



OCTOBER 2022

Submission on Tasmanian Housing Strategy

AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE

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About AHURI

AHURI is a national, independent research network with an expert not-for-profit research management company, AHURI Limited, at its centre.

AHURI's mission is to deliver high quality research that influences policy development and practice change to improve the housing and urban environments of all Australians.

Using high quality, independent evidence and through active, managed engagement, AHURI works to inform the policies and practices of governments and the housing and urban development industries and stimulate debate in the broader Australian community.

AHURI undertakes evidence-based policy development on a range of priority policy topics that are of interest to our audience groups, including housing and labour markets, urban growth and renewal, planning and infrastructure development, housing supply and affordability, homelessness, economic productivity, and social cohesion and wellbeing.

Introduction and background

AHURI welcomes this opportunity to comment on the Tasmanian Housing Strategy discussion paper.

This submission responds to the questions posed in the discussion paper, and points to relevant AHURI research that is relevant to the strategy.

Comments on Tasmanian Housing Strategy

Q1: Should the vision for the Strategy include other factors?

The current vision is: 'Every Tasmanian has access to safe, secure and affordable housing'.

This strategy has a focus on Tasmanians, but the reality is that Tasmania will need to accommodate many from outside the state. This includes short-term visitors, as well as future Tasmanians who choose to migrate to the state. The strategy should recognise the competing demands on housing stock, including from short term lettings. If the focus is on prioritising access to Tasmanians (presumably this means longer term residents), then there needs to be some consideration given to regulation of short term letting or offsetting the loss of such residential supply as it is diverted from residential to commercial use. While we note that some Tasmanian local governments are beginning to respond to this issue, a state-wide response is also appropriate. This issue is considered in more detail in this submission in relation to housing supply.

The strategy also has a focus area on 'sustainable housing', but sustainability does not seem to be addressed in the vision statement.

While there may be a separate Tasmanian strategy for homelessness, there is a connection between housing conditions and homelessness (see for example Johnson et al. 2015) and so the Tasmanian housing strategy should rightfully reference and inter-connect with homelessness policy beyond housing program responses such as brokered emergency housing.

Q2: Are there other important issues not covered by the focus areas?

The submission rightly canvases a range of key housing issues facing Tasmania, from rapid population growth, high rates of low income households, dispersed social housing across regional areas, an older and ageing population and increasing population living with disabilities. Four issues of particular relevance for Tasmania that could be better covered include:

- The regional dimension of the ageing of population, including towns in the northern part of Tasmania and how this is managed (for relevant AHURI research see Li et al. 2022).
- The permanence or otherwise of migration to regional locations due to COVID related factors (Baker and Daniels 2020), and the recovery of housing markets following COVID (Verdouw et al. 2021).
- The role of tourism in the Tasmanian economy and the rise of the short-term rental market, which has reduced the availability of private rental housing for longer term tenants (Phibbs and Ely 2022).
- Trends in homelessness in Tasmania, which have increased from 2006 to 2016, centring particularly on Hobart and north-eastern Tasmania (Parkinson et al. 2019).

While there has been progress in regulating for accessible building standards for new buildings, it also requires good enforcement in the building processes, as well as attention to improving accessibility for existing buildings. State policies and programs should link well with federal programs to enable people with disabilities to adapt their housing to their needs. While this is obliquely referenced in Focus Area 2: ('supply is matched to the needs of Tasmanians) and Focus Area 3 ('Homes better meet the needs of generations into the future') this might be made clearer, and the standards and practices made more robust in the private market. This issue is considered in more detail in our submission in relation to sustainability below.

Factors like interstate in-migration and migration towards regional centres, dispersed social housing stock and rapid ageing have occurred in other parts of the country, but may impose higher cost burdens on a smaller state with limited tax base, like Tasmania. Likewise, tourism provides economic benefits for some, but imposes costs on other citizens and in turn government if people are displaced from housing. Planning and social housing investment and asset management decisions will play an important role in managing these issues, but housing strategies need to be integrated with broader economic development and tourism strategies. This submission provides some information around policies in relation to affordability and housing supply.

Q3: Are there additional objectives that are important for Tasmanians and should be included?

Given the population demographics of Tasmania, making sure housing is accessible to older people and people with disability is vitally important. This not only means making housing more universally accessible or adaptable to needs of people with a range of disabilities, but also making sure housing is affordable and well located to amenities like public transport and social and economic opportunities and appropriate health services.

Adapting existing public housing supply to meet the changing needs of older households is also an ongoing issue that could also be canvassed in the strategy (see Faulkner et al. 2021).

Q4: Are there additional housing outcomes that are important for Tasmanians and should be included?

Three housing issues that should be better addressed include:

- Improving housing accessibility and amenity especially for those with disabilities and older people.
- Improving security of tenure in a changing private rental market (Hulse et al. 2018; Crommelin et al. 2018).
- Addressing homelessness, including among new cohorts (older persons and women).

Focus Area one: Affordable Housing

Question 5: What additional interventions could governments consider to improve housing affordability?

In considering additional interventions to improve housing affordability, the Tasmanian Government can be confronted by difficult choices around their investments of what is a limited resource. Key questions include:

- Who do governments most want to assist (e.g. homeless, renters or home purchasers, new migrants, short term accommodation providers)?
- To what extent do governments want to assist particular groups (e.g. make housing affordable by some benchmark)?
- Who is going to provide the housing (private or community sector or public owned providers)?
- What assistance is going to be the most useful to achieve affordability outcomes (e.g. capital subsidies for private or community providers, regulation of providers or capacity building for not for profit providers)?
- What instruments are used and to whom are they directed? How long will subsidies last for a provider (e.g. NRAS subsidies went for 10 years)?

Affordability and housing need in Tasmania

A foundational issue is to identify the key groups in need in Tasmania. As well as those who are able to enter the market but paying too much, many are unable to enter the market at all. AHURI research (Rowley et al. 2017) found that in 2017 there were 31,400 Tasmanian households in housing need. This reflected 17,400 households that required rent assistance to avoid rental stress and 14,000 Tasmanian households that were unable to enter the private market (and thus requiring social housing or subsidised affordable housing to obtain housing). Arguably housing conditions in Tasmania have worsened since this analysis was done, especially in the years since the COVID pandemic. As the Tasmanian housing strategy discussion paper notes, median house prices and rents have risen, vacancy rates have declined and applications for social housing have risen. The Rental affordability index compiled by SGS Economics and Planning (2021) has declined significantly since 2017.

More recent data suggests that the key groups in need include:

- **Private renters:** According to the 2021 Census (ABS 2021), 19,730 renters (34.2% of all Tasmanian renters) are paying more than 30% of their income in rent. The proportion of Tasmanian renters in unaffordability was higher than Australian renters in general (where 32.2% were paying more than 30% of their income in rent).
- **Home purchasers:** around 7,311 home purchasers (10% of all owners with mortgages) are paying more than 30% of their income in mortgage payments. The rate was lower than for Australians in general (14.5% paying more than 30% of their income in mortgages). More concerning may be the frustration some Tasmanian households (including some renters) face in seeking to enter ownership. Home ownership rates for younger persons have been declining across the country, while the age at which people attain home ownership has increased. Mortgage deposit affordability has become more constrained for many prospective home purchasers, and the time taken to save for a deposit has increased (Pawson et al. 2022).
- **Existing social housing residents:** there were 13,779 households in social housing tenures in 2021.
- **Homeless:** as at the 2016 Census, 1,672 Tasmanians were homeless. The rate of homelessness across the population (32 persons per 10,000 of population) was lower than Australia more generally (50 persons per 10,000 population) (ABS 2018). Around 6,600 persons were helped in homelessness services and this has declined since 2016 (AIHW 2021).

Addressing income

One issue in improving affordability is around improving access to improved incomes and reducing other cost of living pressures on Tasmanians. According to the 2021 Census, 21% of all Tasmanian renters were earning less than \$650 per week (compared to only 17% of Australians). While this in part reflects the aged profile of the population not in the labour force, it also reflects higher rates of unemployment and lower wages (Treasury Tasmania 2022). The Tasmanian government might seek economic strategies to improve better paying employment opportunities, including for older persons. The Northern Tasmanian Regional Economic Development Strategy (mentioned in Figure 12 of the discussion paper) may be particularly helpful in addressing job creation and economic growth.

Social housing

At present, Tasmania has 14,059 social housing dwellings (5.4% of all private dwelling stock). The net number of public housing dwellings has not changed substantially since 2017 at around 7,000 dwellings but there has been significant growth in the community housing sector, which has grown to 6,717 dwellings (from only 1,749 dwellings in 2012).

Table 1: Social Housing in Tasmania

Social Housing type	Number of dwellings of Housing (2021)	Proportion of all private dwellings
Public Housing	7,031	
State Owned and Managed Indigenous Housing	221	
Community Housing	6,717	
Indigenous Community Housing	90	
Total Social Housing	14,059	5.4%

Sources: Productivity Commission Report on Government Services 2022, ABS Census 2021 (Private dwellings in Tasmania 2021 = 258,611).

AHURI research has (Lawson et al. 2019) made the case for increased investment in social housing as a key form of infrastructure, and argued that the need for more social housing will increase in the future. This research identified that estimated unmet need for social housing in Tasmania amounted to around 14,100 dwellings by 2036, with most of the unmet need centred in Hobart and Launceston and West/North-west.

The Tasmanian Government's commitment to build or acquiring 10,000 new houses over 10 years will contribute to growing social housing further to meet this unmet need, though it is not clear how many of these houses will be replacing or adding to existing stocks. There could be greater clarity in the strategy around the way public and community housing might be increased under the existing government funding commitments and how the use of an arms-length statutory housing authority might yield benefits in terms of outcomes. Further details about continuing the growth of the community housing sector are discussed in Question 6.

Affordable private rental

The Tasmanian government is contemplating a number of supply-oriented initiatives to increase affordable rental housing, through build to rent developments, expanding the use of private rental incentives and Ancillary Dwellings programs, as well as working with councils around shop-top housing. These appear to be positive developments, though it is still not clear how housing goes to those on lower incomes and how affordability might be sustained in such developments.

Other ideas to increase affordable rental housing stock might include:

- Estimating and quantifying housing need by region (to help planning processes around social and affordable housing in private and social housing sectors).
- Using planning-based interventions such as inclusionary zoning in emerging areas of high and dense development (e.g. in Hobart or Launceston) (see for example, Gurran et al. 2018).
- Government equity either via capital or land contributions (Randolph et al. 2018).

Affordable home ownership

The Tasmanian government has suggested land tax relief to address on-going affordability and demand-based programs to ease constraints to entry to home ownership (stamp duty concessions, shared equity). They are still considering the viability of supply-based programs such as rent to buy. AHURI research (Pawson et al. 2022) and Productivity Commission (2022) have raised questions about the value of demand-based assistance such as stamp duty relief or grants, which can bring forward but not substantially improve access to home ownership. Tax reform of stamp duty and land tax may help improve affordability of housing for new purchasers (Ecclestone et al. 2017). AHURI research suggests supply focused interventions (Pawson et al. 2022) appear to have significant potential to assist those presently renting. Options are discussed in more detail in Section 3 on sustainability.

Question 6: What scope is there to increase the role of the private and community sectors in improving housing affordability?

At present both state and federal governments play a role in involving the private and community sectors to improve housing affordability of consumers. Notably this includes:

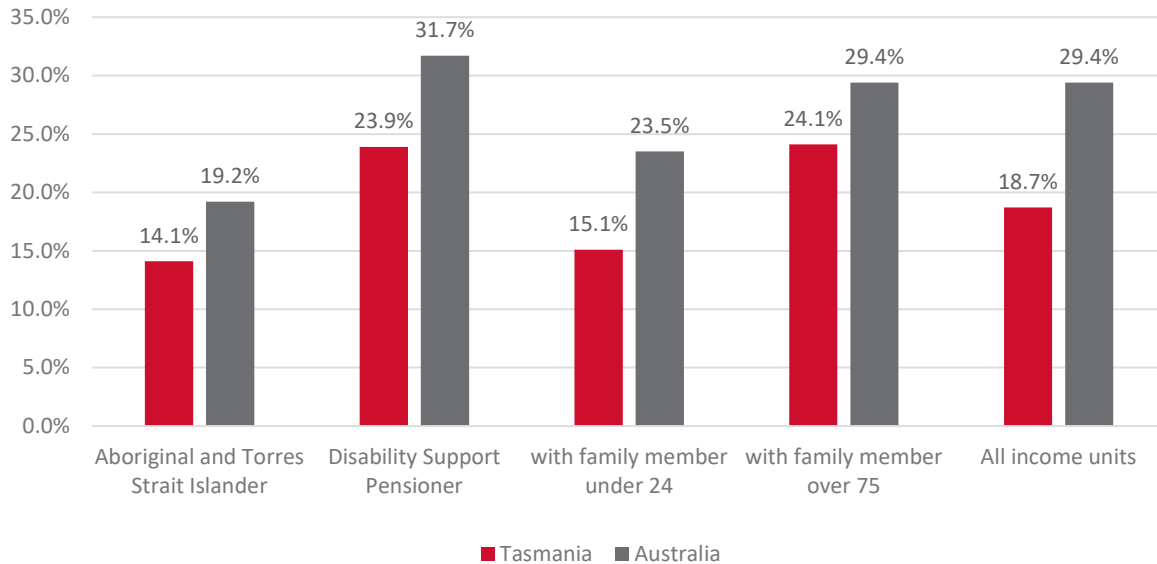
- Federal governments providing Commonwealth Rent Assistance to welfare recipients, effectively cross subsidising rental income for private and community sector providers of housing.
- Federal governments exempting community providers of affordable housing from GST.
- State governments exempting affordable housing providers from land taxation.
- State governments legislating to facilitate affordable housing through the planning system via inclusionary zoning or developer contributions which can benefit providers of affordable housing.
- State governments transferring some of their existing publicly owned stock to community providers to manage as affordable housing.
- State governments providing capital subsidies (e.g. public land) for some community housing providers to provide longer term affordable housing .
- State governments playing a catalysing role in bringing community and private partners to donate towards supported or affordable housing for homeless persons (e.g. Tiny houses in Melbourne, Common Ground housing).
- State and Federal governments regulating the community housing sector to ensure affordable and appropriate housing outcomes.

Federal governments also once provided subsidies via the former NRAS program for private and community housing sectors, though this program is now defunct and housing with such subsidies is likely to cease being affordable for many private providers.

However there remain shortcomings in the existing policies:

- Demand based subsidies don't always achieve good affordability outcomes. For example, many of those receiving CRA still remain in affordable housing stress, especially older households and those with disabilities (See Figure 1).
- Inclusionary zoning may not work in sub-markets where planners have less leverage over developers.
- Stock transfers have tended to involve management transfers (seeking efficiencies and reduced costs of tenancy management) rather than genuine asset transfers (which enable providers to increase providers' capacity to borrow and manage assets a more entrepreneurial way).
- Governments are not providing sufficient cross-subsidy to incentivise new investment in affordable housing, and governments may be better placed to invest in housing on their own (Randolph et al).

Figure 1: Proportion of income units receiving CRA that are in rental stress (paying more than 30% of income in housing costs)



Source: Productivity Commission (2021)

Tasmania has participated in many of these approaches to involve community and private providers. In particular, it has involved community housing through asset (management) transfers. Reliance on community housing providers to provide their own assets has been limited by lack of continued cross-subsidy via programs like the former NRAS. The development of affordable housing in smaller states like Tasmania may also be hampered by the smaller scale of not-for-profit providers which need to reach a certain size to become more efficient.

Question 8: Noting increased rental prices and decreased rental vacancies across Tasmania, what are some of the ways the challenges in the private rental sector, particularly around security of tenure, could be addressed?

Recent rental reforms, particularly in Victoria and Queensland, have sought to offer better protections to tenants from no-cause evictions, and to improve renters’ rights to keep pets, as well as encouraging longer residential leases. These reforms, despite initial industry resistance, have had positive impacts, and could be considered for application in Tasmania.

Question 9: How could the effects of the short-stay accommodation industry on the rental sector be managed into the future?

AHURI research (Crommelin et al. 2018) has highlighted the problems in the short-term letting market, and how this adversely impacts longer term lettings in local rental markets. In Sydney and Melbourne, adverse effects included decreasing bond lodgement rates and decreasing levels of property vacancy— point to the likelihood that STL is removing properties from long term rental (LTR). The research looked at 11 cities which had dealt with issues around short-term lettings. The research found there were three main regulatory approaches in these cities:

- permissive approach (where STL is mostly allowed without prior permission or notification)
- notificatory approach (where STL are mostly allowed, provided hosts first notified authorities)
- restrictive approach (where STL is mostly banned or allowed only where an authority gives specific permission).

The report recommended a notificatory approach, which permitted local and state governments to check compliance with limits on days let and restrictions on lettings on multiple properties.

Further research by Phibbs and Ely (2022) argued that STL were reducing access to long term rentals in Tasmania. They cite bond data to show that bond holdings have decreased prior to COVID in 2018 and 2019 in Hobart and Greater Hobart, and most of the STLs have had a private rental history prior to being converted to the STL market. This has occurred despite good growth in supply in housing in Greater Hobart. They also show that the density of STL listings (number of STL properties as a proportion of private long-term rental properties) was around 5.65% in Greater Hobart and 9.3% in Hobart City. This is much higher than in other cities like Greater Sydney (0.83%), Sydney LGA (2.08%) or Greater Melbourne (1.25%) or Melbourne LGA (3.82%). They point to how things can worsen in these areas of high tourism potential such as Tasmania. Density of STL listings has reached almost 50% in some towns in coastal NSW.

Phibbs and Ely (2022) recommend continued monitoring of STL and their downstream impacts, levying STL providers for the higher costs they impose on governments, and using different regulatory approaches in different parts of the state. They recommend seeking to limit growth of the sector and increase the size of the long-term rental sector. Some of these have already occurred with Dorset council already imposing higher rates notices for providers of STLs to be in line with other commercial operators like hotels (see Cooper 2022).

Focus two: Housing Supply

Question 10: What must be considered to make sure new housing meets diverse needs into the future?

Governments should seek to foster more affordable, accessible and secure housing for people with disabilities. This involves regulatory frameworks for new housing to be built according to accessible standards.

At the same time, there is a need for governments (including state governments, in partnership with the NDIA) to actively work to shape the emerging SDA market – the present framework puts too greater reliance on the markets to emerge themselves. Governments should aim to improve: choice, innovation, long-term planning/commitment, responsiveness to demand/need for those needing disability housing (Beer et al. 2019).

Question 11: How can housing supply respond rapidly to changing social and economic environments?

There is a need to address varying trends in Tasmania around population growth and their impacts on housing supply. For many years, Tasmania faced only modest population increase, as younger people left the state. However now the state is rapidly growing. There is a need to accommodate this population growth especially in regional cities like Launceston and Hobart, while also managing changing compositions in demand for housing, including in regional areas with ageing populations.

Research by AHURI has highlighted the important role that Australian regional cities might play in relieving the pressures on major cities like Sydney and Melbourne (Beer et al. 2022). Though located further from these major cities, people from mainland states have chosen to relocate to Tasmania, and so this debate is relevant for this submission. International migration is also making an impact on Tasmania. Although much of the migration to Tasmania is from other parts of Australia, Launceston is now the tenth highest destination city for international migrants in Australia (Beer et al. 2022).

A key issue is ensuring that planning in those cities takes into account the likely population growth and migrations that might emerge. Key policy challenges might include:

- Developing and activating land use planning to support the development of smaller cities.
- Developing a portfolio of place-based policies that seek to concentrate investment in a limited number of smaller cities.
- Encouraging the growth of further education in smaller cities.
- Expediting the growth of smaller cities as preferred places of residence for older Australians, including retirees.

The ageing profile of populations in declining towns of Tasmania and the influx of especially older migrants to Tasmania has implications for the age profile of Tasmanian populations and issues of economic dependency.

An influx of self-funded retirees has economic benefits for a region in terms of consumer spending and housing investment, but it can impose challenges in terms of increasing housing supply especially since when such migrants are not substantially contributing to the labour force. AHURI research also highlights the willingness of many Australians to relocate to mid-sized cities in retirement provided there is sufficient support for post-retirement living (Beer et al. 2022). An immediate issue is how to increase the labour supply to the construction industry to increase housing. There are also potentially increased costs for governments both in terms of increased housing assistance if the housing costs increase as well as other increased burdens in terms of aged care and other health services. In this respect, efforts to retain existing younger Tasmanians in Tasmania or attracting new workers and apprentices may be part of addressing these issues.

There remains an issue about how to manage declines in smaller regional centres like Burnie in Tasmania, and maintaining services in those locations, especially since many of those centres have ageing populations and many on low incomes. There may be a question about how to revive some of these towns by reorienting growth to other industries. There may be potential for some of those towns (especially coastal towns) as locations for retirees. However, there are also risks of this strategy. Retirees may not come if there are insufficient housing options in regional areas located near to amenities. If there is not sufficient low-cost rental for lower income older people, there is a risk of homelessness in many areas including in regional and rural areas. Many older people in this group are often unaware of homelessness services and what services are available can often be fragmented (Thredgold et al. 2019).

Question 12: What additional interventions could governments consider to improve housing supply?

AHURI research has shown that market signals are imperfect mechanisms to significantly improve the supply of housing in Australia (see Ong et al. 2017). This is partly because of the supply constraints built into the system: limited size of the construction industry, limited availability of land in particular locations and long time-frames for development. These constraints are worsened in sub-markets where labour is more scarce, or there are environmental or other controls on land use. They are especially worsened for the low to medium price segments, as development is concentrated in higher price segments, and little older housing stock 'filters down' as it is redeveloped. Meeting new population growth pressures in urban areas poses a challenge – supply is more responsive for units than detached housing. However, there is scope for better responses in regional areas. There is clear evidence of demand for housing in regional settings.

The impact of planning on limiting supply responsiveness is only modest, though growth accommodating planning controls, and certainty and consistency in planning advice does have some positive impact on supply outcomes. That said, developers are diverse in size and motivations and so there is no 'magic bullet' to address supply.

Question 13: What other interventions could improve housing supply?

AHURI research suggests that at a national level there is a need to sponsor increased investment in supply, with increased subsidy for new supply to return production back to levels pre-pandemic, and at least 30,000 (Rowley et al. 2020). New supply is dependent on developers getting a return on investment and minimising risks. This means paying attention to final sales prices which is subject to some risk given the long lead times in producing housing, and planning uncertainties (Rowley et al. 2022).

Question 14: What can be done further to improve planning processes in Tasmania, particularly in the context of the delivery of social and affordable housing and increased density via infill development?

AHURI research suggests that affordability is best achieved when planning systems are transparent and consistent and limit unexpected delays in planning approval (Rowley et al. 2022).

Planning-based interventions can also help create more affordable housing, such as inclusionary zoning or developer contributions in emerging areas of high and dense development. This might be relevant in some locations such as Hobart or Launceston (see for example, Gurran et al. 2018).

Question 15: What scope is there to increase the role of private developers and local government in improving housing supply?

AHURI note that Tasmania have already done some work in improving collaboration and communication with the building and construction sector through their Building and Construction Roundtable (see Figure of the discussion paper).

AHURI research shows that development decisions can be sensitive to a range of factors: land ownership, construction technologies, variety of products delivered, and structure of organisation. Key factors impacting on affordability include time involved in development (which typically take years), estimating revenues into the future, and planning processes. Planning policies around affordable housing in a local LGA can adversely influence developers around decision-making if they result in blow out in timelines or last-minute changes. However, policies that seek to expedite planning processes (including infrastructure, environmental, planning) can improve profitability (Rowley et al. 2022).

Question 16: How can we bring whole communities along to promote the benefits of social and affordable housing in local areas?

AHURI research (Davison et al. 2013) has shown how affordable housing can elicit negative reactions in local communities. In some cases, planning concerns can mask prejudice against low-income residents. Even so, governments can play a positive role in reducing objections to affordable housing through a range of ways:

- Involving community members in development assessment – including by recognising that community opposition can result in improved development outcomes.
- Use public relations techniques to educate local residents about the benefits of affordable housing and dispel myths.
- Get support for affordable housing from local government and local politicians.
- Encourage growth of the not-for-profit affordable housing sector so they might develop relationships with local communities.

Focus area 3: Housing Sustainability

Question 17: What actions are needed to improve sustainability of housing?

Security of tenure in rental housing

There are potential issues with present rationing and exiting processes in social housing in places like Tasmania, when there are problems around affordability and security of tenure of private rental (see Flanagan et al. 2020).

Energy affordable housing

Higher costs for fuels and gas highlight the issues around energy use of housing, especially for low-income households. These are more apparent in climates with colder environments like Tasmania. AHURI research suggests that up to 40% of Australian households who rent their housing experience energy hardship. Regulating for minimum standards around thermal efficiency of rental homes is a way to reduce energy wastage. Mandatory reporting of energy standards might also inform and empower renters in selection of properties (Daniel et al. 2020).

Accessible and universal designed private housing

A key issue is whether people with disabilities are able to maintain independent living in their housing. One area not well covered in the strategy at the moment is a commitment to improving accessible housing in Tasmania.

There are already some good protections for newly built housing. Tasmania has agreed to implement the new National Construction Code (phased in from 2024) which includes new accessibility requirements. The Tasmanian government has adopted liveable and universal design standards for social housing. The Tasmanian government requires that new buildings and new parts to buildings are accessible to people with disabilities (including physical, visual, hearing disabilities). This covers private rental accommodation. However, this does not cover single stand-alone residential houses or units. There are also longstanding issues with existing properties – especially in the private rental market. Landlords can be reluctant to adapt or upgrade properties to suit people with disabilities, and those who own housing can be reluctant to move from their housing, or not have sufficient resources to make changes (Tually et al. 2011).

Assistive technology for independent living and sustainable energy use

Another issue is the sustainability of maintaining people with in their own homes as long as possible, including those with disabilities. There is potential for smart assistive technologies to extend independent living and neutralise disability, though their potential is often under-realised because of lack of good government pilots and policies. Smart technology also has potential to improve environmental sustainability outcomes through giving owners greater control over use of solar and other energy use (Bridge et al. 2021).

Efficient social housing asset management

An issue for Tasmanian social housing is maintaining existing assets at a decent quality while being cost effective, efficient and addressing inequities in housing access. Social housing providers need to adopt best practice asset management techniques, but are often constrained by revenue flows, tenant profiles and target groups. These militate against efficient asset management approaches that facilitate long term planning, maximise asset life and equity of service provision. Improved outcomes would involve providers implementing strategic asset management plans adopting international standards and adopt best practice approaches (Sharam et al. 2021).

Question 18: What Government assistance programs could help young people and people with changed life circumstances access affordable home ownership?

An 'effective' first home buyer assistance mechanism or instrument is one that can be credited with 'additionality', as it makes first home ownership possible for people who would be otherwise excluded or—in fact far more likely—significantly accelerates access to owner-occupation. An 'efficient' initiative is one that is effective at an acceptably modest unit cost and with minimum administrative complexity. Interventions can occur either by working on the demand side (increasing purchasing power of first home purchasers relative to other purchasers such as second home buyers or investors), or by improving supply of housing that is appropriate for first home buyers by hypothecating particular housing for purchase.

Recent AHURI research (Pawson et al. 2022) looked at policies to encourage home ownership in Australia and other seven countries (Canada, Finland, Germany, Ireland, the Netherlands, Singapore and the UK). The research showed that while demand side approaches are prevalent in many countries, supply-side approaches are more common in comparator countries. Australia stands out as it is overwhelmingly reliant on demand-side instruments and lacks a strategic framework. Tasmania, like many other Australian jurisdictions, is reliant on demand-based interventions (FHOG, stamp duty and shared equity programs) to improve access to home ownership.

FHOG and stamp duty concessions

The strategy suggests that there would be increased thresholds for stamp duty concessions and extending the amounts of first homeowner grant (at \$30,000) until next year. AHURI research (Pawson et al 2022) suggests that FHOG primarily acts to bring forward first home purchase for households already close to doing so, rather than opening home-ownership access to households otherwise excluded. These programs effectively add to demand and thus house prices.

Shared equity programs

Shared equity programs work on the demand side by extending the effective borrowing capacity of lower income consumers, except that part of the investment is held as equity by the government. The effective cost to the government is the financing cost of the equity investment which would then be offset by the realised house sale when the home-owner sold.

Tasmania already has a shared equity scheme. The Tasmanian MyHome program (Department of Communities 2022) allows the Director of Housing to provide assistance to eligible households by providing:

- up to a maximum of \$200,000 or 40 per cent (whichever is the lesser amount) of the purchase price for purchasers of new homes or house and land packages
- up to a maximum of \$150,000 or 30 per cent (whichever is the lesser amount), of the purchase price for purchasers of existing homes.

To limit its impact on bidding up prices, the program sought to limit eligibility to those purchasing cheaper properties and those with lower income. They imposed a property price cap of \$600,000 for purchase of any existing home (home that has been lived in). However this is now proving to be too limiting in the context of higher prices in Tasmania, and so the strategy seeks to increase this threshold.

Varying models might be appropriate for households with different circumstances. Shared equity models have potential for people living with disabilities or older Australians including women who may have lower incomes but some financial assets to draw from (Wiesel et al. 2017). Community land trust models might be useful for indigenous communities seeking to utilise community owned land (Crabtree et al. 2015). Community Land Trusts are being tested in Tasmania and Victoria (See Crabtree et al 2022).

Potential of supply-side interventions

Supply-side interventions directly relate to the provision or use of housing; this covers the disposal of government-owned assets, funding channelled through property developers or suppliers, and regulatory instruments that affect housing production or use of housing assets (Pawson et al. 2022).

Question 19: What can be done to improve the energy efficiency of existing and new homes?

Recent research during COVID highlighted the inequities and vulnerabilities of energy poverty those with poor quality housing, who had to endure poorly insulated or heated homes (Horne et al. 2020).

While there are 6 star rating requirements for energy efficiency of new homes in Tasmania, there remains more to be done in improving outcomes for existing buildings. Improving thermal efficiency of homes should require minimum standards for the energy-performance of housing, including rental homes. To work effectively, it also requires that landlords and agents selling property are mandated to disclose the dwelling performance in terms of energy efficiency. This helps inform and empower consumers in purchasing and renting housing, fosters improvements in efficiency and a way of governments monitoring compliance with minimum standards requirements (Daniel et al. 2020).

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