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FIGHTING INEQUALITY IN AUSTRALIA

THE AUSTRALIAN CENTRE FOR SOCIAL INNOVATION

HOME FOR GOOD: IMPROVING THE PRIVATE RENTAL MARKET FOR OLDER AUSTRALIANS

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Table of Contents

About Per Capita 3
Centre for Applied Policy in Positive Ageing (CAPPA) 3
About TACSI 3
About the authors 3
Introduction 4
Policy framework 6
The three critical functions of home 6
Policy context 8
System complexity 8
A supply problem? 9
Market gaps: a failure of policy? 10
The impact of short-term letting 11
A strategic approach 13
A rights approach? 14
Policy options: improving tenant outcomes 18
Design 19
Creating good neighbourhoods 20
Community-led approaches 22
Private rental brokerage 24
Better Build to Rent 26
Policy recommendations 29
Directions for Federal Government 29
Directions for state and territory governments 29
Directions for local governments 30
Directions for the community housing sector 31

About Per Capita

Per Capita is an independent progressive think tank, dedicated to fighting inequality in Australia. We work to build a new vision for Australia based on fairness, shared prosperity, community and social justice.

Our research is rigorous, evidence-based and long-term in its outlook. We consider the national challenges of the next decade rather than the next election cycle. We ask original questions and offer fresh solutions, drawing on new thinking in social science, economics and public policy.

Centre for Applied Policy in Positive Ageing (CAPPA)

CAPPA is the 'do tank' within Per Capita. Its establishment was generously funded by the Wicking Trust. CAPPA undertakes social innovation and applied policy research that focus on finding solutions to issues resulting from Australia's ageing population, aiming to increase the wellbeing of older Australians.

About TACSI

Formed in 2009, the Australian Centre for Social Innovation is an independent social enterprise working on projects and initiatives across Australia to bring people into the heart of shaping their lives and society.

Bringing together a unique and diverse team of people, the staff at TACSI are united in their commitment to developing new and better ways to build social and economic prosperity for all.

At the heart of TACSI lies the fundamental belief that people are the experts in their own lives, and that the best innovations come from working with the people who face the challenges we're trying to solve.

About the authors

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She is passionate about the meaningful participation of older people and has worked in roles supporting this including Pensioner Action in the UK and Council on the Ageing (COTA) Victoria. Myfan has a BA (Hons) in Social Policy from the University of Sussex and a Masters in Cultural and Media Studies. She has a Diploma in Social Sciences: Crime, Order and Social Control from the Open University, and is an Associate to the Healthy Ageing Research Group at La Trobe University.

Introduction

Once considered a short-term housing option primarily for young adults, the private rental housing sector now accommodates 27 per cent of all households in Australia, with residents renting for much longer periods than in previous decades.[1]

With diverse housing types covering a geographical range from urban to rural, the private rental sector can work well for the 6.3 million renters who can afford it.[2] But for the 2.65 million Australians that qualify as low income renters, housing insecurity is a significant and growing problem.

As part of a complex housing continuum, private rental housing in Australia has changed significantly over recent decades, affected by steep increases in property values due to domestic and global policy trends.[3]

In a cultural narrative that frames housing as a financial asset,[4] the residential rental market is structured to incentivise investors, most of whom fall into the top three quintiles of income distribution, while largely failing tenants, most of whom are in the bottom 40 per cent of earners.[5]

Within debates around rental housing affordability, older Australians are often characterised as "cashed-up retirees", hell-bent on maximising their wealth through property assets.[6] The reality is more complex.

As a demographic, older Australians hold more housing wealth than younger people, but home ownership in retirement is in decline. Australians face mortgage rates 600% higher than 30 years ago,[7] and factors ranging from unaffordability to family breakdown are increasingly driving people into the private rental sector, particularly older single women.[8] The surge in demand for affordable housing means one third of Australians now live in private rental accommodation, equalling rates of home ownership.[9]

Where state-subsidised 'public' housing once provided a safety net, a notable withdrawal of government investment has taken place over the past two decades, leaving increasing numbers of Australians experiencing housing insecurity and vulnerable to homelessness.[10]

While housing insecurity does not discriminate by age, it does have particular implications as we age. Understanding this, The Australian Centre for Social Innovation's (TACSI) *Future of Home* initiative[11] and Per Capita's Centre for Applied Policy in Positive Ageing (CAPPA) are providing clarity on how the current

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[1] https://www.abc.net.au/news/2018-10-18/melbourne-renters-overtaking-home-ownership-are-laws-keeping-up/10375226
[2] https://apo.org.au/node/260686
[3] https://www.ahuri.edu.au/policy/ahuri-briefs/understanding-the-housing-continuum
[4] https://cityfutures.be.unsw.edu.au/documents/525/C2_The_housing_story_An_Australian_Perspective.pdf
[5] https://www.ahuri.edu.au/__data/assets/pdf_file/0012/2802/AHURI_Positioning_Paper_No149_The-Australian-private-rental-sector-changes-and-challenges.pdf
[6] https://www.theguardian.com/commentisfree/2019/feb/20/cashed-up-retirees-getting-a-refund-for-tax-they-never-paid-weve-hit-peak-rort
[7] https://www.ahuri.edu.au/__data/assets/pdf_file/0025/44953/AHURI-Final-Report-319-Mortgage-stress-and-precarious-home-ownership-implications-for-older-Australians.pdf
[8] https://www.yourlifechoices.com.au/news/single-older-women-at-risk
[9] https://www.abs.gov.au/ausstats/abs@.nsf/mf/4130.0
[10] https://www.theguardian.com/australia-news/2019/jul/18/australia-lost-20000-public-housing-units-in-a-decade-study-finds
[11] https://www.tacsi.org.au/future-of-home/

configuration of Australia's housing system can act as a barrier to achieving a *home for good* in older age.[12]

The precariousness of private rental housing in Australia has come sharply into focus in the context of the coronavirus pandemic. In March 2020, Prime Minister Scott Morrison announced "relief can be provided for tenants…in hardship conditions…ensuring that tenancy legislation is protecting those tenants over the next six months."[13] This acknowledges the housing insecurity that many private tenants face every day.

This policy brief, the second in a series looking at housing options for an ageing population, draws on the work of Per Capita and TACSI, to explore and propose new and innovative pathways for housing, including private rental housing.

[12] https://percapita.org.au/our_work/home-for-good/

[13] https://www.theguardian.com/world/live/2020/mar/20/australia-coronavirus-live-updates-nsw-victoria-qld-tasmania-closed-borders-travel-ban-cases-tally-schools-stimulus-qantas-latest-update-news?page=with:block-5e7437418f085c6327bc37eb

Policy framework

The three critical functions of home

Home ownership plays a strong role in defining identity and status for Australians. The bundle of legal rights that come with owning your own home are designed to confer security and control, but they can also shape our physical and social sense of community.

Australia's private rental housing sector increasingly needs to cater to a diversity of tenants and for much longer periods. Within this context, research has identified that older Australians have particular needs.

Across five years, The Australian Centre for Social Innovation (TACSI) has explored what a good home means to older people. Their findings identified 'three critical functions of home':

> Asset: Rather than financial equity, the real asset in relation to housing is security of tenure, enabling choice and control of your living circumstances and how you live your life.
>
> Gateway: Good homes connect us to others and to our community, critical to reducing loneliness and isolation.
>
> Expression: Home is where we express and evolve our identity. Having control over our space and being able to invest in 'place' enables us to form stronger and more congruent identities.

As TACSI explains:

> *Knowing you can wake up in your own home tomorrow and have control over when and where you move enables a wider sense of self-determination and self-efficacy – a feeling we're in charge of our own existence...It gives us the freedom to invest in ourselves and our surroundings.*

For older people:

> *The ability to regulate the flow and quality of relationships through the home is critical to reducing loneliness and isolation. A good home enables us to 'open the gate' for interaction and support from others. It also enables us to 'shut the gate' for time alone, or to feel safe in our own sanctuary.*[14]

In addition:

> *Having control over our space gives us the ability to display who we are and show our personalities – these spaces express who we've been, who we are and who we may become…to do the activities and hobbies that give us meaning and purpose. Being able to invest in a home and community enables us to form stronger and more congruent identities.*[15]

[14] https://www.tacsi.org.au/future-of-home/importance-of-home-as-we-age/
[15] Ibid.

Per Capita's research on ageing has also uncovered complementary evidence in relation to the housing needs and desires of older Australians.

Our 2015 report, *The Head, the Heart and the House* examined housing in the context of later life through a lens of behavioural economics. We identified:

> *Home means…much more than a place to lay your head… (it is) a physical space of privacy and refuge…a repository of history and memories…a way of feeling in control of life and managing uncertainties…*[16]

Our 2019 project *Mutual Appreciation*, a co-design research with older women experiencing disadvantage, further identified an additional housing preference for older Australians, one which speaks to housing as a social relationship.[17] *Mutual Appreciation* participants expressed that they would prefer to live in small and well-connected 'pocket neighbourhoods', communities designed to promote the informal networks that are critical to wellbeing and quality of life in later life.[18]

In the context of residential rental housing, these findings from TACSI and Per Capita suggest our policy settings ignore what older Australians really need. The precarious nature and poor quality of rental housing, combined with a weak regime of tenant rights, make the sector particularly unsuitable for older people. With the affordable end of the sector often concentrated in suburbs distant from key infrastructure and services, private rental housing has even been shown to drive older tenants into residential care prematurely, despite Australia's aged care service system prioritising the known preference of older people to age in place.[19]

How then might we recalibrate policy settings in Australia's residential rental market, to ensure it delivers these three critical pillars of a good home for older Australians?

[16] Millane, E. (Per Capita, 2015) The Head, the Heart and the House, pp12
[17] https://percapita.org.au/our_work/mutual-appreciation-a-social-innovation-thinkpiece/
[18] https://percapita.org.au/wp-content/uploads/2019/09/Mutual-Appreciation_formFINAL.pdf
[19] https://www.thesenior.com.au/story/5416202/older-renters-living-on-edge/

Policy context

System complexity

Australia's housing system is complex, with policy levers operating at Commonwealth, state/territory, and the local government level.[20]

State/territory government

Residential tenancies – and housing more broadly - are a state/territory responsibility. Residential tenancies legislation is fixed at this tier and then regulated within a framework of consumer affairs.

Stamp duties and land taxes further shape the (rental) housing market at the state/territory tier. These taxes can influence buyer decisions and may affect rental supply. For example, stamp duties can influence whether an older homeowner 'downsizes', freeing up a family-size home or land for higher density housing. The Property Council describing stamp duty as a "dreadfully inefficient tax that is a drag on the economy and kicks every house buyer in the shins."[21]

The states influence affordable housing supply in a funding partnership the Commonwealth Government, with a number of ways of releasing non-residential land for residential development. Through state and territory planning frameworks, they shape environmental considerations for new housing including guidance around density and zoning provisions, which are then administered at the municipal level.

Federal government

The federal government supports state and territory governments through a National Housing and Homelessness Agreement (NHHA).[22] This agreement has an explicit focus on increasing affordable housing, principally through community and 'social' housing,[23] but also provides funds for homelessness services which must be matched by states/territory governments.[24] An additional $1 billion National Housing Infrastructure Facility helps state and territory governments to partner with local councils to develop the key infrastructure when new housing development requires it.[25]

The federal government intentionally aims to influence rental housing supply through two fiscal policies: negative gearing and the capital gains tax discount. When introduced in 1985, the intention of negative gearing was to increase supply of private rental housing, thereby taking pressure off governments to supply housing.[26] Negative gearing was and is also expected to stimulate the economy through construction and flow-on industries. The policy allows landlords to offset property expenses, reducing personal income tax.

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[20] https://www.ahuri.edu.au/policy/ahuri-briefs/understanding-the-housing-policy-levers-of-commonwealth,-state-and-territory,-and-local-government

[21] https://www.propertycouncil.com.au/Web/Content/Opinion_Pieces/National/2016/Housing_supply_and_housing_affordability.aspx

[22] https://www.dss.gov.au/housing-support-programs-services-homelessness/national-housing-and-homelessness-agreement

[23] 'Social housing' is an umbrella term for government-funded 'commission' housing and not-for-profit, 'community' (sector) housing.

[24] In 2019-2020, this amounted to $125 million.

[25] https://www.nhfic.gov.au/

[26] https://www.smartpropertyinvestment.com.au/research/15361-a-short-history-of-negative-gearing

In capital gains tax policy, a discount of 50% operates for individual taxpayers with an investment property that has been retained for at least 12 months.[27]

Broader national policies such as migration and infrastructure funding are also seen to influence rental supply.[28]

On the demand side, the Commonwealth Government supports low-income renters through the Commonwealth Rent Assistance (CRA) subsidy. More than a decade ago, the Henry Tax Review called for CRA to be "based on rent paid",[29] yet it remains ndexed to the Consumer Price Index (CPI), and does not accommodate cost differences for renters in different parts of the country. The gap between rates of CRA and the real cost of renting is a factor driving frequent house moves.[30] This leaves older renters vulnerable to social and service isolation,[31] both known risk factors for poor health.[32]

Local government

The power of local government is controlled through Local Government Acts. In relation to housing, their responsibility chiefly focuses on urban planning and building regulations, not on housing development or delivery.

While local governments may be well placed to understand local housing needs, most only engage with the private rental sector through the collection of residential rates. Some authorities have, however, developed housing strategies within their municipal planning frameworks. These seek to analyse and project demand and supply and identify local groups in particular housing need, and undoubtedly help local governments to co-ordinate planning and community activities across the long-term.

Local community infrastructure like libraries and community hubs also have an impact on the desirability of a location, with greater amenity likely to push up rental prices.

Within these three interconnected government tiers, low-income renters navigate the system principally via three pathways: the mainstream real estate agent model; informally, by directly accessing rooms and dwellings privately managed by landlords and sub-landlords; and through housing support pathways provided by community housing and welfare agencies.

A supply problem?

In Australia, lack of market regulation, insufficient supply-side policies and distortionary fiscal incentives lock people out of homeownership. Australia has amongst the most expensive capital city housing in the

[27] https://www.echoice.com.au/guides/capital-gains-tax-calculated/
[28] https://www.ahuri.edu.au/policy/ahuri-briefs/understanding-the-housing-policy-levers-of-commonwealth,-state-and-territory,-and-local-government
[29] https://treasury.gov.au/sites/default/files/2019-03/University-of-Sydney-Yates-att-2.pdf
[30] https://www.abc.net.au/news/2020-03-22/how-western-sydney-rental-stress-means-families-always-on-move/12070114
[31] https://www.acsa.asn.au/getattachment/Publications-Submissions/Social-Isolation-and-Loneliness/1015-Social-Isolation-and-Loneliness-Paper.pdf.aspx?lang=en-AU
[32] https://www.aginglifecarejournal.org/health-effects-of-social-isolation-and-loneliness/

OECD and with wages failing to match the tripling in land and property prices across three decades, Australians of all ages are moving into private rental housing.[33]

With more than one third of residential renters spending over 53% of their income on housing costs, the lack of affordability in the sector is proving critical in its impact on the health and wellbeing of those who choose or who are driven into rental housing, who also face increased risk of financial hardship and homelessness.[34]

For older Australians, a recent 'annual rental affordability snapshot' from Anglicare shows that only 0.3% of rental properties in Melbourne were affordable for a single person on the age pension – even fewer than in previous years.[35]

This chronic unaffordability in the sector is often blamed on a lack of supply, a narrative that justifies a number of fiscal incentives for housing developers, the construction industry, and the 'mum and dad investors'[36] who dominate the rental market. This lack of supply has also historically been linked to foreign investment in the rental housing market; such was the impact that the federal government announced significant changes to foreign ownership in the 2017-2018 Budget to limit market access to foreign buyers.[37]

But supply issues are only part of the rental unaffordability story.

The privatisation of housing finance from the 1980s onwards saw the Commonwealth Bank and state government banks effectively removed from having a key role in mortgage finance "as had been the case prior to deregulation."[38] The deregulation of the banks both in Australia and internationally has set new criteria for home loan finance and supported global trends enabling small-scale property investment even for those with little capital to invest. For example, there was a 42 per cent increase in the volume of lending to housing investors over the 10 years from 2006–16, compared with an 8.4% increase in lending for owner occupation across the same period.[39]

Market gaps: a failure of policy?

Despite significant government intervention aimed at increasing the supply of affordable housing, there is evidence that the mechanisms in place may be insufficient or ineffective.

For example, research from Housing Industry Australia shows that Australia is providing more than enough new residential properties to accommodate population growth;[40] that is, there are enough new properties to house Australians. The problem appears to be that we are providing too many of the wrong types of

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[33] https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook45p/HousingAffordability

[34] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3184071/

[35] https://www.anglicarevic.org.au/wp-content/uploads/2019/04/41_Rental_Affordability_Report_FA_LR_03.pdf

[36] https://www.dictionary.com/browse/mum-and-dad-investor

[37] https://www.pwc.com.au/publications/federal-budget-2017/housing-tax-measures.html

[38] Tiernan, A., & Burke, T. (2002, p. 92) A Load of Old Garbage: Applying Garbage-Can Theory to Contemporary Housing Policy. Australian Journal of Public Administration, 61(3), 86–97

[39] https://www.ahuri.edu.au/__data/assets/pdf_file/0017/16910/PES-005-The-changing-nature-of-private-rental-in-Australia.pdf pg1

[40] https://hia.com.au/business-information/economic-information/industry-updates

housing, priotising apartment building in capital cities[41] over family homes and the smaller units in regional centres that AHURI has identified as the 'housing aspiration gap' of older Australians. [42]

Another example of this is the significant increases in home vacancy rates, despite a dearth of affordable rental housing. Looking at Sydney's property market, the University of New South Wales (UNSW)'s City Futures Research Centre identifies vacant properties "as a 'perverse outcome' of tax incentives that encourage investors to prioritise capital property growth over rental returns".[43] The UNSW researchers were able to pinpoint that properties in neighbourhoods with lower rental yields, and with higher expected capital gains, were more likely to be unoccupied. In other words, that property investors in those areas found it more profitable to sit on a vacant asset and wait for capital uplift than to offer it on the private rental market.

Australia's problem with vacant housing is noteworthy. In our most recent Census, over 1 million vacant properties were counted: a whopping 11.2 per cent of all housing in Australia, up from 6 per cent recorded in the 2006 Census. A similar incidence of 'speculative vacancies' in Melbourne was documented by think tank Prosper Australia in 2015.[44] By looking at abnormally low water usage, Prosper estimated 4.8 per cent of Melbourne's total housing stock was likely vacant.

Vacancy rates are particularly striking when compared concomitantly with rates of homelessness. On Census night 2016, when we had more than 1 million vacant homes, 116,427 people were classified as homeless, up from 89,728 in 2006.[45]

Census data also shows a significant increase in the number of people over 55 experiencing homelessness; up from 12,461 in 2006 to 18,625 in 2016, with a 28 per cent increase between 2011 and 2016 alone.[46]

This discrepancy in housing circumstances in one of the richest countries in the world is striking.[47] In a country with 'housing supply issues', why does a large tranche of residential housing stock lie vacant?

The impact of short-term letting

Despite significant growth in residential housing development across the past decade, demand for affordable rental stock has not yet been met.[48] This is not simply because we can't build apartments and

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[41] See https://www.smh.com.au/national/nsw/apartment-oversupply-puts-squeeze-on-rents-20190705-p524cp.html and https://www.news.com.au/finance/boom-to-bust-how-many-is-too-many-apartments-for-our-big-cities/news-story/8c15498749e077b97bb3aeee16e67e6d

[42] https://www.ahuri.edu.au/research/final-reports/317

[43] https://www.smh.com.au/national/nsw/thousands-of-empty-homes-adding-to-sydneys-housing-crisis-experts-say-20160323-gnpc52.html

[44] http://www.smh.com.au/business/property/nobodys-home-housing-boom-leaves-swathe-of-empty-properties-20151208-glixli.html

[45] https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2018/March/Homelessness_in_Australia. This is likely to be a conservative estimate, more than double that number sought assistance from homelessness services in 2016-2017.

[46] https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2018/March/Homelessness_in_Australia

[47] https://www.investopedia.com/articles/managing-wealth/112916/richest-and-poorest-countries-capita-2016.asp

[48] https://www.rba.gov.au/publications/bulletin/2016/jun/3.html

houses fast enough.[49] Across the world, the increasing dominance of short-term or 'property sharing' platforms such as Airbnb have driven significant increases in price in private rental housing.[50] Indeed, it has introduced global demand for local rental properties to such an extent that some 'destination cities' of Europe how have more tourist than residential lettings.[51]

According to research presented at a recent State of Australian Cities Conference, 4% of Australian housing stock is, or has been, used as an Airbnb, with listings growing by an average of 2.43% per month between 2016-2019 to reach almost 350,000 unique properties in 2019.[52] In 2017 alone, there was an 87% increase in total listings.[53]

The home sharing model is popular with older homeowners, who face barriers to workforce participation and also value the social rewards of having guests,[54] but the original model of sharing part of one's primary residence is in decline. Increasingly, online sharing platforms are becoming more professionalized, with figures showing that 73% of Airbnb lets are now for *entire* properties, not part of an occupied property.[55]

If the growth trend in short-term lettings continues at current rates, the impact on the long-term residential rentals will only grow.[56]

Despite evidence that Airbnb and similar platforms are a key factor influencing housing supply, regulation has been slow in Australia, with the market left to operate largely at arm's length. Political reluctance may be underpinned by the esteem we place on property rights in Australia, a bundle of legal protections including a 'right to disposition', i.e. that a property owner can sell, rent or transfer as they please.[57]

What regulation we do see has largely been as a result of neighbourhood disruption, for example the influx of tourists and noise nuisance in residential areas driving councils to introduce by-laws. Increased risks for strata title neighbours have also led to many states and territories reviewing the sector in relation to fire risk.

In Western Australia, a 2018 inquiry recommended all short-term rentals be registered, bringing them in line with traditional holiday accommodation providers. The inquiry found that "requiring registration and then having local government determine what conditions it will allow…will level the playing field."[58]

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[49] https://www.abc.net.au/news/2017-08-23/housing-shortage-in-victoria-as-supply-cant-keep-up-with-growth/8830596
[50] https://www.forbes.com/sites/annalisagirardi/2019/03/21/fairbnb-the-ethical-home-sharing-alternative-that-wants-to-undermine-mass-tourism/#7a45ff1b3878
[51] https://www.newyorker.com/magazine/2019/04/29/the-airbnb-invasion-of-barcelona?verso=true
[52] https://theconversation.com/ever-wondered-how-many-airbnbs-australia-has-and-where-they-all-are-we-have-the-answers-129003
[53] https://jamesons.com.au/blog/australias-new-subletting-legislation-will-affect-airbnb/
[54] https://www.news.com.au/finance/money/room-to-grow-seniors-incomes-as-retirees-become-entrepreneurs/news-story/1477d2497a7a5844151aed2c47de5a89
[55] https://www.news.com.au/finance/money/room-to-grow-seniors-incomes-as-retirees-become-entrepreneurs/news-story/1477d2497a7a5844151aed2c47de5a89
[56] Parkinson et al. 2018; Wachsmuth et al. 2017, in Pawson et al, Housing Policy in Australia, 2020, page 182
[57] https://www.thebalancesmb.com/what-is-the-bundle-of-legal-rights-of-a-real-estate-owner-2866918
[58] https://www.abc.net.au/news/2019-09-26/airbnb-faces-new-clampdown-in-push-to-regulate-accommodation/11551652

The New South Wales government has also introduced legislation enabling councils to regulate short-term lets, as they do with motels and other holiday accommodation.[59] Here, a 180-day limit on the number of days a property can be sublet and powers for strata title holders to ban short-term letting have been enacted. In Victoria, regulation has been weaker.[60]

A strategic approach

Many economies with housing affordability constraints similar to Australia's have initiated strategic frameworks at the national level to challenge inequity in the domestic housing market.

In Vancouver, the Housing and Homelessness Strategy 2012-2021 sets numerical targets, ranging from supported housing for homeless people with psycho-social disabilities, to private rental housing, and more diverse options around home ownership.[61] Driven by annual reporting against these targets, Vancouver has seen high growth in both affordable and supported social housing.

In New Zealand, the Urban Growth Agenda, KiwiBuild, and the Housing and Urban Development Authority also provide a broad ranging strategy to expand new and affordable housing.[62]

In Australia, the principle policy for growing affordable private rental housing was through a National Rental Affordability Scheme (NRAS) introduced in 2008. The aim of the NRAS was to stimulate construction of purpose-built rental accommodation in 'growth areas', with rents set at roughly 20% below market rate. By increasing supply, the NRAS was expected to meet growing demand from low to middle income families, such as key workers. When the NRAS was introduced, AHURI predicted that "by lowering the rents of CRA recipients NRAS will reduce the total expenditure on CRA by $21 million per year."[63]

While the NRAS continues to pay out on the specified 10-year investment period, it is no longer taking in new housing stock investment.[64] The Australian National Audit Office (ANAO) had identified a number of issues in two audits of the NRAS, concluding administration of the scheme "had not been effective" and that "the complex regulatory framework" was a key problem.[65]

Additional analysis has suggested that the "NRAS provided windfall gains to private developers and investors of at least $1 billion, or roughly one-third of total cost of the scheme,"[66] and some believe "achieved little more than to transfer $1 billion of wealth to property developers."[67] This was because it allocated investors the same financial subsidy (approximately $11,000 per annum) whatever the size of the

[59] https://jamesons.com.au/blog/australias-new-subletting-legislation-will-affect-airbnb/
[60] https://www.afr.com/property/commercial/weakest-airbnb-regulations-imposed-in-victoria-20180809-h13quu
[61] http://vancouver.ca/people-programs/vancouvers-housing-strategy.aspx
[62] http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP(2019)34&docLanguage=En pp 1
[63] https://melbourneinstitute.unimelb.edu.au/assets/documents/hilda-bibliography/other-publications/pre2010/Ong_etal_What_impact_will_the_National_Rental_Affordability_Scheme_have_upon_housing_affordability.pdf, page 1
[64] Incentives are per dwelling per year as a refundable tax offset or payment, with an additional State or Territory contribution. https://www.realestate.com.au/news/what-is-the-national-rental-affordability-scheme/
[65] https://www.anao.gov.au/work/performance-audit/national-rental-affordability-scheme-administration-allocations
[66] Ibid.
[67] https://theconversation.com/rudds-rental-affordability-scheme-was-a-1-billion-gift-to-developers-abbott-was-right-to-axe-it-122854

rental property. For consortia delivering multiple one-bed, or studio apartments, economies of scale were substantial.

Prior to the May 2019 federal election, the Australian Labor Party pledged to build on the NRAS by opening it up to community housing providers (CHPs). This policy would have seen a Labor Government "…provid(ing) annual incentives of $8,500 per year for 15 years for newly constructed properties."[68]

With the Coalition's victory in the federal election we may be unlikely to see any NRAS 2.0. Despite the NRAS legislation supporting Australia's obligations to provide everyone "with an adequate standard of living, including adequate housing" under the UN International Covenant of Economic and Social Rights, the legislation is due to sunset in 2020.[69]

There is evidence that national strategies to drive affordable and diverse housing options can be effective. With different policies applying in different states and territories, it is necessary to consider the extent to which Australia's splintered policy framework may undermine the secure provision of what is increasingly understood to be a fundamental basic service – even a human right.

A rights approach?

In 2017, the UN's special rapporteur for housing presented a paper setting out how unregulated global capital has distorted housing markets across the world,[70] "turbo-boosting prices and rents to a level that excludes and expels poor and middle-income families…housing precariousness on an unprecedented scale."[71]

Recognition that every person has a 'right to adequate housing' is enshrined in the UN's International Covenant on Economic, Social and Cultural Rights (ICESCR): a covenant that Australia has ratified but – despite the rapporteur citing Australia in her report – not something we have embedded in housing policy.

This notion of housing as a human right is gaining ground and shaping policy across the OECD. It has been enshrined in law in Belgium,[72] Portugal,[73] and other places in Europe, and continues to shape policy in both the UK[74] and Canada.[75]

But what does a rights approach mean in the context of rental housing?

In Scotland[76] and Wales,[77] this human right to housing has been articulated in legislation focused on prevention of homelessness, with the growing impact of insecurity in the private rental market on

[68] https://grattan.edu.au/wp-content/uploads/2019/09/UNSW-Social-Policy-Conference-NRAS-6-September-2019.pdf pp 36
[69] Ibid.
[70] http://www.ohchr.org/EN/Issues/Housing/Pages/LeilaniFarha.aspx
[71] https://www.theguardian.com/society/2017/feb/28/luxury-real-estate-housing-crisis-un-homelessness
[72] http://www.housingrightswatch.org/country/belgium
[73] http://www.housingrightswatch.org/country/portugal-0
[74] https://www.taipawb.org/policy-influencing/right-to-adequate-housing/
[75] https://www.citylab.com/equity/2017/12/canada-declares-housing-as-a-human-right/547319/
[76] https://eachother.org.uk/its-time-to-make-housing-a-human-right/
[77] https://www.taipawb.org/policy-influencing/right-to-adequate-housing/

vulnerability to homelessness specifically targeted. In Wales, a legal right to homelessness prevention assistance for all – and not only 'priority groups' –ensures that "everyone can have access to the help that they need, to secure a home."[78]

As McKie et al (2017) explain:

> *"Access to prevention services is a universal right, with all local authorities required to take steps to help. By bringing prevention services into the statutory framework, for the first-time people will be able to challenge the local authority for failing to take steps to prevent homelessness."*[79]

With demand focused both on *accessing* private rental housing and *retaining* it, legislative recognition that Australians have a right to housing support may be key to improving outcomes in the sector. While Australia's somewhat chequered history around human rights may make it an unlikely policy direction for the federal government, in clear cases of market failure there is little doubt that state intervention is essential.[80]

There is evidence of direct discrimination in the private rental market affecting disadvantaged Australians, including low-income families with young children, single parents, Indigenous Australians and older Australians, particularly older women. In a market where rent bidding is common, those on a fixed low income are particularly disadvantaged.[81] Property management agents are allowed to operate largely unregulated, and low entry level training for property managers provides them with insufficient understanding of the impact of discrimination within a business model that prioritises financial rather than social outcomes.

We will need to see radical policy change if we are to stem current trends. While many argue that social housing should be made available where a lack of appropriate private rental housing is the issue,[82] "many of the complexes are poorly maintained or have mixed tenancy", leaving "older people to feel intimidated and isolated."[83]

If older Australians are going to secure the three critical pillars of a good home in older age, targeted policy frameworks around rental housing in both the private and the community rental sector will prove essential. Framing housing as a right or a universal basic service would provide a clearer policy context for broad-based reform and targeted interventions for vulnerable groups.

Private rental brokerage programs (PRBPs) are one mediated approach in the private rental market. Here, brokerage activities see housing intermediaries assisting people at risk of homelessness to secure or sustain a tenancy in a similar way to the Welsh and Scottish assistance and prevention models. PRBPs have become more common in Australia in recent years, with a number of "innovative local or specifically targeted program variants"[84] matching disadvantaged renters with suitable properties in their local area and providing them with financial supports through Housing Establishment Funds delivered under the

[78] https://www.feantsaresearch.org/download/article-4592410342917616893.pdf
[79] Ibid.
[80] https://www.hrw.org/world-report/2019/country-chapters/australia
[81] https://www.abc.net.au/news/2020-03-13/rent-bidding-is-illegal-but-its-still-happening,-tenants-say/12050632
[82] https://www.ahuri.edu.au/__data/assets/pdf_file/0014/8150/AHURI_Final_Report_No263_The-role-of-private-rental-brokerage-in-housing-outcomes-for-vulnerable-Australians.pdf pg99
[83] https://theconversation.com/more-and-more-older-australians-will-be-homeless-unless-we-act-now-87685
[84] Tually et al. 2016, The Role of private rental brokerage in housing outcomes for vulnerable Australians pg 2

NAHA.[85] However, the lack of affordable rental stock continues to be a significant barrier to success even though clients are usually defined as 'rent ready'.[86]

Helpful at the individual level, PRBPs in Australia "are a poorly understood housing assistance measure", not formally recognised within state or federal frameworks. As an AHURI report explains, the heterogeneous nature of PRBPs means that:

> *"… brokerage activities have remained relatively invisible in policy and research. Their aggregate impact is not captured by existing datasets… and has neither a clear professional identity nor a recognised public profile."*[87]

Some PRBPs are targeted to prevent older people falling into homelessness, or to assist them in accessing the residential rental market exist, but currently these can only help those in crisis. For example, the "understated and valuable"[88] Assistance with Care and Housing (ACH) program which links care and housing needs for older people remains a sub-program, barely reaching a majority of the older Australians experiencing housing crisis, let alone addressing broader housing insecurity for older renters.[89] As residential aged care and housing provider Wintringham explains in their submission to the Royal Commission into Aged Care:

> *"As a priority service, ACH in its current form is severely limited, with many locations in Australia not having an ACH provider. Even where services do exist, the majority…are not specialised in providing homelessness and housing services."*[90]

Victoria's Home at Last program[91] is another excellent example of support for older renters in housing crisis, but once again, PRBPs are not designed – or funded – to support a broad and fast increasing cohort of older renters, who, alongside younger tenants, are unlikely to find a lifetime *home for good* in the residential rental sector. Effectiveness of Australia's PRBPs – like housing outcomes more broadly - is also limited by the organisation of housing regulation across the federation.

If we were to embed any right to housing or housing assistance in Australia, this raise questions around both delivery of services and funding. As shown in the UK and Australian examples above, housing needs generally present as *local* needs. Yet in Australia, local government has a largely optional role in housing services and little in housing development. Within this context, Pawson et al report:

> *Australia's private rental regulatory frameworks have largely failed to respond to the sector's evolving role and demographic profile. Especially given the growing numbers of long-term renters and the increasing representation of families and older people…*

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[85] https://www.housing.vic.gov.au/financial-help-private-renters

[86] https://www.ahuri.edu.au/__data/assets/pdf_file/0017/8324/AHURI_RAP_Issue_211_The-role-of-private-rental-brokerage-programs-in-housing-outcomes-for-vulnerable-Australians.pdf

[87] Ibid, page 3

[88] https://agedcare.royalcommission.gov.au/submissions/Documents/public-submissions/AWF.500.00299.pdf

[89] National Shelter, SGS Economics and Planning, 2019 show no urban regions in Australia have rents at less than 50% of retiree income. https://www.savings.com.au/home-loans/elderly-homeless-numbers-on-the-rise

[90] https://www.aag.asn.au/documents/item/2234 pp7

[91] https://www.oldertenants.org.au/home_at_last

Focusing on limited security of tenure in the rental market, Pawson et al suggest that brokerage support for renters should interact with federal government housing polices more directly, as the clear links with…

> *…Rent Assistance, income tax and financial regulation means this would ideally be pushed forward through a Commonwealth-initiated process, possibly via the Council of Australian Governments (COAG).*

Vancouver's strategy also identifies the importance of having "overarching and integrated (housing) policy at both the local and metropolitan scales of government."[92]

Likewise, in an OECD assessment of New Zealand's housing strategy, we see a recommendation to introduce "incentives for local governments to accommodate growth (of affordable local housing through) additional revenue."[93]

[92] Whitzman, C. (2015) Partnerships for affordable Housing https://apo.org.au/sites/default/files/resource-files/2015/12/apo-nid63322-1107786.pdf
[93] Ibid.

Policy options: improving tenant outcomes

For years, tenant advocates have called for improved outcomes for renters. Some key areas of focus have been:

- minimum standards for all new and existing rental properties, including energy efficiency,[94]
- ability for tenants to have pets,
- ability to make minor changes to properties without expressed consent from landlords,
- abolishing 'no grounds' tenancy termination,
- longer tenancy agreements, with the ability for tenants to exit without penalty and,
- rent increases no more frequently than every 3 years and capped to CPI.

While many states and territories have recently taken steps to improve outcomes for renters through their Residential Tenancies Acts, critics say they don't yet go far enough.[95]

Historically, rent controls and caps were utilised, but as private rental housing was progressively 'de-controlled' from the 1950s onwards, an increasingly liberal approach has been embedded into regulatory frameworks.[96] Private landlords remain free to set rents at the level the market will bear, with competition subsequently driving up prices, so that only the 'rental ready' can enter the market with little trouble. Older Australians, likely to be unwaged, can be particularly disadvantaged in this context. In addition to financial barriers, emerging evidence shows Australia's residential rental model is open to discrimination, with tenants triaged by property managers and agents often with little training working within a business model that is set to financial and not social outcomes.[97]

The high ratio of landlords to tenants in private rental contributes to the dominance of a profit-driven business model, rather than a model focused on social outcomes for tenants. Barriers have been identified not only for older people, but for people from a non-English or minority background, for single mothers, young families, and most particularly for Indigenous Australians.[98]

We often hear about the positive characteristics of private rental housing in Europe, where price caps and long-term leases traditionally positioned rental housing as a viable, even a preferred alternative to home ownership. But even here, development and corporate investment see the model under threat. In Germany for example, we see residents in cities such as Berlin fighting back. Rental caps that were removed in 1988 are being reinstated in 2020.[99] Rental syndications are emerging to offer private renters a pathway of collective purchasing of apartment blocks at risk of development, offering ownership without financial risk. In Berlin, the city government is even intervening directly to purchase rental stock as a means of challenging corporate acquisition and ensuring it remains non-for-profit.[100]

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[94] Further consideration should be given to the Tenants Union Victoria 2009 recommendations regarding health and safety, security and privacy, and energy efficiency and environmental impact (Tenants Union of Victoria (TUV) 2009, Better Tenancies Policy Platform, Industry Report.

[95] https://www.cotavic.org.au/news-items/will-older-renters-be-cooler-under-proposed-tenancy-regulations/

[96] Pawson et al, 2020. Housing Policy in Australia. A Case for System Reform.

[97] https://www.domain.com.au/news/tip-of-the-iceberg-complaints-alleging-discrimination-in-rental-market-rise-20170716-gxac9d/

[98] Ibid.

[99] https://www.magzter.com/article/Business/Bloomberg-Businessweek/NO-CITY-HATES-ITS-LANDLORDS-QUITE-LIKE-BERLIN

[100] https://www.huffpost.com/entry/berlin-housing-crisis-gentrification_n_5caf1d7de4b0308735d59712

In Australia however, our cultural narratives around rental housing continue to challenge good outcomes for renters. Policy settings at both state/territory and at federal government level continue to favour landlords and investment. Indeed, it is now cheaper to buy than it is to rent in some parts of the country, if you have enough capital to invest.[101]

Design

In addition to issues around stock condition and quality standards, 'affordable' private rental accommodation is rarely of a design appropriate for ageing well. The market is characterised by older style, pre-existing stock, meaning a majority of properties were built when there was less consideration of accessibility. For example, a house built before 1970 is more likely to have a bath with a shower over it, rather than a walk-in shower designed with no shower tray.

Mandating universal design principles in rental housing has not to date been considered a policy option. Framed as a disincentive to investment, or an attack on property rights, political support to mandate accessible new housing, or retrofit what is predominantly ageing stock in the lower end of the rental market, has proved difficult to secure.

So as AHURI stated back in 2016, "answers must be found for the questions that still remain about the best way to address the issues around the retrofitting of adaptations to existing stock used as private rental properties."[102]

Advocacy around universal design in new housing construction has continued since 2009, when then Parliamentary Secretary for Disabilities and Children Services, Bill Shorten, convened a National Dialogue on Universal Housing Design. Bringing together government and stakeholder groups including community sector and the residential building industry, the dialogue resulted in agreement "to pursue an aspirational target that all new homes will be of an agreed Universal Housing Design standard by 2020."[103] To date however, less than 5% of new build housing in Australia has been built to universal standards.[104]

'Age friendly' housing is defined by the World Health Organisation (WHO) as accessibly designed and able to respond to changing needs, well-connected to services, and supportive of the social networks so important to ageing well.[105] It is housing in which a resident has security and control, a gateway to receive services while allowing them privacy, and the ability to express their identity safely and with confidence. Yet these pillars of a 'home for good' are not supported by current policies settings around private rental housing. As Adrian Pisarski of National Shelter states: "Affordability is extremely important to renters, but it can't be addressed without also looking at the quality and security of housing."[106]

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[101] https://www.realestate.com.au/news/melbourne-suburbs-where-it-is-cheaper-to-buy-than-rent/

[102] https://www.ahuri.edu.au/__data/assets/pdf_file/0014/8150/AHURI_Final_Report_No263_The-role-of-private-rental-brokerage-in-housing-outcomes-for-vulnerable-Australians.pdf pp5

[103] https://www.dss.gov.au/our-responsibilities/disability-and-carers/program-services/government-international/national-disability-strategy-initiatives/livable-housing-design/national-dialogue-on-universal-housing-design-strategic-plan?HTML

[104] https://anuhd.org/

[105] https://www.who.int/ageing/publications/Global_age_friendly_cities_Guide_English.pdf

[106] https://www.tenants.org.au/news/choice-research-reveals-renting-crisis

Aligning rental standards should be a key priority of all governments. Without nationally consistent legislation, renters face a postcode lottery of rights. Although sector stakeholders may believe regulation around design will be a disincentive from investment, research by AHURI has identified that:

> *"Smallholding individual landlords and Large Corporate Landlords operate without undue difficulty in more strongly regulated private rental sectors than Australia's."*[107]

There are further benefits for landlords too, with legislated quality helping push 'slum landlords' out of the market.[108]

In the case of newly built rental housing, Australia's 'voluntary code' for liveability and accessibility has failed to effect change in construction practices, despite calls for change to reflect our ageing population since the early 2000s.[109] Not addressing accessible design when research indicates that 91% of new housing can expect to have a resident or visitor with a severe mobility limitation during its lifecycle is short-sighted.[110]

As the Centre for Universal Design points out, "mandating accessible features in all new mainstream housing would mean both owners and renters would benefit." In the longer term, it would support ageing in place and facilitate better integration of people with disability into mainstream accommodation."[111]

Recently, the Australia Building Codes Board (ABCB) invited further discussion about accessible housing, inviting public submissions to their Inquiry. The ABCB specifically notes design issues in private rental housing, and the key role of housing design in "benefits that go beyond the physical aspects of the home," such as increased participation and inclusion.[112] A Regulatory Impact Statement is due later in 2020.

Creating good neighbourhoods

Good design in housing doesn't only relate to the built form. Location and the potential for social interaction in our neighbourhoods are particularly important as we age;[113] as important for renters as for home owners.[114]

In their *What Supports Neighbourliness?* brief for South Australia's Office of Ageing, TACSI determined that local environments that support regular 'incidental interactions' between locals help build a sense of social connection and community. As TACSI explain, positive relationships with neighbours allow older

[107] https://www.ahuri.edu.au/__data/assets/pdf_file/0028/15895/AHURI_Final_Report_No_292_The_changing_institutions_of_private_rental_housing_an_international_review.pdf pg. 5

[108] https://www.poansw.com.au/industry-news/what-are-minimum-rental-standards-and-what-do-they-mean-for-landlords-and-tenants/

[109] http://universaldesignaustralia.net.au/cudas-reponse-to-accessible-housing-options-paper-draft/

[110] https://aduhdblog.files.wordpress.com/2018/06/smith-rayer-smith-1.pdf

[111] https://onlinelibrary.wiley.com/doi/epdf/10.1002/ajs4.40?author_access_token=Lvu6-4DaulXc0vDhijwI8U4keas67K9QMdWULTWMo8OaXfxJsIAnQlxq03BC049i2Rl3h6q95aHStrGwyaWxICigPo_FQazAkQZIXIeDsFvlqzIrSK1asWq6P18yaBWL

[112] https://buildingconnection.com.au/wp-content/uploads/flipbooks/BC-Spring-2019/html/index.html#16

[113] https://www.researchgate.net/publication/32893817_Designing_Neighbourhoods_for_Social_Interaction_The_Case_of_Cohousing

[114] https://www.tacsi.org.au/wp-content/uploads/2020/02/Insights-Report_Landing-Page-sm.pdf

people to "put ourselves out there", to invite and receive contact from others: i.e. the gateway function of home.

Areas with a high density of rental housing have higher occupancy turnover than suburbs mainly comprising owner-occupied housing.[115] To 'invest' in their local community, renters need have the sense of permanence of belonging that usually accompanies being a homeowner.

This importance of feeling one belongs to a (small) community was also shown in research undertaken by Per Capita. Exploring cohousing models for older women, we identified that feeling socially connected and socially valued was a priority in housing for older women.

This is reflected in broader literature in relation to urban environments, which confirms that where older people don't feel safe and secure, they are more likely to become fearful and to withdraw from others.[116] The ramifications of social isolation for health and wellbeing are of course, well documented. Neighbourhoods where residents feel safe are essential to supporting older renters to build local networks of companionship and support.

Growing supply of affordable rental housing in good neighbourhoods is a significant challenge for policymakers. With Australia's typical rental property being individual homes owned by individual landlords, rather than the apartment model common to other countries, the sector is largely fragmented. Because of this, neighbourhood improvements can likely only be met through a concentration of purpose-built or adapted rental stock.

Per Capita's *Mutual Appreciation* research uncovered the interesting finding that even those older women who were living in secure, long-term housing tenures, would move away to access a home in a small, self-governed cohousing community.[117] The women interviewed expressed a housing need that went beyond bricks and mortar; they wanted hosuing opportunities that had the potential to support them in older age, through reciprocal relationships with close neighbours and with both formal and informal opportunities to connect.

The environmental and social design of cohousing is increasingly attractive to older people, but in Australia our complex planning regulations and a lack of meaningful engagement in relation to the housing needs of older people works against development of housing alternatives like these, despite their clear potential to deliver TACSI's 'three critical functions of home'.

As Per Capita noted in earlier research:

> *"Australia has an opportunity to incorporate the best in design, technology and social investment to develop a housing stock adapted to the needs of the aged…[and]…take this argument one step further, by looking at the space beyond the home – a person's street, neighbourhood and community."*[118]

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[115] https://www.ahuri.edu.au/__data/assets/pdf_file/0012/2127/AHURI_Final_Report_No189_Moving_home_conceptual_and_policy_implications_of_the_housing-mobility_nexus.pdf

[116] See Briere & Scott, (2012), https://www.researchgate.net/publication/278795758_Complex_Trauma_in_Adolescents_and_Adults; Herman, (2015), https://pathssk.org/wp-content/uploads/2017/02/TIC-Women-healing-from-Trauma-Lynn-Thera.pdf

[117] As exemplified by Older Women's Co-Housing (OWCH) in the UK: http://www.owch.org.uk/

[118] Millane, E (2015). The Head, the Heart and the House. Per Capita

Community-led approaches

There is growing evidence of the benefits of engagement approaches that yield to the decision-making authority of communities, seeking to integrate the expertise of those closest to the ground in the design and development of local housing. We see this approach working in the US in relation to educational initiatives,[119] and more relevantly through the participatory urban planning emerging in the UK, where a legislated focus on 'localism' has significantly elevated what is known as community-led housing.[120] 'Community-led housing' (CLH), 'community authority', 'participatory planning' approaches - there are a number of terms used, but the policy implications are similar: they all prescribe the meaningful involvement of local community groups or residents in housing and urban planning.

Understanding the needs of local populations in relation to future housing planning is paramount, but participatory local approaches to urban planning have been slow to emerge in Australia. While councils are encouraged to develop housing strategies in some Australian states and territories (with some good examples emerging),[121] without a policy environment driving community involvement, local planning can rely heavily on input from external stakeholders such as housing developers, and on statistical population data trends which tell only part of the story.[122]

Where an ageing population is identified, a local council in Australia might engage with established market providers to develop local responses, typically, a retirement or 'lifestyle' village operator, or an aged care provider. But these usually only meet the need of those at the higher end of the market, such as outright homeowners and the developers and operators themselves. Older people with fewer assets to invest – a woman who has just come into her (average for women) $150,000 superannuation for example – are left with few options if there is no affordable rental accommodation in her preferred area.

Without any legislated obligation to partner with local residents in deciding on housing options to be developed, housing and neighbourhood design are effectively outsourced, typically resulting in a one-size-fits all outcome. A housing system that meets the needs of older people would encourage a suite of housing options to be available at the local level. Where (older) residents have been involved in housing planning through community-led approaches, we see greater diversity in housing emerge.

In the UK, the introduction of the Localism Act in 2011 saw four guiding principles specifically defining the imperative to involve local communities in planning:

- new freedoms and flexibilities for local government;
- new rights and powers for communities and individuals;
- reform to make the planning system more democratic and more effective;
- reform to ensure that decisions about housing are taken locally.[123]

The introduction of the Act has driven significant growth in community-led housing: alternative models such as co-housing and community self-build.[124] Growth of these models is supported by a requirement

[119] https://www.strivetogether.org/our-approach/theory-of-action
[120] http://eprints.whiterose.ac.uk/121898/
[121] https://www.planning.nsw.gov.au/Policy-and-Legislation/Housing/Local-Housing-Strategy-Guideline-and-Template
[122] https://blog.id.com.au/2018/housing-analysis/how-to-build-an-evidence-base-for-your-housing-strategy/
[123] https://www.gov.uk/government/publications/localism-act-2011-overview
[124] https://www.communityselfbuildagency.org.uk/

for councils to partner with CLH groups to be eligible for specific housing funds.[125] Localism in UK housing planning has resulted in a number of LGAs working closely with older residents to define their housing need.[126] This has led to increased levels of age friendly housing and "innovative housing designs and schemes that increase choice and quality through care ready, digitally enabled homes."[127]

Currently, most responsibility for housing in Australia lies at the state/territory government tier. Yet local/regions bodies are well-placed to engage with their communities in relation to housing planning. They are more likely to have trustful relationships with community stakeholders than state/territory governments for example: 42% compared with 31%, according to a 2018 Essential poll.[128] Where councils have engaged in participatory planning initiatives, positive outcomes are notable. The Freo Alternative is an award winning example of participatory planning driving improved housing outcomes,[129] including small housing clusters,[130] through community involvement.

While participatory planning may struggle to improve a private rental market characterised by existing housing stock, it could support the development of new, alternative models of housing that evidence shows many older people are seeking. Increased resources, enhanced powers, and a requirement for local governments to more fully engage with populations in relation to housing will drive more responsive and diverse local housing options. An ethos of participatory planning and resources of community-led housing approaches are a good start. What other directions might support older people to access appropriate and local rental housing?

One example that has increased accountability, quality and safety in the private rental sector in areas of the UK is private landlord licensing. Here, a private landlord owning even a single property is checked to ensure they are a 'fit and proper person' and must then undertake mandatory training around tenancy law – much in the way we train to drive a car. Private landlord licenses are issued by the council for each rental property, creating a significant revenue stream for councils with a higher percentage of rental accommodation; revenue that has potential to be reinvested back into the local rental market in various ways. For example, it might be used to fund a rental housing brokerage service at the local level, an approach community sector NGOs in Victoria are moving towards, under the Victorian Government's Private Rental Assistance Program.[131]

Through landlord licensing, local authorities keep details of safety certificates, smoke/carbon monoxide detectors, and tenancy agreements. Research by AHURI noted:

> *The extension of registration requirements to mainstream private rental sector landlords could address some problems posed by smallholding landlords and LCLs, respectively.*[132]

[125] https://www.gov.uk/government/collections/community-housing-fund
[126] https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Reports/HLIN-CLH_Report.pdf
[127] Housing Learning and Information Network. (March 2016) Growing older together: An overview of collaborative forms of housing for older people.
[128] https://essentialvision.com.au/trust-in-institutions-12
[129] https://mysay.fremantle.wa.gov.au/Freo_Alternative
[130] https://www.fremantle.wa.gov.au/smallhousing
[131] https://www.launchhousing.org.au/service/private-rental-assistance-program/
[132] https://www.ahuri.edu.au/__data/assets/pdf_file/0028/15895/AHURI_Final_Report_No_292_The_changing_institutions_of_private_rental_housing_an_international_review.pdf pp 5

In many states and territories in Australia, we already have a licensing regime in place for estate agents, owners corporation managers, retirement village operators, and rooming house operators, but not for private rental housing, even though statistics show around 25 per cent of landlords own more than three rental properties.[133] Even renting out one property implies a consumer responsibility – as recognised by the 'consumer affair' administration of residential tenancies legislation.

A focus on local rental housing markets might be explored in other ways, as some pilot initiatives from TACSI show. For example, TACSI's Our Place initiative is a service being co-designed with women aged 55 years and over in support arrangements by which two or more unrelated people can share a dwelling in Wollongong. Working with retirement housing and aged care provider IRT, the project aims to enhance quality of life by matching people with complementary strengths in support of long-term co-living arrangements.[134]

As noted above, Australia's private rental market is dominated by small investors. Here, the typical landlord is a midlife homeowner living in a two-income household. Interesting, a whopping 72 percent of private landlords own just the one rental property and that property is *usually in the vicinity of their primary residence*.[135] This fragmentation in the private rental market undoubtedly contributes to poor regulation and lack of accountability in the sector. But it might also provide direction for policy. If residential landlords largely operate in a local context, they might be better regulated by local government.

Additionally, the framework of consumer rights effecting means the onus of governance falls to renters in the market, who are expected to raise complaints as individuals, despite inherent power inequities in the landlord/tenant relationship. For example, a 2017 National Renters' Survey found that the majority of tenants are too scared to request repairs, with 62 per cent "feel(ing) they can't ask for changes" despite 8 per cent "living in a property in need of urgent repairs."[136] Additionally, many tenants have said that requests for repairs and maintenance are often ignored, or have even resulted in rent rises or eviction.[137]

The consumer affairs administration of the residential rental sector suggests a business model and not a service model; a business model where landlords can operate largely unregulated.

Private rental brokerage

The risks inherent in the private rental sector are acute for those reliant on the age pension. The ARC Centre of Excellence in Population Research at UNSW found that Australia has the highest rate of rental poverty among seniors in the OECD.[138] Too often, the experience of older people in the private rental market is of foregoing food and heating to meet basic housing costs.[139]

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[133] https://propertyupdate.com.au/the-number-of-investors-who-own-multiple-properties-is-rising/
[134] https://www.tacsi.org.au/wp-content/uploads/2020/02/Our-Place-summary-v2.pdf
[135] https://www.realestate.com.au/news/what-a-typical-sydney-landlord-looks-like/
[136] CHOICE, the National Association of Tenant Organisations and National Shelter jointly commissioned this nationally representative research of the Australia's renting population. 1005 respondents completed the online survey in 2016.
[137] https://www.choice.com.au/about-us/media-releases/2017/february/national-renters-research
[138] http://www.cepar.edu.au/news-events/news/housing-ageing-demographic?utm_source=National_Seniors_Australia&utm_medium=Website&utm_campaign=Fix%20Pension%20Poverty%20campaign&utm_content=Older%20renters%20doing%20it%20tough%20%E2%80%93%20what%E2%80%99s%20the%20answer%3F%3A%20281119
[139] https://www.abc.net.au/news/2019-08-28/what-can-be-done-about-rental-stress/11452486

As part of their *Innovation Age* work in South Australia,[140] TACSI has experimented with a "Landlord Coalition", a "proactive collective of landlords demonstrating how they translate their investment focus into also supporting 'home' outcomes for their tenants and reaping the benefit."[141] While further work is needed to explore how such a coalition might become self-sustainable, it suggests that stakeholders on both sides of the rental transaction often seek the same outcomes around secure tenancies and well-maintained housing stock. The initiative demonstrated that the traditional property management business model isn't the only way the private rental sector can operate.

As noted above, 'mum and dad investors' typify private rental landlords in Australians, as they do in many other countries. Interestingly, a full two-thirds are buying-to-let in the same area that they themselves live in, suggesting they may also have a degree of psychological investment in the community in addition to their financial investment.[142] Understanding that many landlords are seeking reliable and long-term tenants, who present a low risk for damage to property rent arrears, noise nuisance and so forth, seems to present a good case for matching older renters with landlords. If, for example, local governments were given an enhanced brokerage role in the (local) private rental sector, we could develop a tenancy model independent of estate and property managers, who are necessarily focused on business rather than social outcomes.

If, for example, small investors could directly lease to council recommended/approved tenants, with priority given to older people with a history in the region, not only would there be positive tenancy outcomes for all, the landlords would save money from longer-term lease arrangements and self-managing the tenancy. Greater localism in private rental housing might emerge through a brokerage role for councils, which could be strengthened through a legislated requirement to partner with community to plan for the 'housing lifecourse' of a local government area. Devolving certain powers and resources to local government could support initiatives such as those developed by TACSI noted above.

Since the 1970s, when the Australian government aligned housing policy with free market principles,[143] private rental brokerage programs (PRBPs) have emerged. Largely, "their identity is individual; their remit is local; their funding is drawn from a variety of sources"[144]. They are predominantly found within a range of non-government and not-for-profit organisations, but occasionally government departments at state/territory and at the local tier will employ officers in a housing brokerage role (depending on funding structures). PRBPs are largely program/project-specific and therefore come and go with funding.

Linked with private rental assistance payments for low income home seekers, PRBPs are another government intervention managing failures in rental market operation. Now mainly run by state and territory governments under the National Housing and Homelessness Agreement, PRBPs help people at risk of homelessness either secure, or sustain, a private tenancy and can include "innovative local or specifically targeted program variants."[145]

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[140] https://www.tacsi.org.au/work/innovation-age/

[141] https://www.tacsi.org.au/future-of-home/what-weve-learned/

[142] https://www.sciencedirect.com/science/article/pii/S0927538X19300630?via%3Dihub

[143] https://www.ahuri.edu.au/__data/assets/pdf_file/0014/8150/AHURI_Final_Report_No263_The-role-of-private-rental-brokerage-in-housing-outcomes-for-vulnerable-Australians.pdf pg. 24

[144] Ibid

[145] Tually et al. 2016. ibid

In Victoria, a $39 million program supports people to both find and maintain tenancies, working to prevent homelessness. In the 2018-19 financial year alone it helped 6,000 households and now expanded to PRAP Plus, 25 outreach workers focus on reducing preventable exits from private rental and another 38 staff across the state act as brokers in the sector, locating and negotiating on behalf of tenants for appropriate private rental properties.[146]

Better Build to Rent

Long touted as a viable option for Australia, build to rent (BTR) housing has potential to offer older renters many of the facets of the 'three critical functions of home' framework missing in the current market.

We know from TACSI's research that the real housing asset in older age is greater choice, security and control. BTR demonstrates potential in meeting these needs through the promise of longer lease tenure. However, much of the BTR discourse still focusses on solving our housing challenges simply through increasing the 'affordability' and 'quantity' of dwellings available to potential renters. While these issues are important, we can't neglect to ensure the quality of new BTR properties remain capable of delivering the 'three critical functions of home' for those who live in them. Otherwise, it is likely BTR will fail in addressing many of the challenges it is attempting to solve.

While some states and territories have started to develop planning protocols which incentivise affordable BTR, and drive or even mandate longer lease tenures (five years in some instances in Victoria), the BTR model has been slower to take off than in the US or the UK, where it now comprises a core market percentage.[147] Long leases could encourage a sense of stability, indeed 'ownership' for renters in the private market, particularly important to an experience of home as defined by the 'three critical functions of home'. Longer leases also challenge the transitory nature of the sector and could contribute to better neighbourhoods and stronger rental communities.

If built to mandated universal design standards, or to some of the highly adaptable, 'smart' housing standards emerging in Europe,[148] the need for modifications would seldom be an issue. In the meantime, longer leases would facilitate greater tenant control, and make allowance for reasonable modifications, decorations and forms of personalisation that are so important in creating an experience of home and a sense of belonging.

If BTR could be specifically harnessed to meet the housing demand coming from financially disadvantaged Australians over 50, a high percentage of the BTR population would be predisposed to staying put, driving increased neighbourliness in communities. BTR built to universal design would also help to house people with disability across the long term – picking up tenants that the NDIS focus on specialist disability housing doesn't meet.

In many countries, BTR is designed to be staffed. It is a 'concierge model' that may particularly appeal to ageing residents with financial means, but is also reflected in sheltered housing in the UK, and of course in

[146] https://www.premier.vic.gov.au/more-rental-support-to-keep-victorians-in-homes
[147] https://roselaw.com.au/resources/what-is-a-section-173-agreement
[148] https://ec.europa.eu/digital-single-market/en/news/final-report-recommendations-european-reference-framework-age-friendly-housing

many retirement villages.[149] The issue is of course, how might we attract investors to BTR housing geared to universal design and age-friendliness in liveable neighbourhoods? To create a rental housing option that is fit for an ageing and increasingly disadvantaged housed population?

We know that investors attracted to the NRAS were largely focused on financial outcomes, often selling before the 10 year incentive period was complete.[150] So, a BTR model geared to *social outcomes* such as accessible design and good placemaking is always going to be a problematic 'sell' without government intervention through appropriate financial incentives.[151]

There has long been discussion in Australia around how we might encourage institutional investment in affordable housing. Generally speaking, this refers to for-profit, large corporate landlords (LCLs), with superannuation funds often put forward as a good match for affordable housing investment. But significant factors continue to make it difficult for the super industry to invest in affordable BTR in Australia – a tragedy when we see Australian funds investing in affordable housing in other countries.[152] The strict liquidity (cashflow) requirements of super funds are just not compatible with Australia's model of housing investment – which requires long-term commitment. Low returns are also difficult to justify in an industry geared to maximising benefits for members.

A model addressing this and other concerns in relation to the profit margins builders/developers require to invest, was developed by a government-backed Affordable Housing Working Group, which included First State Super, Per Capita, the Financial Services Knowledge Hub, and construction and development stakeholders. The model, a response to a 2016 Australian Government inquiry into funding affordable housing, detailed how an affordable housing 'clearing house' at the federal tier would drive much needed investment and sector growth: a good match for locally focused and accessible BTR housing.[153]

The development of for-profit LCLs has been shown to increase both professionalisation and efficiencies in the management of tenancies and properties under the BTR model.[154] In the context of sharp increases in demand in a private rental market characterised by older, single unit stock, and by increasing demand for age- and disability- friendly housing, BTR housing offers a significant opportunity to 'get it right'.

The 2017 Federal Budget announced an additional ten percentage capital gains tax discount for individuals who invest in "qualifying affordable housing", increasing the discount to 60%. But notably, any housing resulting from the incentive must be managed through a registered CHP and while Australia undoubtedly needs to build much more social housing,[155] using BTR to shift private renters into social housing is not the only answer. While the sector is of great value, Australia's social housing model is not without issues.[156]

The BTR model has potential to deliver high levels of amenity that cannot always be recognised with social housing: outdoor space, communal facilities such as gyms, on site management. It has great potential to

[149] https://seniorhousingnews.com/2017/09/21/concierge-condo-buildings-threaten-independent-living/
[150] https://www.afr.com/property/investors-sell-early-fewer-tenants-to-benefit-from-nras-rental-subsidy-20181224-h19fv8
[151] https://thenationalgrid.com.au/journal/whatisplacemaking
[152] https://www.investmentmagazine.com.au/2018/08/first-state-super-backs-1-4-billion-build-to-rent-platform/
[153] https://treasury.gov.au/sites/default/files/2019-03/C2016-050_First_State_Super_Per_Capita_CfS.pdf
[154] https://theconversation.com/what-australia-can-learn-from-overseas-about-the-future-of-rental-housing-90401
[155] AHURI estimates a deficit of 433,000 social housing units, increasing by 36,000 every year for the next two decades
[156] https://www.governmentnews.com.au/report-says-social-housing-policy-is-getting-it-wrong/

accommodate the *social needs* and desires of older renters, with integration into the local community and an ethos of communal luxury with more basic private space, as we see in some of the co-living rental models already attracting younger Australians.[157] In the UK BTR sector for example, close alignment between local authorities and BTR developers has driven amenity, with developers there recognising clear benefits in ensuring the community remains a desirable place to live in the longer-term.[158]

Given that Australia is an importer of capital, the Australian government has sought to promote BTR by allowing managed investment trust (MIT) status for "eligible affordable residential housing" for foreign investors.[159] Prior to 2017, MITs were taxed at 30%, but for investment in 'affordable housing', this has now been downgraded to 15%. There is momentum to extend MIT to BTR projects beyond affordable housing, with suggestions that "greater gains can be achieved through policies that promote the entire build-to-rent sector…a rising tide lifts all boats."[160]

The current tax framework around BTR makes it less viable.[161] Current land tax rules favour individual investors over institutional investment, as land taxes are levied according to land use and size based on the value of an investor's entire portfolio, rather than the value of individual properties. This increases the amount of tax payable for larger portfolios. Under Australia's current system, considerable land is excluded from land tax.[162] But many argue land tax could be reformed to have a broader base, with rates applied progressively, according to value per square metre. PwC recently called for (staged) roll out of annual land taxes to replace stamp duty, as have ACOSS and Prosper.[163]

In the current climate, banks are increasingly reluctant to lend for build-to-buy without a majority of apartments pre-sold. In addition, the Goods and Services Tax applies to BTR developers, but not on housing developers constructing homes for individual sale. More cost-effective variations of the BTR are being trialled, including student accommodation, co-living arrangements, or BTR accommodation where the tenant has an option to buy their unit after a few years of renting.[164]

In the wake of any residential property price downturn, BTR may become more of a focus of investors and developers.[165] Offering long term rental income, it should be an appealing investment for institutions that seek reliable income, like super funds."[166]

[157] https://www.afr.com/property/the-new-housing-asset-class-coliving-units-takes-australia-by-storm-20181004-h168dt
[158] https://www.allens.com.au/globalassets/pdfs/campaigns/accelerating-build-to-rent-march19.pdf, page 8
[159] https://www.tmf-group.com/en/services/capital-markets-and-funds/fund-services/managed-investment-trust-services/
[160] https://www.allens.com.au/globalassets/pdfs/campaigns/accelerating-build-to-rent-march19.pdf, page 7
[161] https://www.afr.com/real-estate/establishing-buildtorent-in-australia-is-a-chickenandegg-game-20180628-h11z6x
[162] Gavin Wood, Rachel Ong and Ian Winter (2012) Stamp duties, land tax and housing affordability: the case for reform
[163] https://www.afr.com/policy/tax-and-super/stamp-duty-or-land-tax-pwc-thinks-buyers-should-choose-20190604-p51u9k, https://www.acoss.org.au/wp-content/uploads/2016/04/ACOSS-policy-briefing_land-tax_April-2016.pdf, https://www.prosper.org.au/primers/land-tax/
[164] https://www.smh.com.au/business/companies/student-accommodation-is-in-high-demand-20190408-p51c1c.html
[165] https://www.afr.com/real-estate/residential/residential-sites-now-ripe-for-build-to-rent-student-digs-players-20190402-p519y5
[166] https://www.domain.com.au/research/is-build-to-rent-all-it-is-built-up-to-be-830255/

Policy recommendations

Residential housing is a multi-stakeholder market in Australia, one affected by global property trends and regulation. How do we develop and implement strategies that are sufficiently systems-focused to drive investment while also driving better outcomes for Australians in rental housing?

Directions for Federal Government

Increase direct housing payments (CRA)

Commonwealth Rent Assistance should no longer be indexed to the CPI but should be indexed to reflect current average market rents based on location. The maximum rate of CRA should be increased to reflect current market rents. Eligibility of CRA should be expanded to include those who are underemployed or experience insecure or casual work., and an additional housing supplement should be implemented for vulnerable individuals and households as well as those with high needs.

Further incentivise investment in Build to Rent from large corporate landlords

Institutional investment in the Australia's private rental sector isn't as common as it could be. Lifelong build-to-rent housing is an important A model developed by Per Capita and other stakeholders from a commonwealth-funded AHWG illustrates how this can be encouraged (See funding model in Appendix A).

A 10% MIT taxation rate

The MIT taxation rate has been lowered to 15% to encourage foreign investment in affordable housing and the taxation system must also be used to drive universal design in the BTR housing Australia urgently needs. A 10% MIT rate could be attached to development of BTR offering long-term or life leases, in well-designed 'pocket neighbourhoods', or supporting the age-friendly co-housing communities older people want to see on offer. Concierge services would drive growth of a fit-for-purpose private rental sector.

NRAS 2.0

NRAS 2.0 as proposed by the Labor party in 2018 offered a 15-year subsidy for investors, to building of 250,000 affordable private rental properties. Lessons from NRAS 1.0 might be addressed if the scheme was administered by local or regional governments rather than centrally. Assessing local housing need through a 'community authority' approach, councils could tender out BTR housing development, encouraging much greater housing diversity and local responsiveness.

Directions for state and territory governments

Improve and align tenancy law

Enhanced lease longevity, protection from no fault eviction and unfair or frequent rent increases, increased control over the home (modifications/decorations, ability), allowance of pets, and minimum standards of quality and safety are fundamental.

Private landlord licensing

Enshrined in state rental legislation, the new licensing regime should be enacted by councils, following administration procedures around rates. Licensing should be per property, per year of tenancy, thereby incentivising longer leases. Licensing should be granted on completion of training and a knowledge test.

A government reimbursement scheme for home retrofits
This has previously been recommended to support older homeowners.[167] Incentives in addition to negative gearing should encourage private landlords to upgrade their portfolio of properties.

Measurable targets to drive affordable and age-appropriate rental housing at the state/territory level
These could also be reflected at the local government tier. Measures should clearly articulate social outcomes for older renters, as described by the 'three critical functions of home'.

Urban planning for a diverse ageing population
Australia's planning system largely discourages alternative housing typologies, in spite of a growing body of evidence showing that collective approaches to housing, particularly those which integrate or facilitate care arrangements, are what many older people would prefer. Housing alternatives such as co-housing have been shown to drive outcomes for older residents, financially and in wellbeing. Participatory planning approaches also demonstrate opportunities to more meaningfully engage people in how their communities are developed and organized. This involves including people in setting the vision and priorities for how communities evolve, right through to how these are implemented. Traditional approaches planning only tend to engage people later in the process, once all the key decisions have already been made.

Bring vacant properties into the rental market
All states/territories should introduce and resource a Vacant Properties Strategy. The strategy should cover vacant new-build properties and also aim to secure leases on older properties. There should be a brokerage role for local councils, with a social housing provider to manage any resulting tenancy. Priority could be given to older people experiencing homelessness with a proven link to the local area.

Directions for local governments

A broader role for Local Government Areas (LGAs)
While some Australian councils have housing and urban development strategies in place, the private rental sector can be difficult to influence. Responding to the needs of local people is the raison d'etre of local government, however. Municipal plans shape delivery of local services and these could be explicitly linked into housing outcomes for older residents. LGAs need to plan for housing that integrates well with aged care. Many ageing Australians want to stay in their known community and therefore a suite of supported and affordable housing options is needed at every local level – for those who prefer to small regional towns, or to access affordable 'pocket neighbourhoods'. Good and affordable alternatives such as co-housing continue to face significant barriers at the planning level. Councils can meaningfully engage with (ageing) residents to identify diversity in demand and respond with appropriate local housing options.

Through enhanced responsibilities and resourcing, councils could offer free services to registered landlords, managing viewings, shortlisting and lease administration. Giving councils a role in matching local tenants with local landlords would present an alternative to the dominant property management model and would help protect against discriminatory practices in lettings. Local legislators are already

[167] Millane, E (2015). The Head, the Heart and the House. Per Capita.

seeking to address the impact of short-term lettings on the broader private rental market. We need to identify and monitor best practice with a view to driving improvements and accountability in the sector. A landlord licensing scheme should apply.

Community-led housing grants

These grants should support local housing groups to partner with CHPs or councils, enabling them to access a funds through a central 'clearing housing funding model'. A state-legislated 'commitment to consider' community-led housing would drive diverse housing outcomes.

Drive BTR co-housing through release of lazy land into community land trusts

Landlords and older tenants both seek 'reliable rentals'. Councils should take a brokerage role, administering an online register of interested tenants and licensed landlords. The initiative should include support for tenants wanting to share accommodation, in line with TACSI's Our Place initiative.

Directions for the community housing sector

A changing role for CHPs

With a shift of housing responsibilities recommended above, the role of the 'third ' i.e non-government housing sector would also need to evolve. In the current housing continuum, 'social' rental housing and linked welfare services are increasingly expected to meet the critical needs of private renters: both in housing and welfare services more broadly.

A local approach to rental housing would shift funding for some housing services, for example private rental brokerage, to local governments; but support from CHPs would remain key. CHPs would need to work closely with local government in developing long-term local housing strategies that effectively respond to the needs of older residents.

The power for councils to raise funds through a private landlord licensing scheme suggests CHPs would need to develop a much stronger local focus, working in partnership with local authorities in both metropolitan and regional councils. In relation to prioritising community-led housing strategies, there will be significant opportunities for the sector to work in close collaboration with residents and councils.

Many of the policy proposals outlined above will require a shift in our approach to community and social housing. The policy settings for this sector will be the subject of a future policy brief in the *Home For Good* series.