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Australia’s COVID-19 pandemic housing policy responses

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Acronyms and abbreviations used in this report

ABC	Australian Broadcasting Corporation
ABS	Australian Bureau of Statistics
ACOSS	Australian Council of Social Service
ACT	Australian Capital Territory
AHURI	Australian Housing and Urban Research Institute Limited
ANU	Australian National University
APRA	Australian Prudential Regulation Authority
COVID-19	Coronavirus Disease 2019
CRA	Commonwealth rent assistance
DHHS	Department of Health and Human Services
EA	Emergency accommodation
FHOG	First Home Owners Grant
GFC	Global Financial Crisis
HAS	Housing affordability stress
HIA	Housing Industry Association
HILDA	Household, Income and Labour Dynamics in Australia Survey
LGA	Local Government Area
NGO	Non-governmental organisation
NHFIC	National Housing Finance and Investment Corporation
NSW	New South Wales
NT	Northern Territory
OECD	Organisation for Economic Co-operation and Development
PRS	Private rental sector
QLD	Queensland
RBA	Reserve Bank of Australia
SA	South Australia
TAS	Tasmania
UDIA	Urban Development Institute of Australia
UK	United Kingdom
UNSW	University of New South Wales
US	United States
VIC	Victoria

Executive summary

Key points

- The mortgage relief program implemented by the banking sector supported over 480,000 home loans and was widely regarded as being very effective.
- Social housing sectors nationally were able to provide relative stability, security and safety that protected tenants during the COVID-19 pandemic. However, the quality and condition of dwellings and insufficient scale of the sector emerged as key deficiencies.
- State and territory governments are the best agencies to determine the type of responses necessary to ameliorate housing problems that have intensified during the pandemic.
- Rapid administrative coordination of national, state and territory jurisdictions to develop an information sharing infrastructure proved critical for effective COVID-19 housing and homelessness responses nationally.
- Rapid mobilisation of new and existing partnerships between governments, not-for-profit sectors and private industry reduced homelessness in innovative ways, suggesting a pathway for longer-term investment in innovative interventions.
- The HomeBuilder and related state level grants achieved the primary aim of stimulating the Australian housing market. However, the design of HomeBuilder put pressure on the building industry and skewed activity to the detached dwelling sector.

- **In the private rental sector, extraordinary early responses—eviction moratoriums, rent negotiations and rent relief—were not implemented completely and produced mixed and modest outcomes.**
- **Private landlords and agents cannot be expected to effect comprehensive responses to critical events. Collaborative, sympathetic actors are not absent from the sector, but their actions do not scale into a systemic response. The state of the sector requires a mandatory approach.**
- **While the emergency responses taken early in the pandemic have been withdrawn, major challenges to rental housing access and affordability have emerged, especially in regional Australia. These require new policy responses.**
- **Although large scale job losses foreshadowed at the start of the pandemic did not eventuate, our simulations show that lockdowns have had a significant impact on housing affordability stress.**
- **Income support measures are highly effective when working in tandem with eligibility for Commonwealth Rent Assistance (CRA), but do not fully eliminate the high incidence of housing affordability stress caused by loss of jobs or hours worked.**

Key findings

National and state policy measures implemented to support home ownership achieved the desired goal of providing short-term stimulus to the residential building sector and support to the broader economy. However, a range of anticipated and unforeseen consequences have occurred as a result of concentrated demand-side subsidies, low interest rates and flexible lending conditions. The effects of bring-forward demand, coupled with labour and material shortages, have contributed to price escalation, while creating the conditions for a sudden decline in new housing construction as the incentives wind down.

While the short-term impacts of home ownership interventions in relation to COVID-19 have been positive, there may be negative medium-term implications for the construction industry.

Social housing infrastructure plays a critical role in securely housing vulnerable residents, especially in the context of a crisis. Australia's social housing and homelessness interventions have provided relative security and stability for some of its most vulnerable populations during a time of extreme disruption.

House price inflation affecting both purchase and rental pricing will place ongoing pressure on social housing and homelessness systems, even as Australia as a whole enters a phase of relative normality in a 'vaccinated economy'. Despite their unusually significant scale, social housing investment programs initiated by several state governments in the wake of the pandemic are relatively short-term initiatives that are highly unlikely to be extended. Given the absence of systemic change in this respect, it is unlikely that such interventions will make a meaningful impact on deep-seated housing inequalities in Australia.

The announcement of eviction moratoriums and frameworks for rent variations and rent relief was a remarkable event given Australia's historically lightly-regulated private rental sector. However, the implementation of those measures was patchy, and the outcomes modest, or even weak. A small minority (8–16%) of tenants received a rent variation, but more were discouraged, refused, or moved out.

There is evidence of significant underspending in most rent relief schemes. A survey of landlords conducted as part of this research suggests the rate of rent variation may be significantly higher—up to almost half (47%) of tenancies—but the rate of refusal (22%) is similar to that found in previous research.

The high reported rates of tenancies being terminated during the emergency by both landlords and tenants, particularly where rents had also been varied, suggests that many variations merely reduced tenant liabilities while a tenancy was coming to an end. Similarly, the prevalence of post-emergency termination proceedings and rent increases suggests that many landlords were determined to reverse the restrictions of the emergency period.

The research found that the private rental sector's diversity of landlords and agents cannot reasonably be expected to effect comprehensive responses to critical events such as a pandemic. Collaborative, sympathetic actors are not absent from the sector, but there is no sense of their actions scaling into a systemic response. The state of the sector requires a mandatory approach.

Although the large scale job losses that were foreshadowed at the start of the pandemic did not eventuate, this research shows that lockdowns have had a significant impact on housing affordability stress. Lockdowns lead to disproportionate impacts on public-facing jobs, and individuals (and their households) affected are disproportionately more likely to live in the private rental sector.

The research found that the more generous levels of income support measures at the start of the pandemic were highly effective at reducing raised levels of housing affordability stress. Nevertheless, even the less generous disaster relief payments used more recently were an effective and important policy intervention in reducing housing affordability stress. Income support measures are highly effective when working in tandem with eligibility for CRA.

The research also found that Australia's economic and housing outlook remains very uncertain. Indeed, even during the course of the fieldwork, economic circumstances changed significantly, there were fresh lockdowns in Victoria and NSW, and a new COVID-19 variant of concern emerged. Some of the survey evidence pre-dated these new developments. Nevertheless, expert testimony expressed strong support for the idea that the pandemic has worsened housing and wealth inequalities, and it is clear that housing policy makers need to reflect on continuing uncertainties and the possibility of future systemic shocks.

Policy development options

Home ownership and construction

Intervention in the form of grant payments, combined with stamp duty relief, has once again proved an effective way to boost consumer confidence, demand and stimulate housing supply. The 'package' of available incentives to first home owners, worth over $50,000 in some states, was sufficient to increase the amount of first home buyers active in the market, given existing access to cheap credit. Such a package of incentives, although very costly, could be used by national and state governments in the future if the housing market once again requires stimulus.

However, it should be noted that such stimulus measures have consequences in terms of future demand and market volatility. Pulling forward market demand inevitably leaves a demand gap once grants are no longer available, resulting in a reduction in future building activity and problems for the construction industry. Governments can anticipate these supply patterns and increase public sector building activity during these periods to mitigate the impact on industry.

The speed of home ownership interventions by government was commendable, but generated a number of unforeseen outcomes. These outcomes, particularly regarding material and labour shortages, cost increases and project delivery timeframes, were largely due to the unanticipated level of demand for grants, and the design of the HomeBuilder scheme. Greater collaboration within industry in the development of policy settings could have avoided some of the supply and cost issues and spread the development activity over a longer period. Indeed, subsequent discussions with industry did deliver changes to the commencement requirements to support home buyers and industry.

Co-design of stimulus schemes from the outset could have avoided major timeframe issues, produced a more accurate assessment of scheme demand and delivered policy settings that benefited a broader cross section of the construction industry and not just those specialising in land and detached dwelling products.

Social housing and homelessness

The pandemic has once again highlighted the critical role played by social housing as essential infrastructure that provides relative stability, security and health for tenants and communities in times of crisis, as well as in periods of business as usual. However, the sector has not kept pace with demand in recent decades. Ramped-up new social housing construction pledged by four states and boosted renovation and retrofit programs elsewhere indicates both the importance of social housing and the potential contribution of social housing investment as an economic stimulus.

New investment in social housing supply programs provides scope for innovative delivery approaches, including metropolitan and regional supply of energy efficient, sustainable and health-promoting dwellings, as well as models of social housing tenure that include rental as well as hybrid shared-equity and rent-to-buy schemes to support a viable future housing sector. It is imperative that investment in and appreciation of the benefits of social housing as infrastructure becomes ongoing rather than solely a pandemic or crisis response.

Policy discussions that have formed part of this research project suggest that to sustain ongoing innovation, social housing resilience, and effectiveness of interventions, additional policy and evidence infrastructure must be put in place. This could take a variety of different forms, including:

- sharing of information between state and territory jurisdictions on a regular basis to underpin social housing resilience, and lead to better refinement of policy and practice
- better data sharing and linking within and across jurisdictions, as well as between and within government and not-for-profit sectors.

Learning the lessons from COVID-19 in both 2020 and 2021 is essential to deal with future crises, including the ongoing impacts of the current pandemic. The interventions to support social housing and homelessness responses to the pandemic are dynamic, evolving and effectively a ‘test run’ for future shocks. The establishment of an agile infrastructure to support information sharing about housing and homelessness policy and practice, in both crisis and non-crisis scenarios, will support more effective and innovative housing policy development in the future.

The state-to-state infrastructure and approaches that were rapidly developed and which supported jurisdictional responses to COVID-19 provide a template for a shelf-ready policy-sharing practice that warrants supported development across governments. This could usefully include local government as well as state, territory and national governments.

To meet the need for social housing in the short term, future research and policy directions could usefully include exploring how effectively head leasing of private rental properties can facilitate a rapid expansion of social housing supply. Such approaches could supplement homelessness interventions and policy developments made in response to COVID-19. Ongoing innovations that link social housing investment opportunities directly with homelessness programs are likely to be needed, to offset increasingly unaffordable housing nation-wide for the lowest income households.

Private rental markets

From the very beginning of the COVID-19 pandemic it was clear that job losses, reduced working hours and incomes, light regulation and housing insecurity would disproportionately affect Australians renting in the private sector. The economic shocks also disproportionately affected people with public-facing roles, notably in the tourism, hospitality, arts and leisure sectors. This 'perfect storm' of greatest economic harm targeting society's already more vulnerable, living in a tenure with the weakest rights and safeguards of the three main tenures, had the potential to end in catastrophe. Yet, the research set out in this report showed that Australia's policy interventions in this tenure were among the lightest, least co-ordinated, and inconsistent between jurisdiction or over time.

This research revealed considerable disagreement between investor and tenant advocates in terms of how targeted interventions were, or should have been. The previous published evidence shows that a very small minority of tenants received rent variations, and that nearly three times as many were refused one. Our new evidence is consistent on the refusal statistic, but suggests that a much higher proportion of tenants received a rent reduction—although it is important to reflect that our survey collected data from landlords only (not tenants).

Perhaps the most powerful evidence collected by this research, though, lies in its diversity. Private renting is a 'sector' in name only. In reality, it is highly fragmented, mainly consisting of many thousands of individual landlords, investors and their agents. Aggregating and making sense of the decisions of such a diverse, and lightly regulated, set of interests does not amount to having a coherent or systemic policy response. Indeed, the evidence shows that income support interventions were far more effective in safeguarding homes (as well as incomes) than direct interventions, for example through eviction moratoriums or rent relief measures.

Concluding remarks

It is important to accept that successful housing interventions require both Australian and state governments to take proactive roles in addressing inequality. No long lasting intervention to address the housing crisis is possible without also putting in place measures to tackle inequality. Future Australian Government interventions should therefore prioritise the supply side in order to boost public housing, rather than seeking to further stimulate consumer demand in the private residential market.

The study

The rapidly evolving circumstances of the COVID-19 pandemic in early 2020 called for immediate housing policy (and related) interventions that were generally designed and introduced very quickly. Interventions occurred at national, state/territory and local levels or jurisdictions, and took many different forms, ranging from broad sweeping income supports through to non-binding advice or advocacy approaches. Given Australia's federated system of government, considerable differences quickly emerged between intervention approaches across states and territories. This was also driven by the extent to which different jurisdictions were impacted by the spread of the virus, the extent and frequency of lockdowns and damage to state/local economies. The result is that the period from early 2020 to mid 2021 is arguably one of the most rapidly moving and innovative periods for Australian housing policy experimentation seen for a generation.

The research underpinning this report was designed to address three specific research questions which, in turn, constitute a review of interim evaluation of Australia's COVID19 housing policy responses.

1. How can the full range of Australian housing policy interventions seen during the pandemic be categorised in terms of their intervention approach, underlying logic, short and long term goals, target groups and jurisdiction?
2. How successful (and how can we define successful) have the most prominent Australian interventions been?
3. What are the best policy options as we move through the next phases of the pandemic?

The research was undertaken as a rapid response or 'priority brief', and involved an extensive research team and a mix of research methods. Desk based literature and policy reviews assembled evidence from Australia, with a small number of international comparator policies also studied. Research activities were generally organised along broad tenure lines (housing and construction interventions, social housing and homelessness, and private rental interventions). The methods included two online surveys (one of landlords, and the other focusing on economists and other expert housing commentators). Three Investigative Panel sessions were also held (one for each broad tenure grouping). An econometric analysis of labour market data (from ABS) and the Household Income and Labour Dynamics Australia (HILDA) dataset were also undertaken, and used to estimate labour market shock effects on housing affordability stress. The latter was used to assess the range of possible impacts of national lockdowns on housing affordability stress.

It is important to note that the research was carried out in April through November 2021—a period beginning approximately 18 months after the beginning of the pandemic and ending while the pandemic was still ongoing. Indeed, the severity of the pandemic in Australia increased significantly during the main fieldwork stages, and the Omicron variant outbreak occurred during final production of the report. As such, it should be remembered that the scope of the project was to carry out a review, or interim evaluation, of interventions that occurred from the beginning of 2020 to October 2021.

1. Introduction: Australian government housing responses to COVID-19

The rapidly evolving circumstances of the COVID-19 pandemic in early 2020 called for immediate housing policy (and related) interventions that were generally designed and introduced rapidly. Interventions occurred at national, state/territory and local jurisdictions, and took many different forms, ranging from broad sweeping income supports through to non-binding advice or advocacy approaches.

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The report begins with this introductory chapter, which collates the housing pandemic-related responses of the three tiers of government in Australia during 2020–21. Subsequent chapters group interventions broadly along tenure lines, with Chapter 2 focusing on home ownership and construction, Chapter 3 examining social housing and homelessness interventions, and Chapter 4 focusing on interventions in the private rental sector. Chapter 5 reviews income support measures and Australia's housing and economic outlook. Chapter 6 sets out the policy development options.

1.1 Australian Government

In May 2020, the Australian Government announced a new National Federation Reform Council, to replace the Coalition of Australian Governments, with its centrepiece, a new National Cabinet. This was agreed to by all states and territories. The National Cabinet has met weekly throughout the pandemic to enable rapid information exchange and response coordination (PMC 2020). The government's response to housing impacts of COVID-19 during 2020 and 2021 comprised three strands of new or extended interventions including:

- welfare payments for individuals/businesses
- housing supply/economic stimulus via construction and building sectors
- crisis responses.

1.1.1 Welfare interventions for individuals and businesses

In March 2020, the Government announced an economic stimulus package and a second package of social security measures (Parliament of Australia 2020). These measures included a Coronavirus Supplement, JobSeeker/Youth Allowance and JobKeeper measures, in response to anticipated hardship among income support recipients and economic disruption to individual income earners and businesses/employers.

Coronavirus Supplement

From March 2020, a payment of $550/fortnight was granted to new and existing recipients of JobSeeker (replacing the Newstart Allowance) and several other payments, (Parliament of Australia 2020). The Coronavirus Supplement was paid for an initial six-month period. Advocacy and research reports indicated the payment had positive effects on recipients' ability to manage weekly expenditure, housing costs, health care and childcare (Crowley and Wood 2021). The payment was tapered and ceased following its initial six-month period.

JobSeeker

JobSeeker supported persons stood down from their jobs, sole traders, casual workers, contractors, and those unemployed or temporarily unable to work due to illness or medical conditions. Usual assets tests were waived, as were specific payment waiting times (including for seasonal workers, newly arrived residents, and the one-week ordinary waiting period for the former Newstart Allowance). Processes were adjusted to reduce face-to-face visits and telephone services were increased.

JobKeeper

In March 2020 JobKeeper was introduced. Funded as a $130 billion payment to 'keep Australians in a job' (Prime Minister of Australia 2020a), the payment supported businesses suffering significant economic impact (greater than 30% of revenue loss) and provided approximately 70 per cent of the national median wage. The scheme was extended to March 2021 in response to ongoing COVID-19 impacts, in a tapered and reduced form, and eventually replaced by interventions to support businesses of different size, sector type and location (per state/territory).

1.1.2 National economic stimulus via the construction and building sectors

The 2020–2021 Australian Budget included specific COVID-19 payments and interventions to mitigate negative economic impacts (Australian Government Treasury 2020). This included dedicated national housing supply measures and economic stimulus via the building and construction sectors.

HomeBuilder

HomeBuilder 'provides eligible owner-occupiers (including first home buyers) with a tax-free grant of $25,000 to build a new home or rebuild an existing home' (Commonwealth of Australia 2020: 20). Early evaluations suggested highly variable impacts of the scheme across state/territory housing markets (for more info, see Section 1.2.3 *Home ownership interventions*).

Family Home Guarantee

The Family Home Guarantee scheme, via NHIFC, supported up to 10,000 single parent families (with dependent/s) to build or buy a home, requiring only a 2 per cent deposit. Requirements include ability to pay and income caps of $125,000 per year/applicant. The scheme was criticised due to the dual challenges of finding affordable housing for purchase (as house prices rise) and the targeting of income holders above those who may be most acutely experiencing housing stress in rental housing (ABC 2021a).

JobMaker

Implemented from October 2020 to 6 October 2021, JobMaker is a taxation-credit based program to provide businesses with an incentive to employ additional young jobseekers aged 18–35 years. The take-up of the JobMaker scheme can affect the eligibility of employers for other related schemes and, at least in its early stages, appears to have been limited (Coates and Crowley 2021).

Social policy advocates criticised JobMaker because it could further entrench ageism and age-based discrimination in the labour force, including for precariously employed women aged 50 years and over—groups also bearing pandemic-related income and housing disruption.

1.1.3 Crisis support for ongoing impacts of COVID-19

The government also introduced crisis approaches to support income 'self-reliance' and targeted economic support.

Early access to accrued superannuation

In 2020, early access to superannuation was enabled to assist individuals and households with accrued funds to utilise superannuation savings for financial relief. Eligible Australian and New Zealand citizens and permanent residents could apply for access to $10,000 (maximum) in the period prior to 1 July 2020, and/or a further $10,000 to 31 December 2020. Fifty-six per cent of those who accessed superannuation in this way used the funds to meet household expenditure, with a further 15 per cent using it to pay off debt and 13 per cent saving the funds instead (ABS 2021).

Targeted COVID-19 disaster payments

The close-to-universal income support payment increases in 2020 and JobKeeper supplements were replaced by targeted crisis responses in 2021. These payments are related to stay at home/lockdown orders and have been managed by state/territory governments.

A notable exclusion from these payments are persons receiving income support payments. This was criticised by advocacy organisations who argue more than one million households who may require support may be missing out on these payments (ACOSS 2021).

1.1.4 Summary

Government interventions that affected housing and homelessness sectors have significantly assisted individuals and businesses in meeting the costs of pandemic disruption, and for state/territory jurisdictions to manage local impacts of the pandemic and to stimulate economic activity via construction and supply of new dwellings. With time, evaluation of these measures will likely indicate a stabilising effect on housing and housing sectors (such as via increased social security) and housing failure (via intensified housing stress and insecurity for lower income households and private renters). This includes disruption to local regional communities that have negotiated outward metropolitan migration, rapid house price increases, and rental shortages.

1.2 State and territory responses

Here, we consider state and territory responses. Like the Australian Government, the state and territories have negotiated the stop/start aspects of the pandemic. The responses are classified under three headings: social housing, the private rental sector, and home owners.

1.2.1 Social housing

At various scales, state governments introduced initiatives to increase or bring forward funding for social housing development. Pawson, Martin et al. (2021a) reflect on the extent of these initiatives, concluding that new social housing construction (23,000 dwellings) announced by Australian state governments during 2020–21 was similar in scale to the Rudd Government's post-GFC Social Housing Initiative (2009–12). That said, they note that the pandemic driven 'social housing revival' we have seen in Australia has been both 'patchy' and, because it has been led by the states rather than nationally, 'unsustainable' (Pawson, Martin et al. 2021a: 13).

Three Australian states are notable for their early response initiatives:

- Early in the pandemic, the Victorian Government committed $500 million to increase the social housing supply through new construction, upgrades, and maintenance to existing dwellings (DHHS 2020). The investment constituted part of a $2.7 billion infrastructure package to stimulate economic activity following the first round of public health restrictions in early 2020. The social housing component of the package aims to deliver 168 new social housing dwellings ($58 million), refurbish at least 23,000 existing social housing units ($315 million), and initiate rapid housing response projects to address the housing needs of vulnerable Victorians (e.g. First Nations people, women and children escaping violence, and people experiencing, or at risk of homelessness ($125 million)). Twenty-five per cent of the social housing upgrades announced targeted regional areas to support jobs and communities (DHHS 2020).
- Also in mid-2020, the Western Australian Government initiated a $319 million Social Housing Economic Recovery Package (SHERP), adding to the $150 million Housing Investment Package announced in 2019 (McGowan, Tinley et al. 2019). The SHERP comprised 250 new social housing dwellings ($97 million), and the refurbishment of 4,500 existing social housing properties ($242 million). On 5 September 2021 a further $875 million was committed to improve the quality and quantity of social housing, while providing further stimulus to the state's construction sector (McGowan and Carey 2021). A time-limited off-the-plan purchase program was initiated in June 2020, whereby a proportion of homes were purchased from stalled private developments to expedite the delivery of social housing dwellings (Tinley 2020).
- In April 2020, the NSW Government allocated $60 million for public housing maintenance and upgrading (NSW Government 2020a). The government also announced $892 million for the social housing sector, including the procurement of 580 new social housing dwellings ($250 million), fast-tracking 500 new social homes already in development ($150 million), and refurbishing 3,500+ existing social homes ($270 million) (NSW Government 2021).

Other social housing pandemic initiatives include the Tasmanian Government's $280 million commitment for social housing as part of their Community Housing Growth Program (Ferguson 2021) and the Queensland Government's $100 million social housing investment, which is part of the broader Unite and Recover Initiative (Queensland Government 2021). The governments of South Australia and the ACT committed additional funding to existing social housing programs (Barr and Berry 2020; Lensink 2021a).

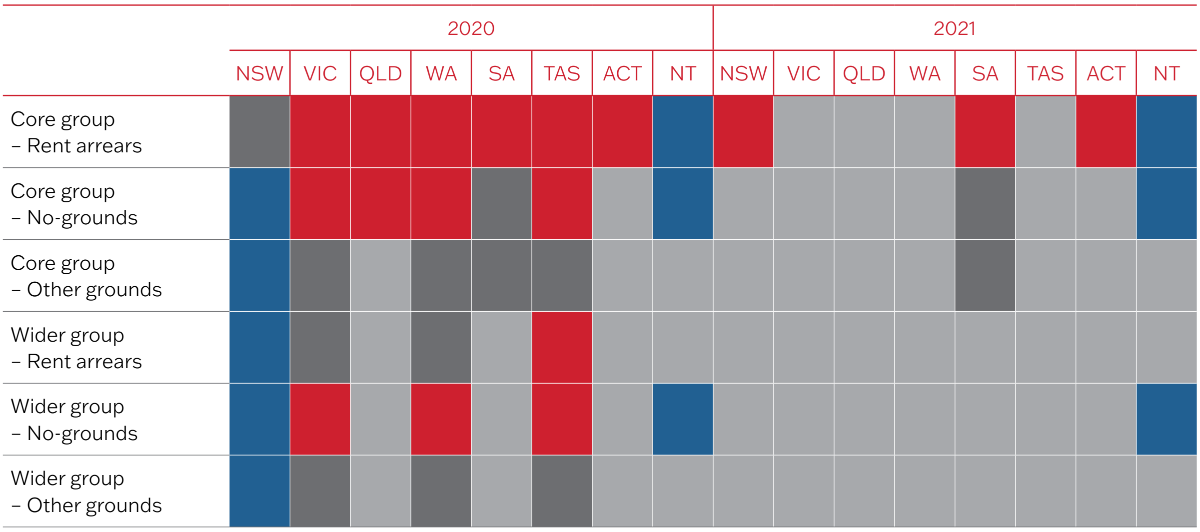
1.2.2 Rental housing

States and territories implemented several policies relating to rental housing including eviction moratoriums and 'rent relief' through restrictions on increases, negotiated variations, and government payments/rebates.

Eviction moratoriums

Following a National Cabinet decision announced on 29 March 2020, each state and territory implemented a six-month eviction moratorium differing in scope, strength, and other details. None implemented a complete prohibition on evictions. Most states and territories restricted the circumstances in which tenants in COVID-related hardship could be evicted (Martin, C. 2021) (see Table 1 below). Tasmania stopped evictions for all tenants except on grounds of sale, major renovation, or use of premises for the landlord's own housing—the broadest and most complete moratorium of all jurisdictions. Victoria, Queensland, South Australia, Western Australia, and the ACT stopped tenants being evicted on grounds of rent arrears and, except for South Australia, without grounds; Victoria and Western Australia stopped no-grounds terminations more widely and subjected eviction on other grounds to increased scrutiny and justification in conciliation and tribunal proceedings. New South Wales allowed rent arrears evictions, but cases involving COVID-impacted tenants required good faith negotiation and greater justification for eviction, and it lengthened termination notice periods. The Northern Territory relied on lengthened notice periods and, unlike other jurisdictions, distinguished between existing tenancies and tenancies commencing after the emergency declaration, with the tribunal given more discretion to refuse termination of the latter. The Northern Territory had the weakest moratorium.

Table 1: Restrictions on tenancy terminations, 2020 and 2021



Key: *Evictions generally not allowed.* *Evictions allowed subject to scrutiny or limitations.*
Evictions allowed subject to increased notice periods. *Evictions allowed as usual.*

Note: 'Core group' is tenants particularly affected by COVID-19, as defined by each jurisdiction.

Source: Pawson, Martin et al. 2021b.

With the exception of Queensland, all states and territories extended moratoriums past their original six-month timeframe, but by the end of March 2021, all had expired except those in South Australia and the Northern Territory, which have continued to date. 'Transitional' provisions for COVID-impacted tenancies were implemented in New South Wales, Victoria, Tasmania, and the ACT.

At the end of the original six-month timeframe, Queensland allowed its moratorium to expire (September 2020), and the ACT replaced its moratorium with a 'transitional period', in which COVID-impacted households continued to be protected from eviction for arrears accrued in the emergency period provided they paid rent as it came due in the present period. Other jurisdictions extended their moratoriums, but by the end of March 2021, all but two had expired. The exceptions are South Australia and the Northern Territory, whose relatively weak moratoriums have continued to date. New South Wales, Victoria, and Tasmania implemented different 'transitional' arrangements for COVID-impacted tenants as their moratoriums expired.

Under the NSW transitional provisions, additional qualifications applied to eviction proceedings against tenants who were 'COVID-impacted' and accrued arrears during the moratorium, including good faith negotiations over repayment plans and a requirement that eviction (including 'without grounds') is 'fair and reasonable'. The Victorian provisions extended until 26 October 2021 a provision of the emergency period that a failure to pay rent or otherwise comply was not a breach; however, this was interpreted to mean that evictions due to rent arrears could proceed, but payment orders could not be made until 26 October 2021[1]. The Tasmanian provisions allowed a tenant in arrears to apply to the Residential Tenancies Commissioner to determine a payment schedule.

1 COVID-19 Omnibus (Emergency Measures) Transitional Regulations 2021 (Vic) reg 14; RFY v ACV [2021] VCAT 865 (4 August 2021)).

In 2021, NSW and the ACT reintroduced moratoriums during their long lockdowns in the latter part of the year; notably, Victoria, which was similarly locked down, did not. The second NSW moratorium (14 July–11 November) was different from its 2020 moratorium: styled as a ‘freeze on evictions’ for rent arrears against COVID-impacted tenants, it stopped termination proceedings, provided impacted tenants continued to pay 25 per cent of their income towards the rent. Other grounds for termination were available, and there were no additional protections for other tenants. Thus, the ‘freeze’ was narrower than the earlier moratorium. The second ACT moratorium (2 September–25 November) was on virtually the same terms as the first. In both jurisdictions the moratoriums were followed by transitional provisions, as previously.

Rent relief

The 2020 eviction moratoriums were not moratoriums on paying rent. Following the National Cabinet’s eviction moratorium announcement in March 2020, state and national leaders encouraged landlords and tenants in hardship to negotiate rent payment obligations. The announcement was followed by the introduction of JobKeeper.

States and territories took further measures relating to rent liabilities during 2020:

- prohibitions on rent increases (Victoria, SA, WA, Tasmania; the ACT prohibited rent increases for COVID-impacted tenancies only)
- formal frameworks for rent variations (NSW, QLD, VIC, WA)
- rent relief in the form of cash payments (VIC, WA, SA, Tas) and/or land tax rebates (NSW, QLD, VIC, SA, ACT).

Table 2 shows the different measures put in place to assist private rental tenants.

Table 2: Rent variation frameworks and relief schemes, 2020 and 2021

	2020								2021							
	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
No increases – core group	Not implemented	Implemented	Not implemented	Implemented	Implemented	Implemented	Implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Implemented	Not implemented	Implemented	Not implemented
No increases – wider group	Not implemented	Implemented	Not implemented	Implemented	Implemented	Implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented
Rent variations – conciliated variations	Implemented	Implemented	Implemented	Implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented
Rent variations – determined variations	Not implemented	Implemented	Implemented, but limited	Not implemented	Implemented, but very limited	Not implemented	Not implemented	Implemented, but very limited	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented
Rent relief – cash payment	Implemented, but very limited	Implemented	Implemented, but very limited	Implemented	Implemented	Implemented	Not implemented	Not implemented	Implemented	Implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented	Not implemented
Rent relief – land tax rebate	Implemented	Implemented	Implemented	Not implemented	Implemented	Not implemented	Implemented	Not implemented	Implemented	Implemented	Not implemented	Not implemented	Not implemented	Not implemented	Implemented	Not implemented

Key: ■ *Implemented.* ■ *Implemented, but limited.* ■ *Implemented, but very limited.* ■ *Not implemented.*

Source: Pawson, Martin et al. 2021b.

Of the states with formal frameworks for rent variations, all were based on conciliation between landlords and tenants, with only Victoria providing a clear process for rent variations to be determined by a tribunal where conciliation was unsuccessful. All jurisdictions left to individual parties whether rent liabilities would be varied, by how much, and whether as reduction or mere deferral—except the ACT, which stipulated that a rent variation would be a reduction, not a deferral.

Some influence on rent variations was exercised through the rent relief programs implemented in all jurisdictions except the Northern Territory. Rent relief schemes offered landlords a cash payment (Western Australia and Tasmania), a land tax rebate (NSW, Queensland[2] and the ACT) or both (Victoria and South Australia), where they agreed with the tenant to vary the rent. With the exception of WA, the variation had to be a reduction, not a deferral. There were other differences in the schemes: the cash payments in Victoria, Western Australia and Tasmania were paid to landlords as a credit on the rent account, benefiting tenants, while the South Australia payment was allowed to be treated by the landlord as compensation for the reduced rent. All land tax rebate schemes were compensatory to landlords.

In 2021 there have been some developments in rent relief. In January 2021, Western Australia changed its rent relief scheme into a payment to landlords who entered new fixed term tenancies, at higher rents, with tenants receiving social security payments (i.e. paying part of the rent increase in return for security of a new fixed term). In July, NSW introduced a new scheme of cash payments for tenancies subject to the eviction freeze, covering some of the gap between the rent amount and a COVID-19 impacted tenant's part payment of rent (i.e. 25% of income), initially up to $1,500 and later increased to $4,500. Like the freeze itself, this scheme is less contingent on parties' negotiations than the land tax rebate of 2020. Victoria and the ACT reintroduced rent relief schemes during their 2021 lockdowns, on similar terms to their previous versions (although eligibility for the Victorian cash payment scheme was tightened).

Overall, as Table 1 and Table 2 make clear, private rental housing policy responses in 2021 were much lighter than in 2020—even though the 2020 emergency measures were themselves far less than complete moratoriums on evictions and far less than a comprehensive regulation of rents. The available evidence on the outcomes of rental housing policy responses in both years is discussed in Chapter 4.

1.2.3 Home ownership interventions

In addition to the government's demand-side stimulus measures (e.g. HomeBuilder and government-sponsored low deposit schemes), complementary state/territory level initiatives incentivised private market house building and supported the construction industry (Mason, Moran et al. 2020; Rowley, Crowe et al. 2020). These include home building and home buying grants, stamp duty exemptions and concessions, and programs to fast track housing and infrastructure development projects.

Prospective home buyers could access new and existing state-level grants across all jurisdictions excluding the ACT. Notably, the Tasmanian and WA governments introduced an additional $20,000 home building grant which complemented the Australian Government's HomeBuilder program. This enabled some applicants to receive up to $55,000 in grants before considering stamp duty relief (see Table 3, reproduced from Rowley, Crowe et al. 2020).

First home buyers also accessed stamp duty exemption of concessions, depending on the state-specific dwelling value thresholds (excluding South Australians). To further promote home buying amid a property price surge, the NSW Government temporarily increased the state stamp duty thresholds for new homes and vacant land between 1 August 2020 and 31 July 2021. For instance, full exemptions were available on new homes valued under $800,000, representing a saving of up to $31,335, before accounting for any home buying incentives (Revenue NSW 2021).

Additional measures to support home owners included Queensland's $50 million home maintenance program (Queensland Government 2021) and WA's Regional Land Booster Package ($116 million) (Development WA 2020). Some states amended the planning system to fast-track housing and infrastructure development. The NSW Government invested $10 million to reduce application processing times for home owners and larger development projects (DPIE NSW 2021).

2 New South Wales and Queensland also operated cash payment schemes, but both were very limited.

Table 3: State and territory home buyer incentives

	WA	NSW	VIC	TAS	SA	QLD	NT	ACT
Federal HomeBuilder grant	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Home building boost	$20,000	N/A	N/A	$20,000	N/A	N/A	$20,000[3]	N/A
First home buyer grant	$10,000	$10,000	$10–$20,000	$20,000[4]	$15,000	$15–20,000	$10,000	N/A
Stamp duty concession	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
Total government grants available (excluding stamp duty concessions)	$55,000	$35,000	$45,000	$45,000	$40,000	$45,000	$55,000	$25,000

Source: Adapted from Rowley, Crowe et al. (2020).

1.2.4 Summary

Rapid pandemic interventions by state and territory governments aimed to fill gaps in Australian Government support and interventions were targeted to address local and regional factors within each jurisdiction. A distinction can be drawn between measures to protect the economy and maintain profitability in the housing industry and those targeted at vulnerable individuals who are most adversely affected by an income reduction. State and territory governments must remain proactive and anticipate the housing consequences that are likely to unfold with lockdowns and other travel restrictions. Many housing-related consequences of the pandemic are apparent and there is an uneven impact socially and geographically.

1.3 Local government and non-governmental agencies (NGOs)

Here, we report on the initiatives pursued by local government agencies and some non-government welfare agencies. These are small scale and indicative of the fact that local government's role in housing mainly concerns planning.

1.3.1 Local government

Local government authorities have no responsibilities for housing provision and for this reason COVID-19 responses have been limited and confined to public health responses and the distribution of personal protective equipment to frontline services in regional areas. There has been financial support for some small businesses (i.e. rate freezes) (AHURI 2021). There are supports from some LGAs for the building and construction sector and for households with building projects underway, with several permits extended without the need to apply for an extension (Archer 2020). The peak body for local government, the Australian Local Government Association, has called for more funds and coordinated interventions to support affordable housing (ALGA 2020).

1.3.2 NGOs

Community service providers have increased and extended their online and remote delivery to aid vulnerable households during lockdowns and travel restrictions. Though welfare focussed, these interventions are not related to housing (Cortis and Blaxland 2020). Most NGO staff have worked from home during lockdown and there has been uncertainty regarding future funding streams. There are examples of NGOs increasing their advocacy role, especially for households who are homeless (e.g. Mission Australia 2021). There are also examples of NGOs who provide service delivery to homeless households repurposing disused buildings (e.g. former aged care residences) as pop-up housing for homeless households during the pandemic (Brotherhood of St Laurence 2021). Finally, international students in Australia were not eligible for financial support provided by the Australian Government, leaving many in poverty during lockdown. Some universities provided ad hoc financial support to those affected (Universities Australia 2021).

3 The NT Government initiated the BuildBonus grant scheme in 2019 (NT Government 2021).
4 The existing First Home Owner Grant of $20,000 cannot be used in conjunction with the Tasmanian HomeBuilder grant.

1.3.3 Summary

The practical housing interventions by LGAs and NGOs will remain small compared to national and state and territory government initiatives. The housing responses provided by different government tiers are extensive and intended to mitigate adverse effects for businesses, vulnerable households and home owners paying off mortgages. The Australian Government has mainly addressed the economic impact of the pandemic on housing through fiscal stimulus and income-related measures. State and territory governments have responded with specific actions to assist vulnerable households in the private rental market. The uncertainty about the course of the pandemic will require flexible responses from policy makers.

2. Home ownership and housing policy responses

- **A variety of national and state/territory interventions were implemented in response to the potential impact of the COVID-19 pandemic on the housing industry.**
- **The HomeBuilder program proved far more popular than expected, with demand fuelled by the availability of additional state/territory grants, first home owner grants, tax concessions and cheap and accessible credit.**
- **Our online Investigative Panel, consisting of ten industry representatives, was largely supportive of government COVID-19 home ownership interventions as they quickly stimulated the industry and protected jobs.**
- **The design of HomeBuilder was criticised by our panel for its timeframes, which put pressure on the building industry, and also the eligibility criteria, which skewed demand to the detached dwelling sector. Material and labour shortages have resulted in some states, and build costs have increased sharply.**
- **The mortgage relief program implemented by the banking sector supported over 480,000 mortgages and received strong support from our panel.**
- **While the majority of the short-term impacts of COVID-19 home ownership interventions have been positive, for example increased construction outputs and first home buyer activity, there may be negative medium-term implications for the industry.**

The aim of this chapter is to examine the successes and challenges of COVID-19 policy interventions around home ownership and identify how future policy could be better designed to deliver optimum outcomes. To assist with the analysis, the research team hosted an Investigative Panel on home ownership (23 September 2021), leveraging the professional expertise and experience of ten industry experts. The outcomes of the panel are reported later in this chapter but first we discuss the impact of COVID-19 driven home ownership interventions on housing market outcomes.

2.1 Background

2.1.1 Home ownership interventions

The Australian and state/territory governments implemented a range of policies during the early stages of the COVID-19 pandemic directly relevant to home ownership. The full list can be found in Appendix 1, with the main intervention being the Australian Government's HomeBuilder grant designed to stimulate housing construction.

HomeBuilder provided eligible applicants cash grants of $25,000 to build a new home or substantially renovate an existing home between 4 June and 31 December 2020 (Prime Minister of Australia 2020b). In December 2020, the program was extended to include contracts signed between 1 January 2021 and 31 March 2021. However, the amount available was reduced to $15,000 (see Australian Government Treasury 2021 for the full eligibility criteria). In April 2021, the construction commencement requirement was also extended from 6 to 18 months for all HomeBuilder contracts. According to the Australian Government, the extensions were initiated to relieve pressure from the construction pipeline and offer further support to the residential construction industry into 2022 (Frydenberg and Birmingham 2021).

The Australian Government initially anticipated supporting 27,000 HomeBuilder applications with a total commitment of $680 million (Prime Minister of Australia 2020b). However, as of 9 April 2021, 121,363 applications had been submitted, pushing the expected program cost upward of $2.5 billion (Australian Government Treasury 2021). In terms of construction, the scheme is estimated to support over $30 billion in direct residential building activity (Frydenberg and Birmingham 2021) while providing an $80 billion boost to total economic activity (MBA 2021).

Unlike the construction-oriented stimulus programs initiated across comparator countries, HomeBuilder did not include criteria to lessen the environmental impact of the residential building sector[5] (Beitsch 2020; DBEIS 2020; Department of the Taoiseach 2020; EECA 2020; European Commission 2020). Table 4 shows the number of HomeBuilder grant applications submitted by state/territory.

Table 4: Total HomeBuilder applications as of 9 April 2021

State/territory	New build	Substantial renovation	Total
NSW	16,266	6,909	23,175
VIC	29,198	5,971	35,169
QLD	21,871	4,422	26,293
WA	16,391	1,361	17,752
SA	10,446	2,247	12,693
TAS	2,568	494	3,062
ACT	2,176	667	2,843
NT	366	10	376
Total	**99,253**	**22,110**	**121,363**

Source: Australian Government Treasury 2021.

5 The built environment accounts for approximately 25 per cent of Australia's annual carbon emissions (Rauland and Newman 2015; Martek and Hosseini 2019; Van der Heijden 2017).

The Australian Government also introduced, amended and extended, several initiatives to assist households into ownership during the stimulus period. For instance, the New Home Guarantee (November 2020) and Family Home Guarantee (July 2021) schemes enable eligible households to enter home ownership with as little as a 5 per cent and 2 per cent deposit, respectively (NHFIC 2021a). Meanwhile, the maximum amount of voluntary contributions that can be released under the First Home Super Saver Scheme will be increased from $30,000 to $50,000 as of 1 July 2022. The scheme enables first home buyers to access a proportion of their voluntary superannuation contributions to put toward a house deposit (Australian Tax Office 2021).[6]

In addition to the Australian Government initiatives, various complementary grants and concessions were introduced at a state/territory level to make house building even more attractive (see Appendix 1). Notably, the Tasmanian and Western Australian governments introduced time-limited $20,000 home building booster grants. Combined with the existing $10,000 First Home Owners Grant (FHOG), eligible applicants in both states could access up to $55,000. State/territory level stamp duty concessions and the National Housing Finance and Investment Corporation (NHFIC) schemes further increased the total savings available.

Available data show the extent of state-level commitments to the private home building sector in response to the pandemic. For example, at least $147 million was allocated under Western Australia's Building Bonus scheme (KPMG 2021a), the Tasmanian building boost grant accounted for at least $20 million (Tasmanian Government 2020), and Queensland committed more than $170 million across various home building grants (Queensland Government 2021).

Lastly, a mortgage deferral program instigated by the banking sector was an additional measure to assist existing home owners. The program was designed to enable home owners who had suffered a drop in income due to COVID-19, to remain in their homes through a penalty-free pause in mortgage payments (APRA 2020; APRA 2021). The Australian Banking Association reported that 485,063 home loan mortgages had been deferred at a total value of $175.5 billion as of 19 June 2020. As further pandemic-induced restrictions were reimplemented across various jurisdictions, the program was reinstated in July 2021, and mortgage holders could apply for an additional three-month deferral (Australian Banking Association 2021).

2.1.2 Home ownership activity

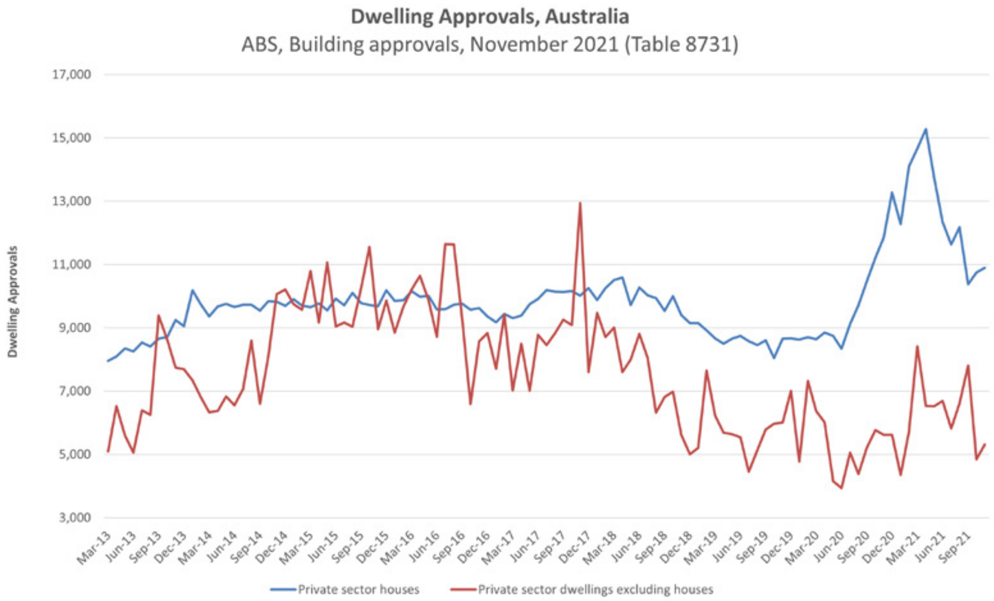
In the early stages of the pandemic there were widespread predictions of substantial house price falls (Yeates, Duke et al. 2020). However, rather than the predicted housing market crash, house prices have risen sharply alongside record building and finance approvals. According to recent figures, average house prices have increased 20 per cent over the past year (CoreLogic 2021a), with regional house price growth outperforming combined capital city house prices (Frydenberg and Birmingham 2021).

Since the initiation of various national and state-level incentives, dwelling investment (purchasing of new and existing homes) has strengthened amid record low interest rates. As illustrated in Figure 1, new dwelling approvals increased sharply since the introduction of HomeBuilder in June 2020. In correlation with the winding down of HomeBuilder in April 2021, new approvals decreased by almost 25 per cent between March and July 2021.

According to the Australian Government, the decline in new approvals is expected to continue into 2022–23 (Frydenberg and Birmingham 2021), reflecting an outcome of HomeBuilder and related grants bringing forward demand from future years (CoreLogic 2020; Eslake 2021; NHFIC 2020). Slower population growth and ongoing border restrictions are also expected to have an effect on future housing market activity (KPMG 2021b; UDIA 2021) with the impact of border reopening unknown, and unlikely to be uniform across states.

6 It is unclear whether the NHFIC schemes and the FHSSS amendment constitute a direct response to the pandemic. Nevertheless, as the effects of COVID-19 continue to transpire and become integrated into the wider framework of factors informing housing policy decisions, differentiating between pandemic-specific policy responses (such as HomeBuilder) and longer-term policy design will likely become increasingly opaque.

Figure 1: New dwelling approvals Australia

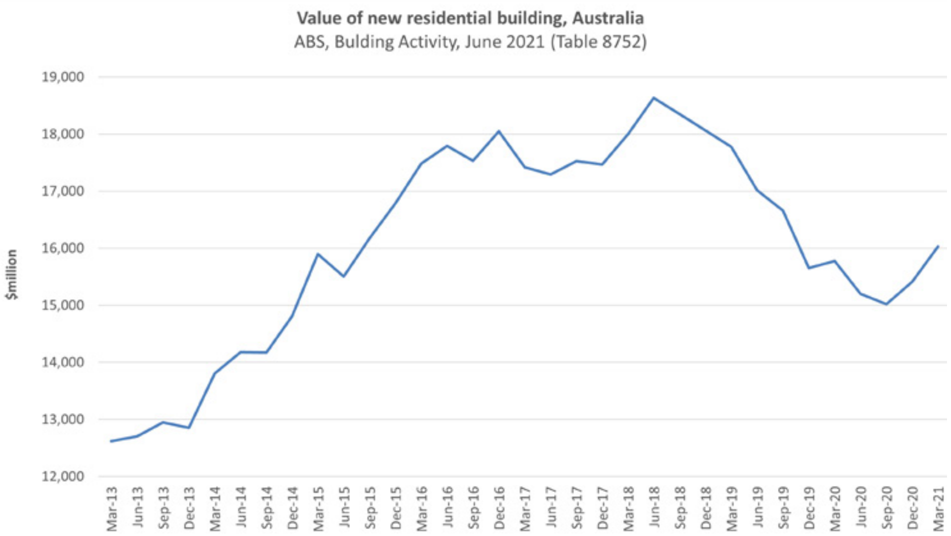


Source: ABS, Building approvals, July 2021 (Table 8731).

In relation to the general uptick in home building activity since the initiation of pandemic-related stimulus measures, total dwelling investment grew at the fastest pace in five years during the December quarter of 2020. This increase was primarily driven by the construction of new detached homes (HIA 2021) as well as increased housing renovation activity between June 2020 and March 2021 (see Figures 2 and 3). Renovation works increased almost 43 per cent between June 2020 and March 2021, reflecting the 22,110 HomeBuilder applications lodged for substantial renovations.

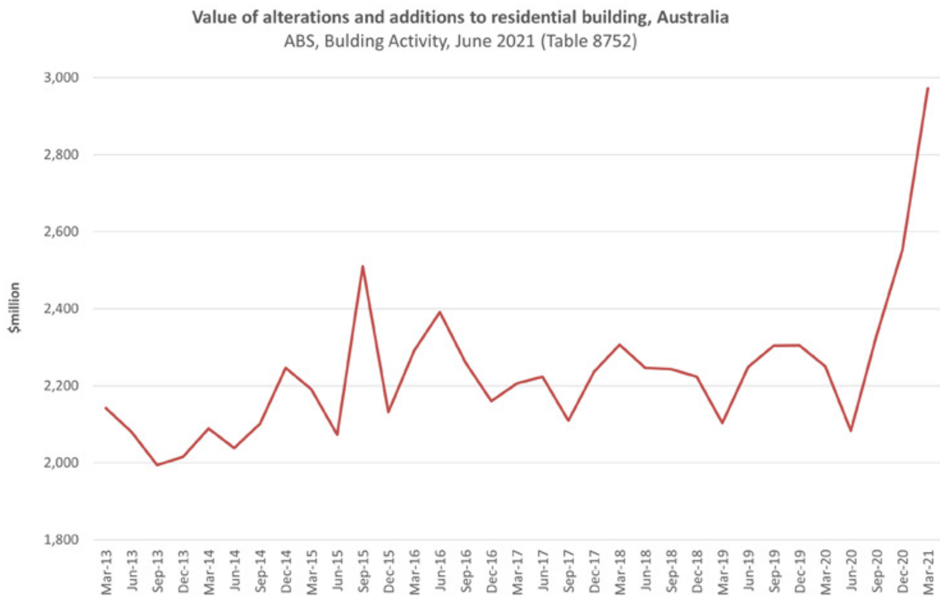
Notably, the concentration of new construction is in detached housing, with the new supply of other dwelling types continuing on a downward trend since peaking in 2018.

Figure 2: Value of new residential building, Australia



Source: ABS, Building Activity, March 2021 (Table 8752).

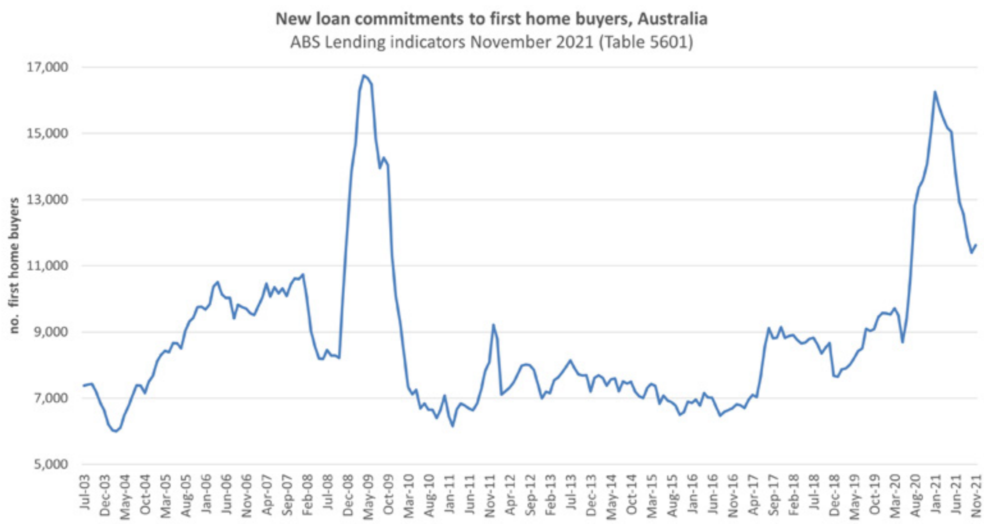
Figure 3: Value of alterations and additions to residential building, Australia



Source: ABS, Building Activity, March 2021 (Table 8752).

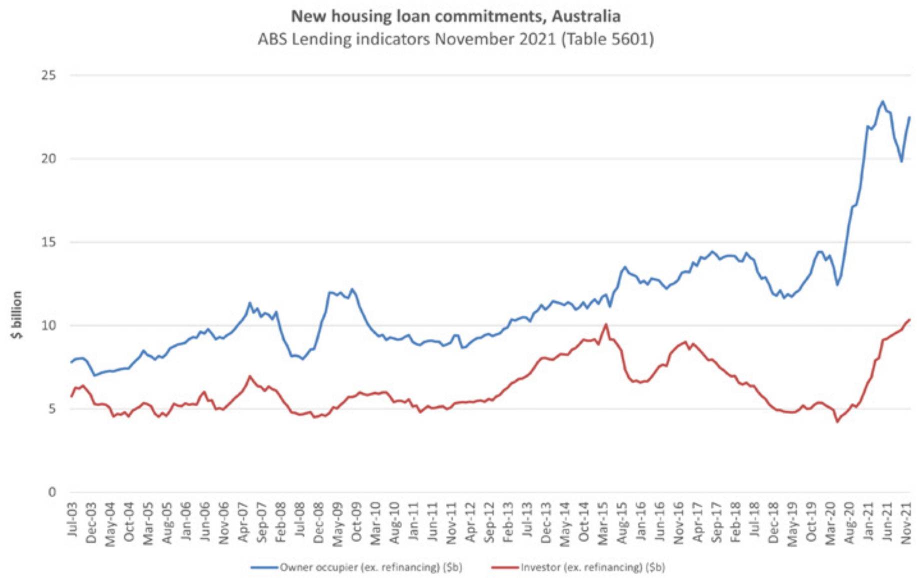
New loan commitments to first home buyers increased from 9,713 in February 2020 to a peak of 16,257 in January 2021, representing 40 per cent of all new loan commitments (see Figure 4), the highest level since the first home owner grant boost initiated in response to the GFC in 2008–2009. In seasonally adjusted terms, the value of new loan commitments to owner occupiers rose 55.2 per cent between February 2020 and January 2021 (see Figure 5). During the same period, the value of new loan commitments to investors increased by almost 32 per cent.

Figure 4: New loan commitments to first home buyers, Australia



Source: ABS Lending indicators July 2021 (Table 5601).

Figure 5: New housing loan commitments, Australia



Source: ABS Lending indicators July 2021 (Table 5601).

2.2 Investigative Panel discussion

The Investigative Panel consisted of ten panel members representing the housing and finance industries. There were representatives from five industry peak bodies, three representatives from the finance sector, one industry research expert and a state government representative. The session lasted for two hours and was run online. The following sections summarise the discussion organised around a number of key themes that emerged from the session.

2.2.1 The success of HomeBuilder and related state/territory grant schemes

A key focus of the session was HomeBuilder, which was to be expected given this was the central feature of the Australian Government's housing policy response to the pandemic. While several problems were acknowledged, the general consensus among panellists was that the program achieved the desired effect of providing short-term stimulus to the construction industry. In combination with other home-buying incentives and accommodative monetary policy settings, HomeBuilder was recognised for boosting confidence across the housing and construction industry, while sustaining economic output during a period of uncertainty.

Representatives from the industry cautiously asserted that the HomeBuilder program could be considered a successful policy response in the sense that it directly targeted the construction of new homes, as opposed to stimulating the purchasing of existing stock within the private housing market:

> We were very pleased that the government had moved to a post ideological embrace of something similar but superior to the Rudd stimulus…a much more targeted effort there and much more responsive in a shorter period of time than anything that was done in 2008…you'd want that to be in the armoury of any government at any time where there was some global shock of this magnitude (Peak body representative 5).

The scale and speed of the program rollout was commended as a crucial factor of HomeBuilder, particularly for instilling confidence amid mounting societal and economic uncertainty during the initial phase of the pandemic:

> Being really quick, was really important…It's great to get the confidence immediately in the economy, because everyone was facing Armageddon, we didn't know exactly what was about to happen. And to be able to have a program straight away quickly, it did what it needed to do (Peak body representative 2)

> Most communities were in some form of lockdown with significant restrictions, and we really didn't know how the community would respond to those grants. And obviously, the estimates from the federal scheme massively under forecast, what would eventually be 100,000 additional applications for the HomeBuilder scheme than they initially expected. So there was certainly a green light for confidence (Peak body representative 4).

Similar sentiments were acknowledged by representatives from the banking sector:

> We were obviously very concerned at the start of the pandemic, 'well, what does that mean for us as an organisation?' And then those stimulus [measures] came in and certainly gave us a shot in the arm that we that we needed to continue—with some good lending results as well (Finance representative 1)

It was acknowledged that HomeBuilder provided an essential boost to the construction sector, not only in terms of sustaining existing jobs, but also creating new employment opportunities:

> [HomeBuilder] has been incredibly important for the labour market. The industry has a very large labour force in that it generates a lot of jobs and employment throughout the economy. It has been important in supporting other programs as well, mainly the ones around supporting apprentices, and creating training opportunities within the industry…We've seen very strong numbers of apprentice commencements as a consequence of [increased] building activity (Peak body representative 3)

While considered a successful intervention, panellists emphasised the need to consider the effectiveness of HomeBuilder within the broader context of other demand-side incentives. To this end, some questioned whether HomeBuilder would have achieved a similar outcome in the absence of the additional national and state level subsidies (such as first home owner grants and state building bonuses), combined with record low interest rates and relaxed lending conditions:

> I just wonder how much was the aggregate effect of the HomeBuilder grant, along with all the other incentives that were available, including stamp duty concessions in some states, the first home buyers grants and stuff from NHFIC of course around deposit guarantees. I think a lot of people really benefited particularly first home buyers on aggregating all these factors together. But maybe without that aggregation factor, it wouldn't have been as a successful policy (Industry research expert).

Panel members were asked to identify ways in which the HomeBuilder stimulus could have been improved to deliver better outcomes. The most commonly cited observation related to the eligibility criteria for commencement starts. While acknowledging the turbulent context in which HomeBuilder was initiated, panellists suggested that a more staggered rollout of HomeBuilder would have engendered medium to long-term stability across the industry, as opposed to a sharp, yet short lived boost in activity:

> I think we would have liked to have seen a quicker reaction [from government], I guess, when we saw the massive uptake, to be able to say, well, there's a little bit of certainty that this can flow on over a longer period to give some more certainty about potentially protecting employment in the longer term (Peak body representative 2).

Others panellists described the need for policy makers to better consult with state governments and peak bodies within the housing industry during the design phase of any future stimulus measures. Better consultation could have resulted in the targeting of a wider range of housing types, more strategically aligned state/national stimulus programs, greater consistency with mortgage relief programs, and as previously mentioned, increased flexibility regarding required commencement dates:

> It came in fast and furious, but it came in with zero consultation between the federal and state government. So why does that matter? It means you had a policy in place that wasn't ready to be implemented. So you saw lots of issues happening behind closed doors, especially with the banking sector, because the way it was designed meant that we couldn't accept HomeBuilder as part of people's deposits. It couldn't be absorbed in the way that it was meant to (finance representative 2).

> The lack of reference or consultation on some of the details of the schemes, like getting jobs to site within a timeframe that we hadn't done pre-COVID, let alone in the middle of a pandemic when you can't get labour (Peak body representative 4).

Taken together, panellists implied that policy design adaptations would have streamlined the delivery of HomeBuilder while laying the foundation for a more sustained pipeline of housing development over a longer time horizon.

2.2.2 Homebuilder: unforeseen consequences

Panellists were asked to reflect on whether HomeBuilder produced any unforeseen consequences. In addition to some of the more familiar complications of time-limited consumer cash grants such as affordability pressures and bringing forward demand (see Eslake 2011; IMF 2011; Randolph, Pinnegar et al. 2013), other externalities were also emphasised. Collectively, the concentrated demand for new housing was observed as inadvertently constraining the residential construction sector, resulting in cost pressures, while also boosting general consumer confidence in the market, adding to demand.

Material and labour shortages

Material and labour shortages were recognised as key factors impacting builders, developers, suppliers and home buyers. Although these issues are not exclusive to the residential construction industry (see Hobday 2021), price escalation, building delays and land and title release delays have compounded administrative and logistical challenges while also raising on-site safety concerns. From a Western Australian perspective, an industry representative explained that:

> The unintended consequence [is] not being able to deliver the product properly to the expectation of the consumer…we are now seeing significantly blown out timeframes in terms of construction, because we've got issues with supply chain and labour (Peak body representative 1).

The representative provided further insight regarding the challenges of navigating the sudden rise in homebuilding demand, particularly in a jurisdiction where residential construction had been relatively slow prior to COVID-19:

> I think the fact that the tap was turned on literally overnight caused a lot of issues, because over those four or five years of flat conditions, a lot of the trades have left the industry and gone on to the mining sector or civil infrastructure and other things, which meant that we didn't have the trades (Peak body representative 1).

Both labour and supply issues were raised in other jurisdictions. Indeed essential building material shortages, including timber, steel, PVC pipes and tiles have impeded residential construction across Australia (Peak body representative 2; see also Evins 2021; Hobday 2021; Spence 2021; Whetham, Green et al. 2021). To address nation-wide timber shortages, the Australian Government announced a $15 million investment package in September 2021 designed to increase supply to the residential building sector (Duniam 2021).

A representative from the banking sector described how such materials shortages are affecting the industry and home buyers:

> We are seeing that downflow impact now, though, where people have started constructing and now there are no materials. We've got frames sitting, but we've got no roofs. And the level of panic or tension for the consumer now is just increasing as their build either hasn't started at all and doesn't have a start date, or it may have started but it's now stagnated based on resources (Finance representative 1).

This banking sector representative also noted an increased pressure on valuers for both the construction of new homes and the purchasing of established properties. As such constraints were first observed in mid-2021, delays are expected to intensify into 2022.

Reflecting on the discussion, a spokesperson from a national industry body emphasised the need to consider the relationship between labour and material shortages and local housing market dynamics:

> It is important to contrast the experience in WA to what's happening elsewhere … [HomeBuilder] kicked in at the same time as the state-based housing stimulus measure was announced [and] it hit WA at a time where they are building at [a] level that was a 20-year low. So going from that, to increasing the number of homes by about 100 per cent in the space of 12 months, is a huge increase in demand (Peak body representative 3).

While more pronounced in some jurisdictions, the observed shortages pose serious implications for many across the industry. Namely, increased labour and material costs have particular ramifications for those developers and builders locked into fixed rate contracts:

> I'm hearing progressively that fewer and fewer builders are willing to have a fixed rate contract, for obvious reasons. There's no certainty around construction costs and timeframes because of the supply bottlenecks that we're seeing as well, which I think you can directly attribute to the fact that this was really … there was an absolute element of urgency behind the policies themselves, which have just created this really difficult to manage surge in construction activity amidst all the disruption from the lockdowns and the supply constraints (Industry research expert).

> We've seen significant increases in the cost of labour, particularly around bricklayers at this stage…Materials are also being significantly impacted by cost escalations as a result of the disruption to global shipping and increases in freight and port charges. And in WA, everyone's on fixed price contracts. And these are contracts that have been signed in the lead up to that [initial HomeBuilder] deadline of 31 December 2020 (Peak body representative 4).

Unanticipated cost pressures are largely borne by developers and builders, with most building contracts preventing significant cost increases being passed onto the consumer. As such, industry representatives expressed concerns regarding blown out construction costs and timeframes affecting development feasibility, leading to stalled developments and, in extreme cases, insolvency:

> I am concerned that there are an increasing number of builders who are not getting to their next milestones … the only way they get paid is when they reach those milestones. So, they carry a lot of costs in the meantime (Peak body representative 4).

The representative continued, positing that the subsequent knock-on effects will likely add further tension to an already tight housing market:

> So, the prospect of builders potentially going out of business, because of these cash flow pressures, will have not just cost consequences for those individual businesses, but also will reduce the capacity of the WA industry to be able to deliver that much-needed stock (Peak body representative 4).

Eligibility timeframes

The relatively tight timeframes of HomeBuilder were observed as contributing to material and labour shortages, particularly on the back of wider supply and mobility issues triggered by the pandemic. Moreover, the parameters of HomeBuilder were also viewed as limiting the type of housing that could be delivered, meaning a large section of the industry did not benefit from the stimulus.

Panellists reflected on this aspect of the policy design and how it did not necessarily align with policies designed to promote dwelling diversity:

> I wonder if that was to the detriment of other styles of development that we really need, like infill developments around the middle ring, where we simply didn't see much of a reaction around town homes or more medium density styles of developments…I just don't know if [HomeBuilder] was well thought out to really skew demand so substantially towards the low-density sector of the marketplace to the detriment of the missing middle (Industry research expert)

> The decision to try to get everything out the door in six months, meant the best that you ever did—even with the best redrafting—was mop up a little bit of apartment stock that was already finished. As opposed to actually stimulating any sort of infill outcomes or acknowledging that if the market had the choice, it would go elsewhere (Finance representative 2).

> If you have a longer window of stimulus spread over a longer time, that has the additional benefit of bringing on different kind of built form products. Because apartments are a three-to-five-year inception to delivery timeframe, rather than the shorter, detached [dwelling types], which is suited by those sort of stimuli (Peak body representative 5).

Following this line of enquiry, panellists raised concerns regarding how the short window for construction commencement intersects with job creation and retention across building industry. To this end, a lack of top-down communication regarding commencement extensions was recognised as a shortcoming of the program design, the effects of which have been amplified by the ongoing pandemic-induced disruptions unfolding over the lifespan of HomeBuilder. As such, panellists conveyed that confusion and uncertainty across the residential building sector created the conditions whereby builders have been apprehensive in increasing employment loads, irrespective of labour availability:

> I'm not sure in terms of the jobs perspective, whether we increased capacity of the sector or efficiency. We just simply—everyone kind of worked like crazy and we probably did see a little bit of price escalation there. So I think if we just asked the question, was [HomeBuilder] good to get the confidence in? Absolutely, yes, it did the job. In terms of protecting jobs—short term, yes. Longer term efficiency, and employment; I guess that's still to play out (Peak body representative 2)

According to recent ABS data[7], employment in residential building construction across Australia has increased 9.2 per cent year to date (as of August 2021, see also Labour Market Information Portal 2021). However, these figures vary when reviewed at the state/territory level.

New demand or bring-forward demand

There was a consensus among panellists that HomeBuilder has both pulled back (in the sense that households reconsidered their decision not to buy) and brought forward demand among prospective home buyers. Correspondingly, panellists believed that the national and state home-buying incentives, coupled with low interest rates, have contributed to rising house prices across the country. For instance, an industry representative referred to the suggested inflationary effect of the homebuying policy bundle as 'just an incontestable fact, which has certainly led to price escalation' (Peak body representative 5).

7 https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release#industry-occupation-and-sector

Panellists highlighted, as previously noted, that the bring-forward of demand should be viewed in relation to the range of additional government grants, incentives and assistance schemes; low interest rates; relaxed lending conditions; and higher household savings ratios (see also Mizen 2021; ME Bank 2021; NHFIC 2020):

> All the different incentives around either building a home or purchasing a home based on concessions or assisting with transactional costs like deposits, and stamp duty and so forth, have really just helped to unlock that previously diminished level of demand, as well as the bring forward that we saw through things like HomeBuilder (Industry research expert).

> We saw a huge force pull forward…people had more money in the bank and were saving. We were seeing, as a bank, that most people were either, if they had mortgages, they were ahead of their mortgages, and they were paying them down, or they were building up substantial savings, if they were in employment, they were building up a substantial war chest, which meant there was very little moving in the established market. So, when you have that many drivers happening along with a super low interest rate environment, and you throw enough cash at anything, people are going to move to a part of the market (Finance representative 2).

A banking sector representative argued that HomeBuilder not only pulled forward demand, but also reignited confidence among prospective home buyers who had postponed purchasing at the onset of the pandemic:

> What we saw in the marketplace was it [HomeBuilder] pulled back demand that was previously walking out the door. And what I mean by that is across the country, we had a whole bunch of house and land suppliers who had people with contracts that they weren't sure if they were going to move forward, or that they had, they had looked to step out. So, a lot of people who [sic] were in the pipeline, but it was uncertain if they were going to get back in (Finance representative 2).

Others also provided insight regarding a potential shift in consumer behaviour, suggesting that HomeBuilder diverted prospective home buyers away from other sub-markets and toward new, primarily detached, low density house building:

> There are definitely some buyers who would have been looking at purchasing an existing house, but because of the HomeBuilder, and the state-based grants that were available, chose to look at a new home (Peak body representative 3).

It was anticipated that new home loan commitments will slow down in 2022, particularly among first home buyers who constitute a key demographic of both pandemic-induced and longstanding home buying initiatives:

> You have to expect the downside—particularly for first time buyers—once all the stimulus has expired, and rates gradually start to rise, there is going to be quite a significant downside of this where that demand probably reduces below what it was pre-COVID, pre-incentives. We saw that exactly that same thing through late 2009 once the boost to the first home buyer's grant expired, first home buyer activity reduced back to levels below 2008 (Industry research expert).

> Because of a huge pull forward of people making [purchasing] decisions, post GFC there was a gap for quite some time in terms of first-time buyers. And I think that gap is going to be substantially bigger this time through in terms of the cliff we see in terms of demand (Finance representative 2).

The corresponding implications for the construction sector were also noted, namely a (sudden) decline in future development projects:

> For the industry, that's going to be a real challenge and say a couple of years when this bulge of the pipeline of construction approvals, moves through to completion, what's coming in behind it, maybe by then we're ready for another round of medium to high density styles of building which will help to fill that gap. But that's largely dependent on overseas borders opening up (Industry research expert).

> We have seen price escalation. We have seen a real push of a price cost going up against that demand. And we are going to see construction coming off as well as seeing less buyers at price points that would typically be able to match these areas, because we've sucked so far forward in the market as well as pulling from the back (Finance representative 2).

The Morrison Government has recognised the vacuum effect produced as a result of sizeable demand-side subsidies (see Frydenberg and Birmingham 2021: 50). As stated in the Federal Budget 2021–22 Paper, a consequence of bring-forward demand coupled with slower population growth will likely affect the future pipeline of housing construction. To this end, a recently published HIA report has projected that home building will decline below decade-long averages once the majority of HomeBuilder contracts have been completed (Reardon in Healey 2021; see also Derwin 2021).

2.2.3 Mortgage relief

Panellists agreed that the mortgage relief provided by the banking sector was fundamental to sustaining home ownership and maintaining a supply of dwellings in the private rental sector, while ensuring confidence across the private housing sector. A finance representative described the formation of the mortgage relief policy:

> The hallmark of the mortgage relief policy, as opposed to anything else that was introduced throughout COVID…is that was designed by the banks, taken to the regulators, and then received political approval…It was the banks identifying early on a problem that was coming at them—the banks working constructively to work on how they would resolve those to make sure that they could keep customers in homes, then seeking approval from the regulator in order to be able to implement those programs and the release that were required, and then receiving sort of a political approval for that (Finance representative 2).

Another finance representative conveyed the significance of the mortgage relief for both owner-occupiers and landlords:

> Certainly, being able to defer payments, etc. did mean that there was certainty for those people in the market…for most people, for a lot of them, it was the first time they've ever suffered any form of hardship or mortgage default (Finance representative 1).

2.2.4 Chapter conclusion

The Investigative Panel and supporting evidence indicate that the national and state policy measures implemented to support home ownership achieved the desired goal of providing short-term stimulus to the residential building sector and support to the broader economy.

Yet, as this chapter has outlined, a range of anticipated and unforeseen consequences have precipitated as a result of concentrated demand-side subsidies, low interest rates and flexible lending conditions.

Although panellists stressed the need to consider the critical juncture at which these policy measures were implemented, the effects of bring-forward demand coupled with labour and material shortages were seen to have contributed to price escalation, while creating the conditions for a sudden decline in new housing construction as the incentives wind down. While the short-term impacts of home ownership interventions in relation to COVID-19 have been positive, there may be negative medium-term implications for the industry.

3. Social housing and homelessness COVID-19 interventions

- **Building social housing in response to the pandemic has been an important source of economic stimulus and re-investment in housing infrastructure, particularly in Queensland, Tasmania, Victoria and Western Australia. However, these are state level initiatives, with no centralised fiscal or policy support from the Australian Government—a fact which is likely to limit these schemes' success beyond the short-term pandemic response.**

- **The realisation that street homelessness had the potential to lead to rapid contagion helped to trigger significant unbudgeted investment in homelessness services early in the pandemic. This mainly took the form of emergency accommodation provision, outreach activities and, in numerous jurisdictions, transition programs from emergency to more stable housing outcomes.**

- **Information and data sharing, and sharing of policy design and effectiveness between different government jurisdictions greatly improved the rollout and impact of initiatives responding to COVID-19. Lessons from 2020 and 2021 are critical to the design of future policies in response to public health or economic shocks.**

- **In this chapter we summarise and assess the effectiveness of the social housing and homelessness-focussed interventions undertaken by national, state, and territory governments during the pandemic.**

3.1 A social housing safety net?

Many of the broader housing challenges facing Australia—an overall affordable housing supply shortage, lengthy waiting lists for allocation to social housing, housing affordability problems, precarity within private rental housing, and homelessness—both predated, and were amplified by, the pandemic. COVID-19 disruptions in 2020 and 2021 manifested differently across population groups and housing tenures, and acted to intensify social and economic inequalities and hardships experienced by vulnerable and/or lower income populations. The relative stability of the combination of income support assistance and social housing tenancy and management appears to have protected existing social tenants effectively. Social housing provision by state and territory governments, coupled with income support from the Australian Government, also provided social housing tenants relative stability and security throughout the pandemic—a period in which private rental tenancies were significantly affected by income losses and both rental reductions and increases.

The effectiveness of social housing in buffering some of the effects of the pandemic has reinforced the call from many in the policy and research community for a greater future commitment to social housing infrastructure (Infrastructure Australia 2021).

Australian Institute of Health and Welfare (2021) estimates suggest that at the start of the pandemic close to 800,000 Australians lived in 437,000 social housing dwellings. Importantly though, the social housing dwelling stock is diverse, with some parts of the stock shown to be more or less protective during the pandemic. The controversially heavy-handed lockdown of high rise public housing towers in Melbourne made many reflect on the adequacy and potential risks posed by the quality of the social housing stock—especially in multistorey, high density developments. Rental housing conditions data in Australia collected at this time (Baker, Beer et al. 2020) documented quality and conditions across the private and social housing sector, and highlighted the sometimes poor housing conditions of social housing relative to private rental dwellings (Baker and Daniel 2020).

As part of the recently announced investment in social housing (described below) several state and territory governments are now focusing on improved housing conditions, retrofitting for increased environmental sustainability, and renovation to ensure future-proofing of current social housing stock for pandemic-like conditions (including, for example, modifications to shared areas, stairwells, and similar).

3.2 Social housing supply and renovation as economic stimulus

In their CEDA Report investigating government interventions into housing during the early phases of the pandemic, Ong ViforJ and Leishman (2020) found that greater government funding had been directed to home owners, investors and higher income households than to other tenures or population groups. They, like other researchers in the same period, argued for increased investment into social housing to both address some of the need gap for social and affordable housing that has intensified in the 2020–21 period, as well as to act as an economic stimulus, concluding 'There is a strong case for building more social housing as part of a housing-led economic recovery strategy' (Ong ViforJ and Leishman 2020: 2). Rowley, Crowe et al (2020) similarly identified construction of social housing as a critical component of any building and construction economic stimulus strategy.

3.2.1 Social housing stimulus packages

In introducing this section it is important to note, as Pawson, Martin et al. (2021a) have previously, that the social housing investment response to the pandemic has been a state-led response. It is, as they say, 'remarkable', with 'no historical precedent' for such a large investment to have occurred without fiscal or centralised policy backing from the Australian Government. We agree with their summation also, that herein lies its weakness, that without centralised national government commitment, it's unlikely that the 'recovery in low-cost rental housebuilding indirectly triggered by the pandemic will endure beyond 2025' (Pawson, Martin et al. 2021a: 104).

Australia's approach stands in stark contrast to large-scale, centrally led social house building industries seen internationally. For example, Box 1 summarises Canada's Rapid Housing Initiative—like the UK Government's 2020 rough sleeper rehousing development program, a scheme designed primarily as a direct response to the homelessness crisis exposed by the pandemic, rather than as a contributor to post-pandemic economic recovery.

Box 1: Canada's Rapid Housing Initiative

In October 2020 the Canadian Federal Government announced its Rapid Housing Initiative (RHI), a $1 billion program to create 'up to 3,000 new permanent, affordable housing units across the country' (CMHC 2021). Targeted to people in severe housing need, the scheme aimed to ensure that resulting housing would be available within 12 months of funding allocation. In the event, the initial allocation reportedly generated 4,700 units (Ibid). Additionally, 4,500 units are expected to be developed under a second funding tranche of $1.5 billion announced in April 2021.

Described by a leading housing industry figure (interviewed for this research) as *'probably [Canada's] most significant housing program…in the past 20 or 30 years'*, the program has largely involved modular construction of studio apartment blocks by municipal housing authorities, utilising Federal Government capital grant funding. With municipalities needing to look to the provincial tier of government for operational funding, the RHI is also a case study of multi-level governance.

At the time of writing, four Australian state governments—those in Victoria, Tasmania, Western Australia and Queensland—have committed to significant new housing supply components within their broader economic stimulus packages for post-pandemic recovery. In total, the associated financial commitment is in the order of 10 billion dollars and will, in these states, act to substantially reduce the gap between current and required social housing supply and allocation in the short to medium term. Some jurisdictions have also announced stepped-up investment in public housing renovation/retrofit activity in the immediate future. At the national scale, however, it is estimated insufficient to halt the ongoing proportionate decline of social housing (Pawson, Martin et al. 2021b: 108–109).

Each newly announced state intervention has the capacity to grow metropolitan as well as regional housing supply, deliver employment and training/industry to local economies, as well as provide geographically dispersed new housing supply to local regions hit hard by affordability pressures and supply shortages. In keeping with the Lawson, Pawson et al. (2018) and NHFIC (2021a; 2021b) forecasts of need and innovative financing of it, other jurisdictions may follow suit as pandemic impacts deepen.

The four major social housing investment strategies announced by state governments are:

1. **Victorian Big Housing Build**

   The Victorian Government's Big Housing Build is a program aimed at building new houses as well as creating jobs in the wake of the pandemic economic impacts. Part of the Big Housing Build is the Social Housing Growth Fund, which launches several funding rounds for housing projects by the community housing sector totalling $1.38 billion. An additional $2.14 billion will go into partnerships with private and community housing sectors to identify new opportunities for building more houses. Furthermore, the planning system will be changed so that social and affordable housing developments are prioritised and approved more quickly. One quarter of the $5 billion Big Housing Build will go towards regional Victoria, including building more social and affordable housing across growth areas in the regions.

   Source: https://www.vic.gov.au/homes-victoria-big-housing-build; https://www.vic.gov.au/strategic-partnership-projects; https://www.vic.gov.au/streamlined-planning; https://www.vic.gov.au/regional-investment

2. **Tasmanian Social Housing Supply**

   In their state budget announcement, the Tasmanian Government announced a $300 million investment in housing and homelessness measures. Of note is the construction of 300 new social housing dwellings, and a $15 million investment in energy and heating efficiency for public housing to replace inefficient heating and hot water systems.

   Source: https://www.premier.tas.gov.au/budget_2020/budget_releases/record_investment_in_housing_continues_to_help_vulnerable_tasmanians

3. **Western Australian Construction Stimulus**

   The WA Government has announced a $319 million Social Housing Economic Recovery Package (SHERP). The three 'workstreams' of the program include:

   - $97 million towards building or buying up to 250 properties for social housing
   - $142 million for renovating existing social housing (public, supported residential, community)—up to 1,500 properties
   - $80 million towards maintenance of up to 3,800 regional social housing properties and regional government workers' subsidised housing.

   The Government anticipates that most new housing created through SHERP will go to social housing priority waitlist applicants.

   Source: https://www.wa.gov.au/organisation/department-of-communities/social-housing-economic-recovery-package

4. **Queensland Housing Investment Growth Initiative**

   The Queensland Government has announced the planned delivery of at least 7,000 new social and affordable housing properties in the next four years, including 3,600 social housing properties. The Housing Investment Growth Initiative (QHIGI) entails a $2.9 billion investment from the government, $1 billion of which goes towards a Housing Investment Fund. The government has invited the private sector and local governments to collaborate with the community housing sector to propose new ideas through an EOI process.

   Source: https://statements.qld.gov.au/statements/93633

3.3 State and territory government homelessness measures during the COVID-19 pandemic

Homelessness policy interventions from state and territory governments mostly took the form of placing rough sleepers and other homeless people into temporary emergency accommodation to protect them from infection or shelter them while they needed to isolate (Pawson, Martin et al. 2021a: 112). The extent of measures has varied between jurisdictions depending on the length and severity of lockdowns.

3.3.1 Initial funding announcements

Several jurisdictions pledged previously unbudgeted funding for homelessness services in March or April 2020—the beginning of the pandemic in Australia. This reflected a rapid realisation that, in circumstances of rampant COVID-19 contagion, street homelessness and congregate accommodation posed a particular risk to public health. Table 5 below details this initial funding.

Table 5: Initial homelessness funding from state and territory governments

Jurisdiction	Announcement date	Funding
Australian Capital Territory	20 April 2020	$3 million funding for people facing homelessness or domestic violence by expanding capacity of homelessness and domestic violence support services. Includes funding for client support, emergency and long-term accommodation, and grant funding for community service organisations to adapt to business changes brought about by restrictions (Berry and Orr 2020).
New South Wales	27 March 2020	$34 million increased funding to prevent homelessness (NSW Government 2020b).
	31 March 2020	$14.3 million investment in temporary accommodation, including that suitable for self-isolation, $20 million to accelerate the process of 'existing clients and priority social housing applicants' obtaining secure housing in the PRS, and financial support for additional staffing costs at homelessness services (NSW Government 2020c).
Queensland	25 March 2020	$24.7 million housing and homelessness plan, including funds for safe accommodation, brokerage funds for homelessness services, increasing capacity of homelessness services and cleaning of homeless shelters (de Brenni 2020).
Tasmania	29 April 2020	$4.3 million for housing and homelessness support. Includes expanding the Safe Night Space pilot, which provides overnight accommodation for rough sleepers in Hobart, into a 24-hour wraparound support service in Hobart, Launceston and Burnie. Also includes funding for Housing Connect to provide emergency accommodation in hotels, motels and cabins, more investment in services for young homeless people and expanding existing homeless shelters (Jaensch 2021).
Victoria	18 March 2020	$6 million provided to Victorian homelessness organisations, primarily to help organisations find temporary accommodation and private rental brokerage schemes to help those at risk of homelessness. Also announced 'alternative pop-up accommodation' in Melbourne (Premier of Victoria 2020a).

Source: Government press releases, collated at Storen and Corrigan (2020).

3.3.2 Further action: outreach and accommodation provision

In response to the initial national COVID-19 lockdown, four jurisdictions (NSW, Victoria, Queensland and South Australia) launched emergency accommodation (EA) programs to protect rough sleepers and other homeless people, including those in shelter-type premises where self-isolation was impossible. Within weeks, thousands of people had been booked into hotels, student housing and other forms of EA (Pawson, Martin et al. 2021a, 2021b; Knight 2020).

By early 2021, as documented by Pawson, Martin et al. (2021b), at least 12,073 rough sleepers and thousands of others (e.g. couch surfers and shelter residents) had benefited from COVID-19 EA programs staged by the four active states. Over and above room bookings, assistance provided during lockdowns often included meals, as well as personal support for more vulnerable service users. The scale, as well as the rapid evolution, of these emergency measures compare favourably to similar initiatives seen internationally (see Box 2 for a summary of the UK's 'Everyone In' initiative).

Box 2: The UK Government's 'Everyone In' initiative

Initiated at the very start of the pandemic, the UK Government's 'Everyone In' initiative aimed at rapidly protecting rough sleepers and other homeless people particularly vulnerable to virus infection in England. Building on the established national governance structure on homelessness, the program was led and substantially funded by central government, but delivered by local authorities (or councils). On 26 March 2020 councils were instructed to move everyone sleeping rough, or staying in communal shelters, into safe, ideally self-contained, emergency accommodation (EA) over the following two days. Official figures suggest 37,000 people had been assisted by January 2021.

By comparison with a non-intervention scenario, low recorded death rates in homeless populations during the UK's first wave of COVID-19 were estimated as equating to the avoidance of 266 deaths during this period (Lewer et al. 2020). By February/March 2021, some 17,000 (58%) of the 29,000 people accommodated under Everyone In but who had subsequently exited EA had been transitioned into settled accommodation or supported housing (Shelter 2021).

Standard rules limiting temporary accommodation eligibility and booking duration were relaxed for pandemic EA bookings. In the first March–May 2020 national lockdown and subsequently, it was understood that support would continue at least as long as restrictions at this level were ongoing. Similarly, standard rules disallowing temporary accommodation assistance to non-permanent residents were set aside.

At the end of the initial national lockdown (May/June 2020) state governments re-instated standard rules for new temporary accommodation bookings. Existing bookings lapsed except for those judged as high need cases, for whom bookings were maintained while longer term housing options were explored. Subsequent sustained lockdowns (e.g. in Victoria from July–October 2020, and in both Victoria and NSW in 2021) triggered re-institution of new EA bookings (Pawson, Martin et al. 2021b).

3.3.3 Beyond the temporary

Governments with EA programs made efforts to rehouse the homeless after lockdowns. In June, NSW announced the $36 million Together Home project, which built on the government's COVID-19 response to secure homes in the PRS for rough sleepers (NSW Government 2020d). In August, the government announced that '2,750 families and individuals who were homeless or at risk of homelessness' were now in stable housing (social housing or PRS) due to government action (NSW Government Communities and Justice 2020). From April 2020 to end January 2021, 32,518 people (including 4,355 rough sleepers) were placed in emergency accommodation (Audit Office of NSW 2021: 27). As of April 2021, the Audit Office reported that the Together Home program had assisted 400 people to access secure accommodation for two years, but the program will not meet current demand for accommodation (Audit Office of NSW 2021: 33–34).

Queensland, whose emergency accommodation program housed 4,924 homeless people, appeared to have the most success with re-housing rough sleepers in social housing or the PRS, and very low numbers of people self-discharging from the program (Pawson, Martin et al. 2021a: 123). However, as of April 2021, there were reports that the number presenting at homelessness outreach services was increasing in some parts of the state, with services calling for the government to continue pandemic-era funding (Gramenz 2021).

In SA, 513 rough sleepers were placed into emergency accommodation between March and September 2020, but by 30 September, none remained (Pawson, Martin et al. 2021a: 120–121). While 186 people were catalogued as being rehoused in social housing, 271 were categorised as 'self-discharge/other', which may include returning to remote communities for Indigenous people (Pawson, Martin et al. 2021b: 122–123). Media reporting in May 2021 highlighted disparate outcomes for program participants one year later, as the SA Government overhauled its homelessness strategy (Martin, P. 2021).

Victoria's second lockdown of 2020, from July to November, necessitated a longer temporary accommodation program. In June, further funding was announced to keep people in their temporary accommodation and help them plan exit pathways (Premier of Victoria 2020b). In late July, the $150 million From Homelessness to a Home package was announced, extending hotel accommodation until April 2021 and supporting people to access long-term housing (Premier of Victoria 2020c). This included leasing 1,100 properties from the PRS, and extra funding for the Private Rental Assistance Program to help with bond and rent costs (Premier of Victoria 2020c). Indicative figures suggest that 10,811 people were placed into emergency accommodation in Victoria between 15 March and 30 September 2020 (Pawson, Martin et al. 2021b: 120).

However, there were concerns from the *Inquiry into Homelessness in Victoria* that many people returned to homelessness, and that the government initiatives to move people into secure accommodation only provided short-term leases (Legislative Council Legal and Social Issues Committee 2021: 233–235). In May 2021, *The Age* reported that only one in 10 people in hotel accommodation had been located to a permanent home due to rental housing shortages (Topsfield 2021).

However, as reported by Pawson, Martin et al. (2021b: 15), when fully implemented by early 2022, EA rehousing programs in NSW and Victoria alone 'will have facilitated safe, secure and supported pathways for around 3,500 former rough sleepers with complex needs'. For many, the process will have involved the tenancy of a dwelling 'head leased' from a private landlord by a community housing organisation, with individual tenant support also provided by or through that provider. This will substantially address backlogs of chronic rough sleepers previously accumulated in Sydney and Melbourne. Nevertheless, the limited resources made available for these programs meant that funded places needed to be tightly rationed, with only a minority of former rough sleepers assisted via EA, and thereby enabled to transition to longer term housing accordingly (ibid).

3.3.4 2021 homelessness measures

2021 has seen short, sporadic lockdowns in some jurisdictions and prolonged lockdowns in others. Homelessness measures have been less coordinated than in 2020. In June 2021, Darwin entered a brief lockdown and a group of Indigenous organisations criticised the government for not providing any accommodation for rough sleepers; the Chief Minister argued that it was risky for rough sleepers to be moved to a single location (Thompson 2021). In SA's seven-day lockdown in July, the government provided 300 households of rough sleepers and domestic violence victims with short-term motel accommodation (Lensink 2021b). The government declared that effort would be taken to put these households into available accommodation (Lensink 2021c).

During the June/July phase of Sydney's lockdown, the ABC (2021b) reported that the NSW Government reportedly spent $11 million on providing hotel accommodation to rough sleepers. As from June/July 2021, with both NSW and Victoria re-entering what turned out to be lengthy lockdowns, governments pledged new EA program funds and re-commissioned NGOs for program delivery. However, stakeholder testimony collated in our parallel research suggested that assisted cohorts were substantially smaller than in March–May 2020 (Pawson, Martin et al. 2021b).

3.4 Summary: social housing and homelessness policy interventions and future directions

COVID-19 has highlighted the critical role social housing infrastructure plays in securely housing vulnerable residents, especially in the context of a crisis. To a large degree it can be argued that homelessness interventions effectively protected some of Australia's most vulnerable populations during a time of extreme disruption. Ongoing house price inflation affecting both purchase and rental pricing will place ongoing pressure on lower income households, even as Australia as a whole enters a phase of relative normality in a 'vaccinated economy'. In this regard, Pawson, Martin et al (2021b: 115) conclude:

> So far, it appears Australian policy makers have learnt new lessons about mechanisms for supporting the financial system and for supporting the circulation of incomes through the household sector, while visions glimpsed early in the emergency of new possibilities for securing tenancies, making rents affordable and ending homelessness are receding.

To meet the need for social housing in the short term, future research and policy directions could usefully include exploration of how effectively head leasing of private rental properties can facilitate a rapid expansion of social housing supply. Such approaches could supplement homelessness interventions and policy developments made in response to COVID-19. Ongoing innovations that link investment in social housing opportunities directly with homelessness programs are likely to be needed, to offset increasingly unaffordable housing for lowest income households nationally.

Policy discussions that have formed part of this research project suggest that in order for ongoing innovation, social housing resilience, and effectiveness of interventions to continue, additional policy and evidence infrastructure must be in place. This could take the following forms:

- Sharing of information between state and territory jurisdictions on a regular basis underpins social housing resilience, and has improved the rollout of interventions in response to COVID-19, as jurisdictions could develop and refine policy and practice based on 'what worked', in real time crisis responses.
- Better data sharing and linking within and across jurisdictions, as well as between and within government and non-government not-for-profit sectors, can support best response to crisis situations, as well as targeting of social housing investment in the short- and medium-term.
- Learning the lessons from COVID-19 in both 2020 and 2021 is essential to deal with future crises, including ongoing impacts of the current pandemic. As described in policy conversations—the interventions to support social housing and homelessness responses to the pandemic are dynamic, evolving and are effectively a 'test run' for future shocks:

> In a way 2020 seems like a bit of a practice run for 2021. What has been really positive in terms of what we learnt in 2020 is that there's been a bigger challenge in terms of the high number of cases and the fact that we have had outbreaks in both hotels, social housing and homelessness services but we were able to stand things up really quickly this time and it has been relatively seamless in terms of working together and pre-empting a little bit better than reacting and not reacting as much. Stands us in good stead in terms of our responses and having to do it again this year. (Investigative Panel participant)

4. Private rental housing policy responses and outcomes

- **The form of the emergency response in private rental policy—eviction moratoriums, frameworks for rent variation and rent relief—was remarkable, but the implementation of these measures was patchy, and their outcomes were modest.**

- **The published evidence indicates a small minority of tenants (8–16%, depending on the source) got a rent variation, and that more were discouraged or refused, and more moved out. There is also evidence of significant underspending in most rent relief schemes.**

- **A survey of landlords conducted for this research suggests the rate of rent variation may be significantly higher—47 per cent of tenancies—but the rate of refusal (22%) is similar to that found in previous research. The survey also found high rates of tenancy termination during the emergency (by both landlords and tenants), suggesting many variations merely reduced tenant liabilities while the tenancy was ending. High rates of post-emergency termination proceedings and rent increases suggest that many landlords were determined to reverse the restrictions of the emergency period.**

- **An Investigative Panel of sector stakeholders indicated widespread dissatisfaction with the rent variation regime, but experiences and reasons differed sharply. Over the course of the pandemic, policy making with respect to the private rental sector revealed its low priority; meanwhile, affordability and access problems have become acute, particularly in regional Australia.**

- **Policy makers should not expect the sector's landlords and agents to effect comprehensive responses to critical events. The state of the sector requires a mandatory approach.**

This chapter examines the operations and outcomes of the private rental housing policy responses presented in overview in the introduction. It is based on a review of the published evidence, findings from an online survey of stakeholders, and a synthesis of Investigative Panel discussions involving private rental sector stakeholders.

4.1 The published evidence

The COVID-19 pandemic created an income shock for households and, with rental unaffordability already running high, there was a risk of widespread rental defaults and evictions. In response, state and territory governments implemented eviction moratoriums and rent relief schemes, and encouraged landlords to negotiate rent variations with tenants in hardship.

4.1.1 Moratoriums, terminations and evictions

No Australian jurisdiction regularly publishes comprehensive data about tenancy termination proceedings and evictions—a serious and regrettable blind spot in monitoring the performance of the housing system. Some data is available from two state tribunals and from surveys by researchers, providing a glimpse into evictions in the 2020 and 2021 emergencies.

As reported in Pawson, Martin et al. (2021b), the South Australian Civil and Administrative Tribunal published data on landlords' applications for eviction from Q4 2019 to Q4 2020. After the eviction moratorium commenced near the start of Q2 2020, landlords' eviction applications dipped, and were down 33 per cent year-on-year in Q4 2020. Nevertheless, over 3,000 tenancies were subject to termination proceedings during the moratorium that year.

Table 6: Eviction proceedings, South Australia 2019–2020

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Eviction following notice to tenant – application received	1,441	1,617	1,281	831	972

Source: SACAT 2020, 2021; Pawson, Martin et al. 2021b.

Also reported in Pawson, Martin et al. (2021b) is a fragment of data about New South Wales termination proceedings and evictions during part of that state's 2021 lockdown. In the 10 weeks following the 26 June 'stay at home' public health order, 4,581 applications to terminate tenancies were made to the NSW Civil and Administrative Tribunal (NCAT), and it ordered termination in 1,412 cases. In the same period, the NSW Sheriff's officers conducted 141 evictions on NCAT orders (NSW Legislative Council 2021). This underscores the incompleteness of the 'eviction freeze'[8] and compares poorly with the more comprehensive and centralised approach pursued in some international contexts (see Box 3 for a summary of US federal led initiatives).

Some wider perspectives are offered by data from surveys, although these too are limited by the times at which they were conducted. A May 2020 survey by ANU found 1 per cent of tenants reported being evicted in the previous three months (Biddle, Edwards et al. 2020). A July 2020 survey published by AHURI found 3 per cent of tenants had been evicted or moved at the request of their landlord (Baker, Bentley et al. 2020); and a survey conducted August–October 2020 by UNSW City Futures Research Centre, found 4 per cent of tenants had been evicted or moved at the request of their landlord (Pawson, Martin et al. 2021a; Martin, Sisson et al. 2021).

8 There is also data for Victoria, but it is less useful for gauging the impact of the moratorium there. Data about applications to the Victorian Civil and Administrative Tribunal have been published by the Commissioner for Residential Tenancies (2021), but only on a financial year basis, so the early part of the emergency period (April to June 2020) is subsumed in the 2019–20 figures, and the remainder has yet to be reported. As it is, this source reports landlords' applications for termination on 'at fault' grounds (primarily rent arrears) in 2019–20 were down 18 per cent compared to 2018–19, and 'no fault' applications were down 24 per cent.

Box 3: US federal eviction moratoriums

In the United States, a succession of country-wide rental eviction moratoria were instituted by Federal Government agencies–most importantly, the Centres for Disease Control and Prevention (CDC)–from March 2020, running through until August 2021. In a country where rates of rental stress had already risen to historically high levels in the years preceding the crisis, the pandemic itself saw reduced incomes experienced by 'about half of all renters' (Airgood-Obrycki, Demers et al. 2021: 1).

In the absence of emergency measures, rising rent arrears and consequential evictions could have been expected. In fact, evidence-based estimates suggest that 2.45 million eviction filings were avoided due to eviction moratoria in the 16 months to July 2021 (Rangel, Haas et al. 2021).

In the face of a catastrophic public health situation, these restrictions–while imperfect–measurably contributed to effective disease control. Jowers, Timmins et al. (2021) estimate that, as implemented, 2020 eviction restrictions reduced COVID-19 infections by 3.8 per cent and deaths by 11 per cent, by comparison with the counter-factual scenario. Moreover, Leifheit, Linton et al. (2021) found that where local eviction moratoria were lifted, COVID-19 incidence and deaths increased relative to localities where restrictions remained in place.

The City Futures survey found a significantly larger number of tenants had moved for their own reasons: in total, 19 per cent of tenants said they had moved for all reasons during the pandemic period. From analysis of rental bond data and interviews with PRS stakeholders, Pawson, Martin et al. find that there was an uptick in tenancy terminations by tenants early in the 2020 emergency period, particularly in Sydney and somewhat less so in Brisbane (2021a: 68–72). In a follow-up to that research, Pawson, Martin et al. (2021b: 46–47) report that over the course of 2020 and 2021, the inner and middle rings of Sydney experienced higher than usual tenancy turnover (as recorded in higher rates of bond lodgements and bond refunds), but turnover in Melbourne was similar to the previous year. In both states, however, tenancy turnover outside the capitals was lower than in previous years, and for Australia as a whole, total rental listings recorded by CoreLogic—another measure of tenancy turnover—were down 25 per cent on the average of the previous five years (2021b: 50).

Significantly, that low level of tenancy turnover has been recorded before and after the expiration of most of the moratoriums. For that reason, Pawson, Martin et al (2021b) conclude that while the moratoriums may have contributed to the reduction in tenancy turnover, the larger driver is tenants choosing to stay put where, in other years, they may have moved. This dynamic may have important consequences for households seeking to access private rental housing, particularly where they have had to leave a tenancy.

4.1.2 Rent negotiations and relief outcomes

Several studies have examined the effect of the rent negotiations that governments encouraged early in the emergency period. Table 7, from Pawson, Martin et al. (2021a) and Martin, Sisson et al. (2021) summarises the available evidence from the surveys by City Futures, ANU (Biddle, Edwards et al. 2020), AHURI (Baker, Bentley et al. 2020), tenants advocacy group Better Renting (Dignam 2020) and the ABS (ABS 2020a; 2020b); the RBA's analysis of data provided by the rent payments platform, MRI (Evans, Rosewall et al. 2020); and data about rent variation agreements collected by the state governments of NSW, Victoria, Queensland and Western Australia.

As Martin, Sisson et al. (2021) observe, it appears a small minority of tenants (8–16%, depending on the data source) negotiated a rent variation during the 2020 emergency period. The City Futures survey suggests more tenants were discouraged from requesting a variation, and more tenants moved out, than actually negotiated a variation. Where tenants got a variation, most sources indicate that rent reductions were more common than mere deferrals (WA is the notable exception), and that the average variations were substantial: ranging from 14–29 per cent for reductions, and 24–34 per cent for deferrals. Martin, Sisson et al. conclude that rent variations played a 'modest, even weak' role in responding to the pandemic income shock, and that the Australian Government's income support programs—the JobSeeker Coronavirus Supplement, and JobKeeper—did much more to absorb the shock.

Table 7: Compendium of surveys and other sources on rent negotiations and variations, Australia 2020

	City Futures	ANU	AHURI	Better Renting	RBA/ MRI	ABS May	ABS Oct	NSW Govt	VIC Govt	QLD Govt	WA Govt
Renters who lost income	41%		24%	63%							
Renters who asked for a variation	38%	17%	16%	32%							
Renters who were discouraged from asking	24%										
Renters who got a variation	16%	12%	10%	13%	15%	2%	8%				
Renters who got a reduction	9%	10%	7%	9%	7%						
Renters who got a deferral	6%	2%	2%	5%	7%						
Renters who got a combined reduction + deferral	1%										
Of renters who asked, those who got a variation	43%	73%	60%	42%							
Of renters who got a variation, those who got a reduction	57%	84%	74%	64%	50%			60%	75%	47%	12%
Of renters who got a variation, those who got a deferral	37%	16%	22%	36%	50%			36%	13%	42%	57%
Of renters who got a variation, those who got reduction + deferral	6%										13%
Of renters who got a reduction, mean reduction weekly (%)	$105 (-14%)							$153 (-22%)	$146 (-29%)	$116 (-24%)	$86 (-20%)
Of renters who got a deferral, mean deferral weekly (%)	$216 (-31%)							$201 (-24%)	$139 (-30%)	$173 (-34%)	$108 (-25%)

Source: Pawson, Martin et al. 2021a; Martin, Sisson et al. 2021.

This conclusion is further supported by data relating to rent relief scheme expenditures. Table 8 is from Pawson, Martin et al. (2021b), and summarises the available data about estimated and actual expenditures under the 2020 rent relief schemes. Victoria, in its long 2020 lockdown, came close to spending its original estimate, and Tasmania's payments reached almost 8 per cent of tenancies (albeit after an expansion of rent relief to compensate landlords in hardship).

The NSW schemes were especially undersubscribed; its 2021 cash payment scheme (not in the table), coinciding with the 'eviction freeze', has gone further ($27 million distributed to 12,400 applicants at October 2021), but is still well under the estimate ($210 million for 140,000 households: Pawson, Martin et al. 2021b: 60).

Table 8: Rent relief expenditures, 2020 schemes

	Cash payments			Land tax relief		
	Original estimate	Actual spend	Recipients (% of private tenancies)	Original estimate	Actual spend	Rebate recipients (% of private tenancies)
NSW	Not known	Not known	1,450 (0.2%)	$220m (residential) $220m (commercial)	$10m (residential) $86m (commercial)	4,800 (0.6%)
VIC	$80m	$73m	33,640 (5%)	$420m (res + com)	$111m (res + com)	Not known
QLD	Not known	Not known	Not known	$400m (res + com)	$241m (res + com)	Not known
SA	$10m	$7.3m	Not known	$50m (res + com)	$34.5m (res + com)	Not known
WA	$30m	$11.6m	8,200 (3.7%)	-	-	-
Tas	Not known	$3.7m	3,400 (7.9%)	-	-	-
ACT	-	-	-	$1.5m (residential)	Not known ('lower than expected')	Not known ('lower than expected')
NT	-	-	-	-	-	-

Source: Pawson, Martin et al. 2021b.

4.2 Landlord responses to the COVID-19 pandemic: findings from a survey

This section adds to the evidence base with data collected from a survey of landlords.

For the present research, we included two sets of questions about the COVID-19 pandemic in a survey of landlords that was being conducted for another AHURI research project (*Regulation of residential tenancies and impacts on investment* – 71248). The UNSW Sydney Human Research Ethics Committee approved the survey and the sharing of results with the present project (HC210456). The survey was conducted by Qualtrics in September 2021, with eligible participants invited by Qualtrics from its banks of respondents.

The survey collected evidence from 992 respondents who identified themselves as persons aged over 18 years and either the current owner, recent past owner, or the intending owner of an investment property. Some 882 were current owners, of whom 388 currently own one investment property. The present analysis is confined to these one-only property owners. We have excluded owners of multiple properties because it appears to us, from patterns in their responses, that at least some gave answers with respect to any one or several of the properties they own.[9] In order to have a consistent unit of analysis—tenancies—we confined the analysis to current owners with a single property.

9 In particular, owners of multiple properties answered 'yes' at higher rates than owners of single properties to every COVID-19 question; and a significant proportion of multiple-owners answered 'yes' to questions about having varied rents and about having declined to vary rents. The survey instructions directed owners of multiple properties to answer with respect to just one property (the property they had mostly recently acquired); however, we felt those patterns of answers indicated that at least some multiple property owners answered 'yes' where any one of their properties owned satisfied the condition.

4.2.1 Findings

Table 9 summarises the survey results.

Table 9: Landlords' experiences during and after the 2020 COVID-19 emergency

During	
Had a tenant terminate the tenancy	23%
Terminated the tenancy	17%
Wanted to terminate the tenancy, but was prevented from doing so	22%
Varied the rent	47%
Reduced the rent only	14%
Deferred the rent only	10%
…..Both reduced and deferred	24%
Was asked to vary the rent, but declined	22%
Received rent relief	22%
Deferred payments on a loan relating to the property	24%
After	
Tenant in arrears	31%
Took action to terminate the tenancy	19%
Increased the rent	25%
Considered selling	39%

Source: Authors.

Landlord survey respondents indicated a significant degree of tenancy movement in the pandemic, with 23 per cent saying a tenant had terminated a tenancy during the emergency period. This is somewhat higher than the 19 per cent of tenant survey respondents who said they had moved (Martin, Sisson et al. 2021). Moreover, 17 per cent of landlord respondents said they had terminated a tenancy during the emergency (well above the 4% of tenant respondents who said they had moved at the instigation of their landlord in Martin, Sisson et al. 2021), reflecting the incompleteness of the eviction moratoriums. However, the moratoriums apparently had some effect: 22 per cent of landlords said they had wanted to terminate a tenancy, but had been prevented from doing so.

Regarding rent variations, 47 per cent of single-property landlords said they varied the rent during the 2020 pandemic: 14 per cent by reducing the rent, 10 per cent by deferring the rent for payment at some later point, and 24 per cent by a combination of reduction and deferral. This is a significantly higher rate of variation than found in other studies (i.e. 8–16%) and might reflect the later date at which the landlord survey was conducted, or different understandings between landlords and tenants as to arrangements made.

Twenty-two percent said their tenant had requested a rent variation, but they had declined to do so. This corresponds with responses to the tenant survey reported in Martin, Sisson et al. (2021) where 22 per cent of tenants said they had asked for a variation but were refused or had no reply. Twenty-two per cent of landlords said they had received some form of rent relief from a state or territory government; 24 per cent said they had deferred payments on a loan relating to the property.

Looking to the period after the moratoriums, 31 per cent of landlords said their tenant was in rent arrears, and 19 per cent said they took action to terminate the tenancy. Twenty-five per cent said they increased the rent; 39 per cent said they considered selling the property.

In the tables below, landlords' experiences during (Table 10) and after (Table 11) the 2020 emergency are broken down by their handling of rent variations (whether a reduction, a deferral, or a combination of both).

Table 10: Landlords' experiences during the 2020 COVID-19 emergency, by their handling of rent variations

	Tenant terminated	Landlord terminated	Wanted to terminate, but prevented	Rent relief	Deferred loan
Varied the rent	33%	51%	42%	45%	46%
Was asked but declined	57%	36%	61%	52%	62%

Source: Authors.

Landlords who varied the rent had higher rates of tenancies terminating (by the tenant, or by their own action) than did all landlords. This suggests many variation agreements were merely for the purpose of reducing tenants' liabilities as they moved on, rather than for keeping the tenancy on foot long term. The high rate (57%) of tenants terminating where a rent variation was declined is also notable. The high proportion of landlords who declined a rent variation but said they received rent relief is not readily explained; it was a condition of most rent relief schemes that parties agreed to a rent variation.

Table 11: Landlord experiences after the 2020 COVID-19 emergency, by their handling of rent variations

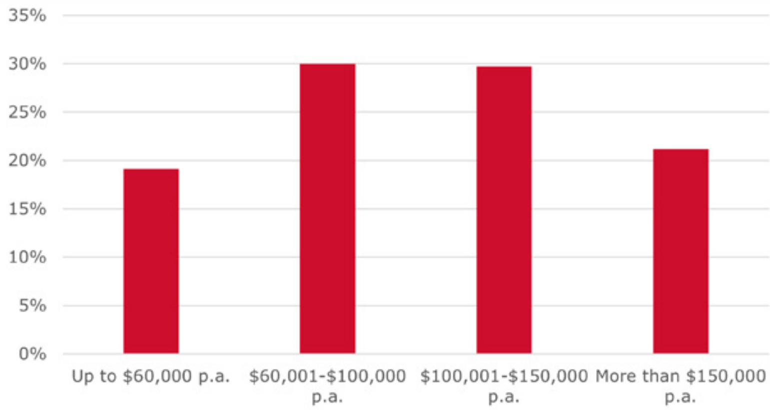
	Tenant in arrears	Took action to terminate	Increased rent	Considered selling
Varied the rent	51%	40%	52%	33%
Was asked but declined	60%	56%	59%	54%

Source: Authors.

Relatively high proportions of landlords who varied rents during the emergency afterwards took action to terminate the tenancy (40%) and increase the rent (52%): for them it appears forbearance was short term. The even higher rates of termination action and rent increases by landlords who declined to vary rents is also notable, as is the high rate at which they considered selling in the post-emergency boom.

The survey also asked landlords about their gross (before tax) household income, so we can break down their experiences on that basis. Figure 6 shows the distribution of our sample of single-property landlords across four income bands.

Figure 6: Landlords (single property owners) by gross household income



Source: Authors.

The tables below show the rates at which landlords in each income band experienced matters during (Table 12) and after (Table 13) the 2020 emergency period.

Table 12: Landlords' experiences during the 2020 COVID-19 emergency, by income band

	Up to $60,000 p.a.	$60,001–$100,000 p.a.	$100,001–$150,000 p.a.	More than $150,000 p.a.
Had a tenant terminate the tenancy	28%	24%	21%	18%
Terminated the tenancy	30%	17%	16%	9%
Wanted to terminate the tenancy, but was prevented from doing so	34%	28%	23%	12%
Varied the rent	54%	52%	40%	43%
Reduced the rent only	18%	14%	15%	9%
Deferred the rent only	11%	7%	9%	17%
…..Both reduced and deferred	26%	31%	17%	17%
Was asked to vary the rent, but declined	30%	27%	16%	20%
Received rent relief	30%	28%	24%	15%
Deferred payments on a loan relating to the property	32%	30%	24%	15%

Source: Authors.

Landlords in the lowest income band (up to $60,000 p.a.) terminated tenancies at a significantly higher rate, and had higher rates of wanting to terminate tenancies, and of having tenants terminate tenancies. They also made rent variations at a higher rate than other landlords, perhaps reflecting ownership of properties at the lower end of the market where tenants most felt the pandemic income shock. They also refused variations at a higher rate. By contrast, landlords in the highest income band were relatively insulated from these pandemic experiences.

Similarly, after the 2020 emergency, lower income landlords experienced higher rates of tenants in arrears, and took termination action, increased rents and considered selling at higher rates than higher-income landlords.

Table 13: Landlords' experiences after the 2020 COVID-19 emergency, by income band

	Up to $60,000 p.a.	$60,001-$100,000 p.a.	$100,001-$150,000 p.a.	More than $150,000 p.a.
Tenant in arrears	37%	34%	30%	23%
Took action to terminate the tenancy	32%	17%	16%	16%
Increased the rent	31%	26%	23%	21%
Considered selling	42%	45%	33%	35%

Source: Authors.

4.3 The Investigative Panel

For further insights into the operations and outcomes of rental housing policy responses to the pandemic, we convened an Investigative Panel comprising representatives of tenant organisations (TO) (3), real estate agent organisations (RE) (3), social service organisations (SS) (3) and housing policy organisations (HP) (2). The panel was briefed with a discussion paper on the eviction moratoriums, rent negotiations and rent relief frameworks, and the published evidence—but not the landlord's survey, as it was still in the field.

The panel's discussion gravitated to three main topics:

- landlord-tenant relations in the 2020 emergency, particularly in negotiations about rent
- policy making in the pandemic, particularly for what it reveals about the dispositions and capacities of sector institutions, and
- emerging challenges for the sector, particularly in regional Australia.

4.3.1 Landlord-tenant relations in the 2020 emergency

Across the panel there was widespread dissatisfaction with negotiations about rent obligations and rent relief—although the experiences and reasons stated by panellists were different, and in some cases diametrically opposed.

The real estate panellists said the moratoriums and the encouragement of rent negotiations applied to 'everyone', and so went too far. 'We really were bombarded by tenants seeking a reduction in rents very immediately, across the board… notwithstanding whether they had been impacted by COVID' (RE1).

> It was open to everybody, and tenants felt that they were entitled to receive a reduction in their rent, regardless of COVID. (RE1)

> We had tenants who had increased their income through JobSeeker but weren't paying their rent. And we had situations where there was no requirement to prove hardship whatsoever, despite rumours to the contrary. (RE2)

This is despite the jurisdiction's moratorium legislation allowing eviction on grounds of rent arrears in non-hardship cases. In future, said RE2, 'the response should be much more targeted…without impacting the market in its entirety.'

Other panellists, however, highlighted the gaps in the emergency response, and the persons who did not get relief from their rent liabilities, or from having to move during the emergency. A panellist from a housing policy organisation characterised the moratorium as 'helpful, a good message, but it was patchy, and less consistent than the code of conduct for commercial tenancies' (HP1). 'Protections were weak for non-arrears cases, and that's had a massive impact' said TO1. However, even in better-protected rent arrears cases, 'people were forced out—not by eviction notices, but just by the fact their incomes were insufficient…and there wasn't any real obligation on landlords to negotiate' (TO1).

> Some landlords were comfortable reducing rent: they just said fine, do it. That was quick and painless. When that stopped, in the next phase there wasn't a structure to say 'you have to sit down and negotiate and, if you don't, something will happen.' There was a government structure around it, [the consumer affairs agency] could help, but only a very few used that. We kept hearing about landlords just not coming to the table, not willing to negotiate. And sometimes it was explicit: they were freezing the tenant out. They knew the tenant couldn't hold on, and nothing was driving them to negotiate. (TO1)

TO2 also saw 'stonewalling' by landlords and agents in negotiations. Similarly, TO3 said 'what we saw were significant numbers who choose to leave—but really were forced to leave—because they couldn't be sure they'd get an outcome through the negotiation process':

> There was a lot of back and forth between agents and tenants and landlords—'let me see the proof, let me see the evidence, give me some time to think about it.' And that equation about 'how much debt am I accruing', tenants took that very seriously. (TO3)

HP2 suggested that the framework of negotiation and rent relief schemes 'worked better for some types of renters than others, and those who were vulnerable and backed into a corner were less likely to access some of the things that were on the table' (HP2). The panellists from social service organisations described the barriers they saw to participation in negotiations:

> Yeah, we saw lots of people in debt. The guidelines [around rent negotiations and variations] were unclear for a long time, and with lots of industries closed down, and lots of people with insecure jobs, they had nothing to fall back on and really freaked out, and they left before they even negotiated. If they could move in with family, they did. (SS1)

> The power imbalance—that was really important. Unless people have an advocate, or another support person, they are really disadvantaged in negotiations. Also, the moratoriums and rent negotiations had different outcomes depending on the housing market. Where there were big increases in vacancy rates—like inner Sydney—that's very different from up and down the coast, and there were very different outcomes. (SS2)

A comment from one of the real estate panellists, RE1, gives a sense of what tenants in hardship were up against. Not disposed to reduce rents, nor to let arrears accrue, RE1 was inclined to think that more tenants should 'consider their circumstances':

> I think there were circumstances where tenants might have been better off making a decision about the consequences of accruing a debt in a COVID situation, and they may have been better off, where possible and practicable, to consider their circumstances and alternate arrangements, rather than accruing or deferring a debt. (RE1)

RE1 acknowledged, however, that many landlords and agents had approached negotiation with apprehension and a concern to 'protect' their interests:

> I think the reaction by landlords immediately was one of fear. It wasn't immediately a willingness to step into negotiation; it was protective. It would be reasonable to say agents were part of that. (RE1)

Notwithstanding their opposition to broad measures, RE1 agreed that stronger direction from government—as it had provided the commercial sector, through the mandatory code of conduct—would have assisted all parties in negotiation:

> It would have taken out the push and shove in the negotiation phase. I think having some structure and framework around what does COVID impact look like, and how does that translate into the negotiation process, that would have been very helpful, most definitely. (RE1)

4.3.2 Private rental policy making and priorities in the pandemic

The panel reflected on the process of making emergency policy responses regarding the private rental sector, and what this reveals of the sector's institutions and the priority they are accorded by government. 'It's been hard and I have a lot of sympathy for the policy makers, trying to draft things in these weird times', said HP2, 'but there's a lot of trouble still in the system.'

The tenant organisation panellists said the emergency measures required too little of landlords; they also suggested other institutions, particularly banks and insurers, were 'missing' from the response.

> The big missing thing was the banks—they got off scot-free, and have continued to. They made an announcement of what was essentially their regular hardship provision: defer payment, but not pause interest accrual. And the government said yep, that's fine. That meant there was a massive reluctance to waive rent…Insurance also affected it, because the insurance companies' approach discouraged negotiation. Landlords who negotiated couldn't make a claim, but those who didn't could potentially [make a claim]. (TO1)

The result, as TO1 saw, was these institutions had avoided sharing the cost of the pandemic response, as had landlords. The cost was absorbed by the public purse, and by tenants.

> There was one group arguing around banking issues and landlord insurance issues during the moratorium, and it was the tenant advocates! No-one else was doing it; everyone else was punching down on tenants. The political economy of the sector took a hit, and everyone went to their normal positions and came after tenants to fund the whole thing. The emphasis on getting the rent paid meant there was a huge amount of support for 'mum and dad' landlords to keep their income up during this period. (TO1)

For TO2, the precedence given to landlords' interests in the emergency period was a lesson in both their 'lack of resilience' and in their sense of wider responsibility.

> The lesson of the pandemic is lack of resilience in the amateur landlord space… I certainly don't think landlords are as vulnerable as renters, but there was a little bit of a house of cards situation going on, with lots of people thinking they couldn't give a reduction. Not just because of their finances, but their professionalism and their ability to understand their obligations and take them seriously. These sorts of landlords didn't really feel the sort of responsibility to play more of a role. (TO2)

Another example of the precedence given to landlords and other property interests was put forward by TO3. This was the issue of access to premises by landlords, prospective purchasers and agents. Earlier in the 2020 emergency period, public health orders largely suppressed access, but over time the orders became more permissive of access, including in the 2021 lockdowns.

> It's easy to dismiss or overlook, but access is worth paying attention to because it tells a story about how tenants are thought about by policy makers, landlords and agents, and the community. We've had so many people calling us with really significant concerns about Delta and having [other] people in their homes, and having absolutely no protection. And having a state government coming out and saying 'construction must shut down; a whole range of industries must shut down, because it is so unsafe', but property investors, who aren't looking for a home of their own, can just come into your home…We had people ringing in saying 'these people are going from household to household, and it can cost us income if we're locked down, and it could send us to hospital.' We had parents sitting in their cars and with kids, while people were going through their homes. They had serious health concerns, but it is also the story of how renters get ignored. (TO3)

Across the two years of the pandemic, HP2 also saw consideration of tenants receding.

> It was and is a health response. I had thought the COVID response was about helping tenants in various ways, but they weren't and aren't. The only reason they happened was that huge flurry at the beginning [March 2020], and when it became apparent you didn't have to do quite so much to deal with the health aspects, it tapered off. That's the difference between 2020 and 2021. (HP2)

The real estate panellists described the same trajectory in different terms: ‘in 2020, there was strong rhetoric about moratoriums and rent reductions and rent relief; in the second round, this was lessened’ (RE1). According to RE2, the impositions of the moratoriums and negotiation phase were felt keenly by landlords:

> RE2: A lot of investors saw the government’s response as ‘well, they’re there to protect the tenants, they don’t care about us rental providers. Why would we bother investing in rental properties when we could go to a low-maintenance investment like super, and I don’t have to worry about negotiating with my property manager or tenant or anyone, because the money sits there and makes a return.’ Ultimately, we need to understand that it is a tenant’s home, but it’s only the tenant’s home so long as the investor is prepared to make the investment.
>
> RE1: Yes, it’s only a tenant’s home as long as an investor invests in it.

Although coming from a different perspective, this is consistent with the tenant organisation panellist’s reflection on the lack of resilience, responsibility and professionalism in the sector.

4.3.3 Emerging challenges for private rental policy

Most of our panellists highlighted the state of rental housing markets in regional Australia as the most pressing problem of the moment. Problems of lack of access and rising rents were acute.

> I’m in [regional centre] and we’ve been really slammed by rental demand. That’s in all parts of regional [state]. It’s really difficult to get attention to that in 2021, and the measures that would assist. (HP2)
>
> We’ve seen really major impacts in regional areas—and not just coastal zones. It is really difficult to get accommodation in regional areas. And it’s often because high-income workers can often do it from home. Unlike manufacturing workers or care workers who are really tied to their place of employment, higher income people with flexible arrangements have been able to move to these places. And they displace lower income people. (HP1)
>
> The regional issue started coming up for us in September last year [2020], when people leaving for other places started getting into regional towns. And it’s had a huge impact. The number of people calling for advice about no-grounds evictions has basically doubled. And that’s basically landlords kicking people out and setting new benchmarks for rents from new people coming in. It’s been awful hearing the stories. (TO1)
>
> In regional towns, vacancy rates just disappeared. In Byron, the mid north coast, places like Orange and central west, rents went up, people were purchasing properties and making them Airbnb, even if they couldn’t do that at the time. (SS1)

As the comments indicate, panellists saw a mix of factors at work: an influx of new residents (and returning ex-pats) to these regions, fewer dwellings being vacated by tenants, premises being re-priced and re-let by landlords, and premises exiting the rental market to owner-occupation and short-term letting. The last appears to have had a complicated trajectory in the pandemic: early on short-term letting contracted and become a source of long-term rental housing, but lately it appears to have expanded again, as domestic tourism has opened up (HP1).

The real estate panellists suggested these problems arose from landlords exiting the market, which was in turn attributable to the early emergency response.

> When you’ve got governments putting in place measures that interfere with the market, there will be consequences (RE2).

> I think it is worth considering the erosion of wealth that can occur holding a property…having less income as a result of a directive from the government is something that is going to be a consideration in the mind of an investor (RE1).

The concern about 'erosion of wealth' is difficult to sustain in the face of the 21.6 per cent increase in Australian median property prices over the year to October 2021 (CoreLogic 2021b). RE2 acknowledged that 'with prices suddenly going up, some people have thought "hey, we can get out modestly ahead"' (RE2).

In terms of policy responses, HP2 reflected that over the course of the pandemic 'by far the most important measures were JobSeeker and JobKeeper. It shows what we could do with social security' (HP1). However, HP1 also suggested that rent regulation had been too long neglected by policy makers and should be considered. Similarly, TO2 saw a case for rent regulation in the disruption caused to local communities by the current crisis in the regions—and a 'shift' in the receptiveness of stakeholders to such a case:

> Something I think should be in the frame is rent stabilisation measures, for within a tenancy and between tenancies. That's at odds with the market-first approach that dominates, but a lot of the dialogue we're having, including with people from the real estate industry, is 'this is a bad thing that's happening here, we don't want to see these impacts in these communities.' So it is interesting to see the conversation shifting there. (TO2)

4.4 Chapter conclusion

For an historically lightly regulated private rental sector such as Australia's, the announcement of eviction moratoriums and frameworks for rent variations and rent relief was a remarkable event. The implementation of those measures, however, was patchy, and the outcomes modest, or even weak.

The already published evidence indicates that a small minority (8–16%) of tenants got a rent variation, and that more were discouraged or refused and more moved out. There is also evidence of significant underspending in most rent relief schemes. The survey of landlords conducted for the present research suggests the rate of rent variation may be significantly higher—up to almost half (47%) of tenancies—but that the rate of refusal (22%) is similar to that found in previous research.

Also, the high reported rates of tenancies being terminated during the emergency by both landlords and tenants, particularly where rents had also been varied, suggests that many variations merely reduced tenant liabilities while a tenancy was coming to an end. Similarly, the prevalence of post-emergency termination proceedings and rent increases suggests that many landlords were determined to reverse the restrictions of the emergency period.

In discussions with sector stakeholders on our Investigative Panel, there was dissatisfaction with the regime around rent variations, albeit for starkly different reasons. If there is a common theme, it is that policy makers should not expect the sector's landlords and agents to effect comprehensive responses to critical events. Collaborative, sympathetic actors are not absent from the sector, but there is no sense of their actions scaling into a systemic response. The state of the sector requires a mandatory approach.

5. COVID and Australia's economic and housing outlook

- **Expert opinions on Australia's economic outlook were neutral on many of the perceived risk factors to economic recovery in our survey, but supportive of the idea that the pandemic has worsened housing and wealth inequalities.**
- **Experts strongly supported income support measures used throughout the pandemic, but agreed that future interventions need to be better targeted.**
- **Although large scale job losses foreshadowed at the start of the pandemic did not eventuate, our simulations show that lockdowns have had a significant impact on housing affordability stress.**
- **The generous levels of income support measures at the start of the pandemic were highly effective at reducing raised levels of housing affordability stress.**
- **Less generous disaster relief payments are still an effective and important policy intervention in terms of reducing housing affordability stress.**
- **Income support measures are highly effective when working in tandem with eligibility for CRA, but do not fully eliminate the high incidence of housing affordability stress caused by loss of jobs or hours worked.**

5.1 Introduction

In this penultimate chapter we re-consider Australia's economic recovery since the 'great shutdown' that occurred globally in early 2020, focusing particularly on the implications of lockdowns and job losses on employment/unemployment, household incomes, and housing affordability stress.

The chapter also updates a similar analysis undertaken during 2020, as part of one of AHURI's COVID-19 rapid response research projects and reported by Leishman, Ong et al. (2020). That analysis applied a set of economic scenarios to Wave 18 of the Household Income and Labour Dynamics Australia (HILDA) dataset in order to simulate the impact of job losses, broken down by economic sector, on incomes and housing affordability stress. A range of interventions—including CRA, JobKeeper, JobSeeker and the Coronavirus Supplement—were then applied to households affected, in order to determine their role in mitigating housing affordability stress.

The downturn in Australia's housing market did not, of course, occur as many economic commentators predicted through early to mid 2020. Instead, aided by stimulus measures and unconventional monetary policy settings, economic recovery occurred both earlier and more strongly than expected, and was soon accompanied by a pronounced housing market boom affecting home ownership, investment, refinancing and private rental markets. Thus, the economic scenarios considered in Leishman, Ong et al. (2020) dated quickly. However, it was also the case that between the commissioning of this research project, and its ending, further periods of extended lockdown occurred in Australia—notably in Sydney and Melbourne—and economic/employment sectors were not all affected equally.

Therefore, one purpose of this chapter is to introduce a set of more probable economic scenarios that might face Australia in 2022, and to consider the impacts on employment/unemployment and housing affordability stress in the context of heavily revised income support measures.

The chapter draws on secondary data from the Australian Bureau of Statistics, a re-analysis of HILDA, and analysis of an online survey of 39 economists and other expert advisors.

5.2 Looking forward to 2023

At the time of writing this chapter, it was a period of exceptional uncertainty for the governments, central banks, businesses and households in all the advanced economies (indeed all economies). These uncertainties relate to a number of factors, including the extent to which the pandemic has changed household preferences about where and how to live, work and shop, disrupted supply chains and altered business practices. Uncertainties prevail not just regarding national aggregates but at specific regional/local and sectoral levels too.

Although conditions are becoming more 'normal', this is a different normal in which fresh outbreaks of COVID-19 cannot be discounted. For instance, capital markets reacted quickly to rising infection rates in parts of the EU in November 2021 and discounted share prices heavily, and Omicron caused even greater shocks to markets. Global growth rates have picked up since early 2021 but there is a concern that, stimulated by 2020 savings, demand pressures are rising too quickly. Demand growth within national economies is likely to mean increases in international trade, but Australia's extra uncertainty is that trade with China has been key to recession-free growth in this millennium. Diplomatic differences are likely to diminish opportunity in the immediate future.

Growth and recovery in demand has been confronted with supply chain shortages, and some sectors and transport systems are still affected by pandemic related restrictions. Where sectors have long, complex supply chains, with construction a particularly important example, then downturn inevitably fractures these systems. Such problems of restoring supply chains quickly have been reported in the construction sectors in Sydney and Melbourne.

In major OECD economies, such as the US and the UK, there has been much concern about future labour supply. In the US the 'great resignation' to fall 2021 had led to 4 million workers retiring from the labour force to pursue different lives and in both economies, job quit rates have increased significantly since summer 2021 as COVID-19 frustrated labour market matching processes became more apparent. Neither of these labour market processes has been significantly evident in Australia and the relaxation of some constraints on immigration is now dampening wage inflation expectations.

Uncertainties about inelastic labour supplies have played a significant role in raising official, and wider, expectations about wage inflation in these economies, that have in turn shaped emerging monetary policy strategies. October 2021 year-on-year inflation rates were 6.1 per cent and 4.2 per cent, respectively, for the US and the UK and they have foreshadowed, alongside robust demand-side projections, monetary policy tightening and interest rate increases.

It is important to stress that Australia's position is markedly different. Wage growth has remained low—closer to 2 per cent than 3 per cent, and overall inflation is less than 3 per cent. In our experts survey, respondents rejected the proposition that returning Australians had depressed wage growth after March 2020 (2.39)[10] and they were neutral on the statement that Australia's wage growth was not out of line with other OECD countries (3.59). The actual outcome, at under 3 per cent and below the OECD average, improves on that expectation.

Lower inflation will allow the RBA a longer time path towards higher interest rates that will transition monetary policy driven by rate changes rather than quantitative easing. There are other influences on interest rate increases. The Governor of the RBA recently noted that household debt levels in Australia are so high that small interest increases are likely to have large effects on the demand side of the economy.

Further, it has been argued that globally, and in significant advanced economies including Australia, overall debt levels (public and private) are now so high that fast and large interest rate increases will have serious downside effects on economies. This argument may be reflected in recent bond market activities, another major source of uncertainty, that have seen upward pressure on short-term rates but have left long-term rates largely unchanged. That is, governments and market participants are more uncertain about the major strategy opportunities for policy change.

It is clear that the fast growth in mortgage debt in Australia over the last decade and through COVID-19 has significantly changed the policy choices and raised the policy cost of increasing interest rates. Arguably, as a response to that tough trade-off, the RBA will have been comfortable with the mortgage rate increases that have been levied by lenders through October and November 2021 as bond markets have reacted negatively to increasingly squeezed margins between deposit and lending rates. Further, during November both RBA and APRA have hinted at monetary and regulatory toughening of mortgage borrowing possibilities.

Reflecting on what the 39 experts in our survey believed some three months before the end of this project, prevalent and system-wide uncertainties probably underlie the neutral responses recorded to many of the questions. Increased scaling back of quantitative easing with increases in inflation (3.41), increased inflation leading to rising interest rates (3.20), an increased risk of imported inflation (3.23), downward pressure on the Australian dollar (3.08), and the increased likelihood of a non-recession downturn (3.32) were all propositions that were greeted neutrally. Neutral responses were also recorded in relation to immigration issues: namely, that low levels of net immigration (excluding returning Australians) would reduce growth in the next two years (3.79) or put upward pressure on wage rates (3.31). The suggestions that there is a rising risk of Australia re-entering recession (2.63), and that the risk of higher inflation for 2022 and 2023 was being underestimated (2.79) were rejected by our exert respondents.

10 The expert survey questions were graded on a Likert scale of 1-5. Figures in brackets represent the average of respondent's ratings for each question.

Similarly neutral responses were noted in response to questions suggesting increasing trade tensions, especially with China (3.55), or that non-Chinese trade from Australia would decline in 2022–23 (3.05) and that outward migration would rise with travel barriers removed (3.20), and finally, that employment in tourism will remain below pre-covid levels (3.40) and that neither international student numbers (3.26) and especially Chinese student numbers (3.81) would remain depressed beyond 2023. Expectations about the construction sector were neutral regarding the proposition that there would be a drop-off in current construction levels back towards pre-covid levels, though but they disagreed that there would be construction contraction to below pre-pandemic levels.

The only strongly agreed statement regarding the future to 2022–23 was that Australia's low vaccination rate (at the time of the survey) posed a continuing threat to the recovery of the tourism sector through 2023.

5.3 Labour markets and housing affordability stress

In this section we turn to examine the relationship between lockdowns, and other economic consequences triggered by COVID-19, labour market outcomes and housing affordability stress. This section updates earlier work reported by Leishman, Ong et al. (2020). The early stages of the pandemic (March/April 2020) were characterised by widespread lockdowns across most international contexts—dubbed 'the great shutdown'. ABS data[11] show significant impacts on payroll jobs, varying by industry.

Worst affected were the accommodation and food services industry, and arts and recreation services (down 34.6% and 27.7% respectively). At the other end of the spectrum, ABS defined the electricity, gas, water and waste services sector, and the financial and insurance services sector as 'low impact', with 0.8 per cent and 0.3 per cent payroll job losses respectively. Job losses were measured across the period 14 March to 18 April 2020.

The 'moderate impact' sectors were clearly distinguishable as a third cluster, with job losses ranging from 3.7 per cent (professional, scientific and technical services) to 5.1 per cent (transport, postal and warehousing).

It was in this context that the Australian Government introduced a range of emergency income support measures including JobKeeper, JobSeeker and the Coronavirus Supplement. Leishman, Ong et al. (2020) calculated that the number of households living in housing affordability stress would have increased by 74 per cent without the income support measures, and the number living with severe housing affordability stress would have increased by 167 per cent. Their analysis showed the CRA entitlement alone would not be sufficient to mitigate reductions in incomes for households losing employment to the point that housing affordability stress was avoided. Their analysis also suggested that housing affordability stress would gradually increase by more than 100,000 households in the latter stages of the income support measures (there were three phases of JobKeeper and two phases of JobSeeker and the Coronavirus Supplement).

A combination of better than expected economic resilience, government and central bank stimulus measures and a relatively low incidence of COVID-19 outbreaks in Australia led to an earlier and stronger than hoped for economic recovery, beginning in Q4 of 2020, and accelerating through most of 2021. While income support measures undoubtedly avoided much of the job and income loss burdens experienced during the great shutdown, it is also clear that the scale of job losses did not approach the more severe scenarios contemplated in the earlier study reported by Leishman, Ong et al. (2020). Nevertheless, by late June 2021 Sydney was placed in lockdown once again, following an outbreak of the Delta variant of COVID-19. Regional NSW followed suit in August 2021. Meanwhile, Victoria was in lockdown from 30 March 2021.

11 https://www.abs.gov.au/articles/year-covid-19-through-payroll-jobs-and-wages-statistics

More recent ABS data[12] show a pattern of job losses, and reduction in average hours worked, reproduced in Table 14. The pattern is similar to that observed during the great shutdown, with the largest job losses seen in arts and recreation services (20.5%) and accommodation and food services (10%), closely followed by rental, hiring and real estate services (8.8%). Most other sectors lie in the 2–4 per cent range.

However, the patterns in terms of reduced hours worked show some differences compared to the job loss data. Accommodation and food services is the highest affected (23.2%) followed by arts and recreation services (12.4%), with construction the next worst affected (6.9%). It seems likely that the patterns reflect the variable capabilities of different industry sectors to adapt to changed working practices, and point to a higher propensity for employers to reflect reduced business by reducing working hours rather than cutting jobs outright.

Table 14: Loss of employment and hours worked between February 2020 and August 2021

Industry sector	Employed (%)	Average hours (%)
Agriculture, forestry and fishing	1.3	-4.3
Mining	-2.3	1.8
Manufacturing	3.8	-2.6
Electricity, gas, water and waste services	-3.1	-4.6
Construction	-4.3	-6.9
Wholesale trade	-3.4	-1.8
Retail trade	-7.1	-5.2
Accommodation and food services	-10	-23.2
Transport, postal and warehousing	-0.3	-3.2
Information media and telecommunications	1.6	-0.7
Financial and insurance services	5.8	0.3
Rental, hiring and real estate services	8.8	-3.8
Professional, scientific and technical services	-3.3	-1.3
Administrative and support services	-2.1	-5.4
Public administration and safety	2.3	1.2
Education and training	-2.4	-1.1
Health care and social assistance	1.9	-2.9
Arts and recreation services	-20.5	-12.4
Other services	-0.4	-13.4

Source: Australian Bureau of Statistics.

The figures shown in Table 14 relate to Australia but, as noted above, lockdowns were largely confined to Victoria and NSW in August 2021. It follows that the majority of Australia's job losses and reductions in hours worked between February 2020 and August 2021 were likely to be concentrated in those states. In order to develop a set of unemployment scenarios to an updated simulation exercise, we followed these steps:

- Assumed that all ABS reported job losses applied to Victoria and NSW
- Inverted the data, using Victoria/NSW population relative to Australia's total population—this yielded estimates of job losses and reduced hours worked for Victoria and NSW

12 https://www.abs.gov.au/articles/charts-casual-employment-occupation-and-industry-august-2021#industry

- We grouped the data into three scenarios:
  - Severe (the greater of % reduction in jobs or hours worked)
  - Moderate (the lesser of % reduction in jobs or hours worked)
  - Mild (half the impact of the moderate scenario)

These steps culminate in probabilities of job/income loss, by industry sector, as summarised in Table 15.

Table 15: Unemployment scenarios feeding into the HILDA simulation

Industry sector	Severe	Moderate	Mild
Agriculture, forestry and fishing	-7.5	0	0
Mining	-4.0	0	0
Manufacturing	-4.5	0	0
Electricity, gas, water and waste services	-8.0	-5.4	-2.7
Construction	-12.0	-7.5	-3.7
Wholesale trade	-5.9	-3.1	-1.6
Retail trade	-12.3	-9.0	-4.5
Accommodation and food services	-40.2	-17.3	-8.7
Transport, postal and warehousing	-5.5	-0.5	-0.3
Information media and telecommunications	-1.2	0	0
Financial and insurance services	0	0	0
Rental, hiring and real estate services	-6.6	0	0
Professional, scientific and technical services	-5.7	-2.3	-1.1
Administrative and support services	-9.4	-3.6	-1.8
Public administration and safety	0	0	0
Education and training	-4.2	-1.9	-1.0
Health care and social assistance	-5.0	0	0
Arts and recreation services	-35.5	-21.5	-10.7
Other services	-23.2	-0.7	-0.3

Source: Australian Bureau of Statistics, Labour Force (detailed), September 2021.

Our analysis of HILDA Wave 18 focuses on individuals aged 16–65, for which we re-estimate an econometric model of labour market participation (see Leishman, Ong et al. 2020, for the full specification and details). Propensities to participate in the labour market, and to be employed, depend on a range of factors including age group, gender, educational attainment and household composition. The econometric analysis yields coefficients. These can be used to calculate the probability of participation and of employment for each individual.

The simulation exercise proceeds as a series of steps, as follows:

- The industry sector of each employed individual is observed in the data
- This allows the selection of a probability of job loss based on sector and scenario, as summarised in Table 15
- The model is calibrated to ensure that the total predicted job losses per sector sum to the totals expected as per Table 15

- Household income is recalculated for all households in Wave 18
- Taking into account observed housing costs, the total number of households in affordability stress is recalculated
- Eligibility for CRA, JobKeeper (phase 1) and disaster relief payments is calculated and applied to the individuals and their households
- Housing affordability stress is recalculated once more.

This combination of methods allows us to estimate, for Australia, what might happen (or did happen) to job losses, loss of hours worked, resultant loss of income, and impact on housing affordability stress in the event of lockdown. It allows us to demonstrate the mitigating impacts of CRA, JobKeeper (in its initial, more generous phase), and the more recently applicable disaster relief payments offered in NSW, Victoria and other jurisdictions. The results are summarised in Table 16.

Table 16: Impacts of economic scenarios and interventions on housing affordability stress

Interventions	Scenario	Mortgage	Private rent	Public rent	Total
No Intervention	Mild	68,000	109,900	10,400	188,300
	Moderate	91,600	135,400	10,700	237,700
	Severe	182,700	256,500	11,100	450,300
Phase 1 JobKeeper but no CRA	Mild	-6%	-11%	-13%	-9%
	Moderate	-13%	-17%	-15%	-16%
	Severe	-30%	-31%	-17%	-30%
Phase 1 JobKeeper and CRA	Mild	-6%	-32%	-13%	-23%
	Moderate	-13%	-36%	-15%	-27%
	Severe	-30%	-46%	-17%	-40%
Disaster relief but no CRA	Mild	-0.3%	-9%	-14%	-6%
	Moderate	-2%	-11%	-15%	-8%
	Severe	-20%	-22%	-15%	-22%
Disaster relief and CRA	Mild	-0.3%	-31%	-14%	-20%
	Moderate	-2%	-33%	-15%	-22%
	Severe	-20%	-41%	-15%	-33%

Source: Authors' calculations.

The analysis suggests that a national lockdown, such as that experienced in Victoria and NSW in mid-2021, would generate job losses and loss of earnings leading to an increase of between 188,300 and 450,300 housing affordability stress (HAS) cases (without any policy interventions). These are distributed 41 per cent, 57 per cent, 2.5 per cent between mortgaged home owners, private renters and public renters respectively, for the 'severe' scenario. The prediction that the majority of impacts would be felt in the private rented sector is in keeping with previous analyses.

The original income support measures (dubbed JobKeeper phase 1 in this analysis) reduces these additional HAS cases by a significant amount (30% overall and 31% for private renters) under the severe economic scenario. A combination of JobKeeper and CRA reduces the incidence to 40 per cent overall or 46 per cent for private renters under this scenario. When we turn to the less generous, but more recently applied, disaster relief payments, we can see that their ability to mitigate housing affordability stress is weaker. Housing affordability stress reduces to 22 per cent overall under the severe scenario. But a combination of disaster relief payments and CRA reduces the incidence to 33 per cent overall and 41 per cent for private renters. It is clear, then, that while JobKeeper was the more powerful policy intervention—especially in its generous phase 1 form—disaster relief payments working in tandem with CRA eligibility are also an important and effective policy intervention.

Another point worth noting is that under the 'mild' and 'moderate' economic scenarios examined here, predicted job and income losses disproportionately affect private and public renters (not mortgaged home owners). This likely reflects a strong correlation between renting and job occupation associated with more heavily affected economic sectors. Finally, it is worth mentioning that although income support payments and CRA have a sizeable impact on the number of HAS cases, no combination of policy interventions examined here completely eliminates the simulated increase in cases. In fact, policy interventions reduce the incidence in a range, approximately, of between 20 and 40 per cent depending on the scenario.

5.4 Factors shaping housing market outcomes

In this section we summarise the results from our online survey of experts. Respondents expressed near universal approval (4.23) for the government's approach to maintaining income support (JobKeeper, JobSeeker, Coronavirus Supplement) after March 2020 and agreed that it had strongly supported consumer spending (and employment) (4.47) and household savings (as households discretionary leisure spending) (4.17). They were, overall, more mixed in their views (3.46) regarding requirements for sustained support through 2022, but leaned towards agreement rather than disagreement with the proposition. There was, however, strong agreement (4.24) that if such measures were to be implemented then there should be more effective targeting by regions, employment sectors and workers most at risk (4.24) and they disagreed with the proposition that individual support levels should be reduced (2.65).

In relation to the rental housing market, there was strong agreement (4.15) that rent rise and eviction restrictions through the pandemic peaks had been appropriate policy measures. Expert views on measures for the rental sector going forward tended to be in the 'neutral' category. For instance, 'demand pressures increasing in 2022' (3.32), that 'pressures in 2021 are unexpected given the slump in immigration' (3.26) and that 'rent pressures are a side effect of strong house price growth' (3.02). Experts, in aggregate, disagreed with the statement that 2021 rent rises are simply a market correction to 2020 disruptions (2.46) and they did not agree that national level interventions would be required to avoid large scale repossessions should future rises in infection rates coincide with rising interest rates (2.92).

The survey respondents were much clearer and stronger in their criticism of policy measures for the home owner sector. They disagreed that HomeBuilder was a well targeted measure (1.90) and they particularly disagreed with the proposition that the 2021 price boom vindicates government support for that program (1.77). In terms of overall program balance, there was strong agreement (4.28) that the government was mistaken in eschewing support for social housing investment. Taking all the sectors together, experts disagreed with the statement that Australia's housing market is now on firm foundations to cope with the possibility of rising interest rates before 2023 (2.48).

Interestingly, we when turn to consider the survey questions focused on drivers of the economy and housing markets, responses were more varied than in relation to policy intervention questions, and tended to generate much more neutral responses. This may reflect the period of considerable uncertainty.

For example, our survey results show that experts believed that the large return flow of Australians from living overseas had little impact on wage growth, but they also rejected the proposition that returners had contributed significantly to rising house prices and rents (2.74). They were neutral on the view that they had disproportionately increased housing demand in the higher value segments of the market.

Further, the experts were also neutral on the notion that low levels of overall immigration to Australia reduced pressures and increased affordability in city centre housing submarkets. The empirical evidence is that in the early stages of the pandemic central city rental markets did, through rent and vacancy rates, show signs of reduced demand and market slackening, though this may have reflected a range of downward demand shifts (students, travellers, households seeking less dense living settings), but these had begun to recover by the third quarter of 2020.

Rising house prices and rents reflect excess demand for housing—the gap where demand exceeds supply is likely to be reflected in rising rents and prices. Factors that sharply increase demand when supply is inelastic (which is likely to be the case in the short term given the complexity of construction and the imprecision of demand forecasting) will increase prices, as will factors that restrict supply. Sophisticated econometric modelling of metropolitan and regional markets would be required to disentangle and weight the relative influences. Despite quite strong assertions of industry wide beliefs about the causes of the recent drivers of housing prices in Australia, there are few empirical studies to back these assertions.

Our experts were neutral or tended to agree with the belief that low interest rates, or monetary policy, can principally explain high inflation rates (3.74). They were even more neutral, verging on disagreement, that over-restrictive planning regulations primarily explain excessive house price increases (3.00). They were also neutral (despite their near unanimous criticism of HomeBuilder) on the assertions that first-owner grants (3.50) and speculation (3.37) had driven the market. One could interpret these responses as saying that none of these influences was important in house price inflation. But they might mean, in line with the previous paragraph, that all were potentially important.

Indeed, they agreed strongly (4.14) that any strategy addressing housing unaffordability should address the impediments to supply and the over-stimulation of demand. That work still needs to be done. They also disagreed with the proposition that, in this recovery, rising house prices are to be welcomed as positive for the economy.

The notion that the rise in household debt (especially mortgages) poses a threat to Australian economic stability met a weak agreement response from the experts (3.64). This does square well with current informed commentary, not recent patterns in bond markets, and it may be that awareness of potential instability is more apparent as the year ends, and RBA induced rises in interest rates and more stringent APRA borrowing criteria are more widely discussed in the financial press.

Our experts were in strong agreement that housing market outcomes in Australia through the pandemic have worsened wealth inequalities (4.55) and for governments committed to the notion that home-ownership rates should rise, there is bleak news in that experts now reject the proposition that Australian renters still have a realistic prospect of becoming home owners by their mid-30s. That rate fell sharply over the last decade and has halved since the mid-1990s, and rates are falling for the over-40s, and 50s as well.

5.5 Summary

This chapter has drawn on two principal analyses—a survey of economists and other housing market experts, and a repeat analysis of HILDA, including a simulation of the impact of lockdowns on job losses, loss of income, and housing affordability stress.

We found that the expert opinions on Australia's economic outlook were neutral on many of the perceived risk factors to economic recovery in our survey. This may reflect that there is a diversity of views, or simply that the economic outlook is so much better than envisaged in the early stages of the pandemic. However, it is important to reflect that even during the course of our fieldwork, economic circumstances changed significantly—there were fresh lockdowns in Victoria and NSW, and the emergence of a new COVID-19 variant of concern—and our survey of experts pre-dated most of these new developments. Nevertheless, experts did express strong support for the idea that the pandemic has worsened housing and wealth inequalities, and this is probably the most important finding of that element of the study.

Although the large scale job losses that were foreshadowed at the start of the pandemic did not eventuate, our simulations show that lockdowns have had a significant impact on housing affordability stress. Lockdowns lead to disproportionate impacts on public-facing jobs, and individuals (and their households) affected are disproportionately more likely to live in the private rental sector. We found that the more generous levels of income support measures at the start of the pandemic were highly effective at reducing raised levels of housing affordability stress. Nevertheless, the less generous disaster relief payments used more recently are still an effective and important policy intervention in terms of reducing housing affordability stress. Income support measures are highly effective when working in tandem with eligibility for CRA.

6. Policy development options

This study sought to review the full range of housing-related policy interventions rolled out in Australia during the COVID-19 pandemic. The study was carried out while the pandemic was still very much in progress, and policy interventions were, in some cases still evolving. During the latter stages of the research, additional lockdowns occurred that were not foreseen during the fieldwork design. The report was being finalised as early signs from around the world seemed to suggest that the Omicron variant of the COVID-19 virus was becoming endemic—at least in some countries. This report cannot be considered an evaluation, as such, because both the pandemic and policy responses were continuing at the time of writing, and the longer term implications of the pandemic and the policy interventions were unknown at the time of writing this report.

Having made these points, the objectives of the study were to categorise policy responses and, through an extensive mixed method research approach, review their effectiveness. It also sought to provide a small number of international comparisons, and to give some insights about how Australia's economic and housing recovery might evolve.

In this final chapter, we consider the policy development options in the light of the research evidence. Continuing the broad tenure based structure of the report, we consider home ownership and construction, social renting and homelessness, and the private rental sector in turn. We place considerable emphasis on understanding what worked, and what might work in future if there is a future need for additional housing-related interventions in response to another public health shock, such as the COVID-19 pandemic, or economic shock such as the GFC/sovereign debt crisis.

6.1 Home ownership and construction

Intervention in the form of grant payments, combined with stamp duty relief, has once again proved an effective way to boost consumer confidence and demand and stimulate housing supply. The 'package' of available incentives to first home owners, worth over $50,000 in some states, was sufficient to increase rates of first home buyers active in the market across the country, given existing access to cheap credit. Such a package of incentives, although very costly, could be used by national and state governments in the future if the housing market once again requires stimulus.

However, it should be noted that such stimulus measures have consequences in terms of future demand and market volatility. Pulling forward market demand inevitably leaves a demand gap once grants are no longer available, resulting in a reduction in future building activity and problems for the construction industry. Governments can anticipate these supply patterns and increase public sector building activity during such periods to mitigate the impact on industry. The timing of HomeBuilder, first home owner grants, and the very tight eligibility timeframe probably caused a higher than anticipated increase in housing and construction sector activity. The timing also coincided with the announcement of state/territory social house building initiatives, placing further strain on construction markets.

The rapid introduction of home ownership interventions by government was commendable, but generated a number of unforeseen outcomes. These outcomes, particularly regarding material and labour shortages, cost increases and project delivery timeframes, were largely due to the unanticipated level of demand for grants and the design of the HomeBuilder scheme itself.

Greater collaboration within industry in the development of policy settings could have avoided some of the supply and cost issues and spread the level of development activity over a longer period. Indeed, subsequent discussions with industry did deliver changes to the commencement requirements to support home buyers and industry. Co-design of stimulus schemes from the outset could have avoided major timeframe issues, produced a more accurate assessment of scheme demand and delivered policy settings that benefited a broader cross section of the construction industry and not just those specialising in land and detached dwelling products.

6.2 Social housing and homelessness

The pandemic has once again highlighted the critical role played by social housing as essential infrastructure that provides relative stability, security and health for tenants and communities in times of crisis, as well as in periods of business as usual. However, the sector has not kept pace with demand in recent decades. Investment in new social housing supply across four states and significant investment in renovation and retrofit programs in other jurisdictions indicates both the importance of social housing in terms of its stability and resilience, as well as the role social housing supply can play as a form of economic stimulus. Additional investment in periods of business as usual have the effect of increasing the capacity and resilience of the housing system. Future periods of economic or public health shock should also be seen as apt timing for more significant periods of investment for stimulus reasons.

The level of new investment in social housing supply programs indicates scope for innovative delivery approaches —including metropolitan and regional supply of energy efficient, sustainable and health-promoting dwellings, and models of social housing tenure that include rental as well as hybrid shared-equity and rent-to-buy schemes—to support a viable future housing sector. A significant implication of social housing expenditure is the need to maintain investment in, and appreciation of the benefits of, social housing as infrastructure in an ongoing way—rather than solely in times of pandemic or other crises.

Policy discussions that formed part of this research project suggest that in order for ongoing innovation, social housing resilience, and effectiveness of interventions to continue, additional policy and evidence infrastructure must be in place. This could take a variety of different forms, including:

- sharing of information between state and territory jurisdictions on a regular basis to underpin social housing resilience, and lead to better refinement of policy and practice, and
- better data sharing and linking within and across jurisdictions, as well as between and within government and not-for-profit sectors.

Learning the lessons from COVID-19 in both 2020 and 2021 is essential to deal with future crises, including ongoing impacts of the current pandemic. The interventions to support social housing and homelessness responses to the pandemic are dynamic, evolving and are effectively a 'test run' for future shocks.

The establishment of an agile infrastructure to support information sharing about housing and homelessness policy and practice, in both crisis and non-crisis scenarios, will support more effective and innovative housing policy development in the future. The state-to-state infrastructure and approaches that were developed rapidly and which supported jurisdictional responses to COVID-19 provide a template for a shelf-ready policy-sharing practice that warrants supported development across governments. This could usefully include local government as well as state and territory and national tiers of governance.

To meet the need for social housing in the short term, future research and policy directions could usefully include exploration of how effectively head leasing of private rental properties can facilitate a rapid expansion of social housing supply. Such approaches could supplement homelessness interventions and policy developments made in response to COVID-19. Ongoing innovations that link investment in social housing opportunities directly with homelessness programs are likely to be needed, to offset increasingly unaffordable housing for lowest income households nationally.

6.3 Private rental markets

From the very beginning of the COVID-19 pandemic it was clear that job losses, reduced working hours and incomes, light regulation and housing insecurity would disproportionately affect Australians living in the private rental sector. The economic shocks also disproportionately affected people with public-facing roles, notably in the tourism, hospitality, arts and leisure sectors. This 'perfect storm' of greatest economic harm targeting society's already more vulnerable, living in a tenure with the weakest form of rights and safeguards of the three main tenures, had the potential to end in catastrophe. Yet, the research serves as a reminder that Australia's policy interventions in this tenure were among the lightest, least co-ordinated, and inconsistent between jurisdictions or over time.

The research revealed considerable disagreement between investor and tenant advocates in terms of how targeted interventions were, or should have been. The previous published evidence shows that a very small minority of tenants received rent variations, and that nearly three times as many more were refused one. Our new evidence is consistent on the refusal statistic, but suggests that a much higher proportion of tenants received a rent reduction—although it is important to reflect that our survey collected data from landlords only (not tenants).

Perhaps the most powerful evidence collected by this research, though, lies in its diversity. Private renting is a 'sector' in name only. In reality, it is largely fragmented, mainly consisting of many thousands of individual landlords, investors and their agents. Aggregating and making sense of the decisions of such a diverse, and lightly regulated, set of interests does not amount to having a coherent or systemic policy response.

Indeed, the research evidence shows that income support interventions were far more effective in safeguarding homes (as well as incomes) than direct interventions, for example through eviction moratoriums or rent relief measures. Serious consideration should be given to exploring and designing mandatory interventions concerning rent relief, rent variation and eviction moratoriums for rapid rollout in future emergency periods.

6.4 Final remarks

It is important to accept that successful housing interventions require both the Australian and state governments to take proactive roles in addressing inequality. No long lasting intervention to address the housing crisis is possible without also putting in place measures to tackle inequality. Future Australian Government interventions should therefore prioritise the supply side in order to boost public housing, rather than seeking to further stimulate consumer demand in the private residential market.

Several of the short-term crisis interventions developed to reduce homelessness during the COVID-19 pandemic provide pathways for medium and longer-term intervention and investment. Schemes such as Hotels to Home provide an important example of new forms of partnerships that can be supported to provide resilient, sustainable ways of utilising government, not-for-profit and private industry to jointly resolve homelessness.

The implications of what was arguably a highly successful rapid and innovative response to homelessness in the pandemic provides empirical and policy evidence that innovation rather than policy stagnation is possible. A detailed understanding of what the success factors were nationally and internationally, including within practice interventions, is an important area of urgent future research.

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Appendix 1: Home ownership interventions

Scheme name/description	Scheme details
Mortgage deferrals (Australian Banking Association) (National)	On 19 June 2020 the Australian Banking Association reported that 485,063 home loan mortgages had been deferred at a total value of $175.5 billion. Mortgage holders could apply for an additional three-month deferral as of July 2021 (Australian Banking Association 2021).
First Home Loan Deposit Scheme (National)[13]	A cap increase of $100,000 on property prices was implemented on 1 July 2021 (NHFIC 2021b).
New Home Guarantee Scheme (National)	The New Home Guarantee has been extended with an additional 10,000 places available from 1 July 2021 to 30 June 2022 (NHFIC 2021c). Enabling first home buyers to build a new home or purchase a new build on a 5% deposit, with the Australian Government acting as the loan's guarantor.
Family Home Guarantee Scheme (National)[14]	The Family Home Guarantee provides 10,000 places over four financial years from 1 July 2021 to 30 June 2025. As the NHFIC guarantees part of the home loan, eligible households can enter home ownership with as little as a 2% deposit. Eligibility criteria includes single parents with at least one dependent as well as first home buyers and previous home owners (NHFIC 2021d).
First Home Super Saver Scheme (expansion) (National)[15]	On 11 May 2021, the Australian Government announced a plan to increase the maximum amount of voluntary contributions that can be released under the First Home Super Saver Scheme, from $30,000 to $50,000. The amendment is scheduled for implementation 1 July 2022 (ATO 2021).
HomeBuilder (National)	Provided eligible applicants grants of $25,000 to build a new home or substantially renovate an existing home between 4 June 2020 and 31 December 2020 (Prime Minister of Australia 2020b). The program was extended to include contracts signed between 1 January 2021 and 31 March 2021. However, the amount available was reduced to $15,000 (Australian Government Treasury 2021). As of 9 April 2021, 121,363 HomeBuilder applications have been lodged across all states and territories (Australian Government Treasury 2021).

13 Not a COVID-19 policy measure.
14 As above.
15 As above.

Scheme name/description	Scheme details
Affordable Regional Land Booster Package (WA)	The $116 million Regional Land Booster package offering discounted land on 1,095 development-ready lots across WA for industrial, commercial and residential purposes (Development WA 2020). Eligible land-buyers can also access the WA Government's Building Bonus and first home buyer schemes, as well as the Australian Government's HomeBuilder grant (Rowley, Crowe et al. 2020: 18).
Off-the-plan duty rebate (WA)	An additional $8.2 million committed to the Off-the-Plan Rebate scheme. The scheme targeted multi-tiered developments under construction or already-approved construction contracts, providing a 75% stamp duty rebate, capped at $25,000 for eligible owner-occupiers (WA Government 2020).
WA Building Bonus package and FHOG (WA)	The WA Government has allocated at least $147 million for the Building Bonus scheme, as at 13 August 2021 (KPMG 2021a). The $20,000 Building Bonus grant could be used in combination with the Federal Home Builder grant ($25,000 between August–December 2020 and $15,000 between 1 Jan to 31 March 2021) as well as the pre-existing $10,000 first home buyers scheme (KPMG 2021a). As of 9 April 2021, 17,752 HomeBuilder applications have been lodged (Australian Government Treasury 2021).
HomeBuilder, FHOG and stamp duty relief (NSW)	Up to $35,000 in state and federal grants were made available for eligible applicants (Revenue NSW 2020). In addition to HomeBuilder, first home buyers could access a pre-existing $10,000 grant for newly constructed dwellings valued below $600,001. Stamp duty exemptions are available for first-time buyers, the thresholds of which, were increased for the purchase of new homes and vacant land from 1 August 2020 to 31 July 2021. Full exemptions are available on new homes valued under $800,000; representing a saving of up to $31,335 (Revenue NSW 2021). As of 9 April 2021, 23,175 HomeBuilder applications have been lodged (Australian Government Treasury 2021).
HomeBuilder and FHOG (VIC)	Home buyers could access up to $45,000 in government grants. Stamp duty exemptions were also available for purchases less than $600,000, and concessions for homes up to $750,000 (Rowley, Crowe et al. 2020: 19). This included pre-existing $10,000 first home buyer grant for newly constructed dwellings valued at $750,000 or less, while first-time home builders in regional Victoria could access $20,000. As of 9 April 2021, 35,169 HomeBuilder applications have been lodged (Australian Government Treasury 2021).
Tasmanian HomeBuilder grant (TAS)	$20,000 Tasmanian HomeBuilder grant can be used in conjuncture with the federal HomeBuilder program ran between 4 June 2020 and 31 March 2021. However, the grant amount was reduced to $15,000 between 1 January and 31 March 2021 (State Revenue Office of Tasmania 2021). As of September 2020 the Tasmania Government estimates that $20 million has been committed to the program (Tasmanian Government 2020). As of 09 April 2021, 3,062 HomeBuilder applications have been lodged (Australian Government Treasury 2021).
HomeBuilder and FHOG (SA)	Eligible South Australians can access up $40,000 in national and state government grants. Combined with the national HomeBuilder grant ($25k), first home buyers can access an additional $15,000 for newly constructed dwellings valued at $575,000 or less (Premier of South Australia 2020). As of 9 April 2021, 12,693 HomeBuilder applications have been lodged (Australian Government Treasury 2021).

Scheme name/description	Scheme details
HomeBuilder and State home buying assistance (QLD)	Queensland home buyers can obtain up to $45,000 in national and State Government grants • Home builder $25k • FHOG $15k • Regional home building boost $5000 (announced in June 2020) (Queensland Government 2021) The Queensland Government has committed more than $172 million to home building through the First Home Owners Grant and Regional Home Building Boost, as at June 2021 (Queensland Government 2021). As of 9 April 2021, 26,293 HomeBuilder applications have been lodged (Australian Government Treasury 2021).
Northern Territory HomeBuilder, BuildBonus Grant, FHOG and COVID-19 Home Improvement Scheme (NT)	Eligible Northern Territorians could access up to $55,000 in home-building funding and concessions. In addition to the federal HomeBuilder grant ($25,000), the pre-existing BuildBonus grant of $20,000 was made available to all new home builders. First-time home buyers could also access an additional grant of $10,000, as well as stamp duty exemptions for purchases of less than $500,000 (Northern Territory Government 2020). $100 million also committed to the Home Improvement Scheme (HIS) assisting 20,000 home to owners make improvements to their property (Northern Territory Government 2020). As of 9 April 2021, 376 HomeBuilder applications have been lodged (Australian Government Treasury 2021).

Source: Authors.

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