

# City of Hobart submission to Tasmanian Housing Strategy Discussion Paper

October 2022

## Introduction

The City of Hobart is committed to identifying and – to the best of its ability – addressing the diversity of issues in relation to affordable housing within the city’s municipal area. We therefore welcome the opportunity to provide input to the Tasmanian Government’s Tasmanian Housing Strategy.

The City of Hobart is guided by its Community Vision and *Capital City Strategic Plan*. These documents articulate the community’s and the City’s vision for Hobart to have a diverse supply of housing and affordable homes. To help realise this vision, the City has developed or partnered in the development of a number of key strategies including the *30-year Greater Hobart Plan*, *Central Hobart Precinct Plan* (in development), and the *Affordable Housing and Homelessness Commitment*.

The City of Hobart has a leadership role to play. This includes both the control of existing and new development as well as strategic planning to ensure that resources are carefully managed to match current and future community needs and expectations.

Housing availability and affordability is a complex and multi-faceted issue. It is critical that all tiers of government work in partnership with each other and with community to develop and implement holistic strategies. We will continue to develop partnerships and work collaboratively with other levels of government, neighbouring councils, housing peak bodies, investors as well as social housing providers, educational, community and voluntary organisations. Partnership projects such as the *Central Hobart Precinct Plan* and the *30-year Greater Hobart Plan* represent a positive step that the Tasmanian Housing Strategy should build on.

In 2022-23, the City of Hobart will undertake a review of its Rating and Valuation which will consider differential rating for properties used for short stay visitor accommodation and vacant residential land.

This submission includes a high-level overview of the issues facing Hobart from a housing availability and affordability perspective, as well as some direct responses and recommendations to the questions posed in the discussion paper. The City of Hobart would welcome the opportunity to engage closely with the State Government in the development and implementation of the Tasmanian Housing Strategy.

## The City of Hobart context

Housing availability and affordability is a key concern for the City of Hobart. The Tasmania Project Wellbeing Survey has seen the level of satisfaction of housing for residents in Greater Hobart declining with housing affordability, including rental affordability, listed as the main concern. This was mirrored in the results of the City of Hobart’s 2021 annual community satisfaction survey which rated housing that meets the needs of the community and the affordability of housing as ‘extremely poor’.

The community’s sentiment and experience are reinforced by data. Between 2015 and 2020, the median sale price in the Hobart LGA has increased from \$495,000 to \$750,000 (approximately 10 per cent per year) for houses and from \$351,000 to \$575,000 (approximately 12.7 per cent per year) for

attached dwellings. A similar trend has occurred in the rental market with rents having increased by seven per cent per annum over the last seven years driven by record low vacancy rates.

In comparison, average wage growth in Tasmania since 2015 is 2.8 per cent per year. While the proportion of renters paying more than 30 per cent of their household income in rent has increased from 12.8 per cent in 2016 to 33.5 per cent 2021. These trends have seen Greater Hobart ranked as the least affordable greater capital city rental market. These affordability challenges have also contributed to increased homelessness or risk of homelessness in Hobart. There were 309 people estimated as being homeless in the Hobart LGA at the 2016 census. The 2021 census data on homelessness is due to be released in 2023. Data from the Australian Institute of Health and Welfare shows that specialist homelessness services in the Hobart LGA had 743 clients in 2021. Of these, 449 people were homeless, 272 were at risk of homelessness while 22 people did not state whether they were at risk of or were homeless.

Demand for housing is projected to increase as Hobart and Tasmania's population increases. The City of Hobart commissioned .id to undertake population projections for the Hobart LGA. These projections forecast that the Hobart will increase by approximately 28 per cent to just over 70,000 people by 2046, significantly higher than the most recent projections from the Tasmanian Department of Treasury and Finance (noting that Treasury has since determined that its projection is unsuitable for planning purposes). Despite the current uncertainty with population forecasts, it is likely that population trends will continue to see increased demand for housing.

### **Focus area one: Affordable Housing**

What additional interventions could governments consider to improve housing affordability?

- That the State Government investigate and develop initiatives to increase supply of all property types in order to ease rental cost pressures and increase the availability of rental properties, noting that within Hobart the vacancy rate in the private rental market is 0.6%, which highlights the extremely limited pool of available properties for rent.
- That the State Government review the \$600,000 cap in the *MyHome Shared Equity Program* for people on low and moderate incomes, noting that within the Hobart Local Government Area, and increasingly across Tasmania, there are increasingly fewer properties within this price range cap.
- That the government consider amendments to the *Land Use Planning and Approvals Act* (LUPAA) to ensure that councils have the option for Mandatory Inclusionary Zoning of social and/or affordable housing, particularly where re-zoning and/or public investment in infrastructure (e.g. investment in public transport) results in planning gain.

What scope is there to increase the role of the private and community sectors in improving housing affordability?

- That the State Government consider the introduction of a 'Vacant Property' tax or similar mechanism, in order to encourage the timely development or utilisation of vacant properties to increase supply.

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?

- That the State Government review the *Residential Tenancy Act* to ensure that it is contemporary and follows best practice in order to provide greater security of tenure for tenants.
- That the State Government introduce standardised Residential Tenancy Agreements, which includes the introduction of a standardised rental application form that does not require applicants to identify their income source, noting that people receiving Government allowances are often discriminated against when applying for rental properties.
- That the State Government cultivate positive community attitudes to reduce the ‘us and them’ attitude and to counteract negative stereotypes that have a discriminatory impact on people renting properties.
- That the State Government develop guidelines and mandate standards for build to rent housing that include high quality, energy efficient homes for either general or targeted demographics, with no requirements for deposits, long term tenancies and predictable rents located near high frequency public transport routes/in well serviced locations.

How could the effects of the short-stay accommodation industry on the rental sector be managed into the future?

- That the State Government consider amendments the Tasmanian Planning Scheme State Planning Provisions made to detach short stay visitor accommodation from the Visitor Accommodation Use Class and that the use Visitor Accommodation be made Discretionary in residential zones, noting that Visitor Accommodation is a Permitted Use in residential zones.

## **Focus Area Two: Housing Supply**

What must be considered to make sure new housing meets diverse needs into the future?

- That the State Government fund a housing needs assessment for each region (e.g. Greater Hobart) or each LGA, that will help to identify future needs, to inform planning policy that considers such issues as housing for an ageing population, larger apartments to house bigger families, and more group housing for young people and those with additional needs.
- That the State Government ensure that infill housing development is ‘future proofed’ by providing a diversity and flexibility of housing options to accommodate demographic change, such as Ageing in Place, noting that Tasmania has one of the highest proportions of older people and people living with a disability in Australia.
- Consideration should also be given to the role of intergenerational households and how adaptations to housing stock and supporting services and infrastructure can enable this.
- That the State Government increase the delivery of the so called ‘missing middle’ typology of multiple dwellings such as conjoined dwellings and townhouses – not just apartments or detached dwellings on greenfield sites.
- That the State Government, in endeavouring to meet the target of an additional 30,000 dwellings, identified in the *Greater Hobart Plan 2030* adopt a 70/30 split between infill and Greenfield developments.

- That the State Government ensure that housing is delivered with new infrastructure to support the changing needs of residents as they age and change, noting that increased densities beyond what is stated in local planning schemes should only be approved where there is existing infrastructure, and contribute to the cost of upgrading infrastructure to service increased population.

### How can housing supply respond rapidly to changing social and economic environments?

- That the State Government undertake independent analysis of residential land supply be conducted, to ensure that any review of Regional Land Use Strategies is informed by accurate and robust data. Any such analysis should include a review of approved but not commenced residential development and the amount of supply this undeveloped land might provide (in years). In addition, the previously referred to housing needs assessment include consideration that land release is appropriate and housing development makes best use of land in sustainable, serviced, locations.
- That the State Government develop a clear policy and consider 'disincentive' mechanisms such as additional tax on undeveloped residential land that has planning permission for development, to ensure that housing delivery is prioritised, not just supply, in order to address 'land banking' of vacant land.

### What other interventions could improve housing supply?

- That the State Government implement an infrastructure plan and coordinated charging regime for LGAs or regions to ensure that infrastructure provision is efficient, coordinated and financially sustainable in order in order to provide developers and community members with certainty regarding an LGA's future infrastructure.

### What can be done further to improve planning processes in Tasmania, particularly in the context of the delivery of social and affordable housing and increased density via infill development?

- That the State Government consider introducing minimum residential density requirements or bedrooms per square metre (to be supported by design code requirements that details space standards for bedrooms) in order to increase housing density.

### What scope is there to increase the role of private developers and local government in improving housing supply?

- That the State Government extend requirements and provisions that relate to social and affordable housing on Crown land within the proposed Homes Tasmania Act, to approved residential development on private land, where the permit has not been acted on for a period of 3 years.
- Introduce Mandatory Inclusionary Zoning into planning legislation to ensure that new developments of appropriate capacity are a mix of tenures, in order to increase the supply of the full range and diversity of property types and help to reduce stereotypes.

### How can we bring whole communities along to promote the benefits of social and affordable housing in local areas?

- That the State Government generate positive stories to accompany media releases and provide evidence of positive outcomes for individuals and communities in relation to social and affordable housing, in order to counter Not In My Backyard (NIMBY) responses to potential housing developments.
- That the State Government work with local government to purchase and enable the re-development of local government owned land that is surplus to requirements in order to deliver innovative social and affordable projects and developments.
- That the State Government increase resources for community support services in order to assist community members to stay within secure accommodation, rather than waiting until they have become homeless or are unable to address their cost of living and housing stress issues, before they are provided with assistance.

### **Focus Area 3: Housing Sustainability**

What actions are needed to improve sustainability of housing?

- That the State Government consider the development of mandatory energy efficiency standards for all rental properties within Tasmania, including such things as minimum insulation requirements, electrification of all new dwellings as well as appropriately fitted and maintained doors and windows, noting the increasing cost of energy and the inability of tenants to structurally improve the energy efficiency of the property that they rent.
- All tiers of government can also play a key role in researching, collating, and disseminating information on strategies and benefits of improving sustainability of homes. For example, the City of Hobart's Sustainable Hobart Action Plan includes a commitment to develop Climate Ready Homes factsheets to encourage householders to adopt sustainable adaptation principles in construction, design and development.
- Noting the recent COVID-19 driven shock to the supply chain of building materials, governments should explore ways to stimulate new and diverse supply chains, including for emerging materials such as cross-laminated timber and hempcrete.

What Government assistance programs could help young people and people with changed life circumstances access affordable home ownership?

- That the State Government ensure all Greenfield housing development is delivered with appropriate social, economic, health and recreation infrastructure to support residents including open space, community facilities, internet access, schools, childcare centres, shops and health services.
- That the State Government ensure that all Greenfield housing developments reduce the need for journeys by private motor vehicle within and out of the development, to prioritise connections that encourage and reward walkability and non-motorised travel.
- That the State Government undertake research to establish what young people and people from diverse backgrounds aspire to, require and what impedes them from renting or entering into home ownership, and that research identifies innovative, alternative and successful models of accommodation, such as Housing Cooperatives that may be attractive to young people.
- That the State Government apply the liveable housing standards included in the updated National Construction Code (to be released in May 2023), with the aim of ensuring that at a minimum the Silver standard is applied to Class 1a buildings and that the Gold and Platinum

standards are applied to social and affordable developments, including Class 2 buildings, as much as possible.

## What can be done to improve the energy efficiency of existing and new homes?

- That the State Government require private rental housing to reach minimum national energy efficiency standards, in order to reduce cost of living pressures and improve the health and wellbeing of community members. This could be achieved through the requirement for an energy efficiency certification when properties are made available to rent. For the sale of dwellings, an energy efficiency certificate would be completed by the vendor and could be included as part of a contract of sale.
- That the State Government roll out availability of the Home Energy Audit Toolkit (HEAT) to all local government areas within Tasmania, to increase the residents' ability to determine their energy use and identify ways to reduce energy consumption and related costs.
- All tiers of government can also play a key role in disseminating information on strategies and benefits of improving energy efficiency of homes.

## Other

### Are there additional objectives that are important for Tasmanians and should be included?

- Income, wages and taxation policy are all important components affecting housing affordability and availability. In this context, a Tasmanian Housing Strategy should advocate for a holistic assessment of these settings and their individual and cumulative impact on housing affordability and availability. This assessment should inform appropriate changes to these settings. As part of this assessment, settings around government payments should also be assessed with an eye to ensuring all Australians have access to a liveable income.