Affordable Housing Strategy
Tasmania
2015-2025

Discussion Paper:
Key Issues and Innovations

Julia Verdouw, Kathleen Flanagan, Tamlin Gorter and Daphne Habibis
Housing and Community Research Unit, University of Tasmania

March 2015
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>LIST OF FIGURES</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACRONYMS</td>
<td>3</td>
</tr>
<tr>
<td>GLOSSARY</td>
<td>3</td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>4</td>
</tr>
<tr>
<td>SUPPLY AND DEMAND ISSUES</td>
<td>6</td>
</tr>
<tr>
<td><strong>KEY TERMS AND CONCEPTS</strong></td>
<td>6</td>
</tr>
<tr>
<td>SEGMENTED SUPPLY AND DEMAND ISSUES</td>
<td>7</td>
</tr>
<tr>
<td>WHAT DOES THE DATA TELL US?</td>
<td>9</td>
</tr>
<tr>
<td>INNOVATIONS AND SOLUTIONS</td>
<td>10</td>
</tr>
<tr>
<td>METHODS</td>
<td>10</td>
</tr>
<tr>
<td>LITERATURE REVIEW</td>
<td>10</td>
</tr>
<tr>
<td>STAKEHOLDER COLLABORATION</td>
<td>10</td>
</tr>
<tr>
<td>INNOVATION SUMMARIES ICON KEY</td>
<td>11</td>
</tr>
<tr>
<td>1. <strong>HOMELESSNESS – ADDRESSING GAPS</strong></td>
<td>13</td>
</tr>
<tr>
<td>1A: IMPROVING HOUSING CONNECT</td>
<td>13</td>
</tr>
<tr>
<td>1B: TARGETING HOUSING AND SUPPORT FOR UNDER 16 YEAR OLDs</td>
<td>15</td>
</tr>
<tr>
<td>1C: IMPROVING FAMILY VIOLENCE ACCOMMODATION</td>
<td>16</td>
</tr>
<tr>
<td>1D: TARGETING ACCOMMODATION FOR HOMELESS MEN WITH CHILDREN</td>
<td>17</td>
</tr>
<tr>
<td>STAKEHOLDER INPUT</td>
<td>18</td>
</tr>
<tr>
<td>2. <strong>DIVERSIFICATION OF FUNDS</strong></td>
<td>19</td>
</tr>
<tr>
<td>2A: LEVERAGING GOVERNMENT ASSETS TO INCREASE AFFORDABLE HOUSING SUPPLY</td>
<td>19</td>
</tr>
<tr>
<td>2B: FLEXIBLE RENT-SETTING FOR COMMUNITY HOUSING PROVIDERS</td>
<td>21</td>
</tr>
<tr>
<td>2C: MAXIMISING GOVERNMENT AND COMMUNITY FUNDING FOR RESIDENTIAL AGED CARE: THE WINTERINGHAM MODEL</td>
<td>23</td>
</tr>
<tr>
<td>STAKEHOLDER INPUT</td>
<td>24</td>
</tr>
<tr>
<td>3. <strong>ENCOURAGING SOCIAL ENTERPRISE</strong></td>
<td>25</td>
</tr>
<tr>
<td>3A: A NOT-FOR-PROFIT REAL ESTATE AGENT</td>
<td>25</td>
</tr>
<tr>
<td>STAKEHOLDER INPUT</td>
<td>26</td>
</tr>
<tr>
<td>4. <strong>LANDLORD INCENTIVES</strong></td>
<td>27</td>
</tr>
<tr>
<td>4A: BUILDING ON THE NATIONAL RENTAL AFFORDABILITY SCHEME</td>
<td>27</td>
</tr>
<tr>
<td>4B: INCENTIVES FOR PRIVATE MARKET LANDLORDS</td>
<td>29</td>
</tr>
<tr>
<td>STAKEHOLDER INPUT</td>
<td>31</td>
</tr>
<tr>
<td>5. <strong>LEVERAGING LAND USE CONTROL</strong></td>
<td>32</td>
</tr>
<tr>
<td>5A: A NEW STATE LAND DEVELOPMENT AUTHORITY</td>
<td>32</td>
</tr>
<tr>
<td>5B: DEVELOPER INCENTIVES</td>
<td>33</td>
</tr>
<tr>
<td>5C: PROMOTION OF AFFORDABLE INFILL DEVELOPMENT</td>
<td>35</td>
</tr>
<tr>
<td>5D: ENCOURAGING PRINCIPLES OF SUSTAINABILITY AND LIVEABILITY IN HOUSING DESIGN</td>
<td>37</td>
</tr>
<tr>
<td>STAKEHOLDER INPUT</td>
<td>39</td>
</tr>
<tr>
<td>6. <strong>NEW MODELS OF TENURE THROUGH ASSET SPLITTING</strong></td>
<td>40</td>
</tr>
<tr>
<td>6A: COMMUNITY LAND TRUSTS (CLTs)</td>
<td>40</td>
</tr>
<tr>
<td>6B: THE EXPRESSION OF INTEREST (EOI) PROJECT AND SHAREDSTART</td>
<td>42</td>
</tr>
<tr>
<td>STAKEHOLDER INPUT</td>
<td>43</td>
</tr>
<tr>
<td>7. <strong>TAX REFORM</strong></td>
<td>44</td>
</tr>
<tr>
<td>7A: STAMP DUTY &amp; LAND TAX REFORM</td>
<td>44</td>
</tr>
<tr>
<td>STAKEHOLDER INPUT</td>
<td>46</td>
</tr>
<tr>
<td>REFERENCES</td>
<td>47</td>
</tr>
<tr>
<td>APPENDIX 1 – Housing Pathways diagram</td>
<td>54</td>
</tr>
</tbody>
</table>
LIST OF FIGURES

Current Housing and Homelessness Service Interventions 5
Housing Interventions: Gaps and Solutions 13

ACRONYMS

CHP Community housing provider
CLT Community Land Trust
CRA Commonwealth Rent Assistance
NRAS National Rental Affordability Scheme
RTA Residential Tenancy Act 1997 [Tasmania]
SHS specialist homelessness services

GLOSSARY

Social Housing: Includes a range of providers that are subsidised by the government, e.g. Public Housing, Community Housing (including Community Housing providers and Registered Community Housing providers)

Homelessness Services: Immediate housing assistance to Tasmanians who are homeless or at risk of homelessness. This includes crisis case management and support and intervention, emergency, transitional and brokerage services in major populations
INTRODUCTION

The Affordable Housing Strategy is a collaboratively designed framework which will provide direction for the Tasmanian Government and Tasmanians to improve supply of and access to safe and affordable homes for all households, especially those on low incomes, over the next decade.

This part of the strategy draws on the work compiled so far, including mapping current housing pathways and the gaps and barriers in the system, together with the results of stakeholder consultation and input. This paper provides the context for consideration of a suite of possible solutions for future improved housing affordability in Tasmania.

This discussion paper has been developed by the Housing and Community Research Unit at the University of Tasmania, with input from the Australian Housing and Urban Research Institute. In identifying and exploring the interventions outlined in this document, we have had the freedom to look beyond the housing system itself with regard to what can be done. This has enabled everyone involved in the development of the strategy to think broadly about the possibilities for action. However, we also recognise that some of the innovations canvassed are more realistic than others.

The next stage of the process — the Strategy document itself — will look more specifically at the issues from the Housing Tasmania perspective. The Strategy’s recommendations will be made subject to specific considerations, including Housing Tasmania’s sphere of influence and control, the level of stakeholder support for different options and their suitability for the Tasmanian context.

This discussion paper first maps current housing interventions in Tasmania. It then describes the key problems of supply and demand, and how these create housing stress and crisis for different demographic groups. An outline of the key affordability issues sets the agenda for identifying seven areas of innovations and solutions which should improve the affordability of housing in Tasmania (see Figure 2). These are mapped onto the current housing system to highlight their location within the existing housing system.
### Current Housing and Homelessness Service Interventions

<table>
<thead>
<tr>
<th><strong>Homelessness Services</strong></th>
<th><strong>Public Housing</strong></th>
<th><strong>Community Housing</strong></th>
<th><strong>Private Rental</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediate housing assistance to Tasmanians who are homeless or at risk of homelessness. This includes crisis case management and support; intervention, emergency, transitional and brokerage services in major populations areas.</td>
<td>Long term affordable housing for eligible low income Tasmanians. This program is managed by Government with 11,500 dwellings around Tasmania.</td>
<td>Long term affordable housing for eligible low to moderate income Tasmanians. Program provided by 50 community housing providers (CHPs) state-wide with 530 dwellings and 4 registered CHPs managing 4,000 dwellings.</td>
<td>Provision of financial support and tenancy support for eligible low income Tasmanians who are looking for private rental housing or live in the private rental market.</td>
</tr>
</tbody>
</table>

#### Homelessness

- **Emergency**
- **Transitional**
- **Support**

#### Supported Accommodation

- Supported Residential Facilities
  - Special Needs
    - Disability
    - Mental Health
  - Direct Tenancies (with Support)
  - Community Tenancies (with Support) Will be restructured

#### Public Housing

- Government Managed Housing
- Community Managed Housing

#### Aboriginal Housing

- Red Shield Housing
  - 50 Smaller Organisations

#### Community Housing Providers

- Evolve Housing & CentaCare
- MA Housing
- Community Housing Limited (CHL)
- Housing Choices

#### Registered Social Housing Providers

- Private Rental Support Service (PRSS)
- Private Rental Tenancy Support Service (PRTSS)
- Commonwealth Rent Assistance (CRA)

#### Private Rental

- First Home Owners Grant (FHOG)
- Shared Equity
- Streets Ahead Incentives

#### Home Ownership

- Provision of financial assistance to increase homeownership for eligible Tasmanians.

---

**Figure 1.** Housing & Homelessness Service Interventions
SUPPLY AND DEMAND ISSUES

KEY TERMS AND CONCEPTS

**Actual demand** refers to the number of homeless households (1138) plus the number of overcrowded dwellings (224).

**The demand gap for low cost housing** includes both actual demand and the number of low-income households who are living in housing stress or crisis and need more affordable housing.

**Housing stress** is defined as the lowest 40% of income earners who pay more than 30% of their gross income on housing costs (e.g. rent or mortgage payments). This is known as the ‘30/40 rule’ and is the benchmark measure of housing affordability in the Affordable Housing Strategy.

**Housing crisis** is defined as the lowest 40% of income earners who pay more than 50% of their gross income on housing costs.

---

In 2011:

There were 192,821 households in Tasmania.

The actual demand gap in Tasmania is low, at just 1362 homes.

- Most Tasmanian households (72.5%) either own or are buying their own homes.
- Over half of Tasmanian households (61%) don’t include children — 28.9% are couples without children, 28% are lone person households and 4.1% live in group or ‘other’ households.

Tasmania needs an average of 2392 new dwellings a year to meet its long-term supply needs (i.e. to 2031), but current projections are for just 1750 dwellings a year.

- Overall, the rate of new supply has fallen since the 1970s (e.g. approvals for privately built new houses have dropped from 200 a month to 170 and for other dwelling types, from 60 to 30 approvals per month; approvals for new houses built by the public sector have dropped from 50 to 2 per month, and for other dwelling types, from 21 to 2 approvals per month).
- There have been some short term increases related to government spending under the National Affordable Housing Agreement and National Partnership Agreements.

14,618 (7.6%) of households were in housing stress or crisis in 2011.

The demand gap for low cost housing is 12,543 homes.

- The number of households experiencing housing stress or crisis increased by 19.6% between 2008 and 2010, faster than the population increase over the same period, which suggests either an increase in need or in supply-induced demand.
- Lone person households and single parent families are disproportionately likely to be in housing stress.
- The largest 'gap' in low cost housing by type is for 3 bedroom dwellings (5,701 households), followed by 3620 for 2 bedrooms, 1888 for 4+ bedrooms, and 1245 for 1 bedroom.

---

\(^1\) Unless otherwise stated, data in the ‘supply and demand’ and ‘segmented supply and demand’ sections are sourced from unpublished documents provided by Housing Tasmania (See References: Housing Tasmania 2014a & 2014c; Locke 2014) or snapshot data sheets provided internally by Housing Tasmania.
The future need for affordable housing for low income households is projected at:
- 1455 of the 2392 dwellings needed each year need to be low cost completions (i.e. to cost $180,000 or less at 2012 prices)
- 142 of the 1455 need to be provided as social housing.

**Housing stress is prevalent in the private rental sector.**

- Renters account for 51% of households in stress or crisis, but just 26.3% of all households.
- Across Tasmania 27.8% of private rental households are in stress, of which 7.8% are in housing crisis.
- The problem is not insufficient affordable rental properties.
  - In 2011 the number of affordable rental properties (around 37,500) exceeded the number of low income private rental households (around 32,300), so if low income households had access to rental properties in the lowest rent quintile, there would be no shortage.
  - However low income households are distributed amongst all rent quintiles (from lowest to highest), and higher income households are significantly represented in both the lowest and second-lowest rent quintile properties.
  - Alongside this data, the high numbers of private renters in housing stress or crisis highlights a significant rental affordability mismatch between Tasmania's lowest income earners and lowest cost rental properties.

**SEGMENTED SUPPLY AND DEMAND ISSUES**

**LOW INCOME HOUSEHOLDS**

There are 192,821 households in Tasmania, with just over 77,100 (40%) in the lowest two income quintiles.

**Housing stress and/or crisis is prevalent among low-income households.**

There are 14,618 households experiencing housing stress or crisis —
- 39% of all low-income renters
- 47% of low-income home buyers.

Of these 14,618 households:
- 33% are lone persons
- 26.1% are one parent families
- 23.4% are couples with children
- 13.3% are couples with no children
- 4.3% are group households or other families.

Housing stress is more prevalent in Hobart than the rest of the state.

Areas of highest housing stress are the LGAs of King Island and Glamorgan/Spring Bay LGAs for home buyers, and Hobart, Kingborough and Clarence for renters.

---

2 Note that this data does not include the number of dwellings demolished per year, due to the difficulty of obtaining these figures. This variable is an important consideration and requires further investigation for data accuracy.
Households least likely to be able to afford housing in Tasmania are lone person households, one parent families, and couples with children. In Tasmania, median rent as at December 2014 is (TUT 2014):
- $235 for a 2-bedroom dwelling
- $272 for a 3-bedroom dwelling

Affordable housing for a low-income earner in Tasmania is:
- Less than $180 for a 2-bedroom dwelling
- Less than $240 for a 3-bedroom dwelling

**HOMELESSNESS**

- In 2011, it was estimated that 1,579 people were experiencing homelessness in Tasmania (a rate of 31.9 per 10,000 people) (ABS 2012)
- Housing crisis (inadequate or inappropriate dwellings) was the primary (self-reported) reason for being homeless for 32% of homeless people (Shelter 2015).
- Research shows that structural factors (e.g. weakening labour markets and shortages of affordable housing) also play a significant role in homelessness rates.

**PEOPLE LIVING WITH DISABILITY**

- Two thirds of Tasmanians with a core activity limitation, or a school or employment restriction, live in low income households (ABS 2013).
- Australia wide, 32.4% of renting households receiving a disability support pension were experiencing housing stress (Welfare Rights Centre NSW and National Welfare Rights Network 2013).
- In 2013, only 9% of rental properties in Tasmania were affordable for a single person on the age or disability support pension, and just 20% were affordable for a couple on the pension (Anglicare Australia 2014).

**YOUNG PEOPLE**

- Young people are over-represented among the homeless population:
  - a quarter (25%) of homeless Tasmanians are aged between 12 and 24 (ABS 2014b)
  - 60% of homelessness service clients with unmet needs are aged 24 or younger.
- Young people spend more of their gross income (34.4%) on housing, on average, than any other age group; this is above the 'housing stress' threshold of 30%.

**AGEING PEOPLE**

*(see Eyles et. al 2013)*

- On average, the older you are in Tasmania, the less likely you are to experience housing stress or crisis. Renters, those paying off their mortgage, and those living alone, experience the highest levels of housing risk and stress.
- In 2011, 21.4% of the 65+ year old population were in housing stress and 17% of all households in housing stress were in that age group.
- The local government areas with the highest proportions of 65+ year olds in housing stress are Glamorgan/Spring Bay (29.1%), Hobart (25.5%), Meander Valley (24.9%), Launceston (24.6%) and Latrobe (23.2%).
WHAT DOES THE DATA TELL US?

In Tasmania, current demand for new housing stock is low, although demand for new stock will increase over the next 15 years as new building is not projected to keep up with demand. However, the demand for more appropriate and affordable housing for low-income households is significant and an increase in this type of housing is required to address the current rates of Tasmanians experiencing, or at risk of, housing stress or crisis. Longer-term projections suggest that new supply rates will fall short by around 650 dwellings per year between now and 2031, placing increased housing pressures on low-income Tasmanians and those already experiencing housing risk. Also evident is the displacement of moderate and high income households in low cost housing, and the consequent rental affordability mismatch between Tasmania’s lowest income earners and lowest cost rental properties. This has implications for developing interventions that facilitate access to existing low cost housing for low income households.

Households experiencing significant housing stress and/or crisis include lone person and single parent households on low incomes, and young people, who are at particular risk of becoming homeless. Gaps in services for these people include crisis and transitional accommodation for all homeless groups, flexible accommodation and management options to increase the capacity of shelters to adequately support and house under 16 year olds while they are in crisis, and crisis housing for families with children, especially men. While public and community housing providers can alleviate housing stress in the long-term, for some of these households projections suggest longer-term challenges for this sector in keeping pace with demand, both in development of new stock and retaining financial viability to continue current services.

Additionally, the disproportionate distribution of cost pressures across households continues to place low-income households at greater risk of falling into housing stress and crisis than other groups. In particular, low-income households in the private rental sector, households receiving government benefits and allowances, lone person households and single parent families spend on average a greater proportion of their incomes on housing costs and essential expenses. An increase in the cost of essential services or any large and unforeseen essential expenses will expose these households to heightened risk of housing stress or crisis. The need for increased access to affordable housing —particularly in the private rental market, affordable home ownership, and expansion of community housing options — for these households is required to alleviate their exposure to housing risk.

Housing affordability challenges in Tasmania are not limited to households currently experiencing housing stress or crisis. Demographic changes such as a structurally ageing population means that increasing numbers of older Tasmanians will require either age-appropriate or age-specific housing and/or access to assistance in their current homes. Current disincentives to downshift and the growing preference amongst older Tasmanians to age-in-place, point to an increasing mismatch between the projected housing needs of this group and the availability of affordable, age-specific housing proximate to age-friendly communities, services and amenities. Also notable is the demand for appropriate housing for people living with disabilities. Provisions under the NDIS will encourage increased demands for independent housing and provide some scope to meet them, however there is increasing need for regulated universal standards to broaden the availability of appropriate and accessible housing for all people living with disabilities.

These issues are mapped onto the Current housing system (see Figure 1) to highlight where the gaps in the current system occur (see Figure 2).
INNOVATIONS AND SOLUTIONS

Innovations and solutions for Tasmania’s Affordable Housing Strategy 2015-2025 are informed by the key problems relating to supply and demand identified so far. The focus is on affordability for households experiencing, or at risk of, housing stress and crisis and appropriate and accessible housing for particular households such as ageing Tasmanians and people in receipt of NDIS enabled by the provision of support packages. The solutions are mapped alongside the gaps (see Figure 2 below) according to the mechanism that delivers affordability. This mechanism provides a means of clustering the solutions and innovations. The seven solution ‘clusters’ are shown in Figure 2, along with the innovations suggested in each.

Mapped visually, the gaps and solutions suggest that the current ‘continuum’ approach to understanding the housing system is inadequate. The diagram shows that the solutions apply to multiple points in the system and that effective implementation will require coordination across the system (in delivery, coordination of operations, funding sources, planning systems and governance). More detail on this is found in the innovation summaries.

METHODS

The development of innovations and solutions for this paper primarily used two methods: extensive literature reviews alongside analysis of housing data, and stakeholder collaboration.

LITERATURE REVIEW

The ‘solutions and innovations’ phase of the Affordable Housing Strategy builds directly on the earlier developed current housing pathway summaries (see Appendix 1 for the basic matrix). These summaries were established through a series of matrices which map possible housing pathways based on housing transition points encountered at particular life stages or around specific events in people’s lives. The pathways highlight events or interventions that may reduce or increase housing risk around these transitions. The summaries drew on an extensive range of current data which guided our interpretation of the pathways, and subsequently allowed us to define more clearly the supply and demand issues found in this document (see page 6).

From this foundation we identified the key areas of need toward increasing affordable housing in Tasmania. Informed by this data, we conducted an extensive search across local, national, and international literatures, including policy and government papers, academic research papers, and an extensive range of evidence-based programs found to address areas of housing concern in their local jurisdiction. Drawing on the expertise of Dr Ian Winter, the Executive Director of the Australian Housing and Research Institute, we identified seven affordability mechanisms by which to cluster the innovations. Within each, and using the above methods, we sourced evidence-based innovations/solutions most appropriate for the Tasmanian context as presented in this paper.

STAKEHOLDER COLLABORATION

Stakeholder collaboration has been a key element in the process of the Affordable Housing Strategy, including the development of affordable housing innovations and solutions. A range of methods were utilised to ensure stakeholder input was maximised, including the following:

- Stakeholder workshops, including one workshop repeated in each of the regions, and a second held in Launceston bringing together all stakeholders from across the state. The first workshop was a presentation of the seven affordability mechanisms, and the second (state-wide) workshop allowed for stakeholders to provide a range of feedback on the mechanisms.
- Sixty one (61) stakeholders were invited to these workshops from across the housing and homelessness sector; the real estate, building industry, design, planning and development
sector; and from a range of local and state government departments. State-wide, between 30-40 stakeholders attended each of the workshops.

- Feedback was encouraged through small group work, large group feedback and written feedback for analysis.
- An online survey, to gauge stakeholder views and to enable stakeholders provide anonymous quantitative and qualitative feedback on the affordability mechanisms.
- Analysis, discussion, and integration of stakeholder feedback have been integrated into this document, which in turn will inform subsequent phases of Strategy development.

**INNOVATION SUMMARIES ICON KEY**

**Jurisdiction** the innovation example is drawn from

**Affordability mechanism**: the mechanism by which affordability can be achieved

**The innovation focus**

**The desired outcome** and where the intervention fits into the housing pathways

Where the strategy **fits into the housing pathways**: the strength of blue shading indicates the degree of relevance to the groups involved. For a larger map of the housing pathways, see Appendix 1

**Stakeholder input**

Following the preparation of the first iteration of this discussion paper, the innovations were presented to stakeholders for their response. That response is identified in the discussion below.
**Figure 2. Housing Interventions: Gaps & Solutions**

Note: Solution by affordability mechanism (that is the mechanism by which affordability will be achieved)
1. HOMELESSNESS – ADDRESSING GAPS

Tasmania

Flexible homelessness services

Four targeted strategies addressing gaps in the homelessness system, in order to increase capacity to assist homeless or vulnerable clients to obtain secure, affordable and appropriate long-term housing.

The homelessness sector provides a suite of effective and well-positioned services but there is room for improvement. There are gaps in crisis and transitional housing and early crisis intervention and homelessness prevention that should be addressed.

1A: IMPROVING HOUSING CONNECT

What is it?
Changes to the Housing Connect service model to allow SHS Type 3 services to continue to provide entry, intake and assessment for clients in need of crisis housing.

How is it relevant to Tasmania?
Housing Connect provides an integrated entry, intake and assessment system in relation to all housing and support needs including for emergency accommodation and long-term public housing. SHSs are divided into three types: intake and assessment (Type 1), support and long term case management (Type 2) and accommodation and immediate crisis support (Type 3). The new model is being introduced in stages and as yet Type 3 services have not been fully absorbed into the new system. Under the current plan, when they are included in the Housing Connect model, they will cede their intake and assessment and longer-term support responsibilities to the Type 1 and Type 2 services respectively.

There are concerns within the sector, particularly among Type 3 providers, that this will:
- Compromise the ability of services working with particular groups (e.g. people affected by family violence) to provide the support needed to ensure clients are able to successfully transition from crisis to safe, secure and stable housing.
- Compromise the capacity of services to build the supportive relationships with clients that are essential for good outcomes in the long-term.
- Replace a system that is working relatively well within resource constraints with a new service system, where demand is not capped by the number of places in the crisis accommodation facility as is the case for Type 3 services.

---

3 The homelessness system itself is not a mechanism of affordability. However, the importance of its role in reducing housing crisis and stress across the whole housing system requires that it be given specific consideration in this strategy.
What does this innovation offer?
Retains Type 3 services’ capacity to undertake assessment and to provide crisis case management and support to clients when they are assessed as needing it, while referring to Type 2 services if appropriate.

- Removes the current six week time limit on the provision of ‘crisis’ support, recognising that some clients require longer periods of assistance to recover from crisis.
- Ensures clients can access the transitional arrangements they require to stabilise their situation.

What issues need to be considered?
- Implementation must be supported by adequate consultation with the sector and with clients. This innovation represents some adjustment to the original design of the Housing Connect reforms.
- An appropriate flow of resources to services across the Housing Connect system to reflect the adjustments being made to the model. This includes provision of funding for support services and brokerage of transitional housing.
1B: TARGETING HOUSING AND SUPPORT FOR UNDER 16 YEAR OLDS

What is it?
The provision of a coordinated service response which understands and clearly identifies the roles and responsibilities of all those involved in providing support and assistance to young people under 16 years who are homeless or at risk of homelessness. This understanding will enable further consideration of resource adequacy for effective delivery of the required services to this cohort.

How is it relevant to Tasmania?
■ There are serious and long-term concerns within the sector that homeless young people aged 12-15 are falling through the gaps between Tasmania’s homelessness service system and its child protection system (Pryor et al. 2014).
■ The gaps in the system mean that many young people for whom a shift to independence is not appropriate, are not receiving the assistance and support they need to either remain in, or return, to their family home or to obtain alternative out of home care.
■ Due to a number of factors, some young people (under 16) are being accommodated in crisis shelters, exposing them to negative behaviours from older peers, such as drug use or criminal activity (Pryor et al. 2014; Shelter Tasmania & TYHHG 2013).

What issues need to be considered?
■ The concerns about housing and support provisions for 12-15 year olds arise in part because there is a lack of understanding and clarity about roles and responsibilities in the system between the multiple parties involved.
■ Further consideration of the adequacy of current resource allocations can occur once the roles and responsibilities are better understood.
■ Flexibility in both the physical asset and provision of support is a key element when considering age-appropriate accommodation options.

What might implementation look like?
■ In the first instance, clarify the roles and responsibilities within the system for the provision of support and assistance for 12-15 year olds who are homeless or at risk of homelessness.
■ With greater clarity of the roles and responsibilities, further consider the adequacy of the resource allocations within the service system to ensure an adequate response to the housing and support needs of young people aged 12-15 years and their families.
**1C: IMPROVING FAMILY VIOLENCE ACCOMMODATION**

**What is it?**
Implementation of the recommendations related to women with disabilities experiencing domestic violence, from the *Review of the Integrated Response to Family Violence* (SuccessWorks 2009)

**How is it relevant to Tasmania?**
Domestic and family violence is a leading cause of homelessness in Australia. Women with disability have a higher risk of family and institutionalised forms of violence and sexual assault than other women. They require access to secure, affordable crisis and permanent accommodation, and more intensive case management and post-crisis care, commensurate with their needs and the nature of their functional impairment (SuccessWorks 2009: 47-48).

However, stakeholder consultations conducted as part of the review of Tasmania’s Safe At Home system found that the housing needs of survivors living with disability are not well met by existing services.

**What issues need to be considered?**
- There is a need for family violence services to improve physical access to their services and accommodation, and to provide information in formats accessible to a range of possible requirements including those with cognitive disability and/or impaired communication skills. Achieving this will require additional resources to fund modifications and to redesign and rework publications and other information materials.
- The Safe at Home review recommended that the Safe at Home service system actively involve Disability Services in local service planning, training design and provision and service improvement (SuccessWorks 2009: 47). The involvement of service users with disability in informing and directing change is also important.

**What might implementation look like?**
HomeGround Services and realestate.com.au have initiated a new national Rapid Rehousing Fund that will steer strategies to combat homelessness. It targets women and children escaping family violence. They also refer specifically to the weak safety net for women experiencing extreme mental health issues in Australia. The fund has been set up to rapidly rehouse women and their children in the private rental market (Paech 2014). Accommodation services for women experiencing domestic violence in Tasmania could apply for resources from this fund to build capacity to support women with disabilities, including ensuring these women have access to appropriate and accessible forms of crisis and transitional accommodation.
1D: TARGETING ACCOMMODATION FOR HOMELESS MEN WITH CHILDREN

What is it?
The provision of appropriate supported accommodation for homeless men with children, alongside targeted support services to assist single fathers to have access to, and build healthy long-term relationships with, their children.

How is it relevant to Tasmania?
- Mothers and fathers who are homeless are at risk of not being able to maintain access to their children. In particular this is noted as a service gap for men in Tasmania who are primary carers of children and who experience housing crisis. They are at risk of being unable to maintain their parenting role because men’s crisis and short-term accommodation services are unsuitable for children, and there is a lack of support services allowing children visits and overnight stays with their fathers (FaHCSIA 2012). There is a shortage of crisis accommodation in Tasmania for men with children (KPMG 2011; Shelter Tasmania 2014: 15).
- Since 2009, approximately 28% of domestic violence victims in Tasmania have been male but their housing needs are currently not well met by the housing and homelessness system (SuccessWorks 2009: 44).

What issues need to be considered?
The desire of fathers to connect with their children may be a catalyst for them to access support. A wider range of support services (not only homelessness and other crisis support services) need to consider how they can support fathers to maintain contact with their children, improve parenting skills, and build healthier relationships with their families (including with ex-partners). Currently, support services for parenting do exist, but are most often targeted at mothers (FaHCSIA 2012; Bui & Graham 2006).

What might implementation look like?
- The development by housing and homelessness services, family and other services of a range of appropriate housing options and support programs to assist homeless single fathers who live with, or have access to, their children.
- Detailed research under the auspices of the Safe at Home program to obtain a better understanding of the characteristics and needs of male victims of domestic violence in Tasmania, including in relation to their children (SuccessWorks 2009).
STAKEHOLDER INPUT

Differing views over whether family violence issues or homeless/vulnerable youth (esp. 12-15 year olds) are/should be the biggest priority.

Additional areas of unmet need noted:
- perpetrators of family violence (need for accommodation and support to stop offending)
- ex-prisoners
- people with borderline intellectual disability
- consequences of Better Housing Futures transfers — exclusion of BHF tenants from some services (e.g. bond assistance)

General:
- Some ambivalence about Intervention 1A — would this just move the bottleneck rather than reducing it?
- Need to remain aware of structural issues e.g. location, transport, lack of properties
- Need for a better evidence base with regard to under 16 year olds — involve all responsible agencies, clarify gaps, ensure all aspects of care are covered
2. DIVERSIFICATION OF FUNDS

Drawing on diversified funding sources to increase service resources

Three strategies to increase affordable housing supply through leverage of government and community assets and innovative approaches to design and development for the construction of new housing. They improve housing access through flexible approaches to accommodate vulnerable households or those with special needs.

- Increase the supply of affordable and social housing for low income households of all types and life stages.
- Increase the viability of disadvantaged communities through improved targeting of existing housing stock.
- Add value for funding bodies and for those being housed through diversification of revenue.

2A: LEVERAGING GOVERNMENT ASSETS TO INCREASE AFFORDABLE HOUSING SUPPLY

National

What is it?
The use of existing social housing assets as leverage to raise funds for new construction of affordable housing or the maintenance and rehabilitation of existing social housing.

How is it relevant to Tasmania?
- The supply of social housing is still insufficient to meet demand\(^4\), and waiting lists are increasing (DHHS 2014: 25).
- The value of Tasmania’s social housing asset base (public and community housing) is over $1 billion (Tasmanian Audit Office 2014: 76, 88). These assets could be used more productively to raise funds for housing supply. Many of Tasmania’s public housing estates include land holdings that could be used for new housing construction.
- There is a need for new strategies to adapt and rehabilitate Tasmania’s public housing stock as there are many challenges to retro-fitting of existing stock to meet the needs of a wider range of tenants.

---

\(^4\) Note that this is not necessarily an issue of supply, but also distributional issues related to the appropriateness of the stock.
What does this innovation offer?
- Improved targeting of existing social housing stock to increase affordable housing supply that is appropriate for a wider range of vulnerable social groups.
- Conformity with national policy directions (see Milligan et al. 2004, 2009).
- Can be combined with other strategies including inclusionary zoning, community land trusts, new technologies and design approaches and housing modification and adaptation.

What issues need to be considered?
- Substantial growth in supply is unlikely without an increase in existing subsidies like CRA (Milligan et al. 2004, 2009; Yates 2013). Modelling undertaken on the potential for CHP growth found that, if rents were increased to 30% of household income, title was transferred and housing associations were given access to lower borrowing costs, additional social housing supply across the country of just 2443 properties would be achieved (FaHCSIA 2009). The national annual subsidy required to bridge the gap between rents collected (at 30% of income) and rent required for CHP financial sustainability is $199 million (FaHCSIA 2009).
- The benefits of title transfer from the state to CHPs are uncertain. The research evidence is that there is a case for title transfer to maximise leverage options, but the case for transfer is not well-developed (Ferrer & Crawford c. 2013; Pawson et al. 2013: 58-60). Most vacant land is in low amenity and service areas and there are risks associated with free transfer of a valuable government asset.

What might implementation look like?
- There is a National Regulatory Scheme in place through which CHPs are registered. There are different ‘tiers’ of registration reflecting the differing levels of risk faced by organisations. The Scheme is designed to ensure the good governance and financial viability of social housing into the future. Currently Housing Tasmania does not require all CHPs which manage government-owned stock to have Tier 1 or Tier 2 registration, but this could change if title were transferred. This would involve organisations in additional compliance activities which may add to administration costs.
- Were title to be transferred to CHPs, consideration would need to be given to the issue of stamp duty costs, as these would be considerable.
- If housing is transferred with title to a non-government provider, consideration would need to be given to measures to ensure appropriate use for vulnerable social groups into the future.
2B: FLEXIBLE RENT-SETTING FOR COMMUNITY HOUSING PROVIDERS

National

What is it?
Improves the revenue flow for CHPs by extending existing flexible, market-linked rent-setting strategies (for example, through NRAS) thereby allowing them to operate sustainably and boosting their capacity for capital works expenditure to increase the supply of community housing. The strategy is applied selectively to ensure tenants who are unable to afford market-linked rents continue to pay income-based rents.

How is it relevant to Tasmania?
- There is currently no mechanism for flexibility in social housing rents in Tasmania. All rents are income-based, usually at 25%-30% of household income, capped at market rate.
- Tenants in community housing are entitled to CRA which provides an income-based subsidy, but income-based rents may not attract much CRA support.
- Tasmania has a high proportion of public housing tenants on very low incomes. This affects the revenue flow of CHPs under Better Housing Futures, threatens the sustainability of their operations and compromises their capacity to cover the cost of borrowing for capital works expenditure. This undermines policy expectations that any growth in social housing supply will be generated by the CHP sector.

What does this innovation offer?
- Allowing flexible, market-linked rent setting should improve the financial sustainability and investment capacity of CHPs (both larger CHP’s and smaller specific providers such as Aboriginal housing providers).
- Introducing market linked rents into the community housing sector will increase the integration of the community housing and private housing systems, and improve transfer of tenants across the two systems.

What issues need to be considered?
- There are risks for households on very low incomes and households who have a higher after-housing cost of living due to disability or other reasons. Introducing higher rents for some or all community housing properties restricts access for these households. Implementation would need to ensure:
  - the supply of homes with income-linked rents is high enough to meet demand so that all households who need social housing have equitable access to good quality, well located properties at a price they can afford to pay.
  - processes for assessment of tenant affordability are transparent, fair and reasonable and deliver genuine affordability.
- Affordability and viability may be mutually incompatible (McNelis 2006). For some households on low incomes, rents set at 25%-30% are not affordable (Gabriel et al. 2005: app. A). The high proportion of low income tenants means that, even with CRA, the rent base for CHPs will always be inadequate to cover the cost of managing, insuring and maintaining properties, supporting tenants and building or acquiring new or replacement dwellings (McNelis 2006; FaHCSIA 2009).
- Care needs to be taken in system design:
  - How will the rent-setting system interact with the income support and taxation systems? Current flat-rate, income-based models involve very high effective marginal tax rates for tenants whose incomes increase through indexation or employment (Hulse & Randolph 2004).
How will the system define and deliver housing equity between tenants? There is potential to create a two-tiered system in which poor households are concentrated in the worst housing.

What might implementation look like?
- Implementation would need to be staged over time to manage the issues identified above and ensure tenants are fully informed and consulted.
- An external subsidy would be necessary, probably from the State Government, to ensure that any change in rental policy achieved the goal of viability for providers and did not compromise affordability of tenants. CRA does not offer a sufficient subsidy on its own.
What is it?
A strategy for increasing affordable supply that targets the housing needs of older people who are homeless or at risk of homelessness. It provides long-term supported housing and residential aged care facilities through diversification of funds available to specialist aged care services.

Wintringham is a Victorian based NGO specialising in provision of a flexible range of accommodation services for older men and women. Priority access is given to older people with the highest level of need and those experiencing social or economic disadvantage. The service provides for a range of housing needs from independent housing to full residential aged care support so that it is able to support and advocate for clients from entry until ‘stumps’. Wintringham draws on existing service providers or their own funds to support clients with a range of daily activities to promote community participation (Rota-Bartelink 2008).

Identifying clients as aged care residents has enabled the service to diversify its funding sources. It has used its identification as a housing service to utilise funding from agencies including aged care, homelessness, housing, disability and local government (Scott 2012). Seventy five per cent of income is sourced from Federal aged care funding. However, accommodation charges are set at only 79% of the aged pension, which is well below the standard aged care fee (Shelter Tasmania 2012: 14-15).

How is it relevant to Tasmania?
- 16.1% of all homeless people in Tasmania are aged 55 and over (ABS 2011a). Two-thirds of these are single, male, and many have health problems (Brumen 2008). Structural ageing over the next decades will see increasing numbers of older Tasmanians becoming homeless or at risk of homelessness (Petersen & Jones 2012).
- Tasmania has few specialist crisis, transitional or supported accommodation services for this group (Lipmann 2009).

What does this innovation offer?
- Addresses the shortage of aged care housing in Tasmania (Lipmann 2009: 278) and improves early crisis intervention and homelessness prevention services for older Tasmanians.
- Addressing the needs of this growing demographic would improve the availability of affordable housing for under 50 year olds in existing homelessness services.
- Improves access to appropriate housing for older people at risk of homelessness and supports them to maintain their accommodation and avoid premature admission to residential care.
- The program has potential to supply a wide range of aged care services. Besides residential hostels and independent housing to the primary client group, Wintringham provides community packages to residents and outreach broker services to external community clients.

---

5 The age of 55+ has been referred to here because the Wintringham model accepts people from age 50+ (ABS data is aggregated by decade, e.g. 45-54, 55-64 etc., which precludes identification of homelessness statistics from 50+).
What issues need to be considered?
- Wintringham services accept clients into their service from the age of 50, in recognition of the premature ageing associated with homelessness (Brumen 2008). Currently, two-thirds of clients in the southern Specialist Homelessness Services Accommodation in Tasmania are 50 years or over (Verdouw, Stafford & Habibis 2014).
- Wintringham clients still have difficulty accessing mainstream aged care services. The complex needs of this group mean mainstream aged care services struggle to meet their needs (Rota-Bartelink 2008).
- Adoption of service models from other jurisdictions requires careful management (see Parsell, Fitzpatrick & Busch-Geertsema 2014) and should utilise the available evidence for program design and implementation.
- Principles of social justice are at the root of the Wintringham model and infuse all decisions and structures. This is a significant factor in the success of the service (Lipmann 2009).

What might implementation look like?
Funding for this model in Tasmania could be diverted from a number of sources without drawing substantially from homelessness sector funding. The Federal aged care system should provide the bulk of recurrent funding with smaller funding sources coming from other state or local government programs, or grant programs, including general housing services, and disability funding sources. There is also potential to draw on philanthropic trusts and charitable foundations.

STAKEHOLDER INPUT

2A: Leveraging assets
- Has potential but model needs to be sustainable, e.g. include a mix of transfers (not just broad acre estates) and for the long term

2B: Rent reform
- Diversity of groups in social housing, thus we need diverse rent-setting models, including both income-based and market-linked models

2C: Wintringham model
- Positive response to diversifying aged care funding sources for older people experiencing homelessness
- Concerns over sustainability of federal funding long term

General:
- Need for a national conversation around state and federal laws, e.g. redeploying tax foregone from negative gearing (i.e. stop funding the wrong product); a unified approach is needed to motivate federal change
- Need for better coordination of service funding and service models, esp. for certain groups e.g. older Australians
3. ENCOURAGING SOCIAL ENTERPRISE

Melbourne, VIC.

Internal redistribution of profits for a social outcome

This strategy increases access to affordable rental housing through a not for profit real estate service that supports low income private renters

- It provides a range of housing assistance products for private renters at risk of housing stress, housing crisis or homelessness.
- It is a market-facing approach to subsidising unaffordable rental costs for tenants in the private rental market.
- It provides income diversification while meeting organisational goals.

3A: A NOT-FOR-PROFIT REAL ESTATE AGENT

What is it?
HomeGround Real Estate is a CHP which commenced operations in 2014, providing housing and support services, in Melbourne, particularly for the homeless. It combines a non-profit, industry standard, real estate service, including property management products with the goal of increasing the supply of, and access to, affordable housing. It generates a market-based income, which is redirected to provide rental subsidies to tenants on low incomes (see HomeGround 2014a, 2014b, HomeGround Real Estate 2014).

Property management services take three forms, with two operating directly under the service’s Affordable Housing Initiative:
- Full market rent delivers a full return on investments to landlords but management fees are redirected into the Affordable Housing Initiative arm of the enterprise.
- Reduced market rent (e.g. 75% of market rent) allows landlords to negotiate management rates with the agency. These properties are listed on the website, and only eligible affordable housing tenants are considered.
- Philanthropic rent in which landlords grant assets to the real estate at no cost on a short, medium, or long-term basis. These properties are targeted at those who are homeless or at risk of homelessness. Rent charges are based on affordable rental guidelines and income is used to support tenants and maintain properties.

How is it relevant to Tasmania?
It has potential to fill the gap left by the phasing out of the NRAS because it provides housing assistance to the same market sector as the NRAS (albeit not in the form of new builds). HomeGround Real Estate defines eligibility criteria for their Affordable Housing Initiative through the NRAS household income (indexation) for 2014-2015 (Department of Social Services 2014). This is another mechanism to increase the number of people who can afford and sustain private rental arrangements, thus reducing demand on social housing.

---

6 This innovation is a ‘blue sky innovation’. It is considered worthy of exploration but there are currently no independent evaluations to provide a strong evidence base for implementation.
What does this innovation offer?
- Improved access to affordable rental properties in the mainstream rental market. This eases pressure on the demand for social housing.
- Larger CHPs can leverage their expertise and resources to generate subsidies to low-income tenants.

What issues need to be considered?
- This is a new service that has not yet been evaluated.
- A similar innovation has previously been trialled in Tasmania by Colony 47, where limited scale and marketing interface contributed to the service becoming unviable. However, the introduction of system-wide infrastructure such as Housing Connect may provide opportunity to re-imagine this kind of service in Tasmania.
- The real estate industry is highly competitive, with low levels of differentiation. Tasmania’s small market means marketing would be especially important. HomeGround marketers have successfully appealed to the ethical dimension of the agency and the desire for both social and economic returns to landlords (Third Sector Magazine 2014).
- HomeGround are lobbying the Federal government for tax incentives (e.g. negative gearing) for landlords leasing their properties at below market value (The World Today 2014).

What might implementation look like?
- HomeGround are seeking to extend the model to other states and territories. This may provide an opportunity for a CHP in Tasmania to partner with them.
- Leveraging off the scale and tenant management resources of Housing Connect to establish a non-profit real estate agent that has viability across the state.
- It would be important for any real estate agent to establish partnerships with organisations (e.g. Rotary), to build support for the agency, and expand the interface with potential landlords (Third Sector Magazine 2014).

STAKEHOLDER INPUT
- Good idea in principle — opportunity to partner with NGO/NFP or integrate into/leverage off existing Housing Connect services
- Concern over start-up costs for NFP real estate agent given Tasmania’s scale
- Need to better understand and learn from previous unsuccessful attempt (e.g. Colony 47) to undertake this model
- Concern that real estate industry may be a barrier to implementation and view it as a competitive threat to business or that corporate structures may see this enterprise as not a viable investment
4. LANDLORD INCENTIVES

Incentives to encourage private rental market landlords to provide rental properties at affordable housing prices

Two strategies that use incentives to landlords to increase the supply of affordable rental housing for people on low to moderate incomes

- Increases the supply of affordable rental housing
- Eases pressure on the demand for social and crisis housing

4A: BUILDING ON THE NATIONAL RENTAL AFFORDABILITY SCHEME

What is it?
NRAS was a federal program designed to stimulate private market investment to build and rent housing at a rate that is at least 20% below market value. This was achieved through a government funded direct cash subsidy to community organisations or tax offsets to the business sector delivered over a ten-year period. Although the Australian government has made no commitment to continue NRAS, there are a number of ways the state government can facilitate private investment in affordable rental housing.

How is it relevant to Tasmania?
- The success of NRAS in the Tasmanian market suggests there is genuine interest and importantly the incentive was sufficient to make the scheme attractive to investors to build new affordable rental housing.
- Supporting the continued growth of community housing providers is a state government priority.

What does this innovation offer?
- NRAS has been successful in increasing the supply of affordable rental housing in Tasmania. At June 2014, 720 new affordable properties had been delivered, with an additional 921 dwellings projected for completion by June 2016 (Australian Government 2014).
- NRAS supports the expanded operation of CHPs, improves dwelling and product innovation, encourages investment in affordable rental housing, brings new players into the affordable housing market and increases access to affordable housing (Milligan et al. 2013: 27-29, 31; NPL 2014).
What might implementation look like?
Milligan and Pawson (2013) identify a number of strategies for governments to encourage private investment in affordable rental housing. Using the NRAS experience, the State Government could explore any or all of these options:

- time-limited rental income guarantee as a credit enhancement to overcome investor risk aversion for affordable housing development
- debt guarantee schemes for affordable and market rental new build housing development
- a ‘build to let’ (revolving) fund to facilitate construction of schemes intended for sale or for sale and leaseback.
**What is it?**
Market-based incentives to private landlords to offer housing at rents affordable to low to moderate income tenants. Three types of incentives are considered here:

*Rental or tenancy guarantees*
Landlords are provided with a lump sum guarantee to encourage them to offer tenancies to individuals with a limited or poor tenancy history. Examples include Housing NSW’s ‘Housing Pathways’ program (Housing NSW 2015) and, in the UK, the London Borough of Westminster’s ‘landlord incentive scheme’, This offers landlords providing a 12-month tenancy to a low-income individual a lump sum payment of £1,500 and insurance against damages (City of Westminster n.d.). Tasmania is currently piloting a similar approach.

*Specialist insurance policies for landlords (UK)*
Landlords may be reluctant to offer tenancies to individuals with a limited, or poor housing history. Specialist insurance policies address their concerns by providing some protection of rental income and other risks such as property damage.

In the UK, ‘SettledSure’ provides landlords and real estate agents who provide tenancies to low-income households and households receiving government assistance, with insurance for loss of rent, legal costs, cost of evictions, theft of house contents and malicious damage. Landlords have their first year of insurance premiums paid by the authority (SettledSure 2015).

*Rental Accommodation Scheme (RAS) (Ireland)*
The RAS is an Irish government program for long-term unemployed private rental tenants in receipt of a government rent subsidy for 18 months. The government agency negotiates a lease of up to 10 years with the landlord in return for a discounted rent (from 8% lower than market rate). It has responsibility for property letting and rent collection on a head lease basis. Landlords retain responsibility for property maintenance. Rent setting is income based (Gibb, McLennan & Stephens 2013).

**How is it relevant to Tasmania?**
- Tenant groups in Tasmania’s private rental market at risk of housing stress and crisis include young and older single person households, and single parents with dependents. Problems include lack of security of tenure, and unaffordable rental prices. Landlord incentives can address these concerns.
- There is limited support for private renters. They receive less than 6% of the total Commonwealth housing expenditure through CRA (Kelly et al. 2013). The Tasmanian State Government is delivering a tenancy guarantee scheme through Housing Connect who are working with a selection of local real estate agents in the North and South of the State as a small-scale pilot. Few other programs target security of tenure or affordable rental.
- It makes sense for governments to improve affordable housing access and supply through market-facing solutions that focus on the private rental market (Maclennan et al. 2013) since this is the housing market sector experiencing the highest growth.
What does this innovation offer?

- Landlord guarantees can improve institutional and private investor willingness to engage in the social housing sector.
- Tenants benefit from increased security of tenure and reference checks are less onerous, with no requirement for guarantors, advance rental payments or deposits. Tenants and support services are well placed to negotiate renewal of tenancies and longer tenure periods (Elborough 2013).
- Landlord incentives can be an efficient way of improving access to quality affordable housing. In the case of RAS, properties were let well below market rents in most cases, with some regions saving up to 31% on larger dwellings. Net costs over a 20-year period were significantly cheaper than Ireland’s rent subsidy program (Coates & Silke 2011; DoEHLG 2009).
- Landlord guarantees can provide long-term security of tenure since rent increases can accompany increases in household income, without loss of housing tenure.

What issues need to be considered?

- Any scheme depends on private sector buy-in. The CEO of the Real Estate Institute of Tasmania, Mark Berry, has noted that previous efforts to establish small-scale incentive agreements have not been successful. To achieve market buy-in any new initiative would need to be properly resourced and low-risk for landlords. Tasmania is currently piloting a tenancy guarantee scheme and the lessons learned from this will be invaluable for any wider application of the approach.
- Ongoing communication and liaison with REIT and other property investor bodies for feedback and industry buy-in will be important in any investor-incentive program.

What might implementation look like?

Implementation at scale of any of these innovations will require feasibility studies including assessment of the financial commitment required from governments.
The market in Tasmania supports an NRAS-type model due to comparative low land and rental costs.

Strong theme around the need for long-term outcomes for tenants, whatever the incentive scheme, e.g. long term leases.

Learn from previous programs, e.g. cultural/financial risks to landlords.

Incentives need to be nuanced to cater for diverse range of tenant needs / implementation of shared wait lists may ensure capture of such variation.

Important to understand the market (e.g. through research) including modelling to better capture current mismatches.

General:

- Incentives an effective way to attract landlords to these schemes
- Concern over distortion of supply problems & successive governments discontinuing programs
- Leveraging other jurisdictions, e.g. planning and land use, toward landlord incentives
5. LEVERAGING LAND USE CONTROL

Leveraging land use control

A governance structure to deliver increased supply of affordable and appropriate housing through planning mechanisms and other regulatory and leadership roles

- Increases the supply of affordable housing in locations with good access to services, jobs and transport.
- Addresses mismatches between affordable dwelling sizes and household type by increasing diversity in housing types and locations to better accommodate the needs of a range of households.
- Increases affordable home ownership options through delivery of low-cost/affordable, urban (medium-high density) owner-occupier housing.

5A: A NEW STATE LAND DEVELOPMENT AUTHORITY

Planning scheme mechanisms and state government policies have considerable potential to support affordable and appropriate housing development. For example:

- Implementing regulatory mechanisms to guide the planning and design of new housing development to ensure affordable options (inclusionary zoning).
- Leadership and coordination of infill housing development through site identification and assembly, approvals and incentives, financing and subsidy opportunities (promotion of affordable infill development).
- Improving the regulation of, and supporting innovation in, sustainable and liveable housing and urban design (regulation of development).

The establishment of a development authority to lead and regulate urban development may be the best way to achieve a coordinated approach.

For example, in South Australia Renewal SA provides an integrated approach to urban development. It is responsible for the use of public land, partnering with the private sector, delivering demonstration projects, overseeing neighbourhood infrastructure, project planning, environmental management and increasing the state’s supply of affordable housing. Other interstate examples include Renewal SA in South Australia, Landcorp in Western Australia, Urban Growth NSW (formerly Landcom) in New South Wales and the Urban Land Development Authority in Queensland.

A Planning Reform Taskforce has been established in Tasmania to develop a single, state-wide planning scheme. The Taskforce is part of the Tasmanian Department of State Growth. There may be opportunities to build from this concentration of expertise and resources within the state planning area as a first step towards establishing a state land development organisation.

Some of the strategies that could be pursued by a land development authority are outlined below.
5B: DEVELOPER INCENTIVES

South Australia

What is it?
Strategies to encourage developers to provide more affordable housing. In South Australia this has taken the form of inclusionary zoning in which there is a legislative requirement that a proportion of new development meets certain criteria, particularly in relation to affordability. The provision applies to significant new development and the proportion that must be affordable is 15%. A third of this must be set aside for people with complex housing needs.

South Australian Government figures for 2011 indicate that there were 2248 affordable housing units committed, half on government-owned land and a quarter in urban renewal and infill areas (Davison et al. 2012) with a further 1827 units under negotiation (March 2012). The expected yield of affordable housing was expected to be slightly above target, at 16% (Davison et al. 2012).

How is it relevant to Tasmania?
- Inclusionary zoning improves the range of housing locations which are affordable for lower income earners. Tasmania’s urban centres are socioeconomically polarised (Adams 2009: A1.83). This is partly because housing costs in more advantaged areas are out of the reach of lower income earners. The lack of a diverse range of housing options in particular locations has been identified as a ‘key market failure’ in urban housing markets (van den Nouwelant et al. 2014). Inclusionary zoning increases the proportion of affordable housing in well-located and well-serviced areas. It can be combined with other planning incentives to guide development in particular areas, such as transport corridors.
- Tasmania has no framework to ensure new developments address the state’s affordable housing needs. Tasmania’s Residential Development Strategy (DHHS 2013) provides a framework for promoting greater liveability in new Tasmanian developments, but
  - it applies only to ‘selected’ government-subsidised developments
  - it operates only as an ‘aspirational framework’ for other projects
  - it provides no recommendations for using planning regulation to support improvements in the supply of affordable housing.

What does this innovation offer?
- It is evidence based. There is a substantial body of peer-reviewed research on inclusionary zoning in Australia, including comparative studies drawing on the experience of overseas jurisdictions. This identifies the South Australian model as the most successful example in Australia and with the most potential to improve affordable housing supply.
- It supports innovation. In South Australia, developments on government-owned land have been successfully used to ‘test’ the marketability of new, affordable forms of housing and the viability of achieving a 15% affordable housing target (van den Nouwelant et al. 2014). This demonstrates to developers that the approach can work while removing from them the risk associated with trying something new.

What issues need to be considered?
- Lack of stakeholder support: The Property Council of Australia has issued a ‘myth-buster’ on inclusionary zoning in which it claims that it drives up house prices, fails to deliver a big enough volume of affordable housing to make a difference and doesn’t address the real issue, which is the high cost of development in inner urban areas (Elliott 2007). COAG has also discouraged this approach as unwarranted intervention in the market (COAG Reform
Council 2012). But some researchers argue inclusionary zoning is unlikely to lead to significant change because it is not interventionist enough (e.g. Beer, Kearins & Peters 2007).

- Subsidies are needed; inclusionary zoning targets can only be met if developers can access subsidies, sometimes from multiple levels of government (van den Nouwelant et al. 2014). These can be provided as land or planning concessions (see Austin, Gurran & Whitehead 2014) and also related to requirements for changes to design, construction and materials (Davison et al. 2012). Schemes need to be flexible to accommodate different funding arrangements and subsidy mix (Davison et al. 2012).
- Success depends on the inclusionary zoning requirement being integrated with other interventions. For example:
  - In infill areas where profit margins are already minimal, inclusionary zoning requirements can be a significant barrier to development going ahead. This can be mitigated by combining it with other methods, and particularly, with density bonuses (Conlan c. 2014).
  - Integration with some types of intervention, such as affordable home ownership programs, may assist to build community support for infill developments which include ‘affordable’ housing (Austin, Gurran & Whitehead 2014).
- In many jurisdictions where it is used, inclusionary zoning does not apply to all developments, only those that meet particular criteria of size or other significance. Does Tasmania have enough developments of sufficient size to make the introduction of inclusionary zoning worthwhile?
- Inclusionary zoning does not deliver instant returns. The long lead times in housing development mean it takes time for these measures to take effect (Davison et al. 2012).
- This strategy is most successful when house prices are increasing and developers are confident that the rest of the development will be profitable (Austin, Gurran & Whitehead 2014; Gurran & Whitehead 2011).
- Experience in Tasmania and other states is that affordable housing developments can attract opposition from residents (see Austin, Gurran & Whitehead 2014). This poses a political risk, which is problematic, especially when successful implementation of inclusionary zoning requires a strong government commitment to the policy.

**What might implementation look like?**

- In South Australia, the strategy is legislatively embedded within the planning process and is clear to all stakeholders (van den Nouwelant et al. 2014).
- A comparison of South Australia, Queensland and New South Wales stressed the importance of a dedicated development agency to coordinate projects and provide certainty to private developers (van den Nouwelant et al. 2014).
5C: PROMOTION OF AFFORDABLE INFILL DEVELOPMENT

New South Wales, Queensland, Western Australia

What is it?
Infill housing development is housing development within existing urban areas, including brownfield sites (development surrounded by existing built up areas), greyfield sites (development of precincts usually within inner and middle suburbs) and development around existing transport infrastructure nodes (Rowley & Phibbs 2012: 81).

Despite the usually higher level of amenity, delivering housing in urban areas is more complex and less profitable than delivering housing in greenfield sites. Therefore the delivery of housing, particularly affordable housing, in infill sites is unlikely to occur without government intervention.

How is it relevant to Tasmania?
- Tasmania currently has no framework to ensure that infill housing development occurs. Tasmania’s housing industry and planning systems focus on delivery of single houses in greenfield sites.
- Infill housing development encourages the delivery of diverse and innovative forms of housing appropriate for different household types, including medium density apartment developments, three storey walk-up apartments, townhouses, villas on battleaxe blocks and potentially ancillary dwellings such as granny flats (Rowley & Phibbs 2012: 7).

What does this innovation offer?
- There is a need to boost flexible and affordable home ownership options in Tasmania for single people of all ages, single parents with one or two dependents, and retired couples.
- Infill housing development presents an opportunity to increase the supply of diverse and affordable housing and capitalise on existing infrastructure and transport links. It can offer housing products at a variety of price points and to suit a range of household types. It has potential to drive innovation in housing design and delivery, in particular with regard to medium density developments, which are likely to offer the best returns to developers.
- With oversight from a state land development authority, demonstration projects could be facilitated to model new building design, forms and materials (e.g. see Breathe Architecture 2014b; or Logan Central Affordable Housing Project, Brisbane). Demonstration projects aide in testing and developing models for greater efficiency and affordability, minimizing perceived market risks, and encouraging entrepreneurial behaviour.

What issues need to be considered?
- The majority of infill housing development will be delivered by the private sector and profit must be achievable (Rowley & Phibbs 2012: 22).
- There is a tension between the need to simplify development approval processes to encourage investment and ensure enough of the housing is affordable to people on low to moderate incomes.
- A state land development organisation could facilitate the delivery of affordable housing in existing urban areas by working with developers and local governments to mitigate the additional risks and costs associated with infill housing development.
- The cost of development in Tasmania is relatively high compared to costs in larger cities, where land and property values are often higher and profits more lucrative.
government incentives (e.g. land cost subsidies, tax subsidies, loan guarantor, or start-up capital grants) may be necessary for project feasibility.

- The cost, logistics and timelines involved in setting up a state development organisation must be considered, as well as the need to ensure its work does not hamper the already complex development approvals process.

What might implementation look like?

- A state development organisation could play a role in:
  - Site assembly, for example identifying and assembling suitable sites, including providing government land for development.
  - Assistance with development approval processes, for example, reform of planning regulations such as car space requirements.
  - Offering incentives, such as fast tracking of developments, to encourage the delivery of desired products such as increased density.
  - Demonstration projects involving joint ventures between the public and private sector. For example, public land can be sold to the private sector at a price that permits the private sector to deliver affordable housing, the housing is then sold or transferred to the community housing sector to manage. Such projects would also act as a demonstration of the feasibility of infill housing development for private developers.
  - Promoting the benefits of infill housing and medium density living to consumers and to the broader community.
  - Redevelopment of existing government assets, in particular, standalone properties on large blocks, which can be converted to medium density dwellings.

- Partnerships with state and local government are key to reducing and centralising development processes. The Hobart City Council (HCC) seeks to take an active role in achieving affordable inner city growth in its residential population (Hobart City Council 2010). Examples of partnership strategies include:
  - Leveraging off proposed HCC policy to allocate priority to affordable housing developments when considering the sale or redevelopment of Council property, including the provision of council owned land to affordable housing development in strategic partnership arrangements.
  - Drawing on HCC strategies to develop incentives to encourage affordable housing, such as:
    - Seeking HCC discretion to reduce or waive regulation car parking requirements for affordable housing developments. This was used in the development of the Commons/Nightingale developments in Victoria and represented a significant cost saving to the buyers.
    - Applying for reductions in minimum site areas for small dwellings (as provisioned in WA’s planning provisions for affordable housing) (Department of Planning 2013). This could allow up to 50 per cent more single person dwellings.
    - Waive planning and building application fees for projects providing affordable housing (Hobart City Council 2010).
    - Provide rate relief for affordable housing projects (Hobart City Council 2010).
5D: ENCOURAGING PRINCIPLES OF SUSTAINABILITY AND LIVEABILITY IN HOUSING DESIGN

What is it?
Housing designed according to the principles of sustainability and liveability can improve affordability for households through reducing direct household expenditure on energy and maintenance and the cost of adapting housing as needs change, as well as indirect costs such as accessing employment and services (Australian Institute of Architects 2009). In addition to the direct impact on affordability for households, people’s ability to access housing that is appropriate to their needs can either impede or facilitate economic growth, employment and productivity. A state development organisation could provide a central agency to provide leadership and expertise, and where appropriate, regulation of the design of houses and neighbourhoods.

How is it relevant to Tasmania??
- Improves affordability by increasing use of good design to lower costs of living.
- Increases availability of smaller housing options (1-2 bedroom), particularly by young people, single/coupled households and older person households.
- Increases the availability of appropriate accommodation for people living with disability, which also reduces support service requirements (Bridge et al. 2008; Beer & Faulkner 2009).

What does this innovation offer?
- Improved focus on the design of housing and neighbourhoods addresses overall affordability for households through:
  - reduced transport costs and increased access to employment, services and facilities
  - improved energy efficiency (electricity, gas and water)
  - reduced maintenance costs (Newman 2002)
  - reduced costs of retrofitting housing and provision of care for people living with a disability
  - increased support for independent living and ageing in place for older people or people living with a disability, reducing the need for additional care and delaying moves to residential care.
- The Melbourne-based developers of The Commons and Nightingale apartments have demonstrated the potential for higher density infill development to deliver sustainable and affordable housing products. This is achieved through ‘architecture of reductionism and centralisation’. This involves:
  - designs that maximise space, utility and efficiency outcomes for all households to increase affordability of capital and ongoing housing costs, such as sharing infrastructure and systems (e.g. solar hot water, and solar photovoltaic systems, rainwater harvesting, laundry facilities, bike/car share)
  - 8-star energy ratings to reduce the carbon footprint for residents, which significantly reduces everyday living costs, including by reducing heating/cooling consumption by up to 90%
  - reducing use of unnecessary materials and/or development processes (no car parking, no air conditioners, extra bathrooms, no real estate agents, display suites or marketing and advertising)
  - combining core service functions to reduce individual household costs
  - engaging in state and local government partnerships to minimise development overheads
  - the provision of communal and public spaces to resource community growth, e.g. rooftop gardens (Breathe Architecture 2014b; see also 2014a).
- More generally, liveable housing design guidelines aim to ensure all housing provides a range of needs, including those of older people, people with disability and their families, young families, and people suffering from temporary illness or injury, and can be easily adapted as these needs change (Liveable Housing Australia 2012). They provide a basis for
accessible and adaptable housing, supplementing the disability standards that form the Disability Discrimination Act in 2011, and the requirements for access that are included in the Building Code of Australia. These guidelines are established to meet the following criteria:
- easy to enter
- easy to navigate in and around
- capable of easy and cost-effective adaptation
- responsive to the changing needs of home occupants.

What issues need to be considered?
- Ingrained conservatism in the housing market, from developers, financiers, construction companies, government and consumers that may limit the type of housing that is considered feasible (MacKillop 2013). One of the challenges cited by the developers of the Commons was finding ethical builders, developers and stakeholders and convincing them that no-frills buildings with communal spaces are marketable. This is more likely in a slower construction market.
- Innovation may be discouraged by the additional up-front costs or potential risks associated with using experimental construction methods or materials, installing energy efficient design features, and allowing extra space to meet liveable design principles. While this can result in a less affordable product initially, the whole-of-lifecycle costs render it affordable into the long-term (Morrissey & Horne 2011).

What might implementation look like?
A state land development organisation could lead and regulate innovation in design through:
- demonstration projects, public education and the development and promotion of guidelines and standards in private home building and renovations
- exploring and demonstrating options to adapt and retrofit housing using existing social and public housing
- whole of lifecycle costing of new housing projects
- promoting innovative design of affordable housing through design competitions
- public private partnerships in the delivery of innovative projects.
STAKEHOLDER INPUT

5A: Development Organisation:
- State Growth best placed; requires centralised, partnership approach
- Residential development industry fragmented; function and scope required; problem of over-governance

5B/C: Inclusionary Zoning /Infill:
- Regulatory consistency needed across the state
- Example: Uno (Adelaide)
- Partnership approach (developers, industry, government)
- Inclusionary zoning needs clearly defining

5D: Sustainable and Liveable design:
- Good in principle but learn from what has been done before, provide incentives for developers, look for emerging need (e.g. ageing population)
- Concerns that building costs should be calculated over whole-of-life, not just construction; managing cost risks of demo projects
6. NEW MODELS OF TENURE THROUGH ASSET SPLITTING

Asset-splitting (vertically or horizontally)

Two strategies to increase affordable housing supply through shared equity schemes that also improve access to the home ownership and rental markets

- Increased supply of purpose-built smaller housing options (1-2 bedrooms).
- Efficient targeting of affordable housing client groups including first home owners, households normally excluded from standard home ownership, people living with disability, and single parents (Thomson et al. 2013: 3-4).
- Can be flexibly applied to a range of housing contexts and target groups, such as retirees.

6A: COMMUNITY LAND TRUSTS (CLTs)

United States of America, United Kingdom, and under consideration in Australia

What is it?
A Community Land Trust (CLT) is a democratically run non-profit CHP which purchases real estate on a shared equity basis for the benefit of low-income groups. The CLT holds the land and leases it to the community. Buildings and properties are owned or leased by residents (Lowering 2013). The removal of land costs from the purchase and/or lease of housing reduces capital requirements, thereby increasing housing affordability. Capital gains on resale are shared between the CLT and individual purchasers, providing some investment return to both.

How is it relevant to Tasmania?
- CLTs provide a model of housing that is distinct from social housing, renting and home ownership. There is no equivalent to CLTs in Tasmania.
- In the USA and the UK CLTs have increased the supply of affordable housing, widened housing tenure options, and nurtured community development and social capital (Crabtree et al. 2012: 1).
- CLTs are under consideration in NSW and Victoria, and the potential for CLTs in the Indigenous communities is currently being explored in AHURI research (Crabtree et al. 2013: 26-27).

What does this innovation offer?
- Leverage of capital investment should result in a net surplus in the rate of return to governments instead of recurrent costs.
- Improved access to home ownership for low-income groups with reduced exposure to the housing market.
Most of the benefits of home ownership, including some capital appreciation, control over the dwelling, security of tenure and transfer of occupancy rights (ground leases are inheritable).

Adaptability to local contexts through flexibility in housing type and form. In the USA and UK CLTs include boarding houses, affordable rental housing, single-family housing, apartment-style housing, eco-villages, co-housing, community, commercial and open spaces (e.g. for land conservation and food production) (Crabtree et al. 2013: 13-16).

Distinctive tripartite governance model (a third each drawn from residents, non-residents, and general community members) structured around the economic and social benefits of the community. CLTs are the outcome of a community driven process focusing on land, established in a climate of trust. CLTs play a core role in making ‘place’ where multiple social objectives (including, but not limited to, housing) are sought through community engagement (Crabtree et. al 2012: 10).

What issues need to be considered?

- Two key principles drive the financial sustainability of the CLT model (Crabtree et al. 2013: 161):
  - Adequate capital to ensure sustainment and growth. In the US the successful development of CLTs has usually required an injection of resources for purchase of land or capital.
  - ‘Subsidy retention’ in which the benefits provided to early participants must be maintained for all future buyers.

- There need to be sufficient purchasers to ensure on-going buy-in, or sufficient reserves to allow purchase when homes are sold (Crabtree et al. 2013: 37).

What would implementation look like?

- It may be possible for existing CHPs to seed a CLT (Crabtree et al. 2012: 38,169).
- Long-term leases are recommended for CLTs in Australia. These are viable in Tasmania because they are not subject to RTA legislation. The CLT can therefore write its own lease terms, and residents can have 99-year leases (Crabtree et al. 2012: 109, 116).
- CLT implementation is assisted by the establishment of a peak body to resource start-ups and provide strategic support.
- The role of government would primarily be as a start-up contributor of capital or land.
- Requirements for scale mean that in Tasmania the development of CLT’s may be limited to major urban areas.
- Federal and state legislation does not permit the separate sale of land and buildings. Alternatives include 99 year leases or shared equity of house and land between the buyer and the CLT (Crabtree et al. 2013: 10).
- The flexibility of CLT form and type mean a variety of planned structures are likely to emerge in Australia.
- Implementation of the CLT model in Tasmania would require a feasibility study to ensure the availability of essential ingredients such as sufficient purchasers.

---

7 In 2013, Crabtree and colleagues developed The Australian Community Land Trust Manual which provides documentation of international (US & UK) best practice for CLTs, comparisons for the Australian context, and issues to consider for implementation in Australia including legal aspects and financial feasibility modelling.
What is it?
The EOI project is part of the Western Australian government’s Affordable Housing Strategy (2010-2020). It involves the large-scale procurement of newly built dwellings from the market at discounted rates. SharedStart is one of seven shared equity products provided through Keystart, and is for purchase of EOI project properties. SharedStart has two equity loan options: (i) a flexible equity loan with optional buyout of the WA Department of Housing’s equity share or (ii) a fixed loan in which the WA Department of Housing holds its equity share in perpetuity (Thomson et al. 2013: 1).

How is it relevant to Tasmania?
- SharedStart has been independently recommended for consideration on a national scale (WACOSS 2014).
- It is different from the two programs currently offered by the DHHS (c. 2014, 2015):
  - HomeShare: this shared equity product targets public housing tenants who share the purchase cost of their homes on a 70:30 split with Housing Tasmania.
  - Streets Ahead: provides financial assistance to Tasmanians on low to moderate incomes to support their purchase of available Housing Tasmania stock.
- The EOI/SharedStart model:
  - Increases the affordable housing supply by offering new dwellings to buyers. HomeShare includes new builds and ageing public housing stock.
  - Provides greater access to home ownership opportunities to a wider range of groups.
  - Generates surplus from embedded equity generated through bulk construction procurement
  - Addresses periods of economic downturn by providing construction and land-development industry activity and jobs-creation/support (Thomson et al. 2013).

What does this innovation offer?
- Sustainable improvements to the financial well-being of lower-income households through improved access to home ownership.
- The potential for a net surplus in the rate of return to governments instead of recurrent costs. Projected figures for the WA Department of Housing are a 25% rate of return, and a net asset increase of $116 million by 2029-30 (Thomson et al. 2013: 5). Under the EOI project, purchasing new dwelling construction at scale generated discounts of around 16% to market price of construction. This became the Department’s equity share in the investment. This was valued at $58 million in September 2013 (WACOSS 2014).
- Reduced costs to government through the transfer of individuals from social housing or housing assistance support, to home ownership.
- Reduced demand for social housing and therefore less risk of the ‘public housing trap’, where fear of losing security of tenure in public housing acts as a disincentive to secure job advancement opportunities (WACOSS 2014).
- Benefits associated with construction of housing at scale. For builders and developers there is a trade-off incentive to lower profits because of the lower credit risk associated with government clients, timely payments and longer-term employment (Thomson et al. 2013: 86).
What issues need to be considered?

- Key mechanisms for success include procurement at scale, effective marketing, and a well-designed shared equity loan.
- Organisational and cultural differences between Western Australia and Tasmania.
- Availability of eligible asset purchasers. In the EOI program, some properties were sold at lower than 80% of equity share because of a shortfall in eligible purchasers (Thomson et al. 2013: 5-6, 85-86).
- Potential competition between the current HomeShare scheme and a new scheme such as this, e.g. difficulty in selling older HT properties.
- This is a market-sensitive innovation. Therefore it would be affected by the cycle of the housing market, and by economic conditions generally as these would affect the immediate and long-term purchase capacity of potential buyers.

What might implementation look like?

- Procurement, at scale (e.g. over 1000 properties and new dwellings construction in the EOI project), over successive 2-year periods.
- The development of shared equity products for eligible purchasers.
- Development of a business model within the agency to manage the program (Thomson et al. 2013: 6).

STAKEHOLDER INPUT

6A: Community Land Trusts:

- Positive record of proven path toward full home ownership
- Provides flexibility and diversity around housing and community forms; RTA set up to accommodate
- Seeks social outcomes and social inclusion alongside affordable home ownership
- Limited to long-term leasing; issues around bank financing which might assess land leasing as higher risk; problem of initial start-up capital

6B: The EOI project:

- Good large-scale means of building equity for government and building assets over time
- Concern over scale in Tasmania; lack of demand; condition of construction stock; problems of timing in economic downturn

---

### Responses

<table>
<thead>
<tr>
<th>Intervention 6A</th>
<th>Intervention 6B</th>
<th>Intervention Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>No</td>
<td>Unsure</td>
</tr>
<tr>
<td>16</td>
<td>14.5</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>6</td>
</tr>
</tbody>
</table>

0 5 10 15 20

No. of Respondents

Responses

- Intervention 6A
- Intervention 6B
- Intervention Average
7. TAX REFORM

Tasmania

Flexible homelessness services

Four targeted strategies addressing gaps in the homelessness system, in order to increase capacity to assist homeless or vulnerable clients to obtain secure, affordable and appropriate long-term housing.

The homelessness sector provides a suite of effective and well-positioned services but there is room for improvement. There are gaps in crisis and transitional housing and early crisis intervention and homelessness prevention that should be addressed.

7A: STAMP DUTY & LAND TAX REFORM

What is it?
Phasing out of stamp duty and introduction of a land tax on all land, according to property value (see Henry et al. 2010a).

How is it relevant to Tasmania?
- Stamp duty in Tasmania (or property transfer duty/conveyance duty) is payable by the purchaser within three months of a property transfer. Rates are calculated on a sliding scale based on purchase price paid or the unencumbered value of the property. Stamp duty on the sale of a median house price in Hobart of $362,500 (REIT 2014: 4) would be approximately $12,435, or 3.43% of the total property value. The percentage increases with property value (Department of Treasury and Finance n.d.).
- Land tax in Tasmania is payable annually on land classified as ‘general’ land. In practice, this means that land tax is not payable on land used as the owner’s principal place of residence or for primary production land. Currently for land valued at between $25,000 and $349,999, land tax is charged at the rate of $50 plus 0.55% of the value above $25,000 (Department of Treasury and Finance c. 2014). Land tax charged on a block of land in Hobart worth the annual median value of $143,708 (REIT 2014: 4) would be approximately $703 annually.
- Stamp duty and land tax exemptions generate a number of economic inefficiencies:
  - The high transaction costs associated with stamp duty create disincentives to household mobility, and distort housing choices. First homebuyers may avoid future stamp duty costs by buying larger houses than required to provide for family growth. Stamp duty then acts as a disincentive to downsizing by older, ‘empty nester’ households.
  - Exemptions under land tax arrangements may impede investment in affordable rentals (Wood, Ong & Winter 2012: 335).
- These inefficiencies result in the over-supply of large housing, sub-optimal allocation of housing stock, inflation of rental prices by investors who pass on land tax costs to tenants, inequity for those who need to move frequently (Kelly et al. 2013), lost workforce mobility, increased labor costs in boom areas, increased unemployment in locations experiencing economic downturn and increased commuting times (Janda 2013).
What does this innovation offer?

- Land tax is one of the most efficient means of revenue raising (Janda 2013). As it is not payable upfront it is less onerous on the purchaser, thereby facilitating property transactions and housing mobility for owner-occupiers.
- A broad-based land tax, calculated on the value of land provides a more consistent revenue stream for governments because it is more stable than stamp duty, which is calculated on property value and subject to housing market volatility (Janda 2013).
- It treats all landowners equally and does not discriminate against different owners/uses of land.
- A broad-based land tax is levied annually and would tighten the liquidity position of landowners (particularly those with undeveloped/vacant land), effectively placing downward pressure on house prices in Tasmania and encouraging quicker development of grey field sites in urban areas where housing pressures are greatest (Wood & Winter 2012).

What issues need to be considered?

- The Henry Tax review states the need for state land tax and local government rates to be more integrated, with taxpayers receiving only one tax assessment which identifies local government rates and state government land taxes (Henry et al. 2010b). Reform to Tasmania’s tax system could leverage off the change to seek increased integration between local and state governance systems.
- A common complaint about tax is that asset rich and income poor households may be forced to sell their homes due to an unaffordable tax bill. However, governments could allow the tax to be deferred until property exchange (Janda 2013).

What might implementation look like?

- Wood et.al (2012) provide an analysis of a new land tax schedule that is value neutral (i.e. land tax revenue raised compensates for loss of stamp duty and current land tax revenue), based on hypothetical levies in Melbourne. The hypothetical is aligned with recommendations 51-54 of the Henry Review, and applicable to all Australian jurisdictions.
- There are a number of models for stamp duty reform:
  - In the ACT reduced stamp duty and rate increases were introduced gradually to avoid shocks to the property market. Stamp duty is reducing, and general rates on residential and commercial properties are increasing, on an annual basis over a 20-year period. A new land tax structure is being applied, including fixed and marginal rating charges (Treasury 2015).
  - The Henry Tax Review suggests a transitional approach to alleviate some of the political concerns around paying tax on properties where stamp duties have already been paid. The new land tax would be restricted to those properties transferred after a particular date, to exclude purchasers from paying taxes twice (Henry et al. 2010a).
  - Allow buyers the choice to pay stamp duty up front, or to pay land tax in the future at a rate approximately equal to land tax plus inflation. When a property does switch to land tax it must remain so for all future transfers, allowing the gradual transfer of all properties to a land tax system (Janda 2013).
STAKEHOLDER INPUT

- Generally supportive and acknowledgement that there is appetite in Tasmania for this reform; preference for removal of stamp duty over introduction of broad-based land tax
- Concerns around effect on low-income earners if no concessions are included; doesn’t target investors specifically; doesn’t directly impact affordability; loss of government revenue

General:
- Need to think more broadly around tax reform, including reform to negative gearing, capital gains tax, and GST.
REFERENCES


Adams, D 2009, A social inclusion strategy for Tasmania, appendix 1, Department of Premier & Cabinet (Social Inclusion Unit), Hobart.


Anglicare Australia 2014, Anglicare Australia rental affordability snapshot report, Anglicare Australia, Canberra (Tasmanian data pp. 56-58).


Australian Institute of Architects 2009, Affordable housing policy, Australian Institute of Architects, Barton, ACT.

Beer, A and Faulkner, D 2009, 21st century housing careers and Australia’s housing future, AHURI final report no. 128, Australian Housing and Urban Research Institute, Melbourne.


Breathe Architecture 2014a, Development Feasibility, 06 Florence Street, Brunswick, unpublished report supplied by Breathe Architecture, Brunswick, VIC.

Breathe Architecture 2014b, Nightingale: 06 Florence Street. A summary of the project, unpublished report supplied by Breathe Architecture, Brunswick, VIC.


Bui, B-H & Graham, A 2006, *Support issues for homeless single fathers and their children*, SAAP evaluation and research report by Wombat Housing and Support Services and Victoria University, Department of Families, Community Services and Indigenous Affairs, Canberra.


Crabtree, L, Phibbs, P, Milligan V, and Blunden, H 2012, *Principles and practices of an affordable housing Community Land Trust model*, AHURI research paper, Australian Housing and Urban Research Institute, Melbourne.


Department of Planning [WA] 2013, *Planning provisions for affordable housing*, discussion paper produced on behalf of the Western Australian Planning Commission, Department of Planning, Perth.


DHHS (Department of Health and Human Services) 2013, *Residential development strategy*, DHHS, Hobart.

DHHS (Department of Health and Human Services) 2014, *Your health and human services progress chart*, December, DHHS, Hobart.


FaHCSIA (Department of Families, Housing, Community Services and Indigenous Affairs) 2009, *Achieving a viable and sustainable community housing sector*, report prepared by KPMG, FaHCSIA, Canberra.


Ferrer, E and Crawford, C c. 2013, *Financial impacts of asset transfers from state/territory governments to community housing organisations*, report to National Shelter by Sphere, Darlington, NSW.


Gilmour, T 2014, ‘Contemporary stock transfer: insights from the front line’, paper presented to Australasian Housing Institute professional practice seminar (slides only), 13 October, Adelaide.


Henry, K, Harmer, J, Piggot, M, Ridout, H and Smith, G 2010a, *Australia’s future tax system*, final report, part 2, chapter C (Land and resources taxes), from the report to the Treasurer by


Housing Tasmania 2013, *Housing Tasmania rent setting method*, policy effective 1 October 2013, DHHS, Hobart.


Housing Tasmania 2014b, *Response to the Senate Inquiry into Affordable Housing*, DHHS, Hobart.

Housing Tasmania 2014c, *Supply and demand for Housing in Tasmania and the role of government*, draft 1.0a (dated 17 June), unpublished paper supplied by DHHS, Hobart.


Lovering, M 2013, *Shared equity helps governments and lower-income home buyers*, AHURI evidence review no. 23, published online 26 June, Australian Housing and Urban Research Institute, Melbourne.


McNelis, S 2006, *Rental systems in Australia and overseas*, AHURI final report no. 95, Australian Housing and Urban Research Institute, Melbourne.


NPL (NRAS Providers Ltd) 2014, *Senate Inquiry into Affordable Housing: a submission by NRAS Providers Ltd*, NPL, Brisbane.


Petersen, M and Jones, A 2012, *Homelessness and older Australians: scoping the issues*, Department of Families, Housing, Community Services and Indigenous Affairs and the University of Queensland Institute for Social Science Research, St Lucia, QLD.


REIT (Real Estate Institute of Tasmania) 2014, *REIT Tasmanian property report*, November, REIT, Hobart.

Rowley, S and Phibbs, P 2012, Delivering diverse and affordable housing on infill development sites, AHURI final report no.193, Australian Housing and Urban Research Institute, Melbourne.


Shelter Tasmania 2012, Shelter Tasmania’s response to proposed models for the Tasmanian Supported Accommodation and Assistance Review (SAAR), Shelter Tasmania, Hobart.


Shelter Tasmania and TYHHG (Tasmanian Youth Housing and Homelessness Group) 2013, Submission to the Continuum of Care to Prevent Youth Offending and Re-offending Project, Shelter Tasmania, Hobart.


Thomson, M, Winter, I, Jones, K, Watson, R and Dresser, M 2013, A new approach to delivering shared equity in Western Australia: a case study evaluation, final report by AHURI with PricewaterhouseCoopers, Australian Housing and Urban Research Institute, Melbourne.


## APPENDIX 1 – Housing Pathways diagram

<table>
<thead>
<tr>
<th>HOUSING TRANSITION POINT</th>
<th>SCALE OF HOUSING RISK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No risk pathway: secure housing</td>
</tr>
<tr>
<td><strong>Shift to independence</strong></td>
<td>Moves into independent housing: cost is affordable and tenure secure</td>
</tr>
<tr>
<td><strong>Household formation</strong></td>
<td>Household forms: supported by secure income with affordable rent/mortgage</td>
</tr>
<tr>
<td><strong>Household dissolution</strong></td>
<td>Household dissolves but all members have access to sufficient income to sustain adequate housing</td>
</tr>
<tr>
<td><strong>Leaving the workforce</strong></td>
<td>Household leaves the workforce with plan in place that includes appropriate housing</td>
</tr>
<tr>
<td><strong>Loss of independence</strong></td>
<td>Household has adequate level of support to maintain independence and housing is appropriate</td>
</tr>
</tbody>
</table>