

2 June 2025

The Productivity Commission of Inquiry into Construction

## **Submission**

### **About Q Shelter**

Q Shelter is a peak organisation working to ensure every Queenslanders has a home. Formed in 1987 and incorporated in 1993, Q Shelter works to propose policy and investment solutions to unmet housing needs and homelessness. Q Shelter also works to build system capacity to deliver homes and support services to ensure that solutions to Queensland's unmet housing needs and homelessness succeed.

Q Shelter works for the health of the whole housing system. As such, it is critically important to ensure enough housing supply to meet population demands. We have consistently advocated for needs-based planning to set housing targets and for evaluation and monitoring to ensure those targets are met.

Q Shelter's member base includes community housing providers, specialist homelessness services and diverse stakeholders from the wider housing ecosystem working in varied ways to increase housing supply, deliver on housing targets and deliver support services to address the needs of households.

### **Community housing providers as growth providers**

Community housing providers are generally not-for-profit associations and companies with a purpose to deliver housing solutions to people with low to middle incomes. They deliver a mix of social housing, affordable housing and head-leasing programs to provide households with a home that is affordable and suitable to their needs.

Community housing providers respond to the needs of diverse households, including households identified as experiencing significant vulnerability. Community housing providers are regulated under the National Regulatory System for Community Housing (NRSCH) and are identified by the Queensland State Government as a key partner in the delivery of future social and affordable homes.

Under NRSCH, there is a tiered system identifying Tier 1, Tier 2 and Tier 3 community housing providers depending on their size and the extent to which they engage in development activities. A growing number of CHPs are engaged in growth activities aimed at meeting unmet housing needs in Queensland.

### **The need for diverse housing solutions**

There is currently considerable unmet need in the community evidenced by:

- Reducing home ownership levels
- Increasing reliance on the private rental market despite sustained low vacancy rates and little security of tenure

- Wait lists for social housing involving over 27,600 households and over 45,000 people (December 2024)
- Surging demand for specialist homelessness services (an increase of 22% by 2024)
- More people seeking crisis accommodation support including through hotels and motels funded by the Queensland State Government
- A greater diversity of people seeking housing assistance due to a lack of supply, including working people
- Rising house purchase prices including in regional Queensland (Core Logic Home Values Index, June 2025)
- Rising median rents throughout Queensland linked to undersupply (REIQ, 2025).

### **Barriers to the delivery of Queensland State Government housing targets**

The Queensland State Government has set a target to build 53,500 social homes by 2044 as part of meeting a wider housing target of one million homes by 2044.

The community housing industry reports rising costs in the construction of social and affordable homes, impacting their viability and sustainability. This is at the same time they are being asked to play a key role in the delivery of the Queensland Government's housing agenda.

They are particularly constrained due to the rent settings necessary to respond to the needs of people seeking social and affordable homes. The rent for social homes is usually set as a percentage of income (often 25%) where incomes are very low and low, typical of income support provided by the national government. The rent settings for affordable homes are generally a discount to market rent. This suits low-middle income households whose needs are more simply defined as an affordability challenge. The latter provides a more sustainable revenue base for CHPs however rising operating costs including rates and insurance, mean that the viability and sustainability of CHPs as housing growth providers needs support. Affordable homes also play a role in housing people from industries such as agriculture, hospitality, child care, aged care, health and community services.

Community housing providers require capital funding to deliver social homes due to the limited revenue base available to attract other types of funding such as debt finance. As construction costs are rising and time delays are also caused by the availability of contractors and materials, the costs of delivering homes continue to rise against a very limited revenue base.

This is why the efficiency and cost-effectiveness of construction is a vital element in the delivery of the overall housing target and also the social housing target.

At the same time, the quality of construction, standards and accessibility of homes remain critically important to meeting the needs of all households including vulnerable households. We understand there is a tension between construction standards and regulations and the cost of delivering homes. We know however, that reducing standards can add to the future costs of homes due to defects, poor energy efficiency, and the siting of new residential development further away from transport and

other infrastructure. We are acutely aware that older people and people living with disability need better access to housing choices where homes are also accessible. When people have a range of housing choices, the dependency of people living with disability and who are aging on government-funded support reduces.

### **Proposed directions**

To deliver housing targets, including targets for social housing, it is essential to:

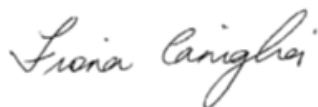
- Reduce rising construction costs to ensure the viability of delivering social and affordable homes
- Improve the efficiency and reduce the time taken for planning approvals
- Invest in modern methods of construction and volumetric construction to reduce costs and the time involved in delivering homes
- Engage with the MMC industry to implement an industry development plan to provide certainty and a pipeline of investment to deliver a significant number of homes
- Examine the operating costs of community housing providers as part of the Inquiry to establish where costs could be reduced in the construction and ongoing delivery of community housing, resulting in greater viability of the industry
- Develop a community housing industry road map to clearly identify all of the enablers necessary to ensure community housing providers play their part in achieving Queensland's housing targets
- Expedite community housing policy reforms to improve viability and sustainability in the delivery of more homes
- Maintain housing standards and accessibility measures to ensure people have opportunities for independent living with reduced dependencies on higher subsidy homes and support.

### **Contact**

Q Shelter is available to provide further advice and information to the Inquiry through contact with Jackson Hills, General Manager of Policy and Strategic Engagement ([Jackson.hills@qshelter.asn.au](mailto:Jackson.hills@qshelter.asn.au) or 0411 395 842).

Thank you for considering our submission. Community housing providers are an essential part of delivering Queensland's housing targets, yet they face significant barriers. The relationship between reduced operating costs and the capacity to afford construction costs, combined with greater efficiencies and cost effectiveness in the construction process will assist them to play an optimal part in the future of meeting Queensland's needs for housing.

Yours sincerely



Fiona Caniglia  
Chief Executive Officer