COMMUNITY HEROES' PERSPECTIVE

Strengths / Benefits

Reform:

- 1 Could enable more houses to be built, and give people more housing choices, by using land area that is in high demand in a smart way.
- 2 Provides savings for government by leveraging existing transport and infrastructure. However, this benefit is most relevant in heavily populated areas – capital and major cities.
- 3 Raises revenue through the windfall gains tax which is a good way of sharing the inherent value in land that many want to live on.
- 4 Lower carbon footprint – not a housing outcome but good nonetheless.

Challenges / Uncertainties / Questions

Reform:

- 1 Doesn't guarantee development, just because there is upzoning. How can we be more confident in the development? Would the upzoning increase the feasibility for developers enough?
- 2 May not be applicable nation-wide. Some states (Tas and NT) don't have transport hubs – so this may not have impacts on them / may not address housing issues in these states/areas.
- 3 Has the potential to divide the community. Existing residents are likely to resist.
- 4 Isn't clear that the zoning won't change again.
- 5 Requires a lot of coordination between governments, which is not happening now. What would the catalyst be to improve this?



AMPLIFY & HOUSING EXPERT PERSPECTIVE



Maxwell Shifman

CEO Intrapac
Property & Urban
Development
Institute of
Australia Board
and immediate
past President



The Missing Middle Zone assumes that all areas near existing fixed rail transport nodes can handle higher density development, which is not always true. Many areas face limitations in infrastructure, such as roads, public transport and social amenities such as parks and schools. Retrofitting these to accommodate population growth in these areas can be costly once capacity limits are reached.

The economics of property development make constructing six-storey apartment buildings, similar to those in European cities like Barcelona and Paris, far from affordable in Australia, due to higher construction costs and stricter regulations.

Most apartments are now built for higher-end buyers, and without substantial reductions to construction costs or government subsidies, this will likely remain the case.

The suburban development around Australian city transport nodes, with lots typically ranging from 500 to 800m², limits density increases as developers struggle to acquire multiple lots, driving up prices and making affordable housing difficult to achieve.

Times are changing, but Australia is still not ready to adopt apartment living en-masse, particularly for owner occupiers. Housing intention surveys regularly demonstrate that the demand for apartments remains between 10 and 20% of the overall market.

Read the full proposal in the annex on page 94.

06

More Bang for Your Block

GENTLE DENSIFICATION FOR ALL



Author:

Danika Adams,
Committee for Economic
Development Australia (CEDA)

Reform in brief:

State and Territory Governments should implement planning reforms for 'gentle' densification by allowing secondary or additional dwellings, granny flats, garage conversions or 'tiny homes', subdivision flexibility, better use of existing housing (spare bedrooms and downsizing) and allowing multifamily dwellings. This would improve the use of existing land and housing, particularly in well-located areas with space for greater density.



Overview of the reform

Making better use of existing land and housing, particularly in well-located areas with space for greater density, is key to addressing Australia's ongoing housing shortage and drive greater housing affordability.

This can be done through reforms to enable 'gentle' densification, by allowing secondary or additional dwellings, granny flats, garage conversions or 'tiny homes', subdivision flexibility, better using of existing housing (spare bedrooms and downsizing) and allowing multifamily dwellings.

Allowing Accessory Dwelling Units (ADUs) – secondary or additional dwellings, granny flats, garage conversions or 'tiny homes' – on suburban lots is one option to improve housing availability.

These units benefit from access to services, transport and infrastructure that already exists, rather than requiring new services to be built, as is common for housing built on greenfield sites. Urban infill or 'gentle' density allows for better use of space and increased density in already serviced areas.

There are direct benefits for individuals who would choose to build additional dwellings or better use existing housing – the proposed reforms enable them to access these benefits when they suit their individual needs. Societal benefits include greater access to housing.

There can be costs for existing residents where local infrastructure is slow to respond to increased demand, but servicing population growth in greenfield sites far from existing infrastructure is substantially more expensive.

Most Australian states allow the construction of granny flats or ADUs, however current regulations require a connection to "same household" members or "dependents" of the same household. These regulations should be reviewed to allow for people without a connection to existing residents to occupy or buy the home.



Widening the Perspective

COMMUNITY HEROES' PERSPECTIVE

Strengths / Benefits

Reform:

- 1 Provides greater family and community housing options through the use of spaces that are currently unused.
- 2 Improves family and community connectivity, including enabling extended families to live together and support each other – improving mental health outcomes.
- 3 Supports the transition of young people to more independent living arrangements.
- 4 Decreases the impact on residential care and nursing homes – by enabling elderly people to live near their families.
- 5 Provides more student housing options.
- 6 Enables families to pool their resources.
- 7 Reduces impact on the environment.
- 8 Reduces the cost of rents over time by reducing demand / pressure on rental options.

Challenges / Uncertainties / Questions

Reform:

- 1 May be challenging to implement at a national level because every council area is different (i.e. heritage areas that we want to protect and or land space).
- 2 Could contribute to 'localised monocultures' emerging as ethnic communities concentrate in one area. However, this could also be a good thing for these communities – improving their sense of connection and wellbeing.
- 3 Is unclear on changes required to land titles resulting from this kind of development. Requiring a new type of land title could be a barrier to implementation.

AMPLIFY & HOUSING EXPERT PERSPECTIVE



Maxwell Shifman

CEO Intrapac
Property & Urban
Development
Institute of
Australia Board
and immediate
past President



Accessory Dwelling Units (ADUs) are a niche product and do not provide sufficient space for anything more than a single person or a couple.

Current cost challenges make it difficult to deliver niche development at this scale. The best return on investment and economies of scale for mid-density townhouses are found on larger, middle ring, infill sites such as disused industrial or recreational facilities.

The proposed reform does not directly address tax treatment for gentle densification. Encouraging property owners to build additional dwellings requires a supportive tax environment that does not penalise efforts to increase supply.

Read the full proposal in the annex on page 100.

Fab Prefab

LEVEL UP MODULAR HOUSING VIA HARMONISATION OF STATE AND TERRITORY BUILDING CODES²



Author:

Sophie Black,
Blueprint Institute

Reform in brief:

Following recent updates to the National Construction Code (NCC), which now includes guidelines for prefabricated homes and offsite construction techniques, similar changes should be made to State and Territory building codes to streamline the approval process for offsite construction. Modular housing offers an innovative way to build high-quality homes quickly, but its full potential is currently limited by inconsistent building codes across states and territories. The reform aims to add to the housing stock more efficiently and economically by harmonising these codes, providing greater certainty for companies and consumers in adopting offsite construction methods across Australia. By doing so, the reform would maximise the efficiency and environmental benefits of prefabricated homes.



Overview of the reform

The Australian construction industry is ripe for innovation – an opportunity that modular building practices can provide. Prefabricated homes, also known as prefab homes or modular housing, is a type of housing that is constructed off-site in a factory setting and then transported to the desired location for assembly. If done well, offsite construction is far more efficient than traditional processes, meaning homes can be built more quickly while wasting fewer materials and requiring fewer workers.

In November 2024, the Australian Building Codes Board took the first step in embracing offsite construction by publishing an update to the National Construction Code (NCC), providing guidance on how buildings using modern construction methods can achieve compliance with the Code.

The NCC is the primary regulatory framework which sets minimum standards for building design and construction across Australia, but states and territories may modify, override, or supplement these standards when legislating them into force, based on local needs. These jurisdiction-specific codes address regional considerations such as environmental factors (like soil type and weather conditions), heritage conservation mandates, and area-specific safety concerns, ensuring that building codes are tailored to the unique requirements of each State and Territory.

There is a risk that States and Territories don't fully reflect the new NCC Guidelines in their codes. As these local codes play a critical role in regulating regional infrastructure and shaping building practices, it is essential that they are updated to align with the latest advancements in construction methods. Given their significant influence on the construction industry, updating these codes to reflect modern techniques is crucial for ensuring consistency and supporting industry growth.

As the next step to effectively support the next generation of Australian homes, State and Territory building codes should be updated to create a more permissive regulatory environment for offsite construction methods, in line with the new NCC guidance. This approach would reduce existing barriers to offsite manufacturing while maintaining the critical flexibility needed to address local environmental, safety, and regional requirements.

The goal is not to standardise construction uniformly across all jurisdictions, but to establish a more responsive and forward-looking regulatory environment.

By carefully balancing national standards with local needs, Australia can foster innovation in building technologies, support more efficient construction processes, and ensure that prefabricated homes meet the highest standards of quality, safety, and regional appropriateness.

This nuanced strategy will enable the building industry to embrace new construction methods more readily, while still preserving the essential adaptability that has long characterised Australia's approach to building regulation.

There are undeniable benefits to embracing modular building techniques. As up to 80% of a modular home is assembled off-site, construction times are radically reduced – cutting the time it takes from planning to building a home by up to half. Prefab designs are also more cost effective than traditional building methods thanks to economies of scale in materials and reduced manpower requirements. There are also the environmental advantages of modular construction, which produces less waste and fewer carbon emissions than conventional building techniques.

Harmonising protocols for modular housing across State and Territory building codes will optimise the efficiency of prefab homes, providing builders, financiers and home owners with greater confidence and willingness to adopt offsite construction methods.

² Note: Blueprint Institute initially recommended that clear guidelines be added to the National Construction Code (NCC) to integrate offsite construction techniques into established standards for residential buildings. This policy reform was successfully achieved in November 2024 with the release of the Prefabricated, Modular, and Offsite Construction Handbook to the National Construction Code. Following this, a revised reform was submitted, outlining the next steps for scaling up modular housing.

Widening the Perspective

COMMUNITY HEROES' PERSPECTIVE

Strengths / Benefits

Reform:

- 1 Helps to make the construction industry more efficient.
We should be able to build more houses faster.
Could it revolutionise the construction industry as we know it?
- 2 Enables the construction of more cost-effective houses because it is less labour intensive.
- 3 Helps to provide more affordable homes for youth transitioning to living on their own.
- 4 Aids the provision of houses after natural disasters more quickly.
This would have important mental health benefits as people are able to quickly access housing and remain in their communities.
- 5 Could create new employment opportunities.

Challenges / Uncertainties / Questions

Reform:

- 1 Relies on multiple governments changing regulations in a somewhat harmonised way, which is challenging, and isn't clear who drives this.
- 2 Isn't clear on any changes needed to building codes for safety.
Isn't clear on resilience of these methods to natural disasters.
- 3 Could increase the pressure on the transport industry as pre constructed buildings have specific transportation requirements.
- 4 Could put pressure on the provision of infrastructure such as roads, public transport, water, electricity and sewage – which can't be established as quickly as modular housing.



AMPLIFY



AMPLIFY

Does the business model for prefab stack up? How effective will the harmonisation of state construction codes be in driving increased uptake of modular housing within the construction industry? Will greater adoption of prefab result in significant cost reductions for industry, or are there other factors, such as transportation costs, that could impact its affordability?

Who is responsible for ensuring the successful harmonisation of construction codes across federal, state and local authorities, and how can coordination between these levels of government be achieved for smooth implementation?

Does the construction industry have the capability to adopt modular housing at scale? Are there enough skilled workers, manufacturers, and suppliers of new materials to meet the increased demand for modular housing?

How will the harmonisation of construction codes account for the varying regional factors in each state, such as climate conditions, local building materials, and infrastructure requirements, ensuring that a product produced at scale is suitable for diverse environments?

Read the full proposal in the annex on page 104.

08

Faster Visas for Faster Homes

GETTING THE TRADIES WE NEED TO BOOST HOUSING SUPPLY



Author:
Sophie Black,
Blueprint Institute

Reform in brief:

The Federal Government should urgently expand visa pathways to import skilled construction workers, including extending eligibility for the Specialist Skills visa pathway to trade workers and by including all occupations relevant to residential construction on the Core Skills Occupation list. This reform would help address Australia's construction skills shortage, enabling more homes to be built faster – increasing the supply of available housing and reducing the cost of buying a home.



Overview of the reform

We face a severe shortage of construction workers, and although training pathways like apprenticeships will help to plug the skills gap in a couple of years, we cannot afford to wait that long. We should be making it easier for foreign tradies to work in Australia so we can address the labour shortage in the short-term.

In recognition of Australia's housing affordability crisis, the federal government has set an ambitious target to build 1.2 million new homes by 2029.

However, without drastic changes, this target is unlikely to be met. Allowing more skilled construction workers to come to Australia will address one of the main challenges to meeting this target.

By the end of 2024, migrant workers will have to enter Australia under one of the three streams of the new four-year Skills in Demand Visa. In descending order, these streams are the Specialist Skills pathway (for workers earning over \$135,000); the Core Skills pathway (for workers earning between approximately \$70,000 and \$135,000); and the Essential Skills pathway (for workers earning below approximately \$70,000).

Critically, trade workers are ineligible for the Specialist Skills pathway – regardless of whether they are earning above \$135,000 or not. To make matters worse, many of the trades essential for residential construction are still under consultation for inclusion on the Core Skills Occupation list such as plumbers, carpenters, and bricklayers. We recommend extending eligibility for the Specialist Skills visa pathway to trades workers and including all occupations relevant to residential construction on the Core Skills Occupation list.

Migration inflows resulting from these changes must be carefully managed to ensure that construction workers go where they are needed – in the regions as well as in cities.

Immigration has a profoundly positive impact on all areas of the economy and contributes greatly towards improving our net productivity.



Widening the Perspective

COMMUNITY HEROES' PERSPECTIVE

Strengths / Benefits

Reform:

- 1 Has the potential to resolve a big challenge for creating housing. The construction workforce shortage is a significant problem to resolve and there are few other ways to solve this issue quickly.
- 2 Should enable more housing to be built more quickly, which would make a positive contribution to the economy.
- 3 Has some potential to bolster productivity of the construction industry as overseas methods are introduced.
- 4 Could help build regional communities and address shortages in specific geographic areas (if there is a requirement for people to settle in certain areas).

Challenges / Uncertainties / Questions

Reform:

- 1 Risks worsening the housing problem – as we need to find places for additional people to live in the short term.
- 2 Doesn't address dependencies, like the extent to which we recognise the qualifications of other countries. Will additional training be required before foreign workers can make a contribution? How will we link immigrants to construction work?
- 3 Doesn't reference construction immigrant workers rights. Migrant construction workers can be vulnerable to discrimination and isolation, including those from non-English speaking backgrounds.
- 4 Is unclear on the position of the unions? They may challenge this reform.
- 5 Is unclear on how visa rights aren't taken advantage of. There are enforcement questions.
- 6 Should be a temporary measure and we should simultaneously invest in the construction skills of Australians, so we don't crowd Australian capability.

AMPLIFY & HOUSING EXPERT PERSPECTIVE



**Dr
Abul Rizvi**
Former
Deputy Security,
*Department of
Immigration*



Placing construction trade workers into the Specialist Skills stream (which the government may do in the near future) would only slightly improve visa processing times for a small number of applicants earning over \$135,000. It would not address the issue of increasing the number of construction trade workers migrating to Australia.

The visa system already gives the highest possible priority in the points test to construction trade workers.

The proposal is inaccurate on this point.

The main issue with the immigration system is that it doesn't generate enough applications that meet the criteria for construction trade work, and this is due to two key reasons:

1. There is currently competition for construction trade workers in other western economies and that competition will continue to grow as the population ages and transitions into retirement.
2. The skills recognition processes does not acknowledge trade workers trained outside of our traditional source countries.

Read the full proposal in the annex on page 108.



Increasing Housing Security

09

Renters' Rights

STRENGTHEN PROTECTIONS FOR RENTERS



Author:

Andrew Barker,
Committee for Economic
Development Australia (CEDA)

Reform in brief:

State and Territory Governments should implement nationally consistent protections for renters, including banning 'no grounds' evictions and restricting rent increases for sitting tenants. This would improve rental security, and generate improved connections to community, better health outcomes and higher levels of social and economic participation.



Overview of the reform

While many Australians still seek to own their own home, for others, renting can be a more attractive option. For example, young and/or mobile households may not wish to buy and sell a house with each move. The most common motivations for renting are financial, but around one third of renters do so because they want to retain the flexibility to move quickly or prefer renting.³

For rental housing to provide for the needs of a diverse set of renters, security of tenure is necessary.

Benefits of secure tenure include improved connections to community, better health outcomes and higher levels of social and economic participation. Yet overall tenure security for Australian renters is ranked equal lowest (along with Greece) among 31 OECD countries for which data are available. In stark contrast to other developed countries, Australian renters are more likely to be forced to move by their landlord than choose to move for work.

While some jurisdictions have made reforms to improve security of tenure in recent years, it is still possible to evict tenants without grounds at the end of a fixed-term tenancy (with 30 days or less of notice in Western Australia, South Australia and the Northern Territory).

Around 90 per cent of lease agreements are for 12 months or less⁴, which contrasts with the frequency of multi-year contracts for commercial leases in Australia or housing leases in many European countries. Greater certainty for both renters and landlords could be achieved by facilitating long-term leases where appropriate, rather than the current default to leases of one year or less.

Compared with renters in other developed countries, Australians are also relatively constrained in their capacity to make minor alterations to rental properties.⁵ Particularly for longer leases, enabling minor alterations can allow renters to make their house a home.

State governments can deliver substantial benefits to renters and contribute to a better functioning housing market by banning 'no grounds' evictions at any point of the contract cycle. To protect owners and their properties, evictions should still be allowed where the tenant has not paid rent or mistreated the property. However, such evictions are rare, accounting for only 6% of terminations by landlords in the latest (2022) data for New South Wales.⁶ Evictions should still be allowed for legitimate reasons, but this should be a very short list: the landlord or their immediate family moving in, the landlord selling to another owner who wishes to move in (sale to another investor or intention to sell is not sufficient), or breaches/notice of intention to leave by the tenant.

To avoid excessive rent increases that can be used as a means of eviction, governments should also restrict rent increases for existing tenants in line with local market changes, with allowance made for higher rents in the case of substantial renovation. Such an approach has been successfully applied in Germany, where initial rents were left effectively unregulated while subsequent increases were tied to local reference rents, with greater increases permitted in proportion to any renovation expenditure.⁷

³Baker, Emma; Daniel, Lyrian; Beer, Andrew; Bentley, Rebecca; Stone, Wendy; Rowley, Steven; Nygaard, Andi; London, Kerry, 2023, *The Australian Housing Conditions Dataset 2022*, doi:10.26193/SLCU9J, ADA DataVerse, V1

⁴Australian Bureau of Statistics (2023), *New Insights into the Rental Market*, <https://www.abs.gov.au/statistics/detailed-methodology-information/information-papers/new-insights-rental-market>

⁵Longview and PEXA (2023), *Private Renting in Australia - A Broken System*, *Whitepaper 2*, <https://www.pexa-group.com/content-hub/property-insights-and-reports/longview-whitepaper-renting/>

⁶<https://data.nsw.gov.au/search/dataset/ds-nsw-ckan-c3140df4-50a5-453c-9022-a625853d1519/details?q=end%20of%20tenancy>

⁷de Boer, R., & Bitetti, R. (2015). *A Revival of the Private Rental Sector of the Housing Market? Lessons from Germany, Finland, the Czech Republic and the Netherlands*. Paris: OECD Economics Working Paper No. 1170. doi:<http://dx.doi.org/10.1787/5jx9f32j0zp-en>

Widening the Perspective

COMMUNITY HEROES' PERSPECTIVE

Strengths / Benefits

Reform:

- 1 Provides housing security and promotes stability by enabling renters to remain in their properties for longer. Helps improve mental health and has important community benefits – i.e. enabling children to stay in their local schools and improving people's connection to their local communities.
- 2 Potentially improves how well some tenants look after their properties because they know they will be living there for some time.
- 3 Reduces housing related costs, such as the costs of moving regularly. This will assist in improving financial stability.

Challenges / Uncertainties / Questions

Reform:

- 1 May reduce incentives for landlords to offer rental properties. This may reduce rental options potentially push up rents.
- 2 May lead to some tenants not looking after their properties as well because they can't be easily evicted.
- 3 Needs more specifics on what exact protections will be strengthened. We agree the following would be important features of stronger tenancy regulation:
 - a. Settings that facilitate long term leases
 - b. Removing no-cause evictions (evictions allowable on reasonable grounds)
 - c. Rental increases should be justified. Landlords should be able to increase rents but appropriate restrictions and reasonableness clauses should apply.
 - d. Protections for the landlord, and the property.
 - e. Need to think about discrimination against tenants, including due to ethnic background and not having English as a first language, and minimising / managing this.
 - f. Consider minimum quality standards and flexibility on minor modifications by the tenant.
 - g. Consider the rights of people who are sub-letting and those who sign the 'head' rental agreement – formalised in some way.
- 4 Is unclear on enforcement. This initiative may be expensive to enforce.
- 5 May see Landlords artificially raising rents before new standards are applied anticipating they won't be able to increase them in the near term. Need to guard against this.

AMPLIFY & HOUSING EXPERT PERSPECTIVE



Jacob Caine

Real Estate Institute of Victoria;
Director Real Estate Institute Australia;
Ray White CRE



Underlying this reform is an important question regarding what housing is for? Some make the case that housing is a human right – a secure shelter – while others see housing as also a means of wealth-creation.

More government intervention in the rental market via additional tenancy regulations could impact the short-term profitability of rental properties and disincentivise well-meaning landlords from investing. With over one-third of households renting, any changes in rental property availability could have destabilising effects.

Rent controls and stricter regulations, such as banning no-cause evictions, have often proven counterproductive. In cities like San Francisco, New York, and Berlin, such measures have reduced rental property availability, pushing rents higher. In Victoria – watching this play out in real-time – 25,000 fewer rental properties in 12 months, median rents increased by double digits throughout 2023/24.

How fair is it to place increased protections on renters at the expense of landlords? Could these measures make managing difficult tenants more burdensome, costly, and risky for property owners? The "German model" addresses some of these concerns by offering renters more stability and autonomy, but it also shifts greater responsibility onto them, such as property maintenance – an approach that differs significantly from Australia's current conditions.

A commercial tenancy model might be a better approach for residential renters in Australia, offering longer lease terms, pre-agreed rent increases, and more freedom within the property. This model could incentivise both property investors and renters to commit to long-term leases.

Read the full proposal in the annex on page 112.

10

'Build to Rent' Booster

**ENCOURAGE 'BUILD TO RENT'
FOR INSTITUTIONAL INVESTORS**



Author:

Andrew Barker,
*Committee for Economic
Development Australia (CEDA)*

Reform in brief:

Federal and State and Territory Governments to cooperate to encourage institutional investment in housing by enabling 'build to rent' and reducing state and federal tax disadvantages for institutional investors (Land Tax, Negative Gearing, withholding tax). This would increase the overall supply of housing, improve housing affordability and increase tenure security for renters by avoiding evictions due to an individual landlord's personal situation.



Overview of the reform

Encouraging institutional investment in housing has the potential to improve housing quality and affordability. This can help with the transition to a more affordable housing market, where new sources of supply are likely to be necessary to improve housing availability without excessive disruption to existing homeowners. Benefits would flow primarily to renters, who are among the most vulnerable in Australia's housing market, through:

- A greater supply of rental housing, which is currently in short supply around Australia with vacancy rates averaging around 1 per cent
- Increased tenure security, which is low by international comparison
- Greater quality of rental housing, as institutional investors will have a greater incentive to protect their reputations and rental housing quality is often poor among Australia's small-investor-dominated rental market

Encouraging institutional investment can begin by creating a more level playing field by removing barriers to institutional investment in housing.

In particular, this relates to state and federal taxes, where access to negative gearing and progressive land tax rates both favour individual investors over institutions holding a portfolio of properties.

Legislation passed by the Federal Government on 28 November 2024⁸ goes in the right direction by providing tax incentives for build-to-rent projects. This sees the 30 per cent withholding tax rate for foreign investors reduced to 15 per cent (equal to the rate for commercial and industrial property) and the capital works tax deduction rate increased from 2.5 per cent to 4 per cent (consistent with the treatment of serviced apartments).

To qualify, a project must consist of 50 or more dwellings made available for rent, with all tenancies offered for a minimum of five years, no use of 'no fault' evictions and at least 10 per cent of dwellings made available as affordable tenancies (at less than 75 per cent of market value).

⁸The Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Bill 2024 and Capital Works (Build to Rent Misuse Tax) Bill 2024.

Widening the Perspective

COMMUNITY HEROES' PERSPECTIVE

Strengths / Benefits

Reform:

- 1 Could incentivise the delivery of housing developments by reducing state / federal tax disadvantages.
- 2 Could create really interesting / vibrant / dynamic communities – this should be a focus of government.
- 3 Could give more security to the renter – through offering longer term leases (i.e. 5 year).
- 4 Could offer more affordable facilities (e.g. shared laundry, communal gym, pool, tennis court, amenities etc).

Challenges / Uncertainties / Questions

Reform:

- 1 Is unclear on the implications for planning regulations and whether they could be hard / long to change.
- 2 Is unclear on the specific responsibilities of government for implementation.



AMPLIFY & HOUSING EXPERT PERSPECTIVE



**Dan
McKenna**
*Housing All
Australians*



The viability of most projects is unlikely to shift, despite government incentives (i.e. tax reliefs). Key challenges, such as access to land, cost of land, and escalating construction costs, remain unchanged. In addition, it's not clear the issue is a shortage of investment capital for housing construction.

In these difficult market conditions, encouraging institutional investment in BTR risks a larger proportion of homes built each year ending up in the long-term ownership of big corporates instead of 'mums and dads', without delivering a public benefit.

Longer term homeownership levels would suffer under higher levels of institutional investment in build to rent. BTR buildings are a business. They are about returning money to investors. Compared to the private rental owner however, BTR owners are larger, more sophisticated and more strategic in how they generate their returns.

In Australia, almost all BTR offerings on the market (and those coming), are high-end premium products aimed at the top 5% of income earners. How many high-end BTR homes need to enter the market before the weekly median rental price across a city is pulled down? How much would we need to alter tax settings for BTR to influence the myriads of market problems affecting all projects across the industry? And should industry be incentivised to be delivering homes for the top 5% of the community, or rather the bottom 50%?

Read the full proposal in the annex on page 116.

11 Affordable Homes Guarantee

IMPLEMENT MANDATORY INCLUSIONARY ZONING FOR AFFORDABLE HOUSING



Author:
Wendy Hayhurst, *Community
Housing Industry Association*

Reform in brief:

The Federal Government should endorse a standard model for generating affordable housing via 'mandatory inclusionary zoning' and temporarily incentivise State and Territory Governments to adopt and implement the model. This would generate modest amounts of affordable housing at no cost to governments. It would also hard-wire additions to affordable housing stock into the process of expanding overall housing provision.



Overview of the reform

Mandatory Inclusionary Zoning (MIZ) refers to land use planning rules requiring developers to include affordable rental housing (say 5-10% of units) within market housing projects developed on privately-owned sites in moderate to high land value locations, or to make an equivalent cash contribution for affordable homes to be provided elsewhere in the locality. Such a commitment would be required as a condition of Development Approval.

Similar arrangements have operated successfully in the City of Sydney for more than 25 years, albeit on a restricted scale.

Funds generated by this scheme have been channelled to CityWest Housing, a not-for-profit community housing provider. Largely through this support, CityWest has built up a portfolio of nearly 1,000 good quality, well-managed and affordable rental homes over this period. This benefits the City's economy by enabling low paid essential workers to live within reach of their employment despite the high cost of market housing in the locality.

MIZ-type arrangements generate substantial amounts of social and affordable housing in many US cities, across the UK and in numerous other countries. Demonstrating the potential scale of contributions to affordable housing that can result from such measures, the value of associated contributions in 2016-17 in England was estimated at £4.1 billion (\$7.5 billion AUD) (Lord et al. 2018).

Widening the Perspective

COMMUNITY HEROES' PERSPECTIVE

Strengths / Benefits

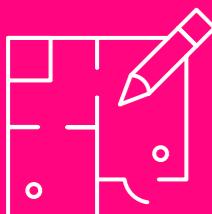
Reform:

- 1 Provides a mix of housing types and enables different socio-economic groups to live together. By reducing the development of 'clusters' of poor / disadvantaged, the risk of stigma of affordable housing is lowered.
- 2 Creates a stronger community – bringing diverse people together.
- 3 Improves the ongoing supply of cheaper housing even in expensive areas.
- 4 Normalises the need for housing for everyone – an essential good.

Challenges / Uncertainties / Questions

Reform:

- 1 Could be clearer on how people in quite different circumstances would live side-by-side in a way that doesn't bring negative attention to the differences. It will be important to make sure that there aren't obvious differences between the 'affordable housing' apartments – so there is no stigma associated with the individual properties.
- 2 Isn't clear on impacts on the property industry and beyond. Who would ultimately bear the costs of the cheaper housing units?



AMPLIFY & HOUSING EXPERT PERSPECTIVE



Peter Tulip

Centre for
Independent
Studies



To get more of something, you shouldn't tax the people who provide it. Mandatory Inclusionary Zoning (MIZ) is counterproductive because it acts like a tax on development, discouraging supply and raising prices. As a 'tax' on developers, MIZ forces developers to cover the extra costs of providing something society wants, much like requiring doctors and nurses to pay for Medicare or professors to pay for additional university places.

The introduction of MIZ can result in lower prices offered to purchase land, as there are restrictions on how the land can be used or developed, reducing its value to developers and so reducing the supply of housing. For sites with lower profitability, a lower bid may not be enough to convince landowners to sell, meaning the development won't proceed. This ultimately reduces the supply of housing and drives up costs.

Emily Hamilton of George Mason University concludes "Inclusionary Zoning Hurts More Than It Helps". She analyses six studies, four of which find that inclusionary zoning increases prices. Three find that inclusionary zoning reduces the quantity of new housing, two find no effect, and one doesn't examine supply effects.

MIZ is not cost-free. It requires a subsidy, and this often comes from government. This needs to cover the opportunity cost of building an affordable dwelling in the specific location where it wouldn't have otherwise been built by the private market. A higher subsidy is needed in areas of high demand (affluent areas) because the opportunity cost is higher.

Mandating affordable housing everywhere raises equity issues between occupants of affordable forms in different locations. It means subsidising some households (those in high-demand, affluent areas) more than others and at the expense of others. An affordable home built in an affluent suburb may 'cost' the government multiple times its 'cost' in less affluent areas. An affordable home in an affluent, well-located area is also likely to have wider benefits for its occupants.

Read the full proposal in the annex on page 120.

12 Target 10%

CREATE A BROAD-BASED SOCIAL HOUSING PROGRAM

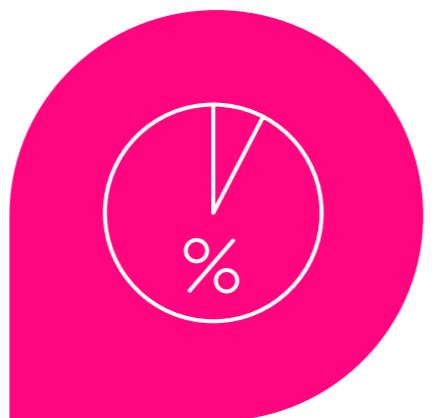


Author:

Maiy Azize, *Everybody's Home*

Reform in brief:

Federal and State/Territory Governments should commit to long-term social housing construction, increasing the stock to 10% of total housing stock. This would house hundreds of thousands of people who are in need of social housing, lower rents across the board, and ensure housing is treated as an essential public service.



Overview of the reform

Everybody's Home proposes expanding social housing each year, working up to a social housing target of 940,000 new homes by 2045. In the longer-term, we need to maintain social housing at 10% of all housing stock. As part of this expansion, Federal Government incentives and funding to State and Territory Governments should be reoriented away from asset sales and towards asset maintenance and capital investment.

The past four decades have marked a major shift in how the federal government approaches housing. In previous decades, the government's solution to housing affordability was a simple one. It built, rented, and sold homes. This approach changed in the eighties and nineties when the government began relying on the private market to supply and distribute homes.

It is governments' decisions to put housing supply in the hands of for-profit developers, coupled with a tax system that privileges the already investors, that has fuelled our housing crisis. Turning this crisis around is only possible if the Federal Government flips this formula on its head and takes back control of housing, using the measures outlined here. There is simply no way to bring costs down and guarantee a home for every Australian unless the government steps up and takes the same kind of responsibility it shows in critical areas like health and education.

For this reform to succeed, the Federal Government must step up and fund homes in the same way it funds other public services. This will involve concerted efforts from both the Federal Government and State and Territory Governments.

In 2019, University of NSW academics conducted research that examined the productivity gains from better housing outcomes. One of their findings was that the benefit-to-cost ratio of investing in social and affordable housing in metropolitan areas close to work and study opportunities is 4.80. In other words, for every dollar invested in well located social and affordable housing, there is an economic return of \$4.80. This applies over a 40-year period. The productivity impacts measured by this research include travel time savings, better employment outcomes, and improved consumption and saving capacity for households who are no longer in housing stress.

The modelling demonstrates that while not all of Australia will feel the negative impacts of rising levels of homelessness and housing insecurity, all can benefit from a greater investment in social housing to drive economic recovery and address existing disadvantage.

Widening the Perspective

COMMUNITY HEROES' PERSPECTIVE

Strengths / Benefits

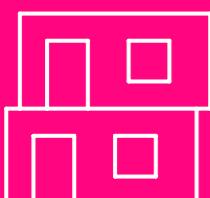
Reform:

- 1 Sets an ambitious target, pushing and focussing the work of government on delivering on the housing needs of Australians.
- 2 Is backed by public opinion polls that have shown that Australians strongly support a greater role for Government in the provision of housing. Industry support for social housing is also strong.
- 3 Will help reduce rental costs for those in need of social housing, as well as keeping down costs for renters across the board as the Government's footprint in the rental market grows.
- 4 Will increase housing options for key groups who are a focus for Government, including women escaping violence, older people, and people on low incomes.

Challenges / Uncertainties / Questions

Reform:

- 1 Is very ambitious proposed social housing at 10% of housing stock, making it more difficult to achieve.
- 2 Involves a major funding commitment by Government, and the exact cost of building homes is difficult to forecast as material and labour costs vary. However, revenue raised by reducing tax concessions given to investors could be committed for this spending purpose.
- 3 May face implementation issues trying to build so many homes each year given existing constraints on affordable building materials and construction workforce.
- 4 May struggle to source sufficient land to meet its targets.



AMPLIFY & HOUSING EXPERT PERSPECTIVE



Peter Tulip

Centre for
Independent
Studies



The reform is unfunded. The average subsidy for social housing dwellings is about \$16,000 a year ([Coates, 2021](#)). Building a million homes would cost an additional \$16 billion annually, or 0.6% of GDP. For context, this is roughly equivalent to what the federal government spends on childcare subsidies or JobSeeker. Opinions vary on whether this is politically feasible or the most effective use of scarce funds.

The fiscal splurge is not necessary. Much of the improved affordability from additional social housing comes from increasing the overall housing supply. The indirect effect on rents in the broader market has a greater impact on affordability than the direct effect of below market rents on the new social housing units. Government subsidies are not necessary to increase housing supply. We just need to allow more building – which would need to be done in any case for the million new social housing dwellings.

Building social housing is not necessarily the best way to help renters on low incomes, a series of government reports find, including the Productivity Commission⁹ (Chapters 7 & 8), the Henry Review¹⁰ (Chapter F5), and the McClure Review¹¹ (p. 20). These reviews suggest that Commonwealth Rent Assistance delivers better value per dollar.

Read the full proposal in the annex on page 124.

⁹Productivity Commission (2022), *Housing and Homelessness Agreement review*, <https://www.pc.gov.au/inquiries/completed/housing-homelessness/report>

¹⁰Treasury (2010), *Australia's Future Tax System Review Final Report*, <https://treasury.gov.au/review/the-australias-future-tax-system-review/final-report>

¹¹Department of Social Services (2015), *A New System for Better Employment and Social Outcomes*, <https://nla.gov.au/nla.obj-2817031474/view>



HOUSING REFORMS

Enabling Change

Master Plan

IMPLEMENT A NATIONAL HOUSING AND HOMELESSNESS PLAN EMBEDDED IN LAW



Author:

Professor Hal Pawson,
UNSW City Futures
Research Centre

Reform in brief:

Federal Parliament to legislate a responsibility on the Australian Government to develop, maintain and implement a National Housing and Homelessness Plan. This would invoke a human rights approach to housing – everyone in Australia has adequate housing – and help to extend Australian Government engagement with housing and homelessness policy challenges into the future, irrespective of changes in political control.



Overview of the reform

Most Australians remain well-housed, but few public policy experts would argue that our housing system is today in good shape.

Homelessness continues to increase and both rental and mortgage affordability stress are widespread. Mortgage debt is at internationally high levels, and home ownership rates continue to decline.

But tackling such problems poses special challenges because their causes are complex, because relevant policy levers are fragmented across departments, and across levels of government, and because there has been a tradition of only erratic engagement with housing matters by the federal government.

It's true that, under Australia's Constitution, it is state and territory governments that have direct responsibility for housing services and development. But it is the Australian Government that retains control over key housing-related powers including tax, financial regulation, social security and migration. Only a national plan led and owned by the Australian Government can commit to actions related to these areas. Only the Australian Government can co-ordinate nationally consistent approaches to housing regulation and funding. And only it has the financial firepower that comes from its pre-eminent tax raising, borrowing and currency-issuing powers.

It is therefore welcome that the Albanese Government has pledged to develop Australia's first-ever National Housing and Homelessness Plan, a ten-year strategy under development during the current term of government. But the overriding importance of a coherent and fit-for-purpose national strategy for housing reform must be underpinned by legislation that defines the Plan's scope and overarching objectives, as well as its oversight and accountability arrangements. Above all, it must specify that the Plan's pre-eminent aim is to ensure that everyone in Australia has adequate housing.

Widening the Perspective

COMMUNITY HEROES' PERSPECTIVE

Strengths / Benefits

Reform:

- 1 Is future-facing and would help to start the conversation about how we address this urgent issue.
- 2 Could be the umbrella document for the initiatives that Australians say they want through this process.
- 3 Would enable and promote collaboration across agencies / ministers and governments.
- 4 Would create a more strategic and holistic approach to improving housing – addressing the current uncoordinated and disparate approach. All elements of housing policy need to be working together i.e. thinking about the workforce we have when thinking about how much we commit to build.
- 5 Includes an accountability mechanism. Ability to hold government to account for delivering it (legislated).
- 6 Has worked in the past – driving change and new houses (i.e. Post World War 2).
- 7 Delivers data which will help decision makers – bringing together what we know works.

Challenges / Uncertainties / Questions

Reform:

- 1 Is ultimately a 'plan'. Do we need another plan? Don't we already have a lot of housing and homelessness plans?
- 2 Offers no guarantee that it is going to have impact. Unclear how it would be enforced. States can't be required to do anything under the plan. It will give us an audit – and help our understanding of where resources are; and identify new resources and look at the most strategic expenditure.
- 3 Requires a lot of collaboration between governments and intergovernmental agreements – which take time and resources.
- 4 Needs to incorporate climate change consideration to help anticipate very different housing needs emerging in the future.

AMPLIFY



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The Federal Government doesn't have the authority to instruct the States and Territories to cooperate with the plan, which is necessary given they hold the Constitutional powers for housing delivery. What is the mechanism or incentive that sees States and Territories cooperating with the plan? Change is only likely to be possible through monetary incentivisation and common endeavour.

Could the additional bureaucracy involved in the plan slow down decision-making and ultimately hinder the national housing system? The negotiation, coordination and oversight required to agree and then implement the plan would involve new processes and governance that takes time and resource. Could this approach potentially infringe on state and local authorities' ability to address unique localised housing issues?

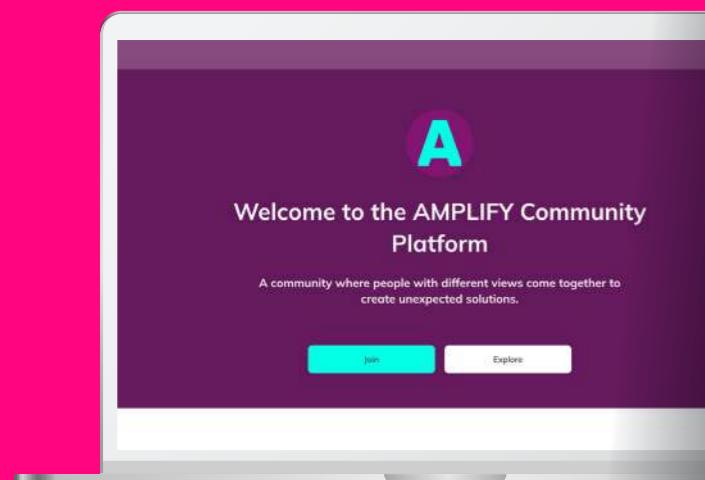
Could increased government stewardship and intervention in the housing system deter private investment and delivery, putting more pressure on governments to deliver housing?

Read the full proposal in the annex on page 128.

So get involved!

Become an Amplifier...

You can join our online platform today to be part of the first National Housing AMPLIFICATION.



Find uncommon ground on housing reform

AMPLIFICATION is the process by which we make our collective voice louder and stronger, even though our voices may convey different opinions and perspectives.

There are many important moving parts to the **AMPLIFICATION** process, and there will be a lot going on, because housing needs a lot of attention.

Find uncommon ground on the AMPLIFY platform

As a platform member, you will have the opportunity to understand each key housing topic, create your own posts to share your stories and hear others', contribute to the debate, and give support to the housing reforms that you want to see.

These conversations, outcomes and insights will be fed into the overall **AMPLIFICATION** process which will run through 2025.



You will feel like you are part of something vital to our country's future. To YOUR future. You will feel like you have a voice, and that your voice is being heard and being acted upon.

Join the online platform:
community.amplifyaus.org





HOUSING REFORMS

Appendix

01

Stamp Out Stamp Duty

REPLACE STAMP DUTIES WITH BROAD-BASED LAND VALUE TAXES

Author:

Brendan Coates, Grattan Institute

Reform in brief:

With transitional financial help from the Federal Government, State and Territory Governments should replace stamp duty with broad-based land value taxes (LVTs). All housing owners would incur an annual tax on the unimproved value of their land, potentially payable at property sale. This would generate behavioural change that makes better use of existing housing, would more fairly tax wealth growth from rising house prices and make Australians up to \$20 billion a year better off.

Overview of the reform:

State and Territory governments should replace stamp duties on property with general property taxes. Shifting from stamp duties to a broad-based property tax would improve housing affordability and raise rates of homeownership, while making Australians up to \$20 billion a year better off. Stamp duties are among the most inefficient taxes available to the states and territories. They discourage people from moving to housing that better suits their needs, and from moving to better jobs. And they reduce rates of homeownership. They are also unfair. Stamp duties especially penalise young people, who tend to be more mobile. Stamp duties also act as a de facto tax on divorce. When the family home is sold to enable assets to be split, the separating couple each need to pay stamp duty if they purchase again. It's a big reason more than half of divorced women who lose their home don't buy again. In contrast, property taxes – which are levied on the value of property holdings – are the most efficient taxes available to the states and territories.

Proposals to switch from stamp duty to land tax have stalled because the politics are hard. However, the right transition model can help manage the politics. While such a switch is a state government responsibility, the federal government should commit to filling part of the revenue hole arising should a state swap stamp duties for property taxes, including through any reduction in a state's share of the GST.

Impact:

The positive and negative impacts of the reform, including who gains / loses, what they gain, how much they gain and when?

Removing stamp duty would lead to better use of the existing housing stock. More than 70 per cent of Australian households have at least one spare bedroom, according to the 2021 Census. More than one in 10 households have three or more spare bedrooms. That represents at least 3.5 million spare bedrooms across the country held by just those one-in-10 households.

Spare bedrooms are much more prevalent in owner-occupied dwellings, where housing moves are constrained by stamp duty, than in the private rental market, where they are not.

Removing stamp duty nationwide would enable first homebuyers to buy smaller homes knowing they could more easily upgrade later and would enable more retirees to downsize to properties that better suit their needs. Grattan Institute modelling shows this reallocation would reduce rents and house prices by up to 6 per cent.

One recent study found that replacing stamp duty with a property tax could boost the share of Australians owning their own home by 6.6 per cent.

Removing stamp duty could also accelerate housing construction, helping meet the federal government's target of 1.2 million homes over the next five years, and put downward pressure on rents.

New housing starts are at their lowest levels for more than a decade, reflecting the rapid rise in interest rates, which has lowered the borrowing capacity of many prospective home

buyers. But history shows that reductions in upfront purchasing costs, such as via first homebuyers' grants or stamp duty concessions, produce a spike in purchases and housing starts. Therefore, lowering the deposit hurdle by abolishing stamp duty could accelerate housing starts and get more homes built faster. It could also lift Australians' incomes by up to \$20 billion a year, by making it easier for Australians to move home to take up a new job.

Economists estimate that stamp duties on commercial property cost the economy between 50 cents and 60 cents for every dollar of revenue they raise – more than any other state tax. NSW Treasury projected that replacing stamp duty with a property tax could boost GDP by 1.7 per cent in the long term.

In contrast, property taxes – especially those levied solely on the value of landholdings – don't change landowners' incentives to work, save, and invest. Unlike capital, property is immobile – it cannot shift offshore to avoid taxes. Over the past 25 years, taxes on property and property transactions have been the only significant growth taxes for states, with revenues keeping pace with the economy.

So a stamp duty / land tax swap would be a win-win-win. And abolishing stamp duty is also fair. Stamp duty punishes people who need to sell their home due to unexpected or adverse event, such as a divorce, a death, or a health crisis. When the family home is sold to enable assets to be split, the separating couple each need to pay stamp duty if they purchase again. Less than half of women who lose their home during a divorce manage to buy again within 10 years. Stamp duty is a big reason.

Feasability:

What needs to happen for the reform to work?

How states can transition from stamp duty to land tax

So why has no state or territory, apart from the ACT, made the switch? Because both the politics and budget impacts of this transition are hard. State and Territory governments collected \$36 billion in stamp duties in 2021-22. That's money they need to keep their schools and hospitals open – unless they replaced that revenue stream with another, such as property taxes.

Rather than copying existing state land taxes – which exclude more than half of all land by value, especially owner-occupied housing – state governments should fund the abolition of stamp duties through a property levy using the same method as current council rates. People who have recently paid a big stamp duty bill would understandably feel aggrieved if the rules changed and they received a land tax bill soon after. But the more painless any government makes the transition, such as by exempting them from paying land tax for a period, the bigger the budget cost.

The right design for a property tax to replace stamp duty can help overcome the political difficulties.

Transitioning gradually to a broad-based property tax, as the ACT has done, would provide a stable revenue stream while allowing homeowners to adjust. Allowing some homeowners to defer payment until they sell their home would also ensure asset-rich but income-poor households could stay in their homes.

Alternatively, state governments could follow the model Victoria is using to abolish stamp duty for commercial and industrial properties. From July 2024, buyers of commercial and industrial properties in Victoria will have the option of paying stamp duty upfront, or the same amount (with

interest) stretched out over a decade. A decade after that purchase, the property will attract an annual land tax of 1 per cent of the property's unimproved land value. If the new owners sell again, even within the first decade, no stamp duty will be charged and the same deadline for the introduction of the land tax will apply. Land tax won't be charged on properties bought before July 2024 until they are sold. After they have switched to land tax, they can't switch back.

Both approaches to reform have their merits. Under the ACT's model, states would be able to reap the economic and housing benefits sooner. But under Victoria's, property owners wouldn't be forced to pay land tax until they moved, which would make the politics much easier.

Federal government funding support is critical

The federal government should commit to filling part of the short-term revenue hole for any state willing to take the plunge, especially since larger states would be punished by the complex formula used to carve up the \$86 billion in GST revenue (in 2023-24) between the states.

The federal government should commit to covering one third of the states' revenue from stamp duty (i.e. up to \$13 billion a year across all states) in the first year of the reform, declining by 20 per cent each subsequent year. These payments would be offset by the extra tax revenue the federal government would collect on the larger economy that would result from replacing stamp duty.

Value for money:

What the reform is expected to cost against its expected benefits, for society overall. Where possible, compare this to not taking any action?

State government

This reform would be budget positive for state governments in the long term, since state government budgets would collect higher taxes on the larger economy that results from the policy change. The short-term budgetary impact for state governments would depend on the precise reform model adopted. For instance, gradually switching from stamp duty to a property tax, as the ACT government would do, would likely be budget neutral for state governments during the transition. However, other models which ease the political constraint during the transition, such as the Victorian government's approach to phasing out stamp duty on commercial and industrial land, would come with a revenue cost during the transition.

Federal government

- The reform would have a short-term impact on the federal government budget. But it would lead to a long-term budgetary payoff since the federal government would collect extra tax revenue from the larger economy that would result.
- For instance, if all state governments switched from stamp duty to property taxes, and that boosted Australian GDP by \$20 billion a year, the federal government would likely collect an extra \$5 billion a year in tax revenues

Cite the evidence that substantiates your reform, covering the above sections.

Coates and Moloney (2023), Victoria should swap stamp duties for a broad-based property tax. Victorian Legislative Council inquiry into land transfer duty fees. April 2023.

<https://grattan.edu.au/wp-content/uploads/2023/04/Grattan-Inquiry-into-Land-Transfer-Duty-Fees-April-2023.pdf>

Coates (2024), Victoria shows Australia how to abolish stamp duty, The Conversation, 24 May 2024.

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Helm (2019), Stamp duty to land tax: managing the transition. Prosper Australia.

https://www.prosper.org.au/wp-content/uploads/2019/07/Designing-the-Transition_Final_Helm.pdf

NSW Government (2021), NSW Property Tax Proposal, Progress Paper for June 2021.

<https://www.nsw.gov.au/sites/default/files/2021-06/property-tax-progress-paper-june-2021.pdf>

NSW Treasury (2021), The economic costs of transfer duty: a literature review, TTRP 21-08.

https://www.treasury.nsw.gov.au/sites/default/files/2021-06/the_economic_costs_of_transfer_duty_a_literature_review.pdf

Walters (2023), "Stamp Duty Reform and Home Ownership". Economic Record. Volume 99, Issue 327.

<https://onlinelibrary.wiley.com/doi/epdf/10.1111/1475-4932.12754>

Is there anything else you would like the deliberative group to keep in mind when considering your reform proposal?

NA

02

Housing Tax

PHASE OUT HOUSING TAX CONCESSIONS FOR MULTIPLE PROPERTIES

Author:

Maiy Azize, Everybody's Home

Reform in brief:

Federal Government to phase out Negative Gearing tax deductions and the Capital Gains Tax Discount over ten years. This incremental approach would guard against concerns about the impact of the reform on housing markets. The tax reform proposals are expected to save considerable funds. The current arrangements are expected to cost the Federal Budget \$176 billion in foregone revenue between 2025-26 and 2034-35. These funds can be reinvested into a broad-based social housing program.

Overview of the reform:

Everybody's Home proposes phasing in a regime of tax reform. These reforms would be phased in over ten-years. As part of these reforms, the capital gains tax discount would be incrementally reduced over the next ten years. This incremental approach would guard against concerns about the impact of the reform on housing markets. The current negative gearing arrangements would be phased out.

Impact:

The positive and negative impacts of the reform, including who gains / loses, what they gain, how much they gain and when?

The past three decades have seen a major shift in how the Federal Government approaches housing. The Commonwealth used to directly supply homes as its main policy response for housing affordability. This changed in the 1980s and 1990s, when the Federal Government began relying on the private market to deliver homes. Rather than supplying housing, Federal Government spending was reoriented to supporting the private market. A key aspect of this support has been tax concessions for investors who earn incomes as landlords.

The most well-known of these tax concessions relate to negative gearing. Negative gearing describes a situation where expenses associated with an investment property, including interest expenses, are greater than the income earned from the property. These losses can be deducted from other income, such as salary and wages. Negative gearing tax deductions were formalised in Australia in 1987.

Capital gains tax exemptions have also promoted speculative investment in housing. When an investor sells their investment property for more than they paid for it, the investor has experienced a capital gain. Capital gains are subject to capital gains tax. Since 1999, Australia has had a 50 percent discount on capital gains tax if the asset was held for more than twelve months. This means that if a \$100,000 capital gain was recorded, only \$50,000 is subject to tax.

Not only are the costs of these tax concessions ballooning, the benefits are skewed heavily toward high income earners. Analysis has shown that negative gearing and capital gains tax concessions overwhelmingly benefit people on the highest incomes. Findings from the Centre for Equitable Housing similarly found a distinct generational divide. Negative gearing effectively acts 'as an intergenerational transfer of wealth from young to old', with those over 40 taking 71 percent of the benefits and those under 30 just 29 percent.

Together these policies have a dual perverse effect of both reducing housing affordability and increasing wealth inequality.

To address this, Everybody's Home proposes phasing in a regime of tax reform designed to deliver a fairer system that assists in building more social housing, and reduces housing inequality.

A 2017 analysis found that reforming these tax concessions would lead to an overall welfare gain of 1.5 percent for the Australian economy in which 76 percent of households become better off. This policy reform will overwhelmingly benefit the majority of Australians. More directly, the proposal will benefit first home buyers and owner occupiers, who will no longer have to compete with investors inflating prices.

Feasibility:

What needs to happen for the reform to work?

It is clear investor tax breaks have incentivised property speculation by design, and driven the financialisation of the housing market. This has led to perverse and unfair outcomes for the majority of Australians. Unwinding these policy settings will take time, but reform is urgent.

Under our proposal, the capital gains tax discount would be incrementally reduced over the next ten years. This incremental approach would guard against concerns about the impact of the reform on housing markets. The current negative gearing arrangements would be phased out over the same time period.

These tax reforms must be accompanied by a reset of policy settings which provide inequitable benefits to those with existing wealth and assets. There are several options for review and reform which could raise revenue and promote equality. For example incentives to downsize, introduced in the 2017 Federal Budget, could be abolished. In practice these simply deliver a tax break for high income earners with high marginal tax rates earning income from property sales.

The revenue savings from these reforms would be used for investment in the supply of well-designed public and community housing that is affordable.

Value for money:

What the reform is expected to cost against its expected benefits, for society overall. Where possible, compare this to not taking any action?

The cost of tax exemptions have ballooned in recent decades. The cost of negative gearing exemptions from foregone revenue has been growing steadily. In 1993-94 the cost was \$850 million, fluctuating around the \$1 billion mark over the next several years. From 1998-99 onwards, the cost rapidly escalated coinciding with changes to capital gains tax exemptions, and reached an estimated high of \$4.16 billion in 2017-18. The cost of revenue foregone from capital gains tax exemptions is estimated to have cost more than \$38 billion over the last decade.

The growing support for the private housing market and investors is in stark contrast to the provision of social housing. The amount that the Federal Government spends on public and community housing through agreements with the states over the last four decades has gone backwards from \$2.5 billion in 1982, compared with \$1.7 billion in 2022. In that time, Australia's population has increased from 15.2 million people in 1982 to 26.1 million. This means that in 1982, the government spent about \$164 per person on public and community housing. In 2022, that number shrunk to \$65, not adjusted for inflation. The private housing market now receives five times more Federal Government support than social housing, largely due to investor tax concessions.

This change in approach has coincided with a major increase in the cost of renting. Data from the Australian Bureau of Statistics shows a 62 percent increase in average weekly housing costs for renters in the decades coinciding with the tax changes. Although increases have been far higher for private renters, housing costs have increased across the board with a 42 percent increase for owners with a mortgage.

Finally, it is important to note that the cost of these arrangements are expected to grow exponentially over the coming decade. The Parliamentary Budget Office has projected that the cost of capital gains tax exemptions for investors will rise to over \$7.6 billion per year by 2032-33, at a total cost of \$65 billion over the preceding decade. Negative gearing deductions are set to grow to \$11.3 billion per year, costing the Federal Budget \$91.3 billion in the decade to 2032-33.

Cite the evidence that substantiates your reform, covering the above sections.

Cho, Y., Li, S., and Uren, L. (2017) [Negative Gearing and Welfare: A Quantitative Study for the Australian Housing Market](#).

Eslake, S. (2021) [Housing affordability and home ownership](#).

Everybody's Home (2024) [Written Off: The high cost of Australia's unfair tax system](#).

Everybody's Home (2024) [Voices of the Crisis: Final Report of the People's Commission into the Housing Crisis](#).

Parliamentary Budget Office (2024) [Cost of Negative Gearing and Capital Gains Tax Discount](#).

Per Capita (2022) [Housing Affordability in Australia: Tackling a wicked problem](#).

The Australia Institute (2015) [Top Gears: How negative gearing and the capital gains tax discount benefit the top 10 per cent and drive up house prices](#).

Is there anything else you would like the deliberative group to keep in mind when considering your reform proposal?

This year, Everybody's Home convened Australia's first People's Commission into the Housing Crisis. Led by Commissioners Professor Nicole Gurran and The Hon Doug Cameron, the Commission heard from over 1,500 Australians living on the frontline of the crisis and over 120 organisations who support them.

Twelve hearings were held in person and online, revealing that Australia's housing crisis has grown to engulf millions of people. People are being forced to spend record amounts to keep a roof over their heads, live with the constant threat of eviction, navigate life on a waiting list for housing, or in the very worst cases, deal with the bleak reality of homelessness.

The Commission also showed that the solutions currently on offer do not change people's reality on the ground. In many cases, the preferred 'solutions' are making the situation worse. In their landmark report, the Commissioners call for a drastic rethink in how Australia tackles housing.

Proposals made by Everybody's Home are based on the Commission's work. They will reform our tax and policy settings, and transform social housing from a safety net for people at the margins to a real option for more Australians, giving them access to secure homes that they can afford.

Additional information about the Commission, submissions we received, and recordings of the hearings are available online at www.everybodyshome.com.au/peoples-commission.

03

Boost Rent Assistance

INCREASE COMMONWEALTH RENT ASSISTANCE AND INDEX IT TO RENTS, NOT INFLATION

Author:

Brendan Coates, Grattan Institute
Matthew Bowes, Grattan Institute

Reform in brief:

The federal government should increase the maximum rate of Commonwealth Rent Assistance by 50 per cent for singles and 40 per cent for couples, and index it to changes in rents for the cheapest 25 per cent of homes in our capital cities, rather than inflation. This would provide immediate support to the growing number of low-income households who struggle to meet their housing costs, and would reduce housing stress and poverty among low-income Australians.

Overview of the reform:

Commonwealth Rent Assistance is an income supplement of up to \$211 per fortnight, paid to individuals who receive a government payment or pension, and who rent in the private rental market.

Because Rent Assistance is a demand-driven payment that varies with rents and goes directly to low-income households, it is among the most cost-effective ways the federal government can reduce housing stress and poverty among renting households. In 2022-23, the payment reduced rates of rental stress among recipients from 72 per cent to between 44 and 63 per cent, depending on how rental stress is measured.

But the rate of Rent Assistance has not kept up with the rents paid by recipients. Even after a combined 27 per cent increase in the maximum rate across the previous two federal budgets, net housing costs for many recipients have increased since 2020.

The federal government should further increase Rent Assistance, so it supports a minimum adequate level of housing for recipients.

The maximum rate should be increased by a further 50 per cent for singles and 40 per cent for couples. It should also be indexed to changes in rents for the cheapest 25 per cent of homes in capital cities. These increases would boost the maximum rate of Rent Assistance by \$53 a week (\$2,750 a year) for singles, and \$40 a week (\$2,080 a year) for couples, at a cost to the federal government of \$2 billion a year.

This reform would ensure single Australians receiving pension payments (Age Pension, Disability Support Pension, Parenting Payment) could afford to spend \$350 a week on rent, enough to rent the cheapest 25 per cent of one-bedroom units across Australian capital cities, while still affording other essentials. And couples receiving pension payments could afford to spend \$390 a week, enough to rent the cheapest 25 per cent of all one- and two-bedroom units.

With further increases in working-age payments – including JobSeeker and Youth Allowance – these increases in Rent Assistance would also make renting affordable for working-age recipients of Rent Assistance.

Impact:

The positive and negative impacts of the reform, including who gains / loses, what they gain, how much they gain, and when?

Impacts for low-income households

About 40 per cent of working-age renters who rely on income support suffer financial stress, and nearly half of all retirees who rent live in poverty.

Further increasing Rent Assistance would help low-income earners with their housing costs and reduce the rate of poverty more generally. About 1.3 million renting households – or about one in three private renters – currently receive Rent Assistance. More than 70 per cent of these recipients currently receive the maximum payment rate and would stand to benefit from an increase.

A key benefit of Rent Assistance is that it is a demand-driven program that provides cash directly to renters. With homeownership among low-income households declining, and private renting on the rise, Rent Assistance funding automatically expands to support the growing number of low-income households in the private rental market.

This is in contrast with social housing, which has declined as a share of Australia's housing stock, from 6 per cent in 1991 to just 4 per cent today. While increased investment in social housing is important, the results of this investment will take time to realise, and will not benefit most private renters. Even if the number of social housing dwellings were increased by half to about 6 per cent of Australia's housing stock, which would require housing subsidies of \$4.8 billion a year, this would still house less than one quarter of Australian renters, and the number of vulnerable

renters would vastly exceed the number of social housing units available.

Impact on private rents

A common concern is that boosting Rent Assistance would lead to higher rents, eroding much of the gains in living standards for low-income earners. But an increase in Rent Assistance is unlikely to substantially increase rents.

Households receiving Rent Assistance are only a small proportion of low-income renting households. And because Rent Assistance is paid to tenants, not landlords, recipients are unlikely to spend all of any payment increase on housing.

International studies generally find that the pass-through of housing assistance to landlords is low. While estimates vary, high-quality studies estimate pass-through rates average about 15 per cent.

And this average probably represents an upper-bound, since most studies are unable to identify when recipients use the extra cash to move to better housing, rather than paying landlords a higher rent to live in the same housing as before.

Australian research from AHURI finds no relationship between Rent Assistance payments and rents paid by recipients. The authors estimated a 32 per cent pass-through rate for renters in severely disadvantaged areas, but only 18 per cent of households receiving Rent Assistance live in such areas.

Feasibility:

What needs to happen for the reform to work?

Rent Assistance is based on a formula that increases payments by 75c for every \$1 of rent that recipients pay above a minimum threshold, up to a set maximum rate. Currently, single recipients who pay fortnightly rents of more than \$430 can receive a payment of up to \$211.20 per fortnight.

Both the maximum payment rate and the minimum thresholds vary depending on the recipient's circumstances – couples and individuals in share-houses receive a lower payment; families with children receive more.

While this design ensures the payment is well targeted, the current maximum rates are simply too low to support an adequate standard of living for renters.

After accounting for a \$379 per week budget of non-housing essentials, a single age-pensioner has less than \$300 per week to pay for rent. But only 11 per cent of one- and two-bedroom homes across the country are available to rent for less than \$300 per week. In Australia's capital cities, this figure falls to just 5 per cent.

For the maximum rate of Rent Assistance to be adequate, it needs to ensure that recipients can afford a minimum standard of rental housing, without compromising their ability to pay for non-housing essentials.

Low-cost budget standards suggest that, at a minimum, a single person needs to budget \$379 per week to pay for essential non-housing costs, and couples \$606 a week.

We propose that single renters should be able to afford the cheapest 25 per cent of one-bedroom homes in our capital cities, which requires a rental budget of \$350 a week. And renting couples should be able to spend \$390 a week on rent, enough to afford the cheapest 25 per cent of one- and two-bedroom homes in capital cities.

To cover the gap between current payment rates and our housing benchmark, Rent Assistance needs to rise by 50 per cent for singles and 40 per cent for couples. The maximum payment for singles would increase from \$106 to \$158 per week, and the maximum payment for couples from \$100 to \$140 per week. In future, Rent Assistance should also be indexed to changes in rents for the cheapest 25 per cent of homes in capital cities.

Increasing the maximum rate of Commonwealth Rent Assistance would significantly expand

housing choice and affordability for renters. Because our benchmark is calculated across all eight capital city regions, the range and standard of accommodation affordable to Rent Assistance recipients would vary from location to location. But in all cities and regions, the range of homes affordable for an Age Pensioner would increase significantly. For example, the number of one-bedroom rental homes affordable for a single Age-Pension recipient would more than double in Melbourne (from 14 per cent to 38 per cent) and nearly triple in Sydney (from 4 per cent to 11 per cent).

But boosting Rent Assistance by itself will not be enough to provide adequate income support to renters on payments such as JobSeeker and Youth Allowance, because the low base rate of these payments means recipients are left with little in the way of a non-housing budget once essential housing costs are accounted for. For example, even after our recommended increases to Rent Assistance, the JobSeeker payment would need to rise by \$100 per week for a single recipient to afford to share a cheap two-bedroom home in a capital city.

Value for money:

What the reform is expected to cost against its expected benefits, for society overall. Where possible, compare this to not taking any action?

We estimate that the increases in Rent Assistance that we propose would cost \$2 billion per year.

While this represents a significant cost to the federal budget, it is still less costly than alternative means of providing support to low-income families, such as through provision of social housing. This additional expenditure could be funded through savings found elsewhere in the federal budget, or alternatively should be viewed as a necessary ongoing investment to help address Australia's housing affordability crisis.

Cite the evidence that substantiates your reform, covering the above sections.

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Ong, R. et al (2020) Demand-side assistance in Australia's rental housing market: exploring reform options. Final Report No.342. AHURI. <https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI-Final-Report-342-Demand-side-assistance-in-Australias-rental-housing-market-exploring-reform-option.pdf>

Productivity Commission (2022) In Need of Repair: The National Housing and Homelessness Agreement. <https://www.pc.gov.au/inquiries/completed/housing-homelessness/report>.

The Australian Government the Treasury (2020) Retirement Income Review Final Report. <https://treasury.gov.au/sites/default/files/2021-02/p2020-100554-udcomplete-report.pdf>

Is there anything else you would like the deliberative group to keep in mind when considering your reform proposal?

The generosity of income support is ultimately a question of our society's values, and the degree of redistribution people wish to see. This proposal is, in our view, the minimum viable increase in Rent Assistance that would make renting affordable for low-income earners in Australia.

04

Homes for Everyday Heroes

UNLOCK PRIVATE INVESTMENT FOR ESSENTIAL WORKER HOUSING: A NATIONAL DIGITAL SOLUTION

Author:

Robert Pradolin, *Housing All Australians*

Reform in brief:

Housing All Australians should collaborate with the Banking Association, the Australian Local Government Association and the Property and Development Industries, to implement the Progressive Residential Affordability Development Solution (PRADS) model and register, nationally. The PRADS register, developed in collaboration with PEXA, will unlock private sector investment in affordable rental housing for essential workers nationally, and at scale.

These properties will be searchable on realestate.com.au and the centralised national platform will be fully transparent to government to ensure compliance by all stakeholders. This market-driven solution will mobilise private capital to deliver affordable rental housing for essential workers at scale, while maintaining flexibility at the local government level.

Overview of the reform:

Australia faces an unprecedented housing crisis requiring an additional \$290 billion investment in social and affordable housing over the next two decades¹². **That is \$14.5 billion spent on housing every year for the next 20 years!**

This funding challenge is too significant for government to address alone, demanding innovative solutions that can unlock new forms of investment capital, at scale.

Housing All Australians' (HAA) response to this crisis combines three groundbreaking elements:

- 1 The **PRADS Model** enables collaboration between all levels of government and the development industry, by using planning incentives to create additional value that subsidises affordable housing for a minimum 30 year period. These obligations are secured through the placement of a restrictive covenant on individual titles, allowing the properties to be sold to private investors.
- 2 The **PRADS Register** will use digital technology to monitor compliance of all stakeholders, ensuring the affordable housing commitments are maintained for the agreed period. This technological solution provides governments with unprecedented and transparent oversight, enabling the unlocking of private sector capital, at scale, for affordable housing.
- 3 **PRADS integration with realestate.com.au** brings essential worker housing into the mainstream property market. For the first time, a national platform will identify properties that are, initially, only available to essential workers, at below market rents. Users will be able to find these properties by searching for keywords such as “affordable housing” or “essential worker housing” and available “PRADS” tagged properties will be displayed.

Significantly, the PRADS register will also revolutionise how essential worker housing is defined. Moving beyond the traditional rigid definitions, by using smart technology it will enable each Local Government Area (LGA) to set specific criteria based on its economic circumstances and unique workforce needs including the opportunity to set specific income bands that will qualify the essential workers able to receive the subsidised housing within their municipality.

Additionally, the PRADS register addresses a key concern for local governments – the resource-intensive nature of monitoring long-term affordable housing commitments. The current widely accepted practice of tracking these obligations through Excel spreadsheets is inefficient and risky, particularly given these commitments often span 20-30 years and involve multiple stakeholders. The PRADS register replaces these basic tracking systems with a sophisticated centralised “management light” digital platform that automatically monitors compliance in real-time, alerting councils only when issues are detected.

This innovative solution has gained widespread support from industry and local government, demonstrating its potential to transform how Australia delivers affordable housing for its essential workers. It can and should, over time, be used in unlocking further private sector investment for all types of subsidised housing, including social housing.

Impact:

The positive and negative impacts of the reform, including who gains / loses, what they gain, how much they gain and when?

The need to find the additional investment of \$290 billion to fund the additional 891,000 dwellings over the next 20 years (614,000 social and 276,000 affordable dwellings) is a challenge too large for government and Community Housing Providers (CHPs) to solve alone (currently, CHPs are the only legislated entities able to manage social and affordable housing).

The PRADS register will unlock new private sector investment to create more housing for essential workers – our nurses, teachers, police officers and others – across metropolitan and regional Australia. When essential workers live closer to where they work, everyone benefits: hospitals can provide better healthcare with well-rested staff, schools can retain experienced teachers, emergency services can respond faster, and workers spend less time commuting and more time with their families. This creates stronger, better-functioning communities. Government also benefits as new forms of capital can be unlocked (not government) by providing real-time monitoring of all stakeholders, and therefore having confidence that these homes will remain available and affordable for essential workers over the longer term.

By also addressing market perceptions and making it easy for real estate agents to list and manage these properties, alongside regular rentals listings on realestate.com.au,

¹² Statutory Review – Operation of the National Finance and Investment Corporation Act 2018 – August 2021

the PRADS model and register engages Australia's existing property industry to help deliver affordable housing at scale. Essential workers will be able to find and rent homes through familiar channels, while property developers and investors can participate in creating this much-needed housing while still achieving market returns.

There are no losers with this innovative approach – essential workers get access to housing near their workplace, governments can unlock new forms of capital for essential worker housing and track that the housing remains available for key workers over the long term, and the property industry can help solve one of Australia's biggest challenges while maintaining commercial returns. The economic benefits of this innovation would result in a significant increase in productivity¹³. PRADS represents a significant, practical solution to help deliver this essential infrastructure (housing) and help create a future prosperous Australia.

Feasability:

What needs to happen for the reform to work?

Housing All Australians has identified three main stakeholder groups that are key to expediting the implementation of PRADS nationally. They are:

- Local Government
- The Property Industry
- Australia's Banks

Local government's support is critical to PRADS' success across Australia. The Municipal Association of Victoria (MAV) has already recognised this potential, with CEO Kelly Grigsby noting that:

"The PRADS approach is another constructive way to support productive partnerships between the development industry and local government which, over time, could generate substantial quantities of affordable housing."

MAV's early endorsement of the PRADS model, and in particular the PRADS register, provides a powerful foundation for further discussions with the national body for local government, the Australian Local Government Association (ALGA). Should PRADS receive public backing through the Amplify's deliberative process, this democratic mandate would significantly strengthen MAV's ongoing discussions with the ALGA on how PRADS can assist the Housing Accord to deliver essential worker housing at scale across Australia. PRADS will be able to offer the ALGA a practical, democratically supported pathway for local governments to help solve Australia's housing challenges.

In solving Australia's housing crisis, it requires a complete rethink of how we deliver housing for essential workers. As mentioned earlier, government actuaries have quantified that a further investment of \$290 billion is needed in social and affordable housing over the next two decades, with \$90 billion specifically for affordable housing – that's 13,800 dwellings for essential workers. The scale of this challenge is too big for government to fund alone which means taxpayer dollars must be used strategically, and new forms of capital unlocked.

Housing All Australians believes that any public funding should focus primarily on social housing, where deeper subsidies are needed and where Community Housing Providers (CHP) expertise in managing complex tenant needs is vital. Essential worker housing presents a different opportunity. Since these tenants' needs mirror those of traditional private market renters, this segment could be effectively managed by the private sector – but first, we must overcome a significant barrier: the term 'affordable housing' itself.

Despite targeting employed essential workers like nurses, teachers, and police officers, the meaning of the term 'affordable housing' has become confused and rightly or wrongly, toxic within the property industry, as it is associated with social housing and more specifically its tenants. A significant number of developers

and real estate agents therefore avoid any association with the term due to its perceived connection. As Real Estate Institute of Victoria (REIV) CEO Kelly Ryan notes:

"We acknowledge the terminology 'affordable housing' is fraught with misconceptions (that it is social housing) and therefore, the majority of real estate agents and their owners don't want to get involved. However, with the PRADS register being for key/essential workers, would give confidence to REIV members that they are key workers and open up the real estate industry to assist."

Recognising this as a critical challenge, Housing All Australians collaborated with REA Group, operators of realestate.com.au, to develop an innovative approach. The result is a two-part verification system:

- 1 The PRADS register qualifies essential workers
- 2 Realestate.com.au identifies PRADS eligible properties through a searchable tag

The PRADS initiative creates a clear distinction between essential worker housing and social housing through two key elements. The PRADS register verifies eligible essential workers, while realestate.com.au identifies properties that have a rental subsidy attached through a searchable PRADS tag. This approach is already industry support.

The private sector's ability to manage these properties effectively is already proven. Frasers Property Australia (formally Australand) successfully managed National Rental Affordability Scheme (NRAS)¹⁴ properties for nearly a decade, mitigating any perceived rental or sales risk through clear processes and professional management. PRADS builds on this experience by giving developers and investors choice – they can manage properties themselves, use private sector real estate agents, or partner with CHP's if preferred.

While current government initiatives channel affordable housing exclusively through CHP's, PRADS creates a new pathway. Developers can sell properties with their restrictive covenants to their investor database and choose their management approach, while the PRADS register ensures transparency and compliance to government. This flexibility, combined with clear separation from social housing, creates unprecedented opportunities for the entire property industry to help solve Australia's housing challenges at scale.

Housing All Australians has already gained significant support for PRADS from key stakeholders across the property sector and local government, with the Commonwealth Bank of Australia (CBA) being an early supporter of this innovative solution. Over the last 12 months, additional industry bodies and government agencies have expressed interest in joining this initiative, with momentum continuing to build as more organisations recognise its potential.

The next critical step is broader engagement with Australia's banking sector through the Australian Banking Association (ABA). Banks play a fundamental role in financing property transactions, making their support essential for PRADS' success. While CBA's early backing demonstrates the initiative's merit, engaging the broader banking sector requires careful consideration of their risk frameworks and compliance requirements.

The PRADS register's transparent monitoring capabilities directly addresses these concerns by providing real-time verification of all stakeholder commitments.

¹³ Reference Housing All Australians Give me Shelter Economic Study on "The long term costs of underproviding public, social and affordable housing"

¹⁴ NRAS was introduced by the Rudd Government. To find our more visit <https://www.dss.gov.au/national-rental-affordability-scheme>.

Resource constraints have limited broader engagement to date. However, should PRADS be selected as a key initiative through the Amplify Australia deliberative process, as mentioned earlier with the ALGA, it would provide the democratic mandate and public platform to also accelerate discussions with the ABA and its member banks. This public endorsement would help demonstrate how PRADS' compliance monitoring protects both public and private interests while enabling essential workers to live affordably in the communities they serve.

Value for money:

What the reform is expected to cost against its expected benefits, for society overall. Where possible, compare this to not taking any action?

If we do not seek new forms of capital to drive additional investment in the delivery of affordable housing, Australia's housing crisis will only worsen. This challenge is too big for government to solve alone. However, through unprecedented private sector collaboration (which HAA calls 'compassionate capitalism') PRADS offers a cost-effective solution that protects taxpayer interests.

Property Exchange Australia (PEXA), Australia's leading digital property settlement platform and an ASX-listed company, has committed to develop and maintain the PRADS register entirely on a pro-bono basis. The commitment to assist HAA, formally reported in PEXA's 2022/23 Annual Report, leverages their decade of experience in delivering Australia's national e-conveyancing solution. Similarly, REA Group is contributing their expertise and platform integration at no cost, ensuring the solution can reach all corners of the property market.

From a public value perspective, this private sector collaboration is extraordinary. Two of Australia's leading property technology companies are investing their expertise and resources to build a national solution at no cost to taxpayers. While Housing All Australians has submitted a \$5 million Federal Budget request to accelerate the register's development, this represents a fraction of the infrastructure's true value and implementation cost.

Looking ahead, the PRADS register is designed to become self-funding once it reaches a critical mass of properties. This ensures its long-term sustainability without requiring ongoing support. The combination of initial private sector investment and future self-funding capability makes PRADS an exceptionally cost-effective solution for addressing Australia's housing challenges.

Discussions with Federal Treasury and Housing Australia continue, exploring how this private sector initiative can be accelerated in the national interest. The stakes are clear – without innovative solutions like PRADS that can unlock private capital at scale, the housing crisis will only deepen, creating greater social and economic costs for all Australians.

Cite the evidence that substantiates your reform, covering the above sections.

PRADS has secured unprecedented support across the property, banking, and government sectors, demonstrating its potential to transform how Australia delivers essential worker housing. This support is evidenced by formal endorsements from:

Financial Sector

- Commonwealth Bank of Australia – the nation's largest bank has committed early support
- Aware Super Real Estate – recognising PRADS' potential to unlock institutional investment

Industry Bodies

- Property Council of Australia – endorsing PRADS' approach to unlocking private sector capital
- Urban Development Institute of Australia (National, NSW, Victoria) – supporting PRADS as a valuable addition to housing supply initiatives
- Real Estate Institute of Victoria – acknowledging PRADS' solution to industry perception barriers
- Australian Institute of Architects – supporting PRADS' potential for better housing outcomes

Local Government

- Municipal Association of Victoria – endorsing PRADS' practical framework for council oversight
- Committee for Melbourne, Sydney and Brisbane – recognising PRADS' potential for their cities

Technology Partners

- PEXA – committing to develop and maintain the PRADS register pro-bono
- REA Group – integrating PRADS into realestate.com.au's mainstream platform

Professional Services

- Norton Rose Fulbright – validating PRADS' legal framework and compliance mechanisms
- SGS Economics and Planning – endorsing PRADS' economic approach

Property Sector Leaders

- HOME (one of Australia's largest build-to-rent operators)
- Local (Macquarie Bank backed BTR developer)

These organisations have provided formal letters of support, available for review, that specifically endorse:

- PRADS' innovative approach to unlocking private sector capital
- The register's ability to monitor long-term compliance
- The solution to industry perception barriers
- The practical framework for implementing essential worker housing at scale

This broad-based support, spanning multiple sectors and including many of Australia's leading organisations, demonstrates PRADS' potential as a nationally scalable solution to Australia's housing challenges.

Is there anything else you would like the deliberative group to keep in mind when considering your reform proposal?

NA

05

Commuter Communities

UNLOCK DENSITY WITH THE MISSING MIDDLE ZONE

Author:

Jonathan O'Brien, YIMBY Melbourne

Reform in brief:

State and Territory Governments, with the backing of the Federal Government, should implement a bold transit-oriented and mixed-use development program through broad upzoning around transit and urban centres. This would deliver more homes where people want to live, increasing housing supply and reducing rents, mitigating the cost of urban sprawl, increasing construction sector capacity, and increasing housing choices by creating interconnected networks of high-amenity, walkable neighbourhoods across Australia.

Overview of the reform:

YIMBY Melbourne's signature policy recommendation – a new national Missing Middle Zone – would build a series of interconnected networks of high-amenity, walkable neighbourhoods across Australia. It would do this by enabling six-storey, mixed-use development on all residential land:

- within 1 kilometre of a train station, or
- 500 metres of a tram or rapid bus transit stop, or
- within a 3 kilometre radius of any major city CBD.

This reform would enable lively streetscapes across our inner-urban areas, along our train and tram lines, around rapid bus transit stops and near our town centres. Gentle walk-up apartments, abundant shopfronts, sidewalk cafes, and pocket parks would replace unaffordable and unsustainable inner-city cottages.

To maximise the reform's impact, housing projects within the Missing Middle Zone should be able to be constructed by-right, so long as they comply with the relevant building codes, and fit within the six-storey building envelope laid out by a simple zoning code.

The advantage broad upzoning has over many other housing policies is that it is virtually free to implement. By removing restrictions on investment into new homes and housing where people want to live, we unlock enormous amounts of value while actually reducing housing costs and the administrative burden placed on our nation's myriad planning departments.

Furthermore, this reform will actually generate revenue. By implementing a modest 30% Windfall Gains Tax, state governments can capture a portion of the value generated by upzoning to reinvest it back into the community for new infrastructure such as social housing, open space, etc.

Impact:

The positive and negative impacts of the reform, including who gains / loses, what they gain, how much they gain and when?

Broad upzoning benefits all Australians. By enabling more people to live where they want to live, and creating more dynamic economies with greater mobility, the implementation of the Missing Middle Zone across Australia will make our nation more prosperous.

Benefits for renters

The group that most directly benefits from these reforms will be renters. As the poorest Australians will almost all be renters, it is imperative that we undertake pro-renter reforms.

Research on the Auckland upzoning, which saw 75% of the urban land area upzoned, found that it boosted the housing stock by around 4% in 6 years and caused a statistically significant 26-33% reduction in rents for 3-bedroom dwellings, with 2-bedroom dwellings seeing a 21-24% reduction over the same time period.

A recent research note from e61 Institute found that, in areas of Australia where more housing has been built, "rents decline up to 9% within 10 years of age." Ensuring broad and abundant availability of new homes will reduce housing costs for everyone.

Upzoning also increases rental security of tenure. Dawkins (2022) found that restrictive planning rules are associated with increased eviction rates, whereas reforms such as upzoning are associated with reductions. These findings are consistent with other research pointing towards the localised benefits of new construction, including Pennington (2021); Asquith, Mast & Reed (2021); Li (2022) and Kulka; and Sood & Chiumenti (2022).

Benefits for non-market housing

Upzoning is not just a market-driven policy, either. The Missing Middle Zone will also enable more social and public housing to be built across our cities – imperative for ensuring a strong safety net for our nation's most vulnerable. After the Auckland upzoning research found that "the proportion of housing starts issued to government-controlled institutions increased from 3.1% over the ten years prior to the [upzoning] reform, to 9.9% over the six years after."

Benefits for the broader economy

Upzoning around public transport hubs provides significant agglomeration effects for local economies, meaning higher wages and greater productivity. Massachusetts Institute of Technology, University of Queensland, and the Federal Reserve Bank of New York have all produced studies and reports highlighting the correlation between increased density and improved productivity across industries. These productivity gains not only increase the city's overall economic output but also increase workers' wages by between 1 and 4%.

Revenue-raising and reducing inequality through a Windfall Gains Tax

As seen in the Auckland upzoning, upzoning increases the land values of land that has been previously underdeveloped. Upzoning, then, has the side-effect of effectively giving away value to incumbent landowners – a demographic likely to be quite well-off.

In order to mitigate this inequitable side-effect, governments should implement a modest Windfall Gains Tax, payable upon the first sale of any upzoned property. This should be set at a modest rate, and should be paid by the landowner. In our econometric report, Missing Middle Housing Targets, we estimated that a Windfall Gains Tax of 30% would generate over its lifetime at least \$11 billion in revenue from inner-middle Melbourne alone.

Feasability:

What needs to happen for the reform to work?

The bulk of implementation will have to be done by State and Territory governments, as they hold the levers to undertake planning reform. However, the Federal Government collects more than 80% of the tax revenue and can wield this power to incentivise the States and Territories to comply. For example, in 1995, the Commonwealth entered an intergovernmental agreement with the States and Territories to implement the National Competition Policy (otherwise known as the Hilmar Reforms) which had billions of dollars of tranche payments that were delivered to the states as the reforms were implemented.

The reality is that our two biggest state governments – New South Wales and Victoria – are already working to enable more medium density housing across their capital cities. It is up to the Federal government to demonstrate actual leadership, bring the rest of the States

and Territories into the fold, and drive the meaningful change required to beat this crisis.

As economist Professor Steven Hamilton recently stated, the lack of coordination between governments fundamentally is that fact the Commonwealth is not investing serious amounts of money that suggest it's committed to boosting housing supply.

This Commonwealth incentive funding could include grants contingent on implementing the Missing Middle Zone, which may comprise key targeted support funds to upgrade essential infrastructure capacity (water, electricity, sewerage, schools, hospitals, etc.).

An example of how much this would cost is the Federal Coalition's Housing Infrastructure Programme (HIP) policy which will cost \$5 billion to enable 500,000 greenfield homes to be unlocked.

As we mentioned in the main proposal, research from Infrastructure Victoria and the NSW Productivity Commission has found that infill infrastructure is significantly cheaper to deliver than greenfield equivalents. It is therefore reasonable to assume that this fund would help deliver more homes were it focused on infill housing delivery.

By making a significant fund such as this contingent on the delivery of the Missing Middle Zone – with funds allocated specifically for unlocking housing delivery in these areas – the Federal Government could empower the states to make bolder reforms to benefit all Australians.

International examples

Upzoning is not a novel idea. It has been very effective across the world:

America	New Zealand	Switzerland
• Austin • Minneapolis • Spokane	• Auckland • Lower Hutt	• Zurich
Brazil	• São Paulo	

Key challenges

The key challenge with broad-based upzoning is technical and administrative: we must ensure to accurately assess infrastructure capacity. This will ensure that costs are paid for consistently and equitably – rather than just at the point where upgrades become unavoidable.

The good news is that we already have entire governmental departments whose mandate is to do exactly this. By reorienting our planning departments toward more data-driven and outcomes-oriented work, we will be able to harness our cities' full potential.

This will require strong inter-government and inter-department communication, as well as investment into measuring and monitoring capacity for data that is currently poorly-tracked, such as sewerage and water capacity.

The Federal Government is currently revising their National Urban Policy which could act as a framework for our nation's cities, the adoption of which could be part of implementing the Missing Middle Zone.

[Our national advocacy body, the Abundant Housing Network Australia, made a submission to the draft National Urban Policy](#)¹⁶ to highlight ways in which the Commonwealth has the ability to assist in developing strong guidelines for building better cities.

Value for money:

What the reform is expected to cost against its expected benefits, for society overall. Where possible, compare this to not taking any action?

Upzoning is practically free

The advantage broad upzoning has over and above many other housing policies is that it is virtually free. By removing restrictions on

investment into new homes and housing where people want to live, you unlock enormous amounts of value while actually reducing the administrative burden of our nation's myriad planning departments.

Note that this section should be taken into account in addition to the housing-oriented benefits outlined in the "Impacts" section of this submission.

Increasing construction sector capacity and productivity

Current economic conditions in Australia, with construction labour shortages, higher-than-average costs of the materials used in construction and high interest rates, add to the challenge of building more housing more quickly.

Upzoning has the potential here to help rather than hinder. In New Zealand, since the implementation of upzoning policies, the size of the construction sector workforce has doubled.

There is emerging evidence that upzoning in Auckland has improved construction sector productivity – while the workforce doubled, output has tripled. This is likely in large part because a greater proportion of the workforce is dedicated toward building liveable medium-density housing.

Upzoning enables greater investment into more efficient housing, which in turn empowers the workforce to follow. Meaning that upzoning may reduce the labour costs of construction.

Mitigating the costs of urban sprawl

Australian research has consistently shown that densifying inner-middle suburbs saves governments between \$59,000 and \$75,000 on infrastructure costs per home built, compared to greenfield homes built on the fringes of our cities.

¹⁶ National Urban Policy Submission Abundant Housing Network Australia | July 2024 https://abundanthousing.org.au/docs/2404-citizens_panel.pdf

Focusing on established suburb growth doesn't just reduce government spending – it also reduces the cost of living for Australians. While greenfield developments appear on the surface to be the cheaper housing option, once transportation costs are accounted for, the financial benefit vanishes, leaving outer-suburban residents more exposed to fuel shocks and environmental disaster.

What upzoning around transit and the CBD does is empower Australians to have the choice on how and where they want to live. Currently we deny many people the true freedom to choose to live in the inner-city. Those who wish to live on the edge of Melbourne will still be able to – that is the kind of choice that upzoning enables people to make.

Revenue-raising and funding social housing through a Windfall Gains Tax

Upzoning creates value by enabling more investment into housing in areas where land is currently underutilised. A portion of this value can be captured through a Windfall Gains Tax (as outlined earlier).

This tax, if implemented Australia-wide, has the potential to raise tens of billions of dollars to fund the most ambitious social housing build in our nation's history.

We do not prescribe a tax rate as part of this reform proposal. However, we note again our estimate that a Windfall Gains Tax of just 30% would generate over its lifetime at least \$11 billion in revenue from inner-middle Melbourne alone.

A final note on this is that the value of upzoning is in no way contingent on the implementation of a Windfall Gains Tax. Upzoning delivers immense value in its own right, and should be supported even in the absence of this proposal's taxation component.

Questions on the potential to divide

The greatest stakeholders in new development are the people who want to live somewhere but are unable to do so, be it because they are priced out or because there literally aren't enough homes in the places where they want to live. Broad, clear upzoning around all transit and city centres gives those people more options.

There is no reason that a small number of incumbents – empowered by the happenstance of land ownership – should be able to override the needs of all others. The false dichotomy embedded in this question is a failure of the status quo.

A big part of city living is change – the idea that a city should be stagnant is a relatively new idea, peddled by a small minority, and does not represent a viable path forward for a highly urbanised nation that wishes to build sustainable, affordable, and liveable cities accessible for all.

Questions on political divides

Despite some perceptions, building medium density housing is a fundamentally cross-partisan project. For example in ACT, unlocking medium density was in the 2024 election platforms of the Liberal, Labor and Greens. At the Federal level, NSW Liberal senators Andrew Bragg and Maria Kovacic vocally supported a more ambitious version of the NSW Labor Government's medium density housing program. Meanwhile, the Victorian Nationals senator, Bridget McKenzie, also backed Victorian Labor's upzoning around train stations in an interview with the ABC. While these reforms are being predominantly led by state Labor governments, this is by no means a Labor-exclusive policy platform. In fact, it is the policy of pro-housing politicians serious about confronting this crisis, all across Australia.

Cite the evidence that substantiates your reform, covering the above sections.

This resource is a high quality summary of most of the literature around housing supply and upzoning created by economist Stephen Hoskins.

<https://stephenhoskins.notion.site/YIMBY-Lit-Review-27ae7791bab141058b82d94875ca98f3>

We've also summarised the case for upzoning in our flagship report, [Melbourne's Missing Middle](#) and a joint submission via the Abundant Housing Network Australia to the Commonwealth Senate Inquiry into the worsening rental crisis in Australia (https://abundanthousing.org.au/docs/2308-rental_inquiry.pdf).

Large-scale upzoning of Australia's major cities to boost housing supply is also supported (among others) by:

- The Grattan Institute: <https://grattan.edu.au/report/housing-affordability-re-imagining-the-australian-dream/>
- The NSW Productivity Commission: <https://www.productivity.nsw.gov.au/building-more-homes-where-people-want-to-live>
- The Centre for Independent Studies: <https://www.cis.org.au/publication/where-should-we-build-new-housing-better-targets-for-local-councils/>
- The Productivity Commission: <https://www.pc.gov.au/inquiries/completed/housing-homelessness/report/housing-homelessness.pdf>
- Infrastructure Victoria: <https://www.infrastructurevictoria.com.au/resources/choosing-victorias-future>
- Dispelling myths: Reviewing the evidence on zoning reforms in Auckland https://motu-www.motu.org.nz/wpapers/24_07.pdf

Is there anything else you would like the deliberative group to keep in mind when considering your reform proposal?

Upzoning our cities is a necessary and complementary solution that will assist most other housing policies in achieving their goals.

Some people might question how upzoning will impact people looking to buy in the areas affected and note that people have invested in these areas with some long-term certainty.

First: long-term certainty has never been a guarantee of living in Australia. Every suburb across the country has seen significant change over the past hundred years: does any suburb look the same as it did in the 1920s?

Second: governments should not be prioritising housing-as-investment in their policies. This sort of thinking is why successive governments have failed to address the growing housing crisis, and is at the root of this deliberation.

Third: upzoning generally increases the land values of upzoned properties. Those who do not wish to live in denser, world-class neighbourhoods can simply take the upzoning premium, cash out, and move elsewhere.

Fourth: long-term certainty is rarely brought up as a reason to discourage other key forms of infrastructure, such as train lines, highways, parks, etc. Housing is at least as essential, if not more essential, than any one of these – so why do we treat it any differently?

Lastly: When the Centre of Independent Studies looked into the question of whether high-rise development harmed neighbourhood character, they found that there was essentially no difference in willingness-to-pay for housing near apartments relative to housing elsewhere. This suggests that there is no "negative amenity" effect – measured in terms of how much people are willing to pay – attributable to living near higher density housing. One example of a negative amenity effect that does exist is living in a building located on a busy main road. And yet that is where, under the current system, most new housing is built. That is what upzoning seeks to create: the opportunity for more, denser housing, in the places where people want to live.

06

More Bang for Your Block

GENTLE DENSIFICATION FOR ALL

Author:

Danika Adams,
Committee for Economic
Development Australia (CEDA)

Reform in brief:

State and Territory Governments should implement planning reforms for 'gentle' densification by allowing secondary or additional dwellings, granny flats, garage conversions or 'tiny homes', subdivision flexibility, better use of existing housing (spare bedrooms and downsizing) and allowing multifamily dwellings. This would improve the use of existing land and housing, particularly in well-located areas with space for greater density.

Overview of the reform:

Making better use of existing land and housing, particularly in well-located areas with space for greater density, is key to addressing Australia's ongoing housing shortage and drive greater housing affordability. This can be done through reforms to enable 'gentle' densification, by allowing secondary or additional dwellings, granny flats, garage conversions or 'tiny homes', subdivision flexibility, better using of existing housing (spare bedrooms and downsizing) and allowing multifamily dwellings.

Impact:

The positive and negative impacts of the reform, including who gains / loses, what they gain, how much they gain and when?

Allowing Accessory Dwelling Units (ADUs) – secondary or additional dwellings, granny flats, garage conversions or 'tiny homes' – on suburban lots is one option to improve housing availability.

These units benefit from access to services, transport and infrastructure that already exists, rather than requiring new services to be built, as is common for housing built on greenfield sites. Urban infill or 'gentle' density allows for better use of space and increased density in already serviced areas.

Feasability:

What needs to happen for the reform to work?

Dwelling regulations are determined at a local council level, resulting in a lack of uniformity across the country. Local council regulations can determine:

- Maximum dwelling size (site coverage)
- Location of dwelling on the land (setbacks)
- Height of dwellings (number of storeys)
- Floor-space ratios
- Floor-to-ceiling ratios
- Maximum number of dwellings permissible, or minimum lot size for new developments (density)
- Building separation distances
- Property access (driveway and parking)
- Subdivision size
- Whether multi-family dwellings or additional structures are allowed.

Most Australian states allow the construction of granny flats or ADUs, however current regulations require a connection to "same household" members or "dependents" of the same household. These regulations should be reviewed to allow for people without a connection to existing residents to occupy or buy the home.

Globally, some strategies to improve council regulation and increase housing supply have been successfully enacted.

Value for money:

What the reform is expected to cost against its expected benefits, for society overall. Where possible, compare this to not taking any action?

There are direct benefits for individuals who would choose to build additional dwellings or better use existing housing – the proposed reforms enable them to access these benefits when they suit their individual needs.

Societal benefits include greater access to housing, reduction in poverty and homelessness, increased access to education and services.

There can be costs for existing residents where local infrastructure is slow to respond to increased demand, but servicing population growth in greenfield sites far from existing infrastructure is substantially more expensive.¹⁷

¹⁷ https://www.productivity.nsw.gov.au/sites/default/files/2023-08/202308_NSW-Productivity-Commission_Building-more-homes-where-infrastructure-costs-less_accessible-v2.pdf

Cite the evidence that substantiates your reform, covering the above sections.

In the US state of California, ADUs can already be rented or sold to people who are not connected to the original dwelling. The state has made significant strides in increasing the use of existing residential land, introducing regulations in 2019 to ease the process of building ADUs. There has been further easing of regulations since then. In 2023, ADUs accounted for 20 per cent of housing construction in California.

In Australia, Esperance Shire Council, on the south coast of Western Australia, was the first local council in Australia to permit permanent tiny homes. The NSW Government introduced a two-year moratorium for flood-impacted areas to allow tiny and mobile homes for people displaced by the floods.

In Auckland, New Zealand, the local council removed zoning restrictions, allowing for higher-density development to be built across the city. 'Up-zoning' was introduced in 2016, more than tripling 'consents' (approvals) for dwellings in Auckland within six years. In higher density, 'terrace housing and apartments zones' new

builds can be five to seven storeys, while in the medium density, mixed housing urban zones and mixed housing suburban zones, new builds can be up to three storeys and two storeys respectively, with a maximum of three dwellings on each parcel of land. House prices have continued to rise, but at a slower rate than in other major New Zealand cities. Rents have also grown at much slower rates than in other New Zealand cities.

Construction growth has been predominantly in townhouses, terraced housing, duplexes and units. Multi-story apartments (capped at seven floors) have experienced growth, though not as substantial. Over the past four years since upzoning was introduced, the overall number of townhouses, duplexes and other units approved has been more than three times that of apartments in multi-storey buildings.

The National Housing Supply and Affordability Council has identified improving efficiency in the land use and planning systems as a key priority to improving the housing system.

Australia's housing crisis is caused by a range of factors, and it will require many solutions if we are to adequately address it. That includes learning from international experience and improving the way we use existing homes and land to help reduce some of the strain.

Is there anything else you would like the deliberative group to keep in mind when considering your reform proposal?

NA

07

Fab Prefab

LEVEL UP MODULAR HOUSING VIA HARMONISATION OF STATE AND TERRITORY BUILDING CODES¹⁸

Author:

Sophie Black, Blueprint Institute

Reform in brief:

Following recent updates to the National Construction Code (NCC), which now includes guidelines for prefabricated homes and offsite construction techniques, similar changes should be made to State and Territory building codes to streamline the approval process for offsite construction. Modular housing offers an innovative way to build high-quality homes quickly, but its full potential is currently limited by inconsistent building codes across states and territories. The reform aims to add to the housing stock more efficiently and economically by harmonising these codes, providing greater certainty for companies and consumers in adopting offsite construction methods across Australia. By doing so, the reform would maximise the efficiency and environmental benefits of prefabricated homes.

Overview of the reform:

The Australian construction industry is ripe for innovation – an opportunity that modular building practices can provide. Prefabricated homes, also known as prefab homes or modular housing, is a type of housing that is constructed off-site in a factory setting and then transported to the desired location for assembly. If done well, offsite construction is far more efficient than traditional processes, meaning homes can be built more quickly while wasting fewer materials and requiring fewer workers.

In November 2024, the Australian Building Codes Board took the first step in embracing offsite construction by publishing an update to the National Construction Code (NCC), providing guidance on how buildings using modern construction methods can achieve compliance with the Code.

The NCC is the primary regulatory framework which sets minimum standards for building design and construction across Australia, but states and territories may modify, override, or supplement these standards when legislating them into force, based on local needs. These jurisdiction-specific codes address regional considerations such as environmental factors (like soil type and weather conditions), heritage conservation mandates, and area-specific safety concerns, ensuring that building codes are tailored to the unique requirements of each State and Territory.

There is a risk that States and Territories don't fully reflect the new NCC Guidelines in their codes. As these local codes play a critical role in regulating regional infrastructure and shaping building practices, it is essential that they are updated to align with the latest advancements in construction methods. Given their significant influence on the construction industry, updating these codes to reflect modern techniques is

crucial for ensuring consistency and supporting industry growth.

As the next step to effectively support the next generation of Australian homes, State and Territory building codes should be updated to create a more permissive regulatory environment for offsite construction methods, in line with the new NCC guidance. This approach would reduce existing barriers to offsite manufacturing while maintaining the critical flexibility needed to address local environmental, safety, and regional requirements.

The goal is not to standardise construction uniformly across all jurisdictions, but to establish a more responsive and forward-looking regulatory environment.

By carefully balancing national standards with local needs, Australia can foster innovation in building technologies, support more efficient construction processes, and ensure that prefabricated homes meet the highest standards of quality, safety, and regional appropriateness.

This nuanced strategy will enable the building industry to embrace new construction methods more readily, while still preserving the essential adaptability that has long characterised Australia's approach to building regulation.

There are undeniable benefits to embracing modular building techniques. As up to 80% of a modular home is assembled off-site, construction times are radically reduced – cutting the time it takes from planning to building a home by up to half. Prefab designs are also more cost effective than traditional building methods thanks to economies of scale in materials and reduced manpower requirements. There are also the environmental advantages of modular construction, which produces less waste and fewer carbon emissions than conventional building techniques.

Harmonising protocols for modular housing across State and Territory building codes will optimise the efficiency of prefab homes, providing builders, financiers and home owners with greater confidence and willingness to adopt offsite construction methods.

Impact:

The positive and negative impacts of the reform, including who gains / loses, what they gain, how much they gain and when?

The Federal Government, in agreement with the National Cabinet, has set an ambitious target of building 1.2 million new homes by 2029. Achieving this goal will require significant changes to current construction methods. Recent updates to the NCC outline how modular construction techniques can comply with federal standards, and their integration into State and Territory building codes will greatly enhance the capacity of governments to meet the housing targets.

Society as a whole has much to gain if we are able to build homes faster as this will alleviate demand side pressures and make owning a home more attainable. As stated above prefab homes are designed to be more cost effective, less labour intensive and more environmentally friendly.

¹⁸ Note: Blueprint Institute initially recommended that clear guidelines be added to the National Construction Code (NCC) to integrate offsite construction techniques into established standards for residential buildings. This policy reform was successfully achieved in November 2024 with the release of the Prefabricated, Modular, and Offsite Construction Handbook to the National Construction Code. Following this, a revised reform was submitted, outlining the next steps for scaling up modular housing.

As State and Territory building codes have the flexibility to modify, vary, remove, or add provisions, there is a risk that updates to the NCC regarding modern construction methods may not be consistently adopted across Australia. This could result in inconsistencies, regulatory confusion, and missed opportunities for growth in the construction sector. Therefore, it is essential that State and Territory codes align with the latest NCC updates to ensure uniformity and support the adoption of prefabricated homes and offsite construction techniques.

Modifying the relevant building codes in each State and Territory to provide clearer guidelines for the use of prefabricated housing and materials will also potentially increase the industry's access to investment. Additionally, harmonising building codes for modular housing would facilitate cross-border operations for offsite construction firms.

Feasability:

What needs to happen for the reform to work?

The Australian Building Codes Board, on behalf of the Australian Government and each State and Territory government, produces and maintains the National Construction Code, which is updated every three years. The 2024 version now includes standards for off-site building construction methods. Given these updates, it is proposed that similar changes be reflected in State and Territory building codes.

Efforts to harmonise these codes were announced in March 2024; however, progress across the states and territories in integrating modular construction standards has been inconsistent and difficult to track. Western Australia appears to have made the most progress, while New South Wales and Victoria have demonstrated interest in exploring the use of modular housing in government projects. In

Tasmania the government has taken a proactive approach to embracing modular housing, with several modular housing firms operating there as a result.

An initial step in the harmonisation process is to consult modular housing experts, ensuring that the codes are responsive to the full range of offsite construction techniques and the evolving nature of modular techniques. These insights should then be shared in a consultative process with the relevant building code authorities in each of the states and territories, to explain the need for the changes and ensure the new codes still respond to local needs.

Building codes should adopt a permissive approach to offsite construction, specifying how modular construction methods can comply with existing building regulations. This could involve modifying regulations to better accommodate modular methods, without compromising safety features. This could also include the standardised classification of modular construction as 'buildings', which would ease planning and development approval processes.

Australia is currently wrestling with an acute shortage of construction workers which makes building more homes exceedingly difficult. Overcoming regulatory barriers to enable the widespread adoption of prefab techniques will allow us to build more homes quickly with a reduced labour load.

As the changes to the NCC are recent, the perception of prefab homes as being cheap or inferior to traditionally built homes remains a challenge. Public awareness campaigns showcasing successful prefabricated homes can play a vital role in reshaping this narrative.

Value for money:

What the reform is expected to cost against its expected benefits, for society overall. Where possible, compare this to not taking any action?

There is no additional cost involved in updating existing State and Territory building codes and standards to offer greater clarity around prefab or modular homes.

Prefab housing offers an opportunity to build homes more quickly and reduce our reliance on attracting imported labour – and with Australia's current predicament, we would be fools not to consider it.

Cite the evidence that substantiates your reform, covering the above sections.

Downey, L., Black, S., Lubberink, J., Poulton, C., Wicked solutions: a long-term approach to housing affordability, Blueprint Institute, 2024.

Gunawardena, T. Ferng, J. Ngo, T. Kumar, S. Medis, P. 2023. How Australia's prefab industry can help the housing crisis, Pursuit University of Melbourne, 14 November 2023, viewed 5th August 2024

<https://pursuit.unimelb.edu.au/articles/how-australias-prefab-industry-can-help-the-housing-crisis>

What role can prefab homes play in the housing crisis? Property Council of Australia July 10th 2024, viewed 2nd August 2024

<https://www.propertycouncil.com.au/property-australia/what-role-can-prefab-homes-play-in-the-housing-crisis>

Ziaesaeidi, P. 2024. Boosting housing supply: towards a policy framework for prefabricated homes, The Policymaker 31st July 2024, viewed 2nd August 2024

<https://thepolicymaker.jmi.org.au/boosting-housing-supply-towards-a-policy-framework-for-prefabricated-homes/>

Is there anything else you would like the deliberative group to keep in mind when considering your reform proposal?

NA

08

Faster Visas for Faster Homes

GETTING THE TRADIES WE NEED TO BOOST HOUSING SUPPLY

Author:

Sophie Black, Blueprint Institute

Reform in brief:

The Federal Government should urgently expand visa pathways to import skilled construction workers, including extending eligibility for the Specialist Skills visa pathway to trade workers and by including all occupations relevant to residential construction on the Core Skills Occupation list. This reform would help address Australia's construction skills shortage, enabling more homes to be built faster – increasing the supply of available housing and reducing the cost of buying a home.

Overview of the reform:

We face a severe shortage of construction workers, and although training pathways like apprenticeships will help to plug the skills gap in a couple of years, we cannot afford to wait that long. We should be making it easier for foreign tradies to work in Australia so we can address the labour shortage in the short-term.

In recognition of Australia's housing affordability crisis, the federal government has set an ambitious target to build 1.2 million new homes by 2029. However, without drastic changes, this target is unlikely to be met. Allowing more skilled construction workers to come to Australia will address one of the main challenges to meeting this target.

By the end of 2024, migrant workers will have to enter Australia under one of the three streams of the new four-year Skills in Demand Visa. In descending order, these streams are the Specialist Skills pathway (for workers earning over \$135,000); the Core Skills pathway (for workers earning between approximately \$70,000 and \$135,000); and the Essential Skills pathway (for workers earning below approximately \$70,000).

Critically, trade workers are ineligible for the Specialist Skills pathway – regardless of whether they are earning above \$135,000 or not. To make matters worse, many of the trades essential for residential construction are still under consultation for inclusion on the Core Skills Occupation list such as plumbers, carpenters, and bricklayers. We recommend extending eligibility for the Specialist Skills visa pathway to trades workers and including all occupations relevant to residential construction on the Core Skills Occupation list.

Migration inflows resulting from these changes must be carefully managed to ensure that construction workers go where they are needed – in the regions as well as in cities.

Immigration has a profoundly positive impact on all areas of the economy and contributes greatly towards improving our net productivity.

Impact:

The positive and negative impacts of the reform, including who gains / loses, what they gain, how much they gain and when?

Australia's development and construction industry will greatly benefit from the increased labour it needs. An increase in the number of construction workers will also help the government reach its target of building 1.2 million new homes under the National Housing Accord. It is in the government's interest to make the necessary reforms to the Temporary Skills Shortage Visa as soon as possible to have the best chance of delivering their targets.

Concerns have previously been raised, particularly by the troubled Construction, Forestry and Maritime Employees Union ('CFMEU'), about the threat of cheap, imported labour taking jobs which would otherwise go to Australian tradies. The reality is, however, that we have a serious labour shortage, and a building pipeline that, at least in the labour gap until the current cohort of apprentices have been trained up, we need to improve the options available for foreign workers.

Feasability:

What needs to happen for the reform to work?

The federal government is responsible for managing Australia's immigration strategy and making changes to visa eligibility criteria. In recognition of Australia's skills shortage the federal government released a new immigration strategy last year.

However, as stated above we believe these visa pathways can be further modified to make it easier for foreign tradies to work in Australia.

The federal government's plan to build 1.2 million new homes by 2029 is a direct response to the housing affordability crisis. By building more homes we can reduce demand for housing which in turn will bring the cost of buying a home down. However, in order to build more homes we need construction workers. Reforming the Temporary Skills Shortage Visa is the first step in this process.

Risks or complications

There is a risk that these reforms may ignite backlash from the CFMEU. It is the government's responsibility to consult with the union to reassure them that they will not be displaced by cheap foreign labour. The government must also counter disinformation in this regard.

Value for money:

What the reform is expected to cost against its expected benefits, for society overall. Where possible, compare this to not taking any action?

The main cost associated with increased immigration is a perceived strain on social services and added urban congestion. To ensure minimal disruption to public services and infrastructure, all levels of government must clearly communicate with each other. Moreover, these inflows must be managed to ensure that migrant workers go where they are most needed including in the regions.

According to Build Skills Australia we need an extra 90,000 construction workers on top of what we already have to meet the government's target of building 1.2 million new homes by 2029. Therefore, if no action is taken it is unlikely this target will be met and Australia will continue to wrestle with a housing affordability crisis.

Cite the evidence that substantiates your reform, covering the above sections.

Downey, L., Black, S., Lubberink, J., Poulton, C., Wicked solutions: a long-term approach to housing affordability, Blueprint Institute, 2024.

Tomevska, S. Orr, A. 2024 A possible solution for Australia's tradie shortage? 90,000 migrants (SBS News), 25 March 2023, viewed June 20th 2024
<https://www.sbs.com.au/news/article/a-possible-solution-for-australias-tradie-shortage-90-000-migrants/egqy72ama>

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<https://www.afr.com/property/residential/the-five-barriers-to-building-1-2-million-homes-by-2029-20230926-p5e7r1>

Is there anything else you would like the deliberative group to keep in mind when considering your reform proposal?

NA

09

Renters' Rights

STRENGTHEN PROTECTIONS FOR RENTERS

Author:

Andrew Barker, Committee for Economic Development Australia (CEDA)

Reform in brief:

State and Territory Governments should implement nationally consistent protections for renters, including banning 'no grounds' evictions and restricting rent increases for sitting tenants. This would improve rental security, and generate improved connections to community, better health outcomes and higher levels of social and economic participation.

Overview of the reform:

While many Australians still seek to own their own home, for others, renting can be a more attractive option. For example, young and/or mobile households may not wish to buy and sell a house with each move. The most common motivations for renting are financial, but around one third of renters do so because they want to retain the flexibility to move quickly or prefer renting.

For rental housing to provide for the needs of a diverse set of renters, security of tenure is necessary. Benefits of secure tenure include improved connections to community, better health outcomes and higher levels of social and economic participation. Yet overall tenure security for Australian renters is ranked equal lowest (along with Greece) among 31 OECD countries for which data are available. In stark contrast to other developed countries, Australian renters are more likely to be forced to move by their landlord than choose to move for work.

While some jurisdictions have made reforms to improve security of tenure in recent years, it is still possible to evict tenants without grounds at the end of a fixed-term tenancy (with 30 days or less of notice in, Western Australia, South Australia and the Northern Territory).

Around 90 per cent of lease agreements are for 12 months or less¹⁹, which contrasts with the frequency of multi-year contracts for commercial leases in Australia or housing leases in many European countries. Greater certainty for both renters and landlords could be achieved by facilitating long-term leases where appropriate, rather than the current default to leases of one year or less.

Compared with renters in other developed countries, Australians are also relatively constrained in their capacity to make minor alterations to rental properties.²⁰ Particularly for longer leases, enabling minor alterations can allow renters to make their house a home.

State governments can deliver substantial benefits to renters and contribute to a better functioning housing market by banning 'no grounds' evictions at any point of the contract cycle. To protect owners and their properties, evictions should still be allowed where the tenant has not paid rent or mistreated the property. However, such evictions are rare, accounting for only 6% of terminations by landlords in the latest (2022) data for New South Wales²¹. Evictions should still be allowed for legitimate reasons, but this should be a very short list: the landlord or their immediate family moving in, the landlord selling to another owner who wishes to move in (sale to another investor or intention to sell is not sufficient), or breaches/notice of intention to leave by the tenant.

To avoid excessive rent increases that can be used as a means of eviction, governments should also restrict rent increases for existing tenants in line with local market changes, with allowance made for higher rents in the case of substantial renovation. Such an approach has been successfully applied in Germany, where initial rents were left effectively unregulated while subsequent increases were tied to local reference rents, with greater increases permitted in proportion to any renovation expenditure.²²

Impact:

The positive and negative impacts of the reform, including who gains / loses, what they gain, how much they gain and when?

Renters and potential renters would gain from greater security of tenure. Benefits of secure tenure include improved connections to community, better health outcomes and higher levels of social and economic participation. Stable and secure rental tenure is protective of mental health, with average mental health of private renters lower than that of comparable homeowners until five-to-six years of tenure, when the difference becomes indistinguishable.²³

The aggregate impact on renters would be substantial, because of the large number of renters forced to move each year. Although most leases are terminated by renters themselves, around 6 per cent of private renters are forced to move by their landlord each year,²⁴ affecting about 340,000 people across 140,000 households each year. Excluding the 6 per cent of landlord evictions that are due to a breach

¹⁹ Australian Bureau of Statistics (2023), New Insights into the Rental Market, <https://www.abs.gov.au/statistics/detailed-methodology-information/information-papers/new-insights-rental-market>

²⁰ Longview and PEXA (2023), Private Renting in Australia – A Broken System, Whitepaper 2, <https://www.pexa-group.com/content-hub/property-insights-and-reports/longview-whitepaper-renting/>

²¹ <https://data.nsw.gov.au/search/dataset/ds-nsw-ckan-c3140df4-50a5-453c-9022-a625853d1519/details?q=end%20o%20tenancy>

²² de Boer, R., & Bitetti, R. (2015). A Revival of the Private Rental Sector of the Housing Market?: Lessons from Germany, Finland, the Czech Republic and the Netherlands. Paris: OECD Economics Working Paper

²³ Li, A., Baker, E., & Bentley, R. (2022). Understanding the mental health effects of instability in the private rental sector: A longitudinal analysis of a national cohort. *Social Science & Medicine*, 296. doi:<https://doi.org/10.1016/j.socscimed.2022.114778>

²⁴ Wilkins, R., Vera-Toscano, E., Botha, F., & Dahmann, S. (2021). The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 19. Melbourne: Melbourne Institute.

²⁵ Based on data for New South Wales: <https://data.nsw.gov.au/search/dataset/ds-nsw-ckan-c3140df4-50a5-453c-9022-a625853d1519/details?q=end%20o%20tenancy>

by the tenant,²⁵ there are still roughly 320,000 Australians forced to move each year due to their landlord.

Societal benefits can flow from a stronger connection between renters and local communities, such as allowing children to stay in their local school. There can also be broader benefits through the labour market, as a better functioning rental market would provide greater housing mobility for those who want to move to take up a better suited job.

For example, in Germany more than 20 per cent of housing moves are for work or study, compared with less than 5 per cent in Australia.²⁶

Risks for landlords will be contained, because they can still raise rents in line with local market changes and they remain able to evict tenants who do not look after their property or pay rent. The biggest risk for landlords would be if they and/or their letting agent were inattentive to local market changes and did not keep up with local market rental increases over a long period, in which case they would be unable to enforce a large 'catch up' rental increase.

A risk from controlling rent can be a chilling effect on housing investment. Specifically, across-the-board rent controls or rental freezes push returns below market rates, holding back the supply of new housing.²⁷ Conversely, what is proposed here can be expected to have little effect on housing investment as the link with market rents is maintained; a similar approach in Germany did not form a barrier to housing investment.²⁸

Feasability:

What needs to happen for the reform to work?

The key to feasibility of this reform is for States and Territories to make rules as simple and clear as possible, so that owners and tenants are clear about their rights and responsibilities and any breach can be simply evaluated. This starts with a short and clear list of allowable reasons for eviction.

At present, enforcement of action against excessive rent increases is complicated as it requires an assessment of fair market rent for a property. For example, in New South Wales, 'a rent increase may be considered "excessive" if it is above market rent – considering the size, condition, and features of the property'. As every property is unique, it is difficult for owners and tenants alike to establish an appropriate market rent for a property.

Moving to a situation where initial rents are unregulated but subsequent increases are tied to local market movements (with allowance for substantial renovations where relevant) would make it simpler to enforce by establishing a simple metric capping the annual percentage rate rent increases for sitting tenants. A simpler metric would protect all tenants, including those who are more vulnerable (such as those with English as a second language) by making it much more straightforward to enforce excessive rent increases.

A short implementation period would help guard against the risk of excessive rent rises for sitting tenants before the new rules come into force.

This near-term risk serves to underline the need for change to prevent excessive increases in rent for sitting tenants who do not wish to move.

Value for money:

What the reform is expected to cost against its expected benefits, for society overall. Where possible, compare this to not taking any action?

See impacts section above for benefits for tenants. Based on a rough estimate of average moving costs of \$5,000,²⁹ the annual cost of landlord evictions in Australia, in moving costs alone, is about \$700 million. Not all these moves will be avoided, but this gives some sense of the magnitude of potential benefits from reform.

There will be some implementation costs, as there is a need to consult relevant stakeholders and collaborate across State and Territory Governments to achieve consistent regulation. However, these costs would be relatively small in the context of hundreds of thousands of Australians who would benefit from more secure rental tenure. And data are already available to track rent prices in local markets,³⁰ so use of existing datasets would minimise implementation costs.

Cite the evidence that substantiates your reform, covering the above sections.

CEDA (2022), Housing Affordability and Labour Mobility, Submission to the Federal Employment White Paper, <https://cedakenticomedia.blob.core.windows.net/cedamediatest/kentico/media/attachments/housing-affordability-and-labour-mobility-ceda.pdf>

CEDA (2023), Making Renting More Viable, submission to the Senate Community Affairs References Committee Inquiry into the worsening rental crisis in Australia <https://www.ceda.com.au/researchandpolicies/research/economy/making-renting-more-viable>

Barker, A. and Korczak-Krzeczkowsk, A. (2023), 'Tackling barriers to (beneficial) housing mobility', Australian Economic Papers, <https://doi.org/10.1111/1467-8454.12355>

Is there anything else you would like the deliberative group to keep in mind when considering your reform proposal?

NA

²⁶ Causa, O. and Pichelman, J. (2020). Should I stay or should I go? Housing and residential mobility across OECD countries, OECD Economics Department Working Papers No. 1626, <https://dx.doi.org/10.1787/d91329c2-en>

²⁷ Cavelleri, M. C., Cournede, B., & Ozsogut, E. (2019). How responsive are housing markets in the OECD? National level estimates. Paris: OECD Economics Department Working Papers No. 1588. doi:<https://dx.doi.org/10.1787/477e29a-en>

²⁸ de Boer, R., & Bitetti, R. (2015). A Revival of the Private Rental Sector of the Housing Market? Lessons from Germany, Finland, the Czech Republic and the Netherlands. Paris: OECD Economics Working Paper No. 1170. doi:<http://dx.doi.org/10.1787/5xv9f32j0zp-en>

²⁹ Based on a range of \$5,505 to \$6,175 for packing, cleaning, removal, overlapping rent and bond payment for a 3-bedroom house from Longview and PEXA (2023), Private Renting in Australia – A Broken System, Whitepaper 2, <https://www.pexa-group.com/>

³⁰ For example, data used by the ABS to measure rents in the consumer price index (<https://www.abs.gov.au/statistics/detailed-methodology-information/information-papers/new-insights-rental-market>) and data published by private entities such as CoreLogic and SQM Research.

10

'Build to Rent' Booster

ENCOURAGE 'BUILD TO RENT' FOR INSTITUTIONAL INVESTORS

Author:

Andrew Barker, Committee for Economic Development Australia (CEDA)

Reform in brief:

Federal and State and Territory Governments to cooperate to encourage institutional investment in housing by enabling 'build to rent' and reducing state and federal tax disadvantages for institutional investors (Land Tax, Negative Gearing, withholding tax). This would increase the overall supply of housing, improve housing affordability and increase tenure security for renters by avoiding evictions due to an individual landlord's personal situation.

Overview of the reform:

Encouraging institutional investment in housing has the potential to improve housing quality and affordability. This can help with the transition to a more affordable housing market, where new sources of supply are likely to be necessary to improve housing availability without excessive disruption to existing homeowners. Benefits would flow primarily to renters, who are among the most vulnerable in Australia's housing market, through:

- A greater supply of rental housing, which is currently in short supply around Australia with vacancy rates averaging around 1 per cent
- Increased tenure security, which is low by international comparison
- Greater quality of rental housing, as institutional investors will have a greater incentive to protect their reputations and rental housing quality is often poor among Australia's small-investor-dominated rental market

Encouraging institutional investment can begin by creating a more level playing field by removing barriers to institutional investment in housing. In particular, this relates to state and federal taxes, where access to negative gearing and progressive land tax rates both favour individual investors over institutions holding a portfolio of properties.

Legislation passed by the Federal Government on 28 November 2024³⁰ goes in the right direction by providing tax incentives for build-to-rent projects. This sees the 30 per cent withholding tax rate for foreign investors reduced to 15 per cent (equal to the rate for commercial and industrial property) and the capital works tax deduction rate increased

from 2.5 per cent to 4 per cent (consistent with the treatment of serviced apartments).

To qualify, a project must consist of 50 or more dwellings made available for rent, with all tenancies offered for a minimum of five years, no use of 'no fault' evictions and at least 10 per cent of dwellings made available as affordable tenancies (at less than 75 per cent of market value).

Impact:

The positive and negative impacts of the reform, including who gains / loses, what they gain, how much they gain and when?

Building a stronger market for institutional investors in rental housing could help to increase tenure security for renters. By shifting from personal to institutional ownership, this would reduce evictions due to the landlord's personal situation, for example if they or a family member wish to move in.

Furthermore, institutional investors can have a greater incentive to deliver acceptable housing quality to avoid negative flow-on effects if their reputation is adversely affected. Rental housing quality is often very poor among Australia's small-investor-dominated rental market, with 45 per cent of renters rating the condition of their dwelling as average, poor or very poor.³¹ This can put the health of renters at risk – with heightened risks for children as more and more young families are renting – with 43% of renters reporting problems with damp or mould and 35% having trouble keeping their homes warm in winter or cool in summer.³²

Institutional investing can be encouraged via 'build to rent', whereby the developer rents out dwellings after completion. Institutional investors play only a small role in the Australian market at present, with the largest investors holding only a few thousand units and accounting for only 0.2% of the total housing stock.³³ In the United States and Germany, by contrast, the largest institutional investors hold a combined total of more than 500,000 residences.³⁴ The National Housing Accord announced in the October 2022 Federal Budget lays the foundation for boosting institutional housing supply, including by superannuation companies.

As the Interim National Housing Supply and Affordability Council has argued, 'the emergence of a domestic market for housing provided by institutional investors ('institutional housing') would add to, and improve the quality and diversity of, Australia's stock of private and not-for-profit (community) rental housing'.³⁵

The playing field could be levelled for institutional investors by reducing the tax disadvantages faced by institutional investors. Land tax is a key driver, as it is levied in a progressive fashion on the total value of land holdings (excluding the family home), favouring holders of few properties. Negative gearing, where annual losses can be offset against unrelated income, is less advantageous for institutional investors than for individuals paying top marginal tax rates. Institutional investors that source funding internationally have historically faced a further

³⁰ The Treasury Laws Amendment (Responsible Buy Now Pay Later and Other Measures) Bill 2024 and Capital Works (Build to Rent Misuse Tax) Bill 2024.

³¹ Baker, Emma; Daniel, Lyrian; Beer, Andrew; Bentley, Rebecca; Stone, Wendy; Rowley, Steven; Nygaard, Andi; London, Kerry, 2023, "The Australian Housing Conditions Dataset 2022", doi:10.26193/SLCU9J, ADA Dataverse, V1

³² Ibid

³³ Australian Government Interim National Housing Supply and Affordability Council (2023), Barriers to Institutional Investment, Finance and Innovation in Housing, <https://nhsac.gov.au/sites/nhsac.gov.au/files/2024-02/barriers-to-institutional-investment-report.pdf>

³⁴ Martin, C., Hulse, K., & Pawson, H. (2018). The changing institutions of private rental housing: an international review. AHURI Final Report No. 292.

³⁵ Ibid, p.3.

disadvantage, as managed investment trusts used to package such investment were generally subject to a 30 per cent withholding tax on residential investment.

An institutional investor in a house faces an annual tax disadvantage of almost \$20 000 relative to an individual, based on the median Sydney house price.³⁶ The tax disadvantage for institutional investors is smaller for apartments, as the higher rental yield reduces the importance of negative gearing while a lower value of the undeveloped land reduces land tax expenses.

Whether there are losers from reform to enable institutional investment would depend on implementation. Where tax disadvantages for institutional investors are reduced, as in the reforms passed in November 2024, this will reduce tax revenue from projects that would have gone ahead anyway. However, it will also increase revenue from new institutional housing investment, particularly (as demonstrated above) because institutional investors will often pay more in land and net income tax than individual investors.

Feasability:

What needs to happen for the reform to work?

With build to rent legislation passed in November 2024, there is a need to first monitor outcomes before determining whether further Federal tax incentives are merited. This is also an opportunity to see whether complementary reforms are needed to enable institutional housing investment: the Interim National Housing Supply and Affordability Council has recommended reviewing planning systems, improving land and data availability in order to enable institutional housing investment.³⁷

More substantive reform to taxation would require a broader tax reform agenda, led by the Federal Government with the cooperation of State and Territory Governments. Federal Government changes to negative gearing and State and Territory Government changes to the progressivity of land tax could reduce the tax disadvantages faced by institutional investors. However, such changes would have important distributional consequences and would need to be considered in the context of broader reform of Australia's tax system.

Value for money:

What the reform is expected to cost against its expected benefits, for society overall. Where possible, compare this to not taking any action?

Build to rent legislation passed in November 2024 is estimated by the Property Council to deliver 80,000 new rental homes over the next 10 years. There is potential for as many as 150,000 new rental houses to be delivered under more favourable policy settings.³⁸

The net fiscal cost of delivering more institutional housing is estimated to be relatively small. For example, for an intermediate scenario delivering 105,000 new dwellings, the cost in foregone tax revenue has been estimated at \$9.3 million.³⁹

Within Australia, Victoria has the highest share of build to rent apartments, due to lower land taxes (compared with New South Wales), site accessibility, flexible planning and a high proportion of renters.⁴⁰ This demonstrates the potential benefits from reform to remove tax disadvantages and enable development of build to rent more generally.

Cite the evidence that substantiates your reform, covering the above sections.

Evidence set out in Barker, A. and Korczak-Krzeczkowsk, A. (2023), 'Tackling barriers to (beneficial) housing mobility', Australian Economic Papers, DOI: 10.1111/1467-8454.12355.

We have also drawn on work by the Australian Government Interim National Housing Supply and Affordability Council (2023), Barriers to Institutional Investment, Finance and Innovation in Housing, <https://nhsac.gov.au/sites/nhsac.gov.au/files/2024-02/barriers-to-institutional-investment-report.pdf>; and modelling by EY for the Property Council of Australia: EY 2023, A new form of housing supply for Australia: Build to Rent housing, Report prepared for the Property Council of Australia, <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>

Is there anything else you would like the deliberative group to keep in mind when considering your reform proposal?

NA

³⁶ Barker, A. and Korczak-Krzeczkowsk, A. (2023), 'Tackling barriers to (beneficial) housing mobility', Australian Economic Papers, DOI: 10.1111/1467-8454.12355

³⁷ Australian Government Interim National Housing Supply and Affordability Council (2023), Barriers to Institutional Investment, Finance and Innovation in Housing, <https://nhsac.gov.au/sites/nhsac.gov.au/files/2024-02/barriers-to-institutional-investment-report.pdf>

³⁸ Property Council of Australia, Submission to Senate Economics Legislation Committee, 24 July 2024.

³⁹ Ibid.

⁴⁰ EY 2023, A new form of housing supply for Australia: Build to Rent housing, Report prepared for the Property Council of Australia, <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>

11

Affordable Homes Guarantee

IMPLEMENT MANDATORY INCLUSIONARY ZONING FOR AFFORDABLE HOUSING

Author:

Wendy Hayhurst, Community Housing Industry Association

Reform in brief:

The Federal Government should endorse a standard model for generating affordable housing via 'mandatory inclusionary zoning' and temporarily incentivise State and Territory Governments to adopt and implement the model. This would generate modest amounts of affordable housing at no cost to governments. It would also hard-wire additions to affordable housing stock into the process of expanding overall housing provision.

Overview of the reform:

Mandatory Inclusionary Zoning (MIZ) refers to land use planning rules requiring developers to include affordable rental housing (say 5-10% of units) within market housing projects developed on privately-owned sites in moderate to high land value locations, or to make an equivalent cash contribution for affordable homes to be provided elsewhere in the locality. Such a commitment would be required as a condition of Development Approval.

Similar arrangements have operated successfully in the City of Sydney for more than 25 years, albeit on a restricted scale. Funds generated by this scheme have been channelled to CityWest Housing, a not-for-profit community housing provider. Largely through this support, CityWest has built up a portfolio of nearly 1,000 good quality, well-managed and affordable rental homes over this period. This benefits the City's economy by enabling low paid essential workers to live within reach of their employment despite the high cost of market housing in the locality.

MIZ-type arrangements generate substantial amounts of social and affordable housing in many US cities, across the UK and in numerous other countries. Demonstrating the potential scale of contributions to affordable housing that can result from such measures, the value of associated contributions in 2016-17 in England was estimated at £4.1 billion (\$7.5 billion AUD) (Lord et al. 2018).

Impact:

The positive and negative impacts of the reform, including who gains / loses, what they gain, how much they gain and when?

When developers know that MIZ requirements are in place, they will factor this into their project planning by offering a reduced price for development sites. In this way, the cost of the affordable housing is borne by landowners, not by developers or home buyers. This amounts to a means of funding modest amounts of affordable housing at no cost to government. It also hard-wires additions to affordable housing stock into the process of expanding overall housing provision.

Crucial, in enabling the introduction of a MIZ regime that causes no disruption to the development industry, is the recognition that a significant lead-in time (e.g. 2-4 years) is required before the policy becomes fully effective, after having been legislated. This is to allow time for developers to build out sites historically acquired at prices determined before the announcement of MIZ requirements.

The main beneficiaries of a MIZ policy will be the additional low-income workers enabled to rent a good quality home at a below market price within range of their employment location.

Under a model where the ownership of MIZ-enabled affordable rental dwellings passes to not-for-profit community housing providers, it could be said that the CHPs involved are also beneficiaries. Structuring MIZ arrangements in this way is desirable to enable the resulting dwellings to be retained for affordable rental use in perpetuity, with oversight provided by CHP statutory regulation already in place across Australia.

Feasability:

What needs to happen for the reform to work?

While MIZ policy implementation is down to state/territory governments under their land-use planning powers, the Federal Government should take the lead in co-ordinating the development and roll-out of a standard national MIZ model. Associated inter-governmental collaboration could be spelled out within the National Agreement on Social Housing and Homelessness (NASHH), the compact periodically re-negotiated between the Federal and state/territory governments.

Given that the Federal Government lacks the legal power to enforce such policies on state/territory governments, it should instead provide a financial incentive for policy adoption. This could involve a modest match-funding payment for every social/affordable rental home generated by MIZ in each jurisdiction in the first two years of the regime, with the details spelled out in the NASHH.

This resembles the Federal Government's existing pledge to financially reward any jurisdiction that 'outperforms' its overall housing development target under the National Housing Accord.

Value for money:

What the reform is expected to cost against its expected benefits, for society overall. Where possible, compare this to not taking any action?

The key attraction of an effective MIZ framework is the facility to generate affordable rental housing investment at no cost to government. It should be seen as cost-free means of complementing (rather substituting for) the direct subsidisation of social and affordable housing development.

As proposed in this submission, however, there would be a short-term cost to the Federal Government associated with the suggested two year nationally-funded program to embed the approach in state/territory planning systems.

But unless MIZ arrangements are put in place, landowners selling valuable sites for housing development will continue to enjoy the excess profits that arise from land value inflation which reflects the overall strength of the national economy, rather than any effort on their part (Helm 2017).

Cite the evidence that substantiates your reform, covering the above sections.

Helm, T. (2017) Stamp Duty to Land Tax: Designing the transition; Prosper Australia https://www.prosper.org.au/wp-content/uploads/2019/07/Designing-the-Transition_Final_Helm.pdf

Lord, A. et al. (2018) The Incidence, Value and Delivery of Planning Obligations and Community Infrastructure Levy in England in 2016-17. London: Ministry for Housing, Communities and Local Government.

Is there anything else you would like the deliberative group to keep in mind when considering your reform proposal?

NA

12

Target

10%

CREATE A BROAD-BASED SOCIAL HOUSING PROGRAM

Author:

Maiy Azize, *Everybody's Home*

Reform in brief:

Federal and State/Territory Governments should commit to long-term social housing construction, increasing the stock to 10% of total housing stock. This would house hundreds of thousands of people who are in need of social housing, lower rents across the board, and ensure housing is treated as an essential public service.

Overview of the reform:

Everybody's Home proposes expanding social housing each year, working up to a social housing target of 940,000 new homes by 2045. In the longer-term, we need to maintain social housing at 10% of all housing stock. As part of this expansion, Federal Government incentives and funding to State and Territory Governments should be reoriented away from asset sales and towards asset maintenance and capital investment.

Impact:

The positive and negative impacts of the reform, including who gains / loses, what they gain, how much they gain and when?

The past four decades have marked a major shift in how the federal government approaches housing. In previous decades, the government's solution to housing affordability was a simple one. It built, rented, and sold homes. Australians from all walks of life rented and bought these homes, from teachers and public servants to construction and manufacturing workers. At its peak, almost one in four new homes was being built by the government, and as recently as the early eighties, one in three renters was renting from the government. This provided secure homes for people who needed them, and it kept housing costs down for everyone.

This approach changed in the eighties and nineties when the government began relying on the private market to supply and distribute homes. Instead of providing affordable homes, it began offering rent-assistance payments to people in the private market, grants to first-home buyers, and tax handouts for property investors. In the years that have

followed, private supply and investor incentives have continued to be the solution the developer lobby and many politicians favour. Australia now builds anywhere between 165,000 and 240,000 new homes each year, growing faster than our population. We have never had more homes per person, yet the homes we have are more unfairly distributed than they've ever been.

It is governments' decisions to put housing supply in the hands of for-profit developers, coupled with a tax system that privileges the already investors, that has fuelled our housing crisis – and this system hasn't come cheap. Lining the pockets of private, for-profit housing interests costs the Federal Budget around \$80 billion each year. That is orders of magnitude more than the government spends on delivering homes itself. The Federal Government spends just \$1.8 billion each year on social housing. The number of new homes the public or community sectors builds is a fraction of what it was in the fifties.

Turning this crisis around is only possible if the Federal Government flips this formula on its head and takes back control of housing, using the measures outlined above. There is simply no way to bring costs down and guarantee a home for every Australian unless the government steps up and takes the same kind of responsibility it shows in critical areas like health and education. There are no comparable countries that have turned around their housing crises, or avoided them altogether, without the government playing a major role.

Our proposal to make social housing an option for more Australians will benefit everyone from renters, who will enjoy lower housing costs as the Government's footprint in the rental market grows, through to general taxpayers, who will fund the direct provision of homes instead of supporting private investors with no guarantee of affordability. This is in addition to the hundreds of thousands of Australians who directly benefit from secure, affordable social housing.

Feasability:

What needs to happen for the reform to work?

For this reform to succeed, the Federal Government must step up and fund homes in the same way it funds other public services. This will involve concerted efforts from both the Federal Government and State and Territory Governments. Key considerations making this reform a reality are outlined below:

Financial commitment

Government Funding: The Federal Government must commit to long-term, sustainable funding for social housing. This includes shifting funding priorities from private sector incentives, such as tax breaks for investors, towards direct investment in public and community housing.

Ongoing Investment: To meet the target of 940,000 new homes by 2045, and to maintain social housing at 10% of Australia's total housing stock, the Federal Government will need to make an annual financial commitment. This will need to be reviewed and increased over time in line with rising costs and inflation, as well as the need to maintain existing homes.

National leadership

Collaboration Between Levels of Government:

The Federal Government should work in partnership with State and Territory Governments to provide consistent funding. This would involve negotiating new funding agreements with States to ensure funds are dedicated to housing maintenance, construction, and long-term investment, rather than asset sales.

Long-term maintenance and sustainability

Asset Management: A long-term plan must be developed to maintain and upgrade existing homes, to ensure they remain safe and energy-efficient for future generations.

Policy and tax reform

Incentivising the Right Types of Investment:

As part of this reform, tax incentives should be directed toward promoting investment in affordable housing stock, whether through public or community housing, and discouraging speculative investments that contribute to rising house prices.

Value for money:

What the reform is expected to cost against its expected benefits, for society overall. Where possible, compare this to not taking any action?

Building social and affordable housing costs money, but it's a smart investment. Investment in social and affordable housing reduces government spending in other areas, including health, justice, and emergency accommodation. The stagnation of investment in social housing has been a brewing social crisis, with funding going backwards for decades.

The social cost of underinvestment is well understood. Without a secure home, people are less likely to leave family violence situations, return to the workforce or attend to health conditions. However, the public cost of not investing is often overlooked.

The City Futures Research Centre at UNSW estimate the current national unmet need for social and affordable housing is 651,200

dwellings. Just to maintain the current share of social housing as a proportion of Australia's housing stock will require construction of 15,000 new social housing properties a year. Australia's current rate of new social housing construction is just 3,000 dwellings a year, and many of these are constructed as other homes are sold or demolished.

Research from the Community Housing Industry Association and Everybody's Home has shown that a \$7.2 billion investment from government in social and affordable housing across Australia could deliver:

- up to 30,000 new homes;
- on average 18,000 FTE jobs per year over four years; and
- an increase in economic output of up to \$18.2 billion per year over four years.

In the longer term, modelling from Equity Economics for Everybody's Home has shown that Australia's underinvestment in social housing has created foregone public sector cost offsets and private sector benefits of \$676.5 million per annum currently, rising to \$1.286 billion per annum in 2036. Meanwhile, constructing 25,000 social homes per year would generate an annual economic output of \$12.9 billion, and create 15,700 jobs. These are real economic gains that benefit the whole community.

In 2019, University of NSW academics conducted research that examined the productivity gains from better housing outcomes. One of their findings was that the benefit-to-cost ratio of investing in social and affordable housing in metropolitan areas close to work and study opportunities is 4.80. In other words, for every dollar invested in well located social and affordable housing, there is an economic return of \$4.80. This applies over a 40-year period. The productivity impacts measured by this research include travel time savings, better employment outcomes, and improved consumption and saving capacity for households who are no longer in housing stress.

The modelling demonstrates that while not all of Australia will feel the negative impacts of rising levels of homelessness and housing insecurity, all can benefit from a greater investment in social housing to drive economic recovery and address existing disadvantage.

Cite the evidence that substantiates your reform, covering the above sections.

Centre for Urban Transitions (2019) [Social and affordable housing as social infrastructure](#).

Centre for Urban Transitions (2022) [Consequence of inaction: social and economic losses from the social and affordable housing shortage. The urgent case for social and affordable housing investment](#).

Davies, L. (2021) [From Provision to Subsidisation: Tracking Changes in Commonwealth Rental Housing Policy](#).

Everybody's Home (2024) [Priced Out: An Index of Affordable Rentals for People on the Lowest Incomes](#).

Everybody's Home (2024) [Voices of the Crisis: Final Report of the People's Commission into the Housing Crisis](#).

Equity Economics for Everybody's Home (2021) [How Investing in Social Housing Can Address the Growing Homelessness Crisis and Boost Australia's Economic Recovery](#).

Equity Economics for Everybody's Home (2021) [Nowhere to Go: The benefits of providing long-term social housing to women that have experienced domestic and family violence](#).

Impact Economics and Policy for Everybody's Home (2022) [Housing Critical: The role of housing in solving critical skill shortages across the regions](#).

SGS Economics (2020) [Economic Impacts of Social Housing Construction](#).

Swinburne University of Technology (2023) [Social and affordable housing in Australia: a social cost-benefit analysis](#).

UNSW City Futures Research Centre (2019) [Strengthening economic cases for housing policies](#).

UNSW City Futures Research Centre (2022) [Quantifying Australia's unmet housing need: A national snapshot](#).

The Urbed Trust (2018) [Learning from International examples of affordable housing](#).

Is there anything else you would like the deliberative group to keep in mind when considering your reform proposal?

This year, Everybody's Home convened Australia's first People's Commission into the Housing Crisis. Led by Commissioners Professor Nicole Gurran and The Hon Doug Cameron, the Commission heard from over 1,500 Australians living on the frontline of the crisis and over 120 organisations who support them.

Twelve hearings were held in person and online, revealing that Australia's housing crisis has grown to engulf millions of people. People are being forced to spend record amounts to keep a roof over their heads, live with the constant threat of eviction, navigate life on a waiting list for housing, or in the very worst cases, deal with the bleak reality of homelessness.

The Commission also showed that the solutions currently on offer do not change people's reality on the ground. In many cases, the preferred 'solutions' are making the situation worse. In their landmark report, the Commissioners call for a drastic rethink in how Australia tackles housing.

Proposals made by Everybody's Home are based on the Commission's work. They will reform our tax and policy settings, and transform social housing from a safety net for people at the margins to a real option for more Australians, giving them access to secure homes that they can afford.

Additional information about the Commission, submissions we received, and recordings of the hearings are available online at www.everybodyshome.com.au/peoples-commission.

Master Plan

IMPLEMENT A NATIONAL HOUSING AND HOMELESSNESS PLAN EMBEDDED IN LAW

Author:

Professor Hal Pawson,
UNSW City Futures Research Centre

Reform in brief:

Federal Parliament to legislate a responsibility on the Australian Government to develop, maintain and implement a National Housing and Homelessness Plan. This would invoke a human rights approach to housing – everyone in Australia has adequate housing – and help to extend Australian Government engagement with housing and homelessness policy challenges into the future, irrespective of changes in political control.

Overview of the reform:

Most Australians remain well-housed, but few public policy experts would argue that our housing system is today in good shape. Homelessness continues to increase and both rental and mortgage affordability stress are widespread. Mortgage debt is at internationally high levels, and home ownership rates continue to decline. But tackling such problems poses special challenges because their causes are complex, because relevant policy levers are fragmented across departments, and across levels of government, and because there has been a tradition of only erratic engagement with housing matters by the federal government.

It's true that, under Australia's Constitution, it is State and Territory governments that have direct responsibility for housing services and development. But it is the Australian Government that retains control over key housing-related powers including tax, financial regulation, social security and migration. Only a national plan led and owned by the Australian Government can commit to actions related to these areas. Only the Australian Government can co-ordinate nationally consistent approaches to housing regulation and funding. And only it has the financial firepower that comes from its pre-eminent tax raising, borrowing and currency-issuing powers.

It is therefore welcome that the Albanese Government has pledged to develop Australia's first-ever National Housing and Homelessness Plan, a ten-year strategy under development during the current term of government. But the overriding importance of a coherent and fit-for-purpose national strategy for housing reform must be underpinned by legislation that defines the Plan's scope and overarching objectives, as well as its oversight and accountability arrangements. Above all, it must specify that the Plan's pre-eminent aim is to ensure that everyone in Australia has adequate housing.

Impact:

The positive and negative impacts of the reform, including who gains / loses, what they gain, how much they gain and when?

By imposing a duty on the Australian Government to develop, maintain and implement a long-term National Housing and Homelessness Plan, and by framing the legislation in terms of adequate housing as a fundamental human right, legislation can elevate the Plan's standing. By embedding these responsibilities in law, and by specifying that progress implementation reports are periodically tabled in Parliament, this can help to extend into the future, federal focus on housing and homelessness policy challenges, irrespective of changes of government.

By specifying the remit and overarching objectives for the Plan, the legislation can ensure a suitably broadly-scoped strategy that encompasses the enhancement of housing condition as well as housing affordability.

By mandating the creation of a National Housing Consumer Council, the legislation can give voice to tenants and home owners in advising the Minister on the effectiveness of the Plan from the consumer perspective. The NHCC would thus balance the industry and academic perspectives of the National Housing Supply and Affordability Council, as well as the already well-represented perspectives of key 'housing producer' interests – the residential development and real estate industries.

Feasability:

What needs to happen for the reform to work?

While a National Housing and Homelessness Plan would be unprecedented in Australia, the recent experience of Canada – a similarly structured federal nation – is instructive. Proposals to legislate the Australian Plan can draw on the equivalent Canadian legislation enacted in 2019 (Martin et al. 2023). However, since the Albanese Government has not brought forward such proposals, a bill has been tabled in Parliament in 2024 by independent MPs Senator David Pocock and Kylea Tink.

The Independent MPs' bill stipulates that Plan development must be led by the Australian Government. But under a constitution where – as in Canada – State/Territory governments retain prime responsibility for housing and homelessness service delivery, there is a necessity for a co-production approach with those governments. Beyond this, the legislation must specify that Plan development should be undertaken by competent officials, informed by consultation with interest groups, technical experts, and the public at large.

As well as being important in their own right, the Plan's specified objectives can help to structure essential housing policy discussion and collaboration between the Australian Government and State/Territory governments on policy development and implementation. A national Plan does not eliminate the need for complementary (and necessarily more detailed and geographically specific) strategies at the State/Territory level. Rather, it suggests the broad national objectives which such documents may seek to address, providing a framework within which they should be developed.

Value for money:

What the reform is expected to cost against its expected benefits, for society overall. Where possible, compare this to not taking any action?

Legislating for the National Housing and Homelessness Plan will, in itself, commit only the very minor expenditure necessary to underpin the cost of the new institutional structures proposed for Plan development, oversight and accountability. It will be for the Plan itself to propose any policy reforms or programs that incur net expenditure into the future. However, considering the scope to re-direct very large and poorly directed private landlord subsidies that are damaging to housing affordability as well as inequitable in their distribution, net additional housing expenditure can be mitigated.

The potential benefits of a better performing housing system include the removal of an impediment to national economic productivity as well as enhancement of individual welfare (MacLennan et al 2021).

Cite the evidence that substantiates your reform, covering the above sections.

MacLennan, D. et al. (2021) Housing: Taming the Elephant in the Economy; Sydney: UNSW https://cityfutures.be.unsw.edu.au/documents/644/Synthesis_report-final_version_12.06.pdf

Martin, C. et al. (2023) Towards an Australian Housing and Homelessness Strategy: understanding national approaches in contemporary policy, Final Report No. 401, Melbourne: AHURI

Is there anything else you would like the deliberative group to keep in mind when considering your reform proposal?

NA



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