Housing Legislative Package – Housing Australia Future Fund Bill, National Housing Supply and Affordability Council Bill, and Amendment Bill

PEXA response to draft legislation

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Document and contacts

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1: Better data and research to support housing policy

PEXA is one of Australia's leading property technology companies and having revolutionised how Australians settle property transactions, we're now bringing new, innovative data-driven solutions to market, to enable better decision making regarding real property.

PEXA strongly supports the development of new measures by the Commonwealth Government to improve Australia's housing availability and affordability, as outlined in this Housing Legislative Package.

PEXA stands ready to support the Government with research tools and insights that can provide high-frequency, near real-time and granular insights into the Australian property market, to identify areas of need and priority.

We welcome the establishment of the independent National Housing Supply and Affordability Council ('Council'). The Council will independently advise the Government on housing policy, report on key issues in housing policy, and promote the regular collection and publication of data on housing supply, demand and affordability.

PEXA strongly supports the Council and is pleased to see an emphasis on data-driven, evidence-based research for policy purposes. Housing availability and affordability have become increasingly problematic nationally; a sound evidence base is now critical in bringing stakeholders together, and to drive a focused, fact-based discourse in this contentious area of national policy and Government service provision.

PEXA also supports the establishment of the Housing Australia Future Fund ($10 billion) and the Housing Australia Future Fund Board. Given the significant investment (see table 1), ongoing evaluation of these funds and their outputs will be crucial. The Bill requires a legislated review of the Future Fund every five years, with the first review due by 31 Dec 2028 (clause 65). This requirement for periodic review should be extended to all six funds managed by the Housing Australia Future Fund Board.

PEXA can – and should – make an important contribution to:
1. the ongoing research program of the Council and its mandate to "*build a strong evidence base to support the Commonwealth in developing housing policy*" (Explanatory Notes, paragraph 1.10);
2. regular monitoring and evaluation reviews of the Housing Australia Future Fund; and
3. ongoing planning, monitoring and reviews of national Housing Accord policy more broadly.

PEXA can support the Council, the Future Fund and the Housing Accord as outlined below.

- PEXA has assembled a powerhouse of detailed property and housing related data capabilities that could help the Government develop its housing policy targets, monitor the outcomes and evaluate the success of its announced housing policies.

- PEXA's research capabilities include detailed 'small-area' data analytics (at a sub-LGA level), forecasting and monitoring of housing supply, demographic demand, property development potential and aerial imagery of construction activity.

- PEXA has the ability to generate in depth comparisons of the efficiency of housing production across local government areas (LGAs) and states, to document best practice and enable benchmarking of housing types and production types.

- PEXA has coverage that is granular and timely over most Australian states and territories. This can enable the development of comparable dashboards to assist government investment decisions, to maximise impact, to leverage investment and to incentivise the adoption of best practice development across the country.

- With Government support for appropriate regulation that protects consumer's interests, PEXA could unlock access to extensive property data contained within PEXA's platforms, enabling data usage for research and policy development purposes. If unlocked, PEXA's property data would provide nationally consistent, near real-time data about property types, transactions, lending, refinancing and migration movements.

2: About PEXA and its data and research capabilities

PEXA was formed in 2010 to fulfil the Council of Australian Governments' (COAG) initiative to deliver a single, national e-conveyancing solution to the Australian property industry. It assists members – such as lawyers, conveyancers and financial institutions – to lodge documents with Land Registries and complete financial settlements electronically.

PEXA's unique platform has enabled Australia's property sector to not just exist, but boom during the pandemic. While many countries' property markets shuttered to a halt under pandemic restrictions, Australia's property market hit record transaction highs – with housing settlements rising to an aggregate value of $688.7 billion in 2021 – equivalent to one-third of Australia's $2 trillion gross domestic product.

More than 85% of all property transfers and 95% of all refinances nationally are handled on the PEXA Exchange platform. Over 10,000 lawyers and conveyancers, together with ~150 financial institutions, now rely on PEXA as essential infrastructure for the safe, secure and efficient settlement of thousands of home loans and refinances every day.

As crucial infrastructure to Australia's largest asset class - the $9 trillion residential property sector - PEXA takes its responsibilities seriously and has adopted a conservative and highly risk averse stance. Given that each transaction is life changing for its participants, there is zero tolerance for error.

The company is driven to deliver the best possible experience for all users, and that requires an unwavering focus on security, customer service and digital innovation. PEXA conducted independent brand research in December 2021, receiving the following feedback from its users:
• Achieved an 8.9 out of 10 rating for brand trust from members (PEXA Brand Trust 2021)
• 92% of financial institutions and 84% of practitioners agree PEXA delivers a "high quality of service"
• 91% of financial institutions and 80% of practitioners agree PEXA is "constantly innovating".

Building upon these foundations, the PEXA Group has grown to include some of Australia's finest and most innovative property data analytics organisations. By combining these capabilities, we can offer near real time data and analytics to help governments and industry better understand Australia's affordability and social housing challenges.

PEXA Group currently includes:

- **PEXA Insights** is a division of the PEXA Group, established in 2020. An emerging national, expert thought leader on property trends, it is well positioned to objectively guide policy makers, industry and consumers; while delivering a growing set of unique, bespoke products that meet the changing needs of governments, financial institutions and practitioners, among others.

  Critically, the value PEXA Insights can provide comes from the ability to collate, analyse and interpret property data with speed to market, delivering published insights up to three months earlier than existing sources. PEXA Insights shares these trends with industry and more broadly, through regular publications. It aims to collaborate on a consistent basis with policy makers and Australian consumers.

  Since 2020, PEXA Insights has demonstrated its ability to provide near real-time insights, outlining the impacts of COVID-19 lockdowns and global economic headwinds on the property and refinance markets. Examples of PEXA Insights research can be found at www.pexa.com.au/insights.

- **.id** is a well-established and highly respected demographic and land use research firm that joined the PEXA Group in 2022. .id has established deep relationships with over 300 local governments across Australia and has developed in-depth population and land monitoring and partnership tools with a particular focus on housing demand, affordability and availability. Examples of .id's dashboards, services and reports can be found at www.home.id.com.au/.

- **Value Australia** is an emerging valuations sector disruptor, commercialising cutting edge research and artificial intelligence capabilities in partnership with UNSW and FrontierSI, after joining the PEXA Group in 2022. Solutions under development have the potential to drive significant efficiency through the generation of property valuations, providing government, developers, financiers, insurers and consumers with more accurate, efficient, and interactive property valuation data and scenario modelling.

The PEXA Group's data and research reveal important detail with regard to housing availability and affordability nationally and at a very localised level. Crucially for policy development, PEXA Group's data include detailed high-frequency and 'real-time' indicators that can track changes and trends, almost as they are happening.

At the more granular local government level, our data and research indicate wide variability and suggest that there is no simple 'average' region on which to base national policy or investment approaches. For example, the percentages of:

- households whose low incomes indicate a need for affordable housing range from 2.3% in Joondalup (WA) to 6.6% in Far North Queensland
- home sale prices that are considered to be affordable for average income households range from 1.1% in Randwick (NSW) to 91.5% in Broken Hill (NSW)
- privately-owned rental properties that are considered affordable for low income households range from 11% in Coffs Harbour (NSW) to 91% in Whittlesea (VIC).

There are significant local differences between need and availability revealed in the PEXA Group's analysis. The regions in which there is lowest availability relative to need appear to be the highest priority locations to investigate, for housing policy and investor attention.

Key housing policy insights from the PEXA Group analysis include:

- a significant (and growing) proportion of Australian households are struggling to access affordable housing, as renters and/or potential buyers; and
- the housing issues and needs of households vary widely across different communities, indicating a need to understand those differences when designing and executing policies and investments at the national and/or local level.

PEXA Group has the ability to partner with Australian Governments to scope and develop layered national dashboards and tool kits that would equip all levels of government with the information they need to collaborate, to quantify needs and to prioritise and track delivery of appropriate housing interventions and investments.

If appropriately resourced, these tools could be produced quickly, through consolidating and extending dashboards that .id have already developed with partner local governments. PEXA Group has access to the data needed to produce comprehensive national data sets.

Appendix

Table 1: Housing Accord and home ownership measures. Targets and funding, from 2024

Social and affordable housing programs	Dwellings	Funding, $m
Housing Accord measures		
Australian Government	10,000	$350
State and territory governments	10,000	
Housing Australia Future Fund		$10,000
Social housing	20,000	
Affordable housing	10,000	
National Housing Supply and Affordability Council		$15
National Housing Infrastructure Facility (existing)	5,500	$575
National Housing and Homelessness Agreement (including national rent assistance, existing)		$6,627
Home ownership assistance measures		
Help to Buy, shared equity scheme (extended scheme)		
Regional First Home Buyer Guarantee (5% deposit)	10,000 per year	
Home sale proceeds exempt from Aged pension test for 24 months, 2023-24 and 2024-25		
Home downsizer access to superannuation contributions extended to people aged 55 to 59 years		
Defence Home Ownership Assistance Scheme (existing)		$46

Source: Australian Treasury, *Budget 2022-23*.