



Parliament of Tasmania

LEGISLATIVE COUNCIL SELECT COMMITTEE

HOUSING AFFORDABILITY IN TASMANIA

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GLOSSARY OF ACRONYMS

ABA	Australian Bankers' Association
ABS	Australian Bureau of Statistics
ACOSS	Australian Council of Social Services
ACTU	Australian Council of Trade Unions
ADI	Authorised deposit-taking institution
AHO	Affordable Housing Organisation
AHURI	Australian Housing and Urban Research Institute
AIHW	Australian Institute of Health and Welfare
AHS	Affordable Housing Strategy [Tasmania, 2004-2008]
ARHP	Aboriginal Rental Housing Programme
CAP	Crisis Accommodation Programme
CASH	Colony Assistance Service for Housing
CHFA	Community Housing Federation of Australia
CHP	Community Housing Programme [CSHA]
CPI	Consumer Price Index
CRA	Commonwealth Rent Assistance
CSHA	Commonwealth-State Housing Agreement [multi-lateral and bi-lateral]
DHHS	Department of Health and Human Services
FaHCSIA	Federal Dept of Families, Housing, Community Services and Indigenous Affairs
FHOG	First Home Owner's Grant
GB	Government business
HIA	Housing Industry Association
HACRU	Housing and Community Research Unit, UTAS
HOAP	Home Ownership Assistance Programme
ICHO	Indigenous Community Housing Organisations
IIF	SAAP Innovation and Investment Fund
LGAT	Local Government Association of Tasmania
MBA	Master Builder's Association
NARI	National Affordable Rental Initiative scheme
NDS	National Disability Services
NHS	National Homelessness Strategy
NIMBY	Not in my backyard
PCA	Property Council of Australia
PIA	Planning Institute of Australia
PRSS	Private Rental Support Scheme
PRTSS	Private Rental Tenancy Support Scheme
RAIA	Royal Australian Institute of Architects
REIA/REIT	Real Estate Institute of Australia/Tasmania
RGS	Report on Government Services
RTA	<i>Residential Tenancy Act 1997</i>
SAAP	Supported Accommodation Assistance Programme
SAIP	Streets Ahead Incentive Programme
STEPS	Southern Training, Employment and Placement Solutions
TAHL	Tasmanian Affordable Housing Ltd
TasCOSS	Tasmanian Council of Social Services
TUT	Tenants' Union of Tasmania
UDIA	Urban Development Institute of Australia
UNSW	University of New South Wales
UPL	Urban Pacific Ltd
UTAS	University of Tasmania

PREFACE

The issue of housing affordability is very much a 'moving feast'.

Since the date at which most people made submissions, there have been a number of significant changes.

These changes include: a change of Federal Government; a number of rises in the home loan interest rates; a significant increase in rents payable; an announcement of new Federal Government policies to deal with housing affordability; and an announcement of additional funding for dealing with housing affordability by the Tasmanian Government.

These changes have meant that some of the comments made in submissions to the Committee, whilst being accurate in the view of the submitter at the time, may now be different.

Rather than contact those who made submissions to ascertain any change in view or try to assert what might have been the revised view, the comments made in submissions have been reproduced as provided.

EXECUTIVE SUMMARY

Housing affordability has declined rapidly and significantly in Tasmania recently. Demand has exceeded supply, generating an escalation of land and property prices. Average house prices in some areas have increased quite dramatically since the 1990s. Mortgage financing has continued to rise. Some homeowners have downsized to smaller homes to maintain a level of financial comfort. Prospective homeowners find that home ownership is increasingly beyond their means, forcing them into the private rental market. Low vacancy rates have added another layer of difficulty. Public housing does not represent the only solution. Non-government social housing options, including TAHL, at this stage only have limited capacity to ameliorate the problems. Crisis accommodation services offer a safety net for those unable to secure a home, but the fundamental problems of the housing market has resulted in the inability of those clients to exit this sector into permanent housing.

The housing boom, whilst beneficial for some, has created major access challenges for those who did not own real estate before the boom.

Up to 23,000 Tasmanian households (12%) can be categorised as being in 'housing stress'. Housing stress is generally defined as a household contributing more than 30% of income towards housing costs (exclusive of the cost of food, fuel, utilities, and paying other bills). Others though technically not in housing stress live in sub-standard accommodation. Others may reside in overstretched households, not recorded among the numbers. The problem affects cities and regional areas, homeowners and renters. Housing stress has reached disturbing proportions.

There are two main aspects to the Committee's terms of reference: firstly the economic and social impacts of the housing affordability problem, and secondly the effectiveness and appropriateness of current services, strategies, and funding. The Committee also considered the experiences of people in housing stress or who are homeless, and also investigated interstate housing strategies.

Housing is one of the most significant economic and social issues in Tasmania. The housing affordability decline has impacted on levels of disadvantage in Tasmania. Housing is a basic human right. In recent years, governments have not adequately addressed housing issues. Addressing the problem is dependent on governments attributing a high priority to the many issues.

Opinions are diverse and divided in regard to how current strategies and services could be improved. It is clear that there are two basic problems facing the Government and the community. The first is how to deal with the relatively small but severely disadvantaged group who have little chance to purchase a house or pay commercial rents. The second is dealing with the wider issue of the increasing difficulties faced by many in the community, caused by rapid increases in the cost of housing.

Dealing with these two issues was of major concern to most witnesses. Some called for governments to urgently increase the supply of social housing, particularly public housing, as this would directly assist people in severe need. Others suggested the whole housing system, particularly supply constraints, needs attention. It is evident that both matters need to be addressed, with different and complementary solutions.

Crisis accommodation services in Tasmania are experiencing significant pressure. Finding suitable, long-term housing options (exit points) for clients has become almost impossible. Providing services for a range of clients with increasingly complex and diverse needs is beyond the capacity of the current system. Expansion of services for all client groups throughout the State is urgently needed.

The Affordable Housing Strategy of 2003 had good intentions, but has not met its objectives. Stage 2 funding for that strategy should not have been withdrawn. The Tasmanian Government should recommit to the Affordable Housing Strategy with ongoing funding to ensure full implementation of the strategy. The Premier's State Policy on Housing announced in October 2007 must be promptly implemented with appropriate funding.

Public housing provides low-cost shelter for people in need and it continues to be a necessity. The current model of public housing in Tasmania, however, is severely under-funded and cannot cope with the increasing demand. Whilst evidence demonstrated a mismatch between the type of housing stock required and that currently available, the Committee was most concerned to find that the number of Housing Tasmania houses available for rent actually reduced at a time when Government announcements suggested it was taking action to increase the supply.

Stock levels have been depleted from 14,056 in 1996-97 to 11,673 in 2006-07 at a time when demand for public housing was increasing. A maintenance backlog of \$80m exists, exacerbating the financial pressure in Housing Tasmania.

According to State Treasury, public housing stock is an asset and Housing Tasmania's expenditure on maintenance and capital works simply reflect its spending priorities. DHHS/Housing Tasmania, on the other hand, consider public housing stock as a liability. Housing Tasmania's ability to provide, upgrade, and maintain suitable housing has been compromised by the sale of around 2,200 homes over 10 years, which have not been replaced with appropriate stock.

A long-term, consistent and sustainable increase in funding is required. A government business, separate from Housing Tasmania, to operate competitively in the marketplace, should be established to provide, manage, and maintain dwellings used as public housing with primary obligation to people in greatest need. Housing Tasmania's focus should be on the human services aspect of housing.

Housing Tasmania should revise its rent-setting policy and abolish the tenure-for-life principle for new clients.

An independent advisory committee should be established to liaise with the State Government on housing.

Community housing in Tasmania currently has limited supply capacity but an important role. Funding from the State and Federal Governments to facilitate an expansion of community housing would provide an intermediate market between low-cost private rental and public housing.

TAHL is a good initiative, though it is unlikely to deliver the stated 700 homes within its timeframe.

A number of factors presently constrain the supply of affordable housing for rent or purchase through the private market. Governments at all levels should initiate new

strategies for the provision of affordable housing and work together to ensure that taxation, planning, and housing policies are complementary. Planning regulations conducive to affordable housing should be developed. The Federal and State Governments should offer tax incentives targeted at affordable housing, including a GST exemption for first homebuilders. Current assistance programmes for renters and homebuyers should continue in principle with a review of terms and conditions.

The Committee was unable to ascertain whether land and infrastructure are adequate and sufficient for residential housing. An audit is required to investigate this issue further.

The *Residential Tenancy Act 1997* should be reviewed. The practice of 'rent bidding' should be addressed through legislation making this practice an offence.

Interest rate volatility is creating problems for mortgagees and those wishing to enter the market. Non-bank home loan products and services in Tasmania should be more strongly regulated.

Interstate social housing models and concepts are worthy of deeper investigation and possible implementation in Tasmania.

**Parliament House, Hobart
15 April 2008**

**Terry Martin MLC
Chairman**

CONCLUSIONS AND RECOMMENDATIONS

All conclusions and recommendations are listed below in sequential order below with reference to the chapter or section to which they relate. In total, there are 69 conclusions and 37 recommendations.

Background: Housing Affordability

The Committee concludes that:

- 1: The housing boom has been beneficial for some, but has created major issues for people who did not own real estate prior to property value increases.
- 2: Various methods exist to measure housing affordability.
- 3: All housing indicators presented to the Committee show that housing affordability throughout Tasmania has declined significantly in recent times.
- 4: The decline of housing affordability in Tasmania is likely to continue.

The Committee recommends that:

- 1: A standardised method of measuring housing affordability in Australia should be developed as a matter of urgency by the Federal Government through the COAG processes.

Chapter 1, Term of Reference 1: The Experiences of Tasmanians in Housing Stress or Homelessness

The Committee concludes that:

- 5: It is not acceptable that any Tasmanian is homeless.
- 6: Homelessness is largely invisible to most people, but this invisibility does not justify inadequate attention to what is a significant social problem.
- 7: Representations of housing stress and homelessness presented to the Committee are tragic and regrettable.
- 8: Difficulty finding clients short-term and long-term housing, due to the shortage of rental accommodation, is creating bottlenecks within SAAP services.
- 9: SAAP services are under significant pressure in Tasmania, having to utilise band-aid responses to the affordable housing crisis.
- 10: Early intervention and identification measures aimed at preventing

homelessness are inadequate and ineffective.

- 11: Some government policies exacerbate the extent of personal stress incurred by people in already difficult circumstances.
- 12: The current points allocation regime to assess the need of public housing applicants in Tasmania is irrational. The difference between the category one minimum threshold of 35 points and maximum points attainable (83 points) is too wide; the difference between the minimum attainable threshold (10 points) for category four and category one is too narrow.
- 13: Waiting times of 29 to 47 weeks for greatest need applicants are unacceptable. Any length of time public housing applicants spend waiting for an appropriate housing solution is stressful. This situation highlights the need for a range of strategies to provide housing options for Tasmanians in stress, both in the immediate future and over the long-term.
- 14: Some Centrelink clients are falling into crisis due to the interruption or suspension of payments and application of the participatory failure policy. Centrelink declined to participate in the inquiry.

The Committee recommends that:

- 2: A benchmark be established to ensure no person is homeless by 2010.
 - 3: Gaps in crisis accommodation provision for all client groups, inadequate geographic coverage of services, and the absence of exit points be addressed as a high priority through additional resourcing.
 - 4: Effective programmes be implemented to identify people at risk of homelessness.
 - 5: Housing Tasmania review and amend by the end of 2008 the points allocation regime to ensure it is a more accurate reflection of applicant need.
 - 6: The State Government – through Housing Tasmania – continue to work towards reducing the public housing waiting list, but not by raising eligibility thresholds to exclude potential applicants.
 - 7: The relevant Federal Government agencies review the impact on clients when Centrelink payments are suspended or temporarily ceased and, in particular, how such practices could affect tenancies.
 - 8: Housing Tasmania and Centrelink provide flexible and coordinated benefit and rent payment options for clients.
-

**Chapter 2, Term of Reference 2: The Impact of a Lack of Affordable Housing on the Broader Economic and Social Wellbeing of the Tasmanian Community; and
Term of Reference 3: The Impact of a Lack of Affordable Housing on the Implementation and Outcomes of Other State Government Programmes**

The Committee concludes that:

- 15: The provision of affordable housing is a question of government priorities. Where these priorities sit will determine the economic and social wellbeing of the Tasmanian community.
- 16: The decline of housing affordability in Tasmania negatively impacts quality of life.
- 17: Housing is fundamental to the economic and social wellbeing of the Tasmanian community.
- 18: The housing market boom has negatively impacted first homebuyers, private renters, the public housing system, and crisis accommodation providers and clients.
- 19: The lack of affordable housing affects levels of disadvantage, and impacts employment opportunities, health, education, and overall welfare.
- 20: Housing affordability is negatively impacting across wide segments of the population, including those who have never previously been financially incapable of securing housing. This will be costly for governments.
- 21: As more people are left without adequate housing options, a range of services face increased demand from clients with complex health and welfare needs.
- 22: The impacts of housing affordability on children are not being recognised, and thus there are no State Government programmes to address this issue.

The Committee recommends that:

- 9: Appropriate housing be viewed as a basic human right, and accordingly governments should commit to attaching a high level of priority to addressing the housing affordability issue.
 - 10: Independent research be conducted to determine Tasmanian-based empirical evidence of the current and future impacts of declining housing affordability.
 - 11: Programmes be implemented to address the impacts on children of issues relating to the housing crisis and its effect on them.
-

Chapter 3, Term of Reference 4: The Effectiveness and Limitations of Current State and Federal Government Strategies and Services to Alleviate the Impact of Poor Housing Affordability in the Tasmanian Community

The Committee concludes that:

- 23: The 2003 Affordable Housing Strategy provided a strong strategic planning framework for the provision of affordable housing in Tasmania, but has not been fully implemented in a timely manner, due to the absence of sufficient ongoing funding.
- 24: Housing Tasmania, other social housing providers, support services, and crisis accommodation centres in the State are carrying out commendable work.
- 25: Housing Tasmania's capacity to act as a safety net for the increased number of Tasmanians in housing stress is limited because of problems related to ageing, under-utilised and unsuitable stock, and a lack of funding to sustain and increase stock levels.
- 26: Housing Tasmania has embarked on changing the mix of properties by selling some of its less suitable stock, but has not replaced stock at a rate to meet demand.
- 27: There is no whole-of-government approach to affordable housing in Tasmania.
- 28: Housing Tasmania/Department of Health and Human Services and the Department of Treasury and Finance hold different views on whether public housing stock is a liability or an asset.
- 29: Housing Tasmania has limited flexibility with rent payment options for its clients.
- 30: Non-government social housing (community housing) organisations cannot replace the government as a provider of public housing in Tasmania. There will always be a need for a mix of responses, with government, community, and the private sector all fulfilling an important role.
- 31: The community housing sector remains small, but could be expanded to relieve pressure on Housing Tasmania and expand the diversity of responses to the housing affordability problem. The capacity of community housing is dependent on an alignment of taxation, planning, and housing policies.
- 32: The creation of TAHL is a positive initiative in broadening the range of housing options. Its function will always be complementary to, though will not replace, Housing Tasmania's obligations.
- 33: It is doubtful TAHL will deliver 700 homes within its timeframe.
- 34: There are areas of concern with TAHL, which include the inclusion of category 1 waiting list applicants; reliance on CRA; and processes involved for developers to comply with TAHL requirements.

- 35: The supply of affordable housing through the open market is important. Factors influencing the supply of, and demand for, affordable and suitable homes for rent or purchase through the private market, include taxation, regulation, land supply, planning, the effectiveness of various property-related concessions and grants, and interest rates.
- 36: The State Government has recently enjoyed massive increases in land tax revenue and conveyance duty.
- 37: Aggregation and threshold of land tax in Tasmania is adversely impacting on the private rental market.
- 38: There is no contemporary evidence to support or otherwise the claim of a shortage of suitable land supply.
- 39: Planning processes and regulations are in place with the intention of upholding community interests. However, with declining housing affordability, a stronger community interest has emerged. Approval and progress of developments can be hindered by vexatious or frivolous objections due to 'nimbyism'.
- 40: There is much to be done to improve land use planning and reduce the costs that arise from inappropriate and under-planned developments. The use of incentives to achieve good planning outcomes can be an effective means to provide affordable housing.
- 41: The assistance provided by housing-related concessions and grants have been beneficial, though the value has diminished as a consequence of the real estate boom. The State Government's SAIP and HOAP measures have had very low uptake in recent times.
- 42: Housing construction, design, location, and appropriateness to needs are also important factors to consider as well as cost.
- 43: A shortage of skilled labour is impacting on the ability of industry to deliver homes that are required.
- 44: The State Government needs to do more in regional planning for housing developments and particularly in relation to matching infrastructure and land sub-division approvals.
- 45: The primary focus needs to be on delivering new houses, as purchase of existing stock tends to squeeze others out of the market and force up prices.

The Committee recommends that:

- 12: The Tasmanian Government recommits to the Affordable Housing Strategy with ongoing funding to ensure full implementation of the strategy.
- 13: Housing Tasmania revise its rent-setting policy with a view to moving towards rent rates being a percentage of income.

- 14: Housing Tasmania abandon the tenure-for-life principle, with a grandfather clause applying to existing tenants.
- 15: The provision of public housing in Tasmania be restructured, subject to independent modelling being undertaken to test the viability of the following recommendations, that –
 - a): Housing Tasmania's primary focus be on the human services aspect of housing, including:
 - i): The allocation of houses to people with greatest need;
 - ii): Managing tenancies in public housing; and
 - iii): Liaison with other Government Departments and services with regard to client needs.
 - b): A government business be created (separate from Housing Tasmania) with the task of providing, managing and maintaining dwellings used as public housing, conditional upon the following criteria:
 - i): A community service obligation funding stream;
 - ii): An obligation to prioritise provision of houses to people with greatest need;
 - iii): An ability to utilise assets to secure capital funds;
 - iv): Structures to allow competitive operation in the marketplace;
 - v): An ongoing responsibility to maintain dwellings;
 - vi): A skills-based board of directors; and
 - vii): Cost efficient homes
- 16: An independent advisory committee be established to liaise with the State Government on housing. Its composition should be broadly representative of the housing and property industry, social service and advocacy organisations, and the community.
- 17: The Federal and State Government fund the development of well managed community housing in Tasmania.
- 18: The Federal and State Government offer tax incentives targeted at the affordable housing for rent or purchase in Tasmania. (The Committee notes the Federal Government's recent tax initiatives for housing.)
- 19: A GST exemption apply to the construction of new homes built for ownership by a first-time home purchaser, if modelling can demonstrate this would be advantageous.
- 20: Land tax thresholds be raised and the aggregation principle be abolished.
- 21: Local government allow flexibility and offer concessions in regard to planning approvals for affordable housing concepts, where a clear community benefit exists.
- 22: An audit be conducted to assess the availability of land suitable for residential development and the adequacy of infrastructure to service this land in Tasmania.

- 23: Grants, concessions, and assistance for renters and homebuyers should be reviewed. Further:
- a): First homebuilders receive additional incentives in order to increase the supply of housing stock.
 - b): The State Government review and update the terms and conditions of the Home Ownership Assistance Programme and the Streets Ahead Incentive Programme.
 - c): Commonwealth Rent Assistance continue largely in its present form, though maximum assistance thresholds should be reflective of market rent levels.
 - d): The State Government's tenancy support schemes remain in place.

Chapter 4, Term of Reference 5: The Appropriateness of Current Levels of Funding for such Strategies and Services

The Committee concludes that:

- 46: Funding for housing strategies and services in Tasmania under the CSHA has declined 16.34% over the last ten years.
- 47: State Government funding to Housing Tasmania increased significantly in the financial years 2004-2006 under the AHS, but significantly declined in 2006-07.
- 48: The previous Federal Government steadily reduced the value of public housing assistance with a preference to gradually increasing expenditure on rent assistance schemes.
- 49: The new Federal Government has promised additional funding and new strategies towards addressing affordable housing problems in Australia.
- 50: Housing Tasmania is under-funded.
- 51: Ongoing expenses (such as salaries, loan repayments, municipal rates, and insurance) collectively form a significant proportion of Housing Tasmania's expenditure. Funds for acquiring new stock are very limited, with less than \$5m available for capital expenditure in 2006-07.
- 52: There is disagreement between DHHS/Housing Tasmania and State Treasury in relation to public housing funding and whether public housing is an asset or liability.
- 53: CSHA debt is adding financial pressure to Housing Tasmania. Without this debt, there would be more money to build and maintain housing stock.
- 54: Federal and State funding for homelessness and crisis accommodation services in Tasmania under the SAAP agreement has increased by 51.53%

over the past decade, although demand has been in excess of resources available to service providers.

- 55: Solving homelessness and alleviating pressure on crisis accommodation services is essential.
- 56: In order to eliminate category 1 and 2 waiting lists in three years, it is estimated that at least \$200m would be required.
- 57: The maintenance backlog is estimated to cost \$80m.

The Committee recommends that:

- 24: Within three years, there are no clients in category 1 or 2 waiting to be housed.
- 25: Urgent action be taken to clear the maintenance backlog.
- 26: The Federal and State Governments increase funding for housing and homelessness services and strategies in Tasmania. Funding should be both consistent with demand and sustainable over the long-term.
- 27: Either the Federal Government extinguish the CSHA debt, or the State Government transfer the liability from Housing Tasmania to Finance-General.
- 28: Funding for rental support services and homelessness services for all client groups throughout Tasmania be increased consistent with demand and on a sustainable basis.

Chapter 5, Term of Reference 6: Successful Strategies in Other Australian States that could be Effective in Improving Affordability in Tasmania

The Committee concludes that:

- 58: Tasmania's approach to providing affordable housing is not fundamentally different from other Australian jurisdictions.
- 59: Two recurring themes contained in interstate housing strategies appear not to have been attempted in Tasmania: firstly, encouraging local governments to develop localised housing strategies; and secondly, forming community representative liaison bodies to provide feedback to government.
- 60: The New South Wales Government is reforming and reconfiguring public housing.
- 61: The case of Sydney's metropolitan strategy has highlighted the importance of land supply, but land availability will not necessarily prompt the delivery of new homes.
- 62: City West Housing in Sydney, the Brisbane Housing Company, and

Community Housing Canberra, demonstrate that a range of community housing models can work effectively by utilising different strengths and finding various leverages to provide affordable housing.

- 63: Models to provide pathways into home ownership, such as those operated by Habitat for Humanity Australia and Urban Pacific demonstrate the need for diversity in approaches for delivering housing affordability in Tasmania.
- 64: The NARI concept could be incorporated into measures to alleviate private rental stress.

The Committee recommends that:

- 29: Tasmanian stakeholders give due consideration to interstate (and overseas) housing strategies and models.
- 30: A plan similar to Sydney's metropolitan strategy be considered for Tasmania, as this would identify long-term housing and housing-related issues in major Tasmanian population centres.
- 31: The State Government diversifies its interest in community housing beyond the TAHL model.
- 32: The relevant stakeholders encourage a variety of housing organisations, including Habitat for Humanity Australia and Urban Pacific, to explore opportunities to operate in Tasmania.
- 33: The Federal Government consider implementation of the NARI as part of tax arrangements.

Chapter 6, Term of Reference 7: Any other Matters Incidental Thereto

The Committee concludes that:

- 65: The *Residential Tenancy Act 1997* provides a low level of minimum standards in the Tasmanian private rental market, particularly provisions relating to the condition of dwellings.
- 66: The practice of rent bidding has become a problem.
- 67: Non-bank lenders in Tasmania are not sufficiently regulated.
- 68: The volatility of interest rates is creating problems for mortgagees and those wishing to enter the housing market.
- 69: The concept of land trusts is worthy of investigation considering increased land prices over recent years.

The Committee recommends that:

- 34: The *Residential Tenancy Act* 1997 be reviewed and any amendments be implemented by 1 July 2009.
- 35: The issue of rent bidding be addressed through legislation before the end of 2008, making this practice an offence.
- 36: Non-bank home loan products and services in Tasmania be more strongly regulated.
- 37: The State Government investigate the concept of land trusts.

INTRODUCTION

APPOINTMENT AND TERMS OF REFERENCE

On 10 July 2007, the Legislative Council resolved that a select committee (“the Committee”) be appointed to “inquire into and report upon housing affordability in Tasmania” with particular reference to:

1. The experiences of Tasmanians in housing stress or homelessness;
2. The impact of a lack of affordable housing on the broader economic and social wellbeing of the Tasmanian community;
3. The impact of a lack of affordable housing on the implementation and outcomes of other State Government programmes;
4. The effectiveness and limitations of current State and Federal Government strategies and services to alleviate the impact of poor housing affordability in the Tasmanian community;
5. The appropriateness of current levels of funding for such strategies and services;
6. Successful strategies in other Australian States that could be effective in improving affordability in Tasmania; and
7. Any other matters incidental thereto.

The Committee comprised of five Members of the Legislative Council – Mr Martin (Chair), Ms Forrest, Mr Harriss, Mrs Rattray-Wagner, and Mrs Smith.

BASIS FOR THE INQUIRY

In moving to establish the Committee, the Hon Terry Martin MLC said:

“We now know there has also been a deep, dark side to this housing boom. Housing affordability in Tasmania is at an all-time low. Indeed, the entire nation is experiencing a housing affordability crisis, but in Tasmania where we continue to have the lowest incomes in the nation and with some of the highest relative increases in property prices.”¹

He also said that a Select Committee is timely and an “appropriate forum to consider the extent of the affordable housing shortages in Tasmania.”²

The Hon Doug Parkinson MLC, Leader of the Government in the Council, indicated the State Government’s support for a Select Committee:

¹ Legislative Council *Hansard* 10 July 2007 p. 11

² Legislative Council *Hansard* 10 July 2007 p. 11

“The formation of a select committee on affordable housing with a mandate to explore the economic and social impact of housing stress and homelessness on Tasmanians and to seek innovative solutions to these important issues is welcomed.”³

PROCEEDINGS

The Committee called for public submissions during August 2007, placing advertisements in Tasmanian daily newspapers. Invitations to participate in the inquiry were sent to a number of stakeholders. In total, 51 submissions were received.

Hearings were held during September and October 2007 and on one occasion in November, mostly in Hobart and once in Launceston. 61 witnesses presented verbal evidence and some witnesses were recalled for a second or third appearance. In October 2007, the Committee travelled to Brisbane, Sydney, and Canberra, holding discussions with 23 interstate stakeholders.

The Committee met on 22 occasions between July 2007 and April 2008.

Details of submissions received, witnesses examined, documents taken into evidence, and minutes of proceedings are contained in the appendices to this report.

ACKNOWLEDGEMENTS

The Committee wishes to convey its thanks to a number of people who assisted in the preparation of this report.

Firstly and most importantly, it thanks all those who gave of their time to appear before the Committee and who made submissions to it. Without that input, the Committee’s job would have been much more difficult and much less rewarding.

The Committee is hopeful that the input they put in will be rewarded by actions being taken by the State Government along the lines recommended in this report.

The Committee wishes to also place on record its thanks to the support team from the Legislative Council: Wendy Peddle, Sue McLeod, Jill Mann and Nathan Fewkes. Their assistance is greatly appreciated.

STRUCTURE OF THE REPORT

The report is structured around the terms of reference. A preliminary background section examines statistical and quantitative data on housing in Tasmania. Subsequent chapters are linked to the terms of reference.

Conclusions (findings) and recommendations can be located in a consolidated list at the beginning of the report and also at the end of each chapter as they relate to the terms of reference.

³ *Hansard* 10 July 2007 p. 13

Background

HOUSING AFFORDABILITY IN TASMANIA

Introduction

The terms of reference did not oblige the Committee to adhere to a particular definition of affordability or method of measuring affordability. This has remained an open question, which some submissions and witnesses sought to address.

The Committee was provided with, or directed to, information evaluating the current affordability of housing in Tasmania in quantitative terms. This section begins with the question of how affordable housing is defined and measured, and contains range of quantitative data on the Tasmanian housing market and present levels of housing affordability.

Defining Housing

Generally, there are three types of housing tenure: Private home ownership (or purchasing towards), private rental, and social housing. Social housing includes state-owned public rental housing, not-for-profit non-government housing ('community' housing), and indigenous housing. Crisis accommodation is intended for emergency situations when people require temporary shelter.

An analysis of 2006 Census figures contained in the State Government submission shows that in Tasmania, 37.8% of homes are fully owned, 34.1% are in the process of being purchased, and 25.1% are rented.⁴

Defining and Measuring the Affordability of Housing

Generally, housing stress is defined as a household that is contributing more than 30% of income towards rent or mortgage repayments. However, some submissions received defined housing stress as only relating to low-income households, distinct from a high-income household, contributing more than 30% of income in rent or mortgage repayments. As the Housing Industry Association (Tas) submission pointed out:

"There is no singularly agreed upon manner for defining housing affordability."⁵

The 30% benchmark is applied regardless of other variables, such as the number of dependents in a household and distances to services. No witness or submission explained the rationale of this threshold to the Committee.

Stuart Clues (HIA), said there were two ways to measure housing affordability:

"One is the cost to income ratio in terms of percentage of household income that is getting absorbed in servicing either rent or mortgage and the other is the multiplier effect, the total cost of a house relative to the total income in that house."⁶

⁴ 'Other' accounted for 0.8% and 2.9% were 'not stated'. Tasmanian Government, submission, p. 8

⁵ HIA, submission, p. 3

⁶ Gray and Clues, transcript of evidence, 24 September 2007, p. 34

The Affordability of Housing in Tasmania

While housing in Tasmania at present remains relatively affordable compared to the rest of Australia, figures show that in absolute terms affordability is at an historic low.

Numerous written submissions contained tables and charts with figures intended to illustrate for the Committee the housing affordability situation in Tasmania. It was apparent that while the figures show a decline in affordability, there is not a standard point or source of reference from which housing affordability is assessed. There were three main approaches to analysing affordability:

- *Locality comparison* – suburbs, capital cities and Australian States compared relative to one another;
- *Historical comparison* – the current cost of housing compared with historical trends; and
- *Indexation* – variables are measured and combined to establish an affordability index, which may be applied to select or broad locations (for example Australia-wide, State-wide, or capital city only).

According to the State Government, 22,846 Tasmanian households (12%) were in stress in 2006.⁷ The State Government's submission reproduced figures showing the rating of the affordability of Australian capital cities according the Demographia classification system, which showed Hobart has a severely unaffordable rating.⁸

Submissions from Shelter Tasmania, TasCOSS (Tasmanian Council of Social Services) and Anglicare cited a paper presented at the 2004 National Summit on Housing Affordability, which indicated that about 26,000 Tasmanian households are in stress (10.6%).⁹

Homeowners

The HIA appended tables to its submission containing specific current figures on the proportion of households in mortgage stress for various population centres across Tasmania.

1	Bridport	26.0	10	Mowbray	21.8
2	St Helens	25.5	11	Mayfield	21.7
3	Battery Point	24.4	12	Richmond	21.6
4	Hobart	24.1	13	Montrose	21.5
5	Brighton	24.1	14	Glenorchy	20.9
6	Geeveston	23.6	15	Moonah	20.7
7	Sorell	23.5	=	Waverley	20.7
8	Sheffield	23.3	=	Rokeby	20.7
9	Warrane	23.0	=	Chigwell	20.7

⁷ Tasmanian Government, submission, p. 12

⁸ Ibid, p. 10

⁹ Shelter Tasmania, submission, p. 5; TasCOSS, submission, p. 8; Anglicare, submission, p. 5

¹⁰ HIA, submission, appendix 1

The HIA submission commented:

“There are some suburbs in Tasmania that are doing it particularly tough. ... 1 in 4 households have mortgage repayments of over 30% of gross [income].”¹¹

The HIA submission contained figures comparing median house prices and mortgage repayments to income and movements of its Housing Affordability Index since 1985 for Hobart and the rest of Tasmania.

Table 2 – Homeowners Affordability in Hobart: HIA Analysis¹² 1985-2007				
	Median house price (\$) ('000)	Monthly repayment (\$)	Affordability Index ¹³	Mortgage repayment to income ratio (%)
Mar 85	45.0	366	243	12.4
Mar 90	83.7	931	150	20.0
Mar 95	101.3	731	198	15.2
Mar 00	142.8	774	223	13.4
Mar 05	262.0	1,426	149	20.2
Mar 07	301.2	1,781	131	22.9

Table 3 – Homeowners Affordability in Rest of Tasmania: HIA Analysis¹⁴ 1985-2007				
	Median house price (\$) ('000)	Monthly repayment (\$)	Affordability Index ¹⁵	Mortgage repayment to income ratio (%)
Mar 85	46.5	378	236	12.8
Mar 90	71.1	791	176	17
Mar 95	94.0	678	213	14.1
Mar 00	113.6	616	281	10.7
Mar 05	228.5	1,246	170	17.6
Mar 07	274.5	1,623	144	20.9

The HIA submission stated:

“The HIA-Commonwealth Bank Housing Affordability Index, which compares household income to mortgage repayments, has been measuring housing affordability for over twenty years. The index shows that housing affordability in Tasmania is currently at record lows and mortgage stress is at a record high.

[...]

“The mortgage repayment to income ratio has almost doubled over the last 20 years. In March 1985 households in Hobart were allocating on average around 12.4% of their income towards mortgage repayments. The mortgage repayment to income ratio was closely aligned with households throughout the rest of Tasmania, at 12.8 per cent. Currently, the mortgage repayment to income ratio for Hobart is 22.9 while for the rest of Tasmania it is 20.9, and both ratios are the highest on record.”¹⁶

In verbal evidence, Stuart Clues (Executive Director, Housing Industry Association (Tas)) said that Tasmania is “one of the least affordable places to live in the world.”¹⁷

¹¹ Ibid, p. 10

¹² Ibid, p. 7

¹³ A lower number of points indicates declining affordability

¹⁴ HIA, submission, p. 7

¹⁵ A lower number of points indicates declining affordability

¹⁶ HIA, submission, p. 4

¹⁷ Clues and Gray, transcript of evidence, 24 September 2007, p. 34

The MBA provided figures to show how Tasmania compares on the basis of the ratio of median house prices with median household income.

	Median house price (\$) ('000)	Median household income (\$) ('000)	Ratio
Adelaide	302.0	48.0	6.3
Brisbane	345.0	57.8	6.0
Canberra	395.0	78.5	5.0
Darwin	390.0	66.7	5.8
Melbourne	380.0	56.1	6.8
Perth	455.0	56.5	8.0
Sydney	516.5	60.0	8.6
<i>Hobart</i>	<i>294.0</i>	<i>47.0</i>	<i>6.2</i>

The Real Estate Institute of Tasmania (REIT) provided the Committee with a copy of its publication entitled Property Focus Tasmania for the September 2007 quarter, which contains an index measuring home loan affordability. Its home loan affordability indicator rates Tasmania at about 29 points in June 2007, down from around 60 points in March 2002 (higher points representing better affordability). The report comments:

“Home loan affordability is close to the lowest point recorded by REIA in the 22 years it has published affordability data. Following the August 2007 interest rate rise, more pain is set to come for homebuyers. With the REIA Home Loan Affordability Report indicator [nationally] at 27.6 and the proportion of family income required to meet average home loan repayments at 36.2% in the June quarter 2007, there have only been two other quarters in the past 22 years when buying a home has been harder. In the September and December quarters in 1989, families required 0.2% more of family income to meet average home loan repayments over the past 22 years.”¹⁹

Separate to home loan affordability, the REIT report showed median house prices for major Tasmanian urban areas.

Location	House price median (\$) ('000)	Annual change from Sept 2006 (%)
Hobart	317	9.3
--Inner Hobart	420	15.7
--Middle Hobart	270	8.0
--Outer Hobart	310	6.9
Launceston	249	10.4
North-West Centres	220.1	9.0

Further, the REIT provided another report entitled “The Tasmanian Property Market” for September 2007, which contains results of a survey of homebuyer profiles.

¹⁸ MBA, submission, p. 6. The MBA submission did not provide a date for these statistics.

¹⁹ REIT, ‘Property Focus Tasmania’, September 2007 p. 8 (provided by REIT)

²⁰ Ibid p. 6 (provided by REIT)

Table 6 – Homeowners Area Buyer Profile, House Sales, September 2007 – REIT analysis²¹						
Location	First home buyer (%)	2+ home buyer (%)	Developer (%)	Investor (%)	Retiree (%)	Unknown (%)
Hobart	19.5	54.9	0.5	10.2	4.2	10.7
Launceston	22.3	48.8	-	14.9	3.3	10.7
North-West Coast	19.0	46.4	-	21.4	4.8	8.4
Tasmania	23.5	43.5	0.3	16.1	4.7	11.9

Additionally, the Property Market report shows the location of buyers in relation to the location of the properties being acquired.

Table 7 – Homeowners Area Buyer Location, House Sales, September 2007 – REIT analysis²²					
Location	Local suburb or town (%)	Same city (%)	Intrastate (%)	Interstate and overseas (%)	Unknown (%)
Hobart	43.3	26.0	5.1	16.7	8.9
Launceston	43.8	9.1	17.4	19.8	9.9
North West Coast	63.1	6.0	7.1	17.9	5.9
Tasmania	47.4	17.1	9.0	17.9	8.6

Separate to the rise in property prices, the price of the land component has also risen significantly in Tasmania. Figures provided by the Master Builders' Association show land prices have tripled in the last ten years. According to the figures, between 2003 and 2005 land prices doubled.

Table 8 – Land Tasmanian Land Prices – Master Builders' Association Analysis²³			
Year	Land Price Median (\$) ('000)	Year	Land Price Median (\$) ('000)
1996	33.5	2002	37.0
1997	32.0	2003	42.0
1998	33.25	2004	70.0
1999	32.0	2005	85.0
2000	35.0	2006	90.0
2001	36.0	2007 ²⁴	95.0

Private Renters

The private rental market throughout Tasmania was frequently described to the Committee as being 'tight'. The threshold for defining the market as tight is generally when vacancy rates are below 3%.

The HIA appended tables to its submission containing specific current figures on the proportion of households in rent stress for various population centres across Tasmania.

²¹ Ibid

²² Ibid

²³ Information provided by Master Builders' Association

²⁴ Until 30 June 2007

Table 9 – Renters					
Affordability in Tasmania: HIA Analysis – households in rent stress²⁵					
Highest proportion of households in stress to least proportion of households in rent stress by locality (%)					
1	Rokeby	52.1	9	Chigwell	48.3
2	Sorell	51.1	10	Moonah	46.5
3	West Ulverstone	50.3	=	St Helens	46.5
4	Warrane	49.3	12	New Norfolk	46.4
5	Newnham	49.1	13	Ravenswood	46.3
6	Mowbray	48.9	14	George Town	46.1
7	Montrose	48.6	15	Sandy Bay	45.8
8	Berriedale	48.5	=	Dodges Ferry	45.8

The HIA commented:

“Some suburbs have 1 in 2 households making rent payments that constitute more than 30% of gross income.”²⁶

Information received from the REIT contained in its Property Focus report shows current median rent and vacancy rates in major Tasmanian localities.

Table 10 – Renters			
Median Rent Prices and Current Vacancy Rates in Tasmania, September 2007 – REIT analysis²⁷			
Location	House – 3 bedroom (\$/week)	Other dwelling – 2 bedroom (\$/week)	Vacancy rate, all properties (%)
Hobart	270	230	2.2
Launceston	228	190	1.6
North-West Coast	195	153	2.6

According to the HIA:

“Vacancy rates in Hobart have been stuck below the tight/easy threshold for the past six years, the longest period for any State in Australia.”²⁸

²⁵ HIA, submission, appendix 2

²⁶ Ibid, p. 10

²⁷ REIT, ‘Property Focus Tasmania’, September 2007 p. 10 (provided by REIT)

²⁸ HIA, submission, p. 8

CONCLUSIONS

Background: Housing Affordability

The Committee concludes that:

- 1: The housing boom has been beneficial for some, but has created major issues for people who did not own real estate prior to property value increases.
- 2: Various methods exist to measure housing affordability.
- 3: All housing indicators presented to the Committee show that housing affordability throughout Tasmania has declined significantly in recent times.
- 4: The decline of housing affordability in Tasmania is likely to continue.

RECOMMENDATIONS

Background: Housing Affordability

The Committee recommends that:

- 1: A standardised method of measuring housing affordability in Australia should be developed as a matter of urgency by the Federal Government through the COAG processes.

Chapter 1

Term of Reference 1

THE EXPERIENCES OF TASMANIANS IN HOUSING STRESS OR HOMELESSNESS

1.1 Introduction

The Committee was provided with information from a number of social service and advocacy organisations containing case studies of people in housing stress or homelessness. Some submissions were also received from individuals living in stressful circumstances, or who had in the past lived in housing stress.

The Committee did not directly take verbal evidence from individuals living in circumstances of housing stress. Experiences were provided indirectly through organisations that closely work with people who live in housing stress or are homeless. Selections of these stories are reproduced herein, preceded by an initial overview of the concept of homelessness. Evidence presented to the Committee indicates people in need of crisis accommodation services have been significantly impacted by the lack of affordable housing.

Some specific issues that could be adding to the personal stress of people in difficult circumstances, such as time spent waiting for public housing and individuals' relationships with Centrelink, are discussed later in this chapter.

1.2 Homelessness in Tasmania

The term of reference refers to the experiences of people who are homeless, as well as those experiencing housing stress. This initial section provides some brief context in relation to how homelessness is defined and how many people are homeless in Tasmania.

Based on data from the 2001 Census, a total of 2,415 people in Tasmania were counted as homeless. Of that figure, 237 were sleeping outdoors.²⁹ (Authoritative analysis of 2006 Census figures on homelessness is not yet available.)

There are three categories of homelessness that were used in submissions – primary homelessness, secondary homelessness, and tertiary homelessness.

- *Primary homelessness* – refers to people who are sleeping outdoors, in improvised dwellings or derelict buildings (stereotypical notion of homelessness).
- *Secondary homelessness* – refers to people who have no fixed address and move around various places of temporary shelter (such as hostels and refuges).

²⁹ Chamberlain, Chris, and MacKenzie, David, *Counting the Homeless 2001: Tasmania* (ABS/Institute for Social Research, Hawthorn, 2004), p. 6

- *Tertiary homelessness* – refers to people who do not have a minimum standard of accommodation and they may reside on a temporary basis with friends or family (on couches, spare beds, or on floors).

According to TasCOSS, the actual numbers of homeless people at any one time can be difficult to predict, though Census provides an approximate indication of the numbers.³⁰

Anglicare's submission concurred:

"The accuracy of the count depends on whether the individual Census collectors know whether there are people squatting, living in cars or sleeping rough in their collection area, and where to find them. For this reason, the 2006 Census figures... may be an underestimate."³¹

The numbers of people seeking help from NGOs (non-government organisations) because they are homeless or close to becoming homeless may also give an indication.

According to TasCOSS, 55% of people who experience homelessness are women, and almost 24% among that number are young women aged 15 to 24.³²

1.3 Homelessness and Crisis Accommodation Experiences

SAAP (Supported Accommodation Assistance Programme) and crisis accommodation services are being compromised by a lack of exit points to transfer clients out of temporary shelter into long-term housing, the Committee was told. It was impressed upon the Committee that public housing shortages and higher rents in the private market have left service providers unable to 'exit' clients, and consequently, crisis accommodation is becoming less temporary and the last safety net for increasing numbers of people.

Financial difficulty arising from high housing costs is not the only way people can become homeless; issues unrelated to affordability can also play a part.

Simon Smith (Acting Executive Officer, Homelessness Australia) said:

"Some academic research that has been done has identified what they call three types of homeless career. The major ways that people fall into homelessness are through domestic and family violence – which often involves women and infant children; young people who run away from home – characterised by violence, poverty and neglect; and housing affordability – the families that experience financial crisis and lose their housing. Of course, many households characterised by violence, poverty, drug and alcohol abuse and other issues may well be struggling with the cost of the mortgage or rent"³³

Centacare submitted that:

"The lack of affordable housing has a concertina effect on other services as they deal with bottlenecks. Clients are unable to secure long-term rental accommodation. The impact is

³⁰ TasCOSS, submission, p. 7

³¹ Anglicare, submission, p. 5

³² Muller and McLean, transcript of evidence, 24 September 2007, p. 4

³³ Smith, transcript of discussion, 12 October 2007, p. 18

then felt by SAAP and other support services that are required to provide a band-aid response for a broader structural issue of a lack of affordable housing.”³⁴

Men arriving at shelters, Bethlehem House submitted, may have a variety of issues, including: mental health problems; substance and alcohol abuse; general health issues; dual diagnosis; financial problems; an intellectual disability; and relationship issues, or a combination of any of these.³⁵

A St Vincent de Paul report entitled ‘Don’t Dream its Over’ stated in its foreword:

“In the past 12 months St Vincent de Paul and other homeless services had to turn away half those coming to us seeking immediate accommodation. The pressure on our homeless services has never been greater. And one of the chief causes is the parlous state of the private rental market. Today our homeless services are assisting not just people with drug, alcohol and mental health problems but also increasing numbers of working families who can’t pay the rent. In fact, nearly 50% of people coming into homeless services across Australia are private renters in trouble.”³⁶

Anglicare’s submission noted that SAAP services are under significant pressure to respond, with “constrained resources and very few options” for housing clients:

“Many workers reluctantly place clients in accommodation that they know is too expensive, inappropriate or substandard and that increases the vulnerability of the client to further crisis, because the only other alternative is for the client to sleep rough.”³⁷

Steven Wienert (Anglicare) said that options for clients are few, and consequently SAAP services have a lack of exit points for clients.³⁸

According to Shelter Tasmania, some clients repeatedly cycle through the system because they cannot be exited into long-term housing. Avril Lever (Shelter Tasmania) said:

“Once a family is in our service often they come through about four times because there are no exits and if there is an exit then it is not sustainable.”³⁹

Colony 47 submitted:

“In recent years, Colony 47 has experienced a broadening of our traditional target client group. This has been of great concern to our organisation as those accessing our broad range of services did not need to be clients of Colony 47 Inc a couple of years ago. This group includes low-income earners with young families who are trying to sustain a mortgage, or pay rent, while at the same time trying to offer a suitable standard of living to their family.”⁴⁰

Further:

“Our organisation believes secure, safe housing is the right of every individual, however we are faced with some situations where there are no options available for us to assist that family. As a SAAP provider, Colony 47 Inc is now in a position where some clients are falling

³⁴ Centacare, submission, p. 5

³⁵ Bethlehem House, submission, pp.1-2

³⁶ St Vincent de Paul Society, ‘Don’t Dream Its Over: Housing Stress in Australia’s Private Rental Market’, July 2007, foreword (submitted by St Vincent de Paul)

³⁷ Anglicare, submission, p. 20

³⁸ Flanagan and Wienert, transcript of evidence, 24 September 2007, p. 61

³⁹ Lever, Witt, and Chugg, transcript of evidence, 22 October 2007, p. 57

⁴⁰ Colony 47, supplemental submission, p. 2

through 'the SAAP safety net'. There needs to be developed a range of exit points and currently these are not there."⁴¹

In verbal evidence, Therese Taylor (Colony 47) said research indicates that only 7% of SAAP clients move out of the system:

"That 7% I thought when I read it as well is a hugely startling statistic in the SAAP program and if SAAP are the last safety net and people are falling through, and that is what we are finding presenting to our service now, where do you go after SAAP? There is nowhere to go after SAAP and we are turning people away because all our tenancies are full and all the accommodation sources we use are full but those are the sorts of people who do not have any strategies. They do not have any life skills and things like good health or good eating. ... The exit points out of SAAP are really poorly developed, it seems to me. It seems that for a long time governments have had such a preoccupation that shelter means a roof or accommodation whereas, of course, shelter means a whole range of things about safety, security, belonging to a community, a whole connection, and that has not been built into the programs."⁴²

She said that people's problems later in life could be avoided with adequate early intervention:

"We think that some of the clients who present to us needed earlier intervention in terms of life skills; some training, some health issues and we do not do that any more. We treat the problem once it arrives with us, and so I think that there should be some better assessments of clients as they walk through some entry door, whether it is a Housing Tasmania entry door or whether it is an entry door like that of our organisation – early intervention."⁴³

Members asked what happens to clients when they cannot be exited into long-term accommodation. Tracy McLeod (Programme Manager, Colony 47) said:

"We usually end up supporting those people, but for much longer periods of time than we are funded for."⁴⁴

She also said that when there is more demand than places available, "we sometimes have to turn people away".⁴⁵

Gary Bennett (Bethlehem House) said that homelessness services have been in such demand that:

"We are turning people away because we have too much pressure on our services."⁴⁶

Members asked where people go if they are turned away. Mr Bennett said in response:

"On the street or with a blanket."⁴⁷

He also noted that problems with unprecedented demand in Tasmania could be attributable to a disappearance of boarding house accommodation and the impacts of de-institutionalisation.⁴⁸

⁴¹ Colony 47, supplemental submission, p. 2

⁴² Taylor, Redmond, McLeod, and Cooper, transcript of evidence, 24 September 2007, pp. 79-80

⁴³ Ibid, p. 88

⁴⁴ Ibid, p. 80

⁴⁵ Ibid, p. 80

⁴⁶ Bennett and Brennan, transcript of evidence, 25 September 2007, p. 39

⁴⁷ Ibid, p. 39

⁴⁸ Ibid, p. 39

Mr Bennet also said that the only shelter in Tasmania taking in whole families is Oakleigh House in Burnie.⁴⁹

Steven Wienert (Anglicare) said that men with children have nowhere to go:

“One of our biggest challenges for crisis support are single fathers with children because the standard shelter system is set up for single males. ... If a man has a child or is has custody of his children there is not anything definite out there for him.”⁵⁰

Members asked representatives of the Salvation Army if shelters exist for men with accompanying children or families in Hobart. Major Jenny Begent (Divisional Social Programme Secretary, Salvation Army) replied:

“None at all for men with accompanying children. ...or for whole families. We do try to accommodate whole families in some of our Salvation Army-owned properties but it is certainly not a government-funded service. We do it off the side of our desks basically.”⁵¹

Major Begent also told the Committee that women with children might temporarily seek crisis accommodation to escape domestic violence, though with no other options, would eventually return to that situation. She further commented that some women do not provide a forwarding address to allow for follow-up support because they are aware of mandatory reporting requirements:

“If a women returns to a violent situation there is a mandate around the legislation requiring us to notify the children being again at risk so they are more likely not to say where they are going.”⁵²

Members queried if she was referring to Safe at Home legislation. She replied:

“That is right.”⁵³

Mercia Bresnehan (Director of Housing, Housing Tasmania) agreed that a parent with children is one of a number of pressure points within the SAAP system.⁵⁴ She also said that the problems for SAAP services is the result of affordability issues and a tight rental market:

“What is happening, of course, is that because we [Housing Tasmania] are running at 98.8% occupancy and the private rental is running at 98 per cent, the system is blocked at that point. That means that people are staying in transitional accommodation for longer, and so it is all the way down the line. For us it is about how can we make sure that the SAAP service is being as efficient as possible, but really the true answer is trying to get more supply so that there are places to go.”⁵⁵

The Federal Government has imparted to the Committee its desire to address the plight of homeless people through a \$150m initiative entitled ‘A Place to Call Home’, which over five years intends to place people directly into 600 homes:

⁴⁹ Ibid, p. 47

⁵⁰ Flanagan and Wienert, transcript of evidence, 24 September 2007, p. 61

⁵¹ Begent and Donoghue, transcript of evidence, 25 September 2007, p. 52

⁵² Ibid, p. 51

⁵³ Ibid, p. 51

⁵⁴ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, p. 52

⁵⁵ Ibid, p. 52

“The programme will introduce a new approach to housing and support which better meets the needs of individuals and families. Instead of being accommodated in a refuge, families and individuals will move straight into supported housing. They will be able to remain in their home after the first year. Their home will be transferred to the general public housing pool and their tenancy extended in accordance with normal tenancy arrangements applying to public housing. This removes any need for families to uproot and move from crisis to medium or long-term housing.”⁵⁶

1.4 Housing Stress Experiences

The Committee was provided with or referred to a number of documented stories of people living in stressful circumstances. Some witnesses were asked to comment, for the record, whether they believed it is possible people experiencing housing stress should be in any way blamed for their situation.

Members asked Stuart Clues (Executive Director, HIA) if he thought it was possible some people might aspire to build or buy homes beyond their means and get into financial difficulty, and that that could be part of the problem. He responded:

“I don’t accept that for a moment. That is just a convenient line to say we don’t have an issue.”⁵⁷

He said the best evidence was the number of people in housing stress, and referred Members to the evidence of the proportions of households in stress (reproduced in the background section) contained in the HIA submission:

“If you have a look at this – and no disregard to these particular suburbs – these are not suburbs where you can build grand mansions and people have high aspirations. Most of these suburbs are working-class suburbs ...you are talking about places such as Brighton, Geeveston, Sorell, Warrane, Mowbray, Mayfield, Montrose, Glenorchy, Moonah, Waverley, Rokeby, Chigwell, Lutana, [and] Latrobe. These are not places that have been renowned for having people with too high aspirations in life.”⁵⁸

He continued:

“If you look at places like Warrane, Mowbray, Mayfield, you drive through there and show me where someone is building a four-bedroom home with two bathrooms and a jacuzzi out the back. It is not happening. You won’t see it. I think this takes away that argument. Yes, you will find a young couple who have probably over-extended themselves but you can’t make them a scapegoat and say there is not a housing affordability problem.”⁵⁹

Gary Bennett (Manager, Bethlehem House Homeless Men’s Assistance Centre) submitted that people without housing find it very difficult to re-acquire a home. The submission stated that as public housing waiting times are lengthy people might then look to the private market. However:

“The vacancy rate in the private sector is at an all-time low which means that landlords and real estates can be selective. Working people are given preference over people on benefits. On the rare occasion that a low-income earner is successful he or she is immediately placed in housing stress by paying rent higher than they can afford.”⁶⁰

In verbal evidence, Mr Bennett said:

⁵⁶ Information provided in correspondence of 14 February 2008 from Federal Minister for Housing

⁵⁷ Gray and Clues, transcript of evidence, 24 September 2007, p. 42

⁵⁸ Ibid, p. 42

⁵⁹ Ibid, p. 43

⁶⁰ Bethlehem House, submission, p. 3

“There will always be a percentage of people that may be homeless through bad choices. None of us would deny that but there are also a whole heap of other people that never asked to have a mental illness, never asked to have whatever their circumstances are, yet they are all categorised in that same big category that if you are homeless it is your fault. A lot of the work has to start at trying to somehow change that community perception.”⁶¹

He also said that people who use supported residential accommodation might be stigmatised as terrorists among other things.⁶²

The State Government’s submission noted that of 12% (22,846) of Tasmanian households were in housing stress in 2006 and that the people at risk were low-income, lone persons and people over 65 years old.⁶³

Peter Hault (Secretary, Department of Health and Human Services) stated:

“The department recognises that access to safe, secure, affordable housing is a reasonable expectation, if not a right, of all Tasmanians and occupation of such housing is a major contributor to individual and community wellbeing.”⁶⁴

Early in 2007, Anglicare conducted a research project into the experiences of Tasmanians living on the public housing waiting list entitled ‘Stories from the Waiting List’, whose stories were typical of the experiences of Tasmanians without affordable housing, according to Anglicare’s submission.⁶⁵

Several apparent themes from the research for Stories from the Waiting List that were identified in Anglicare’s submission included:

- Insecurity of tenure with people moving around constantly (living out of suitcases) in search of affordable options close to services, impacting on children;
- Financial difficulties including people juggling money, foregoing meals, pawning possessions, and neglecting their health due to financial hardship;
- A poor quality of housing reflected in comments regarding the condition of properties often described as very poor with people fearful the landlord would raise rent if they requested repairs;
- Barriers to employment, in particular people of no fixed address being discriminated against by employers;
- Discrimination from landlords as described by research participants who felt that landlords discriminated against the unemployed and single parents;
- Homelessness, as Anglicare’s submission stated:

“Many people were sleeping on floors or couches in the homes of friends or family, and several who were currently in transitional housing had previously also been living this way;”

⁶¹ Bennett and Brennan, transcript of evidence, 25 September 2007, p. 45

⁶² Ibid, p. 45

⁶³ Tasmanian Government, submission, p. 12

⁶⁴ Hault, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 1

⁶⁵ Anglicare, submission, p. 7

- Resettled refugees were also noted as having particular difficulties finding housing.⁶⁶

Some of the comments from “Stories from the Waiting List” participants included:

- “It’s like being a slug rather than a snail. If you’re a snail and you’ve got your house on your back, you feel a lot safer. If you’re a slug, you don’t know where to go for cover.”
- “It’s fun and stuff, staying with your friends, but then it’s not fun. It’s not quite fun in the end. You just get sick of moving, you just get sick of it all. You just feel like giving up.”
- “This is my son’s thirteenth home, and he’s only eight. This is his seventh primary school.”
- “There’s been a few times I’ve slept in the car. It’s scary. People walk past and it’s like, ‘Oh God, please don’t break a window’.”
- “You get an employer to ring up and they hear it’s a shelter; they make a judgement on you straight away.”
- “We almost got a house. It was out of us and someone else, and the people that got it were just a couple, no kids or whatever. Mind you, it was four-bedroom, that place. I guess the owner just didn’t want kids there.”
- “It makes you really frightened, a bit paranoid. You can’t collect anything, like I saw my parents collect in their lifetime. Possessions and those things would disappear. Or photographs, things like that. It’s all gone.”⁶⁷

Colony 47 detailed in its written submission the financial circumstances of a single mother with two children who presented to its housing assistance service (CASH):

“Detailed below is a budget per fortnight, as described by client: her description is extremely conservative and does not allow for any funds to be spent on clothing, school-related activities or health and wellbeing. This budget does not allow for any crisis that may occur.”⁶⁸

Total income per fortnight: \$1,043.00	
Rent: \$500	Petrol/buses: \$80
Phone: \$30	Centrelink loan: \$46
Food: \$180	Hire purchase: \$20
Electricity: \$50	Childcare: \$60
Total: \$966	
Budget surplus of \$77.92 per f/n	
Income to rent ratio: 48% ⁶⁹	

In its submission, TasCOSS reproduced some case studies of housing stress or homelessness, provided through its members:

“A homeless woman with mental health issues approached the Centre (a community service organisation for women) asking if she could have a shower. She was told about the public facilities in Franklin Square [in Hobart], which she then used. She began coming to the Centre for companionship and would sit in the courtyard or waiting room and drink hot drinks. She arranged to leave her belongings here on occasional rainy days or if she was tired of carting them around. At times when the Centre was closed, she would throw her bundle over the gate rather than carting it around with her. She said that she sometimes slept in hostels, and also in parks and under rotundas, etc. She had grievances against the agencies that

⁶⁶ Anglicare, submission, pp. 7-10

⁶⁷ Anglicare, ‘Stories from the Waiting List’, 2007, *passim*

⁶⁸ Colony 47, submission, p. 5

⁶⁹ *Ibid*, p. 5

assist people with accommodation and would not use them. She was cooperative when asked not to smoke or talk to men in the entrance to the Centre; however, became abusive when it was suggested to her that the waiting room was not a place to sleep. She talked about society not having a place for anyone who was outside the middle class norm. She no longer comes to the Centre, but occasional reports tell us that she is still homeless.⁷⁰

In verbal evidence, Tom Muller (CEO, TasCOSS) said that member organisations report to TasCOSS that they know of clients paying 60% on housing costs.⁷¹

Andrea Witt (Manager Housing Programmes, Centacare) summarised the apparent themes in the results of a client survey appended to Centacare's submission:

"People cannot afford to send their kids to school; people are making choices between buying medication and meeting their children's medical needs and paying the rent – that is just the way it is. People are not buying groceries; they are living on two-minute noodles."⁷²

St Vincent de Paul submitted to the Committee recollections of housing stress situations it became aware of through visitations:

"We have visited a single mother who receives approximately \$742 per fortnight in benefits. The rent is \$380 per fortnight, which is 50% of her income. This leaves very little to live on; after paying Aurora for power, telephone and other bills we calculate she has only \$132 per fortnight to live on."⁷³

1.5 Public Housing Waiting List Process and Categorisation Method

Some witnesses expressed concern to the Committee that the process Housing Tasmania uses to categorise people on the public housing waiting list is inconsistent, causing applicants unnecessary distress.

Major Jenny Begent (Salvation Army) said that categories 1 and 2 were "strange phenomenon" and people could be placed into waiting list categories that did not properly reflect their level of need:

"There is no rhyme or reason to the categorisation at all."⁷⁴

Jed Donoghue (Salvation Army) said that some degree of transparency is needed:

"I think it would require some finetuning and some transparency. I do not think that our system is inherently wrong. It needs to be a little bit more open and transparent so that we are all on the same page."⁷⁵

Avril Lever (Treasurer, Shelter Tasmania) said that people allocated category 1 (those in greatest need) could drop down a category level if they find shelter with a crisis accommodation provider. She said that this situation causes people to fall back into crisis and eventually be re-allocated category 1 status.⁷⁶

⁷⁰ TasCOSS, submission, p. 6

⁷¹ Muller and McLean, transcript of evidence, 24 September, p. 8

⁷² McLagen and Witt, transcript of evidence, 22 October 2007, p. 73

⁷³ St Vincent de Paul, supplemental submission, p. 1

⁷⁴ Begent and Donoghue, transcript of evidence, 25 September 2007, p. 54

⁷⁵ Ibid, p. 55

⁷⁶ Lever, Witt, Chugg, transcript of evidence, 22 October 2007, p. 58

Centacare submitted that some of its clients had stopped applying to Housing Tasmania because they had become aware of “the lack of public housing availability”.⁷⁷

Mercia Bresnehan (Director of Housing, Housing Tasmania) said it was fair to say that some people who would be eligible for public housing are not applying, though she said, “I am not sure of the reason.” She said that there have been instances of people living in unacceptable conditions, on category 1, who refuse a house when offered. She said that depending on the reasons, it is then negotiable whether an applicant is moved down the list. Peter Hoult added:

“There is a tradition in Housing that indicates that even those in the highest need will often not take a house, based on location or type.”⁷⁸

A number of applications on the waiting list remain suspended, according to figures provided to the Committee.⁷⁹ Ms Bresnehan said that, for example, a former tenant might reapply for public housing but had damaged their previous house. Until the debt is fully or substantially repaid, the application does not become “live”. She said:

“They would still be in category 1 or 2 or whatever their assessed area is, but they only get live when they have reached that 80%. There is always an element of discretion, but that is our policy position.”⁸⁰

Housing Tasmania provided policy documents outlining the general process of applying for public housing, as follows:

- Step 1: Applying for public housing and the registration process (Applying for Public Housing Policy and Procedure);
- Step 2: Establishing eligibility (Public Housing Eligibility Policy and Procedure);
- Step 3: Assessing housing need, establishing entitlement and identifying category of need (Housing Assessment System Policy and Procedure); [and]
- Step 4: Allocating an appropriate property (Offer and Decline Policy and Procedure)⁸¹

Housing Tasmania later informed the Committee that public housing waiting list times are measured from the time applicants are assessed and allocated a category of need to the time they are housed, rather than from the point of first contact with an applicant.⁸²

Ms Bresnehan said that the factors and criteria used to assess levels of need is publicly available, but that the weight of points available for particular issues is not disclosed:

“Our assessment process assesses people against three factors: adequacy, affordability and appropriateness. The sub-components within that are made available and are available on the Internet. What is not available is how many points you get for what particular bit.”⁸³

⁷⁷ Centacare, submission, p. 4

⁷⁸ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, pp. 45-46

⁷⁹ Information provided by State Health Minister, 22 October 2007

⁸⁰ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, p. 58

⁸¹ Information provided by State Health Minister, 8 November 2007

⁸² Information provided by Housing Tasmania, 17 January 2008

⁸³ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, p. 40

She added that if the latter were disclosed, there could be “some attempt at manipulation.”⁸⁴

In November 2007, however, a paper was distributed at the State Health Minister’s Housing Forum containing hypothetical case studies of public housing applications. This publicly available paper disclosed the number of points attributed to the three main factors and sub-factors. While the points for each factor could have been hypothetically conceived for the purpose of the forum, the paper showed that ‘adequacy’ attained a maximum of 38 points, ‘affordability’ 25 points, and ‘appropriateness’ 20 points. The hypothetical case studies in the paper were also allocated categories, thereby also illustrating the number of points needed to attain category 1.⁸⁵

The Committee had also been provided with specific information showing the number of points needed to attain particular category levels and points attributable to the three main factors. Category one (highest need/highest priority) requires 35 or more points; category two 25 to 34; category three 15 to 24; and category four 10 to 14.⁸⁶

	Total applications including suspended and unprocessed (bracketed)	Category 1	Category 2
1996-97	2,740 (455)	95	181
1997-98 ⁸⁸	2,528 (410)	263	750
1998-99	1,728 (308)	121	497
1999-00	2,059 (366)	163	610
2000-01	2,356 (434)	202	734
2001-02	2,982 (430)	364	994
2002-03	3,028 (489)	350	999
2003-04	3,326 (495)	348	1,111
2004-05	3,288 (534)	345	1,119
2005-06	2,930 (534)	261	968
2006-07	2,625 (291)	234	958

In a 2005 report, the State Auditor-General concluded:

“In our opinion waiting times for the more needy categories are reasonable, although they have deteriorated in recent years. Waiting times for other categories of need have deteriorated markedly since 2000, due mainly to affordability and availability issues.”⁸⁹

The current Tasmanian bilateral Commonwealth-State Housing Agreement (CSHA) states:

“Tasmania has the shortest waiting times for public rental housing in Australia.”⁹⁰

⁸⁴ Ibid, p. 40

⁸⁵ State Health Minister’s Housing Forum, ‘Paper 5: Attachment 1: Housing Assessment System Case Studies’, 2 November 2007 (provided by State Health Minister, 8 November 2007).

⁸⁶ Information provided by State Health Minister, 22 October 2007

⁸⁷ Ibid

⁸⁸ In 1996-97 and 1997-98 eight categories existed; this has been reduced to four since 1998-1999.

⁸⁹ Auditor-General of Tasmania, *Public Housing: Meeting the Need?* (Tasmanian Audit Office, Hobart, 2005), special report no. 57, August 2005, p. 3

⁹⁰ ‘CSHA Bilateral Agreement – As Entered into Between the Commonwealth of Australia and the Tasmanian Government, July 2003 – June 2008’, July 2004, p. 11

Mercia Bresnehan (Housing Tasmania) did not directly answer a question regarding the chance a person on category 4 has of being allocated a home. Ms Bresnehan said that usually no specific timeframe is given to applicants:

“We have a policy that staff do not give specific times because that leads to expectation and upset, so we would say it is likely to be a long time – ‘many months’ is probably a general phrase they would use. They would not say ‘five years’; they would not say ‘two weeks’. They might say it will be a number of weeks or a number of months but not more specific than that.”⁹¹

Table 12			
Waiting time for ‘greatest need’ applicants (CSHA definition), 2006-07⁹²			
Average, (weeks)			
	North	North West	South
Weeks	31	29	47

The State Auditor-General, estimated in a 2005 report that southern Tasmanian applicants wait for nearly two years.⁹³

1.6 Centrelink

The Committee was informed that people on low incomes could lose tenancies in the event that Centrelink suspends a person’s payments, either for breaching participatory requirements or for administrative reasons, putting people in stressful circumstances and possibly into crisis.

The Federal Government was invited to permit Centrelink representatives to meet with the Committee however this offer was declined.

Colony 47 stated in its submission that Centrelink’s administration of participatory failures (or breaches) was causing people already in difficult circumstances to fall into deeper trouble:

“The penalties are significant in that a person can be breached for up to eight weeks without income having a large impact on their ability to meet rental costs and basic essentials such as food and shelter.”⁹⁴

Gary Cooper (Colony 47) said that Centrelink could also suspend payments for other reasons, leaving people financially vulnerable:

“It is not even just the eight-week one; there are other ones, such as increases in breaches or suspension of payments in circumstances that change. I think that if you are in a *de facto* or a married relationship and then separate there is a suspension of your payments while they sort out what payment you will be on. We get this with single parents; particularly single mothers, who will have been on a parenting payment and a family tax allowance. When they separate it will usually take Centrelink at least two to four weeks to clarify what payment that person then is due. They will not take the family tax allowance away but the parenting payment will be suspended. That obviously has a huge effect. A single person with two

⁹¹ Hault, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, p. 46

⁹² Information provided by State Health Minister, 22 October 2007

⁹³ Auditor-General of Tasmania, *Public Housing: Meeting the Need?* (Tasmanian Audit Office, Hobart, 2005), special report no. 57, August 2005, p. 36;

⁹⁴ Colony 47, supplemental submission, p. 4

children paying \$200 a week rent would have only the family tax allowance of no more than \$350 a fortnight. It is basic maths; it does not work.”⁹⁵

Andrea Witt (Centacare) said that Centacare is finding people who have been breached by Centrelink. She said that as a consequence a person could lose their tenancy because their income has been severed.⁹⁶

The Committee asked Sue Cripps (Executive Officer, Homelessness NSW-ACT) whether it was the case in Australia that Centrelink could be causing problems through breaching clients and suspending payments. She replied that this is known anecdotally, but the claim is without hard evidence.⁹⁷

⁹⁵ Taylor, Redmond, McLeod, Cooper, transcript of evidence, 24 September 2007, p. 86

⁹⁶ McLagen and Witt, transcript of evidence, 22 October 2007, p. 76

⁹⁷ Cripps, transcript of discussion, 11 October 2007, p. 20

CONCLUSIONS

Ch.1, Term of Reference 1: The Experiences of Tasmanians in Housing Stress or Homelessness

The Committee concludes that:

- 5: It is not acceptable that any Tasmanian is homeless.
- 6: Homelessness is largely invisible to most people, but this invisibility does not justify inadequate attention to what is a significant social problem.
- 7: Representations of housing stress and homelessness presented to the Committee are tragic and regrettable.
- 8: Difficulty finding clients short-term and long-term housing, due to the shortage of rental accommodation, is creating bottlenecks within SAAP services.
- 9: SAAP services are under significant pressure in Tasmania, having to utilise band-aid responses to the affordable housing crisis.
- 10: Early intervention and identification measures aimed at preventing homelessness are inadequate and ineffective.
- 11: Some government policies exacerbate the extent of personal stress incurred by people in already difficult circumstances.
- 12: The current points allocation regime to assess the need of public housing applicants in Tasmania is irrational. The difference between the category one minimum threshold of 35 points and maximum points attainable (83 points) is too wide; the difference between the minimum attainable threshold (10 points) for category four and category one is too narrow.
- 13: Waiting times of 29 to 47 weeks for greatest need applicants are unacceptable. Any length of time public housing applicants spend waiting for an appropriate housing solution is stressful. This situation highlights the need for a range of strategies to provide housing options for Tasmanians in stress, both in the immediate future and over the long-term.
- 14: Some Centrelink clients are falling into crisis due to the interruption or suspension of payments and application of the participatory failure policy. Centrelink declined to participate in the inquiry.

RECOMMENDATIONS

Ch.1, Term of Reference 2, The Experiences of Tasmanians in Housing Stress or Homelessness

The Committee recommends that:

- 2: A benchmark be established to ensure no person is homeless by 2010.
- 3: Gaps in crisis accommodation provision for all client groups, inadequate geographic coverage of services, and the absence of exit points be addressed as a high priority through additional resourcing.
- 4: Effective programmes be implemented to identify people at risk of homelessness.
- 5: Housing Tasmania review and amend by the end of 2008 the points allocation regime to ensure it is a more accurate reflection of applicant need.
- 6: The State Government – through Housing Tasmania – continue to work towards reducing the public housing waiting list, but not by raising eligibility thresholds to exclude potential applicants.
- 7: The relevant Federal Government agencies review the impact on clients when Centrelink payments are suspended or temporarily ceased and, in particular, how such practices could affect tenancies.
- 8: Housing Tasmania and Centrelink provide flexible and coordinated benefit and rent payment options for clients.

Chapter 2

Term of Reference 2

THE IMPACT OF A LACK OF AFFORDABLE HOUSING ON THE BROADER ECONOMIC AND SOCIAL WELLBEING OF THE TASMANIAN COMMUNITY

Term of Reference 3

THE IMPACT OF A LACK OF AFFORDABLE HOUSING ON THE IMPLEMENTATION AND OUTCOMES OF OTHER STATE GOVERNMENT PROGRAMMES

2.1 Introduction

In submissions and evidence it was strongly put to the Committee that housing is linked to the social and economic wellbeing of the community.

The evidence presented demonstrated two points: firstly, that both economic and social conditions are impacting on the housing market while at the same time the housing market is impacting on economic and social conditions; and secondly, that the consequences of a booming housing market have not been entirely negative. Witnesses tended to have difficulty segregating the types of impacts, such as health, education, employment, justice, transport, and poverty.

It is important to note that the Committee did not have the capacity under its terms of reference to conduct a wide-ranging investigation into the causes and extent of poverty and disadvantage in the Tasmanian community. Focus has always been with the linkages between affordable housing and the social and economic impacts, although as mentioned, it is difficult to ignore the fact that the incidental evidence presented to this Committee points to these issues being broader than housing alone.

Term of reference three is also focused on impacts in relation to other government programmes. It is possible that most or all State Government programmes could be impacted in some way by people's housing situation, considering the wide-ranging links between housing and the social and economic wellbeing of the community.

2.2 The Extent of the Impact of Unaffordable Housing on the Community

Witnesses consistently agreed that the shortage of affordable housing is broadly impacting on the community as well as ranging across key areas of government responsibility.

It is clear that declining housing affordability has resulted in home ownership becoming more difficult, especially for first homebuyers, which consequently adds pressure to the private rental market. The private rental market, in turn, has become more difficult to enter and remains in a tight situation. The Committee was referred to and provided with a number of reports that highlighted the impacts of declining affordability on homeownership.

The number of First Homeowners Grant (FHOG) applications funded since inception are shown in table 13.

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Applications Paid	4,374	5,199	3,881	2,693	2,346	2,679	2,995

The State Government submitted:

“It is widely held that the increase in house prices has made it much more difficult for first homebuyers to enter the market. ... This trend has created a block in the private market as people stay renting for longer and fill up more affordable rental properties as they save for a home.”⁹⁹

Representatives of the Property Council of Australia (Tas) referred the Committee to a report entitled ‘Beyond Reach’, which states in its executive summary:

“No matter which way you look at the situation, the cost of housing is beyond the reach of many working family units across the nation. For an increasing number of young families, the prospect of a single income earner and stay at home parent is now beyond reach if home ownership is an objective. For others, even with both parents working full time, home ownership can still be beyond reach. For others still, even the prospect of finding affordable rental housing lies beyond the realm of what is called affordable.”¹⁰⁰

The St Vincent de Paul Society submitted to the Committee a report completed at the national level entitled ‘Don’t Dream Its Over: Housing Stress in Australia’s Private Rental Market’. This report highlighted the fact that:

“Housing stress does more than just reduce household spending power. It has a significant effect on people’s ability to get a job; it adds stress to relationships; makes it difficult for children to be educated; and, in extreme cases, can lead to homelessness. It also divides our cities and regions into separate enclaves of affluent and poor.”¹⁰¹

The report highlighted homelessness as the worst potential impact of all:

“The worst and increasingly common outcome of housing stress is homelessness. The instability and insecurity of homelessness has a devastating impact on families. Homeless families may lose their possessions and jobs and they may sever their relationships with friends, family, GPs, teachers and sporting clubs.”¹⁰²

A paper from the 2007 National Housing Summit, issued jointly by the HIA (Housing Industry Association), ACOSS (Australian Council of Social Services), the ACTU (Australian Council of Trade Unions), National Shelter, and the Community Housing Federation of Australia identified a number of consequences and costs of declining housing affordability:

⁹⁸ Information provided by State Treasury. Exclusive of the total applications paid out, a number of applications were rejected or returned.

⁹⁹ Tasmanian Government, submission, p. 11

¹⁰⁰ Residential Development Council, ‘Beyond Reach: A Workforce Housing Crisis in the Making’, July 2003, pp. 1-2 (provided by Property Council)

¹⁰¹ St Vincent de Paul Society, ‘Don’t Dream Its Over: Housing Stress in Australia’s Private Rental Market’, July 2007, p. 2 (submitted by St Vincent de Paul)

¹⁰² Ibid, p. 3 (submitted by St Vincent de Paul)

“The last decade or so has been a housing boom for many people, especially those who were already relatively wealthy. But these windfall gains have come at a heavy price for many less fortunate Australians and for future generations. ... The victims include the hundreds of thousands of households in unaffordable housing. Many of them are surviving only by incurring unmanageable levels of debt or working excessive hours. ... Severe family stress, unemployment, social isolation and welfare dependency are amongst the common consequences. ... It will severely damage our economic development and competitiveness and it will leave a deplorable legacy to future generations.”¹⁰³

According to Anglicare:

“There is an obvious impact on economic and social cohesion when a significant proportion of the community is living a life of transience, dislocation, unemployment, financial hardship and anxiety.

[...]

People without affordable and appropriate housing cannot participate adequately in the community, either economically or socially. The ongoing exclusion of these households, and of the time, energy, skills, resources and experience they could be contributing as employees, volunteers, neighbours and community members, means our whole society is left poorer.”¹⁰⁴

Shelter Tasmania wrote in its submission:

“Housing is fundamental to people’s health and wellbeing, and ability to participate in the economic and social life of the community.

[...]

“Public policies and programmes that seek to ensure adequate and equitable access to affordable, appropriate, and secure housing are a critical part of broader strategies to reduce poverty, improve living standards, and create sustainable communities. Improved economic and social outcomes for people cannot be realised without a solid performance in the area of housing.”¹⁰⁵

Prof Rowland Atkinson (Housing and Community Research Unit [HACRU], University of Tasmania [UTAS]) said:

“The broader social multiplier I think it is fairly clear in terms of the way that a lack of secure, sustainable and affordable dwelling impacts, for example, on educational outcomes and a range of health outcomes, which of course are public costs as well that are being played out through lack of affordable accommodation.”¹⁰⁶

Centacare submitted:

“Centacare considers housing to be a basic human right that is increasingly becoming out of reach for Tasmanians on low-incomes. The lack of stable, consistent and affordable housing undermines all other aspects of our client’s lives. Without a house, they are unable to effectively address other issues. ... The cost of losing this human right is presenting throughout all of Centacare’s programmes, client issues becoming compounded, life chances and opportunities being diminishing [sic].”¹⁰⁷

The State Government submission stated:

¹⁰³ National Affordable Housing Summit, ‘Improving Housing Affordability: A Call for Action’, June 2007, p. 4 (provided by Adrian Pisarski, National Shelter)

¹⁰⁴ Anglicare, submission, p. 10 and p. 12

¹⁰⁵ Shelter Tasmania, submission, p. 12

¹⁰⁶ Atkinson, transcript of evidence, 22 October 2007, p. 37

¹⁰⁷ Centacare, submission, p. 3

“Housing is a fundamental human need and it is widely recognised that a lack of affordable housing impacts on health and wellbeing and results in secondary costs, both to the individual and society, beyond the financial cost of accommodation.”¹⁰⁸

It was also argued in the State Government submission that housing is not the single solution to people’s social and economic outcomes:

“Housing needs to be tackled in tandem with other social disadvantage issues to achieve long-term improvement in outcomes.”¹⁰⁹

Peter Hoult (Secretary, Department of Health and Human Services) stated:

“The department recognises that access to safe, secure, affordable housing is a reasonable expectation, if not a right, of all Tasmanians and occupation of such housing is a major contributor to individual and community wellbeing.”¹¹⁰

Mr Hoult also said:

“Obviously if there is a lack of affordable housing supply in the market then pressure is going to come back on to the social housing sector.”¹¹¹

2.3 Economic Impacts

2.3.1 The Relationship Between Housing, Employment, and Economic Growth

Witnesses presented two lines of argument in relation to the economy and housing. The Committee was told that the reason the housing market is in its present condition is very likely due to long-term economic growth and job creation, while on the other hand, the Committee was told that economic growth and job creation was possibly being slowed by the present condition of the housing market.

Don Challen (Secretary, Department of Treasury and Finance) remarked:

“To the extent that there is an affordability issue, it is being driven by the fact that the Australian economy has performed incredibly well for a dozen years or more. We have seen large increases in real income and wealth around the country and that has been manifested in people bidding up the prices of the housing stock all around the country. You see this *par excellence* in Tasmania.”¹¹²

Ian Gilbert (Acting CEO, Australian Bankers’ Association) said that with good economic conditions and low unemployment, this creates confidence to borrow and acquire assets, which has had a flow-on effect on house prices.¹¹³

Grant Dennis (National President, Urban Development Institute of Australia) said the demand for more workers in Australia is creating demand for housing:

¹⁰⁸ Tasmanian Government, submission, p. 1

¹⁰⁹ Ibid, p. 1

¹¹⁰ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 1

¹¹¹ Ibid, p. 1

¹¹² Challen, Christian, and Burgess, transcript of evidence, 16 November 2007, p. 41

¹¹³ Gilbert, transcript of discussion, 11 October 2007, p. 37

“There is very close correlation between job creation and dwelling construction. As you have seen nationally, unemployment continues to be declining; we are creating jobs, which means we need dwellings.”¹¹⁴

TasCOSS highlighted in its submission that people without secure housing will have difficulties finding employment, and that this is adversely affecting Tasmania’s workforce participation rate.¹¹⁵ In verbal evidence, Tom Muller (CEO, TasCOSS) also made the point that conversely if people cannot find employment, it will complicate their attempts to get into secure and sustainable housing.¹¹⁶

Mr Muller also said:

“I think it is important to ensure that housing is situated close to services, close to public transport systems and enables people to participate in the economy. That is crucial ...one of the impacts of the housing affordability crisis has been the movement of people to the periphery of the cities, which puts increasing pressure on the public transport system... as people are forced to look for cheaper properties to rent or buy and are actually pushed further away from employment opportunities, health services and schools.”¹¹⁷

The State Government’s submission mostly agreed with this assessment:

“There are indications that shortages of affordable housing near major employment centres may be acting as a labour market constraint – both because of transport cost barriers for low-skill employment and in terms of reduced amenity as a factor in attracting people to high skill positions in a competitive market.”¹¹⁸

2.3.2 The Relationship Between Housing and Poverty

The current cost of housing has ensured the poorest and most disadvantaged people in the community remain excluded. Some people who were previously sustaining a household are being forced to seek assistance.

TasCOSS made the point in its submission that Tasmania has generally greater levels of poverty compared to the rest of Australia.¹¹⁹ According to its submission:

“The absence of secure, affordable housing is a key driver of poverty and... can result in homelessness, isolation, poor health and severe financial hardship.”¹²⁰

Tom Muller (TasCOSS) said:

“You cannot respond to or understand the housing affordability crisis without appreciating the levels of poverty, disadvantage and exclusion within Tasmania and taking into account that broader social context within which the housing affordability crisis is being experienced. ... We think that broader macro issue around poverty is crucial to understanding and responding to the housing affordability crisis.”¹²¹

He also made the following statement:

¹¹⁴ Dennis, transcript of discussion, 9 October 2007, p. 6

¹¹⁵ TasCOSS, submission, p. 11

¹¹⁶ Muller and McLean, transcript of evidence, 24 September 2007, p. 6

¹¹⁷ Ibid, p. 8

¹¹⁸ Tasmanian Government, submission, p. 5; information provided by TasCOSS showed that poverty particularly affects the electorates of Bass and Braddon.

¹¹⁹ TasCOSS, submission, p. 9

¹²⁰ Ibid, p. 2

¹²¹ Muller and McLean, transcript of evidence, 24 September 2007, p. 1

“From our perspective the number one priority to address poverty, disadvantage and exclusion in Tasmania is the provision of new housing.”¹²²

In October 2007, TasCOSS released a report entitled ‘An Unfair State’, which analysed poverty, disadvantage, and exclusion in Tasmania. This report clearly describes the existence of poverty in Tasmania, however, draws the conclusion that the solution is multifaceted rather than solely related to housing:

“There are no simple solutions to poverty in Tasmania and responses must come from all levels of government. The reality is that the drivers of disadvantage and exclusion are interrelated and demand an integrated government and community response.”¹²³

Professor Rowland Atkinson (HACRU, UTAS) said that as impacts of declining housing affordability may be hidden, making it easier for governments to avoid taking action:

“Because we do not see these problems visibly we do not see a particularly strong political imperative to do something about them. We hear the numbers but we do not really see these problems on the streets. ... The housing system sorts people into areas according to their ability to pay. The people on the lowest incomes are pretty invisible... Those people who are on moderate incomes are just concealed within the housing system in inappropriate accommodation or they are squeezing together to try to afford sufficient rental accommodation and so on. I think if these processes were more visible they would be considered to be more of a disgrace and political action on those issues would perhaps be more forthcoming.”¹²⁴

According to Tony Brennan (St Vincent de Paul), Australians prefer not to think about poverty and the poor. He said that as a result of inadequate social policies and responses – of which housing is one part – the problem could get bigger:

“Unfortunately we prefer it to be invisible. No Federal politician is standing up at the moment and saying, ‘Let’s have a war on poverty’ because Australia does not see itself as having an underbelly or if it does, you turn that page over in the paper. ... If there are not policies that are really about social education and complex social collaboration responses rather than just dumping money on it then I think we are going to have a serious impact and I think they will notice more people on the street and that seems to be an indicator. ... That is going to be something that is going to rock our sensibility of what we are as a State, as a community, if we cannot do that properly.”¹²⁵

Therese Taylor (CEO, Colony 47) said that the shift in the profile of clients was reflective of the difficulties broader sections of the population are enduring:

“Most of our clients traditionally have been on Centrelink payments. We are finding now that there is an increase in clients coming through who are working families on low incomes, who would not have dreamed of accessing services like ours in the past because they were getting by, perhaps not that well, but they were getting by. That is impossible now, so we are finding that in a range of our programs the clientele is shifting.”¹²⁶

The MBA stated in its submission that the economic benefits arising from the housing boom may be overtaken by the cost of people being disadvantaged and precluded from entering the market:

¹²² Ibid, p. 14

¹²³ TasCOSS, ‘An Unfair State? Poverty, Disadvantage, and Exclusion in Tasmania’, October 2007, p. 13

¹²⁴ Atkinson, transcript of evidence, 22 October 2007, p. 38

¹²⁵ Brennan and Bennett, transcript of evidence, 25 September 2007, p. 46

¹²⁶ Taylor, Redmond, McLeod, and Cooper, transcript of evidence, 24 September 2007, p. 78

“The effects on the economy, society and Tasmania will be extremely adverse if housing affordability is not reversed.”¹²⁷

2.3.3 The Relationship Between Housing and Transport Networks

There was general agreement among witnesses that transport networks impact on people’s ability to participate in the society. It was acknowledged that if people have had to move away from central locations to find affordable homes, adequate provision of public transport and transport infrastructure would be required. If travelling expenses were then too high, the benefits of moving outwards to find lower-cost housing would be negated.

Kathleen Flanagan (Anglicare) said that affordable housing should be well connected to social infrastructure and public transport networks; otherwise the associated costs can become too high:

“Being close to schools, health services and community services is really important in terms of helping people sustain tenancy. If you are miles out of the city then your house may be affordable but your travelling costs may not, so it is important to be aware that it is not just the rent but also the cost of living in that house.”¹²⁸

Paul Johnston (Royal Australian Institute of Architects, Tasmanian Chapter), said transport is an issue for people in social housing because typically such housing is located away from city centres:

“I am sure you are aware that it is the low-income groups that then suffer because they need access to those city services. Transport is a key mix in the whole look of strategic development in which housing needs to be considered as well.”¹²⁹

Margaret Reynolds (State Manager, National Disability Services) said that access to transport is fundamental to people’s living, particularly for people with disabilities:

“It is no use building a lot of affordable housing right out on vacant land beyond existing suburbs and not having transport options.”¹³⁰

Prof Julian Disney (Social Justice Project, University of New South Wales) said that transport is “inextricably interlinked” with housing:

“If you cut people’s housing cost below the 30 per cent benchmark, but they are travelling two hours to work or paying a fortune to do it, you have not achieved much.”¹³¹

In NSW, there appears to be recognition of the problems caused by locating affordable housing too far from transport and services. Darren Rodrigo (Policy Advisor to NSW Minister for Housing) said this could result in a multiplier effect of disadvantage and that such policies in the past had been a mistake.¹³²

Mary Perkins (Executive Officer, Shelter NSW) said:

¹²⁷ MBA, submission, p. 12

¹²⁸ Flanagan and Weinert, transcript of evidence, 24 September 2007, p. 71

¹²⁹ Fay, Jones, and Johnston, transcript of evidence, 22 October 2007, p. 24

¹³⁰ Reynolds, transcript of evidence, 23 October 2007, p. 40

¹³¹ Disney, transcript of discussion, 10 October 2007, p. 67

¹³² Rodrigo, McIntyre, Larkin, Norman, and Roden, transcript of discussion, 10 October 2007, p. 16

“I have a concern that we end up with a continuation of housing policies that geographically segment low-income and disadvantaged people into particular parts of the city that have less access to the services, transport and other things that make life work better and continue to create great enclaves of hardship.”¹³³

Robert Rockefeller (Property Council of Australia (Tas)) said that proper planning should ensure that the required transport links are in place before new subdivisions are developed.¹³⁴

Peter Fischer (State Planning Advisor, Department of Justice) clearly recognised the importance of location and transport in relation to affordability when he said:

“I think there is an issue in terms of where houses are located. You might be able to afford the house because of the price and the wage that you earn, but you have to spend the majority of your remaining disposable income, say, driving a car with the increasing petrol prices and so forth. So affordability it is to do with not only the unit price of a house but also with access to services and so forth. Yes you can get cheap housing out on the fringe but it is going to cost you an arm and a leg to access services and employment.”¹³⁵

2.4 Social Impacts

2.4.1 The Relationship Between Housing and Health

The strongest evidence received on health impacts was the negative effect that inadequate or non-existent accommodation has caused. For those who experience pre-existing or new illnesses, particularly chronic illness or mental health disorders, a disability or mobility issue, or a combination of these health and wellbeing challenges, access to necessary health services to effectively manage health needs is further limited in the absence of stable accommodation. This reduces the capacity to meet the costs associated with independent living in an appropriate setting.

Additionally if a person is without adequate shelter or in housing stress, less severe and more easily managed health conditions can be exacerbated and become serious and complex problems. This can become the primary inhibitor to retaining or resecuring accommodation and potentially lead to homelessness. This would add to the number of people requiring health services.

The Salvation Army stated in its submission:

“The health and wellbeing of Tasmanians is dependent upon access to affordable and secure long-term housing.”¹³⁶

According to TasCOSS, the quality and security of a person’s housing is linked to their level of health, and that this adds additional stress to the health system:

“It is likely that homeless and poorly housed people are more vulnerable to opportunistic seasonal infections and viruses, mental health problems and chronic diseases, and may therefore put additional pressure on Tasmania’s health services.”¹³⁷

¹³³ Perkins and Johnston, transcript of discussion, 10 October 2007, p. 94

¹³⁴ Rockefeller and Massina, transcript of evidence, 18 October 2007, p. 15

¹³⁵ Fischer, transcript of evidence, 16 November 2007, p. 16

¹³⁶ Salvation Army, submission, p. 5

¹³⁷ TasCOSS, submission, p. 12

Paul Mason (Commissioner for Children) said:

“Children living in housing stress situations experience higher rates of respiratory disorders which are lifelong and higher rates of gastric disorders which are lifelong and which can lead to cancers and all sorts of things.”¹³⁸

Anglicare noted in its submission an important connection between housing and the effectiveness of home-based care for maintaining people’s independence.¹³⁹

Margaret Reynolds (National Disability Services) said that people with disabilities are especially vulnerable to housing stress:

“Tasmanians with disabilities are more likely to experience housing stress and homelessness, because they are more likely to be living in poverty.”¹⁴⁰

She said that while there was an awareness and a desire to take into account people with disabilities, the outcomes were not always well thought out.¹⁴¹

TasCOSS’ submission stated:

“The shortage of appropriate, secure, and affordable housing for Tasmanians with disabilities is a factor that seriously affects the delivery of disability and support services.”¹⁴²

Sue Cripps (Homeless NSW-ACT) told the Committee that improving health outcomes is a key means of preventing or minimising homelessness. She said that homeless people with mental health issues were “significantly overrepresented” within the homelessness services system.¹⁴³ Members asked if she believed limited access to health services was a major driver of homelessness. She responded:

“Health is definitely one of the key issues. All the data available through the Australian Institute of Health and Welfare indicates that the incidence of mental illness and drug and alcohol misuse is significant across the spectrum of all people who are homeless.”¹⁴⁴

A submission from Bethlehem House noted that a significant percentage of its residents “have ongoing mental health issues.” The submission further noted that accommodation options for people with mental health issues are “totally inadequate”.¹⁴⁵

In relation to mental health, Jed Donoghue (Salvation Army) said:

“There is some debate within the sector with regard to whether that is a consequence or a cause of homelessness. There are two things happening. Some people who have some mental health issues are more likely to be homeless or at risk of homelessness but also with people who become homeless there does seem to be a high proportion who develop mental health issues as a coping mechanism.”¹⁴⁶

Anglicare’s submission stated that insecurity and isolation for people with mental health illnesses could add to their level of stress, and subsequently exacerbate their

¹³⁸ Mason, transcript of evidence, 24 September 2007, p. 91

¹³⁹ Anglicare, submission, pp. 13-14

¹⁴⁰ Reynolds, transcript of evidence, 23 October 2007, p. 39

¹⁴¹ Ibid, p. 42

¹⁴² TasCOSS, submission, p. 12

¹⁴³ Cripps, transcript of discussion, 11 October 2007, p. 20

¹⁴⁴ Ibid, p. 19

¹⁴⁵ Bethlehem House, submission, p. 2; supplemental submission p. 1

¹⁴⁶ Begent and Donoghue, transcript of evidence, 25 September 2007, p. 52

mental health issues, in some cases to the extent that they require hospitalisation or other forms of intervention.¹⁴⁷ Kathleen Flanagan (Anglicare) said that people with mental health issues or disabilities need to have assistance close by:

“It is not enough to simply put them into a house, there needs to be some kind of integration between the housing system and support services so that they can sustain that.”¹⁴⁸

Avril Lever (Treasurer, Shelter Tasmania) said that people living in unstable housing situations could have difficulty maintaining proper communication with service providers:

“While they are transient, bouncing around, sofa-hopping and things like this it is very difficult for them to access services that will help them to keep appointments and keep regular and get some consistent help.”¹⁴⁹

2.4.2 The Relationship Between Housing and Education

While witnesses and submissions were in agreement about the links between housing and education, there were different notions cited of how housing could affect educational outcomes for students. Firstly, in terms of the interrupted relationships and contacts if families are moving around localities in search of affordable housing; and secondly, the dependency of a stable home life for engagement, attendance, and improved retention rates.

Anglicare submitted that unless young people have a stable and suitable place to live, it is difficult for them to go to school, to stay at school, or to continue with higher levels of study.¹⁵⁰

Georgina McLagan (Director Welfare Services, Centacare) said that for children who do not have a stable home, their education would be interrupted as they move from location to location.¹⁵¹

TasCOSS presented a similar view in its submission:

“The effect of insecure housing on children can be particularly damaging – affecting their educational opportunities and performance by having to frequently change schools, and affecting their ability to establish and maintain relationships with other children.”¹⁵²

And also:

“It is certain that Tasmania’s low retention rate from Year 10 to Years 11 and 12 is affected to some extent by the lack of secure and affordable housing for young people.”¹⁵³

The State Government’s submission agreed that housing is linked to educational outcomes, as the unstable lifestyle of living in unaffordable accommodation exposes children to the risk of disengagement.¹⁵⁴ It also stated:

¹⁴⁷ Anglicare, submission, p. 14

¹⁴⁸ Flanagan and Weinert, transcript of evidence, 24 September 2007, p. 66

¹⁴⁹ Lever, Witt, and Chugg, transcript of evidence, 22 October 2007, p. 58

¹⁵⁰ Anglicare, submission, p. 13

¹⁵¹ McLagen and Witt, transcript of evidence, 22 October 2007, p. 76

¹⁵² TasCOSS, submission, p. 10

¹⁵³ Ibid, p. 12

¹⁵⁴ Tasmanian Government, submission, p. 3

“People whose parents are homeowners will on average have a higher educational attainment than those whose parents are renters. ... Nevertheless, public housing provision seems to be conducive to positive educational outcomes for children.”¹⁵⁵

TAFE and school students who are homeless, the State Government submission commented, will have difficulty completing homework, accessing online information, preparing for exams, and maintaining school clothes:

“Such difficulties contribute to low attendance and ultimately for some students to leaving school early.”¹⁵⁶

The Property Council of Australia (Tasmania) submitted that educational outcomes in social housing areas should be improved:

“High quality education is crucial for innovation, productivity, and increased standard of living and therefore education must be part of any discussion and approach to social housing.”¹⁵⁷

In verbal evidence, Robert Rockefeller (Property Council) further explained that improving education outcomes would help improve society and also people’s ability to afford appropriate housing:

“This whole housing and education thing is I think phenomenally important. ... If demographic change is to be treated seriously it is not about how the baby boomers are going to be looked after, it is how we raise the productivity and increase the participation rate of the young people in the State. The goal has to be that every person born from here on will become employed and a productive individual within the community. If you look at it today that is not necessarily the case, but we cannot afford to have such a high rate of people leaving the work force. I call them the low-hanging fruit. I see the whole housing issue, and particularly what I call state housing, and education outcomes being linked. ... This renewal is important not just from the physical sense of houses in the environment but it also in the social sense of education and making people far more productive and giving them a much better opportunity to be contributors in 10, 20 and 30 years’ time.”¹⁵⁸

2.4.3 The Relationship Between Housing and Community Development

Some witnesses made general remarks about how housing, along with other factors, can impact on the overall development of the community, in cases supplementing earlier comments and illustrating the wider context in which housing has a role.

Tom Muller (TasCOSS) said that what leads to someone ultimately becoming homeless – or how this process begins – is related to poverty and disadvantage:

“If you want to increase education outcomes, if you want to increase the life chances of children then you need to be investing in families much earlier, and that flows into experiences of homelessness in that it does go to the heart of tackling poverty and disadvantage. That, again, is related to the issue that there are more Tasmanian children who grow up in households where there is no adult in employment so, I guess in a roundabout way, there needs to be a much more comprehensive response to homelessness that provides mental health services, that provides drug and alcohol support services, rehabilitation services – it is right across.”¹⁵⁹

¹⁵⁵ Ibid, p. 3

¹⁵⁶ Tasmanian Government, submission, p. 4

¹⁵⁷ Property Council, submission, p. 10

¹⁵⁸ Rockefeller and Massina, transcript of evidence, 18 October 2007, p. 16

¹⁵⁹ Muller and McLean, transcript of evidence, 24 September 2007, p. 5

The Committee was informed that the rehabilitation of youth and adult offenders was being compromised by housing and accommodation issues. In its submission, Anglicare pointed out that post-release housing options for prisoners are limited, and that particular, bail options for youth are often restricted because of issues relating to finding appropriate accommodation.¹⁶⁰

Anglicare's submission stated:

"The cost of ensuring appropriate and supportive housing is available to people on remand and to people just released from prison would be negligible when compared to the cost of supporting someone within the custodial system."¹⁶¹

TasCOSS wrote in its submission that people exiting correctional facilities or detention are at a high risk of homelessness because of the difficulties they will have securing accommodation in the present housing market. Furthermore, TasCOSS stated, becoming homeless may be a factor leading individuals to commit further offences:

"Housing insecurity and homelessness, in addition to unemployment and stigma, are major factors that can lead to re-offending. Young offenders are particularly at risk and also require additional specific assistance and support to find both short- and long-term affordable housing."¹⁶²

Paul Mason (Commissioner for Children) said:

"You can spend all your money fixing up kids who break the law and watch them continue to break the law until they wind up in Risdon; you can spend all your money taking children away from families because the families are incapable of looking after them, but if you are really going to do something serious about rates of crime, rates of antisocial behaviour and rates of child abuse you are going to [need to] focus on supporting families at the front end."¹⁶³

St Vincent de Paul's "Don't Dream its Over" report stated:

"Half of the people using homeless assistance services in Australia are families with children. In fact, families with children are the fastest growing group of people experiencing homelessness in Australia. ... We know that over the past five years there has been a 30% increase in the number of families with children being assisted by homeless services. Most of the children in homeless assistance services are under 12 years of age – a crucial period of their development – and homelessness has a serious impact on their health, education and wellbeing, often causing high rates of anxiety, emotional and behavioural problems and mental illness."¹⁶⁴

The Salvation Army wrote in its submission:

"In the first six months of the year our community support program saw almost 5,000 people with 3,113 children."¹⁶⁵

¹⁶⁰ Anglicare, submission, p. 15

¹⁶¹ Anglicare, submission, p. 15

¹⁶² TasCOSS, submission, p. 12

¹⁶³ Mason, transcript of evidence, 24 September 2007, p. 91

¹⁶⁴ St Vincent de Paul Society, 'Don't Dream Its Over: Housing Stress in Australia's Private Rental Market', July 2007, p. 3 (submitted by St Vincent de Paul)

¹⁶⁵ Begent and Donoghue, transcript of evidence, 25 September 2007, p. 51

The State Government submitted that the more affordable suburbs tend to be geographically isolated, lack services, have higher levels of unemployment, and have more expensive travel costs. Its submission commented:

“These factors in turn may contribute to further isolation and increase the risk factors associated with anti-social and criminal behaviour for children, young people and their families. ... Social contexts make a difference to the skills, or identities, that individuals develop.”¹⁶⁶

Alison Jacob (Deputy Secretary, DHHS) said:

“Whether it is child protection, disability or youth justice, they all have a housing component. Housing is fundamental.”¹⁶⁷

Peter Hoult (Secretary, DHHS) added:

“It has been a benefit of having Housing within the overall portfolio of Health and Human Services. There is a very strong set of linkages between our priority groups and other areas like disability.

[...]

“What I can say from my observation of this agency is that there are benefits, which are sometimes not apparent to the public, and which I would be loath to see lost by fragmentation of the agencies.”¹⁶⁸

2.4.5 The Relationship Between Housing and Demography

While housing and demography are linked, both impact on the other in different ways. While declining housing affordability affects demographic trends, other unrelated population changes are affecting housing market conditions as well.

In its submission, the State Government stated that demographic change is having a significant impact on housing markets. In particular, an ageing population has resulted in an increase of lone-person households:

“The increasing number of people living alone means a corresponding increase in the number of households paying their mortgage or rent on one income only.”¹⁶⁹

According to Professor Rowland Atkinson, household “break-up” has become an issue:

“It is not so much a growth in population that Tasmania has seen, so much as a growth in the number of households.”¹⁷⁰

He provided to the Committee a paper analysing population, dwelling, and household growth in Tasmania, entitled ‘Housing in Tasmania – Factsheet 1: Population, Households and Dwellings’. It commented:

“Basic statistical data from the Australian/ABS Census series show that Tasmania’s population has increased insignificantly over the past decade but that smaller household

¹⁶⁶ Tasmanian Government, submission, p. 2

¹⁶⁷ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, p. 63

¹⁶⁸ Ibid, p. 64

¹⁶⁹ Tasmanian Government, submission, p. 13

¹⁷⁰ Atkinson, transcript of evidence, 22 October 2007, p. 25

sizes and greater household numbers are putting additional strains on the housing system.”¹⁷¹

The result, according to the paper, is a basic deficit of 5,800 dwellings in the past ten years. This highlights the lack of forward planning to address housing needs.

Table 14				
Population, Dwelling, and Household Growth in Tasmania¹⁷²				
1996-2006				
	1996	2006	Change (%)	Change (numbers)
Population	459,659	476,481	3.65	16,822
Dwellings	122,840	127,204	3.55	4,364
Households	170,908	181,100	5.96	10,192

According to Stuart Clues (Executive Director, HIA), “the only reason” house prices have gone up to present levels is that demand has exceeded supply. He said that figures contained in the HIA’s submission showed a shortfall of over 2,000 homes in Tasmania.¹⁷³

Table 15			
New Housing Starts and Underlying Requirements, Tasmania 2001-2008¹⁷⁴			
Year	Starts ('000)	Underlying	Requirements
		('000)	
2001-02	1.9	2.2	
2002-03	2.1	2.5	
2003-04	2.8	3.0	
2004-05	2.8	3.0	
2005-06	2.6	3.2	
2006-07	2.7	2.9	
2007-08 (anticipated)	2.5	2.7	
Difference between starts and underlying requirement is 2,100			

Tom Nilsson (Sustainable Population Australia) said that population growth is linked to housing affordability because it creates a basic demand. He said that increased life expectancy was adding to the number of lone-person households, as people were spending half their lives living alone or with only a partner.¹⁷⁵

According to the Royal Australian Institute of Architects (RAIA):

“The ageing population, diverse immigration, postponed marriages and childless and same sex couples produce a social demographic that no longer suits the homogenous style of housing produced by the conventional building industry. Housing policy and design needs to respond to this changing dynamic and address the current mismatch with an increase in diverse housing type.”¹⁷⁶

¹⁷¹ ‘Housing in Tasmania – Factsheet 1: Population, Households and Dwellings (1996-2006)’, UTAS Housing and Community Research Unit, September 2007, p. 1 (provided by Rowland Atkinson, UTAS)

¹⁷² ‘Housing in Tasmania – Factsheet 1: Population, Households and Dwellings (1996-2006)’, UTAS Housing and Community Research Unit, September 2007, p. 1 (provided by Rowland Atkinson, UTAS)

¹⁷³ Gray and Clues, transcript of evidence, 24 September 2007, p. 47 and p. 50

¹⁷⁴ HIA, submission, p. 9

¹⁷⁵ Nilsson, transcript of evidence, 22 October 2007, pp. 39-40

¹⁷⁶ RAIA, submission, p. 6

2.5 Recent Research and Studies on Social and Economic Impacts

Witnesses encouraged the Committee to seek relevant research on the economic and social links with housing.

Peter Hault (Secretary, DHHS) said:

“The research nationally and internationally shows that safe, affordable and appropriate housing has a net benefit across almost all areas ...there is so much social research now to show that if people are in safe and sustainable housing then the net benefit across the whole gamut is real. It is very basic.”¹⁷⁷

The State Government submission cited the research of AHURI:

“AHURI has found that there is a clear relationship between housing and crime, housing and social exclusion, housing and poverty, and housing and access to the labour market.”¹⁷⁸

Shelter Tasmania stated in its submission:

“International evidence shows that if adequate housing assistance is provided it provides positive ‘non-shelter’ benefits through affecting affordability, tenure type, security of tenure, location, and dwelling quality.”¹⁷⁹

Submissions from TasCOSS, Anglicare, and the Master Builders’ Association suggested the Committee consider the research of AHURI (Australian Housing and Urban Research Institute) and/or Mike Berry.¹⁸⁰

AHURI research and policy bulletin no. 87 of March 2007 summarised the findings of a research project examining how housing assistance affects employment, health, and social cohesion.

The main finding was that the international evidence and experience shows that proper housing produces non-shelter benefits in terms of health, education, and social cohesion, but that the effects on employment, security, and wealth distribution are “mixed”. However, it found: “Key gaps remain in the Australian evidence base.”¹⁸¹

¹⁷⁷ Hault, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, p. 63

¹⁷⁸ Tasmanian Government, submission, p. 1

¹⁷⁹ Shelter Tasmania, submission, p. 12

¹⁸⁰ TasCOSS, submission, p. 10; Anglicare, submission, p. 10; Shelter Tasmania, submission, p. 12; MBA, submission, p. 3 and p. 11

¹⁸¹ AHURI Research and Policy Bulletin, ‘How Does Housing Assistance Affect Employment, Health, and Social Cohesion?’ Iss. 87, March 2007

CONCLUSIONS

Ch.2, Term of Reference 2: The Impact of a Lack of Affordable Housing on the Broader Economic and Social Wellbeing of the Tasmanian Community; and
Term of Reference 3: The Impact of a Lack of Affordable Housing on the Implementation and Outcomes of Other State Government Programmes

The Committee concludes that:

- 15: The provision of affordable housing is a question of government priorities. Where these priorities sit will determine the economic and social wellbeing of the Tasmanian community.
 - 16: The decline of housing affordability in Tasmania negatively impacts quality of life.
 - 17: Housing is fundamental to the economic and social wellbeing of the Tasmanian community.
 - 18: The housing market boom has negatively impacted first homebuyers, private renters, the public housing system, and crisis accommodation providers and clients.
 - 19: The lack of affordable housing affects levels of disadvantage, and impacts employment opportunities, health, education, and overall welfare.
 - 20: Housing affordability is negatively impacting across wide segments of the population, including those who have never previously been financially incapable of securing housing. This will be costly for governments.
 - 21: As more people are left without adequate housing options, a range of services face increased demand from clients with complex health and welfare needs.
 - 22: The impacts of housing affordability on children are not being recognised, and thus there are no State Government programmes to address this issue.
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RECOMMENDATIONS

Ch.2, Term of Reference 2: The Impact of a Lack of Affordable Housing on the Broader Economic and Social Wellbeing of the Tasmanian Community; and
Term of Reference 3: The Impact of a Lack of Affordable Housing on the Implementation and Outcomes of Other State Government Programmes

The Committee recommends that:

- 9: Appropriate housing be viewed as a basic human right, and accordingly governments should commit to attaching a high level of priority to addressing the housing affordability issue.
- 10: Independent research be conducted to determine Tasmanian-based empirical evidence of the current and future impacts of declining housing affordability.
- 11: Programmes be implemented to address the impacts on children of issues relating to the housing crisis and its effect on them.

Chapter 3

Term of Reference 4

THE EFFECTIVENESS AND LIMITATIONS OF CURRENT STATE AND FEDERAL GOVERNMENT STRATEGIES AND SERVICES TO ALLEVIATE THE IMPACT OF POOR HOUSING AFFORDABILITY IN THE TASMANIAN COMMUNITY

3.1 Introduction

This term of reference aroused by far the most interest among submissions received and witnesses presenting verbal evidence. A significant quantity of information was received and diverse opinions were presented relevant to the issue of current government services and strategies to alleviate the impact of poor housing affordability. This situation highlights the extent of the dilemma of the Committee has faced in attempting to articulate its own observations and draw its own conclusions.

It is not within the Committee's terms of reference to specifically investigate what caused housing affordability to decline. Nevertheless, a number of witnesses and submissions made representations to the Committee linking the causes of the problem with the solutions required. From this perspective, it has been relevant to consider why housing has become less affordable.

As the inquiry proceeded, it became clear that there were four distinctive stakeholder sectors with viewpoints on how to approach the housing affordability problem: the property and building industry sector; the social services and advocacy sector; the non-government community housing sector; and local, State, and Federal government. A number of academics and unaffiliated individuals also had their own ideas. It would be a generalisation to claim that witnesses and submissions naturally associated with a particular sector grouping held identical views and a full consensus; sometimes this was not the case. This in itself is important, demonstrating the extent of diversity on the subject of affordable housing strategies.

One limitation to strategies and services often raised with the Committee was the issue of funding. Funding is the subject of term of reference five, and is therefore not the main focus of this section.

It should be noted that the Committee invited the Federal Government to make a verbal presentation and offered to meet with their representatives in Canberra; however, this offer was declined. In October 2007, a brief letter was received from then-Community Services Minister Nigel Scullion, referring the Committee to information contained on the website of the Department of Families, Housing, Community Services, and Indigenous Affairs (FaHCSIA).¹⁸² In February 2008, a letter was received from Housing Minister Tanya Plibersek, which discussed a number of housing matters.¹⁸³

Examination of the evidence pertaining to the effectiveness and limitations of current State and Federal strategies and services have been separated into two areas: firstly, aspects of social housing system – public housing, community housing, the

¹⁸² Correspondence dated 15 October 2007 from Minister for Community Services

¹⁸³ Correspondence dated 14 February 2008 from Minister for Housing

sustainability and future of social housing, and TAHL; and secondly, the general supply and provision of affordable housing outside the social housing context – possible supply constraints including taxes, land availability, planning issues, and infrastructure, as well as with grants, concessions and other financial assistance measures. Other miscellaneous issues are also included.

3.2 The Housing System and Policy Context in Tasmania: An Overview

In Australia, low-cost housing is provided predominantly in the form of public housing funded by State and Federal governments. The States manage and operate public housing in their respective jurisdictions. Some non-government community housing organisations, which may receive government subsidisation or sponsorship, also provide other low-cost, not-for-profit housing. In Tasmania, public housing applicants are placed on a waiting list and are prioritised by categories (one to four) depending on assessed need.

Currently, State and Federal Governments jointly fund the provision of public housing, which is managed and operated by housing authorities in each State. In Tasmania, the relevant authority is Housing Tasmania, a business unit within the Department of Health and Human Services. The Commonwealth-State Housing Agreement (CSHA) governs funding arrangements between the States and the Federal Government in accordance with the *Housing Assistance Act (1996)*.¹⁸⁴ This is a multilateral agreement containing general principles and a framework of funding and strategic direction, part of which includes a requirement for bilateral agreements with each of the States for specific funding levels. The terms of the current CSHA have been in place since 2003 and are due to expire in June 2008.¹⁸⁵

CSHA funding contributed by the Federal Government is required to be matched at a minimum level by State Governments. Under the current bilateral Tasmanian-Commonwealth agreement, in 2007-08 the Federal Government will contribute \$22.095m in base funding, plus additional funding for specific programmes. The State Government is required to contribute 48.95% in matching funds (\$10.815m). The CSHA allows extra funding from the States if they wish to provide it, though the Federal Government is not obliged to match it. If the States choose not to provide matching funding or to divert funding away from housing, the Federal Government may apply sanction measures.¹⁸⁶

The multilateral CSHA gives States and territories responsibility to “develop housing assistance strategies” within the general principles of the multilateral CHSA.¹⁸⁷

In 2003, the Tasmanian State Government released the Affordable Housing Strategy (AHS). The aim of the AHS was “to ensure safe, affordable housing for Tasmanians who receive low incomes.”¹⁸⁸

The strategy highlighted several objectives, and also listed particular measures that would be taken to achieve them. Its broad objectives were:

¹⁸⁴ *Housing Assistance Act (1996)* (Cwlth), as amended

¹⁸⁵ Steering Committee for the Review of Government Service Provision, *Report on Government Services 2008* (Productivity Commission, Canberra, 2008), p. 16.2 box 16.1

¹⁸⁶ ‘CSHA Bilateral Agreement – As Entered into Between the Commonwealth of Australia and the Tasmanian Government, July 2003 – June 2008’, 2004, p. 16

¹⁸⁷ CSHA (multilateral), 17 July 2003, part 2, 2(5)(a)

¹⁸⁸ Tasmanian Government, ‘Affordable Housing Strategy Framework 2004-2008’, December 2003, p. 7 (provided by State Health Minister, 22 October 2007)

(1) A sustainable housing system; (2) The capacity to expand supply of social and affordable housing in response to the community's immediate and longer-term housing needs; (3) A range of effective and responsive housing models that meet a diverse range of housing needs, including special needs and the particular requirements of local areas; (4) A housing market that underpins economic growth, area vitality, and strong, safe, resilient communities.¹⁸⁹

In December 2005, the State Government announced the formation of an Affordable Housing Organisation, now operating under the name Tasmanian Affordable Housing Ltd (TAHL). The concept of TAHL, in essence, is that it will lease suitable homes from private investors and sub-lease these homes to people from the public housing waiting list at rates assessed to be affordable. The State Government has a sponsorship arrangement with TAHL; the initial target is to provide 700 additional homes for low-income earners.¹⁹⁰

As well as public and social housing, State and Federal governments have in place assistance measures for first homeowners and private renters. First homebuyers may apply for and receive a one-off grant (First Homeowners Grant – FHOG) and duty concessions. Eligible private renters may apply for and receive rent assistance (Commonwealth Rent Assistance – CRA) and in some cases receive assistance with bond payments and limited financial assistance from NGOs funded by the State Government.

The FHOG is a one-off grant currently providing up to \$7,000 for first homebuyers. While there are some eligibility criteria, it is not means tested. Further, the State Government offers concessions and rebates for eligible first homebuyers on taxes and duties related to property (under \$350,000) and land.¹⁹¹

CRA is a form of direct financial assistance from the Federal Government for tenants renting in the private market who meet the eligibility criteria. Tenants of State housing authorities are not eligible. CRA is paid at 75 cents for every dollar of rent above the minimum rent threshold until the maximum rate is reached. Minimum and maximum thresholds vary according to the household composition (including the number of dependents; whether the tenant is partnered or a single person) and are periodically adjusted according to consumer price index (CPI) changes. From September 2007 to March 2008, an eligible couple with one or two children would need to pay a minimum of \$182.56 per fortnight in rent to be eligible to receive CRA. To receive the maximum payment possible (\$123.76), tenants would need to pay \$347.57 in rent per fortnight.¹⁹²

The State Government funds a number of NGOs in Tasmania to support low-income tenants renting privately (private rental support scheme – PRSS; private rental tenancy support scheme – PRTSS). Unlike CRA, this support is for the payment of a bond, rent in advance, or to repay rent in arrears. It is intended to assist people into

¹⁸⁹ Tasmanian Government, 'Affordable Housing Strategy Framework 2004-2008', December 2003, p. 7 (provided by State Health Minister, 22 October 2007)

¹⁹⁰ 'Historic Partnership to Deliver New Affordable Housing', 16 December 2005, at <<http://www.dhhs.tas.gov.au/agency/publications/premierannouncement.php>>

¹⁹¹ Tasmanian Government, submission, pp. 23-24

¹⁹² <<http://www.facsia.gov.au/internet/facsinternet.nsf/aboutfacs/programs/house-rentassist.htm#rentassistance>>

tenancies and then to maintain the tenancy through non-financial help such as advocacy and information rather than to fulfil ongoing financial needs.¹⁹³

There are some other State Government assistance measures and programmes, including the Streets Ahead Incentive Programme (SAIP), a package of assistance measures for low-income earners wishing to purchase a Housing Tasmania property for sale; and the Home Ownership Assistance Programme (HOAP), a loan scheme for low-income earners purchasing a home.

A relatively small indigenous housing programme operates in Tasmania, jointly managed by DHHS and FaCSIA. DHHS management is divided between Housing Tasmania and three indigenous community housing organisations (ICHOs)¹⁹⁴

3.3 The Decline of Housing Affordability and the Advent of Crisis

It was generally argued that housing affordability is primarily conditional on market forces and government policy, though specifically which aspects and how the two interrelate were not always agreed upon. Some witnesses attributed declining housing affordability to structural problems, artificial constraints placed on the market, and government inaction. Others were more cautious, arguing that no particular issue is at the source of the problem. While the State Government submission did not speculate on possible causes, State Treasury officials admitted that the question had been discussed internally.

The Housing Industry Association (Tas) (HIA) submission stated that housing affordability is dependent on structural and cyclical trends, and that currently the problem is not related to cyclical factors:

“Cyclical fluctuations in housing affordability are generally driven by changes in building costs, household income, interest rates, and the demand and supply of dwellings. Structural changes to housing affordability are determined by taxes and levies on the purchase of land and housing, government assistance, changes to banking regulations, and the cost of land.

[...]

“The current housing affordability crisis has occurred at a time when interest rates have not been significantly different from their long run average.

[...]

“This leads to the conclusion that the deterioration in affordability is due to a structural, as opposed to cyclical change.”¹⁹⁵

In verbal evidence, Stuart Clues (Executive Director, HIA) said housing affordability is:

“A structural problem that requires intervention by the Government, either at State, Commonwealth, or local level. ...It does require a major intervention.”¹⁹⁶

In its submission, the Salvation Army also attributed rising housing stress and a shortage of affordable rental properties to structural factors:

¹⁹³ The State Government's submission did not contain any information on these schemes, aside from a very brief citation in its appended glossary of terms. See <http://www.dhhs.tas.gov.au/services/view.php?id=1010>

¹⁹⁴ Tasmanian Government, submission, appendix D

¹⁹⁵ HIA, submission, p. 6

¹⁹⁶ Gray and Clues, transcript of evidence, 24 September 2007, pp. 35-36

“The declining levels of investment in public housing by the State and Federal governments over the past ten years is critical because the construction of public housing not only increases the supply of affordable housing, it creates employment opportunities but does not inflate homeownership or private rental costs.”¹⁹⁷

Its submission also stated:

“There is a general level of frustration among non-government agencies with the inadequate level of government investment in existing community housing, which is needed to meet the housing needs of disadvantaged and homeless people in our community. The cost in human suffering and wasted potential if we do not implement these strategies is incalculable and would be morally inexcusable.”¹⁹⁸

The Master Builders’ Association (MBA) submission attributed the decline in affordability to the rising costs associated with owning property. Costs and prices of houses have exceeded CPI comfortably. Construction costs, land costs, local council fees and charges, GST, interest repayments, and limited available concessions were singled out.¹⁹⁹

The Property Council of Australia (Tasmania) identified three main causes for declining housing affordability:

“A lack of land supply; a rapid escalation of property taxes, fees, levies, and charges; and slow, expensive and cumbersome local government planning schemes.”²⁰⁰

The Property Council’s view was that State and local governments are in the best position to respond to these problems, and the State Government should develop a State Housing Policy.²⁰¹

The Real Estate Institute of Tasmania (REIT) told the Committee that the major problem was supply of both available properties and land:

“Which leads to housing affordability, because with the lack of supply demand pushes prices up and that is what is happening at the moment.”²⁰²

Tasmanian Council of Social Services (TasCOSS), Anglicare and Shelter Tasmania argued that lack of government responsiveness was the problem; in particular the low-level of priority given to social and public housing as affordability has declined.

Tom Muller (TasCOSS) told the Committee that lack of government responsiveness, particularly in relation to public housing, has contributed to the scale of the affordability crisis:

“The housing affordability crisis is fundamentally driven by a lack of response at a Commonwealth and State level... We will again be calling for the State Government to invest in public and social housing as well as investing in private rental support and home ownership initiatives, but we do believe it is important to acknowledge the crucial role that sustainable appropriate public housing plays in delivering affordable housing outcomes.”²⁰³

¹⁹⁷ Salvation Army, submission, p. 7

¹⁹⁸ Salvation Army, submission, p. 9

¹⁹⁹ MBA, submission, *passim*

²⁰⁰ Property Council, submission, p. 4

²⁰¹ *Ibid*, pp. 7-8

²⁰² Harris and Kelly, transcript of evidence, 23 October 2007, pp. 73-74

²⁰³ Muller and McLean, transcript of evidence, 24 September 2007, p. 2

Anglicare attributed the extent of housing stress among Tasmanians to rising house prices and rent. The impact has then flowed onto the providers of housing and accommodation services through unprecedented demand for assistance:

“Tasmania’s affordable housing crisis has been well-documented and the Committee will no doubt have access to comprehensive statistical information about the increase in house prices, the concomitant increase in rents, the declining vacancy rate in the private rental market, and the rising demand for crisis services and shelters.

[...]

“One of the reasons so many Tasmanian households are struggling is the recent housing boom, which drove massive house price increases across the State. There has been a flow on effect for renters”²⁰⁴

Shelter Tasmania’s submission stated that affordable housing begins with social housing:

“The social housing system is the base needed for a Tasmanian affordable housing system.”²⁰⁵

According to Colony 47, no sole solution exists:

“There is no one solution to the housing affordability crisis in Tasmania. A variety of solutions need to be developed with a range of partners. It is not the sole responsibility of the government to find the answer but a better answer will be found with the collective experience of government, the community sector and the private sector.”²⁰⁶

Southern Training, Employment and Placement Solutions (STEPS) stated in its submission:

“We agree with a basic tenet of the Tasmanian Government’s Affordable Housing Strategy – that it is not a core function of a government to build (or acquire) and manage low-cost housing for low-income or other special need tenants. Other organisations need to be involved in the process.”²⁰⁷

The Local Government Association of Tasmania (LGAT) submitted that local government has a very marginal influence over factors that could have caused or exacerbated the housing affordability situation.²⁰⁸

The State Government submission stated:

“The housing system is interrelated and is moulded by a combination of market forces and government interventions. Any change in one part of the system has an impact on other areas of the system.”²⁰⁹

It also stated:

“It is now considered that there has been a permanent shift in the level of house prices in Tasmania, and it is not expected that house prices will return to the level experienced prior to the buoyant market.”²¹⁰

²⁰⁴ Anglicare, submission, pp. 5-6

²⁰⁵ Shelter Tasmania, submission, p. 2

²⁰⁶ Colony 47, submission supplement, p. 5

²⁰⁷ STEPS, submission, p. 3

²⁰⁸ LGAT, submission, p. 3

²⁰⁹ Tasmanian Government, submission, p. 7

²¹⁰ Ibid, p. 9

Peter Fischer (State Planning Advisor, Department of Justice) said:

“There has been a lot of debate about what is causing problems with affordable housing and I think the jury is still out on some of it. There are a huge number of factors, not just one or two. There is a plethora of factors that cause issues.”²¹¹

In verbal evidence, Peter Hault (Secretary, Dept of Health and Human Services [DHHS]) denied that there was a lack of action on the part of the State Government, saying:

“The Affordable Housing Strategy, home ownership assistance, private rental assistance and the creation of TAHL, the release of crown land and changes to the planning scheme – all of these initiatives – reflect a broad approach being taken by the Tasmanian Government to address the problem.”²¹²

Don Challen (Secretary, Dept of Treasury and Finance) said:

“We have had internal discussions about what made it come unstuck, why did it [the housing market] take off like that? Clearly it was lagging a long way behind where it would have been, and our guess that it was a confidence thing... the economy got a lot better, employment started to pick up, we saw that big boost in population growth a few years back, and suddenly people started spending money on renovations of their own houses.”²¹³

He also said that mainland investment was a factor. Mr Challen concluded that:

“All that drove the market up and these things all sit behind affordability stress, but at the end of the day this is about our living in a very well performing economy. This is the sort of problem you want to have.”²¹⁴

He also said:

“Unfortunately because we are talking about a market for asset stock, these things take a while to sort themselves out. ... But if we focus our attention on those needy families in our community and get them into houses, the rest of it will sort itself out.”²¹⁵

Members suggested that if money were available to put 1,000 new houses on the ground for needy people, for example, this would make a significant difference. In response, Mr Challen said:

“That would go a long way to solving the problem, yes.”²¹⁶

Members further asked if sufficient funding was available to do this. He replied:

“It is a question of government priorities. I’ve given the best advice I can.”²¹⁷

In relation to whether the decline of housing affordability is a structural or cyclical issue, Mr Challen said:

“I don’t know. It would be very difficult to put your finger on that, I think.”²¹⁸

²¹¹ Fischer, transcript of evidence, 16 November 2007, p. 16

²¹² Hault, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 3

²¹³ Challen, Christian, Burgess, transcript of evidence, 16 November 2007, pp. 41-42

²¹⁴ Ibid, p. 42

²¹⁵ Ibid, p. 42

²¹⁶ Ibid, p. 42

²¹⁷ Ibid, p. 42

Prof Julian Disney (Social Justice Project, University of New South Wales [UNSW]) told the Committee:

"If I were to be casting blame, I would actually point the finger at both the previous Labor [Federal] Government and the present [now former] coalition [Federal] Government. Differing proportions on different issues, but neither of them has a very good record on this. They have starved public housing of money, made it unproductive by forcing it to operate only for the most deeply disadvantaged who can't pay rents and have high management costs. That has aggravated this problem of not having a clear distinction between money that must go to new stock and money that is for maintenance of existing stock."²¹⁹

The current Federal Government has indicated to the Committee that:

"We are aiming to implement a streamlined response to housing which will address the full range of housing needs, including housing supply issues."²²⁰

3.4 The Social Housing System

Witnesses and submissions identified that social housing should be expected to provide an option for people who cannot afford private rental or to purchase a home. Witnesses were also of the view that current models of social housing in Tasmania do not provide homes for all the people who require them. Addressing the issues related to social housing is unlikely to improve housing affordability in general.

3.4.1 Public Housing (Housing Tasmania)

It is essential to provide public housing for people in greatest need, as it provides a safety net no other sector of the housing industry can.

Housing Tasmania in 2006-07: An Overview²²¹

Total housing stock: 11,673, valued at just over \$1.63bn (In 1996-97, Housing Tasmania had 14,056 properties.)

Median age of tenants: 49 years

Average operating expenses per dwelling: \$9,292

Number of public housing allocations: 1,136

Proportion of tenants paying market rent: 20.9%; 79.1% pay a contribution less than market rent. 91% of tenants pay less than 25% of gross income as a tenant contribution.²²²

Occupancy rate: 98.8%

Turnaround time: 27 days

Peter Hoult (DHHS) said that the role of Housing Tasmania must be considered in relation to the entire housing market. He said:

²¹⁸ Ibid, p. 41

²¹⁹ Disney, transcript of discussion, 10 October 2007, p. 50

²²⁰ Information provided in correspondence of 14 February 2008 from Federal Minister for Housing

²²¹ Information provided by State Health Minister, 22 October 2007

²²² For 7.9% of tenants, the proportion of income paid in rent is unknown

"Housing Tasmania is focussed on the provision of housing for people on low incomes... Obviously if there is a lack of affordable housing supply in the market then pressure is going to come back on to the social housing sector."²²³

The Property Council of Australia (Tas) submission stated that there had been a failure of social housing policy in Tasmania because of:

"A failure of successive governments to: maintain existing housing stocks; improve existing housing stocks; and build new public housing stocks."²²⁴

Tom Muller (CEO, TasCOSS) told the Committee government has a responsibility to provide the required supply of affordable housing:

"Government has a fundamental role in the provision of affordable housing for those Tasmanians who cannot get into the private rental market, who will not be able to afford their own home."²²⁵

Mr Muller told the Committee that social housing is an effective way to guarantee housing is affordable to those who need it, as 98% of people living in social housing are not in housing stress:

"So a crucial part of the response to the housing affordability crisis in Tasmania has to be a viable and sustainable social housing sector which delivers affordable and appropriate housing to those Tasmanians who need it. ... Yes we need interventions in the private rental market, yes we need incentives for property developments and the construction of low-income affordable rental properties, but we also fundamentally need a viable and sustainable social housing sector."²²⁶

Centacare's submission stated:

"Governments from all levels need to implement/continue affordable housing strategies which will provide long-term housing for those who are the most disadvantaged within our community. The core requirement for being able to do this with minimal impact on inflation is through the increase of supply and a commitment from the Tasmanian Government to increase stock within Housing Tasmania and community housing programmes."²²⁷

Jed Donoghue (Salvation Army) said that an additional 1,200 social housing properties are needed:

"Supply is not addressing the demand and we believe that we collectively have to do something about that. ... We need to increase the supply of community and public housing. We recognise that the State Government has invested in land and put financial resources into the Tasmanian Affordable Housing organisation [TAHL] but the Salvation Army does not think that is enough. There is a notion that we will reduce the supply of public housing to 10,000 properties in Tasmania. We think that the supply of social housing, which is public housing and community housing, should be increased by 1,200 properties."²²⁸

The Tenants' Union of Tasmania urged State and Federal governments to "prioritise direct investment" into public housing stock.²²⁹

²²³ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 1

²²⁴ Property Council, submission, p. 4

²²⁵ Muller and McLean, transcript of evidence, 24 September 2007, p. 15

²²⁶ Ibid, p. 2

²²⁷ Centacare, submission, p. 5

²²⁸ Begent and Donoghue, transcript of evidence, 25 September 2007, p. 50

²²⁹ Tenants' Union, submission, p. 2

In its submission, Anglicare stated:

“Demand for public housing is growing... between 2001 and 2006, the number of applicants on the public housing waiting list increased by 62%. But the number of public housing properties is in decline, falling 11.4% in the same period.”²³⁰

Stuart Clues (HIA) did not agree that housing affordability could be entirely solved through public and social housing. Members asked him whether proposals to increase the supply of public housing stock and more overall government effort would improve affordability. He replied:

“I support them and HIA supports them on a national level. We think there should be a greater investment in all of those initiatives but what we also argue is that housing affordability is not just about public or community housing. We are not going to resolve this problem by sitting back and asking the Government to build more community or public housing in the States. The only way this is going to be addressed is by having some structural reforms that encourage either institutional investors or mum and dad investors or either young first homeowners to build their first home or to build rental properties. It comes back to that basic supply and demand. I can understand why all of those groups would argue there needs to be more community and public housing, and that is great, but that is only in my argument a very small component of the housing affordability issue and it is not going to address those tables that we put in there [in the HIA submission] that suggest that one in four people in those suburbs are experiencing mortgage stress or rental stress [reproduced in the background section of this report]. The problem is far greater.”²³¹

Dr Robert Murfet said that considering only the level of supply is an approach that is too simplistic:

“It would appear to me that the welfare model probably has too much of the upper hand in Tasmania and there needs to be a much more sound modelling of the economics and the land economics areas. The welfare model often calls for simply more houses. A sophisticated analysis and modelling of the housing market, on the other hand, would answer important questions not only of how many houses are required but what type, where, and the most cost effective way of achieving the required goal.”²³²

Peter Hoult (DHHS) said a gap exists between the availability of public housing and the number of people who need help. With affordability declining so quickly, he said that correspondingly innovative techniques were being developed in response, but that a gap remains.²³³

The State Government’s submission noted that public housing rent levels “will always remain affordable” to tenants, as their contribution is determined by income. According to information provided, tenants pay either market rent or a contribution towards market rent.²³⁴ 20.9% of tenants currently pay market rent.

As noted in Chapter 1, representatives of Colony 47 informed the Committee that payment options for Centrelink and Housing Tasmania clients are not well coordinated. Members asked Housing Tasmania and DHHS representatives why clients could not split rent payments. Dr Katrina Stephenson (Housing Tasmania) said:

²³⁰ Anglicare, submission, p. 17

²³¹ Gray and Clues, transcript of evidence, 24 September 2007, p. 57

²³² Murfet, transcript of evidence, 22 October 2007, p. 80

²³³ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 7

²³⁴ Tasmanian Government, submission, appendix C

“They pay fortnightly and with benefits you can choose either to make a payment or have an automatic deduction. The system we have is an old system, so to introduce complexities around multiple payments and split payments is actually really expensive and difficult to administer, so that is the main issue.”²³⁵

The Committee was informed that Housing Tasmania uses “1980s-based” technology that would cost \$15m to replace.²³⁶ Mercia Bresnehan (Director of Housing, Housing Tasmania) said:

“If we were given \$15m then, no doubt, the pressure would be on us to put that into housing rather than our IT system.”²³⁷

3.4.2 Non-Government Social Housing (Community Housing)

The community housing sector in Tasmania is small and fragmented, although possibly an untapped resource with potential for development.

According to Kathleen Flanagan (Anglicare), the community housing sector is “small” in Tasmania, and therefore has only a limited role.²³⁸ Similarly, Peter Hoult (DHHS) described community housing in Tasmania as “small and fragmented” with 52 organisations managing 550 properties, with 120 of these managed by one organisation. He said that there is a need for “sizeable organisations” to become involved in community housing:

“These new players need to be highly skilled, able to operate at scale, manage multi-million dollar budgets and assets and deal with financiers and developers, take risk and manage that risk and deliver real outcomes for government.”²³⁹

Andrew Larkin (Director Community Housing Strategy, NSW Department of Housing) told the Committee that community housing models have a number of strengths:

“Community housing has the potential to deliver more housing for the same amount of government funding. There are a couple of main reasons for that. Firstly, community housing organisations get tax advantages which are not available to State housing authorities and in particular if they undertake their own development they get GST exemption on construction costs... Their tenants are also able to access CRA in the same way as private tenants are... their rental income is stronger so therefore they are more viable because they have a higher rental income related to their operating costs and also they make rental surpluses on the basis of which they have the capacity to borrow and to bring further funds.”²⁴⁰

Darren Rodrigo (Policy Advisor to NSW Minister for Housing) noted that the community housing sector in Australia is small and has to overcome capacity constraints.²⁴¹

²³⁵ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 54

²³⁶ Ibid, pp. 55-56

²³⁷ Ibid, p. 57

²³⁸ Flanagan and Wienart, transcript of evidence, 24 September 2007, p. 70

²³⁹ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 4

²⁴⁰ Rodrigo, McIntyre, Larkin, Norman, and Roden, transcript of discussion, 10 October 2007, p. 30

²⁴¹ Ibid, p. 32

Adam Farrar (Executive Director, NSW Federation of Housing Associations) said that community housing organisations have to acquire assets to use as equity in order to borrow and continue growing:

“No lender will lend a significant amount of funds to an organisation that has no assets, that basically does not have a balance sheet.”²⁴²

Carol Croce (Executive Director, Community Housing Federation of Australia) cautioned that community housing providers need to be guaranteed of operational income, which is achieved through having a sustainable tenant base and ongoing government subsidy. A distinct advantage of public housing, she said, was that if operations run into deficit people are not put “on the streets”. However, if community housing organisations run into deficit, “we have to shut down” and offload properties, the Committee was told.²⁴³

STEPS, in its submission, identified the ability of non-government housing providers to raise borrowings as a significant advantage over government:

“If public housing stock were placed in the hands of suitable community organisations, those organisations could immediately raise borrowings against the equity they would hold – and as in the case of the STEPS model, attract other finance – to fund additional constructions.”²⁴⁴

Ken Langston (CEO, STEPS) said:

“We see ourselves as just one small part of this equation but we are offering a solution and it does not have to be limited to just us, of course, it could be open to any number of community organisations in Tasmania that want to have a go at it.”²⁴⁵

3.5 The Sustainability and Future of Social Housing

Tasmanian Affordable Housing Strategy, 2003: “Maintain a core public housing portfolio to act as a safety net for those most in need”; and: “Invest in developing the capacity of the affordable housing sector in order to assist in delivery through alternative funding and delivery models.”

The sustainability of social housing generated significant interest and was very contentious. Social housing services in Tasmania are under pressure.

Witnesses and submissions were rather pessimistic about the future of public housing in its current form. However, there was optimism that innovative non-government social housing models can take the pressure off public housing and the private rental market and serve in an intermediate role between the two.

The Committee’s discussions held interstate and various published reports and papers would suggest that Tasmania’s problems are not necessarily unique in Australia.

²⁴² Farrar, transcript of discussion, 11 October 2007, p. 7

²⁴³ Croce, transcript of discussion, 12 October 2007, p. 3

²⁴⁴ STEPS, submission, p. 8

²⁴⁵ Langston, transcript of evidence, 25 September 2007, p. 26

3.5.1 Public Housing

It was the view of many witnesses and submissions that public housing in Tasmania is not sustainable. The essential problem is that Housing Tasmania is struggling to provide housing for more people, with greater and complex needs, with under-maintained, and ageing stock unsuited to current client requirements in the absence of adequate funding. Consequently, it cannot be self-reliant for revenue and the present external funding arrangements around the CSHA are uncertain. There was debate about whether Housing Tasmania's stock is therefore an asset or liability. This debate also permeates through two State Government departments.

According to the Property Council, public housing is a major State Government asset. Tom Muller (TasCOSS) also agreed that public housing is a "core government asset".²⁴⁶ Jed Donoghue (Salvation Army) did not agree that public housing is an asset:

"I think that we do not have an asset in terms of our public housing. We have certain liabilities."²⁴⁷

Housing Tasmania's stock was valued at \$844m in 1996-97 and slowly increased to \$892m in 2003-04. In 2004-05, it rapidly increased to \$1.541bn, and had crept up to \$1.631bn in 2006-07.²⁴⁸

Robert Rockefeller (Property Council (Tas)) said the State Government is choosing not to invest in public housing even though the value of its public housing properties is over \$1.5bn:

"The reality is the State Government is sitting on a significant asset, but for some reason chooses not to reinvest in this area. This is obviously a policy decision made by Government and it would appear that Government seeks to use the significant growth in the value of the asset to prop up other parts of its state budget. If Government wishes to properly address social housing it needs to accept that there are significant resources available for public housing and review expenditure in line with this acknowledgement."²⁴⁹

Mr Rockefeller explained that the State Government should treat its public housing stock as an asset rather than a liability:

"Today it [public housing stock] is worth \$1.5 billion. The State Government has made more money out of housing than any other business. They are actually in the housing business. To the general public it is perceived as a liability; it is actually the major asset of the State government – bigger than Hydro, bigger than Aurora, bigger than anything else. ... It is an asset. If the Government says that it is not an asset but a liability I am sure all of us around the table would be happy to take it off their hands. ... So it is a really simple problem. There is not a commitment towards it and it is not perceived as an asset."²⁵⁰

He later said that he believed there was some debate within the State Government about the asset and liability question:

"I think the Department of Health and Human Services and the public at large view low-income social housing as a liability... when in fact Treasury views it as an asset."²⁵¹

²⁴⁶ Muller and McLean, transcript of evidence, 24 September 2007, p. 17

²⁴⁷ Begent and Donoghue, transcript of evidence, 25 September 2007, p. 55

²⁴⁸ Information provided by State Health Minister, 22 October 2007.

²⁴⁹ Property Council, submission, p. 9

²⁵⁰ Massina and Rockefeller, transcript of evidence, 25 September 2007, p. 3

²⁵¹ Massina and Rockefeller, transcript of evidence, 18 October 2007, p. 1

Subsequent discussions with representatives of DHHS and Treasury revealed this assertion to be essentially true. Peter Hoult (DHHS) said that public housing stock is a liability, and suggestions to the contrary were a myth. He stated:

“We do not have an asset. We have a liability.”²⁵²

Mercia Bresnehan (Housing Tasmania) said that the current approach was to preserve public housing and encourage growth in alternative models. She said that each dollar invested in public housing was “a dollar lost” whereas investment in other models could potentially be “a dollar gained.”²⁵³

In 1996-97, operating expenses was on average \$6,378 per dwelling. This increased to a height of \$10,071 in 2002-03. It has reduced down to \$9,292 in 2006-07.²⁵⁴

Don Challen (Treasury) had a very different view. When Members informed him that DHHS and Housing Tasmania had said they had a liability, he responded:

“That is an extraordinary statement if that is correct... an extraordinary statement.”²⁵⁵

He commented:

“It is an asset definitely. It is an asset because it generates a flow of services. The flow of services that it generates provides shelter and comfort to people who live in public housing. The valuation processes that we apply under the accounting standards turn that into a single number, which is the valuation of what that stock is worth in terms of its capacity to provide that service.”²⁵⁶

Mike Myers (Executive Director, Queensland Community Housing Coalition) said that public housing models are not sustainable because they must concentrate on clients with the greatest need:

“The economics of concentrating on the welfare agenda might mean that you are able to stand up and say that those in greatest need are getting the housing, but the loss of rental incomes from that diversity and the rising management costs of concentrations of need means that you’re chasing your tail downwards as a spiral.”²⁵⁷

Anglicare’s submission stated:

“Tasmania’s housing services system has had to provide a widened safety-net for Tasmanians who have fallen through the gaps in the Tasmanian housing market.”²⁵⁸

In its submission, TasCOSS made the point that the nature of the CSHA has led to public housing authorities having to ‘target’ their services at the most needy, undermining the sustainability and viability of public housing:

“In recent years the policy direction of the CSHA has seen a narrowing of focus for public housing from all people on low incomes to households with high or special needs. This, in conjunction with increased demand for and a shortage of public housing in Tasmania, has led to a situation in which only those most in need are housed in public housing. This

²⁵² Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 33

²⁵³ Ibid, p. 7

²⁵⁴ Information provided by State Health Minister, 22 October 2007

²⁵⁵ Challen, Christian, Burgess, transcript of evidence, 16 November 2007, p. 29

²⁵⁶ Ibid, p. 29

²⁵⁷ Myers, transcript of discussion, 9 October 2007, p. 59

²⁵⁸ Anglicare, submission, p. 6

fundamentally impacts on the effectiveness of Housing Tasmania and its financial viability, since less rent is received and there is less opportunity for cross subsidies between various tenant groups in the public system.²⁵⁹

During 2006-07 in Tasmania, of all new housing allocations 93.6% were allocated to people considered to be in 'greatest need' according to the CSHA definition. This is by far the highest rate nationally: The Northern Territory was lowest (25%), second to Tasmania was the ACT (87.3%). The national average among the States and Territories was 42.8%.²⁶⁰

The proportion of new tenancies allocated during 2006-07 in Tasmania for people with 'special needs' was 63.9% according an AIHW definition (indigenous households, household with a disability, principal tenant is aged under 24 years, principal tenant is aged 75+). The national average was 57.8%.²⁶¹

The issue of Housing Tasmania's tenure policy was raised with representatives of Anglicare. Members asked whether public housing tenants who have over time improved their situation and could afford to look at private rental or home ownership should be encouraged to move out to make properties available. Kathleen Flanagan (Anglicare) responded:

"We support security of tenure in public housing although, as you say, these issues need to be on the table for discussion. If households are made to move on from public housing as soon as they get themselves settled then you run the risk of them cycling back through the system. Everything falls apart and back they come. Also, we would not want to create a situation where tenants had a disincentive to get a job because they would lose their public housing. While I think it is important to discuss all of the issues and all of the options, it is important to be aware that there are lots of issues here."²⁶²

Members suggested also that there is a need for Housing Tasmania to have stock that is diverse enough to accommodate tenants' requirements. Kathleen Flanagan (Anglicare) replied that there is a need to increase diversity of stock:

"The options for people so that properties can easily be used by someone with, say, mobility issues, and have different bedroom numbers, because there is a growing need for one and two-bedroom properties, but there are still larger families out there who need four-bedroom properties. ...I think you are right that we need to look at increasing the diversity of our stock. I think Housing Tasmania is attempting to do that; it is just a very slow process."²⁶³

Anglicare's submission stated that one of the reasons Housing Tasmania has been inclined to sell stock resulting from:

"The mismatch between the type of properties Housing Tasmania has available and the type of properties needed by Housing Tasmania's clients."²⁶⁴

²⁵⁹ TasCOSS, submission, p. 14

²⁶⁰ AIHW, *Public Rental Housing 2006-2007: Commonwealth-State Housing Agreement National Data Report* (AIHW, Canberra, 2008)

²⁶¹ Ibid

²⁶² Flanagan and Wienart, transcript of evidence, 24 September 2007, p. 64

²⁶³ Ibid, p. 65

²⁶⁴ Anglicare, submission, p. 18

Table 16
Rent Paid by Household Type, Housing Tasmania²⁶⁵

November 2007

Data shows that 47.7% of Housing Tasmania's households are lone people, with most paying between 21% and 25% of income in rent. Single parent households comprise 16.8%, with most paying between 16% and 20% of income in rent. Two-adult households without children comprise 14.4%, and pay varied proportions of income in rent.

Household composition	Under 15% (of income)	16-20%	21-25%	26-30%	Unknown	Total
Single person	0.6	4.0	41.9	0.1	1.2	47.7
Single parent, 1-2 children	1.0	12.8	1.7	0.0	1.3	16.8
Single parent, 3+ children	0.6	3.7	0.2	0.0	0.6	5.2
2 adults, no children	2.6	2.9	7.0	0.9	1.0	14.4
2 adults, 1-2 children	1.3	2.6	1.9	0.0	1.8	7.6
2 adults, 3+ children	0.6	1.8	0.3	0.0	1.2	3.9
Group of 3+, no children	1.0	0.9	0.2	0.0	0.4	2.5
Group of 3+, 1-2 children	0.4	0.5	0.1	0.0	0.4	1.5
Group of 3+, 3 or more children	0.2	0.2	0.0	0.0	0.1	0.5
Total	8.2	29.5	53.4	1.1	7.9	100

Tom Muller said that Housing Tasmania has had to sell properties to address its operating deficit and has been unable to realign its stock:

"There needs to be flexibility for housing authorities to sell off ageing stock to raise capital, remodel and build more one- and two-bedroom units. Unless you have Commonwealth and State governments investing in housing, it does not matter how good Housing Tasmania is at managing its properties, it is not going to have the resources available. ... Housing Tasmania has been forced to sell off stock without really building new stock because it has not had the capital resources. That, essentially, is a decade of neglect at a Commonwealth and State level."²⁶⁶

In 2003 the Public Accounts Committee was informed that Housing Tasmania's ability to purchase homes has been restricted by the amount of money it could offer for a property on the market.²⁶⁷ Stuart Clues (HIA) agreed, in response to questions from Members, that Housing Tasmania struggles with red tape; he also said that the process of developing housing "could be done a lot more easily."²⁶⁸

Members asked Don Challen (Treasury) if he was aware that red tape prevents Housing Tasmania participating in the marketplace, and whether consideration has been given to reducing constraints. He replied:

²⁶⁵ Information provided by State Health Minister, 8 November 2007

²⁶⁶ Muller and McLean, transcript of evidence, 24 September 2007, pp. 17-18

²⁶⁷ Committee of Public Accounts, transcript of evidence (Bresnahan, Curran, and Fazackerley), 20 May 2003, pp. 25-26

²⁶⁸ Gray and Clues, transcript of evidence, 24 September 2007, pp. 45-46

"No. I do not know what those hurdles and complexities are. ... It is a matter of getting themselves well enough organised."²⁶⁹

Members requested Mr Challen to comment on the requirements of the Valuer-General. Mr Challen responded:

"The bureaucracy is extraordinarily good at doing things slowly when it wants to, but the realities of the processes are that things can move quickly if people want them to move quickly. ... When the public sector wants to move quickly and it wants to be efficient, it has no difficulty in doing that at all. Mostly these are post-hoc excuses for poor performance. It is as simple as that."²⁷⁰

In 1996-97, Housing Tasmania controlled 14,056 properties. In 2006-07, this has dropped by 2,383 properties to 11,673. A total of 2,244 properties (worth \$124.43m) have been sold since 1996-97, 2,120 of them sold prior to 2004-05 (\$20.28m worth from 2004-05 to 2006-07). Over the same period, Housing Tasmania has built or acquired around 781 homes, including 308 since 2004-05.²⁷¹ Housing Tasmania told the Committee that Cabinet has imposed a limit on stock sales to 150 per year from 2004-05, though due to market conditions, "we have not been able to achieve that".²⁷²

In 2006-07, Housing Tasmania had: 2,612 one-bedroom properties; 3,547 two-bedroom properties; 5,231 three-bedroom properties; and 283 properties with four bedrooms or more. The number of three-bedroom properties has declined from 7,446 in the mid 1990s, while the number of one, two, and four-bedroom properties have remained at close to the same levels over the past ten years.²⁷³

In 2005, the State Auditor-General observed:

"There is a substantial mismatch between size of house and household requirements, however, that mismatch is similar to that existing in other States, and Housing Tasmania has long-term strategies to correct the problem."²⁷⁴

Peter Hoult (DHHS) said:

"I do not think anybody would argue that the current model of housing in Tasmania is sustainable."²⁷⁵

Mr Hoult agreed that public housing has become tightly targeted and also said that other options may need to be considered:

"The public housing element has now become a tightly targeted response assisting people at the high-need end of the continuum. ... The challenge is to create an efficient system that provides a range of products to meet a range of needs for the duration of that need. Public housing is not the only answer nor is it always the best response."²⁷⁶

²⁶⁹ Challen, Christian, and Burgess, transcript of evidence, 16 November 2007, pp. 34-35

²⁷⁰ Challen, Christian, and Burgess, transcript of evidence, 16 November 2007, p. 35

²⁷¹ Information provided by State Health Minister, 22 October 2007

²⁷² Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, pp. 18-19

²⁷³ Information provided by State Health Minister, 22 October 2007

²⁷⁴ Auditor-General of Tasmania, *Public Housing: Meeting the Need?* (Tasmanian Audit Office, Hobart, 2005), special report no. 57, August 2005, p. 4

²⁷⁵ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 19

²⁷⁶ *Ibid.*, p. 2

Members asked Mr Hoult whether the State Government would continue with public rental housing in the long-term. He responded by firstly noting that it is a policy question that is difficult to answer, but nonetheless said that it is his personal belief that some form of public housing would exist for a “very long time”.²⁷⁷

Mr Hoult and Mercia Bresnehan (Housing Tasmania) said that the viability of public housing is also dependent on the future of the CSHA, saying that there is some degree of uncertainty about whether the Federal Government would continue it. Mr Hoult said that if CSHA funding were discontinued, “the effect would be dramatic”; with the options either to find additional State revenue or to decrease the capacity of Housing Tasmania.²⁷⁸

Ms Bresnehan summarised the extent of the stock-client mismatch. She said:

“About 48% of our applicants on the waiting list are single people and our stock is predominantly three-bedroom houses in broadacres. Straight away you have a mismatch. When a single comes on the waiting list and the next available house is a three-bedroom, what do you do? ... By nature of the stock we have under-occupation of our houses.”²⁷⁹

Members asked if lone-persons are sometimes placed in three-bedroom houses. Ms Bresnehan replied:

“Within category 1 you would go down to the point where you can get the best match but if the first 100 are all singles, then we have no choice.”²⁸⁰

Peter Hoult said that the problem of having stock mismatched to client needs exists because of decisions made decades ago based on trends at the time. He said that nowadays, the people in need are single people or single parent-families, but that public housing built from the 1950s to early 1970s was:

“Targeted at nuclear families in what were then believed to be growth areas.”²⁸¹

He later added that:

“The State Government’s 1960s and 1970s investment in public housing is becoming an increasing liability in the 2000s.”²⁸²

²⁷⁷ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 5

²⁷⁸ Ibid, p. 8

²⁷⁹ Ibid, p. 10

²⁸⁰ Ibid, p. 10

²⁸¹ Ibid, p. 12

²⁸² Ibid, p. 20

Table 17**Public Housing Stock by Age²⁸³**

December 2007

(Including Aboriginal housing and community managed housing. Some properties are of an unknown age and are not listed.)

Data shows that 16.5% of stock (2,160) is more than or close to 40 years old, 25.1% (3,310) is more than or close to 30 years old, and 41.5% (5,467) is more than or close to 20 years old.

	Public housing, including Aboriginal housing	Community managed housing	Total	%
Pre-1950	113	41	154	1.2
1950-1959	1,011	64	1,075	8.2
1960-1969	780	151	931	7.1
1970-1979	3,040	270	3,310	25.1
1980-1989	5,174	293	5,467	41.5
1990-1999	1,465	203	1,668	12.7
2000-2007	421	146	567	4.3
Total	12,004	1,168	13,172	100.0

Mr Hoult also said that Housing Tasmania was looking at new models to improve its efficiency. Two issues cited were rental policy and tenure policy: firstly, public housing tenants are charged a variable rate of rent (“average only 19%”), whereas other interstate authorities charge a flat rate of around 25% of income; and secondly, a fixed tenure period subject to occasional review rather than life tenure “regardless of income”.²⁸⁴

A number of issues were noted by DHHS and Housing Tasmania representatives in relation to such changes: firstly, altering the life tenure principle has always been opposed;²⁸⁵ and secondly, that transiting from a varied to a fixed rent-setting policy would be difficult for some clients as:

“It does not necessarily have the least effect on those who you would consider to be the most needy.”²⁸⁶

In addition, it was noted that from an administrative point of view a flat rate would be simpler, it could lead to “anomalies” such as some clients paying above market rate, the Committee was told.²⁸⁷

The NSW Department of Housing informed the Committee that public housing under-occupancy in NSW is addressed by encouraging existing tenants to transfer to another property, though such transfers are not compulsory. For new tenants entering the system, however, their tenancies are fixed-term and subject to review with consideration of “their income levels and their ongoing need for public housing.”²⁸⁸

²⁸³ Information provided by State Health Minister, 7 December 2007

²⁸⁴ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 3

²⁸⁵ Ibid, p. 11

²⁸⁶ Ibid, p. 15

²⁸⁷ Ibid, p. 16

²⁸⁸ Rodrigo, McIntyre, Larkin, Norman, Roden, transcript of discussion, 10 October 2007, p. 13

3.5.2 Non-Government Social Housing

Social housing provided by the non-government sector on a not-for-profit basis is a concept that submissions and witnesses heralded with some degree of optimism. Although, nearly all witnesses agreed that non-government social housing could not fully take the place of Housing Tasmania.

Witnesses also acknowledged that some disadvantages and problems exist, though generally maintained that at the very least non-government social housing – including TAHL – has the potential to ease the pressure on public housing and should be supported.

Tom Muller was asked if TasCOSS had considered or investigated alternative models whereby the non-government sector were to take control of Housing Tasmania's stock. He replied:

"There is an ongoing debate within the sector: what's the role of community housing in Tasmania? ... Don't forget you have 24,000 tenants, so you have existing tenants who need stable, ongoing accommodation. You are playing with people's homes, you are playing with people's lives, so while looking at a different model, you have to make sure that all the risks are explored. But certainly community housing is an option that we would support ... So I think you are right, there does need to be a process of investigating other models of providing social housing. I would caution against some models where there is a wholesale privatisation or corporatisation of public housing."²⁸⁹

Jed Donoghue (Salvation Army) said that there are potential benefits in moving to a corporate model, but that people who are considered 'risky' tenants would miss out:

"People want a return on their investment so they try to reduce the risk in terms of who they will provide the housing to.
[...]
"...The question is who would deal with the people who are not willing to pay their rent or have addiction issues or poor living skills."²⁹⁰

Members asked Georgina McLagan (Centacare) if housing models similar to TAHL could take the place of public housing. She said:

"I think that Housing Tasmania even if its role were minimised would always need to be an essential safety net... I think it is essential that we have Housing Tasmania, and that they have housing stock."²⁹¹

Representatives from Shelter Tasmania said that public housing would always be needed, because it has the capacity to work at the hard end that is unattractive to the non-government sector. Pattie Chugg (Executive Officer, Shelter Tasmania) said that while a range of models can be considered, "no matter what", a level of government responsibility is needed.²⁹² Members asked Ms Chugg whether a possible solution was to have government concentrate on welfare housing and have the non-government sector provide housing for low-income earners. She did not believe that the two could be separated.²⁹³

²⁸⁹ Muller and McLean, transcript of evidence, 24 September 2007, p. 18

²⁹⁰ Begent and Donoghue, transcript of evidence, 25 September 2007, p. 55

²⁹¹ McLagan and Witt, transcript of evidence, 22 October 2007, p. 72

²⁹² Lever, Witt, and Chugg, transcript of evidence, 22 October 2007, pp. 53-54

²⁹³ Ibid, p. 55

Ms Chugg explained that the notion that public housing should be for the most disadvantaged people is a misconception of its purpose. She stated:

“Shelter’s position is that there certainly should be housing provision for people who are seen as low-income workers.”²⁹⁴

STEPS, in its submission, identified the ability of non-government housing providers to raise borrowings as a significant advantage over government:

“If public housing stock were placed in the hands of suitable community organisations, those organisations could immediately raise borrowings against the equity they would hold – and as in the case of the STEPS model, attract other finance – to fund additional constructions.”²⁹⁵

STEPS’ submission stated that community organisations desire to expand the supply of affordable rental properties, though require two pre-conditions:

“To be able to provide additional social housing, community organisations need to have reliable finance – in an arrangement that is well-structured and effectively managed – and to have ownership of the equity in the properties in order to gear further borrowing against it, to build more homes.”²⁹⁶

Members asked Ken Langston if STEPS has problems finding investors. He replied:

“I have heard that a lot of times and I think it just depends on the level of return the developer wants. ... I had no problem finding investors on the basis of a socially and responsible investment and they wanted something nice and ethical to put their money in.”²⁹⁷

He later qualified what he meant by ‘placing’ public housing stock in the hands of community housing organisations, saying that what is transferred is a “house and a lease” not necessarily the title of the property in all cases.²⁹⁸ The revenue guaranteed by the term of the lease would be the equity used for raising borrowings, not the title of the house. The lease would need to be for a minimum term of 35 years, but this is difficult to put into practice, he said:

“If you were transfer a 35-year lease to a non-profit company that does not have access to the titles, they [lenders] are going to want to tie them up for the other things that are in their company. They are going to tie up their balance sheet, which many of them do because all they do is manage tenancies. They are a cash business essentially, which is marginal in lots of ways because they don’t own title... it is quite difficult to make all that work, and it is true.”²⁹⁹

Prof Julian Disney (Social Justice Project UNSW) highlighted the fact that a number of the advantages community housing providers enjoy over public housing authorities are due to policies determined by Federal Treasury. He said that it is a strange situation having the Australian Tax Office determine future directions of social housing in Australia:

“I think it is bizarre – and when I have mentioned this to Commonwealth Treasury none of them have even known it – that the detailed policies, structures and tenant selection of non-profit housing are determined by the tax office because their definition of a charity is what determines who gets to live in community housing. They have nothing to do with

²⁹⁴ Lever, Witt, and Chugg, transcript of evidence, 22 October 2007, p. 55

²⁹⁵ STEPS, submission, p. 8

²⁹⁶ STEPS, submission, p. 7

²⁹⁷ Langston, transcript of evidence, 25 September 2007, p 33

²⁹⁸ Ibid, p. 14

²⁹⁹ Ibid, p. 16

housing policy but, because they have said that an organisation will be regarded as a charity if they are charging 75% or less of market rent, that is what community houses [sic] do. So it is ridiculous, really, that the ATO should be determining detailed housing policy, not even known to Commonwealth Treasury, let alone others.”³⁰⁰

Peter Hoult (DHHS) said that community housing providers (“growth providers”) have certain advantages over public housing models:

“They have exemption from the GST, they have exemption from fringe benefits tax, they have flexibility around eligibility in allocations policies which means they are able to cross-subsidise operations by having a mix of low and moderate income tenants. Most importantly tenants in these organisations can access CRA, which can draw as much as \$85 per week per tenant into the social housing system.”³⁰¹

Mr Hoult stated that TAHL had been set up to capture these types of advantages and that it would be unlikely that the Federal Government would discontinue CRA.³⁰² If that happened, it was his view that:

“I think that would lead to enormous outcry and some fairly influential not-for-profit non-government groups would be making very loud noises to the Commonwealth Government.”³⁰³

Members asked Don Challen (Treasury) whether he believed it was possible CRA could be modified to exclude tenants of organisations receiving indirect State Government support. He replied:

“I do not think it is very likely. This trend of State governments using their recurrent support indirectly through NGOs to get more leverage for needy families is well established around the country. I think if the Commonwealth Government was unhappy with it they would have expressed that to the State governments by now. The fact that they have not is probably an expression of tacit comfort with this trend.”³⁰⁴

3.5.3 Tasmanian Affordable Housing Ltd

TAHL was criticised in submissions and by witnesses as being slow to begin operations and also unlikely to provide 700 homes within four years. Witnesses were of the view, nevertheless, that they would be very pleased to see TAHL achieve its objectives.

Models similar to TAHL are operating interstate. The Committee investigated in detail other models including the Brisbane Housing Company and Community Housing Canberra, which are considered in a later chapter.

Kathleen Flanagan (Anglicare) said that TAHL should be supported:

“Anglicare’s position on TAHL is that we are supportive of it. We are represented on the board of TAHL. We are disappointed in the delays that have happened and the fact that it is only in the last couple of weeks had its funding agreement finalised, but we have always maintained that TAHL is a solution but not the only solution. While it will make a difference for some households, it is not the only option that the Government should be considering.”³⁰⁵

³⁰⁰ Disney, transcript of discussion, 10 October 2007, p. 57

³⁰¹ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 4

³⁰² Ibid, p. 4

³⁰³ Ibid, p. 9

³⁰⁴ Challen, Christian, Burgess, transcript of evidence, 16 November 2007, p. 32

³⁰⁵ Flanagan and Wienart, transcript of evidence, 24 September 2007, p. 68

Members asked if she believed TAHL could produce 700 properties in four years. Flanagan replied:

“We would really hope they could.”

Members asked Ms Flanagan if she believed this would actually happen. She responded:

“I do not know. ... I guess there you are depending on private investors to invest and while I am sure that TAHL will do their best to attract investments these things are always unknowns”³⁰⁶.

Robert Rockefeller (Property Council) said he did not believe investors would be attracted into TAHL because the returns would not be high enough.³⁰⁷

Therese Taylor (Colony 47) said:

“The slow start of TAHL has been really unfortunate for all of us, and I am in some doubt as to whether the 700 houses will even get up in the time period.”³⁰⁸

Stuart Clues (HIA) said that TAHL was likely to struggle and would not deliver 700 homes in four years. He said that while the intent was good, he did not believe funding is adequate. He did qualify his remarks slightly by saying that he would be delighted if TAHL succeeded nonetheless.³⁰⁹

Andrea Witt (Shelter Tasmania) said that housing models such as TAHL would only be part of the solution:

“It is almost becoming like some big glory box, that this is a solution that is going to save the whole of the housing system and is going to be the best and the one and only answer to everything ...that is not the case. We need to have a very healthy public housing system. We need a range of different options to meet the needs of a range of different people within the community.”³¹⁰

Nevertheless, the organisation believes a range of models are needed, for that reason it has been supportive of TAHL, Pattie Chugg (Shelter Tasmania) told the Committee.³¹¹

In its submission, Anglicare stated:

“In charging rents at 30% of income without CRA, plus all applicable CRA, TAHL will also be charging more than public housing and most community housing providers, which may mean that the lowest income tenants will need to continue to rely on the public housing system.”³¹²

The TAHL concept, Ken Langston (STEPS) said, is a great thing.³¹³ He also said that because TAHL is sufficiently independent from the State Government, its tenants

³⁰⁶ Flanagan and Wienart, transcript of evidence, 24 September 2007, pp. 68-69

³⁰⁷ Massina and Rockefeller, transcript of evidence, 25 September 2007, p. 5

³⁰⁸ Taylor, Redmond, McLeod, Cooper, transcript of evidence, 24 September 2007, p. 82

³⁰⁹ Gray and Clues, transcript of evidence, 24 September 2007, p. 54

³¹⁰ Lever, Witt, and Chugg, transcript of evidence, 22 October 2007, p. 53

³¹¹ Ibid, p. 54

³¹² Anglicare, submission, p. 17

³¹³ Langston, transcript of evidence, 25 September 2007, p. 25

could receive CRA, and this would increase rent-paying capacity and help guarantee a return for investors:

“CRA is only paid if they are renting from a private landlord. TAHL is in effect a private landlord so they are able to get the CRA. So we are able to bring Commonwealth funds now into the marketplace to negotiate rents that are closer to market return to attract investors to the marketplace. So that is the reason why it is done through a not for profit company as opposed to a government business enterprise. My understanding of the CRA rules is that if a government business enterprise was to be doing the same thing, no CRA would be available.”³¹⁴

Members suggested to Mr Langston that if 700 homes can be achieved with a government subsidy of \$6m per year for four years, this would be very cost effective for the State. He replied:

“I completely agree with you.”³¹⁵

Members asked Prof Rowland Atkinson (UTAS) if he believed a non-government provider such as TAHL could ever replace Housing Tasmania. He answered:

“I think it can do; there is no reason why it cannot.”³¹⁶

Tom Muller (TasCOSS) said that TAHL would be unlikely to select category 1 clients and suggested the Committee investigate this with TAHL.³¹⁷

Members also put this comment to Kathleen Flanagan (Anglicare), asking if she understood that TAHL would not be targeting category 1 applicants. She responded:

“Yes, my understanding is that it will lease to people on the public housing waiting list, not necessarily just category 1, but the whole waiting list.”³¹⁸

Major Jenny Begent (Salvation Army) said she had heard that TAHL would not be taking category 1 applicants from the waiting list. She said she suspected that the rationale behind this was a concern that people in category 1 tend to have high social needs and priorities other than paying rent, which makes them a risk. Jed Donoghue (Salvation Army) said he was aware that TAHL would set rent at 30% of a person's income and take 100% of CRA.³¹⁹

Nonetheless, Mr Donoghue was of the view that:

“It is early days, to be fair, for them [TAHL] to see what they achieve and produce and what social and individual housing outcomes they can achieve.”³²⁰

Derris Gillam (Managing Director, TAHL) said that people from all categories of the waiting list would be accepted. He said that tenants would be selected by a property manager from the waiting list, based on the suitability of an available property, the needs of the prospective tenant, their references, and “beyond that it will be a judgement by the agent.”³²¹

³¹⁴ Langston, transcript of evidence, 25 September 2007, p. 31

³¹⁵ Langston, transcript of evidence, 23 October 2007, p. 18

³¹⁶ Atkinson, transcript of evidence, 22 October 2007, p. 35

³¹⁷ Muller and McLean, transcript of evidence, 24 September 2007, p. 15

³¹⁸ Flanagan and Wienart, transcript of evidence, 24 September 2007, p. 69

³¹⁹ Begent and Donoghue, transcript of evidence, 25 September 2007, p. 53

³²⁰ Ibid, p. 54

³²¹ Mason and Gillam, transcript of evidence, 19 October 2007, p. 25

Members informed him that other witnesses had said TAHL would not be accepting applicants from category 1 of the waiting list. He responded:

“No, that is not true. We are obliged and willing to take people from all four categories.”³²²

However, applicants on the public housing waiting list would need to make a separate application to be considered for a TAHL property, he said, otherwise, “we do not get access to your name.”³²³

Mr Gillam confirmed that tenants would be charged up to 30% of income plus CRA, and that State Government funding would subsidise additional difference between what is collected and amount paid to landlords.³²⁴

Mr Gillam described TAHL as part of the solution to housing affordability, but that with additional funding or other arrangements it could do more. Lynn Mason (Chairperson, TAHL) said:

“It is not necessarily going to alleviate the most critical of people in need. Our aim is to provide a residence, accommodation for 700 people or families who are currently on that list, thereby making it by default easier for other agencies or government or whatever to cope with people that we cannot cope with.”³²⁵

Table 18

Locations of Potential TAHL Properties³²⁶

TAHL provided the Committee with a list of State-owned land sites for which tenders are being requested. In addition, TAHL is also seeking private land.

Suburb/Locality	Number of State-owned sites offered for tender	Suburb/Locality	Number of State-owned sites offered for tender
George Town	12	Rocherlea	9
Ravenswood	6	Waverly	1
Shorewell Park	18	Somerset	3
West Ulverstone	7	Bridgewater	3
Chigwell	7	Clarendon Vale	13
Glenorchy	1	Lindisfarne	1
Margate	2	Total:	83

Lynn Mason said the primary advantage of creating the TAHL model was to get access to CRA. Members asked whether the model could still work if CRA were ceased. Derris Gillam said in response:

“No, it does not mean it would not work, it just means that it would create more financial stress in the paying the landlord. This income stream is important for the funding, and the lower the difference between the two then clearly you can facilitate more houses. If that gap gets greater for a number of houses it means we cannot facilitate more houses.”³²⁷

Members also provided TAHL representatives with an opportunity to respond to criticisms made in relation to the length of time taken to start working towards the

³²² Ibid, p. 26

³²³ Ibid

³²⁴ Ibid, p. 23

³²⁵ Ibid, p. 27

³²⁶ Information provided by TAHL, 30 October 2007

³²⁷ Mason and Gillam, transcript of evidence, 19 October 2007, p. 30

target of 700 homes. Derris Gillam did not believe TAHL was in any way at fault for this.³²⁸

3.5.4 Government Business Model

On various occasions, Members suggested to witnesses that perhaps a government business (GB) or State-owned company should be established to provide affordable housing. Responses were varied: some witnesses supported the idea, others were cautious, and a few were against the proposition.

Ken Langston (STEPS) said there was no reason why a GB could not be created.³²⁹

Members put the proposition of a GB to John McAulife (Chairman, Brisbane Housing Company). He replied, "If I were premier, I would do that."³³⁰

Robert Rockefeller (Property Council) warned that if Housing Tasmania became a GB, the State Government would demand a dividend:

"They will ask for a dividend and once you ask for a dividend, which is what happens with Hydro and Aurora, they end up ripping money out. They say, 'I want a \$100m dividend' and so Housing will have to go and get a debt of \$100m and pay it to the Government."³³¹

Prof Julian Disney (Social Justice Project, UNSW) was cautious about the idea, saying that there could be trouble in the detail.³³²

Jed Donoghue (Salvation Army) said he was concerned that such a model could not operate successfully and provide housing at affordable rates to the lowest-income earners, who might have problems being selected as tenants.³³³

Don Challen (Treasury) said that the GB concept has been considered in the past:

"We look at all sorts of things at various points in time and that is one model we have thought about in the past. It has some advantages. It has no particular disadvantages, I do not think."³³⁴

Mr Challen noted that having Housing Tasmania under DHHS was useful because both have clients with synergies. He continued:

"As is true with all these things, there are pros and cons and you have to ask yourself at a particular point in time about the key objectives we are trying to deliver on and the best model for delivering those objectives."³³⁵

Adrian Christian (Director Intergovernmental and Finance, Dept of Treasury and Finance) also said that he was unsure whether tenants of a GB would be eligible for CRA.³³⁶

³²⁸ Ibid, p. 31

³²⁹ Langston, transcript of evidence, 25 September 2007, p. 30

³³⁰ Cant and McAulife, transcript of discussion, 9 October 2007, p. 54

³³¹ Massina and Rockefeller, transcript of evidence, 25 September 2007, p. 7

³³² Disney, transcript of discussion, 10 October 2007, pp. 61-62

³³³ Begent and Donoghue, transcript of evidence, 25 September 2007, p. 55

³³⁴ Challen, Christian, Burgess, transcript of evidence, 16 November 2007, p. 32

³³⁵ Ibid, p. 33

³³⁶ Ibid, p. 33

3.6 Support Services

TasCOSS and Anglicare pointed out that social housing strategies should consider the personal requirements of tenants, to avoid problems arising that could jeopardise a person's ability to maintain a tenancy.

According to Tom Muller (TasCOSS), social housing tenants should be linked to support services:

"As government increasingly targets public housing to people with a whole range of other support needs, then public housing also needs to be linked into that so that it can provide support. From our perspective, government has a role in providing affordable housing and providing appropriate support for those people who have tenancies through public and social housing."³³⁷

Kathleen Flanagan (Anglicare) said that it is a mistake to believe housing is just a roof for people with special needs:

"It is not enough to simply put them into a house; there needs to be some kind of integration between the housing system and support services so that they can sustain that."³³⁸

3.7 Supplying and Providing Affordable Housing

Tasmanian Affordable Housing Strategy, 2003: "Explore mechanisms (and implement changes where feasible) to expand the supply of affordable housing including: Planning, zoning, developer contributions and density bonuses (in partnership with local government); Locating and making available land, including Crown land, for affordable housing development; [and] Considering a range of Commonwealth, State and Local Government taxes and charges."

As well as providing affordable housing options for low-income earners, attention was drawn to issues generally affecting housing affordability in Tasmania.

The essential problem, witnesses and submissions argued, is that demand is disproportionately greater than supply. In other words, more people want homes to buy or rent than are available, thereby keeping prices high.

A number of issues were raised by witnesses and submissions as potentially inhibiting housing supply in the private market (either homes to own or homes to rent) or unnecessarily raising the cost of housing, including: property-related taxes, charges, fees, and duties; the efficient provision of land and infrastructure; the adequacy of planning, planning processes, and zoning; the arrangement of concessions, grants, and assistance measures for renters, homeowners, and investors; and housing construction methods. The Committee was presented with a diverse range of views on these matters.

Witnesses and submissions suggested that the 2003 Affordable Housing Strategy should be revived or re-examined.

³³⁷ Muller and McLean, transcript of evidence, 24 September 2007, p. 15

³³⁸ Flanagan and Wienart, transcript of evidence, 24 September 2007, p. 66

3.7.1 Supply Constraints

3.7.1.a Taxes, Charges, Fees, and Duties

There were contrasting views on the issue of taxes. Various NGOs made the case that taxes and charges on property are adding significantly to the cost of housing. State and local government, on the other hand, denied that a major problem exists in this area.

The HIA stated in its submission that taxes and charges are adding significantly to the cost of a home:

“Taxes and charges levied by all tiers of government come in various forms and have all added substantially to the cost of a new home and debt servicing requirements. New homes incur GST, up to three impositions of stamp duty, and infrastructure charges.”³³⁹

According to the HIA, State and local governments have relied heavily on property taxes and headworks/development charges to fund infrastructure, which has impacted on housing affordability, because the Federal Government is contributing less:

“The cost of providing social and community infrastructure and support services falls mainly on state and local governments. ... Payments by the Federal Government to the states and local government have fallen below the cost for services required in relation to transport, power generation, water and other services. The differential in funding and demand has forced state and local governments to rely more and more on highly variable property taxes and development charges to meet the cost of community-wide infrastructure, with obvious implications for housing affordability.”³⁴⁰

The MBA submission stated that there had been a huge increase in local council and statutory fees since the 1980s. It was particularly critical of headworks or developer charges imposed by councils:

“Effectively it is a tax on new development and discourages in-fill and medium to higher density developments... They create inter-generational inequity as it only targets new developments.”³⁴¹

However, in verbal evidence, Mike Kerschbaum (MBA) appeared to retract the element of the comment about an increase in local council fees. He stated:

“It [the submission] was probably poorly worded but in regard to meeting statutory requirements, you are right; council do not have a lot of control over that. I certainly do not blame councils at all for charging because most of their costs are minimal because the amount of processing that they currently do is minimal. They all are additional costs that are adding to that.”³⁴²

The Property Council called for property taxes, charges, and levies to be lowered:

“It has been the position of the Property Council that as a matter of priority there should be a reduction of Tasmania’s property taxes and local government charges and levies. Currently, Tasmania is the highest land taxing state in Australia, which acts as a barrier to property investment and is anti-competitive.”³⁴³

³³⁹ HIA, submission, p. 6

³⁴⁰ Ibid, p. 12

³⁴¹ MBA, submission, p. 9

³⁴² Kerschbaum, transcript of evidence, 25 September 2007, p. 86

³⁴³ Property Council, submission, p. 12

In verbal evidence, Mary Massina (Executive Director, Property Council of Australia (Tas)) said:

“Over the last decade, the State Government has earned something like \$2.4bn in property taxes and we would question how much of that has actually gone back into supporting the property industry both at a public and private level.”³⁴⁴

Robert Rockefeller (Property Council) said that excessive taxes and charges of new homes unnecessarily inflates the value of existing homes:

“If you increase the cost for a new house you increase the value of the existing stock. So to put it into perspective, if to build a new block local government and State government charges \$50,000 for those services, it not only puts up the price of the new house but also causes inflation of all the existing house prices because it means that to replace that old house it will cost you an extra \$50,000.”³⁴⁵

Mr Rockefeller said that property aggregation and the low threshold of land tax was impacting on the private rental market:

“Let us assume, say, four houses are aggregated. The land value of those four houses we will say is \$500,000. In Tasmania you would pay \$4,800 land tax because of the grouping provisions. It actually translates into \$1,200 a home. It is about \$22 a week so say on a house of \$200 a week rental, and just say as an investor you want whatever that return is and you are getting charged land tax of \$22 a week, you will pass that on effectively.”³⁴⁶

He also said:

“What we end up having in Tasmania is a very low threshold and land tax kicking in very early, so it really has a major impact on the rental market. ... What I am trying to say is these sorts of costs are quite significant in real cost to a person who is renting a home in that in the lower areas – you know, \$200, \$250 a week, \$150 – they are paying probably 10% just in land tax.”³⁴⁷

Mary Massina said governments give mixed messages about investment in affordable housing:

“On one hand they are saying mums and dads should become investors in affordable housing. On the other hand, they say, if you start playing around or investing your money in the housing market, we will tax you because it is a tax on wealth. You cannot have it both ways.”

Martin Harris (CEO, REIT) and Adrian Kelly (Roberts Real Estate) said that capital gains tax should be modified as some people are “too scared” to sell properties that could otherwise be on the market:

“Some of the wealthiest people in Hobart at the moment are those who bought 20 properties out at Goodwood for \$40,000 each. And they are now worth \$150,000 to \$200,000 but because of capital gains tax they will not sell them.”³⁴⁸

³⁴⁴ Massina and Rockefeller, transcript of evidence, 25 September 2007, p. 2

³⁴⁵ Ibid, p. 2

³⁴⁶ Massina and Rockefeller, transcript of evidence, 18 October 2007, p. 3

³⁴⁷ Ibid, p. 3

³⁴⁸ Harris and Kelly, transcript of evidence, 23 October 2007, p. 66

They also said that any decrease in any tax would in the long-term lower rental rates, however, in the short-term market conditions would be a strong factor and rents would remain at present levels until the market adjusted.³⁴⁹

Mr Harris later added that the reduction of property taxes, and particularly the abolishment of stamp duty, is perhaps idealistic, because in reality governments are unlikely to change their ways.³⁵⁰

Grant Dennis (UDIA) said that governments tend to perceive taxes as only affecting the profits of developers, but he believed the impacts travel through the whole market:

“A perfect example is if you relate the land development industry to the airline industry. ... For some reason people believe that turning raw land into a scarce commodity, putting extremely tight controls and planning and approvals processes over it, and lumbering the thing to death with taxes, somehow only affects the developer. All we do in the development industry is that we are a manufacturer. We take the raw material, we process it and whatever input costs are on it we add on – and then we sell it.”³⁵¹

Table 19			
State Government revenue from property-related taxes and duties³⁵²			
1996-97 to 2006-07			
Data shows that conveyance duty revenue on residential property has increased by nearly 400% since the mid-1990s. Land tax revenue has increased by around 200% over the same period.			
	Conveyance duty on residential property (\$million) ³⁵³	Land tax (\$million)	Mortgage duty (\$million)
1996-97	29.3	27.7	7.0
1997-98	31.6	25.9	6.9
1998-99	28.9	27.3	5.9
1999-00	35.9	27.5	6.0
2000-01	44.2	26.6	7.3
2001-02	53.8	26.4	9.5
2002-03	71.1	25.5	10.2
2003-04	99.3	27.4	13.4
2004-05	96.6	43.5	14.8
2005-06	98.3	49.2	16.0
2006-07	116.1	61.2	10.1
Conveyance duty collected on properties valued at \$350,000 or less during 2006-07 is estimated to be \$60.4m (excluding transfers of vacant land) and represented 38.9% of all conveyance duty collected (\$155.2m). Duty collected on properties valued at \$350,000 or less was 52% of all conveyance duty collected (\$116.1m) on residential property conveyances in 2006-07.			

Adrian Pisarski (National Shelter) said:

“Every State has made a motza off taxes off the increased value of land, and yet very few States have returned a reasonable proportion of that to the housing system.”³⁵⁴

³⁴⁹ Ibid, pp. 75-76

³⁵⁰ Ibid, p. 81

³⁵¹ Dennis, transcript of discussion, 9 October 2007, p. 5

³⁵² Information provided by State Treasury

³⁵³ Prior to 2004-05, figures are estimates only, based on the amount of residential property conveyance duty that was collected as a likely proportion of all conveyance duty.

³⁵⁴ Pisarski, transcript of discussion, 9 October 2007, p. 82

Julian Disney (Social Justice Project UNSW) said that stamp duty should be fully removed on houses below median prices. He also commented:

“Our tax system is upside down and back-to-front because it is much more generous to the rich than to the poor. Our system taxes you when you are trying to get in rather than when you have made big profits.”³⁵⁵

In its submission, LGAT stated that 3% to 4% of the nation’s tax is from the local government level, and that property rates are the only real taxation base councils have.³⁵⁶ Fees for approval processes, LGAT commented, fall short of the actual cost of providing such services.³⁵⁷

The Committee sought additional information in relation to developer/headworks charges that are applied by councils in Tasmania from LGAT. LGAT argued that such charges have had minimal impact on housing affordability, had not been resisted by developers, and were not hindering development. According to LGAT, about seven or eight councils in Tasmania imposed such charges, which could be up to \$6,000.³⁵⁸ LGAT concluded:

“However unwelcome the introduction of headworks charges may be, local government considers that their wider introduction is inevitable. Most councils who have not introduced them are looking at the models available as they seek to address the challenges they face in the provision and renewal of infrastructure.”³⁵⁹

Rodney Green (Burnie City Council) said that it is untrue to say that council fees and charges are affecting affordability. He said council fees only add a small amount to the overall cost of housing.³⁶⁰

However, in relation to development/headworks charges, he said Burnie City Council does not see a need presently to introduce them. He commented:

“If Tasmania is going to continue to want to attract particularly younger families or families then it is going to have to have a competitive advantage.”³⁶¹

Members asked Peter Hault (DHHS) whether stamp duty was a factor influencing housing affordability. He said it has a:

“Marginal effect according to all the economic studies I have seen. It would be much more effective to reintroduce a capital gains tax on principal dwellings to stop people speculating from the fact that housing is now the best tax free investment you can possibly get. That is what has ramped prices up, because there is nothing else in this world you can do to get a tax-free benefit on capital growth.”³⁶²

Dean Burgess (Assistant Director Taxation Policy, Dept of Treasury and Finance) acknowledged that land tax could have a small impact on affordability, particularly for

³⁵⁵ Disney, transcript of discussion, 10 October 2007, p. 43

³⁵⁶ LGAT, submission, pp. 5-6

³⁵⁷ LGAT, submission, p. 9 and p. 11

³⁵⁸ LGAT, supplemental submission, pp. 1-2

³⁵⁹ Ibid, p. 2

³⁶⁰ Green, transcript of evidence, 19 October 2007, p. 49

³⁶¹ Ibid, p. 53

³⁶² Hault, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 53

private renters, but that a lot of factors influence cost.³⁶³ Don Challen (Treasury) said that land tax was unlikely to be abolished, though some scope exists to improve it:

“I do not want to pretend before your committee that our land tax arrangements or indeed some of our other tax arrangements are wonderful but they are what we have. Land tax is wealth tax and that is what we are doing, we are taxing people’s wealth. It is, in concept, a very good tax; there is nothing wrong with it. If you look down the list of all our taxes and you were starting to abolish things from worst to best, land tax would be one of the last things you would get rid of.”³⁶⁴

A Productivity Commission report of 2004 into first home ownership concluded that while it is difficult to determine the precise impact of taxes such as stamp duty and GST on house prices, increased taxation “has not been responsible for much of the recent escalation in house prices.”³⁶⁵

3.7.1.b Land

There were two very different views on the issue of land. Some witnesses told the Committee that a land supply shortage exists in Tasmania, creating high land prices that have contributed significant additional cost. Other witnesses – government and non-government – claimed that no land shortage exists in Tasmania.

The MBA submission emphasised the point that land prices in Tasmania have increased 183% from 1996 to 2006.³⁶⁶ Mike Kerschbaum (MBA) said that there is a need for coordinated land release to ensure an adequate supply of land for sale.³⁶⁷

The Property Council argued that land supply was being limited by State and local government policy:

“The State and Local Government need to acknowledge that their land release policies are limiting land supply and act as a significant driver of rising housing costs.”³⁶⁸

It also recommended that land release be synchronised with the provision of infrastructure.³⁶⁹

Members asked Hank Petrusma (Petrusma and Partners) whether zoning arrangements are adding to a shortage of land for sale in Tasmania. He replied:

“There is, that is what happened. I can give you an example of land in a subdivision that 12 months ago was worth, say, \$75,000 to \$80,000, because there is such shortage of land in Kingborough, all of a sudden it has gone to \$110,000. It has jumped in value by \$20,000 to \$30,000 a block. In that location there is a shortage of land and therefore the less the supply the greater the price is.”³⁷⁰

The HIA submission stated that there is not price pressure on land in Tasmania:

³⁶³ Challen, Christian, Burgess, transcript of evidence, 16 November 2007, pp. 37-38

³⁶⁴ Ibid, p. 38

³⁶⁵ Productivity Commission, *First Home Ownership* (Productivity Commission, Melbourne, 2004), report no. 28, p. xxiii

³⁶⁶ MBA, submission, p. 8

³⁶⁷ Kerschbaum, transcript of evidence, 25 September 2007, p. 87 and p. 89

³⁶⁸ Property Council, submission, p. 11

³⁶⁹ Ibid, p. 11

³⁷⁰ Petrusma, transcript of evidence, 23 October 2007, p. 30

“While rising land costs have been a significant problem in other states, there has been virtually no price pressure on land in Tasmania.”³⁷¹

Emma Riley (President, Planning Institute of Australia (Tas)) said she was aware of comments in relation to the apparent restriction of land supply. She rejected such statements:

“I would say that that is not true and, in the interests of the wider community good, there are obviously reasons we do not allow land release in certain areas because it is for long-term sustainability of our State map.”³⁷²

She did, however, agree that land-use planning in Tasmania is not perfect:

“We are not saying that land-use planning in Tasmania hasn’t contributed to the affordable housing issue. However, before we address some of the shortcomings, the institute highlights that, unlike many of the other States, the existing mechanisms within the planning system require very little alteration to address some of the affordable housing issues.”³⁷³

Grant Dennis (Urban Development Institute of Australia [UDIA]) stated:

“As an industry body we have resisted the temptation of coming out and saying, ‘Release more land, land is key to everything’. Land is the most important component but it is the process that is put around that land as well and the planning system that influences that.”³⁷⁴

LGAT believed that no land supply shortage exists in Tasmania. Its submission stated:

“There is no evidence of a land supply shortage in Tasmania.”³⁷⁵

On request, LGAT was able to provide details of residential land availability in Tasmania for most council areas (some did not provide data to LGAT). According to the information compiled, around Tasmania in various municipal areas, there are at least 12,804 lots available.³⁷⁶

Peter Fischer (State Planning Advisor, Dept of Justice) said he was not aware of a land shortage in Tasmania. He commented:

“I have heard developers say that but I have not seen any evidence to that effect. I am not suggesting that they are wrong, but I would have thought if we had a real problem with land supply we would have heard a lot more about it in the press and so on.”³⁷⁷

In its submission, the State Government asserted that it does not have direct control over the release of land. It also stated that a working group had been formed to identify Crown land sites suitable for affordable housing development (including in support of TAHL).³⁷⁸ Peter Fischer said that he was not involved in this group, and could not comment on its progress.³⁷⁹

³⁷¹ HIA, submission, p. 6; see also Gray and Clues, transcript of evidence, 24 September 2007, p. 36

³⁷² Riley, transcript of evidence, 25 September 2007, p. 23

³⁷³ Riley, transcript of evidence, 25 September 2007, p. 19

³⁷⁴ Dennis, transcript of discussion, 9 October 2007, p. 5

³⁷⁵ LGAT, submission, p. 9

³⁷⁶ In cases, lots may not be fully serviced or connected to water and sewerage. Some councils did not provide information; this figure is probably therefore an underestimate. LGAT, supplemental submission.

³⁷⁷ Fischer, transcript of evidence, 16 November 2007, p. 15

³⁷⁸ Tasmanian Government, submission, p. 25

³⁷⁹ Fischer, transcript of evidence, 16 November 2007, p. 25

The Federal Government informed the Committee of its intention to appoint a National Housing Supply Council that will collate information and “report annually on supply issues such as trends in land availability and construction rates.”³⁸⁰

3.7.1.c Planning, Planning Processes, and Zoning

Planning practices and planning processes for the approval of new residential developments are contributing to the cost of housing and a shortage of supply in the market, according to some witnesses and submissions. State and local government challenged the premise of this argument, asserting that while problems exist with planning schemes in Tasmania, it does not significantly affect the cost of housing.

A small number of witnesses suggested that zoning policies should be modified to compel large-scale developments to include a portion of affordable housing. Some witnesses also raised the issue of ‘nimbyism’ (not in my backyard).

According to the Property Council, local government approval processes are a major hindrance:

“Despite repeated calls for reform of local government development processes, there has been little improvement in terms of the time it takes to assess development applications, or in the complexity and increasing politicisation of development assessment... This adds to the cost of housing as well as the ability to address the social housing gap.”³⁸¹

Mary Massina (Property Council) added:

“You have to consider it from a developer’s perspective in terms of the costs that are required to provide extra information or if a development is stalled whilst the information is provided.”³⁸²

Emma Riley (Planning Institute of Australia) was asked to what extent she believed planning impacts on housing affordability. She replied:

“I would say it does slightly to the extent that we do not have a lot of consistency across planning regulations in the State at the moment and we do not have the high-level direction that the planning system needs to function efficiently, so to that extent we are probably contributing to it slightly but I would not say that it is by any means the biggest contributor to the cost of affordable housing.”³⁸³

Although, she also made the following point:

“We note that at the present time there are very few examples of planning schemes in the State that even have an objective within their ordinance that requires consideration of affordable housing.”³⁸⁴

June Noble told the Committee that various aspects of the planning system in Tasmania are hampering supply.³⁸⁵

Hank Petrusma (Petrusma and Partners) submitted that some of the reasons the cost of housing remains high are attributable to antiquated, inconsistent local council

³⁸⁰ Information provided in correspondence of 14 February 2008 from Federal Minister for Housing

³⁸¹ Property Council, submission, p. 12

³⁸² Massina and Rockefeller, transcript of evidence, 18 October 2007, p. 12

³⁸³ Riley, transcript of evidence, 25 September 2007, p. 23

³⁸⁴ Ibid, p. 19

³⁸⁵ Noble, transcript of evidence, 23 October 2007, p. 21

planning laws and unwieldy planning processes.³⁸⁶ In verbal evidence, however, he cautioned against too much flexibility in planning decisions, which he said can lead to politicised decisions.³⁸⁷

Gary Bennett (Bethlehem House) said that some affordable housing developments in Hobart have been put on hold due to nimbyism.³⁸⁸

Prof Rowland Atkinson (UTAS) said that the State Government should have:

“An explicit planning framework being put in place for the State which overrides, or at least works closely with, local governments to prevent the kind of nimbysim we have seen in recent years.”³⁸⁹

According to Roger Fay (RAIA), nimbyism is not a problem provided developments have richness and robustness.³⁹⁰

Peter Fischer (State Planning Advisor) said that the need for regional planning is recognised:

“One size does not fit all so planning at a State level does not work overly well. Planning at a local level does not work overly well either because it is too narrow and insular. We need to look beyond municipal boundaries and at a regional level so we put the notion to the councils that a regional approach is appropriate and... the idea of having 43 planning schemes across the State that are nowhere close to being consistent is not acceptable to the Government any longer.”³⁹¹

LGAT’s submission stated:

“Although many people believe that there is too much restriction on how land may be used, planning regulation is intended to protect the interest of all in the community.”³⁹²

However:

“Local government does not dispute that there are shortcomings in the planning system in Tasmania and its operation.”³⁹³

The LGAT submission also made the point that data compiled from local councils in Tasmania does not show a pattern of delays: councils mostly keep within a 42-day statutory deadline. It additionally pointed out that proposals could be subject to appeal from third parties and sometimes applicants fail to provide councils with adequate information, which then creates delays.³⁹⁴

At the Committee’s request, LGAT provided details of the average number of calendar days taken to process approvals and the total number of approvals over yearly periods.

³⁸⁶ Petrusma, submission, p. 2

³⁸⁷ Petrusma, transcript of evidence, 23 October 2007, p. 34

³⁸⁸ Bennett and Brennan, transcript of evidence, 25 September 2007, p. 45

³⁸⁹ Atkinson, transcript of evidence, 22 October 2007, p. 30

³⁹⁰ Fay, Jones and Johnston, transcript of evidence, 22 October 2007, p. 24

³⁹¹ Fischer, transcript of evidence, 16 November 2007, p. 19

³⁹² LGAT, submission, p. 8

³⁹³ Ibid, p. 10

³⁹⁴ Ibid, p. 9

	Break-O-Day	Clarence	Devonport	Waratah-Wynyard	Hobart	Kingborough	Launceston
2002-03							
Building (days)	8	23	6	5	23	21	33
Planning							
Permitted (days)	12	No data	6	20	20	33	15
Discretionary (days)	35	30	28	33	34	50	27
Total approvals (number)	406	1,326	601	632	1,210	1,308	1,552
2003-04							
Building	8	21	6	6	26	20	45
Planning							
Permitted	12	No data	10	22	24	34	17
Discretionary	22	28	36	33	36	44	29
Total approvals	497	1,443	539	658	2,440	1,686	2,099
2004-05							
Building	7	4	11	5	29	17	32
Planning							
Permitted	14	No data	11	11	26	30	29
Discretionary	28	35	37	27	37	40	46
Total approvals	598	1,250	286	489	2,503	1,905	1,678
2005-06							
Building	4	4	10	3	19	18	37
Planning							
Permitted	10	No data	10	6	26	26	30
Discretionary	28	31	35	20	37	39	47
Total approvals	956	1,320	393	513	1,708	1,620	1,729

Elizabeth Gillam (Local Government Association of Tasmania) said that some councils in Tasmania have had fourfold increases in building and planning permits since 2000 and that recruiting planning staff has been difficult:

“The fact that in the majority of cases they are meeting the statutory time frames is incredible. All these developers will bring to you anecdotal cases of people who feel they have been messed around by the planning system. Similarly councils will come to you and tell you how many times they have been messed around by developers not supplying required information and having to go backwards and forwards. Interstate the delays they are talking about are in terms of years, not days or weeks or even months. ... If there is any criticism of our planning system it is that it is not tough enough.”³⁹⁶

Tom Muller (TasCOSS) said inclusionary zoning (compulsory quota of affordable housing in new developments) policies should be investigated:

³⁹⁵ LGAT, supplemental submission

³⁹⁶ Gillam, transcript of evidence, 25 September 2007, pp.13-14

“We would certainly urge the select committee to investigate the potential role of inclusionary zoning within Tasmania to deliver affordable housing. We have seen in New South Wales and elsewhere that inclusionary zoning... has made a difference.”³⁹⁷

Anglicare submitted that inclusionary zoning adds additional supply, creates diverse communities, and brings affordable housing to locations which are close to services – “if implemented carefully.”³⁹⁸

Kathleen Flanagan (Anglicare) said that the arguments against inclusionary zoning were unfounded, and that it does have benefits:

“In terms of the inclusionary zoning, one of the arguments against it is that it shifts the costs of providing housing on to the people purchasing the housing. I guess we would look at it as a way for the community to share some of those costs. It also is a mechanism for allowing affordable housing development in more central areas where you normally would not be able to put it because it would be too expensive.”³⁹⁹

The Property Council, however, argued inclusionary zoning would only inflate the price of homes.⁴⁰⁰ Robert Rockefeller (Property Council) said that what would help is density bonuses:

“I would say, instead of forcing someone to have a house in a subdivision which is an affordable house, what you are better off doing is providing bonuses whereby you can get higher density if you provide affordable housing.”⁴⁰¹

Grant Dennis (UDIA) agreed that inclusionary zoning would have an inflationary effect:

“You have to be very careful with things like inclusionary zonings because if there is a subsidy that is put in place, someone has to wear it. The person who wears it is the customer who buys the one next door or buys in the balance of the estate. ... If you have a development where 15% of that development has to be affordable housing, the other 85% have to subsidise them. ... Wherever possible the cost base has to be spread out.”⁴⁰²

According to David Cant (CEO, Brisbane Housing Company), in Brisbane the City Council Planning Scheme offers incentives to developers providing affordable housing:

“The city plan says that if you provide affordable housing for more than 10 years, then there are certain concessions that you are entitled to and they are generally reduced car parking, increased GFA – gross floor area, that is, the density of the building – and setbacks can be adjusted.”⁴⁰³

The New South Wales Department of Housing told the Committee that a NSW State-level planning policy (State Environmental Planning Policy) allows for the Department and other community housing providers to have density concessions and parking concessions.⁴⁰⁴

³⁹⁷ Muller and McLean, transcript of evidence, 24 September 2007, p. 3

³⁹⁸ Anglicare, submission, p. 27

³⁹⁹ Flanagan and Wienart, transcript of evidence, 24 September 2007, p. 74

⁴⁰⁰ Massina and Rockefeller, transcript of evidence, 18 October 2007, p. 8

⁴⁰¹ Ibid, p. 11

⁴⁰² Dennis, transcript of discussion, 9 October 2007, p. 12

⁴⁰³ Cant and McAuliffe, transcript of discussion, 9 October 2007, p. 48

⁴⁰⁴ Rodrigo, McIntyre, Larkin, Norman, Roden, transcript of discussion, 10 October 2007, p. 12; information provided by NSW Department of Housing

3.7.1.d Infrastructure

The Committee was presented with information suggesting that an infrastructure shortage in Tasmania is preventing the expansion of residential areas in the State. This shortage of infrastructure has occurred because in the 1990s governments had not predicted the potential for growth and underestimated future spending requirements for infrastructure.

The HIA recommended the establishment of a Residential Infrastructure Fund for Australia for regional projects and community and social infrastructure:

“HIA advocates funding from the Federal Government as a basis for multi-lateral state and local government agreements to offset the cost of urban infrastructure necessary to provide more affordable new housing. HIA recommends the establishment of a \$3 billion, Residential Infrastructure Fund.”⁴⁰⁵

Stuart Clues (HIA) said that Tasmania has an infrastructure shortage:

“We do not have a land shortage here in Tasmania – that is not what is going to constrain us – you only have to look around the skyline of Hobart to see these parcels of land that are still available, all with a harbour view. The reality is what we do have is an infrastructure shortage. It is not that we have a land shortage. What we do not have is the water, the sewerage, the roads, the schools, the hospitals to make those parcels of land attractive... and the public transport to make them build.

[...]

“So the reality is that the infrastructure in this State is not allowing us to build where we would like to build.”⁴⁰⁶

He also said that with the breadth of revenue it has, only the Federal Government could come up with the money required to address an infrastructure backlog in Tasmania:

“There is no doubt... that if we are going to provide the infrastructure necessary for the growth it needs to come from that quarter and it is unlikely to come at a State or local government level.”⁴⁰⁷

The Property Council commented that governments have been restricting land supply in order to avoid infrastructure spending responsibilities. Its submission stated that there is a need to develop and fund a strategic infrastructure plan for Tasmania. Further:

“Planning should be carried out strategically, rather than through the current inefficient command and control approach.”⁴⁰⁸

Robert Rockefeller agreed with Members that perhaps the problem is that in the 1990s government thinking was based on the presumption that growth would remain static rather than boom.⁴⁰⁹

The Glenorchy City Council submitted:

⁴⁰⁵ HIA, submission, p. 13

⁴⁰⁶ Gray and Clues, transcript of evidence, 24 September 2007, pp. 36-37

⁴⁰⁷ Ibid, p. 38

⁴⁰⁸ Property Council, submission, p. 14

⁴⁰⁹ Massina and Rockefeller, transcript of evidence, 18 October 2007, p. 14

“The Tasmanian approach to growth management is *laissez faire* – with no coherent coordination between State and local levels in managing the growth of urban areas to maximise effective use of infrastructure, minimise environmental impacts and locate residents close to services.”⁴¹⁰

Peter Fischer (State Planning Advisor) commented:

“A lot of development takes place without infrastructure and then that infrastructure has to catch up.”⁴¹¹

3.7.1.e Concessions, Grants, and Assistance Measures

The State and Federal governments have in place a number of measures designed to help people enter and remain in the private market as homeowners or renters.

Debate on assistance measures for homeowners, renters, and investors centred largely on the usefulness of these schemes. Most were criticised as being in some way imperfect. It was suggested that some measures might be inflating the cost of housing or not providing sufficient assistance, thereby aggravating the problem.

3.7.1.e.a Homeowners and Homebuyers

According to the MBA, the FHOG and duty concessions are of limited effectiveness:

“While the above concessions and grants do help, they ultimately have very little effect on the affordability of homes.”⁴¹²

Stuart Clues (HIA) indicated that strategies and interventions to improve affordability must be directed towards encouraging people to build rather than buy. Otherwise, he said, they will have an inflationary effect:

“If you have any policy that enables people to go out and compete either in the rental market or the existing housing market to fight over existing stock, all you are going to do is drive the price up. There is no doubt about that. If you give it to them in rental assistance or in first homeowners grant or any other way and you enable people to go out and fight over the existing housing stock, all you are going to do is ramp the market up. I think everything that we have said... is premised on the basis that you put new houses on the ground.”⁴¹³

Table 21

Value of First Homeowners Grants Paid in Tasmania⁴¹⁴

2000-01 to 2006-07

(A small number have been excluded due to subsequent recovery, return, or rejection.)

Data shows that in the few years after the inception of the FHOG, nearly \$100m was paid to first homeowners in Tasmania. This has dropped to around \$76m for the years since 2003-04.

Year	Value of grants paid (\$) ('000)	Year	Value of grants paid (\$) ('000)
2000-01	30.843	2004-05	17.128
2001-02	39.984	2005-06	18.753
2002-03	28.383	2006-07	20.965
2003-04	19.126		

Kathleen Flanagan (Anglicare) said in verbal evidence that the FHOG inflates house prices:

⁴¹⁰ Glenorchy City Council, submission, p. 12

⁴¹¹ Fischer, transcript of evidence, 16 November 2007, p. 25

⁴¹² MBA, submission, p. 11

⁴¹³ Gray and Clues, transcript of evidence, 24 September 2007, p. 46

⁴¹⁴ Information provided by State Treasury

“There has been a lot of talk at a national level about increasing the FHOG and we would urge caution with that if it was done as just a flat out increase because it simply inflates housing prices.”⁴¹⁵

The Salvation Army’s submission stated:

“Commonwealth interventions, such as the FHOG and CRA are inflationary. The FHOG not only increased house prices but also reduced the number of affordable rental properties, as these properties were taken off the rental market when purchased by first homebuyers.”⁴¹⁶

TasCOSS similarly agreed that the FHOG has an inflationary effect on house prices.⁴¹⁷

Don Challen (Treasury) said he endorsed the view of the 2004 Productivity Commission report into first homeownership – “things such as the FHOG tend to push up the price of housing.”⁴¹⁸

The Commission’s report, though, noted that any inflationary effect had been “relatively small”. Its report suggested that the FHOG would be more effective targeted at lower-income households with some eligibility criteria applied.⁴¹⁹

Mr Challen also said:

“This is a very personal opinion, but I would encourage your committee to focus your attentions on the needy in our society rather than providing assistance to people who are perfectly capable of funding their own balance sheets.”⁴²⁰

Martin Harris (REIT) and Adrian Kelly (Roberts Real Estate) rejected the notion that the FHOG has an inflationary effect on prices, however suggested that perhaps it needs to be means-tested.⁴²¹

Martin Harris also said that the State Government’s stamp duty concession for first homebuyers purchasing a property under \$350,000 was once generous, but that the minimum threshold needs to be reassessed:

“I do not think there is any question that was generous in that time. It is just a matter of it not keeping pace where the market has gone unfortunately. That is the reality of it.”⁴²²

The State Government submission also noted the introduction of a first homebuyer duty concession in 2005-06, which it stated is likely to continue on an indefinite basis.⁴²³

Dean Burgess (Treasury) said:

“For administrative simplicity all the checks and balances are met under the first homeowner grant arrangement and if that is found to apply then they automatically qualify for the concession provided their property then meets the value requirements.”⁴²⁴

⁴¹⁵ Flanagan and Wienart, transcript of evidence, 24 September 2007, p. 73

⁴¹⁶ Salvation Army, submission, p. 7

⁴¹⁷ TasCOSS, submission, p. 17

⁴¹⁸ Challen, Christian, Burgess, transcript of evidence, 16 November 2007, p. 40

⁴¹⁹ Productivity Commission, *First Home Ownership* (Productivity Commission, Melbourne, 2004), report no. 28, p. xx and p. xxxii

⁴²⁰ Challen, Christian, Burgess, transcript of evidence, 16 November 2007, p. 41

⁴²¹ Harris and Kelly, transcript of evidence, 23 October 2007, p. 67

⁴²² Ibid, p. 82

⁴²³ Tasmanian Government, submission, p. 23

Table 22**State Government Duty Concessions for First Home Buyers⁴²⁵**

Data shows that most first homeowners received some form of duty concession. Total duty foregone since 2004-05 (excluding vacant land duty) totals nearly \$28.5m.

	2004-05	2005-06	2006-07	2007-08 (To 31 Oct)
Number of FHOGs	2,346	2,679	2,995	990
Number of duty concessions	1,886	2,435	2,602	902
Average cost of home (\$)	172,186	187,411	198,251	183,210
Full duty (if applied) (\$ million)	9,185,212	13,035,854	14,921,716	5,623,677
Duty after concession (\$ million)	2,479,409	3,959,001	5,119,707	2,083,242
Duty foregone (\$ million)	6,705,802	9,076,823	9,802,008	3,540,436
Number of duty refunds on vacant land	N/A	39	71	19
Duty refunded (\$) ('000)	N/A	57.1	111.1	39.1

The MBA submission suggested a GST rebate would reduce the price of new homes:

“A rebate of full GST on a home would reduce the average cost to construct by around \$12,000 on a typical Tasmanian home. This substantial rebate would have major fiscal implications but would have a large impact upon affordability as well as this is the amount that houses have risen by since 2000. This amount could be capped to first homeowners, low-income families or some other means to ensure the right people received the benefit.”⁴²⁶

TasCOSS argued that the Streets Ahead Incentive Programme (SAIP) and Home Ownership Assistance Programme (HOAP) programmes have only been of limited effectiveness in recent times. SAIP currently offers very few properties for sale and the HOAP has had low uptake, according to TasCOSS.⁴²⁷

The Committee sought, and was provided with, statistical information on SAIP and HOAP uptake. Data shows uptake has been low in 2006-07.

Table 23**SAIP and HOAP Schemes⁴²⁸**

HOAP households assisted since inception	2,581
HOAP households assisted in 2006-07	14
Properties sold through SAIP since inception	1,318
Properties sold through SAIP in 2006-07	26
Properties currently for sale (October 2007) under SAIP	5

Peter White (Manager Portfolio Development and Investment, Housing Tasmania) said that the low uptake of the HOAP scheme was attributable to three reasons:

⁴²⁴ Challen, Christian, Burgess, transcript of evidence, 16 November 2007, p. 39

⁴²⁵ Information provided by Treasury

⁴²⁶ MBA, submission, p. 9

⁴²⁷ TasCOSS, submission, p. 18

⁴²⁸ Information provided by State Health Minister, 22 October 2007

firstly, income eligibility is a maximum of \$825 per week; secondly, HOAP loans are available only to first-time borrowers who cannot acquire loans from a major bank lender and with massive changes to the finance industry loans have become accessible through non-bank lenders; and thirdly, the maximum amount that can be borrowed under HOAP is \$120,000. He said HOAP was being looked at to assess whether it should be continued.⁴²⁹

The Federal Government intends to establish "First Home Saver Accounts" styled similarly to superannuation accounts for "up to" 500,000 potential first homebuyers.⁴³⁰

3.7.1.e.b Renters

In its submission, TasCOSS stated that CRA is diminishing as an effective means of assisting private renters:

"A problem with CRA is that eligibility is limited only to those receiving Centrelink benefits and is therefore not available to the 'working poor'. It also does not address private rental housing availability, affordability, or quality. Another problem with CRA is that it is paid at the same rate throughout Australia even though market rents vary between regions. While assistance provided to tenants through CRA is obviously helpful, its value is diminishing as rental prices rise."⁴³¹

Anglicare noted in its submission some of the same problems with CRA:

"The amount of CRA paid does not vary according to geographical location, the level of market rents in a particular area or the quality and amenity of the housing."⁴³²

Pattie Chugg (Shelter Tasmania) said subsidy assistance measures such as CRA have an inflationary effect and cause prices to increase because they do not increase housing supply.⁴³³

Additionally, Shelter Tasmania's submission argued that the maximum rate of assistance is "not enough to keep many households out of stress."⁴³⁴

Data contained in the Report on Government Services 2008 shows that increasing numbers of people – nationally, 67.2% of income units – are becoming eligible for maximum CRA assistance. For Tasmania, in 2003, around 38% of income units were receiving full assistance; this has risen to around 55% in 2007.⁴³⁵

Anglicare's submission commented on PRSS and PRTSS programmes, describing them as useful, although:

"Unable to address broader issues, such as overall supply problems, the quality of rental housing, problematic relationships between tenants and landlords over issues such as repairs and the return of bonds, and discrimination against low-income tenants."⁴³⁶

⁴²⁹ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 48

⁴³⁰ Information provided in correspondence of 14 February 2008 from Federal Minister for Housing

⁴³¹ TasCOSS, submission, p. 14

⁴³² Anglicare, submission, p. 19

⁴³³ Lever, Witt, and Chugg, transcript of evidence, 22 October 2007, p. 56

⁴³⁴ Shelter Tasmania, submission, p. 15

⁴³⁵ Steering Committee for the Review of Government Service Provision, *Report on Government Services 2008* (Productivity Commission, Canberra, 2008), p. 16.76

⁴³⁶ Anglicare, submission, p. 20

TasCOSS described the PRSS and PRTSS programmes as:

“Helpful for tenants in the private rental market, but have limited funding and cannot assist all who are in need.”⁴³⁷

Prof Rowland Atkinson (UTAS) described schemes such as PRTSS as fire-fighting mechanisms with no guarantee of continuity.⁴³⁸

While presenting no specific comment on current levels of funding for CRA, the State Government submission called for reform of the eligibility criteria. In particular, the submission mentioned the possibility of broadening the concept of CRA to include homeowners servicing loans and public housing tenants.⁴³⁹

3.7.1.e.c Investors

The HIA argued that more institutional investors could be attracted into residential property if depreciation allowances were increased for dwellings valued up to \$550,000 and for investments that are positively geared:

“To attract more institutional investment for more affordable rental housing, HIA recommends a doubling of the depreciation allowance on investment in new rental dwellings from 2.5 to 5 per cent. ... This initiative would increase the supply of housing in the market, reduce reliance on negative gearing and would promote long-term institutional investment in affordable rental accommodation.”⁴⁴⁰

Stuart Clues (HIA) said that general tax concessions could be used provided investors put affordable rental housing on the ground:

“What we need are more homes on the ground and that will have the effect of increasing the number of rental properties and homes. ... We would argue that you would be better off having a look at things such as providing tax concessions to people who offer rental properties at, say, 20% below the market rate... . To that end, we believe policies that could help at a Federal level would be things such as doubling the depreciation allowance... . But that should only be made available where those persons build properties where they are offering it at 20 per cent below the market rate, with the appropriate tax concessions available to increase their ultimate yield on that investment.

[...]

“But only where they build and put new properties on the ground.”⁴⁴¹

The MBA submission suggested a GST rebate for new homes:

“A rebate of full GST on a home would reduce the average cost to construct by around \$12,000 on a typical Tasmanian home.”⁴⁴²

The MBA proposed a land tax rebate for landlords who rent out their properties to low-income earners.⁴⁴³

⁴³⁷ TasCOSS, submission, p. 16

⁴³⁸ Atkinson, transcript of evidence, 22 October 2007, p. 35

⁴³⁹ Tasmanian Government, submission, p. 16

⁴⁴⁰ HIA, submission, p. 17

⁴⁴¹ Gray and Clues, transcript of evidence, 24 September 2007, p. 40

⁴⁴² MBA, submission, p. 9

⁴⁴³ Ibid, p. 10

3.7.1.f Housing Construction

Witnesses and submissions raised two separate issues in relation to housing construction: firstly, houses smaller in size are cheaper to build and are more efficient; and secondly, the impact of labour shortages in Tasmania on construction costs.

While the terms of reference focused on affordability, it was suggested that the standard and quality of the construction and location of housing should be considered as well as affordability.

In an overall sense, the appropriateness of housing refers to the standard, quality and safety of the dwelling; the location of housing in relation to infrastructure, basic services, employment, and people's family and friends; and the suitability of a house in relation to the needs of the occupant, such as for large families or people with disabilities.

The RAIAs stated in its submission that the size of houses needs to be reduced to address affordability:

"A reduction in house size is key to both sustainability and affordability. However, this runs counter to market trends... The market is expected to continue to favour detached housing in suburban contexts with its usual infrastructure inefficiencies that prohibit affordability."⁴⁴⁴

Roger Fay (Royal Australian Institute of Architects) said:

"I think our understanding of size is stretched by the way the average Australian lives now. The average house now is 300 square metres; it is outrageous. In the UK, an executive three-bedroom house has 100 square metres or less – executive. We are not talking about poor people; we're talking about those who are quite well to do."⁴⁴⁵

Dr Robert Murfet commented in his submission some people have been attracted to build "McMansions", only to find them inefficient to live in and then seek to downsize.⁴⁴⁶

Mike Myers (Executive Director, Queensland Community Housing Coalition) said that reform is needed to discourage people from building "McMansions".

"I go to talk to developers and ask them why they build McMansions, and they say because the market demands it. I ask who demands it and they say, 'These couples in their thirties with one child want five bedrooms and five bathrooms'."⁴⁴⁷

Kathy McLean (Policy Officer, TasCOSS) said that Housing Tasmania should aim to make its houses energy efficient:

"We would really like to see Housing Tasmania take that on but obviously they are stretched."⁴⁴⁸

According to the MBA over the last 20 years, home construction costs (exclusive of fees and charges) have risen 134%.⁴⁴⁹ Mike Kerschbaum (MBA) said that currently, a shortage of skilled labours was a problem in Tasmania:

⁴⁴⁴ RAIAs, submission, p. 6

⁴⁴⁵ Fay, Jones and Johnston, transcript of evidence, 22 October 2007, p. 19

⁴⁴⁶ Murfet, submission, p. 4

⁴⁴⁷ Myers, transcript of discussion, 9 October 2007, p. 66

⁴⁴⁸ Muller and McLean, transcript of evidence, 24 September 2007, p. 22

“Unfortunately in our industry it is a skilled area and it takes about four years to train an apprentice fully and we are only just seeing the results of that additional labour. Unfortunately DFOs, Myer fires and things like that don’t contribute to the balancing of the supply and demand. So I guess going forward I am certainly unaware of how the labour components are going to be brought back into sync because at the moment we do not have enough people to build.”⁴⁵⁰

He added:

“The MBA has gone to 50 schools around the State and tried to get kids interested in a job in the building construction industry, trying to promote it as a pathway.”⁴⁵¹

The HIA commented in its submission:

“Constraints on the construction industry limiting its ability to respond to the increased demand for housing have resulted in increases in house prices.”⁴⁵²

In verbal evidence, Stuart Clues (HIA) said:

“There is no doubt that the cost of building has gone up, the hourly rate has gone up, and all of that is completely reasonable; salaries have moved.”⁴⁵³

And that:

“We should not encourage building because it is only going to reduce the amount of skilled labour and it is going to drive prices up... All of that I do not accept.”⁴⁵⁴

3.8 The Affordable Housing Strategy of 2003

The State Government’s 2003 Affordable Housing Strategy was commended to the Committee on a number of occasions as containing worthwhile ideas. The strategy should be revisited.

Anglicare’s submission stated:

“Despite unfolding against the housing boom, the Strategy made good inroads into its targets. But although there was strong support from key stakeholders for the Government to continue with the Strategy, Stage 2 has not been implemented, and the Government’s focus has shifted to the establishment of TAHL.”⁴⁵⁵

Kathleen Flanagan (Anglicare) said:

“There is a lot in the Affordable Housing Strategy that was really positive and that a lot of groundwork was done and then actions never eventuated. ...There is a lot there that should be revisited. That strategy was an attempt at a comprehensive response across the whole system and looking at all of the different issues so I think there is a lot in there worth drawing out.”⁴⁵⁶

⁴⁴⁹ MBA, submission, p. 8

⁴⁵⁰ Kerschbaum, transcript of evidence, 25 September 2007, pp. 82-83

⁴⁵¹ Ibid, p. 83

⁴⁵² HIA, submission, p. 6

⁴⁵³ Gray and Clues, transcript of evidence, 24 September 2007, p. 49

⁴⁵⁴ Ibid, p. 49

⁴⁵⁵ Anglicare, submission, p. 16

⁴⁵⁶ Flanagan and Wienart, transcript of evidence, 24 September 2007, p. 68

Shelter Tasmania's submission noted that a decision not to continue with 2003 Affordable Housing Strategy is a:

"Lost opportunity to tackle the affordable housing crisis facing Tasmania with a well-planned systems-wide approach."⁴⁵⁷

Centacare also expressed its disappointment:

"Centacare Tasmania was disappointed with the Government's move away from the Affordable Housing Strategy as we felt strongly that the strategy was a solid first step towards addressing housing need."⁴⁵⁸

Therese Taylor (Colony 47) said:

"We need a plan. It is a pity about the Affordable Housing Strategy. ... Organisations like us in conjunction with TasCOSS are grasping at straws and looking at short-term solutions because there is no plan, no bigger picture."⁴⁵⁹

Prof Rowland Atkinson (UTAS) said the 2003 strategy had many commendable aspects.⁴⁶⁰

The State Government's submission denied that the AHS has been abandoned. It indicated that the strategy "will continue in 2007-08" with \$3m provided for a number of programmes.⁴⁶¹ Mercia Bresnehan (Housing Tasmania) confirmed:

"We have \$3m left from the Affordable Housing Strategy which is funding some recurrent programmes."⁴⁶²

Although the 2003 Affordable Housing Strategy had comprised two stages of implementation, the Treasurer recently appeared to acknowledge that the second stage was not funded at the time it was announced. During debate in the Legislative Council on 6 March 2008, it was put to the Treasurer that the Government "never had the money" for AHS Stage 2, to which he responded, "That is right. ...but the fact is we used the money in the best way we could see fit in getting TAHL set up."⁴⁶³

The Committee concluded from these comments that the second stage has been abandoned, supported by the absence of funding in subsequent budgets.

⁴⁵⁷ Shelter Tasmania, submission, p. 15

⁴⁵⁸ Centacare, submission, p. 5

⁴⁵⁹ Taylor, Redmond, McLeod, Cooper, transcript of evidence, 24 September 2007, p. 88

⁴⁶⁰ Atkinson, transcript of evidence, 22 October 2007, p. 35

⁴⁶¹ Tasmanian Government, submission, p. 19

⁴⁶² Hault, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 25

⁴⁶³ *Hansard*, 6 March 2008, pp. 56-58

CONCLUSIONS

Ch.3, Term of Reference 4: The Effectiveness and Limitations of Current State and Federal Government Strategies and Services to Alleviate the Impact of Poor Housing Affordability in the Tasmanian Community

The Committee concludes that:

- 23: The 2003 Affordable Housing Strategy provided a strong strategic planning framework for the provision of affordable housing in Tasmania, but has not been fully implemented in a timely manner, due to the absence of sufficient ongoing funding.
- 24: Housing Tasmania, other social housing providers, support services, and crisis accommodation centres in the State are carrying out commendable work.
- 25: Housing Tasmania's capacity to act as a safety net for the increased number of Tasmanians in housing stress is limited because of problems related to ageing, under-utilised and unsuitable stock, and a lack of funding to sustain and increase stock levels.
- 26: Housing Tasmania has embarked on changing the mix of properties by selling some of its less suitable stock, but has not replaced stock at a rate to meet demand.
- 27: There is no whole-of-government approach to affordable housing in Tasmania.
- 28: Housing Tasmania/Department of Health and Human Services and the Department of Treasury and Finance hold different views on whether public housing stock is a liability or an asset.
- 29: Housing Tasmania has limited flexibility with rent payment options for its clients.
- 30: Non-government social housing (community housing) organisations cannot replace the government as a provider of public housing in Tasmania. There will always be a need for a mix of responses, with government, community, and the private sector all fulfilling an important role.
- 31: The community housing sector remains small, but could be expanded to relieve pressure on Housing Tasmania and expand the diversity of responses to the housing affordability problem. The capacity of community housing is dependent on an alignment of taxation, planning, and housing policies.
- 32: The creation of TAHL is a positive initiative in broadening the range of housing options. Its function will always be complementary to, though will not replace, Housing Tasmania's obligations.
- 33: It is doubtful TAHL will deliver 700 homes within its timeframe.
- 34: There are areas of concern with TAHL, which include the inclusion of category 1 waiting list applicants; reliance on CRA; and processes involved for

developers to comply with TAHL requirements.

- 35: The supply of affordable housing through the open market is important. Factors influencing the supply of, and demand for, affordable and suitable homes for rent or purchase through the private market, include taxation, regulation, land supply, planning, the effectiveness of various property-related concessions and grants, and interest rates.
- 36: The State Government has recently enjoyed massive increases in land tax revenue and conveyance duty.
- 37: Aggregation and threshold of land tax in Tasmania is adversely impacting on the private rental market.
- 38: There is no contemporary evidence to support or otherwise the claim of a shortage of suitable land supply.
- 39: Planning processes and regulations are in place with the intention of upholding community interests. However, with declining housing affordability, a stronger community interest has emerged. Approval and progress of developments can be hindered by vexatious or frivolous objections due to 'nimbyism'.
- 40: There is much to be done to improve land use planning and reduce the costs that arise from inappropriate and under-planned developments. The use of incentives to achieve good planning outcomes can be an effective means to provide affordable housing.
- 41: The assistance provided by housing-related concessions and grants have been beneficial, though the value has diminished as a consequence of the real estate boom. The State Government's SAIP and HOAP measures have had very low uptake in recent times.
- 42: Housing construction, design, location, and appropriateness to needs are also important factors to consider as well as cost.
- 43: A shortage of skilled labour is impacting on the ability of industry to deliver homes that are required.
- 44: The State Government needs to do more in regional planning for housing developments and particularly in relation to matching infrastructure and land sub-division approvals.
- 45: The primary focus needs to be on delivering new houses, as purchase of existing stock tends to squeeze others out of the market and force up prices.

RECOMMENDATIONS

Ch.3, Term of Reference 4: The Effectiveness and Limitations of Current State and Federal Government Strategies and Services to Alleviate the Impact of Poor Housing Affordability in the Tasmanian Community

The Committee recommends that:

- 12: The Tasmanian Government recommits to the Affordable Housing Strategy with ongoing funding to ensure full implementation of the strategy.
- 13: Housing Tasmania revise its rent-setting policy with a view to moving towards rent rates being a percentage of income.
- 14: Housing Tasmania abandon the tenure-for-life principle, with a grandfather clause applying to existing tenants.
- 15: The provision of public housing in Tasmania be restructured, subject to independent modelling being undertaken to test the viability of the following recommendations, that –
 - a): Housing Tasmania's primary focus be on the human services aspect of housing, including:
 - i): The allocation of houses to people with greatest need;
 - ii): Managing tenancies in public housing; and
 - iii): Liaison with other Government Departments and services with regard to client needs.
 - b): A government business be created (separate from Housing Tasmania) with the task of providing, managing and maintaining dwellings used as public housing, conditional upon the following criteria:
 - i): A community service obligation funding stream;
 - ii): An obligation to prioritise provision of houses to people with greatest need;
 - iii): An ability to utilise assets to secure capital funds;
 - iv): Structures to allow competitive operation in the marketplace;
 - v): An ongoing responsibility to maintain dwellings;
 - vi): A skills-based board of directors; and
 - vii): Cost efficient homes
- 16: An independent advisory committee be established to liaise with the State Government on housing. Its composition should be broadly representative of the housing and property industry, social service and advocacy organisations, and the community.
- 17: The Federal Government and State Government fund the development of well managed community housing in Tasmania.
- 18: The Federal and State Government offer tax incentives targeted at the affordable housing for rent or purchase in Tasmania. (The Committee notes the Federal Government's recent tax initiatives for housing.)

- 19: A GST exemption apply to the construction of new homes built for ownership by a first-time home purchaser, if modelling can demonstrate this would be advantageous.
- 20: Land tax thresholds be raised and the aggregation principle be abolished.
- 21: Local government allow flexibility and offer concessions in regard to planning approvals for affordable housing concepts, where a clear community benefit exists.
- 22: An audit be conducted to assess the availability of land suitable for residential development and the adequacy of infrastructure to service this land in Tasmania.
- 23: Grants, concessions, and assistance for renters and homebuyers should be reviewed. Further:
 - a): First homebuilders receive additional incentives in order to increase the supply of housing stock.
 - b): The State Government review and update the terms and conditions of the Home Ownership Assistance Programme and the Streets Ahead Incentive Programme.
 - c): Commonwealth Rent Assistance continue largely in its present form, though maximum assistance thresholds should be reflective of market rent levels.
 - d): The State Government's tenancy support schemes remain in place.

Chapter 4

Term of Reference 5

THE APPROPRIATENESS OF CURRENT LEVELS OF FUNDING FOR SUCH STRATEGIES AND SERVICES

4.1 Introduction

The Committee was frequently informed that funding for housing strategies and services is insufficient. Witnesses and submissions singled out funding for Housing Tasmania and for crisis accommodation and homelessness services as being less than appropriate.

The notion of what constituted appropriate funding tended to be presented to the Committee in three ways: firstly, in overall terms based on a perceived need for a significant government injection of money to make up for under-investment; secondly, in terms of how much money is re-invested into housing compared with the revenue received from property taxes collected and sale of Housing Tasmania properties; and thirdly, concern for how current funding must be spent (rather than how much is available), specifically in relation to Housing Tasmania. No witness was prepared to state categorically that overall funding levels are currently adequate.

The appropriateness of funding for strategies and services for affordable housing might be a rather open-ended question as many strategies and services could contribute in some way towards empowering people into home purchase or secure rental. To address this term of reference, the need arose to limit the concept of a housing strategy or service within a reasonable parameter.

In order to judge whether funding levels are appropriate, the Committee investigated current and past funding levels for housing strategies and services.

4.2 Overall Funding

Funding for housing services and strategies in Tasmania is primarily obtained through Federal and State Government sources. The main instrument for housing funding is the Commonwealth-State Housing Agreement, which governs joint Federal-State commitments. Further, since 2004, the State Government has contributed additional funding for housing services and strategies under the Affordable Housing Strategy. On occasions, for particular purposes, the Federal Government has contributed small amounts of funding additional to the CSHA.

Figures published by the Federal Department of Families, Housing, Community Services and Indigenous Affairs (FaCHSIA⁴⁶⁴), did not always correlate with figures the State Government supplied to the Committee due to various technical issues.⁴⁶⁵

⁴⁶⁴ With a change of government in 2007, the acronym of this department has changed from FaCSIA to FaCHSIA.

⁴⁶⁵ The Committee sought a clarification from the State Government in relation to this issue, and was provided with explanatory notes (16 January 2008) resolving a number of apparent irregularities. The State Government reviewed its data and re-submitted some revised information superseding some earlier information the Committee received. It should be noted that published figures for the CSHA at times represent intended or base funding rather than actual funding.

For these reasons, figures contained herein do not match exactly with data presented to the Committee in some submissions received.⁴⁶⁶

Table 24											
Funding for Housing Services and Strategies in Tasmania⁴⁶⁷											
1996-97 to 2006-07 (\$) ('000)											
CSHA funding (actual)											
Actual funding under the current CSHA has been less than the intended levels, by very slight amounts. ⁴⁶⁸											
The data below represents a reduction of funding by just over 16% in the past decade.											
	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
Cth	29.631	26.992	26.490	25.989	28.126	27.725	27.325	24.025	24.613	24.843	25.011
State	12.989	11.610	11.451 ⁴⁶⁹	11.114	10.896	10.712	10.529	10.372	10.476	10.575	10.648
Total	42.620	38.602	37.941	37.103	39.022	38.437	37.854	34.397	35.089	35.418	35.659
State and Federal funding additional to CSHA											
Additional Federal funding mostly includes special funding for Aboriginal housing and small amounts received in the 1990s under the <i>States (Grants) Housing Act (1971-73)</i> . The additional State Government funding is primarily associated with the Affordable Housing Strategy.											
	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
Cth	0.314	0.314	0.314	0.314	2.175	1.487	0	0	0	0	0.198
State	0	(0.115)	0	0.225 ⁴⁷⁰	0	0	0	3.833	26.207	15.437	3.854
Total actual government funding for housing services in Tasmania (CSHA and in addition)											
(Federal expenditure on CRA not included; SAAP funding not included.)											
The data below shows that funding levels have remained reasonably stable, with the obvious exception of \$41.803m the State Government has contributed so far as part of the AHS, mostly from 2004 to 2006.											
	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
Total	42.934	38.801	38.225	37.642	41.197	39.924	37.854	38.230	61.296	50.855	39.711

Tom Muller (TasCOSS) told the Committee it was unreasonable for governments to say there are not enough resources to fund housing:

“One of the things that we find a bit galling is when the State Government says on the one hand the economy is doing so well and it is growing... and then on the other hand we hear that there is no money for their unmet needs in social and human services. ... I am sorry, but you cannot tell us you do not have the resources. You do have the resources. It is about prioritising that social investment and we have not seen that priority given to social investment and core social infrastructure which leads to a healthy, prosperous, vibrant community and economy, either at a national level or at a State level.”⁴⁷¹

He said funding should be provided for expanding social housing supply:

“For the last four years we have called for the Government to provide funding to build 500 new properties which, when you combine those 500 new properties with the 700 properties that TAHL is supposed to deliver over a four-year time frame, would provide 1,200 new

⁴⁶⁶ See for example, TasCOSS, submission p. 13, table 2; Anglicare, submission, p. 22, table 3; Shelter Tasmania, submission, p. 14, table 1; see also Anglicare Tasmania, Shelter Tasmania, and TasCOSS, ‘Housing: Building a Better Tasmania – The Bigger Picture’, October 2007, p. 4

⁴⁶⁷ Information provided by State Health Minister, 16 January 2008

⁴⁶⁸ For intended funding levels, see ‘CSHA Bilateral Agreement – As Entered into Between the Commonwealth of Australia and the Tasmanian Government, July 2003 – June 2008’, July 2004, p. 16, table 1

⁴⁶⁹ FaCSIA published data indicates that \$11.494m was transferred; though the State Government has assured the Committee that its records show \$11.451m was transferred. Information provided by State Health Minister, 16 January 2008

⁴⁷⁰ This additional funding was to make up for an incidence of the State under-matching CSHA funding in 1997-98 by \$115,000. Information provided by State Health Minister, 16 January 2008

⁴⁷¹ Muller, transcript of evidence, 16 November 2007, p. 12

properties in Tasmania. That would see the number of properties in the social housing sector reached the national benchmark of 6% of housing stock.”⁴⁷²

TasCOSS advised that \$100m over four years is required to sufficiently increase the supply of social housing stock in Tasmania.⁴⁷³

He also said that Housing Tasmania has been selling off stock to address its operating deficit.⁴⁷⁴

The Salvation Army questioned how \$95m for the Affordable Housing Strategy was spent. Its submission stated:

“The public housing waiting list has only dropped from over 3,000 applicants in June 2003 to 2,600 applicants in June 2007. The question is why does a public investment of \$95m reduce the public housing waiting list by only 400 applicants? Housing Tasmania did not build or purchase 400 new properties at a cost of \$237,000 each for 400 disadvantaged people on the public housing waiting list.”⁴⁷⁵

Anglicare stated that declining funding is putting social housing in Tasmania in a very difficult position:

“The current limitations of the public housing system are linked directly to Housing Tasmania’s lack of financial sustainability. Declining funding, ongoing debt repayments and reduced rental revenue due to targeting all mean that Housing Tasmania lacks the funding to adequately cover its costs... Under such circumstances it is not surprising that the social housing system is struggling to be responsive and that stock levels have fallen.”⁴⁷⁶

Robert Rockefeller (Property Council) said that funding for housing was insufficient when compared to how much tax is raised from property:

“Over the last decade, the State Government has earned something like \$2.4bn in property taxes and we would question how much of that has actually gone back into supporting the property industry both at a public and private level.”⁴⁷⁷

The HIA, however, was less critical of the State Government:

“We have really stopped giving the State Government a belting and expecting them to fix this issue. We have moved now on to the Federal Government and said that this is a national crisis.

[...]

“It is just not going to get us anywhere. You only have to examine the numbers that the State Government is dealing with to recognise that the prospect of them being able to make up the supply in homes, the capacity for them to reduce their revenue and redistribute it to the masses is just not going to happen.”⁴⁷⁸

In its whole-of-government submission, the Tasmanian Government conceded:

“There has been a decline in expenditure on the CSHA in real terms.”⁴⁷⁹

⁴⁷² Muller and McLean, transcript of evidence, 24 September 2007, p. 14

⁴⁷³ Ibid, pp. 12-13

⁴⁷⁴ Ibid, p. 16

⁴⁷⁵ Salvation Army, submission, p. 8

⁴⁷⁶ Anglicare, submission, p. 23

⁴⁷⁷ Massina and Rockefeller, transcript of evidence, 25 September 2007, p. 2

⁴⁷⁸ Gray and Clues, transcript of evidence, 24 September 2007, p. 44

⁴⁷⁹ Tasmanian Government, submission, p. 30

The submission also noted the \$95m made available under the AHS 2003, with \$45m sourced from SCIF and \$50m from existing Housing Tasmania capital funds. According to the submission, this money was used to: construct or purchase 402 public housing properties; upgrade 428 properties; upgrade or replace 6 disability group homes; commence four supported residential facilities (Prospect, Kingston, Burnie, and Claremont); provide private rental support and assistance (PRSS and PRTSS); give small grants to 28 community groups; and deliver employment and training programmes for 34 people in construction-related trades.⁴⁸⁰

The Committee notes a technical detail in relation to Housing Tasmania's capital expenditure and property acquisitions: due to a time delay between when capital funds are spent and when properties are considered to be acquired, capital expenditure and acquisitions for each financial year do not reconcile. Peter White (Housing Tasmania) explained, "We do not count them [newly acquired houses] until they are ready for occupation."⁴⁸¹

4.2.1 The Future of the CSHA

Some concern was raised at times in relation to the future existence of a Commonwealth-State agreement on housing. Some witnesses had concerns that CSHA funding levels would be reduced. Data in the previous section shows that the State would lose around \$24m to \$25m each year if the CSHA were completely discontinued, based on current funding trends. The Federal Government has indicated that it intends to revise the concept of the next housing agreement between the Commonwealth and States/Territories.

According to TasCOSS, the CSHA funding situation is likely to deteriorate, creating a degree of uncertainty:

"Our fear is that the situation is likely to deteriorate further with the CSHA expiring in 2008 and the [former] Commonwealth Minister [of the Howard Government] stating that the agreement will not be renewed in its current form."⁴⁸²

TasCOSS believed that plans to allow private sector involvement in a future CSHA would not necessarily be a problem, though:

"Our fear is that less total funding will be made available to provide affordable housing to those in need."⁴⁸³

Kathleen Flanagan (Anglicare) said the uncertainty of future CSHA funding arrangements is a significant concern:

"I guess the main concern at the moment is the uncertain future of the CSHA. [Former Federal Minister] Mal Brough has indicated that it will not be renewed in its current form. I am not really clear on what the Labor Party is suggesting at the Federal level but it seems to be changes to the structure of the CSHA as well. That is the main instrument for funding housing assistance in Tasmania and that is up in the air. There are big concerns about what the future holds."⁴⁸⁴

⁴⁸⁰ Ibid, pp. 18-19

⁴⁸¹ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, p. 42

⁴⁸² TasCOSS, submission, p. 13

⁴⁸³ Ibid, p. 13

⁴⁸⁴ Flanagan and Wienert, transcript of evidence, 24 September 2007, p. 70

Colony 47 submitted that Tasmania should plan for the replacement of the CSHA in case it was discontinued.⁴⁸⁵

The State Government also expressed similar concerns. Its submission stated:

“Uncertainty about the future of the CSHA does not allow the Tasmanian Government to strategically plan for the future of its public housing system.”⁴⁸⁶

The Federal Government has informed the Committee that:

“We will be implementing a new National Affordable Housing Agreement which will bring together funding for affordable housing, the Commonwealth-State Housing Agreement, the Supported Accommodation Assistance Programme... and Commonwealth Rent Assistance.”⁴⁸⁷

4.3 Housing Tasmania

The Committee sought and received information from DHHS/Housing Tasmania regarding internal and external sources of revenue and lines of expenditure over the last decade. The details are included in Table 25.

Table 25							
Housing Tasmania – Funding, Revenue, and Expenditure⁴⁸⁸							
Selected years (\$) ('000)							
	96-97	01-02	02-03	03-04	04-05	05-06	06-07 ⁴⁸⁹
Funds and revenue							
Cth	29.945	27.725	26.629	24.721	24.613	24.843	25.209
State	12.989	10.712	11.224	12.509	36.683	26.012	14.502
Rental income	41.381	43.691	43.140	43.644	46.358	46.905	53.258
Capital sales	3.442	15.689	30.954	21.990	4.356	7.136	8.788
Other	0.829	3.038	4.558	5.239	7.606	7.279	3.806
Total	88.586	100.855	116.505*	108.103	119.616	112.175	105.563
Expenditure							
Salaries	11.576	12.205	11.640	12.504	12.444	13.590	17.017
Maintenance	15.435	18.272	16.849	17.849	20.132	24.552	22.734
Interest	14.455	12.078	11.873	11.667	11.448	11.221	10.980
Depreciation	13.782	11.809	12.081	14.633	24.513	23.884	23.139
Municipal rates	15.555	16.166	16.262	15.830	15.720	16.186	17.049
Insurance	2.438	1.815	3.630	4.457	3.437	6.067	6.328
Other	19.421	15.633	14.798	34.469	19.309	18.917	20.332
Capital Expenditure	18.963	15.215	14.491	18.392	30.804	34.567	10.924
Total	93.752	111.206	128.667	109.701	104.638	114.417	117.099

*The Committee has been assured this figure is correct, however, in a 2003 submission to the Standing Committee on Public Accounts, Housing Tasmania

⁴⁸⁵ Colony 47, supplemental submission, p. 3

⁴⁸⁶ Tasmanian Government, submission, p. 15

⁴⁸⁷ Information provided in correspondence of 14 February 2008 from Federal Minister for Housing

⁴⁸⁸ Information provided by State Health Minister, 22 October 2007. The figures presented above are unadjusted.

⁴⁸⁹ Figures provided for 2006-07 were provisional.

declared its total source of funds for the 2002-03 year to be \$147.812m. In a letter to this Committee, the State Health Minister provided the following explanation:

“The correct figure is \$116.5m. The figure of \$147m was provided in May 2003 prior to the actual end of the financial year and would therefore have been an estimate. It is feasible that this estimate included the initial tranche of funding under the Affordable Housing Strategy which did not eventuate in that year.”⁴⁹⁰

Peter Hoult (DHHS) said that Housing Tasmania performs “exceedingly well within its available resources.”⁴⁹¹

4.3.1 Capital Expenditure and Maintenance

Housing Tasmania declared that it has limited funds available for capital expenditure (that is, new property acquisitions) and outstanding maintenance work of around \$80m. State Treasury was not sympathetic to claims of under-resourcing, arguing that Housing Tasmania’s spending is a reflection of its priorities.

In its submission, the State Government advised:

“A critical issue for Tasmania, and many other States, is the fact that capital funds are, of necessity, being used to meet the shortfall in recurrent operating costs.”⁴⁹²

Members asked DHHS and Housing Tasmania representatives what they recommended to Government in relation to funding requirements to reduce the number of category 1 and 2 applicants on the waiting list. Peter Hoult (DHHS) replied:

“Our recommendation to Government has always been to tell them how many people were on the various waiting list during the budget time and indicate that we do not have the capacity to house [them].”⁴⁹³

Mercia Bresnehan (Director of Housing, Housing Tasmania) said that funding allocated for capital expenditure included repayment on the principal of the CSHA debt. In 2006-07 therefore, of \$10.9m set aside for capital expenditure, she said more than half included debt repayments. Ms Bresnehan stated:

“This \$10.9m includes a \$6m repayment to the CSHA debt.”

Ms Bresnehan confirmed that this meant only around \$4.9m was spent on capital expenditure.⁴⁹⁴

Members asked what advice is provided to the Government about the impact of Treasury determinations of funding requirements. Peter Hoult (Secretary, DHHS) said:

“We tend to do that in terms of informing the Government about people who are on the waiting list. We do not do a lot of theoretical costing of capital works programs and things like

⁴⁹⁰ Information provided by State Health Minister, 16 January 2008

⁴⁹¹ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, p. 2

⁴⁹² Tasmanian Government, submission, p. 14

⁴⁹³ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, p. 17

⁴⁹⁴ Ibid, p. 17

that. We inform the Government of the waiting list and the demand pressures that are on the agency, as is the case with the public hospital system, disability services and other things.”⁴⁹⁵

Members asked further what advice is given to Government on the waiting list and the impact of having only limited funding for capital expenditure. Mr Hoult replied:

“The advice to the Government would be that this will not make any impact on the waiting list.”⁴⁹⁶

In its submission, TasCOSS stated that Housing Tasmania has a maintenance backlog of \$80m.⁴⁹⁷ Tim Morris MHA also said that Housing Tasmania has a huge backlog of maintenance and upgrade work.⁴⁹⁸

Mercia Bresnehan said that the notion of backlog was calculated by a formula of reinvesting 3.17% of the property portfolio value on maintenance. According to that formula, \$80m is the theoretical amount, which she said was a reasonable assessment.⁴⁹⁹

Bresnehan said that at Housing Tasmania:

“We try to do the best with what we have and I think we do really well with what we have in terms of our performance but there are pressures and the most immediate pressure is on the maintenance area and maintaining what we have.”⁵⁰⁰

Members asked what recommendation is given to Treasury. Peter Hoult responded:

“We provide information on demand across the agency through the minister regularly to inform government where the demand pressures are and will continue to do so but the Treasurer has made it clear that the forward estimate is the forward estimate currently.”⁵⁰¹

Don Challen (Secretary, Dept of Treasury and Finance) was reluctant to be drawn into detailed speculation about how Government calculates its funding priorities. Members asked what concern is caused at Treasury by Housing Tasmania’s maintenance backlog and its incapacity to build the houses it needs. In response, he said:

“When I hear of maintenance backlogs I am always concerned because one of the things I think we should give a high priority to is maintaining well all our capital assets, not just housing but everything else. We do hear talk from time to time about maintenance backlogs. I think that is code for the custodians of those assets not doing their job properly. The reality is that governments make decisions about departmental budgets and the way we run budgets these days is that we hand the departments a big block of money and, subject to the restrictions in the appropriation bill, it is their business to use the money they get in the best possible way. One of the things they ought to be doing with a relatively high priority is using some of the money to properly maintain their assets.”⁵⁰²

⁴⁹⁵ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, p. 18

⁴⁹⁶ Ibid, p. 18

⁴⁹⁷ TasCOSS, submission, p. 15

⁴⁹⁸ Morris, transcript of discussion, 22 October 2007, p. 90

⁴⁹⁹ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, p. 60. “Maintenance” was later defined as routine work of a value less than around \$15,000 to \$20,000, whereafter work on properties is considered a capital “upgrade”, pp. 42-43

⁵⁰⁰ Ibid, pp. 19-20

⁵⁰¹ Ibid, p. 20

⁵⁰² Challen, Christian, Burgess, transcript of evidence, 16 November 2007, p. 43

Members suggested that accumulation of outstanding maintenance at Housing Tasmania could be due to long-term under-resourcing. Mr Challen replied:

“They make choices. When someone tells you they have a maintenance backlog they are telling you they have made a choice to spend their funding on something else and not on maintenance.”⁵⁰³

Members also suggested that perhaps under-resourcing was also compelling Housing Tasmania to sell stock. Mr Challen was reluctant to be drawn further, saying:

“I don’t want to get sucked into an area that is not my area of expertise. I am more than happy to have the opportunity to defend myself but maybe this is not the best forum.”⁵⁰⁴

4.3.2 Housing Tasmania’s Debt

It was impressed upon the Committee that the CSHA debt impacts negatively upon Housing Tasmania’s budget situation. There are two main options to redress the issue: the Federal Government extinguish the debt; or if this is not achievable, the State Government transfer responsibility for the debt from Housing Tasmania to the Finance-General Division of government finance.

Housing Tasmania’s debt, according to the State Government submission, totals \$247m and requires repayments of \$16.7m per annum, consuming most of the Federal contribution of around \$22m per year to Tasmania under the current CSHA.⁵⁰⁵

In verbal evidence, Peter Houtt (DHHS) said:

“I believe we have asked the Government over many years about other ways of handling the debt. I believe that the Premier recently wrote to the Commonwealth Government suggesting that this debt was not an integral part of their finance strategy and it should be forgiven.”⁵⁰⁶

He said that without the debt, Housing Tasmania would in effect have an additional \$17m it could spend in other ways.⁵⁰⁷

Stuart Clues (Executive Director, HIA) said it was crazy that Housing Tasmania has to pay back most of its Federal CSHA grants as debt repayment:

“Housing Tasmania have to service the debt that has been incurred over the years and in fact most of the funds that are made available just get sucked straight back up. I think they have \$23m available each year and they pay \$17m or \$18m straight back, which is a crazy situation. We would argue that money should be forgiven and we should have a situation whereby we get on with building not only private homes but also public and community homes as well.”⁵⁰⁸

Pattie Chugg (Executive Officer, Shelter Tasmania) said the debt repayment requirements were compromising Housing Tasmania’s ability to help people:

⁵⁰³ Ibid, p. 44

⁵⁰⁴ Ibid, p. 45

⁵⁰⁵ Tasmanian Government, submission, p. 14

⁵⁰⁶ Houtt, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, p. 22

⁵⁰⁷ Ibid, p. 23

⁵⁰⁸ Gray and Clues, transcript of evidence, 24 September 2007, p. 45

“It hinders the ability of Housing Tasmania to fully undertake the range of housing that they need because 70% of Commonwealth funding has to go back into retiring that debt.

[...]

“The sheer burden of that debt is quite astounding when you look at the level of funding which has to be used. It is not just our public housing system that it [Housing Tasmania] funds. You may be aware it also funds our private rental support services... It funds our home-ownership schemes for people on low incomes – the HOAP scheme... All of those other areas that help low-income people are being affected by that debt level.”⁵⁰⁹

Tom Muller (CEO, TasCOSS) said that the Federal Government should retire Tasmania’s CSHA debt:

“We certainly believe that the Commonwealth could retire Tasmania’s historic CSHA debt at a cost of \$242m, which would make available an additional \$17m to be invested in public and social housing per annum.”⁵¹⁰

If the Federal Government did not retire the debt, he said, the State Government should absorb it into general government debt.⁵¹¹

Members asked Don Challen (Treasury) whether it would be feasible to transfer Housing Tasmania’s debt into general government debt. He responded by saying that wherever a liability is placed, the liability remains. He explained:

“If we were to move that housing debt out of Housing, say, and take it into Finance-General and not reduce the recurrent appropriation to Housing by the saving in their debt servicing that would then occur, yes, their recurrent funding would go up by \$17 million-odd, but we would have to find \$17m from somewhere else to pay the debt servicing, so it is just a bit of a shuffle. If government wished to, it could have exactly the same effect by just adding \$17 million to recurrent funding for Housing in the next Budget. I think those kinds of complaints are really just game playing; they do not have any substance to them.”⁵¹²

4.4 Rental Assistance

The Federal Government currently provides, for eligible private renters, Commonwealth Rent Assistance. The Committee heard that funding levels for the State Government’s assistance programmes for private renters has been insufficient to keep up with demand.

The Productivity Commission’s Report on Government Services 2008 compared real expenditure on the CSHA and real expenditure on CRA. It stated:

“Real expenditure on CSHA assistance declined by 16.7% between 1997-98 and 2006-07. ... Real expenditure on CRA increased by 12.0% over the same period.”⁵¹³

⁵⁰⁹ Lever, Witt, and Chugg, transcript of evidence, 22 October 2007, pp. 52-53

⁵¹⁰ Muller and McLean, transcript of evidence, 24 September 2007, p. 3

⁵¹¹ Ibid, p. 4

⁵¹² Challen, Christian, Burgess, transcript of evidence, 16 November 2007, p. 30

⁵¹³ Steering Committee for the Review of Government Service Provision, *Report on Government Services 2008* (Productivity Commission, Canberra, 2008), p. 16.5

Table 26			
Commonwealth Rent Assistance Expenditure⁵¹⁴			
2001-2007 nationally			
Year	Expenditure (\$billion)	Year	Expenditure (\$billion)
2001-02	1.815	2004-05	2.09
2002-03	1.848	2005-06	2.13
2003-04	1.953	2006-07	2.2

St Vincent de Paul recently estimated that the Commonwealth Rent Assistance programme would need an additional \$1.33bn each year to eliminate private rental stress in Australia.⁵¹⁵

Anglicare noted in its submission that funding levels for CRA is not what has been questioned, but rather the efficacy of the funding in terms of whether it alleviates people from housing stress.⁵¹⁶

The State Government has put in place private rental support programmes (PRSS and PRTSS) for brokerage and temporary support.

The Committee has been informed that private rental assistance funding has been around \$3.3m through 2006 and 2007.⁵¹⁷

Tracy McLeod (Colony 47) said that demand from people seeking assistance into private rental was increasing, and funding was insufficient to help everyone:

“We are in a housing crisis now and that is not being reflected in our brokerage funding. We have been funded a certain amount of money to broker people in emergency situations and it is not adequate for what we are seeing now.”⁵¹⁸

Shelter Tasmania suggested that \$4.5m is needed for the PRSS and PRTSS programmes.⁵¹⁹

4.5 Homelessness and Crisis Accommodation Services

Figures provided to the Committee show that funding for homelessness and crisis accommodation services has progressively increased over the last decade. A number of NGOs asserted, however, that in absolute terms funding remains too low in proportion to current demand.

Table 27											
SAAP funding⁵²⁰											
1997-2007 Tasmania (\$) ('000)											
	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
Cth	5.510	5.608	5.682	5.950	6.666	6.890	7.108	7.271	7.416	7.579	7.810
State	4.156	4.231	4.360	4.425	4.511	4.664	4.803	4.923	5.021	5.132	6.836
Total	9.666	9.839	10.042	10.375	11.177	11.554	11.911	12.194	12.437	12.711	14.646

⁵¹⁴ FaCSIA annual reports 2005-06 and 2006-07; FaCS annual reports 2001-02 to 2004-05

⁵¹⁵ St Vincent de Paul Society, 'Don't Dream Its Over: Housing Stress in Australia's Private Rental Market', July 2007, p. 8 (submitted by St Vincent de Paul)

⁵¹⁶ Anglicare, submission, p. 23

⁵¹⁷ Information provided by State Health Minister, 16 January 2008

⁵¹⁸ Taylor, Redmond, McLeod, and Cooper, transcript of evidence, 24 September 2007, p. 85

⁵¹⁹ Shelter Tasmania, supplemental submission

⁵²⁰ Information provided by State Health Minister, 16 January 2008

Most homelessness accommodation and support services are funded through a Commonwealth-State agreement, modelled similarly to the CSHA, called the SAAP V Multilateral Agreement. Specifically, the aim of programmes funded through SAAP is to move people in crisis back into independent living under the auspices of the *Supported Accommodation Assistance Act 1994* (Cth).⁵²¹ The current agreement became operational in 2005 and expires in 2010.

Anglicare acknowledged that SAAP funding from 2001-02 to 2005-06 had increased, though assessed that when the increase in demand for services is taken into account, it has not been enough.⁵²²

Tom Muller (TasCOSS) said that homelessness services need an extra 30% funding:

“At a national level, the Australian Federation of Homelessness Organisations, which is the peak body for homelessness services, argues that homelessness services are under funded by 30%. They need an increase in funding by 30%.”⁵²³

Avril Lever (Treasurer, Shelter Tasmania) also said that an additional 30% funding is needed. She said that with additional funds, SAAP providers could create “longer-term affordable exits for the people coming through”.⁵²⁴

Jed Donoghue (Salvation Army) said that funding for homelessness services and the provision of housing in general should be increased significantly:

“We feel that the levels of funding by the State and, of course, the Commonwealth... should be increased and we would suggest by at least 50%.”⁵²⁵

Mercia Bresnehan (Housing Tasmania) commented:

“We do the best we can with the \$14m that we have for SAAP services.”⁵²⁶

4.5.1 National Homelessness Strategy

The Federal Government has in place a National Homelessness Strategy, providing \$10m for various projects around Australia over four years (2005-2009).⁵²⁷ One project in Tasmania received funding – Anglicare’s My Place programme. However, as Anglicare’s submission points out, NHS funding is short-term and intended for pilot programmes only:

“My Place workers have a full caseload and there are waiting lists in both Launceston and Burnie, yet the project’s funding is coming to an end, leaving the future of the service’s approximately 24 clients shrouded in uncertainty.”⁵²⁸

⁵²¹ ‘SAAP V Multilateral Agreement: Multilateral Agreement in Relation to the Supported Accommodation Assistance Programme’, October 2005, preamble

⁵²² Anglicare, submission, p. 24

⁵²³ Muller and McLean, transcript of evidence, 24 September 2007, p. 4

⁵²⁴ Lever, Witt, and Chugg, transcript of evidence, 22 October 2007, p. 57

⁵²⁵ Begent and Donoghue, transcript of evidence, 25 September 2007, p. 50

⁵²⁶ Hout, Jacob, Bresnehan, White, Barnsley, Hardwick, and Stephenson, transcript of evidence, 24 October 2007, p. 52

⁵²⁷ See <http://www.facs.gov.au/internet/facsinternet.nsf/aboutfacs/programs/house-nhs_home.htm>

⁵²⁸ Anglicare, submission, p. 21

4.6 Other State Government Housing Expenditure

- TAHL: up to \$6m per annum funding.⁵²⁹ Treasury officials also indicated to the Committee that it would be the State Government's intention to count TAHL funding as part of its matching contribution under the CSHA.⁵³⁰
- First Homeowners Grant: \$175.182m expended since inception in 2000-01.⁵³¹
- Duty Concessions: \$28.455m foregone since concessions offered to first homeowners in 2004-05.⁵³²
- Community and Housing Research Unit, University of Tasmania (funded through Housing Tasmania).⁵³³

4.7 Other Federal Housing Expenditure

The Federal Government has in place a variety of national programmes that are related to housing support and research in 2006-07,⁵³⁴ including:

- National Housing Priorities (research, surveys, and data collection): \$387,000
- National Housing Research (research and development, evaluations): \$420,000
- Social Housing Subsidy Project (pilot project): \$1.926m
- SAAP Innovation and Investment Fund (development of innovative service models): \$6.701m

⁵²⁹ Tasmanian Government, submission, p. 19

⁵³⁰ Challen, Christian, Burgess, transcript of evidence, 16 November 2007, p. 29

⁵³¹ Information provided by Treasury

⁵³² Ibid

⁵³³ Atkinson, transcript of evidence, 22 October 2007, p. 25

⁵³⁴ FaCSIA, 'Annual Report 2006-07', output group 4.1

CONCLUSIONS

Ch.4, Term of Reference 5: The Appropriateness of Current Levels of Funding for such Strategies and Services

The Committee concludes that:

- 46: Funding for housing strategies and services in Tasmania under the CSHA has declined 16.34% over the last ten years.
- 47: State Government funding to Housing Tasmania increased significantly in the financial years 2004-2006 under the AHS, but significantly declined in 2006-07.
- 48: The previous Federal Government steadily reduced the value of public housing assistance with a preference to gradually increasing expenditure on rent assistance schemes.
- 49: The new Federal Government has promised additional funding and new strategies towards addressing affordable housing problems in Australia.
- 50: Housing Tasmania is under-funded.
- 51: Ongoing expenses (such as salaries, loan repayments, municipal rates, and insurance) collectively form a significant proportion of Housing Tasmania's expenditure. Funds for acquiring new stock are very limited, with less than \$5m available for capital expenditure in 2006-07.
- 52: There is disagreement between DHHS/Housing Tasmania and State Treasury in relation to public housing funding and whether public housing is an asset or liability.
- 53: CSHA debt is adding financial pressure to Housing Tasmania. Without this debt, there would be more money to build and maintain housing stock.
- 54: Federal and State funding for homelessness and crisis accommodation services in Tasmania under the SAAP agreement has increased by 51.53% over the past decade, although demand has been in excess of resources available to service providers.
- 55: Solving homelessness and alleviating pressure on crisis accommodation services is essential.
- 56: In order to eliminate category 1 and 2 waiting lists in three years, it is estimated that at least \$200m would be required.
- 57: The maintenance backlog is estimated to cost \$80m.

RECOMMENDATIONS

Ch. 4, Term of Reference 5: The Appropriateness of Current Levels of Funding for such Strategies and Services

The Committee recommends that:

- 24: Within three years, there are no clients in category 1 or 2 waiting to be housed.
- 25: Urgent action be taken to clear the maintenance backlog.
- 26: The Federal and State Governments increase funding for housing and homelessness services and strategies in Tasmania. Funding should be both consistent with demand and sustainable over the long-term.
- 27: Either the Federal Government extinguish the CSHA debt, or the State Government transfer the liability from Housing Tasmania to Finance-General.
- 28: Funding for rental support services and homelessness services for all client groups throughout Tasmania be increased consistent with demand and on a sustainable basis.

Chapter 5

Term of Reference 6

SUCCESSFUL STRATEGIES IN OTHER AUSTRALIAN STATES THAT COULD BE EFFECTIVE IN IMPROVING AFFORDABILITY IN TASMANIA

5.1 Introduction

The Committee travelled interstate to investigate this term of reference, visiting Queensland, New South Wales, and the Australian Capital Territory. This exercise enabled the Committee to gain considerable insight into how Tasmania compares.

The Committee spent time with the Queensland Department of Housing,⁵³⁵ the New South Wales Department of Housing and some of its associated agencies, and also met with representatives from a number of NGOs.

This chapter begins with noting some conceptual issues, then discusses affordable housing strategies in Australia generally, and lastly presents three case studies, which analyses in greater depth the information and facts the Committee gathered from interstate.

5.2 Conceptual Issues

There are conceptual issues that arise in relation to this term of reference. The notion of success in other jurisdictions is hard to measure and assessing whether these strategies could be effective in the Tasmanian context is difficult to predict, a point that was noted in at least two submissions. A strategy that has proven reasonably successful interstate, it was explained to the Committee, might not necessarily work as well in Tasmania.

Anglicare stated in its submission:

“In considering the adoption of strategies and initiatives from other States, it is important to recognise that there are many differences between the housing system in Tasmania and that of other States.”⁵³⁶

Shelter Tasmania similarly commented in its submission:

“It is worth noting that each State and Territory has a different housing system to Tasmania and must be considered in the context of particular State housing markets, legislation, and planning schemes.”⁵³⁷

Neil Anderson (National Operations Manager, Urban Pacific Ltd) said that each State has its own “housing economy”, making generalisations difficult.⁵³⁸

⁵³⁵ Representatives of the Queensland Department of Housing requested that their comments not be included in this report

⁵³⁶ Anglicare, submission, p. 24

⁵³⁷ Shelter Tasmania, submission, p. 15

⁵³⁸ Anderson, transcript of discussion, 10 October 2007, p. 86

5.3 Affordable Housing Strategies in Australia

All Australian States and Territories have housing strategy or policy documents in some form. Additionally, all are signatories to the current Commonwealth-State Housing Agreement (CSHA) and are implicitly attached to its guiding principles for social housing in Australia.

CSHA (2003-2008) Guiding Principles⁵³⁹

1. To maintain a core social housing sector to assist people unable to access alternative suitable housing options;
2. To develop and deliver affordable, appropriate, flexible and diverse housing assistance responses that provide people with choice and are tailored to their needs, local conditions and opportunities;
3. To provide assistance in a manner that is non-discriminatory and has regard to consumer rights and responsibilities, including consumer participation;
4. To commit to improving housing outcomes for Indigenous people... ;
5. To ensure housing assistance links effectively with other programs... and has a role in preventing homelessness;
6. To promote innovative approaches to leverage additional resources into social housing, through community, private sector and other partnerships;
7. To ensure that housing assistance supports access to employment and promotes social and economic participation;
8. To establish greater consistency between housing assistance provision and outcomes, and other social and economic objectives of government... ;
9. To undertake efficient and cost-effective management which provides best value to governments;
10. To adopt a co-operative partnership approach between levels of government towards creating a sustainable and more certain future for housing assistance; [and]
11. To promote a national, strategic, integrated and long term vision for affordable housing in Australia through a comprehensive approach by all levels of government.

Whereas the CSHA guiding principles are for the purposes of social housing, strategy and policy documents of the individual States and Territories have a broader coverage, seeking to address the whole housing market.

⁵³⁹ CSHA (multilateral), 17 July 2003, part 1 (1)

Major Housing Strategy/Policy Documents in Australian Jurisdictions

New South Wales: 'The NSW Government's Plan for Reshaping Public Housing' (April 2005)

Victoria: 'Towards an Integrated Victorian Housing Strategy: A Framework to Address our Future Housing Challenges' (September 2006)

Queensland: 'Queensland Housing Affordability Strategy' (July 2007)

Western Australia: 'Housing Strategy WA' (discussion draft) (September 2005)

South Australia: 'Housing Plan for South Australia' (March 2005)

Northern Territory: 'Home Territory 2010: Moving the Territory Ahead' (August 2004)

Australian Capital Territory: 'Affordable Housing Action Plan 2007' (April 2007)

Tasmania: 'Affordable Housing Strategy 2004-2008 Framework' (December 2003)

State and Territory housing strategy papers contain some differences – a natural expectation with each State having specific issues – though some themes remained generally consistent, including:

- Increasing the availability of, and speedily providing, homes or appropriate short-term accommodation for people with 'greatest need';
- Adjusting stock according to client requirements, by varying the sizes of homes available (particularly for lone-person households) to avoid under-utilisation, modifying houses for people with mobility issues and to increase energy and environmental efficiency, and reducing ongoing maintenance costs;
- Encouraging local councils to develop strategies and coordinate efforts with government departments and communities;
- Improving the efficacy of planning processes to supply of affordable housing;
- Reviewing tax and regulatory policies to encourage private and institutional investment in affordable housing;
- Encouraging independent living, and providing incentives for tenants to buy their homes, such as through offering a special loan scheme and/or concessions for low-income earners;
- Pressuring the Federal Government for a national housing policy framework;
- Forming community representative bodies to advise and provide feedback to government departments and agencies on performance;
- Establishing offices or centres that act as a point of contact for public housing tenants, which may also be used to link people to other services, and making these services accessible;
- Offering employment and training programmes to public housing tenants;
- Having special indigenous housing programmes; and
- Aiming for national best practice on housing affordability.

Jurisdiction	Total households	Total new households (Preceding 12-month period)	Total applicants on waiting list who have a 'greatest need' (according to CSHA definition)	Total applicants on waiting list
NSW	120,187	8,631	2,002	50,316
VIC	63,278	5,168	4,495	40,911
QLD	49,677	4,452	724	36,815
WA	30,142	3,127	476	14,571
SA	45,527	2,984	1,261	26,201
TAS	11,526	1,159	1,693	3,055
ACT	10,627	695	911	1,870
NT	5,121	644	138	2,582
Australia	333,085	26,824	11,700	176,321

Peter Hoult (Secretary, DHHS) said that in terms of public housing, all the States are facing largely the same problems:

"While Tasmania is facing its own particular challenges in relation to decline in affordability [sic] this is a national problem and while there is pressure on the Tasmanian public housing system the same pressures are being faced by every State housing authority around the country."⁵⁴¹

Mercia Bresnehan (Housing Tasmania) added:

"The current financial structure of public housing is such that all State housing authorities are looking to new models and to take advantage of what levers are out there to maximise supply."⁵⁴²

As a response to affordable housing issues, some interstate jurisdictions are actively encouraging non-government social housing organisations.

⁵⁴⁰ AIHW, *Public Rental Housing 2006-07: Commonwealth-State Housing Agreement National Data Report* (AIHW, Canberra, 2008)

⁵⁴¹ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 3

⁵⁴² *Ibid.*, p. 5

	Tasmanian Affordable Housing Ltd	Community Housing Canberra	Brisbane Housing Company	City West Housing
Geographic scope of operations	Tasmania	ACT	Brisbane	Ultimo/Pymont and Green Square districts of Sydney
Rent Setting	25% of assessable income (exclusive of CRA), plus 100% of CRA	Some 25% of assessable income (exclusive of CRA), plus 100% of CRA; some 75% of market rent	74.9% of assessed market rent	Market rent contribution of between 25% and 30% of income
Selection of tenants	Public housing eligible	Public housing eligible	Referrals from centralised social housing waiting list	Proportion of low and moderate-income tenants. Applicants need to earn less than \$73,819 and possess no significant assets, live locally, and have a housing need
Funding (current and past)	Up to \$6m per annum from State Government	Territory Government stock transfers; Territory tax discounts; and Territory Government loan	State Government and Brisbane City Council grants; borrowed finance from Westpac bank	Federal Government seed funding; State Government; and private developers
Property Arrangements and Management	Suitable properties are leased from private investors; TAHL manages tenants	Homes leased from Territory Government; some titles held outright; tenants managed by CHC and other NGOs	Properties are developed and managed	Properties are developed and managed
Tax Exemptions	All four companies operate on a not-for-profit basis; this allows certain exemptions from taxes such as GST, FBT, and CGT			

Peter Hoult (DHHS) said that TAHL has been a first step; he also commented that an interstate organisation could be invited to operate in Tasmania:

“We very well might recommend to government that we look at one of the existing mainland groups and consider bringing them into the Tasmanian marketplace to leverage off their existing management expertise and see what they could do for us.”⁵⁴⁴

Derris Gillam (Managing Director, TAHL) told the Committee:

“We will be open to the exploration of other means to provide affordable housing... We want to be able to bring fresh ideas to the problem as we develop.”⁵⁴⁵

5.4 Case Study 1: New South Wales Housing Strategies and Services

Public housing authorities in NSW have challenges that are not uncommon to the problems of Housing Tasmania: unsuitable, ageing stock, outstanding maintenance, and funding shortages. The 2005 Sydney metropolitan strategy has identified

⁵⁴³ Information provided to the Committee (various sources), various transcripts *passim*

⁵⁴⁴ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 35

⁵⁴⁵ Gillam and Mason, transcript of evidence, 19 October 2007, p. 33

housing as a subject of relevance to future city planning. The NSW Government is also aiming to grow the community housing sector, and has established City West Housing.

5.4.1 Public Housing in NSW

Public Housing in NSW: An Overview⁵⁴⁶

Total housing stock: 127,627, valued at over \$27bn

Proportion of tenants housed who have 'special needs': 55.7%

Tenant profiles: 52% are single persons; 52% of household heads are aged 55 or above.

Waiting list size (30 June 2007): 44,864; with 2,022 and 397 categorised as a priority or elderly (respectively); the remainder are wait in turn. In 2000, the waiting list had around 98,000 applicants.

Waiting time (30 June 2007) (months): Priority: 9.56; elderly: 9.15; wait in turn: 31.44

Funding and revenue (2007-08): \$421.9m under CSHA (\$301.2m Cth, \$120.7m State); \$103.2m additional State Government funds; asset sales \$138.9m; rental income \$619.7m.

Public housing in NSW is the responsibility of the Department of Housing. The NSW Department of Housing is the largest landlord in Australia, and possibly the Southern Hemisphere.⁵⁴⁷ Notably, and very obviously, compared to smaller States such as Tasmania, the NSW Department of Housing deals with proportionately larger scales of quantity.

Darren Rodrigo (Policy Advisor to NSW Minister for Housing) said that the NSW Government commits more funding than the CSHA minimum matching requirements. He said:

"The New South Wales Government has consistently always provided more money than it is required to under the CSHA. I think in the last financial year it was \$121m over what it is required to in the CSHA, so the New South Wales Government has a strong commitment to social housing and we have been able to hold the line on stock numbers with other States."⁵⁴⁸

Similarly to Housing Tasmania, public housing in NSW is predominated by lone-person households in ageing stock designed for families. Stephen McIntyre (Executive Director Policy Strategy and Finance, NSW Department of Housing) said:

"Social housing tenants are now predominantly single or single parent households. This is particularly important I guess in New South Wales at the moment, given the age of a lot of our housing stock in that post-war period when public housing was being built. It was predominantly to service returned servicemen or even moderate income families. So the nature of the stock that was built and that we currently have is now not well aligned, I guess, with the nature of our clients."⁵⁴⁹

He said that the department is "overstocked" with three bedroom properties.⁵⁵⁰

⁵⁴⁶ NSW Department of Housing 'Annual Report 2005-06', pp. 11-15 (provided by NSW Department of Housing); information provided by NSW Department of Housing

⁵⁴⁷ Rodrigo, McIntyre, Larkin, Norman, and Roden, transcript of discussion, 10 October 2007, p. 8

⁵⁴⁸ Ibid, p. 21

⁵⁴⁹ Ibid p. 6

⁵⁵⁰ Ibid, p. 8

Mr McIntyre said that the NSW Department of Housing has a maintenance backlog of \$600m, commenting that the biggest challenge for public housing authorities is not finding ways to increase stock numbers, but rather maintaining existing stock:

“At a personal level, I have to make the point, as we strongly make to the Commonwealth all the time, that as important as new supply is – and it is in the growth of the social housing sector – the really big, challenging problem that we are all stuck with and that we have to deal with is the ongoing maintenance, operation and upgrading of the existing system. I think it is one of the really big challenges here in New South Wales that we have to deal with... The level of funding required to deal with the issue, as I am sure it is in Tasmania, remains an ongoing difficulty.”⁵⁵¹

In April 2005, the NSW Government released a plan entitled “Reshaping Public Housing”. Under the plan, the NSW Government *inter alia* intends to: end the public housing for life policy; allocate housing according to strongest need; require moderate-income households to contribute more in rent; address the maintenance backlog; keep updates of market rent levels regular, to ensure rent charged reflects market conditions; increase the proportion of one- and two-bedroom homes; and modify homes for people with disabilities and mobility issues.⁵⁵²

Mr McIntyre said that the stock reconfiguration problem is being addressed through a strategy combining asset sales, acquisition, and redevelopment. Mr Rodrigo added that building on new sites was too expensive whereas redevelopment on existing sites is more cost-efficient and preferable.⁵⁵³ The Committee was provided with ten-year projections of stock reconfiguration which showed currently, one-bedroom houses comprise around 23% of stock; by 2017 this would be raised to around 41%.⁵⁵⁴

NSW public housing tenants are now offered fixed-term leases of two, five, or ten years. Towards the end of the lease period, a tenant’s housing need is reviewed.⁵⁵⁵ Jenny Norman (Manager Housing Assistance Policy, NSW Department of Housing) said that this change has only been in effect for about one year, and that fixed-term leases only apply to new tenants. She said that existing tenants would remain on continuous tenancies.⁵⁵⁶

Darren Rodrigo said that public housing tenants generally pay around 25% of income:

“Our rent is reviewed on an annual basis for all our tenants. Our rent is based on a proportion of income – 25% of income – and therefore annually the household’s income is assessed, so if there are changes to income levels, which then disqualify a tenant for a subsidy, they sometimes move to paying full market rent for that property.”⁵⁵⁷

Ms Norman noted that only about 10% of tenants pay market rent.⁵⁵⁸

Additionally, the NSW Government also intends to increase community housing – in essence doubling the size of the sector over the next ten years.⁵⁵⁹ Stephen McIntyre

⁵⁵¹ Ibid, pp. 19-21

⁵⁵² New South Wales: ‘The NSW Government’s Plan for Reshaping Public Housing’, April 2005, pp. 5-8

⁵⁵³ Rodrigo, McIntyre, Larkin, Norman, and Roden, transcript of discussion, 10 October 2007, pp. 11-12

⁵⁵⁴ Information provided by NSW Department of Housing

⁵⁵⁵ Ibid

⁵⁵⁶ Rodrigo, McIntyre, Larkin, Norman, and Roden, transcript of discussion, 10 October 2007, p. 13

⁵⁵⁷ Ibid, p. 24

⁵⁵⁸ Ibid

⁵⁵⁹ NSW Department of Housing, *Community Housing: Five-Year Strategy for Growth and Sustainability 2007-2012 – Consultation Draft* (NSW Dept of Housing, Ashfield, 2007) (provided by NSW Department of Housing)

said that a slight reduction in public housing stock levels is predicted, but that this will be offset by an increase in community housing. He said:

“We are expecting – subject to current assumptions around funding and everything else remaining valid – the system in total to continue to grow modestly, but very much with a focus on community housing.”⁵⁶⁰

5.4.2 Sydney Metropolitan Strategy

The NSW Department of Planning has devised and developed a metropolitan strategy for greater Sydney, with housing as one aspect of the strategy. The strategy document contains maps, figures, projections, aims, and objectives. As evidence in chapter two of this report has noted, housing is related to a number of other social and economic issues. As well as housing, the Metropolitan Strategy also includes six other subject areas: economy and employment, centres and corridors, transport, environment and resources, parks and public places, and implementation and governance. Sub-regional plans have also been developed (or are under development) for ten different areas of Sydney.⁵⁶¹

The strategy will be used to guide “the process of planning for where people will live and work” and set “strategic directions for government decisions on the timing and location of investment in transport and other infrastructure”.⁵⁶²

Darren Rodrigo told the Committee that the current preference is for urban consolidation rather than an urban development approach to planning in Sydney:

“We broadly accepted that the urban development strategy is not necessarily so sustainable anymore and we are moving toward more of an urban consolidation approach.”⁵⁶³

The strategy predicts that that Sydney will need an additional 640,000 dwellings in 2031.⁵⁶⁴ NSW Department of Housing representatives said that land is available, though developers are disinclined to use the land for houses because the returns would be too low. Stephen McIntyre said:

“In Sydney the issue is not the absence of lots that are available; at the moment it is the issue around the take-up of those lots by developers, but there is certainly a pipeline of land supply.”⁵⁶⁵

Will Roden (Principal Project Officer Centre for Affordable Housing, NSW Department of Housing) added:

“Land in itself is so expensive that developers are saying that to develop housing on that land and then sell it they just do not have a market for that.”⁵⁶⁶

Grant Dennis (National President, UDIA) was highly critical of the approach to Sydney’s planning. He explained to the Committee:

⁵⁶⁰ Rodrigo, McIntyre, Larkin, Norman, and Roden, transcript of discussion, 10 October 2007, p. 9

⁵⁶¹ NSW Department of Planning, *The Metropolitan Strategy for Sydney* (NSW Dept of Planning, Sydney, 2005), p. 7 (provided by NSW Department of Housing)

⁵⁶² Ibid, p. 58 (provided by NSW Department of Housing)

⁵⁶³ Rodrigo, McIntyre, Larkin, Norman, and Roden, transcript of discussion, 10 October 2007, p. 10

⁵⁶⁴ NSW Department of Planning, *The Metropolitan Strategy for Sydney* (NSW Dept of Planning, Sydney, 2005), p. 58 (provided by NSW Department of Housing)

⁵⁶⁵ Rodrigo, McIntyre, Larkin, Norman, and Roden, transcript of discussion, 10 October 2007, p. 3

⁵⁶⁶ Ibid, p. 3

“Bob Carr [former Premier] in New South Wales, for most of his tenure, kept pushing the mantra that Sydney is full. Sydney has an anti-growth mentality. It started with the Premier and it goes all the way through State and local government, every single department that you talk to and every local council. Therefore, all the community largely have an anti-growth mentality that Sydney is full. Sydney is not full.”⁵⁶⁷

He continued:

“What has happened is that Carr, as Premier, to my mind, failed to plan sufficiently for future generations, just like all those existing residents that are there today have the opportunity to enter that market, be part of that community and be part of that economy. ... Then they turn around and they say, ‘we are going to deny everybody else this future opportunity’. ... Growth is important to the economy, it is important for the residents and it is important for this generation and the next generation.”⁵⁶⁸

Emma Riley (President, Planning Institute of Australia (Tas)) said that the Tasmania should have a State planning policy “supported by other initiatives” and a framework of regional plans based on an overall plan. She said:

“There is not anything at the moment, and this will provide a clear framework at a regional level for supply of appropriately zoned land to avoid artificial supply constraints.”⁵⁶⁹

5.4.3 City West Housing (Sydney)

City West Housing commenced with Federal, rather than State Government funding. The Committee’s attention was drawn to CWH’s tenant selection regime – rent cross-subsidisation achieved by balancing the proportions of low- to moderate-income households – thereby ensuring the company is financially independent.

Darren Rodrigo said that City West Housing started with an initial sum of Federal Government funding:

“City West was an organisation that came out of the Building Better Cities Programme which the Keating Federal Government put in place. It started with \$50m seed money to be based in Pyrmont [in Sydney], and also had access to developer contributions in the Pyrmont Bay area as well. It manages about 400 properties currently on a broad cross-subsidisation model.”⁵⁷⁰

Craig Johnston (Principal Policy Officer, Shelter NSW) outlined the concept of the CWH cross-subsidisation rent model for the Committee:

“City West Housing... run a model in which they segment their customer group, their tenant group, into three spheres – very low income, low income and low to moderate income and use a cross subsidy system in rents. That is, the allocations of the tenancies are targeted to each of those three segments with the aim across their portfolio of stock to have roughly one-third each.”⁵⁷¹

⁵⁶⁷ Dennis, transcript of discussion, 9 October 2007, pp. 3-4

⁵⁶⁸ Ibid, p. 4

⁵⁶⁹ Riley, transcript of evidence, 25 September 2007, p. 20

⁵⁷⁰ Rodrigo, McIntyre, Larkin, Norman, and Roden, transcript of discussion, 10 October 2007, pp. 36-37

⁵⁷¹ Perkins and Johnston, transcript of discussion, 10 October 2007, p. 93

CWH Target Tenant Mix:⁵⁷²

- 25% of tenants earn less than \$27,265pa (band 1)
- 45% of tenants earn between \$27,266 and \$43,665pa (band 2)
- 30% of tenants earn between \$43,666 and 73,819pa (band 3)

Mr Rodrigo said that CWH has succeeded with integrating affordable housing alongside other private developments and overcoming stigmatisation:

“I think one of the great successes of City West has been its ability to develop in an area of Sydney that’s really now highly gentrified, and to produce housing development that is comparable, if not better, to the private sector development in the area. So it’s really a seamless integration in the area... There is none of that stigmatisation towards affordable housing in that area.”⁵⁷³

Mary Perkins (Executive Officer, Shelter NSW) described CWH as being a successful affordable housing company:

“While they do not require an on-going subsidy these days, they have benefited from the capital that they acquired and they deliberately operate debt free. That being said, they are a hugely successful company in the inner city of Sydney. They took an option to use a \$50m injection of capital under the Better Cities Program and they have been successful developers in the inner city of Sydney acquiring blocks, competing with the developers of downtown.”⁵⁷⁴

Adrian Pisarski (Chairperson, National Shelter) said that to his knowledge, City West Housing, along with the Brisbane Housing Company, have been the “most successful models” for providing affordable rental housing in Australia.⁵⁷⁵

5.5 Case Study 2: Brisbane Housing Company

The distinctive aspect of the Brisbane Housing Company, is its process of acquiring properties which are used as equity to borrow and build more, while at the same time the company manages these properties, keeps rent levels affordable, maintains tenant satisfaction, minimises costs, and repays its loans.

David Cant (CEO, BHC) said that the advantage of the Company is that unlike public housing, it makes a profit and can afford to borrow money, which allows it to grow:

“The key difference between what we do and what the [Queensland] Department of Housing does is that we have a different rental policy and a different cost structure. The combination of those two features means that we are able to generate a positive yield, which means that we can service debt.”⁵⁷⁶

John McAulife (Chairman, BHC) said that when properties are 20 to 30 years old, they would either be refurbished or sites would be re-developed; where possible BHC aims to maximise its assets for long-life existence, he told the Committee.⁵⁷⁷

⁵⁷² Information provided by NSW Department of Housing

⁵⁷³ Rodrigo, McIntyre, Larkin, Norman, and Roden, transcript of discussion, 10 October 2007, p. 37

⁵⁷⁴ Perkins and Johnston, transcript of discussion, 10 October 2007, p. 94

⁵⁷⁵ Pisarski, transcript of discussion, 9 October 2007, p. 73

⁵⁷⁶ Cant and McAulife, transcript of discussion, 9 October 2007, p. 42

⁵⁷⁷ Ibid, p. 48

Mr Cant said that BHC has been fortunate not to have any major problems starting the company. He said a key factor has been having the right people involved:

“We have been very fortunate. We have not hit any major buffers. The things that really helped us to succeed were having a stable board and people who have been very committed.”⁵⁷⁸

Mr McAulife noted that one problem to overcome is community perceptions of social housing tenants. He said that while BHC tenants are actually very normal people, perceptions exist that they are “prisoners out of jail”. He said that it is necessary to talk to communities and create understanding and support for housing projects.⁵⁷⁹

Tenants pay rent calculated at 74.9% of the assessed market rate of the property they occupy, David Cant told the Committee. He said that this method had been criticised as not guaranteeing affordability, but commented that tenants are happy:

“In fact, tenants generally seem to quite like this system. They understand it; it is very simple. They can see how the rent is set, and there is a relationship between amenity and different apartments. If you are on the corner, you have a city view so you’re paying a bit more rent.”⁵⁸⁰

Adrian Pisarski (National Shelter) described BHC as fantastic, though noted it has a lot of critics in Queensland. Members asked for what reason BHC is criticised. Pisarski replied:

“The criticisms tend to be that it does not house the most needy. It runs a discounted market-rent model.”⁵⁸¹

He added:

“It has a two-pronged rent policy and it is very important to mention both prongs. Most people forget one of them. On the one hand it can rent only up to 74.9% of the market [rate]. That is the charitable rule. The second prong is that at least 80% of all of their tenants must meet the affordability benchmark – paying no more than 30% of their income. Currently it is at about 90%. They exceed their target on both of those scores.”⁵⁸²

Mr Pisarski also said that BHC has been cost-effective:

“I think the BHC is probably the most successful model of housing we have put on the ground in Queensland... BHC has put 600 units of housing on the ground for something like \$106m or \$102m, overall. That is a pretty good record. I do not think you will do it any cheaper than that.”⁵⁸³

Mike Myers (Queensland Community Housing Coalition) described the formation of BHC as a pioneering aspect of the Queensland Government’s approach to affordable housing.⁵⁸⁴ Carol Croce (Community Housing Federation of Australia) said BHC is “a different model... a good model.”⁵⁸⁵

Peter Hoult (DHHS) expressed some degree of caution about the BHC model:

⁵⁷⁸ Ibid, p. 56

⁵⁷⁹ Ibid, p. 47

⁵⁸⁰ Ibid, p. 44

⁵⁸¹ Pisarski, transcript of discussion, 9 October 2007, p. 79

⁵⁸² Ibid, pp. 79-80

⁵⁸³ Ibid, pp. 84-85

⁵⁸⁴ Myers, transcript of discussion, 9 October 2007, p. 60

⁵⁸⁵ Croce, transcript of discussion, 12 October 2007, pp. 10-11

“Brisbane Housing [Company] has been around a long time and it works. But it does have preconditions and these are, the tax treatment does not change, the Commonwealth keeps its rental support into the private sector and you have a relatively sophisticated organisation which is capable of keeping all those ducks in a row, as well as accessing private capital and making developers believe that they are capable of keeping it going over an extended period.”⁵⁸⁶

5.6 Case Study 3: Community Housing Canberra

The concept of Community Housing Canberra is to grow its capacity by acquiring properties at low prices – either transferred ex-public housing stock or using tax exemptions to build at reduced cost – and later selling them for market prices. Meanwhile, properties are rented at affordable rates and tenants are managed jointly with other NGOs. In Tasmania, STEPS has started a similar concept.

Ken Horsham (Chairman, CHC) said that CHC acquires properties with tax exemptions and sells them after five years at market prices, using the gains to acquire additional properties, with the continuing cycle expanding the company. Mr Horsham said:

“Fundamentally what we’re doing is building and acquiring property without paying stamp duty and without paying GST. When we sell we don’t pay any capital gains tax, nor do we pay any income tax because it’s part of the structure in which we operate. So when we sell after five years we’re actually capitalising all of those concessions that we initially had and that then kick-starts the programme again.”⁵⁸⁷

Members asked what contingencies are in place in the event government policy was to change or if tax exemptions were no longer available. Mr Horsham replied by saying that a number of variables could threaten the growth of the company:

“We have identified a whole range of those sorts of risks but fundamentally our principal risk-management tool is demand for rental accommodation in this particular market. If we went ahead and developed a particular development or project for sale and we had some substantial loan funds on it, what we would do is simply convert that straight into total rental accommodation until the market turned again.”⁵⁸⁸

He continued:

“Those sorts of risk management strategies mean that we are actually bringing into the not-for-profit sector almost a social entrepreneurial role and applying private sector skills and management tactics to a social group. Those are some of the discussion we have had to have with government in putting this model together because there are undoubtedly risks. What we are trying to do is to start the project running faster than our current targets. If a major event occurred of that kind we would probably simply defer the program and slow it down for a while.”⁵⁸⁹

Mr Horsham stated that CHC has aims to grow its supply at 10% per annum. He also said that over the next seven years CHC intends to sell and replace 135 ACT public housing properties given to the company, as the houses are more than 30 years old with high maintenance costs.⁵⁹⁰

⁵⁸⁶ Hoult, Jacob, Bresnehan, White, Barnsley, Hardwick, Stephenson, transcript of evidence, 24 October 2007, p. 36

⁵⁸⁷ Quaas and Horsham, transcript of discussion, 12 October 2007, p. 28

⁵⁸⁸ Ibid, p. 38

⁵⁸⁹ Ibid

⁵⁹⁰ Ibid, p. 35; information provided by CHC

Carol Croce (Community Housing Federation of Australia) told the Committee that CHC is a real benchmark of good practice.⁵⁹¹

Dr Robert Murfet – an inaugural board member of CHC – told the Committee:

“The most effective way, as demonstrated in the other States and the ACT, is to dramatically boost the level of community housing. ... Tasmania could quickly introduce a structure such as Community Housing Canberra Limited to dramatically lift the level of this form of housing.”⁵⁹²

Ken Langston (CEO, STEPS) said that the CHC model was currently being replicated in Tasmania on a small scale:

“I am watching with a lot of interest one in Canberra at the moment... called Community Housing Canberra. ... In this example the community organisation will manage the tenancies, but they will also have access to title and the equity in those properties and will be able to gear and build. That is a model that we have just undertaken on a very small scale here in Tasmania ourselves with nine properties, with Housing Tasmania transferring them to us at government valuation and us being able to realise immediate fair market value equity to build another five, three of which we have under construction now and another two which we will have by the end of the financial year.”⁵⁹³

5.7 Case Study 4: Urban Pacific Ltd (UPL)

Urban Pacific Ltd (owned by Macquarie Bank) have established a number of residential community projects in Australia. Its projects include a percentage of affordable and social housing within the development.⁵⁹⁴

The Committee was presented with four case studies: Kensington Banks, in Victoria; Westwood, South Australia; Somerly, Western Australia; and Sanctuary, New South Wales. Neil Anderson (National Operations Manager, UPL) explained the overall delivery process:

“Just in summary, each of the case studies is a joint venture [with State governments]. Affordable housing must be master planned and integrated into the community. ... Smaller lot product needs more design innovation.... It needs to be innovative. We think that the medium-density development has the best opportunity to deliver affordable outcomes because the land take is smaller and the land is probably the most expensive component. The partnerships with financiers and shared equity loans are a way of people being able to get into product that otherwise they could not afford.”⁵⁹⁵

Mr Anderson described the Kensington Banks project as having a “real salt and pepper” housing mix, with affordable and non-affordable housing “blended and integrated in the master plan from the beginning.”⁵⁹⁶

Members asked whether this has had any effect on the price of non-affordable dwellings. Mr Anderson replied:

⁵⁹¹ Croce, transcript of discussion, 12 October 2007, p. 3

⁵⁹² Murfet, transcript of evidence, 22 October 2007, p. 81

⁵⁹³ Langston, transcript of evidence, 25 September 2007, pp. 25-26

⁵⁹⁴ Information provided by Urban Pacific Ltd

⁵⁹⁵ Anderson, transcript of discussion, 10 October 2007, p. 84

⁵⁹⁶ Ibid, p. 71

“We have not experienced any big variations in price because of the salt and pepper effect. In each of these projects, it is the same sort of mix. We have affordable blended in with more expensive product.”⁵⁹⁷

He also said that the Victorian Government had taken ownership of some homes within that project, which were used for public housing.⁵⁹⁸ Mr Anderson commented:

“We are looking for long-term partnerships with State governments to deliver affordable housing.”⁵⁹⁹

Members queried why a proposed joint Macquarie Bank and Tasmanian Government development did not proceed. In reply, Mr Anderson said:

“Personally I do not. The proposal was to create a fund to own affordable rental housing. To create and manage a fund the fund has to make a return and, from what I understand, the return was not sufficient for us to want to go through the exercise of doing it at that time. ... We are the facilitator for investors to come in and invest in product. If we cannot give them the return they are after the fund will fail. The feedback that I had was that the fund did not quite hit the sort of returns that, at that time, investors were looking for. That may have changed significantly.”⁶⁰⁰

Mr Anderson confirmed that UPL would be interested in looking at Tasmania.⁶⁰¹ He also stated that he has not had any ongoing discussions with the State Government.⁶⁰²

5.8 Case Study 5: Habitat for Humanity Australia

Habitat for Humanity is an international not-for-profit housing organisation, which builds homes and offers zero-interest mortgages to low-income families. Families also contribute sweat equity into the home construction process.

Habitat for Humanity’s 2006 annual report summarised the process:

“Habitat homes are sold with a \$500 deposit and no-interest mortgages. Homeowner payments are set at a maximum of 25% of gross income and all new homeowners receive training and support. ... Habitat for Humanity minimises the cost of homes by using donated materials and volunteer labour, and reinvests mortgage payments received from homeowners back into this programme.”⁶⁰³

Scott Langford (Executive Director, Habitat for Humanity Australia) told the Committee that to be eligible for assistance, families would need to be low-income and currently be living in housing stress. Housing stress is determined according to the occupancy costs and living conditions.⁶⁰⁴

Mr Langford said:

⁵⁹⁷ Ibid

⁵⁹⁸ Ibid

⁵⁹⁹ Ibid, p. 85

⁶⁰⁰ Ibid, pp. 82-83

⁶⁰¹ Ibid, pp. 85-86

⁶⁰² Ibid, p. 86

⁶⁰³ Habitat for Humanity Australia, ‘2006 Annual Report’, p. 18 (provided by Habitat for Humanity Australia)

⁶⁰⁴ Langford, transcript of discussion, 11 October 2007, p. 23

“We fix our mortgage repayments in Australia at 25% of household income so whether that goes up or down, we fix that accordingly. The incentive, of course, is that families who get better employment can pay their mortgage off more quickly.”⁶⁰⁵

He also added that arrangements are in place to prevent profiteering in the event a family refinanced and sold their home.⁶⁰⁶

Mr Langford said that Habitat for Humanity Australia has corporate partners and sponsors. The ANZ Bank, for example, provide funds and also send out teams of staff volunteers.⁶⁰⁷ Other sponsors provide assistance for the construction side of the programme, he said.⁶⁰⁸

He said that the organisation has had some preliminary discussions with Housing Tasmania about extending its operations into the State.⁶⁰⁹ He explained further:

“The response from them was that they were interested in talking. Following on from, I believe, the 2004-08 the affordable housing strategy which never seemed to get the legs it required, the response from Housing Tasmania was along the lines that they have significant land assets which they may be able to use to partner with us in the provision of housing.”⁶¹⁰

5.9 Case Study 6: The National Affordable Rental Incentive Proposal

The aim of the NARI (national affordable rental incentive) proposal is to attract private investment in affordable rental housing. A limited number of NARIs would be provided for a certain period of time depending on the condition of the market.

A number of witnesses and participants told the Committee that the concept should be supported or is at least a worthwhile idea.⁶¹¹

The Committee was provided with information outlining how the NARI scheme would work, which in summary is as follows:

“The scheme involves providing developers, investors or landlords with a financial incentive (NARI) of a specified annual value per dwelling that is sufficient to attract investment in designated types of housing. Each NARI would be made available annually for at least ten years in relation to any particular dwelling. The number of NARIs being provided each year could rise by up to 10,000 per year until a plateau of, say, 100,000 dwellings is reached.

“At least in the early years of the scheme, NARIs might be available solely or mainly for newly-constructed dwellings ... They would be subject to national conditions about rent levels, household income, length of tenure and some other matters. For example, 80% of dwellings might have to be let to lower-income households at no more than 80% of market rent.

“An agreed share of the value of each NARI would be provided by the Commonwealth Government to the States in the form of a cash grant or tax credits. They would be allocated

⁶⁰⁵ Ibid, pp. 29-30

⁶⁰⁶ Ibid, p. 31

⁶⁰⁷ Ibid, p. 22

⁶⁰⁸ Ibid, p. 26

⁶⁰⁹ Ibid, p. 24

⁶¹⁰ Ibid, p. 24

⁶¹¹ For example: Tom Muller (TasCOSS) (transcript of evidence 24 September 2007, p. 13); Adrian Pisarski (National Shelter) (transcript of discussion, 9 October 2007 pp. 77-78); Julian Disney (Social Justice Project UNSW), Mary Perkins and Craig Johnston (Shelter NSW) (transcript of discussion 10 October 2007, pp. 51-59 and pp. 96-97); Adam Farrar (NSW Federation of Housing Associations) (transcript of discussion, 11 October 2007 pp. 5-7); and Pattie Chugg (Shelter Tasmania) (transcript 22 October 2007 pp. 56-57)

between States on the basis of their populations. ... Where appropriate, they could seek contributions from local councils.

“The scheme would increase investors’ overall rate of return as well as the proportion which comes from regular rental income rather than capital gains. ... As well as benefiting households in the dwellings in question, the scheme would also reduce upward pressure on general house prices.”⁶¹²

According to information provided, the NARI scheme would potentially reduce the weekly rent of \$350 for a couple with two children by \$70. It would reduce the proportion of low-income household expenditure on rent from 30% at pre-NARI levels to 23% post-NARI.⁶¹³

⁶¹² ACOSS, ACTU, CHFA, and HIA, ‘A National Affordable Housing Rental Incentive’ [undated] (provided by Julian Disney and also by Adrian Pisarski)

⁶¹³ Ibid

CONCLUSIONS

Ch.5, Term of Reference 6: Successful Strategies in Other Australian States that could be Effective in Improving Affordability in Tasmania

The Committee concludes that:

- 58: Tasmania's approach to providing affordable housing is not fundamentally different from other Australian jurisdictions.
- 59: Two recurring themes contained in interstate housing strategies appear not to have been attempted in Tasmania: firstly, encouraging local governments to develop localised housing strategies; and secondly, forming community representative liaison bodies to provide feedback to government.
- 60: The New South Wales Government is reforming and reconfiguring public housing.
- 61: The case of Sydney's metropolitan strategy has highlighted the importance of land supply, but land availability will not necessarily prompt the delivery of new homes.
- 62: City West Housing in Sydney, the Brisbane Housing Company, and Community Housing Canberra, demonstrate that a range of community housing models can work effectively by utilising different strengths and finding various leverages to provide affordable housing.
- 63: Models to provide pathways into home ownership, such as those operated by Habitat for Humanity Australia and Urban Pacific demonstrate the need for diversity in approaches for delivering housing affordability in Tasmania.
- 64: The NARI concept could be incorporated into measures to alleviate private rental stress.

RECOMMENDATIONS

Ch.5, Term of Reference 6: Successful Strategies in other Australian States that could be Effective in Improving Affordability in Tasmania

The Committee recommends that:

- 29: Tasmanian stakeholders give due consideration to interstate (and overseas) housing strategies and models.
- 30: A plan similar to Sydney's metropolitan strategy be considered for Tasmania, as this would identify long-term housing and housing-related issues in major Tasmanian population centres.
- 31: The State Government diversifies its interest in community housing beyond the TAHL model.
- 32: The relevant stakeholders encourage a variety of housing organisations, including Habitat for Humanity Australia and Urban Pacific, to explore opportunities to operate in Tasmania.
- 33: The Federal Government consider implementation of the NARI as part of tax arrangements.

Chapter 6

Term of Reference 7

ANY OTHER MATTERS INCIDENTAL THERETO

6.1 The Adequacy of the *Residential Tenancy Act 1997*

Some witnesses and submissions argued that the *Residential Tenancy Act* is imbalanced, providing insufficient rights to tenants and lenient obligations on landlords. The Committee was also informed of a practice known as ‘rent-bidding’.

The *Residential Tenancy Act 1997* covers matters including residential tenancy agreements, the form of such agreements, and termination; the payment of rent and allowable increases; security deposits; dwelling repairs and maintenance; and eviction notices.⁶¹⁴

Alexander Duncanson (Principal Solicitor, Tenants’ Union of Tasmania) said that the regulatory environment and the *Residential Tenancy Act* is very weak, which is:

“Directly related to housing stress experienced by people in this State.”⁶¹⁵

According to the TUT, there is an acute problem of substandard rental housing in Tasmania:

“Tenants regularly seek advice from the TUT in relation to accommodation that is unhealthy, unsanitary, dangerous, inadequate, inefficient, dark and unsecure.”⁶¹⁶

The Tenants’ Union submission commented:

“The TUT regularly comes face-to-face with homelessness from its clients due to the inequities of sections of the *Residential Tenancy Act 1997*. ... The Act gives no consideration to the tenant’s potential for finding suitable alternative accommodation, treating the lease as a general contract rather than one that is for the provision of a basic human right. This can mean that tenants, through no fault of their own, can find themselves on the streets in two to four weeks without recourse to the law.”⁶¹⁷

<p><i>Residential Tenancy Act</i> s.39 (1) (a)-(b): “A notice of termination takes effect on a date specified in the notice that is a date – in the case of boarding premises, at least 2 days after the notice is served; or – in any other case, at least 14 days after the notice is served.”</p>
--

The TUT also expressed concern that in instances where a tenant falls behind with rent, they can be too easily evicted, resulting possibly in homelessness:

“The paramount consideration in housing disputes should be the prevention of homelessness and social dislocation. Where reasonable progress towards repayment of debts are being made, leases should not be terminated.”⁶¹⁸

Shelter Tasmania’s submission stated that there is an absence of minimum standards of accommodation in the private rental sector:

⁶¹⁴ *Residential Tenancy Act* (1997)

⁶¹⁵ Duncanson and Atkinson, transcript of evidence, 25 September 2007, p. 62

⁶¹⁶ Tenants’ Union of Tasmania, submission, p. 5

⁶¹⁷ TUT, submission, p. 4

⁶¹⁸ *Ibid*, p. 8

“Too often, ‘cheap’ rent and substandard conditions go hand in hand, and it is unacceptable that the already inadequate supply of accommodation at the lower end of the market should be particularly subject to those conditions.”⁶¹⁹

Stuart Clues (HIA) commented:

“I would not want to see housing affordability redressed by reducing the standard of housing.”⁶²⁰

Residential Tenancy Act s.32 (1): “The owner of residential premises is to maintain the premises as nearly as possible in the condition, apart from reasonable wear and tear, that existed on the day on which the residential tenancy agreement was entered into.”

Shelter Tasmania commented that some landlords are discriminating against low-income people. Low-income people are not able to get into the private market because of tight competition, the Committee was told:

“Private landlords have a choice of 10, 20, 30 people sometimes going for properties. If a client is then accessing Colony 47 and having help with their bond and things like that or have any kind of debt then immediately they are not chosen ... the private landlords have that choice just to say no and not tell them why. They often don’t know what that they are being turned down about so they cannot change it.”⁶²¹

Anglicare said it was aware of low-income households being exploited by landlords, specifically through:

“Unlawful termination of leases, inappropriate retention of bonds, intolerable delays around essential repairs and maintenance and inadequate or non-existent condition reports are common, and many tenants feel disempowered and unable to assert their rights.”⁶²²

Kathleen Flanagan (Anglicare) said:

“People feel that they cannot report it and unfortunately there is not a strong regulatory body that is proactive about enforcement.”⁶²³

Members asked Martin Harris (REIT) whether he was aware of instances of discrimination against some people in the community. He said he was not aware of it occurring on the part of real estate agents:

“I take complaints at the REIT and I do not think in the five years I have been there I have had one specific complaint about an ethnic group of any kind being discriminated against, so the complaints have not come our way for attention.

[...]

“It is very subjective in terms of how the landlord decides. It is not going to be the agent who determines who gets the property and who does not – you present the facts to the property owner and they decide. At the end of the day their decision is anybody’s guess.”⁶²⁴

He also said that it is unrealistic to believe that landlords can charge extraordinary rates of rent. He said there is a point where “no-one is prepared to pay the money”.⁶²⁵

⁶¹⁹ Shelter Tasmania, submission, p. 16

⁶²⁰ Gray and Clues, transcript of evidence, 24 September 2007, p. 56

⁶²¹ Lever, Witt, and Chugg, transcript of evidence, 22 October 2007, p. 60

⁶²² Anglicare, submission, p. 11

⁶²³ Flanagan and Wienert, transcript of evidence, 24 September 2007, p. 67

⁶²⁴ Harris and Kelly, transcript of evidence, 23 October 2007, p. 77

⁶²⁵ Ibid, p. 78

Prof Rowland Atkinson (Tenants' Union) said that rent bidding is occurring, whereby prospective tenants compete for a property after a rental rate has been indicated. He said:

"I think it is a huge issue and I think it is important to probably legislate on those issues. If somebody is offering accommodation for a value then it should not be allowed to escalate into a bidding process. If somebody has set what they think it is an adequate market return and then this bidding process emerges, it is leading to an inflationary process in its own right. As to the real incidence of that it is impossible to really know because it is a totally concealed issue."⁶²⁶

According to TasCOSS, rent bidding may be:

"Dangerous for people on low incomes who may, in a pressured situation, over-commit themselves in order to secure a property and then find the rent unsustainable, leading to financial hardship, and in some cases, homelessness."⁶²⁷

6.2 Interest Rates, Repossessions, and Lending Practices

The subject of interest rates was occasionally raised during the inquiry. The Committee was informed that house prices and lending practices are inter-related. Home loan lending practices have recently been the specific subject of investigation by a House of Representatives standing committee.

Information provided by the Supreme Court of Tasmania shows applications for possession in the case of expiry of a lease or default under a mortgage or lease.

Year	Lodgements	Year	Lodgements
1997	45	2003	73
1998	74	2004	61
1999	85	2005	102
2000	90	2006	109
2001	127	2007	127
2002	105	Total	998

Prof Rowland Atkinson (Housing and Community Research Unit, UTAS) commented that because of the globalised economy and the internationalisation of finance markets, interest rates are probably not within total control of the Federal Government:

"I think of course what we need to remember is that this situation has been internationalised by the way banks have sold mortgage-backed debt and that somebody could be living in Moonah and their interest rates could be rising not as a result of what the Federal Treasurer is doing in relation to interest rates but primarily as a result of the exposure of their lender to international practices and the risks that they have engaged with. The degree to which we can manage the risk has actually been threatened by this internationalisation of money markets. ... It does seem likely that it will only take a few shocks to the system in terms of

⁶²⁶ Duncanson and Aktinson, transcript of evidence, 25 September 2007, p. 67

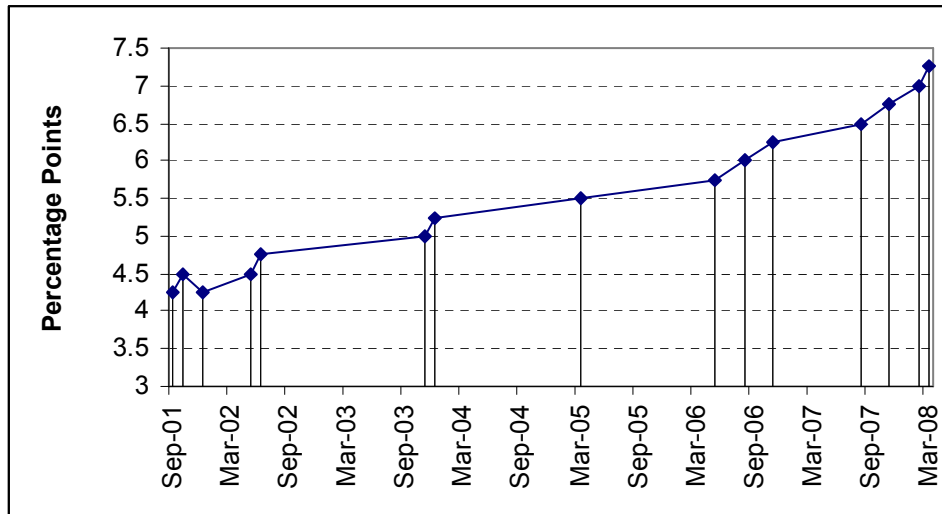
⁶²⁷ TasCOSS, submission, p. 8

⁶²⁸ Information provided by Supreme Court of Tasmania

fuel prices increasing or a further rise in interest rates to see the risks for lower-income Tasmanians and the sustainability of their houses are threatened quite significantly.”⁶²⁹

Cash rate targets of the Reserve Bank of Australia are shown below in the form of a line chart, with each adjustment of the rate plotted from September 2001 to March 2008.

Reserve Bank of Australia (RBA) – Cash Rate Targets⁶³⁰



Stuart Clues (HIA) said:

“There are a huge number of people who I think have been forced into the rental market, which is why we have one in two [in stress], and have been forced out of the mortgage market. If you have a look at why those people are under mortgage stress, it is not because interest rates are huge but it is because of the significant movement in the cost of those homes that they have purchased, relative to their incomes.”⁶³¹

Ian Gilbert (Acting CEO, Australian Bankers’ Association [ABA]) said that it is definitely not in the interest of banks to have customers unable to repay loans. He said that if customers are in financial difficulty, they should inform the bank early, as the longer the problem is avoided the fewer options remain available.⁶³²

Members asked if products could be offered whereby customers repay loans as a fixed proportion of income. In response, he said:

“If the income levels fall I assume the reduced servicing capacity and the reflection of that in the servicing model would mean that interest accruing and not serviced would be capitalised to the debt so the debt would start to rise or the term of the loan would blow out significantly; one of those factors has to give. That would require some clear information to be given to anybody who was going into that type of arrangement because they could come out of it with a significantly higher debt than they had originally started with.”⁶³³

In a submission to the Productivity Commission inquiry into first homeownership in November 2003, the RBA commented:

⁶²⁹ Atkinson, transcript of evidence, 22 October 2007, p. 33

⁶³⁰ RBA ‘Cash Rate Target’, at <http://www.rba.gov.au/Statistics/cashrate_target.html>

⁶³¹ Gray and Clues, transcript of evidence, 24 September 2007, p. 55

⁶³² Gilbert, transcript of discussion, 11 October 2007, p. 43

⁶³³ Ibid, p. 41

“The major reason that house prices have risen so much relative to incomes over the past decade or so is that interest rates on mortgages have approximately halved (comparing the second half of the 1990s with the second half of the 1980s). ... The housing market is an unusual market in that most purchases are made using debt. Because of the fall in interest rates, households have been able to afford to service much more debt, and this has greatly increased their purchasing power. This, in turn, has enabled them to compete with other households for more expensive houses.”⁶³⁴

Table 31
Mortgage repayments at standard variable rate⁶³⁵
 Selected dates, monthly repayments, 25-year term

	9 Oct 94 (7.05%)	8 Nov 06 (8.05%)	8 Aug 07 (8.30%)	7 Nov 07 (8.55%)
\$1,000	\$7.10	\$7.75	\$7.92	\$8.09
\$100,000	\$710.00	\$775.00	\$792.00	\$809.00
\$200,000	\$1,420.00	\$1,550.00	\$1,584.00	\$1,617.00
\$300,000	\$2,130.00	\$2,325.00	\$2,375.00	\$2,426.00
\$400,000	\$2,840.00	\$3,101.00	\$3,167.00	\$3,234.00
\$500,000	\$3,550.00	\$3,876.00	\$3,959.00	\$4,043.00
National average mortgage \$252,524	\$1,793.00	\$1,957.00	\$1,999.00	\$2,042.00

The Australian Bankers’ Association stated that housing affordability and lending practices and processes were separate issues, as lenders do not control the value of residential property. However, it did note that:

“The cost of housing appears to have contributed to the development of lending standards by non-bank credit providers that are producing issues of concern.”⁶³⁶

Ian Gilbert (Acting CEO, ABA) said that authorised deposit-taking institutions (ADIs) are subject to regulation that non-ADIs can avoid:

“If you go to the non-conforming sector, from some of the lenders you can borrow 120% of the value of the property. They will finance you into the entire purchase cost including the stamp duty, lodgement fees, legals, whatever. Our members do not go that far. We have constraints on making those sorts of loans available but when you have a sector making it very easy then of course that will have an impact. In one sense, if the consumer is able to service that debt without undue difficulty, that is a good outcome.”⁶³⁷

He said that some predatory lenders are:

“Going into lending deals with the explicit expectation that that deal will fall over and that they will realise on the property to recover a profit from the property, which is pretty unconscionable.”⁶³⁸

John Phillips (Managing Director, Tassie Home Loans) said he did not believe there was a significant problem in relation to maverick lenders, as lenders are all known in Tasmania.⁶³⁹ However, he said:

“There are a few I would not employ, put it that way.”⁶⁴⁰

⁶³⁴ RBA, ‘Productivity Commission Inquiry on First Home Ownership – Submission by Reserve Bank of Australia’, November 2003, p. 1

⁶³⁵ Makeham-Kirchner, Adrian ‘Background Note: Home Loan Interest Rates and Repayments’, Commonwealth Parliamentary Library

⁶³⁶ ABA, submission, pp. 1-2

⁶³⁷ Gilbert, transcript of discussion, 11 October 2007, p. 37

⁶³⁸ Ibid, p. 43

⁶³⁹ Phillips, transcript of evidence, 19 October 2007, p. 63

Robyn Hopcroft suggested that Tasmanians should be able to seek finance through a State-controlled body similar to the former Housing Development Authority. She also said:

“I think predatory and unconscionable lending practices need to be controlled.”⁶⁴¹

In a recent report, the House of Representatives Standing Committee on Economics, Finance, and Public Administration recommended *inter alia* that the ABS collate and publish data on housing repossessions; and that credit products and advice, mortgage brokers and non-bank lenders should be regulated.⁶⁴²

6.3 Community Land Trusts

Leo Foley (Prosper Australia) said that land in Tasmania is mostly held in private hands and is put on the market when the owner believes the selling price will be optimum. He said Tasmania should move towards a community land trust model.⁶⁴³

Information provided by the MBA showed that land prices in Tasmania have increased 183% from 1996 to 2006.⁶⁴⁴

Mr Foley stated that it is likely that the land trust model would stand out as a success in the future:

“I invite an inquiry in ten years’ time to audit the results of the options taken up from the results of this inquiry and this community land trust model will stand out as the success.”⁶⁴⁵

Mr Foley said that the appreciation of land would filter into the trust:

“The land does continue to increase in value, it just depends who grabs that money. At the moment we privatise it. It is the ultimate privatisation. I am not trying to change our freehold system for individuals... ..but all I am asking for this Committee is to give this a try.”⁶⁴⁶

⁶⁴⁰ Ibid, p. 63

⁶⁴¹ Hopcroft, transcript of evidence, 24 September 2007, pp. 25-26

⁶⁴² House of Representatives Standing Committee on Economics, Finance, and Public Administration, *Home Loan Lending: Inquiry into Home Loan Lending Practices and the Processes Used to Deal with People in Financial Difficulty* (Parliament of Australia, Canberra, 2007), pp. xv-xvi

⁶⁴³ Foley, transcript of evidence, 25 September 2007, pp. 72-73

⁶⁴⁴ MBA, submission, p. 8

⁶⁴⁵ Foley, transcript of evidence, 25 September 2007, p. 72

⁶⁴⁶ Ibid, p. 78

CONCLUSIONS

Ch.6, Term of Reference 7: Any other Matters Incidental Thereto

The Committee concludes that:

- 65: The *Residential Tenancy Act 1997* provides a low level of minimum standards in the Tasmanian private rental market, particularly provisions relating to the condition of dwellings.
- 66: The practice of rent bidding has become a problem.
- 67: Non-bank lenders in Tasmania are not sufficiently regulated.
- 68: The volatility of interest rates is creating problems for mortgagees and those wishing to enter the housing market.
- 69: The concept of land trusts is worthy of investigation considering increased land prices over recent years.

RECOMMENDATIONS

Ch.6, Term of Reference 7: Any other Matters Incidental Thereto

The Committee recommends that:

- 34: The *Residential Tenancy Act 1997* be reviewed and any amendments be implemented by 1 July 2009.
- 35: The issue of rent bidding be addressed through legislation before the end of 2008, making this practice an offence.
- 36: Non-bank home loan products and services in Tasmania be more strongly regulated.
- 37: The State Government investigate the concept of land trusts.

Appendix 1: Submissions

- 1: Peter Needham, Transit Centre Backpackers
- 2: Gary Bennett, Bethlehem House
- 3: Marie Stocks
- 4: Martin Harris, Real Estate Institute of Tasmania
- 5: Bev Hanlon
- 6: Robert Vincent, Robert Vincent Architects
- 7: Wendy Palmer
- 8: John Phillips, Tassie Home Loans
- 9: St Vincent de Paul
- 10: Robyn Hopcroft
- 11: Anglicare
- 12: David Bell, Australian Banker's Association
- 13: Ken Langston, STEPS
- 14: Leo Foley, Prosper Australia (Tas)
- 15: Anthony Barron, Greenspeed Developments
- 16: Commissioner for Children
- 17: Jed Donoghue, Salvation Army
- 18: Maree Dorloff
- 19: Wendy Higginson
- 20: Therese Taylor, Colony 47
- 21: Emma Riley, Planning Institute of Australia (PIA) (Tasmanian Division)
- 22: Tim Petrusma, Family First Tasmania
- 23: CONFIDENTIAL
- 24: TasCOSS
- 25: Pattie Chugg, Shelter Tasmania
- 26: Property Council of Australia (Tasmanian Division)
- 27: Centacare
- 28: Master Builders' Association of Tasmania
- 29: James Jones, Royal Australian Institute of Architects (Tas Chapter)
- 30: Jamie Ward
- 31: Burnie City Council and Burnie Chamber of Commerce and Industry
- 32: Glenorchy City Council
- 33: Margaret Kent and Richard Kent
- 34: Margaret Kent, Fitzroy Residents' Association

- 35: Cecily Edwards
- 36: Local Government Association Tasmania
- 37: Flinders Council
- 38: Dr Robert Murfet
- 39: Tenants' Union of Tasmania
- 40: HIA
- 41: Hank Petrusma
- 42: Tasmanian Affordable Housing Limited
- 43: Margaret Reynolds, National Disability Services (Tas)
- 44: Tim Morris MHA, Tasmanian Greens
- 45: Tom Nilsson, Sustainable Population Australia (Tas Branch)
- 46: Rowland Atkinson, HACRU, UTAS
- 47: June Noble
- 48: CONFIDENTIAL
- 49: Tasmanian Government
- 50: David Diprose, Contractors' Registration Board
- 51: Citizens Electoral Council (Tas)

Appendix 2: Witnesses

Two witnesses were heard *in camera*.

24 September 2007, Hobart

- Tom Muller/Kathy McLean (TasCOSS)
- Robyn Hopcroft
- Andrew Gray/Stuart Clues (HIA)
- Kathleen Flanagan/Steve Wienert (Anglicare)
- Therese Taylor/Mark Redmond/Tracy McLeod/Gary Cooper (Colony 47)
- Paul Mason (Commissioner for Children)

25 September 2007, Hobart

- Mary Massina/Robert Rockefeller (PCA [Tas])
- Elizabeth Gillam (LGAT)
- Emma Riley (PIA [Tas])
- Ken Langston (STEPS)
- Gary Bennett (Bethlehem House)/Tony Brennan (St Vincent de Paul)
- Major Jenny Begent/Jed Donoghue (Salvation Army)
- Leo Foley (Prosper Australia)
- Alexander Duncanson/Prof Rowland Atkinson (Tenants' Union of Tasmania)
- Mike Kerschbaum (MBA)

9 October 2007, Brisbane

- Grant Dennis (UDIA)
- Alan Dick/Penny Gillespie (Queensland Department of Housing) [background only]
- David Cant/John McAulife (Brisbane Housing Company)
- Mike Myers (Queensland Community Housing Coalition)
- Adrian Pisarski (National Shelter)

10 October 2007, Sydney

- Darren Rodrigo (Advisor to the Minister for Housing)/Stephen McIntyre/Andrew Larkin/Jenny Norman/Will Roden (NSW Dept of Housing)
- Prof Julian Disney (UNSW)
- Neil Anderson (Urban Pacific)
- Mary Perkins/Craig Johnston (Shelter NSW)

11 October 2007, Sydney

- Adam Farrar (NSW Federation of Housing Associations)
- Sue Cripps (Homelessness ACT-NSW)
- Scott Langford (Habitat Humanity)
- Ian Gilbert (Australian Bankers' Association)

12 October 2007, Canberra

- Carol Croce (Community Housing Federation of Australia)
- Simon Smith (Homelessness Australia)
- Julie Quaass/Ken Horsham (Community Housing Canberra)

18 October 2007, Hobart

- Mary Massina/Robert Rockefeller (PIA) [recalled]

19 October 2007, Launceston

- Lynn Mason/Derris Gillam (TAHL) [part heard in private]
- Rodney Green (Burnie Council)
- John Phillips (Tassie Home Loans)

22 October 2007, Hobart

- Robert Vincent
- Roger Fay/James Jones/Paul Johnston (RAIA)
- Prof Rowland Atkinson (UTAS) [recalled]
- Tom Nilsson (Sustainable Population Australia)
- Jacquie Petrusma (Family First)
- Avril Lever/Andrea Witt/Pattie Chugg (Shelter Tasmania)
- Georgina McLagan/Andrea Witt (Centacare)
- Dr Robert Murfet
- Tim Morris MHA (Tasmanian Greens)

23 October 2007, Hobart

- Jamie Ward
- Ken Langston (STEPS) [recalled]
- June Noble
- Hank Petrusma (Petrusma and Partners)
- Margaret Reynolds (National Disability Services)
- David Diprose (Contractors' Registration Board)
- Bev Hanlon

- Martin Harris (REIT) /Adrian Kelly (Roberts Real Estate)

24 October 2007, Hobart

- Peter Hoult/Alison Jacob/Mercia Bresnehan/Peter White/Simon Barnsley/Glenn Hardwick/Katrina Stephenson (DHHS/Housing Tasmania)

16 November 2007, Hobart

- Mary Massina/Robert Rockefeller (PCA [Tas]) [recalled]
- Tom Muller (TasCOSS) [recalled]
- Peter Fischer (Dept of Justice)
- Don Challen/Adrian Christian/Dean Burgess (Dept of Treasury and Finance)

Appendix 3: Documents

Two confidential documents

- Anglicare Tasmania 'Accommodation Support/AOD Services' [undated]
- Atkinson, Rowland *et al* (eds.), 'Urban 45: New Ideas for Australia's Cities', [undated]
- Barker, Kate, *Review of Housing Supply – Delivering Stability: Securing Our Future Housing Needs – Final Report – Recommendations* (HM Treasury, London, 2004)
- Bennett, Gary, letter dated 9 October 2007
- Centacare-Salvation Army, 'PRTSS Monthly Reporting Template 2007-2008'
- Centacare, 'Centacare Tasmania: 2008-2009 Budget Submission', 2008
- Colony 47, 'Supplementary Information to the Legislative Council Select Committee into Housing Affordability in Tasmania', September 2007
- Cowan, Malcolm, email dated 25 October 2007
- Dennis, Bert, Legacy Members' Luncheon speaking notes, September 2002
- Department of Health and Human Services, Minister's Housing Forum papers, November 2007
- Diprose, David, email dated 23 October 2007
- Donoghue, Jed, email dated 5 November 2007
- Flanagan Consulting Group, 'Cairns City Council Infrastructure Charges Plan Supporting Information Report', July 2001
- Foley, Leo (Prosper Australia), various pamphlets
- 'Future Treatment of CSHA Debt: Options Paper', July 2002
- Garcia, Allan, (LGAT) letter dated 7 November 2007
- HACRU, 'Housing in Tasmania – Fact Sheet 1: Population, Households, and Dwellings (1996 to 2006)', September 2007
- Master Builders' Association, information on land prices in Tasmania

- 'Migration and the Housing Affordability Crisis' [undated]
- Morris MHA, Tim, 'More Homes for Less Public Money: Opportunities for Improving Tasmanian Housing Affordability', October 2007
- Murfet, Dr Robert, 'Additional Information Provided to Legislative Council Select Committee on Housing Affordability in Tasmania', October 2007
- Noble, June, 'Comments to the Housing Affordability Committee – Tuesday October 23 2007', October 2007
- NSW Department of Housing, information sheets: 'Number of People in Highest Need Category of the Public Housing Waiting List'; 'Funding for Public Housing in NSW'; 'State Environmental Planning Policy 2004'; 'General Information in Relation to the Waiting List', 'Housing and Human Services Accord', 'City West Housing Overview'; 'New South Wales Local Government Housing Kit'; and 'Metropolitan Strategy'
- NSW Department of Housing, 'NSW Housing and Human Services Accord (the Accord)', March 2007
- NSW Department of Housing, information on Local Government Affordable Housing Kit [undated]
- NSW Department of Planning, *The Metropolitan Strategy for Sydney* (NSW Dept of Planning, Sydney, 2005)
- NSW Department of Planning, *The Metropolitan Strategy for Sydney – Supporting Information* (NSW Dept of Planning, Sydney, 2005)
- NSW Department of Planning, *East Subregion – Draft Subregional Strategy* (NSW Dept of Planning, Sydney, 2007)
- NSW Department of Planning, *North Subregion – Draft Subregional Strategy* (NSW Dept of Planning, Sydney, 2007)
- NSW Department of Planning, *Inner North Subregion – Draft Subregional Strategy* (NSW Dept of Planning, Sydney, 2007)
- NSW Department of Planning, *North East Subregion – Draft Subregional Strategy* (NSW Dept of Planning, Sydney, 2007)
- NSW Ministerial Taskforce on Affordable Housing, *Affordable Housing in New South Wales: The Need for Action* (Ministerial Taskforce on Affordable Housing, [n.p. of p.], 1998)

- NSW Parliamentary Counsel's Office, 'State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004', 2004-143
- Petrusma, Hank, letter dated 22 October 2007
- REIT, 'Property Focus Tasmania', June 2007
- REIT, 'Property Focus Tasmania', September 2007
- REIT, 'The Tasmanian Property Market', August 2007
- REIT, 'The Tasmanian Property Market', September 2007
- Residential Development Council, 'Beyond Reach: A Workforce Housing Crisis in the Making', July 2007
- Riley, Emma (PIA), speaking notes, September 2007
- Shelter Tasmania, 'Submission to the State Government's State Budget Process 2008-2009', 2008
- St Vincent De Paul, 'Don't Dream Its Over: Housing Stress in Australia's Private Rental Market', July 2007
- TAHL, CD containing information on requests for tender State-owned land/land details, October 2007
- TasCOSS, information on the rental market in Braddon and Bass
- Tassie Home Loans Pty Ltd, 'Revision of the Home Ownership Assistance Programme (HOAP)' October 2007
- Victorian Building Commission, 'Guide to Standards and Tolerances 2007', January 2007
- Vincent, Robert, 'Robert Vincent Submission to Affordable Housing Inquiry', October 2007
- Ward, Jamie, 'Proposals for Increasing the Supply of Affordable Housing', [undated]
- Wunderwald, Paul, letter dated 29 October 2007

Interstate Documents

The following documents were provided to the Committee during the course of meetings held interstate.

- Bonnyrigg Partnerships, 'Concept Plan and Staging Plan', [undated]
- Bonnyrigg Partnerships, various pamphlets
- Community Housing Canberra, 'Annual Report 2003', September 2003
- Community Housing Canberra, 'Annual Report 2006', October 2006
- Community Housing Canberra, pamphlet, 'CHC Developments' [undated]
- Community Housing Canberra, 'Legislative Council Tasmania Affordable Housing Inquiry: CHC Affordable Housing', October 2007
- Department of Housing (NSW), 'Annual Report 2005-2006', 2007
- Department of Housing (NSW), 'A New Direction in Building Stronger Communities 2007-2010', March 2007
- Department of Housing (NSW), 'Bonnyrigg Living Communities Project: FASCIA Briefing', 18 July 2007
- Department of Housing (NSW), 'Celebrating 60 Years of Homes for the People', [undated]
- Department of Housing (NSW), 'Current Reform Agenda 2007: Presentation to Tasmanian Legislative Council Select Committee – Housing Affordability', 10 October 2007
- Department of Housing (NSW), 'Housing Assistance in New South Wales: Presentation to Tasmanian Legislative Council Select Committee – Housing Affordability', 10 October 2007
- Department of Housing (NSW), Office of Community Housing, *NSW Planning for the Future: Community Housing – Five-Year Strategy for Growth and Sustainability 2007-2012 (Consultation Draft)* (NSW Department of Housing, Ashfield, 2007)
- Department of Housing (QLD), 'Queensland Home-Link: A New Concept for the Supply of Affordable Housing in Queensland', [undated]
- Department of Infrastructure (QLD) 'Queensland Housing Affordability Strategy', July 2007

- Department of Local Government, Planning, Sport, and Recreation and Department of Housing (QLD), 'State Planning Policy 1/07: Housing and Residential Development', January 2007
- Habitat for Humanity Australia, pamphlet, 'ANZ and Habitat for Humanity Building Homes and Communities'
- Habitat for Humanity Australia, fact sheet, 'Helping Australian Families in Need/Helping International Communities'
- Habitat for Humanity Australia, pamphlet, 'Whirlpool Leads Campaign's Cornerstone Society' [undated]
- Habitat for Humanity Australia, media release, 20 October 2005
- Habitat for Humanity Australia, 'Projects in Australia'
- Habitat for Humanity Australia, 'The Habitat for Humanity Affordable Land Fund'
- Habitat for Humanity Australia, '2006 Annual Report'
- Johnston, Craig, *After the 2003-08 Commonwealth-State Housing Agreement: A Background to Some Debates in National Housing Policy*, Shelter Brief 34, October 2007
- Johnston, Craig, *Housing Directions 2007: An Options Paper*, Shelter Brief 31, December 2006
- Mowbray, Robert, *Private Rental: Can It Deliver Affordable Housing to Low-Income Tenants*, Shelter Brief 28, June 2006
- Mowbray, Robert, and Warren, Nicholas, *Shared-Equity Home Ownership: Welfare and Consumer Protection Issues*, Shelter Brief 33, July 2007
- National Affordable Housing Summit Group, 'A National Affordable Rental Incentive', July 2007
- National Affordable Housing Summit Group, 'Improving Housing Affordability: A Call for Action', June 2007
- National Housing Alliance, 'Achieving a New Affordable Housing Agreement: A Summary of the Forum', July 2006
- National Housing Alliance, 'Improving Housing Affordability: A Call to Action', June 2004

- National Shelter Inc, 'Australian Housing: A Fair Share: National Shelter Policy Platform 2007', 2007
- Queensland Community Housing Coalition, 'Good Housing Outcomes for All Queenslanders: A Summary of the QCHC Submission to the Service Delivery and Performance Commission', [undated]
- Queensland Government, *Responding to Homelessness* (Queensland Government, Brisbane, 2005)
- Queensland Government, 'Responding to Homelessness' pamphlet, 2007
- *Queensland Shelter Quarterly*, vol. 3, no. 2 (July 2007)
- Remembering Minto Group, *Remembering Minto: Life and Memories of a Community* (Information and Cultural Exchange, Parramatta, 2007)
- *Your Home*, Iss. 39 (May 2007)
- UDIA, 'An Industry Report into Affordable Home Ownership in Australia', August 2007
- Urban Pacific, 'Affordable Housing in Tasmania: Expertise in Successful Strategies to Deliver Affordable Housing Solutions in Australia', October 2007

Appendix 4: Minutes of Proceedings

LEGISLATIVE COUNCIL SELECT COMMITTEE

HOUSING AFFORDABILITY IN TASMANIA

MINUTES

WEDNESDAY, 11 JULY 2007

The Committee met at 10.04 am in Committee Room No. 3, Parliament House, Hobart.

Members Present : Ms *Forrest*, Mr *Harriss*, Mr *Martin*, Mrs *Rattray-Wagner* and Mrs *Smith*.

Order of Parliament :

The Order of the Parliament appointing the Committee dated 10 July 2007, having been circulated, was taken as read.

Election of the Chair :

Mr *Martin* was elected Chair and took the Chair.

Business :

Resolved :

- (a) That witnesses be heard under Statutory Declaration.
- (b) That evidence be recorded verbatim unless otherwise ordered by the Committee.
- (c) That advertisements be inserted in the early general news pages of the three daily Tasmanian newspapers on Saturday, 21 July 2007 and that receipt of written submissions be conditioned for closure on Friday, 31 August 2007. The draft advertisement was agreed to.
- (d) That the Secretary send invitations to make submissions to :

State Minister for Housing
TasCoss
Anglicare
Shelter Tasmania
LGAT and individual Councils
HIA
TCCI

Saul Eslake
Tassie Home Loans – John Phillips
Bendigo Bank
Cooperative Housing Societies
MBA
Independent Builders' Association
Affordable Housing Association – Lyn Mason, Chair
Aboriginal Housing Coop
Planning Institute of Australia
Institute of Architects
Salvation Army
Centacare
One Care
Macquarie Bank
NDS – Margaret Reynolds (formerly ACROD)

Other Business :

Resolved, That –

- Members advise the Secretary of any further suggestions for invitations to make submissions.
- A press release be drafted for small regional newspapers with the local Member involved, for publishing the week following the advertisements.
- Background information be provided in relation to other States.

At 10.38 am the Committee adjourned until Tuesday, 4 September 2007.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA

MINUTES

THURSDAY, 23RD AUGUST 2007

The Committee met at 2.30 p.m. in Committee Room No. 3, Parliament House, Hobart.

Members Present : Ms *Forrest*, Mr *Harriss*, Mr *Martin*, Mrs *Rattray-Wagner* and Mrs *Smith*.

Documents Tabled:

- Australian Bankers' Association

Business :

The Committee discussed the future program.

Next Meeting:

Tuesday, 4 September 2007.

Adjournment:

The Committee adjourned at 2.58 p.m.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA

MINUTES

TUESDAY 4TH SEPTEMBER 2007

The Committee met at 1.04 p.m. in Committee Room No. 3, Parliament House, Hobart.

Members Present :

Ms Forrest, Mr Harriss, Mr Martin, Mrs Rattray-Wagner and Mrs Smith.

Confirmation of Minutes:

The Minutes of the Meeting held on Thursday, 23rd August were accepted as an accurate record and confirmed.

Business:

'Don't Dream, It's Over – Housing Stress in Australia's Private Rental Market' – July 2007 – Document from St Vincent de Paul Society (9).

Resolved, That the above Document be taken into evidence.

Submissions received

- Mr Peter Needham (1)
- Mr Gary Bennett (Bethlehem House) (2)
- Ms Marie Stocks (3)
- Real Estate Institute of Tasmania (4)
- Robert Vincent (Robert Vincent Architects) (6)
- Mrs Wendy Palmer (7)
- Tassie Home Loans (8)
- St Vincent de Paul Society of Tasmania (9)
- Hopcroft, Robyn (10)
- Australian Bankers' Association (12)
- STEPS (13)
- Prosper Australia (Tasmania) (14)
- Barron, Anthony (15)
- Salvation Army (17)
- Dorloff, Ms Maree (18)
- Higginson, Ms Wendy (19)
- Colony 47 (20)
- Planning Institute Australia – Tasmanian Division (21)
- FAMILY FIRST Tas (22)
- Confidential (23)
- Master Builder's Association (28)
- Ward, Mr Jamie (30)

- Kent, Richard and Margaret (33)
- Fitzroy Residents' Association (34)
- Edwards, Cecily A (35)
- Local Government Association of Tasmania (36)
- Flinders Council (37)
- Murfet, Dr Robert (38)
- Tenants' Union of Tasmania (39)

Resolved, That the submissions listed above be taken into evidence.

Requests to present verbal evidence –

- Ms Bev Hanlon
- St Vincent de Paul Society Social Justice Advisory Committee in Tas. (Mr James Newton)
- Prosper Australia (Tasmania) – Mr Leo Foley
- Commissioner for Children, Paul Mason

Resolved, That the requests as listed above to present verbal evidence be agreed to.

Requests for extension of time –

- Property Council of Australia (5th September)
- Burnie City Council (6th September)
- TasCoss (7th September)
- Anglicare (7th September)
- Centacare (7th September)
- Royal Institute of Architects (7th September)
- Shelter Tas Inc (10th September)

Resolved, That the requests as listed above for extension of time to provide a written submission be agreed to.

Future Program:

The Committee discussed the future program and hearings.

Resolved, That the Program be agreed to.

Resolved, That the full Committee and staff visit Brisbane, Sydney and Canberra to meet with various stakeholders and Government officers in those States.

Resolved, That Becher Townsend be asked to prepare a media release for the hearings the week commencing 24th September.

Resolved, That the following correspondence be noted.

- Response letter from the Auditor-General dated 1/8/07 advising he will not be making a written submission.
- Correspondence – Scott Dobie (General Manager Rail, Department of Infrastructure, Energy and Resources)

- Email received by Paul Harriss from Archicentre Ltd (Victoria)
- Correspondence from the Ombudsman dated 30 August 2007

Next Meeting:

9.15 a.m. on Monday 24th September 2007.

Adjournment:

The Committee adjourned at 1.43 p.m.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA
MINUTES

MONDAY 24TH SEPTEMBER 2007

The Committee met at 11.19 o'clock a.m. in Committee Room No. 2, Parliament House, Hobart.

Members Present :

Ms Forrest, Mr Harriss, Mr Martin and Mrs Rattray-Wagner.

Confirmation of Minutes:

The Minutes of the Meeting held on Tuesday, 4th September 2007 were accepted as an accurate record and confirmed.

Business:

Submissions received

- Housing Industry Association (40)

- Petrusma and Partners (41)
- National Disability Services Tasmania (43)
- Mr Tim Morris MHA (44)
- Mr Tom Nilsson (45)
- Rowland Atkinson – University of Tasmania (46)

Resolved, That the submissions listed above be taken into evidence.

Requests to present verbal evidence –

- Mr Tim Morris (44)
- Mr Tom Nilsson (45)
- Mr David Diprose (50)

Resolved, That the requests as listed above to present verbal evidence be agreed to.

Request for extension of time –

Resolved, That the Burnie City Council (31) be asked to provide their submission by close of business on Friday 5th October 2007.

Late Submissions:

Resolved, That the submission be received from –

- Confidential (48)
- Ms June Noble (47)
- Department Health and Human Services (49)

Future Program:

The Secretary Tabled the President's approval for only one staff member to travel to the mainland and a letter from the Editor of Debates, Ms Jenny Batchler, requesting the Committee take the Hansard equipment and a monitor.

Resolved, That in light of Ms Batchler's request the Chairman write to the President requesting him to reconsider his approval and to allow two staff members to travel with the Committee.

Correspondence:

The Secretary Tabled correspondence from Ms Lynn Mason, Chair, Tasmanian Affordable Housing Ltd.

Witnesses:

Ms Kathy McLean and Mr Tom Muller, TasCoss, were called, made the Statutory Declaration and were examined.

Document Tabled:

- Rental Assistance statistics for Braddon and Bass

The witnesses withdrew.

The Sitting was suspended at 1.09 o'clock p.m.

The Sitting resumed at 2.04 o'clock p.m.

Members Present:

Ms *Forrest*, Mr *Harriss*, Mr *Martin*, Mrs *Ratray-Wagner* and Mrs *Smith*.

Ms Robyn Hopcroft was called, made the Statutory Declaration, and was examined.

The witness withdrew.

Mr Stuart Clues and Mr Andrew Gray, Housing Industries Association, were called, made the Statutory Declaration and were examined.

The Witnesses withdrew.

Ms Kathleen Flanagan and Mr Steven Wienert, Anglicare, were called, made the Statutory Declaration and were examined.

Documents Tabled:

- Case Studies (3)

The witnesses withdrew.

Ms Therese Taylor (CEO), Mr Mark Redmond (Service Delivery Manager), Ms Tracy McLeod (Program Manager) and Mr Gary Cooper (Program Manager), Colony 47, were called, made the Statutory Declaration and were examined.

The witnesses withdrew.

Mr Paul Mason, Commissioner for Children, was called, made the Statutory Declaration and was examined.

The witness withdrew.

Other Business:

Resolved, That Mr Harriss act as Chair during the absence of Mr Martin for a period at tomorrow's hearings.

Next Meeting:

The Committee adjourned until 9.00 a.m. on Tuesday, 25th September 2007.

Adjournment:

The Committee adjourned at 6.30 o'clock p.m.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA
MINUTES

TUESDAY, 25 SEPTEMBER 2007

The Committee met at 9.07 o'clock a.m. in Committee Room No. 2, Parliament House, Hobart.

Members Present :

Ms Forrest, Mr Harriss, Mr Martin and Mrs Rattray-Wagner.

The Committee deliberated

Business:

Witnesses

Ms Mary Massina and Mr Robert Rockefeller, Property Council of Australia – Tas Division (26) were called, made the Statutory Declaration, and were examined.

Document Tabled:

- Affordable Housing, Opportunities Waiting to Happen

The witnesses withdrew.

Ms Liz Gillam, Local Government Association of Tasmania (36) was called, made the Statutory Declaration and was examined.

The witness withdrew.

Ms Emma Riley, Planning Institute of Australia (Tas Division) (21) was called, made the Statutory Declaration, and was examined.

Document Tabled:

- Focus on where the planning system can assist in providing for affordable housing
- Beyond Reach – Residential Development Council July 2007 – a division of the Property Council of Australia (26)

The witness withdrew.

The meeting was suspended at 10.52 o'clock am.

The Committee resumed at 11.04 o'clock am.

Mr Ken Langston, STEPS (13) was called, made the Statutory Declaration, and was examined.

The witness withdrew.

Mr Gary Bennett, Bethlehem House (2), and Mr Tony Brennan, St Vincent de Paul (9), were called, made the Statutory Declaration, and were examined.

The witnesses withdrew.

The meeting was suspended at 12.34 o'clock pm.

The Committee resumed at 1.31 o'clock pm.

Major Jenny Begent, Divisional Social Program Secretary and Jed Donoghue, Manager, Housing and Homeless Programs, Salvation Army, Tasmania (17) were called, made the Statutory Declaration and were examined.

Mr Martin withdrew.

Mr Harriss took the Chair.

The witnesses withdrew.

Mr Alexander Duncan and Mr Roland Atkinson, Tenants' Union (39) were called, made the Statutory Declaration and were examined.

Document Tabled:

- Population, household and dwellings (1996 to 2006).

The witnesses withdrew.

Mr Leo Foley, Prosper Australia (Tasmania) (14) was called, made the Statutory Declaration, and was examined.

Documents Tabled:

- Will site revenue make a difference to buying a home?

- Introducing Community Land Trusts
- Prosper Australia – This land is your land
- Key Features of the “Classic” Community Land Trust
- Keen Debtwatch June 2007
- HIA – Typical New House and Land Prices by Capital City

The witness withdrew.

Mr Martin resumed the Chair.

Mr Mike Kerschbaum, Master Builders Association, was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee deliberated.

Next Meeting:

The Committee adjourned until 8.15 am on Tuesday 9 October 2007 in Brisbane, Queensland.

Adjournment:

The Committee adjourned at 4.37 o'clock pm.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE

HOUSING AFFORDABILITY IN TASMANIA

MINUTES

THURSDAY, 18TH OCTOBER 2007

The Committee met at 8.54 o'clock a.m. in Committee Room No. 2, Parliament House, Hobart.

Members Present :

Ms Forrest, Mr Harriss, Mr Martin, Mrs Rattray-Wagner and Mrs Smith.

Confirmation of Minutes:

The Minutes of the meeting held on Monday, 24th September and Tuesday, 25th September 2007 were accepted as an accurate record and confirmed.

Business:

Documents Tabled:

- Planning Institute of Australia (21) -
Additional information – 'Future Urban Development and Infrastructure Provision in Greater Hobart' – A Strategic Issues Discussion Paper
- Additional information received from Bethlehem House (2)
 - Caroline Lerner, Citizens Electoral Council of Australia–Tas – copy of a paper 'Franklin Roosevelt – Message to Congress on Small Home Mortgage Foreclosures, April 13th, 1933' (51)
 - Community Housing Canberra Ltd – Annual Report 2006 - received from Dr Robert Murfet – (38)
 - Submission – Burnie City Council and the Burnie Chamber of Commerce and Industry (31)
 - Additional Information from Colony 47 (20)
 - Additional Information from Michael Kerschbaum, Master Builders' Association of Tasmania Inc. (28)
 - 'Trade Not Aid'- A Report to the Tasmanian Parliament on Measures to Ameliorate the cost of Housing the Populace - David Diprose (50)

Correspondence Tabled:

Documents and Papers from interstate Tabled :

BRISBANE

Urban Development Institute

- UDIA, 'An Industry Report into Affordable Home Ownership in Australia', August 2007

QLD Dept of Housing

- Department of Housing (QLD), 'Queensland Home-Link: A New Concept for the Supply of Affordable Housing in Queensland', [undated]
- Department of Infrastructure (QLD) 'Queensland Housing Affordability Strategy', July 2007
- Department of Local Government, Planning, Sport, and Recreation and Department of Housing (QLD), 'State Planning Policy 1/07: Housing and Residential Development', January 2007

- Queensland Government, *Responding to Homelessness* (Queensland Government, Brisbane, 2005)
- Queensland Government, 'Responding to Homelessness' pamphlet, 2007

Queensland Community Housing Coalition

- Queensland Community Housing Coalition, 'Good Housing Outcomes for All Queenslanders: A Summary of the QCHC Submission to the Service Delivery and Performance Commission', [undated]

Queensland Shelter

- Department of Infrastructure (QLD) 'Queensland Housing Affordability Strategy', July 2007
- National Affordable Housing Summit Group, 'A National Affordable Rental Incentive', July 2007
- National Affordable Housing Summit Group, 'Improving Housing Affordability: A Call for Action', June 2007
- National Shelter Inc, 'Australian Housing: A Fair Share: National Shelter Policy Platform 2007', 2007
- *Queensland Shelter Quarterly*, vol. 3, no. 2 (July 2007)

SYDNEY

NSW Dept of Housing (and associated offices)

- Bonnyrigg Partnerships, 'Concept Plan and Staging Plan', [undated]
- Bonnyrigg Partnerships – various pamphlets
- Department of Housing (NSW), 'Annual Report 2005-2006', 2007
- Department of Housing (NSW), 'A New Direction in Building Stronger Communities 2007-2010', March 2007
- Department of Housing (NSW), 'Bonnyrigg Living Communities Project: FASCIA Briefing', 18 July 2007
- Department of Housing (NSW), 'Celebrating 60 Years of Homes for the People', [undated]
- Department of Housing (NSW), 'Current Reform Agenda 2007: Presentation to Tasmanian Legislative Council Select Committee – Housing Affordability', 10 October 2007
- Department of Housing (NSW), 'Housing Assistance in New South Wales: Presentation to Tasmanian Legislative Council Select Committee – Housing Affordability', 10 October 2007
- Department of Housing (NSW), Office of Community Housing, *NSW Planning for the Future: Community Housing – Five-Year Strategy for Growth and Sustainability 2007-2012 (Consultation Draft)* (NSW Department of Housing, Ashfield, 2007)
- Remembering Minto Group, *Remembering Minto: Life and Memories of a Community* (Information and Cultural Exchange, Parramatta, 2007)
- *Your Home*, Iss. 39 (May 2007)

Julian Disney

- National Affordable Housing Summit Group, 'A National Affordable Rental Incentive', July 2007
- National Housing Alliance, 'Achieving a New Affordable Housing Agreement: A Summary of the Forum', July 2006

- National Housing Alliance, 'Improving Housing Affordability: A Call to Action', June 2004

Urban Pacific

- Urban Pacific, 'Affordable Housing in Tasmania: Expertise in Successful Strategies to Deliver Affordable Housing Solutions in Australia', October 2007

Shelter NSW

- Johnston, Craig, *After the 2003-08 Commonwealth-State Housing Agreement: A Background to Some Debates in National Housing Policy*, Shelter Brief 34, October 2007
- Johnston, Craig, *Housing Directions 2007: An Options Paper*, Shelter Brief 31, December 2006
- Mowbray, Robert, *Private Rental: Can It Deliver Affordable Housing to Low-Income Tenants*, Shelter Brief 28, June 2006
- Mowbray, Robert, and Warren, Nicholas, *Shared-Equity Home Ownership: Welfare and Consumer Protection Issues*, Shelter Brief 33, July 2007

Habitat for Humanity Australia

- Brochure – ANZ and Habitat for Humanity Building homes and communities
- Fact Sheet – Helping Australian Families in Need/Helping International Communities
- Flier – Whirlpool Leads Campaign's Cornerstone Society
- Media Release – 20th October 2005
- Habitat for Humanity Australia Projects in Australia
- The Habitat for Humanity Affordable Land Fund
- Habitat for Humanity Australia 2006 Annual Report

CANBERRA

Community Housing Canberra

- Community Housing Canberra, 'Annual Report 2003', September 2003
- Community Housing Canberra, 'Annual Report 2006', October 2006
- Community Housing Canberra, 'CHC Developments' pamphlet, [undated]
- Community Housing Canberra, 'Legislative Council Tasmania Affordable Housing Inquiry: CHC Affordable Housing', October 2007

Writing of Report:

The Committee to consider the timeframe for writing the Report and whether a visit to South Australia to inspect programs in place in that State would assist the Committee.

Summit:

Resolved, That the Chair write to the Minister for Health and Human Services (with a copy to the Premier) with a request from the Committee for the Chair to be invited to attend the Summit on Affordable Housing, particularly as the

Government supported the motion to establish the Committee on the Floor of the House.

Witnesses

Ms Mary Massina and Mr Robert Rockefeller, Property Council of Australia – Tas Division (26) were re-called and were examined.

Mr Harris withdrew.

Ms Forrest withdrew.

The witnesses withdrew.

Next Meeting:

The Committee adjourned until 10.15 am on Friday 19th October 2007 in Launceston.

Adjournment:

The Committee adjourned at 10.32 o'clock am.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE

HOUSING AFFORDABILITY IN TASMANIA

MINUTES

FRIDAY 19TH OCTOBER 2007

The Committee met at 10.22 o'clock a.m. in the Conference Room, Henty House, One Civic Square, Launceston.

Members Present :

Ms Forrest, Mr Harriss, Mr Martin, Mrs Rattray-Wagner and Mrs Smith.

Confirmation of Minutes:

The Minutes of the meeting held on 18TH October 2007 were accepted as an accurate record and confirmed.

Business:

Witnesses:

Confidential witnesses (23) were called, made the Statutory Declaration and were examined.

The Committee resolved to hear the evidence *in camera*.

The witnesses withdrew.

Ms Lynn Mason, Chair and Mr Derris Gillam, CEO, Tasmanian Affordable Housing Limited (42) were called, made the Statutory Declaration and were examined.

The Committee agreed to hear part of the evidence *in camera*.

The witnesses withdrew.

Mr Rodney Green, Community and Economic Development Director, Burnie City Council (31) was called, made the Statutory Declaration and was examined.

The witness withdrew.

Mr John Phillips, Tassie Home Loans (8) was called, made the Statutory Declaration and was examined.

Document Tabled:

- Revision of the Home Ownership Assistance Program

The witness withdrew.

Next Meeting:

The Committee adjourned until 10.45 am on Monday, 22nd October 2007 in Hobart.

Adjournment:

The Committee adjourned at 2.07 o'clock pm.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA
MINUTES

MONDAY 22ND OCTOBER 2007

The Committee met at 10.54'clock a.m. in Committee Room 2, Parliament House, Hobart.

Members Present :

Ms Forrest, Mr Harriss, Mr Martin, Mrs Rattray-Wagner and Mrs Smith.

Business:

Witnesses:

Mr Robert Vincent, Robert Vincent Architects (6) was called, made the Statutory Declaration and was examined.

Document Tabled:

- Attachment to submission

The witness withdrew.

Sitting was suspended at 11.35 o'clock a.m.

The Committee resumed at 11.58 o'clock a.m.

Mr James Jones, President, Tasmanian Chapter, Mr Roger Fay, Member RAlA, Head of School of Architecture, University of Tasmania and Mr Paul Johnston, Architect, Royal Australian Institute of Architects (29) were called, made the Statutory Declaration and were examined.

The witnesses withdrew.

Sitting was suspended at 12.54 o'clock p.m.

The Committee resumed at 1.19 o'clock p.m.

Professor Rowland Atkinson, University of Tasmania (46) (School of Sociology) was re-called.

Document Tabled:

- Urban 45 – New Ideas for Australia’s Cities

The witness withdrew.

Mr Tom Nilsson (45) was called, made the Statutory Declaration and was examined.

Document Tabled:

- Attachment to submission

The witness withdrew.

Jacque Petrusma, Family First Tasmania (22) was called, made the Statutory Declaration and was examined.

The witness withdrew.

The sitting was suspended at 3.11 o’clock p.m.

The Committee resumed at 3.30 o’clock p.m.

Ms Pattie Chugg, Ms Andrea Witt, Chair and Ms Avril Lever, Treasurer, Shelter Tasmania (25) were called, made the Statutory Declaration and were examined.

The witnesses withdrew.

Mr Harriss took his place.

Ms Georgina McLagan, Director of Centacare Welfare Services was called, made the Statutory Declaration, Ms Andrew Witt, Manager of Housing Programs Centacare (CTSS and PRTSS) (27) was re-called and were examined.

Documents Tabled:

- PRTSS Monthly Reporting Template 2007-2008
- 2008-2009 Centacare Tasmanian State Budget Submission

The witnesses withdrew.

Dr Robert Murfet (38) was called, made the Statutory Declaration and was examined.

Document Tabled:

- Attachment to submission

The witness withdrew.

Mr Tim Morris MHA, (44) Member of the Tasmanian Greens, was called and examined.

Document Tabled:

- More Homes for Less Public Money

The witness withdrew.

Additional Information:

The Chairman Tabled additional information requested by the Committee by close of business on Monday 15th October from the Department of Health and Human Services which was delivered by hand to Parliament House at 3.30 p.m. on today's date (22nd October 2007).

Next Meeting:

The Committee adjourned until 8.30 o'clock am on Tuesday, 23rd October 2007 in Hobart.

Adjournment:

The Committee adjourned at 6.52 o'clock pm.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA
MINUTES

TUESDAY 23RD OCTOBER 2007

The Committee met at 8.42 o'clock a.m. in Committee Room 2, Parliament House, Hobart.

Members Present :

Ms Forrest, Mr Harriss, Mr Martin, Mrs Rattray-Wagner and Mrs Smith.

Business:

Witnesses:

Mr Jamie Ward (30) was called, made the Statutory Declaration and was examined.

Document Tabled:

- Proposal for increasing the supply of Public Housing

The witness withdrew.

Mr Ken Langston (13) was re-called and further examined.

The witness withdrew.

Ms June Noble (47) was called, made the Statutory Declaration and was examined.

Document Tabled:

- Addendum to written submission

The witness withdrew.

Mr Hank Petrusma (41), Petrusma and Partners, was called, made the Statutory Declaration and was examined.

Document Tabled:

- Addendum to written submission – Building Example – Land Purchase

The witness withdrew.

The Sitting suspended at 10.48 o'clock a.m.

Committee resumed at 11.02 o'clock a.m.

Mrs Margaret Reynolds (43), National Disability Services, was called, made the Statutory Declaration and was examined.

The witness withdrew.

Mr David Diprose (50) was called, made the Statutory Declaration and was examined.

Document Tabled:

- Guide to Standards and Tolerances 2007

The witness withdrew.

The Sitting was suspended at 1.00 o'clock p.m.

Committee resumed at 2.07 o'clock p.m.

Ms Bev Hanlon (5), (telephone hook up) was called, made the Statutory Declaration and was examined.

The witness withdrew.

The Committee deliberated:

Documents Tabled by Mr Diprose (50) included six pages of documents from B.K. Hamilton and Associates, Liquidators regarding TCC, including a letter, profit and loss statement and payments to Directors.

Resolved, That the six documents be not received (Mrs Smith) Seconded (Ms Forrest).

Motion agreed to.

Resolved, That a letter be sent to Mr Diprose informing him of the Committee's decision.

Mr Martin Harris, Real Estate Institute of Tasmania (4) and Mr Adrian Kelly, Roberts Real Estate were called, made the Statutory Declaration and were examined.

The witnesses withdrew.

Next Meeting:

The Committee adjourned until 8.45 o'clock am on Wednesday, 24th October 2007 in Hobart.

Adjournment:

The Committee adjourned at 3.50 o'clock pm.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE

HOUSING AFFORDABILITY IN TASMANIA

MINUTES

WEDNESDAY, 24TH OCTOBER 2007

The Committee met at 9.01 o'clock a.m. in Committee Room 2, Parliament House, Hobart.

Members Present :

Ms Forrest, Mr Harriss, Mr Martin, Mrs Rattray-Wagner and Mrs Smith.

Business:

Witnesses:

Mr Peter Hault, DHHS, Ms Alison Jacob, Deputy Secretary Human Services, Mr Simon Barnsley, Deputy Secretary Shared Services, Ms Mercia Bresnehan, Director Housing Tasmania, Mr Peter White, Manager Portfolio Development and Investment and Mr Glenn Hardwick, Manager Asset Services, DHHS were called, made the Statutory Declaration and were examined.

The Sitting was suspended at 11.12 o'clock a.m.

Committee resumed at 11.25 o'clock a.m.

Mr Martin withdrew.

Mr Harriss took the Chair.

Mr Martin resumed the Chair.

The witnesses withdrew.

The Committee deliberated.

Next Meeting:

The Committee adjourned until Thursday, 8th November 2007, Henty House, Launceston.

Adjournment:

The Committee adjourned at 12.58 o'clock pm.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE

HOUSING AFFORDABILITY IN TASMANIA

MINUTES

THURSDAY, 8TH NOVEMBER 2007

The Committee met at 10.44 o'clock a.m. in the Conference Room, Henty House, Launceston.

Members Present :

Ms Forrest, Mr Harriss, Mr Martin, Mrs Rattray-Wagner and Mrs Smith.

Confirmation of Minutes:

The Minutes of the Meetings held on 19th, 22nd, 23rd and 24th October 2007 were accepted as an accurate record and confirmed.

Business:

The Secretary Tabled a letter from Mr Derris Gillam, Managing Director, Tasmanian Affordable Housing Ltd.

Resolved, That the Managing Director be informed that the information relating to the Funding Agreement and the Corporate Plan is fundamental to the Committee's inquiry (TOR No. 5) and it requests that the information be provided on a confidential basis.

The Chair Tabled an E-mail regarding the Minister for Health and Human Services' refusal to invite him to her Housing Forum.

Resolved, That the Minister be advised of the Committee's concerns that she saw it as unacceptable for the Chair to attend her Housing Forum because political parties were not invited despite the Committee being set up by all Members of the Legislative Council, including Government Members.

And that the Minister be requested to provide any Reports or Papers which came out of the Forum.

The Secretary Tabled the following Documents:

- Tasmanian Affordable Housing Ltd **(42)** – DVD ‘Opportunity doesn’t knock, it builds’
- Real Estate Institute of Tasmania **(4)**
Aug 07 Report; Sept 07 Report; June Property Focus; Property Focus
- Urban Development Institute of Australia (Brisbane hearing – Tuesday 9th October)– The Barker Review into the UK housing market
- Paul Wunderwald, Gagebrook – letter dated 29th October 2007
- Malcolm Cowan, Launceston – email dated 25th October 2007
- David Diprose, Contractors Registration Board **(50)** – email dated 23rd October 2007
- Shelter Tasmania **(25)** – Shelter Tasmania Budget Submission 2008-09; Debt Options Paper, 12th July 2002
- Bethlehem House **(2)** – Letter from Gary Bennett dated 9th October 2007
- Additional information received from Jed Donaghue, Salvation Army **(17)**
- DVD received from Brisbane Housing Company Ltd

Directions of the Report:

The Committee discussed the issues to be covered in the Report against each Term of Reference.

The Sitting was suspended at 12.54 o’clock p.m.

The Committee resumed at 1.51 o’clock p.m.

The Committee continued its deliberations regarding the directions of the Report.

Future Program and meeting dates:

Resolved, That the Chair and one Member of the Committee be authorised to travel to Adelaide to inspect programs in place in South Australia.

Resolved, That the Committee meet at 8.30 o’clock a.m. on Friday, 16th November 2007 to discuss with Mary Massina, Property Council of Tasmania, and Tom Muller, TasCoss, the issues raised in the Minister’s Forum and to also meet with Mr Peter Fischer, Planning and Officer from Treasury.

Next Meeting:

The Committee adjourned until 8.30 a.m. on Friday 16th November 2007
Committee Room 2, Parliament House, Hobart.

Adjournment:

The Committee adjourned at 3.55 o’clock pm.

DATE

CONFIRMED

CHAIR

**LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA
MINUTES**

FRIDAY 16TH NOVEMBER 2007

The Committee met at 8.38 o'clock a.m. in Committee Room 2, Parliament House, Hobart.

Members Present :

Mr *Harriss*, Mr *Martin*, Mrs *Rattray-Wagner* and Mrs *Smith*.

Apology:

An apology was received from Ms *Forrest*.

Confirmation of Minutes:

The Minutes of the Meeting held on 8th November 2007 were accepted as an accurate record and confirmed.

Business:

The Secretary Tabled the following documents:

- Department of Health and Human Services – additional information
- Local Government Association of Tasmania – additional information
 - Julian Disney – additional information - Report of a Ministerial Task Force on Affordable Housing
 - Robert Vincent Architects – Confidential document
 - Documents and letter from the NSW Department of Housing (Mr Darren Rodrigo)–
 - General information in relation to the waiting list
 - Metropolitan strategy paper/Drafts on sub-regional planning - North East Subregion; North Subregion; East Subregion; Inner North Subregion; Sydney's Metropolitan Strategy – supporting information; City of Cities, a plan for Sydney's future
 - Information in relation to how Department of Housing can obtain density and parking concessions from local governments?
 - State Environmental Planning Policy (Housing for Seniors or people with a disability) 2004
 - Basic details of funding for public housing in NSW (paper)
 - Number of people in highest need category of the public housing waiting list
 - Accord between Departments of Housing and Human Services

- Local government housing kit
- General information on City West

Witnesses:

Ms Mary Massina and Mr Robert Rockefeller, Property Council of Australia (26), were re-called and further examined.

The witnesses withdrew.

Mr Tom Muller, TasCoss (24) was re-called and further examined.

The witness withdrew.

Mr Peter Fischer, Planning Department, was called, made the Statutory Declaration, and was examined.

The witness withdrew.

Mr Don Challen, Secretary, Mr Adrian Christian, Director, Intergovernment and Financial Policy, Mr Dean Burgess, Assistant Director, Taxation Policy, Department of Treasury, were called, made the Statutory Declaration and were examined.

The witnesses withdrew.

The Committee deliberated.

Resolved, That the Chair and Mr Harriss travel to Adelaide and Melbourne to inspect programs in place in those States.

Retirement of Committee Secretary

The Chairman thanked Wendy Peddle for her work as Secretary to the Committee and wished her well in her retirement.

Next Meeting:

The Committee adjourned *sine die*.

Adjournment:

The Committee adjourned at 11.58 o'clock am.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE

HOUSING AFFORDABILITY IN TASMANIA

MINUTES

TUESDAY 12TH FEBRUARY 2008

The Committee met at 10.37 o'clock a.m. in the Conference Room, Henty House, One Civic Square, Launceston.

Members Present :

Ms Forrest, Mr Martin, Mrs Rattray-Wagner and Mrs Smith.

Confirmation of Minutes:

The Minutes of the Meeting held on 16th November 2007 were accepted as an accurate record and confirmed.

Correspondence:

Resolved, That the following correspondence be received –

- Letter from Department of Treasury and Finance dated 30th November 2007 together with attachments, in response to Committee's request –
 - Commonwealth State Housing Agreement Funding
 - Land Tax, Conveyance Duty, Mortgage Duty Receipts 1996-97, 2006-07
 - Residential Property Conveyance Duty Receipts 1996-97, 2006-07
 - First Home Owners Grants Since Inception
 - First Home Buyer Duty Concessions and Refunds Since Inception
- Letter from Tasmanian Affordable Housing dated 3rd December 2007 with attachment (Funding Agreement), in response to Committee's request
- Letter from Minister for Health and Human Services dated 7th December 2007 with attachments, in response to Committee's request –
 - Presentation Paper (Peter Hoult)
 - Presentation Paper (Dr Owen Donald)
- Letter from the Minister for Health and Human Services' office dated 18th December 2007, acknowledging Committee's correspondence
- Letter from the Minister for Health and Human Services dated 16th January 2008 containing additional information, in response to Committee's request

- Letter from Director, Housing Tasmania (Mercia Bresnehan) dated 17th January 2008 giving additional information, in response to Committee's request
- Letter from Supreme Court Tasmania (E A Knight, Registrar) dated 22nd January 2008, acknowledging Committee's request for information.

Resolved, That the letter from the Minister for Health and Human Services dated 17th January 2008 be referred to the Auditor-General for comment regarding the differential.

Additional Information:

Resolved, That the following additional information be received –

- Media Release – Housing less affordable than ever in Bass and Braddon
- Housing facts in Braddon
- Housing facts in Bass

The Committee was suspended at 10.52 a.m.
The Committee resumed at 11.05 a.m.

Mr *Harriss* took his place.

Draft Report:

The Committee considered the Conclusions and Recommendations of the Draft Report.

The Committee suspended at 1.04 p.m.
The Committee resumed at 2.10 p.m.

Draft Report:

The Committee further considered the Draft Report

Additional Correspondence:

Resolved, That the following additional correspondence be received:

- Letter from Supreme Court Tasmania (E A Knight, Registrar) dated 5th February 2008 with additional information

Next Meeting:

The Committee adjourned until 18th February 2008.

Adjournment:

The Committee adjourned at 4.40 pm.

DATE

CONFIRMED

CHAIR

**LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA
MINUTES**

TUESDAY 18 FEBRUARY 2008

The Committee met at 10.08 o'clock am in Committee Room 2, Parliament House, Hobart.

Members Present:

Ms Forrest, Mr Martin, Mrs Rattray-Wagner and Mrs Smith.

Confirmation of Minutes:

The Minutes of the Meeting held on Tuesday 12 February 2008 were confirmed as a true and accurate record.

Draft Report:

The Committee further considered the Conclusions and Recommendations of the Draft Report.

Mr Harriss took his place at 11.22 am.

The Committee suspended at 12.10 pm.
The Committee resumed at 12.20 pm.

The Committee further considered the Draft Report

The Committee adjourned at 12.55 pm until 8.30 am on Wednesday, 5 March 2008.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA
MINUTES

WEDNESDAY, 5 MARCH 2008

The Committee met at 8.34 am in Committee Room No. 2, Parliament House, Hobart

Members Present : Ms *Forrest*, Mr *Martin*, Mrs *Rattray-Wagner* and Mrs *Smith*.

Order of Parliament :

The Order of the Parliament re-appointing the Committee dated 4 March 2008, having been circulated, was taken as read.

Election of the Chair :

Mr *Martin* was elected Chair and took the Chair.

Confirmation of Minutes :

The Minutes of the meeting held on Tuesday, 18 February 2008, with amendment, were confirmed as a true and accurate record.

Correspondence :

Resolved, That the following correspondence be received –

- Letter from Hon Tanya Plibersek MP dated 14 February 2008 enclosing a copy of Homelessness: A New Approach.
- Letter from the Auditor-General dated 3 March 2008 regarding the method for calculating waiting times for greatest need applicants.

Resolved, That –

- A copy of the Committee's report be forwarded to the National Housing Supply Council

Business :

The Committee was briefed by Nathan Fewkes in relation to the Auditor-General's correspondence and the status of documents provided by TAHL.

Resolved, That –

The Secretary phone Derris Gillam and advise that the Committee plans to publish some of the information provided in the Committee report.

Draft Report :

The Committee considered Draft Report (28 February 2008)

Mr *Harriss* took his place at 8.45 am.

The Committee suspended at 10.34 am.
The Committee resumed at 7.05 pm.

The Committee further considered the Draft Report.

Future Program :

The Committee decided to meet on Tuesday, 11 March 2008 in Launceston.

At 8.30 pm the Committee adjourned until Thursday, 6 March 2008.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE

HOUSING AFFORDABILITY IN TASMANIA

MINUTES

THURSDAY, 6 MARCH 2008

The Committee met at 8.36 am in Committee Room No. 2, Parliament House, Hobart

Members Present : Mr *Harriss*, Mr *Martin*, Mrs *Rattray-Wagner* and Mrs *Smith*.

Confirmation of Minutes :

The Minutes of the meeting held on Wednesday, 5 March 2008 were confirmed as a true and accurate record.

Draft Report :

The Committee further considered Draft Report (28 February 2008)

Ms *Forrest* took her place at 8.44 am.

At 9.52 am the Committee adjourned until 10.00 am on Tuesday, 11 March 2008 in Launceston.

DATE

CONFIRMED

CHAIR

**LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA
MINUTES**

TUESDAY, 11 MARCH 2008

The Committee met at 10.15 am in the Conference Room, Henty House, One Civic Square, Launceston

Members Present : Mr *Harriss*, Mr *Martin*, Mrs *Rattray-Wagner* and Mrs *Smith*.

Confirmation of Minutes :

The Minutes of the meeting held on Thursday, 6 March 2008 were confirmed as a true and accurate record.

Draft Report :

The Committee considered Draft Report (7 March 2008)

The Committee suspended at 12.30 pm.
The Committee resumed at 1.15 pm.

The Committee further considered the Draft Report.

Mr Harriss withdrew.

The Committee suspended at 3.23 pm.
The Committee resumed at 3.35 pm.

The Committee further considered the Draft Report.

Next Meeting :

The Committee agreed to meet again on Thursday, 27 and Friday, 28 March 2008 in Launceston.

At 4.50 pm the Committee adjourned until 10.00 am on Thursday, 27 March 2008 in Launceston.

DATE

CONFIRMED

CHAIR

LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA
MINUTES

THURSDAY, 27 MARCH 2008

The Committee met at 10.15 am in the Conference Room, Henty House, One Civic Square, Launceston.

Members Present : Ms *Forrest*, Mr *Harriss*, Mr *Martin*, Mrs *Rattray-Wagner* and Mrs *Smith*.

Confirmation of Minutes :

The Minutes of the meeting held on Tuesday, 11 March 2008 were confirmed as a true and accurate record.

Report Deliberations :

The Committee considered Draft Report (18 March 2008), page by page.

The Committee suspended at 12.37 pm.
The Committee resumed at 1.45 pm.

The Committee further considered the Draft Report.

The Committee suspended at 3.30 pm.
The Committee resumed at 3.45 pm.

The Committee further considered the Draft Report.

At 5.55 pm the Committee adjourned until 9.00 am on Friday, 28 March 2008 in Launceston.

DATE

CONFIRMED

CHAIRMAN

LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA
MINUTES

FRIDAY, 28 MARCH 2008

The Committee met at 9.03 am in the Conference Room, Henty House, One Civic Square, Launceston.

Members Present : Ms *Forrest*, Mr *Harriss*, Mr *Martin*, Mrs *Rattray-Wagner* and Mrs *Smith*.

Report Deliberations :

The Committee further considered Draft Report (18 March 2008), page by page.

The Committee suspended at 10.30 am.

The Committee resumed at 10.45 am.

The Committee further considered the Draft Report.

The Committee suspended at 12.25 pm.

The Committee resumed at 1.07 pm.

The Committee further considered the Draft Report.

At 3.10 pm the Committee adjourned until 9.00 am on Tuesday, 1 April 2008 in Hobart.

DATE

CONFIRMED

CHAIRMAN

LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA
MINUTES

TUESDAY, 1 APRIL 2008

The Committee met at 9.06 am in Committee Room No. 2, Parliament House, Hobart.

Members Present : Ms *Forrest*, Mr *Harriss*, Mr *Martin*, Mrs *Rattray-Wagner* and Mrs *Smith*.

Confirmation of Minutes :

The Minutes of the meetings held on Thursday, 27 and Friday, 28 March 2008 were confirmed as a true and accurate record.

Report Deliberations :

The Committee further considered Draft Report (18 March 2008), page by page.

The Committee suspended at 10.37 am.
The Committee resumed at 1.10 pm.

The Committee further considered the Draft Report.

At 2.12 pm the Committee adjourned until a date to be determined.

DATE

CONFIRMED

CHAIRMAN

**LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA
MINUTES**

WEDNESDAY, 2 APRIL 2008

The Committee met at 5.13 pm in Committee Room No. 2, Parliament House, Hobart.

Members Present : Ms *Forrest*, Mr *Harriss*, Mr *Martin*, Mrs *Rattray-Wagner* and Mrs *Smith*.

Confirmation of Minutes :

The Minutes of the meetings held on Tuesday, 1 April 2008 were confirmed as a true and accurate record.

Report Deliberations :

The Committee further considered Draft Report (18 March 2008), page by page.

At 7.13 pm the Committee adjourned until Wednesday, 9 April 2008 in Launceston.

DATE

CONFIRMED

CHAIRMAN

**LEGISLATIVE COUNCIL SELECT COMMITTEE
HOUSING AFFORDABILITY IN TASMANIA**

MINUTES

TUESDAY, 8 APRIL 2008

The Committee met at 7.10 pm in Committee Room No. 2, Parliament House, Hobart.

Members Present : Ms *Forrest*, Mr *Harriss*, Mr *Martin*, Mrs *Rattray-Wagner* and Mrs *Smith*.

Confirmation of Minutes :

The Minutes of the meetings held on Wednesday, 2 April 2008 were confirmed as a true and accurate record.

Report Deliberations :

The Committee considered the Final Draft Report page by page.

Resolved, That the Report, as amended, be agreed to.

Other Business :

Resolved, That –

- The Report be Tabled in the Council on Tuesday, 15 April with a motion to note Tuesday next.
- A press release be prepared.
- A media conference be held at 11.15 am on 15 April in the Media Conference Room.

The Committee thanked Nathan Fewkes for his excellent work in researching and drafting the report.

At 9.00 pm the Committee adjourned *sine die*.

DATE

CONFIRMED

CHAIRMAN