



## tasmanian conservation trust inc

House of Assembly Select Committee on Housing Affordability  
Secretary  
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Hobart 7000

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

The Tasmanian Conservation Trust's (TCT) interests in housing relates to: urban sprawl causing loss of bushland and farmland and increasing carbon emissions from transport; inappropriate infill or highrise housing threatening urban green spaces and residential amenity; and increased carbon emissions and broader ecological footprint from over-sized and energy inefficient houses.

Building a house will be the biggest environmental impact most of us will make in our lives – with most impact being the energy used to maintain and occupy it and transport ourselves to it. Decision made when building a house can lock future occupants into high costs and emission for the life of the house.

Happily, making your house more sustainable will also generally make it more affordable, to buy or rent and to live in.

Smaller houses generally cost less to build or buy and consume less energy and other resources in construction, maintenance and occupation. Infill development, if sensibly located, can reduce urban sprawl and reduce transport costs and emissions. Medium rise development can be an affordable and energy and resource efficient housing solution and can be planned to avoid shading existing residential areas. Conversely, building houses further out from major urban centres not only risks destruction of bushland and farmland but increases transport emissions and costs. Making more existing houses available and affordable for rent or purchase increases supply with the least possible demand on resources.

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## **Lack of goals, strategy and recognition of causes**

Tasmania's housing crisis has been recognised for at least two years but three big issues remain frustratingly not part of the government policy or broader discussion on housing:

- the state government has not committed to fixing the housing crisis and no one seems to be asking them to;
- there is no mention of the state government's Affordable Housing Strategy 2015-25 (Housing Strategy) even though it has remained unchanged while the housing crisis has unfolded;
- there is no mention by the government of the main causes of the housing crisis, which go back decades before AidBNB, and no consideration of how this might inform solutions.

## **Commitment to fixing the housing crisis and setting targets for getting there**

The state government has never committed to fixing the housing crisis, as the New Zealand government boldly promised at the last election, but it should (see *attached highlights of the New Zealand government's housing policies*). The government should commit to clear and measurable targets and regularly report on them in relation to each category of people needing housing or improved housing e.g.:

- facing mortgage and rental stress;
- living in housing that is low quality, unhealthy or energy inefficient;
- on the government or social housing waiting list;
- who are in emergency housing;
- who are homeless.

These targets should be incorporated into a revised Housing Strategy. The government reports quarterly on its 'Tasmania's Affordable Housing Action Plan' but only on the number of people and households assisted through different actions and not whether this meets the demand. Targets are arbitrarily set and are not even intended to reflect the actual need in different groups of people.

The New Zealand government has a nationally agreed method of collecting statistics on housing and this provide a clear means of measuring the problem and impact of policies. We need to consider having an independent organisation monitor the housing problem to see if we are improving or not.

## **State Government's Affordable Housing Strategy**

It could be argued that the Housing Strategy, which is critical in prioritising state government spending, has failed to prevent the current housing crisis and the government should trigger a review to look at what could be improved. At the end of 2018 the state government did seek input on the development of the next three year 'Tasmania's Affordable Housing Action Plan' but the consultation focused on a narrow set of questions directed to selected stakeholders. There was no broad community consultation. There has been no review of the Housing Strategy.

Minister for Housing and Planning Roger Jaensch should commit to a review of the Housing Strategy and Action Plan, including wide public consultation, to find out

what has and has not worked. This may also help inform the development of a settlement planning policy (see below).

### **Private housing sector largely ignored**

My main criticism of the Housing Strategy is that it focuses almost entirely on government and social housing, which is critically important, but largely ignores the private housing sector which provides most homes. We have record levels of rental and mortgage stress and this is leading more people into homelessness or needing government housing. Why not tackle the cause of this problem?

The state government has made a token effort to help private housing supply and affordability through releasing more Crown land and maintaining the first home owner's scheme. But both are ineffective and are likely to just supply more land and houses that are unaffordable (see below).

There are no actions in the Housing Strategy to increase availability i.e. making existing vacant houses available for rent or purchase. Last year the government came up with a highly ineffective incentive scheme (see below), as a reflex reaction to criticism at the time. This is what comes from a lack of strategic planning.

There are also no grants to assistance people to make their homes more liveable and affordable by draught proofing, insulation and double glazing and carbon friendly heating – as has been done in New Zealand. The Tasmanian government offers interest free loans but this will largely benefit the well off who can repay the loan. We can find no public reporting on the take-up of this scheme, the benefits for home owners and impact on energy use and carbon emissions.

In the past the New Zealand government has offered grants for land lords to improve insulation and heating in private rental properties but this has been discontinued.

The New Zealand government has also regulated to require private rentals to improve their standards of heating and insulation and has introduced penalties for noncompliance.

It terms of the private housing market, it could be concluded that the state government is just interested in new house constructions as a general economic stimulus and has little interest in make housing more sustainable. There is a strong argument that their policies make housing less affordable.

In the Mercury in June 2019 the Treasurer Peter Gutwein proclaimed that "the government was already doing all it could to help ease the present housing crisis". The Committee should be asking the Treasurer to explain this statement and ask if he can commit to doing more.

The state government needs to do more to help those who are homeless or in need of government housing while also helping more people to buy their own home or rent securely without financial stress. We need the government to consider giving equal emphasis to making more existing houses available and affordable and constructing new houses. The state government may look to providing more houses into the private market at fixed prices as the New Zealand government has done.

The government also needs to look at more effective strategies to free up houses that are vacant and not available for rent.

The government likes grants, but these are just a subsidy to the property and construction industries. The first home owner's grants are open only to those who construct a new home or buy a newly constructed home. If the grants actually helped with getting people into affordable houses then it should be extended to all existing houses.

If you ever wondered why economists say the grants just push up house prices, read the Mercury article 'Couple welcome \$20,000 boost' (11 June 2019). The couple, who were buying their first home, said the \$20,000 grant helped them buy 'nicer finishes' and 'adding an extra bedroom'. Without it they would have just bought a smaller house with a smaller mortgage. The government should scrap this program and direct funds into energy efficiency grants.

The Tasmanian Housing Strategy states that 47% of low income households who are buying their own home are in housing stress. It states that despite the First Home Owners Grant, home ownership in Tasmania is declining as house prices continue to rise. The government refuses to acknowledge the limitations of this policy or commit to more effective actions.

Since the state election the government has offered grants for owners of vacant houses to make them available for rent at affordable rates. Not surprisingly, the take up has been unimpressive. People who take the offer must leave the government housing waiting list but have no long term security in their new rental. The program is not targeted to areas of greatest need and the grants are probably not large enough to owners who have a property as a investment and have not bothered to seek a rental income. The government should rethink this program.

We need better information about vacant houses in Tasmania. It is likely that mainland states have much higher rates given the high investment by speculators into high rise flat development, but we are largely ignorant of the problem in Tasmania. We need to know how many are vacant, why they are unavailable, where they are located and the size and condition of them.

Freeing up Crown land has proven controversial, where the state government has bypassed local councils to approve subdivisions, and will have little effect on housing crisis. For a start the area of the land involved is quite small compared to the demand for new houses. When pressed to make a commitment in regard to a government subdivision on Crown land at Kingston the Minister promised only 15% of houses built would made available for affordable housing. The committee should ask the government why this target is so low. The New Zealand government has a 50% target of new private houses that it funds being affordable.

### **New state government planning polices show promise**

The *Land Use Planning and Approvals Amendment (Tasmanian Planning Policies and Miscellaneous) Bill 2018* passed into law at the end of 2018. The Tasmanian Planning Policies are intended to clarify the purpose and objectives of the Statewide Planning Scheme and the policies could lead to many changes to the planning scheme to improve housing affordability and sustainability.

In the Parliamentary debate at that time the Planning and Housing Minister Roger Jaensch said that development of a settlement planning policy would be a priority which is very pleasing. The Minister confirmed with us that a settlement policy would incorporate policy direction on housing affordability, liveability, population, transport and other infrastructure. In the parliamentary debate the minister left open the possibility that state policies may follow planning policies.

A settlement policy could be prescriptive in terms of directing where zoning should be applied for higher density and other affordable housing development and require appropriate public transport and other infrastructure. Conversely the policy could restrict development in the urban fringe and rural towns that are currently developing into commuter towns. A settlement policy could stipulate that new private housing estates include some affordable housing and includes a range of types and sizes of houses to suit the elderly, singles and families.

This is a very positive initiative of the state government and we intend to work closely with the minister to deliver the best possible outcome for affordable housing and environmental outcomes.

More recently, the minister has flagged changes to the Statewide Planning Scheme to facilitate infill and medium density housing developments. The minister has confirmed with us in writing that he intends to amend the State Planning provisions to facilitate infill and medium rise development in areas that are not currently residential. If this is what eventuates then it is a very sensible approach to delivering more housing while minimising potential for conflict with existing residents through over-shadowing and loss of amenity such as open parks and space.

Sadly, the settlement policy will come into effect after the state planning provisions have been finalized. Any changes resulting from a settlement policy would require a very length review of the SPPs that may delay any benefit for housing affordability for many years.

There is no commitment to proposed infill and medium density housing actually being priced to be affordable. And there is no corresponding policy limiting urban sprawl. However, the minister may have these in mind and they could very easily be incorporated into his policy.

### **Failure to address the causes of housing affordability crisis**

The problem of housing affordability is the result of decades of private house prices rising faster than wages as well as inadequate investment by state and Federal governments into government housing. There are myriad factors that have contributed to the widening gap between house/rent prices and wages and the committee can easily find a range of expert analysis regarding this problem. I recommend the:

The Senate Select Committee on Housing Affordability in Australia 'A good house is hard to find: Housing affordability in Australia', June 2008

[https://www.aph.gov.au/~media/wopapub/senate/committee/hsaf\\_ctte/.../report\\_pdf.ashx](https://www.aph.gov.au/~media/wopapub/senate/committee/hsaf_ctte/.../report_pdf.ashx)

The Australian and state government's seem stubbornly determined to not comprehensively address the root causes and seek solutions based on this knowledge. If we just treat the symptoms the problem will just get worse i.e. we may

get more people into government houses and emergency accommodation but the number of people needing this help continues to get larger.

While negative gearing, taxation, wages and immigration are largely the responsibility of the Australian government the state government can pressure them to make changes. The state can also drop or remodel many of it's policies that just serve to increase housing supply and prices.

Population growth is perhaps one area the state government can have greatest impact on. Population growth has exacerbated housing affordability problems and led to unsustainable urban growth in many Australian cities, including the greater Hobart area. Australia's population growth is mainly caused by immigration and only a small percentage of this is our refugee intake.

Fixing housing affordability problems and unsustainable urban growth would be much easier if state and federal governments sought to stabilise or stop population growth. The Prime Minister says he wants to review the country's immigration levels and consult state governments over the population levels they want. This is an opportunity for the state government to consider lower population targets to lessen demand for housing. As part of the settlement policy the government should reconsider its ambition to increase Tasmania's population to 650,000 by 2030.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter McGlone'.

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## **Attachment**

### **The New Zealand approach to housing - highlights**

The New Zealand Labor Government went to the last election boldly declaring they would 'fix the housing crisis'. It is not hard to realise how they won support for it when you realise that, according to Labor's policy, 40,000 children are admitted to hospital every year with illnesses related to living in unhealthy houses. But the response is truly revolutionary.

#### **House construction**

The New Zealand Government will partner with private construction companies to build 100,000 affordable houses over 10 years through a \$2 billion investment, incredibly for sale onto the open market.

The government will dictate the size and price of houses, ensure they are built where they are needed, require that houses are efficient to heat and cool and ensuring adequate transport, other infrastructure and local parks.

Houses can only be bought by first home owners and if they are sold within 5 years any capital gains must be handed back to the government. Income from house sales will be put back into housing projects

On the down-side, the government intends to change planning rules to allow these houses to be, in their own words, 'fast-tracked', including removing the existing growth boundary for Auckland, and will make all unallocated Crown land available for the program.

#### **Crack down on speculators**

The New Zealand government is committed to banning foreign speculators buying existing houses and will only allow citizens and permanent residents to buy them. It will phase out negative gearing by speculators over five years and use the tax revenue that is saved to invest into the housing programs.

#### **Investing in warm, dry homes**

The Labor government will assist home owners and land lords to make their houses warm and healthy to live in with grants of up to \$2,000 per dwelling to pay for up to 50 percent of the costs of insulation upgrades and double glazing or to install a fixed clean form of heating. The government has the goal of making 600,000 houses warmer and dryer.

The Government has promised to introduce the Healthy Homes Bill which will require all rentals to be warm and dry and support climate change goals. It is unclear how rental housing standards for existing houses will be enforced.

#### **Government owned housing**

The New Zealand Labor government promised to reform Housing New Zealand to stop the sale of government owned houses and stop dividend payments to government. All income will be reinvested into new houses and maintenance. Unusually they promise to build more government houses and but did not have targets.