



SUBMISSION BY THE  
Housing Industry Association

to the  
House of Assembly Select Committee on Housing Affordability  
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## **HIA:**

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HIA is the leading industry association in the Australian residential building sector, supporting the businesses and interests of over 60,000 builders, contractors, manufacturers, suppliers, building professionals and business partners.

HIA members include businesses of all sizes, ranging from individuals working as independent contractors and home based small businesses, to large publicly listed companies. 85% of all new home building work in Australia is performed by HIA members.

## 1 Introduction

The Housing Industry Association (HIA) welcomes the opportunity to provide comments to the House of Assembly Select Committee on Housing Affordability.

The need for affordable housing supply in all forms is integral to meeting the social needs of the community as a whole.

The Committee is seeking to investigate a range of reforms to improve the supply of social, public and affordable housing. A fundamental part of this approach must be to consider housing affordability in general terms while having regard for each segment of housing need.

In undertaking this review, it is suggested that the Committee give equal focus to factors that can assist those in the community that are not reliant on public or social housing currently to maintain that option, as part of its consideration of affordable housing issues.

Currently there are a number of policies in Tasmania that seek to address the delivery of affordable housing. However, in many cases their implementation is limited by the prohibitive costs of delivering such housing by the private sector, which simply shifts the costs onto new home buyers. There needs to be a balance between government and private development in the supply of affordable housing.

The terms of reference for the review cover a broad range of matters, many of which fall outside the scope of HIA to respond. Therefore, HIA has focused on providing information on its general housing affordability policy and its experience in this area that may assist the Committee in forming a view on the merits of the Government's current policy and how it affects the delivery of affordable housing in Tasmania.

HIA is available to provide further information in relation to its submission or any other affordability issues that arise during the course of the review that may require further industry input. This extends to participation in any interviews or hearings conducted by the Select Committee.





### 3 HIA's Recommendations to Improve Housing Affordability

To address the imbalance between the supply of and demand for housing, which leads to reduced housing affordability, government policies need to:

- Recognise that a continuing undersupply of housing stock contributes to the unaffordability of housing in Australia – across numerous segments of the community.
- Support and enable industry to meet overall housing supply targets by creating the right environment to incentivise a wide variety of housing to be built in the marketplace (FHOG and HomeShare are two good examples).
- Support industry to voluntarily assist governments to improve the supply of low and moderate income housing stock (affordable housing), for rent or sale, as a supplement to governments own social and crisis accommodation provision (for example NRAS programs).
- Provide industry with timely and up-to-date information on the roll out of affordable and social housing programs by government and their agencies. The ad hoc release of tenders requiring deliverables within a twelve month timeline or less, is highly inefficient and does not present the industry with an opportunity to forward plan. By creating greater awareness on upcoming projects over the medium to long term industry can develop their pipeline to ensure adequate servicing of the project (skills, materials, etc) leading to an increased supply of social and affordable housing across the State, potentially delivered at a more competitive price. A more collaborative approach with key industry bodies on upcoming projects and programs will assist the government to meet or exceed their supply targets.
- Support and promote initiatives that improve housing supply, and therefore, housing affordability for all households including:
  - Maintaining abundant land supplies including short, medium and long term land supply in the pipeline for detached housing sites in conjunction with medium density opportunities. This includes greater public land release.
  - Setting clear land supply targets for authorities to ensure land supplied for housing in both greenfield and infill sites are maintained.
  - Addressing the excessive taxation burden on housing.
  - Restricting any further development contributions being levied on housing, particularly those which levy for community infrastructure items that should be funded by general taxation measures.
  - Continuing to support and implement housing based infrastructure rather than place that responsibility back onto industry to fund this.
  - Ensuring a streamlined planning approvals process where constraints on the land are clearly identified in the first instance and standards for the subsequent design and construction of housing are specified in single residential housing codes for all jurisdictions.

- Allowing the private sector to assist with the heavy workload of authorities in planning and ensuring better statutory time frames are delivered for housing development.
- Identifying surplus land for residential development and facilitate its release in a timely manner.
- Actively promoting policies which allow for a range and mix of housing to be developed at all price points.
- Making new housing supply and housing affordability an objective of state planning legislation.

## 4 Conclusion

Housing affordability in Tasmania, and particularly Hobart, has become a major issue. A declining number of people are able to afford to purchase their home and an increasing number of people are unable to afford to rent in the private market. Whilst this situation has deteriorated recently for a range of reasons, this issue or the potential for this issue has existed for some time now.

The inability to purchase a home means that many 'would be' purchasers are staying in the private rental market, which consequently increases demand for rental stock, leading to an increase in price for rental accommodation. The flow on effect is that households at the lower income end of the spectrum are unable to access appropriate private rental accommodation, but they may not qualify for the severely limited supply of public housing.

It is essential to recognise that there will always be a sector of the community who requires assistance, whether in part or in full, to access appropriate housing to meet their needs. Such housing will always require direct government involvement and will always be classified as 'subsidised' housing of some type.

House prices increases in Tasmania have occurred as a result of multiple factors including constrained land supply, increasing taxes and charges, cumbersome zoning and development approval processes. These matters should all take priority for the Government to address as a means to unlocking overall housing supply and to avoid letting those on the fringes of the private rental and purchase market fall into a situation that requires direct housing assistance.

HIA remains committed to finding workable, affordable housing solutions that can support the Tasmanian community. Whilst the industry is often unfairly targeted, it recognizes that it is part of the overall affordable housing solution.

A holistic and sophisticated approach to the issue of providing increased levels of affordable housing and solving the housing affordability crisis is essential.