

The worsening rental crisis in Australia



**“If you really want to do something, you'll find a way.
If you don't, you'll find an excuse.”**

The question should not be “how to fix the Australian housing system?”, the real question should be:

“DO WE WANT TO SOLVE IT?”

SUMMARY

THE PROBLEM	3
THE SOLUTIONS	10
CONCLUSION	14
REFERENCES	14

WHO AM I?

I am a normal Australian with postgraduate education in Finance and have been homeless in the past, despite having no addictions or mental health issues.

Despite I always pay rent on time, I live my life in constant fear that my landlord will either raise the rent or even worse sell the house and the new owner will need it, so I will be on the street. I cannot afford a home loan because I am single, and my income isn't high enough.

I have deeply analysed the current rental crisis and found several solutions which could fix it. In my opinion, our current rental crisis is a derivative of our current house prices, high immigration, inflationary policies, and the proliferation of short-term rental contracts.

High housing prices have forced many Australians to rent for longer, reducing the availability of rental properties. The same can be said for high immigration and holiday homes, while policies such as HomeBuilder inflated even more house prices, while Council and planning restrictions made harder to increase supply.

Please read below my considerations.

THE PROBLEM

There are countless stories like mine, many much worse than mine, but somehow the previous governments really didn't care, didn't grasp the urgency of it, or simply didn't want to do what it takes to bring house prices down.

And why should they have been interested in it? It doesn't take a genius to figure it out.

Most if not all our MPs have properties, some of them have MANY properties.

There are already too many people living either in someone else's backyard, in a caravan park or inside their cars. Even entire families where there are no drug or alcohol issues, it's just that our entire Country has a lack of affordable rental properties.

Meanwhile, property owners are getting richer every year, while poor Australians wait years in a tent [1].

It's easy to say, get a job, get a mortgage, and live happily ever after. Many have a job and still cannot find affordable housing [2] [3].

Lack of affordable housing set to cost Australia \$25b a year [4]

Taxpayers would be left with an annual bill of \$25 billion by 2051 as a result, chalked up through higher spending on health and mental health services, domestic violence services, lost educational opportunities and increased anti-social behaviour, as well as significant productivity losses for businesses and workers.

"This churn is costly both for the employer and employee, and labour market productivity suffers," the report said.

"Education outcomes for children in lower-income households forced to regularly move due to housing costs can be compromised. Lack of secure housing and a stable home environment can foster anti-social behaviour and criminal activity, triggering expensive government interventions in the policing and justice system."

The report was commissioned by Housing All Australians (HAA), a group of business figures and academics claiming housing affordability should not only be regarded as a major social problem but also an economic one.

Unaffordable housing comes at a high social cost. We have taken something which is a basic human need and created a shortage of it by rapidly increasing the population. This leads to hardship around housing for many people but particularly those who are at the bottom of the housing ladder. Those who are renting and low income.

This is a failure of government economic management. We have distorted our economy into non-productive debt and speculation. We have allowed short term economic stimulus to become a goal in itself without considering how healthy or productive that activity is.

If you ask big business what they want, they will say cheap labour and growing demand from a growing population. If you ask the big banks, they will say a growing market from growing population and growing debt from housing demand.

If you ask the people who live in Australia they will say affordable housing, liveable cities and a decent wage.

This will cost taxpayers \$25 billion. Annually! So that's on top of the upwards of \$12 billion (annually) already foregone by taxpayers in negative gearing and CGT subsidies, although there are reports of even bigger numbers [5]. That is \$37 billion annually, or \$370 billion over ten years without even considering compound interest, taxpayers are paying to fund a shortage of housing while rich people get richer.

What if we instead spent \$10 billion (annually) into building new public housing? Wouldn't that look like the clever country?

The only thing that can make housing affordable is if we stop or at least slow our population growth. Only then can new supply catch up with demand and moderate housing prices.

We cannot have our cake and eat it too, not anymore.

In the good old days, companies would build a factory and a town - no problem. Hershey, Mars, Cadbury, Mining companies in the country towns etc.

Our previous governments failed for a long time to fix the Australian housing system.

The law of supply and demand isn't that hard to understand, even without a degree.

But I prefer to think that they knew exactly what they were doing and therefore their goal was to increase house prices. Forever. And much faster than wages. Australians normally are smart people.

Otherwise, it would be impossible to explain and make sense of the ongoing housing policies, where they increase demand in any way possible, rather than increase supply.

What worries me, and not just me, is that the proposed new shared equity schemes are still wrong.

Every incentive led to price increases because they didn't affect supply [6]. We have seen it over and over. Every time the First Home Owner Grant (FHOG) was increased, the cheaper blocks of land increased in price for an amount equal or even higher than the FHOG.

Every time there is a cash grant or a reduction in the required minimum deposit, the purchasing power increases and so the prices because supply stays the same, but demand soars. Debt too. And I guess then when the problem will be so big, banks will be bailed out by the taxpayers because "they are too big to fail".

So poor people are paying in several ways:

- 1) they are missing out on income and capital gain from real estate.
- 2) they are at the mercy of their landlords and need to pack their bags when property needs to be sold, renovated or the rent is increased way more than the inflation rate.
- 3) and yet if the market crashes, banks will be bailed out with their taxes too.

For example, FHOG in Tasmania is still \$30K

So, someone who never owned a property can get \$30K for free and that means if they are within the required income threshold, they can qualify for 5% deposit which means they don't have to contribute a dollar for properties up to \$600,000 and that is exactly why land around Hobart doubled in price in just few years. Some Regional locations with little or no services and job opportunities tripled in value in the last 7 years.

Then the buyers are stuck with a giant debt for the rest of their lives, will live a miserable life, won't be able to pay for anything else so the economy won't go well and pray that interest rates won't rise, otherwise it will be a bloodbath. The argument that house prices should not crash otherwise the economy will suffer seem to be ridiculous, considering that if they don't crash, at some point the majority of Australians will become homeless. It is like asking if it is better having a pneumonia or be in a coma for many years.

But please do tell me why we should bailout silly or fraudulent borrowers "using liar loans" who borrowed too much to pay inflated prices at any cost? [7]

If the RBA doesn't raise interest rates when there is high inflation, the mess will be even greater, with rampant inflation (even without considering housing prices for your convenience), so yes, despite all the whinging from any corner of the real estate industry, they did need to raise interest rates. A lot and fast, before it was too late, although even the RBA Governor said that interest rates weren't the only issue [8].

Regardless, let's say they go ahead with a national shared equity scheme. Do they have a long-term plan for when even with a national shared equity scheme, the average contribution for an Australian single income family will be out of reach? Will the Government increase their share up and up until 99% when the average Australian house will cost \$100 million? I don't think they thought about that. But of course, probably they don't worry about that because most governments cannot think long term. Most policymakers prefer short term gain for long term pain rather than the opposite.

The more money is required to pay for a roof over our heads, the less disposable income will flow into the economy, thus anyone with a minimum level of IQ would understand that pushing house prices to the sky, in the long term will only create bigger problems for most of us.

We really need to ask ourselves this: do we want Australia to become like the USA, where poor and rich people are so divided because those controlling the power keep helping the rich and because of that, poor people have nothing else that commit crimes to survive?

Do you have an idea what it is like to live on a single low income these days? Singles are forgotten and penalized. Singles do NOT need 4 bedroom houses. Yet, do you see any builder in regional areas building small units? Of course not. In most small towns you can't even get a rental because the few left have been left empty to use as AirBnB so where should the workers go while they build new units? Everywhere you go, every Australian State has these issues.

Even in the middle of nowhere, 4 hours from Hobart, mainlanders bought everything that was for sale. Land prices in small villages went from \$10K a block to \$150K within 3 years. And we are talking about small isolated towns such as Zeehan (despite having polluted town water), Rosebery and Queenstown, places without jobs, without a hospital or even a Kmart or BigW.

Last year Tasmania had a population of 541,965 [9] and considering there are 68,401 square km of land, that means a population density just under 8 per square km. We can even consider just half of that land given half the State is natural park, thus let's suppose there is a population density of about 16.

That compares with 92 for Spain and 200 for Italy. In both those Countries house prices have been declining for years. Obviously, they are not using magic powers, but they don't make it so hard to build houses like all levels of governments in Australia do. [10]

These days, with a single income, it takes likely around 10 years [11] to save for a deposit, compared to 1 or 2 years in 1990.

Likewise, most Australians own at least one property, or a huge debt, given that many are still paying their mortgage, so the real owners are not them yet. But I am afraid that until we see more than 50% of Australians really stuck in the rental trap or on the streets, our politicians won't touch anything. They lack the will to reform a disgraceful get-rich-scheme.

I wonder where they think all the new immigrants they want to bring here are going to sleep. Tents maybe? We already got to the point where our rental crisis has become so bad that we should deploy the Army to help developers to speed things up and not going busted due to wrong policies, such as the HomeBuilder grant, creating so much demand that many builders can't even complete their contracts or when they do, properties are not even built properly [12] [13], the whole industry is like the Wild West and clearly the open market is not working, so maybe it is time the Federal Government starts creating a better framework in order to protect Australians and especially in Tasmania, given it is the only State without insurance when builders collapse [14].

A smart Government would have figured out that Australia needed, and now needs even more urgently, so many thousands of new homes each year, so they could buy in bulk building materials and manage the whole industry rather than let it run wild, poorly organised and facing shortages of pretty much anything from labour to portable loos.

A lot of our poorest citizens are already at risk of being homeless [15] and it is really frustrating when media often write sensational headlines about \$100 monthly increase on a \$500,000 mortgage when tenants are completely neglected, and nobody worries when the place they have been living in gets sold and they need to move to another place (when they are lucky to find one) and such move cost them thousands of dollars in relocation costs [16] or furniture storage if they cannot find another roof over their head and a car or a street becomes their new home. Soaring rent prices and low vacancy rates are forcing tenants in tears to make tough decisions to give up their beloved pets creating another nationwide crisis, or risk being homeless [17].

Houses have become a get-rich-quick scheme and people are taking more risk to not miss out, but such behaviour should be left to the stock market, not to housing.

The whole game is rigged. Take a street for example. Any street of any suburb of any city. Let's assume there are 20 houses on that street. The houses are very similar, and they have a perceived value of let's say \$500,000 each.

Then one of those houses goes for sale but the buyer is crazy or just doesn't really have money issues and pays \$600,000.

Guess what? Now all those houses suddenly are worth \$600,000 because 1 sale pushed up 20% their perceived value. Real estate agents of course will be very quick to distribute some advertising fliers in the mailboxes of that street trying to tell landlords "how much their house is worth" hoping to catch another fat commission. And do not even get me started about the sales tactics of those men in business suits. Skill bidding, lies, anything really to close a sale at the highest possible price, goes on.

Meanwhile every tenant in that area just lost buying power. Do that over and over and you can see why the game is rigged.

It's all good for landlords who have no children. But if they do have children, the more they have, the bigger the problem, because hey yes, they may have a \$1 million dollar house, but now their children need a bigger deposit and much more income in order to service a truck load of debt.

Again, how hard is it to understand that by lowering the required deposit on a bigger truck load of DEBT they are just increasing demand, thus increasing prices? Adding insult to injury, they kept increasing the caps too. Those are all **inflationary policies**.

But don't take my word for it, just ask any independent academic out there with a solid background in economics.

They were literally, again, after giving people First Home Buyer Grants and HomeBuilder Grants, encouraging people to bid higher and higher on a shrinking supply of houses and units.

They were, therefore, just kicking the can down the road, for the new government to deal with an even bigger issue than what was when you got elected. It is simply an **intergenerational theft [18]**. We, tenants, are the victims, they have been stealing our future, our time and our lives will need to be spent on debt, simply because greed took over and there is no one that can defend us. They decided what is right and what is wrong, they decided how the market moves with their policies or most of the time by doing nothing to fix any issue.

Then there was another ridiculous idea: using all your Super to buy your First Home.

In other words: **"the younger generations need to give baby boomers every single dollar they saved and of course take a huge pile of debt in order to pay for overpriced properties, so older generations can have a comfortable retirement"**.

Is that ethical? Is that fair? Those who were not born rich and not before cheap interest rates ruined it all, are they having a fair go? I don't think so.

Then we must ear Boomers about when interest rates were around 17% and they lecture us how they still paid their mortgages. Of course, we need to put that in perspective and let's go to grab the average income and interest rates for those years.

Standard variable home loan interest rates hit an all-time Australian record high of 17.0 per cent pa in June 1989 and stayed there until April 1990.

Here, let me make it simple for you with a maths example.

Back in March 1990, the standard variable rate may have been 17 percent, but the average mortgage was only \$71,000. Against a backdrop of average weekly earnings of \$523.60 for an average annual salary of \$27,284 [19]

So, let's say the house you wanted to buy had a price tag of just \$80,000 and we will assume our beautiful Australian family had saved \$16,000 so that was a 20% deposit, thus a \$64,000 loan.

The interest alone on that mortgage was \$10,880 (assuming a full year at 17%) which meant about 0.4 times more the annual average salary of 1 person. Believe it or not, in the old good days only 1 income was needed and the other parent could look after the children, while now children often need to grow up alone while their parents are enslaved to the big debt truckload.

If house prices went up 20% a year (which is by the way already ridiculous), another beautiful Australian family the following year was going to pay \$96,000 for the same house which meant about 0.59 times more the annual average salary of 1 person.

Now let's get back to the future in 2022 (my apologies, I wrote this part in 2022 and do not have the time to update with the 2023 data, but it should not be much different).

At the end of April 2022, the median house price was sitting at \$748,635 [20] including Wagga Wagga, Zeehan and Kiwirrkurra, just to name a few not too fancy places.

The average income for adult Australians, according to the ABS is \$90,916 [21] for those lucky to reach it.

I am not one of those.

That means, a whopping 8.2 times average income.

Assuming a mortgage at just 5% and assuming a 20% deposit, that means the interest alone would be about \$30,000 on almost a \$600,000 loan, which meant about 0.33 times more the annual average salary of 1 person. So great! Mortgages are not that bad right? Wrong. Let's look at the other part of the picture now.

What happens if house prices grow each year 10%? Or 20% like they did in the last 20 years?

With a 10% increase, the following year, another beautiful Australian family was going to pay \$823,498 for the same house which meant about 0.82 times more the annual average salary of 1 person.

With a 20% increase, the following year, another beautiful Australian family was going to pay \$898,361 for the same house which meant about 1.64 times more the annual average salary of 1 person which would bring it to about 9.8 times the average income. Thus, dear boomers, no it was not more difficult in 1990.

Do you see the problem now? Wages don't go up 10-20% each year so the longer your game goes on, the worse the crisis becomes. And that without even considering those on the age or disability pension, on JobSeeker or on AuStudy.

If my maths doesn't look good to you, then you certainly can look at the house prices to income ratio. It was already unaffordable 10 years ago [22], now it just went ridiculously overpriced. And by the way, Hobart has just 1 public Hospital, no Ikea, lower wages, yet now has house prices 50% higher than Perth. Maybe the fact that Tasmanian Councils don't release land as fast as needed is one of the reasons?

One of my friends was willing to sell me a 1000 sqm block of land but the Council would not allow it because it was classified as "rural zoning" so you need at least 5 acres in order to build a dwelling.

What exactly do I need 5 acres for?

The current Planning Scheme seems to be more restrictive than the previous ones, while we got increasing population. We have an artificial shortage of land, created by outdated planning and conflict of interests.

Tasmania has so much empty land that could host the entire Australian population even by keeping half of the State as Natural Park. But there is no will to act, just crocodile tears, pretty much like they do in the USA every time there is a mass shooting. Another one in Texas just like happened 10 or 20 years ago and nothing ever change. They talk about it, they make a bit of noise, they whinge for a while and then it's back to the business as usual. In the USA they have the gun lobby, in Australia we have the Real Estate lobby.

Why don't they just set the price of each house at 100 million dollars? What a house is really worth? The money to buy materials plus the land, so given the price of materials don't normally increase 100% each year (although with the current inflation and shortage it's getting painful out there), we should then focus on the price of land, which is artificially manipulated. Or maybe they could be honest for once and tell us that no matter how many Australians end on the streets, they are NEVER, EVER going to fix this crisis.

So many of us can finally move on and maybe migrate to another Country where they are not playing Monopoly. Take for example Singapore: a tiny Country where 90% of land is owned by the government so that citizens only need to pay for the materials to build and they never own the land but housing is affordable. Or Indonesia where foreigners cannot buy anything, but at least renting is cheap and tenants have more rights.

Couldn't the Australian government compulsory buy land and do the same? They do it when they want it [23]. So why not compulsory buy big chunks of land, rezone it and then offer cheap blocks to first home buyers only, rather than giving money left and right for any block located anywhere?

Also, do they think that allowing people to buy 3 houses or more does any good when there are not even enough blocks for sale? [24]

How many single women stay with an abusive partner because they cannot afford housing?

When I describe this to my European friends, initially they think I am telling them lies, then they say Australians are crazy.

Even New Zealand, which has been on the same insane path, finally started doing something in the right direction: they have increased the required deposit for investment properties to 40% and overruled local Councils to increase house density in major cities. And in Waikato, the Bridge Housing Charitable Trust is leasing land to first home buyers, something here no one seems to think about.

Don't get me wrong, they also have a long way to go to fix their mess, but it is starting to help a little bit. Unfortunately, so far, Australian governments have been doing the opposite.

And while previous governments should have started work on housing supply 20 years ago, the next best time to get started is today.

The absence of social and affordable housing in Australia is arguably this country's greatest failure. Housing has increasingly been viewed as a profitable investment rather than a fundamental human right. It doesn't have to be this way. In the past, governments strongly invested in social housing.

The decline in public housing stocks has been even more dramatic when making comparisons to the pre-1980 "privatisation" epidemic. We once had 20% of housing stock being public and it was geographically widely spread including in rural and regional areas. You could add to that the housing stocks maintained by

large public employers including the railways, hospitals, police, defence forces, federal and state offices, education/schools etc. Australia has the 3rd. lowest stock of public housing in the OECD, where once it was 5th (of 34 members).

We are in such a mess that every day some more Australians suffer. Some more children miss out on opportunities compared to those who have a secured form of housing. Some more Australians become stuck in the homelessness trap, where they cannot get a job without stable accommodation, and they cannot get a stable accommodation without a job. But I bet most of our policymakers wouldn't even know how trying to sleep in a dirty cold corner while fearing for your safety feels like. Well, now it's not just alcoholics or drug users, they are entire Australian families without any form of addiction or even professionals fully employed [25].

For decades the local governments blamed State governments, while State Governments blamed local governments and Federal governments blamed local and State governments while years went by and nearly nothing was achieved [26]. Some Councils are really trying to address the issue, like the Eurobodalla Shire Council in NSW [27] or the Brisbane City Council [28], but it is clear that until AirBnB isn't banned or until we stop mass immigration, the numbers of Australians sleeping in tents or cars are just going to increase.

Meanwhile all parties, Federal, State and local governments should sit at a table and start fixing this crisis as soon as possible. Unless, of course, they prefer to lose at the next election, because renters are increasingly shifting their votes towards anyone willing to fix this mess [29].

People in leafy suburbs want low paid workers to serve their lattes. But they don't want any development that might enable those low paid workers to live as neighbours [30] [31] [32]. What kind of place is Australia becoming, where people with full-time jobs are moving to caravan parks or putting a tent up in a friend's back garden or in the state park, or where a 78-year-old was given a 90-day eviction notice for the property he'd rented for 15 years when the owner decided to sell and now, he is living in his car? [33]

However, the longer this crisis goes on, the more places there will be without essential workers, because high prices will drive low and eventually even middle-income earners further and further away from cities and then, just like it happened in the USA, we will experience increasing crime, because somehow people need to feed themselves and their families. Is that how you want Australia to be in the near future?

ADVANCE AUSTRALIA...WHERE?

Like I stated earlier, given that the rental crisis in my opinion is a derivative of our current house prices, high immigration, inflationary policies, and the proliferation of short-term rental contracts, **a more comprehensive approach is required IF the government wants to fix the problem.**

Please read my proposed solutions below.

SOLUTIONS TO FIX THE RENTAL CRISIS

- 1) Create an **independent Commonwealth entity** which should act in the **long-term best interest of tenants**, like the RBA, **independent from policymakers and their conflict of interests.**
- 2) Airbnb or other short stays business models should not be allowed in this Country. Not at least until we fix the rental crisis. Hotels and Motels used to do just fine for tourists. Australians need long term safe and decent accommodation so Airbnb should be banned countrywide.

- 3) Provide incentives to landlords who offer long term rental contracts. We had the NRAS but it has been scrapped and now more tenants are going on the street. [34]

In Europe it's quite common to see 4-5 years rental contracts. In Australia tenants are at the mercy of landlords and removal/relocation costs are making it impossible for renters to save for a deposit. Plus, it is very stressful for children being relocated very often, changing schools, losing friends, etc. Rather than looking for ideas from the UK or the USA, I suggest you look at North European Countries such as Denmark, Sweden, Norway, and Finland which seem to treat their citizens much better than Australia.

- 4) The government could compulsorily buy land, build houses then offer them as rent to buy schemes, funding more new housing with the income, bypassing developers who prefer to sit on land until it goes up in value, releasing it too slowly.
- 5) Offer leasehold properties. Tenants are already paying someone else's mortgage so if they were offered a discounted lease from the government, without having to worry about being told to vacate the property every year when their landlord chooses to sell it, probably a lot of them would rather lease directly from the government. Then again maybe they could take an option to buy them when possible. **Rent to buy schemes** are popular in some other Countries. The private rental market is not functioning due to extreme shortage of rental properties and policies favourable to real estate investors.
- 6) Apply rent controls. We need to protect the most vulnerable Australians from greedy investors. Rent should not increase more than the CPI rate. This solution needs to take in consideration that landlords will try to find loopholes and get around it. For example, they may choose to terminate a lease with the current tenant so that they can start a new lease charging higher rent to a new tenant.
- 7) Social housing has a bad stigma. We all know this. Thus, when finally, a project is planned, nearby residents don't like the idea because they fear increasing crime [35]. A solution would be to ban anyone with serious crimes in their past, or if they commit any serious crime, from living in family friendly social housing projects and house those prone to commit crimes in special designated areas nearby a Police station. It may be sound discriminatory but at least children and families would feel safer.
- 8) Routine inspections: in most developed Countries a tenant won't see their landlord or their property manager until the end of the lease or when there is a maintenance issue. Here in Australia tenants are harassed by routine inspections often with little notice, sometimes even just 24 hours and if the property is not spotless then they may risk an eviction notice. This adds stress and could be changed to one inspection per year, at least for tenants who have good rental history. Landlords often say that their investment properties should be treated as a business, but if it so, then tenants are their customers. Have you ever seen customers be treated so badly in any other business?

SOLUTIONS TO IMPROVE HOUSE AFFORDABILITY

- 9) Each person should not own more than 1 property. How many landlords who already owned 2 or more properties bought other properties in the last 5 years? Housing should be a human right for everyone, not a Monopoly game. Create a law which bans people, companies, Trusts, etc. (close any

loophole) from owning more than 2 houses and force those who have more than 2 houses to sell them within 90 days or penalties apply. The market will be flooded with properties and prices will decrease to affordable levels for everyone. Otherwise, what is stopping some billionaire to buy a whole town and make homeless the whole population?

- 10) Mortgage lenders should become more flexible about modular/prefab/kit homes. Many manufacturers offer decent quality and faster building process, but lenders seem to be extremely opposed to lending money to buy something that has not been fixed yet to the ground.
- 11) Ban land-banking. If the Government can lock a whole city during an emergency such as Covid, then they certainly can force landowners to either build or sell their empty land rather than letting them sit forever on an unproductive asset.
- 12) Allow more high-rise apartments. Councils aren't flexible enough. Too many times here in Tasmania housing projects are denied for ridiculous reasons such as neighbours cannot see the ocean or the hills. Either Federal or State Governments override Council's decisions or build whole new towns to accommodate new housing. Plenty of people, including myself, would move to more affordable locations if they were given the opportunity.
- 13) Cap real estate agents' commissions. Real estate agents have conflict of interests and try to increase property sales as much as they can so that their commission is higher. They do the same job regardless of how much a property is sold for, thus, they should not be paid a variable commission but a fixed one.
- 14) Ban property auctions. Why do we need the madness of property auctions? As far as I know, only two Countries on Earth have them: Australia and New Zealand. Both have a housing bubble. Imagine if every time you want to buy something, like a car or your normal grocery list, what would you do if you had to outbid every other single customer to get what you need? It's well known that auctions push desperate people to stretch even more their bids. Plus, many real estate agents use any trick up their sleeves, legal or illegal such as shill bidding.
- 15) Remove people with substantial wealth locked in their home from age pension benefits. How fair is that someone with a \$5 million home can still receive an age pension? [36]
- 16) Create whole suburbs where only first home buyers can buy land and existing dwellings at low price. Speculators, people flipping properties every 3-6 months add only competition to an already competitive market. This solution would be much better than giving away free grants because it would be limited to specific areas.
- 17) Only first buyers can buy existing dwellings. By forcing investors to buy or build new properties, we increase supply.
- 18) Restrict even more foreign purchases of any Australian real estate. Too much money keeps flowing and has a knock-on effect on the whole property market [37].
- 19) Release more land, it's unbelievable that a Country so big and with so little population, keeps having a housing crisis, while in some European Countries real estate prices have either been flat or declining. Basic housing is cheaper in Spain by the beach, than in Australia in the middle of nowhere! Our State/Territory Housing Ministers should travel to Sweden, Finland, and Norway just to get some good ideas rather than waiting for their paycheck.

- 20) Land cost is often the biggest issue for first home buyers, however there are many people who would not need to buy land if they could borrow it from the government and then return it once they died. How many people don't have children so at the end of their lives they have no use of their assets? I am one of those. I could just pay for the materials and build my first home on government land, then leave the property to the government once I no longer needed.
- 21) Decentralize services and jobs to regional towns. The idea of growing cities bigger and bigger is outdated, especially after what happened with Covid and lockdowns, we finally realized how important is not to be reliant on one single big place. This means Australia need a lot of infrastructure. We were able to create cities from nothing when technology was nowhere near similar to what we have today, so what is stopping us from creating new cities? At some point we will have to create them, so why don't start planning for that?
- 22) Reduce our high immigration and population growth. Despite immigration was nearly zero for about 2 years due to Covid, house prices ballooned due to chronic shortage, especially in regional areas which also lack infrastructure. Less immigration would give us a chance to see housing become more affordable and wages become higher due to less cheap labour. Otherwise, where are they going to house new immigrants given that there has been a boom in regional Australia, and we don't even have space in the caravan parks? [38]
- 23) Explore the possibility to 3D print houses like they are doing in some Countries.

TAX REFORM

It is well known that these solutions are harder to be implemented, they have been labelled as the "political graveyard", however everyone know that some effective solutions exist, so I will add them below even if we both know these are the least ones to be considered.

- 24) Tax investment properties. I hear you...policymakers are worried about losing votes. Well, if this crisis will not be improved substantially by the next election, it will be quite interesting to see how many Australians will vote for anyone unwilling to fix it. The economy used to work fine, and stock markets and bonds were the tools to build long term financial wealth. But the combination of cheap money and obscene housing policies led to this crisis. Now it's time to fix it by taxing people with more than 1 (or 2) properties. A lot. The higher the taxes, the more they will be willing to sell all those houses creating a substantial price correction allowing more first home buyers to buy their first home without million-dollar debts. Plus, any tax could be used to build even more public housing or finance rent to buy schemes. Yes, many Australians will find themselves with negative equity but that is the price to pay for their FOMO and past obscene policies. Once the market finds a balance, new generations will be better off. Doing nothing means delaying the issue, making it bigger by each month.
- 25) Remove negative gearing, this one has been discussed so much in the past that I won't add anything.

CONCLUSION

So dear Senate Community Affairs References Committee, look how many ideas are worth exploring and helping millions of Australians. The current proposed plan is not enough to fix the current situation and we often hear “there is no easy solution to housing affordability”, but the reality seems no policymaker wants a decline in house prices.

I think the list I provided has more than enough ways to solve this crisis, but I won't be holding my breath, knowing policymakers and their conflict of interests, I bet things will only get worse for an increasing number of Australians like me.

Yours faithfully

John, a poor Australian.

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