

## Examining housing policy responses to COVID-19



Based on AHURI Final Report No. 343: Policy coordination and housing outcomes during COVID-19

### What this research is about

This study gathered data on the scale and scope of policy interventions in the housing system during the COVID-19 pandemic in Australia—a critical first step for on-going assessment of the outcomes and impacts of the broad suite of initiatives deployed by governments in response to the pandemic.

### The context of this research

The COVID-19 pandemic created an unprecedented crisis facing the housing system and the people who depend upon it. This research will help build a preliminary evidence base to assess the whole-of-government response and to prepare policy makers for future crises with similar system-wide implications.

### The key findings

The multi-level response to pandemic impacts on the housing system were rapid; large in scale and scope; and generally well-coordinated. In total, 98 Australian Government and state/territory government initiatives were announced between March and June 2020, supported by \$4 billion of new or expedited funding.

Australian Government commitments totalled \$859m until June 2020, covering each housing outcome except for social housing (due to existing agreements over the division of governance of different elements of the social housing system). Combined commitments from the states dwarfed this figure—a total of \$3.2b committed across all jurisdictions. There were skews in this distribution—the bulk of funding was injected by Victoria, Western Australia, New South Wales and Queensland—which also reflects the responses to anticipated economic and social risks in those jurisdictions, especially where the fall-out would have been disastrous to the economic and social wellbeing of the state as well as creating ripple-effects across the country.

Table 1: Summaries of initiatives and amount allocated: by jurisdiction and housing outcome

	Australian Government	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Total Initiatives	Indicative Amount (\$)
Home ownership	1	1	1	2	-	1	1	1	1	9	\$60m +
Assisted home ownership	1	1	-	-	1	-	2	1	1	7	\$817m +
Private rental	2	2	2	-	3	3	3	2	4	21	\$1.21b +
Social housing	-	1	4	2	1	2	5	7	7	29	\$1.57b +
Crisis accommodation	1	1	1	-	3	-	1	1	2	10	\$206m +
Homelessness	2	2	6	-	3	2	3	2	2	22	192m +
Total initiatives	7	8	14	4	11	8	15	14	17	98	
Indicative amount (\$)	\$856.9m	\$1.875m +	\$638.3m +	\$60m +	\$533.4m +	\$76m +	\$201m +	\$1.039b +	\$662.1m +		\$4.08b + (approx.)

Source: Authors.

## Homelessness

The responses fell under the umbrella of two broad initiatives: the immediate need to address rough sleeping, and preventative measures to tackle the problem over the medium and long-term. Key actions taken by governments included emergency accommodation funding to rapidly house people and emergency funding for frontline services to provide wrap-around supports for those recently housed. As the pandemic unfolded, initiatives focussed on how this latter funding could be extended, while some jurisdictions committed funding to house those temporarily housed to address the problem in the long-term.

Key findings in relation to homelessness:

- National effectiveness in rapidly accommodating some of the most disadvantaged and at-risk groups in Australia is widely seen as one of the early ‘successes’ of governments’ response.
- By some estimates 8,000 people across Australia were provided with accommodation to create safe spaces to self-isolate and recover if presenting symptoms.
- For the first time rough sleeping was briefly eliminated with the majority housed in a combination of hotel/ motel accommodation.
- In line with the National Cabinet, responses followed a common approach—rapidly identify the homeless using the resources and networks of specialist homeless services (SHS); house people in temporary accommodation; and provide ‘wrap-around’ support.
- Several governments—New South Wales, Victoria and Western Australia—are using the opportunity to transition homeless into long-term and secure accommodation through additional investments in housing and assertive care.
- What is evident is the growth of approaches modelled on ‘housing first’ (or rapid housing) as the strategy for tackling long-term homelessness.
- It has thus illustrated the potential to address one of society’s most enduring and intractable problems—and illustrates the potential for policy and social innovation in a crisis.
- The total number of policy initiatives announced by all Australian governments for homelessness is 22 and it is estimated that \$192m of funding was committed by mid-June 2020.

## Crisis accommodation

Social distancing measures created an environment for what the United Nations described in April as a ‘shadow pandemic’: potential for increased violence against women and girls. At the initiative level, governments aimed to tackle the problem through domestic family violence (DFV) emergency accommodation. Emergency funding was committed by all governments to frontline services and as well as emergency funding from the Australian Government to the states and territories to support crisis accommodation measures.

Key findings in relation to crisis accommodation:

- Stay-at-home measures have placed strain on services and increased the need for expanded services, and early research has shown increased use of services and severity of DFV.
- In response, state/territory governments developed at least nine initiatives, evenly spread except for the Northern Territory (no direct response) and Queensland and WA (two each). The Australian Government provided funding support (\$150m).
- We estimate that approximately \$204m has been committed to crisis accommodation since the pandemic began.

## Social housing

Australia entered the crisis with a chronic shortage of social and affordable housing with the number of properties relative to the size of the Australian population having halved since 1991. Across Australia waiting lists average approximately 150,000, while in some estimates Australia is going to require an extra 1 million units in the next decade.

The research identified three principal initiatives aimed at maintenance and upgrades of existing stock; funding to increase supply; and regulatory initiatives including use of regulatory instruments for a rent freeze and, in one instance, planning regulation’ to facilitate the development of social housing. These were deployed primarily as instruments to provide construction stimulus and in some jurisdictions to provide long-term housing for those rough sleepers recently placed in temporary accommodation.

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Key findings in relation to social housing:

- As with prior economic downturns, social housing has featured as a key plank of the economic recovery platform of governments—the context of the pandemic has had some impact but not substantively altered the shape of the response.
- Approximately \$1.57 billion was earmarked for social housing outcomes across most states and territories.
- Most state governments committed new and/or expedited funding for maintenance and upgrades of existing social housing stock as a form of ‘shovel ready’ economic stimulus.
- Five states expedited and/or committed new funding to increase supply of social housing to stimulate construction and, in some cases, meet the needs of those housed in temporary accommodation to support ‘housing first’ models.
- NSW, WA and Victoria provided funds specifically for Indigenous communities.
- At this point in the pandemic there has been no new direct allocation of funding for social housing by the Australian Government, which contrasts with the Global Financial Crisis, where \$5.2b (\$6.5b in 2020 dollars) was allocated to the Social Housing Initiative.

## Private rental

Prior to COVID-19, around 1.3 million Australians were experiencing rental stress, while four in 10 low-income renters were struggling to pay rent, despite access to statutory payments such as the Commonwealth Rent Assistance (CRA). Social distancing measures and the subsequent suppression of economic activity have exacerbated the rental crisis, with those made redundant or on reduced working hours having even less for essentials after rental payments.

Governments deployed two major initiatives to protect renters. First, eviction moratoria were agreed through the National Cabinet and then implemented using regulatory and legislative instruments by state/territory governments.

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In addition, several states/territories established initiatives to provide rent relief such as transfer/payments for those suffering hardships as well as tax relief for landlords providing rent relief for tenants.

Key findings in relation to private rental:

- Approximately \$1.2 billion has been earmarked for the Private Rental Sector (PRS) housing outcomes during the early stages of the crisis.
- Due to the distribution of responsibilities under the federation much activity was driven by the states/territories with regulatory oversight of residential tenancy legislation and control over core revenue policies such as land tax and stamp duty.
- A plurality of states also provided transfers/payments in the form of rent relief for those experiencing hardship due to the suppression of economic activity associated with social distancing measures and adverse labour market conditions associated with the economic downturn.
- The PRS was nonetheless a key focus of the National Cabinet early in the pandemic and there was multi-level coordination as evidenced by harmonisation of laws to protect tenants through eviction moratoria and suspension of rental increases.
- Each level of government and jurisdiction was actively involved in policy interventions or emergency activities except for the Northern Territory.

## Home ownership and assisted home ownership

Home ownership rates in Australia have remained broadly constant over the past 40 years (68% in 1976 and 67% in 2016). However, research suggests that ownership rates are projected to decline to roughly 63 per cent in 2040 and close to 50 per cent (from 60% in 1981) ‘for households in the 25–55 age bracket’. Despite leading to a decline in dwelling prices, COVID-19 will accentuate this trend by weakening household income, while first home buyers will continue to compete with investors with greater access to capital. COVID-19 also places stress on existing home owners who experience a reduction in household income due to unemployment and underemployment.

Governments used a range of initiatives to directly support existing households and, in turn, indirectly home ownership such as freezes on rates and levies, land tax delays, and initiatives targeting upgrades and maintenance.

In relation to assisted home ownership, governments extended first home owner initiatives using grants. The most prominent initiative was the Australian Government’s HomeBuilder program which included a grant of \$25,000 for upgrades and maintenance for existing home owners. In addition to HomeBuilder, the ACT, Queensland, Tasmania, Victoria and WA announced separate assisted home ownership initiatives.

## Summary

The government pandemic support suggests that although the system is flawed, it is not irrevocably dysfunctional. The levels of investment in the housing system in Australia and the work of both the Australian Government and the state/territory governments reflect a long-standing commitment to the values and provision of affordable and suitable housing.

The scale of interventions are sizeable and indicate what is both possible through targeted investments and coordinated action (e.g. rough sleeping in metropolitan areas), while also illustrating how housing system stressors exposed the under-investment in key housing areas (e.g. social housing maintenance and supply of social and affordable housing).

## What this research means for policy makers

It is evident that in some outcome areas, especially social housing, declining investment relative to population growth, and a lack of appropriate supply, left Australia underprepared to meet the increased demand for housing and housing services from diverse cohorts. Policy actors need to address the systemic challenges evident in a housing system that was under strain as the pandemic began.

There are several opportunities for policy development arising from the scoping study. Primarily, these relate to learning from the whole-of-government approach to better understand the 'fitness-for-purpose' of the housing system.

The pace of change and speed of coordinated collaborations throughout the system, in such a short timeframe, means there is a lot of new knowledge to capture around working across policy silos, institutional frameworks and across jurisdictions. Very simply, policy actors need to capture this knowledge to harness new ways of pulling together to improve the housing outcomes for Australians.

The policy recommendations for key points on the housing continuum:

- Homelessness: Direct interventions and an approach characterised by close-coordination between the states/territories and frontline SHS assisted in getting rough sleepers and people at risk of homelessness into safe, if temporary in many instances, accommodation.
- Crisis accommodation: Direct interventions, especially increased Australian Government and state/territory funding support for DFV programs and increased support for referral services and mental health support provided an expanded capacity to help DFV survivors and perpetrators.
- Social housing: Direct supports came in the form of improving social housing stock through upgrades and maintenance programs. Investments in new supply of social housing stock were announced but comparatively small in value, targeted in areas where future demand was likely to be and to provide long-term housing to those in temporary accommodation.
- Private rental: COVID-19 has shown that the federation can rapidly respond with 'stop-gaps' to mitigate the short-term impacts on tenants, the challenges of housing insecurity and homelessness present for public health and hinder the effects of a pandemic-induced recession on individual and household stress.

## Methodology

This research collated all relevant policy interventions and measures across Australian jurisdictions and housing outcomes. This data comprised media releases and policy materials detailing the nature of these interventions and measures, between March and June 2020.

### To cite the AHURI research, please refer to:

Mason, C., Moran, M. and Earles, A. (2020) *Policy coordination and housing outcomes during COVID-19*, AHURI Final Report No. 343, Australian Housing and Urban Research Institute Limited, Melbourne.

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