

27th October 2022

Department of Communities Tasmania
Email: tasmanianhousingstrategy@communities.tas.gov.au

To Whom it May Concern,

Thank you very much for the opportunity to provide feedback regarding the Tasmanian Housing Strategy Discussion Paper 2022.

The API comprises a membership cohort of almost 7000 Australian property professionals, the overwhelming majority of which come from the Valuation profession. In Tasmania, we have 134 active members.

Representing a wide range of property professionals, we advocate for our members with a range of stakeholders, providing the professional recognition each member deserves. In turn, all members of the API are highly qualified, highly skilled professionals with up-to-date professional development and experience.

Our members are active across all sectors of the property profession – in private practice and the public sector. This broad base of qualified and skilled professionals is unique to the API as we are dedicated to expanding the expertise and knowledge of our members, building a solid base for the future of the property profession.

The members represented by the API include those working in valuation, property management, facilities management, property law, property education, property development, funds and asset management, town planning, property consultancy and advisory.

As you will appreciate, our members have the potential to be directly impacted by the Tasmanian Housing Strategy, so we have a keen interest in working with the Tasmanian Government to ensure the best possible outcome.

With regards to the specifics of the Tasmanian Housing Strategy Discussion Paper, the API would like to make the following comments:

Taxation – The taxation of property should be reviewed and potentially reformed where it is considered that these taxes are no longer fit for purpose, or counterproductive to the objective of providing affordable housing for the population. Property is subject to a range of taxes including:

- Capital Gains Tax (CGT)
- Land Tax
- Good and Services Tax (GST)
- Municipal rates
- Stamp Duty

These taxes can be used to both incentivize or disincentivise particular decisions around the investment in property as well as its occupation and ongoing use.

Some areas where tax reform could be considered include:

- Targeted tax increases or removal of tax incentives for properties used for short term rental (i.e. the 50% CGT discount could be removed).
- Targeted tax relief or incentives (i.e. reduced land tax) to encourage longer term residential occupation/lease terms. Current residential lease terms tend to be 1 - 2 years, resulting in uncertainty around tenure for tenants.
- Reform of stamp duty taxes. The existing stamp duty tax regime acts as a disincentive for market participants to sell an existing property that may be surplus to their requirements and purchase more appropriate housing.

Notwithstanding the above, the potential impact of any intervention on the overall market does need to be considered. For example, the first home buyers boost resulted in such an increase in demand, that the increased amount available through the stimulus, was quickly outweighed by the growth in the market for properties in the first home buyers price bracket.

Housing Supply and Planning – There is a need to increase residential land banks in areas of current and future residential growth, thus removing the waiting time for the provision of housing. The development of appropriate residential land banks in Tasmania appears to have stalled due to the lack of appropriate residential zonings in many municipal areas, ad hoc planning, extended development timelines, lack of available services, growing cost of land development and high cost of holding vacant land, in part due to local and government fees. These issues affect affordability and development timeframes.

Adjoining municipal areas need continuity of planning schemes and planning decisions, especially for residential development. Whilst we note the Tasmanian Planning Scheme is gradually being rolled out and adopted via 29 local government areas in Tasmania, there still remains an element of interpretation between each planning scheme, which creates uncertainty and inconsistency.

It should be noted that the barriers to entry for property development are significant and can limit the number of market participants – particularly for large scale subdivisions. There are only a limited number of financiers that will consider financing a development property with the Loan to Value Ratio (LVR)

generally lower in comparison to other property loan types, with developers unable to generate cash flow from sales until the development is completed. A low number of participants in the market for englobo or large property developments can lead to delays in supply. Co – ownership or co – contribution schemes between government and private developers could assist with both increasing the number of developers participating in the market, and the financial viability of projects. Where government land is being sold for the purposes of being developed, we would recommend a condition of the sale be that the land be developed within a specified time period.

Short term stay accommodation – The growth of short-term accommodation providers such as Air BNB appears to have impacted on the availability of housing – particularly in coastal/holiday locales such as east coast Tasmania towns. This is having a twofold effect whereby it is removing housing stock from the long-term rental market, but also making it difficult for accommodation and other businesses that operate in this area to find suitable accommodation for staff.

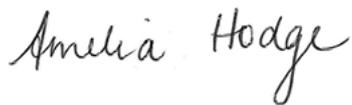
We note current moves by Councils to increase the taxes or charges levied against these types of properties – most recently the Dorset Council. There remains scope for the Office of the Valuer General to be part of the solution to these approaches through the reclassification of these properties to the “R7 – Short Stay Visitor Accommodation” property code ([Help Files \(thelist.tas.gov.au\)](https://thelist.tas.gov.au)). However, there needs to be a framework to support any reform in this area, tasked and led by an appropriate Government Department or Committee.

Security of Tenure – Existing residential leases are understood to be primarily 1 – 2 years in length. The costs and time associated with moving are not insignificant and can place a strain upon the budget, and wellbeing of tenants. The adoption of longer term leases are a potential solution to providing security of tenure to tenants. These can be registered on title and potentially incentivised via the tax system to provide a benefit to owners.

Once again, thank you for the opportunity to respond to the Discussion Paper. If there are any questions with regards to the feedback provided, or if you would like to discuss any of these matters further, please do not hesitate to contact me on the below contacts.

We look forward to working with you further.

Yours faithfully,

**Amelia Hodge**

Chief Executive Officer

Australian Property Institute Ltd