

A large white outline of the state of Tasmania is centered on the page. Inside the outline, a white silhouette of a house is positioned. The background of the top half of the page is a green-to-blue gradient with a white grid pattern representing a street map.

# TASMANIAN HOUSING STRATEGY



## Discussion Paper

September 2022

## **Acknowledgement to Aboriginal People**

The Tasmanian Government acknowledges and pays respect to the Tasmanian Aboriginal people as the traditional owners and continuing custodians of the land and acknowledges elders past, present and emerging.

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# Minister's Foreword

Housing is a fundamental need that supports people to reach their goals and potential in every other area of their lives. Every Tasmanian deserves a roof over their head and with it, the opportunity to thrive.



The Tasmanian Government wants to ensure the housing needs of all Tasmanians can be met, including the most vulnerable, those in the workforce and people as they age. We also want to increase the resilience and diversity of housing options and opportunities for all Tasmanians.

We know that Tasmania's housing market is very tight and supply is limited, affecting our most vulnerable. This is why we have the most ambitious and comprehensive social and affordable housing program in the State's history. We are committed to building or acquiring 10 000 new social and affordable homes by 2032 under our \$1.5 billion housing package. Increasing our housing supply is designed to put downward pressure on demand over the longer term and ensure those who need it can access safe, secure and affordable accommodation. Increasing supply will also help our young Tasmanians and Tasmanian families into their first home.

The Tasmanian Government is already taking steps to address this challenge by delivering an extensive range of new initiatives, to ensure we deliver the right homes in the right places to support Tasmanians who need them. Our plan is to develop a 20-Year Housing Strategy that informs what we need to build, where and what type of accommodation is built based on demand. This will also support the needs of different groups of Tasmanians, such as young people, women with children or those fleeing domestic violence or relationship breakdown, those needing transitional accommodation after leaving other forms of care, men and the elderly. It will also consider the needs of regions, such as urban and rural differences. It will look beyond social housing to the broader housing needs of communities, such as housing for our critical workforce, those entering the market and older people seeking to downsize their properties.

This knowledge will not only guide our capital build program, but also the services and support programs that are delivered. It will help us better understand how to design our policies to support those most in need and ensure those who need help are getting the appropriate assistance for their circumstances. The Strategy will set the primary guiding policy for our new housing authority, Homes Tasmania, which we intend to establish by 1 October 2022, subject to passing legislation through Parliament.

To address our housing challenges, we all must work together across sectors and levels of government and take a collaborative approach to solutions. I want to thank my Parliamentary Secretary, the members of my Ministerial Reference Group and other key stakeholders for their contributions to developing this Discussion Paper. I encourage anyone with an interest in improving housing in Tasmania to participate in this consultation and share your input and experience. I look forward to considering feedback and working with my Reference Group to release a draft Strategy in early 2023.

**Guy Barnett MP**

Minister for State Development, Construction and Housing

# Executive Summary

Tasmania has enjoyed a period of significant economic growth over recent years. Our economy has led the country during COVID-19 for the first time in decades. Our unemployment rate is an at all-time low, at 3.7 per cent in July 2022<sup>1</sup>. We have also experienced strong population growth, increasing by almost 50 000 people between 2016 and 2021.

At the same time, the Tasmanian housing market has been one of the fastest growing in the country. We have seen soaring housing costs, historically low rental vacancy rates and growing housing supply pressures. This has resulted in more Tasmanians than ever experiencing housing stress, growing demand for social housing and increasing rates of homelessness.

Access to safe and secure housing has become a critical issue for many Tasmanians. The Tasmanian Government has committed to a 10-year, \$1.5 billion housing plan to build on existing initiatives and take further action to address affordable housing. We are on track to deliver 1 500 new social and affordable homes by June 2023, rising to 10 000 homes by 2032. At the same time, the Government continues to invest over \$36 million each year in housing and homelessness support and initiatives, including wraparound services to ensure those who need help are getting the services they need.

To deliver the Government's ambitious housing supply plan, a new statutory authority for housing – 'Homes Tasmania' – is being created. Homes Tasmania will have improved powers and functions to deliver increased housing supply as well as provide cohesive housing and homelessness services for Tasmanians.

This is in addition to other new and existing initiatives aimed at reducing house prices and putting downward pressure on rents, including revised home ownership products, expanded private rental initiatives, and planning scheme, land tax and stamp duty reforms.

The Tasmanian Government intends to deliver a comprehensive long-term Tasmanian Housing Strategy that considers all aspects of the housing market. The final Strategy will also outline the strategic direction to address housing-related issues into the future and guide the work of Homes Tasmania.

Feedback on this Discussion Paper will inform the development of a coordinated Tasmanian Housing Strategy, establishing the vision, focus areas and actions for the Strategy.

Housing is important for all Tasmanians and so we are inviting everyone to have their say on how housing can best be accessed, maintained and delivered, and to suggest practical actions to improve the sustainability of the housing market for all Tasmanians.

Find out how to make a submission in the 'Have Your Say' section.

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<sup>1</sup> Labour Force, Australia, July 2022 | Australian Bureau of Statistics (abs.gov.au)



# Introduction

# Introduction

## **PURPOSE OF THE DISCUSSION PAPER**

This Discussion Paper will inform the development of a coordinated Housing Strategy for Tasmania. It seeks input from the Tasmanian community to understand our housing needs and desires and how that housing can be best accessed, maintained and delivered. It explores key focus areas that impact on housing and proposes actions that can be undertaken to provide a housing system that meets the needs of Tasmanians into the future. Submissions will assist in establishing the vision, focus areas and actions for the Tasmanian Housing Strategy.

## **WHY IS HOUSING IMPORTANT TO TASMANIANS?**

Every Tasmanian deserves a roof over their head. The provision of safe, secure and affordable housing is the basis of many health, social and economic outcomes for individuals and families. The inter-relationship between housing and good health is well researched and shows maintaining appropriate housing leads to reduced costs on the health and human services system. There are also many economic benefits of housing on investment, productivity and employment.

Tasmania has experienced strong economic growth in recent years and has the highest rates of home ownership nationally, with 70.1 per cent of Tasmanians owning or buying their own home in 2021<sup>2</sup>. However, national housing market challenges are also affecting Tasmania with increased house prices and decreasing housing affordability.

These housing market challenges particularly affect people on low to moderate incomes and people at specific life stages and circumstances. This means more people are relying on government support to access housing, both in the private market and through social and affordable housing. It is important that all Tasmanians have access to safe, secure and affordable housing.

## **WHY DEVELOP A TASMANIAN HOUSING STRATEGY?**

The current Affordable Housing Strategy has provided the strategic direction and actions across the housing and homelessness system. However, the housing market is complex with a range of interdependent factors affecting demand, supply and affordability. This requires a broad approach across all levels of government and the non-government sector to jointly commit to achieve the vision for housing in Tasmania and address issues with the housing market.

The Tasmanian Housing Strategy will bring together the range of actions to better respond to housing market conditions and provide a coordinated housing system. The purpose and goal of the Strategy is to improve housing outcomes for all Tasmanians.

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2 Australian Bureau of Statistics, 2021 Census



## ROLES AND RESPONSIBILITIES ACROSS THE HOUSING SYSTEM

The three tiers of government (Australian Government, Tasmanian Government, and local government) have joint responsibilities in addressing housing and homelessness issues. Private and key community stakeholders also have a role in the delivery of housing actions (see Table 1).

**Table 1: Housing system roles and responsibilities**

Agency/Partner	Role/Areas of Responsibility
Tasmanian Government	<ul style="list-style-type: none"> <li>• Provides funding to facilitate new social and affordable housing supply and the provision of housing and homelessness services.</li> <li>• Determines state-based housing policy.</li> <li>• Regulates tenancy management, community housing providers, building, planning, and land use.</li> <li>• Administers State taxation (including stamp duty and land tax) and housing assistance measures, including the First Home Owner Grant, duty concession for first home owners and pensioners downsizing, and HomeBuilder programs.</li> <li>• Delivers public housing and oversees social housing.</li> </ul>
Australian Government	<ul style="list-style-type: none"> <li>• Provides funding via the National Housing and Homelessness Agreement to facilitate new housing supply and the provision of housing and homelessness services.</li> <li>• Regulates income support, Commonwealth Rent Assistance and federal taxation.</li> <li>• Provides aged care programs, including residential aged care.</li> <li>• Manages the National Housing Finance and Investment Corporation.</li> <li>• Administers the National Disability Insurance Scheme.</li> <li>• Undertakes a range of housing-related data collection and publication in partnership with other entities.</li> </ul>
Local Government	<ul style="list-style-type: none"> <li>• Leads local planning, development, building approval and land release processes.</li> <li>• Collects rates and other charges.</li> </ul>
Community Sector	<ul style="list-style-type: none"> <li>• Delivers new social and affordable housing supply.</li> <li>• Manages community housing.</li> <li>• Provides specialist housing and homelessness accommodation and support.</li> <li>• Provides a range of services and support that enables Tasmanians to attain and retain housing.</li> </ul>
Building Industry	<ul style="list-style-type: none"> <li>• Delivers new housing supply, both into the private market and to increase social and affordable housing stock.</li> <li>• Releases land and residential subdivisions.</li> </ul>
Private Landlords, Agents and Property Owners/Developers	<ul style="list-style-type: none"> <li>• Provides investment properties for rental accommodation.</li> <li>• Invests in the development of new supply.</li> </ul>
Advocates	<ul style="list-style-type: none"> <li>• Advocate on behalf of those in need of housing and homelessness services.</li> </ul>



# Current Housing System Challenges

# Current Housing System Challenges

## CHALLENGES WITH HOUSING AFFORDABILITY

Like other jurisdictions, Tasmania has experienced an increase in house prices driven by strong demand, low interest rates and higher savings. House prices often increase when demand for housing is high and outstrips supply. House prices have experienced record increases in the past few years and have outstripped wage growth. Rental prices have also increased, coinciding with a decrease in rental vacancy rates across the state.

Consistent with the broader housing market, the demand for social housing in Tasmania has grown, as has the unmet need for homelessness services assistance. This has led to a growing gap between the level of housing need and the rising challenge to keep up with this demand through new social housing supply.

Tasmania's circumstances and challenges include:

- population growth (9 per cent increase from the December quarter 2016 to the December quarter 2021<sup>3</sup>)
- the highest proportion of households on low incomes nationally<sup>4</sup>
- dispersed social housing across regional areas (no areas classified as major cities in Tasmania)
- an older and ageing population, and a high proportion of people living with disability (26.8 per cent of the Tasmanian population in 2018, the highest of any jurisdiction<sup>5</sup>), many of whom are on a lower income.

These challenges mean a significant number of Tasmanian families on low incomes are now in 'housing stress', where they spend more than 30 per cent of their gross household income on housing costs.

To gain a deeper understanding of Tasmania's housing market, it is important to consider house prices and rents, as well as factors that have affected supply and demand over the past decade. This section provides an overview of a range of key indicators that outline challenges and opportunities for housing in the State.

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3 National, state and territory population, December 2021 | Australian Bureau of Statistics ([abs.gov.au](https://abs.gov.au))

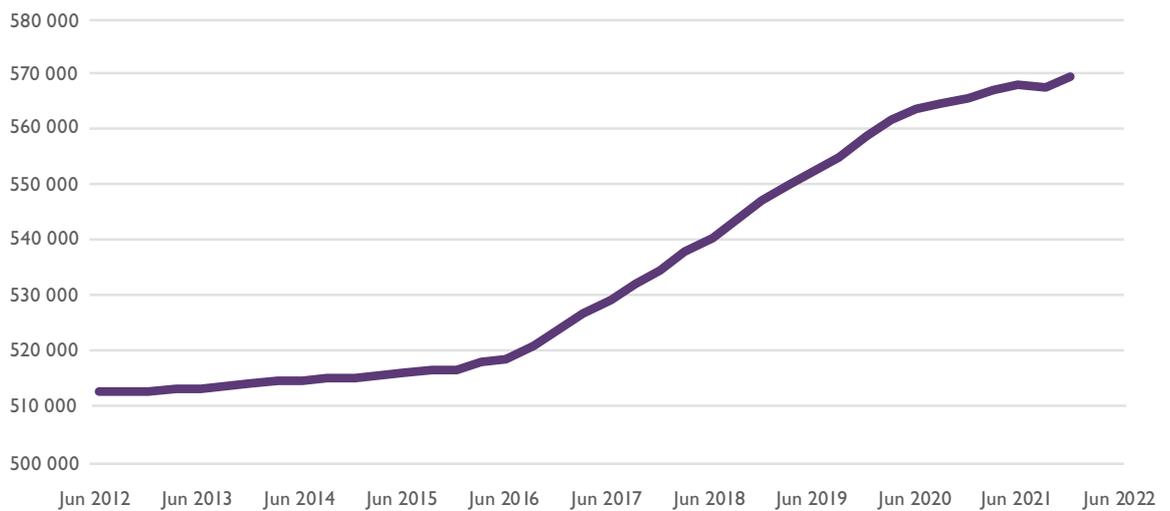
4 Australian Bureau of Statistics, Census, 2021.

5 Disability, Ageing and Carers, Australia: Summary of Findings, 2018 | Australian Bureau of Statistics ([abs.gov.au](https://abs.gov.au))

## CHANGES IN POPULATION

Over the past decade, Tasmania's population has grown by 11.4 per cent from the June quarter 2012 to the December quarter 2021 (from 511 724 to 569 827 people). From the June quarter 2020, population growth slowed due to the necessary public health response to COVID-19, which included the closure of state and international borders, significantly reducing interstate and international migration to Tasmania (see Figure 1).

**Figure 1 – Tasmanian population – June quarter 2012 to December quarter 2021**



Source: ABS National, state and territory population series

The Tasmanian Government has set a target to grow the population to 650 000 people by 2050 to drive economic growth, create jobs and improve the standard of living for all Tasmanians<sup>6</sup>. Based on the most recent data, to meet this target the State's population will need to grow by an average of around 2 800 persons per year until 2050. This target is an important factor in why we are developing a Housing Strategy that will help deliver the level of housing supply required to meet this demand.

grow the population to  
**650 000**  
by 2050

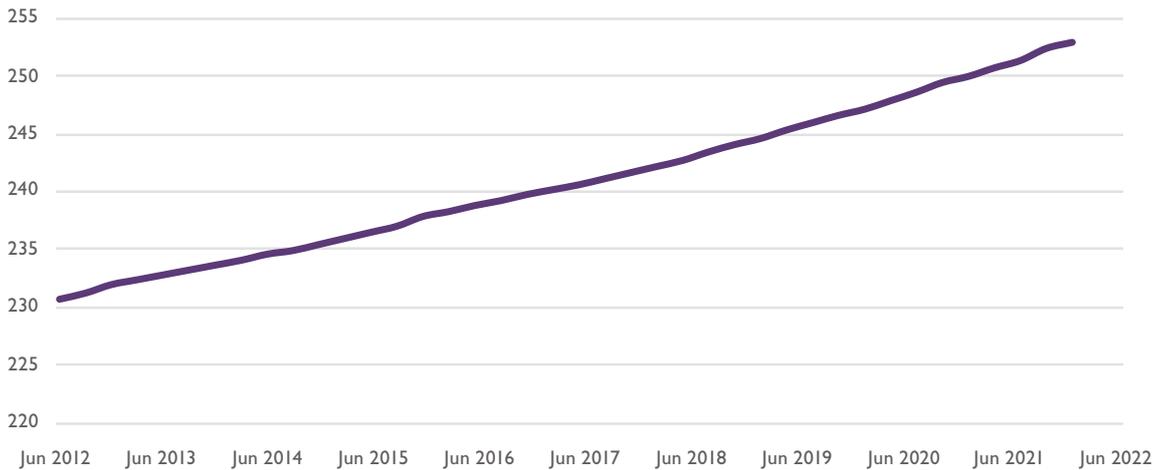


<sup>6</sup> Tasmania's population growth strategy | Department of State Growth

## NUMBER OF DWELLINGS

The number of residential dwelling completions in Tasmania has steadily grown by 9.1 per cent from the June quarter 2012 to the March quarter 2022 (from 232 100 dwellings to 253 200 dwellings). The increase in dwellings has been steady with an average of 500 new dwellings completed each quarter (see Figure 2).

**Figure 2 – Tasmanian residential dwellings – June quarter 2012 to March quarter 2022**



Source: ABS Total Value of Dwellings series

A factor affecting the number of residential dwellings available for use in Tasmania is when they are converted to other uses, for example, short-stay accommodation. During the March quarter 2022, there were 5 321 short-stay accommodation properties listed in Tasmania, including 2 777 properties (52.2 per cent) that were reported as not being a primary residence (see Figure 3). A potential factor influencing the increase in properties for March 2021 and June 2021, may have been the end of the eviction moratorium implemented as part of the COVID-19 pandemic measures.



**500** new dwellings  
completed each quarter

**Figure 3 – Tasmanian short-stay accommodation properties that are not a primary residence – June quarter 2020 to March quarter 2022**

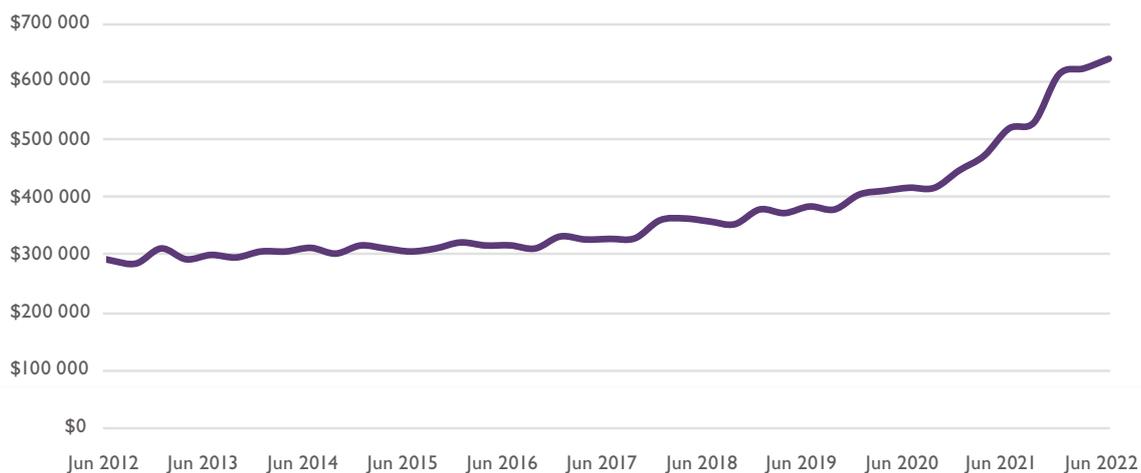


Source: Consumer Building and Occupational Services

## HOUSE PRICES

Over the past decade, housing prices in Tasmania have increased significantly. Tasmania's median house price has more than doubled from \$290 000 in the June quarter 2012 to \$626 000 in the June quarter 2022 (see Figure 4).

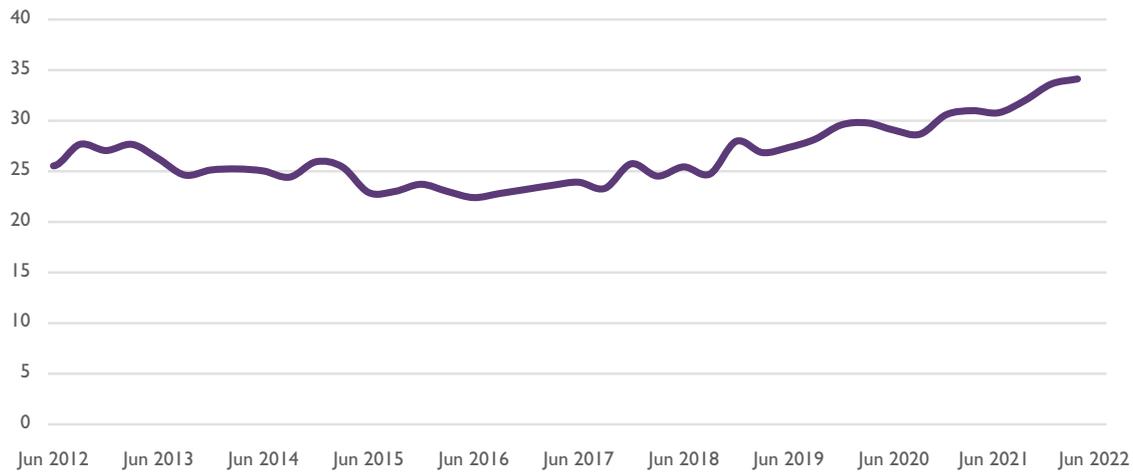
**Figure 4 – Median price of houses sold in Tasmania – June quarter 2012 to June quarter 2022**



Source: Real Estate Institute of Tasmania, Quarterly Property Reports

A measure of housing affordability also includes the proportion of income required to meet the average home loan repayments. Over the past decade, affordability initially improved from 27.6 per cent of income spent on home loan repayments in the December quarter 2011 to 22.4 per cent in the June quarter 2016. However, affordability then began to decrease, reaching 34 per cent of income spent on repayments in the March quarter 2022 (see Figure 5).

**Figure 5 – Proportion of family income to meet average loan repayments in Tasmania – June quarter 2012 to March quarter 2022**



Source: Real Estate Institute of Australia, Housing Affordability reports



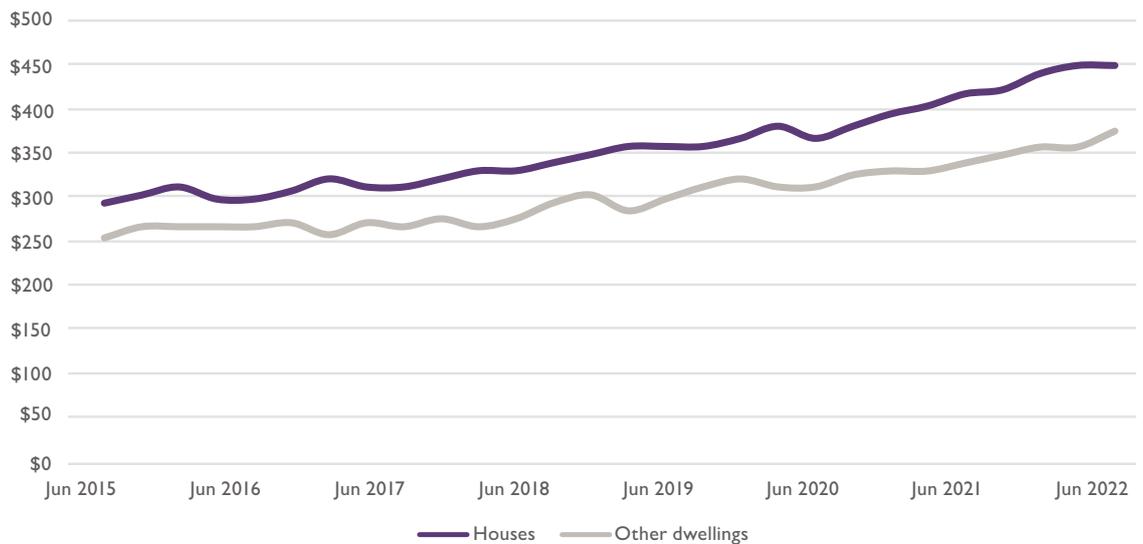
*% of income spent on home loan repayments has increased by more than*

**10%** *in 5 years*

## RENTAL PRICES

The median price for rental accommodation has also increased, except for a brief decline in the June quarter 2020 following the onset of the pandemic. The median rental price of houses in Tasmania was \$450 in the June quarter 2022, while the median price of other dwellings was \$370 (see Figure 6).

**Figure 6 – Median price of rental dwellings in Tasmania – September quarter 2015 to June quarter 2022**



Source: Real Estate Institute of Tasmania, Quarterly Property Reports

SGS Economics and Planning, in partnership with National Shelter, Beyond Bank and The Brotherhood of St Laurence, publish an annual rental affordability index assessing the affordability of the rental market compared to incomes in cities across Australia<sup>7</sup>. This indicator shows that affordability of the greater Hobart rental market started to decrease in 2016-17 and reached a decade low in June 2021. The rest of Tasmania began to worsen in 2018-19, also reaching a decade low in June 2021 (see Figure 7).

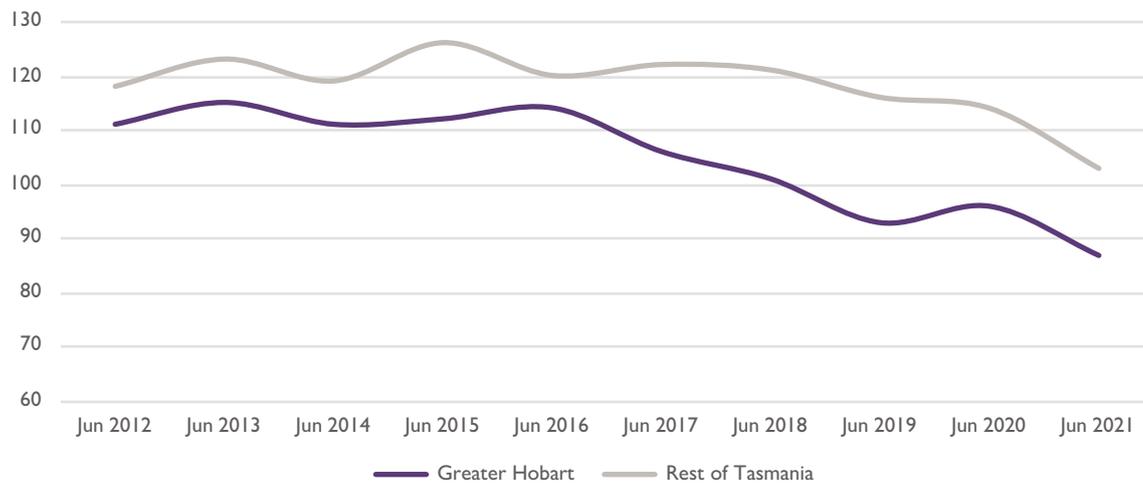


*In the seven years to June 2022 median rental prices have increased by about*

**\$170** a week

<sup>7</sup> Rental Affordability Index | SGS Economics & Planning (sgsep.com.au)

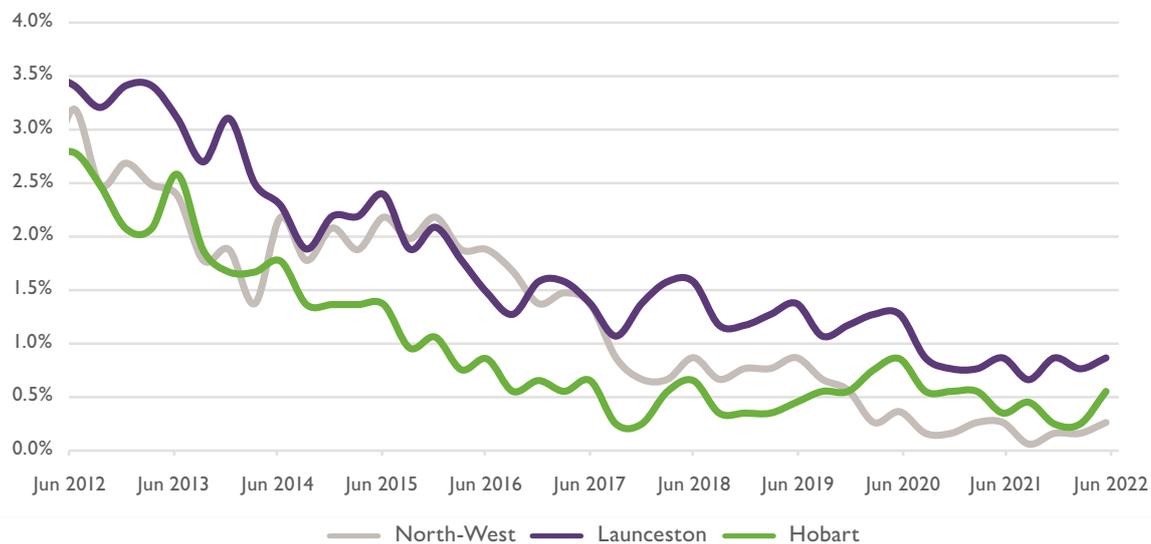
**Figure 7 – Rental Affordability Index – Greater Hobart versus Rest of Tasmania – June 2012 to June 2021**



Source: SGS Economics and Planning, Rental Affordability Index

Over the past decade, all three regions in Tasmania have also seen rental vacancy rates fall, with regions reaching decade lows over the past year. While there was a slight increase in vacancy rates in June 2022, vacancy rates remain below 1 per cent for all regions (see Figure 8).

**Figure 8 – Rental vacancy rate for Tasmanian regions – June 2012 to June 2022**



Source: SQM Research – Residential Vacancy Rates

## SOCIAL HOUSING

The increased overall demand for housing has led to more Tasmanians seeking housing assistance. Demand for social housing, as measured by the number of applications on the Housing Register at the end of each month, has increased over the past decade, albeit with some periods of fluctuation. In June 2022, the number of applications on the housing register was 4 453.

**Figure 9 – Number of applications for social housing on the Housing Register – June 2012 to June 2022**



Source: Communities Tasmania internal data.



Over the past 10 years, the number of applications on the housing register has increased by an average of around **+170** per year



# Current Housing Actions

# Current Housing Actions

The Tasmanian Government is committed to improving outcomes for Tasmanians experiencing housing stress or homelessness by increasing social and affordable housing supply, new supported accommodation and homelessness accommodation, and access to affordable private rental and affordable home ownership.

Tasmania has the most integrated housing and homelessness system in Australia. Figure 10 outlines the housing continuum and range of programs available for people depending on their housing and support needs, and life stage and circumstances.

Access to housing and homelessness assistance is provided through Housing Connect, a comprehensive service for housing and support needs.

To provide a sustainable housing market, a broad range of actions is required to address housing market conditions and relieve pressure on housing affordability.

The Tasmanian Government’s recent commitments have included reforms to taxation and planning, and increased access to private rentals and home ownership. This section provides an overview of this work and outlines the Government’s new commitments to address the housing challenges across Tasmania.

**Figure 10 – Housing assistance continuum in Tasmania**





## CURRENT INITIATIVES AND INVESTMENT

The Tasmanian Government has responded to housing market challenges and the increase in housing demand by providing more social and affordable homes for Tasmanians in need. The strategic direction has been through the Affordable Housing Strategy, which aims to decrease the proportion of low-income Tasmanian households experiencing housing stress, along with the proportion of Tasmanians experiencing homelessness.

The Affordable Housing Strategy is underpinned by three strategic interventions to address housing assistance and supply challenges across Tasmania. These are:

1. Preventing housing stress of people on low incomes by increasing the supply of affordable homes.
2. Targeted early intervention to assist Tasmanians in need who are at risk of housing stress or homelessness.
3. Rapid response and recovery to find safe and secure housing for people who are experiencing or are at risk of experiencing homelessness.

Under the Affordable Housing Strategy, four-year Affordable Housing Action Plans have detailed specific actions to achieve the key objectives.

Since its commencement, the Affordable Housing Strategy has assisted 3 310 Tasmanian households in housing need including:

- the supply of 1 969 new homes, lots of land, supported accommodation and homelessness accommodation, and
- access to 1 341 homes including home ownership, social housing, affordable private rental, supported accommodation and homelessness accommodation<sup>8</sup>.

In 2020-21, the Tasmanian Government committed \$615 million under the Affordable Housing Strategy to deliver 3 500 dwellings by 2026-27.

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<sup>8</sup> As at end of February 2022.

## NEW INITIATIVES AND INVESTMENT

The Tasmanian Government has committed to addressing the housing needs of Tasmanians by investing over \$1.5 billion to deliver a 10-year housing package.

This will build on existing initiatives to build or acquire 10 000 new social and affordable homes by 2032. The establishment of Homes Tasmania is a critical mechanism for delivering this commitment.

In addition, a range of broader measures will be introduced to provide more housing to Tasmanians including: changes to stamp duty and land tax; planning reform; and improvements to the Government’s HomeShare program, now known as MyHome Shared Equity Program (see Figure 11).

**Figure 11: Overview of recent Tasmanian Government housing announcements**

Intervention	Program
Land Release and Planning*	<ul style="list-style-type: none"> <li>Extend the Headworks Holiday program to accelerate land supply.</li> <li>Implement planning amendments to make rezoning applications easier.</li> <li>Introduce a new Apartment Code to simplify medium-density apartment and townhouse approvals.</li> </ul>
Social and Public Housing	<ul style="list-style-type: none"> <li>Deliver 10 000 new social and affordable homes by 2032.</li> <li>Establish a statutory housing authority – Homes Tasmania – to drive increased housing supply.</li> <li>Implement initiatives to better utilise the social housing portfolio to provide more housing to Tasmanians in need.</li> </ul>
Affordable Private Rental	<ul style="list-style-type: none"> <li>Assess the viability of build to rent developments.</li> <li>Expand the Private Rental Incentives program by 200 properties.</li> <li>Expand the Ancillary Dwellings program by 250 properties.</li> <li>Work with councils to explore options to develop “shop top” accommodation.</li> </ul>
Affordable Home Ownership	<ul style="list-style-type: none"> <li>Reset land tax thresholds to provide tax relief to property owners.</li> <li>Increase thresholds for stamp duty concessions and extend the schemes until 30 June 2023 and extend the First Home Owner Grant at an increased level of \$30 000 until 30 June 2023 to assist more people into home ownership.</li> <li>Increase the threshold for the MyHome Shared Equity Program to make the program available to more Tasmanians.</li> <li>Assess the viability of rent to buy programs.</li> </ul>

\* This will increase housing supply across all programs.

## RELATED INITIATIVES

In addition to recent announcements, the Tasmanian Government is involved in a range of related projects and reforms that will influence housing in Tasmania and closely align with the Tasmanian Housing Strategy (see Figure 12).

**Figure 12: Related initiatives**

Initiative	Role/Areas of Responsibility
Tasmanian Planning System Reform	<ul style="list-style-type: none"> <li>Reform of the planning system is underway, which will deliver a new Tasmanian Planning Scheme, Tasmanian Planning Policies, an improved Regional Land Use Planning framework and a review of the existing Regional Land Use Strategies.</li> <li>A 'Liveable Settlements' planning policy is intended to cover housing needs, where to locate housing, and how this may be achieved, such as through appropriate zoning in the local planning scheme.</li> </ul>
Tasmania's 10 Year Infrastructure Pipeline	<ul style="list-style-type: none"> <li>The 10 Year Infrastructure Pipeline is an interactive online database containing major project information gathered from Tasmanian government agencies, government businesses, statutory authorities, and local government.</li> <li>It is designed to assist with planning, resourcing and major project scheduling to ensure investment can be made when the time is right and there is capacity to deliver these major projects across the industry.</li> </ul>
30-year Greater Hobart Plan	<ul style="list-style-type: none"> <li>The 30-year Greater Hobart Plan will support strategic collaboration under the <i>Greater Hobart Act 2019</i> and implement the Greater Hobart Vision.</li> <li>The Greater Hobart Plan will support strategic land use planning for metropolitan Hobart and act as a guiding framework to fulfil the '2050' vision for greater Hobart.</li> </ul>
Local Council Strategic Plans	<ul style="list-style-type: none"> <li>Local councils across Tasmania are either developing, or have in place, strategic plans aimed at managing development and urban growth patterns relative to their unique circumstances.</li> </ul>
PlanBuild Tasmania	<ul style="list-style-type: none"> <li>PlanBuild is an online portal developed by government to improve the property development approval process and provide a streamlined, easier process for all Tasmanians looking to build or renovate.</li> </ul>
Housing Connect 2.0	<ul style="list-style-type: none"> <li>The Housing Connect Reform project (Housing Connect 2.0) will drive new and improved ways of increasing access and providing support to Tasmanians with low incomes needing housing assistance.</li> </ul>
Northern Tasmanian Regional Economic Development Strategy	<ul style="list-style-type: none"> <li>The Strategy was outlined in the 2017 Launceston City Deal – a 10-year agreement between the Australian and Tasmanian Governments and the City of Launceston that will shape the future, create jobs, and generate economic growth for the region.</li> </ul>
Building Tasmania's Future – Tasmanian Building and Construction Roundtable	<ul style="list-style-type: none"> <li>The Tasmanian government has entered into an agreement with leaders in the building and construction sector to work collaboratively to deliver a sustainable infrastructure pipeline. The 'Building Tasmania's Future' Memorandum of Understanding sets out a framework for government and industry to create value, identify opportunities, support innovation, and deliver better outcomes for all of Tasmania.</li> </ul>
Energy Efficiency Initiatives	<ul style="list-style-type: none"> <li>The Tasmanian Climate Change (State Action) Amendment Bill 2021 and its underlying Action Plan are currently being reviewed.</li> </ul>



# Towards a Sustainable Housing System

# Towards a Sustainable Housing System

## VISION

The Tasmanian Housing Strategy seeks to establish a 20-year framework to improve housing outcomes for all Tasmanians. The proposed aspirational vision is:

*Every Tasmanian has access to safe, secure and affordable housing*

## FOCUS AREAS

There are three proposed focus areas and objectives for the Strategy that each include proposed outcomes for improvement. The focus areas are:

### Focus Area 1 – Affordable housing

Objective – Improved housing affordability in Tasmania.

- More affordable housing for Tasmanians on low incomes.
- Pathways for Tasmanians out of homelessness.
- More housing choices for low-income or vulnerable Tasmanians.
- Suitable housing is available to more Tasmanians through either home ownership or renting.

### Focus Area 2 – Housing supply

Objective – Improved housing supply that meets the needs of Tasmanians now and into the future.

- Supply is matched to the needs of Tasmanians.
- Supply in urban and regional Tasmania meets demand.
- Infrastructure planning aligns to new supply.
- Planning systems support new housing to be delivered where it is needed.

### Focus Area 3 – Sustainable housing

Objective – Improved sustainability of housing into the future.

- Homes are more energy efficient.
- Homes are more adaptable to changing energy sources.
- Homes are more resilient to a changing environment.
- Homes better meet the needs of generations into the future.

## Discussion Questions

- Should the vision for the Strategy include other factors?
- Are there important issues not covered by the focus areas?
- Are there additional objectives that are important for Tasmanians and should be included?
- Are there additional housing outcomes that are important for Tasmanians and should be included?

## **FOCUS AREA I – AFFORDABLE HOUSING**

### **Objective – Improved housing affordability in Tasmania**

Housing affordability broadly relates to whether a household has an income that allows the household to rent or purchase a home and maintain an appropriate standard of living.

The range of factors that affect housing affordability include household incomes, house prices and rental prices. In turn, these are affected by taxation policy, interest rates and wage rates. Potential actions that can improve housing affordability therefore include changes in policy in these areas as well as an increase in housing supply that puts downward pressure on house and rental prices.

### **More affordable housing for Tasmanians on low incomes**

Housing stress is defined as a low to moderate income household spending more than 30 per cent of their gross income on housing costs<sup>9</sup>. It usually refers to people renting privately. However, people purchasing their homes may also experience housing stress.

Currently the Tasmanian Government has implemented programs to increase access to affordable private rentals, including the Private Rental Incentives program, Rapid Rehousing, and the Ancillary Dwellings Grants Program.

Other possible initiatives include build to rent programs and developing ‘shop top’ accommodation. Build to rent programs, where a developer retains ownership and management of a building that is rented out to tenants, are gaining support across Australia. This could be an opportunity for investors and private landlords to increase the number of affordable private rentals available to Tasmanians.

Greater supply of affordable private rentals will increase vacancy rates and reduce rental prices, therefore resulting in fewer Tasmanians on low incomes experiencing housing stress.

### **Pathways for Tasmanians out of homelessness**

Homelessness in Tasmania is usually defined as people experiencing primary or secondary homelessness: people living in improvised dwellings or sleeping rough, or inadequate temporary tenure<sup>10</sup>.

The Tasmanian Government funds homeless shelters, transitional accommodation and supported accommodation for people who are homeless or at risk of homelessness. There were 6 567 clients assisted by these services in 2020-21<sup>11</sup>. However, there remains significant levels of unmet need.

Currently, the Tasmanian Government is investing in additional units of homelessness and supported accommodation to increase capacity and address unmet need. Additionally, the reform of the Housing Connect model currently underway will improve delivery of housing and homelessness services to better support Tasmanians in need.

Future initiatives that increase the supply of long-term housing include the provision of additional social housing and affordable private rentals that will reduce levels of homelessness and demand for homeless accommodation.

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9 Australian Institute of Health and Welfare, 2021. [Housing affordability \(aihw.gov.au\)](http://aihw.gov.au)

10 Chamberlain, C. and Mackenzie, D., 1992. Understanding contemporary homelessness: Issues of definition and meaning. *Australian Journal of Social Issues*

11 Australian Institute of Health and Welfare, 2021. *Specialist Homelessness Services Annual Report 2020-21*.

## More housing choices for low-income or vulnerable Tasmanians

Housing market pressures have increased demand for social housing assistance. The number of applications on the Housing Register in Tasmania has increased over the past decade to 4 453 applications in June 2022<sup>12</sup>. The high demand for social housing is an issue across all jurisdictions.

There were 14 056 social housing dwellings in Tasmania in 2020-21<sup>13</sup>. The Tasmanian Government has committed to providing an additional 10 000 social and affordable houses by 2032 to meet demand for social housing assistance.

## Suitable housing is available to more Tasmanians through either home ownership or renting

As mentioned previously, Tasmania has the highest rates of home ownership nationally with 70.1 per cent of Tasmanians owning or buying their own home in 2021<sup>14</sup>. Homeowners have benefited from low interest rates and more savings associated with the COVID-19 pandemic. However, economic growth has also led to higher house prices and reduced housing affordability.

Also noted previously, there are declining rental vacancy rates across Tasmania, and this has coincided with increased rental prices and worsening rental affordability and the rise of the short-stay accommodation industry. These accessibility challenges impact most on low to moderate income households who are finding it increasingly difficult to secure stable, affordable rental accommodation in the current market. This is also occurring in the context that people are renting for longer, with an increasing number of Tasmanians renting for their whole lives.

The Tasmanian Government assists people on low to moderate incomes into home ownership with the MyHome Shared Equity Program.

The Tasmanian Government has also announced initiatives to improve access to home ownership through reduced land tax, increased stamp duty concession thresholds, extensions of the First Home Owner Grant and a reduction in the deposit required to purchase under the MyHome Shared Equity Program. The Tasmanian Government will also assess the viability of rent to buy programs, which enable renters to contribute to the equity of the home and reduces the need for a deposit.

More people able to access home ownership will help reduce pressure on social housing and the private rental market as well as provide stable housing outcomes for homeowners.

### Discussion Questions

- What additional interventions could governments consider to improve housing affordability?
- What scope is there to increase the role of the private and community sectors in improving housing affordability?
- What other issues would you like to be considered regarding housing affordability?
- Noting increased rental prices and decreased rental vacancies across Tasmania, what are some of the ways the challenges in the private rental sector, particularly around security of tenure, could be addressed?
- How could the effects of the short-stay accommodation industry on the rental sector be managed into the future?

<sup>12</sup> Housing Dashboard, June 2022, Community Services, Infrastructure and Housing.

<sup>13</sup> Productivity Commission, Report on Government Services 2022.

<sup>14</sup> Australian Bureau of Statistics, 2021 Census.

## FOCUS AREA 2 – HOUSING SUPPLY

### **Objective – Improved housing supply that meets the needs of Tasmanians now and into the future**

Demand for housing is driven by population growth and demographic changes. Supply needs to match the changing needs of the population including the requirements of future households. Supply also needs to be matched with infrastructure to ensure appropriate access to services, employment, education and transport.

While the Tasmanian Government has a key role in funding and delivering new social housing, there is also an important role for local governments and the building and construction industry to supply new housing across the housing market. This includes land release, planning, workforce, and industry capacity (including building materials) that enable new supply.

### **Supply is matched to the needs of Tasmanians**

To ensure housing stock reflects current and future demand, it is important to consider the likely demographic changes in Tasmania's population and the needs of people based on life stages and circumstances including families, people with disability, young people transitioning out of home and older people.

Families require stable long-term housing where house size is matched to the needs of the household. There is also growing evidence that families on moderate incomes in Tasmania are experiencing increased housing stress associated with housing market challenges.

Young people transitioning out of home are at risk of homelessness as they shift to independence. They are typically on low incomes and may struggle to access affordable private rentals or enter home ownership.

Older people also need housing that is matched to their household size, enables them to age in place if appropriate and avoids increased pressure on the aged care system. Tasmania currently has the oldest population in Australia, and this is projected to increase in the future<sup>15</sup>.

Innovative housing solutions are being explored for younger and older people in Tasmania. This includes increasing capacity and specialist support through supported accommodation, and piloting shared tenancy options within social housing.

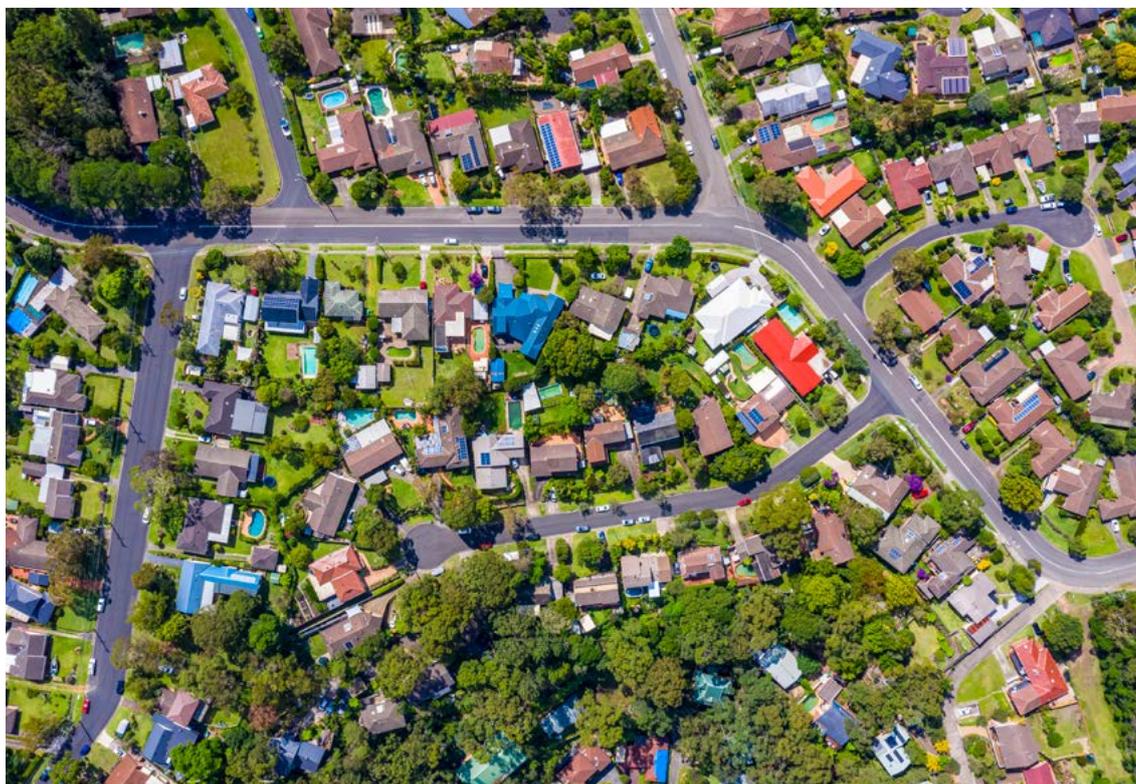
Tasmanians experiencing changes to their circumstances may also be at greater risk of housing stress and homelessness. People escaping family violence, people exiting prison, people with disability and people with mental illness are particularly disadvantaged. These people may require a specific housing solution that is able to meet their housing needs in a timely way as well as provide appropriate support for complex and/or multiple issues.

Aboriginal and Torres Strait Islander people are a priority cohort for housing and homelessness services in Tasmania. Tasmania is a signatory to the *National Agreement on Closing the Gap*, and suitable housing options must be delivered to improve outcomes for Indigenous Tasmanians.

A diverse housing market is required to provide sufficient supply of housing types that match the needs of future population projections and household configurations.

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<sup>15</sup> Australian Bureau of Statistics, Australian Demographic Statistics, Dec 2014, Cat No 3101.0, ABS, Population Projections, Australia, 2012 (base) to 2101, Cat. No. 3222.0, Department of Treasury and Finance, 2014 Population Projections, Tasmania



## Supply in urban and regional Tasmania meets demand

Housing supply should also be matched to the needs in both urban and regional Tasmania. There may be population variations within cities and regions based on movement to and from areas for employment opportunities, including seasonal work and emerging industries. This may require unique housing interventions to provide both temporary and long-term housing based on population changes. Suitable housing in the right areas is a key factor for Tasmania's continued economic growth.

There are often concerns expressed by regional communities that housing does not meet the needs of the community. Surveys conducted by the Premier's Economic and Social Recovery Advisory Council suggest that Tasmanians in regional areas, in the North-West and West Coast in particular, are more concerned about housing than those in urban centres<sup>16</sup>. Additionally, regional communities have expressed concerns about the lack of homelessness accommodation, particularly for people escaping family violence.

Regional Land Use Strategies are being reconsidered as part of the Tasmanian Planning Scheme review process. This will ensure that planning strategies are contemporary and address the regional needs into the future.

Future supply must be based on appropriate evidence of housing need based on population, demand for social housing and level of current supply. This type of information demonstrates the number and type of new homes that are required within particular regions.

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<sup>16</sup> Premier's Economic and Social Recovery Advisory Council, 2021. Final Report, Hobart.



### **Infrastructure planning aligns to new supply**

New supply must also align with the appropriate infrastructure, including sufficient capacity of roads, electricity and water. Infrastructure also includes appropriate access to services (health and retail), employment and schools. The suitable location of new housing supply with infrastructure ensures good outcomes for residents across areas of health, education, social and community support, and employment.

Existing and future plans for infrastructure need to be considered when undertaking new housing supply. Planning for the delivery of social and economic infrastructure requires significant coordination across all levels of government and with multiple stakeholder groups. The Tasmanian Government has developed a 10 Year Infrastructure Pipeline that outlines major projects and investment into the future. This assists decision making by government, developers, and project proponents to consider investment plans and priorities. A 30-Year Infrastructure Strategy will be developed that will inform infrastructure investment decisions into the future.

It is important that infrastructure is designed in a sustainable manner that takes into account the surrounding environment and community and considers 'place-making outcomes'. Infrastructure development also includes appropriate availability and use of land for future housing, and the subdivision and services of land to support new housing. There are also significant linkages between infrastructure and planning activities that are outlined further below.



## Planning systems support new housing to be delivered where it is needed

The delivery of new supply must be supported by planning systems that are efficient and effective. There is a significant opportunity to improve planning processes to deliver housing supply more efficiently for Tasmanians in need.

The *Housing Land Supply Act 2018* permits the rezoning of government land suitable for residential use, including affordable housing. However, this does not apply to development applications that still need to go through local councils. There are concerns regarding delays with development approvals that prevent the timely delivery of new social housing.

Reform of the planning system is underway which will deliver a new Tasmanian Planning Scheme, Tasmanian Planning Policies, and a review of the existing Regional Land Use Strategies. There are significant opportunities to better streamline planning processes to deliver more housing in a timely way, including the delivery of social and affordable housing. Opportunities also exist to challenge some of the NIMBY (not-in-my-backyard) attitudes that are present and to bring whole communities along the journey to deliver much-needed housing for some of the state's most vulnerable people.

There are also significant efforts underway through the Launceston City Deal, Hobart City Deal and 30-year Greater Hobart Plan to better plan for the future of urban areas including strategic land use and infill developments to provide more housing. Improving planning requires coordinated efforts across State Government, local government and industry.

### Discussion Questions

- What must be considered to make sure new housing meets diverse needs into the future?
- How can housing supply respond rapidly to changing social and economic environments?
- What additional interventions could governments consider to improve housing supply?
- What other interventions could improve housing supply?
- What can be done to further improve planning processes in Tasmania, particularly in the context of the delivery of social and affordable housing and increased density via infill development?
- What scope is there to increase the role of private developers and local government in improving housing supply?
- How can we bring whole communities along to promote the benefits of social and affordable housing in local areas?



### **FOCUS AREA 3 – SUSTAINABLE HOUSING**

#### ***Objective – Improved sustainability of housing into the future***

The Tasmanian housing market should be accessible, affordable and sustainable for future generations. This means the ability for young people to access housing as well as older people to age in place.

Sustainability also refers to the need to deliver adaptive and resilient housing in the right locations, with construction aligned to environmental factors and the needs of the community. This includes dwellings that are energy efficient and built to protect against environmental events, such as floods and bushfires.

Sustainable housing also involves ensuring homes are not having a significant impact on the current environment. The Climate Change (State Action) Amendment Bill 2021 sets out the Tasmanian Government's legislative framework for action on climate change and includes underlying Action Plans. Since the latest figures released for 2019, Tasmania has met the target of net zero emissions in six of the past seven reporting years. The Climate Change (State Action) Amendment Bill 2021 proposes a target of net zero emissions, or lower, by 2030.

## **Homes are more energy efficient**

The energy efficiency of Tasmanian homes is becoming increasingly important due to rising costs of living and housing affordability pressures. Energy efficient homes can improve the thermal comfort of occupants, leading to a range of health benefits.

New dwellings must meet the National Construction Code, which encompasses proposed energy efficiency ratings. All new social housing in Tasmania is built to be energy efficient to reduce costs of living and provide comfort for low-income residents. These homes are currently built to a 6-star rating.

Where practicable, all new social housing is also designed to meet the Design Policy for Social Housing, which reflects principals of environmental and energy sustainability, socially inclusive and sustainable communities, universal design principles to support 'ageing in place', and liveable housing design. The standards encompass sustainability aspects of both the built environment (such as energy efficiency, natural sunlight, lighting, materials, accessibility) and the broader social context such as proximity to employment, shops, transport, education, and other community services.

## **Homes are more adaptable to changing energy sources**

Significant efforts have also been made to improve the energy efficiency of existing social housing properties. In addition to regular energy efficiency improvements, additional funding was provided in 2021 for the Energy Efficiency Project. The Project sought to reduce energy consumption and associated power bills, lower carbon emissions and improve liveability for public housing tenants by implementing energy efficiency upgrades to existing properties in the portfolio. This has involved the significant replacement of inefficient heating appliances with electric heat pumps.

In relation to the broader housing market, Australia's Long Term Emissions Reduction Plan forecasts that by 2050 around seven million homes will not have been retrofitted to improved energy efficiency measures in the National Construction Code (without supported measures). In Tasmania, this number is estimated at 164 372 dwellings<sup>17</sup>. Changing the source or type of energy supply to housing can result in long-term savings for homeowners and tenants, with options such as renewable energy being a cheaper source than gas in the long term<sup>18</sup>.

## **Homes are more resilient to changing environments**

It is important that homes are built with robust materials and meet all construction standards to ensure good quality and future proofing over the lifespan of the property. This includes providing protection against environmental events such as floods and bushfires. The management of these risks is captured under the planning system and the National Construction Code.

Properties should also be appropriately located with good planning to ensure they do not pose a risk to heritage or the environment.

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<sup>17</sup> Power Housing Australia, 2022. Australian Affordable Housing Report

<sup>18</sup> Graham, P., Hayward, J., Foster J. and Havas, L.2020, GenCost 2020-21. Consultation draft, Australia.

## Homes better meet the needs of generations into the future

Sustainability also refers to longevity of newly constructed dwellings and the ability to adapt to changing household needs. This may include the size of the home, robustness of building materials and accessibility for people living with disability and/or ageing in place. The need to quickly deliver housing options to match demand must be balanced with good design outcomes and levels of amenity.

A key issue for sustainability is ensuring that housing is accessible and affordable for future generations in Tasmania. Young people are finding it increasingly difficult to enter home ownership due to house price increases. Ensuring younger generations can either purchase a home or maintain security of tenure in another form will be an important indicator for the viability of the Tasmanian housing market into the future.

As stated previously, it is important to deliver a diverse supply of new housing in the right areas to meet the changing needs of households in Tasmania.

### Discussion Questions

- What actions are needed to improve sustainability of housing?
- What Government assistance programs could help young people and people with changed life circumstances access affordable home ownership?
- What can be done to improve the energy efficiency of existing and new homes?
- What else can be done by stakeholders to improve sustainability?



# Consultation to Date

# Consultation to Date

A range of consultation activities and internal works have occurred to inform the development of this Discussion Paper.

These include:

- engagement with consultants to develop key themes and background information
- data analysis and modelling of population projections
- desktop research
- stakeholder working groups
- face-to-face meetings with a range of stakeholders, including local councils.



# Have Your Say

# Have Your Say

The Tasmanian Government invites feedback on this discussion paper through the Tasmanian Housing Strategy webpage: [tashousingstrategy.communities.tas.gov.au](http://tashousingstrategy.communities.tas.gov.au)

The Discussion Paper includes a series of questions to help guide feedback on the three focus areas of affordability, supply and sustainability. You may choose to respond to some or all discussion questions or provide additional information in your submission.

## HOW CAN I MAKE A SUBMISSION?

There are a few ways that you can make a submission through the webpage:

- you can tell us what your top three priorities are for housing in Tasmania
- you can write a submission and upload it as a PDF document
- you can provide a short response on the focus areas using the online feedback form
- you can answer the questions on the template provided.

We also welcome mailed submissions. These can be sent to:

ATTN: Tasmanian Housing Strategy  
Department of Communities Tasmania  
GPO Box 65  
Hobart Tasmania 7001

## HOW WILL MY SUBMISSION BE USED?

Your feedback will inform the development of a draft Tasmanian Housing Strategy.

## NEXT STEPS

Feedback from submissions on this Discussion Paper will be analysed and will inform the development of a consultation draft of the Tasmanian Housing Strategy.

This consultation draft will be released for comment and feedback early in 2023, with a final Tasmanian Housing Strategy to be delivered in mid-2023.



For more information, please visit [tashousingstrategy.communities.tas.gov.au](https://tashousingstrategy.communities.tas.gov.au)





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