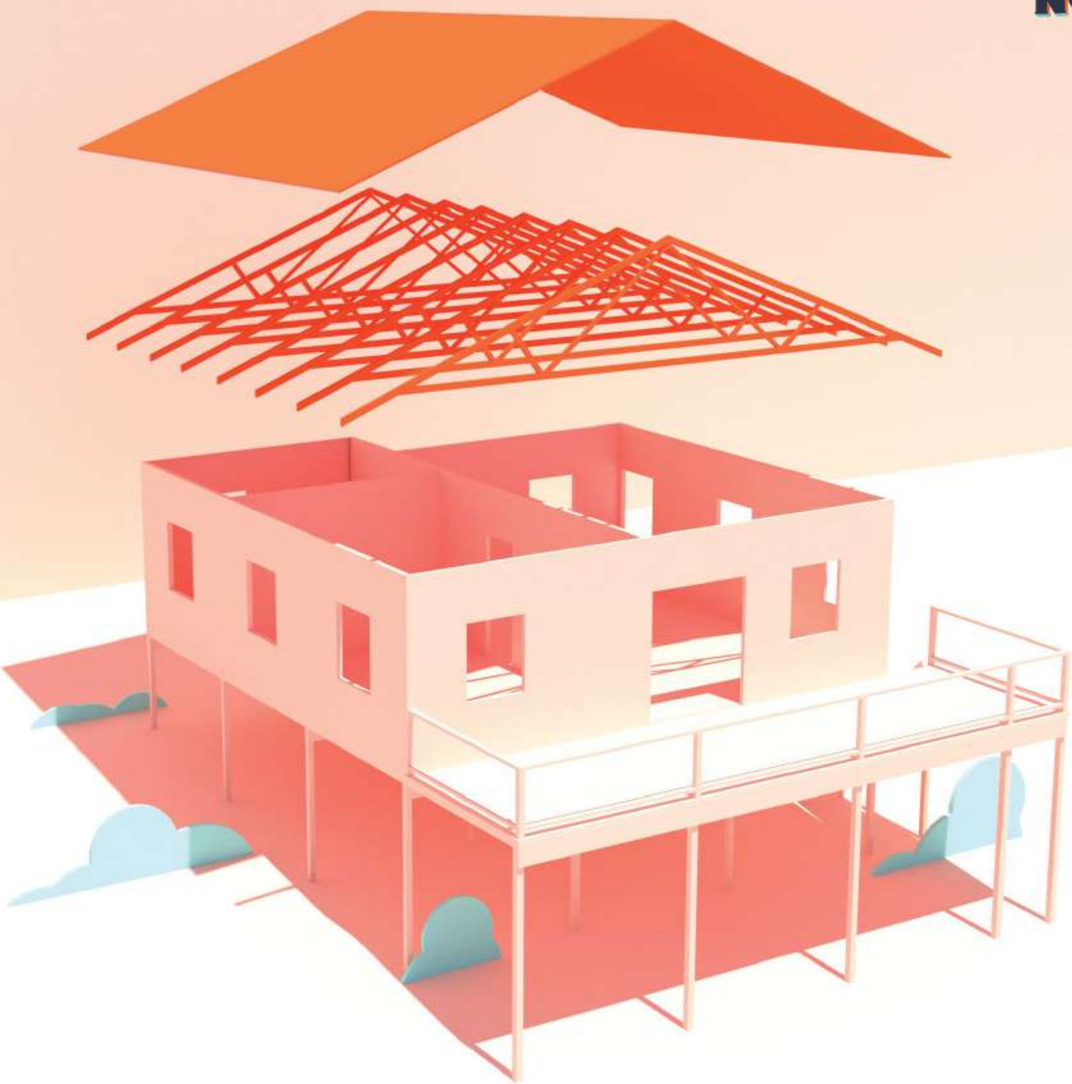

A blueprint to tackle Queensland's housing crisis

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List of acronyms

ABS	Australian Bureau of Statistics
AIHW	Australian Institute of Health and Welfare
ATSIHQ	Aboriginal and Torres Strait Islander Housing Queensland
CRA	Commonwealth Rent Assistance
FDV	Family and domestic violence
LGA	Local government authority
NGO	Non-government organisation
QLD	Queensland
SA4	Statistical Area Level 4
SHS	Specialist Homelessness Services
SHSC	Specialist Homelessness Services [statistics] Collection
UNSW	University of New South Wales
QHIF	Queensland Housing Investment Fund
QHIGI	Queensland Housing Investment and Growth Initiative
BtR	Build-to-rent
STR	Short term rental

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Executive summary

Key research findings

- While recent years have seen sharply rising rental unaffordability and homelessness in Queensland, these developments only compound more long-running and deep-seated negative housing system trends – notably declining home ownership and the increasingly inadequate capacity of the social housing system.
- A recent burst of rental inflation has seen Queensland private rents growing at rates faster than in any other Australian jurisdiction.
- The sharpest private rent increases have been seen in regional markets where, over the past five years, median rents rose by 80% in Gladstone, by 51% in Noosa, and by 33% in the Gold Coast.
- Compounding problems for low-income Queenslanders, rent inflation at the lower end of the housing market has been greater than in the middle of the market.
- State-wide, the proportion of private tenancies being let at rents affordable to low-income households has halved from 26% to 13% since 2017-18.
- Declining rental affordability for low-income households has been most marked in regional Queensland where this trend has been ongoing since at least 2017-18, with the proportion of lettings affordable to this population cohort falling from 36% to 17% since 2017-18.
- Since the onset of COVID-19, declining rental affordability for low-income households has also affected Greater Brisbane with the proportion of affordable lettings falling from 19% to 10% since 2017-18.
- As measured according to the average monthly caseload of specialist homelessness services (SHS) agencies, homelessness in Queensland rose by 22% in the four years to 2021-22, compared with only 8% across Australia.
- Recently rising homelessness in Queensland has been particularly evident in regional areas, where the average monthly number of SHS service users increased by 29% in the period 2017-18 to 2021-22.

- Overall, there are approximately 150,000 households across Queensland whose needs for affordable housing are currently unmet (that is, they are either homeless (ABS Census definitions) or otherwise low income recipients living in private rental housing and paying more than 30% of household income in rent). As at the 2021 census, this "backlog need" included 102,000 households who would typically be eligible for social housing.
- Beyond this, on current trends an additional unmet need for social and affordable housing will equate to 70,000 households over the next 20 years, 54,000 of which will involve social housing-eligible households.
- The scale of currently unmet need for social housing as measured through 2021 Census data (some 102,000 households) dwarfs the number of households officially recognised as such in terms of being registered on the Queensland social housing waiting list (approximately 21,000 on 30 June 2021 – net of applications by existing social renters).
- Following a period of sustained inaction in this sphere, the past two to three years have seen substantial new commitments from both the Queensland and Commonwealth Governments to boost social and affordable housing supply.
- But simply to avoid the current backlog need for social housing growing even larger would require the annual net addition of some 2,700 social rental dwellings to the state's current stock. This is more than double the average annual number of social *and affordable* rental dwellings – 1,300 – expected to be built over the next decade under existing Queensland Government investment commitments.
- While this is beyond its direct competence, the Queensland Government should advocate for the Australian Labor Party to re-adopt its 2016-2019 policy of phasing out private landlord tax concessions – other than, perhaps, for newly built housing.

The research

This study was commissioned by QCOSS on behalf of partner agencies (see Acknowledgements) to develop policy options for tackling Queensland's identified housing policy challenges; in particular, as these relate to low-income households with limited capability to compete for adequate accommodation in the private market. More specifically, the project brief specified that the research should investigate:

- scope for enhancing housing policymaking and housing policy governance
- social housing need and possible funding mechanisms for meeting such need
- affordability and security for low-income private tenants
- housing policy settings negatively impacting on broader housing affordability.

The study involved an extensive policy document review and secondary data analysis, as well as semi-structured interviews and meetings with a range of key stakeholders including Queensland Government representatives, independent housing experts and NGO colleagues.

Queensland housing market context

Private rental housing saw rapid growth in the decade to 2021. During the period, owner occupation and social housing representation declined. A slight uptick in young adult home ownership shown by the 2021 Census probably reflects unusual circumstances at the time of census fieldwork and is therefore unlikely to mark the start of any sustained upturn.

The ongoing loss of affordable rental housing due to the expiry of the National Rental Affordability Scheme (NRAS) program is only compounding the more deeply embedded decline in the private rental market's ability to generate tenancies affordable to low-income renters.

Over several years, and preceding the COVID-19 pandemic, rental vacancy rates have generally trended down to extraordinarily low levels. Linked with this has been a sharp reduction in rental market turnover, again especially affecting non-metropolitan areas.

Despite recent Queensland Government investment commitments, social housing has also seen a continuing decline in capacity as measured by the annual number of properties newly let in public housing, community housing and Indigenous community housing. In the five years to 2021-22, this total declined by 27% to only just over 5,000 properties (Productivity Commission Report on Government Services 2023).

While short-term rental housing is believed to have generally contracted across Australia during the pandemic, it may have expanded in certain parts of regional Queensland, possibly eroding the stock of mainstream rental properties – and thereby compounding local rent inflation.

Housing policy review: recent and ongoing developments

In Queensland, as in other Australian jurisdictions, housing assistance is shifting from a social housing-centred concept to a more diversified approach characterised by greater use of private market assistance “products” and intensified rationing of access to social tenancies. However, the efficacy of this shift is doubtful given the worsening affordability and accessibility of market housing in Queensland.

Stated reform intentions for homelessness service provision focus on expanding private market provision (namely headleasing) and existing crisis models, and on facilitating early intervention through improved service integration.

Highly notable commitments to state government-funded expansion of social and affordable housing since 2017 (and, especially, since 2021) should – at least temporarily – halt the decline in social housing representation, which has been ongoing for decades. However, achieving the necessary expansion of social rental as a proportion of total housing will call for additional investment beyond that currently pledged.

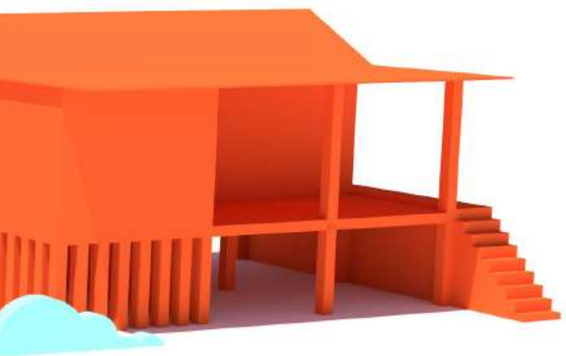
Compounding the problematic absence of routinely published statistics on social and affordable housing construction, sale and demolition activity, the somewhat opaque nature of recent Queensland Government announcements on increased housing investment (for example, on timescales, tenure breakdowns and delivery modes) limits scope for stakeholder engagement on policy development and for accountability on program delivery.

There is scope for generating social and affordable housing on private sites at no cost to government via mandated developer contributions – a policy routinely operated in inner Sydney and in some comparator countries. In Queensland, however, despite some tentative official statements of intent, the potential of such measures has remained unexploited.

Tenants’ rights have been somewhat enhanced through recent Queensland Government private rental reforms, but these measures have also embedded important loopholes that compromise stated aspirations on stronger tenure security.

Meanwhile, ongoing build-to-rent (BtR) initiatives may help to kickstart a beneficial diversification of private rental provision. Yet whether subsidising the inclusion of sub-market units within BtR developments under for-profit providers represents the most effective designation of supply subsidies remains uncertain in the absence of a clear specification of scheme costs and benefits, and an options appraisal vis a vis an alternative not-for-profit delivery model.

Positively, new efforts are underway at state and local government levels to better monitor and regulate the use of residential properties as short-term rental accommodation. Firm proposals on how this might be achieved are, however, not yet published.



Housing needs and homelessness in Queensland – survey data and administrative statistics

In 2019-20, nearly half (45%) of all low-income Queensland renter households faced unaffordable housing costs, with the number of households affected rapidly increasing over the previous four years. Among low-income households in the private rental market, 57% faced unaffordable housing costs, with 15% in severe housing affordability stress (rent accounting for more than half of total income).

Rental affordability stress for low-income earners has been recently further inflamed by unusually high rates of rent inflation triggered by the COVID-19 pandemic. In regional Queensland, however, our analysis reveals that this reflects a longer-running trend particularly evident in some central mining areas, as well as in resort localities to the north and south of Brisbane.

On the face of it, rising rates of housing stress are also evident from rapidly growing social housing waiting list registrations recorded over recent years. However, the reliability of such statistics as an indicator of trends in housing need has been called into question by a recent official report (Queensland Audit Office 2022) highlighting historically erratic register management.

Queensland's specialist homelessness services (SHS) caseload – a proxy for changes in the rate of homelessness[1] – has recently grown far more rapidly than the state's overall population (22% compared with 6% in the four years to 2021-22). On this basis, in contrast with the period 2006-2016, the rate of homelessness relative to population increased significantly in Queensland 2017-18 to 2021-22.

[1] SHS services are provided to individuals judged "homeless" or "at risk of homelessness". Albeit imperfect, total service user numbers are often treated as a proxy measure for the changing incidence of homelessness.

Unmet need for social and affordable housing – original census analysis

Census analysis undertaken on behalf of the Community Housing Industry Association and reported here highlights the scale of currently unmet need for social and affordable housing in Queensland. Over 150,000 households in income quintile 1 (Q1) or income quintile 2 (Q2) currently lack suitable housing within their financial means.[2] Crucially, when combining the unmet need from enumerated homelessness and from Q1 households experiencing rental stress (both typically eligible for social housing), the unmet need for social housing alone totals 102,000 households.

A proportion of this need – particularly that relating to the Q2 cohort – might be possibly alleviated by means other than constructing social and affordable rental housing for permanent occupancy (e.g. through a major increase in Commonwealth Rent Assistance). Moreover, a significant proportion of Q2 households with unmet need for affordable housing at any one time may be experiencing this problem only on a relatively short-term basis – e.g. between jobs. Nevertheless, rental stress is a long-term condition for many: nearly half of all low income private tenants experiencing this situation in 2013 continued to be affected by it four years later (Productivity Commission 2019).

Unmet need involving Q1 ("social housing eligible") homeless people and tenants in rental stress would be hard to address other than through expanded social housing provision.[3] On this basis, even to simply keep pace with social housing need newly arising over the next 20 years (54,000 households) would call for the net addition of some 2,700 social rental dwellings annually. This is a significantly higher ask than the average annual number of social and affordable rental dwellings – 1,300 – expected to be built over the next ten years under existing Queensland Government financial commitments. Moreover, this would see the current backlog involving social housing-eligible households (102,000) remaining at current levels.[4] An alternative approach to estimating the scale of social housing construction needed simply to maintain the current "status quo" involves calculating the net annual number of new units required to allow for expected population and dwelling growth. That is, the number of new homes needed to retain the current social housing share of all housing (3.4%). On our calculations, this would total around 1,500 per year – again, somewhat higher than the expected average annual number of social *and affordable* homes to be constructed in coming years on the basis of currently pledged state government funding (1,300).

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[2] This census-based measure aggregates homeless people and low income private renter households spending more than 30% of income on rent (with homeless individuals being translated to 'households' on the conservative assumption of 2.5 persons per household).

[3] Because a larger proportion of this group is likely to involve households with limited scope to increase earned income – e.g. due to old age, disability, illness or other limitations affecting capability for paid work.

[4] While all of these numbers are broad brush in nature, and subject to many caveats, this estimation method has important advantages over reliance on the social housing register as a means of gauging both the overall scale of unmet need, and the spatial distribution of that need. A census-based approach does not restrict its enumeration to those with faith that a social housing application is worthwhile. Nor is it subject to the effects of administrative decisions and practices which affect housing register numbers and trends.

Policy recommendations

On the basis of our own secondary data analysis and our desk-top review of government and industry reports, as well as the testimony of government, independent expert and NGO stakeholder interviewees, we propose a range of policy recommendations as set out below. These are further explained, justified and elaborated in Chapter 6 of this report.

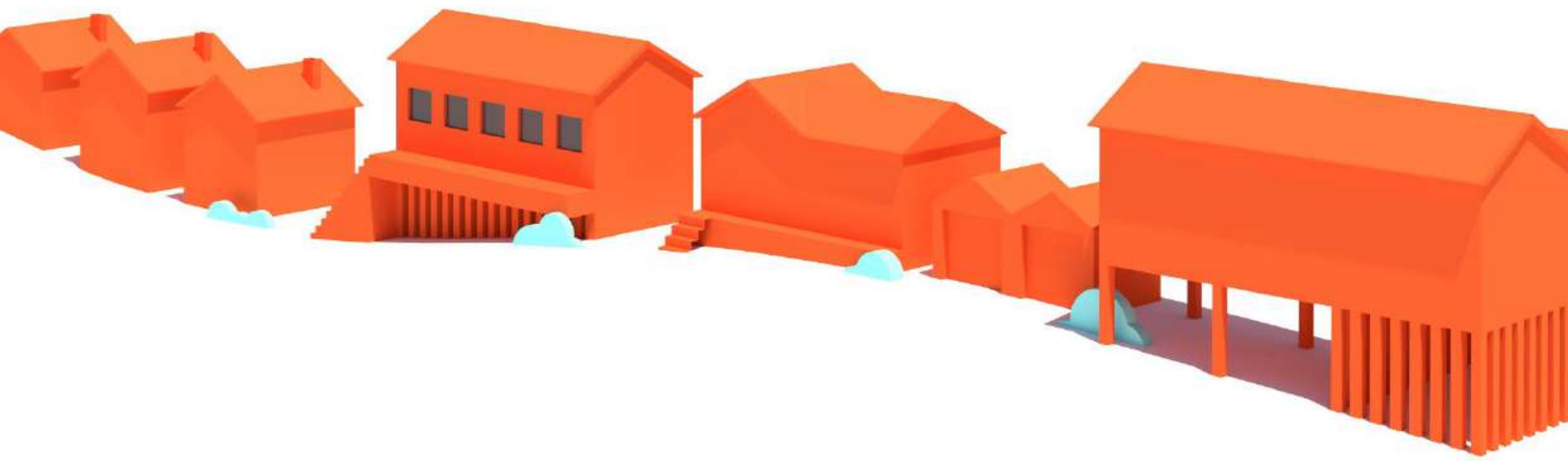
Policy concern highlighted in research brief (page 6)	Policy recommendation	Relevant level of govt
Enhance housing policymaking and housing policy governance	• Develop broadly scoped housing strategy framed by overarching goals	Queensland and Commonwealth
	• Re-establish distinct housing entity within government	Queensland and Commonwealth
	• Establish annual publication of key social and affordable housing statistics	Queensland
Meeting social housing need	• Further expand the Queensland Housing Investment Fund (QHIF) and Housing Australia Future Fund (HAFF)	Queensland and Commonwealth
	• Phase in meaningful inclusionary zoning	Queensland
	• Examine scope for land value extraction via public housing estate renewal	Queensland
	• Mandate inclusion of social/affordable housing for non-estate public land disposal	Queensland
	• Build community housing capacity, with special emphasis on Indigenous community housing organisations	Queensland
	• Establish a permanent supportive housing funding framework	Queensland and Commonwealth
Affordability and security for low-income private tenants	• Reform Rent Assistance	Commonwealth
	• Further strengthen rental regulation	Queensland
	• Review scope for stronger short term rental (STR) regulation	Queensland
	• Facilitate build-to-rent (BtR) development	Queensland and Commonwealth
Housing policy settings negatively impacting on broader housing affordability	• Reform private landlord tax concessions	Commonwealth
	• Phased replacement of stamp duty with broad-based land tax	Queensland

It should be noted that a number of these propositions build on recent and/or ongoing Queensland Government initiatives (e.g. QHIF, rental regulation reform), or coincide with ongoing official reviews (e.g. on STR regulation). Others, at least partially echo proposals by construction and/or real estate industry interests (e.g. encouragement of BtR development, replacement of stamp duty by broad-based land tax – both of which are advocated by the Real Estate Institute of Queensland (REIQ 2022).

Many of our proposals are also notably in line with mainstream economic opinion – as embodied in, for example, the Grattan Institute's housing policy reform agenda (Daley et al. 2018). However, we are more sceptical than some commentators that there is major scope for enhancing housing affordability through planning de-regulation. Planning simplification (e.g. as recently proposed by Master Builders Queensland (MBQ 2022)) can never be a bad aspiration. Other planning reforms such as, for example, expanding scope for medium density housing development can broaden consumer choice and support urban consolidation with potential resulting benefits in urban sustainability and productivity. Nevertheless, we doubt that such reforms could ever boost housebuilding rates sufficiently to significantly lower house prices and rents.

This judgement reflects our observation that construction industry decisions on housebuilding activity and output primarily reflect anticipated market conditions. Even if enabled to step up construction thanks to relaxed planning regulation, we doubt that developers would continue to expand output if property prices begin to stabilise or decline as a result.

Importantly, most of our proposed measures as summarised above could be implemented at little or no cost to government. Further expanding the QHIF and HAFF would be exceptions here, although – being backed by equity investment returns – social housing subsidy funded in this way would not be treated as general expenditure from a public accounting perspective. True reform of Commonwealth Rent Assistance, including expanded budgetary allocation, would involve additional federal expenditure – yet even here there is scope for better targeting assistance (Ong Viforj et al. 2020). Further, a phased winding-back of Commonwealth Government landlord tax expenditures could be part of a declared re-direction of financial support for the housing system in favour of households in need.



1. Introduction

1.1 Research context

■ Housing concerns, both recently-emerging and longer-established

Housing concerns have recently risen to the top of the Queensland policy agenda, as powerfully evidenced by the Premier's decision to commission an extraordinary housing summit in October 2022. This followed two years of pandemic-triggered housing market turmoil. Indeed, the event itself was convened substantially in response to the acutely pressurised rental housing market conditions triggered by the COVID-19 emergency: rent rises escalating to record highs, while available vacancies diminished to record lows. Meanwhile, as highlighted in this report, Queensland has lately witnessed the fastest-growing homelessness numbers in Australia.

In attempting to address resulting challenges, the Queensland Government has also recently needed to contend with especially difficult economic and housing market conditions. Substantial construction cost inflation, contractor overloads, and extraordinarily tight rental property availability have been hampering efforts to ramp-up housing assistance services and social rental dwelling construction in Queensland in 2022-23, just as in other jurisdictions.

In these circumstances, the term "housing crisis" may be less of an over-statement than is often the case. At the same time, however, both the Queensland Government and many non-government stakeholders recognise that many of the state's current housing policy challenges are rooted in long-established trends. Yes, some of these challenges have been compounded by the COVID-19 pandemic, but housing system performance has been deteriorating for many years.

Neither is this a simple situation of reprehensible Queensland Government inaction in the immediate past. Significant rental reforms, already in train prior to COVID-19, have been progressed during the current term of government. Moreover, as part of its 2021 post-pandemic economic recovery package, the Queensland Treasurer pledged substantial new state-funded social housing investment, building on commitments already in place prior to the public health crisis. Then, at the October 2022 housing summit, came the Premier's commitment to double the Government's initial Queensland Housing Investment Fund (QHIF) stake – a move that will compound the state's committed support for new social and affordable housing construction over coming years. Beyond that, following the 2022 change of government in Canberra, there is also now a prospect of renewed Commonwealth investment in social and affordable housing, some of which will flow to Queensland.

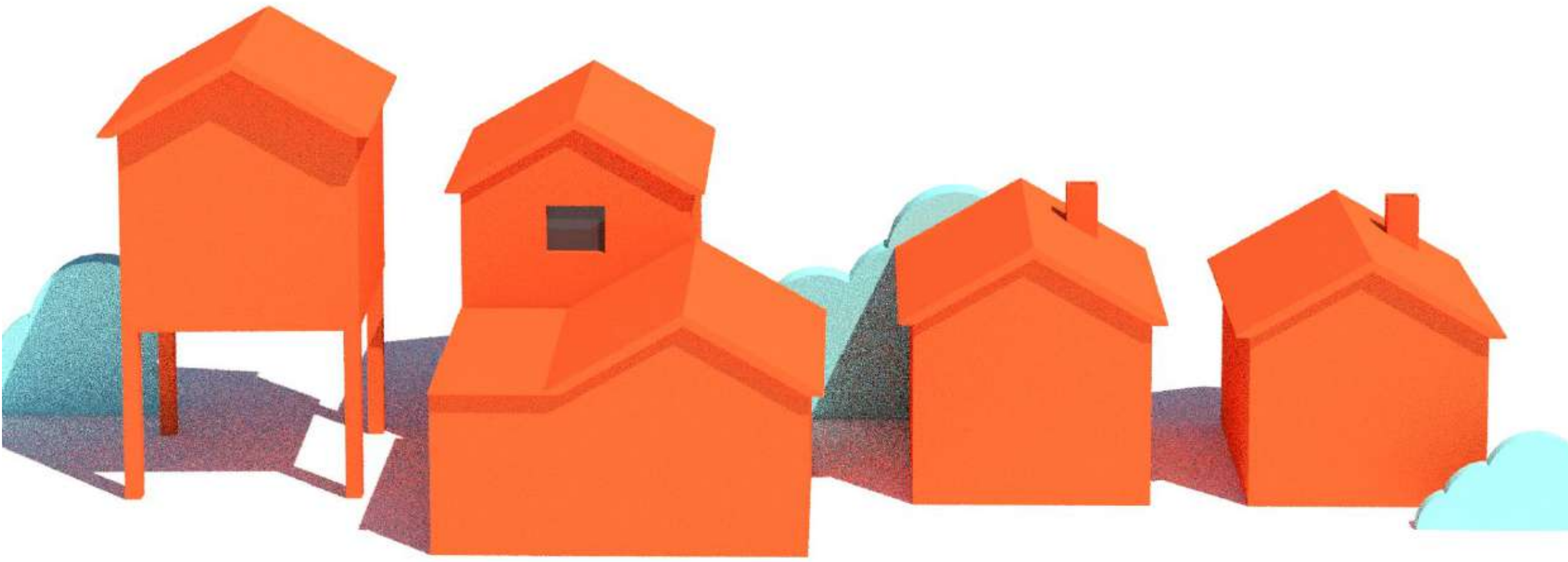
Nevertheless, these and other recent initiatives come at the end of a decade of generally intensifying housing stress, and insufficient attention to this policy challenge – at both state and Commonwealth levels. For example, annual social housing dwelling commencements in Queensland averaged only just over 500 during the ten years to 2020 – barely sufficient even to keep pace with public housing demolitions and sales, let alone the significant expansion required to keep pace with the needs of Queensland's growing towns and cities (Pawson et al. 2021, Table 6.1). While Queensland's population grew by 17% in the decade to 2021 (ABS 2022a), social housing stock expanded by just 2% (Productivity Commission Report on Government Services). Accordingly, while recently pledged Queensland and Commonwealth social housing investments appear to signal a substantial and hugely welcome supply boost in coming years, there is a vast amount of ground to make up. As demonstrated by our analysis (see Chapter 2), even achieving a "steady state" for social housing (adding to existing stock sufficiently to simply maintain the current – greatly reduced – social rental representation within the broader housing market), is a tough ask.

The Queensland policy challenge

Declining housing affordability and the growing inadequacy of social housing provision each pose a formidable policy test for all Australian governments. In certain respects, however, the Queensland housing landscape faces unique pressures. For one thing, as the state that has experienced the highest rate of population growth of any jurisdiction in the past 20 years, the near stagnation in social housing stock numbers during that time has seen an unusually large contraction in "sector adequacy" (see Chapter 2).

Prospective demographic and housing developments anticipated in the immediate future are likely to accentuate current policy challenges when it comes to ensuring adequate provision of affordable housing for low-income Queenslanders. Firstly, on the demand side of the equation, it is expected that overseas migration rates will recover to pre-pandemic levels during 2022-23 (Australian Government 2022a). Since most recent foreign migrants at least initially rent, this will only add to demand in an already overheated market. While this is in prospect for the country as a whole, it is particularly concerning for Queensland, where rent inflation has been recently the highest in Australia (see Chapter 2) and where rental affordability for low income recipients has been in decline since well before the pandemic (see Chapter 4).

Secondly, on the supply side, the already ongoing erosion of affordable rental provision enabled through the National Rental Affordability Scheme (NRAS) program is set to continue. NRAS properties, mainly constructed in the period 2009-2014, were subsidised under a 2009 Commonwealth Government program, with lettings restricted to low-to-moderate income households at below market rates for ten years. Queensland's disproportionate success in securing NRAS funding is now translating into disproportionate vulnerability as the program winds down. As a result, it is projected that up to 10,000 Queensland NRAS properties are liable to integrate into the mainstream market by 2026, thereby ceasing their contribution to sub-market housing provision (Australian Government 2022b).



1.2 Research aims and methods

Against the backdrop of the state's deteriorating housing situation, this study was commissioned by QCOSS and partner agencies to develop policy options for tackling Queensland's identified housing policy challenges; in particular, as these relate to low-income households with limited capability to compete for adequate accommodation in the private market. Specifically, the research was charged with:

- investigating the scope for enhancing housing policymaking and housing policy governance in Queensland
- analysing the need for social housing over the decade running up to the 2032 Olympics and Paralympics, together with recommendations on possible funding mechanisms for meeting such need
- outlining policy options for enhancing affordability and security for low-income tenants in the private rental market
- identifying existing housing policy settings negatively impacting on broader housing affordability, encompassing levers held at both state and Commonwealth levels.

While the report recommendations extend to key housing policy settings controlled by the Commonwealth (tax, social security), the research is mainly focused on powers held by the Queensland Government.

The research sources and methods are briefly summarised below:

Policy document review

This encompassed relevant recent policy and strategy documents published by the Queensland Government and associated critiques and analyses – e.g. as published by industry peaks or academics.

Semi-structured interviews with government and non-government stakeholders

To inform our understanding of Queensland housing policy challenges, recent official responses and other potential solutions, the research included semi-structured interviews with Queensland-based academics with relevant planning/urban policy expertise (N=2) and with a range of government and non-government stakeholders (N=8), as well as one focus group involving other NGO participants (N=9). Participant perspectives informed (mostly implicitly) the analysis of recent and ongoing housing policy developments in Queensland (Chapter 3). They also informed the housing policy challenges and reform recommendations discussed in Chapter 6, where we make more explicit reference to interviewee viewpoints.

Housing market data analysis

This drew primarily on published statistics from official sources (e.g. Queensland Rental Tenancies Authority – QRTA) and commercial sources (e.g. SQM) in calibrating recent rental market trends.

Rental housing affordability analysis

This involved original analysis of data on rental bond lodgements kindly provided by QRTA. This encompassed de-identified unit records for all new tenancies established from Q3 2017 to Q2 2022 – including rents agreed at the point of lodgement, lodgement dates, property size and location (postcode).

Homelessness and housing needs – secondary data analysis

Key sources here included both published and unpublished statistics on Specialist Homelessness Service caseloads, as collated by Australian Institute of Health and Welfare. Drawing on a recent Queensland Audit Office report, this element of the project also critiqued Queensland Government social housing waiting list data as an indicator of aggregate unmet housing need.

Unmet need for social and affordable housing – original analysis

Drawing on parallel research for the Community Housing Industry Association, the report presents an analysis of social housing need in Queensland, at both state and sub-area (SA4) level. This 2021 census-based analysis enumerates private tenants experiencing rental stress (i.e. paying rents equating to more than 30% of household income and also factors in ABS census homelessness statistics. Estimates also take account of projected newly arising need, factoring in ABS household projections for the next 20 years.

Finally, with respect to our research methods and sources as outlined above, the authors fully acknowledge that a study of this kind has important limitations. Given the restricted scale and scope of the project it has been necessary to place substantial reliance on “grey literature” of various kinds, on media reports and on published (but often very sparse) statistics. Equally, while the work included a small number of interviews with Government officials and external stakeholders, available resources did not permit these to extend across the full range of interest groups that would be, ideally, involved. Nevertheless, through judicious inclusion and informed interpretation of relevant evidence, as well as through careful triangulation, we believe that the report represents an authoritative contribution to the debate on housing policy challenges and potential solutions for Queensland.

1.3 Report structure

Following this introduction, and mainly to contextualise the remainder of the report, Chapter 2 presents an analysis of recent housing market trends in Queensland, focusing mainly on the private rental sector. It tracks rent and vacancy rate trends within Queensland over the past 3 to 5 years, comparing Brisbane with selected regional centres and areas. Next, in Chapter 3, we review existing Queensland policy and practice relevant to the research under three subheadings: housing assistance (including homelessness), social and affordable housing supply, and private rental market regulation.

Chapters 4 and 5 then analyse the current scale of homelessness and housing need in Queensland. First, in Chapter 4, we examine recent trends in private rental market affordability at state-wide and sub-state levels. We then critique the possible value of social housing waiting list statistics as an indicator of the changing scale of housing need and analyse recent trends in homelessness. Building on this, Chapter 5 presents an original analysis of the state's need for social and affordable housing over the next 20 years.

Finally, drawing on the main body of the report, reflecting the concerns of stakeholder interviewees, and referencing back to our existing published work, Chapter 6 summarises key housing policy challenges faced by Queensland and presents policy recommendations on how these could be addressed.

2. Housing market context

Key points

- Private rental housing saw rapid growth in the decade to 2021; owner occupation and social housing representation, meanwhile, declined.
- The ongoing loss of affordable rental housing due to the expiry of the NRAS program is only compounding the more deeply embedded decline in the private rental market's ability to generate tenancies affordable to low-income renters.
- Queensland's social housing has also seen a continuing decline in capacity – both in absolute terms and in relation to need; in 2020-21 the volume of annually arising need (new "very high need" waiting list registrations) was some 37% greater than the annual total capacity of the social housing system to house new tenants.
- While short term rental housing has recently contracted across Australia, it may have expanded in certain parts of Queensland.
- A recent burst of rent inflation has seen private rents in Queensland growing at rates faster than in any other Australian jurisdiction; while Brisbane house and apartment rents jumped by 33% and 23% in the 2.5 years following the outbreak of COVID-19, the sharpest increases have been seen in regional markets.
- Over several years, and preceding the pandemic, rental vacancy rates have trended down to extraordinarily low levels; linked with this there has been a sharp reduction in rental market turnover, again especially affecting non-metropolitan areas.
- Rent inflation at the bottom of the housing market has been somewhat greater than in the middle of the market.

2.1 Chapter scope and structure

Consistent with the report's overall remit, this chapter focuses primarily on rental housing. However, because housing is an interconnected system, we also include some brief consideration of owner occupation and the house sales market. The chapter begins with an overview of Queensland's housing market structure, commenting in turn on the notable features of each main housing tenure, and recent observed developments. In Section 2.2, we analyse recent house price trends, highlighting variance according to location and property type. This is followed in Section 2.3 by our rental market analysis. This begins by contrasting recent rent trends in Brisbane and other capital cities, then analysing rent and vacancy rate trends within Queensland over the past 3 to 4 years, comparing Brisbane with selected regional centres and areas.

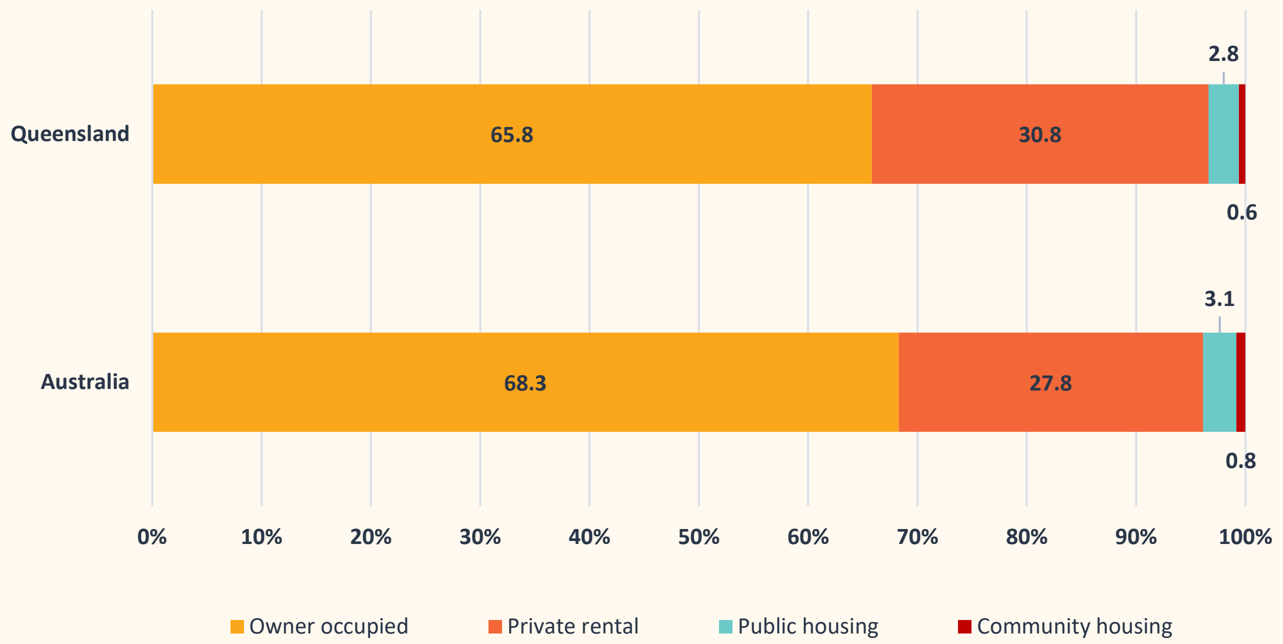
2.2 Housing market structure

Home ownership

Largely consistent with the nation as a whole, around two thirds of Queensland's households are owner-occupiers, while between a quarter and a third are private renters – see Figure 2.1. However, the private rental sector is slightly larger than the national norm, while the home ownership rate is slightly lower.

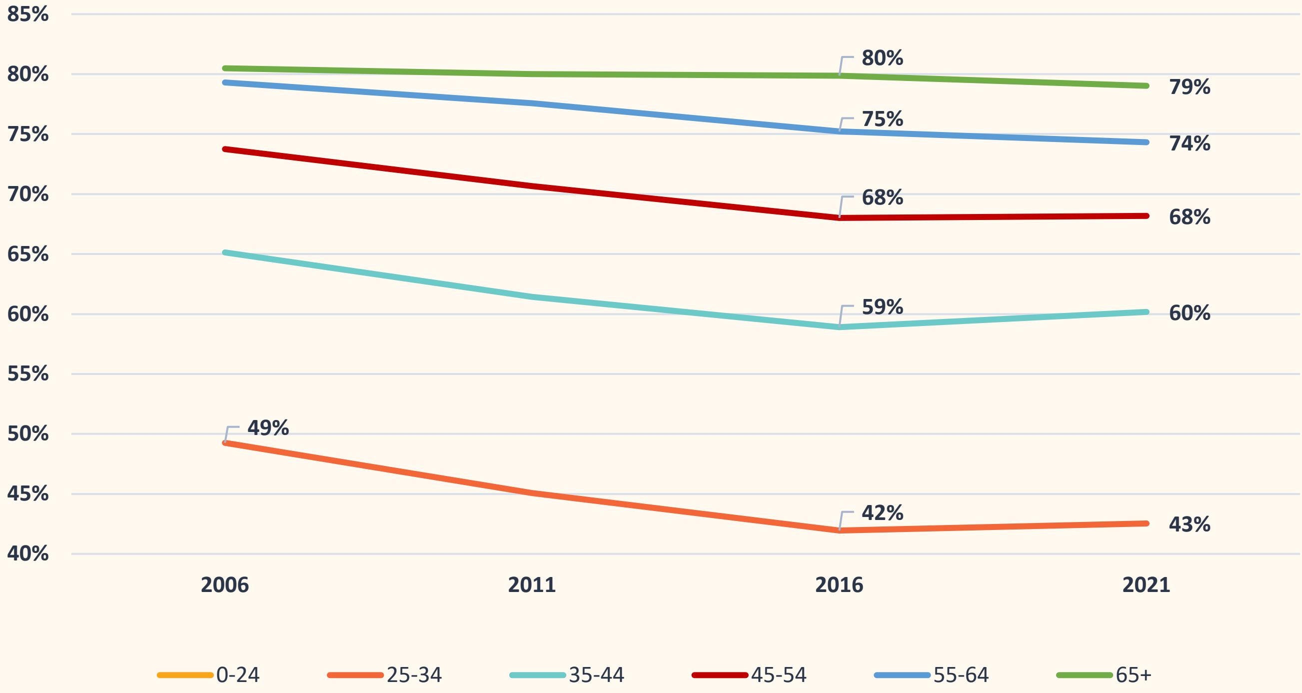
In common with Australia as a whole, the past 20 years have seen the overall home ownership gradually drifting down in Queensland, a trend generally understood as reflecting increasingly stressed first home ownership affordability. In the most recent inter-censal period, however, younger age cohorts saw a slight increase in home ownership – e.g. among young adults (25-34) from 42% to 43% (see Figure 2.2). In 2021, the young adult rate nevertheless remained well below the 49% figure recorded 15 years earlier.

Figure 2.1: Queensland housing tenure structure – occupied dwellings 2021



Source: ABS Census community profiles. Note: Excludes "other tenure", tenure type not stated and landlord type not stated.

Figure 2.2: Age-specific home ownership rates in Queensland, 2006-21



Source: ABS Census – statistics generated via TableBuilder analysis.
Note: Rates relate to household representative person ages.
Moreover, given the unusual context of the 2021 Census it is probably unwise to interpret the 2021 uptick in the young adult home owner rate as a likely long-term turning point. Crucially, Census fieldwork coincided in August 2021 with extraordinary demographic and housing market circumstances. Australia's international border had been closed for 18 months, consequentially reducing international student numbers in cities such as Brisbane. This will have eroded the young renter population. At the same time, with 2020-21 seeing a short-lived boom in first home-buyer property acquisitions, it is likely that young home owner numbers will also have been temporarily increased. For these reasons we believe it unlikely that the long-term decline in Australian home owner rates has been reversed on any more than a temporary basis.

Finally, while state-specific figures remain unpublished, it is likely that a substantial proportion of owner-occupied housing in Queensland is grossly under-utilised. Latest ABS survey data (Housing Occupancy and Costs 2019-20) indicates that, across Australia, some 1.08 million owner-occupied homes containing four or more bedrooms are under-utilised to the extent of having three or more "spare" bedrooms in relation to the dwelling's actual occupancy. This equates to more than one in every six owner occupied dwellings. If this propensity were reflected in Queensland, it would imply that some 208,000 of the state's 1.2 million owner occupier households are grossly under-utilised by this definition.[5]

[5] It is acknowledged that the concept of "underutilisation" rests on assumptions about the appropriate use of housing, and that the measurement of under-utilisation generally involves a crude comparison between a dwelling's size and its permanent occupants. A dwelling classed as "under-utilised" on this basis may be unrecognised as such by its inhabitants. For example, what is officially counted as a "bedroom" may be fully used by household members for purposes such as work or study. Also, the presumption that there is a problem when a "family-sized" dwelling which becomes technically under-utilised due to the departure of a tenant's adult sons or daughters arguably fails to place a value on an older person's emotional attachment to a dwelling beyond its use as mere shelter (Batten, 1999).

Private rental housing

In contrast to home ownership decline, the decade to 2021 saw an ongoing increase in private rental housing market share. In nominal terms, private renting expanded by a dramatic 33% during this period. While there have been some recent flickers of activity and interest involving institutional investors (Property Council of Australia 2020; The Urban Developer 2022), sector expansion during the 2010s was almost entirely attributable to small-scale landlord property acquisitions. In parallel with rental sector growth, however, structural changes have continued to erode provision at the lower end of the market. As a result, Brisbane's deficit of private rental tenancies affordable to low-income (quartile 1) renters increased from 7,000 to 25,000 in the twenty years to 2016 (Hulse et al. 2015; 2019).

The trend of declining private rental provision within the means of low-income Queenslanders was somewhat offset during the 2010s through the Commonwealth-funded National Rental Affordability Scheme (NRAS). Receipt of NRAS incentive payments obliged landlords to make available associated dwellings at a discount of at least 20% on comparable market rents (Rowley et al. 2016). More than 10,000 such incentives were issued for NRAS dwelling construction in Queensland (Australian Government 2018) – a disproportionate share of the national program. However, since NRAS incentive payments and affordable rent obligations expire after ten years, the homes concerned began reverting to market pricing in the late 2010s, with the associated stock of rent-restricted homes projected to dwindle to zero by 2026 (ibid).[6]

Social housing

According to the 2021 Census, social housing by that time accounted for less than 4% of all occupied dwellings in Queensland, marginally less than the equivalent national figure (see Figure 2.1). Other data reveal that both forms of social housing provision – public housing and community housing – remained nominally almost static in the decade to 2021 (Productivity Commission 2022). As far as community housing is concerned, this largely reflects the very limited active promotion of such provision by the Queensland Government during the 2010s, in marked contrast to some other states – notably NSW, South Australia and Tasmania (Pawson et al. 2016; Pawson 2021). In these latter states, this period saw substantial community housing expansion through a combination of funded new development and the management transfer of former public housing.

The significant new commitments to social and affordable housing investment made by the Queensland Government since 2017 (and especially in 2021 and 2022) are discussed in Chapter 3. However, it is important to set these within the context of expected ongoing population growth. It is this factor that, alongside essentially static social housing provision during the 2010s, has seen continuing decline in social rental as a share of total occupied housing. Similarly, simply maintaining existing representation of social housing over the coming decade will call for a net annual addition of around 1,400 public and/or community housing units (i.e. net of public housing sales and demolitions).

This estimate factors in the current representation of social housing in Queensland, 3.4% (see Figure 2.1), and the estimated annual scale of new housebuilding in the state in coming years, 41,000 (a simple average of total recorded commencements in the period 2015-21). Thus, 3.4% of 41,000 = 1,394. However, bearing in mind the need to allow for sales and demolitions, it may be estimated that maintaining "steady state" social housing provision in Queensland during the 2020s

[6] Although it is expected that 'affordable rental' status will be retained for many or most of the homes developed via the small proportion of NRAS incentives issued to Queensland community housing providers.

(i.e. simply retaining the 3.4% market share) will require annual construction of at least 1,500 new units each year. We reference back to this estimate in our policy recommendations in Chapter 6.

Queensland's social rental housing stock has also been generating a numerically declining flow of lettable vacancies. In the five years to 2020-21, the annual number of tenancies allocated to new tenants in public, Indigenous and community housing fell by 27% to 5,062 (Productivity Commission 2023). This probably reflects ongoing decline in the scope for tenants to transition into market housing, as well as low numbers of homes becoming available for letting through new construction.

An arguably significant point of reference for the annual flow of new social housing tenancies is the flow of new applications annually added to the Queensland Government's housing waiting list. Despite the fairly stringent eligibility criteria which now apply (see Section 3.3), 7,294 applications were added to the list during 2021-22 (analysis of file made available at Queensland Open Data Portal). Crudely defined as such, the volume of annually arising need is substantially greater than the annual total capacity of the social housing system, in terms of lets to new tenants.[7]

On a different and more positive note, social housing tenancy satisfaction rates in Queensland remain well above national norms in both public housing and community housing in the latest national survey (AIHW 2022). Whilst the survey results do not specify the precise reasons for this, they show that, across all states and territories, tenant satisfaction is driven by the conditions and quality of the housing provided (including amenities); the quality and timeliness of maintenance services; and whether the locations of properties meet tenants' needs (AIHW, 2022, n.p.). It can therefore be reasonably assumed that high levels of satisfaction in one or more of these areas (which might also involve higher management and maintenance expenditure than in other jurisdictions) explains the overall high level of tenant satisfaction in Queensland.

Short term rental housing

One other notable recent development in the Queensland housing market has been the rapid expansion of the short-term rental (STR) sector during the late 2010s, as facilitated by digital platforms such as AirBnB. It was estimated that there were some 51,000 STR listings in Queensland in July 2022 (Dennien 2022), a number equating to 2.6% of all occupied dwellings as recorded in the 2021 Census. Also, while officially published STR statistics are non-existent, University of Queensland sector expert Dr Thomas Sigler judges that the pandemic-induced post-2019 decline in STR property usage seen across Australia may have been less marked in Queensland. Moreover, in Queensland just as in other jurisdictions, Dr Sigler estimates that STR numbers may have continued to expand since 2019 in certain types of markets – e.g. mining/resource regions, sea change/tree change areas and peri-urban localities.

In some cases, homes designated for short term letting will have been entire dwellings withdrawn from mainstream rental occupancy. Where this happens, the associated contraction of supply is liable to place upward pressure on rents. While the extent to which such a process has been ongoing in Queensland is unknown, there is relevant research evidence from Tasmania that suggests it could be extensive. According to the study, 67% of short-stay properties in Launceston

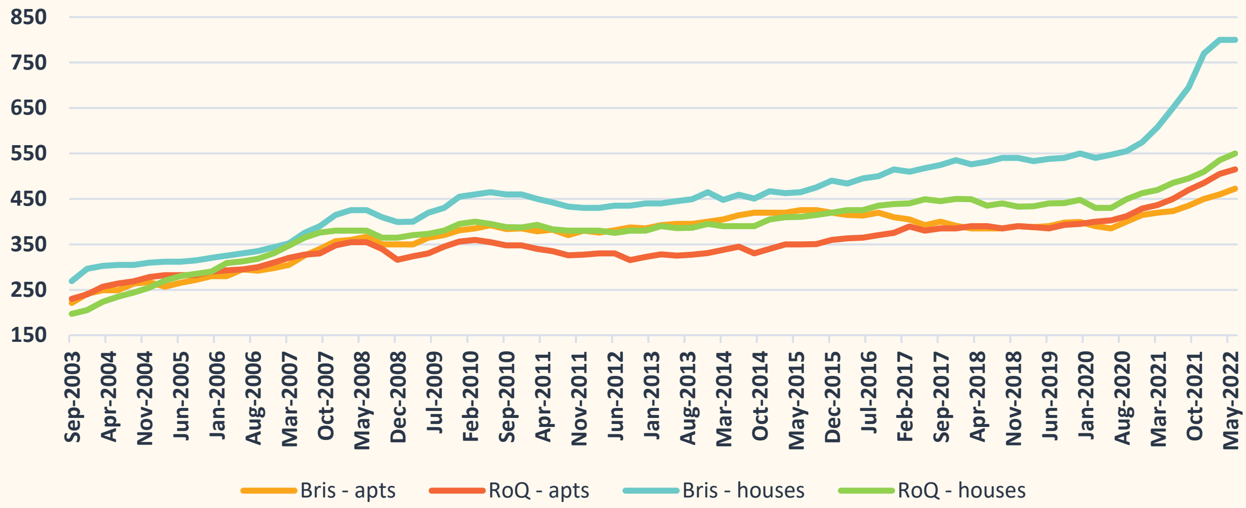
[7] However, list additions appear to include transfer applicants who give rise to no net addition to housing demand, since the act of rehousing an existing social tenant creates a lettable vacancy. To this extent, the number of new waiting list registrations "overstates" the flow of newly arising need. On the other hand, since the profiles of households in need and available-to-let vacancies will be inevitably imperfectly matched (e.g. in terms of property size and location), the real deficit would be much larger than the shortfall in total new lets to new tenants compared with (non-social tenant) new waiting list registrations.

for which data was available, were previously long-term rentals. The comparable proportion for Hobart was 47% (Henriques Gomes 2022).

2.3 The house sales market

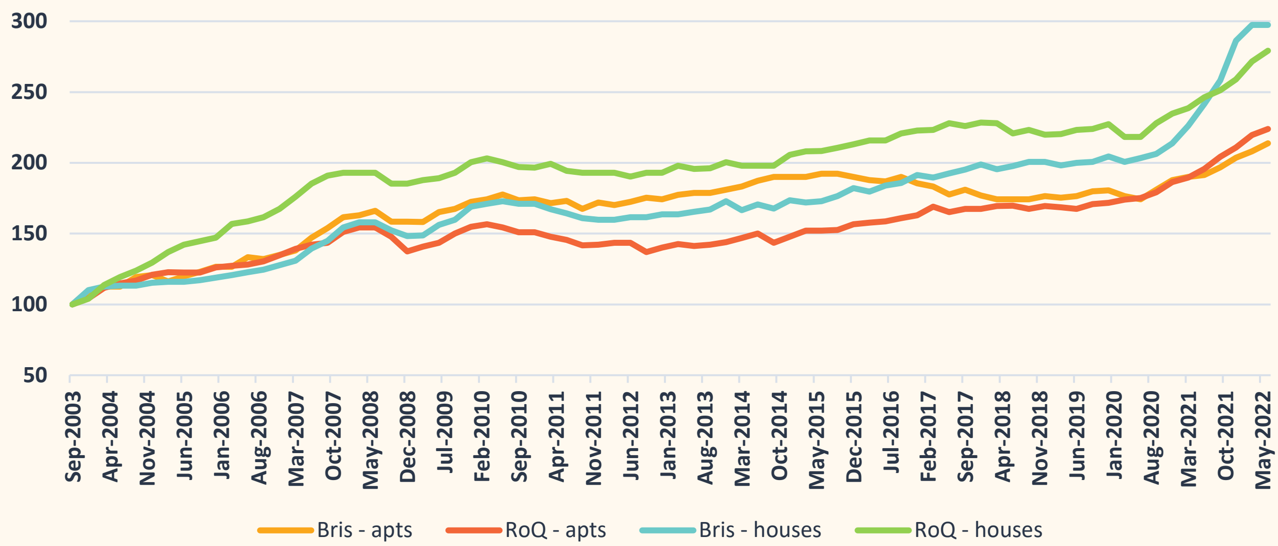
Albeit at varying growth rates, the past two decades have seen Queensland house prices generally increasing at rates well ahead of population incomes. Most dramatically, as shown in Figure 2.3, the median (cash) price of an established house in Brisbane rose from $269,000 in Q3 2003 to $800,000 in Q2 2022 – a real terms increase of 86% (and a threefold cash increase – see Figure 2.4). Even apartments in regional Queensland saw a real terms increase of 40% over this period.

Figure 2.3: Median house prices ($000 cash)



Source: ABS Total Value of Dwellings
https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/total-value-dwellings/latest-release

Figure 2.4: Median house prices (cash), indexed to Sep 2003 (Sep 2003=100)



Source: ABS Total Value of Dwellings
https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/total-value-dwellings/latest-release

Nevertheless, a sustained period of falling interest rates throughout the 2010s has cushioned the repayment cost of the increasingly large mortgages required due to rising prices – at least until rates began rising again from mid-2022. Therefore, the effect on access to home ownership is likely to have been felt as much or more in terms of required downpayments (mortgage deposit). For some, rising house prices will have meant permanent exclusion from home ownership. For many others, however, the impact will have been extended confinement in the private rental sector due to the extended duration of necessary mortgage deposit saving. As in other parts of Australia, this is likely to have been a significant contributor to private rental demand growth in Queensland over the past decade. Importantly, this will have contributed to broader private rent inflation, damaging rental affordability even for tenants much lower down the income spectrum.

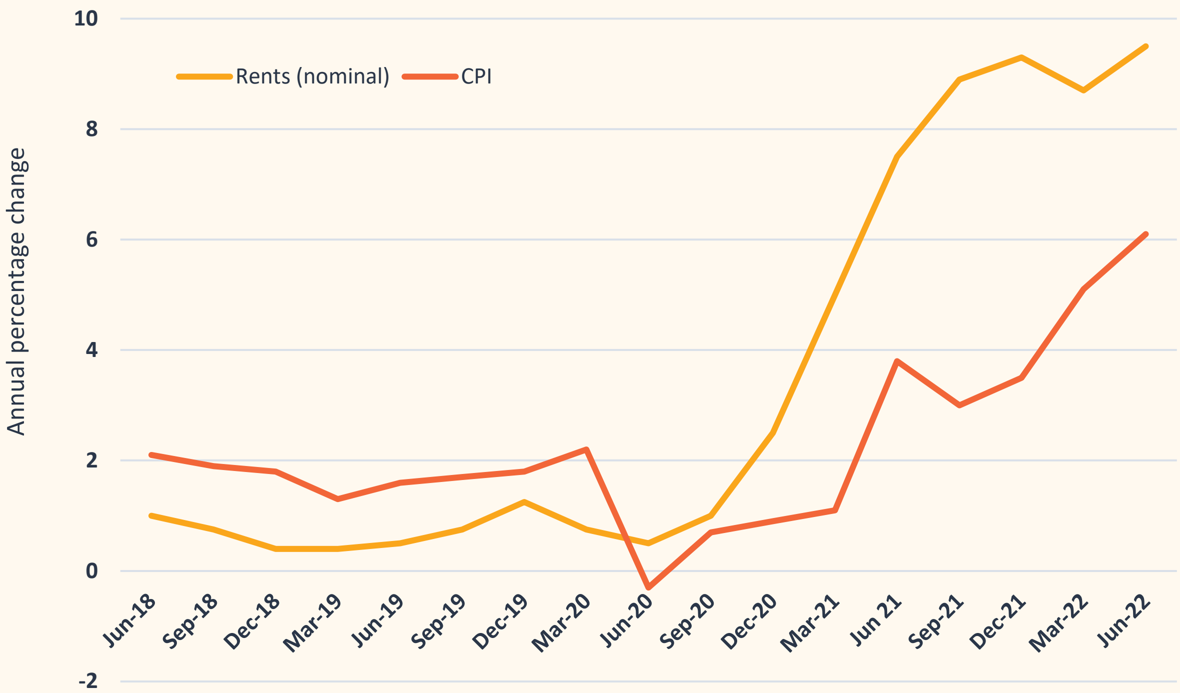
2.4 The private rental housing market

■ Recent rent trends – national overview

In “normal times”, rental housing prices tend to track population incomes. Because there is no speculative component in a renter’s reckoning on the amount of rent they are able and willing to pay, rent trends generally tend to be more stable than house prices – at least in the Australian context where the house sales market is strongly influenced by expectations of future property values. During, and immediately following on from, the height of the COVID-19 pandemic, however, Australia’s rental housing markets have seen unusual volatility. At the national level, rent rises escalated to near-record rates in 2021 and 2022 – see Figure 2.5.

General inflation (as measured by the Consumer Price Index – CPI) also rose during 2021 and 2022. However, as shown in Figure 2.5, rent increases (advertised rents) began to escalate earlier and then rose faster and further than CPI. Since this has coincided with ongoing generally sluggish wage growth, and social security payments uprated only according to CPI, the affordability of private rental housing will have been generally damaged since 2019 as a result.

Figure 2.5: Annual change in advertised rents and consumer prices, 2018-22



Sources: Rents – CoreLogic monthly chartpack series; Consumer Price Index (all items) – ABS (2022b).

Queensland has been hit particularly hard by these developments. In the year to July 2022, median advertised rents rose by 13.1% in regional Queensland compared with 10.8% across regional Australia as a whole, while Brisbane's increase was 12.1% compared with the "combined capitals" national comparator of 9.1% (CoreLogic 2022).

As further discussed below, one immediate cause of recent Queensland rent inflation will have been the post-2019 decline in rental vacancy rates seen in most of the state's markets. However, this is itself only a symptom of the underlying factors involved. While detailed analysis of these is beyond the scope of this report, we would note that possible contributory influences may be found on both the demand and supply sides of the market.

On the demand side, many have noted the recent relative strength of Queensland's ongoing population growth. In the four years to December 2021, the state's total person count increased by 6.1%, as compared with only 4.1% for Australia as a whole (ABS 2022c). In part, this reflects an ongoing revival in internal migration into Queensland which saw annual net interstate migration to the state rising to its highest level since the mid-2000s (ABS 2022d). Since it is conventionally understood that recent migrants are a key contributor to rental housing demand, this may have been a particularly important factor underpinning recent rental price inflation.

On the supply side, the Queensland Government has laid emphasis on an observed contraction in (occupied and unoccupied) rental housing stock from 2020 (Queensland Government 2022b), a development in marked divergence from the strong growth trend seen over the previous decade (see above). The largest single contributory factor to this recent downturn is officially suggested as the net transfer of rental properties into home ownership over this period. This, in turn, will probably have been associated with the national surge in first home buyer numbers in 2020 and 2021, attributable to the combination of record low interest rates and the Commonwealth Government's HomeBuilder cash grant program (Pawson et al. 2022). One result, according to this hypothesis, will have been for a significant proportion of first home buyers' former (rented) homes being sold, with these tending to be acquired by first home buyers and other owner occupiers, rather than by other landlords.

Arguably, however, a measure of "rental property supply" more directly relevant to the determination of rental prices is the volume of rental properties available for let at any point in time. A proxy for this metric is the flow of new tenancies established during any time period. Notably, for example, published Queensland Government statistics suggest that there were 13% fewer tenancies created in Q3 2022 than in the equivalent quarters of 2018 and 2019 (Queensland Government 2022a).

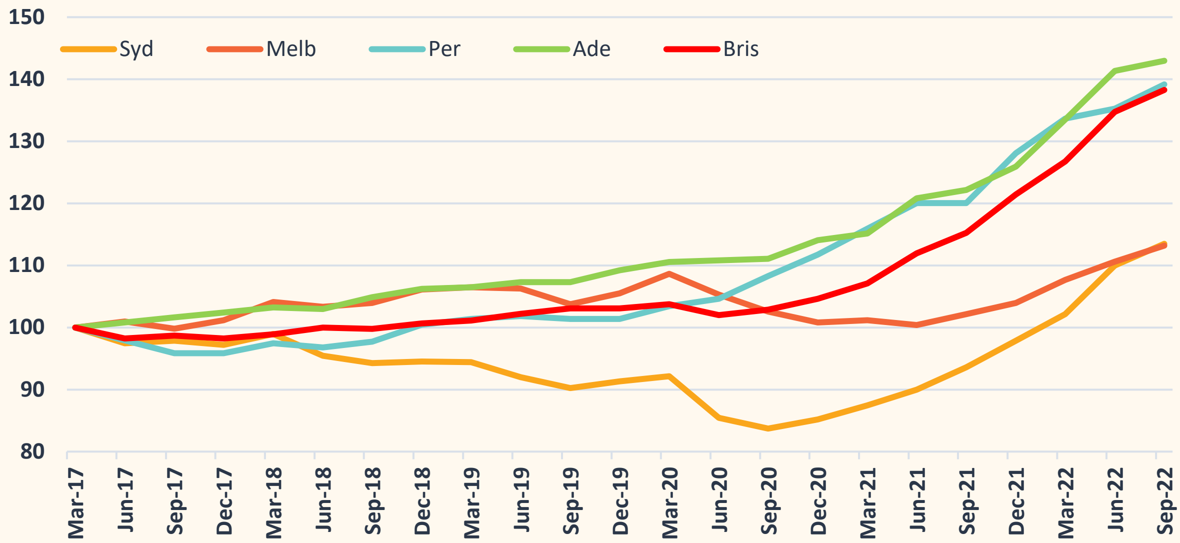
Significantly, while all areas of the state were affected, the scale of this reduction was highly variable. In Brisbane and Logan, for instance, new tenancies were down by only 9% and 5% respectively. Among the larger housing markets elsewhere in the state, however, reductions were most marked in Gladstone (-29%), Toowoomba (-28%), Rockhampton (-24%), Ipswich (-23%) and Redlands (-21%). This geography may hint at the factors underlying the state-wide contraction of new tenancies being established. As officially dated (Queensland Government 2022b), this may involve a range of scenarios that lead to former rental properties being withdrawn from such use. One of these scenarios will be re-assignment for short term rental (STR) use. It may be purely coincidental, but the areas identified above as having recently seen particularly large reductions in new tenancy creation seem quite consistent with the types of area highlighted earlier in this chapter as having tended to see significant post-2019 increases in STRs.

Recent rent trends: Brisbane benchmarked against other capitals

How have recent rent trends compared with those elsewhere in Australia across capital cities? As far as Brisbane is concerned, in contrast with Sydney and Melbourne, there was little or no rent slump in the early phase of the pandemic, only a rapid and sustained rent escalation that started in late 2020 and continued through 2021 and into 2022 – see Figures 2.6 and 2.7.

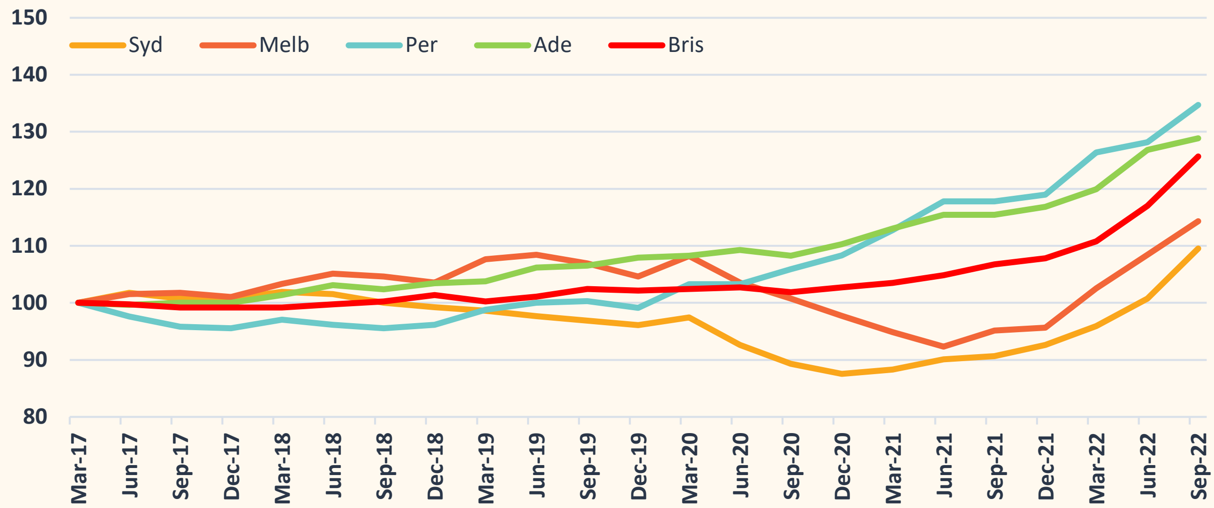
By September 2022, Brisbane house rents had climbed 33% above their level in March 2020, while apartment tenancies were being advertised at prices 23% higher than at the start of the pandemic. In both cases, these are close to the highest inflation rates for any capital city during the period.

Figure 2.6: Advertised rents for houses: capital cities, 2017-22 – indexed trends (Mar 2017=100)



Source: SQM free property data https://sqmresearch.com.au/weekly-rents.php

Figure 2.7: Advertised rents for apartments: capital cities, 2017-22 – indexed trends (Mar 2017=100)

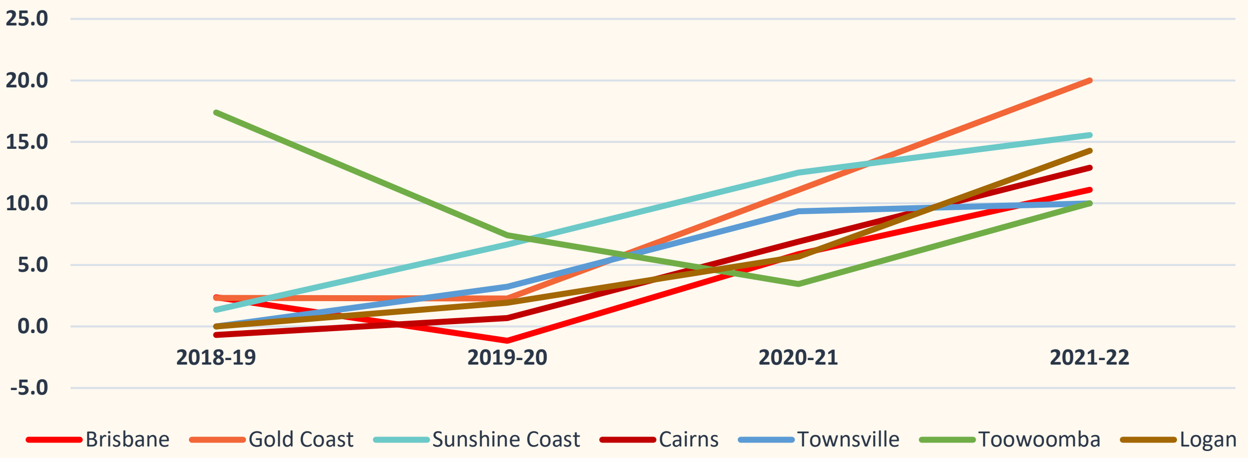


Source: SQM free property data https://sqmresearch.com.au/weekly-rents.php

Recent rent trends within Queensland

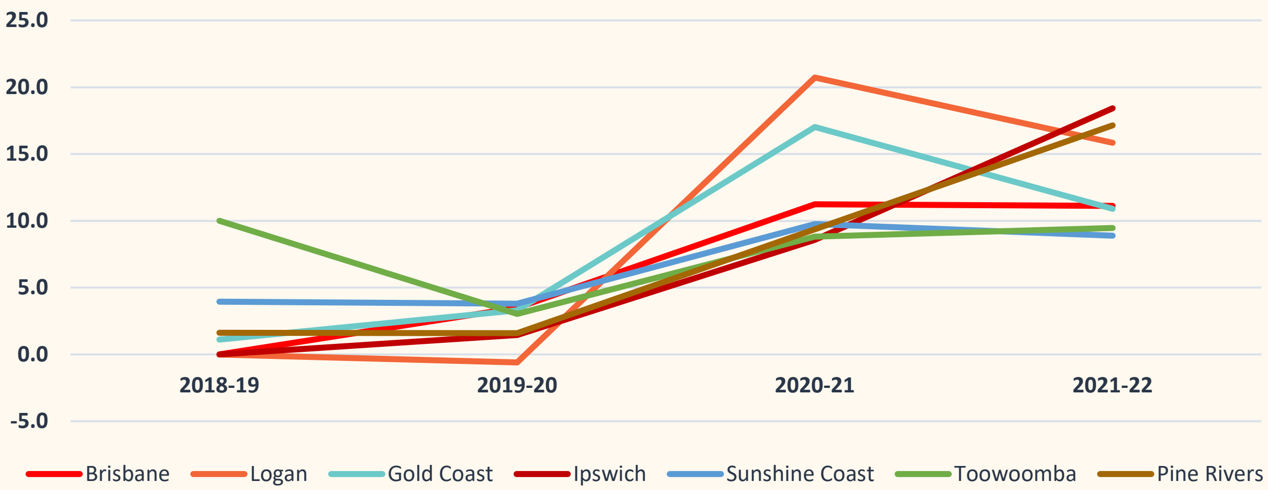
Within Queensland, there has been significant variation in rent trends recorded over the past three years.[8] Generally speaking, the data suggest that recent rent inflation has been particularly marked in regional markets – particularly the Gold Coast (at least for 2-bed apartments) and the Sunshine Coast (see Figure 2.8-2.9). The more marked inflation seen in regional (rather than Brisbane) rents is most clearly apparent in Figure 2.10.

Figure 2.8: Median (agreed) rents, annual % change – 2-bed apartments; tenancies commencing in financial years 2018-19 – 2021-22



Source: Queensland Residential Tenancies Authority https://www.rta.qld.gov.au/forms-resources/median-rents-quick-finder/median-rents-quarterly-data Note: data relate to largest seven officially designated rental market localities, according to average annual tenancies let 2018-22.

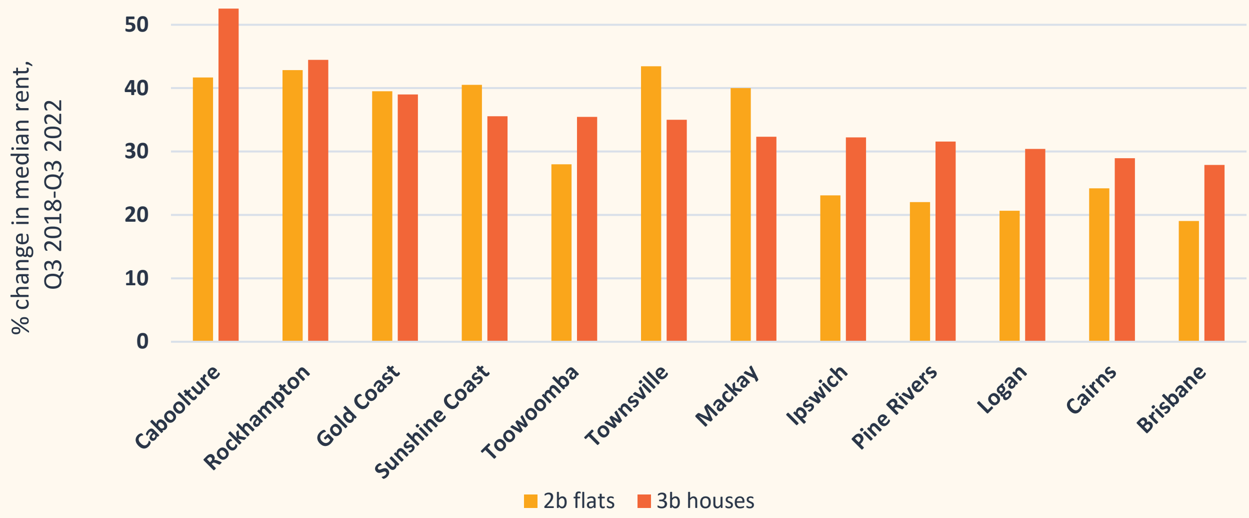
Figure 2.9: Median rents, annual % change – 3-bed houses; tenancies commencing in financial years 2018-19 – 2021-22



Source: Queensland Residential Tenancies Authority https://www.rta.qld.gov.au/forms-resources/median-rents-quick-finder/median-rents-quarterly-data Note: data relate to largest seven officially designated rental market localities, according to average annual tenancies let 2018-22.

[8] Figures on which the following analysis is based relate to the rent agreed between landlord and tenant at tenancy commencement, as recorded via rental bond lodgement.

Figure 2.10: Median rents, % change Q3 2018-Q3 2022



Source: Queensland Residential Tenancies Authority https://www.rta.qld.gov.au/forms-resources/median-rents-quick-finder/median-rents-quarterly-data Note: data relate to largest twelve officially designated rental market localities, according to average annual tenancies let 2018-22.

Local level rent changes over a slightly longer period are presented in Table 2.1. Once again, higher rates of increase tend to have been recorded in regional settings.

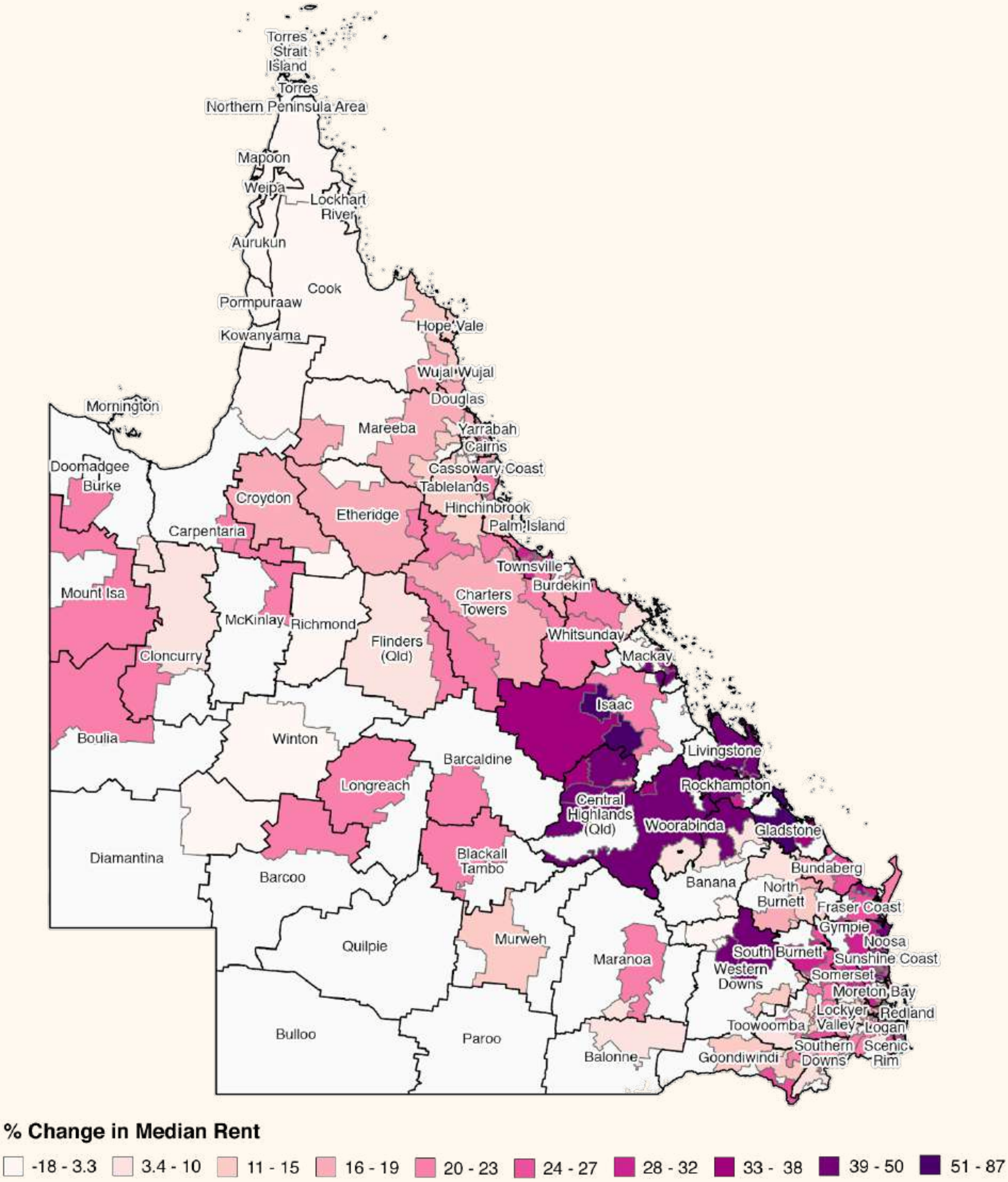
Table 2.1: New tenancies established in period: median weekly rent trends, 2017-2022

LGA	Total bonds lodged in year		Median weekly rent ($)		% change in median weekly rent Q2/3 2017 - Q1/2 2022
	Q2-3 2017	Q1-2 2022	Q2-3 2017	Q1-2 2022	
Gladstone	2,179	1,459	200	360	80
Isaac	689	640	230	375	63
Noosa	903	792	460	695	51
Livingstone	1,792	1,201	280	400	43
Rockhampton	507	398	245	350	43
Central Highlands (Qld)	1,414	1,126	260	370	42
Mackay	2,892	1,957	290	410	41
South Burnett	606	310	250	350	40
Gympie	898	572	290	400	38
Western Downs	790	556	220	300	36
Bundaberg	1,790	1,230	280	380	36
Fraser Coast	2,098	1,510	310	420	35
Sunshine Coast	7,820	6,762	420	565	35
Gold Coast	17,342	14,474	430	570	33
Goondiwindi	184	168	250	330	32
Townsville	4,790	3,896	290	380	31
Cook	118	104	428	550	29
Charters Towers	914	760	290	370	28
Redland	2,390	1,801	435	550	26
Mount Isa	563	509	285	360	26
Longreach	73	63	230	290	26
Toowoomba	3,964	3,301	295	370	25
Moreton Bay	9,513	7,356	360	450	25
Cairns	4,494	3,667	340	420	24
Ipswich	5,696	4,696	330	400	21
Douglas	358	265	330	400	21
Somerset	282	199	298	360	21
Southern Downs	612	406	265	320	21
Lockyer Valley	490	428	300	360	20
Maranoa	297	213	250	300	20
Whitsunday	1,129	805	335	400	19
Scenic Rim	551	283	340	400	18
Logan	6,441	5,724	350	410	17
Tablelands	320	188	300	350	17
Burdekin	240	209	240	280	17
Etheridge	72	43	280	325	16
Cassowary Coast	426	351	260	300	15
Murweh	61	53	210	240	14
Banana	165	110	290	330	14
Brisbane (City of)	40,406	45,290	400	450	13
North Burnett	81	55	250	280	12
Balonne	58	38	255	280	10
Mareeba	340	253	320	350	9
Cloncurry	79	70	280	300	7

Source: Raw data on rents from Queensland Residential Tenancies Authority.
Note: LGAs recording less than 100 new tenancies annually excluded.

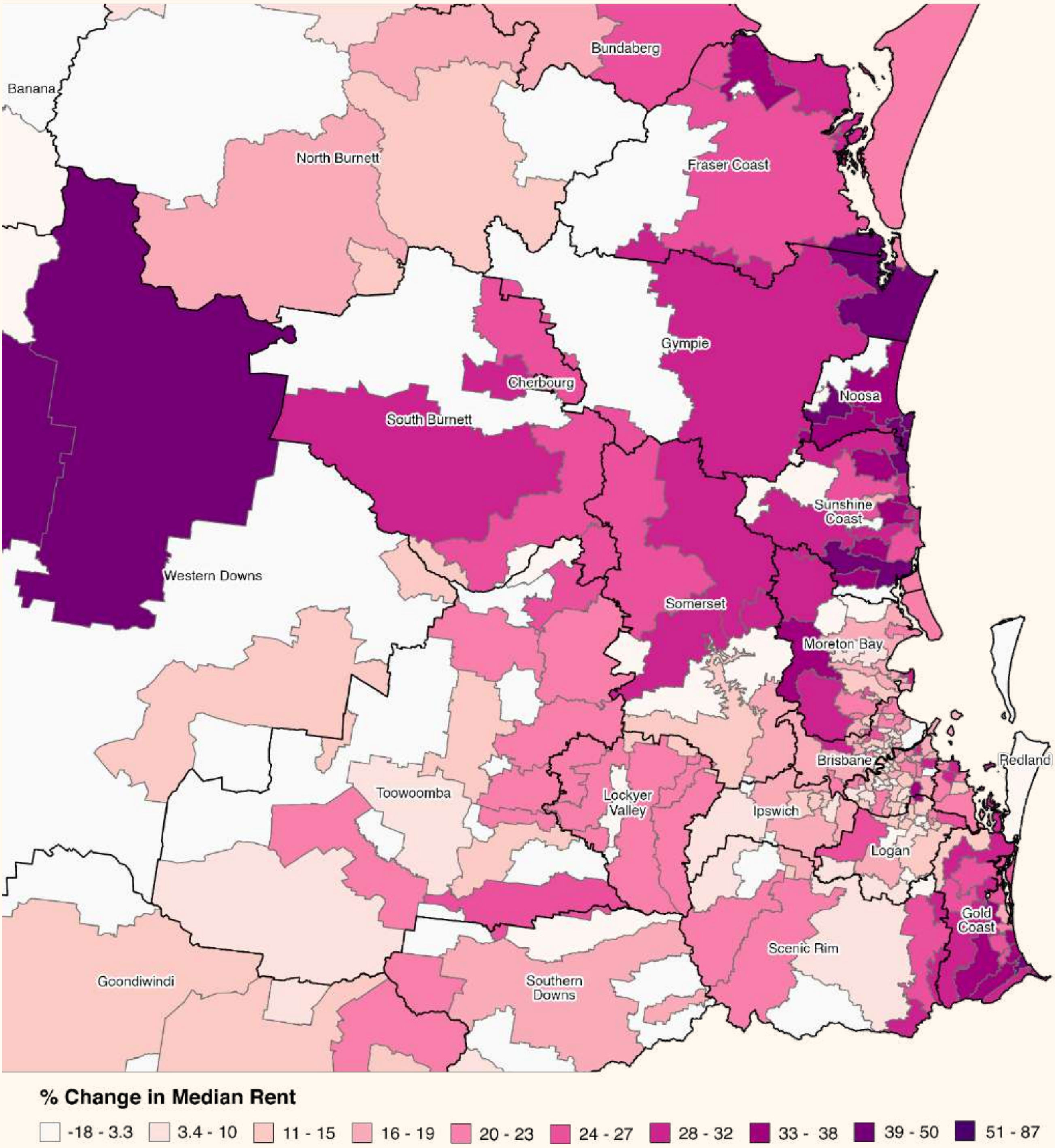
As shown in Figures 2.11 to 2.13, recent rent trends exhibit disproportionate increases affecting a concentration of central Queensland LGAs around – and inland of – Gladstone and Mackay. This may reflect volatile economic conditions associated with mining. Meanwhile, in the state's south east, unusually high inflation has occurred in coastal LGAs both to the north and south of Brisbane. This may reflect additional demand pressures on such markets associated with domestic tourism (and, hence, possible re-designation of mainstream rental properties to short-term letting), and from out-migration from cities facilitated by working from home arrangements.

Figure 2.11: Percentage change in median rent, Q3-4 2017 to Q1-2 2022, at LGA level - Queensland



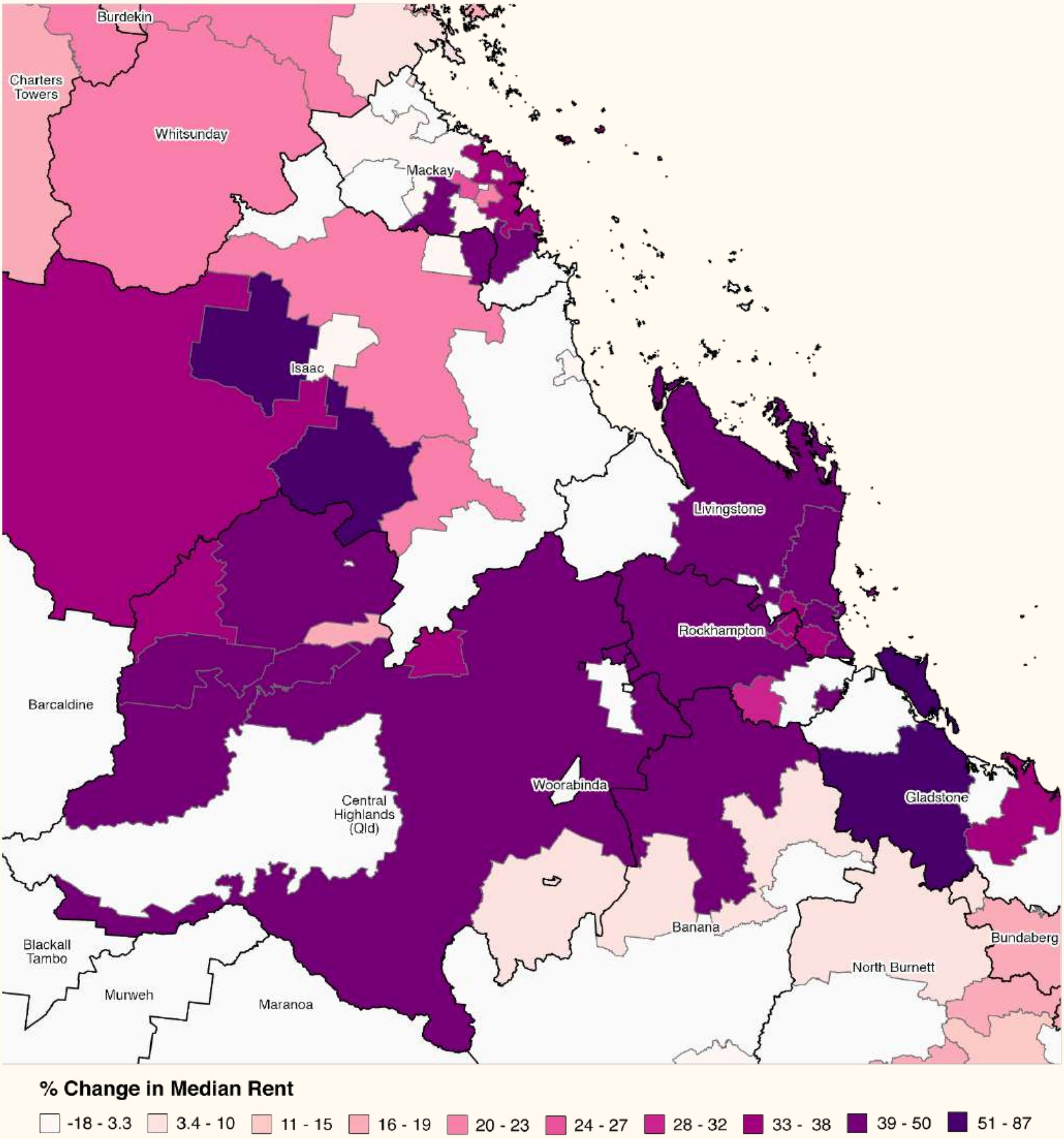
Source: See Table 2.1. Note: low rental bond lodgement LGAs included.

Figure 2.12: Percentage change in median rent, Q3-4 2017 to Q1-2 2022, at LGA level – SE Queensland



Source: See Table 2.1. Note: low rental bond lodgement LGAs included.

Figure 2.13: Percentage change in median rent, Q3-4 2017 to Q1-2 2022, at LGA level – Central Queensland

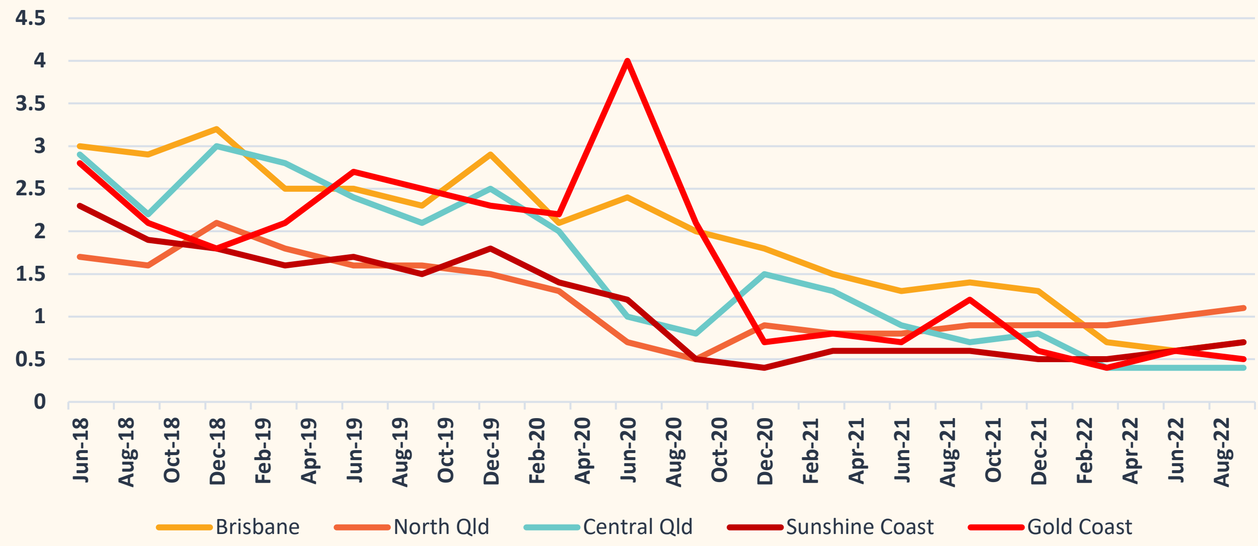


Source: See Table 2.1. Note: low rental bond lodgement LGAs included.

Recent vacancy rate trends in Queensland

Recently disproportionate rent inflation in many Queensland regional markets has resulted from a combination of factors. As in other parts of Australia, this has been associated with abnormally low levels of tenancy turnover (see Pawson et al. 2021 for a more detailed discussion) and, linked with this, extraordinarily low vacancy rates. Similarly, Brisbane vacancy rates have tracked generally downwards not only during the pandemic, but also in the preceding two year period. By late 2022, rates in these areas were running close to or substantially below 1%. The practical embodiment of these extraordinarily low vacancy levels is that very few properties are being advertised/made available at any time.

Figure 2.14: Private rental vacancy rates, 2018-22



Source: SQM Free property data https://sqmresearch.com.au/graph_vacancy.php?postcode=2000&t=1.

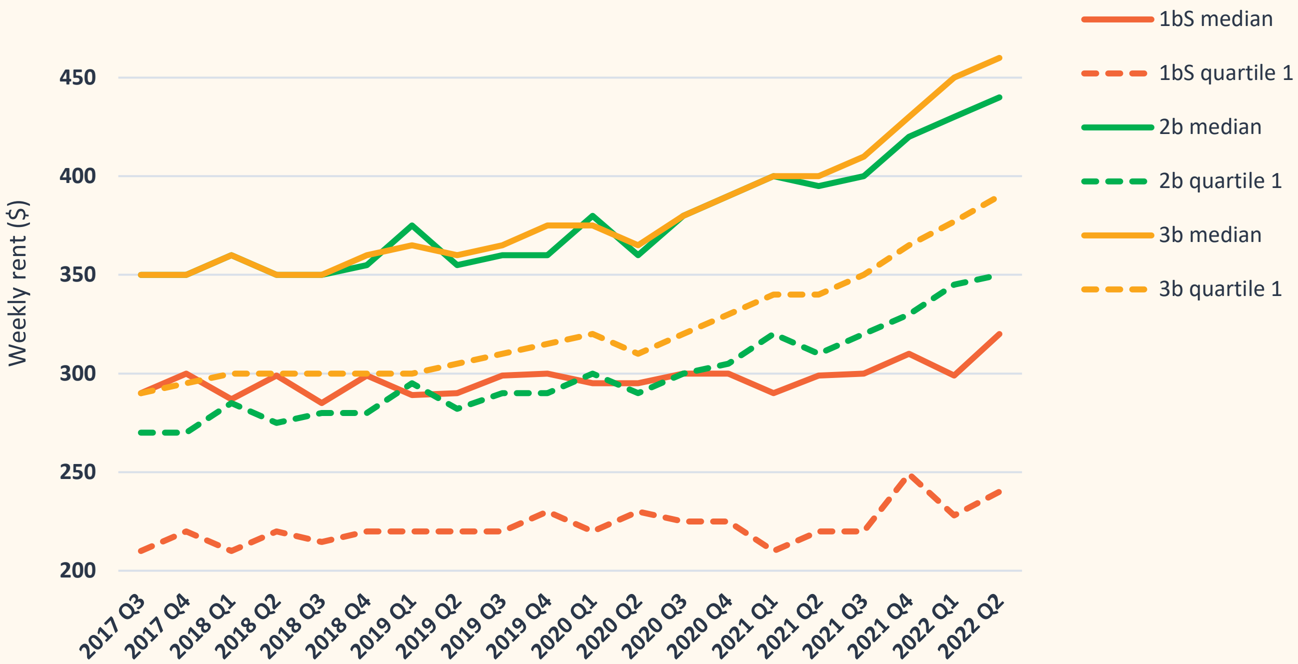
Rent trends at the lower end of the rental market

With respect to rental affordability for low-income households, it is arguably not so much the median rent but a proportion of the median rent that is the relevant benchmark. In other words, what matters is not the cost of a "typical" rental property of any given size, but the "going rate" for properties of a more "basic" standard than the market norm – or possibly homes in less than ideal locations.

Following from this thinking, Figure 2.15 illustrates the levels and trends of lower quartile rents in Queensland since 2017 alongside median rents over the same period. While lower quartile rents for each property size/type indeed lie somewhat below median rents, their recent pattern of increase has been no less marked. Indeed, in the case of all three property size categories, the lower quartile and median values have slightly converged over recent years – that is, the range of rents has narrowed since 2017-18. Thus, lower quartile rents as a proportion of median rents for 1-bedroom and studio properties increased from 73% to 76% between 2017-18 and 2021-22. The equivalent figures for 2-bedroom properties were 78% and 80%, while for 3-bedroom properties they were 84% and 85%. To put this another way, rent inflation at the lower end of the market has been even greater than the market-wide norm.

In estimating rental affordability for low-income households, we can relate household incomes derived from social security benefits or minimum wage earnings to lower quartile rents in the market. For example, a single person working a 38-hour week on the Q2 2022 minimum wage would have been receiving $773 in weekly income, meaning that the maximum affordable rent (on the standard 30% of income benchmark) would have been $232. However, the state-wide lower quartile rent for a 1-bedroom unit at that time was $240 (see Figure 2.12). State-wide, therefore, it could be (crudely) said that private rent levels in late 2021-22 were unaffordable to single minimum wage workers. Rental affordability levels and trends with respect to low-income households are analysed in more detail in Chapter 4.

Figure 2.15: Median and lower quartile rent trends, 2017-22, Queensland



Source: unpublished rental bond data provided by the Queensland Residential Tenancies Authority.
Note: 1bS = 1 bed apartment or studio; 2b = 2 bed apartment or house; 3b = 3 bed apartment house.

2.5 Chapter conclusion

In common with most of Australia, Queensland has seen unusually volatile housing market conditions over the past three years. Rapidly rising prices and rents – particularly affecting houses (as opposed to apartments), and homes in regional locations – will have significantly damaged housing affordability over this period. Possibly connected with recent rent inflation has been the reported post-2020 downturn in mainstream private rental housing stock, a notable reversal after a decade of strong growth. The exact causes of this development remain somewhat uncertain, but again it appears to have disproportionately affected regional Queensland rather than Brisbane itself.

Recent market volatility seems to have helped to push housing close to the top of the Queensland political agenda in 2022. However, while these developments have posed new and urgent housing policy challenges, they only compound much more long-established and deeply embedded features of Queensland's housing system that have been crying out for more focused attention for decades past.

3. Housing policy review: recent and ongoing developments

Key points

- Housing assistance is shifting from a social-housing-centred concept to a more diversified approach characterised by greater use of private market assistance “products” and intensified rationing of access to social tenancies. The efficacy of this shift is questionable given the worsening affordability and accessibility of market housing in Queensland.
- Stated reform intentions on homelessness service provision focus on expanding private market provision (namely headleasing) and existing crisis models, and on facilitating improved service integration.
- Following a period of sustained inaction, the past 2 to 3 years have seen substantial new commitments from both the Queensland and Commonwealth Governments to boost social and affordable housing supply. These will involve a range of “innovative” funding and delivery methods, including investment-revenue financing, build-to-rent pilots, and “consideration” of inclusionary zoning obligations.
- Progressive reforms have been attempted in the areas of tenancy law and land tax policy; however, these have either failed to fully realise their stated goals or have been abandoned.
- New efforts are underway at state and local government levels to better monitor and regulate the use of residential properties as short-term rental accommodation (e.g. AirBnB and Stayz).

3.1 Chapter scope and structure

This chapter documents contemporary Queensland Government policy responses to the housing needs of low-income Queenslanders. It focuses on three key areas. First, we discuss developments in the forms of housing assistance provided by the Queensland Government and its partners to support low-income and vulnerable households. This encompasses private market supports, social housing provision, and homelessness services. We then outline recent policies and proposals aimed at expanding social and affordable housing provision, including state and federal investment schemes, emerging build-to-rent models and inclusionary zoning. Finally, we detail recent efforts to improve the regulation of, and create and manage a diversified, private rental sector, covering rental tenancy reform, build-to-rent as diversified rental stock, and the regulation of short-term rentals.

3.2 Housing assistance in Queensland

Like other Australian state and territory governments, the Queensland Government, in collaboration with its community sector partners, provides targeted assistance to support people unable to meet their housing needs/aspirations within the private market. This is targeted primarily (but not exclusively) to people on low incomes, including those experiencing additional vulnerabilities beyond financial hardship (e.g. challenges related to health, ability, experiences of violence, etc). The forms of assistance provided include support to access the private market, social housing, and specialist homelessness services.

Private rental market assistance

Historically, the provision of social housing and support to achieve homeownership were the primary forms of housing assistance provided in Australia (Hayward, 1996). However, in response to the growing shortfall in social housing (itself driven by long-term underinvestment at the state and federal levels), state governments have latterly diversified their assistance offer. As a result, households seeking such help are now far more likely to receive support to access housing in the private market than a social housing tenancy (Pawson & Lilley, 2022).

In line with this shift, the Queensland Government has introduced a range of housing assistance "products" to help service users access private tenancies. These include measures such as:

- bond loans: an interest free loan covering the cost of private rental bond
- rental grants: a one-off crisis payment covering up to two weeks' rent
- rental subsidies: cover a proportion of rent for up to six months to help sustain an at-risk tenancy (paid directly to landlord)
- headleases: private rental properties leased by the Queensland Department of Communities, Housing and Digital Economy (DCHDE) and subleased to tenants at subsidised rents, with the aim of transitioning the lease to the resident at the end of the lease period
- "RentConnect": an advisory service providing non-financial support to access and sustain a private rental tenancy.

The expansion of private rental supports is a key aim of the *Queensland Housing Strategy, 2017-2027*. The stated purpose is to "provide people with pathways to sustainable, affordable housing within the private rental market"; and their aim in doing this is to "help vulnerable households sustain their current housing and move out of crisis or unsuitable housing and into suitable tenancies. The products will also provide social housing tenants with a pathway to greater housing choices" (Queensland Government, 2017, p8).

As is the case nationally (Pawson & Lilley, 2022), Queenslanders seeking government help with housing are now much more likely to receive a private rental assistance "product" than a social housing tenancy. In the period July 2021 to March 2022, some 21,636 private rental support products were provided to applicants needing help (Queensland Audit Office, 2022). This is around four times larger than the annual number of new social housing lettings in Queensland in the five years to 2020-21 (see Chapter 2).

There are also renewed efforts to assist low-income households to achieve homeownership. These include a commitment to "deliver pathways to home ownership for existing public housing tenants who may have the financial capacity through the provision of loans, shared equity and rent-to-buy schemes" (Queensland Government, 2017b, p5). It also includes the development of measures aimed at supporting Aboriginal and Torres Strait Islanders to access homeownership. To this end, $75 million was provided to support homeownership in discrete Aboriginal and Torres Strait communities in 2019 (Queensland Government, 2019). Small numbers of former social housing properties have also been transferred (99 properties) or sold under 99-year home ownership leases (7 properties) at discounted rates to Aboriginal and Torres Strait Islander households (ISSR & ARTD Consultants, 2020, p5). Other than this, however, we have been unable to locate any published statistics that quantify the positive outcomes of such policies.

The private market products outlined here may well play an increasing role in housing assistance over the coming years. The Queensland Government has stated that it will further "enhance the suite of products and services to support private rental and home ownership, including improving Aboriginal and Torres Strait Islander peoples' access to home ownership opportunities in remote, rural and regional locations" (Queensland Government, 2021a, p12). It also committed at the October 2022 housing summit to provide "$10 million for expanding private rental assistance products and services for people experiencing severe rental stress" (Queensland Government, 2022b, p3). However, while itself endorsing the expansion of private rental support, the Queensland Audit Office (2022), notes that the Queensland Government has historically failed to evaluate program outcomes.

Given the highly pressured state of Queensland's private housing market in 2022 (see Chapter 2), especially inflated rents and low vacancy rates, at least some of the private rental products (e.g. head leasing) will be highly constrained. Without a marked easing of such pressures, programs of this kind may be undeliverable. Moreover, research shows that, even in less acutely difficult circumstances, recipients of private rental support often continue to face affordability barriers and financial strain (Anglicare, 2022; Blunden & Flanagan, 2022; Stone et al, 2015). There is also evidence of private rental support recipients being charged inflated rents (because of perceived increased capacity to pay) or – on the other hand – being seen by landlords and real estate agents as "risky" tenants and thus passed over in competitive rental markets (Blunden & Flanagan, 2022; Desmond & Perkins, 2016; Stone et al, 2015).

Social housing as housing assistance

Social housing continues to play a role in Queensland's expanded and diversified approach to housing assistance. However, given the extreme shortage of available stock for new lettings, provision is necessarily tightly rationed. In this context, it is typically only those households with multiple and complex needs that can attain a social housing tenancy. Those who face affordability barriers alone are instead much more likely to be offered forms of private rental assistance as discussed above.

Whilst the rationing of social housing is nothing new, it has intensified in recent years as demand has increased and supply has (at least until very recently) stagnated. People seeking to register are assessed according to eligibility criteria, with those deemed eligible admitted to the social housing register (known as the "waitlist"). Registered households have been historically ranked according to their assessed status as "low need", "moderate need", "high need" or "very high need" applicants. As noted by the Queensland Audit Office (2022, p1), since 2019, following a review of eligibility criteria, only applicants assessed as having "very high needs" have been admitted, a statement strongly inferring that only those classed as such now qualify.

Previously, social housing eligibility was determined, as in other states, according to applicants' financial situation (income, asset ownership, etc) and their citizenship and residency status (Pawson & Lilley, 2022). These historic criteria still apply. However, the 2019 changes added to them a set of "wellbeing indicators" that assess applicants' level of need. To be deemed eligible, applicants must prove they have:

- **a)** a "reason to move" because their current accommodation is impacting their wellbeing (e.g. homelessness or imminent risk thereof);
- **b)** at least two "complex wellbeing needs (non-financial)" (e.g. disability, domestic violence, acute medical conditions); and
- **c)** at least one financial need (e.g. long-term unemployment or significant medical expense).

This narrowing of eligibility is unusual by Australian standards. Whilst most states use needs assessments to prioritise housing allocations, they maintain broad eligibility criteria, albeit often applying quite stringent income limits (Pawson & Lilley, 2022). Queensland appears to have effectively shifted needs assessment from a prioritisation mechanism to an eligibility determination, on the face of it suggesting a more tightly rationed social housing system than in other states. This means that only people with complex needs will access social housing in Queensland, whereas in other states people facing affordability challenges alone retain the possibility of being allocated a social tenancy (albeit with much lower likelihood (longer wait time) than people with complex needs).

Given these eligibility changes, needs assessment may have come to play less of a role in the allocation of social housing to registered households than historically. As the Queensland Audit Office (2022) notes, the pre-2019 lower need applicants subsequently remaining on the register are very unlikely to be allocated a social housing tenancy.

There are also procedures allowing for “normal” allocation policies (registered applicants with needs and preferences matched to a vacancy being prioritised according to waiting time) to be overruled in cases where a household is deemed to have an “urgent” need. Unfortunately, in its recent system review, the Queensland Audit Office (2022) fails to report what proportion of lettings are determined on this basis. It is, however, noted that there is no standard procedure for determining urgent need across the state. Instead, such decisions are at the discretion of local housing service centres based on their conversations with applicants and advice from local support services. These kinds of discretionary emergency allocations are also employed in other states; however, they are typically in addition to standardised prioritisation procedures (Clarke et al, 2022).

Housing register applicants may also be offered private rental assistance as an interim or alternative response to their housing needs. Households can accept this assistance and remain on the social housing register. However, it is not clear whether or how acceptance of private rental assistance impacts a household’s likelihood of being offered a social housing property.

Recent research on the experience of waiting for social housing across several Australian states highlighted the extreme insecurity and hardship vulnerable households can face while in this situation.[9] Research participants from Queensland, NSW and Tasmania described the profound uncertainty they experienced and feeling like their lives were “on hold” (Morris, Robinson & Idle, 2022). Women escaping domestic violence live in fear of their children being taken into care because they lack secure housing (ibid). People with disabilities describe being unable to meet their basic needs (e.g. taking a shower) due to being trapped in unsuitable private rental housing that cannot accommodate their mobility needs (Morris et al, 2022).

[9] See https://waitingforsocialhousing.com/.

Homelessness

The Queensland Government provides a range of supports for people experiencing or at risk of homelessness. This includes the provision of social housing and the private rental support products as discussed above. It also includes funding a range of specialist homelessness services (SHSs), most of which involve non-government providers.

Housing responses: People experiencing homelessness are prioritised in the allocation of social housing tenancies. Homelessness is considered as a "complex wellbeing factor" and valid "reason to move" in the determination of social housing need/eligibility (see above). It is also a common reason for priority allocations based on "urgent need"; although, as noted above, there is no standardised, state-wide policy on this (Queensland Audit Office, 2022). People sleeping rough are particularly likely to be prioritised for social housing, especially if they are engaged with assertive outreach services who can advocate on their behalf (Parsell et al, 2013, 2019). Notwithstanding their priority status, given the declining number of social housing lettings (see Chapter 2), many people experiencing homelessness in Queensland wait extended periods to access social housing or are unable to access it at all (Clarke & Parsell, 2020a, 2020b).

In addition to mainstream social housing, the Queensland Government also funds a small number of permanent supportive housing (PSH) tenancies for people who have experienced long-term homelessness and who have complex and ongoing support needs. PSH combines subsidised long-term housing with access to intensive but voluntary support services (Rog et al, 2014). Queensland currently has two PSH programs, both located in Brisbane.[10] The first, established in 2012, is Brisbane Common Ground (BCG): 146 unit mixed-turn apartment block with 24/7 onsite support services that accommodates former rough sleepers as well as people on low-incomes (on an approximately 50/50 split). Research evaluation of BCG reported very high tenancy sustainment rates and tenant satisfaction levels, as well as producing significant cost-to-government savings via reduced use of emergency services and crisis accommodation by formerly homeless tenants (Parsell et al, 2015).

Queensland's second PSH project, Keeping Families Together (KFT), provides 20 supportive housing tenancies to families. KFT differs from BCG in that the housing provided is headleased from private landlords. This introduced difficulties related to securing appropriate and affordable properties in a timely manner from tight rental markets (Kuskoff et al, 2021) - an issue similarly faced by homelessness programs reliant on private market housing in other jurisdictions (Anderson-Baron & Collins, 2019). Notwithstanding these challenges, KFT was shown to achieve positive outcomes for client families, both in terms of improved housing stability and reduced contact with the child protection system (Kuskoff et al, 2021).

The use of private rental housing in the KFT program reflects broader efforts by the Queensland Government to expand the use of headleasing in homelessness programs to supplement the shrinking supply of new social housing lettings (discussed in Chapter 2). Headleased private rental properties are also used in the *Next Step Home – Women on Parole* pilot program that provides time-limited housing (12 months) and support to women exiting prison (Cheshire et al, 2020).

The Queensland Government has also recently committed additional funding to 'deliver additional "headleased housing" for women and children escaping domestic and family violence (DFV) (Queensland Government, 2021b, n.p.). The Queensland Government has indicated that around 2,000 units are currently headleased across the state, either directly by DCHDE or through funded community service providers.

[10] Plans for a third facility, located on the Gold Coast, are also in development: see https://www.commongroundqld.org.au/goldcoast/.

Crisis services: The housing programs discussed thus far form an important but relatively small part of Queensland's homelessness responses. As is the case across Australia (Spinney et al, 2020), crisis services tend to dominate Queensland's homelessness system; although there is also an emerging emphasis on targeted "early intervention" (see below). Crisis services typically provide short term accommodation, case management and advice to people experiencing or at risk of homelessness. Common examples include homeless shelters, refuges, and drop-in centres. There is also significant use of brokerage funds to provide emergency accommodation in hotels or motels to vulnerable households experiencing or at risk of homelessness, as well as people affected by natural disasters - a measure our stakeholder interviewees claimed has increased drastically as the housing crisis has worsened.

A significant recent development in crisis service provision has been an effort to "de-concentrate" such provision. Crisis accommodation typically entails congregate (often dormitory-style) accommodation with shared amenities, giving rise to safety and privacy issues and a need for strict behavioural rules and monitoring that service users experience as paternalistic and belittling (McMordie, 2020; Parsell & Clarke, 2019). The COVID-19 pandemic and associated physical distancing requirements prompted a move away from congregate models (Pawson et al, 2022). During the 2020 COVID-19 lockdown, people occupying state-funded crisis accommodation were shifted into vacant hotels and student accommodation where they had access to independent, self-contained rooms. In Brisbane, the Queensland Government has chosen to extend this approach in the post-lockdown period, continuing to use two leased hotels in the inner city, rather than reopening congregate shelters.

Another recent development is the increased use of registered private boarding houses as a source of "affordable temporary accommodation" for people experiencing homelessness (Queensland Government, 2022c). To facilitate this, the Queensland Government has undertaken reforms to improve the regulation of boarding houses, referred to as "residential services" (Pawson et al, 2022). This included specifying minimum standards and implementing a system of registration and accreditation for boarding house operators. It is now aiming to "work with referral agencies to promote the benefits of referring their clients to accredited residential services" (Queensland Government 2021c, n.p.). Given that boarding houses typically entail shared amenities, their expanded use is somewhat at odds with the shift towards de-concentrated forms of crisis accommodation outlined above. It should also be noted that boarding house occupancy continues to be categorised as a form of homelessness by the Australian Bureau of Statistics (2012).

Queensland also provides a range of tailored services targeted at specific at-risk cohorts. In addition to the expanded use of headleased housing mentioned above, a number of new crisis shelters for women and children escaping DFV have been delivered across the state in recent years (ISSR & ARTD Consultants, 2020). There has also been investment in new supported accommodation for at risk or homeless young people based on the Youth Foyer model [11] (Queensland Government, 2022d; McKenzie et al, 2020). Additionally, there have been new initiatives targeting Aboriginal and Torres Strait Islander homelessness, including the redeveloped and expanded Joyce Wilding/Kaggarabah supported accommodation project for First Nations women and children escaping DFV in Brisbane, and a commitment to "strengthen" the capacity of Homelessness Hubs across the state to respond to First Nations households in a culturally appropriate way (Queensland Government, 2019, p14).

[11] Youth Foyers combine transitional accommodation with education, training and employment services and have a demonstrated capacity to improve both housing and other socio-economic outcomes (McKenzie et al, 2020). There are now Youth Foyer facilities in Logan, Townsville, and two on the Gold Coast.

Service integration: There is a strong emphasis on service integration in the Queensland Government's recent homelessness policy pronouncements. Indeed, both the recently released *Housing and Homelessness Action Plan*, *2021-2025* and the *Towards Ending Homelessness for Young Queensland, 2022-2027* policies position integrated frontline service responses as central to ending homelessness for vulnerable groups. Both contain a strong emphasis on preventing homelessness by enhancing cooperation across government departments and between government and community services (e.g. through shared assessment and referral protocols as well as information sharing). People exiting institutional care are a key target group here (e.g. those exiting in-patient health services, the out-of-home care system, or prison), reflecting evidence of the high risk of homelessness experienced by people in these periods of transition (Pawson et al, 2022).

Whilst improved integration and collaboration amongst support agencies is undoubtedly positive, the effectiveness of such measures is largely dependent upon the availability of safe and affordable housing of supported service users. Research from Queensland and elsewhere shows that integrated support models often struggle to achieve lasting outcomes for their users due to difficulties accessing stable and affordable long-term housing (Clarke & Parsell, 2020; Martin et al, 2021). It is therefore imperative that homelessness prevention efforts go beyond service system and service delivery improvements, also encompassing the increased supply and accessibility of affordable, long-term housing for people at risk of homelessness (Pawson et al, 2022).

3.3 Social and affordable housing supply

There has been sustained underinvestment in social and affordable housing across Australia in recent decades, contributing to a large and growing shortfall in housing affordable to people on low-incomes (Pawson et al, 2022). This national trend has been reflected in Queensland. As shown in Chapter 2, social housing provision effectively declined during the past decade, since stock numbers remained almost static while population increased substantially (ABS, 2021). Since the onset of the COVID-19 pandemic, however, there has been renewed focus on increasing the supply of social and affordable housing by several Australian governments, including in Queensland. Whilst this investment was initially justified as a means of providing economic stimulus to pandemic-impacted state economies (Pawson et al, 2022), it is now increasingly seen as a necessary response to the worsening housing affordability crisis especially affecting low-income households.

Commonwealth Government commitments

Since taking power in May 2022, the new Commonwealth Government has made two commitments to invest in social and affordable housing across the country. The first is its election commitment to fund the delivery of 20,000 new social and 10,000 affordable housing properties over five years. This is to be developed under the Housing Australia Future Fund (HAFF), a model involving a stream of housing subsidy funds generated through a government equity investment – the HAFF equity stake being funded by government debt. Since they are backed by income (investment returns), such subsidy payments are treated as "off balance sheet" expenditure.

The second commitment, announced in the course of the October 2022 budget as part of the government's Housing Accord, is to deliver 10,000 additional affordable housing properties over five years (from 2024), taking the total number of federally-funded affordable homes pledged by this administration to 20,000. More broadly, the Housing Accord aims to facilitate development of one million new homes over five years, mostly through the private sector, by "bring[ing] together all levels of government, investors, and the residential development, building and construction sector" (Australian Government, 2022c, p1).

It is not yet clear what proportion of these new dwellings will be constructed in Queensland. The Commonwealth's Housing Accord commitment to fund 10,000 affordable dwellings (Australia-wide), in addition to the same number already pledged at the 2022 election, also calls forth corresponding commitments by state and territory governments to facilitate another 10,000 unit cohort of sub-market housing. Queensland Government stakeholders communicated to us that "a good proportion" of the state's contribution will come from schemes announced prior to the Accord, which we outline below.

Queensland Housing Investment Growth Initiative

In recent years, the Queensland Government has made an evolving series of social and affordable housing investment commitments under the banner of the Queensland Housing Investment Growth Initiative (QHIGI). Originally a product of the *Queensland Housing Strategy, 2017-2027*, QHIGI has been significantly bolstered by two substantial investment commitments in the wake of the COVID-19 pandemic: first in June 2021 as part of the 2021-22 State Budget, and then in October 2022 on the eve of the Queensland housing summit. Combining these investment commitments, QHIGI is now said to entail "almost $4 billion" in funding to support the growth of social and affordable housing in the state (Enoch, quoted in Palaszczuk, Dick & Enoch, 2022).

The Queensland Government states that "more than 13,000 new homes for Queenslanders" (Palaszczuk, Dick & Enoch, 2022) are being provided across the ten-year period covered by the Housing Strategy (2017-2027). The precise tenure profile of this cohort remains unclear; although it appears that it will contain some mix of social, affordable and "build-to-rent" market tenancies (see below). While the extent to which social housing completions will be offset by the sale or demolition of existing public housing remains publicly unspecified, we have previously estimated this as possibly totalling around 1,000 homes over the period of 2017 to 2025 (Pawson et al, 2021).

QHIGI is comprised of three distinct programs or sub-initiatives. The first is the Queensland Housing Investment Fund (QHIF): a $2 billion future fund on a model similar to the Commonwealth Government HAFF (see above). An initial $1 billion was pledged to the QHIF stake committed in 2021, which is understood to have involved designation of Land Titles Office privatisation receipts. An additional $1 billion was added to QHIF on the eve of the Queensland housing summit in October 2022. It is estimated that the fund will produce "investment returns of up to $130 million a year" (Queensland Government, 2022e, n.p.).[12] These earnings will be deployed to provide "subsidies, one-off capital grants and other support to encourage developers, builders, institutional investors, superannuation funds, and eligible government entities to partner with Community Housing Providers to build or redevelop and operate housing solutions in Queensland" (ibid).

QHIF is now expected to deliver 5,600 new social and affordable housing commencements by June 2027 (Palaszczuk, Dick & Enoch, 2022). At least 3,600 of these will be social housing properties, as committed to in the original 2021 QHIF announcement. The remaining 2,000 properties, which are the result of the 2022 top up to QHIF, will be a mix of social and affordable homes (the precise tenure breakdown is unspecified). Positively, the Queensland Government has committed $5 million over two years to build capability and capacity in the Community Housing Provider sector and support their participation in the QHIF.

The second sub-initiative is QuickStarts Queensland: a capital investment program worth $1.813 billion aimed at fast tracking the construction of around 2,765 new social housing properties in the four years to 2025 (Queensland Government, 2021f). It is described as 'bring[ing] forward planned investments' in projects that are "planned and ready to build" (Queensland Government, 2021d, p. 8), suggesting that the initiative entails the fast tracking of existing planned projects. The new social homes are to be delivered through a mix of "capital build projects delivered by government" (which will presumably be public housing) and "partnerships with community housing providers" (which will presumably be community housing) (Queensland Government, 2021f, p8). The Queensland Government indicated that 832 new social housing homes had commenced by 30 June 2022 under the scheme, exceeding its target of 727 commencements.

The third sub-initiative is the Help to Home headleasing program. It aims to headlease 1,000 existing rental dwellings from the private market to support Queenslanders at risk of homelessness and eligible for social housing. The headlease is taken out by a community housing provider, which sub-leases the property to the tenant and provides "specialist tenancy and property management services" (Queensland Government, 2022f, n.p.).

While Help to Home is positioned as helping expand Queensland's social housing portfolio, the headleases provided are time-limited to two years (Enoch, 2022), meaning that they are more akin to transitional housing for the homeless than to social housing proper. Moreover, recent statements by the Minister for Communities and Housing suggests that the program may struggle to achieve its intended scale of 1,000 headleased homes; it had managed to secure only 19 properties and 31 expressions of interest from private landlords as of September 2022 (Enoch, 2022). Consistent with

[12] This is a significant upgrade on earlier estimates, based on the $1 billion fund, of $40 million in returns per year.

our discussion above, this raises questions about the viability of private market "products" as a means of addressing the housing needs of low-income and vulnerable Queenslanders given both the present challenges and longer-term volatility (see Chapter 2) of the private rental market. Nevertheless, the Queensland Government reports continuing to seek and secure properties for headlease through the Help to Home initiative.

Regarding the specific – and extensive – unmet housing needs of First Nations peoples, the new social housing supply committed through QHIGI is intended to include a portion of dedicated Aboriginal and Torres Strait Islander housing, delivered under the QuickStarts scheme (Queensland Government, 2021d). The precise number or proportion has not been announced publicly.

In addition to this commitment, a new peak body for Indigenous Community Housing Organisations, called Aboriginal and Torres Strait Islander Housing Queensland (ATSIHQ), was established in 2021 to interface with government and facilitate the delivery of new social housing commitments for Aboriginal and Torres Strait Islander communities. The establishment of this body was a key commitment of the *Aboriginal and Torres Strait Islander Housing Action Plan, 2019-2023*, and is something long advocated for by Indigenous housing providers. It will help align new investment with the "local housing challenges and priorities" of First Nations communities across the state (Queensland Government, 2019, p12).

Build-to-rent development as a source of affordable housing

Another recently announced program through which the Queensland Government is working to increase the supply of affordable housing is the Queensland Build-to-Rent Pilot Project. Build-to-rent (BtR) refers to large scale private housing developments where the developer retains and rents out properties upon completion rather than selling them on to individual owner-occupiers or investors. It is increasingly seen by policy makers as a means of increasing (and diversifying) the supply of private rental housing and improving tenure security for the growing cohort of rental households (Delahunty, 2022).

BtR does not in itself directly contribute to the supply of affordable housing, as units are typically targeted at moderate to high income households and rented out at market rates (Pawson et al. 2019). Affordable housing can be delivered as a component of BtR projects, but this will typically require government subsidies to support the property owner letting a portion of the rental stock produced at below market rates (Benedict et al, 2022). This is the model pursued in Queensland's BtR pilot projects, where "up to" 490 of the 1,200 units produced across the currently approved developments will be subsidised, affordable rental properties (Queensland Government, 2021e, n.p.). However, the terms on which the affordable rental units will be made available – e.g. tenant eligibility rules, rent setting, affordable status duration – remain to be disclosed.

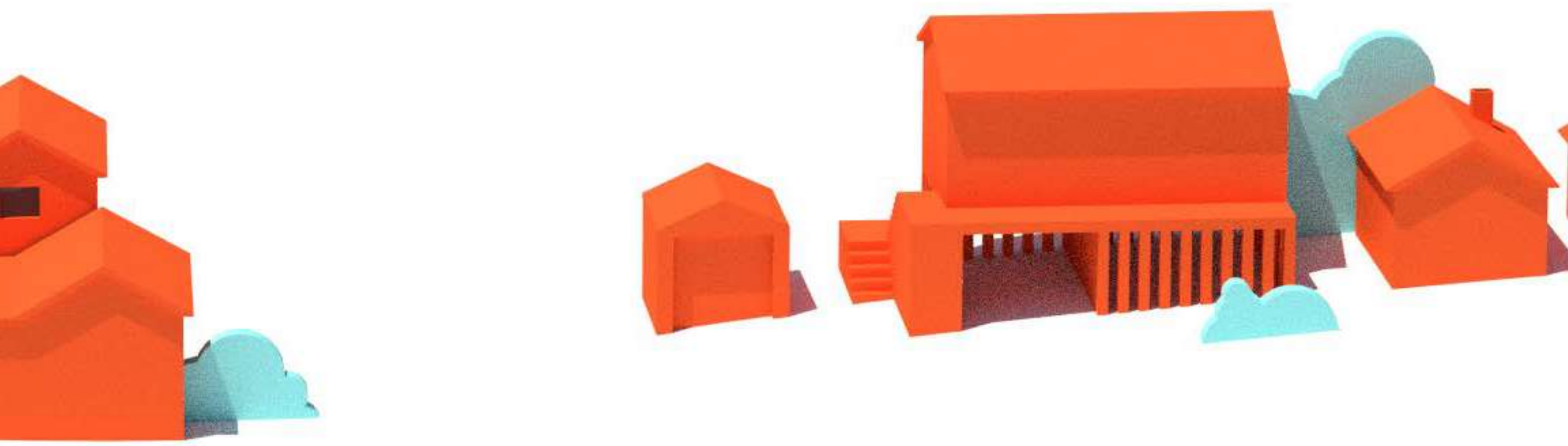
The state's current pilot program involves three build-to-rent developments in inner Brisbane: one led by developer Frasers Property at 210 Brunswick Street Fortitude Valley, one by Mirvac at 60 Skyring Terrace, Newstead (both of which are on private land) and one led by Cedar Pacific on state-owned land on the site of the former Children's Court at 50 Quay Street, Brisbane.

Inclusionary zoning

One further measure that could potentially contribute to expanded provision of social and affordable housing currently being considered by the Queensland Government is inclusionary zoning. This entails the use of land-use planning powers to mandate private developer contributions to social or affordable housing – either by incorporating such units as part of a broader residential development project, or by making cash contributions in lieu. It is used across the United Kingdom and in some parts of the United States to augment affordable housing supply and, to a much more limited extent, in a small number of Australian jurisdictions (SA, ACT and the City of Sydney) (Gurran et al, 2018). Recent research undertaken with the Australian development industry concluded that “mandatory affordable housing contributions are the most likely source of large-scale affordable housing contributions in Australia, and many sites would be able to absorb the costs of such delivery under a well-designed and consistent policy” (Rowley et al, 2022, p4).

In its first Housing Strategy Action Plan (2017-20), the Queensland Government announced an intention to “introduce inclusionary requirements” in cases where government-owned land is released for residential development (2017, p4). However, given its proposed application being restricted to formerly government-owned land, this commitment does not, in fact, amount to “inclusionary zoning” as this is usually defined. Such a requirement could be enforced through simple contract of sale conditions, rather than requiring the exercise of land use planning powers. The cost of such a policy would be borne by Treasury, since the stipulation of affordable housing conditions would be reflected in consequentially reduced land value. In any event, the commitment is yet to be implemented.

Moreover, while inclusionary zoning was again mentioned in the most recent *Action Plan* (2021-2025), the commitment was more tentatively worded as to “Investigate introducing inclusionary planning requirements into the planning framework” (Queensland Government, 2021a). All of this seems to suggest uncertainty in the Queensland Government on this policy direction. Since the ultimate cost of inclusionary zoning (as defined in the Housing Strategy Action Plan 2017-20, or more conventionally), is borne by landowners, it may be that resistance from associated lobby groups (and/or Treasury) is more persuasive than the voice of advocates such as the Planning Institute of Australia.



3.4 Private rental market regulation and diversification

The private rental market has been an area of significant policy attention and debate in recent years. Significant reform opportunities have been explored by the Queensland Government and other relevant stakeholders, including to tenancy law and land tax thresholds. However, whilst modest improvements have been achieved in some areas, the opportunities for more substantial reform have, thus far, gone largely unfulfilled.

Tenancy law reform

Tenancy laws and tenant rights in Australia are relatively weak by international standards, resulting in significant tenancy insecurity and turn over in the private rental market (Morris et al, 2021). In recognition of this, as well as the fact that more Australian households are renting long term, some state/territory governments have sought to reform their tenancy laws in recent years. Queensland commenced an (ostensibly ongoing) program of rental tenancy reforms in 2018 that aimed to "modernise Queensland's rental laws and improve confidence in the rental market" (Enoch, 2021, n.p.). Following a period of consultation, a two-stage reform package was announced in 2019.

The "stage one" reforms, which came into effect in October 2022, entail four key changes to the *Residential Tenancies and Rooming Accommodation Act 2008*. First, the reforms introduce strengthened minimum standards for private rental dwellings, relating primarily to their physical condition (e.g. they "weatherproof and structurally sound") and functionality (which includes adequate security features). Second, the reforms also improve tenants' rights around pet ownership: tenants' request to keep a pet at the rental property can now only be refused where the landlord has "reasonable grounds" (Enoch, 2021), such as issues related to the suitability of the property or strata by-laws restricting pet ownership. Third, the reforms introduced greater flexibility and rights for people experiencing domestic and family violence. This included enabling people to end their tenancy with seven days' notice and without the usual requirement of paying "compensation" to the landlord (beyond the seven days' rent). It also includes the ability to change the security locks at the property without first seeking landlord permission.

The fourth and most controversial change introduced with the stage one reforms is the modification of rules allowing "without grounds evictions" (also referred to as "no grounds evictions"). This means that landlords are no longer able to ask tenants to leave a rental property without specific, legally sanctioned reasons ("prescribed grounds"). Prima facie, this change constitutes a significant improvement in the rights and tenure security experienced by Queensland renters.

Emulating reforms recently enacted in Victoria as well as a number of overseas jurisdictions – Scotland, Ireland and New Zealand, to name but a few – approved grounds for ending a tenancy under the new rules include:

- the landlord or their relative wish to move into the property
- the landlord wishes to sell the property
- the property is slated for redevelopment or demolition
- the landlord intends to repair or renovate the property.

Beyond this, however, landlords may also legally terminate tenancies if they wish to withdraw a property from the private rental market, for instance to enable reletting as short-stay accommodation (e.g. AirBnb). And, most problematically, the prescribed grounds for ending a tenancy also include the end of a fixed term agreement. There is thus no requirement for a landlord to renew a fixed-term tenancy agreement once it has lapsed. Given that most tenancy agreements are six or 12 months in duration, this means tenants face the possibility of eviction without grounds on a regular basis. Given that the explicit aim of this aspect of the reforms was to end without grounds evictions, the inclusion of this provision is highly perplexing and, from a tenancy reform perspective, mean that the package constitutes a missed opportunity to significantly improve rental tenure security and tenants' rights.

The insecurity arising from this provision has been exacerbated by the suggestion that Queensland property managers should routinely issue a notice to leave alongside every fixed term tenancy agreement (Hinchliffe 2022), thus preserving scope for without grounds tenancy termination. This is achieved by making eviction the default outcome of a fixed-term agreement ending, whereas lapsed agreements would otherwise default to a periodic lease (a rolling tenancy with no fixed end date). Arguably, the government's legal drafting has left scope for industry practice to effectively frustrate a key declared aim of the reform package, namely to "end without grounds evictions" (Enoch, 2021).

The second stage of Queensland's tenancy law reform initiative is yet to take place. Consultation for stage two of the reforms was originally scheduled to begin in early 2022 and were then postponed to late 2022. However, key stakeholders interviewed for this research indicated that, as of late November, the consultation process had yet to be initiated. The scope of the stage two reforms also remain unspecified. The Housing Minister indicated in late 2021 that enabling "minor modifications to rental properties" by tenants would be a priority consideration (Enoch, 2021, n.p.). According to our stakeholder interviewees, this will likely include modifications required for health and safety reasons (e.g. to enable disability access) or for tenant amenity, with landlords being able to refuse the latter where they have "reasonable grounds". Stakeholder interviewees also suggested that measures to regulate rent increases may also be considered but this has not been officially confirmed by the Queensland Government.

Land tax reform proposals

Australia's private rental sector is distinguished internationally by its unusually high proportion of small-scale private landlords (Morris et al, 2021). Around one in five Australian taxpayers own an investment property rented on the private market (ibid). In part, this reflects the fact that private landlordism is encouraged by a range of federal and state policy settings. One such policy is permissive land tax regimes, where relatively permissive tax-free thresholds enable many landlords to derive wealth from investment properties while remaining land tax-exempt.

In 2021, the Queensland Government proposed changes to the calculation of land tax liability in relation to land associated with rental properties owned in other states - a proposal that was eventually withdrawn due to property industry opposition and non-cooperation from other state governments. The stated aim of these changes was to address a "loophole" in the Australian land tax system, wherein land owners can own multiple parcels of land in different states that individually fall beneath each state's land tax threshold (Dick, citied Ryder, 2022). This means that the land owner can accrue significant wealth from a multistate property portfolio whilst paying little-to-no land tax.

The Queensland Government proposed to address this “loophole” by considering an owner’s interstate land holdings when determining whether they are liable to pay land tax in Queensland (not including land exempt for other reasons, such as being the owners’ primary place of residence). This meant that an owner would be liable to pay land tax if the gross worth of their non-exempt land holdings anywhere in Australia exceeded the tax-free land value threshold of $600,000 for individuals ($350,000 for companies and trustees), even if the total value of non-exempt land holdings in Queensland fell below this threshold (Cridland, 2022). Importantly, the amount of tax paid was to be based on the Queensland proportion of the total value of the owners’ non-exempt Australian land only; the proposed policy did not, and indeed could not in a federal system, levy taxes on land located in another state. Rather, the value of non-exempt interstate land was considered only in determining whether the land owner exceeded the tax-free threshold and, if so, the rate of tax payable on the Queensland proportion of their land.

In addition to the consequentially increased revenue envisaged under this reform, the measure could have also slightly offset the existing tax system incentive for rental property investment, recognised by mainstream economic opinion as a contributor to house price inflation (Eslake 2013; Daley et al 2018). To the extent that this could have helped moderate house price affordability for aspirant first home buyers, such measures have the potential to enable more higher income renters to transition to home ownership, thus helping alleviate at least a small portion of the pressure on the private rental market.

Whilst the government’s land tax reform proposal was supported by economists and minor parties (Gillespie, 2022), it was strongly opposed by some property industry interests. It was, for example, argued that the changes would compel investor-landlords to either raise rents or exit the market, thereby constraining rental property provision and driving up rents indirectly. This suggestion was deemed spurious by economists and housing experts, who noted that rents are set by the market and not by costs of provision; that property investment would likely remain lucrative, including for interstate investors; and that the majority of investor-landlords in the state would remain unaffected by the change (Smee, 2022). Industry opposition nevertheless exerted significant pressure on the Queensland Government. This was compounded by the NSW Premier’s public refusal to provide Queensland with necessary data on the NSW property holdings of investor landlords. All of which led to the withdrawal of the proposals in September 2022.

The impact of the NSW Government’s stance in this instance interestingly draws attention to the reality that even in relation to property tax settings reserved to state/territory governments – as in this instance – significant progressive change is difficult to achieve in the absence of a nationally co-ordinated strategy.

Rental market diversification – Build-to-Rent and short-term letting

In addition to the efforts at regulatory reform just outlined, Queensland has also begun engaging with the question of private rental sector diversification – both how to promote a greater diversity in terms in stock and ownership models, as well as dealing with the impact of innovations in the short-term rental sector. The Queensland Government's Build-to-Rent Pilot Project (outlined above) is a key instance of the former process. It aims not only to increase the supply of rental housing but to pilot a model of provision that entails "an increased focus on residential tenants" (Queensland Government, 2021e, n.p.). This reflects acceptance of the BtR development industry proposition that, in contrast to the private individual landlord approach, BtR embodies a fundamentally consumer-focused model of housing provision (Pawson et al. 2019). Also implied in this statement is recognition of the need to, if not move away from, then at least supplement the model of small-scale landlordism that currently dominates private rental provision in Australia; a model that is more oriented to the speculative pursuit of capital gains than to providing an essential service to tenants (Adkins et al, 2021).

In relation to short-term rentals (STRs), the policy challenge here is more one of oversight and regulation than active promotion. As with many jurisdictions nationally and internationally (Alizadeh et al, 2018; Shabrina et al, 2022), there is significant concern in Queensland about the impact of short-term rental providers (such as AirBnB and Stayz) on local rental housing supply and affordability – as discussed in Section 2.2. Reflecting such concerns, the Queensland Government has committed to "commission[ing] a body of research to understand the impact properties placed on short-term rental sites such as AirBnB and Stayz has on the market" (Miles, 2022, n.p.). The research will examine not only the impact of short-term rentals but also "a range of regulatory and non-regulatory options" for managing them (ibid).

The Queensland Government review follows on from substantial contestation between, on the one hand, those concerned about the potentially negative affordability impacts of mainstream rental properties being removed for STR use and, on the other hand, STR platform companies and property owner advocates robustly defending owners' rights to operate with no special regulation. Issues in contention here include questions of regulatory responsibility – state government or local council – as well as the status of properties in STR use with respect to planning regulation, and the legitimacy of council rates or land tax supplementary charges in this instance (Crommelin et al. 2018).

Brisbane City Council has also sought to respond to concerns about the impact of short-term rentals on tightening rental markets. In June 2022, the Brisbane Lord Mayor announced that a new "Transitory Accommodation rating category" to capture short-term rentals in the city and subject those offering whole properties for more than 60 days per year to a "50 per cent surcharge on their current rate bill" (Schrinner, 2022, n.p.). The new measures will be enforced with the help of "artificial intelligence and big-data-aided oversight" provided by technology company, Deckard Technologies, who have been contracted by the council to support with the monitoring of short-term rental listings in the city (Dennien, 2022). It will also be supported by many local residents, who the council has encouraged to report neighbours who they suspect are letting out their properties as short-term rentals (ibid).

Research has found that short-term rentals can contribute to rising rents (Shabrina et al, 2022) and the displacement of local residents (Amore et al, 2022) in high demand areas. However, Australian research has also shown that its impact is highly variable and geographically concentrated (Alizadeh et al, 2018; Gurran et al, 2020). Thus, whilst STR regulatory reforms may have the potential to somewhat relieve rental market stress in certain areas, such changes are far from a panacea for rising housing unaffordability across the state - a policy challenge which, as we have shown, has much broader and longer-term structural drivers.

3.5 Chapter conclusion

Like other Australian jurisdictions, Queensland has recently seen ongoing efforts to transition housing assistance away from reliance on social housing allocations and towards much more limited help to access private rental housing. The practicability and efficacy of this strategy has been severely challenged by recent rental market conditions. Social housing, meanwhile, is only now beginning to see the benefits of belatedly stepped-up government investment after a decade of stasis. On the management of access to social housing, it would be hoped that the highly critical 2022 Audit Office report will have stimulated overdue enhancement of relevant policies and procedures.

On the management of homelessness, the past 2 to 3 years have seen some potentially positive developments on de-concentration of temporary accommodation, and on boarding house regulation. At the same time, there is a continuing reluctance to recognise that the need for permanent supportive housing substantially exceeds current provision.

Highly notable commitments to state government-funded expansion of social and affordable housing since 2017 (and, especially, since 2021) are somewhat compromised by the typically opaque and/or ambiguous ways that associated programs are specified in public announcements and documents. Along with the absence of routinely published statistics on social and affordable housing construction, sale and demolition activity, this severely limits scope for stakeholder engagement on policy development and for accountability in program delivery.

Despite some tentative statements of intent, the potential for generating social and affordable housing on private sites at no cost to government via mandated developer contributions continues to be effectively neglected.

While somewhat enhancing tenants' rights, recent private rental regulatory reforms have embedded important loopholes that compromise stated reform aspirations on enhanced tenure security. Meanwhile, ongoing initiatives on build-to-rent may help to kickstart a beneficial diversification of private rental provision. At the same time, whether subsidising the inclusion of sub-market units within BtR developments represents the most effective designation of supply subsidies remains uncertain in the absence of a clear specification of scheme costs and benefits.

4. Housing needs and homelessness in Queensland – an overview

Key points

- Nearly half (45%) of all low-income Queensland households were facing unaffordable housing costs in 2019-20, with numbers affected rapidly increasing over the previous four years.
- Among low-income households in the private rental market, in 2019-20 59% were facing unaffordable housing costs, with 15% in severe housing affordability stress (rent accounting for more than half of total income).
- Across Queensland, the proportion of private tenancies being let at rents affordable to low-income households has halved from 26% to 13% since 2017-18.
- Declining rental affordability for low-income households has been most marked in regional Queensland where this trend has been ongoing since at least 2017-18, with the proportion of lettings affordable to this population cohort falling from 36% to 17% over this period.
- Since the onset of COVID-19, declining rental affordability for low-income households has also affected Brisbane with the proportion of affordable lettings falling from 19% to 10%.
- As measured according to the average monthly caseload of specialist homelessness services (SHS) agencies, homelessness in Queensland rose by 22% in the four years to 2021-22 – compared with only 8% across Australia.
- Queensland's SHS caseload has recently grown far more rapidly than the state's overall population (22% compared with 6% in the four years to 2021 to 22); therefore, in contrast with the period 2006 to 2016, the rate of homelessness relative to population increased significantly in Queensland 2017-18 to 2021-22.
- Recently rising homelessness in Queensland has been particularly evident in regional areas, where the average monthly number of SHS service users increased by 28% in the period 2017-18 to 2021-22.
- Queensland groups experiencing particularly rapid recent growth in homelessness include older people aged 55+ (6% over the four years to 2020-21), people impacted by mental ill health (4.1%) and people lately discharged from prison (3.6%).
- While recent social housing waiting list trends appear consistent with other indicators of growing housing need, apparent inconsistency in Queensland waiting list management practices and statistical reporting shed doubt on the significance of such evidence.

4.1 Chapter scope and structure

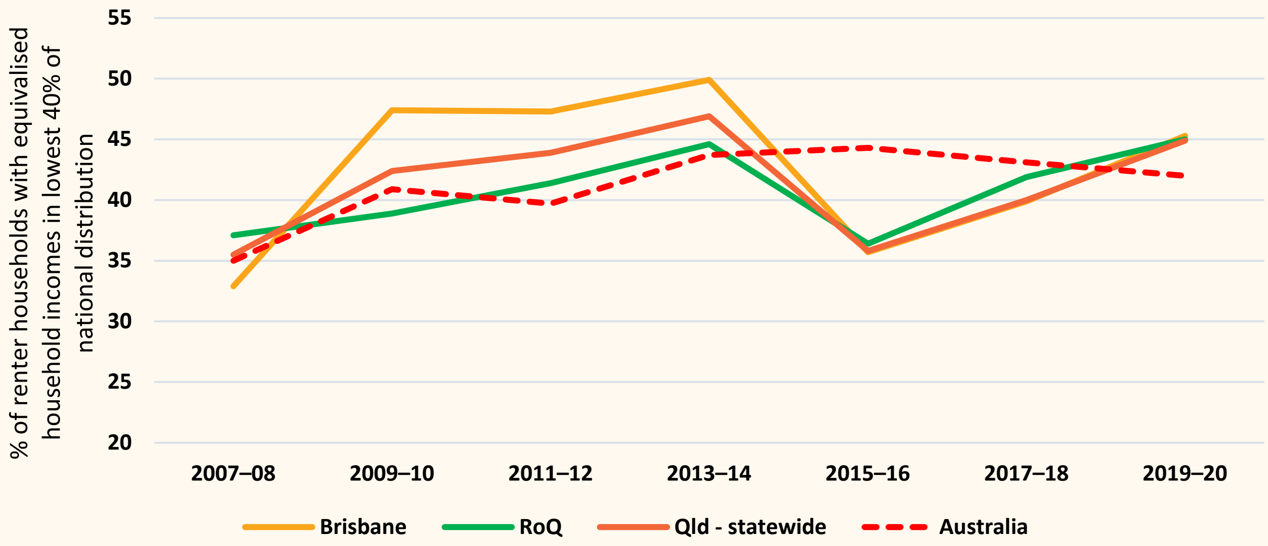
Building on our housing market analysis as presented in Chapter 2, this chapter examines recent trends in private rental market affordability at state-wide and sub-state levels. It then critiques the possible value of social housing waiting list statistics as an indicator of the changing scale of housing need. Finally, it analyses official data that shed light on recent trends in homelessness in Queensland.

4.2 Rental housing affordability for low-income households

This section begins by drawing on national ABS survey data that provide insights on the changing level of housing affordability for low-income households, and how Queensland's situation compares with other Australian jurisdictions. Based on our own original analysis of Queensland Residential Tenancies Authority rental bond data, we then investigate the extent to which "low market" private rental housing remains affordable to low-income households, at both state and sub-state levels.

ABS survey data suggests that nearly half (45%) of low income Queensland households were facing unaffordable housing costs (see Figure 4.1). While equivalent rates in both Brisbane and regional Queensland were somewhat higher in the early 2010s than in 2019-20, the recent trajectory has been markedly upwards.

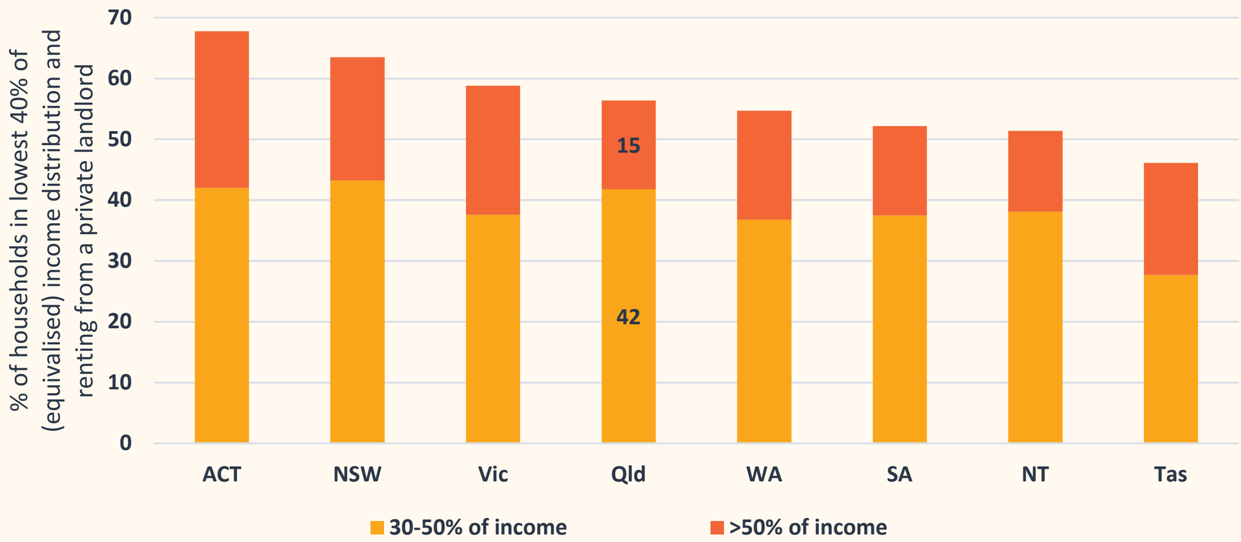
Figure 4.1: Lower income households paying >30% of income on housing, Queensland



Source: ABS Housing Occupancy and Costs, Table 13.1

A slightly different, but also highly informative, metric from the same ABS survey shows that 57% of low-income private renters in Queensland were facing unaffordable rents in 2019-20, with 15% experiencing severe rental stress; i.e. paying more than 50% of total income for housing (see Figure 4.2). While Queensland appears to be in the middle of the pack in terms of the eight Australian jurisdictions on this metric, the upward trajectory apparent in the preceding analysis suggests that the next ABS release from this survey is likely to see the state's position worsen.

Figure 4.2: Percentage of lower income private renters paying unaffordable rents, Australia, 2019-20

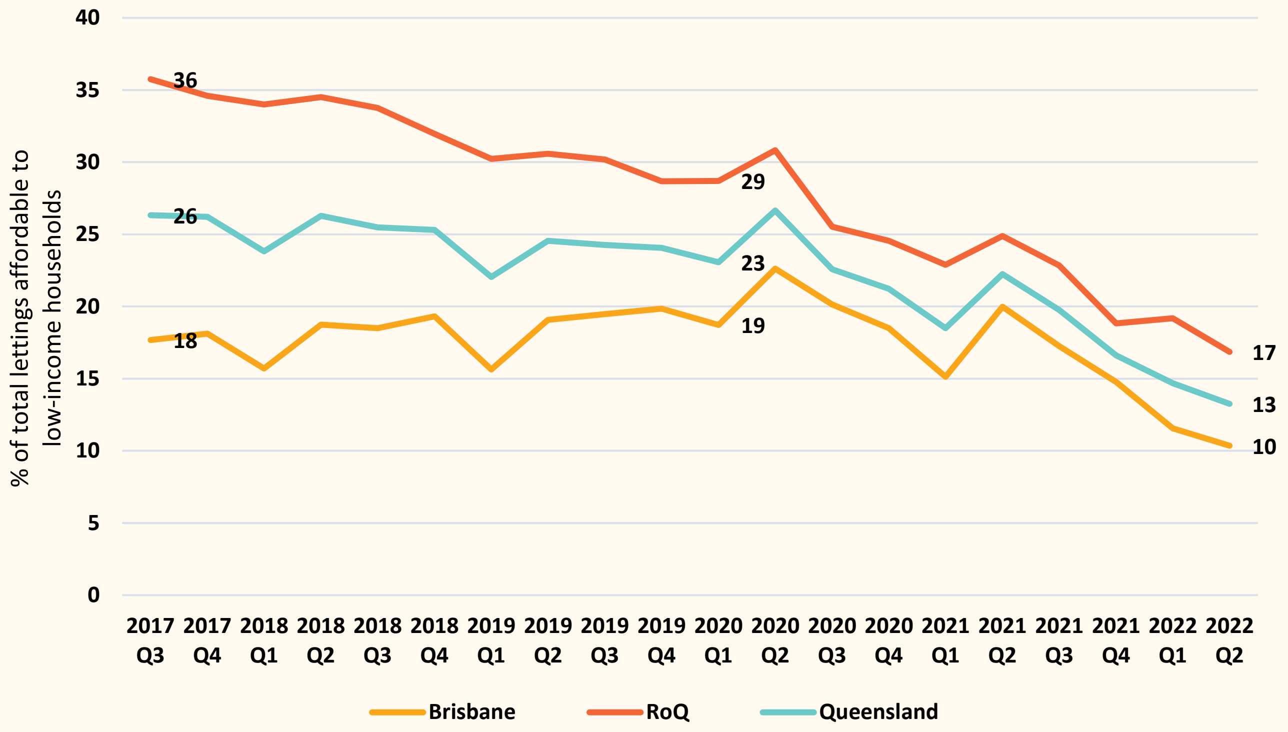


Source: ABS Housing Occupancy and Costs, Table 8.1

The ABS survey that informs Figures 4.1 and 4.2 usefully situates Queensland within a national rental affordability context. However, a downside is that the latest published statistics from this source are for 2019-20. They are now rather dated, particularly in that they pre-date the COVID-19 pandemic. Focusing our attention specifically on Queensland, Figure 4.3 draws on unpublished Residential Tenancies Authority records of rental bond lodgements that run right through to mid-2022. The graph calibrates the percentage of private rental properties leased in each quarter and rented out at prices (rents) affordable to low-income households. The precise calculation is spelled out in more detail in the table footnotes.

This metric graphed in Figure 4.3 reveals a marked decline in rental affordability for low-income households over the past five years, most particularly in regional Queensland. The proportion of "Rest of Queensland" tenancies affordable to low-income households fell from 29% to only 17% from Q1 2020 (immediately prior to the pandemic) to Q2 2022. Similarly, the equivalent series for Greater Brisbane saw a reduction from 19% of lettings being affordable to low-income renters in Q1 2020 to 10% in Q2 2022. Beyond this, it is important to note that declining affordability in the Rest of Queensland long pre-dates COVID-19. This trend has been established since at least mid-2017.

Figure 4.3: Private rental housing affordability for low-income households in Queensland: % of quarterly lettings affordable to low-income households, 2017-22



Source: Raw data on rents from Queensland Residential Tenancies Authority. Notes: Rent affordable to low-income households calibrated on the basis of social security rates for archetype households matched to rent for relevant size properties, assuming maximum affordable rent = 100% of maximum payable Rent Assistance + 30% of other social security income. Household archetypes matched to rent levels as follows: 1 bedroom/Studio – single person on JobSeeker; 2-bedroom – single parent with one child; 3-bedroom: couple on JobSeeker, two children; 4-bedroom+ – couple on JobSeeker, four children. Method adapted from Victoria Rental Report, as devised by Liss Ralston https://www.dffh.vic.gov.au/publications/rental-report.

State-wide, the proportion of tenancies affordable to low-income households has halved to 13% since 2017. This reflects the fact that rents have been rising faster than incomes for the household cohorts concerned. The most glaring policy defect that underlies this is the indexation of Commonwealth Rent Assistance to broader CPI and not specifically to rents. Moreover, the fact that affordability continues to be more stressed in Brisbane than in the regions is partly a consequence of the fact that Rent Assistance, like other social security payments, is set according to national “one-size-fits-all” rates, which take no account of the substantial extent of rent price variation across Australia.

While the gap between rents in Brisbane and regional Queensland has generally narrowed in recent years, rental markets in some Central and North Queensland localities remain significantly more affordable than those of the southeast. As shown in Table 4.1, there are also substantial variations even within the Greater Brisbane and Greater Gold Coast regions.

Table 4.1: Proportion of 2021-22 lettings affordable to low-income households by LGA

LGA name	% of rental bonds lodged in year where rent affordable to low-income household				
	1bS	2b	3b	4b+	All
Noosa	0	0	1	2	1
Gold Coast	1	1	2	5	3
Sunshine Coast	2	1	2	5	3
Brisbane	5	2	4	17	7
Cairns	7	8	4	15	9
Redland	5	11	13	8	10
Mackay	9	16	14	28	19
Mount Isa	6	43	8	31	23
Moreton Bay	5	9	10	41	27
Fraser Coast	6	20	28	38	27
Townsville	9	23	28	43	28
Livingstone	8	32	24	35	28
Gympie	5	31	25	43	29
Whitsunday	10	20	31	41	29
Logan	4	12	15	48	29
Rockhampton	13	27	40	51	34
Scenic Rim	5	27	28	53	36
Bundaberg	9	33	36	54	37
Toowoomba	41	31	32	58	42
Ipswich	12	24	40	56	43
Cassowary Coast	12	50	44	65	46
Isaac	40	53	48	48	49
Charters Towers	11	68	46	52	51
Central Highlands (Qld)	11	51	58	60	55
Lockyer Valley	46	31	55	64	56
Gladstone	23	59	62	73	64
South Burnett	3	71	81	73	70
Southern Downs	15	68	75	80	71
Western Downs	42	76	90	91	85

Includes only LGAs in which at least 1,000 tenancies were let in 2021-22.
For sources and other notes see Figure 4.3.

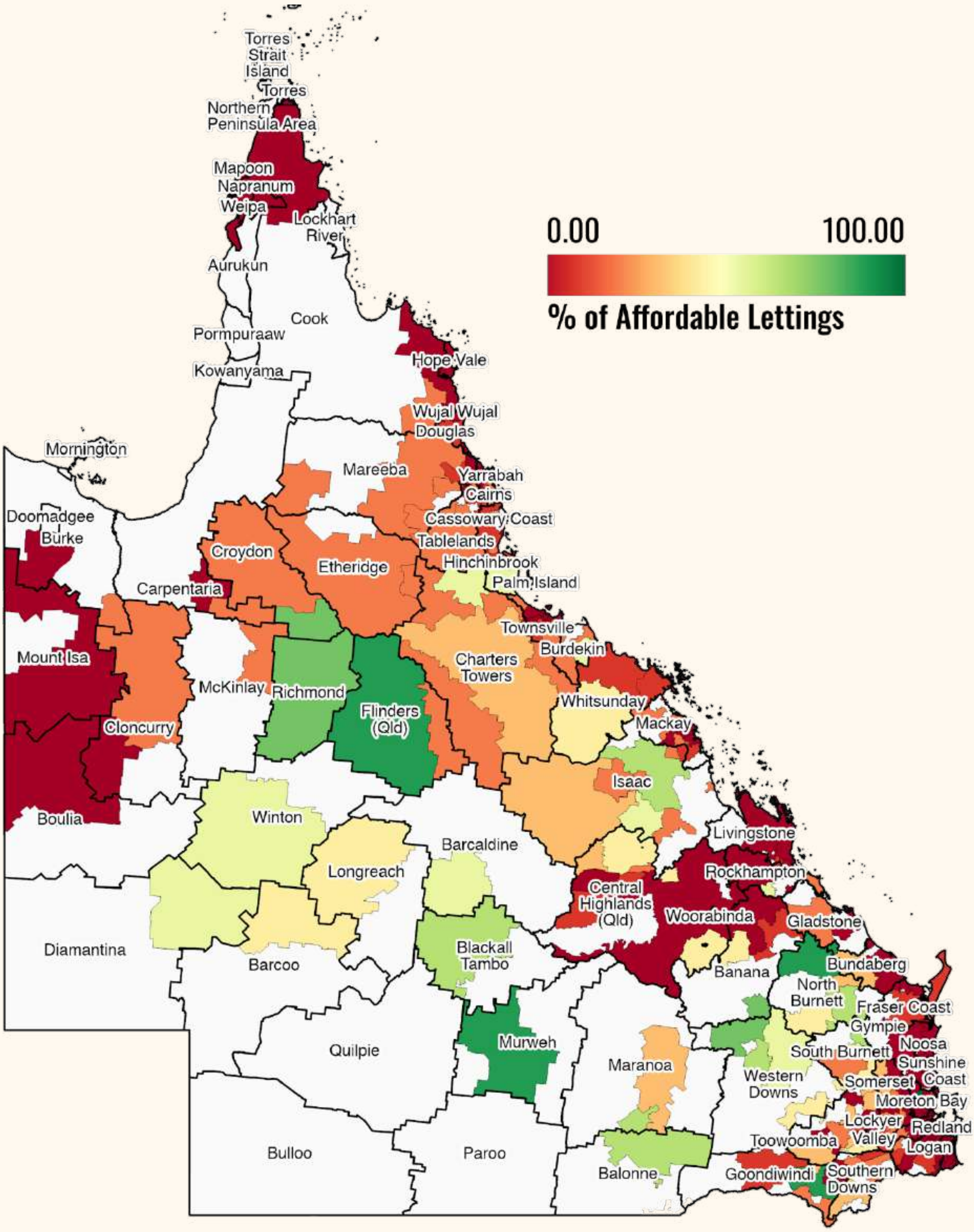
Another way of calibrating rental affordability is to compare the rent affordable to a low-income household (social security recipient archetype) with the lower quartile of the rent distribution. As shown in Table 4.2, on this basis, 1-bedroom apartment and studio rents were affordable in only four of Queensland's 49 local government areas in 2021-22. The situation was little better for 2-bedroom properties.

Table 4.2: Rental affordability for lower income households, related to tenancies let in 2021-22

LGA name	Max rent affordable for property size above ('affordable') or below ('not affordable') lower quartile rent			
	1bS	2b	3b	4b+
Balonne	Not Affordable	Affordable	Affordable	Affordable
Banana	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Barcaldine	Not Affordable	Affordable	Affordable	Affordable
Blackall Tambo	Not Affordable	Affordable	Affordable	Affordable
Brisbane	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Bundaberg	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Burdekin	Not Affordable	Not Affordable	Affordable	Affordable
Cairns	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Cassowary Coast	Not Affordable	Not Affordable	Not Affordable	Affordable
Central Highlands (Qld)	Not Affordable	Not Affordable	Affordable	Not Affordable
Charters Towers	Not Affordable	Affordable	Not Affordable	Not Affordable
Cloncurry	Not Affordable	Not Affordable	Not Affordable	Affordable
Cook	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Douglas	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Etheridge	Not Affordable	Not Affordable	Affordable	Affordable
Flinders (Qld)	Not Affordable	Affordable	Affordable	Affordable
Fraser Coast	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Gladstone	Not Affordable	Not Affordable	Affordable	Affordable
Gold Coast	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Goondiwindi	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Gympie	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Ipswich	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Isaac	Affordable	Affordable	Affordable	Affordable
Livingstone	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Lockyer Valley	Not Affordable	Not Affordable	Not Affordable	Affordable
Logan	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Longreach	Not Affordable	Affordable	Affordable	Affordable
Mackay	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Maranoa	Not Affordable	Affordable	Affordable	Affordable
Mareeba	Not Affordable	Not Affordable	Not Affordable	Affordable
Moreton Bay	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Mount Isa	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Murweh	Affordable	Affordable	Affordable	Affordable
Noosa	Not Affordable	Not Affordable	Not Affordable	Not Affordable
North Burnett	Not Affordable	Affordable	Affordable	Affordable
Redland	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Richmond	Affordable	Affordable	Affordable	Affordable
Rockhampton	Not Affordable	Not Affordable	Not Affordable	Affordable
Scenic Rim	Not Affordable	Not Affordable	Not Affordable	Affordable
Somerset	Not Affordable	Not Affordable	Not Affordable	Affordable
South Burnett	Not Affordable	Not Affordable	Affordable	Affordable
Southern Downs	Not Affordable	Not Affordable	Affordable	Affordable
Sunshine Coast	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Tablelands	Not Affordable	Not Affordable	Not Affordable	Affordable
Toowoomba	Not Affordable	Not Affordable	Not Affordable	Affordable
Townsville	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Western Downs	Not Affordable	Affordable	Affordable	Affordable
Whitsunday	Not Affordable	Not Affordable	Not Affordable	Not Affordable
Winton	Affordable	Affordable	Affordable	Affordable

Note: "Affordable" defined as where the lower quartile rent for properties of the specified size was exceeded by the maximum affordable housing payment for the relevant low-income household archetype – see notes to Figure 4.3, and main text, for details. For sources and other notes see Figure 4.3.

Figure 4.4: Proportion of lettings affordable to low-income households, 2021-22, Queensland



Source and notes: See Figure 4.3.

Compounding – but also to some extent probably triggering – generally declining rental affordability in recent years has been a shrinkage in the volume of tenancies being let. In the four years to 2021-22 this fell by 15% state-wide. The equivalent figure for regional Queensland was 21%. This connects with the Queensland Government's observation about the apparent disappearance of private rental properties during the pandemic (Queensland Government 2022g), and the Government's suggestions as to possible explanations – see Section 2.4.

4.3 Housing need as calibrated from social housing waitlist registrations

Perhaps reflecting conceptual simplicity, social housing waiting list numbers are still frequently treated as a key measure of unmet need for sub-market housing. Since waiting list registration comes about only when initiated by an aspiring applicant, this can be termed a form of "expressed need" – as distinct from, for example, normative need (where someone is designated as such solely on the basis of objectively-set standards or norms).

As they operate in Australia, social housing waiting lists are effectively databases of records relating to households administratively approved as potentially qualifying for a tenancy in public or community housing. For registration eligibility, a household must be an Australian Citizen but must also comply with income limits and evidence of housing need and/or personal vulnerability that compromises ability to secure adequate accommodation in the private market.

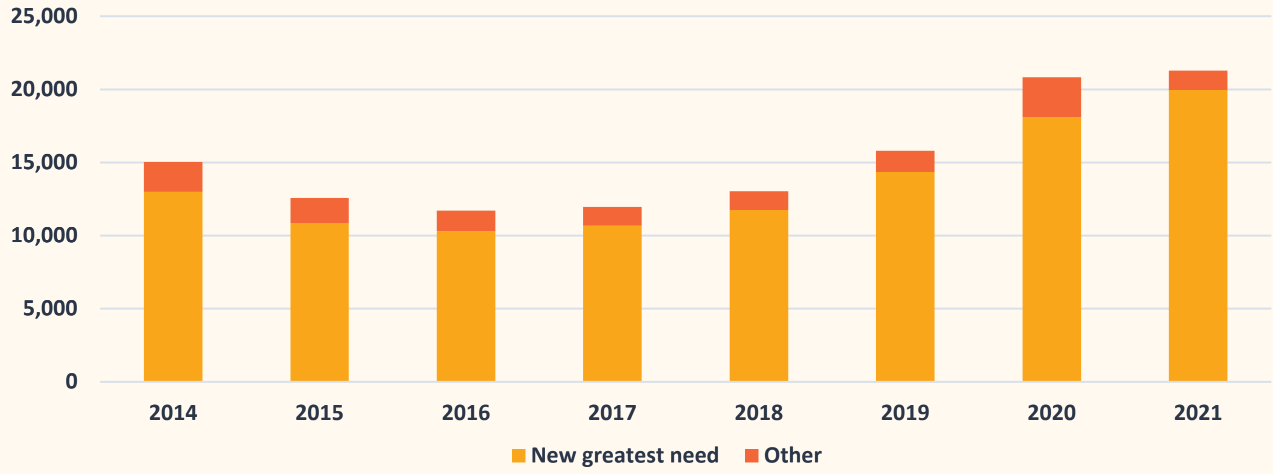
For instance, for registration on the Queensland list in July 2021, a single person household needed to be receiving a weekly income of less than $609 – well below minimum wage income at that time (assuming a standard full-time working week) of $773. The weekly income limit for a couple with two children was $999. By comparison with other Australian states and territories, these were relatively stringent thresholds (Pawson and Lilley 2022).

Beyond this, for waiting list registration in Queensland, a household must also be assessed as experiencing serious housing disadvantage and/or vulnerability in terms of being affected by two or more "non-financial need" factors from a list of situations specified by the Queensland Government. These include, for example "permanent and significant disability" and "multiple unsuccessful private rental applications". As explained in a recent Queensland Audit Office report (2022), these non-financial registration eligibility criteria were significantly tightened in 2019 (see Section 3.2).
As waiting lists are generally managed in Australia, continuing entitlement to registration also demands that an applicant remains compliant with income and other qualification requirements over time (Pawson and Lilley 2022).

On the face of it, published social housing waiting list figures suggest a marked increase in housing need in Queensland over recent years. There are two published sources for such statistics. The first, as referenced in Figure 4.5, is the Productivity Commission's annual Report on Government Services (ROGS) series. As indicated here, over the five years to 30 June 2021, public housing applications grew by 82% to some 21,000 households. The term "greatest need" as cited in Figure 4.5, refers to a definition used by the Australian Institute of Health and Welfare (AIHW), the Commonwealth agency that collates many of the social housing statistics published in the ROGS series. In practice, this is usually applied to people judged as homeless or at risk of homelessness.

As it would appear from Figure 4.5, the vast bulk of Queensland's year-end waiting list cohort has traditionally involved households registered during the year concerned and judged to be in particularly stressed housing circumstances. This seems to imply a huge turnover in high needs waiting list registrations from year to year. On the other hand, it could be that these statistics reflect an eccentric interpretation of the term "new greatest needs" – e.g. extending this beyond applications lodged during the previous 12 months.

Figure 4.5: Queensland public housing waiting list (excluding transfer applicants)



Source: Productivity Commission Report on Government Services (ROGS) – multiple years.
Note: Figures reflect total applications at financial year end, and the proportion of those classed as "new greatest need applicants" (i.e. greatest need applicants joining the list during the preceding twelve months.

The second published source of Queensland social housing waiting list statistics has been the Queensland Government itself, via its open data portal. This dataset is somewhat differently specified to the ROGS statistics, as a unified dataset encompassing applications for all forms of social housing (i.e. including community housing and Indigenous housing as well as public housing). It also includes existing social housing tenants seeking a transfer to a more suitable social rental dwelling. Defined as such, waiting list registrations increased from some 17,000 in 2017-18 to nearly 31,000 in March 2022 – an increase of 78% (Queensland Audit Office 2022).

However, as identified by the above-cited audit report, at the time of the Audit Office analysis almost a third of the 30,922 registered applicants (31%) were households with outdated contact details or whose applications were otherwise "inactive". Moreover, other registrations remaining on the list involved households non-compliant with new more restrictive eligibility criteria introduced in 2019. These recent housing register management practices mean that the changing size of the registered applicant cohort as stated in published official statistics cannot be treated as a meaningful indicator of recent trends in underlying housing need, nor in the backlog of households potentially qualifying for a tenancy offer.

The Audit Office report cites the Queensland Government as stating that, in response to the draft AO findings, all registered applications (irrespective of need) were to be subject to review and possible deletion if "an applicant has not made contact for 12 months" (p11).[13] Whether other applications non-compliant with post-2019 eligibility criteria were to be retained on the register was not made clear. In any event, it is likely that these will form only a very small and diminishing proportion of total registrations in coming years.

In any event, only subject to much more consistent and businesslike management of the social housing waiting list can statistics from this source possibly provide a sound basis for shaping the Queensland Government's housing strategy – for example, in relation to the size mix and spatial distribution of new social housing dwellings. Such decisions would be far better informed by the census-based social and affordable housing needs analysis presented in Chapter 5.

[13] And, indeed, as reported to a Queensland Parliament estimates hearing in 2022, 20% of registrations were in fact removed from the list in response to the Audit Office findings.

4.4 The incidence and geography of homelessness in Queensland

Defining and measuring homelessness

Homelessness can be considered as the most extreme form of "housing need". However, the precise definition and measurement of homelessness is both demanding and contentious. For one thing, it is widely accepted that people sleeping rough on any given night reflect only the visible tip of a much larger homelessness iceberg – all those in grossly unsatisfactory "sheltered" situations such as sleeping in cars, sofa surfing or occupying emergency hostel accommodation. Many in these kinds of situations are highly vulnerable to actual rough sleeping and liable to experience this at some point during any given time period (e.g. month, year). Partly with this in mind, and in common with internationally accepted thinking, the ABS defines homelessness as extending beyond people sleeping out at any point in time to also include several types of situations where people are inadequately sheltered.

The homelessness statistics most widely cited in Australia are those generated by the five yearly ABS Census of Population and Housing, and formulated on the basis summarised above. These "point in time" estimates are built up from the ways that inadequately housed Census respondents describe their living situation on census night, as well as from direct enumeration of people lacking accommodation of any kind (i.e. rough sleepers – or, in ABS terminology, "Persons living in improvised dwellings, tents, or sleeping out") (ABS 2012).

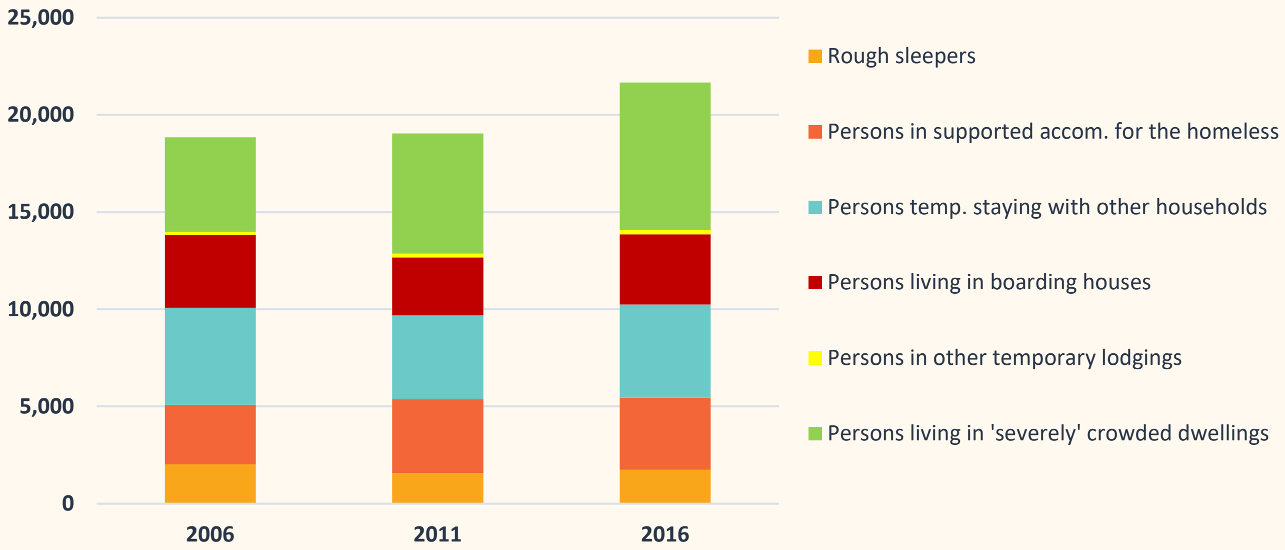
However, the latest ABS homelessness statistics available at the time of writing date from the 2016 Census; relevant figures from the 2021 Census are due for publication only during 2023. Partly for that reason, this section of the report also draws on administratively-generated homelessness statistics as published by the AIHW from data provided by Specialist Homelessness Service (SHS) organisations. This SHS Collection (or SHSC) originates from records of service user/service provider interactions where someone seeks and receives some form of "homelessness service" from one of the many hundreds of non-government agencies tasked to provide such help. Technically, statistics drawn from resulting records can be regarded as a proxy measure of "homelessness expressed demand".

SHS statistics can provide some meaningful impression of homelessness rates and trends, as well as informative insights on the cohort characteristics of people experiencing homelessness or at risk of doing so. They also have certain important advantages over the Census. Firstly, since SHS statistics are being constantly updated, they are capable of indicating trends over time that are not limited to five-yearly snapshots. Secondly, being drawn from service provider organisations that collect operationally relevant information from people seeking help, the AIHW data about people experiencing or at risk of homelessness is much richer than that available from the Census. Importantly, for example, these statistics can provide some indication of the experiences and situations prompting such applications – i.e. "homelessness triggers" or immediate reasons for homelessness, as reported. No such data are collected by the Census.

At the same time, as a proxy measure of "homelessness expressed demand", it is acknowledged that SHSC data have some limitations. Importantly, like all statistics that enumerate service recipients, they are liable to be influenced by SHS organisational capacity. Thus, the figures analysed in this chapter relate specifically to those both seeking, and provided with, some form of "homelessness service" during the relevant time period. They therefore exclude anyone seeking help but turned away due to lack of resources.

Equally, of course, many people at risk of homelessness, or even already in this situation, may seek no assistance from an SHS provider.[14] That is, they may not "express demand" for such help (perhaps because there is no such agency operating in their area, or due to a lack of confidence that meaningful assistance will be offered), and therefore remain uncounted in the AIHW statistics as analysed here. Strikingly, population-wide survey evidence suggests that two-thirds of people experiencing homelessness do not in fact seek support (ABS 2015).

Figure 4.6: People subject to homelessness in Queensland – point-in-time estimates 2006, 2011 and 2016



Source ABS Census "Estimating Homelessness" https://www.abs.gov.au/statistics/people/housing/census-population-and-housing-estimating-homelessness/latest-release#data-download.

According to the 2016 Census, some 22,000 people were homeless in Queensland at that time, up from just under 19,000 in 2006 – a numerical increase of some 15%. As indicated in Figure 4.6, the most rapidly growing component involved people subject to severe overcrowding, that is persons living in homes requiring four or more extra bedrooms to satisfactorily accommodate the household.

Despite the numerical increase recorded over the ten years to 2016, the rate of homelessness fell slightly – reflecting the fact that Queensland's overall population increased slightly more rapidly than homelessness during this period. Moreover, even in purely numerical terms homelessness in Queensland rose somewhat more modestly than elsewhere in Australia in the decade to 2016. The national total grew by 30% over this period.

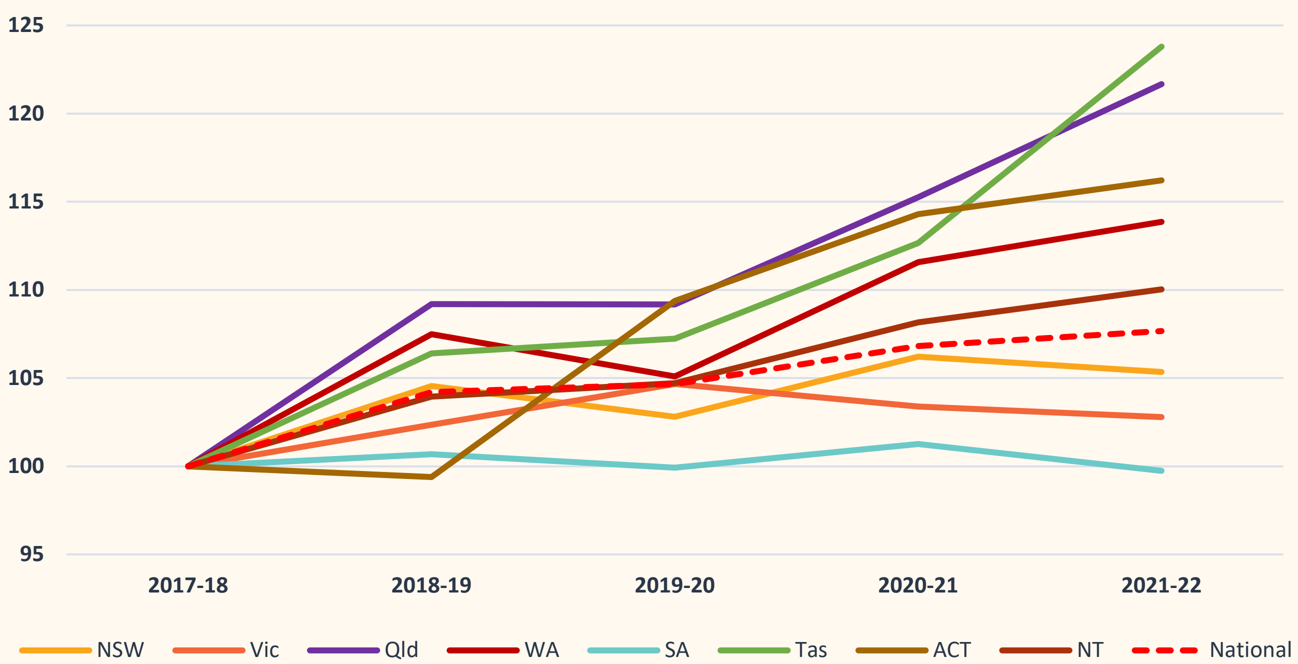
[14] A particular issue here may be the geographical distribution of SHS services; i.e. the absence of any such organisation in the home area of a person in need of such help.

Changing rates and geographies of homelessness in Queensland since 2017

Over the more recent past, however, AIHW statistics on SHS agency service user caseloads suggest a different story.[15] On this basis, homelessness in Queensland increased by 22% over the four years to 2021-22, as compared with only 8% across Australia as a whole – see Figure 4.6. Thus, at nearly 13,000 (12,739), the average monthly number of people using SHS services in 2021-22 was up from some 10,000 (10,477) in 2017-18.

As shown in Figure 4.7, only in Tasmania did numbers rise more substantially in percentage terms over this period. Of course, Queensland's broader population also has of course also grown relatively strongly in recent years. Nevertheless, the 6% population increase in the four years to December 2021 was dwarfed by the increment in SHS agency caseloads, at 22%. This suggests that – in contrast to the period 2006-2016 – it is not only the number of people experiencing homelessness that has increased in Queensland, but also the rate relative to population.

Figure 4.7: SHS service users: average total monthly caseloads (persons) by jurisdiction, 2017-18 to 2021-22, indexed to 2017-18 (2017-18=100)

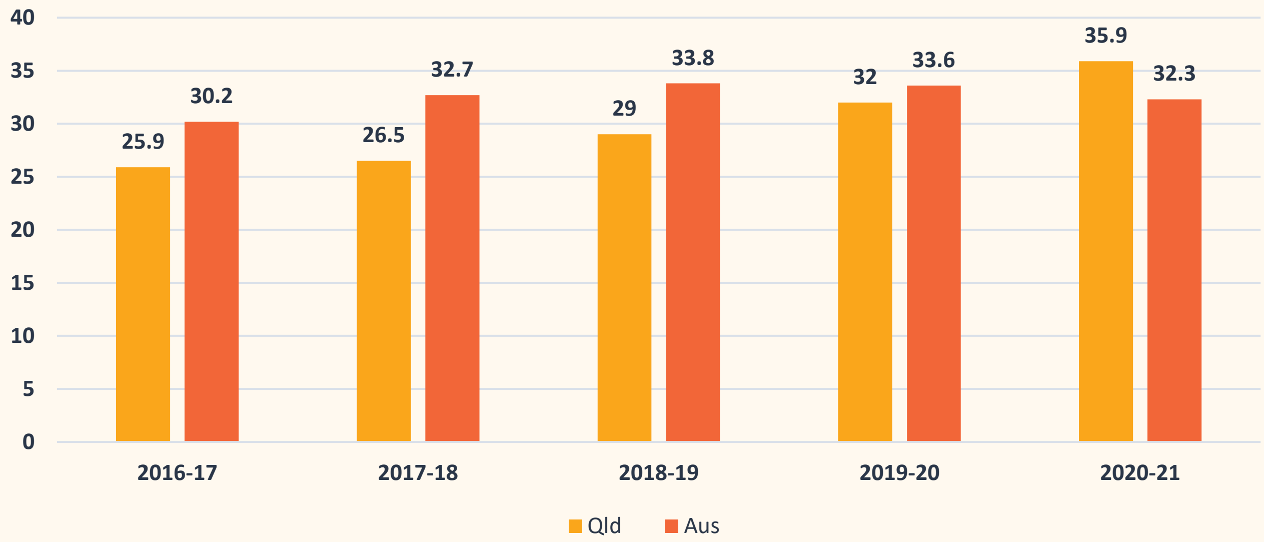


Source: AIHW monthly SHSC statistics – figures based on average monthly service user numbers for each financial year.

Before further analysing recent change in Queensland's SHS service user cohort in terms of geography and demography, let us first review the trend in the incidence of people seeking, but not provided with, SHS services. This is potentially important both in itself, and also in terms of implications for our use of "persons using SHS services" as a proxy for the underlying incidence of homelessness. In principle, the rising number of SHS service users in Queensland in recent years might reflect a declining proportion of people unsuccessfully seeking such help; that is, persons experiencing homelessness or at risk of it being turned away by SHS agencies.

[15] It is acknowledged that the use of SHS caseloads as a proxy measure of "homelessness demand" is imperfect, partly because it is affected by (service) capacity, as well as by demand for those services. Therefore, rising caseloads may, to some extent, reflect expanded capacity rather than rising demand, as such.

Figure 4.8: Percentage of clients with unmet need for accommodation or other services, Queensland and Australia, 2016-17 to 2020-21

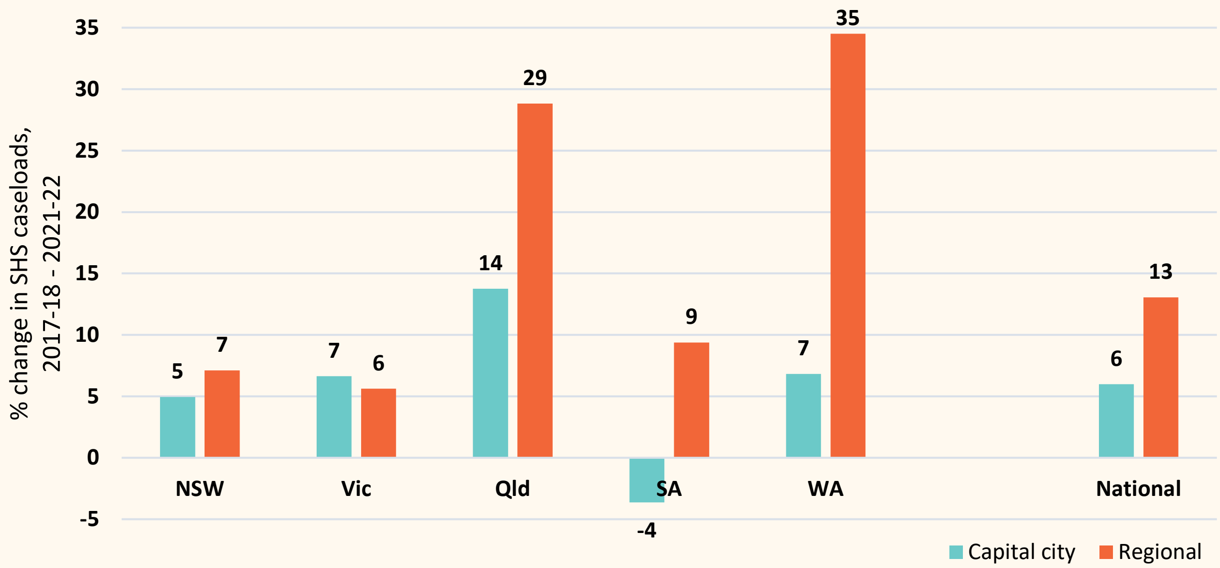


Source: Productivity Commission Report on Government Services 2022, Table 19A7.

It is possibly significant that, as shown in Figure 4.8, the proportion of aspiring SHS service users being declined assistance in Queensland significantly increased in the four years to 2020-21. This seems to indicate that the scale of “rising homelessness” implied by growing “assisted service user” numbers (see Figure 4.7) probably understates the actual underlying increase. It is also notable that the “percentage unassisted” metric has been trending upwards in Queensland more steadily and substantially than the Australia-wide norm. This may indicate that Queensland agencies are facing a disproportionately growing challenge in meeting local needs.

Returning to our analysis of SHS assisted service user trends, Figure 4.9 builds on the state/territory-level comparison in Figure 4.7, illustrating that recently rising homelessness in Queensland has resulted mainly from increased SHS service user caseloads in regional areas. Perhaps significantly, as also shown in Figure 4.9, most other states saw similarly outsized increases in regional homelessness over the period. This is consistent with the tendency for disproportionate growth in both house prices and rents in non-metropolitan Australia observed during the pandemic (see Chapter 2). However, it should be noted that the pattern here may be to some extent affected by recently expanded SHS capacity in some regional Queensland communities (Queensland Government 2021).

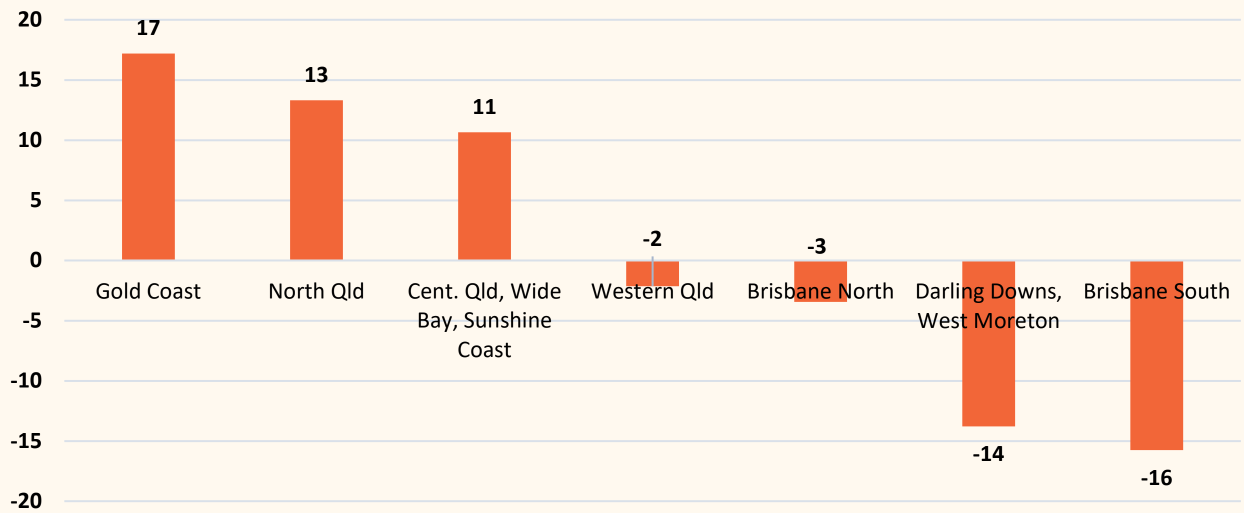
Figure 4.9: Total SHS caseloads (persons), mainland states; % change 2017-18 to 2021-22 broken down by capital city vs. regions



Source: AIHW monthly SHSC statistics – special tabulation.
Figures based on monthly average figures for the two cited financial years.

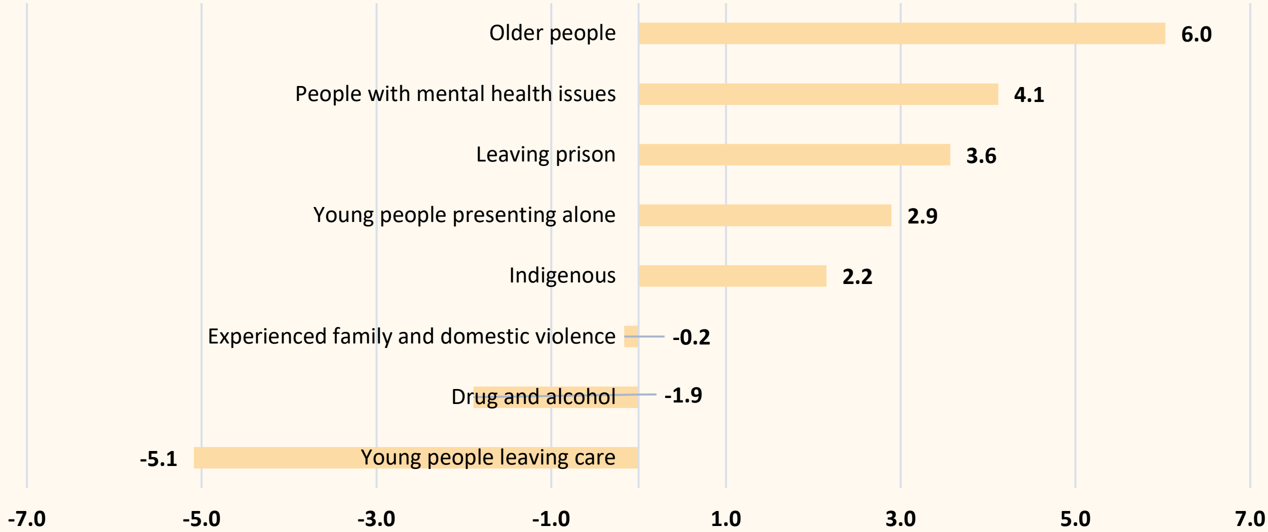
Taking the analysis down to the next sub-jurisdictional level somewhat confirms the tendency for regional homelessness increases unseen in Brisbane – see Figure 4.10. Notably, during the chosen timeslot, rising numbers were most strongly evident on the Gold Coast and in North Queensland. The lack of total consistency with the pattern shown in Figure 4.9 results from the slightly different time periods covered by the two analyses. This has been unavoidable because, at the time of writing, the most recently published AIHW statistics for this particular metric relate to 2020-21. A second factor is that Figure 4.9 relates to total annual service user numbers whereas Figure 4.8 graphs average monthly numbers in each financial year.

Figure 4.10: % change in total annual no. of SHS service users (persons), 2016-17 to 2020-21



Source: AIHW SHSC data cubes
https://reporting.aihw.gov.au/Reports/openRVUrl.do?rsRID=SBIP%3A%2F%2FMETASERVER%2FAIHW%2FReleasedPublic%2FSpecialist+Homeless+Services+2021%2FReports%2FSHS+geography+PHN+2021.srx.

Figure 4.11: Annual average % change in various cohorts among Queensland SHS service users, 2016-17 to 2020-21



Source: AIHW SHSC – Specialist homelessness services historical data 2011-12 – 2020-21.

The past few years have also seen substantial variations in the representation of different groups within the Queensland SHS agency service user caseload. While they remain a relatively small group, older persons (people aged 55+) have lately formed the most rapidly expanding cohort among those identified in Figure 4.11. To give a sense of scale, the numerical increase for this group was from 2,293 in 2016-17 to 2,846 in 2020-21. Similar comments apply to people seeking SHS services after prison discharge – a relatively small, but likewise rapidly growing group within the overall SHS service user population.

Somewhat contrastingly, two of the other groups also expanding relatively rapidly in percentage terms – persons with mental health issues and Indigenous people – also account for large absolute numbers of service users (11,635 and 15,090 in 2020-21, respectively). It is the growth in these groups that probably has the greatest significance in terms of implicit needs for housing and support services. Notably, the historically large group of SHS applicants who have experienced family and domestic violence has remained large but static over this time period.

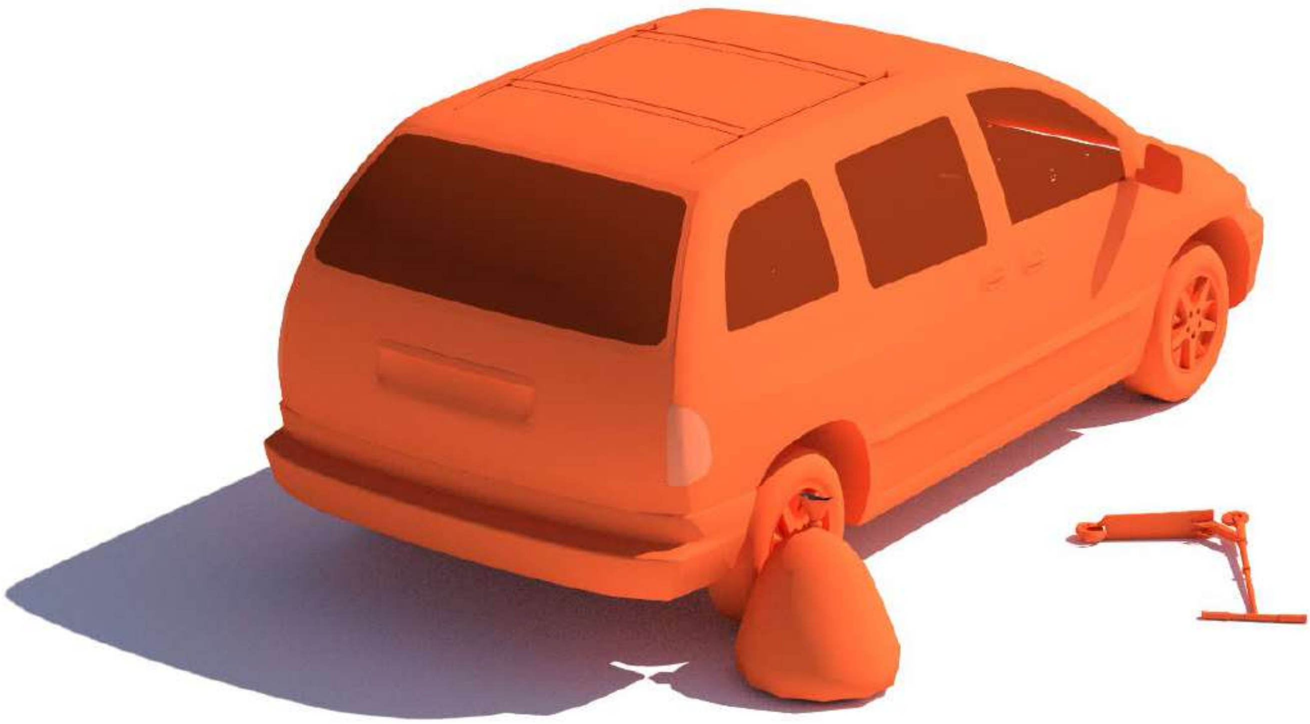
Just as in other parts of Australia, Indigenous people remain highly over-represented among people experiencing homelessness in Queensland. In 2021-22, for example, people of Aboriginal or Torres Strait Island background accounted for 35% of persons assisted by SHS agencies, a seven-fold over-representation of their share of the state's overall population (5%). This is partly associated with disproportionately large numbers of Indigenous people experiencing serious overcrowding. According to the 2021 Census, no less than 38% of Aboriginal and Torres Strait Islander households in Queensland were occupying homes with insufficient bedrooms, as compared with only 16% of non-Indigenous households.[16]

[16] It should be noted, however, that official definitions of crowding do not always correspond to the experiences and cultural expectations of Indigenous households (Memmott et al, 2012). Nor do they always adequately capture the cultural incongruities that contribute to identified instances of crowding. This includes, for instance, the fact that "Housing stock is usually designed for smaller nuclear families and is inadequate to house large, extended and complex family structures typical of Indigenous communities" [Memmott et al, 2012, p3].

4.5 Chapter conclusion

Basing our judgement on statistics from a range of sources, homelessness and housing need in Queensland appear to have markedly increased in recent years. This has been particularly evident in many regional areas of the state. Comparisons between Queensland and other jurisdictions moreover suggest that these regions have become an epicentre of rising need for Australia as a whole.

Notably diverse patterns of change are evident across the cohort of people experiencing homelessness or at risk of homelessness. It is not only that the problem has been expanding fastest in certain localities, but that certain sub-groups have been growing much more quickly than others. This observation has practical implications in terms of housing and support provision for the future.



5. Scale and geography of affordable rental housing need in Queensland

Key points

- Overall, there are approximately 150,000 households across Queensland whose needs for affordable housing are currently unmet. This includes 100,000 households who would typically be eligible for social housing. These cohorts may be termed “backlog need”.
- Beyond this, on current trends an additional unmet need for social and affordable housing will equate to 70,000 households over the next 20 years, 54,000 of which will be social housing-eligible households. These cohorts are termed “newly arising need”.
- Accommodating both backlog need and 2021 to 2041 newly arising need through a 20-year program would call for an expansion of social and affordable housing stock equating to an annual increase of more than 7.5%; or an average of over 11,000 dwellings per year. Much of this would need to involve dedicated social/affordable housing construction and management.
- The scale of currently unmet need for social housing as measured through the Census (some 100,000 households) dwarfs the number of households officially recognised as such in terms of being registered on the Queensland social housing waiting list (approximately 21,000 as at 30 June 2021 – net of applications by existing social renters).
- The highest incidence of currently unmet need, both in absolute terms and as a proportion of all households, is situated in the areas to the south of Brisbane; with one in ten households in both Logan – Beaudesert and Gold Coast being renters or homeless people currently experiencing unmet need for affordable accommodation. And Gold Coast’s large overall population means that such a rate translates to an unmet need of nearly 25,000 households.
- Families are over-represented in the unmet need estimates across suburban markets in Southeast Queensland. In regional markets, in contrast, lone-person households are over-represented compared to the equivalent share of all Australian households.
- Enumerated homelessness, a contributor to overall unmet need estimates, is most pronounced in the inner city of Brisbane, and in the remote communities of Outback Queensland.
- Simply to avoid the current backlog need for social housing growing even larger will require the annual net addition of some 2,700 social rental dwellings to the state’s current stock. This is more than double the average annual number of social and affordable rental dwellings – 1,300 – expected to be built over the next decade under existing Queensland Government investment commitments.

5.1 Analytical methodology overview

Complementing the housing affordability and needs analysis presented in Chapter 4, this chapter reports on 2021 Census analysis (van den Nouwelant et al 2022, van den Nouwelant et al 2022) that unpacks the scale and geography of the associated policy challenge. In detailing this analysis, we use the term "affordable housing need". As used here, this relates to homeless people and lower income tenants in rental stress who require either social or affordable rental housing. That is, people with unmet need in income quintile 1 (social housing) and income quintile 2 (affordable rental housing).

The method used is described in detail in Lawson et al (2018), with the analysis representing an update to the broader consideration of 2016 housing need stemming from both the bottom two quintiles of households by income (Q1 and Q2) from Troy et al (2019). It is an adaptation of the long-standing Canadian approach for estimating core housing need (Statistics Canada 2019).

Briefly, the method uses census counts (ABS 2022e) to quantify the number of households:

- earning below a given income threshold (see Table 5.1)
- in private rental
- paying more than 30% of household income on rent; and
- not headed by a full-time tertiary student.

This last point is in recognition that a proportion of households meeting the first three criteria are "student households" that do not typically constitute an ongoing need for housing support.

Table 5.1: 2021 household income thresholds for households "in scope" for our analysis

	% all households	Q1 income threshold /week/household	Q2 income threshold /week/household
Lone person households	27%	$425	$600
Couples and adult groups	31%	$875	$1,450
Families with children	43%	$1,475	$2,050

Source: The authors.

Outside student households, the analysis also divides the counts into three household categories, to reflect the different housing needs and costs: single person households, couple and other adult group households, and families with children (families is used as a shorthand for this last group, but does not diminish other household categories identifying as families).

In addition to low-income households experiencing rental stress, the analysis quantifies the enumerated homelessness as a "manifest" need for social housing. As outlined in Chapter 4 (see Figure. 4.6), enumerated homelessness incorporates those in severely overcrowded dwellings as well as those without permanent, secure housing. For this analysis, the 2016 homelessness counts are used, as 2021 counts have not been released at the time of writing.

The analysis is presented at "SA4", a census geography that approximates labour markets and so, to some extent, housing markets, although there is significant heterogeneity of housing typologies, price points and contexts within a given SA4. Queensland is divided into 21 SA4s, which are grouped into five regions with common patterns in this analysis.

5.2 Unmet affordable housing need by region

■ Brisbane

Brisbane is defined here as the five SA4s prefixed with "Brisbane" in their names (see Figure 5.1). They are, without the prefix (and with some indicative centres):

- Inner City (CBD and surrounds)
- North (Eagle Farm/Chermside)
- East (Murarrie/Capalaba/Redland Bay)
- West (Indooroopilly/Enoggera)
- South (Woolloongabba/Rocklea/Eight Mile Plains).

Overall, this region has unmet housing needs of just under 32,000 households, a little over 6% of all households. There are approximately 16,000 existing social and affordable dwellings, meaning around two thirds of those in need of affordable housing do not currently have access to such options. Of note, about 14,000 of these households are in Q2, a much higher proportion than other parts of the state. This reflects the high housing costs here, generally, which results in a higher proportion of Q2 being in rental housing, and also in rental stress.

There is a broadly consistent profile of the unmet need across SA4 units within this region, with the exception of the Inner City. For the other areas, approximately 6% of household needs are not being met. Around 57% of the need is in Q1 – typically eligible for social housing. And around 53% are families with children. This is an over-representation of families with children compared with Australian household composition, and points to the challenge of finding affordable family-sized dwellings through the suburbs of Brisbane. Given the emphasis on smaller apartments in Australian infill development, including these parts of Brisbane, this unmet need is a challenge for current market development patterns to address. The lower volumes of existing social and affordable housing in the East and West SA4s means the growth in support needed to meet the needs here is higher than the South and, particularly, North.

Figure 5.1: Brisbane SA4 geography

As shown in Table 5.2, the Inner City stands out from the remainder of this region in multiple ways. First, the rate of unmet need (6.9%) is the only SA4 in this region above the national rate. Second, there is a much higher number of, and so higher proportion of, unmet need originating from enumerated homelessness (13% of unmet need). It also has, consistent with the population profile generally, much higher proportions of unmet need being for households without children (57%); and being for those in Q2 (40%).

Table 5.2: Unmet affordable housing need in Brisbane

Needed social housing (2021): Brisbane			
SA4	**Households**	**Unmet need (% households)**	**Social housing (% all need)**
Inner City	127,500	8,800 (6.9%)	3,600 (29%)
East	90,100	5,700 (6.3%)	2,800 (33%)
North	89,100	5,400 (6.0%)	3,600 (40%)
South	135,800	8,900 (6.5%)	5,000 (36%)
West	67,700	3,000 (4.4%)	1,400 (33%)

Source of unmet need (2021): Brisbane			
SA4	**Q1 rent stress**	**Q2 rent stress**	**Manifest (homeless)**
Inner City	46%	40%	13%
East	57%	40%	3%
North	57%	39%	4%
South	58%	35%	7%
West	57%	39%	4%

Composition of unmet need (2021): Brisbane				
SA4	**Families w/ children**	**Couples/ adult groups**	**Lone persons**	**Manifest (homeless)**
Inner City	30%	26%	31%	13%
East	54%	20%	23%	3%
North	50%	18%	28%	4%
South	53%	21%	20%	7%
West	58%	21%	17%	4%

Projected need by 2041: Brisbane			
SA4	**Projected 2041 need**	**As annual growth of existing AH**	**As av. annual build**
Inner City	13,700	8.1%	600-700
East	9,000	7.5%	400-500
North	8,900	6.4%	400-500
South	14,400	7.0%	700-800
West	4,700	7.5%	200-300

Source: Authors' analysis of 2016 and 2021 ABS Census data.

Brisbane periphery

While considered part of the "Greater Brisbane" metropolitan area in standard ABS configuration of SA4s, these are four SA4s worth distinguishing when profiling the unmet need for affordable housing (see Figure 5.2):

- Ipswich
- Logan - Beaudesert
- Moreton Bay North (Redcliffe/Caboolture)
- Moreton Bay South (Strathpine/North Lakes).

The first point of distinction is the critically high rates of households with unmet housing needs, overall. There are nearly 40,000 households whose needs are currently not being met across the outskirts of Brisbane, accounting for about 9% of all households: up to a rate of one in ten for Logan (see Table 5.3). This rate of unmet need is much higher than the national rate and, along with the Gold Coast, the highest rate in Queensland.

The second point of distinction, and in contrast to Gold Coast, is that a much higher proportion of this unmet need (70% across the region) originates from Q1 – typically eligible for social housing. This suggests that the high rates of unmet need are not entirely due to increasing rents, which would see high rates of Q2 fall into stress too.

Instead, the patterns here suggest the historical role of these markets is a key factor as by virtue of being relatively low-cost for Southeast Queensland they are a key destination catchment for those on very low incomes. Given such a community profile, any increase in private rents, or housing costs generally, will result in high rates of need for the Q1 cohort.

Figure 5.2: Brisbane periphery SA4 geography

This is likely partly a function of recent rental price growth - such as that identified in Figure 2.9, earlier in this report. Of note, comparable analysis to this chapter but for the 2016 Census, found similarly high rates. As such, this is also likely to partly be a longer-standing "pinch point" in the broader Southeast Queensland market, with very few places to relocate to for those on very low incomes priced out of this region.

As sites of growth for Southeast Queensland, there is scope to incorporate diversity in new market developments, to increase the market options available at lower price-points. A limit to such a strategy, though, is that new stock typically enters the market at or near the top of the market, and a lack of substitutability for older stock limits any market filtering processes. New housing growth does, however, present opportunities for inclusionary zoning – that is, integrating social and affordable housing into new development, alongside other infrastructure delivered to support population growth. Consideration of such options is important, given the high volume of affordable housing needed – up to 1,000 dwellings annually in Ipswich and Logan.

Table 5.3: Unmet affordable housing need in Brisbane periphery

Needed social housing: Brisbane periphery (2021)			
SA4	**Households**	**Unmet need (% households)**	**Social housing (% all need)**
Ipswich	129,700	11,600 (9.0%)	4,900 (30%)
Logan - Beaudesert	124,700	12,500 (10.0%)	4,600 (27%)
Moreton Bay - North	101,900	10,000 (9.9%)	3,700 (27%)
Moreton Bay - South	77,100	5,200 (6.8%)	1,300 (20%)

Source of unmet need: Brisbane periphery (2021)			
SA4	**Q1 rent stress**	**Q2 rent stress**	**Manifest (homeless)**
Ipswich	73%	23%	4%
Logan - Beaudesert	71%	25%	4%
Moreton Bay - North	65%	31%	4%
Moreton Bay - South	68%	30%	2%

Composition of unmet need: Brisbane periphery (2021)				
SA4	**Families w/ children**	**Couples/ adult groups**	**Lone persons**	**Manifest (homeless)**
Ipswich	57%	15%	24%	4%
Logan - Beaudesert	59%	15%	22%	4%
Moreton Bay - North	48%	20%	28%	4%
Moreton Bay - South	63%	18%	17%	2%

Projected need by 2041: Brisbane periphery			
SA4	**Projected 2041 need**	**As annual growth of existing AH**	**As av. annual build**
Ipswich	18,200	8.1%	900-1000
Logan - Beaudesert	19,300	8.6%	900-1000
Moreton Bay - North	15,500	8.6%	700-800
Moreton Bay - South	7,800	10.2%	300-400

Source: Authors' analysis of 2016 and 2021 ABS Census data.

Rest of Southeast Queensland

Despite being considered “regional”, rather than part of the capital city metropolitan area, in the standard ABS configuration of SA4s, these three Southeast Queensland markets adjacent to those in Brisbane are clearly interlinked (see Figure 5.3):

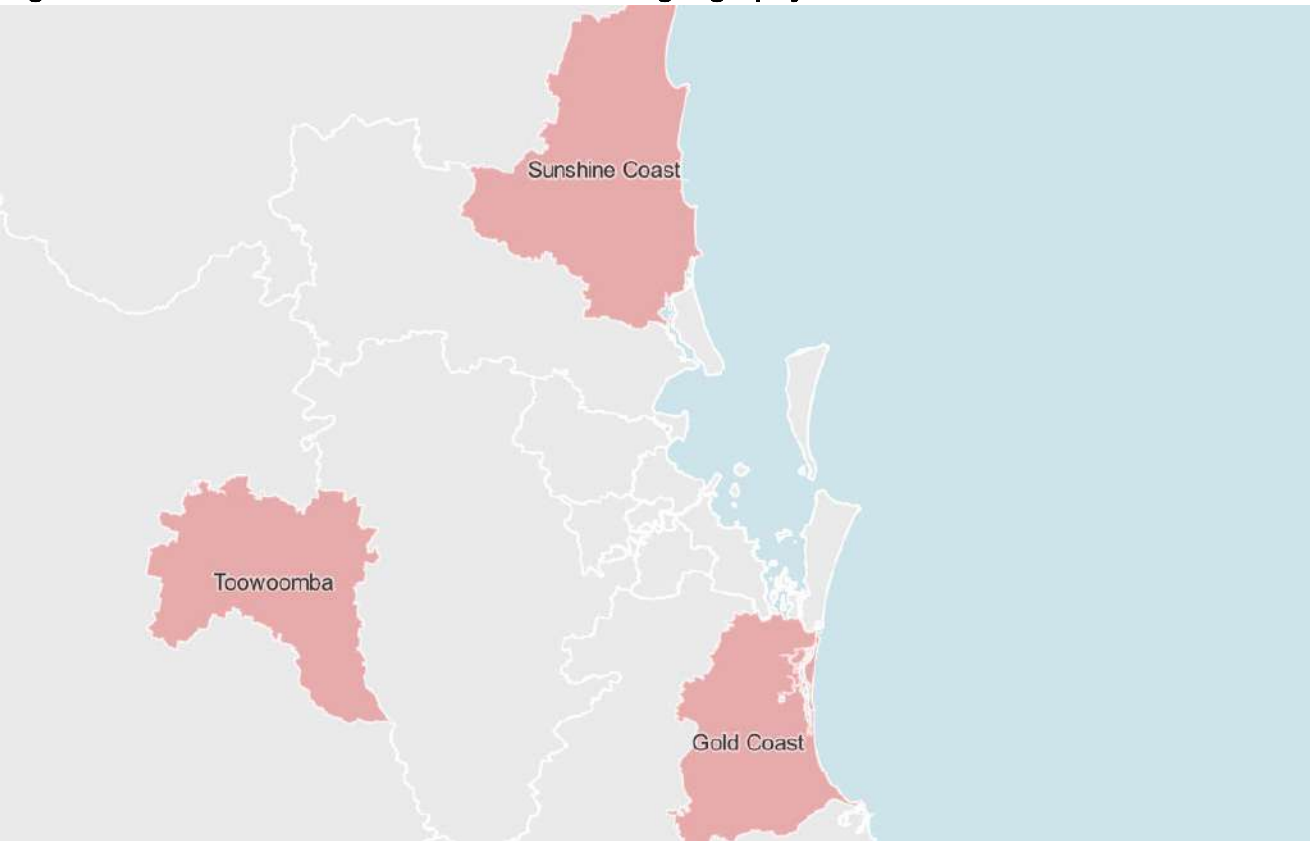
- Toowoomba
- Sunshine Coast
- Gold Coast.

There are over 40,000 households in need across this region, over half in the Gold Coast alone. Like the peripheral SA4s within metropolitan Brisbane, this equates to 9% of households: up to a rate of one in ten in the Gold Coast – both of these being very high rates relative to state-wide or national norms. However, there are some key points of difference that warrant separate consideration of these markets of Southeast Queensland.

In Toowoomba, for example, some patterns do resemble the other parts of Brisbane’s periphery, with two thirds originating from Q1 rental stress (see Table 5.4). In contrast, there is also a notably high proportion of need for lone person households (34%), which more closely resembles the regional SA4s described below.

The Gold Coast and Sunshine Coast are large SA4s – Gold Coast particularly so, at nearly 250,000 households. And they are fast growing and have high house prices, distinct from Ipswich and Logan. These high costs are reflected in the higher proportion of need originating from Q2 rental stress: over 40% or over 15,000 households across these two coastal SA4s (see Table 5.4). This pattern is more akin to the high-cost markets in the inner and middle suburbs of Brisbane.

Figure 5.3: Rest of Southeast Queensland SA4 geography



Gold Coast and Sunshine Coast have very low volumes of existing affordable housing – only around 2% of all housing stock. This translates to very low proportions of need currently being met (less than 20%). It also translates to relatively high rates of growth to meet the needs of the community by 2041 (>9.5% on existing affordable housing – see Table 5.4). In the case of the Gold Coast, this high rate, coupled with the large size of the SA4, means it requires some of the highest volumes of new affordable dwellings in Australia – over 1,500 annually to meet needs by 2041.

Table 5.4: Unmet affordable housing need in rest of Southeast Queensland

Needed social housing: Rest of Southeast Queensland (2021)			
SA4	**Households**	**Unmet need (% households)**	**Social housing (% all need)**
Gold Coast	245,600	24,400 (9.9%)	4,800 (17%)
Sunshine Coast	155,300	12,300 (7.9%)	3,200 (21%)
Toowoomba	62,200	4,800 (7.8%)	1,700 (26%)

Source of unmet need: Rest of Southeast Queensland (2021)			
SA4	**Q1 rent stress**	**Q2 rent stress**	**Manifest (homeless)**
Gold Coast	55%	42%	3%
Sunshine Coast	54%	43%	3%
Toowoomba	67%	29%	4%

Composition of unmet need: Rest of Southeast Queensland (2021)				
SA4	**Families w/ children**	**Couples/ adult groups**	**Lone persons**	**Manifest (homeless)**
Gold Coast	54%	23%	20%	3%
Sunshine Coast	54%	21%	22%	3%
Toowoomba	48%	14%	34%	4%

Projected need by 2041: Rest of Southeast Queensland			
SA4	**Projected 2041 need**	**As annual growth of existing AH**	**As av. annual build**
Gold Coast	31,900	10.7%	1500-1600
Sunshine Coast	16,300	9.5%	800-900
Toowoomba	6,500	8.2%	300-400

Source: Authors' analysis of 2016 and 2021 ABS Census data.

Other coastal regions

Comprising the five largest centres outside Southeast Queensland, and along with their respective hinterlands, these five SA4s have important similarities and differences (see Figure 5.4):

- Cairns
- Townsville
- Mackay – Isaac – Whitsunday
- Central Queensland (Rockhampton/Gladstone)
- Wide Bay (Bundaberg/Hervey Bay).

Across this coastal region, there is an unmet need of around 35,000 households, around 7.5% of households. As shown in Table 5.5, this does vary from centre to centre, with Cairns to the north and Wide Bay to the south both experiencing rates of unmet need (between 8.4 to 8.9% of all households) that exceed the national rate.

The others are closer to the national rate, and reflect their position as midway between the large and small centres that typically experience higher and lower rates, respectively. One caution is that the particular boundaries of these SA4s likely conceal some significant differences, particularly between the more built-up urban areas and the more rural surrounds.

One example of this “fade to grey” within these SA4s is that rates of unmet need, when compared to comparable analysis of the 2016 Census, are marginally better. This is counter to experiences of homelessness and rental affordability reported in earlier chapters. It requires further investigation, but any reduction in absolute unmet need perhaps represents different experiences in the urban and rural parts of these SA4s. It is also possible that any alleviation reflects market sorting – that is, people finding cheaper housing options, despite rents generally growing and incomes generally not. Although such sorting might indicate suitable alternatives, it is likely to mean other compromises are being made by households, perhaps relocating to the more rural hinterlands and away from jobs growth and other supporting amenity and infrastructure.

All SA4s have a similar composition in terms of both the income groups and household types. The split of, approximately, two thirds falling within the Q1 cohort and one third within the Q2 cohort is also close to the national profile. The slightly higher rates of manifest need, from homelessness counts in Cairns and Townsville is notable and likely reflects the incorporation of some more remote communities in the far north.

Figure 5.4: Other coastal regions SA4 geography

The split of household types is also close to representative. There is a higher proportion of lone-person households compared to the national unmet need, but it is broadly representative of the population as a whole. As in other regional markets, it suggests a need for greater housing diversity, away from the predominance of single-family homes. One outlier among this group is the higher rate of couples and other adult groups in Wide Bay (see Table 5.5).

Wide Bay is also an outlier in its relatively lower volume of existing affordable housing. As a result, a lower proportion of need for such housing is currently being met. And, any future growth represents a faster rate over the existing stock, if need is to be met by 2041.

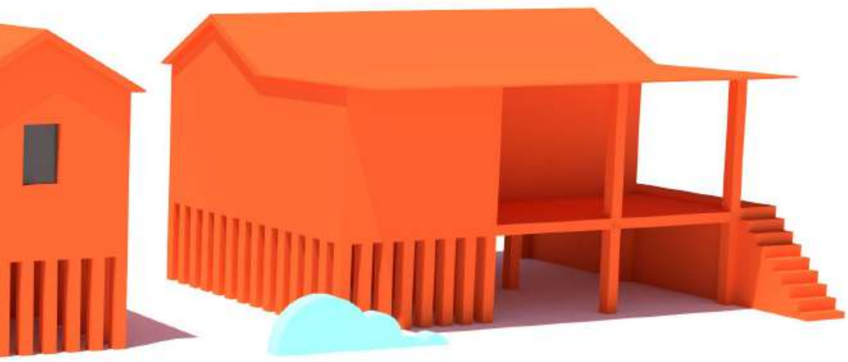


Table 5.5: Unmet affordable housing need in other coastal regions

Needed social housing: Coastal regions (2021)			
SA4	**Households**	**Unmet need (% households)**	**Social housing (% all need)**
Cairns	98,700	8,800 (8.9%)	4,300 (33%)
Townsville	90,000	6,100 (6.8%)	4,200 (41%)
Mackay - Isaac - Whitsunday	66,200	4,000 (6.1%)	2,400 (37%)
Central Queensland	86,400	5,800 (6.7%)	3,500 (38%)
Wide Bay	125,500	10,500 (8.4%)	3,000 (26%)

Source of unmet need: Coastal regions (2021)			
SA4	**Q1 rent stress**	**Q2 rent stress**	**Manifest (homeless)**
Cairns	59%	30%	11%
Townsville	65%	26%	10%
Mackay - Isaac - Whitsunday	64%	29%	7%
Central Queensland	69%	25%	6%
Wide Bay	65%	29%	6%

Composition of unmet need: Coastal regions (2021)				
SA4	**Families w/ children**	**Couples/ adult groups**	**Lone persons**	**Manifest (homeless)**
Cairns	42%	15%	33%	11%
Townsville	40%	14%	36%	10%
Mackay - Isaac - Whitsunday	47%	13%	33%	7%
Central Queensland	45%	12%	37%	6%
Wide Bay	38%	19%	38%	6%

Projected need by 2041: Coastal regions			
SA4	**Projected 2041 need**	**As annual growth of existing AH**	**As av. annual build**
Cairns	12,100	6.9%	600-700
Townsville	8,700	5.8%	400-500
Mackay - Isaac - Whitsunday	5,700	6.3%	200-300
Central Queensland	8,200	6.2%	400-500
Wide Bay	14,100	8.2%	700-800

Source: Authors' analysis of 2016 and 2021 ABS Census data.

Inland regions

The two remaining SA4s each tell their own story, but share the characteristic of lacking an urban centre with a population over 20,000 (see Figure 5.5):

- Outback (Cooktown/Mount Isa/Longreach)
- Darling Downs - Maranoa (Warwick/Roma/St George).

These two SA4s represent a much smaller volume of unmet need, under 5,000 households, but this is mostly due to the lower overall populations in these SA4s. In relative terms, the unmet need of around 6% is only marginally lower than the national rate.

Darling Downs – Maranoa, with the major population centre, Warwick, at the eastern end and adjacent to Toowoomba, does have observed patterns of unmet need similar to those of Toowoomba, albeit in lower numbers (see Tables 5.6 and 5.4). The split across income groups and across household categories align. One difference is the more pronounced over-representation of lone-person households in Darling Downs. Likely attributable to an ageing population, this pattern presents an important difference from other profiles of unmet need. Housing that is suitable for this cohort, both in size and price point, is more likely to be delivered through growth in more diverse market housing. This includes a shift away from the predominance of large family homes towards more smaller options.

The Outback SA4 spans large proportion of the state by area, and stretches from the northeast to southwest. So, like the coastal regions described above, likely conceals some heterogeneity. The key point of difference for this SA4 is the much larger proportion – over half – of the unmet need originating from enumerated homelessness. This reflects the fact that housing tends to be affordable in most parts of this SA4. The unmet need is instead a function of remote communities, including Indigenous communities. The Outback also sees much higher volumes of existing affordable housing, as a proportion of all dwellings. As such, a much higher proportion (79%) of identified need for such housing options is currently being met. Given the remote locations and little growth, meeting the needs of the remainder will likely require more bespoke interventions.

Figure 5.5: Inland regions SA4 geography

Table 5.6: Unmet affordable housing need in other coastal regions

Needed social housing: Inland regions (2021)			
SA4	Households	Unmet need (% households)	Social housing (% all need)
Queensland - Outback	27,600	1,500 (5.3%)	5,500 (79%)
Darling Downs - Maranoa	50,400	3,200 (6.4%)	1,200 (27%)

Source of unmet need: Inland regions (2021)			
SA4	Q1 rent stress	Q2 rent stress	Manifest (homeless)
Queensland - Outback	33%	15%	52%
Darling Downs - Maranoa	68%	27%	4%

Composition of unmet need: Inland regions (2021)				
SA4	Families w/ children	Couples/ adult groups	Lone persons	Manifest (homeless)
Queensland - Outback	24%	4%	20%	52%
Darling Downs - Maranoa	40%	13%	43%	4%

Projected need by 2041: Inland regions			
SA4	Projected 2041 need	As annual growth of existing AH	As av. annual build
Queensland - Outback	3,300	2.3%	100-200
Darling Downs - Maranoa	4,400	8.0%	200-300

Source: Authors' analysis of 2016 and 2021 ABS Census data.

5.3 Conclusions

Overall, these figures highlight the need for more social and affordable housing – over 150,000 Queensland households are currently lacking suitable housing within their financial means. Crucially, when combining the unmet need from enumerated homelessness and from Q1 households in rental stress (both typically eligible for social housing), the unmet need for social housing alone is over 100,000 households. This is well above the expressed demand for social housing through official wait lists, which comprised between 20,000 and 30,000 households in 2021 (see Section 4.3). This discrepancy probably indicates the extent to which households in need of social housing fail to consider such support likely to materialise (and therefore decide there is no point in registering – or in maintaining registration).

Translating this "backlog" of need for social and affordable housing to a policy program for the next 20 years (and also accommodating projected future need from that period), implies that existing social and affordable stock must grow by 7.5 to 8.0% annually – an average annual expansion of over 11,000 dwellings. Some of this – particularly in relation to the Q2 cohort – might be possibly achieved by means other than constructing social and affordable rental housing (e.g. through a major increase in Commonwealth Rent Assistance).

However, unmet need involving Q1 ("social housing eligible") homeless people and tenants in rental stress would be harder to alleviate other than through expanded provision of social housing. And, on this basis, even simply keeping pace with social housing need newly arising over the next 20 years (54,000 households) would call for the net addition of some 2,700 social rental dwellings annually. This is a significantly higher ask than the average annual number of social and affordable rental dwellings – 1,300 – expected to be built over the next ten years under existing Queensland Government financial commitments (see 'Funding necessary additional social housing provision' in Chapter 6). Moreover, this would see the current backlog need for social housing (100,000 households) remaining at current levels.

A third overarching conclusion of this analysis is the need to acknowledge market differences when crafting policy responses. All parts of Queensland have substantial unmet affordable housing needs. However, both the level and profile of unmet need – and so the potentially suitable policy interventions to overcome it – vary significantly. Some regional markets have lower-cost market housing options, but these could well be priced to reflect a lack of jobs or amenities, highlighting the need for such infrastructure. In Southeast Queensland, there is a high volume of families with children unable to meet their housing needs, highlighting the limitations of infill housing developments that target smaller households. In other regional markets, there is a shortage of affordable options for lone-person households, which could be addressed through more diverse market housing (including smaller dwellings) in those regional markets. And in outback Queensland, unmet need reflects the complex challenges of remote communities.

6. Housing policy challenges and reform recommendations

6.1 Chapter scope and structure

Building on the main body of the report, this chapter summarises housing policy challenges for Queensland and proposes a range of policy measures that logically flow from our findings. The chapter remit is also framed by the specific concerns set out in the project brief for this research (see Chapter 1):

- enhancement of housing policymaking and housing policy governance
- social housing need and possible funding mechanisms for meeting such need
- affordability and security for low-income private tenants
- housing policy settings negatively impacting on broader housing affordability.

The policy recommendations outlined in Section 6.4 are primarily underpinned by our analysis of Queensland's housing system as set out in Chapters 2 to 5. Our resulting conclusions are summarised in Section 6.2. Then, to further inform our policy reform recommendations, Section 6.3 encapsulates the informed views of independent expert and other stakeholder interviewees on key housing policy challenges faced by the state.

6.2 Evidence from Chapters 2 to 5: housing policy challenges for Queensland in 2022

■ Home ownership

Home ownership in Queensland has declined markedly in most age cohorts over the past 20 years and it is doubtful that the recent slight uptick in young adult home owner rates signals any sustained recovery. House and unit prices saw rapid increases in the period 2020 to 22, with Brisbane unit prices rising by 23% and houses by 46%, for example. While this price cycle appeared to have peaked in mid-2022, the higher interest rates that prompted this development also deliver more expensive mortgages. Hence, any significant improvement in house price affordability appears unlikely.

While this report is primarily concerned with the adequacy and affordability of housing for low-income households, home ownership affordability has indirect but important relevance. This reflects the fact that housing is an interconnected system. Rising entry barriers for owner occupation, as experienced over recent decades, have meant that moderate to high income households with home ownership aspirations have been confined to the private rental sector for increasingly lengthy periods (especially due to deposit saving obligations). Not only does this have a generally inflationary impact on rents, but it has a crowding out effect with respect to low-income tenants, whereby some low rent properties are occupied by moderate to high income households (a phenomenon unpacked by Hulse et al. 2019).

On this logic, low and declining house price affordability is a concern even for renters with little prospect of home ownership themselves. By the same token, measures to ease home ownership affordability need to be part of a housing policy reform package, for those who might benefit both directly and indirectly.

Private rental housing

Queensland's private rental housing has seen several years of declining vacancy levels and rent inflation rates far above the national norm. More generally, the sector remains entirely dominated by small-scale investor landlords whose usual prioritisation of capital growth over rental revenue inherently compromises tenant security. While the Queensland Government is looking to provide some support to the establishment of a build-to-rent industry for sector diversification, this has a very long way to go.

Frustrations over constrained access to home ownership are made all the more distressing to renters by the ongoing inadequacy of tenant rights on rents, security and conditions. Somewhat belatedly in response to many years of tenant activism, the Queensland Government enacted significant rental regulation reforms in 2022. However, these fell far short of the changes advocated by tenants' rights campaigners.

The affordability of mainstream rental housing for low-income households has been declining in regional Queensland for at least four years, and in Brisbane – where it was already low – for more than two years. Part of the problem here is the inadequate indexation of Commonwealth Rent Assistance which is uprated according to the general rate of inflation (Consumer Prices Index) rather than according to actual rents (which tend to rise at somewhat higher rates). This is a detailed feature of the social security system once again exposed by recent economic trends (rent inflation far exceeding CPI) as a flawed policy setting long overdue for correction.

Affordable private rental housing provision is also being eroded by the expiry of rent restrictions on homes developed under the National Rental Affordability Scheme (NRAS). Accordingly, over the period 2020 to 2026, more than 10,000 NRAS homes in Queensland will cease to be subject to such restrictions, with occupancy therefore subsequently available only at market prices. These losses will be only partially offset by the affordable rental component of early-to-mid 2020s construction programs recently pledged by state and Commonwealth governments.

Social housing provision and needs

Thanks to associated recent federal and state government commitments, social housing provision is set for a significant influx of additional stock over the period to around 2027. However, inactivity during much of the 2010s means there is a huge amount of ground to be made up.

Rising need for social housing is apparent from social housing waiting list statistics, although this "evidence" is somewhat compromised by recent revelations on historically erratic waiting list/register management.

Another more simply calibrated indicator of social housing demand, SHS agency caseload statistics, indicates that the scale of homelessness in Queensland has been recently rising faster than in almost any other Australian jurisdiction, and at a rate well ahead of overall population growth.

More importantly, the newly completed census-based analysis outlined in Chapter 5 estimates Queensland's currently unmet need for social and affordable housing as equating to 153,000 households, with newly arising need over the next 20 years projected as totalling another 70,000. Tackling such need entirely through social and affordable rental housing construction would call for an annual program of some 11,000 homes.

6.3 Queensland housing policy challenges: expert/stakeholder perspectives

This section draws on our two interviews with Queensland-based housing policy experts, our two meetings with Queensland Government officials, our focus group discussion with NGOs, and our seven interviews with other NGO stakeholders. As further elaborated below, "key housing policy challenges" identified by these research participants can be summarised under five headings:

- structurally-generated housing affordability stress
- inadequate social, crisis and affordable housing provision
- private rental housing insecurity
- lack of strategic planning
- sub-optimal institutional architecture.

The first three of these concerns are primarily about aspects of housing provision and housing system operation which – at least in part – reflect existing and historic policy settings. The last two headings are more concerned with policymaker approaches and housing policy governance.

Structurally-generated housing affordability stress

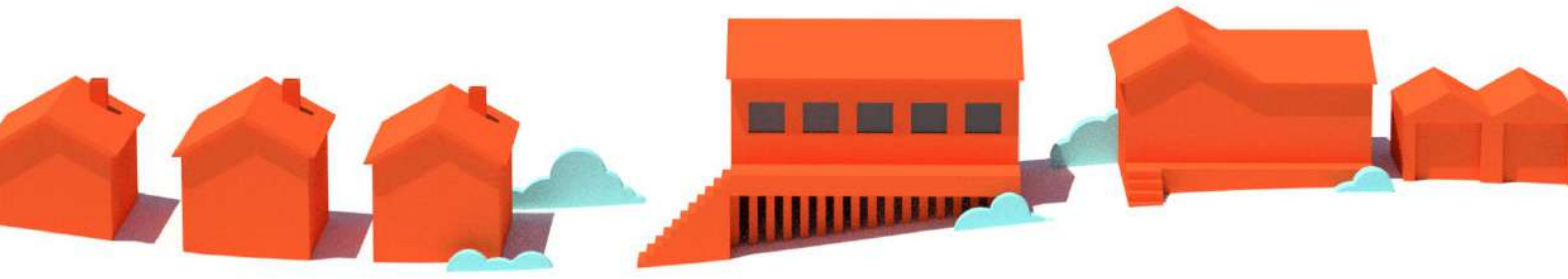
Our two independent expert interviewees tended to argue that Queensland housing policy challenges were largely attributable to the structure of the national housing market and the way that this was seen to favour owners as opposed to tenants:

> *The system works okay for people … who already own property but … it's not supporting renters, it's not supporting first home buyers and the people who are in that … increasingly precarious situation are increasing in number.*
> *- Expert stakeholder*

From this perspective, the policy reform prime focus was Commonwealth tax and financial regulation powers that affect the attractiveness of residential property investment, as well as state/territory rental regulation powers.

Importantly, the inter-connectedness of the housing system was fully accepted in this official perspective:

> *A broad, global challenge … [on] social and affordable housing is you can't really view it as a discrete housing market. You have to view it within the context of the broader market. And … with rents rising by 20% in the last year, [and] housing prices [similarly booming], it sends more of those individuals who would have been on the marginal edges [of sustaining private market housing] towards needing more intensive support from the state. And that's why you've got a longer waiting list on social housing than we had previously.*
> *- Government stakeholder*



Inadequate social, crisis and affordable housing provision

For most NGO stakeholders, the critical concern was the perceived inadequacy of non-market housing provision, a problem universally considered as growing increasingly severe:

> *I think the most significant housing policy challenge is building social housing ... because … both federally and at the state there hasn't been a focus on [this]. There's been an assumption that the private rental market will provide. We've had a fallout of low-cost housing, boarding houses, caravan parks [but a lack of compensating] investment in social housing.*
> *- NGO stakeholder*

> *[A central problem is a] continuing undersupply of social and affordable housing investment … compared to … demand [associated with] … stop/start of investment and then continually playing catch-up.*
> *- NGO stakeholder*

The apparent recent build-up of social housing waiting list applications was a noted consequence. Moreover:

> *We know [the waiting list is] just one indicator of need because there's a whole heap of other people who are not even eligible for social housing who are currently living in cars, tents and motel rooms.*
> *- NGO stakeholder*

Likewise linked with the stressed social housing system, interviewees connected with the homelessness services sector reported an increasingly acute shortage of crisis accommodation for client groups including women fleeing domestic and family violence, as graphically described in this account:

> *Demand [to accommodate women and children fleeing domestic violence] is through the roof. Before 2015 it was very rare for us to be using emergency motel accommodation, to … provide safety options to evacuate people from a violent situation. We could get them directly through to shelter or to a high-security refuge throughout the state. Now we can't even get them into motels. So we've had to actually taxi women three hours away, taxi because that is the only option … to get them into safe accommodation throughout the state.*
> *- NGO stakeholder*

Concerns related to regional stress included a perspective on the operational difficulties resulting from inability to source staff housing in these settings:

> *Trying to get [employees] to go to remote, very remote areas is a challenge at the best of times so really to add on top of the mix is really having to provide accommodation for staff that really want to spend maybe one to two years out in those areas before they come back to somewhere like Brisbane.*
> *- NGO stakeholder*

Private rental housing insecurity

While efforts on tenancy reform were recognised, recently enacted measures were criticised as badly weakened in response to real estate industry lobbying – crucially through the effective exemption of fixed-term lease agreements from the proscription of no-grounds evictions. The measures were therefore considered as having failed to adequately strengthen tenant security. Despite the reforms, the situation remained one where:

> *What we're seeing daily is weak tenancy laws which make people who are housed reluctant to be able to pursue their rights and fearful of eviction and being turfed out ... Extremely high rent increases at the moment and, because it's a tight market, the lack of negotiation or ability to negotiate by the tenants, so they'll often get a notice to leave.*
> *- NGO stakeholder*

Lack of strategic planning

Several NGO participants criticised what they saw as inadequate strategic thinking in the housing domain. This was partly about a perceived lack of commitment to analysing future housing need and demand, and partly about metropolitan-scale planning practice. On the first of these, it was argued that:

> *We don't have targets and we aren't doing really good population planning to understand and forecast how many homes we need in the pipeline and what their composition needs to be, what kinds of homes, what kinds of tenure, what are we understanding about what household needs are?*
> *- NGO stakeholder*

> *I don't think the [state] government has been monitoring need which is part of the reason for this project ... But in their defence, I also don't think the state government should be doing that alone, I think we actually need the Commonwealth Government to step up.*
> *- NGO stakeholder*

A related concern was the perception that the Queensland Government lacked clearly defined policy objectives:

> *I don't think they have a robust homelessness policy, really. I don't know where they're going. I said this to them the other day. I said what is the vision? What are you attempting to achieve in the homelessness programs area 'cause I don't see it. They go oh have you seen our document? I said yes, I have seen your document, particularly the youth homelessness one that's just come out and I don't see the vision, I don't see where we're going.*
> *- NGO stakeholder*

On metropolitan strategic planning, a key policy shortcoming was seen as the failure to capitalise on opportunities for incorporating affordable housing in major developments utilising public land or otherwise involving government-overseen master-planning:

> *Like the Varsity Lakes transit-orientated development would be a case in point that nearly 20 years ago they were doing their master planning for it, and you could have easily put affordable housing in there and they never did.*
> *- NGO stakeholder*

■ Sub-optimal institutional architecture

For some, key housing policy challenges included deficient aspects of the Queensland institutional framework for this domain. A key concern was the cross-departmental fragmentation of housing policy powers and responsibilities, as illustrated by this recent case:

> *At the moment we've got a youth housing strategy and it's got three different Ministers responsible but it doesn't look like it's coordinated in any way in that integration.*
> *- NGO stakeholder*

As explained by another interviewee, using the term "tertiary services" in reference to emergency supports, the broader argument here relates to:

> *Social policy not being integrated and looking at the consequences of one policy on another and how housing is a thread through so many of the social service systems … [Thus] whether you look at Health, whether you look at Juvenile Justice, whether you look at Corrections and Families, there's just this theme across all of them that we're happy to invest in expensive tertiary services but we're not happy to invest in housing and earlier intervention services which is just leading to this reliance on tertiary.*
> *- NGO stakeholder*

A more specific concern relating to institutional architecture referred to the capacity of not-for-profit community housing organisations, affecting scope for Community Housing Organisations (CHO) contribution to meeting housing needs:

> *The current policy framework and operating model for community housing is really insufficient so our community housing sector has not been able to diversify its sources of funding.*
> *- NGO stakeholder*

This comment referred to the form of contracts between the Queensland Government and Community Housing Organisations, seen as highly constraining. Also, by comparison with some other states, the Queensland Government had done less to enable expanded CHO financial capacity – e.g. through public housing transfers.

> *CHIA Queensland did some really good analysis of the diversification of funding that CHPs can access in New South Wales for example compared to Queensland and ours is still really tied to government funding.*
> *- NGO stakeholder*

6.4 Policy recommendations

While state and territory governments bear lead responsibility for planning and housing delivery under Australia's constitution, a number of key housing policy powers are held by the Commonwealth – most notably in relation to personal taxation and social security. Therefore, while the prime focus of this report (and, especially, our Chapter 3 policy review) relates to the Queensland Government, our policy recommendations for tackling the state's housing challenges include some targeted to Canberra rather than Brisbane.

The proposals outlined below are largely structured according to the four requirements highlighted in the project brief – as summarised at the start of this chapter. Our recommendations are also informed by a body of previous work by ourselves and colleagues on aspects of a national and state/territory housing reform agenda as, for example, outlined in the final chapter of our book *Housing Policy in Australia* (Pawson et al. 2020). We also reference potential precedents from other countries as well as other Australian jurisdictions, as well as housing policy reform recommendations from other Australian experts.

Project brief policy concern 1: Enhancement of housing policymaking and housing policy governance

Housing strategy principles: Both for the Commonwealth and for individual state/territory governments, the single most important pre-condition for sustained progress in tackling housing policy challenges is having in place a meaningful plan or strategy formulated for the purpose. Documents titled as housing or homelessness plans or strategies are of course fairly familiar in Australia – at least at the state level. The Queensland Government's most recent housing strategy document, for example, drew on a wide-ranging consultation to assess perceived housing policy challenges (Queensland Housing Strategy 2017-27). A creditable overarching government aim is to pursue immediate, medium and longer-term measures aimed to bring about a "more responsive" housing market.

However, beyond the limitation that Australian state/territory housing strategies tend to be narrowly scoped, few, if any, fulfil the basic requirements of a true strategy, those being:

a) analysis of problems to be tackled

b) clearly stated overarching aims ("mission") and associated specific goals

c) identified actions to achieve specified goals (quantified and time-specific targets)

d) a costed and resourced implementation plan

e) monitoring and review mechanisms.

While the Queensland 2017-27 document falls considerably short of fully satisfying these criteria, the Government's recently stated official commitment to developing a model to predict future demand for social housing is a positive step in relation to the "problem analysis" requirement.

For any strategy genuinely worth the name, we would argue that a key first step is to specify overarching objectives. Of similar relevance for the Commonwealth as for any individual state/territory government, a set of broad strategic objectives is proposed in Table 6.1, along with high level examples of the kinds of policy reforms logically consistent with each such goal.

Table 6.1: Recommended housing strategy objectives and broad policy examples

Overarching objective	Policy example(s)
1. A more efficient, less volatile housing system	Phase in broad-based land tax to replace stamp duty
	Adjust tax and housing finance regulation to dis-incentivise private landlord investor representation
	Move towards diversifying market structure by expanding role of governments, not-for-profits, build-to-rent developers
2. Reduced housing system drag on economic performance	Adjust tax policy settings to tackle over-expensive housing – e.g. redress over-preferencing of private housing as asset class
3. Improved dwelling quality (incl. energy performance)	Incentivise/mandate energy conscious design and investment through stronger building code, mandatory energy performance disclosure
4. Enhanced housing system diversity and choice	Encourage market-price build-to-rent housing construction through equalising structural tax disadvantages vis-a-vis other asset classes
	Re-balance rights and obligations between private landlords and tenants
	Planning reforms to enable more medium density development
5. Reduced unaffordability and homelessness	Expand social and affordable rental housing
	Reform of tax settings that over-incentivise private housing investment, thereby inflating property prices and (indirectly) pressurising the rental housing market
	Strengthen tenants' rights – see above

Source: The authors.

As acknowledged, Table 6.1 extends well beyond this project's defined remit, but we think it worthwhile to include for broader context. More detailed policy recommendations to address the specific project brief are elaborated below.

Housing policy governance and policymaking capacity: Designing appropriate architecture for the governance of housing policy poses an inherent challenge, due to the breadth of the policy domain and the interconnectedness of the housing system. This is compounded in the Australian context by the division of housing powers and responsibilities across three levels of government.

Moreover, Australian housing policymaking has become increasingly fragmented in recent decades, not only across the Commonwealth versus state/territory divide, but also across departments and ministerial portfolios within each level of government. In part, this reflects the downgrading of what were historically termed "housing authorities" by state/territory governments; housing authority remnants being typically integrated within larger departmental structures. As a result, at the state/territory level any distinct "housing voice" within government bureaucracies has largely disappeared.

Associated with these changes, and reflecting wider trends within Australian governments (Tingle 2015), recent decades have seen a damaging hollowing-out of official housing policymaking expertise and domain knowledge.

As one possible response to such challenges, we recommend the resurrection of distinct housing departmental entities within government structures, potentially established on a semi-autonomous agency basis – i.e. with some overarching governance structure such as an independent management board or advisory panel that mediates direct ministerial control.

Consistent with this logic, the Queensland Government has, in fact, recently established a cross-government Housing Delivery Board whose officially stated functions include "provid[ing] leadership on housing issues and oversee[ing] an integrated whole-of-government response to meeting housing supply and support needs". Similarly, the Government's 2022 establishment of a Housing Supply Expert Panel is a potentially positive move in terms of boosting the state's housing policymaking capacity.

Beyond these encouraging recent steps, Queensland could look to developments in other jurisdictions – notably Victoria and Tasmania – where associated machinery-of-government changes have been recently unfolding (e.g. the 2021 establishment of Homes Victoria). Meanwhile, in a similar way at the Commonwealth level, there is a strong case for establishing Housing Australia as an enduring centre for housing policymaking and domain expertise.[17]

Openness and transparency: This issue links with the need for housing and homelessness strategies to include functional monitoring and review mechanisms – see above.

More specifically, as noted in Chapter 3, the research team faced significant challenges in reconciling the Queensland Government's various recent commitments on state-funded social and affordable housing investment. This is symptomatic of an embedded lack of transparency when it comes to housing policy commitments and associated outcomes. Governments cannot be held to account in these circumstances. Non-government stakeholders, meanwhile, remain highly constrained in their ability to understand or engage with official policy choices or decisions.

To the Queensland Government's credit, detailed data on social housing waiting list applications at year-end has been published annually for some years via its Open Data site. At the same time, these data have some limitations – e.g. absence of "current housing tenure" variable which means

[17] As argued more fully in our submission to Australian Treasury in response to the publication of Commonwealth Government draft housing legislation in December 2022 (City Futures Research Centre 2022).

there is no way of differentiating applications in terms of whether they contribute to net as well as gross demand.[18]

Nevertheless, there is a strong case for Queensland to publish a clear and comprehensive statistical statement on expected QHIGI outputs, including from the QHIF, with new construction broken down to show anticipated starts and completions by year, by tenure (social versus affordable) and by provider type (public housing, community housing, private developer (build-to-rent)). Beyond this, it is important that the next housing and homelessness strategies from the Queensland Government include clearly specified targets for stated commitments.

More generally, there should be a commitment to annual publication of Queensland statistics to encompass:

- housing assistance activity, including new social housing waiting list registrations and deletions (of which, those allocated social housing tenancies)
- social and affordable housing stock changes – housing starts, completions, sales and demolitions, differentiating social and affordable housing.

A different sort of point, but also related to transparency, is that the Queensland Government needs to spell out much more explicitly exactly how it is envisaged that the QHIF delivery model (see below) will function. In particular, it is important that model design allays concerns that it may limit or eliminate scope for the initiative to alleviate unmet housing need in regional settings or where weaker housing markets otherwise constrain the financial feasibility of mixed tenure housing development.

Project brief policy concern 2: Funding necessary additional social housing provision

As demonstrated by our analysis in Chapter 5, unmet housing need in Queensland extends substantially beyond the cohort of households currently registered on the social housing waiting list. Arguably, some of this need might be accommodated in other ways (e.g. through a substantial real terms increase in Rent Assistance).

Existing public and community housing provision is, nevertheless, clearly insufficient. As explained in Section 2.2, even to simply maintain 2021 representation of social housing (in the face of ongoing population growth) will require annual construction of 1,500 dwellings. Notably, as discussed in Section 3.3, the Queensland Government's current commitments on sub-market housing reportedly total 13,000 over ten years – or an average of 1,300 per year. Also, this includes affordable rental (as well as social) housing. Thus, it would appear that only through the anticipated additional input of Commonwealth-funded construction (the HAFF program) will Queensland manage to maintain – and perhaps slightly increase – social housing representation over the next few years. Any significant expansion beyond this would be possible only through investment additional to that pledged at the time of writing.

[18] When a waiting list applicant is an existing public housing or community housing tenant, this does not normally represent net demand for social housing, since any move to a more suitable social housing property will free up a vacancy. The exception would be in circumstances where the tenant is in need of being rehoused from a dwelling to be demolished or sold (and therefore unavailable for reletting).

While there is a respectable case that social housing investment can yield economic gains (Nygaard 2022; SGS Economics and Planning 2022), this clearly poses a challenge in terms of how this can be funded and upon which level of government the resulting burden should fall.

In our view, the main responsibility here should rest with the Commonwealth and not with state/territory governments. Given its superior tax-raising powers, its ability to borrow at better rates and its currency-issuing capacity, Australia's national government has far greater financial firepower. Nevertheless, states such as Queensland can and should use their own powers to make an ongoing contribution. Several suggestions on how this could be achieved – in most cases at no significant cost to general government funds – are listed below.

Further expand the Queensland Housing Investment Fund (QHIF) and the Housing Australia Future Fund (HAFF): As discussed in Chapter 3, the Queensland Government has recently emulated New South Wales in setting up – and latterly expanding – its QHIF housing future fund. Albeit that this would likely require the expansion of government debt, there could be a case for ongoing additions to the fund, beyond that pledged in 2022. This could underpin a commitment to a further tranche of new social and affordable housing investment over and above that already in prospect. It is important to recognise that, in common with the Commonwealth's HAFF initiative, the QHIF structure means the fund's capacity to underpin ongoing housing development will be exhausted in a short number of years – since fund returns for the remainder of its existence will be pre-committed to underwriting costs associated with the dwellings built in its initial phase of operation. The same arguments justify expanding the HAFF before the exhaustion of its capacity to support additional new housing development around 2028.

Phase in meaningful inclusionary zoning: Mandating developer contributions to social and affordable housing offers a possible source of funding that could make an appreciable contribution to expanding such provision at no cost to government. Failure to develop a mechanism of this kind at scale anywhere in Australia represents a huge wasted opportunity. Demonstrated evidence that frameworks of this kind can be unproblematically integrated into residential development processes can be found not only overseas (e.g. the UK Government's long-established Section 106 regime), but also in Sydney. Authorised by the NSW Government, the City of Sydney's private developer affordable housing contribution arrangements applicable in the Pyrmont-Ultimo and Green Square renewal areas have been in place since the mid-1990s, with such contributions having been largely responsible for the accumulation of nearly 1,000 dwellings since that time developed, owned and managed by CityWest Housing as rental properties available to be rented out at sub-market rates in perpetuity (Spiller 2021).

For developers, the effect of such obligations is that they must factor these into their project business plans. Given the standard approach to valuing land as a residual after allowing for all other costs of provision and factoring in likely sales revenue, this has the effect of reducing the price a developer can offer to purchase a development site. Crucially, therefore, the cost of developer contributions is borne by the landowner, not by the developer – nor, for that matter, by the housing consumer (Spiller et al. 2018; Pawson et al. 2020). Considering that it is effectively funded from land value, such a mechanism is not universally applicable; in a low land value setting it cannot function. Nevertheless, at the very least, it would be expected that suitable market conditions are the norm across all of Southeast Queensland.

A mandatory inclusionary zoning model suited to Australia has been developed by MIZ advocates under the Constellation Project, an advocacy collaboration involving PWC, the Red Cross, Mission Australia and the Centre for Social Impact (2021). A model specific to New South Wales was also proposed by the Greater Sydney Commission in 2018 (GSC 2018, p70) although this has yet to be taken forward by that state's government.

Critical features for any such regime include clearly and appropriately specifying the projects to which obligations apply, the setting of developer obligations at realistically modest levels, and stipulating a significant phase-in period before the regime becomes fully operational. This latter requirement is to recognise the situation of developers who have purchased sites at prices predicated on the pre-MIZ regulatory environment (i.e. where there was no need to factor in affordable housing obligations).

Examine scope for land value extraction via public housing estate renewal: There may well be some scope to effectively fund new social housing development at no cost to general government funds through the mixed tenure renewal of existing Queensland Government public housing estates. The model is predicated on the ability to redevelop existing sites at substantially higher density, as well as on the local land value lying above a threshold level required for financial viability. Where such conditions apply, there could be scope for redevelopment incorporating modern, well-designed social housing units greater in number than those replaced. The associated construction cost would be cross-subsidised by private market re-development within the site.

An example of such a project, admittedly somewhat unusual in its scope for social housing gain, is the NSW Government's currently ongoing scheme to replace its Ivanhoe public housing estate in Macquarie Park, Sydney. Here, as part of a larger redevelopment project across the site, 259 former public housing units are being replaced with some 950 social housing dwellings plus 128 affordable rental units at no cost to general government funds (NSW Government 2022).

The scope for redevelopment on this model has been, no doubt, considered by the Queensland Government and perhaps already implemented at some scale, although there is no wider program as such. However, with respect to one large tranche of Queensland public housing, a proposed and costed scheme along the above lines has been fairly recently floated but not progressed. This refers to the 2015 Logan public housing renewal plan, assembled by community housing organisations, for the replacement of 1,000 outdated existing public housing units with 2,600 newly built homes – 1,600 of which would be social and affordable dwellings (Pawson 2016).

Schemes of this kind are, of course, potentially politically contentious as well as disruptive for existing tenants. They therefore require careful and inclusive planning and consultation. Ideally, however, in the case of large sites, a modular redevelopment process would enable most of the existing tenants directly affected by clearance to move straight from their old homes into modern, locally-situated replacement homes.

We recommend that the Queensland Government undertake (and publish) a comprehensive analysis of its existing public housing portfolio that quantifies the scope for estate renewal on this model.

Mandate inclusion of social/affordable housing for non-estate public land disposal: Many advocates have argued that disposals of government land suitable for residential development should be predicated on a given minimum percentage of resulting dwellings being designated for social or affordable housing. While such a policy might be loosely described as a form of "inclusionary zoning" we would argue that this is a misleading use of terminology, since (where government is land owner) the inclusion of social/affordable housing would be mandated as part of the sale terms rather than through exercise of land use planning powers.

Especially where ex-government sites are well-located with respect to transport, amenities and employment, resulting market price housing will be almost certainly beyond the means of low to moderate income households. Therefore, only by mandating a quota of homes to be made available at sub-market rents is there any realistic chance of ensuring a socio-economically mixed community while, at the same time, providing relief from rental stress for direct beneficiaries.

An affordable housing quota of 30% has often been demanded by community campaigners with respect to ex-government land. Similarly, while noting the ambiguity introduced by the qualification "up to", the NSW Government's Greater Cities Commission stipulated that "City Plans will set a target of up to 30 per cent for the proportion of social and affordable housing in residential developments on government land" (GCC 2022, p42). More specifically, the NSW Minister for Cities committed to the stipulation of "30% affordable housing" as part of the large-scale Rozelle Bays renewal project (Frost 2022).

As noted in Chapter 3, the Queensland Government itself has in the recent past floated the idea of mandating the inclusion of affordable units in residential developments on ex-government land. However, it is not known whether any more precise formulation of this suggestion has been drafted (e.g. what proportion of such a scheme would need to be affordable and how "affordable" would be defined), nor whether any such condition has been subsequently included in standard land sale contract conditions.

This policy would have no direct cost to government in terms of necessary expenditure of general funds. However, as acknowledged in Chapter 3, it would have a notional financial impact in terms of revenue forgone by Treasury, since the mandation of affordable housing inclusion would be reflected in consequentially reduced land value. Thus, in the case of the Rozelle Bays example noted above, this will have been factored into Treasury assumptions on land sale receipts.

Boost community housing sector capacity, with special emphasis on Indigenous CHOs: The Queensland Government is already committed to "increas[ing] the supply of … housing in Queensland managed by community housing providers" (Queensland Government, n.d.) Moreover, it has recently made available $5 million for sector capacity-building projects. Nevertheless, there is more that could be done here.

Transferring the title of former public housing currently managed by community housing organisations under contract could help expand CHO capacity for leveraging new social and affordable housing investment. Given that the majority of community housing stock in Queensland is operated on this "management outsourcing" basis there is substantial scope for activating this proposed measure. It should be noted that, as we have demonstrated elsewhere (Pawson et al. 2016), the oft-repeated claim that transfer of title cannot be contemplated because of the risk to state government credit ratings is groundless.

In recommending this commitment, we acknowledge that restricted CHO investment capacity largely reflects the need for government financial support in some shape or form, particularly in the case of social housing where there is a wide gap between rental revenue and cost of provision. Nevertheless, constrained borrowing capacity also reflects the thin balance sheets of most CHOs that operate in Queensland, due to the fact that most CHO-managed housing remains in government ownership.

As part of the more general need to prioritise efforts to improve the especially concerning housing situation of the state's Indigenous population, the Queensland Government should give special attention to capacity building for community-controlled Indigenous Community Housing Providers (ICHOs). While official data show that Indigenous Community Housing Organisations already manage over 5,000 dwellings across the state (Productivity Commission 2023), Queensland could take inspiration from the Victorian Government's action in facilitating the emergence of a large state-wide organisation of this kind through the establishment of Aboriginal Housing Victoria – AHV (Pawson et al. 2016, p62). To consider this and other possible initiatives with the potential to expand community-controlled Indigenous housing in the state, QCOSS could potentially engage with ATSIHQ and/or other First Nations people to formulate relevant proposals.

Advocate for a funding framework for permanent supportive housing: As recently acknowledged by the Productivity Commission, homelessness is primarily a housing problem. Thus, "fundamentally, homelessness is a result of not being able to afford housing" (Productivity Commission 2022a p204). Most people experiencing homelessness have no long-term need for personal support; and many who do have high support needs can in fact access and keep tenancies when there is affordable housing available.

Nevertheless, properly addressing the problems of the most disadvantaged rough sleepers may call for such help to be provided on a significant scale, in keeping with the widely-acclaimed Housing First model. As we see it, therefore, Australian governments need to better recognise the case for expanded provision of permanent supportive housing (PSH); that is, the close integration of long-term affordable housing with the capacity for ongoing support.

As things stand, only a few projects of this kind operate in Australia, including the two in Queensland that were described in Chapter 3. There is no general framework to fund such provision, especially the ongoing support component. It is therefore welcome that the Productivity Commission has recently advocated a "high-needs based [social] housing subsidy to ensure housing is affordable and tenancies can be sustained" (Productivity Commission 2022b, p45). Logically, since this is essentially a social work (not social security) responsibility, the Commission argues that the cost of such a payment should be met by the states and territories and not by the Commonwealth.

While this is a big ask for underfunded governments, it is state and territory budgets that stand to benefit from avoided public costs otherwise imposed on departments such as health and justice by recurrent and chronic homelessness (Parsell 2016).

Realistically, the development of a PSH funding model needs to be progressed through a conversation involving all Australian governments, possibly as part of the National Housing and Homelessness Plan (NHHP), pledged by the Commonwealth Government to take shape during 2023. The Queensland Government should advocate for this.

Project brief policy concern 3: Enhancing affordability and security for low-income private tenants

Reform Rent Assistance: Rent Assistance is an important form of government support which helps to mitigate rental stress experienced by low-income private tenants. It is paid as a supplement to other social security payments such as the age pension and JobSeeker. However, the current Rent Assistance framework is inadequate, both in terms of its capped payment limits and in other aspects of its detailed structure. It is estimated that a third of Rent Assistance recipients remain in housing stress even when assisted, while around 18% of low-income private renters who need it are excluded because they don't receive one of the government payments to which it is tied (Ong Viforj et al. 2020).

Since it is a component of Australia's social security system, Rent Assistance reform is a matter for the Commonwealth rather than the Queensland Government. The latter could, however, lobby for the former to progress this. Ideally, such reform needs to involve several components. First, the existing payment caps need to be relaxed in recognition that they have drastically diverged from actual rent levels. This reflects the fact that Rent Assistance indexation is pegged to CPI, irrespective of the fact that rents tend to rise at higher rates. Therefore, the second recommendation is for future up-rating to be based on changes in market rents not general inflation.

Third, in discussion with state/territory governments, the Commonwealth should give consideration to restructuring Rent Assistance to align entitlements more closely to rental stress, along the lines proposed by Ong Viforj et al. (2020). However, because this implies detaching Rent Assistance from other social security payments, such a move might exceed the Commonwealth Government's constitutional powers. Such reform could therefore be considered as more a matter for the Queensland Government and state/territory counterparts. Fourth, maximum payment levels should reflect regional rent variations.

As regards maximum Rent Assistance rates, the usual focus of attention when it comes to reform of the payment, the Australian Council of Social Service has proposed a 50% in increase, while the Grattan Institute favours a 40% increase. Even the Productivity Commission argued in 2017 for a 15% increase to restore Rent Assistance to its true 2007 value.

It should be noted that as a knock-on consequence of any such Rent Assistance reform package, the Commonwealth would also need to review the role of Rent Assistance in the community housing financial model. This refers to the way that the standard community housing rent-setting model adds 100% of a tenant's Rent Assistance to fixed proportion (usually 25%) of the tenant's other income. Effectively, Rent Assistance is treated like a provider subsidy. If entitlement was, for example, more closely targeted to rental stress, that could substantially reduce Rent Assistance entitlement among community housing tenants. Since their business plans will be predicated on this rent setting formula, this could place CHOs in financial jeopardy. On the other hand, if significantly increased Rent Assistance payments were to be made available to community housing tenants, this would benefit CHOs but not the tenants themselves – an outcome which would be likely viewed as perverse. Thus, any significant Rent Assistance reform raise quite far-reaching questions about the framework for Commonwealth financial support to CHOs.

Further strengthen rental regulation: As discussed in Chapter 3, Queensland's private rental regulation framework has seen recent reform. However, while somewhat enhancing tenants' rights, we would agree with critics cited in Chapter 3 who consider that the package failed to adequately address the case for ending scope for "no grounds eviction". Allowing landlords to use fixed term agreements to sidestep this measure is an unsatisfactory outcome. We would recommend that this loophole is closed in the "stage 2 reform" package, as pledged. In support of this position, we can cite the Productivity Commission's view that "[r]eforms to prohibit "no-grounds" eviction and extend notice periods for "no-fault" evictions (including on sale of a property), if well designed, offer avenues for improving the welfare of vulnerable private renters" (Productivity Commission 2019, p123).

Fully outlawing no grounds evictions on the model adopted elsewhere (e.g. Victoria, Scotland) will somewhat strengthen tenant security. When viewing housing primarily in terms of its essential role in providing home and shelter, rather than as a tradeable asset, this is desirable in itself. This is particularly true in the current day, when private renters include many vulnerable people and low income families, often reliant on this form of housing for long periods, if not in perpetuity. The possibility of being evicted without good cause is inherently a restriction on a tenant's ability to advocate for their rights on property condition and a reasonable rent – in other words, their capacity to exercise legitimate consumer power.

Beyond this, even if "no grounds" eviction is outlawed according to the conventional reform model, the inclusion of "property sale" in the list of acceptable grounds for tenancy termination, means that renters continue to face significant risk in this respect. A more radical reform would be to remove this as a legitimate reason for an end of tenancy notice – a possibility discussed with respect to the proposed reform of stamp duty (see below). An outright ban on a landlord's freedom to trade a tenanted property would be considered by many as a fundamental and unacceptable infringement of property rights as these are understood in Australia. However, protecting tenants from insecurity resulting from property sale need only involve limiting potential buyers of tenanted homes to other (actual or aspiring) landlords willing to continue the tenancy of the existing occupant.

In any event, it is important to note the recent research finding that, despite fears to the contrary, there is no evidence that tenancy law reforms are liable to trigger landlord property sell-offs (Martin et al. 2022). Focusing on two sets of recent reform measures (one in NSW and one in Victoria), the research discerned no associated up-tick in rental property divestment.

Allowing tenancies to be ended to enable "conversion" of a property to short term rental (STR) use is another questionable component of the partially reformed Queensland rental regulation regime. This may also be seen as something of an illegitimate loophole – especially in the absence of STR regulation that limits the financial attractiveness of this business model (see below).

Along with the closure of loopholes on tenure security, the other regulatory reform that we would advocate relates to rent control. Not old style "primary rent control" where government dictates maximum allowable rents for given property sizes and/or types in any particular area, but a more limited "secondary regulation" measure that restricts the level of allowable within-tenancy rent increases to CPI, or close to CPI. Considering the recent experience that has seen advertised rents inflating at rates far above general inflation over the past 2-3 years, it is likely that these higher prices will be already filtering through to the much larger body of existing tenants who can and should be protected from such market turbulence.

Review scope for stronger STR regulation: As discussed in Chapters 2 and 3, it may well be that withdrawal of dwellings from the mainstream rental sector for short term letting has contributed to the unusually high level of rent inflation recorded over the past couple of years, particularly as this has affected resort areas of regional Queensland. As noted in Section 3.4, the regulatory framework for short term rental property use is already subject to an official review. The issue here is that, for suitably located properties, the returns from short-term letting can be substantially higher than from mainstream rental use. Without prescribing the recommended future STR regulatory regime in detail, we believe that this should be demonstrably calibrated to limit its attractiveness relative to mainstream market letting. Instituting a formal system for monitoring STR property use (especially where involving entire dwellings for large parts of the year) and publishing these statistics – ideally quarterly at LGA or more local level – is also highly desirable.

Facilitate build-to-rent (BtR) development: Market-price BtR housing has little direct relevance to the shortage of accommodation within the means of low-income Queenslanders. However, expanding overall housing provision through BtR development could have some small beneficial impact on market-wide housing affordability. Beyond this, there are a number of specific housing policy objectives that could be advanced via an expanded presence of purpose-built rental housing. First, when a rental income stream is the building owner's main motivation for asset-holding this creates an inherently more secure form of housing from the tenant perspective. Second, when a multi-unit building is commissioned to be held in single ownership for rental use this should incentivise utility, durability and energy efficiency in its design and construction. Third, professional management should be beneficial for BtR building tenants and perhaps beyond – in terms of the potential to act as a "positive disrupter" for rental housing more broadly.

Fourth, in a market that currently remains almost entirely dominated by homes rented out by small scale investors, a BtR sub-sector can be argued as broadening rental housing choice – albeit choice likely to be largely restricted to moderate to high income households towards whom this product is targeted. Fifth, and finally, as a form of residential development commissioned by a single proponent and with a business plan predicated on rental income, the development of BtR developments may be less sensitive to house price downturns – and thus potentially a contributor to a more stable housing construction sector, and housing system, overall.

We believe there is an arguable case for levelling the playing field with respect to tax (or regulatory) settings that clearly disadvantage BtR development vis-a-vis build to sell construction, or in relation to investment in other asset classes. With this in mind, we believe there is merit in the federal Treasurer's recent pledge for an official review of the barriers to BtR investment.

However, the BtR model has yet to be demonstrated as a suitable vehicle for affordable (or even social) rental housing – the thinking which underlies the Queensland Government's current BtR pilot program. A preferable option, in our view, would be to back not-for-profit community housing organisations to diversify their activity into the provision of market-price rental housing alongside affordable rental and social rental accommodation.[19] This is about the exploitation of CHOs' existing tax-advantaged and regulated status. Our 2019 modelling suggested that, subject to government land contributed at a 50% discount, CHO-developed schemes incorporating market price and affordable rental units (50/50) could be financially feasible without any explicit subsidy (Pawson et al. 2019 pp17-18).

Project brief policy concern 4: Addressing housing policy settings negatively impacting on broader housing affordability

Reform private landlord tax concessions: Australian governments provide financial support to residential property owners totalling around $100 billion annually (see Table 5.1 in Pawson et al. 2020 (albeit that this refers only to home ownership)). This support, mainly in the form of tax concessions, is capitalised into property values, benefiting existing home owners, but disadvantaging potential first home buyers. As argued in Section 6.2, this has damaging knock-on consequences for rental prices and affordability.

Most of the tax system support for Australian property owners is provided in the form of the Capital Gains Tax exemption for owner occupied housing. This totalled $64 billion in 2021-22 (Australian Government 2022d). The Grattan Institute recently highlighted it as an anomalous and unjustifiable policy setting ripe for reform (Daley et al. 2018, p 100). However, apart from the electoral considerations that affect the feasibility of any proposal for trimming this exemption, there are also principled arguments for home ownership support, given supposedly inherent welfare benefits that flow from owner occupation (Senate Select Committee 2008, pp.16-17).

Harder to justify are the tax concessions that flow to individual private landlords ("rental investors"). These incur an annual cost to the public purse most recently estimated by the Parliamentary Budget Office as totalling $8.5 billion in 2021-22 (ABC News 2022). Moreover, on current policy settings and factoring in anticipated economic trends, this figure is projected as rising to $20 billion by 2032-33 (ibid). As voiced, for example, by the Grattan Institute (e.g. Daley and Wood 2016), mainstream economic opinion considers these settings as a problematic distortion of the housing market and strongly favours their elimination.

[19] A counter-argument might be that Queensland-based CHOs remain largely quite small entities with thin balance sheets and consequentially limited capacity. To its credit, however, the Queensland Government is already investing in sector capacity-building which addresses this concern. Beyond this, particularly with the establishment of the National Regulatory Scheme for Community Housing (NRSCH) in 2014, there is no legal or administrative bar to more experienced CHOs based in other parts of Australia from partnering with local counterparts or leading Queensland projects in their own right.

While this is beyond its direct competence, the Queensland Government should advocate for Federal Labor to re-adopt its 2016-2019 policy of phasing out these tax concessions – other than, perhaps, for newly built housing.

Replace stamp duty with broad-based land tax: This is another tax reform with near-universal support among mainstream economists. For example, the OECD recently opined that:

> *There is a strong case for reducing or removing transaction taxes, but it is essential that this be done gradually and accompanied by other tax reforms (e.g. shifts towards recurrent property taxes) (OECD 2022).*

There are many economic and public finance arguments for such a change. However, one important benefit from a housing policy perspective is the incentive for more efficient use of housing that would result from a broad-based land tax – i.e. a land tax regime that includes owner occupied, as well as rental, housing. This would be expected to dampen the speculative attraction of housing that contributes to over-investment in this asset class, and thus to over-expensive house prices.

While such a reform is necessarily a long-term commitment with political risks, it is important to note that two Australian jurisdictions – ACT and NSW – have already embarked on this pathway as a phased change process. Notwithstanding the ACT's unique features, it is probably the former rather than the latter that provides the more recommendable example of how this might be progressed in a state like Queensland. As eventually legislated in 2022, the NSW 'reform model' represents a substantially diluted version of the desirable approach.

For any state or territory government, the logistics of a phased switch from stamp duty to land tax are undoubtedly challenging. However, considering that such a reform is also believed to be appealing from a Commonwealth perspective, it may be that the Queensland Government could look to Canberra for assistance in making such a change, perhaps along the lines proposed in 2017 (Martin 2017).

Finally on this proposed reform, however, it is important to recognise that – without mitigating action – the removal of stamp duty on residential property transactions could have damaging consequences for private renters' security. From the perspective of property owners and the real estate industry, of course, the very attraction of this reform is the elimination of a major source of "friction" from the housing transaction process. But, as highlighted in recent research, a landlord's decision to trade their property coincides with around a quarter of all tenancy terminations in Australia (Martin et al. 2022). More specifically, ABS survey evidence shows that 14% of private renter move are landlord-initiated (ABS 2022f). With property becoming a more "liquid asset" in the absence of stamp duty, a consequential increase in tenancy terminations would be expected. Existing tenants would become effectively even less secure as a result.

There are two possible ways that this risk could be averted. The first would be to retain stamp duty with respect to private rental property transactions (as suggested by the OECD (2022)), but to switch this obligation to the property vendor (i.e. making payment a rental property vendor duty). The second would be to expand the scope of the proposed reform to outlaw "no grounds evictions" (as discussed above), by removing "property sale" from the legislated list of acceptable grounds for tenancy termination. Thus, while a landlord would remain free to sell their rented-out home, they would need to trade it with another landlord mandated to take possession of the dwelling as a tenanted property, and to accept associated responsibilities.

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