



## Introduction

The dynamic landscape of housing affordability and accessibility in Australia presents a complex challenge that necessitates a collaborative synergy among government bodies, private industries, not-for-profit organizations, and community sectors. Amidst an evolving housing paradigm, the innovative model of Build-to-Rent-to-Sell (B2R2S), spearheaded by Stuart Street Housing and facilitated by the prop-tech platform Occubuy, stands as a promising avenue towards enhanced housing outcomes.

This submission delineates a comprehensive exploration into two pivotal domains pertinent to the Australian housing scenario:

### **Improving Access to Housing and Housing Affordability in the Private Market:**

An examination of strategic frameworks and mechanisms that stakeholders can deploy to augment housing affordability and accessibility in the private market, underscoring the instrumental role of innovative housing models like B2R2S.

### **Enhanced Collaboration for Improved Housing Outcomes:**

A discourse on the requisite collaborative endeavors among governments, industry stakeholders, community services, and other organizations to significantly ameliorate housing outcomes across the spectrum.

## What should governments, private industries, the not-for-profit and community sectors focus on to help improve access to housing and housing affordability in the private market?

To address the housing accessibility and affordability challenges in the private market, a multi-faceted collaborative approach involving governments, private industries, not-for-profit and community sectors is paramount. The partnership between Stuart Street Housing and Occubuy showcases an innovative model via a **Build-to-Rent-to-Sell (BTRS)** scheme, emphasizing wealth-building for tenants and shared value for all stakeholders. This model can seamlessly integrate into existing Build-to-Rent initiatives, enhancing outcomes for tenants while offering attractive incentives for all parties involved.

### Executive Summary

Housing affordability remains a significant hurdle for many individuals, necessitating a collaborative solution that spans across government, private sectors, and community organizations. This submission delineates a model pioneered by Stuart Street Housing in collaboration with Occubuy, harnessing government incentives and private sector synergies to initiate a sustainable rent-to-buy scheme for affordable housing. The prop-tech platform,

Occubuy, plays a crucial role in facilitating this model, making homeownership a tangible reality for a broader demographic.

### Immediate Government Actions:

#### 1. Policy Establishment:

- Formulate clear policies advocating for the acquisition and development of affordable housing units.
- Amplify funding and tax incentives for charitable organizations like Stuart Street Housing to purchase and manage affordable housing properties.

#### 2. Innovative Housing Models Endorsement:

- Endorse and advocate for innovative housing models like rent-to-buy schemes, aiding lower and middle-income families in transitioning to homeownership.

#### 3. Technological Integration Support:

- Back technological platforms like Occubuy to streamline transactions, enhance financial literacy, and smooth the transition from renting to owning.

### Long-term Policies for the Next 10 Years:

#### 1. Incentives for Private Landlords:

- Adding additional incentives for private landlords collaborating with not-for-profit entities in offering rental discounts and purchase options at a discounted rate to tenants. This could include reduced Capital Gains Tax (CGT) and other tax incentives.

### Addressing Regional, Rural, and Remote Areas' Challenges:

#### 1. Smart City Initiatives:

Pilot smart city projects in rural and regional areas, incentivizing business establishments and infrastructure investments, making these areas attractive for developers and investors.

#### 2. Circular Economy Implementation:

Foster circular economy models within these newly developed or revitalised rural areas, encompassing recycling centres, community-owned renewable energy projects, and local food production initiatives. Activities undertaken by housing providers would be able to fill the shortfall of the rental subsidies.

### Stuart Street Housing's Buy-to-Rent-to-Sell Model

Stuart Street Housing (SSH), a not-for-profit entity, aims to bridge the housing affordability gap by deploying a rent-to-buy model. The process unfolds as follows:

#### 1. Property Acquisition:

SSH engages with property developers to purchase properties, utilizing government-backed debt facilities and tax incentives for favourable acquisition costs.

2. Rent-to-Buy Scheme Initiation:

SSH avails these properties to the affordable housing cohort under a rent-to-buy scheme where tenants pay a discount to market rent (up to 80%), channelling the remaining 20% as payment into a Deposit Savings Trust managed by SSH. (total rent payment made after assessment must not exceed - 25-30% of household income)

3. Collaboration with Occubuy:

Occubuy serves as the technological facilitator for the scheme, managing rental and utility payments, ensuring a seamless transaction process between tenants and SSH.

4. Financial Literacy and Savings Monitoring:

Through Occubuy's platform, tenants can monitor their savings accumulation and access resources to enhance financial literacy, prepping them for homeownership.

5. Transition to Homeownership:

As tenants amass sufficient savings in the Deposit Savings Trust, they transition to homeownership, acquiring the properties from SSH.

## Stuart Street Housing's Rent-to-Buy Model: Benefits – Impact Assessments

In order to provide a quantifiable impact assessment for the Rent-to-Buy model proposed by Stuart Street Housing and facilitated through Occubuy, it's imperative to establish measurable metrics. These metrics could be monitored over time to assess the actual impact against projected benefits. Here's how the benefits could be quantified for both Occubuy and Stuart Street Housing:

**Housing Affordability Index:**

- This index measures the ability of a typical household to afford a dwelling. By facilitating a rent-to-buy model, Occubuy can potentially improve the Housing Affordability Index by enabling more households to afford homes over time.

**Homeownership Rates:**

- By providing a pathway from renting to owning, Occubuy could contribute to increasing homeownership rates among different demographic cohorts.

**Savings Rates:**

- Through financial literacy tools and incentivized savings programs, Occubuy could foster higher savings rates among aspiring homeowners, thus improving their readiness for homeownership.

**Average Age of First-Time Homebuyers:**

- By enabling faster accumulation of down payments through the rent-to-buy model, Occubuy might lower the average age of first-time homebuyers.

**Rental Stress:**

- Rental stress is typically defined as spending more than 30% of income on rent. By facilitating reduced rental rates with a portion going towards a down payment, Occubuy could alleviate rental stress.

**Asset Ownership & Equity Building:**

- As individuals transition from renters to homeowners, they begin to build equity, improving their financial stability and asset ownership rates.

**Credit Scores and Financial Health:**

- With tools to improve financial literacy and manage payments effectively, Occubuy could contribute to improved credit scores and overall financial health of individuals.

**Community Stability and Long-Term Tenancy:**

- By promoting long-term tenancy and eventual homeownership, Occubuy could contribute to enhanced community stability.

**Education and Awareness:**

- Metrics related to financial education and awareness around homeownership could be positively impacted through the educational resources provided by Occubuy.

**Government Expenditure on Housing Subsidies:**

- By facilitating private sector solutions to housing affordability, Occubuy could potentially reduce the government's expenditure on housing subsidies.

## How could governments work better with industry, community services and other organisations to improve housing outcomes for all Australians?

The increasing wealth gap accentuated by the generational disparities necessitates a multi-pronged approach to enhance financial literacy and education. This, in turn, can significantly contribute towards improving housing outcomes for Australians. The collaborative venture between government bodies, private industries, community services, and organizations like Occubuy can serve as a catalyst in bridging the knowledge gap, thus promoting financial well-being and housing affordability.

The framework outlined herein aims to provide a structured approach towards financial literacy for young adults in Australia, focusing on distinct cohorts pre, during, and post engagement with Occubuy. It encompasses the varied dimensions impacting financial well-being, including financial psychology, literacy, social, and economic factors. The ultimate

goal is to equip individuals with the necessary skills and knowledge to confidently venture into property ownership, thus securing their financial future.

## Recommendations

### 1. Collaborative Educational Initiatives:

Governments, industry players like Occubuy, and educational institutions should collaboratively design and implement financial literacy programs tailored for young adults. These programs should address real-life financial scenarios, emphasizing property ownership as a pathway to financial stability.

### 2. Interactive Learning Platforms:

Utilize interactive platforms like games on Occubuy to deliver financial education in an engaging manner. This approach can help demystify complex financial concepts, making learning enjoyable and impactful.

### 3. Community Involvement:

Engage community organizations in delivering financial literacy programs. Community-based initiatives can provide a supportive environment for learning and practical application of financial knowledge.

### 4. Government Support:

Governments can offer grants, tax incentives, or other financial support to organizations like Occubuy that are at the forefront of promoting financial literacy. This support can enhance the reach and effectiveness of financial education programs.

### 5. Continuous Evaluation and Improvement:

Develop mechanisms for continuous evaluation of financial literacy programs. Data collected through platforms like Occubuy can provide invaluable insights into the effectiveness of these programs, facilitating necessary adjustments to meet the evolving needs of the target demographic.

### 6. Policy Advocacy:

Advocate for policies that promote financial education from a young age. Integrate practical financial literacy topics within the educational syllabus to prepare individuals for real-life

financial challenges.

The collaboration between various stakeholders including governments, private industries like Occubuy, educational institutions, and community organizations is crucial in promoting financial literacy. The proposed framework and recommendations aim to create a conducive environment for young adults to enhance their financial knowledge, improve their creditworthiness, and ultimately, make informed decisions towards homeownership. The ripple effect of such initiatives can significantly contribute towards bridging the wealth gap and improving housing outcomes for Australians across the board.

**How can governments, the private and community sectors, help to improve sustainable housing and better prepare housing for the effects of climate change? Is there anything else you would like to tell us?**

The housing crisis in Australia continues to burgeon, presenting an array of challenges for both employees struggling to find affordable housing and employers aiming to attract and retain a committed workforce. The geographic disconnect between affordable housing and employment hubs has exacerbated commuting challenges, impacting productivity, environmental sustainability, and the overall quality of life for numerous individuals. Addressing these issues necessitates a collaborative effort between the government, private sector, and community organizations. This submission proposes an expansion of employer-assisted housing initiatives, harnessing a model akin to the Rural Housing Benefits currently provided by the Australian Taxation Office (ATO), to a broader demographic, fostering sustainable housing solutions, reducing commuting, and promoting economic stability.

### Proposed Framework:

#### Employee Housing Benefits Expansion:

Extend Fringe Benefit Tax (FBT) exemptions for employers who contribute to the housing costs of employees meeting defined criteria concerning income levels and proximity to the workplace.

**Enable employees to make a salary sacrifice towards housing costs, promoting tax savings that could be channelled towards coping with living costs or saving for a down payment in an affordable rent-to-buy scheme.**

#### National Implementation:

Currently, the ATO facilitates rural housing benefits. A national extension of this scheme could provide substantial relief for employees in urban and suburban areas, where housing affordability is a significant concern.

#### Engagement of Charitable Organizations:

Explore the potential for charitable organizations to function as outsourcing and labour hire entities, facilitating employer-assisted housing benefits.

Establish a regulatory framework that allows charitable organizations to manage housing benefits, ensuring compliance with tax laws and promoting transparency.

#### Promotion of Sustainable Housing:

Encourage employers to invest in sustainable housing projects near employment hubs, reducing the environmental impact of commuting.

Offer additional tax incentives to employers who participate in or initiate sustainable housing projects.

#### Public-Private Partnerships:

Foster partnerships between government, private sectors, and community organizations to develop and manage affordable housing projects.

Establish a collaborative forum for stakeholders to share insights, best practices, and coordinate efforts in addressing housing challenges.

#### Awareness and Education:

Launch awareness campaigns to educate employers and employees on the benefits and mechanisms of employer-assisted housing initiatives.

Provide resources and support to help employers and employees navigate the regulatory and procedural aspects of the proposed housing benefits.

#### Monitoring and Evaluation:

Develop a robust monitoring and evaluation framework to assess the impact of the expanded employer-assisted housing initiatives.

Collect and analyse data to inform policy adjustments, ensuring the effectiveness and sustainability of the program.

The expansion of employer-assisted housing benefits can play a critical role in alleviating the housing crisis while fostering a symbiotic relationship between employers and employees. By reducing the financial burden on employees, enhancing accessibility to sustainable housing, and promoting community stability, this initiative aligns with the broader goals of



the National Housing and Homelessness Plan. The proposed framework accentuates a collaborative approach, underscoring the significance of multi-sectoral engagement in devising and implementing pragmatic solutions to the housing crisis. The synergy of efforts among government, private sector, and community organizations can significantly contribute towards a more sustainable and inclusive housing landscape in Australia.