REAL ESTATE INSTITUTE OF AUSTRALIA

National Housing and Homelessness Plan Issues Paper

REIA SUBMISSION

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Real Estate Institute of Australia

REIA

REAL ESTATE INSTITUTE OF AUSTRALIA

Acknowledgement of Country

The Real Estate Institute of Australia (REIA) acknowledges the Traditional Owners of Country throughout Australia. We pay our respect to them, their culture and their leaders, past, present and emerging.

Contents

Introduction

The Real Estate Institute of Australia (REIA) is the professional body for Australia's real estate sector and was established in 1924.

Today, REIA represents real estate practitioners and agencies through our work across policy and political action, media advocacy, market research and evidence, industry excellence and national leadership and networks.

Real estate is the backbone of Australia's economy and businesses sector. Agencies employ 130,000 Australians and the Australian property industry is worth $300 billion to the Australian economy as a measure of GDP.

Real estate is a relatively unique sector as it's a large segment of the Australian economy servicing nearly all Australians almost exclusively by small businesses.

To put this in perspective, there are 44,000 Australian real estate agencies Australia wide with 99% of these being small businesses.

At the same time our consumer base is considerable, with our outreach estimated to be:

- 6.9 million Australians helped into home ownership or rentals each year.
- $350 billion in home sales settled the last recorded financial period.
- $78 billion in rent receipts collected annually.
- $3 trillion in rental assets under management.
- Combined residential real estate asset value of $9.3 trillion.
- Combined commercial real estate asset value of around $1 trillion.

Submission Approach

REIA thanks the Department of Social Services (DSS) for the opportunity to comment.

The National Plan for Housing and Homelessness (the Plan) has been a standing policy of REIA since 2020 and we welcome progress on this.

REIA notes the 55 Discussion Questions presented in the National Housing and Homelessness Plan Issues Paper (the Issues Paper).

REIA has elected to respond to 14 of the questions that directly relate to Australian real estate and private property markets.

REIA is available to speak further with the DSS team on request.

Strategic Context

Australia has a unique property market and housing spectrum with renters making up approximately one third of our housing market. The Australian real estate industry plays an essential role in the delivery of private rentals.

REIA's collective membership, represented through our State and Territory Institutes, operate what is referred to as property management or 'rent roll' businesses and have an estimated $3 trillion in collective rental assets under management by our workforce of property managers.

The Australian housing spectrum

0.5%	3%	27%	15%	67%
Homelessness	Public, social, & affordable housing	Private rentals	First time buyers	Homeowners
Managed by homelessness providers and State Governments.	20% of income to rent (public) and 30% for social and affordable. Managed by Community Housing Providers and State Governments.	Managed for the most by property managers and owned by family investors.	Graduating out of private rentals or other accommodation into home ownership.	Of these, 37% had a mortgage

Source: NHFIC, ATO

Managing a tenancy

STAKEHOLDER	The Australian Tenant	The Australian Property Manager	The Australian Property Investor
ROLE	Rents accommodation	Manages tenancy	Owns accommodation
SEGMENT	*8 million Australian tenants*	*41,000 Australians working in property management*	*2.2 million property investors*
PROFILE	• All ages • Average lease 6 – 12 months • Applying for 6 homes before securing a new rental	• Average age of 42 • 67% female workforce • Manage 75% of private rentals Australia wide	• Generally, owns a single rental property • Working age 35 – 65 • Holds a mortgage on rental property

Source: NHFIC, ATO , ABS

Responses to Discussion Questions

3.5 Housing costs, home ownership and the private rental market in Australia

The demand side of Australia's economy remains strong with inflation moderating from its peak in 2022 to an expected decline over the end of the year.

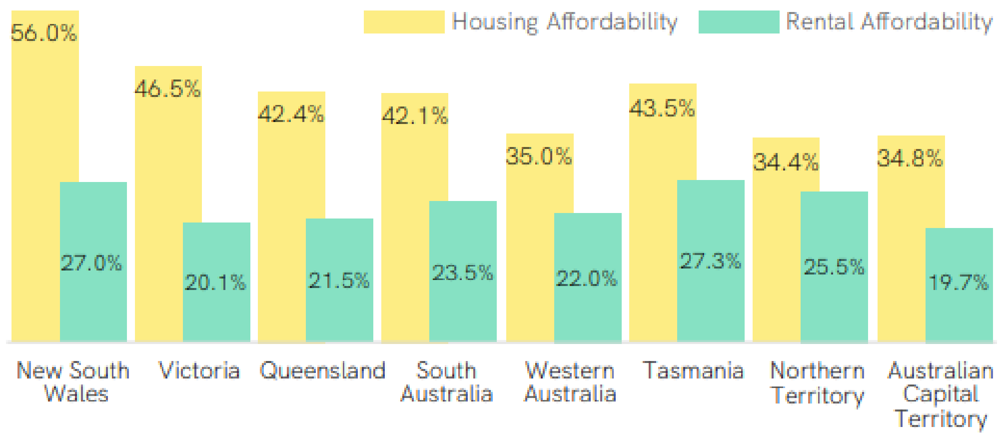
Despite this, the Reserve Bank of Australia has indicated (October Monetary Policy Decision) that more rate raises to contain inflation may be necessary.

Households have remained relatively resilient due to strong labor market conditions, however, nationally, home loans remain at their most unaffordable point since 2008 in terms of income to mortgage ratio.

Rental vacancy rates remain at a near historic lows across capital cities with low housing supply relative to population growth, indicative of tight rental market conditions in the year ahead. Nevertheless, rents over a twenty-year trajectory have been stable in affordability. There is a crisis of availability over affordability.

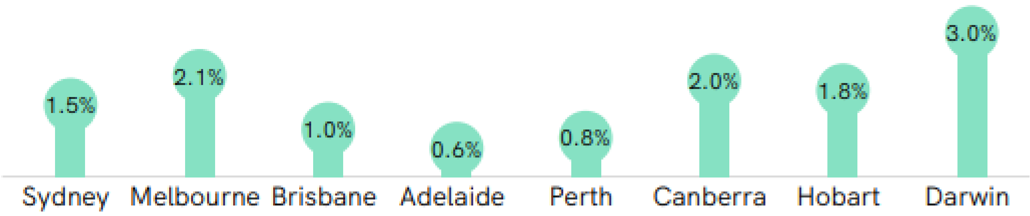
It is in this context REIA responds to Discussion Questions 1 to 8, under Section 3.5.

Chart 1: Housing and rental affordability



Source: REIA Real Estate Market Facts June Quarter 2023

Chart 2: Capital cities vacancy rates



Source: REIA Housing Affordability Report June Quarter 2023

1. What should the most important (long-term) and/or immediate (short-term) housing market policy focus be, across all levels of government, over the next 10 years?

The immediate short term and long-term housing market policy focus should be centered on enabling new supply and better utilization of housing supply, with the following considerations central to the Plan.

Stamp duty phase out

The reality is that stamp duty reform is one of the single greatest reform policies that would immediately unlock housing supply. It is necessary to be ambitious.

REIA estimates that the removal of stamp duty would conservatively introduce an additional 4% of listings back into the sales market;[1] with broader ranging economic and societal benefits to be simultaneously achieved.

Actions that can be taken underneath the Plan should include:

- Federal and state governments commit to long term stamp reform. This needs to be achieved by the establishment of an Intergovernmental Working Group on Stamp Duty Phase Out in the initial.
- Immediate stamp duty waivers for purchases of rental properties in areas of high need are piloted by State and Territory Governments.

Tap into existing homes

There are a range of simple but pragmatic steps the Australian Government could take through engagement and funding to better tap into the existing inventory:

- Collaborate with Local Governments to directly engage rate holders through a paid mail out campaign to convert any vacant rentals to the long-term rental pool. REIA would like to offer support through local Real Estate Institute member property managers. REIA estimates there is a potential to unlock up to 30,000 homes [2] nationally based on uptakes in a single Local Government Shire.

[1] Source: Stamp Duty: The Relationship to Australian Housing Affordability and Supply
[2] Source: REIA Media Release| REIA President urges owners to lease vacant properties

- Commission an immediate occupancy audit across Government owned and funded housing across the three tiers of Government. Qualitative feedback from real estate practitioners across Australian indicate latent occupancy across government owned housing, with considerable variation across states and territories. This ranges from public, social and affordable accommodation, defense housing and other state-owned and managed housing.

Continue a focus on home ownership as a fundamental

The sixth Intergenerational Report once more confirmed that high rates of home ownership will remain important component of retirement outcomes for Australians (Department of Treasury 2023)

Combined with compulsory (superannuation) and voluntary retirement savings, home ownership in retirement is an essential third prong to well being and reduces costs to Australia's social welfare and health system.

It is essential we arrest the declining rates of home ownership in Australia and ensure Australians at all stages of their life have pathways to achieving this.

Critical policies to ensuring this include:

- Investigate options to better help renters transition successfully to home ownership.
- Continue roll out of the Australian Government Home Guarantee Scheme.
- Aggressive promotion of deposit building incentives like the First Home Super Saver Scheme.
- Allow first home buyers to deduct up to $5,000 per annum on their interest rate bill.

Promote property investment to households not just superannuation funds

REIA notes the strong desire and call to action by the Treasurer and other Cabinet members for Australia's superannuation funds to invest in housing.

Australia's residential property market is worth $10 trillion compared to superannuation which currently sits at $3 trillion (CoreLogic 2023). Our residential rental assets under management are estimated to be $3 trillion.

Despite various challenges, this is an investor cohort that has significant room to grow.

REIA views it as both encouraging and necessary for our nation's economic leaders to show similar leadership to attract more of Australia's family investors in housing and actively promote investment as has been the case for super funds.

To remain a strong and attractive investment, the Australian and State Governments must work to remove any barriers to this; and incentivize more investment into existing housing stock and the new supply pipeline.

Key levers to unlock this include but are not limited to:

- Encourage revision of lending criteria to encourage more housing investment: Council of Financial Regulators to reassess the current minimum 3% serviceability buffer for property investors, as required mortgage payments make up 9.9% of an Australian household's disposable income representing a higher figure than historical peaks (RBA 2023). Reducing the current minimum serviceability buffer for a predetermined period will ease credit constraints posed by continued high inflation and RBA interest rate hikes, encouraging borrowing capacity for investors.
- Promote the benefits of property investment as an asset class: The Australian Government in collaboration with key stakeholders to develop a nation-wide investment prospectus and investment campaign aiming at attracting family investors into the private rental pool.
- Remove unnecessary regulatory costs: Higher residential property yields combined with the current low vacancy rates will provide demand for property as a competitive asset class. This will encourage increased family investment in housing stock.

Consider housing policy in the context of Australia's ageing population

Australians are living longer and remaining healthier to an older age, with population growth projected to slow over the next 40 years to 0.8% by 2062 and the number of people aged 65 and older will more than double in the same period.

Housing policies should be considered in the ageing population context as well-managed population growth is key to delivering better outcomes on infrastructure and housing to support sustainable living standards over time (Department of Treasury 2023).

Real estate practitioners across Australia frequently report that major barriers to Australian's downsizing is twofold. One, not wanting to leave their family residence due to the inability to source new accommodation; and two, reluctance to pay stamp duty on the new or 'next' dwelling.

Whilst there have been some useful programs implemented, REIA recommends that the:

- Australian Government further analyse options to support 'downsizers' move from their family home as part of a broader body of work to investigate taxation options to incentivize higher turnover of housing and home sales.
- State Governments consider offering stamp duty waivers on the purchase of smaller properties for a prescribed category of downsizers.
- The Australian Government to review taxation and cash flow incentives in the context of reducing holding periods and thus increasing housing supply to the market.

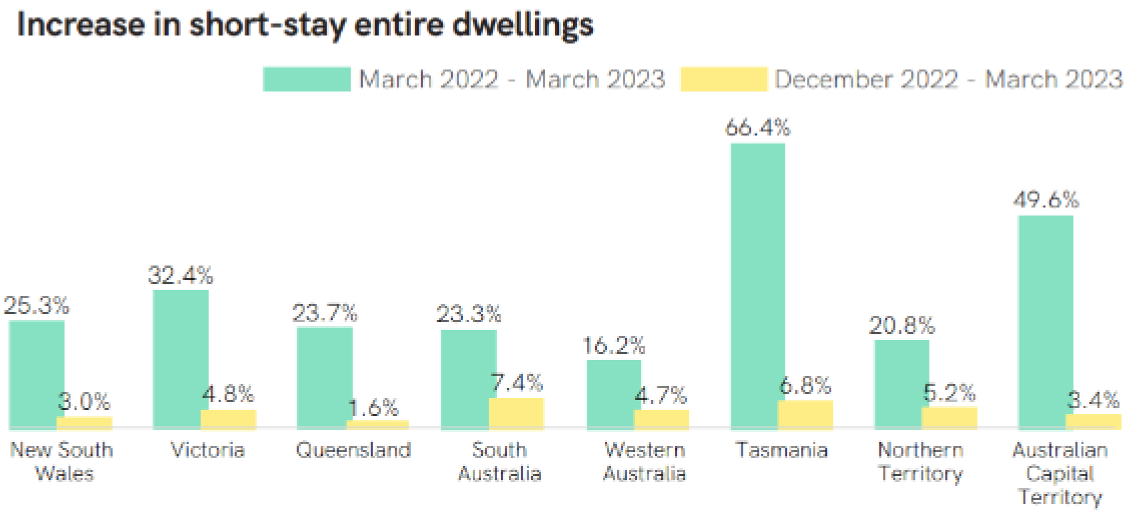
Short stay accommodation

REIA recognises the rise in short-stay accommodation as one of the main contributors to the current rental crisis we are facing as a nation.

In the March quarter, a total of 133,968 short-stay accommodation places were available in Australia, an increase of 3.7% over the quarter and 22.8% over the past year.

Of all these short-stay accommodation places, 109,726 (81.9%) were entire dwellings, (those dwellings that can transition between the long-term rental market and the short-stay accommodation market), an increase of 3.7% over the quarter and 26.6% over the past year.

Chart 3: Increase in short stay dwellings 2022-2023



Source: REIA Short Stay Accommodation September 2023

It is REIA's view that a 'carrot not stick' approach must be taken here.

Reform options in the National Plan should include:

- Develop a suite of incentives – for example cashflow or instant asset write offs – for vacant properties and short stay rental providers to bring them back into the long-term rental pool.
- Investigate reforms[3] such as:
    - Short-stay accommodation caps (less impactful)
    - Short-stay accommodation registration (bare minimum)

Better State Regulation

REIA notes that it is important to take a balanced national approach to Residential Tenancies laws. Regulation should not impede supply or create additional transactional pain points.

Explore non-conventional options

Australia still leads the world in innovation and science, yet the built environment sector records a significant underinvestment in research and development when compared to all other major economic sectors.

We should put all options on the table to actively incentivize key research when it comes to the National Plan.

Concepts for research pipelines to contribute constructively to the National Plan should include:

- Housing Australia to develop a feasibility study and scale of an adaption program for repurposing non-residential real estate into residential housing. REIA notes some assets, for example, conventional office space has limitations due to floor plans.
- Housing Australia and the Department of Industry, Science and Resources to examine options for non-conventional rapid build homes in areas of high economic growth and housing need. It is recommended they commission a rapid response study that examines all options for fast builds, including case studies on modular homes.

2. How can the utilisation of existing properties be improved? How can governments incentivise improved utilisation of existing properties?

Australia's 2.2 million pool of private property investors (ATO 2021) are crucial in supplying rental stock for around 8 million Australian rentals. This cohort has traditionally provided the investment backing to developing land for social, affordable and private rental housing.

[3] Source: REIA Short Stay Accommodation Report

It is anticipated that the property market will continue to see an exodus of rental providers if government policies continue to trend in the direction of an increase in regulatory and economic measures as this adversely impacts both potential and current active investors.

Again, REIA has urged decision makers to focus on ‘carrot not stick’ incentives to continue to engage this vital investment cohort as the majority supplier of rental accommodation in Australia. There are a range of deliverables that should be included in the National Plan that expand housing, taxation, and State-Federal Relations.

These have been addressed under the discussion question prior.

3. How do supply, demand and affordability challenges differ in urban and regional/remote areas? How could these differences be considered when designing policy?

Housing Australia forecasts we will fall short of the number of homes we need by around 106,000 over the 5 years from 2023 to 2027.

It is telling that a regional supply shortfall is not provided as a breakout to this forecast by Housing Australia. Migration patterns to regional Australia are normalizing back to pre-COVID levels with the gap in migration flows narrowing.

It is REIA’s general point of view that regional housing needs be met through a specific regional housing lens, noting that some States have more housing stock in the regions over their urban cities.

For example, 52.9% of Queensland’s housing stock is in the regions and Tasmania’s 58.7%. In Victoria only 26% of the housing is in the regions.

Central policy considerations for regional housing must include:

- Extensive evidence and research on housing shortfalls in Regional Australia in our national supply forecasts.
- Collaborate with LGAs to ensure accurate occupancy audit and localized population growth including forecasts.
- Clear planning backlogs through a national planning ‘hit squad’ that can assist on a fly in-fly out basis and mitigate high construction costs through comprehensive policy levers.
- Industry and skills ministries to fix the current building skills shortage by committing to deliver on the new National Skills Agreement.
- Strong demand and climate change has adversely impacted regional and remote communities, requiring community-based collaborations to be a

driving force behind information awareness tailored to the needs of the local community.

4. How can the use and release of land encourage residential growth in well located areas (i.e. close to infrastructure, jobs and services, and resilient to natural hazards) in the short, medium and long-term?

Despite being a very large nation with ample land resources, industry data suggests a severe decline in both land availability and land affordability to build the requisite homes for Australia's requirements. This alarming trend needs to be dealt with in the National Plan.

- National annual residential greenfield lot releases decreased by a staggering 40% in 2022, with a total of 45,360 lots released across the capital city markets, yet prices continued to rise in line with the prediction made in last year's UDIA State of the Land report (UDIA 2023)
- Greenfield sales dropped by 49%, as the effects of higher interest rates, rising costs of living, and general economic uncertainty were being felt by the community (UDIA 2023)

The use and release of greenfield lots are necessary given population growth projections and migration. This will allow the following flow on effects:

- Increase in investors within the property market.
- Reducing ongoing pressure on developers and encourage urban development.
- Consequently, increased job opportunities, livable urban communities, buildings and through encouraged migration to regional areas lead to population growth in addition to wider economic expansion.

5. Are there ways to improve supply chain issues to support more efficient housing supply and reduce building costs?

In the June quarter this year, total dwelling commencements fell by 11.8%, the lowest in a decade (ABS 2023).

It is REIA's view that a high performing and well supported building and construction sector is the key to unlocking housing supply in the nation.

Government policy needs to address to address material availability and continued high construction costs by providing support to the building and construction industry through the following primary measures:

- Flexibility in its contractual dealings with building and construction companies in specific regions targeted (areas of high need).
- Clear planning and regulation backlogs for land development in each State and Territory.

- The National Reconstruction Fund to be fully leveraged to help expand Australia's onshore manufacturing and distribution capacity with respect to key building materials (MBA 2023).

Other key incentives to consider are as follows:

- REIA welcomes the new National Skills agreement as a great start to address pressing skill shortages to deliver the Plan.
- The Federal government to underwrite finance and/or risks for key residential development projects by incorporating spending allocations within the budget, akin to home guarantees, within prescribed limits.
- A myriad of tax offsets and incentives to the building and construction sector, including 17% of small business in Australia that are in the building and construction sector through:
    - Increased depreciation allowances and productivity tax breaks
    - Minimisation of cost impacts through grants and subsidies
- Reduce regulatory burdens by providing incentives for the relevant agencies to reduce planning backlogs.

6. What role can housing design play in improving housing supply and affordability?

REIA has no specific expertise in this area but would note that housing design needs to accommodate the new Australian individual and family unit and consider key factors like Australia's aging population.

Housing Australia reported that household formation is currently (UDIA 2023) sitting at an average of 2.6 persons per household and 3.1 bedrooms per dwelling.

At the same time, only 4% of households were in need of at least one more bedroom; with a significant 77% of households having at least one bedroom spare.

The high rate of oversupplied bedrooms highlights inefficiencies in the housing system that could partly be overcome by design.

7. How can flexibility, accessibility (particularly in the physical environment), affordability and security be improved in the rental private market, particularly for low-income earners?

8. Are further wrap-around supports required to support vulnerable Australians in the private rental market to maintain their tenancies? Are there any examples of effective models that could be scaled up?

It is REIA's view outside of fixing supply that there is a broad suit of options to put in place to support renters, particularly those in vulnerable populations.

This includes a mix of better education and awareness, better financial support for renters, and collation of better data nationally.

Greater tenancy awareness and education

It is REIA's view that a better program of education and awareness for direct distribution renters to better inform their rental experiences is essential.

There are many examples as are run by REIA and many State and Territory REIs. REIA has strongly recommended that a cohesive industry-government national program of information and awareness materials are developed for direct distribution to renters to help them navigate managing changes within their tenancy.

Case Study: Tenure of tenancies. The length of tenancies is in the first instance *always determined by the tenant*. Tenants can negotiate longer lease periods or a 'longer term lease option' when they sign a lease, and most investors will welcome the opportunity to secure a long-term tenant. However, most renters prefer a flexible lease approach as they are traditionally a demographic that is highly mobile. As a rule of thumb, longer term tenants with strong references are highly desirable, and this will only add weight to a rental application. Tenants seeking longer term security would greatly benefit from enhanced information and awareness with this regard.

Further 'myth-busters' can be found on pg. 16 of REIA's Submission to the Worsening Rental Crisis.

Increase Commonwealth Rental Assistance (CRA)

The 2023/24 budget included a 15% increase in the CRA. This is a welcome start but does not assist with alleviating rental stress in the same way it used to.

REIA has always argued that CRA must be pegged to market rentals to continuously support renters and particularly vulnerable renters which is facing down continued declines.

Chart 4: Commonwealth Rent Assistance as a proportion of weekly rent 2002 - 2022

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Canberra	Hobart	Darwin	Cap Cit
2002	22.1%	24.2%	25.3%	28.7%	30.9%	21.3%	30.4%	22.1%	24.4%
2007	21.1%	23.7%	20.4%	23.7%	19.7%	16.9%	21.9%	15.0%	21.4%
2012	14.6%	18.0%	17.5%	19.1%	15.3%	13.3%	18.5%	10.9%	16.2%
2017	15.5%	20.4%	20.4%	22.8%	23.2%	16.5%	21.6%	16.0%	18.8%
2022	14.4%	19.9%	17.9%	19.1%	18.6%	13.2%	16.2%	15.1%	16.9%

Source: REIA Real Estate Market Facts – A 20 Year Analysis

Better data collation

There is no central point or clearing within the Australian Government or the newly renamed Housing Australia to collate critical rental housing data outside of traditional market statistics.

For example, in most instances, evictions are not currently reported by State and Territory Governments yet are cited by decision makers as a major pain point in the rental system without any empirical knowledge and records of the scale of the issue.

REIA has therefore argued for a uniform data governance standard and a central reporting line for State Governments to better inform policy for:

- Quarterly reporting of bond lodgements as an indicator of supply.
- Quarterly or annual reporting of court enforced evictions.
- Annual reporting of lease tenures.

These unique government data sets would better inform the outlook for renters and would be a critical asset in holistic policy development for both industry and government.

3.7 The impact of climate change and disasters on housing security, sustainability and health

Pre-eminently, there are two key areas within section 3.7 which will be of critical impact across Australia's housing spectrum and those that live in it, as follows:

- Severe weather events and the impacts on housing in those communities.
- The NetZero transition and relevant adjustments required to the existing housing inventory.

Whilst there have been many admirable short-term improvements and changes to the policy outlook, it is fair to say the current environment concentrates on a 'regulation first' approach with little focus on renter, investor and homeowner empowerment – and the market as a whole – to make meaningful practice changes.

It is with this in mind that REIA has focused our responses to Discussion Questions 1-6, under Section 3.7.

1. How can governments improve housing and accommodation service coordination to better support individuals affected by hazards?

As a principled answer, REIA sees placing communities at the center of adaptation strategies (over regulation and top-down programs) as essential to improving and increasing resilience.

Again, at a principled level, this requires the role of all three levels of Government to:

- Provide consumers and communities with the tools and incentives, not rules, to determine their own preferences over and above regulatory responses.
- Drive focus on mitigating insurance costs for homeowners, tenants and investors.
- The need to better understand the implications of how severe weather events will impact Australian housing stock and specific regions at threat.
- Rewarding customers and markets to increase resilience and preparedness through a resilience-driven Homebuilder Scheme.[4]

Further details and case studies are provided in our responses to the next discussion question.

[4] Source: REIA Getting Real 1.0

2. How can governments support hazard resilient housing and housing modifications for new and existing housing, in particular within rural and remote locations that are more likely to be impacted by extreme weather events?

6. How can hazard resilience and thermal performance of housing in regional and remote locations be improved?

REIA notes the National Climate Resilience and Adaption Strategy (DCCEEW 2021).

Regional and remote areas for housing present challenges for disaster preparedness and the NetZero transition. This includes but is not limited to:

- Rapidly increasing insurance costs for homeowners, strata and family investors.
- Disjointed service delivery from the three levels of government.
- Lack of funding to test innovative community led solutions.
- Lack of experts to advise communities on preparedness.
- Lack of available and skilled tradespeople to implement resilience or NetZero improvements to housing stock.

REIA sees sensible starting points as pilots to be run in the regions to develop best practice delivery models to help achieve this and overcome relevant challenges. Communities need to be placed at the center of these models.

The Resilient Building Council has commenced some excellent work in this regard; and the cyclone preparedness work undertaken in Northern Queensland would also have key learnings.

3. How can governments better encourage the uptake of energy efficient housing modifications and design?

The 2015 Paris Agreement committed to limiting the rise in global temperature to 1.5-2.0°C above pre-industrial levels.

The Intergovernmental Panel on Climate Change in 2018 further stated that to limit global warning and avoid the most damaging impacts of climate change global warning would need to be contained by 1.5°C.[5]

The newly elected Australian Government September 2022 legislated (the Climate Bill) for Australia's revised emissions targets to be: 43 per cent and net zero emissions by 2050.The actual roll out of the Climate Bill will be borne by Australians and the Australian business community with limited detail yet known as to the Australian governments approach as to implementation.

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[5] Source: [REIA Friday in Focus| Climate Bill to be debated by the Senate in September (mailchi.mp)]

The International Energy Agency (2023) has rated buildings globally as 'not on track' with the buildings sector and therefore responsible directly and indirectly for around one-third of global energy- and process-related CO_2 emissions.

The evidence for premium markets emerging for both residential and commercial real estate continues to evolve.

There is a growing body of evidence that the more sustainable a home, the higher the price premium. In 2022, the price per square meter for an ACT house with an EER of excellent was 99.3% more compared to one with a poor EER (Powell 2023).

Homebuyers have indicated they will pay more for sustainable features like energy-efficient appliances, windows, alongside features that ensure better air quality.

The REIA State of the Industry: Australian Commercial Real Estate also demonstrated the opportunities on offer: 70% of occupiers are willing to pay a premium to lease sustainability-certified buildings, and 72% of investors believe that green certifications drive higher occupancy, rents, tenant retention and overall asset value.[6]

Growing Challenges and Implications

Despite the economic advantages on offer for Sustainable Real Estate the reality is the majority of the residential housing stock in Australia does not fit within this category; with around 60% of commercial and industrial real estate fall in Grade B <4.0- and 3.5-star NABERs rating.[7] In 2023, this argument will be borne out in a real word way in relation to the National Mandatory Disclosures Scheme which will have significant impacts on the Australian real estate sector.

Indeed, there is an emerging body of:

- Barriers
    - Streamlining manufacturing for project developers – "faster approvals".
    - Enable data sharing and coordination among governments and regulatory bodies – data governance.
- Cashflow
    - Provide incentives to implement energy efficiency measures rather than blanket regulation as part of the NetZero transition. This needs to take a specific focus on behaviour change for homeowners across the existing housing stock. (Reftrofit strategy)
- Skills Awareness

[6] Source: REIA State of the Industry: Australian Commercial Real Estate December 2022

[7] Source: REIA Commercial Agency Engagement Program

    - Policy and funding efforts to identify and implement energy efficient housing modifications and designs.
    - Educational awareness through government leadership and aligning state initiatives. For example, include consideration of making costs of energy efficiency improvements to rental properties tax deductible at time of improvement rather than as a capital improvement to be deducted at time of sale as part of CGT calculation.

4. How can housing policies and programs support people who have been displaced due to climate disasters?

REIA notes the following challenges in this space, which includes:

- Delayed response in housing reconstruction.
- Insurance coverage.
- "Managed retreat" – relocation or resettlement as a form of climate adaptation.

REIA has a network of nearly 44,000 businesses embedded in suburbs and towns across Australia. REIA notes through our networks it is, generally speaking, communities' preferences to 'remain in place' and focus on resilience over relocation as a solution to recurrent displacement.

There have also been a suite of disaster reviews and responses pre-dating the 2009 Black Saturday tragedy in Australia.

REIA suggests as a starting point the DSS prepare a comprehensive audit of these reviews and collate the range of material options on offer to inform this discussion.

REIA would like to provide a standing offer to the Australian Government to utilize our network of businesses as real estate agencies themselves are almost always engaged in frontline responses either through providing accommodation options, assisting displaced tenants or as part of wider community first responder contributions.

5. What options should be explored for improving the energy efficiency of rental properties?

It is REIA's observation that the current focus of the Trajectory for Low Energy Buildings takes a singular focus on regulation of mandatory disclosures and then 'hands it over' to the market to implement.

States and Territories have various levels of maturity to implement these reforms; and the market certainly has not had the requisite preparation.

Taking a specific focus on rentals, REIA would point out a disappointing and fundamental lack of engagement by the Australian Government with the 2.2 million family investors and the workforce of 44,000 property managers who support them who supply most of the rental stock for Australia's 8 million renters.

It is this cohort that will be the crucial targets to adopt energy efficient housing stock.

Additionally, feedback from across the supply chain has been disappointing, with REIA understanding that banks and insurers are simply waiting for new regulation to kick in to market new green loans and other insurance products.

Practical, market focused solutions REIA strongly urges the Government to adopt includes:

- Consider a green loan 'pilot trial' which offers property investors the opportunity to refinance through a low interest green loan and for energy efficiency upgrades to be funded when the current tenant moves out. This could track in an empirical way a range of investment, carbon and household metrics over time such as energy affordability improvements to tenants and improvements in rental yields over time.
- A significant range of cashflow incentives and instant tax write offs for family investors implementing energy efficiency as has been suggested by both REIA and members of the Crossbench as 'low hanging fruit.'
- A national program of tenant resources created that puts the tenant in the driving seat to negotiate and implement energy efficiency upgrades as feedback suggests this is not something tenants are currently initiating. REIA has undertaken some preliminary work with the Tenancy Skills Institute on this.[8]

REIA has more detailed range of options to provide to the Australian Government on request when they are ready to have a meaningful conversation about adoption.

[8] Source: Media Release| Stay Warmer This Winter: New Renter Resource Launched by Tenancy Skills Institute and REIA

Other Observations

Observation 1: Machinery of Government

One of the many challenges of delivering effective housing policy; and the future delivery of the Plan is effective machinery of government.

REIA would like to note that the machinery of government for housing has once more become disjointed and complex.

It was REIA's initial understanding that Housing Australia would be the centerpiece for all aspects of policy and program delivery across housing for the Australian Government.

However, to date, this has not been the case.

Department of Social Services	Housing Australia	Treasury	Other Agencies
National Plan for Housing and Homelessness Renters Rights Plan coordinate with States NRAS phase out	Delivery of Housing Australia including distributions for Future Fund Projects	National Housing Supply and Affordability Council State and Federal Relations Next Intergovernmental Agreement on Housing Housing research Housing Australia Future Fund	A broad range of other agencies deliver critical housing policy but have no logical interface with any other housing function of government. For example: - The NetZero Plan for Built Environment - NATHERs - Planning and industry policy

It is strongly recommended that all housing policies and programs are 'housed' into a central delivery unit that is appropriately resourced and coordinated.

Observation 2: Bias towards institutional investment

It is REIA's observation that there is an increasing policy bias towards institutional investment, in particular, Build-to-Rent developments.

This has been reflected in:

- Focus on new investment in housing being targeted only at superannuation funds.
- Tax concessions being offered to Build to Rent investors through the Budget 2022 contrary to the Productivity Commission's recommendations.
- Limited consultation with the largest investment cohort, Australia's 2.2 family investors.
- The Chair of the National Supply and Affordability Councils targeted comments in media in relation to removing negative gearing on investment properties. Economically, the biggest beneficiary of this policy would be build-to-rent developers who would expect an increase in yields with the phase out of this policy.

REIA welcomes additional diversity in the housing spectrum and regards build-to-rent as playing a role to achieve this, especially as a premium or lifestyle choice.

However, REIA challenges the assumptions that build-to-rent provides the at scale injection of supply for the current supply crisis and the current stakeholder and consultation approach in this space.

Conclusion

REIA thanks DSS for the opportunity to comment on this critical housing supply crisis for Australians.

We are committed to working with consumers and the three tiers of government on this matter.

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