

27 May 2024

Help to Buy (Commonwealth Powers) Bill 2024

Opening Statement: Jackson Hills, Manager Policy & Strategic Engagement

Overview

- Q Shelter is Queensland's peak organisation with a vision that every Queenslanders has a home. Leading on solutions to unmet housing needs and homelessness, Q Shelter works to strengthen system capacity and influence policy and investment to support effective solutions.

Home Ownership in general.

- Home ownership has been a central element of Australia's social welfare model since the 1950s. Supported by high wages and lower taxation through the post-war period, securing homeownership has also been a necessary feature of the retirement system.
- Australia's overall home ownership rate has been falling since its peak of 72% in 1966 (at the 2021 Census it was 66% for Australia and 63% for Queensland).
- The rate has fallen significantly for younger buyers. For people aged 30 - 35, rates have fallen from a high of 65% for those born in the late 1950s to around 45% for those born in the 1980s.
- From a policy perspective, a systemic failure in home ownership policy in the longer term is likely to place increasing financial pressure on governments and intensify existing economic inequalities as individuals age.
- We know there are unintended consequences of some of the existing policies around home ownership, particularly first-home buyer grants.
 - Most economists have concluded that they inflate house prices and have a perverse effect on housing affordability. Essentially, they are popular, but not effective in the long run.
- Q Shelter supports alternative measures to increase the rate of home ownership that have less of an inflationary impact. Including:
 - Mortgage guarantees and targeted shared equity arrangements
 - Replacing stamp duty with universal land tax, and/or increasing the stamp duty threshold
 - Land Lease arrangements that may deliver an alternative form of secure tenure
- Other supply measures such as increasing the supply of social and affordable housing are also critical in this equation. Without adequate supply-side measures, home ownership mechanisms can cause inflation.

Regarding the Bill

- We understand the objective of the Bill is to refer certain powers to the Commonwealth to enable the Bill to be passed and the scheme to be implemented
- The proposed initiative is a shared equity program aimed at assisting low to middle-income earners to purchase new or existing homes.
 - It includes eligible buyers accessing an equity contribution from the Australian government of up to 40% of a new home and 30% of an existing home.
- We understand that a minimum 2% deposit is required, and the program aims to help 40,000 households. In the first year, of 10,000 buyers, 2,000 are likely to be from Queensland.

Observations

- Whilst our preference would be for the scheme to ideally target new homes and new supply. We support the overall approach.
- We understand that other peak and industry bodies have already made representations in the Federal Parliament, identifying opportunities for the Bill to consider reserving places for disadvantaged groups, and more bespoke income testing thresholds for single parent households.
- Aside from those recommendations, we note the Bill has a statutory review period every three years. Ideally, this would occur on an annual basis as part of Housing Australia's reporting framework
- I also note that increasing home ownership rates is a policy objective of the Queensland Government's recently released First Nations Housing Roadmap, Our Place.
- We are also pleased to see, that if the Bill is successful in the Federal Parliament, Queensland has been targeted as the first state to participate in the scheme.
 - This is essential given rates of home ownership have been declining for the past three decades in our State.

Closing remarks

- In closing, Q Shelter supports the Bill and welcomes the introduction of Help to Buy as a feature of the wider home ownership policy suite, to help address the decade-long decline in home ownership rates.