EXECUTIVE SUMMARY

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A national roadmap for improving the building quality of Australian housing stock

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Executive summary

Key points

- Poor building quality, conditions and environmental performance is prevalent in Australia's housing stock. In a large, national survey in 2022, 70 per cent of households reported one or more major building problems.

- The ability to accurately measure and monitor the characteristics of the housing stock as a whole has never been greater. The current national data infrastructure is insufficient.

- Australian policy that deals with housing standards is fragmented across federal and state and territory governments, and portfolios. When compared to international benchmarks, it is weak and overly reliant on voluntary measures.

- A national strategy to improve housing standards should be developed. Short-term, considerable opportunities exist to enhance housing standards via mandatory disclosure of performance at point of sale or lease, minimum standards in the rental sector and stronger performance requirements for new houses.

- Policy action will have to balance lobbyist resistance. Lessons from two case studies show that change is possible but requires mobilisation of a strong narrative by advocates.

Key findings

In recent years a light has been shone on the poor quality, condition, and environmental performance of Australia's housing stock. However, there is no comprehensive policy strategy to improve the housing stock so that it is fit for purpose: healthy, affordable to run, and energy efficient. To provide a national roadmap for the improvement of Australian housing conditions, this research brings together the best available data on the housing stock, reviews current policy settings, and investigates key factors in housing policy change.

Our data stocktake reveals that available data are largely piecemeal, and represent opportunistic collection of secondary data that is insufficient to the task of monitoring progress or guiding good policy. The Australian data on housing conditions is uneven, both in its focus and in the types of information collected. No one dataset stood out as ideal for providing information on the state of housing in Australia. Australia needs a coordinated data infrastructure that can enable consumers to make informed decisions, assist policy makers to develop responsive and targeted regulation, monitor improvements in the stock and set strategic direction, identify vulnerable populations, and empower advocacy.

Our review of the Australian policy landscape reveals a similar fragmentation and, in some cases, ineffectual regulation of housing standards, including environmental performance. International benchmarking identifies gaps in the Australian regulatory framework and draws attention to the voluntary nature of many of the tools aimed at improving housing conditions. Taken as a whole, current housing standards policy is insufficient to realise wholescale improvement of the housing stock, particularly to levels needed to support decarbonisation of the built environment.

Detailed exploration of the political and governance context of housing standards regulation in Australia highlights a lack of national leadership, a strong lobbyist influence in maintaining the status quo, and key governance processes that have been historically opaque. Examination of two case studies—the Healthy Housing Standards in Aotearoa New Zealand and the Livable Housing Design Standard in Australia—demonstrates the power of: (a) convincing narratives of the actual or potential harms of weak housing standards regulation, (b) coalitions of advocacy, and (c) government accountability in realising action in housing policy.

Policy development options

The chief policy recommendation arising from this research is that a **national strategy to improve housing standards** be developed. This strategy should set a long-term strategic vision, establish frameworks for action, and determine models of resourcing. Specifically, a national approach could enable the alignment of housing standards regulations with other headline policy commitments (such as decarbonisation of the built environment), greater consistency in housing standards across jurisdictions, and inter-governmental and departmental collaboration.

A national program of **mandatory disclosure of performance for residential buildings** should be established as a priority. The mandatory disclosure of performance (for instance, energy or environmental performance measured according to healthy housing standards) could enable improved market function in the provision of better consumer information, accountability and transparency in the performance standards of public and community housing, and the routine collection of data on performance standards across the entire housing stock. A mandatory disclosure scheme could also act as a mechanism for mandating minimum performance standards for existing buildings, increasing minimum performance standards over time, and act as a conduit for government retrofit or remediation programs targeting lower performing dwellings.

Minimum housing standards for the rental sector should be established as a priority. Minimum standards via the state and territories' residential tenancies acts could provide a safer, more energy efficient, and healthier environment for renters. With the private rental sector increasingly housing people for life, minimum standards are a key component in ensuring that rental tenure represents an equitable and reasonable alternative to homeownership.

Energy efficiency performance requirements and Livable Housing Design Standard for new houses in **the National Construction Code** (NCC) should continue to be prioritised and progressively enhanced to ensure that houses built today are fit-for-purpose now and under future conditions.
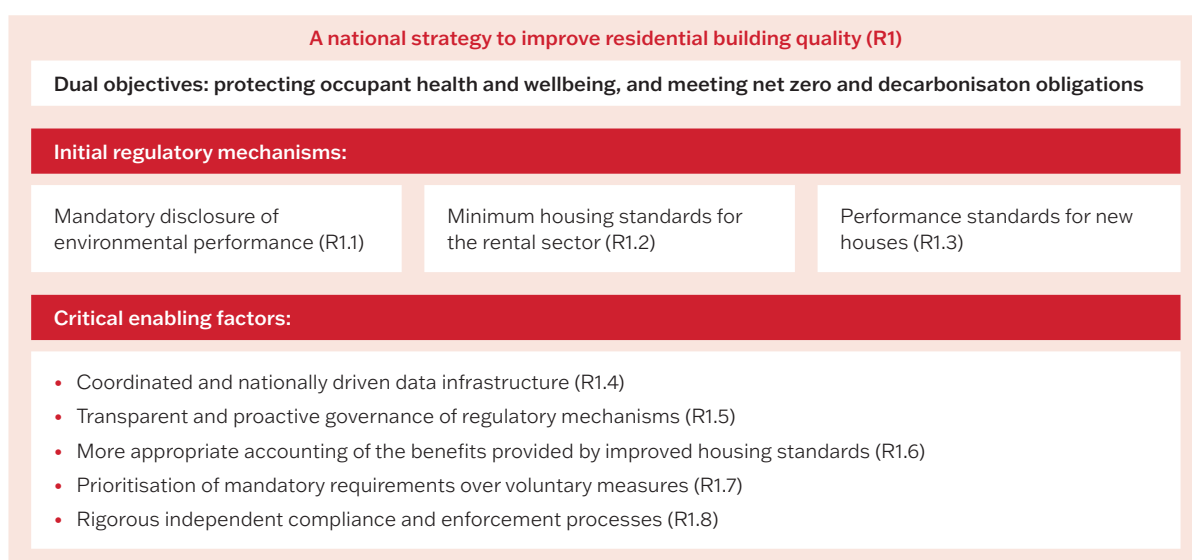
A **coordinated and nationally driven data infrastructure** should be established to shape policy responses to sub-standard housing and monitor progress into the future. National coordination could bring together existing data resources sourced from, for example, energy providers, the planning sector and the building sector. There is a clear role for government in coordinating this much required infrastructure, incentivising collaboration, and making it widely accessible to all.

As the scope of the NCC expands to address policy areas such as the Livable Housing Design Standard and net zero targets, **improvements should be made to the governance** of the NCC via the Australian Building Codes Board (ABCB). These improvements should include better engagement with the public, consumer representation on the ABCB, diversity in ABCB members, and updated Regulatory Impact Statement (RIS) methodologies that **ensure benefits are fully captured**.

Any new housing standards policy should prioritise **mandatory regulation over voluntary programs** in line with international best practice. Voluntary programs and commitments have been shown to be ineffective at improving the quality, condition and environmental performance of housing. Mandatory regulation could help to overcome long-term market failure, and compel a step-change in the overall safety, efficiency, and affordability of Australia's housing stock.

Stronger **compliance and enforcement** regimes should be established to ensure that housing standards requirements are met for all new houses and apartments. Building certification that is independent and comprehensive (i.e. reviews all aspects of construction requires including energy efficiency aspects as well as Livable Housing Design Standard requirements) could achieve improved construction quality, builder and developer accountability, and consumer confidence.

Figure 1: Research recommendations

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A national strategy to improve residential building quality (R1)

Dual objectives: protecting occupant health and wellbeing, and meeting net zero and decarbonisaton obligations

Initial regulatory mechanisms:

Mandatory disclosure of environmental performance (R1.1)	Minimum housing standards for the rental sector (R1.2)	Performance standards for new houses (R1.3)

Critical enabling factors:

- Coordinated and nationally driven data infrastructure (R1.4)
- Transparent and proactive governance of regulatory mechanisms (R1.5)
- More appropriate accounting of the benefits provided by improved housing standards (R1.6)
- Prioritisation of mandatory requirements over voluntary measures (R1.7)
- Rigorous independent compliance and enforcement processes (R1.8)

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Source: Authors

The study

This research sought to provide a roadmap for the implementation of best-practice housing standards regulation in Australia to address problems associated with aged and ill-performing housing stock in both the owned and rented sectors. The research was guided by three research questions:

1. What is the condition and environmental performance of Australia's housing stock?

2. What are international best practice quality and performance standards, and how can they be implemented in Australia?

3. How can we realise best-practice quality and performance standards and tenancy legislation in Australia (who are the appropriate actors, and what are the mechanisms to influence their decisions)?

The research was undertaken in three components:

Review and analysis of Australian housing data

A data stocktake was undertaken to collate and assess the available information on the quality, condition and environmental performance of housing in Australia. Available data were analysed to provide a baseline understanding of the current state of Australia's housing stock.

Review of the Australian policy landscape and case study of international precedents

A review of current federal and state and territory policy related to housing standards was conducted. Existing policies were summarised and compared to the International Energy Agency's (IEA) framework for energy efficient buildings and construction. Three desktop case studies of useful precedent policy mechanisms from international counterparts – the United Kingdom (UK), the United States (US) and Aotearoa New Zealand – were undertaken.

Interviews and case studies of the circumstances that affect change in housing policy

Semi-structured interviews were conducted with 19 stakeholders from government, non-government organisations, industry and academia. Together with two case studies of instances of housing policy change – one from Australia and one from Aotearoa New Zealand – the results of the interviews identified critical enabling and limiting factors in realising policy action.