

5 December 2022

Ms Corrine McMillan MP (Mansfield)
Chairperson
Community Support and Services Committee
Parliament House
George Street
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Dear Chair,

Q Shelter welcomes the opportunity to participate in the Community Support and Services Committee ('the Committee') inquiry into the Residential Tenancies and Rooming Accommodation (Rent Free) Bill 2022.

Overview

At the outset, Q Shelter would like to draw the Committee's attention to the connection between safe, secure, and affordable accommodation and the health and wellbeing of communities and individuals.

We acknowledge the intention of this Bill, given the current housing crisis, and commend the Member for South Brisbane, Amy McMahon MP for bringing it to the Parliament for debate and consideration.

Q Shelter has also been an active participant in a range of housing policy and planning processes recently (including the Housing Roundtable and Housing Summit) to discuss and develop solutions to the housing crisis by providing short and immediate solutions, as well as long term systematic changes to ensure a more 'healthy housing system' for Queensland.

Our contribution to the committee's review seeks to provide an objective analysis of the research and evidence already undertaken on these topics, as well as outlining some alternative methods to achieve rental affordability in the longer-term.

1. Evidence of rental control / rent freezing around the world

Canada, China, France, Netherlands, and some states in the US have varying forms of rental control in place, including capping annual rent increases at an agreed percentage, often linked to the rate of inflation or CPI.

Very few countries freeze rents, but there have been examples where this has occurred during periods of extreme hardship, such as during the COVID-19 pandemic (including here in Australia), during world wars, and The Great Depression.

2. Previous research on the effectiveness of rent freezing

There is some existing research on the effectiveness, or otherwise, of rent control, in the form of a rent freeze:

- A 2022 DIW Berlin Discussion paper reviewing the Short-Term Effects of the Rent Freeze in Berlin, which commenced in 2020, reveals a significant reduction of the number of advertised rental units hampering a successful housing search for newcomers and first-time renters.
- An analysis of economic research on rent control in the US (2013), by Peter Tatian at the Urban Institute, stated that "The conclusion seems to be that rent stabilization doesn't do a good job

of protecting its intended beneficiaries—poor or vulnerable renters—because the targeting of the benefits is very haphazard.

These and other research contributions largely conclude that one of the unintended consequences of rent freezing measures can be a decrease in the supply of rental properties and a disincentive for owners to maintain properties to the standard we might consider adequate.

On balance, many economists would suggest housing subsidies as a better way to make housing more affordable to renters without distorting the housing market as much as a rent freeze might do.

3. The impact of housing insecurity in Queensland

With the above in mind however, it is important we do recognise what has led to this Bill being considered and the current rental environment Queenslanders face every day.

- Record low availability – Ninth consecutive quarter of rental vacancy rates below 1% in most parts of Queensland (REIQ vacancy rates report)
- Record high rental prices – The annual Rental Affordability Index (RAI) recently released by National Shelter and SGS Economics concluded Greater Brisbane saw the sharpest decline in rental affordability in the country in the past two years
- The CHIA Unmet Housing Need report shows four Queensland regions, including Gold Coast, Logan Beaudesert, Sunshine Coast, and Ipswich, with the highest levels of unmet housing need in the country.

It is imperative we find a path to rental affordability in Queensland, and it will likely require some market intervention.

4. Alternatives to improve rental affordability

There are a range of alternative macro policy settings that would have a material impact on rental affordability. It is noted that some of these are the function of the Commonwealth Government, however they have been mentioned below for completeness.

- Boosting the overall supply of social and affordable housing stock to meet current, and importantly, future demand
- Changes to the federal tax environment including a reduction in the capital gains tax discount and eliminating negative gearing
- Boosting Commonwealth Rent Assistance (CRA) which materially reduces housing stress among low-income Australians'
- Abolishing first home buyer grants' programs which can artificially inflate the price of property

Recommendations for the Committee to consider

1. Increase the time within which rents can be increased in Queensland, from six months to 12 months, to bring it in line with NSW and Victoria. The Consumer Price Index (CPI) should be used as a guide in doing so. This should then be reviewed for effectiveness in the lead up to the 2032 Games, especially in Southeast Queensland markets.
2. Advance further changes to the Residential Tenancies and Rooming Accommodation Act (2008) that prevent no-fault evictions.
3. Investigate increased opportunities to provide rent supplements to private landlords who accept low-income tenants, via the Housing Investment Fund (HIF) and related programs.
4. Advocate to the Commonwealth Government the need for urgent consideration of a material increase to the rate of CRA, in the lead up to the May 2023 Budget
5. Continue to accelerate programs that enable an increased supply of social and affordable housing stock across the state.

6. Fast-track the delivery of more Built to Rent (BTR) programs in Queensland, including “affordable” focused build to rent models that create more institutional ownership of rental stock, which is less susceptible to individual owner price increases.
7. Review, with a view to regulate, the short stay accommodation market in Queensland, like what has been achieved in NSW and Tasmania
8. Ensure that Legacy housing stock from the 2032 Olympic and Paralympics Games - Athletes’ villages (Robina, Maroochydore, and Northshore Hamilton) retain a percentage of housing stock for social and affordable housing, post games.
9. Work with Q Shelter, its peaks partnership, and the REIQ to generate a community education campaign to identify and encourage property owners willing and able to contribute housing to the private rental housing system as a context for expanded head-leasing programs by CHPs.

Conclusion

Safe and secure housing is crucial to a well-functioning community. Q Shelter is growing concerned about the direction of the rental market in Queensland, and the impact prolonged housing insecurity will have on people’s mental health and overall wellbeing.

Until we can significantly increase housing supply in this state, there is a need for immediate action in the rental market. The recommendations provided here offer an alternative to a rent freeze, but seek to achieve a similar aim, which is a healthier housing system overall; one in which is people can secure safe and affordable long-term accommodation.

For further details about this submission, please contact me (07) 3831 5900 or at Jackson.Hills@qshelter.asn.au.

Yours sincerely,

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References

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