

# Centre for Equitable Housing

A Per Capita initiative

## Help to Buy (Commonwealth Powers) Bill 2024

May 2024

# HELP TO BUY (COMMONWEALTH POWERS) BILL 2024

## Per Capita Centre for Equitable Housing Submission

The Centre for Equitable Housing at Per Capita welcomes the opportunity to consult on Queensland's *Help to Buy (Commonwealth Powers) Bill 2024*.

### Homeownership in Queensland

Homeownership, particularly mortgage-free homeownership, is a determinant of financial security in retirement. Homeowners are protected against the insecurity associated with renting privately, including rent rises and involuntary housing moves, and may access home equity in times of financial pressure.<sup>1</sup> In particular, renting privately in retirement is a key determinant of poverty: approximately a quarter of retirees who are renting homes in the private sector live in income poverty, which, for many households, may be permanent.<sup>2</sup>

Between 1994 and 2020, total homeownership in Queensland fell 6 per cent, from 70.3% to 64.3%. Homeowners in Queensland are also much less likely to own their home outright than they were 30 years ago: while in 1994-95 43.9% of households owned a home without a mortgage, this had fallen to 30.3% in 2019-20.<sup>3</sup> (see Figure 1).

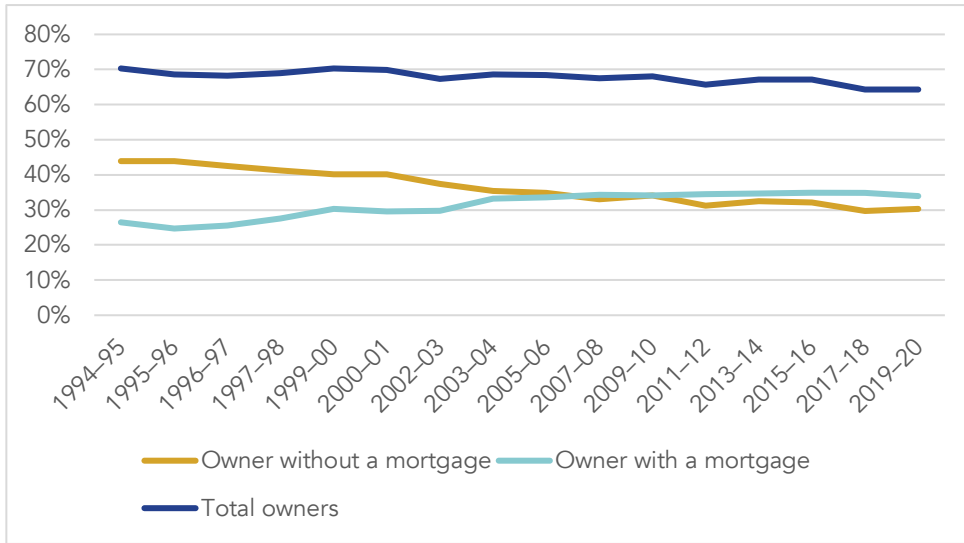
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<sup>1</sup> Jane Chen et al, "'Safe as Houses": Recalibrating Homeownership in Australian Retirement Planning' (2024) 57(1) *Australian Economic Review* 90 ("Safe as Houses").

<sup>2</sup> Australian Treasury, *Retirement Income Review Final Report* (July 2020) <<https://treasury.gov.au/sites/default/files/2021-02/p2020-100554-udcomplete-report.pdf>>.

<sup>3</sup> Australian Bureau of Statistics, 'Housing Occupancy and Costs' (25 May 2022) <<https://www.abs.gov.au/statistics/people/housing/housing-occupancy-and-costs/2019-20>>.

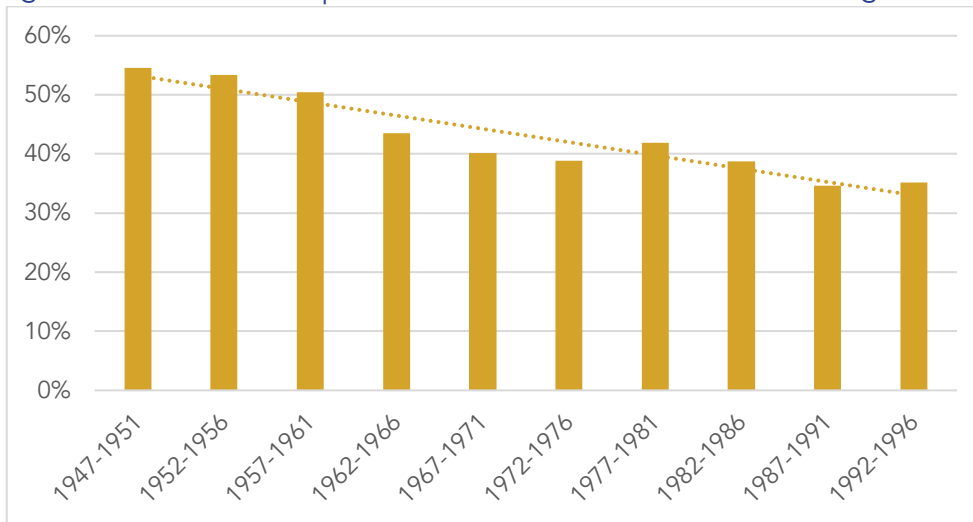
Figure 1  
 Percentage of households owning their own home, Queensland 1994-95 to 2019-20.



Source: [Australian Bureau of Statistics \(2022\)](#).

Homeownership among younger generations has fallen, with first home buyers entering the property market at a later age. In Queensland, 50% of people born between 1957 and 1961 became homeowners between the ages of 25 and 30. In contrast, just 34.6% of Queenslanders born between 1987 and 1991 (aged in their mid-30’s at present) were able to purchase their first house by the time they turned 30.

Figure 2  
 Percentage of birth cohort who purchased their first home between the ages of 25 and 30.

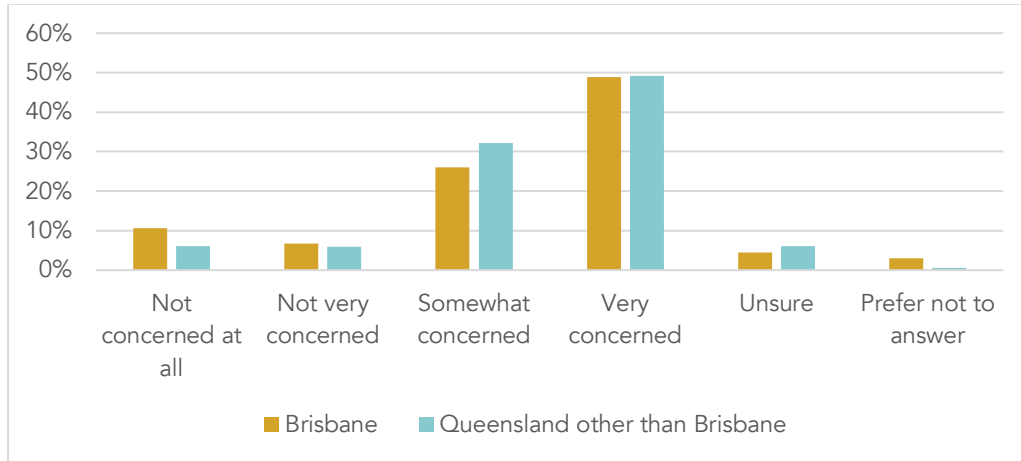


Source: [Australian Institute of Health and Welfare \(2024\)](#)

Entry to homeownership is a major concern for many Queenslanders.

The Centre for Equitable Housing’s *Australian Housing Monitor* survey of housing attitudes in Australia, conducted in December 2022, showed a high degree of concern surrounding entry to homeownership amongst Queenslanders who had not yet bought their first home. 75% of respondents living in Brisbane reported that they were “somewhat concerned” or “very concerned” about their ability to own a home in the future, while this proportion grew to 81% among respondents living outside Brisbane.<sup>4</sup>

Figure 3  
How concerned are you about being able to afford to buy a home during your lifetime?



Source: *Per Capita (2023)*

In addition, many people in Queensland do not feel as though they will be able to save for a home deposit and mortgage independently, instead relying on family wealth to enter the housing market. 63% of Queenslanders responding to the *Australian Housing Monitor* responded “somewhat agree” or “strongly agree” to the statement “[t]he only way I’m ever likely to be able to own my own home is if I get a large inheritance”.<sup>5</sup>

‘Deposit gaps’, whereby growing dwelling prices increase the deposit required to secure an adequate home loan, have grown substantially over the past decade.<sup>6</sup> Recent reporting by Domain estimates that an average-income couple saving 20 per cent of both their incomes each month would take five years and two months to save for a 20 per cent deposit on an “entry priced” house.<sup>7</sup>

<sup>4</sup> Matthew Lloyd Cape, *The Australian Housing Monitor* (Centre for Equitable Housing, March 2023) <[https://centforequitablehousing.org.au/our\\_work/the-australian-housing-monitor/](https://centforequitablehousing.org.au/our_work/the-australian-housing-monitor/)>.

<sup>5</sup> Ibid.

<sup>6</sup> Hal Pawson, Vivienne Milligan and Judith Yates, *Housing Policy in Australia: A Case for System Reform* (Springer Nature Singapore, 2020) <<https://link.springer.com/10.1007/978-981-15-0780-9>> (*Housing Policy in Australia*).

<sup>7</sup> Domain, *First-Home Buyer Report 2024* (2024) <<https://s3.ap-southeast-2.amazonaws.com/ffx.adcentre.com.au/domain/2024/CRTV-3173/Domain+First+Home+Buyer+Report.pdf>>. An “entry priced house” refers to a house or unit in the 25<sup>th</sup> percentile for Brisbane, properties which may be scarce in higher-demand regions.

In the face of rising interest rates and sharply increasing rental prices, fewer households have been able to enter the housing market in the past 18 months.<sup>8</sup> Lending to first homebuyers nationally has dropped after a surge during the COVID-19 pandemic, with the number of first home buyers halving in mid-2023 when compared with mid-2021.<sup>9</sup>

## Shared Equity: what works?

International reviews of shared equity programs have found that they have the potential to create opportunities for households who may not otherwise be able to access home ownership.<sup>10</sup><sup>11</sup> Moreover, well-administered shared equity programs have been reported to protect against mortgage default and foreclosure by sharing the risks associated with holding mortgages between multiple parties.<sup>12</sup><sup>13</sup>

In Australia, models of shared equity have been in place for decades at a state level. This includes Western Australia's *Keystart* and South Australia's *HomeStart* programs, both of which have offered shared equity home loans since 2007.

In Queensland, the *Pathways Shared Equity Loan* has been available since 2008, although it is restricted to current social housing tenants.<sup>14</sup>

State governments have called on the Commonwealth Government to support shared equity in what has been described as a "fragmented" policy environment in the past.<sup>15</sup> Simulation of a shared equity scheme modelled after the *Help to Buy* scheme by the Australian Housing and Urban Research Institute (AHURI) found that 41 per cent of eligible prospective homebuyers could be helped into homeownership by the scheme. The authors note that the scheme addresses both down payment (deposit) and repayment constraints. This makes the Help to Buy Scheme a more effective form of first home buyer support than

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<sup>8</sup> News.com.au, 'Aussie Dream Dying as New Loans Collapse', *news* (2 February 2024) <<https://www.news.com.au/finance/economy/australian-economy/new-loan-commitments-for-first-home-buyers-fall-sharply-in-latest-abs-figures/news-story/49f9b9c05962f65dd86efe8624e3a70b>>.

<sup>9</sup> PropTrack, *Housing Affordability Report* (September 2023) <<https://proptrack.com.au/wp-content/uploads/2023/09/PropTrack-Housing-Affordability-Index-2023.pdf>>.

<sup>10</sup> Rick Jacobus and John Emmeus Davis, 'The Asset Building Potential of Shared Equity Home Ownership' [2010] *Washington, DC: New American Foundation*. <http://cltnetwork.org/wp-content/uploads/2014/01/2010-Asset-Building-Potential-of-Shared-Equity.pdf>.

<sup>11</sup> Ruoni Wang et al, *Tracking Growth and Evaluating Performance of Shared Equity Homeownership Programs during Housing Market Fluctuations* (JSTOR, 2019).

<sup>12</sup> Susan Saegert et al, 'Longing for a Better American Dream: Homeowners in Trouble Evaluate Shared Equity Alternatives' (2015) 96(2) *Social Science Quarterly* 297 ('Longing for a Better American Dream').

<sup>13</sup> Jeffrey Lubell, 'Filling the Void between Homeownership and Rental Housing: A Case for Expanding the Use of Shared Equity Homeownership' [2014] *Homeownership built to last* 203.

<sup>14</sup> Simon Pinnegar et al, *Innovative Financing for Homeownership: The Potential for Shared Equity Initiatives in Australia* (FR, Australian Housing and Urban Research Institute Limited, 2009) <<https://www.ahuri.edu.au/research/final-reports/137>>.

<sup>15</sup> House of Representatives Standing Committee on Tax and Revenue, *The Australian Dream Inquiry into Housing Affordability and Supply in Australia* (Parliament of Australia, March 2022) <[https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/024864/toc\\_pdf/TheAustralianDream.pdf;fileType=application%2Fpdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/024864/toc_pdf/TheAustralianDream.pdf;fileType=application%2Fpdf)>.

schemes which address just one component of acquiring a mortgage, such as a mortgage guarantee scheme.<sup>16</sup>

The possible inflationary effects of shared equity schemes, which increase purchasing power and therefore, ostensibly, housing demand, are contested, but it has been predicted that a relatively small-scale program such as the *Help to Buy* scheme will have a relatively small inflationary risk.<sup>17</sup>

### *The Help to Buy (Commonwealth Powers) Bill 2024*

The Commonwealth's *Help to Buy* scheme is a national shared-equity scheme providing eligible homebuyers with a 30 per cent (for existing homes) or 40 per cent (for new homes) government equity contribution for the purchase of their first home. Eligible homebuyers must provide a minimum 2 per cent deposit to participate in the scheme and must meet household income thresholds.<sup>18</sup> The scheme will allow for 10,000 annual participants, who will also be exempt from paying lenders' mortgage insurance upon home purchase.<sup>19</sup>

Queensland's *Help to Buy (Commonwealth Powers) Bill 2024* creates a constitutional basis for the *Help to Buy* scheme by undertaking a text-based referral of power to the Commonwealth under section 51(xxvii) of the Constitution. The *Help to Buy (Commonwealth Powers) Bill 2024* does not interfere with or supersede the operation of existing programs of lending for homeownership, the *Pathways Shared Equity Loan* and the *Mortgage Relief Loan*.

The *Help to Buy Scheme* gives prospective first home buyers not living in social housing in Queensland the opportunity to access shared equity homeownership. The scheme will be administered by Housing Australia, with the Commonwealth committing to cost-neutrality for participating states and territories. This allows for the expansion of shared equity homeownership without an increase in Queensland's budgetary expenses.<sup>20</sup>

Moreover, the use of a text-based referral restricts the Commonwealth from making any legislation extending beyond the content of the referral. This form of referral prevents the granting of "unfettered control" over a referred matter to the Commonwealth.<sup>21</sup> This may be compared with general referrals of

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<sup>16</sup> Rachel Ong ViforJ et al, 'Financing First Home Ownership: Modelling Policy Impacts at Market and Individual Levels' [2023] (398) *AHURI Final Report* <<http://www.ahuri.edu.au/research/final-reports/398>> ('Financing First Home Ownership').

<sup>17</sup> Benjamin Clark, 'The Greens Will Play Hardball with Labor on Its next Housing Scheme. Albanese Must Offer Sweeteners', *Crikey* (18 January 2024) <<https://www.crikey.com.au/2024/01/18/greens-labor-housing-scheme-albanese/>>.

<sup>18</sup> Julie Collins MP, 'Help to Buy to Deliver More Support for Australian Homebuyers | Treasury Ministers' (28 November 2023) <<https://ministers.treasury.gov.au/ministers/julie-collins-2022/media-releases/help-buy-deliver-more-support-australian-homebuyers>>.

<sup>19</sup> Laura Schatz, *Help to Buy Bill 2023 [and] Help to Buy (Consequential Provisions) Bill 2023*, *Bills Digest* (5 February 2024) <[https://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/9585943/upload\\_binary/9585943.pdf](https://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/9585943/upload_binary/9585943.pdf)>.

<sup>20</sup> Parliament of Queensland, *Help to Buy (Commonwealth Powers) Bill 2024* (2024) <<https://www.parliament.qld.gov.au/Work-of-Committees/Committees/Committee-Details?cid=240&id=4416>>.

<sup>21</sup> Jason Arditi, *Industrial Relations: The Referral of Powers* (September 2009) <<https://www.parliament.nsw.gov.au/researchpapers/Documents/industrial-relations-the-referral-of-powers/Briefing%20Paper,%20Industrial%20Relations%20-%20The%20Referral%20of%20Powers.pdf>>.

power to the Commonwealth, described as effectively granting “carte blanche” to the Commonwealth over a referred matter.<sup>22,23</sup>

For these reasons, the Centre for Equitable Housing at Per Capita supports the passage of the *Help to Buy (Commonwealth Powers) Bill 2024*.

### Housing reform beyond Help to Buy is needed at all levels of government.

In an assessment on the viability of a shared equity scheme for older women in Queensland, Pascuzzo (2021) noted that shared equity programs can assist households “bridge the gap” between renting and homeownership, but that they are unlikely to provide security to households in extreme housing need.<sup>24</sup> Similarly, the Housing for the Aged Action Group has stated that shared equity schemes should “form a small part of the suite of solutions to increase affordable housing”.<sup>25</sup> The Centre for Equitable Housing largely shares this view, and makes the following additional recommendations.

Firstly, large scale investment in social housing is crucial in ensuring that all Australians’ right to housing is met. Social housing provides secure tenure, capped rents and access to social services, meeting the needs of tenants without the constraints imposed by the imperative to make a profit that is inherent to the private market. Access to social housing is associated with an increase in physical and mental wellbeing, improved educational outcomes and increased labour force participation among tenants.<sup>26</sup>

Despite the Queensland population growing by over 700,000 between 2012 and 2022, the state’s social housing stock increased by just 1,343 dwellings over this time. In 2022, there were 27,213 households on Public Housing and State Owned and Managed Indigenous Housing waiting lists in Queensland.<sup>27</sup> The social and affordable housing shortfall has been projected to reach 174,900 dwellings in Queensland by 2026.<sup>28</sup> Critically, 22,428 Queenslanders were homeless on the night of the 2021 census.<sup>29</sup>

Therefore, the Queensland Government should work with federal counterparts and the community housing sector to significantly increase the number of social (both community and public) housing units available across the state as a matter of urgency.

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<sup>22</sup> Ibid.

<sup>23</sup> Justice RS French, *Co-Operative Federalism in Australia – an Intellectual Resource for Europe? II* (Institute of Advanced Legal Studies, 22 February 2006) <[https://sas-space.sas.ac.uk/2938/1/Amicus66\\_French.pdf](https://sas-space.sas.ac.uk/2938/1/Amicus66_French.pdf)>.

<sup>24</sup> Patricia Pascuzzo, *Shared Equity Schemes for Older Women in Queensland* (Inclusive Economics, 17 December 2021).

<sup>25</sup> Housing for the Aged Action Group, *National Housing and Homelessness Plan 2023* (2023)

<[https://www.older tenants.org.au/sites/default/files/national\\_housing\\_and\\_homelessness\\_plan\\_submission.pdf](https://www.older tenants.org.au/sites/default/files/national_housing_and_homelessness_plan_submission.pdf)>.

<sup>26</sup> Christian Nygaard, *Social and Affordable Housing as Social Infrastructure A Literature Review for the Community Housing Industry Association* (Centre for Urban Transitions, 7 November 2019) <<https://www.communityhousing.com.au/wp-content/uploads/2019/11/Social-and-affordable-housing-as-social-infrastructure-FINAL.pdf?x12261>>.

<sup>27</sup> Australian Institute of Health and Welfare, ‘Housing Assistance in Australia’ (8 January 2024) <<https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/contents/households-and-waiting-lists>>.

<sup>28</sup> Queensland Council of Social Service, *A Social Housing Boom for Queensland* (February 2021) <[https://www.qcoss.org.au/wp-content/uploads/2021/02/Housing\\_budget\\_priority.pdf](https://www.qcoss.org.au/wp-content/uploads/2021/02/Housing_budget_priority.pdf)>.

<sup>29</sup> Australian Bureau of Statistics, *Estimating Homelessness: Census 22/03/2023* <<https://www.abs.gov.au/statistics/people/housing/estimating-homelessness-census/2021>>. Includes people in improvised dwellings, tents or sleeping out, in supported accommodation for the homeless, boarding houses, temporary lodgings, staying temporarily with other households and “severely” overcrowded dwellings.

Secondly, reform of an investor-friendly taxation system must be undertaken to reduce incentives for housing speculation, a process which is raising property prices and locking those without existing property assets out of the housing market.<sup>30</sup>

Reform of negative gearing and capital gains tax arrangements, the two largest forms of federal government housing expenditure, are a Commonwealth responsibility. However, state and territory governments should play a leadership role in calling for systemic reform to these settings, which contribute to a broken housing system.

While participation in the Help to Buy scheme will allow a relatively small cohort of Queenslanders to access homeownership, state and national housing policy must consider the vital need to safeguard housing security and affordability to all Australians, no matter their incomes, place of residence or tenure arrangements.

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<sup>30</sup> Matthew Lloyd-Cape et al, *Housing Affordability in Australia: Tackling a Wicked Problem* (Per Capita and V&F Housing Enterprise Foundation, May 2022) <[https://percapita.org.au/wp-content/uploads/2022/04/VF\\_Housing-AffordabilityReport\\_Final.pdf](https://percapita.org.au/wp-content/uploads/2022/04/VF_Housing-AffordabilityReport_Final.pdf)>.