

# Opinion piece



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## THE HAFFS AND THE HAFF NOTS – AN IMPORTANT PART OF HOUSING RIDDLE

All eyes will be on the Crossbench as a cornerstone policy of the Albanese Government, the Housing Australia Future Fund, sits before the Senate.

Independent Senator David Pocock has pointed out that the 30,000 homes the HAFF is set to deliver falls well short of fixing the needs of a very stressed housing system.

He is right. Much more supply is needed when it comes to Australia's current and future accommodation needs.

The Australian Greens and the Coalition have also pointed out the deficiencies of the HAFF with media reporting the Greens are reviving their national rent freeze as a bargaining chip.

Australia's real estate practitioners are seeing this play out in a real-world way and are working at the coalface of this crisis.

In my hometown of Fremantle, an affordable rental recently had 88 groups inspect the home and 49 applications to rent it. That means 48 Fremantle locals have missed out on affordable accommodation.

As agents, our aim is to help secure a rental for all 48 of these prospective tenants. But the supply is simply not there due to decades of inaction by all Governments.

Perth's rents have increased 62 percent since 2002 for houses and 88 percent for apartments. Local vacancy rates are now at 40-year lows sitting at 0.6 percent, a long way from a market balanced 3.5 percent.

What's most remarkable about this current market is very few policy makers and influencers saw it coming. In early 2018, a mere five years ago, vacancy rates in Perth were 7.3 percent and reiwa.com advertised 12,000 rentals. There are fewer than 2,000 rentals listed today.

This story – soaring rents, low-low listings – is the same in our cities, suburbs and towns across Australia.

The core of supply for affordable rental homes lies with mum and dad investors, 80 percent of whom own a single rental property.

This cohort, delivering 27 percent of all housing in Australia, has been challenged in recent times by COVID-19 rental moratoriums, high stamp duty and land tax costs, rising interest rates and cost of living as well as tenancy law changes.

Governments have for so long relied on mum-and-dad investors to supply the market with rental stock and the nation has now been caught short.

The size of the problem is estimated by experts to be just short of 500,000 residences needed to fill the affordable rental gap.

Supply is the very heart of the problem.

Investors – as they have always done – will help deliver supply if incentivised enough to do so and if good quality stock is available. Yields over the long term remain strong and will stabilise once interest rates do.

Many of the Albanese Government's housing policies are welcome but are long term in their view.

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They've appointed an Interim Supply Council; will write a National Plan for Housing and Homelessness and have commenced legislating for their respective programs under this – like the HAFF.

Ideally, you'd identify supply targets, write the plan, appoint the Council and then fund the suite of programs for the nation's housing requirements based on detailed supply modelling.

The Housing Accord has many of the answers to unlock supply but relies entirely on State Governments coming to the party in a meaningful way.

Debate and scrutiny of something like the HAFF is what we should demand of Australia's law-making arm of government – this is \$10 billion in investment of Australian's money and the results will not change the game in terms of supply.

We do hope the HAFF passes and rapidly funds and builds its housing targets. It is no easy task to get 30,000 homes on the ground; let alone one million by 2028.

REIA's long term recommendations for the Federal Budget 2023 are twofold: unlock existing housing inventory; and build more houses.

We will take \$10 billion more in funding for social and affordable housing so more Australians can find a place to call home.

But there is much, much more work to be done to make Australia's housing system fit for purpose.

We hope as part of this the Albanese Government openly encourages the return of mum-and-dad investors into housing with as much enthusiasm as they have had Community Housing Providers

## **ENDS**

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