

Housing

Outcome

All Tasmanians have access to affordable, appropriate, secure housing

Why is this a priority?

Housing affordability is vital to economic participation, social engagement and community wellbeing for all Tasmanians. As Minister Petrusma has noted in her “Call to Action” in the Tasmanian Government’s *Affordable Housing Strategy*, it is difficult for anyone to live a full life and participate in society without a secure home.

However, housing affordability is a particularly crucial issue for low-and middle-income Tasmanians. Although housing costs in Tasmania are on average lower than in other states, wages are also lower, and there are fewer market incentives for the construction of new affordable stock.³⁶ Minister Petrusma also acknowledged in her “Call to Action” that the trends in the State are not good: home ownership in Tasmania is for the first time beginning to decline, more Tasmanians are living in unaffordable private rental, and homelessness is increasing.³⁷

- In 2014-15, 39% of low-income renters in the State were paying more than 30% of income on housing.³⁸
- In 2014, nearly 7% of renters receiving Commonwealth Rental Assistance were still paying more than 50% of their income in rent.³⁹
- Of properties sold in 2014, only 0.7% were affordable to a household with a combined income in the bottom 20-40% of household incomes. Only 20.4% were affordable to a single person in the same income bracket.⁴⁰
- Of properties available for rent in April 2015, affordability ranged from less than 1% for people on the lowest levels of income support to only 15% for an aged pensioner couple.⁴¹
- In 2013-14, 25% of clients approaching homelessness services could not have their housing needs met.⁴²

³⁶ SGS Economics and Planning (2015), “Rental Affordability Index Release Report”, November p.23.

³⁷ Housing Tasmania (2015) Tasmania’s Affordable Housing Strategy 2015-2025, p. 5.

³⁸ Housing Tasmania (2015) Tasmania’s Affordable Housing Strategy 2015-2025, p. 14.

³⁹ Report on Government Services 2015, Housing, Sector Overview, Table GA.34.

⁴⁰ Dustin Crayford, Research Officer, Real Estate Institute of Tasmania.

⁴¹ Anglicare Rental Affordability Snapshot 2015, http://www.anglicare.asn.au/site/rental_affordability_snapshot.php

⁴² Report on Government Services 2015: Housing, Table 18A.9 and 18A.10.

Recommendations

1. That adequate funding be allocated across the forward estimates to enable the full implementation of the *Affordable Housing Strategy 2015-2025*.
2. That Housing Tasmania be relieved of its historical debt to the Commonwealth to enable the construction of new public housing properties and the urgent maintenance of existing stock.

Cost

Full implementation of <i>Affordable Housing Strategy</i>	Uncosted
Relief of Housing Tasmania debt (per annum)	\$16 million

Rationale

Recommendation 1

TasCOSS has welcomed the Tasmanian Government's release of the *Affordable Housing Strategy 2015-2025*. This is a thorough, evidence-informed strategy that has the potential to lead to better housing outcomes for many vulnerable Tasmanians, and its implementation in full should be made a Government priority. Many of the Actions identified by the Strategy's Action Plan will not succeed without immediate and adequate funding, including:

- Action 2: Increasing social housing supply
- Action 3: Public housing reinvestment
- Action 6: Development of a model for, and funds to implement, partnership arrangements between Housing Connect and the private rental sector, and
- Action 18: Investment in crisis housing.

It is worth noting that many elements of the Strategy have the potential to deliver savings in other areas. For example, measures designed to get young people into stable, safe housing, such as youth head leases and supported accommodation for homeless young people, are likely to yield returns across a range of portfolios, ranging from justice to human services to health. In this light, implementation of these Actions has the potential to deliver good value for money, as well as improving the lives and prospects of Tasmania's most vulnerable young people.

It is also worth noting that the Premier, in his foreword to the Strategy anticipates that new Government investment in housing will not only ensure a better supply of safe, affordable and appropriate homes for vulnerable Tasmanians, but will also stimulate the Tasmanian economy and create jobs in the small business home building sector.⁴³

Recommendation 2

The *Affordable Housing Strategy 2015-2025* rightly identifies the need to increase access to affordable housing as essential to improving outcomes for Tasmanians on low incomes. However, until the private market and the community sector can begin to generate new affordable options, Housing Tasmania is

⁴³ Housing Tasmania (2015) *Tasmania's Affordable Housing Strategy 2015-2025*, p. 4.

likely to remain the housing option of last resort for impoverished Tasmanians. Recent Budget papers predict an increase in the number of people on the Housing Tasmania waiting list due to increasing house prices, and the National Housing Supply Council has estimated that demand for public rental housing by 2024 will exceed 2009 levels by 19% in Hobart, and 17% across the balance of the State.⁴⁴ Deeper investment consequently is required to meet the increasing and changing needs of those seeking support from Housing Tasmania.

One of the main drags on Housing Tasmania's finances is its historical and continuing debt to the Commonwealth. As a consequence of the need to service this debt while also meeting ongoing costs, Housing Tasmania is not only unable to build new properties, but is also not able to address its maintenance backlog, leading to the running down of existing assets.

Particularly given the fact that the State Government has in recent years chosen to prioritise repayment of other debts with less favourable terms, Housing Tasmania's debt should now be approached in the context of the whole State Budget. This could take a variety of forms:

- Finance General could take over the payments of principal and interest
- Housing Tasmania's funding could be increased by the amount of its annual debt repayment, and
- Interest accrued from bonds held by the Rental Deposit Authority, currently absorbed into general revenue, should be set aside for this issue.

⁴⁴ National Housing Supply Council (nd), Projections of Housing Demand in Australia, 2009-2039: Narrative Report, <http://nhsc.org.au/files/2013/03/projections-of-housing-demand-in-australia-2009-2039.pdf>