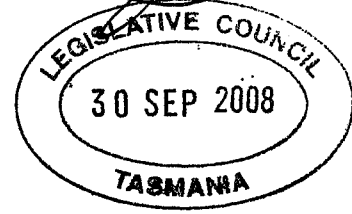




*Tabled by
Hon. L. Thorp ML*

30/9/08.
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**Legislative Council Select Committee
Housing Affordability in Tasmania
Tasmanian Government Response**

10 September 2008

Executive summary

The Tasmanian Government commends the Legislative Council Select Committee on its report titled "Housing Affordability in Tasmania". The report provides a comprehensive analysis of the affordable housing market. The government supports a number of findings and recommendations of this Report and this paper provides responses to each recommendation made by the Select Committee.

Housing affordability has become a significant issue for all Australians. It has rapidly declined in Tasmania following the housing boom that started in 2002. This boom has created barriers for first home buyers, and those in the private rental market. Housing stress is now affecting our lives more than ever.

The Tasmanian Government provides public housing to over 11,500 households. In addition it supports the Aboriginal Rental Housing Program with 350 units and offers over 500 community tenancies.

Under the Commonwealth State Housing Agreement, the state invests approximately \$10.7 million into public housing each year. In recent years the Tasmanian government has invested a further \$48 million into public and affordable housing through the Affordable Housing Strategy, and established Tasmanian Affordable Housing Limited together with up to \$6 million in annual funding. In April 2008, the government also announced a further injection of \$60 million for projects that will tackle homelessness and help those in housing stress.

With respect to the 37 recommendations listed in the report, the government has already responded to quite a number.

The Tasmanian Government has established a benchmark to halve the number of people 'sleeping rough' by 2010. Whilst this does not go as far as the report recommends, it is a realistic target for a complex problem and one that we have already taken decisive action on.

The visit by Rosanne Haggerty in March 2008 has generated strong community support for strategies to address homelessness. The government is also exploring the feasibility of converting Highfield House in Hobart into the State's inaugural Common Ground facility, with accommodation for up to 50 clients.

The Tasmanian Government has established a new Social Inclusion Unit and will be developing a homelessness plan in consultation with the community sector. This plan will complement the White Paper on homelessness being developed by the Australian Government.

The Housing Innovations Unit has been created within the Department of Health and Human Services. That Unit will focus on leveraging the \$60 million funds by working with the community sector, private sector and local government to create a range of sustainable affordable housing outcomes.

The Tasmanian Government is reviewing the way in which public housing services are delivered in Tasmania. The respected accountancy firm KPMG has been requested to provide a detailed report on the future direction of public housing. This is a significant issue and one that the government wants to investigate fully before it makes any decision.

The Government has announced a 90 day consultation process for the review and will also be giving consideration to rent setting policies during this time. A review of the various methodologies for rent setting is being undertaken by the Social Inclusion Unit (DPAC) and Housing Tasmania to inform the work of the KPMG review and ensure that equitable outcomes remain a focus for rent setting policy.

The Department of Health and Human Services has recently established a Housing Issues Consultative Group. This group consists of members of the non-government sector as well as private organisations, including the property industry representatives. The group provides an opportunity for all members to be kept informed of developments relating to affordable housing.

The Tasmanian government, through the First Home Owner's Grant and Home Owners Assistance Program (HOAP), already provides assistance to first home buyers. A shared equity scheme will be introduced shortly and provide more affordable home ownership opportunities for low to moderate income earners. This scheme will cover both shared equity purchases of surplus public housing stock as well as opportunities for low and moderate income earners to construct new affordable housing as their primary residence.

The Tasmanian Government is co-chair of the Council of Australian Governments Housing Working Group. It expects to be able to deliver significant outcomes from those initiatives. For example, it is expected that up to 2,500 new dwellings will be developed in the State through the National Rental Affordability Scheme over an eight year period.

Recommendation 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.

The Tasmanian Government agrees with this recommendation. Housing affordability is typically measured on a house price to income ratio. This is a real estate and financial industry method. The other commonly accepted method of measuring housing affordability in Australia is that housing is considered unaffordable if households in the bottom 40 per cent of incomes are paying more than 30 per cent of their income on housing costs, either on rent or mortgage payments. This is otherwise known as the 30/40 rule.

The 30/40 rule is restrictive in that it does not include middle income households that are increasingly in financial stress. However including all incomes would mean that households with high incomes who choose to pay higher rents or make higher mortgage repayments would not be distinguished from households in financial stress.

Standardising the definition(s) would be useful however as income can, for example be defined as gross income (pre tax), accessible income (after tax) or equivalised income (weighting incomes to reflect the difference in capacity to pay for household costs between household types).

Affordability based on mortgage and rental payments should be treated differently. For home owners, ongoing housing costs for home owners/purchasers such as rates, maintenance and insurance are often not taken into consideration. As essential costs of owning a home, these should be included in any affordability measure.

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.

Recommendation 2

A benchmark be established to ensure no person is homeless by 2010.

The Tasmanian Government partially supports this recommendation. The Premier of Tasmania on 4 March 2008 stated that the State Government will establish a current benchmark figure for people 'sleeping rough' in Tasmania by 30 June 2008. The Premier also committed to halving this benchmark figure by 2010. The 2001 ABS Census figure was the most current figure available, and a more relevant benchmark is being established by 30 June 2008.

The *Counting the Homeless Working Group* (CTH WG) has been established to develop a methodology for establishing the baseline and ensuring it can be repeated in 2010. The CTH WG comprises representatives from across government and the non-government sector, specifically: the CEO of Shelter, the Director of the Social Inclusion Unit plus a senior staff member, the Director Housing Tasmania and some senior staff members; the Director of the University of Tasmania's Housing and Community Research Unit (HACRU) and the Australian Bureau of Statistics.

The Deputy Premier announced the findings of the Commonwealth Working Group on the 26 June 2008. The Working Group found the number of homeless to be around 450. Since then the ABS Counting the Homeless 2006 report has been released based on Census and other sources of data including SAAP has estimated that on Census night 2006 there were 376 people in the primary homeless category. While it is positive that this analysis by Chamberlain and MacKenzie has revised the benchmark to a slightly lower figure this will have no practical impact on the Government's efforts to reduce homelessness.

The definition of homelessness adopted by the CTH WG is the cultural definition of homelessness developed by Chamberlain and MacKenzie and used by the Australian Bureau of Statistics (ABS). The minimum community standard recognised in this definition is a small rental flat—with a bedroom, living room, kitchen, bathroom and an element of security of tenure—because that is the minimum that most people achieve in the private rental market. This has led to the identification of 'primary', 'secondary' and 'tertiary' homelessness.

Primary homelessness is 'rooflessness'. It includes all people without conventional accommodation, such as people living on the streets, sleeping in parks, squatting in derelict buildings, or using cars or railway carriages for temporary shelter. Secondary homelessness includes people who move frequently from one form of temporary shelter to another and includes people in emergency or transitional accommodation provided under the Supported Accommodation Assistance Program (SAAP), people living temporarily with other households because they have no accommodation of their own and people in boarding houses on short-term stays of 12 weeks or less.

Tertiary homelessness refers to people who live in boarding houses on a medium to long-term basis, for 13 weeks or longer. They do not have a separate bedroom, living room; kitchen or bathroom facilities of their own. Their accommodation is not self-contained; and they do not have security of tenure provided by a lease on the property.

The Tasmanian Government considers that a benchmark to eliminate all homelessness is unrealistic as a result of the complex and ranging issues that cause a person to become homeless. Improved services in Disability Services, Mental Health Services and Child Protection Services will also assist. It has stated a goal to halve the numbers of homeless by 2010 and considers this to be a challenging but achievable objective.

Recommendation 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.

The Tasmanian Government is undertaking a number of initiatives to improve access to crisis accommodation, and to assist homeless Tasmanians to access secure and affordable longer term accommodation.

A Tasmanian Homelessness plan is being developed, which will provide a holistic framework for addressing and preventing homelessness in Tasmania. Housing Tasmania and the Social Inclusion Unit of the Department of Premier and Cabinet will be developing this plan in consultation with community sector partners. The needs of different client groups and locations within Tasmania will be considered, prioritised and addressed during this process. This will complement the Australian Government's White Paper due for release in September 2008.

Additional resources are also being immediately allocated to addressing and preventing homelessness. The \$60 million of additional funding that the Premier has committed to housing will increase the supply of properties available to homeless Tasmanians, and will provide additional exit points through reducing public housing waiting lists and increasing the supply of alternative affordable housing. Work is already underway to investigate the feasibility of converting the Highfield House property in central Hobart to provide up to 50 units for homeless people based on the Common Ground model. Other initiatives will be announced shortly. The Australian Government is also developing a national policy framework for addressing homelessness, and the Tasmanian Government is looking forward to participating in this process.

The Australian Government has also committed to providing additional crisis accommodation with built-in exit points through its *A Place to Call Home* initiative. Under this scheme, homeless Australians will be provided with a home and associated support services. After one year the tenanted property will be transferred into the public housing pool, with a replacement property made available for a new household, therefore the tenant does not have to re-locate as their support needs change. Tasmania will be allocated \$5 million over five years to provide additional housing supply under this scheme through a Common Ground model. It will work closely with the Australian Government to maximise outcomes from this initiative.

Recommendation 4

Effective programmes be implemented to identify people at risk of homelessness.

The Tasmanian Government recognises the value of early intervention programs in preventing homelessness. Under the current SAAP Bilateral Agreement and the associated Tasmanian Bilateral Accountability Framework, the Tasmanian Government identified the maintenance and enhancement of involvement in early intervention and prevention strategies as one of its five priorities for the Agreement period (2006-10).

To fulfil this commitment the Tasmanian Government is developing an *Early Identification and Referral Training and Information Package* for professionals who come into contact with children to assist them to identify children and their families who are homeless or at risk of homelessness, and to refer them to appropriate services. A resource package has been developed, in consultation with child health nurses, teachers and school social workers, and will be trialled by these groups over the next few months. The results of this pilot will then be evaluated by an independent consultant. Once any recommendations for the enhancement of the package have been implemented, it will be made available to all government, non-government and private sector service providers.

A Transitional Support Model for Ex-Prisoners is also being developed to assist the post-release reintegration of ex-prisoners who are homeless or at imminent risk of homelessness. This project was initiated in recognition of the high need amongst ex-prisoners for housing and support upon release, and the high risk of recidivism if these housing needs are unmet. A pilot program has been developed, and is being delivered by the Salvation Army, with two support workers, located in the North and South of the state. An independent consultant is being engaged to evaluate the program, and depending on the consultant's recommendations additional funding may be sought to continue or expand the program.

The Tasmanian Government also announced funding of \$250,000 during the 2008-09 budget to allow Bethlehem House to head lease four units and provide tenancy support to people leaving prison and seeking to re-establish themselves in the community.

These projects have been funded by the Australian Government under the SAAP Innovation and Investment Fund. Programmes to identify people at risk of homelessness and to undertake appropriate early intervention will also be considered during the development of the Tasmanian Homelessness Strategy and the Australian Government's national homeless policy framework. Early identification and prevention are integral to the holistic approach being taken by these projects.

Recommendation 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.

Housing Tasmania has undertaken continual review of the Housing Assessment System (HAS) since its introduction in the early 1990's. It has evolved into a system which provides a refined and targeted measure of applicant need.

Determining the level of need of an applicant and weighting that need against the needs of other applicants is not a simple activity. HAS provides an effective and robust way for Housing Tasmania to do this. Such a system needs to be able to assess and weight the circumstances of clients with very complex needs. The system also needs to provide protection from manipulation by clients and it needs to be fair to everyone.

The Report on Government Service provision rates Housing Tasmania's methodology for assessing need as the most targeted of all states and territories. That is, the people in greatest need get housed first. The assessment system is also responsive to the changing needs of applicants by providing a re-assessment every time an applicant's circumstances change.

In 2007/08 HAS has undergone a number of further enhancements, including:

- Introduction of a second level assessment, where applicants have complex or support needs. This enhanced assessment is undertaken by a Senior Officer and is designed to be an early intervention tool for applicants that have support needs or applicants that have shown in the past they have had difficulties sustaining a tenancy;
- Refinement to the Affordability factor to provide a better measure of rent paid as a proportion of income and introduced points where clients have been required to pay for storage;
- Refinement of the Appropriateness factor to provide points allocation for clients experiencing community violence. This factor was also reviewed to ensure that Housing Tasmania's response to survivors of family violence was consistent with the Safe At Home framework;
- A review of the Allocation section of the policy to ensure that stock is utilised most effectively and that highest needs applicants are housed first.

In 2008/09 Housing Tasmania intends to further refine HAS by:

- Further examining the way Category One operates to ensure that those applicants with the most acute need continue to be housed first;
- Determining whether there is an appropriate distribution of weighting between the different factors; and
- Investigate the evidence base used for allocating points; particularly under the Adequacy factor (e.g. condition of current housing), and the Appropriateness factor (e.g. Ill Health).

Recommendation 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.

The Tasmanian Government has continued to demonstrate its commitment to providing safe, secure and appropriate affordable housing. The Government recently announced an injection of \$60 million to increase the supply of affordable housing. This comes on top of \$95 million invested since December 2003 through the *Affordable Housing Strategy* and an annual commitment of around \$10.7 Million in State Matching funding under the Commonwealth State Housing Agreement.

Tasmanian Affordable Housing Limited (TAHL), established in September 2007, is an example of this Government's commitment to increasing the supply of housing. To date TAHL has commitments to develop up over 500 affordable houses. Opportunities to grow and diversify the affordable housing sector will continue into the future, while public housing is maintained as a safety net for those most in need.

The level of housing need in the Tasmanian community is beyond the control of Housing Tasmania and is driven by the complex interaction of economic and societal forces at a global, national and state level. Housing Tasmania's role is to ensure that public rental properties which represent a scarce resource are appropriately allocated to those applicants in greatest need. The Report on Government Services (ROGS) has described Housing Tasmania's Housing Assessment System as the most targeted of all States and Territories. That is, it is the best at targeting assistance to those in greatest need.

The public housing waiting list has declined by 19 per cent since reaching its peak of 3 382 in February 2005. The waiting list has remained largely static over the past 12 months. At the end of April 2008 there were 2 724 applicants compared with 2 660 in April 2007 – an increase of 64 applicants. Over the past four years the number of applicants waiting for public housing shows a downward trend which is encouraging, though of course there is much work to be done. Over the past 12 months, Housing Tasmania has housed 1 052 households in public rental housing. This equates to approximately 40 per cent of the average wait list over this period.

Recommendation 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 should affect tenancies.

Centrelink payments are the jurisdiction of the Australian Government; therefore the Tasmanian Government cannot respond to this recommendation.

Recommendation 8

Housing Tasmania and Centrelink provide flexible and coordinated benefit and rent payment options for clients.

As at April 2008, 73% of eligible Housing Tasmania tenants were paying their tenant contribution via the Centrelink direct debit scheme, EasyPay. In addition payments may be made in cash or cheque at any Australia Post or Service Tasmania shop.

Housing Tasmania has recognised that it needs to improve the payment options available to the 13% of its tenants who are not eligible to use the Centrelink direct debit scheme. Housing Tasmania has approved the introduction of BPAY as an additional payment option and this will occur once Housing Tasmania's finance and information systems are enhanced to facilitate this option.

Recommendation 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.

The International Covenant on Economic Social and Cultural Rights recognises the right of everyone to an adequate standard of living, including adequate housing (Article 11). This covenant was ratified by Australia in 1976. Therefore the Australian Government and state and territory governments are obligated to progressively implement the rights it specifies. The *Supported Accommodation Assistance Act 1994 (Cth)* and the Commonwealth-State Housing Agreement (CSHA) are guided by considerations of this human rights obligation.

The Tasmanian Government recognises the fundamental importance of safe, secure and affordable housing as a base for people to improve their health and well-being, and to improve their quality of life in a broader social context. Its commitment to attaching a high priority to addressing the housing affordability issue has been recently demonstrated by:

- Organisation of the Minister's Housing Forum, where key stakeholders from the housing industry and community organisations were invited to share their ideas for securing the future of Tasmania's social housing system and increasing the supply of affordable housing in Tasmania;
- Establishment of the Housing Issues Working Group (HIWG) as an ongoing consultative mechanism following the Forum;
- Establishment of a Whole of Government Housing Reference Group (WOGHRG) to ensure that the housing affordability issue is addressed holistically across government departments;
- Announcement of \$60 million in additional funding towards affordable housing, reducing public housing waiting lists and addressing homelessness;
- Establishment of the Housing Innovations Unit to develop affordable housing initiatives, provide expertise to the market, and manage relationships with affordable housing providers;
- The Premier's commitment to halve the number of Tasmanians 'sleeping rough' by 2010, through development of a Tasmanian Homelessness Strategy and supporting initiatives such as the conversion of Highfield House in Hobart into a Common Ground model with up to 50 units for homeless people; and
- Establishment of a Social Inclusion Unit, with an initial focus on addressing and preventing homelessness.

The Australian Government has also committed to attaching a high level of priority to housing affordability issues, with the active and ongoing support of the Tasmanian Government. This is demonstrated by:

- Establishment of the Council of Australian Governments (COAG) Housing Working Group, co-chaired by Tasmania, and implementation of a number of priority initiatives – the *National Rental Affordability Scheme*, the *Housing Affordability Fund*, *A Place to Call Home*, a Land Audit and establishment of the National Housing Supply Council;
- Development of a National Housing Policy, to serve as an overarching policy to represent the national view, direction and priorities to ensure that all Australians have access to secure, appropriate and affordable housing;
- Development of a national policy framework for addressing homelessness; and
- Negotiation of a National Affordable Housing Agreement (NAHA), the successor to the CSHA, with a broadened scope to support the integrated approach of the National Housing Policy.

Recommendation 10

Independent research be conducted to determine Tasmanian-based empirical evidence of the current and future impacts of declining housing affordability.

The Tasmanian Government annually contributes funding to an independent research organisation, AHURI. AHURI has done numerous studies on housing affordability including research conducted under the National Research Venture Housing Affordability for Lower income Australians. AHURI is currently positioning itself to undertake shorter term consultancy work in addition to the research agenda that is agreed upon by State and Territory housing authorities and the Australian Government each year.

The University of Tasmania's Housing and Community Research Unit (HACRU) is also funded by the Tasmanian Government to undertake research into issues such as housing stress. HACRU was funded in order to increase the capacity of state based researchers to undertake Tasmanian specific housing research projects.

Housing Tasmania conducts research and analysis based on quantitative datasets such as the Australian Bureau of Statistics census data and Centrelink rent assistance data.

Recommendation 11

Programmes be implemented to address the impacts on children of issues relating to the housing crisis and its effect on them.

Studies have been undertaken that show that housing instability has a significant impact on children's education. This can have long term implications such as access to employment.

The provision of public housing assistance is a program which helps to address the impact on children of housing crises. As evidenced in the AHURI publication 'Housing Assistance and Non-Shelter Outcomes', there are significant economic and social participation outcomes that are associated with moving to public housing, including: changed use of health services and health improvements; increased perceptions of safety; and importantly, children of school age performing significantly better at school. The removal of financial stress through housing assistance can improve the cohesion of the family and reduce incidents such as family violence and child abuse.

The SAAP priorities are finding short term accommodation for families with children. A Transitional Support Model for children accompanying adults into emergency accommodation has recently been implemented. This two-year Pilot Program aims to develop provision of services to children within the family context, focusing on enhancing the family's capacity to care and protect children and reduce the ongoing risk to children.

Recommendation 12

The Tasmanian Government recommits to the Affordable Housing Strategy with ongoing funding to ensure full implementation of the strategy.

Funding for the Affordable Housing Strategy (AHS) has been provided through to 30 June 2008. Under the AHS a total of 7 500 households have been assisted to access accommodation. This includes:

- The construction and purchase of 402 units of public housing;
- The upgrading of 428 units;
- 4 147 households supported by the expanded Private Rental Support Scheme (PRSS); and
- 2 387 assisted under the Private Rental Tenancy Support Service (PRTSS).

Since the AHS was announced in December 2003, there have been a number of innovations that are delivering new affordable housing.

Tasmanian Affordable Housing Limited (TAHL) has been established and recently announced that under its program there are now 514 homes agreed to be built on sites around Tasmania. Those homes will provide housing for Tasmanians directly from the public housing waiting list. The Tasmanian Government is providing up to \$6 million per annum to TAHL so that it can provide affordable housing.

The PRTSS is an initiative that was introduced under the AHS. Government will consider continuing the service and the expanded PRSS as part of the 2008/09 budget.

Furthermore, the Government has announced a \$60 million capital injection to deliver more public housing. Those funds will target accommodation for those in greatest need. Work has commenced to evaluate the feasibility of converting Highfield House in Hobart into around 50 apartments that would house a mix of homeless people and other low income groups under the Common Ground model which provides long term tenancies with support services provided on site in order to support sustainable living arrangements.

The Housing Innovations Unit has been established within the Department of Health and Human Services (DHHS). This Unit will ensure that the \$60 million provided by the Government can be leveraged with capital from both the private and not-for-profit sectors to develop a range of affordable housing options. The Unit will also work with the industry to maximise the benefits from the Australian Government's housing initiatives being pursued under COAG.

The NRAS, an initiative under COAG, is expected to deliver at least 1 250 new affordable housing opportunities into Tasmania over the next four years. If successful, the Australian Government intends to double that figure over the period to 2017. By 2017, NRAS stock would comprise 6% of the private rental market in Tasmania and provide low to moderate income earners with access to affordable rental accommodation. As importantly, by adding to supply, it will take price pressure off the private rental market.

Recommendation 13

Housing Tasmania revise its rent-setting policy with a view to moving towards rent rates being a percentage of income.

Housing Tasmania's current rent setting policy is based on a progressive scale where the percentage of income payable by tenants increases as their income increases. Housing Tasmania has done a great deal of research on rent setting in the past three years and has found rent methods based on a flat rate of income are more fair, equitable and understandable than variable rate methods.

Housing Tasmania will work with the Social Inclusion Unit to progress work around equitable rent setting for public housing tenants, and to review research in this area. This will inform the broader work being undertaken by KPMG on the future management of public and social housing in Tasmania.

Recommendation 14

Housing Tasmania abandon the tenure-for-life principle, with a grandfather clause applying to existing tenants.

This matter will form part of the considerations of the review of social and affordable housing being undertaken by KPMG.

The recommendation to abandon tenure for life is a sensitive issue. Housing Tasmania has prepared two background research papers, one on tenure and one on eligibility which examine the impact of this. Information was presented and discussed with community groups at the Minister's Housing Forum.

The aim of the Commonwealth State Housing Agreement (CSHA) 2003–08 is to provide appropriate, affordable and secure housing assistance for those who most need it, for the duration of their need. Housing Tasmania's public housing eligibility criteria are set to provide housing assistance to those who are most in need of it.

Security of tenure has many benefits for the wellbeing of tenants. For example, tenants develop community networks which can be disrupted by moving. This could reduce their access to health, education, employment and social networks and reduce their socio-economic outcomes. Housing Tasmania's allocation policies target those in greatest need; therefore removing tenure for life principle could increase the concentration of disadvantage, especially in areas with high densities of public housing. In reality simply removing tenure for life does not mean that tenants will be moved out of their home or public housing unless their circumstances change.

While this provides security of tenure to the household there is no provision to move them on if their circumstances improve and they could be self sustainable either in the private market or through assisted home ownership. This system also results in an inability to move people to alternative properties as their needs change (for example, household size decreases, or tenants no longer require modifications). This contributes to a very low turnover of properties and people in high need being unable to be housed.

The current tenant profile suggests that if clients with high and complex needs continue to be housed as a priority group then most of these will be unable to move into another type of housing. Most of these tenants are on benefits and are unlikely to gain employment, and their low incomes mean they would continue to be income eligible for public housing assistance. Analysis has shown that only a very small proportion of current tenants are outside the eligibility guidelines (around 3%) to enter public housing.

If tenure for life is removed then this can create churn whereby people cycle in and out of the system which can be detrimental to their wellbeing. It can also be an administrative burden to housing workers, costly for the department and place stress on other areas of the housing system such as SAAP services. The removal of tenure for life could act as a deterrent for tenants seeking employment as they may endeavour to remain eligible for public housing.

There are benefits to ensuring that there is some churn in the system such that properties are regularly becoming available so that applicants with high housing need can access public housing when they need it. This would appear to be a more effective way to utilise the stock available for those in greatest housing need.

Housing Tasmania offers all new public housing tenants an initial lease for a **fixed term** of up to six (6) months. After six months Housing Tasmania provides most public housing tenants with indefinite security of tenure by rolling over the lease to **no-fixed term**. Housing Tasmania offers fixed term leases of between four weeks and three years duration to:

- tenants who have not complied with their lease obligations during the initial or previous fixed term;
- tenancies in special types of homes (for example adaptable housing units); and
- tenancies with special types of conditions (e.g. supported tenancies).

Current arrangements which see tenants on a short term leases or no-fixed term leases (tenure for life) could be formalised so that certain tenant groups are eligible for one or the other depending on whether their circumstances are likely to change. An ongoing eligibility policy could be established with reviews conducted based on incomes and assets. Fixed term leases could apply to a broader range of properties.

Conducting regular reviews to assess ongoing eligibility for public housing assistance or moving to a system of fixed term leases could free up properties for people in higher need.

Recommendation 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.**

The Tasmanian Government considers that this recommendation requires further investigation. To that end it has commissioned KPMG to undertake research on future options for the delivery of public housing. The brief prepared for KPMG requires them to consider the following:

- Outline the current issues around affordable housing in Tasmania;
- Detail the mechanisms to be utilised to begin to address affordable housing and homelessness;
- Provide information on the role of an affordable housing company (primarily an asset manager and land developer, with an affordable housing function);
- There are two alternative corporate structures for an affordable housing organisation.
 - A state owned company that would own and manage the assets. In return it would charge commercially based rents to the public housing tenancy manager (Housing Tasmania). This company may also become involved in land development activities.
 - A housing association that would manage both the assets and tenancies. A housing association generates its income on rents that are affordable to tenants.
- Discuss the future role of Housing Tasmania;
- Describe the financial benefits and cost requirements for an affordable housing company, and the Government; and

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- Outline the potential impact an affordable housing company might have on the provision of affordable housing.

KPMG will undertake a three month public consultation process on the way ahead for public housing. This process will input into KPMG's findings.

A report from KPMG is expected by the end of 2008, and the Tasmanian Government will then analyse the contents of that report prior to any decision making.

The Government has committed that the outcome of the review will not result in the privatisation of the public housing stock and that changes will not result in a profit being made from the provision of public housing.

Recommendation 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.

Arising from the Minister's Housing Forum held in November 2007, the Department of Health and Human Services recently established the HIWG. That group comprises members from industry (Property Council of Australia, Real Estate Institute of Tasmania, Housing Industry Association and Master Builders Association) and non-government organisations such as Tascoss, Colony 47, Centacare, Anglicare, Shelter, Red Shield Housing and the Local Government Association of Tasmania. It provides an opportunity for those parties to be kept updated in relation to housing matters and provide input into relevant policy matters.

Recommendation 17

The Federal and State Government fund the development of well managed community housing in Tasmania.

In Tasmania, there are over 500 community housing properties managed by around 50 community housing providers. These properties have been funded through the Community Housing Program (CHP) or related programs. The CHP is a tied funding program under the CSHA, and is administered by Housing Tasmania. The CSHA expires in June 2008. Funds from this Program are used to assist the community housing sector to provide rental accommodation for people with low incomes. Many people assisted through the Community Housing Program may have specific needs such as those with a disability, older people or humanitarian entrants.

Funding is available to not-for-profit community-based organisations, such as housing associations, housing co-operatives and local government for capital projects. Funding has previously been administered through a rolling program and more recently through funding rounds. The annual appropriation under the CSHA has been approximately \$1.5 million. It is expected that there will be a similar allocation of funds for 2008-09 through an extended CSHA and the new National Affordable Housing Agreement.

Through the 2007-08 CHP Funding Round almost \$3 million of CHP funds were allocated to five community housing organisations. This will add a further 24 units of accommodation to the affordable housing pool. All five organisations have made a significant contribution towards the total cost of the projects. The average contribution was approximately 42 per cent, which means that for a Government contribution of \$2.9 million, we will achieve a total input of \$5 million to the social housing sector.

All organisations funded through CHP are required to enter into a legally binding contract with Government that requires them to use the properties for affordable accommodation. This agreement is actively managed by Government. Because of its capacity to lever private finance and additional government subsidies, for example in the form of Commonwealth Rent Assistance (CRA), the Community Housing sector is viewed by Federal and State government as complimentary to public housing and the primary vehicle of affordable housing growth into the future. In order to significantly increase the number of affordable housing units in the state, it is possible that future CHP funding may be directed towards not for profit (NFP) growth providers. NFP growth providers are defined as those who operate at scale and can leverage off their assets in order to significantly grow their portfolio.

At a national level, it is recognised that a larger sector requires appropriate regulation. In response to this, a National Regulatory Framework is being developed for NFP growth providers. This will achieve consistency across jurisdictions and will provide greater confidence in the sector. Tasmania is presently drafting a report for the Minister with recommendations on how the requirements of the National Regulatory Framework could be met.

Recommendation 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.)

As previously noted, the Australian Government is implementing tax incentive schemes such as the NRAS and the Housing Affordability Fund (HAF). The NRAS scheme offers tax credits of \$6 000 per annum to private investors or grants to not for profit organisations who build new homes and rent them to low and moderate income earners at 20 per cent below the market rent. The state government is expected to contribute in the form of financial and or other support such as tenancy management. States provide at least \$2 000 per annum in direct or in kind financial support for investors. This could include reduced stamp duty or infrastructure charges, fast tracked development approvals, or tenancy management services for the new properties.

On a per capita basis, 1,250 homes will be developed under NRAS over the next four years. This additional supply will reduce price pressure in the private rental market. It will also provide opportunities for those on the public housing waiting list by being able to directly house some households on the list and by freeing up public housing properties as existing tenants move out of public housing into NRAS houses. It is expected that tenants paying full market rent in public housing will in particular be attracted to NRAS homes given the lower rents on offer.

The HAF initiative comprises a \$500 million fund with the goal of streamlining development approval processes and reducing infrastructure charges and developer costs. Under the HAF initiative the Australian Government will consider innovative, development specific, proposals from state governments that cut development costs. The Affordable Housing Innovations Unit will examine the best ways to utilise these schemes in Tasmania.

Tax free status for charitable organisations allows not for profit housing organisations to provide affordable accommodation. The establishment of Tasmanian Affordable Housing Limited (TAHL) as an unlisted public company with public benevolent institution status enables it to access GST concessions so it can provide more affordable housing. The Tasmanian Government continues to offer the First Home Owner Duty Concession to assist first home buyers.

Recommendation 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.

The primary purpose of the grants provided under the First Home Owner Scheme (FHOS) was to compensate first home buyers for the impact on overall housing affordability from the introduction of the GST. However, there is some evidence that the FHOS has actually worsened housing affordability in recent times for both first home buyers and other purchasers by stimulating demand in a supply-constricted market. Therefore, some of the benefits of the scheme have accrued to established home owners, builders and real estate agents through higher property prices, rather than first home buyers.

It is not clear what the policy justification is for providing further untargeted assistance to first home buyers, ahead of focusing on those in the community that are most in need of housing assistance. In addition, providing a GST exemption for the construction of new homes is only likely to further stimulate demand. In the current market conditions, where supply is unable to meet demand, this may only drive up prices and worsen housing affordability.

Such an exemption would also be inequitable and would only lead to further calls from other perceived special needs groups for further GST exemptions, which would create further inequities and put at risk the State's most important source of revenue. To implement such an arrangement would also require the agreement of all states and territories and the Australian Government, which is extremely unlikely to be provided for the above reasons. As with any such issue, if policy dictates a need for assistance to a particular group in the community, then such assistance should be provided in a direct and transparent manner, rather than through the tax system.

Recommendation 20

Land tax thresholds be raised and the aggregation principle be abolished.

It is not considered that land tax has a significant impact on overall housing affordability, which is determined by broader supply and demand factors. However, the Tasmanian Government has provided land tax relief on two occasions, the most recent being in 2005/06 at a cost of \$19.6 million per annum. This was provided in the context of balancing the need for tax relief with the recognition of the significant increases in landowner wealth that had occurred through rising property values.

The decision to alter land tax thresholds is a matter for the Tasmanian Government in the context of wider budgetary considerations and the need to meet rising demand for essential services as well as building and maintaining the State's infrastructure. Aggregation is an integral measure associated with the progressive nature of land tax scales. Without aggregation, land holders would be able to split properties to achieve lower effective land tax rates. Aside from the inequities this would create, it would also result in a significant loss of revenue which would either have to be met through reduced services or increased taxes.

The only effective mechanism to remove the need for aggregation is to adopt a single rate of land tax. This would improve simplicity. However, to be revenue neutral, a significant redistribution of the tax burden away from holders of land with a high aggregate value (ie commercial property) to holders of relatively lower value land (such as shacks and low rent investment properties would result). This would not be viewed positively in the community and is unlikely to have a positive impact on housing affordability.

Recommendation 21

Local development allow flexibility and offer concessions in regard to planning approvals for affordable housing concepts, where a clear community benefit exists.

The State Government's proposed State Planning Policy could achieve consistency in planning responses to this issue. It could require the removal of any discrimination between housing types and provide direction on the way to achieve affordable housing through planning schemes. A Planning Advisory Note issued by the RPDC could also require removal of discrimination against types of housing.

In any event, the current Planning Scheme Template (PDI) which all new planning schemes must adhere to, does not differentiate between different types of residential development. A Standard Residential Schedule is currently being developed which will not discriminate either. Exemptions for some forms of residential development set out in PDI are also being expanded.

The use of planning incentives such as bonus plot ratios or transferable development rights will be looked at in the development of the standard residential schedule. Incentives for housing above commercial development eg shop tops could be provided. Greater heights and plot ratios already encourage units in some local business zones.

However, there is a need to address impediments to developing units above premises in central business areas. In addition, standardised provisions for mixed use zones could provide for this.

Planning and land supply issues are key factors for consideration in the review of public and social housing being undertaken by KPMG.

Recommendation 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.

In late 2007 the Government agreed to the establishment of an Affordable Housing Site Working Group (AHSWG) with responsibility to identify Crown land which could be considered for use in provision of affordable housing. This committee is chaired by the Department of Treasury and Finance and has representatives from the Departments of Education, Health and Human Services, Premier and Cabinet and Primary Industries and Water. This committee will review all Crown land declared surplus to requirements and ascertain its suitability for affordable housing.

In addition, Housing Tasmania has made available to TAHL and other affordable housing providers, in excess of \$8 million of land for use as affordable housing development sites. This land, as well as some privately owned land, has resulted in development proposals for in excess of 500 homes over the next four years with further work to be undertaken to extend this number. Under the Council of Australian Governments initiatives, a land audit is to be undertaken to identify other potential development sites for affordable housing. This audit will involve investigation of Commonwealth Government and Local Government holdings and work has already commenced in this regard. The audit will be completed by December 2008.

Recommendation 23

Grants, concessions, and assistance for renters and home buyers should be reviewed. Further:

- a) **First homebuilders receive additional incentives in order to increase the supply of housing stock.**

First home builders already receive significant Tasmanian Government assistance through the FHOS and the first home builder duty rebate. As discussed in relation to Recommendation 19, it is not clear what the policy justification is for assisting first home builders over those in the community that are most in need of housing assistance. In addition, providing further stimulus to demand in the current market where supply is constricted is only likely to drive up prices and worsen housing affordability for all purchasers.

- b) **The State Government review and update the terms and conditions of the Home Ownership Assistance Programme and the Streets Ahead Incentive Programme.**

The HOAP scheme has been modified to support a shared equity scheme and eligibility for the scheme has been reviewed to bring it into line with the Streets Ahead eligibility. The shared equity scheme is expected to commence by October 2008.

The eligibility for Streets Ahead was reviewed in 2006 and has been designed to provide moderate income earners with the opportunity to obtain assistance to purchase a home. Further modification of the eligibility criteria is not required.

- c) **Commonwealth Rent Assistance continue largely in its present form, though maximum assistance thresholds should be reflective of market rent levels.**

Possible reform to Commonwealth Rent Assistance (CRA) is being considered as a part of the development of a new National Affordable Housing Agreement.

CRA is provided to people on low incomes to assist them to rent accommodation, generally within the private rental market. To receive rent assistance people need to:

- Receive a payment from Centrelink (including more than the base rate of Family Tax Benefit Part A);
and
- Be paying rent above a minimum amount.

The payment levels and the rent thresholds for Rent Assistance are uniformly applied across Australia and there are no regional differences in the amounts paid. There are different amounts paid according to level of income and amount of rent paid.

It is generally accepted that CRA is an effective income supplement that assists income support recipients to rent privately. This relieves some of the affordability burden that people may experience in renting privately, particularly in the current housing market. Assisting people to rent in the private market also reduces the pressure on the social housing system and/or public housing assistance.

A maximum rate of CRA is applied according to level of income and rent paid, however this maximum is paid irrespective of whether a person lives in a rural area or inner city. There have been papers that argue that CRA should be reviewed because it does not take into account these regional variations.

If payments were based on market rent, then this would take into account these regional variations. It would need to be ensured that there is a level of maximum assistance that is an appropriate level of assistance to support the highest levels of market rent that may be experienced and that this is updated regularly to reflect market rent increases.

d) The State Government's tenancy support schemes remain in place.

Housing Tasmania funds two programs which assist people with low incomes in the private rental market: PRSS and the PRTSS. These programs were initiated through the AHS, and aim to extend the range of support provided by the Tasmanian Government to people on a low incomes in accessing and maintaining private rental tenancies. This approach supports individuals and families to achieve secure housing outcomes at a time when our community is facing unprecedented pressure in regards to housing affordability.

The PRSS primarily provides financial assistance through bond, rent and removal payments to people with low incomes to establish or maintain tenancies in the private rental market. The PRSS is delivered by Anglicare in the North and North-West and Colony 47 in the South of the state. The PRTSS primarily provides non-financial assistance, such as advice and referrals, for people with low incomes to establish and maintain tenancies in the private market. It is delivered by Centacare in partnership with the Salvation Army.

In the 2008/09 Budget the Tasmanian Government undertook to fund both the PRSS and PRTSS for an additional 2 years.

Under the PRSS, 20 053 households have been assisted from July 2003 to March 2008. A further 2 387 households were assisted under the PRTSS from July 2005 to March 2008. Both programs have been independently evaluated over the last six months. Conclusions are that the programs provide valuable support complement existing programs, are well received by tenants, and landlords alike, and play a key role in sustaining tenancies

Recommendation 24

Within three years, there are no clients in category 1 or 2 waiting to be housed.

While this sentiment is admirable it is impossible to achieve. Even in the very best of circumstances, there will always be a waiting list while those recently assessed are allocated a property. It is realistic for Housing Tasmania to work towards a goal where the amount of time Category One applicants wait before being allocated a property is reduced.

The types of activities listed in the response against recommendation 6 demonstrate the Tasmanian Government is doing a great deal to increase the supply of affordable housing and reduce the level of housing stress in the Tasmanian community.

The response against recommendation 5 also demonstrates that Housing Tasmania is striving to achieve an assessment and allocation system that is flexible, refined and responsive. Relative to other States and Territories Housing Tasmania's system rates very well in terms of targeting and in terms of timeliness to house, particularly allocations to greatest need applicants.

Recommendation 25

Urgent action be taken to clear the maintenance backlog.

Housing Tasmania moved to a new maintenance contract model effective 01 July 2007 where a head contractor has been engaged to undertake all required maintenance work. The head contractor is responsible to co-ordinate the numerous sub-trades, as compared to the former model where 26 contracts were required to be administered and coordinated. This model will generate efficiencies in the way maintenance funds are allocated.

Annual expenditure on maintaining Housing Tasmania's housing portfolio is approximately \$30 million. This represents emergency maintenance, routine maintenance and upgrades. Housing Tasmania utilises a priority system for scheduling maintenance and upgrade works in accordance with available funding.

As part of the new maintenance contract model, a condition assessment audit has commenced in the North and North West of the State to report on the condition of all current housing stock and prioritise any outstanding works. A similar exercise is to be undertaken in the South. This will provide a comprehensive data base to inform future decisions in relation to maintenance and upgrade works.

Improved management of the maintenance backlog is a key matter for consideration in the review being undertaken by KPMG.

Recommendation 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.

The provision of affordable housing and responding to homelessness are key priorities of the Tasmanian Government. In addition to ongoing state matching payments made under the CSHA and SAAP, and \$95 million invested since December 2003 through the AHS, the Premier recently announced an injection of \$60 million towards public housing, reducing public housing waiting lists and addressing the homelessness issue.

The Tasmanian Government will also be working through the COAG Housing Working Group during the latter half of 2008 to ensure that the new NAHA includes provision of sustainable funding commensurate with service demand. The NAHA is expected to replace the existing CSHA, SAAP and Indigenous Housing and Infrastructure Agreement (IHIA) and to provide ongoing funding for the COAG Housing Working Group initiatives. Other areas including CRA, First Home Owners Grant (FHOG), urban planning and housing supply may also be brought into the scope of the NAHA.

The Tasmanian Government will strive to take advantage of the opportunity provided by negotiation of a new agreement to address problems with current funding mechanisms. One particular issue is the current requirement for the Tasmanian Government to return the majority of its CSHA grant to repay a debt to the Australian Government for CSHA payments provided as loans prior to 1989. Another is that the existing model of provision of a capital grant does not recognise and cover operational costs such as asset maintenance and support for high needs tenants.

Recommendation 27

Either the Federal Government extinguish the CSHA debt or the State Government transfer the liability from Housing Tasmania to Finance-General.

While the decision on the CSHA debt forgiveness belongs to the Australian Government, the Australian Government could be lobbied to extinguish the current CSHA debt, it should be noted that such efforts have been unsuccessful in the past.

The Tasmanian Government is pursuing the issue of CSHA debt forgiveness as a part of the negotiation process with the Commonwealth Government in developing a new National Affordable Housing Agreement.

This is being done on the basis that any such forgiveness would not result in a reduction in Australian Government investment to Tasmania for the provision of public and social housing.

The option of the CSHA debt being moved to Finance-General is not supported. To be revenue neutral, such a move would require a corresponding reduction in State funding to Housing Tasmania so to enable the debt to be repaid, with no net benefit to Government or Housing Tasmania. Further, the effective interest rates on the current CSHA debt are lower than would be achieved if this debt was refinanced. Therefore, there may be a net loss as a result of such a debt transfer.

Transferring the CSHA debt to Finance-General and maintaining State funding to Housing Tasmania effectively equates to a significant increase in Budget funding on housing. Such a decision is a matter for the Tasmanian Government, with consideration to wider budget implications and the need to meet rising demand for essential services as well as building and maintaining the State's infrastructure. However, given the interest rate differential discussed above, if this position was to be adopted it is considered preferable that increased direct funding be provided without any transfer of the CSHA debt.

Recommendation 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.

See response to recommendation 23 for a detailed response to the issue of funding for rental support services. In regards to funding being increased consistent with demand and on a sustainable basis, base funding is indexed each year at the agreed rate and services have the opportunity to make a case for additional funding as part of the budget process. Ongoing funding for PRSS and PRTSS has been provided for two years to 30 June 2010.

With regards to homelessness services, the Tasmanian Government is working to halve the 450 people who are considered to be in the primary homeless category, that is those who are sleeping rough or in improvised dwellings by 2010.

A working group was set up across government to agree on a methodology to count the homeless as at 30 June 2008 in order to establish an agreed 450 sleeping rough benchmark. This key piece of work together, with a report from internationally renowned homelessness consultant Roseanne Haggerty, will be used to develop a homelessness plan that will allow Government to effectively target resources to areas where there is greatest need.

More broadly, the SAAP IV evaluation found that homelessness services were working to capacity, similar to other states. There are indications of unmet need whereby a proportion of clients are turned away due to no beds or lack of capacity, however due to individual clients presenting to more than one service it is difficult to estimate the actual demand. Demand on homelessness services would be further reduced by an increase in affordable housing places generally.

Recommendation 29

Tasmanian stakeholders give due consideration to interstate (and overseas) housing strategies and models.

One of the Terms of Reference for the current KPMG Consultancy on the future options of the provision of public housing includes a review of Interstate (and Overseas) housing strategies and models.

Due consideration of alternative strategies and models is already a key component of Housing Tasmania's policy development process. All housing and homelessness policy decisions are informed by a high level of awareness of national and global policy directions and detailed research of alternative strategies and models. Policy options are developed and evaluated after thorough consideration of appropriate strategies and models that have been developed elsewhere and their degree of fit with Tasmania's circumstances. Detailed information is sought through the mechanisms described below, publications and direct contact with academic researchers and staff from other jurisdictions. Where necessary and appropriate senior officers from the Department of Health and Human Services conduct site visits to get in depth first hand information and experience of service and building programs to assist in the development of Tasmanian programs.

Housing Tasmania also consults widely with organisations from the not-for-profit and private sectors. These organisations provide knowledge of interstate and overseas strategies and models from their own national organisations and broader sectors. Housing Tasmania staff regularly participate in policy development forums with colleagues from other jurisdictions, to contribute to national policy development and to keep abreast of key policy directions in other states. These include:

- The Council of Australian Governments (COAG) Housing Working Group;
- The Housing Ministers' Advisory Committee (HMAC);
- The Policy and Research Working Group (PRWG) and its subgroups;
- The Supported Accommodation Assistance Program (SAAP) National Coordination and Development Committee (CAD);
- The SAAP Information Sub-committee (ISC);
- The National Committee for Housing Information (NCHI);
- The Report on Government Services (ROGS) Housing Working Group; and
- The National Social Housing Survey Working Group.

Tasmania has also nominated a representative from the Justice Department's Land Use Planning Branch to the National Housing Supply Research Council, which was recently formed as one of the Australian Government's COAG initiatives.

Housing Tasmania's policy development is also informed by up-to-date academic analysis of Australian and overseas housing strategies and models through its relationship with AHURI, a national research organisation specialising in housing and urban research and policy. The University of Tasmania's Housing and Community Research Unit (HACRU) is part of AHURI's Southern Research Centre. The relationship with AHURI includes:

- Tasmanian Government funding for AHURI's general operations and consultancy services;
- Housing Tasmania officers participation in the development and governance of AHURI's research program, to ensure that quality projects of policy relevance to Tasmania are funded;
- Use of AHURI's extensive collection of resources to inform housing policy;
- Housing Tasmania participation in seminars and symposia organised by HACRU and AHURI; and
- AHURI and HACRU researchers provision of consultancy services to Housing Tasmania.

Housing Tasmania staff also attend national conferences on issues relating to housing and homelessness to keep informed of national and international directions. These include:

- The National Housing Conference (organised by AHURI);
- The Australasian Housing Researchers' Conference (organised by AHURI);
- The Social Housing Policy Forum (organised by the Australasian Housing Institute); and
- The National Homelessness Conference (organised by the Australian Federation of Homelessness Organisations).

Recommendation 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.

The State has put in place a program of developing three Regional Land Use Strategies for Tasmania. Unlike the Sydney Metropolitan strategy, these regional plans will be given direct effect through a suite of new planning schemes for each of the constituent local councils. The first of these regional strategic studies is underway in the Cradle Coast region. Discussions are well advanced for establishing similar projects in the north and south. The southern strategy will be developed in partnership with the local councils represented on the Southern Tasmanian Councils Authority. This strategy will identify the long-term planning issues, including housing for the Hobart metropolitan region, and Government supports this process.

A proposal developed by the Property Council of Australia (Tas) for the development of a Metropolitan Plan for Greater Hobart and Launceston will be reviewed and given active consideration by the Tasmanian Government.

Recommendation 3 I

The State Government diversifies its interest in community housing beyond the TAHL model.

The Tasmanian Government has diversified its interest in community housing beyond the TAHL model as can be seen from the Community Housing Program. Given the small size of the Tasmanian community housing sector, the scope for large scale expansion is limited.

Considerable work has been undertaken by the Tasmanian Government to date to support growth of community housing, including the establishment of Red Shield Housing Association through transfer of public housing stock, and the targeting of Community Housing Program funding to organisations that can contribute to development costs

In order to diversify community housing and increase the number of affordable housing units further, future funding for community housing may be directed towards not for profit growth providers who can achieve economies of scale and leverage off their assets to grow their portfolio.

The Tasmanian Government is actively working on attracting new housing organisations into the State to provide housing services. Community Housing Limited (CHL), based in Victoria, has an agreement with the Tasmanian government to construct 50 units in the north of the State. Discussions have also taken place with CHL in relation to expanding that investment into 250 units that can be developed and managed in accordance with the National Rental Affordability Scheme.

Recommendation 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.

As noted in the response to Recommendation 31 the Tasmanian Government is actively working on attracting new housing organisations into the State to provide housing services. Community Housing Limited (CHL), based in Victoria, has an agreement with the Tasmanian government to construct 50 units in the north of the State. Discussions have also taken place with CHL in relation to expanding that investment into 250 units that can be developed and managed in accordance with the National Rental Affordability Scheme.

Other financial institutions are also being approached to consider investment in the State. A package of investment opportunities is being collated and will be offered to the market in the near future.

The Housing Innovations Unit will engage with Habitat for Humanity Australia and Urban Pacific to assess opportunities for them to operate sustainably in Tasmania.

Recommendation 33

The Federal Government consider implementation of the NARI as part of tax arrangements.

The Australian Government has announced NRAS as one of the COAG's Housing Working Group's priority initiatives. This scheme shares many characteristics with the National Affordable Rental Incentive (NARI) previously proposed by the National Affordable Housing Summit.

Under the NRAS scheme the Australian Government will provide an incentive of \$6 000 per annum over 10 years will be provided to providers of new dwellings that are rented to low and moderate income households at 20 per cent below market rates. This incentive will be provided as a tax offset for commercial developers and as a grant for not-for-profit providers. State and territory governments will also provide \$2 000 per annum in financial or in-kind assistance to each participating household.

The scheme has a target of 50 000 properties by 2012, and an additional 50 000 properties after this date if the scheme is successful and demand remains strong. The Australian Government called the first round of Expressions of Interest on 26 July 2008 for properties to be made available in the 2008/09 financial year. This round closes on 4 September 2008.

The Tasmanian Government supports this scheme. The Housing Innovations Unit (HIU) is working with developers, investors and tenancy managers to maximise the interest from the State. The HIU has set a target of 300 units from the first round. An information package outlining the opportunities for NRAS in Tasmania has been distributed to all interested parties.

Recommendation 34

The Residential Tenancy Act 1997 be reviewed and any amendments be implemented by 1 July 2009.

The *Residential Tenancy Act* was not intended to regulate the physical state of premises as this function is already performed under the *Public Health Act 1997*. The primary purpose of the *Residential Tenancy Act* is to regulate the formation and performance of contracts within the residential rental market. From this perspective, it regulates obligations for maintenance (which is implicitly a part of the contractual bargain) but not the initial state of premises as they exist at the time of entering the contractual bargain.

The *Public Health Act 1997* empowers building surveyors and environmental health officers, authorised by Local Government to inspect buildings and issue notices under the Act. Where premises are a threat to public health an officer may issue notices requiring rectification of a specific problem. Similarly, a building surveyor may issue a notice requiring remedial work where a building has some structural defect and in extreme cases may order demolition.

Housing Tasmania is also responsible for the administration of the *Substandard Housing Control Act 1973*. This Act allows for a premises to be declared substandard and for the rent to be controlled while such a declaration is in place.

There are specific provisions contained in the *Residential Tenancy Act* that relate to arrears of rent. An owner may issue a Notice to Vacate where rent is in arrears. However, where rent is paid before the notice takes effect, such a notice is void. A Notice to Vacate may be rendered void on two occasions in any 12 month period. On any subsequent occasion, the owner may proceed to obtain vacant possession even where the rent has been paid. This provision was developed in consultation with the industry and community organisations when the Act was enacted and was supported by both parties.

There is always value in refining legislation so that it remains current and responsive to the needs of the market. For this reason, a comprehensive review of the Act was conducted in 2003 and resulted in significant improvements to the Act. Nevertheless, submissions by stakeholders with suggestions for further improvement of the Act would be welcomed.

A number of issues are currently being reviewed with amendments likely to be introduced later this year. Amendments include improvements relating to redress for unreasonable rent increases and a review of the current exemptions for short term crisis housing.

Recommendation 35

The issue of rent bidding be addressed through legislation before the end of 2008, making this practice an offence.

Rent bidding generally refers to the practice of agents and owners taking bids from potential tenants above the advertised price. I am advised that tenants frequently initiate rent bidding in an effort to secure a scarce property. Advertising a price bracket and seeking offers within that price range may also initiate rent bidding.

While the Government does not support rent bidding, it is simplistic to propose that the practice is simply prohibited by legislation. Such legislation would be difficult to enforce and in a practical sense could only relate to a restriction of advertising. It would be difficult to prevent tenants from offering higher prices.

The Office of Consumer Affairs and Fair Trading conducted a survey of Tasmanian newspapers for the period 6 February to 16 February 2008. These advertisements largely represent properties in the private market. The survey revealed that in 92 percent of cases, properties were advertised at a fixed price. Five percent advertised a bracket price. One percent advertised the rental as negotiable and 2 percent did not include a rental amount in the advertisement.

From this survey, it is difficult to argue that there is widespread advertising of rent bidding.

Rent bidding is a national issue and no other jurisdiction has yet devised a means of prohibiting rent bidding. The Office of Consumer Affairs and Fair Trading will continue to monitor this market and developments in legislation in other jurisdictions.

Recommendation 36

Non-bank home loan products and services in Tasmania be more strongly regulated.

The provision of consumer credit, including mortgages provided by non-banking institutions is regulated by the Consumer Credit (Tasmania) Code. The policy of the Code is established by the Ministerial Council on Consumer Affairs (MCCA) which establishes national policy under a scheme of template laws that apply in all jurisdictions, including Tasmania.

The Code already provides for redress in the event that the conduct of a lender is unconscionable. This means that where a credit provider knowingly lends money to a person who is unable to repay, a court can vary or annul that loan. Further, where a person is in short term difficulties but is able to resolve that issue in the medium-term, the Code provides that a court may require a mortgagor to make an arrangement that gives a longer time to pay.

The next meeting of MCCA will also consider the national regulation of finance brokers which will include a registration process. This may address some of the issues about inappropriate practices by brokers in the mortgage market.

While improvements to the national law may be needed and are currently being considered, it is not necessary to make additional Tasmanian laws to further regulate credit providers in respect to mortgages.

Recommendation 37

The State Government investigate the concept of land trusts.

The concept of land trusts represents a significant change to tenure. As such, it requires thorough investigation. It is an area that the Housing Innovations Unit will give further consideration to this matter as part of its medium term work plan.

Glossary

AHS	Affordable Housing Strategy
AHURI	Australian Housing Urban Research Institute
AHSWG	Affordable Housing Site Working Group
CAD	National Coordination and Development Committee
CHL	Community Housing Limited
CHP	Community Housing Program
COAG	Council of Australian Governments
CRA	Commonwealth Rent Assistance
CSHA	Commonwealth State Housing Agreement
CTH	<i>WG Counting the Homeless Working Group</i>
DHHS	Department of Health and Human Services
EIRTIP	Early Identification and Referral Training and Information Package
FHOS	First Home Owner Scheme
HACRU	Housing and Community Research Unit
HAF	Housing Affordability Fund
HMAC	Housing Ministers' Advisory Committee
HAS	Housing Assessment System
HACRU	Housing and Community Research Unit
HIWG	Housing Issues Working Group
HOAP	Home Owners Assistance Program
HWG	Housing Working Group
IHIA	Indigenous Housing and Infrastructure Agreement
ISC	Information Sub-committee
NAHA	National Affordable Housing Agreement
NARI	National Affordable Rental Incentive
NCHI	National Committee for Housing Information
NSHSW	National Social Housing Survey Working Group
NFP	Not for Profit
PRWG	Policy and Research Working Group
PRSS	Private Rental Support Scheme
PRTSS	Private Rental Tenancy Support Service
ROGS	Report on Government Services
SAAP	Supported Accommodation Assistance Program
TAHL	Tasmanian Affordable Housing Limited
WOGHRG	Whole of Government Housing Reference Group