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# Pathways to regional housing recovery from COVID-19

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## Acronyms and abbreviations used in this report

<b>ABS</b>	Australian Bureau of Statistics
<b>AHURI</b>	Australian Housing and Urban Research Institute Limited
<b>ATO</b>	Australian Taxation Office
<b>CRA</b>	Commonwealth Rent Assistance
<b>FHB</b>	First Home Buyers
<b>FHLDS</b>	First home loan deposit scheme
<b>GDP</b>	Gross domestic product
<b>GFC</b>	Global Financial Crisis
<b>GVA</b>	Gross value added
<b>GSP</b>	Gross state product
<b>NHFIC</b>	National Housing Finance and Investment Corporation
<b>NOM</b>	Net overseas migration
<b>RBA</b>	Reserve Bank of Australia
<b>REIT</b>	Real Estate Institute of Tasmania
<b>TTP</b>	The Tasmania Project



# Executive summary

## Key points

- **The effects of COVID-19 are unevenly distributed geographically, with regional areas likely to face different issues and therefore have different recovery needs in the wake of the pandemic. This research uses Tasmania as a case study to examine how COVID-19 has affected regional housing markets and communities.**
- **Regional populations differ from those in major cities, including hosting the most relatively disadvantaged socio-economic populations in Australia. Regions may be more reliant on government pensions, have higher levels of unemployment, higher prevalence of health risk factors, and be disproportionately reliant on local industries such as tourism, arts and culture, and higher education—all industries particularly affected by COVID-19. Our Tasmania-specific research found that:**
  - Our market data shows that regional housing markets have to date experienced few serious consequences as a result of the pandemic. Regional markets are experiencing increased demand, including from inward migration, and this has put upward pressure on prices, reducing affordability in these areas. These housing market circumstances may have been pre-existing, and were exacerbated by the COVID-19 crisis. Tasmania's housing market was experiencing substantial affordability pressures prior to the COVID-19 pandemic.
  - Housing impacts of COVID-19 have been uneven and challenging, especially for lower income tenants in the private rental market. This group is overexposed to income protections such as JobKeeper and the coronavirus supplement for income support recipients. Protections have buffered the effects of job and income losses; however, these supports are starting to taper off which will further expose this group to housing stress and risk.

- During COVID-19, private houses were co-opted as critical public health assets through physical distancing requirements and stay-at-home directives. Many households adapted their housing well to new accommodation uses such as working from home. Some households experienced affordability stress, financial pressure, and a number of participants lived under inadequate housing conditions.
- Young people, people with disability or chronic health conditions, and international students, have been particularly vulnerable to housing-related anxiety and stress, isolation, and financial hardship.
- **Recovery policies should be place-based, scaled appropriately, targeted to need, funded appropriately, and deliver long-term benefits for local areas. The Australian Government should provide leadership, engaging all three levels of government, community and private sectors in future, and intergenerational investment in Australian regions to address housing-related disadvantage.**
- **For Tasmania, specific recovery policy interventions should include:**
  - Ongoing, targeted income protection for households over-exposed to job loss and housing stress.
  - Diversification of employment opportunities to reduce over-reliance on specific employment industries.
  - National leadership to address housing supply gaps and market failure, including large-scale investment in secure, affordable housing (especially social housing) for low-income Tasmanians, and targeted support for households in housing stress.
  - Housing-related support for groups that are particularly vulnerable to housing stress and risk, including additional housing and support responses for young people and unaccompanied minors, people with health-related illness or disability who wish to remain at home, and the provision of adequate financial and social assistance to international students.

Australian regions are important to our national economic and social life: they are a significant economic driver through primary industry production and tourism, and regional living offers a range of lifestyle, cost, and employment benefits not always found in cities. Regionality can also exacerbate disadvantage due to geographical isolation and reduced access to services, opportunities and pathways associated with improved housing, health, employment or education outcomes. The COVID-19 pandemic and the range of measures to control the virus across Australia have intersected with these pre-existing factors, and as a result the significant economic and social impacts of the pandemic are also geographically uneven. Recovery strategies for regions are likely to vary from those implemented in cities, and recovery policy design will require deeper, nuanced understandings of regional need and the diverse economic and social contexts that shape them.

This final report outlines the findings of research on regional housing market outcomes and household experiences related to the COVID-19 pandemic. Tasmania is used as a regional case study to provide policy makers with deeper insight into the impacts of COVID-19 on regional areas. Regions vary in their distinctiveness and sub-markets and even across regions there is no 'one-size-fits-all' approach to policy development. Tasmania—although also a state—includes regions such as its capital city area which share some features common to other capital cities (such as an expensive housing market).

Data was collected over two research phases, the first during tight border and household restrictions in the state, and the second as restrictions eased and borders began to open. Consultation with an Advisory Group drawn from a range of stakeholders associated with the housing services sector provided important context as rapid policy changes and their impacts unfolded during the two research phases.

## **Key findings**

Tasmania's economy has grown strongly in the past few years (Commsec 2020), however the regional diversity in this state, its smaller economies of scale and distance from larger cities presents challenges. Tasmania hosts a range of geographical areas where populations are disproportionately older, sicker and poorer than city populations; housing markets are smaller and less resilient to economic shocks; and there is a reliance on sector-specific and casualised employment markets such as tourism and accommodation, profoundly affected by the pandemic. Further, Tasmanians are more likely than other Australians to be in part-time work, receive most of their income from a government pension, and have worse health risk factors (PESRAC 2020).

Prior to the pandemic, Tasmanians were experiencing a pressured housing market, including the most unaffordable capital city in Australia (SGS Economics 2020) and increasing numbers of low-income households experiencing housing stress and facing housing risk (Jacobs, Flanagan et al. 2019). The literature on global economic shocks and natural disaster indicates that crises can precipitate decreases in house prices, as well as population migration to less affected areas. Emerging research suggests that COVID-19 housing and income support policies established by the Australian Government have reduced the number of households living in housing affordability stress (Leishman, Ong et al. 2020) and have been effective in keeping many people securely housed (Verdouw, Yanotti et al. 2020). Research also shows that COVID-19 impacts have been uneven, and particularly challenging for tenants in the private rental market (Baker, Bentley et al. 2020).

Our housing market data shows that regional markets have to date experienced few serious consequences as a result of the pandemic. Rather, they are now experiencing an increase in housing demand, most likely due to changing household preferences towards regional living, perceived as 'safer' than cities in a pandemic. This demand is increasing dwelling prices, lowering vacancy rates, and reducing affordability in these areas. Enough short-stay rental properties have been reintegrated into the longer-term rental market to reduce some housing market pressure (especially in Hobart). Those that became 12-month leases may be returned to the short-stay rental market by mid-2021. Data also indicates there has been a slowing of investor activity; mostly likely reflecting lower investor confidence in the wake of fewer incentives to invest in property; increased numbers of tenants who owe arrears, policy which has protected tenants, and lower migrant housing demand.



During COVID-19, housing became an important public health asset through physical distancing requirements and stay-at-home directives. Survey and interviews highlighted varied household experiences for different tenures, including: mortgagees who needed to adapt household budgets, or draw on savings or superannuation to cover housing expenses; renters who faced affordability pressures (some due to loss of income); landlords who faced financial challenges, particularly those who rely on income from property investments, and a number of participants living in dwellings quite inadequate to their needs.

Household experiences included a range of adaptations to housing to accommodate working or learning from home. Many households adapted well, while some struggled with a range of issues from lack of adequate physical space, technological issues related to work or education connectivity, isolation due to movement restrictions, or financial hardship related to employment loss or relying on family support. For many respondents, confidence in their own and/or their housing futures have been undermined due to the severity of the effects of the pandemic.

The Advisory Group included members in proximity to housing frontline services. Through a series of housing-related discussions, this group assisted in contextualising research findings in a rapidly changing policy environment. These included identifying the additional policy risks related to pre-existing disadvantage and regional variations and exploring future consequences of tapering income support (e.g. JobKeeper) and housing protections (e.g. rent freezes or evictions moratorium) earmarked to end in early 2021.

People in regional areas may rely on income supports in higher numbers due to the higher prevalence of relative socio-economic disadvantage compared with cities (ABS SEIFA 2018), and there is a policy risk that the inadequacy of these payments will precipitate housing stress and risk for more people. In particular, the private rental market is a vulnerable tenure for low-income tenants who also face income loss. Renter precarity may exacerbate if future market changes—such as changed landlord investment preferences or return of long-term private rentals to the short-stay rental market—eventuate. With a shortage of social and affordable housing as a safety net, there exists a real policy risk that some people, especially young people, un/underemployed people, or students, may enter housing stress and precarity.

## **Policy development options**

Variations in regional need means that recovery policies must address both approaches to regional recovery, as well as engage in specific (place-based) pathways to recovery.

### **Approaches to regional recovery**

While regional communities are distinct, often with unique social and economic drivers, there are features common to regional areas. These may include higher levels of socio-economic disadvantage, including lower incomes, higher unemployment rates, reliance on small business or dependence on a small number of larger industries.

The impacts of COVID-19 will interact with the variety of regional areas and populations in different ways, and these are mediated by state or local policy settings established in those areas as pandemic response measures. Consequently, policy must take a place-based approach to recovery through a framework that can be applied across a variety of regions. These include understanding local employment, income and housing needs specific to local supply and demand drivers and implemented in line with local community needs, resources, and strengths. Such place-based approaches should be scaled appropriately, but if targeted well can act as significant levers to improve housing affordability and availability in regional areas. There may be larger infrastructure projects, but funding should target a range of responses focussed on local employment and income pathways and should deliver long-term and intergenerational benefits to the local area.

## Regional pathways to recovery

This research has identified issues specific to Tasmania as a regional case study.

### Targeted income protection

The tapering off, and eventual cessation of income protections in Tasmania will be coupled with higher than average exposure to industries experiencing high job losses and heightened vulnerability to financial—and consequently—housing stress. It is difficult to overestimate the importance of the need for ongoing, targeted income protections for these households, and the need for government to establish longer term certainty around income and housing.

### Employment and income security

GDP growth will likely fall in 2021, with effects in regional areas such as Tasmania including lower average incomes, lower employment, and higher reliance on income support from the government. The current over-reliance in Tasmania on some industries including food and accommodation which includes high rates of casualised employment is a point of risk. This should be addressed through the diversification of employment opportunities in Tasmania, in region-specific ways, through government and private sector investment across a range of employment sectors.

### Access to secure, affordable housing

As a health response to the pandemic, housing has been a critical measure of protection for Australians. Housing stress has been a significant point of vulnerability for Tasmanians prior to the pandemic. While housing pressures eased slightly at first, affordability pressures are building again and extending further into Tasmania's regions. A robust housing recovery response in Tasmania should include:

- strong national leadership including funding provision to address gaps in social and affordable housing
- large-scale investment in the supply of secure, affordable housing, especially social housing for low-income households
- targeted support for households in housing stress—especially in the private market, including income support
- targeted regulation of short-stay rental markets to ensure that returns of these properties to the short-stay rental market does not reduce vacancy rates, push up rental prices and create additional affordability challenges, particularly in the south of the state.

### Supporting disadvantaged groups

This research identified that some groups of people in Tasmania are more exposed to disadvantage due to the pandemic, including young people, disabled people or those with chronic illnesses and international students. Policy should address issues that respond to these groups in the following ways:

- Young people are highly exposed to the risk of low incomes, high unemployment, temporary or transitory living arrangements, and a lack of financial independence. A range of additional housing responses should be implemented to address the needs of young people, ranging from independent housing through to supported accommodation models.
- For disabled people and people vulnerable to health complications from COVID-19, home continues to be an important haven. Because our regions are still vulnerable to second or third waves of the pandemic, many disabled people still remain home when possible, due to heightened health risk to themselves in public spaces. Policy should ensure ongoing access to telehealth services, as well as facilitation of social connections to reduce loneliness, for people who wish to stay home.

International students are important contributors to Australian social, cultural, economic, and intellectual landscape. Our research finds that many who have stayed in Australia have experienced rejection, isolation, financial hardship and discrimination during the pandemic. Policies should provide adequate levels of support, comparable to Australian residents, for students who choose to live and study in Australia.

## The study

This research was part of the AHURI rapid-research round funded to provide housing policy development advice in the context of COVID-19 pandemic. This project focussed specifically on understanding the experiences of households in regional areas. The following research questions (RQs) guided our investigation:

1. What has changed in regional housing markets over the period of the COVID-19 pandemic?
2. How have individuals experienced the housing-related consequences of COVID-19?
3. From these experiences, what needs and issues must be accounted for in efforts to improve regional housing opportunities during the COVID-19 recovery?

The research, conducted over two phases, explored these research questions through four data collection methods:

- A range of secondary data to explore changes in regional housing markets, including CoreLogic data for Tasmania and selected comparable regions and cities; Inside Airbnb to track short-stay rental listings, and a range of additional analyses including from the Real Estate Institute of Tasmania (REIT), the Australian Bureau of Statistics (ABS) and the Reserve Bank of Australia (RBA) among others. These sources addressed RQ1.
- Surveys through The Tasmania Project (TTP), an initiative of the University of Tasmania's Institute for Social Change, including a housing-specific themed survey generated for this research that ran between 23 June and 2 July, which included up to 850 participants. The survey addressed RQ2.
- In-depth interviews with 42 participants across Tasmania, living in a range of tenure types. The interviews addressed RQ2.
- An Advisory Group, drawn from a range of stakeholders across the housing services industry met regularly throughout the project to provide high level advice and to guide interpretation and contextualisation of the data. These meetings addressed RQ2 and RQ3.

The study was framed around two phases. The first phase drew on all four data collection methods over June to August 2020 to provide a rapid account of the implications of the pandemic (see Verdouw, Yanotti et al. 2020). The second phase deepened the inquiry across all four methods, with analysis and findings presented in this final report.

# 1. Introduction

- The effects of COVID-19 are unevenly distributed across Australia, with regional areas likely to face different issues and therefore have different recovery needs in the wake of the pandemic. This research uses Tasmania as a case study to examine how COVID-19 has affected regional housing markets and communities.
- Like other regions of Australia, Tasmania's economy relies disproportionately on localised industries, including tourism, arts and culture, and higher education, all industries particularly affected by COVID-19. Prior to the pandemic, Tasmania's housing market was under considerable pressure, with very poor housing outcomes for low-income households in particular.
- Previous research on global economic crisis and natural disasters suggests these can produce short-term downward pressure on house prices but that there is then usually a return to the pre-crisis state.
- Emerging research on COVID-19 and Australian housing policy suggests that despite the measures put in place by government, the housing consequences of COVID-19 have been uneven and sometimes fraught, especially in relation to the private rental market.
- This research draws on analysis of housing market secondary data, a survey and interviews with Tasmanian residents and insights from a stakeholder Advisory Group to inform policy development towards a robust regional COVID-19 recovery.

The emergence of the COVID-19 pandemic in Australia in early March 2020 has had significant effects on all households, but also uneven ones, depending on factors such as employment, income, housing tenure, family composition, age or health profiles, or whether households are located in city or regional (including rural) areas. This report examines the consequences of COVID-19 for households in regional areas. There are a range of specific social and economic factors associated with regional habitation in Australia. We argue that recovery needs in regional communities will differ from those of large cities, and situated understandings of those needs will be crucial for policy makers if they are to effectively shape conditions under which regions can best recover.

## 1.1 Regionality

### 1.1.1 Defining regionality

The focus of this study is on Tasmania as a case study of a regional economy. As an island, Tasmania is both a state of Australia and a regional location. However, as with all regions in Australia, there are distinct differences across and sub-economies within the state and it cannot be treated as an aggregate 'regional' economy. For example, the capital city area of Hobart has some features common to other capital cities including a more expensive housing market. For this reason it is useful to consider Tasmania in terms of its capital city area and 'rest of state'.<sup>1</sup>

The COVID-19 pandemic has affected the whole of Australia. However recovery models designed for large cities such as Sydney or Melbourne may not work in regional New South Wales or less-urbanised states like South Australia or Tasmania. Regional economies such as Tasmania's rely on population movement in and out of the region to boost the economy, and may have been affected differently to the more populated states in the first place. Many regional economies are based around tourism, higher education or the arts, all sectors particularly negatively affected by COVID-19.

### 1.1.2 Tasmania in a regional context

Regional Australia is home to around one-third of Australia's population, and represents a diversity of social, economic and cultural life and livelihoods (Australian Government 2020b). This diversity is reflected on a smaller scale in Tasmania. It is an island state with a population of 540,600 people (as at June 2020), and relies on localised industries with slower growth relative to those dominating cities such as Sydney and Melbourne. These include tourism and hospitality; agriculture, forestry and fishing; arts and recreation; health care and social assistance; and education and training. The public sector is also a major employer (Richardson 2019). For tourists, Tasmania offers a pristine wilderness, cultural and heritage sites, thriving art and craft cottage industries, farm-gate markets, festivals and increasingly, world-class food and beverage offerings. Its economy has grown in recent years, due in part to its growing global tourism reputation. Yet Tasmania is not an outlier in this respect: the tourism industry contributes around 5.4 per cent of Tasmanian employment, in line with Queensland and the Northern Territory, and the gross value added from tourism in recent years has been 10.2 per cent, similar to those states and to the ACT (Tourism Research Australia 2020). Tasmania's location with respect to Melbourne also means it is comparable to other satellite agri-tourism areas such as Geelong, Ballarat, Bendigo and the Adelaide region (Hooper & van Zyl 2011).

As with other regions, Tasmania's diversity, smaller scale and relative distance from large cities presents challenges. Relative to other Australian states and territories, Tasmania's economy has not benefited from the lower costs that population at scale make available, and there are connected capacity issues including barriers in access to highly skilled labour, supply-chain management and the ability to service other markets, including international markets. These issues mean that Tasmania is in fact over-reliant on key sectors such as tourism and hospitality (PESRAC 2020).

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<sup>1</sup> Greater Capital City Statistical Areas (GCCSA) are geographical designations representing the functional extent of capital cities—that is, they reflect actual labour markets by factoring in a commuter zone. Their boundaries include the population living within the city, as well as those living in proximity to the city and who regularly socialise, shop or work in the city. Within each state and territory, the area not defined as being part of the Greater Capital City is defined as a 'Rest of State' region.

Tasmanians also have lower household median incomes relative to other Australians—35 per cent of households receive most of their income from government payments (compared with 24% of Australian households) and unemployment rates are above national averages. Tasmanians also have a higher level of part-time employment than other Australians (42% of the workforce, compared with 33% nationally), and half of part-time employees are casually employed (PESRAC 2020). Tasmania also has the lowest proportion of people living in the most advantaged areas in Australia (4.6%), and the highest proportion of people living in the most disadvantaged areas (37%) (ABS SEIFA 2018).

Socio-economic disadvantage, sometimes intergenerational, is more prevalent in some areas in Tasmania than others and often higher in areas that are more remote. This is replicated across Australia, and internationally—advantage tends to cluster in metropolitan and inner-urban areas (and selected coastal areas) and the most disadvantaged Local Government Areas (LGAs) are in regional and rural areas (ABS SEIFA 2018; Beatty & Fothergill 2021). Understanding the uneven distribution of socio-economic advantage and disadvantage and how this contributes to or detracts from household capacity to address the consequences of COVID-19 is a key challenge for governments going forward.

### Tasmania as a region in federal context

In responding to COVID-19, Tasmania has, as an Australian state, benefited from cooperation and coordination across levels of Australian government, as well as more localised initiatives. When the pandemic emerged, some Australian states (e.g. NSW) acted as forerunners in establishing restrictions which were then adopted by National Cabinet, benefiting all states and territories in slowing the spread of the virus (CEFA 2020). Conversely, as an island-state, Tasmania took advantage of its ‘moat’ to comprehensively shut its borders.

However, federalism in Australia has historically shaped housing outcomes unevenly; housing provision is primarily a state responsibility, but the funding needed to deliver housing is beyond state-level revenue-raising capacity and therefore supply remains manifestly inadequate (Lawson, Pawson et al. 2018). This is more acute for regional areas where housing need relative to population size is often greater (AHURI 2019).

## 1.2 Housing

### 1.2.1 Housing affordability

The Australian housing market has weathered many unfounded predictions of a burst property bubble. Throughout successive economic downturns housing affordability has not improved for low-income Australians, with levels of housing stress<sup>2</sup> continuing to rise (Burke, Nygaard et al. 2020; Yates & Berry 2011). Capital cities have fared worst, with house prices and rents squeezing even higher income people out of the market. Migration from overseas accounts for around 60 per cent of national population growth which has put further pressure on the housing market in capital cities where most migrants settle (NHFIC 2020a).

First home buyers have borne the brunt of higher house prices. The policy responses directed to them, such as first home owner grants, have had a questionable impact on housing affordability and have become effectively a permanent subsidy (Parkinson, Rowley, et al. 2019; Eslake 2013). More recently, the first home loan deposit scheme (FHLDS) has had some early success, in conjunction with low interest rates and restrictions on investor loans, in enabling first home owners to enter the market (NHFIC 2020b). For renters, however, particularly those on low incomes, not much has changed. The rate of Commonwealth Rent Assistance (CRA) has remained steady and the lack of investment in additional affordable supply beyond the trickle of new social housing coming on line has made this group particularly vulnerable to rent increases or an unforeseen decrease in income (Productivity Commission 2019). Anglicare’s Rental Affordability Snapshot, released in August 2020, found that for people on the lowest incomes, rents had become even less affordable than they were in March 2020 (Anglicare Australia 2020).

<sup>2</sup> The bottom 40 per cent of households (the lowest two quintiles of the income distribution) who paid more than 30 per cent of gross income on rental costs.



### 1.2.2 COVID-19 restrictions

The Australian Government's response to the COVID-19 pandemic, including the establishment of a National Cabinet for cross government cooperation, saw the rapid development of policies to help safeguard the economy and limit the health impacts of the virus. These included border closures and other measures such as lockdowns to control the spread, as well as additional income support through the JobKeeper wage subsidy and a special supplement to the newly established Jobseeker (which integrated the unemployment benefit Newstart and six other payments and allowances).<sup>3</sup> The Australian Government also announced a program of grants for renovations or new construction called HomeBuilder<sup>4</sup> to stimulate the construction industry and more recently the JobMaker<sup>5</sup> incentive to encourage recruitment of younger employees. State and territory governments also introduced temporary housing-related measures, including various moratoriums on evictions, rent freezes and rent relief schemes; rapid housing of homeless people and people experiencing domestic family violence in emergency or hotel accommodation; tax relief for landlords; freezes on rates; and the extension of first home owner grants (Mason, Moran et al. 2020 for further detail).

The measures put in place to control the spread of COVID-19 have had significant economic consequences nationally. The effects of the pandemic are still playing out and they vary from place to place due to the variation in the length, type and severity of the restrictions applied at state and local levels. However, international tourism, a major stimulant of many regional and urban economies, has abruptly stopped due to the closure of international borders. Industries such as tourism and hospitality which rely heavily on international and domestic visitors have particularly suffered from the border closures, which have included different levels of state border restrictions. Ongoing physical distancing measures have also had consequences for these industries. Regional areas are often disproportionately reliant on tourism and are therefore particularly affected by ongoing restrictions. A downturn in the economy has clear flow-on effects for housing. Households which have lost working hours or business income may experience heightened affordability pressures, for example. However, pressures on local housing markets associated with the emergence of short-stay rental platforms may have eased, at least in the short term (Buckle, Gurran et al. 2020).

<sup>3</sup> Including widow B pension, wife pension, bereavement allowance, sickness allowance, widow allowance and partner allowance. See <https://www.dss.gov.au/benefits-payments/jobseeker-payment>.

<sup>4</sup> An Australian Government \$15,000 grant for building contracts (new builds and substantial renovations) signed between 1 Jan 2021 and March 2021, inclusive.

<sup>5</sup> JobMaker is an Australian Government initiative designed to stimulate employment markets. If eligible, businesses will get \$200 a week for each new employee aged between 16 and 29, and \$100 a week for employees aged 30 to 35.

## Box 1: The Tasmanian case

**The Tasmanian housing market**

Pre-pandemic, Tasmania, particularly the greater Hobart area, was experiencing a housing crisis, with insufficient private housing affordable for low-income households and inadequate social housing stock due to longstanding underinvestment in social housing supply (Hulse, Reynolds et al. 2019; Lawson, Denham et al. 2019; Jacobs, Flanagan et al. 2019). The situation was exacerbated by a tourism boom and the growing presence of short-stay rental platforms. These factors contributed to a much tighter rental market characterised by very low vacancy rates in Hobart and in some regional towns. The lack of affordable and secure accommodation contributed to poor housing outcomes for vulnerable and low-income groups (Eccleston, Verdouw et al. 2018; Jacobs, Flanagan et al. 2019).

Population growth, particularly from overseas migration, including international students, has increased housing demand across Tasmania. The biggest contributor to population growth in Tasmania since 2014 has been net overseas migration and by the year ending March 2020, it was contributing 61 per cent of Tasmania's population growth (ABS 2020a). Net interstate migration peaked in the year ending March 2018 contributing to 39 per cent of the population growth for that year, however in the year to March 2020 this proportion had dropped back to 21 per cent (ABS 2020a), which meant it was already declining before the Tasmanian state border closed from 20 March 2020.

At the time of the 2016 Census there were over 17,000<sup>6</sup> Tasmanian households in rental stress. By November 2020, Tasmania had the most unaffordable capital city rental market and the most unaffordable rest-of-state rental market (SGS Economics 2020) of all six Australian states based on the proportion of gross annual household income dedicated to paying the weekly rent.

At the end of 2020, property prices remained high, particularly for Hobart which in November 2020 had a medium dwelling value of \$505,683 (CoreLogic 2020). Launceston and the North East have also experienced strong gains in medium house prices in the September quarter (REA 2020).

**COVID-19 housing responses**

After a state of emergency was declared in Tasmania on 19 March, the Tasmanian Government commenced a COVID-19 emergency period for residential tenancies with temporary changes to the *Residential Tenancy Act 1997* applying from the end of March 2020 including a freeze on rental increases and most evictions. This was followed by the establishment of rent relief and landlord support funds in May and September respectively. An expansion of funding and support provided added emergency accommodation provision, and expanded rapid-rehousing capacity for vulnerable Tasmanians.

As part of the Tasmanian Government's 2020–21 budget, \$300 million over the next four years was committed to social and affordable housing. This incorporates \$100 million in previously-announced funding for 1,000 additional social housing properties to be built by community housing providers. The \$157.6 million in funds arising from the Australian Government's waiver of Tasmania's historic Commonwealth-State Housing Agreement debt is also earmarked for increased supply of and access to social housing across Tasmania.

Total spending by the Tasmanian Government during the course of the state of emergency on housing-related initiatives is over \$201 million so far. The total cost of Tasmania's COVID-19 support and response measures is worth 3.5 per cent of gross state product (GSP), significantly higher than the 2.2 per cent national average across all states and territories (TCCI 2020).

<sup>6</sup> Author's own calculations from ABS *Census of Population and Housing 2016*.

## 1.3 Previous research

### 1.3.1 Housing, regions and economic ‘shocks’

Natural disasters, which include biological disasters such as pandemics, have deep economic consequences (Noy 2009; Toya and Skidmore 2007). Most of the existing literature on the effect of natural disasters on housing markets documents the severe local impacts (Gallagher 2014; Bin, Kruse et al. 2008; Bin and Landry 2013; Naoi, Seko et al. 2009; Daniel, Floreax et al. 2009), mainly concentrating on the effect of flooding on housing markets (Bin and Polasky 2004; Harrison, Smersh et al. 2001; McCoy and Zhao 2018). Apergis (2020) recently studied the effect of different types of natural disasters on house prices for 117 countries confirming that natural (particularly geological and meteorological) disasters lower house prices. The impact of climate change on specific housing markets has also been the subject of some investigation (Butsic, Hanak et al. 2011).

In Australia, bushfires have had a major impact on many regional areas with direct loss of homes, infrastructure and businesses. Industries such as tourism and agriculture (including viticulture) have been severely disrupted, affecting economic activity and employment (RBA 2020a). Housing destruction and reduced housing access, security and affordability due to environmental or economic disasters encourages migration from affected regions to non-affected ones. Migration in turn leads to changes in housing prices and availability (Daley, Coates et al. 2018).

Prior to the COVID-19 pandemic, the most recent global crisis to affect Australia was the global financial crisis (GFC) in 2008. Australia did not experience a large economic downturn during the GFC, although the pace of economic growth did slow significantly and the unemployment rate rose sharply. Australia's financial and housing markets were buffered from the global economic collapse and the economy was buoyed by resource exports such as mining (RBA 2020b), and the targeted rollout of economic stimulus packages along with pre-existing institutional practices and government policies (Murphy 2011). The Regional Development Institute identified that during 2009 and 2010, regional Australia accounted for half of national economic growth as metropolitan areas contracted (RBA 2020b). Outside the mining sector, the diversity of growth and activity across regional areas had a stabilising effect on overall economic growth.

While the GFC catalysed some decrease in home ownership rates and in house prices, plus a tightening of lending practices, house prices soon rebounded to higher than pre-GFC levels (Burke, Nygaard et al. 2020). Early indications are that COVID-19 has produced a similar result, with house prices nationally continuing to rise after a brief period of uncertainty. Rising house prices generally exclude low-income and first home buyers (FHB) from the property market, although there has been a recent jump in the number of loans to FHB relative to other loans, most likely due to housing stimulus measures enacted by the Australian Government for this group through the FHLDS (NHFIC 2020b).

Francke and Korevaar (2020) studied historical outbreaks of the plague in 17th-century Amsterdam and cholera in 19th-century Paris, and found that outbreaks resulted in large declines in house prices, and smaller declines in rent prices. They found particularly large reductions in house prices during the first six months of an epidemic in heavily-affected areas, but these were transitory: both cities quickly reverted to their initial price paths. For COVID-19, Zhao (2020) found an increase in housing demand in the U.S. as a response to low interest rates and a ‘fear of missing out’, or fundamental changes in household behaviour. The increase in housing demand was also more pronounced for the two ends of the income distribution, reflecting relaxed liquidity constraints at the lower end and speculative demand at the higher end. However, D’Lima, Lopez et al. (2020) found moderate aggregate pricing effects but significant decrease in sales in the shutdown and re-opening periods of the COVID-19 crisis in the U.S. For Australia, Biddle, Edwards et al. (2020) argues that the level of housing stress is higher for renters than for mortgage holders, particularly among young adults.

NHFIC forecasts that dwelling demand in Australia could drop between 129,000 and 232,000 from 2020 to 2023 due to the downturn in net overseas migration (NOM) which has accounted for around 60 per cent of Australia's population growth since 2007 (NHFIC 2020a). In recent years, international students have substantially contributed to NOM and the closure of international borders in the immediate term means that inner city suburbs, particularly in the major capital cities of Melbourne and Sydney, are experiencing increased vacancy rates and decreased rents. According to NHFIC the GFC and its associated economic shocks also had a significant impact on international student numbers in Australia; it took around four years for student numbers to recover to pre-GFC levels.

### 1.3.2 Housing policy and COVID-19

The COVID-19 pandemic instigated a rapid policy response from governments which in turn prompted a rapid research effort to track its effects. The ABS commenced a Household Impacts of COVID-19 Survey in April 2020 (ABS 2020c). Findings so far include that in October 2020, almost one in five Australians reported that someone in their household had experienced one or more household stressors related to employment, rent, mortgage or finances. From June to October, Australians reported one or more people in their household experiencing problems getting a job (increased from 6% to 10%) and problems paying the mortgage on a home or an investment property (up from 2% to 5%); difficulty paying the rent and fear of eviction were steady at 4 per cent. Due to COVID-19, 14 per cent of people living in a home owned with a mortgage reported that they had their mortgage repayment deferred or reduced and 8 per cent of people living in a rented home had their rent deferred or reduced.

Part of the housing research community's response to COVID-19 was participation in an AHURI-funded rapid research program, from which a suite of reports, including this one, have been produced. The principal findings of this research program have included the following points:

- Despite a policy and legislative change intended to enable tenants to negotiate a rent deferral or reduction with their landlord, tenants experienced difficulties in achieving this outcome (Baker, Bentley et al. 2020; Oswald, Moore et al. 2020).
- Many people, particularly young people, experienced changes to employment or income, but housing and other costs were covered by accessing savings, superannuation and JobKeeper or the supplemented JobSeeker (Baker, Bentley et al. 2020; Oswald, Moore et al. 2020), and this served to reduce housing stress (Leishman, Ong et al. 2020).
- Landlords reported reduced rental income and considered policy efforts to be overwhelmingly biased towards supporting tenants (Oswald, Moore et al. 2020).
- If people had difficulty in accessing housing supply before the pandemic, this exacerbated their likelihood of overcrowded (Buckle, Gurran et al. 2020) and substandard accommodation (Buckle, Gurran et al. 2020; Horne, Willand et al. 2020; Mason, Moran et al. 2020) during the pandemic.
- The whole-of-government rapid policy response was seen as positive (Mason, Moran et al. 2020), but programs relating to supply like HomeBuilder may only have increased demand in the short term as projects were 'shovel ready' or brought forward (Rowley, Crowe et al. 2020).

### 1.4 Research methods

This study followed a mixed-methods approach to capture quantitative and qualitative data. Data was collected from four sources—housing market secondary datasets, a survey, in-depth interviews, and meetings of a stakeholder Advisory Group—and across two phases. Phase one engaged all four methods to draw together preliminary findings for immediate use by policy makers. The second phase deepened the inquiry while continuing to collect data. The broader findings of the second phase are outlined in this final report, including a longer-term policy perspective to inform recovery development for regional Australia into 2021 and beyond.

The research was designed to respond appropriately to the following research questions, which guided the investigation:

1. What has changed in regional housing markets over the period of the COVID-19 pandemic?
2. How have individuals experienced the housing-related consequences of COVID-19?
3. From these experiences, what needs and issues must be accounted for in efforts to improve regional housing opportunities during the COVID-19 recovery?

#### 1.4.1 Housing market data

A range of secondary data was analysed to respond to the first research question on changes in regional housing markets across the COVID-19 pandemic. The principal data source was updated CoreLogic data for Tasmania and selected comparable regions and cities. This was analysed to track changes in prices, rents, turnover and supply immediately prior to and during the pandemic period. Short-stay rental data was sourced from 'Inside Airbnb', released monthly since 2016. These analyses were complemented with additional analysis of data from the Real Estate Institute of Tasmania (REIT), the Australian Bureau of Statistics (ABS) and the Reserve Bank of Australia (RBA), and of local data provided by the Tasmanian Government Department, Communities Tasmania, the Tasmanian Residential Tenancy Commissioner and the Tenants' Union of Tasmania.

The findings of this aspect of the analysis are primarily outlined in Chapter 2.

#### 1.4.2 Experiences of COVID-19

The second research question focussed data collection on housing experiences during the pandemic. To answer this question, and in keeping with methods appropriate to the challenging context of COVID-19, we conducted a survey and in-depth qualitative interviews.

##### Surveys

The Tasmania Project (TTP), an initiative of the University of Tasmania's Institute for Social Change, has been monitoring Tasmanian respondents' housing, employment and financial situation since 19 March 2020 when a state of emergency was declared in Tasmania and associated restrictions were put into effect. Three general surveys were run in April (TTP1), June (TTP2) and August (TTP3) coinciding with different stages of COVID-19 restrictions; the response rate for these was approximately 1,200 respondents per survey. The housing-specific themed survey generated for this research ran between 23 June and 2 July (see Appendix 1), and while we hoped for a similar response rate to the general surveys, a slightly lower number of 850 respondents completed the housing survey.

Each survey is based upon a non-random sample of Tasmanians aged over 18 years, attained through convenience sampling methods. For speed of capturing the Tasmanian community's responses during staged restrictions of the pandemic lockdown, the rolling surveys were delivered online and self-administered, with the option of a telephone survey for those without internet access. Responses were collected via Survey Monkey and data were cleaned in SPSS v26.

### In-depth Interviews

In-depth interviews were conducted with 42 participants across a range of tenure types to further explore housing circumstances during the pandemic. Respondents were primarily drawn from people who had taken part in one or more TTP surveys, and who had also expressed interest in providing further information through a one-on-one interview. Participants were located across the state. The majority of participants were women (66%), with a low representation of young people (12% aged under 30 years) and more than half aged over 50 years. The majority (60%) of participants were owner occupiers, with 36 per cent living in private or social rentals. For a full overview of demographic details, see Appendix 2.

Interviews were mainly held via video or audio technology such as Zoom. A smaller number of interviews were conducted face-to-face at a mutually agreed location (usually an office at the University of Tasmania). This method was allowed in Tasmania from the beginning of our interviewing process, provided there was appropriate physical distancing. Interviews were between 20 and 70 minutes in length, with a semi-structured interview guide designed to assist the interviewer to cover a range of housing-related topics (see Appendix 3). All but two of the interviews were audio recorded and transcribed by a professional transcription service for accuracy of analysis. In two cases, hand-written notes were taken of the interviews, and typed up for later analysis purposes. Data was analysed thematically using the qualitative analytics software NVIVO 12.

The findings from the survey and interviews are primarily outlined in Chapters 3 and 4.

### 1.4.3 Needs and issues for the recovery

Our third research question sought to bring together the housing market data and the information on household experiences to identify gaps and needs arising to address regional recovery efforts. To assist in this process, we engaged housing sector stakeholders to guide our interpretation of data with direct insights from their respective organisations and industries. The unprecedented and rapidly changing nature of the policy environment during 2020 meant that the contextualisation of data through 'on the ground' insights was a valuable contribution to this research. A wide range of stakeholders were invited to participate from organisations involved in COVID-19 recovery including government, community and housing service organisations, the University of Tasmania and appropriate housing-related industry groups.

Once formed, the Advisory Group met four times via video conferencing (Zoom) over the research period. Each meeting lasted for 1.5 hours, with group members providing real-time policy engagement with the research findings to assist the research team to interpret results. The Advisory Group members also contributed valuable information about experiences they had observed in their organisations and sectors, and these served as further data for the project and have informed its policy implications. Comments from members are included only in the cases where broad agreement was indicated on any matter, unless otherwise stated. The Advisory Group members are listed in Appendix 4, and issues arising from the Advisory Group discussions are covered in Chapter 4.

The implications of the full range of data, especially the implications for policy development are discussed primarily in Chapter 5, Section 5.2, and Chapter 6.



### 1.4.4 Research limitations

The main limitation on this research relates to sample characteristics.

It is acknowledged that the survey samples are not representative of the Tasmanian population, and while there is a cross-over of respondents, it is not a time series, therefore the survey samples are not directly comparable. Although the survey sampling strategy means survey respondents are non-representative, efforts were nonetheless made to gather data from a broad range of respondents. The survey sample includes good geographical coverage of Tasmania with a 10 per cent over-representation in the south of the state based on estimated resident population as at June 2019.

However, a distinct limitation in both the survey and interview samples is an under-representation of young people (aged 18–24 years) and an over-representation of older people (and correspondingly of retirees). There is an over-representation of women and of university educated respondents. With regard to housing tenure, the survey respondent numbers for outright ownership, paying off a mortgage and renting are all representative of the proportions from the 2016 Census. However there is an over-representation of social renters relative to private renters due to promotion of the survey through Advisory Group members from this sector.

As the interviews progressed, the research team made a concerted effort to recruit young people through service provider networks. While there was some success recruiting a small cohort of international students with the assistance of the local university responsible for student housing (n=5), numbers of young people in the sample remained low.

Further, attention to the issue of homelessness is limited in this report. In the survey, responses indicating homelessness were too small to be meaningfully included. Some interview participants had experienced homelessness and provided deeper anecdotal insight into the issue for some Tasmanians (outlined in Section 4.3.2). However, engaging people experiencing homelessness in research such as this requires targeted and specific recruitment strategies, which was beyond the scope and budget for this project.

The Advisory Group sample is also skewed towards community sector organisations, with relatively fewer industry, business and financial sector interests represented. This is most likely due to the extent of the strong professional networks members of the research team have built over time within this sector. The research team made every effort to include a broader range of perspectives, including those from outside the housing sector specifically, conducting two recruiting drives. Unfortunately, the diversity of the advisory group remained limited, especially with respect to private sector perspectives (see Appendix 4).

Although this report is only one of a number arising from the AHURI-funded rapid research projects, a specific strength of this research is the six-month data collection timeframe (rather than three months), which extends the timeframe into late 2020. We acknowledge that this timeframe is still too limited to allow for comprehensive understanding of the most significant impacts of the pandemic, as they are yet still to come. As 2020 has progressed, it has become increasingly clear that COVID-19 will have long-term consequences for all our communities and that ongoing and well-funded research will be required to better understand how policy can shape ongoing recovery efforts in regional areas.

## 2. Housing markets under COVID-19

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- Prior to the COVID-19 pandemic, Tasmania's housing market was experiencing substantial affordability pressures, as were large parts of Australia.
- Despite the lockdowns and other restrictions introduced as part of the COVID-19 response, there is limited evidence to date of widespread consequences in the housing market such as a collapse in prices or substantial numbers of foreclosures.
- Regional markets have seen increased demand, including from potential inward migration, and this has put upward pressure on prices, reducing affordability in these areas.
- There are indications of reduced investor activity in the market. Some of this reduction may be due to reduced incentives for private investors and landlords.
- The short-stay rental sector has been significantly affected by COVID-19. There are signs that a significant number of short-stay properties have been returned, if only temporarily, to the longer-term rental market.

This chapter is about changes in the housing market during 2020. We apply a ‘capital cities vs rest of state’ lens in our analysis, drawing on Tasmania as a case study to explore regional housing patterns and trends.

Household experiences are the key focus of this research. However, these are always set within a social and economic context encompassing institutions, services, infrastructures, legislation and policies, which shape, constrain and support what happens to individuals, households and communities. This chapter sets out some of this context, beginning with an overview of Tasmania as a cluster of regional sub-economies. We look particularly at trends within the housing market, and more specifically, the private rental market.

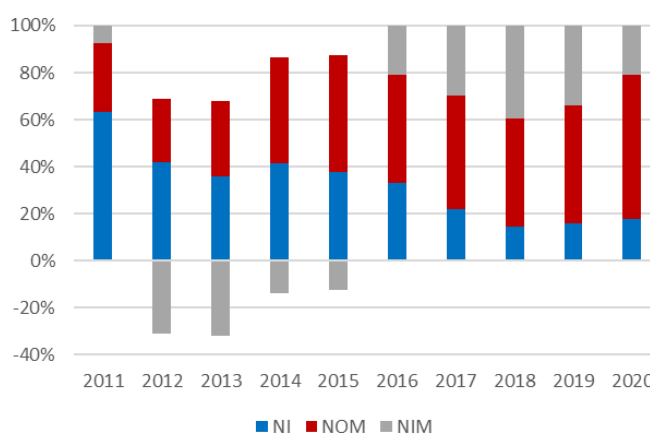
## 2.1 Tasmania's housing market

Tasmania's economy has been growing in recent years. In 2018–19, GSP grew by 3.6 per cent, the fastest growth rate in 15 years, while GSP per capita grew by 2.3 per cent (ABS 2020d). This growth was stimulated by a 13.5 per cent increase in public investment but also by growth in specific industries, such as health care and social assistance (which accounted for 13% of industry gross value added, or GVA), accommodation and food, and arts and recreation. There was also growth in the rental accommodation market. Tasmania's reliance on the tourism and recreation industries has been increasing too. Rises in accommodation and food services GVA (5.6%) and arts and recreation services GVA (6.0%) reflect growth in spending both by residents and tourists, with increased tourism activity particularly recorded in 2018–19. By September 2019, Tasmania had a total of 1.32 million international and interstate visitors (Tourism Tasmania 2019).

Tasmania is an island state with a population of 540,600 people as at 30 June 2020 (ABS 2020a). Tasmania's population growth has been positive at 1 per cent after several decades of negative growth due to negative net migration. Tasmania relies heavily on interstate and overseas migration for population growth and the biggest contributor to this growth since the year ending March 2014 has been net overseas migration. By the year ending March 2020, net overseas migration contributed 61.2 per cent and net interstate migration 20.9 per cent of annual population growth, while natural increase contributed 17.8 per cent (see Figure 1). However, in the June quarter, NOM had declined over 100 per cent and contributed negative growth (-1.9%) to Tasmania's population while interstate migration increased by 30 per cent from the previous quarter (ABS 2020b).

As net overseas migration via new arrivals has ground to a halt since the latter half of the March quarter 2020 when the Australian borders closed, there is likely to be a significant decrease in Tasmania's population growth for at least the foreseeable future, which is expected to affect housing demand.

Figure 1: Components of population change (proportion), Tasmania, year ending March 2011 to 2020



Note: NI—natural increase; NOM—net overseas migration; NIM—net interstate migration.

Source: ABS, National, state and territory population, September 2020.

Prior to the pandemic, the housing market was experiencing strong price growth, particularly from 2017 to 2019. In 2018–19 Greater Hobart was one of the least affordable capital cities in Australia. Median sale prices have been increasing considerably since late 2004, both for houses and units. Median prices in Hobart in January 2020 were \$726,000 for houses and \$525,500 for units. These prices were quite different to the rest of Tasmania—for example, median prices in Launceston (the second most populated city in Tasmania) were \$340,000 for houses and \$270,000 for units.

Median rental prices had also been growing substantially in Tasmania, increasing by an average of 30 per cent in the last decade. In particular, median rents in Hobart increased by 61 per cent for units and 54 per cent for houses in the last ten years. During 2019, median rent in Hobart increased from \$400 a week for units and \$550 a week for houses in January 2019 to \$450 for units and \$555 for houses by January 2020.

### Box 2: Housing policy responses to COVID-19 in Tasmania

Under the introduction of the *COVID-19 Disease (Emergency Provisions) Act 2020*, declared on 19 March 2020, the Tasmanian Government established the **COVID-19 emergency period for residential tenancies**, recently extended to 31 January 2021. This includes the following measures:

- **Rent freeze:** Any rent increase that was due to take place between 23 April 2020 and 31 January 2021 would now not take effect until 1 February 2021. The Government also committed to not increase income-based social housing rents over this time, and announced that they would not include COVID-19 supplements to income support in rental contribution calculations.
- **Rent reductions by mutual agreement:** During the emergency period, owners and tenants could come to an agreement to reduce the rent.
- **Eviction moratorium:** Notices to vacate issued by an owner to a tenant will now have no effect until 31 January 2021. This means that evictions were effectively suspended, including those related to rental arrears.

The **COVID-19 Rent Relief Fund** was established in May 2020 to help tenants and property owners suffering extreme hardship. Support of up to \$2,000 or four weeks' rent is available. The **Rent Relief Extra Support Scheme** was a second round of financial assistance of up to \$2,000 offered from September 2020. Renters were eligible to apply for both support rounds.

A **Landlord Support Fund** was also established from September 2020 for landlords suffering from financial hardship as a result of COVID-19. It provides landlords with up to \$2,000 to cover outstanding rental income.

**Pandemic Isolation Assistance Grants** are available to support people on low incomes, casual workers and self-employed persons who are required to self-isolate due to COVID-19 risk. They are also available for temporary visa holders residing in Tasmania (including students, temporary skilled and seasonal workers, and those on bridging and humanitarian visas) who can demonstrate genuine financial hardship as a result of COVID-19.

**Emergency accommodation support** such as hotel rooms has been made available for vulnerable individuals and families on low incomes who are required by Public Health to self-isolate due to COVID-19 risk but who are unable to stay at their regular place of residence or who are homeless. **Emergency relief** such as emergency food hampers, delivery of medications, provision of financial counselling and other essential support is also available during quarantine.

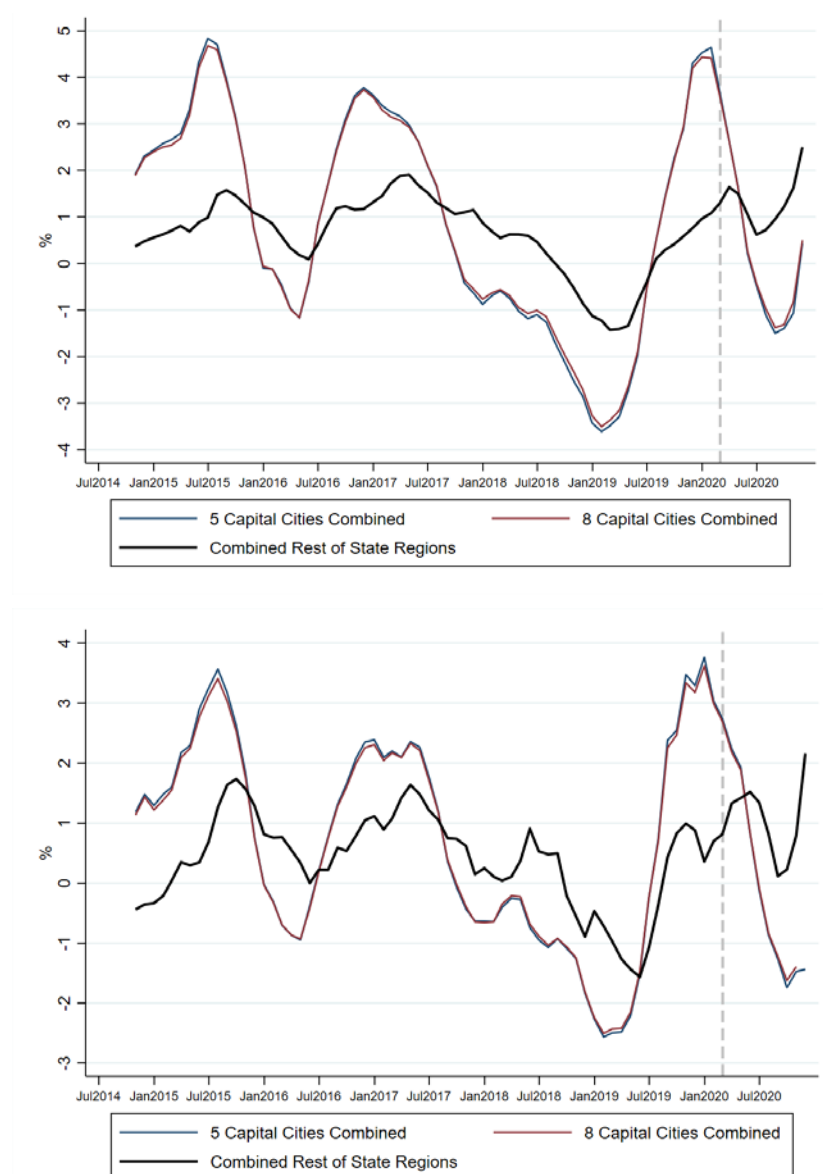
## 2.2 COVID-19: change and continuity

Housing markets were not immune to the COVID-19 economic slowdown, but the impact on property values has been small so far, and quite distinct between regions and cities.

### 2.2.1 Dwelling values

Since national restrictions were announced in March 2020, the hedonic<sup>7</sup> 'five capitals' dwelling prices index decreased by a modest 1.45 per cent by November, while the hedonic dwelling prices index in the 'combined rest of state regions' increased by 3.77 per cent. Figure 2 shows that hedonic home values have been growing on a quarterly basis for regions since mid-2020, but exhibited declines for the cities, particularly for units. House prices in cities have recuperated in October 2020, but unit prices have not. House and unit price movements have been more pronounced for capital cities relative to regions.

Figure 2: Hedonic home value index, for houses (above) and units (below), quarterly growth rates

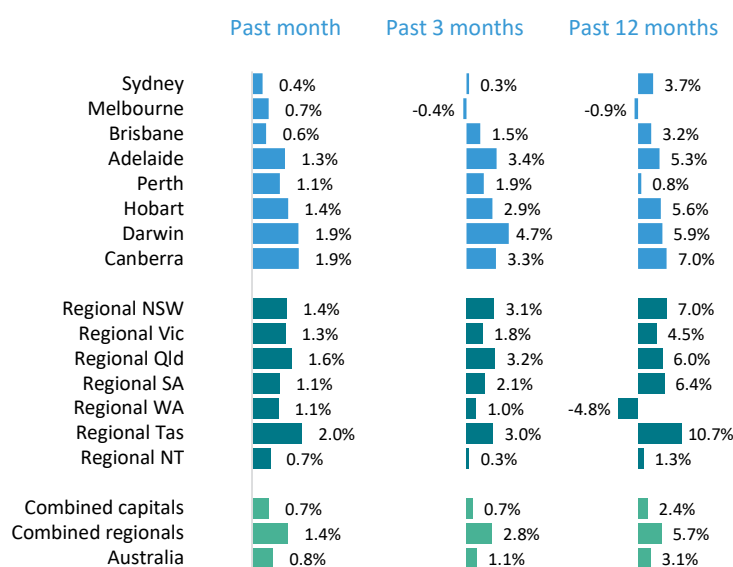


Source: Authors' calculations from data provided by CoreLogic RP. 5 Capital Cities Combined include Sydney, Melbourne, Brisbane, Perth and Adelaide. 8 Capital Cities Combined include Sydney, Melbourne, Brisbane, Perth, Adelaide, Hobart, Canberra and Darwin. Combined Rest of State Regions includes all state regions that are not the capital cities.

<sup>7</sup> The Hedonic index accounts for dwelling characteristics (such as location, house type, number of bedrooms, etc.) and uses the Hedonic Regression methodology for estimating the underlying value of home values; see [https://www.corelogic.com.au/sites/default/files/2017-09/CL17\\_CoreLogicIndicesFAQs\\_Aug.pdf](https://www.corelogic.com.au/sites/default/files/2017-09/CL17_CoreLogicIndicesFAQs_Aug.pdf).

Despite five months of consistent, though relatively small, declines in residential property values, recovery is evident in the last quarter of the year. After a 2.1 per cent drop between April and September, national home values grew 0.8 per cent in the month of November 2020 (up 3.1% relative to November 2019). This growth in home values was recorded for every capital city apart from Melbourne. Property values increased by more than 1 per cent in the last month in Adelaide, Darwin, Hobart, Perth, Canberra, and all regions in states, as shown in Figure 3. A rise in house values offset a decline in unit values; certain segments of the property market (especially the inner-city apartment markets in Melbourne and Sydney) have been more significantly affected than others.

Figure 3: Change in home value index, dwellings

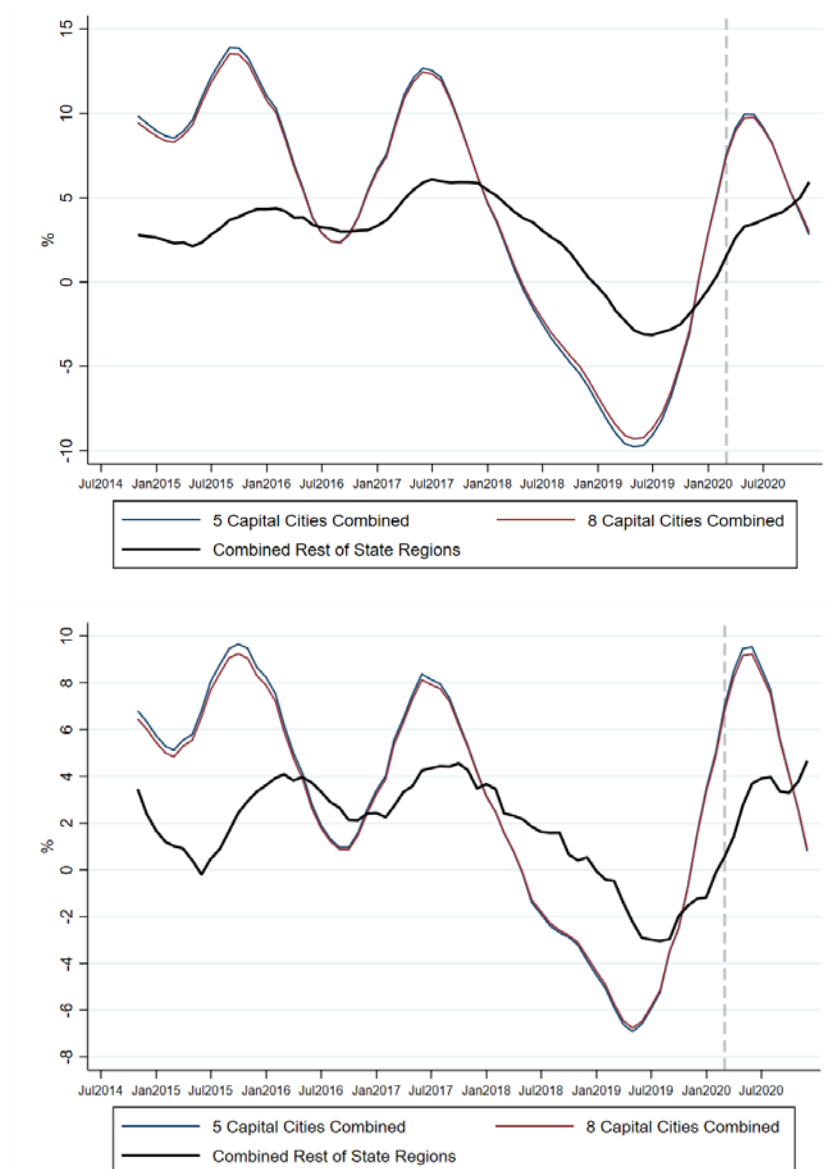


Source: CoreLogic (2020).

Housing markets in regional areas behave quite differently to those in capital cities. Regional Queensland has shown the strongest growth in prices in the last quarter, followed by regional New South Wales and Tasmania, where regional dwelling prices grew 10.7 per cent in the last year. Figure 4 shows that the annual growth rates in hedonic home values have been more volatile for the capital cities compared to the regions, and that while values in cities decelerated as a result of the COVID-19 crisis, regional values have been growing at 5 per cent per annum, surpassing the growth rate in cities.



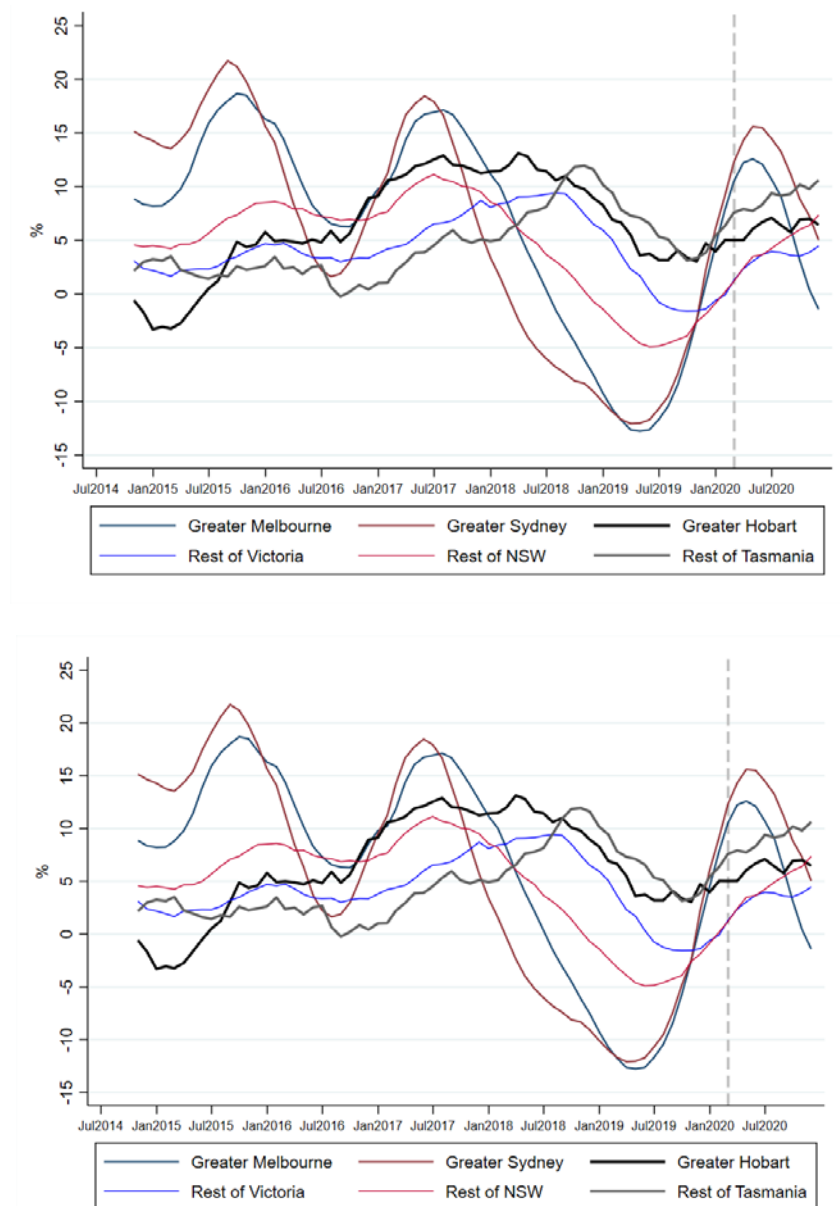
Figure 4: Hedonic home value index, for houses (above) and units (below), annual growth rates



Source: Authors' calculations from data provided by CoreLogic RP.

Hobart home values have risen over the past months reaching a record 6.5 per cent higher than at the same time last year. But home values for the rest of Tasmania have been growing at an even faster rate, particularly for units, as shown in Figure 5. This contrasts with that of the Victorian housing market, which saw a reduction in unit values.

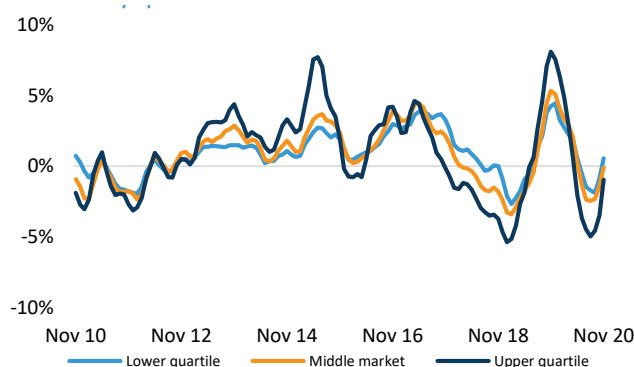
Figure 5: Hedonic home value index, Tasmania, Victoria and New South Wales, for houses (above) and units (below), annual growth rates



Source: Authors' calculations from data provided by CoreLogic RP.

One important point is that the volatility in dwelling values is most marked for higher value dwellings; houses in the upper price range are exhibiting higher price changes (see Figure 6). However, the value of dwellings in the lowest price quartile has been growing faster than the upper and middle market prices in the last quarter of 2020, particularly in the capital cities. This directly translates into reduced affordability for new entrants into the housing market, particularly FHBs seeking to purchase affordable houses (in the lower price quartile).

Figure 6: Percentage change in dwelling values by market quartile, capital cities



Source: CoreLogic (2020).

### 2.2.2 Housing demand

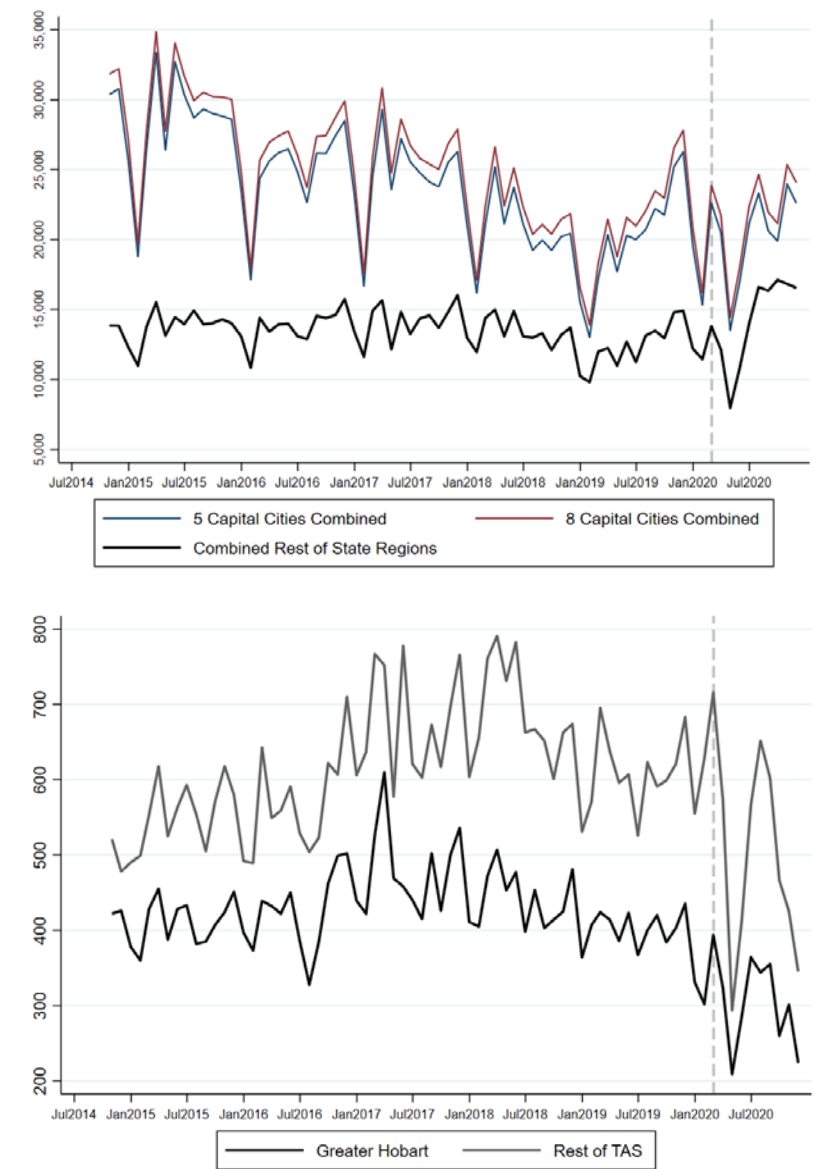
The number of properties advertised for sale remains 20 per cent lower than a year ago, and there is evidence of a strong rate of absorption,<sup>8</sup> suggesting fast sales as the number of prospective buyers continues to exceed the number of newly advertised dwellings (CoreLogic, 2020). This is also evidenced by auction clearance rates of around 70 per cent, well above the decade average of 61 per cent.

Real estate websites have reported that search activity fell during the initial lockdown period, but then surged after the JobKeeper initiative was announced: property search activity for regional Australia and the ACT has been growing more than for capital cities. The preference for regional relocation during COVID-19 may be associated with lifestyle choices and people's adoption of remote working. The most marked evidence of this trend is in Victoria where, during the extended lockdown, property searches for Melbourne remained the same, while searches for regional Victoria increased by 60 per cent (REA 2020). A similar pattern is seen in modelled<sup>9</sup> sales volume shown in Figure 7.

<sup>8</sup> The absorption rate in the real estate market is used to evaluate the rate at which available homes are sold in a specific market during a given time period. It is calculated by dividing the number of homes sold in the allotted time period by the total number of available homes.

<sup>9</sup> Modelled volume of sales contracted in the month, attempt to account for the delay in receiving information on transactions that have yet to settle.

Figure 7: Modelled sales volume, for dwelling, cities and regions (above), and Tasmania (below), number



Source: Authors' calculations from data provided by CoreLogic RP.

One of the reasons for the discrepancy in responses to COVID-19 between city and regional housing markets is that there is evidence that housing preferences are changing. Australian residents appear to be upgrading their housing preferences and looking to move into regional markets. However, there is still a shortage of stock in the regions, and the mismatch between limited supply and rising demand leads to upward pressure on prices.

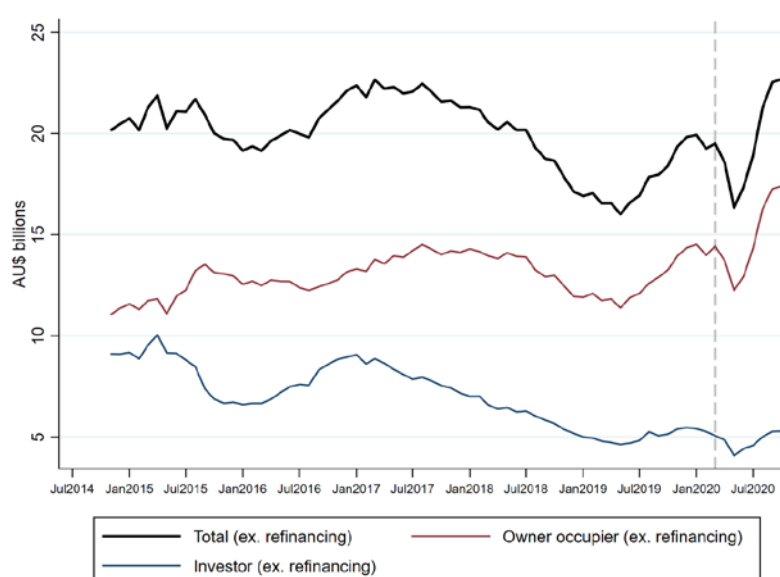
The number of new dwellings approved in Australia rose by 15.4 per cent in September, as a reflection of the building stimulus program. This was driven by private sector dwellings excluding houses, but the figure for private sector houses is 20.7 per cent higher than at the same time last year. However, this building activity has not translated yet into new housing stock. The total number of dwelling commencements in Australia fell by 5.6 per cent in the June 2020 quarter, and it is 8 per cent lower relative to the June 2019 quarter.

Prior to COVID-19, most of the population growth in capital cities was fuelled by immigrants seeking employment opportunities, with some regional migration to the fringe of the main capital cities. These earlier preferences for fringe regional areas were driven by affordability, despite costly commuting. The Australian Government has also been investing in selected regional areas through City Deal initiatives. Between 2014 and 2019, regional NSW, regional Victoria (in particular Geelong) and regional Tasmania experienced the strongest price growth in Australia (REA 2020). However, the demand evident from increased property search activity is now expanding to other regions, and extending greater distances from the capital cities. The resultant slow-down in capital city price growth is especially marked for Sydney and Melbourne inner-city apartments.

### Housing loans

The ABS reports that new housing loans increased by 5.9 per cent in September from the previous month, and are 25.5 per cent higher than the same time last year (ABS 2020e). As shown in Figure 8, this is mostly due to owner occupier activity, as loan commitments for owner occupier mortgages are at historically high levels, and have increased by 33.8 per cent relative to the same month last year. Moreover, almost half of the rise in owner occupier housing loan commitments is for the construction of new dwellings. Loans for owner occupier construction of dwellings have increased by 73.8 per cent in value over the year and 69.2 per cent in number by September 2020. This may be due to the HomeBuilder grant incentive bringing forward, and contributing to, increased residential construction.

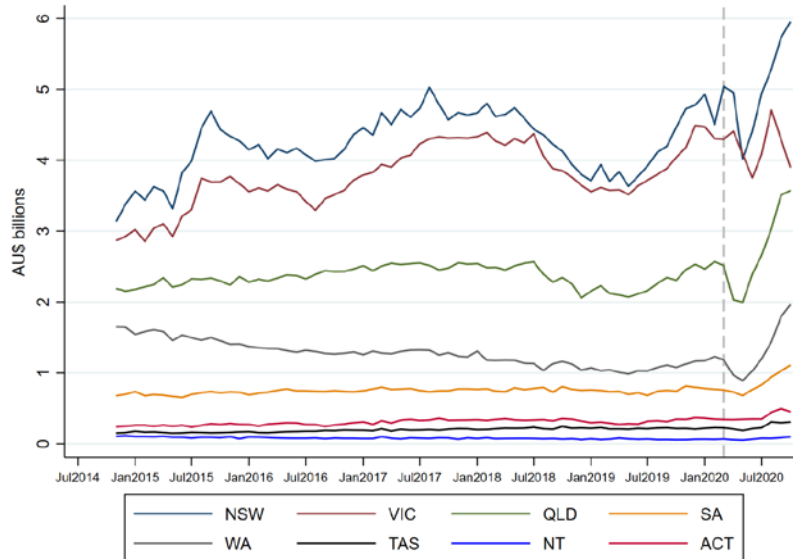
Figure 8: Value of new housing loan commitments, total housing (seasonally adjusted), Australia



Source: Authors' calculations from data provided by ABS (2020e).

At the state level, the value of owner occupier home loan commitments has increased in all states except Victoria and the ACT (see Figure 9). For Victoria, housing market activity dropped in July and August when COVID-19 related stage 3 and 4 restrictions were imposed (although the fall in commitments for existing dwellings was partly offset by a rise in commitments for construction of new dwellings).

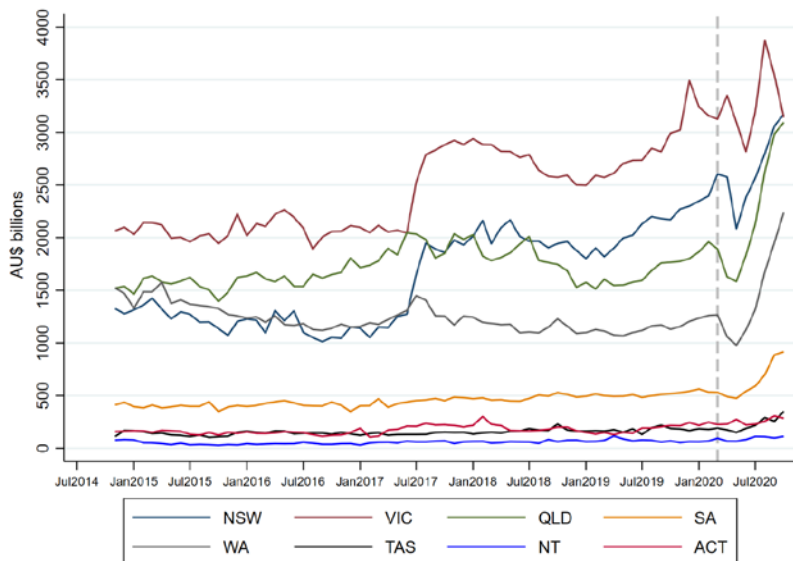
Figure 9: Value of new housing loan commitments for owner-occupiers (seasonally adjusted), by state



Source: Authors' calculations from data provided by ABS (2020e).

A strong contribution to this growth in home loan demand has come from first-time owner occupiers. Despite high levels of unemployment, government stimulus for FHBs has been high, with the FHLDS and HomeBuilder, upcoming changes to stamp duty (NSW and Victoria), and record low interest rates. In fact, owner-occupier FHB loans represented 42.3 per cent of all dwelling loans and 35.3 per cent of all housing loans, including loans to buy land and loans for dwelling alterations, in October 2020 (relative to October 2019, the increase in the value and number of FHB loans was 48.6 per cent and 48.1 per cent respectively). The most rapid growth was seen in Queensland. The jump in loan numbers is similar to the one that occurred after the government stimulus applied in the wake of the GFC (see Figures 10 and 11).

Figure 10: Number of new owner-occupier housing loan commitments to first-home buyers (seasonally adjusted), by state



Source: ABS (2020e).



Figure 11: Number of new owner-occupier loan commitments to first-home buyers (seasonally adjusted)



Source: Authors' calculations from data provided by ABS (2020e).

### 2.2.3 What it all means: an upward trend in the property market cycle

Indicators suggest that the Australian property market cycle is currently trending upwards:

- Consumer confidence has been consistently improving.
- There is evidence of more buyers and sellers in the market and transaction numbers have increased.
- Banks and financial institutions are reporting higher demand for home loans.
- Mortgage deferrals have been falling, mortgages have been refinanced, and there appears to be low likelihood of forced mortgagee sales (see Section 3.1.2).
- Interest rates are at historically low levels, and there is expectation of rates remaining low for at least three more years, which gives home buyers increased confidence.

What happens in the property market will be determined by labour market trends, consumer confidence and business confidence (which leads to spending and employment). In its statement of monetary policy for November 2020, the Reserve Bank of Australia (RBA) stated:

The housing market poses risks to the outlook in both directions. Although the national decline in housing prices has been limited to date, it is possible that conditions could weaken if there is a sharp increase in households that are unable to meet their mortgage obligations. This could be the result of a higher incidence of business failures and a further large rise in unemployment. Further out, the slowing in population growth could weigh on housing demand by more than is expected, resulting in lower prices and weaker dwelling investment. In the other direction, substantial policy stimulus could lead to a sharper recovery in housing prices supporting a stronger outlook for private demand than currently forecast (RBA 2020c).

Factors including the winding down of support programs such as JobKeeper coinciding with the majority of home loan repayment deferrals expiring are not yet reflected in housing market data. So far, the uncertainty arising from COVID-19 has not affected housing markets as feared. However, should strict lockdowns again become necessary, there could be a rapid fall in confidence. The number of households behind on loan payments could quickly rise, fuelling forced sales. The resulting drop in property prices would increase affordability for new buyers, but at a cost to those households losing their home due to unemployment or loss of income.

The higher housing demand in regional areas resulting from Australian residents changing preferences may also be short-lived, which means the effects of the freeze on international migration will be reflected in lower prices over the medium-to-longer term; around 60 per cent of Australia's population growth since 2007 has depended on net overseas migration. Another complicating factor is that much of the new stock fuelled by the building stimulus would be expected to come available in 2021, particularly in regional areas where land is more affordable, potentially pushing prices down.

### 2.3 The private rental market

Historic and emerging research position private renters as a precarious housing tenure. In Tasmania, not unlike many regional areas in Australia, rental markets have been beset with challenges for many years, including tight markets with poor affordability, poor quality housing and insecure tenure conditions (Shelter 2020). A recent study of the effects of COVID-19 on renters has found that a significant number of tenants across Australia are 'lined up on the brink of financial precipice' (Baker, Bentley et al. 2020:1). In this section, we examine the impact of COVID-19 on private renters in Tasmania. Although the COVID-19 pandemic has had a mild impact on house prices, the pandemic has had a stronger shock on the rental housing market, reducing demand for rental properties at the same time as supply increased. The impact has been different for rental houses and rental units, and between cities and regional areas.

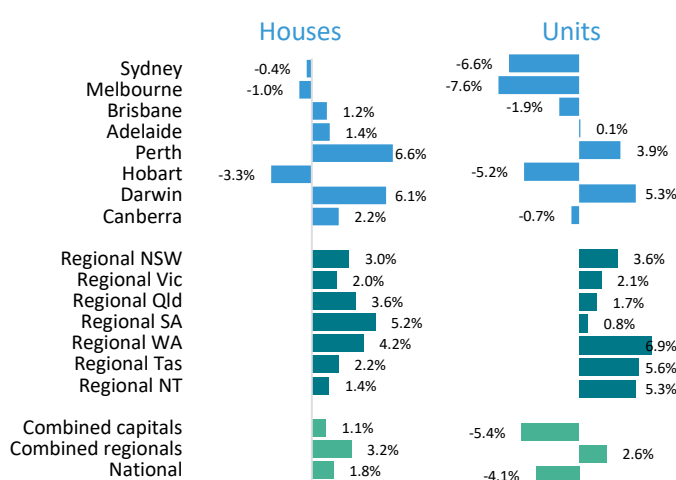
The recently released rental affordability index (SGS Economics 2020) highlights some of the key economic constraints on renters in Tasmania:

- **Lower incomes:** Regional Tasmanian households have an average gross income of \$57,000 per annum, and Greater Hobart households of \$66,000 per annum. Both of these are significantly lower than mainland income averages.
- **Problems with affordability:** Greater Hobart is considered the least affordable capital city in Australia, and is the only capital city where rental affordability for a household on an average income is below the threshold as measured by SGS Economics. By this measure, average rents are classified as 'unaffordable' in greater Hobart. Affordability in the capital has decreased by over 9 per cent over the last three years.
- **Regional pressures:** Outside Greater Hobart, the rest of Tasmania has also declined in affordability, and now has the least affordable 'rest of state' measure in Australia. The average household share of income spent on rent for a medium cost rental is 26 per cent, which is classified as moderately unaffordable.

### 2.3.1 Affordability and availability

Between March and November 2020, capital city unit rents dropped by 5.4 per cent, while house rents increased by 1.1 per cent. This pattern of differing effects across different types of housing stock is relatively consistent across all capitals (see Figure 12) although the difference is most significant in Melbourne and Sydney where unit rents fell 7.6 per cent and 6.6 per cent respectively while house rents have seen a much smaller reduction of around 1 per cent. Sydney, Melbourne and Hobart have seen the largest drop in rental price growth. In contrast, since March 2020, rents in regions (both for houses and units) have been growing, with the strongest trends seen in the regional areas of Western Australia, Tasmania and the Northern Territory.

Figure 12: Change in rents, dwellings, 31 March to 30 November 2020

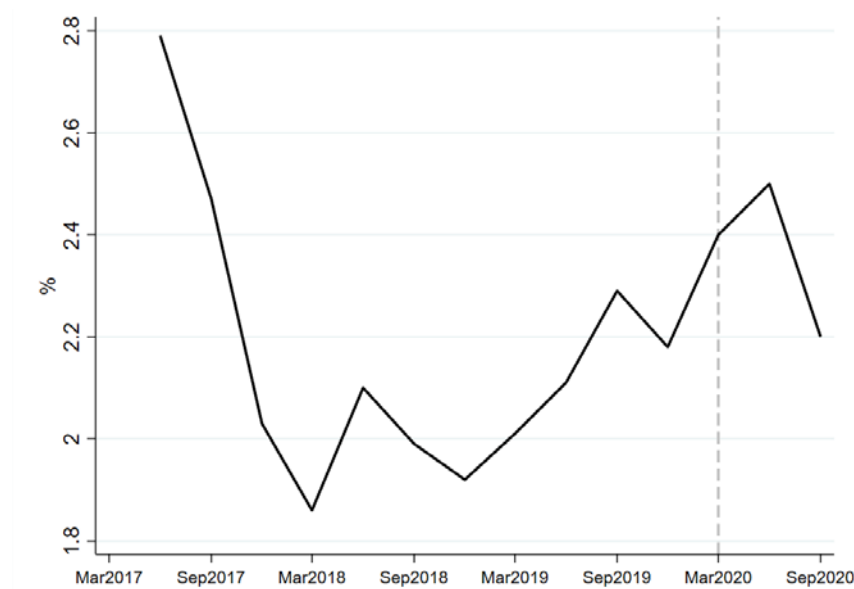


Source: CoreLogic (2020).

The reason behind the strong drop in unit rents in capital cities is due to the characteristics of the higher-density apartment sector. Most of these properties are owned by investors. The freeze in overseas migration has led to a sudden drop in the number of renters requiring accommodation in addition to weaker labour market conditions. Hobart, of course, does not have this kind of unit market; the drop in Hobart rents comes after several years of significant increases, and despite the recent drop, house rents are up 27.2 per cent over the past five years and unit rents are 30.7 per cent higher. The previously strong rental conditions across Hobart were reflected in low supply relative to demand, low levels of new rental stock, and a reduction in permanent rental supply as short-term rentals became popular with investors. The weaker rental conditions do make for a more tenant-friendly market, particularly for those who had been previously finding rental properties hard to access and unaffordable. The effect may be short-lived, however: although Hobart rents remain lower relative to their levels in March, the November data shows a 1 per cent increase in both house and unit rental rates. Greater Hobart continues to be the least affordable capital city in Australia for average-income households (SGS Economics 2020); such a household would pay 31 per cent of their income in rent if renting at the median rate.

Supply in Tasmania is also starting to contract again—although vacancy rates had been increasing throughout mid-2020, reaching 2.5 per cent in June (a figure still indicative of a tight rental market); they have once again started to fall in the last half of 2020, as shown in Figure 13.

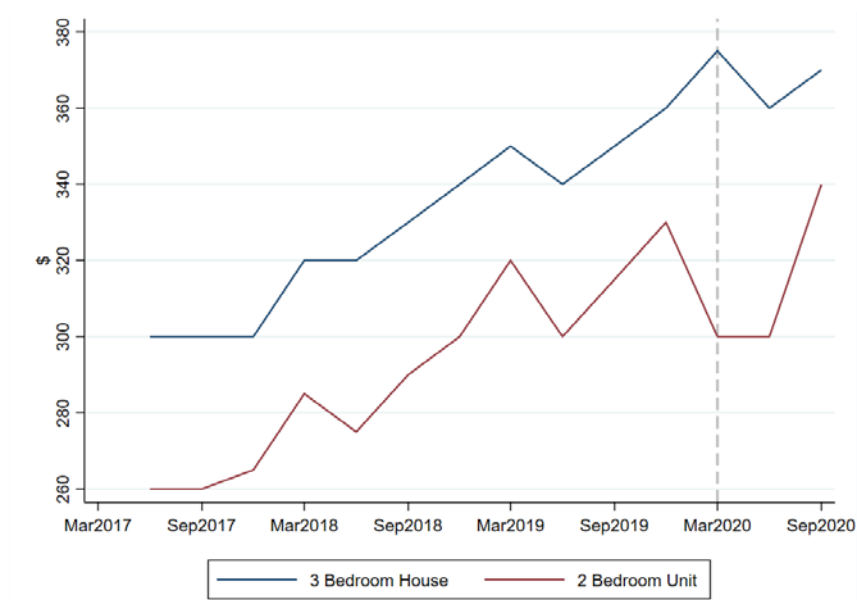
Figure 13: Rental vacancy rates, Tasmania



Source: Authors' calculations from Real Estate of Tasmania (REIT) data.

This period of higher and then lower vacancies coincides with falling and then growing median rents in Tasmania, as shown in Figure 14.

Figure 14: Median rents, Tasmania, selected property types



Source: Authors' calculations from Real Estate of Tasmania (REIT) data.

Rental markets throughout Australia will tighten as state borders re-open and labour market conditions improve. However, capital city markets will be more dependent on the re-opening of international borders, as temporary migrants from overseas comprise a large part of inner-city rental demand.

### 2.3.2 Low-income renters

Modelling by SGS Economics (2020) found that despite the coronavirus supplement, rental affordability for single people on JobSeeker allowance remains severely unaffordable in all metropolitan areas. A single person on JobSeeker would need to pay between 42 and 69 per cent of their income to afford the median rental rate in any capital city area, with the ACT and Greater Sydney being the least affordable of all capital cities, which means these households are likely to be pushed to the outer fringes of cities, where there are fewer employment opportunities. Rental affordability for single pensioners<sup>10</sup> is also alarmingly poor. Living in metropolitan areas (which is where smaller dwellings are generally available) would require 50 per cent or more of the pensioner's income to be spent on rent. Couple pensioner households also generally face unaffordable rents in metropolitan areas, while regional areas remain moderately unaffordable; only regional South Australia offers areas with acceptable rents. Affordability in regional Tasmania has dropped and this location is now categorised as moderately unaffordable. Other groups facing significant affordability pressures included single parents on income support, students who need to live in the inner city to be close to their educational institutions and workers in the tourism industry (SGS Economics 2020).

In Tasmania, a range of policies have been enacted to support renters through COVID-19 (see Box 2 in Section 2.1). The Tasmanian Residential Tenancy Commissioner reports that there had been 1,019 applications for the Rent Relief Fund, covering 1,507 tenants, as of November 2020, and 364 applications for the Rent Relief Extra Support, covering 495 tenants. Of those tenants who applied, almost 70 per cent (1,051) received the Rent Relief Fund, and 95 per cent (471) received the Rent Relief Extra Support. Where applications to the Rent Relief Fund were declined, this was usually because tenants were not experiencing hardship and had more than \$5,000 in savings in their bank account (excluding savings for educational fees and visa applications). In total, \$1,671,809 has been paid out to support tenants and landlords, including \$897,919 in Rent Relief Fund support and \$444,970 in Rent Relief Extra Support.

As shown in Figure 15, the number of households accessing private rental assistance in Tasmania decreased considerably after March 2020, likely as a response to the security provided by the COVID-19 emergency period for residential tenancies (see Box 2 in Section 2.1).

Figure 15: Private Rental Assistance, number of households assisted per month

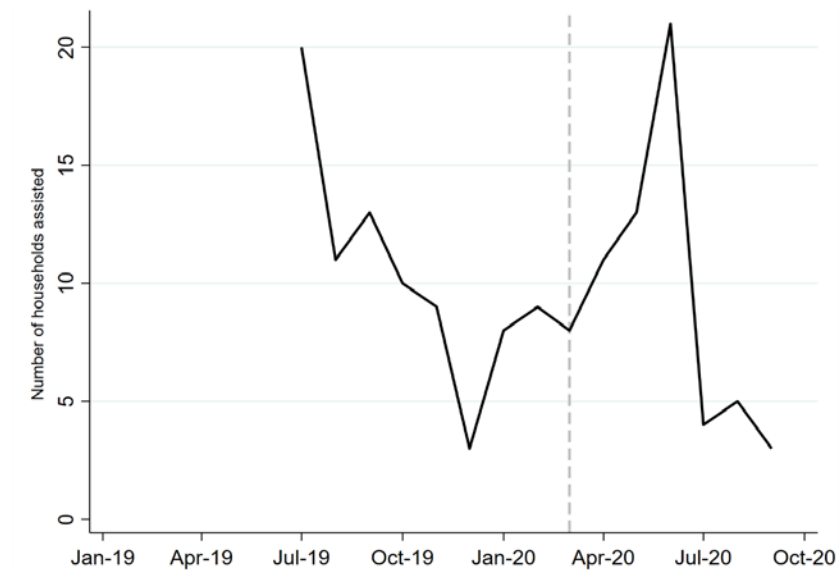


Source: Authors' calculations from data provided by Communities Tasmania, Tasmanian Government. Private Rental Assistance helps eligible people on low incomes to cover the cost of paying their rent, paying a bond or moving costs in the private rental market.

<sup>10</sup> Pensioners were excluded from the coronavirus supplement provided to JobSeeker recipients (although they received one-off support payments). They would, however, have experienced increased utilities costs over the lockdown period, potentially higher health care costs, and potentially reduced access to essential support.

The private rental incentive scheme encourages property owners in Tasmania to make their homes available for affordable rent to low-income households with low or no support needs. As shown in Figure 16, the number of households assisted in Tasmania through the private rental incentive scheme jumped in March 2020, however, after the announcement of the government income support payments as a response to the COVID-19 emergency, the number of assisted households considerably dropped.

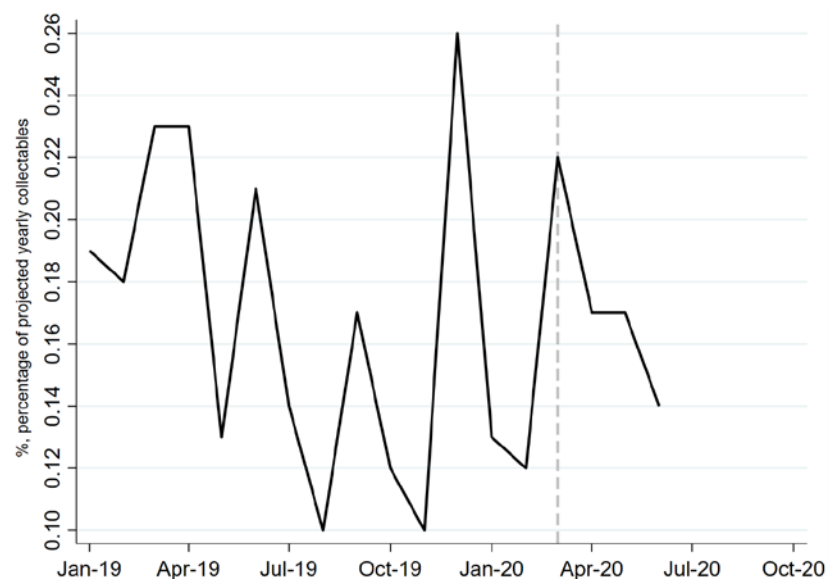
Figure 16: Private Rental Incentive Scheme, number of households assisted per month



Source: Authors' calculations from data provided by Communities Tasmania, Tasmanian Government.

Moreover, early 2020 data shown in Figure 17 indicates that the projected public housing rent arrears have been decreasing since March 2020 in Tasmania.

Figure 17: Public Housing Rent Arrears, as a percentage of projected yearly collectables

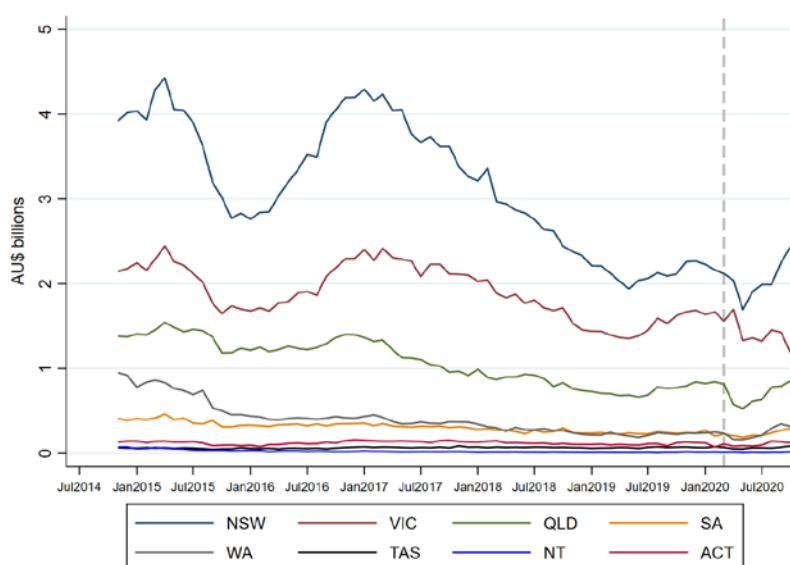


Source: Authors' calculations from data provided by Communities Tasmania, Tasmanian Government.

### 2.3.3 Landlords and investors

The small reductions in rental levels described in Section 2.3.2 have been of benefit to tenants, but have meant reduced returns for investors. Similarly, the increased activity in the home ownership market by owner-occupiers was accompanied by reduced activity by investors. As shown in Figure 18, the total value of housing loan commitments for investors was \$5.29 billion; this is half the value relative to 2015, at the peak of investor activity in the housing market. Investor activity increased 0.3 per cent in the last month of October, representing only a 2.8 per cent annual growth.

Figure 18: Value of new loan commitments for investor housing (seasonally adjusted), by state



Source: Authors' calculations from data obtained from ABS (2020e).

Investor activity has reduced, especially in Melbourne and Sydney, for a range of reasons. Border closures have resulted in reduced migration and thus migration-related demand for housing. The number of vacant rental properties has increased as new dwellings have been completed and some landlords have moved short-term rentals onto the longer-term rental market, particularly in inner city centres and tourist areas.

In Tasmania, weaker rental conditions, particularly in Hobart, together with relatively stable home values, have caused gross rental yields to compress, declining from a 2019 high of 5.3 per cent to 4.7 per cent in August 2020.

Historically, investor demand has been concentrated within the largest capital cities. However, the smaller capitals and regional centres may attract more investment attention in 2021. Research shows that property investors exhibit bias towards the housing markets where they reside, and that those investing in non-metropolitan locations due to affordability invest in inadequate stock, potentially contributing to a lack of suitable housing, poor housing conditions and a lack of affordability for tenants (Dunghi, Wright et al. 2018; Wright and Yanotti 2019).

Landlords have benefited from the policies put in place to support renters (see Box 2 in Section 2.1). Funds provided through the Rent Relief program were paid directly to landlords who were owed arrears. According to the Tasmanian Residential Tenancy Commissioner, by November 2020 there had been 272 applications for the Landlord Support Fund, covering 278 properties and 245 had received support (some landlords withdrew their applications as they had commercial properties or had already received the full \$2,000 from the fund). Over half (56%) of applications were for amounts under \$2,000. The total arrears listed on landlord applications was \$594,588; the Landlord Support Fund covered \$328,919 of these debts leaving \$265,669 outstanding across 113 properties which would imply an average of \$2,351 per property in rent arrears outstanding. Only a small proportion of the applications (6%) to the Landlord Support Fund listed arrears in excess of \$6,000.



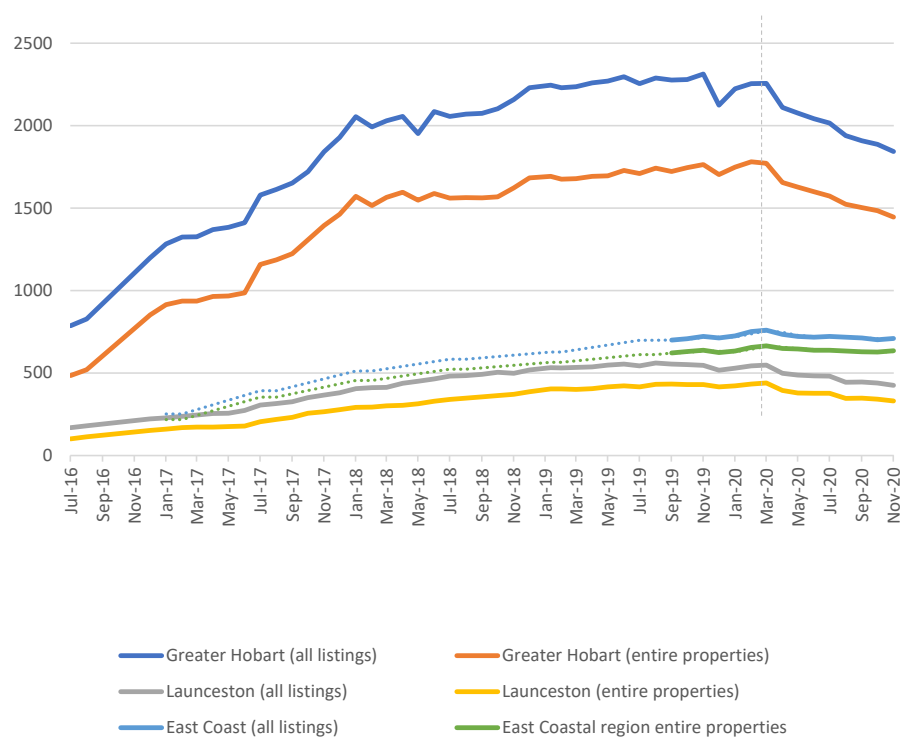
### 2.3.4 Short-stay rental

The short-stay rental sector in Tasmania has been under scrutiny in recent years due to a strong demand for holiday accommodation in popular visitor destinations such as Hobart and Launceston, and key tourist locations such as the East Coast (Eccleston, Verdouw et al. 2018). As is the case in other tourist-intensive regional areas across Australia (Crommelin, Troy et al. 2018), the growth of the short-stay rental market in Tasmania since 2017 has had a significant impact on local housing outcomes, especially due to the localised loss of long-term rentals to the short-stay market. In July 2019, new legislation, *The Short-stay rental Act 2019*, came into effect with the intention to improve data collection and effectively slow the growth of the short-stay market growth by mandating permits for certain classes of property.

#### Listings

The effects of the COVID-19 lockdown from late March 2020 immediately reversed what been a growth trajectory for short-stay rental in Tasmania (see Figure 19).

Figure 19: Short-stay rental listings (Airbnb) by type and location

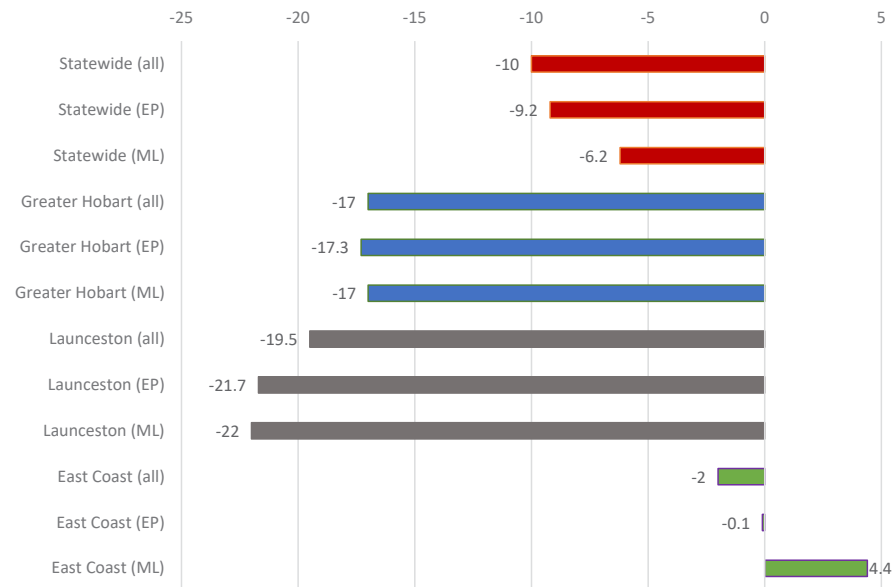


Source: Authors' calculations from data obtained from Inside Airbnb 2021.

Note: The dotted lines (East Coast listings) represents a trendline, due to fewer data points between January 2017 and September 2019.

Figure 20 shows the extent of the change in listings across different regions and property types to November 2020. The greatest decline has occurred in greater Hobart and Launceston, while the picture on the East Coast is more mixed. It is worth noting that despite a statewide fall in listings across 2020, 'multi-listings', which are characteristic of investor activity, have continued to grow slightly as a proportion of all listings statewide, in Launceston and on the East Coast, while remaining relatively stable in Greater Hobart. This indicates that despite COVID-19, there is a continued prevalence of properties listed for investment purposes relative to other listing types across Tasmania.

Figure 20: Short-stay rental listings (Airbnb), percentage change, by type and location



Source: Authors' calculations from data obtained from Inside Airbnb 2021.

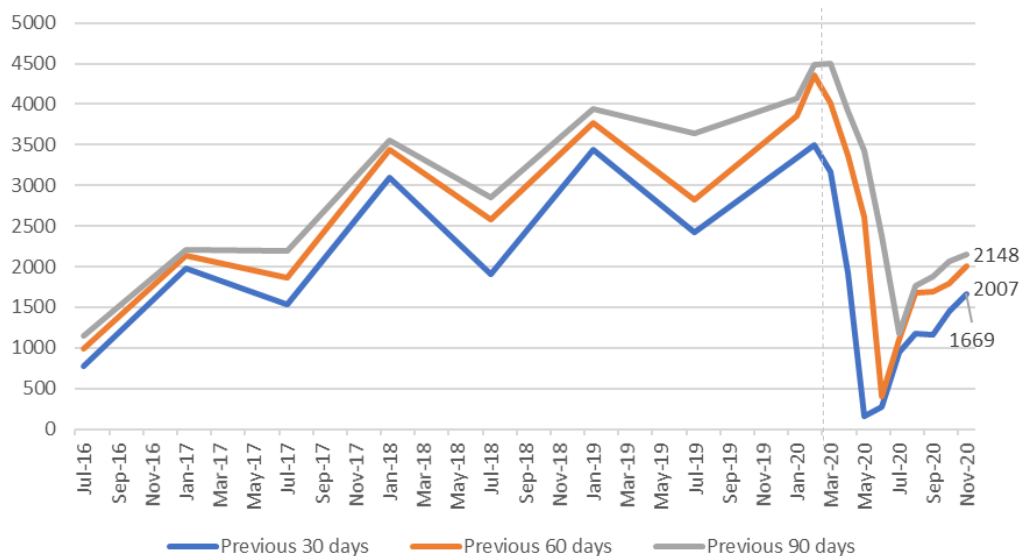
Notes: Multi-listings are defined as listings whose hosts manage more than one SSA property. We have included only entire home listings, increasing the likelihood that these represent investment properties, rather than parts of owner-occupied homes.

Key: all = all listing types, EP = Entire Properties, ML = Multi-listings

### Activity

From the data available, it is difficult to ascertain directly whether properties being listed are being actively used as short-stay rental or are sitting idle. We have therefore used reviews left on the Airbnb website as a proxy for guest bookings. This data illustrates a year-on-year seasonal growth in short-stay rental from 2016 to a peak in early 2020. In March, however, there is a dramatic drop to almost zero reviews, reflecting the almost total cessation of the industry as a result of the lockdown. A slow recovery is evident from June 2020 (see Figure 21).

Figure 21: Last reviews (statewide): 30, 60 and 90 days previous

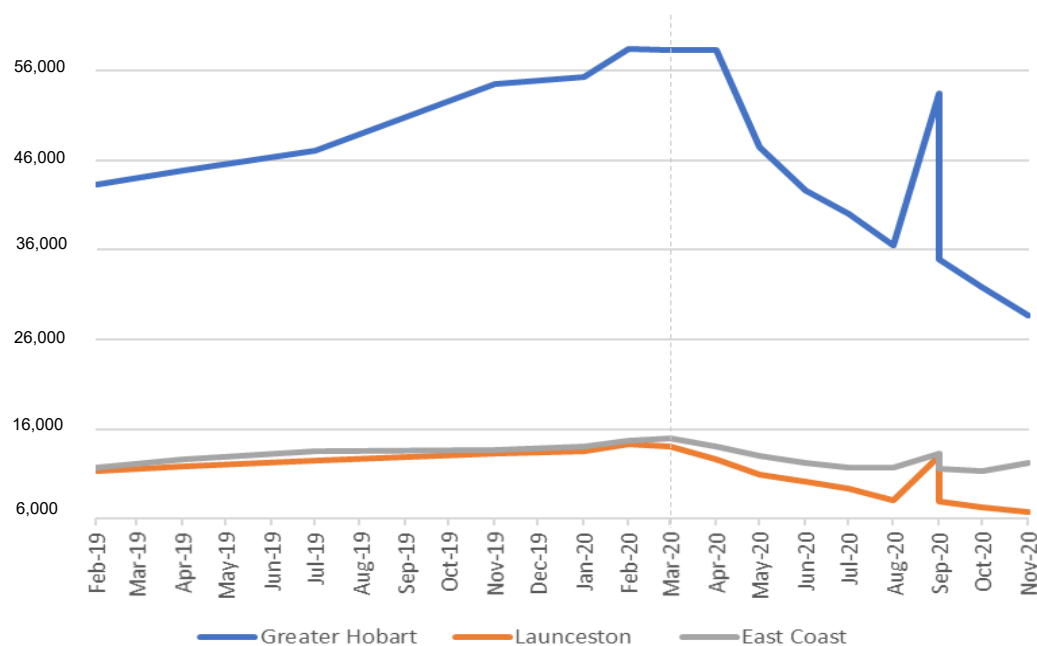


Source: Authors' calculations from data obtained from Inside Airbnb 2021.

'Last review' refers to the listings where a review has been left in the last 30, 60 or 90 days.

In Hobart in particular, where the short-stay rental sector has been strongest, bookings are struggling to rebound. As shown in Figure 22, total review numbers for the last twelve months for entire properties have steadily fallen since March 2020, suggesting a widespread decline in booking numbers, although there are signs of a possible increase on the East Coast.

Figure 22: Total number of reviews submitted in the last twelve months, for entire homes, by location



Note: The September spike is linked to a government voucher program designed to encourage Tasmanians to travel within the state during this period, which coincided with the Tasmanian school holidays.

Source: Authors' calculations from data obtained from Inside Airbnb 2021.

### What are short-stay properties being used for?

The data on listings and activity shown above suggests that there are currently many more listings than there are properties being actively used for short-stay rental. It is likely that some properties are still being listed as short-stay rental, but have in fact been temporarily transferred into the longer-term rental market. Media reports indicate that there was an increase of 536 per cent in the availability of fully-furnished long-term rentals across March 2020 (Bevan 2020). The vast majority of these properties had one bedroom and were advertised at prices in excess of \$400 per week, which suggests that they were primarily short-stay rentals transitioning to the long-term rental market.

Recent analysis by Buckle, Gurran et al. (2020) of the short-stay rental markets in Sydney and Hobart between February to June 2020 suggests that approximately 70 per cent of Hobart properties removed from Airbnb listings during COVID-19 moved into the private rental market. They also found a relatively strong relationship between Airbnb properties moving into the private rental market and decreases in median rents. Our data, which shows continued slight declines in listings into November, suggests that many of the short-stay rentals returned to the private rental market have remained there for now. Whether this will continue when border controls are relaxed and tourism returns to previous levels remains to be seen.

## **2.4 Policy development implications**

COVID-19 and its consequences have significantly weakened economic activity at the state, national and global levels. The results may be significant for regional areas which were already disproportionately disadvantaged in relation to employment opportunities, income, health and housing.

The effects of COVID-19 on housing markets have been less significant than anticipated. Home values have grown in regional areas, with Tasmania experiencing significant price growth in the last 12 months (10.7%), especially in the lower price quartile. Hobart has experienced record growth in home values (6.5%) over the last year, but this has been exceeded by the growth in the rest of the state.

Changing housing preferences are increasing demand, and therefore prices, in regional housing markets. Real estate search activity for regional Australia has grown compared with search activity for capital cities and consumer confidence is again improving, particularly in regional areas.

However, the private rental market remains a point of vulnerability. While rents have eased and vacancy rates increased, especially as some short-term rentals were moved back into the private rental market for a time, these trends appear to be reversing. In the last quarter of 2020, median rents began to grow again, and vacancy rates declined. Emerging research (SGS Economics 2020) also tells us that rent-to-wage ratios remain problematic for median wage earners in Tasmania, especially in greater Hobart, but increasingly so for the rest of the state.

Importantly, growth and confidence in housing markets has been underpinned by a substantial increase in government benefits due to the coronavirus supplement. The higher rates of income support has improved people's living circumstances and poverty rates, particularly in regions where there are higher levels of disadvantage. This will be explored in more depth in Chapter 3.

However, these income supports are also buffering households against current housing market conditions outlined in this chapter. Income supports are being phased out into early 2021, as are housing protections such as rent freezes or moratorium on evictions. Short-stay rentals are predicted to return to the tourist rental market after their short-medium term return to the longer term private rental market. The consequence of these changes will be additional pressures on affordable housing markets and households who rely on them, particularly in the private rental market.

### 3. The importance of income

- As in other regional areas, Tasmanian employment is disproportionately reliant on industries significantly affected by COVID-19, such as the tourism sector. To date, income protections such as JobKeeper and the coronavirus supplement for income support recipients have buffered the effects of job and income losses. However, these protections are starting to taper off.
- Income support payments in Australia are inadequate to protect recipients against poverty. People living in regional areas are more likely to rely on income support as a significant source of income.
- Housing situations for survey respondents and interview participants largely remained unchanged during the pandemic. Housing stability was protected for some households through income support payments, or their ability to access savings and/or superannuation funds.
- Increases in income support have masked levels of poverty in the community; poverty existing due to, and in spite of, COVID-19, which would otherwise have worsened the effects of the pandemic. The winding back of these supports will expose people to housing risk.

The importance of income for housing security has been underscored across all our research findings. In this chapter we examine the impact of COVID-19 on employment in Tasmania, and how government policy responses specifically targeted at protecting incomes are shaping household experiences of the pandemic.

Box 3: Income support policy in Tasmania during COVID-19

The income protection measures introduced in March 2020 have now started to taper off (see Table 1).

Table 1: Income protection payments, Australian Government, \$ per fortnight

	March 2020	28 Sept 2020	4 Jan—28 Mar 2021
JobKeeper payment	\$1,500	\$1,200	\$1,000
	March 2020	25 Sept 2020	1 Jan 2021—31 Mar 2021
JobSeeker supplement	\$550	\$250	\$150

Prior to the pandemic, over a third (35%) of Tasmanian households received the majority of their income from government payments, compared with 24 per cent of Australian households (PESRAC 2020). During the pandemic, there were also significant numbers of people in Tasmania who accessed government payments:

- JobSeeker recipients in Tasmania peaked at 39,857 or 4.9 per cent of the national total. By October this had decreased to 36,481 or 2.4 per cent of the national total (DSS 2020b).
- JobKeeper has remained fairly steady in Tasmania, reaching just over 15,000 recipients in May 2020 and staying at around 15,400 recipients from June to August 2020. This has remained at an approximated 1.6 per cent of the national total (Australian Government, 2020a).

In October 2020, Tasmania's unemployment rate had reached 8.2 per cent and the participation rate of 61.4 per cent was the lowest in Australia. Tasmania's underemployment rate, however, decreased from 14.6 per cent (13.1% nationally) in May to 10.4 per cent (10.4%) in October. Tasmania's youth unemployment rate in September was the highest in Australia at 16.5 per cent, however it fell to 15.9 per cent in October 2020 and was overtaken by Victoria, where youth unemployment was at 18.2 per cent (the Australian average was 15.6%) (ABS 2020f).

The *Tasmania Report 2020* found that the COVID-19 recession has impacted Tasmania's economy more severely than that of any other state or territory despite the fewer COVID-19 cases, with the exception of Victoria. In particular, Tasmanians have found it more difficult to return to work if job loss occurred during the early part of the recession, than people anywhere else in Australia other than Victoria (TCCI 2020). This is supported by ABS payroll data which shows that from the week ending 14 March 2020 to the week ending 31 October 2020, payroll jobs in Tasmania decreased by 4.6 per cent (3% nationally) and total wages decreased by 5.5 per cent (4.3% nationally) (ABS 2020g). Additionally, a high proportion of the Tasmanian workforce is in casual employment: in 2019, 42 per cent of Tasmania's workforce was part-time, compared with 33 per cent nationally (PESRAC 2020).

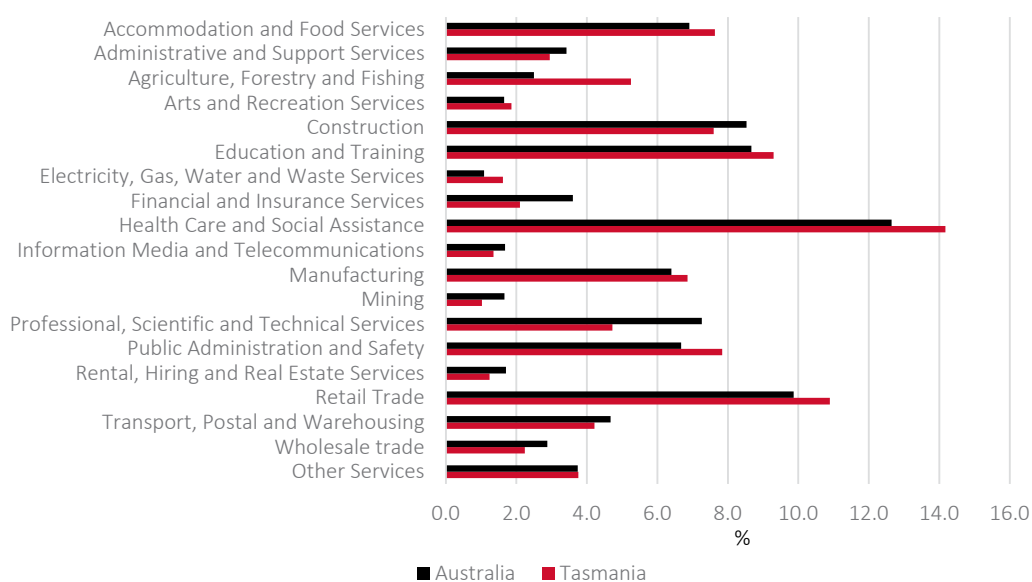
Young Tasmanians in particular have had a difficult experience in regaining, or finding, employment during COVID-19. Between March and May, almost 7,300 young Tasmanians (aged 15–24) lost their jobs, a decline of 18.6 per cent and, since then, only about 3,900 (or 47%) of those young Tasmanians have regained their jobs or found other ones (TCCI 2020; Vespignani and Yanotti 2020).

### 3.1 Employment

The COVID-19 health crisis and the public health measures adopted in response, have created the largest global economic crisis since the Great Depression of the 1930s. The immediate impact on job markets has been severe, and is expected to be sustained. The International Monetary Fund has recently predicted a global economic decline for 5.2 per cent for 2020; and research by Leishman, Ong et al. (2020) similarly suggest that Australian GDP growth in 2021 will be between 4 and 5 per cent lower than 2019. Growth in Australian GDP is expected to decline by around 6.3 per cent this year (RBA 2020c). The number of Australians employed decreased sharply in March 2020 when the majority of Australia's restrictions were first introduced (RBA 2020c). Tasmania has experienced high unemployment rates (see above), expected due to its disproportionate reliance on the tourism and leisure industry, and would have this in common with many Australian regions.

Accommodation (including short-stay rental) and food, and arts and recreation—all industries feeding into the tourism sector—are big contributors to Tasmania's economic growth in normal times. Tasmania's reliance on the tourism and recreation industries has been growing over time (as in some other Australian regions). Rises in GVA for accommodation and food services of 5.6 per cent and arts and recreation services of 6 per cent reflect growth in both discretionary spending by residents and increased tourism activity. By September 2019, Tasmania had a total of 1.32 million international and interstate visitors spending \$2.08 billion in the state (Tourism Tasmania 2019). Retail trade and accommodation and food services are two of the main sectors of employment, accounting for 10.9 per cent and 7.6 per cent of the labour force respectively (ABS 2016b),<sup>11</sup> and, as shown in Figure 23, Tasmania has a higher employment reliance on these sectors relative to Australia as a whole. Combined with arts and recreation services, the proportion of people employed in these industries in Tasmania is a fifth (20.4%) of the Tasmanian labour force.

Figure 23: Employment by industry sector, 2016, Tasmania and Australia



Source: .idCommunity (2016).

<sup>11</sup> Tasmania's biggest employer is the health care and social assistance sector at 14.2%.



Despite the unemployment figures noted above, Tasmania's exposure to job losses in these key sectors, and to the economic consequences, has actually been largely buffered by the income and rental protection measures introduced by the national and state governments since March 2020. Financial institutions also offered borrowers mortgage repayment holidays, following incentives set by the RBA and the banking regulator, the Australian Prudential Regulation Authority (APRA).

The June TTP general survey (TTP1) revealed that 29 per cent of respondents' job situations had changed since 19 March due to the COVID-19 pandemic. For those whose job situation had changed, over half (52%) reported that their household income had decreased a little or a lot.<sup>12</sup> Of those respondents working in the tourism sector, 81 per cent experienced changed job situations; as did 77 per cent of respondents working in arts and recreation services, 73 per cent in accommodation and food services, and 50 per cent of respondents working in health care and social assistance. Household income had decreased a little or a lot for 69 per cent of respondents who worked in tourism, 60 per cent who worked in accommodation and food services and 50 per cent who worked in arts and recreation services—all these are considered particularly vulnerable employment sectors with highly casualised workforces.

The housing survey at the end of June found that those who were the least affected by changes in their employment situation (other than retirees) were those who were employed full-time. Over three-quarters (77%) of full-time workers had not experienced a change in their employment situation compared to 61 per cent of those employed part-time. The situations of casual and self-employed workers were more precarious—70 per cent of casual workers and 60 per cent of self-employed workers had experienced a change in their employment situation. Among casual employees, 30 per cent were working fewer hours, 15 per cent were on JobKeeper and 7 per cent on JobSeeker. For those who were self-employed, these figures were 15 per cent, and 8 per cent respectively. Without the income protection safety nets in place, reduced levels of employment would have had a greater impact on people's income security.

## 3.2 Income support

Loss of employment or income can easily translate into housing stress. Renters may not be able to afford their rent, or have to decrease expenditure on other essentials to be able to cover housing costs. Financial stress may also be generally reflected in higher rates of domestic violence and homelessness. For indebted owner-occupiers, income loss can severely affect mortgage repayments, reflected in increasing mortgage arrears, default and foreclosures (Bergmann 2020).

However, JobKeeper and supplemented income support seem to have acted as a significant buffer for many people against financial and housing hardship. Anglicare Tasmania reports that the new referrals for financial counselling assistance decreased considerably in 2020 relative to 2019, with the largest falls evident after the lockdown period started in March (see Table 2). There was also a drop in calls to the National Debt Helpline, both nationally (by 20.6%) and in Tasmania (by 23.9%). The largest fall in helpline calls was seen also between July and September 2020 (see Table 3).

Table 2: New referrals to financial counselling service (Anglicare Tasmania)

Quarter	2019	2020	Decline (%)
January–March	1,081	797	26%
April–June	975	509	48%
July–September	1,066	438	59%
<b>Total</b>	<b>3,122</b>	<b>1,744</b>	<b>44%</b>

Source: Anglicare Tasmania 2020.

<sup>12</sup> 'A little' and 'a lot' are response categories indicated by respondents to survey questions.

Table 3: Calls to the National Debt Helpline (Tasmania)

Quarter	2019		2020		Decline (%)	
	Tas	National	Tas	National	Tas	National
January–March	1,009	50,083	896	44,160	11 %	12 %
April–June	946	43,393	730	30,771	23 %	29 %
July–September	1,127	35,662	719	27,636	36 %	22.5 %
<b>Total</b>	<b>3,082</b>	<b>129,138</b>	<b>2,345</b>	<b>102,567</b>	<b>24 %</b>	<b>20.5 %</b>

Source: Anglicare Tasmania 2020.

As noted above, in response to the difficult economic conditions, financial institutions have allowed borrowers to defer mortgage repayments and by the end of June 2020, 10 per cent of housing loans were subject to deferral or pause. This figure was the peak, however, and deferrals began expiring in late September and October: as of October, only 3.9 per cent of total outstanding housing loans were on temporary repayment deferral (APRA 2020), with some borrowers deferring repayments for precautionary reasons (RBA 2020d). A four-month extension is possible on a case-by-case basis for borrowers who are not yet able to resume repayments.

The proportion of deferred loans across states and territories was similar, although slightly higher in Victoria reflecting the extended lockdown measures. Deferral rates were highest for borrowers working in industries most affected by the pandemic, such as tourism and retail trade (RBA 2020d). The deferred loans tend to have higher current loan-to-valuation ratios (LTVs) and lower prepayments.

Although APRA data suggests that around one in ten loans recorded full repayments while deferred (APRA 2020), it is likely that the share of loans exiting from deferrals and then beginning to miss payments will increase over coming months. Banks have assessed that about 15 per cent of deferred loans are at greatest risk of not being able to resume repayments when the deferral period ends (RBA 2020d). Some borrowers may be able to restructure their mortgage, but some may need to sell their property to repay it. Banks' asset quality (and balance sheet) is expected to deteriorate further (RBA 2020d). Estimates based on the recent relationship between unemployment and housing loan arrears, while imprecise, suggest that the share of borrowers in arrears could reach around 2 per cent if the unemployment rate reaches 10 per cent, which would double the current rate of housing arrears.

The Australian Taxation Office (ATO) allowed a COVID-19 early release of superannuation for Australian residents adversely financially affected by the health crisis, between 1 July 2020 and 31 December 2020 with a maximum amount allowed to be withdrawn of \$10,000. Around 3 million Australians requested early access to their superannuation. A considerable portion of these withdrawals was directed to paying down debt or building deposits. In addition, the RBA (2020d) reported that household saving rates increased in the June quarter.

### 3.3 Income and home

In this section, we highlight further some of the complex issues that underscore the experience of secure housing and its relationship to income, primarily through survey and interview data.

#### Financial stability

As noted, for most survey and interview participants, housing situations remained largely unchanged during the transition to physical isolation. For example, 92 per cent of survey respondents indicated no change to housing from before COVID-19 to the time of the survey (July 2020) and a similar response was given by 87 per cent of interviewees. However, small proportions of participants in both the survey and the interviews reported some changes to their financial circumstances. Table 4 indicates how financial circumstances changed for some households during the first wave of the pandemic.

Table 4: Financial experiences during COVID-19 (survey and interview data)

	Survey (No = 851)	Interviews (No = 42)
Loss of all or some employment	6.3%	14.3%
JobKeeper or JobSeeker	9.2%	12.0%
No support	1.9%	4.8%
Supported by family	n/a*	9.5%
Financially better off	n/a	4.8%
Looking for employment	n/a	9.5%

\* Question not asked.

Source: Authors.

Data from our housing survey highlighted the importance of the income safety net for respondents: loss of income was a predominant concern of the respondents, with almost a half (48%) concerned or very concerned about their income decreasing over the next 12 months. This concern was followed by savings running out (43%) and not having a job (41%). Renters were the most concerned about their income decreasing (54%), not having a job (49%) and their savings running out (52%).

In September 2020 when the third TTP general survey (TTP3) was run, a third of respondents indicated that they were concerned or very concerned about their financial situation. Renters in particular were concerned, with over half of both private (51%) and social (53%) renters concerned or very concerned, compared to home owners (35% of those paying off a mortgage and 25% of those who owned their home outright). Of the 30 per cent of TTP3 respondents who reported that their household income had decreased a little or a lot since March 2020, a third (33%) were private renters. A third (32%) of social housing renters, by contrast, reported that their income had increased a little or a lot.

Some financial changes were positive for survey respondents and, likewise, some interviewees indicated they were better off financially as a result of the pandemic and able to save more money:

In some senses I feel a bit guilty about this, but I'm actually better off now financially than I would have been otherwise because of my youth allowance payments which has meant that I have a larger disposable income than I would have otherwise. For that same reason I feel very secure in my housing. (participant 26)

Obviously not being able to go out and eat and enjoy and spend time with people and potentially go to events and all sorts of things like that—so from a personal finances perspective we are definitely well in front of where we thought we would be. (participant 32)

This aligns with financial data provided by Anglicare (see Section 3.1.2) showing reductions in referrals to financial counselling programs and in calls to the National Debt Helpline from the state. It is highly likely that at least some of this reduction reflects the relative financial stability provided by increases to government payments such as JobSeeker and/or the availability of the JobKeeper supplement.

### Financial hardship

While most (79%) housing survey respondents reported having had no trouble paying mortgage or rent, 14 per cent of survey respondents did need to adjust their spending to meet housing costs and a further 3 per cent were unable to pay all or part of their mortgage or rent. Of respondents who did need to adjust other spending, 50 per cent were renters, 41 per cent were paying mortgage and 7 per cent owned their homes outright (note that outright home owners may also have housing costs relating to a non-primary residence).

Household spending in TTP3 was more likely to decrease for home owners and more likely to increase for renters. Household spending increased for 18 per cent of respondents and decreased for 45 per cent of respondents.

The survey asked whether people had accessed programs or formal mechanisms to help cover their housing costs, and respondents reported reducing or deferring mortgage or rent payments by negotiation with their lender or mutual agreement with landlord, accessing superannuation and the Tasmanian Government Rent Relief Scheme,<sup>13</sup> Informal strategies include drawing on personal savings, seeking financial assistance from family or friends and cutting spending on other essentials (e.g. food, electricity) to pay for housing costs.

Of those survey respondents who reported that they had trouble paying their rent or mortgage, the main adaptation strategy was to cut spending on other essentials (63%). Other strategies included using personal savings (42%), reducing or deferring mortgage payments (21%), accessing superannuation (17%) and financial assistance from family or friends (15%). The housing survey has indicated that mortgage-holders were more likely to reduce or defer mortgage payments by negotiation with their lender than renters were to reduce or defer rent by mutual agreement with their landlord. This may reflect a greater negotiation capacity among people with mortgages relative to renters; but also the fact that banks received incentives from regulators to re-negotiate loans with their clients, while landlords did not.

Interview participants also reported using a range of strategies to deal with immediate income changes or the prospect of longer-term changes, including drawing on superannuation, dipping into savings, saving additional income or looking for work:

I've had to access some of my superannuation under COVID federal changes and access some of that under hardship just to aid me with rent. (participant 40)

I know a number of jobseekers who are saving that payment like mad because they know that once it goes away they are going to struggle again like they were before. (participant 32)

Income is a bit inconsistent, but so far we are managing and we are living from our savings. (participant 6)

I hope I can find a stable income source so I can improve my living conditions. To find appropriate and affordable housing I need to find more income. If you have income you have security. (participant 1)

I'm not very optimistic about finding a job, because there are so many students who are complaining that they have been looking for jobs and they can't find any. (participant 39)

Other participants were affected by the pandemic but did not receive any financial assistance from the government. These included people on disability support payments and international students:

Yeah, and when I think about it, I'm a disability pensioner that's always trying to find some way of doing some work or being productive. Doesn't that make me a jobseeker so why am I excluded? If I'm a person of particularly high risk under COVID-19 why isn't there an extra level of support to help me deal with the issues that have come out of it? Housing is one of them. (participant 14)

We have no access to those financial aids (JobKeeper, JobSeeker). I don't like it, of course. I would prefer that if the Australian Government would introduce some more support for international students especially given the amount of money we have spent in Australia over the past many years. Other than money, we have also been contributing to the Australian community, so that is why when Scott Morrison said that if you cannot support yourself as an international student you should go home—it was very, very disappointing to hear him say that. (participant 38)

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<sup>13</sup> Not to be confused with Commonwealth Rent Assistance (CRA).

As our discussion paper highlighted (see Verdouw, Yanotti et al. 2020), a broadening of the social security safety net has underpinned relative financial stability for households despite widespread disruptions arising from the pandemic. In regional areas these social supports have been especially important due to lower than average incomes and a higher level of relative disadvantage evident prior to the onset of COVID-19.

In Tasmania and other regional areas, the winding back of income and other protections will mean a return to lower than average incomes—and below poverty-line incomes in the case of income support recipients. Due to the financial pressures of COVID-19, it will also mean that some households will return to low incomes alongside lower levels of household savings, eroding future financial capability or emergency funds. There is also concern that some measures may be currently increasing debt and deferring inability to pay, for example, increased mortgage payments in the future due to compounded interest. Early drawdown on superannuation is likely to have a longer term effect on financial security as people age with decreased money accrued for retirement, particularly for those closer to retirement with already low superannuation savings.

#### 3.4 Policy implications

The importance of income for housing affordability security cannot be underestimated. At a national level, Phillips, Gray et al. (2020) find that government measures in aggregate terms have reduced measures of poverty and housing stress to below pre-COVID-19 levels; the poverty gap has been lowered by 39 per cent and the number of people in poverty decreased by 32 per cent. Similarly Leishman, Ong et al. (2020) have estimated that the number of households living with housing affordability stress would have risen to 1,336,000 (from a 758,000 baseline) without income support provided through JobKeeper and JobSeeker. It is argued, however, that the September policy changes in JobSeeker and JobKeeper have pushed a large number of people back into poverty and increased the poverty gap and measures of housing stress (Phillips, Gray et al. 2020). Further, Leishman, Ong et al. (2020) indicate that as phase two income supports were reduced, 124,000 additional households have been exposed to housing affordability stress (73% of these are private renters), and that into 2021, CRA is not sufficient to buffer the effects of the economic downturn expected for low-income households.

Living in an Australian outer-regional or remote area is associated with a higher probability of becoming poor or remaining poor (Buddelmeyer and Verick 2007). Consequently, regional areas have higher levels of income support reliance due to the increased prevalence of socio-economic disadvantage, deprivation and rates of service exclusion in regional compared with city areas (ABS SEIFA 2018; McLachlan, Gilfillan et al. 2013). Reliance on income support exposes people to risk because in Australia some support payments—especially allowances such as JobSeeker—are paid at below poverty-line levels (ACOSS 2019).<sup>14</sup> Increased risk to income translates into additional risk to regional housing recovery from COVID-19. Just as JobKeeper has masked the true employment effects of COVID-19, so the increases in some income support payments have masked real levels of poverty in the community—poverty existing due to, and in spite of, COVID-19, which would otherwise have worsened the effects of the pandemic.

Protections will also be winding back at a time when key regional industries such as tourism, food and hospitality are still in a difficulty recovery phase and entering the low-season. This may mean reduced employment opportunities. For this reason, government strategies to stimulate employment in local economies and establish strategic and targeted income protection measures for vulnerable groups will both need to be a high priority in underpinning regional housing stability.

<sup>14</sup> ACOSS and UNSW use international standard poverty lines set as a proportion of median income below which people are regarded as living in poverty. They use two poverty lines—50 per cent of median income and 60 per cent of median income, whereby people living below these incomes are regarded as living in poverty.

## 4. Experiencing home

- During COVID-19, private houses were co-opted as critical public health assets through physical distancing requirements and stay-at-home directives.
- Experiences during the pandemic varied by housing tenure. Renters, especially in the private rental market, were more likely to face ongoing employment and housing affordability pressures, especially where it had not been possible to negotiate a rent reduction or deferral with their landlord or receive income support. Some landlords who relied on income from their property investment day-to-day also experienced financial uncertainty.
- Although policies put in place to accommodate rough sleepers worked well, some households were made homeless as a result of the pandemic, and because they managed to find some form of housing, however inadequate, the precarity they experienced seemed to be largely invisible to policy makers.
- For many households, stay-at-home directives meant they had to adapt their housing to accommodate new uses, including working and learning from home. While many people were able to do this successfully, others found their housing less adequate for the purpose and for some people, this brought considerable stress and hardship. Some of the issues include:
  - Access to the technology, particularly internet connectivity, needed for work, study and learn from home was a significant issue for some participants in this research.
  - Some groups of participants reported significant social isolation as a result of COVID-19 due to the inability to visit or be visited by family and friends and restrictions on movement preventing ordinary social interaction for those living alone.
  - Students, especially international students, have been particularly vulnerable to isolation, financial hardship and housing challenges.
- Experiences during COVID-19 have shaken many people's confidence and generated anxiety about future (income, housing, health) wellbeing.

## **4.1 Housing consequences of COVID-19**

This chapter explores how households have experienced the housing-related consequences of COVID-19. As the previous chapter explains, individuals, families and communities have been affected by broader economic, employment and housing changes. However, the meanings of home during COVID-19 have also changed, and the home has, for many households, become a much more significant mediator of lived experience during the pandemic than prior to it.

During COVID-19, private homes have been co-opted as a public health resource. Successful self-isolation and quarantining have depended on access to a safe and secure home environment (Rogers and Power 2020). The extent to which this access has been possible is determined by a range of factors, including pre-existing issues with employment, income, age or health, and new issues arising or exacerbated due to COVID-19, including job loss or financial stress, changes to tenure or health, domestic violence or isolation. As discussed in Chapter 1, these issues may intersect with living in a regional area in ways that shape household capacity to adapt to or cope with change and challenge.

Similarly, Australia's regions must engage with significant global shifts impacting industry trends such as disruptions to workplace technology, communications and transport. Regional areas need to adapt to remain relevant and competitive, and often need to draw on a diverse range of local strengths and advantages to do so because they do not always have the same resilience built by scale as is the case in cities (Smith 2016). A key issue in supporting regional areas in Australia is understanding and responding to localised diversity and difference.

In this chapter, we explore housing-related experiences from a range of different perspectives, drawing primarily on survey and interview data. We have focussed on four aspects of experience: how individuals' tenure within the housing market has shaped their experiences and impacted on circumstances and outcomes for them during the pandemic; the particular vulnerabilities that arise due to homelessness; the changes in home use brought about by lockdown restrictions; and the prospects for life post-COVID-19.

## **4.2 Tenure differences**

The majority of respondents, both to the survey (93%) and in the interviews (86%) reported no major change to their current living arrangements due to COVID-19. Among survey respondents, the least impact was felt by those in public housing, due to the stability in the housing and incomes for many people living on a government pension. Of those who did have a change in living arrangements, a quarter (25%) had family or friends come to live with them, a fifth (20%) moved to live with family or friends, a fifth (20%) broke their lease or it was broken or not renewed by their landlord, 9 per cent had moved to another rental property and 6 per cent now have no permanent address.

Housing tenure is partly shaped by a range of external factors such as legislation, location, and government policy. However, this section draws particular attention to the ways in which housing tenure has been experienced. This experience extends beyond affordability to include ontological security and related factors shaping subjective wellbeing.

### **4.2.1 Renters**

Recent research suggests that people in specific tenures, such as renters, face more risks moving into COVID-19 recovery than others and have experienced higher levels of stress as a result (Baker, Bentley et al. 2020). As Chapter 2 of this report explained, there have been some short-lived changes in the Tasmanian rental market, including rent decreases and increased vacancy rates, but more recent data suggests that rent is again rising and availability is tightening.



### Renter experiences

Across the research participants in our research, 27 per cent of survey respondents, and 38 per cent of interview participants were people living in private, social (public and community housing) and University of Tasmania tenancies. The following provides deeper insights into how some renters experienced housing during COVID-19.

For survey respondents who were renters (paying rent), those renting public housing had no change to their living arrangements while 13 per cent of those renting community housing did have changed living arrangements. Some members of the research Advisory Group reported that a number of community housing tenants moved into private rental during this time, a move likely to be linked to their increased income support. For private renters, 18 per cent had experienced a change in living arrangements.

There were a number of interview participants who had to quickly navigate new or changed rental arrangements to secure appropriate and/or affordable housing during the lockdown.

We asked for a rent reduction when we both lost our jobs, and we were denied. (participant 35)

I wasn't planning on coming back so soon and I couldn't afford to pay [private] rent. I decided to move out and get somebody to take over the lease through the real estate. So thankfully had Mum and some friends here that could help pack everything up and supported me. (participant 17)

National research involving both tenants and landlords found that, in general, stress levels were higher for tenants than for landlords (Oswald, Moore et al. 2020). Another national study found that close to one-third of Australian renters requested (or had planned to request) a rent reduction or deferral due to the impacts of COVID-19. Most (60%) requests were granted, but around a third indicated that their landlord or agent would not negotiate or had not responded to the request (Baker, Bentley et al. 2020: 10).

The same report notes that 3-4 per cent of renters in Tasmania were issued with an eviction notice between March and June 2020, and national data suggests that in all states and territories, around half of tenants who received notices went on to be evicted regardless of state imposed eviction protections (Baker, Bentley et al. 2020: 11).

As noted in Box 2, Section 2.1, the Tasmanian Government issued two rounds of rent relief for private tenants who had experienced housing stress due to COVID-19 and, as noted in Section 2.3.2, rent relief was approved to 1,522 tenants in Tasmania and paid directly to landlords. Renters in our research indicated that the economic impacts of COVID-19 on their tenancies had also been mitigated by alternative income sources such as JobKeeper or the coronavirus supplement, superannuation or savings, or other supports such as eviction moratoriums and rent assistance programs (see Verdouw, Yanotti et al. 2020: 9). However, many renters have felt under financial pressure.

For many of the interviewees who were renting, trends in the Tasmanian rental market have caused considerable unease. A number of renters felt that their current rent was affordable, but that an increase would cause housing stress either related to affordability or availability:

If they decided to put the rent up—depending on how much they put it up—I would have to have a limit of how much I could pay. You know what I mean? So that would be a big thing in where I was able to live. (participant 31)

I do worry a little bit that if our lease were to end that we would be able to find another property because I've noticed online that people are looking for houses and not actually finding them. I've got a few rental groups on Facebook and there always seems to be people who are desperately looking for places and there just aren't any within their price range that they can afford. So seeing that sort of thing definitely makes me concerned when I think about having to look for another house. (participant 29)

Some participants, currently living with family or in social housing or University accommodation, would prefer to rent privately but have found the private rental market inaccessible:

I have looked at trying to get into the private rental market but due to the demand, basically impossible—I don't have an established rental history. (participant 40)

I made a few attempts, just haven't been successful. I tried to move out last year and the year before last year during the holiday seasons, but it's very difficult and I haven't had much success in applying for rent. (participant 38)

With the subsidising that I'm getting I'm paying \$180 a week here. So I'm affording that. But I require a two-bedroom property and that starts at \$250 a week. That's just so unaffordable. And I know about the shortage of social housing and the huge Housing Department waiting lists. (participant 14)

For one tenant, rent is currently unaffordable, but there are no alternatives:

The housing, the rental costs are too much in Tasmania. I can't afford it on my allowance and it is one thing I find it very expensive. It takes almost half of my salary. (participant 39)

For other tenants, renting is far from ideal—in some cases not safe—but an unfortunate future reality:

I even tried to call the police three times a day. I heard him smashing things inside the room and I told myself I need to leave, it's dangerous. One way the pandemic has affected me is that when I escape outside now I'm not sure which place is more safe, my room or outside. (participant 36)

I am expecting to be renting throughout most of my life, because I've become disenfranchised with the idea of owning a house. I would want to live and work in Tasmania but my career prospects in Tasmania are very limited and housing in Tasmania is inflated in its price—and incomes are lower in Tasmania relative to other states in Australia. I feel as though I would achieve more by accepting life as a renter and trying to spend my time advocating for more long-term rent solutions like are present in places like Europe. (participant 26)

These experiences align with emerging research suggesting that private renting is associated with housing vulnerability both prior to and during COVID-19 (Baker, Bentley et al. 2020). The sector is experiencing increasing shortages of supply, and renters are among cohorts facing ongoing and future financial challenges related to the economic and employment effects of the pandemic. This shortage is also associated with a rise in 'informal' or marginal share housing further associated with risk to rental tenures (Buckle, Gurran et al. 2020).

As financial buffers and government protections via income support, additional rent assistance and eviction moratoriums taper off, tenure insecurity will feature as a growing challenge for many renters already living at the edge of affordability. Regional areas experiencing growth due to population movement from city or urban areas (see Chapter 2) may experience increasing pressure in private rental markets as house values rise, rent prices increase and short-stay rental properties are transitioned back to the tourism accommodation market.

### 4.2.2 Landlords and investors

Landlords also experienced challenges during COVID-19 due to the loss of rental income, challenges in paying loans and recouping arrears, and uncertainty around future investment income.

Findings from the survey and landlord take up of government rental relief assistance are reported in Section 2.3.3 of Chapter 2.

For the respondents to our housing survey, the restrictions put in place since March 2019 have affected the flows of income for those who rely on rental yields to service a mortgage or supplement their own income. Just over a fifth (22%) of the housing survey sample owned residential property that was not their usual residence—in two-thirds of these cases, this was just one other property, which suggests that they were typical of the ‘mums and dads’ rental investor profile of Tasmania rather than managers of large investment portfolios. These residential properties were mostly (62%) used for long-term rental and 67 per cent of respondents earned an income from the property.

A subgroup (12%) of respondents who owned residential property (not their usual residence) specified that their residential property was a main source of income. Of these respondents, 38 per cent indicated that this income stream had declined and, of this group, almost a third (32%) indicated that the decrease in rental revenue had resulted in financial hardship or compromised their ability to pay for other costs.

Landlords have felt the burden of emergency measures put in place on behalf of renters, such as rent freezes and eviction moratoriums. These circumstances have decreased incentives for investment, in a market and policy context that heavily relies on private rentals to accommodate low-income households. Despite this, three-quarters of the survey respondents who owned other residential properties still planned to use them in the same way in 12 months’ time—only 9 per cent indicated that they intended to sell the property.

Landlord experience among the interviewees varied. As found in other research (Oswald, Moore et al. 2020), landlords who relied heavily on rental income for day-to-day needs indicated higher levels of financial stress, particularly those who were ‘mum and dad’ investors with only one or two rental properties.

My uncertainty comes from my anxious personality—I guess catastrophising about worst case scenarios, job situations and employment effects from that, paying for my rent. I’ve got a mortgage on another property so I’ve got to make sure that’s maintained and that my tenants don’t leave. (participant 16)

I may have to sell my rental properties if the house prices keep dropping. (participant 9)

For some landlords, property investment is directed towards long-term financial security, and current changes in the rental market have raised longer-term uncertainty around yield and capital return, including considerations on whether or not to divest some property in order to protect other assets.

I try to lease properties on the website which is hard, but I haven’t yet reached the bottom line. One tenant asked to reduce the rent by 20 per cent which is a lot but I had no choice, or you lose your tenant. I worry about this continuing for another two or three years—then maybe I will really struggle and have to sell some property just to protect the important part of the investment. (participant 13)

For others, the landlord/tenant relationship has been ‘business as usual’. In these cases, a stable or good relationship with tenants is a key reason to retain investment properties during COVID-19.

I’ve got a great tenant. He pays the cheapest rent in Australia, I think. If he were to leave I might think about selling it, I don’t know. (participant 23)

My son is renting a house off me and he is quite settled there and happy, and I’m quite happy so we’ll just carry on as we are. (participant 25)

What I did do is I wrote a letter to our tenants and I said if anything changes in your world please let me know and just get a letter from your employer and I’ll reduce the rent. They wrote back to me and said no, we’re all fine, we’re working full-time and we haven’t lost our jobs so we’re okay. But they don’t pay exorbitant rent. I don’t go with the market prices, I go with people living. They haven’t come to us and asked for a reduction either. (participant 28)

However, there is emerging evidence of growing resentment among property owners around the way emergency changes to legislation such as the eviction moratorium came about, and a perceived imbalance between tenants' and landlords' rights. These have been most prominently expressed in public commentary by the newly-established Tasmanian Rental Property Owners' Association (Elliott 2020). One of our interview participants shared these views:

As far as the pandemic, yes the challenge is that they've not enabled me to evict a tenant so it's been a long-running issue with outstanding debts that's getting bigger and bigger. So now it's culminated in the legislation that's passed so that I can't evict her, and the debt's getting larger. I think she probably owes about between \$7,000 and \$9,000. I have no comeback. ... I've got a mortgage on the property so they'll enable us to defer our interest—but it's deferred, not withdrawn so it'll just get larger and that's not what I'm interested in. (participant 20)

While COVID-19 did not expose landlords to the same types of housing and financial vulnerability as renters, the Tasmanian Government, in common with those in other states, relies heavily on the private rental market to provide affordable housing to a large proportion of low-income households—arguably reliance on the private rental market has enabled longstanding under-investment in the public housing system, for example. It is therefore important to avoid changes in private landlords' long-term risk mitigation strategies that would be to the detriment of lower income renters who have no other realistic alternatives.

### 4.2.3 Home owners

Home owners in the survey and interview data constitute a tenured group usually considered more stable and with fewer challenges than people in other tenures, particularly where the home is owned outright. Owner occupier participants often voiced feeling 'fortunate' or 'lucky' that they had a mortgage (or have paid off the mortgage) as this gave them a level of housing security during the pandemic:

We were still paying the mortgage throughout the COVID-19 crisis so we were fortunate enough that we didn't actually have to seek mortgage relief or anything around that during COVID-19. (participant 12)

For others, longer term budgeting and planning was now bearing fruit in hard times:

No, but we didn't need support, to be honest. Because we own our own property, we've got a large food garden, before COVID we deliberately set ourselves up to be more resilient to any problems by having a small mortgage. (participant 02)

I bought a house that was very much within my budget. One that I could manage as my circumstances change so if my financial situation got worse I would still be able to cover repayments and living expenses. (participant 16)

However, some home owners did experience hardship during the lockdown, particularly through loss of income. Of 30 per cent of TTP3 respondents who reported that their household income had decreased a little or a lot since March 2020, 31 per cent were home owners who owned outright and 29 per cent were home owners with a mortgage.

Some interview participants reported having to access alternative income sources such as superannuation to continue mortgage payments. Some reduced other spending. Others said that they were putting alternative financial options in place to mitigate any possible negative housing outcomes still possible from the longer-term consequences of the pandemic:

My husband and I are fearful for our jobs. We've started saving a bit more. Although we own our own house we've started putting money aside just in case we lose a job. (participant 2)

We have a very small mortgage so that just in case things happen we can still pay it. It's not stretched like some people have to and so we've made sure that we can still pay the mortgage if there's only one income. I mean [partner's] income dropped quite significantly over COVID and we're not paying as much off of our house as we'd normally pay. He had access to two lots of \$10,000 with super so that's helped make up the difference in his pay. (participant 10)

### 4.3 Homelessness

During the height of the pandemic restrictions, the Tasmanian Government allocated additional funding to support people experiencing homeless and housing stress. This included uncapping brokerage funding for emergency accommodation in hotels and motels for people experiencing homelessness and the expansion of the Safe Night Space for rough sleepers in the south of the state to round-the-clock operation, and to two additional locations in the north and north west. While these measures were regarded as successful with indicators showing less demand for housing and homelessness services during the lockdown, the Tasmanian Government has acknowledged that this 'may change as income support measures and other response measures are discontinued and subject to economic conditions', in turn 'lead[ing] to increased homelessness and housing stress' (Tasmanian Government 2020: 17).

#### 4.3.1 Youth homelessness

Colony 47's *The Real Youth Survival Report* (2020) reports on a recent survey of 66 young people (aged 14–24) engaged in its 'Transition to Work' program. The findings highlight the prevalence of homelessness for some young people in Tasmania. At the time of the survey, 13.5 per cent of respondents were living in temporary housing, 45 per cent had experienced or were experiencing homelessness, and nearly 38 per cent felt at risk of becoming homeless. For 17 per cent of respondents, domestic violence was the primary reason for becoming homeless in the past, and 30 per cent of respondents said that in future, the most likely reason for becoming homeless would be unaffordable rent. More than 20 per cent currently lived in housing that felt uncomfortable, unhealthy, or unsafe. For more than 60 per cent, their current housing had a negative impact on mental health (47%) or was the main reason for ongoing mental health challenges (13%).

Recent research on the impact of COVID-19 on unaccompanied homeless children found that existing vulnerabilities for this group worsened during the pandemic (Robinson 2020). Changed housing conditions included young people needing to find longer-term accommodation and therefore returning to unsafe contexts; housing no longer being available for couch-surfing and subsequent increases in presentations to emergency shelters and Safe Night Space; and over-crowding which posed heightened health risk to occupants. In addition, some specialist homelessness service reduced bed numbers due to distancing requirements; and due to not being considered an 'essential' service, therapeutic support for young people in housing risk was largely unavailable during the phase of heightened restrictions. This meant some services had to turn children away, increasing risk of longer-term housing instability, disengagement and support for young people at risk (Robinson 2020).

Our study did not focus on young people, and in fact our survey and interview respondents were more representative of middle age to older cohorts than young people. Despite this, our interviews raised issues related to young people and housing precarity. Some of the few young people interviewed had serious concerns about their ability to access affordable housing in the future:

The younger generation has many things going for it—we're not a totally forgotten and abused group—but I feel that in terms of housing we are left out. We are a vulnerable group in terms of housing, and priority should be given to them just for the sake of equality. Young people have been excluded from the housing market. (participant 26)

Parents were similarly concerned about the future housing of their children, particularly in the face of fewer, increasingly casualised employment opportunities. Interviewees who had accommodated their children to prevent them becoming homeless were particularly concerned:

My daughter is on JobKeeper, but her job will not come back. She's living at our place because she cannot afford anywhere else. She is getting approximately \$1,000 a month which is not enough to live. (participant 6)

I'm hoping that something will change so that my children can afford somewhere to live. I know some of my children's friends have had to move to more intense housing, more of them in a house to be able to afford the rent. COVID has really writ large the problems that already existed and exacerbated them. (participant 2)

My son doesn't have a house and I would like him to. With his current uncertain employment as a result of COVID-19, that seems further away rather than closer. (participant 3)

### 4.3.2 'Housed but homeless'

There were survey and interview participants for whom the transition into lockdown was particularly difficult. One per cent (n=7) of survey respondents indicated that they had no permanent address prior to March 2020 and three more respondents had lost their housing since. At least three interview participants were also precariously or inappropriately housed during the lockdown, and these circumstances translated into months of often inappropriate and unstable living arrangements, such as being forced to leave home because a busy family home presented a risk too great to an adult with a vulnerable health condition; living through a Tasmanian winter in a small caravan; returning to the parental home as an adult to afford housing costs; hosting a homeless person in a very small bedsit for three months; or staying for months instead of one week with friends in difficult circumstances. These cases highlight that having a roof over one's head does not exclude a person from homelessness.<sup>15</sup>

I mean they're living in a caravan in the middle of winter. It's a lovely caravan but it's a caravan and it's small and it's dark and it's not ideal and they're in their 50s and 60s. (participant 10)

I'd only decided in October to come to Tasmania and I only knew two people who I came to stay with. Then COVID came and everything fell over. I was stranded here by myself, stuck with my friends for five months until I found somewhere else more suitable to live. I didn't know anyone except them; locked down there and I didn't meet any new people. I felt completely stymied, really hurt and quite frightened. I was cut-off from my whole family. I couldn't find a place to live, everything was falling through, the world had changed. (participant 34)

The services that were trying to help me via email and text and all that sort of stuff had managed to organise motel accommodation for me and so I was six weeks dealing with COVID problems living in a motel room by myself before this facility that I'm in now was provided. I'm very concerned about the future of both COVID-19 and where I'm even going to be accommodated in 12 months. (participant 14)

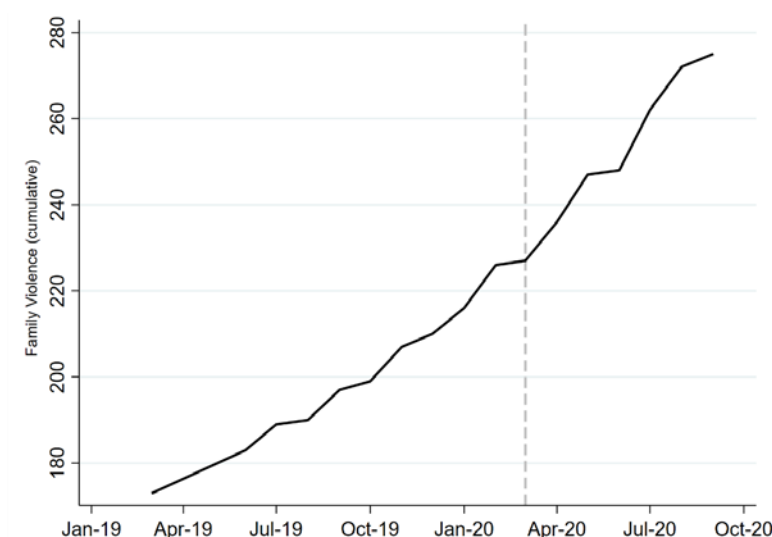
I live in a bedsit. It doesn't have one bedroom, it's a module. I let someone from the backpackers stay at the time that COVID was beginning for three months, March, April, and May. Virtually this is one room, then because I'm stationary studying and with another person on the other side of the room—I think it is 6 x 12 or something. So we decided just to sit in the same spot. Trapped, like a mouse in a maze. (participant 04)

<sup>15</sup> The ABS defines homelessness as occurring when a person has no housing alternatives and their current living arrangement is in a dwelling that is inadequate, has no security of tenure, and does not allow for control or access to space for social relations (ABS 2012).

While the government response to homelessness in Tasmania was effective in housing rough sleepers, this and other research indicates that for some people, COVID-19 disrupted housing security in ways not always picked up or addressed in formal policy responses. In these cases, lockdown experiences were defined by secondary forms of homelessness, including temporary, makeshift and inappropriate accommodation arrangements, often without access to appropriate supports. This is concerning, particularly in relation to unaccompanied children where there are specific challenges across each step of identifying, tracking and locating them and engaging, responding to and supporting them in relation to their particular needs (Robinson 2020).

Emergency accommodation support was made available during COVID-19 restrictions as discussed in Box 2, Section 2.1. Communities Tasmania data shows that the number of rapid rehousing for cases of reported family violence has been increasing since 2019 as shown in Figure 24, peaking in May and July 2020.

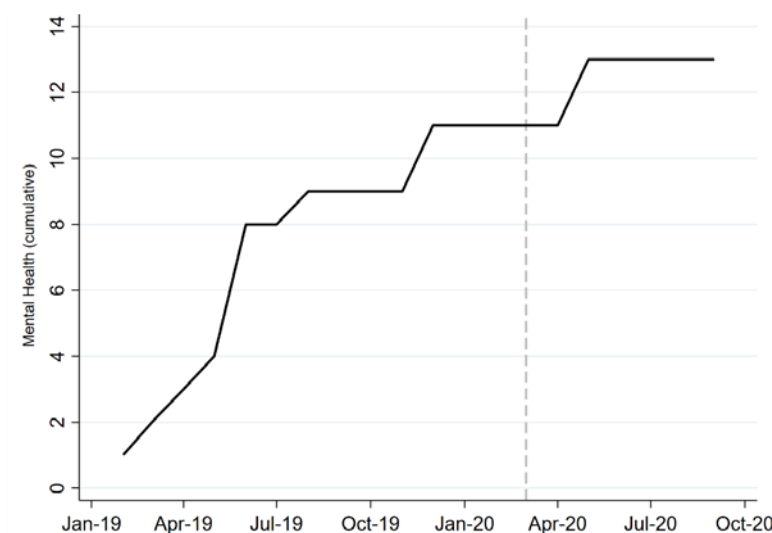
Figure 24: Private rental rapid rehousing for family violence cases (cumulative)



Source: Communities Tasmania, Tasmanian Government.

Rapid rehousing for mental health cases have also increased since March 2020 as shown in Figure 25, numbers peaking in April–May 2020.

Figure 25: Private rental rapid rehousing for mental health cases, cumulative



Source: Communities Tasmania, Tasmanian Government.



## 4.4 #StayAtHome

Home is—or should be—a safe haven of retreat and personal safety. COVID-19 has particularly highlighted the importance of home for both public and personal health and wellbeing. The ability to isolate from other people and stay home has been the first and most important line of protection for people worldwide during the pandemic. In Australia, federal and state government responses to the pandemic included travel restrictions and physical distancing and hygiene measures, including specific requests and directions to people to stay at home to reduce the prevalence of the virus in the community. In Tasmania, these restrictions were in place by late March and eased during June. Most people—with the exception of essential frontline workers such as cleaners, health professionals or teachers—experienced some time in home isolation.

This section of the report investigates the changing experiences and uses of home during this period, with a particular focus on regional implications.

### 4.4.1 Adequacy of home

For some people, COVID-19 significantly changed the way they lived their lives. Activities that they normally conducted outside their home—work, education or volunteering, social engagements, physical exercise, shopping, and entertainment—now had to be conducted almost entirely within or near it. For others, the shift was not nearly so marked because their lives were already very much confined to their home environment due to disability or illness, age or low disposable income. Others were not able to stay at home because they had jobs that could not be done at home or had caring responsibilities that meant they had to go out. Despite this wide range of experiences, most people would have seen some differences that required adjustments in how internal spaces were configured, changes to social rhythms and routines of home-making and the introduction of new or additional technologies in order to work or undertake education from home. For many, there were aspects of this which did not work well.

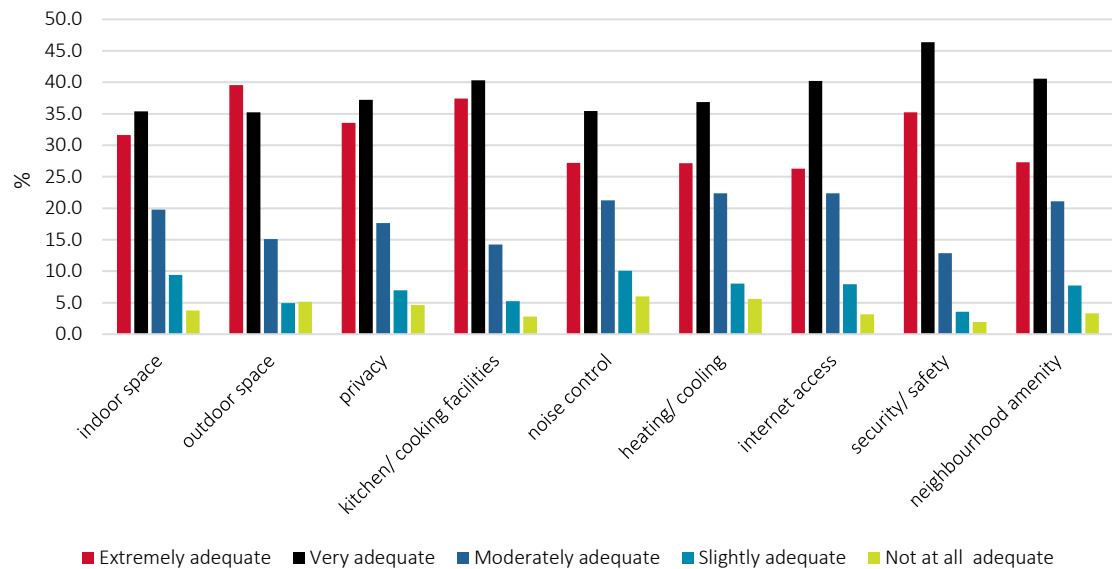
The survey included specific questions about the appropriateness, adequacy and/or adaptability of respondents' housing. From March to June 2020, most housing survey respondents reported that their homes had been adaptable to their needs (56% very or extremely adaptable and 30% moderately adaptable). This aligns with our wider data indicating that the majority of Tasmanians have found their housing circumstances to be adequate during the pandemic (although it is important to note it would have been influenced by the characteristics of the sample, which was biased toward home owners). However, in light of the changes they had made to the way they had used their home during the pandemic, 16 per cent of respondents said they would consider moving location for better access to amenities, services or support and 25 per cent would consider moving into a different type of home, for example, to one that was bigger or more adaptable. This reflects the prevalence of changes in housing preferences discussed in Chapter 2.

Renters were more likely to indicate they would move for better access to amenities, services or support (51% of those who would move) or move into a different type of home (e.g. bigger, more adaptable) (44% of those who would move). This is not surprising given that renters are less likely to have the option to adapt their current home. Renters may also perceive a move to be a more realistic option as, unlike home owners, they are not locked into mortgage payments. However, different types of renters indicated different motivations for moving and, in particular, this highlighted that renting in the private rental market via a real estate agent is less adequate than other types of renting, such as with a private landlord, or social housing:

- Private renters renting via a real estate agent were the most likely group of renters (38% of all renters) to consider moving into a different type of home, followed by those renting through a private landlord or community housing (both 19%) and public housing (17%).
- Similarly private renters renting via a real estate agent were the most likely (34% of all renters) to consider moving for better access to amenities, services or support, followed by those renting through a private landlord (24%), community housing (21%) and public housing (15%).
- Social housing tenants were happier with their home and where they live than those renting privately.

Over 60 per cent of the survey respondents reported that their home was very or extremely adequate. The aspects that people reported were the least adequate (i.e. slightly or not at all adequate) were noise control (16%), heating and cooling (14%), indoor space (number or type of rooms) (13%) and privacy (12%) (see Figure 26).

Figure 26: Adequacy of home by different aspects of home (all survey respondents)

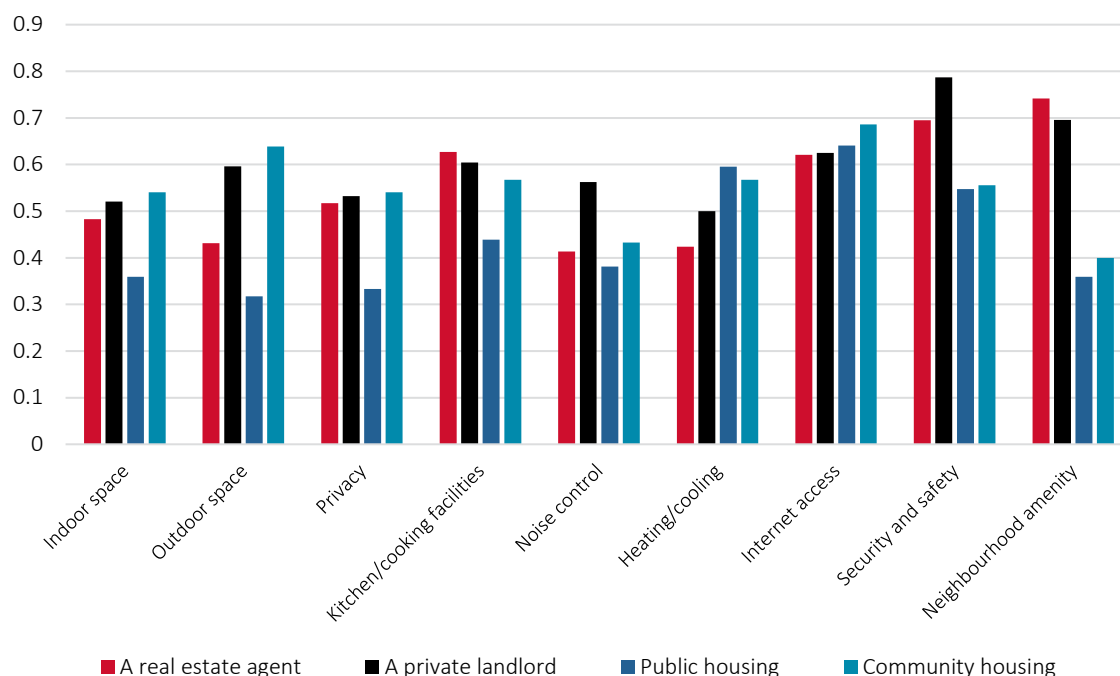


Source: Authors.

Those respondents who owned their home outright or with a mortgage were most likely to report that their home was very or extremely adequate for all categories except indoor space (number or type of rooms) and noise control (48% and 43% respectively). At least half the renters also found their home to be very or extremely adequate. Differences emerge between renter types however. Overall, respondents renting via a private landlord reported higher levels of housing adequacy across categories and public housing tenants the lowest (see Figure 27). Differences include:

- Those renting from a real estate agent or private landlord indicated the highest levels of adequacy, including security and safety and neighbourhood amenity. Renters from private landlords also indicated the highest adequacy of noise control (56% very or extremely adequate).
- Renters from private landlords and community housing found their outdoor space to be most adequate.
- Public and community housing tenants found their heating/cooling source or type to be more adequate than other renters.
- Public housing tenants viewed noise control as least adequate (48% slightly or not at all adequate). Public housing renters also rated the adequacy of their indoor (number/type of rooms) and outdoor space and their privacy as lower relative to all other renters.

Figure 27: Proportion of renters reporting home was very or extremely adequate across different aspects of home, by rental type



Source: Authors.

#### 4.4.2 Experiences of home

The interviews allowed for a deeper exploration of how participants managed any changes in the use of their homes due to COVID-19, including why particular aspects did or did not work well.

##### Working from home

The shift to working in a home 'office' was a significant change for some households. In some cases, two or more adults were with little notice required to shift to working or studying from home, and for at least six weeks during April and May (in Tasmania) the majority of school students were also required to undertake learning from home.

Some interview participants enjoyed the transition and found new or unexpected freedoms in working from home, particularly in increased work focus or productivity, reduced travel times or the ability to be more present and available for children:

I like working from home. I'm much more productive. I can organise my day by myself, I'm not in an office with 10 other people so it's quiet and I can concentrate and focus. (participant 25)

It's great, it's fabulous. It saves me two hours' travelling a day, so yeah, everything's fine, it's great. (participant 20)

Well I can be home for my kids when they get home, I can be home for my kids when they leave. I don't have to drive, find a park then catch a bus and then do the same on the way home so I'm saving about an hour-and-a-half, two hours a day in travelling which I've found very, very nice to be able to do at home. (participant 30)

Others had a more mixed response, identifying both good and bad aspects to working from home:

I would have to say there are advantages and disadvantages working from home. I miss my colleagues and those corridor conversations that everyone is talking about because we do work quite collaboratively and so I'm aware that I'm spending a lot more time in front of a computer than I normally would. I'm spending more time in the car than I would like to because my son is at school and that's the big disadvantage for me. But there have been some positives too, I'm in the living room with the fire lit on cold days and it's nice to not have to think about lunch first thing in the morning and all of those kinds of things. (participant 33)

There were some participants for whom the transition was not at all beneficial. This had to do with a range of factors, from the quality of their home space not being suitable for work to the distraction of constant interruptions.

I didn't like working from home at all. My unit I don't feel is very conducive to working or being in for an extended period of time: the internal lighting is a dull light; there's not a good stream of outside lighting—it's a concrete wall outside. I've just got a dining table with dining chairs so it's fine for dinner, but not for an extended period of time working all day. Initially my internet wasn't really suitable for working from home as well so that presented challenges which work helped me overcome. (participant 16)

I was intending to use this house as a base for me to sleep and eat and study, but COVID-19 has caused me to have to consolidate myself as living my entire life on this property. (participant 26)

I hated working from home. Awful! I was constantly interrupted. (participant 18)

### Family life

Configuring a home environment into one that had the space and privacy to support productive work was a particular challenge for families, especially in smaller homes originally designed for living (not working), and all the more when young children were part of the equation. Unintended uses of physical spaces were observed, and the social challenges of having family life in close proximity was a significant difficulty for some.

My children were sent home from school and I was sent home to work while COVID was going on. Our lounge became the study for my children and then I ended up running an extension cord to actually work in the shed so that I had an office space as well. I had to have heating so it increased my power bill because usually we have a solar-passive house so we don't use a lot of electricity but it increased substantially over that time. Space-wise it maxed out our whole lounge area, which just was non-existent—it just all became one big office so that was difficult. (participant 28)

My eldest was at college and she was kept home sooner than the other ones because she does have an immune problem. She went a bit stir-crazy quite quickly and was a bit problematic. I suppose the lacking of things the family would normally do put us all in too much proximity of each other all the time, you could see the stress happening with everybody. (participant 14)

### Technology

Another key factor in the changed use of home was the need to integrate new or upgraded technology into home life. In some cases, employers paid for these costs, but not in all cases. In some regional areas, adequate internet connection speeds were not available and a source of cost and frustration for householders.

The NBN connection is problematic so it's limited what I can actually do as somebody who's into IT. I just don't know what to do about that. (participant 14)

We've had to spend a lot more on the internet. We're remote so we run off our phones. The wireless NBN does not cut it with the speed that we need for online learning so we've just had to spend more on our phone data. (participant 2)

Zoom is a substitute for not having face-to-face interaction but not necessarily a very good one, particularly since the internet I've got at home is pretty poor which meant that it kept dropping out. (participant 3)

The internet is not so good, it is very, very unstable. There's no way to solve it. (participant 1)

Connectivity, costs, and access were key issues for most interview participants, including retirees, who regularly used technology to keep in touch with family and loved ones.

All I have to do now is walk up into the study and I'm talking to people. That has made things much easier—I'm regularly interacting with people from all over the state and in fact all over the mainland quite comfortably and easily using Zoom. (participant 8)

### Lifestyle and living regionally

Home isolation was accompanied by various home-focussed recreational activities to pass time. Two activities in particular were noted: regular exercise such as walking locally, walking the dog or going for a run, and spending time in the garden.

I've felt the value of a vegetable garden that can feed us in any circumstances. I have to choose between living near my work or living near my food and COVID has made me see the value of living near my food. Food is more important. (participant 2)

I think I see more value in being able to grow our own vegies and I see more value in having a backyard within town. I see more value in really knowing who our neighbours are and we've really rallied around with our neighbours to work out how we can work together to make each other's lives bearable; not just survive but thrive. So we were sharing tools. (participant 35)

Yeah, just going for walks by myself. It's been challenging, things like playing a game of squash or a game of golf and unable to do that so just had to find alternatives. I must admit I have stuck a bit of weight on over the last few months. (participant 40)

The effect of living regionally wasn't specifically addressed in interviews, but some participants drew attention to it. For some, the benefits of living away from urban life was experienced as a benefit during COVID-19:

Our house has got a lovely perspective over the water so in many ways we've got the best of two worlds. When we've got work in the city we have that stimulation but we come home to a very quiet place. We've got a huge beach so all the good things which are free. We met a lot of people walking on the beach during COVID-19. (participant 22)

For others, living regionally meant isolation from health services, which was particularly problematic for those with disabilities or other health issues (see Section 3.5.1 for more on living with disability):

COVID-19's changed my feeling about how far away from services I'd like to be. It's made me feel—I suppose a lot of services not being there. It's made me feel just how important it is to be close to those services. (participant 14)

### Social isolation

A key issue for many interview participants arising from the experience of staying home were challenges associated with social isolation. This was particularly acute for people living alone, including international students with limited local social networks.

I don't have access to any of my friends beyond online so the difficulty that I've been experiencing over the last three or four months has been that sense of isolation. (participant 26)

It was just the isolation of it all. I've only got a couple of friends down here and of course we were told to stay at home and one of my closest friends is 89 so I didn't want to put her like in a threatening position. (participant 31)

Living alone, I'm lonely, basically. I wish I had more social contacts and I've been trying to reach out. It's been hard to find activities or do some of the things that are suggested to you to do when you've got mental health issues and you're living alone; like finding the activities, making social connections to join groups. It's just so all mucked about under COVID-19. (participant 14)

The isolation I felt very much—I was getting a bit of cabin fever in the suburbs. (participant 12)

I've been in a bubble. (participant 41)

For some participants, their usual interstate or local visits to see loved ones were in hiatus and this was experienced as a difficulty:

Not being able to see family has probably been the most difficult thing in the last three or four months. Two of my children live in Western Australia and one lives in Adelaide so we were unable to see them. I also have an elderly mother and I was unable to go down and see her in Hobart—that was really difficult because she was actually quite ill at the time. (participant 27)

Yeah, it's been awful because I haven't seen my husband. He used to come home every fortnight and I would go to Melbourne or we would travel to Brisbane or visit our daughters together; it was fantastic. I've only seen him once since March. Of course I haven't seen my daughters either. (participant 23)

### Student experiences

National data on international student numbers indicates that Australia-wide there are both fewer international student enrolments in universities and fewer international students studying from within Australia (Hurley 2020). Data provided for this research by the University of Tasmania shows that, as of November 2020, applications by international students to live in university accommodation in 2021 are so far well below average numbers at the same time of year since 2018. In Hobart, applications for 2021 are currently equivalent to just 57 per cent of applications at the same time in 2019, and only 50 per cent in Launceston and Burnie.

Students have been vulnerable throughout COVID-19 for a number of reasons. First, they are generally on low incomes, and may rely on government payments such as JobSeeker.<sup>16</sup> For some, these payments were supplemented through the pandemic. For others, notably international students, there was no Australian Government support available if they lost their job, and those who did not return to their country of origin were financially supported only through employment, smaller amounts of state government-funded support programs such as emergency food or rent relief if they had it, or support from family overseas. In this study, we interviewed nine University of Tasmania students, five of whom were international students.

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<sup>16</sup> International students are not eligible for JobKeeper payments.

Due to COVID-19 I lost my job. I tried to find an alternative source of income and fortunately I found one, but I think I'm very lucky, I do have some savings but I believe that there are some international students totally isolated and without any help from the government. I didn't get any support from the government, not at all. (participant 15).

Low student income also means finding secure and affordable housing is often a challenge for students living away from home.

The reason I am renting out of [town] with my sister is because I didn't anticipate I could afford any other housing as someone who was trying to give their full focus to study. I don't feel particularly secure in the property market. (participant 26)

Students can also be vulnerable because many move away from home to study, and due to their distance from family and social networks, can be socially isolated. Students living in University of Tasmania accommodation were separated physically during the pandemic with no sharing of accommodation allowed, and some students had very little or no social interaction during that period. While most students said that university staff had done a good job keeping students informed and connected online, they also indicated that online learning was not an ideal substitute for face-to-face interaction or learning.

Yes, I felt lonely with nobody to talk to. You couldn't get out of your room. If necessary you could get out but no-one would meet you face-to-face or in person. So I found some TV shows and call my friends to tell them I'm safe, I'm okay, I'm not falling into depression. (participant 37)

I admit I've been at times struggling with motivation or inspiration, I suppose, in my studies because unlike the other three years that I've spent studying at University I've had extremely limited access to other students to actually bounce ideas off or just to pick up ideas from out or just some kind of miasma of the mind. For that reason, sometimes for weeks on end, I've only been operating from my own intuition. (participant 26)

A number of international students suggested that finding affordable housing outside of university accommodation services, or even employment, is made harder due to real estate and employer discrimination against non-Australians. This discrimination was heightened during the pandemic.

I have had difficulties finding a stable job in hospitality in the last few years. It's like a vicious cycle of sorts. I do think that me being a foreigner has something to do with it. There's a sentiment among the employers in the hospitality industry that someone who looks more typically Australian they will find as better candidate. There is definitely a kind of discrimination. (participant 38)

Most Chinese students, we live in student accommodation because it's hard to rent a room outside [of university] with a property agent because we are students and because there is stereotyping (discrimination). (participant 36)

International students remain significant contributors to the tertiary education sector, wider economy, and communities. Understanding and responding to their experiences of employment, housing and support during COVID-19 is important if Australia is to attract further students back into our regional areas to assist in broader economic and social recovery.

## 4.5 Return to normal?

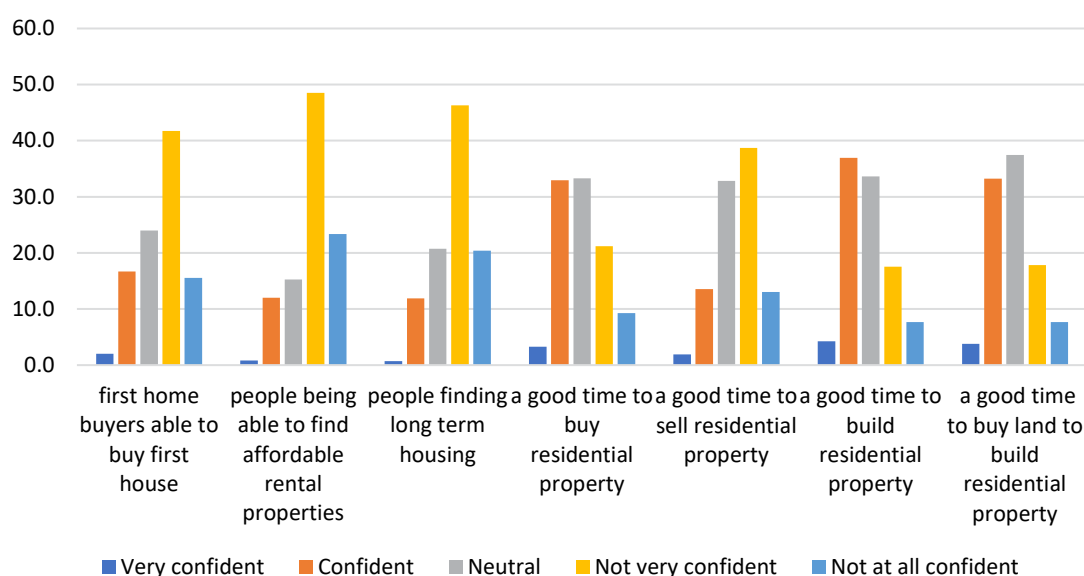
The variation in how survey and interview participants coped with the COVID-19 lockdown and the changes still in place since that lockdown ended must be understood in the context of pre-existing vulnerabilities, the changes brought by employment or income loss, and the range of policy interventions intersecting with these including support payments and movement restrictions, and the types of tenures people live in. Recent national research on the ranges of household experiences and responses to the pandemic found that housing as sanctuary played a significant role in mediating the impact of COVID-19 and shaping capability towards or away from resilience or vulnerability (Pierce, Hope et al. 2020). The following section highlights how Tasmanians have related their housing experiences during COVID-19 with expectations around their own housing futures.

### 4.5.1 Confidence in the future

Our survey asked specific questions about respondent confidence in both the housing market and their own finances. In relation to their own financial situation, respondents were least confident about buying a first house or investment property, finding an affordable rental property or paying higher rent and accessing the HomeBuilder grant. Some respondents were more confident about paying down debt (28%), saving money (25%) and increasing their mortgage repayments (25%).

When asked about their confidence in the housing market (see Figure 28), respondents were least confident about the availability of affordable rental properties (49%), the ability to find long-term housing (46%), first home ownership (42%) and selling residential property (39%). Respondents were more confident about the time being right to buy housing (33%) or residential land (33%), or build new housing (37%).

Figure 28: Survey respondents' confidence in the housing market



Source: Authors.

Some of the interview participants indicated significant concern about the future. Some of those concerns have been discussed earlier in this report (e.g. young people's anxiety about their own housing futures and the concerns felt by international students). But a broader uncertainty related to housing existed across a wider range of participants.

I think my biggest concern would be if my real estate agent wasn't wanting to renew the lease at the end of the year. And I would say that my confidence around owning a house in the future has taken a big hit due to COVID-19. I am quite uncertain about the future. (participant 29)



The pressure and the stress impacts my wellbeing and health. I cannot sleep, which affects my health. I haven't been well for months and months, and the stress is really bad for my health. I don't know how you can relieve that—it used to be with working and going away on holidays, but now I'm just stuck in this environment. You see the news, it makes me more stressed and I panic and worry. I don't know how to fix that. (participant 13)

I'm going to have to work more towards my housing security now. I'm going to have to put more plans in place about income and about strategy because I have no housing security. Because I'm homeless, with the most basic level of provision tied to my Centrelink income, to my welfare. I'm homeless. I have no savings, I have no assets and family support or relationship support so I am homeless and I am housed and COVID plays into that uncertainty. (participant 14)

For young people, as well as anxiety about housing, there was also considerable uncertainty related to finding employment. Among this group, there was a strong sense that the pandemic had reduced their chances of finding meaningful work into the future.

That's another big problem. At the beginning of the year I tried to find a part-time job or casual job and I think I can do anything, but I didn't find work. If I still cannot find a job next year I will go to some other states. (participant 36)

I haven't been able to get a job. I'm not sure if I will be able to get a job after I finished my PhD. (participant 39)

I need to work harder than other people, to present myself as better than other job candidates, but if that's what I have to go through I suppose I'll give it a try. (participant 38)

The impact of COVID-19 on employment, income and housing experiences may have emotional and mental health impacts on households far more lasting than pandemic-related restrictions. How to re-build confidence, and raise capability and resilience, particularly among younger people, will be a key challenge for government and communities.

### 4.5.2 Health

For many people in Tasmania, the directive to stay at home was time-limited. However, people with ongoing health vulnerabilities, including older and disabled people, have a different perspective on how the pandemic is still impacting on them and their futures. For many of these people, staying at home was (and is) not only to protect population health, but to protect themselves due to their own increased risk of serious illness or death should they contract COVID-19. The immediacy and urgency of this need also shaped their perceptions about physical distancing and what 'normal' may look like in the future for them.

Home, along with physical distancing, is a significant layer of protection for those physically vulnerable to the virus. However, the need for ongoing medical and mental health support and difficulties in accessing this created a range of challenges.

For example, one participant's inability to self-isolate adequately in a busy family home precipitated homelessness and a continuing unmet need for housing appropriate to his disability:

One of the supports that would have been appropriate to me—but problematic being somebody with an unusual medical condition—is support from NDIS for accommodation, a form of housing with specific things to do with my health. That's the support that I need. It makes me feel very vulnerable that the next place might not even be as suitable as this one so that unknown is a huge thing. (participant 14)

Consequences of a health care system in crisis led to ongoing, unresolved problems for another participant who had been discharged from hospital early, even though a longer stay in hospital would have been appropriate. As a very elderly person living alone and still seven months later largely confined to bed, this person was sent home early in the pandemic with little follow-up care:

It all happened so quickly [after my operation]—they were clearing out the Royal due to COVID-19, and clearing out St John's so they could take people from the Royal. They said 'we think you can cope at home' and that was it. I couldn't walk. I haven't seen anybody since. I thought at first well I'll work on this and I'll get it to improve but it hasn't. So that's it. (participant 42)

People with heightened sensitivity around their exposure to the pandemic due to complex health issues or disability had to make choices about reducing supports in and outside the home, or changing practices in the home in order for home to remain 'safe':

We used to have a cleaning person come in, we had to stop that because of concern of the risk of infection for [my wife]. We avoid taxis for infection control so we don't go out socially anymore and her many medical appointments have been moved to telehealth. We do online shopping and I've been wiping down all of the grocery items with methylated spirits before bringing them into the house. That takes maybe 30 minutes to do that. (participant 8)

I generally get those antiseptic wipes and go from the front door all the way through to the kitchen and wipe things down like having all the support workers in and things like that of a night-time I was wiping back through. (participant 41)

For some, this preparedness is part of the new 'normal', including the ability to respond to crisis and move between work and home quickly.

Yes, I'm going to go back two days a week from next week, but I've got an autoimmune condition so if COVID comes back at all locally then I'm back to working from home again. Fortunately I have that extra room and I've turned that into a much more permanent office. (participant 25)

For one physically vulnerable participant, the irony of the general population learning to live with the specific limitations they experienced daily was not lost:

I was lucky in a way that I already had things in place. I already had Woollies shopping deliveries in place, I already had my medicine being delivered. I think there's been a little bit more awareness about how people with disabilities live and what our needs are. For once being on a pension was a benefit, that my income was regular and it stayed and people could see that it wasn't a bad thing. Yeah, so I thought that was a nice flip, I think the stigma might be removed. I hope that it's removed. (participant 41)

Advisory Group members anecdotally indicated that with the exclusion of disability support pensioners from income supplements early in the pandemic, some recipients chose to shift to the JobSeeker pension in order to receive the income supplements, despite the limited lifespan of the supplement and the loss of eligibility and need to reapply for the pension later. This participant highlights the complicated and long-term impacts of COVID-19 for people with ongoing health problems:

I'm a person of particularly high risk under COVID-19, so why isn't there an extra level of support to help me deal with the issues that have come out of it? There's an operation that I'm supposed to have—I think that's going to be a long way down the track now—and I think I'll end up having complications because of it not being done. COVID-19 has changed my perspective of how important access to medical services are. I have a particular problem even staying in a hospital so they generally try to keep me at home and I suppose that makes me think how important my home environment actually is to me. (Participant 14)

### 4.6 Policy development implications

Physical distancing—mediated through housing—became one of the most significant protective strategies used by governments against COVID-19. Many people in Tasmania adapted well to staying at home, including changing their use of home to include work or study or to accommodate additional people. The capacity for people to adapt depended heavily on safety nets such as owning their home and retaining employment or income capacity (or, where these were reduced or fell away, having access to savings, superannuation or government supports such as JobKeeper and supplemented income support payments).

Adaptation to COVID-19 was more challenging where people had existing or new vulnerabilities. The overexposure of people in regional areas to disadvantage means that people in these areas may have experienced greater challenges in managing the immediate and longer-term consequences of the pandemic. Our research found the requirement to stay at home was a challenge for the following groups in particular:<sup>17</sup>

- renters
- homeless young people
- people with inadequate incomes or other resources
- people living in small houses, usually with families, which were not suited to adaptations required to work or learn from home
- workers or students with inadequate access to technology due to location or cost
- international students
- people with pre-existing health problems, disability or mental health issues.

Importantly, these groups are not mutually exclusive but overlap, meaning some people were dealing with intersecting and compounding disadvantages and vulnerabilities. The importance of housing to public health in a pandemic and its recovery should now be more fully understood. A future wave of the virus, not to mention the chance of future pandemics, remains a real possibility. Enhancing people's capacity to adapt to stay-at-home directives in the future will entail addressing underlying vulnerabilities and mitigating the risks of exposure to new ones.

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<sup>17</sup> Note that these categories are not mutually exclusive. Some renters, for example, also had inadequate incomes.

## 5. Regional recovery: policy risks and roles

- Our Research Advisory Group assisted in contextualising and interpreting data as it emerged, and in identifying recovery policy risks relevant to regional areas.
- The private rental market is emerging as a key point of vulnerability in the housing market, especially for tenants who also face precarity due to job or income loss, and/or poor health.
- There is a risk that landlords, who have resented emergency changes to residential tenancy legislation, may shape future investment strategies that exclude renting to lower income tenants due to a perceived risk to their rental revenue.
- There is a current insufficient supply of social and affordable housing in Tasmania. If regional housing markets continue to experience increased tightening in rental markets, there is a real policy risk that when income supports end, it may be a trigger for housing stress or financial crisis among young people, people who are underemployed, or students.
- Governments can help reduce anxiety in the frontline sector and everyday Australians about what happens when income and housing protections end. This can be achieved by Australian Government leadership and cooperation with states and local governments, clarification of recovery roles and responsibilities, and in particular for regional areas, coordinating responses that are targeted to place-based housing needs, existing resources, and building local capacity.

## 5.1 Thinking about recovery

Discussions with housing service providers, peak bodies and industry groups through the research Advisory Group have been invaluable to this research. The unprecedented nature of much that has occurred during 2020 means that the future is difficult to predict. It is not yet clear if housing market conditions represent a continuation or a break from historic patterns: as recent work has pointed out, it is often hard to make sense of crisis data when inside the crisis (Baker and Daniel 2020). In this context, drawing on the experiences of a broad range of stakeholders has been one way to contextualise the research and policy implications of the data more effectively.

To date, reports on housing policy responses to the pandemic have highlighted the relative effectiveness of income protection measures in supporting housing security (e.g. NHFIC 2020c; Leishman, Ong et al. 2020; Verdouw, Yanotti et al. 2020). For example, it is estimated that nationally, JobKeeper and the coronavirus supplement to JobSeeker reduced the incidents of housing affordability stress considerably (Leishman, Ong et al. 2020). However, these broad indicators need to be understood in context. This research has sought to understand how policy responses to COVID-19 have intersected with household experiences in a regional setting.

In this chapter, we highlight the insights of our Advisory Group. They assist in drawing attention to some policy risks that arise in a regional context and the importance of designing a recovery policy that is based on a clear understanding of the roles and responsibilities of different levels of government.

### Box 4: Tasmania in a federal context

Regional economies are more interdependent than those of large cities and significant economic shocks may be felt more acutely in people's day-to-day lives and livelihoods due to the smaller population bases. One of the strengths of the emergency management framework that has guided the response to COVID-19 in Australia was the coordination across levels of government (CEFA 2020). This has enabled a degree of cooperation and integration in meeting urgent needs and delivering 'on the ground' responses. Very high levels of interagency cooperation, including data sharing and resource coordination were evident.

**Federalism**—the distribution of power between the Australian (or Commonwealth or Federal) government, and the governments of the Australian states and territories—has been a central part of this response (CEFA 2020).

A key issue relevant to federalism and its fiscal imbalances is that different states, territories and regions have different circumstances and needs (Menzies 2020). During the COVID-19 emergency, a National Cabinet, including leaders of all Australian jurisdictions, has acted as the primary decision-making body. The National Cabinet structure has allowed for negotiation and compromise between states and the development of consensus decisions in a fast-moving policy environment.

However, the Australian response has also been marked by differences between jurisdictions. For example, the New South Wales and Victorian governments pushed ahead with Stage 3 restrictions<sup>18</sup> in March ahead of a reluctant national government, and were followed closely by the other states and territories. This has been credited with effectively stopping COVID-19 from spreading throughout Australia (CEFA 2020) and also established the direction taken by the National Cabinet. More remote communities have also activated border controls to assist in controlling the spread of the virus. For example, due to the high health risks associated with COVID-19 for Indigenous Australians, all essential travel to remote communities in the Northern Territory was cancelled in March, and Tasmania has been able to use its 'moat' by restricting travel to the state by air and sea.

<sup>18</sup> Australian COVID-19 restrictions have been organised into four 'stages', with Stage 1 being the least restrictive and Stage 4 the most.

According to Smith (2020):

Australia's federation has historically reflected the geographic and economic diversity of the country, and in this emergency we have shown that a complex federal system can effectively manage a crisis by creating a nationally co-ordinated response with strong and responsive flexibility at a regional and local level.

Australia's vertical fiscal imbalance has a particular effect on housing outcomes because housing provision is primarily a state responsibility, but the funding required to deliver this is beyond the capacity of state-based revenue sources. The Australian Government provides CRA for private renters and community housing tenants and funding through the National Housing and Homelessness Agreement for social housing and homelessness services, but funding levels are inadequate to meet need (Lawson, Pawson et al. 2018). The chronic shortfall in funding is felt especially in regional areas, which may be overlooked due to efforts to ration funding to areas of perceived greatest need or greatest political pressure.

Addressing recovery in regional areas is the responsibility of both the Australian and state governments. The Tasmanian Premier's Economic and Social Recovery Advisory Council's interim report on Tasmania's pathway to a COVID-19 recovery recommends that the state government should implement a regionally-based model for coordinating the recovery journey (PESRAC 2020). This is important, but recovery efforts must also be addressed in line with recognition of the national importance of achieving good regional Australia outcomes, including efforts to coordinate the support of improved social and economic outcomes through all three levels of government (RDA 2020).

### 5.2 Policy risks

A regional model for recovery requires specific attention to place. COVID-19 has exposed housing policy risks that must be addressed in their regional context. These risks existed well before the pandemic, but the crisis has exposed these fault-lines as the deeper fractures that they are. Serious and sustained attention is needed to prevent permanent destabilisation of housing affordability in Australia. Some of the significant and systemic flaws exposed during COVID-19 include the growing number of people who are homeless or in rental stress in Australia; the shrinking stock of social housing relative to population; the steady increase in housing-related debt; and the extent to which our housing system is vulnerable to external shocks (Pawson and Mares 2020).

The threat of COVID-19 itself may well dissipate during 2021–22, but its effects on the rental market or unemployment rates may persist well beyond this point. Some key points of risk in Australia's current housing policy landscape, as identified by members of this study's Advisory Group, are discussed below.<sup>19</sup>

<sup>19</sup> The issues discussed here are reflective of broad, though not universal, agreement among Advisory Group members, unless otherwise stated. Issues identified by the Advisory Group and included in this report do not constitute position statements. The authors acknowledge the diversity of opinion within the Advisory Group.

### Renter vulnerability

The private rental market was identified prior to COVID-19 as a flawed part of Australia's housing system (Pawson and Mares 2020), and renters have been exposed to increased levels of risk as a result of the crisis (Oswald, Moore et al. 2020; Ong and Leishman 2020). Advisory group members, particularly those working as social housing providers, noted that significant numbers of clients presenting to Housing Connect<sup>20</sup> were directed back into the private rental market for housing solutions, not public or community housing. As a cohort in the housing market, renters are structurally disadvantaged, primarily because of their general lack of housing and other wealth. Research (Ong and Leishman 2020) shows that renters are more likely than non-renters to:

- be unemployed or in casual employment
- struggle to pay for rent, mortgage and utility bills in a timely way
- have less capacity to raise emergency funds when needed, and
- report poorer physical and mental health.

In the wake of COVID-19, the clear policy risk (also identified by the Advisory Group) is that renters—with their increased vulnerability to job loss, insecure work, and health problems during the crisis—will continue to be disadvantaged in regaining their economic footing in the housing and job markets. The growing inequality between those with and without housing wealth is a source of significant housing precarity and established policies have been inadequate in addressing their needs prior to COVID-19. The triple precarity this group faces in terms of employment, housing and health is a significant social and economic risk to federal and state governments going forward.

### The landlord-tenant relationship

There is a growing resentment among some landlords in relation to the emergency changes to residential tenancy legislation enacted by governments in March 2020. In Tasmania, these protections included a prohibition on rent increases, a ban on property inspections, and an eviction moratorium; all were to remain in place until 31 January 2021. Advisory Group members noted that some landlords had expressed dissatisfaction with the means by which these protections were imposed, and especially with the lack of any timely mechanism to have problems with arrears addressed through the courts. These landlords were concerned that their exposure to investment risk due to arrears is increasingly untenable, and that they have become in effect de facto social housing providers.

Private investors are an important component of the broader housing market. Under current levels of social housing investment, Tasmania, along with the rest of Australia, needs a viable and robust private rental market, with adequate, affordable supply especially at the low-cost end of the market. Housing support providers report that their objectives to assist people to find housing is still primarily achieved by placing them into the private rental market. This highlights the significance of this market segment for people experiencing housing stress, insecurity and homelessness. National data highlights that close to 50,000 households facing high housing cost burdens are investors which is a concern given the dependence of low-income tenants on private rental investments remaining viable (Leishman, Ong et al. 2020).

Advisory Group members noted the specific risk to government that landlords may shape future risk mitigation strategies in ways that further exclude renting to lower income tenants because they perceive these groups to present a greater risk to rental revenue. Although this research found most people with residential property investments intended to continue with the use they were already making of those investments, some landlords may choose to sell their investments or convert them to short-stay rental rather than remain in the market.

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<sup>20</sup> Tasmania's housing and support services 'front door'.

### An inadequate social housing safety net

Advisory Group members noted the recently announced Victorian Government investment of a significant social and affordable housing construction program, including \$5.3 billion to construct more than 12,000 new homes throughout metro and regional Victoria (Premier of Victoria, 2020). This investment is expected to increase Victoria's social housing supply by 10 per cent in four years by delivering 9,300 new social housing homes. A further 2,900 new affordable and low-cost homes are to be built to help low-to-moderate income earners live closer to where they work (Premier of Victoria 2020).<sup>21</sup> A quarter of the funding is to be allocated to regional Victoria.

The key findings of this report include the vulnerability of renters in the Tasmanian housing market. Advisory Group members noted at various times that there is presently an unsustainable over-reliance on the private rental market to house increasing numbers of people in need of affordable housing. This over-reliance is not unique to Tasmania but common throughout Australia. The Advisory Group also noted that ensuring adequate private rental supply is important, but that the vulnerabilities in this section of the housing market indicate that current investment in social housing—in regions and cities—is insufficient to deliver new supply quickly enough to meet current need, let alone future demand (see Lawson, Pawson et al. 2018 for evidence of this).

Our research highlights that housing demand in regional areas was increasing prior to COVID-19 due to inward migration and growth in international student numbers. As noted by the Advisory Group, there are now signs that, in the wake of COVID-19, greater migration from urban areas into regional locations due to changing preferences and the view that regional areas are safer than cities, will put more pressure on regional housing markets. Any new housing stock arising from the HomeBuilder stimulus is unlikely to be directed at the affordable end of the market. Depending on the focus of their constituents, Advisory Group members noted that in this environment, housing risk is heightened for some groups, including young people, students, and people in casualised employment, due to continuing high rates of unemployment and underemployment.

Advisory Group members were especially concerned that the financial and economic impact of COVID-19 on households, coupled with the growing uncertainty faced by people related to looming reductions in government income support, will have adverse implications in 2021. Whether the end of JobKeeper and the return of JobSeeker to pre-pandemic rates represents a 'cliff' or just a steep incline, the concern that the end of these supports will be a trigger for housing stress, financial crisis and homelessness is significant and deeply felt, especially within frontline services.

In light of this significant level of risk, the absence of a robust and responsive social housing system is indicative of housing system failure. The policy risk is well known. Research pre-dating COVID-19 has called for significant capital investment into new social housing stock at levels far exceeding current commitments at both federal and state levels (Lawson, Denham et al. 2019; Martin 2020).

### 5.3 Roles and responsibilities

The onset of COVID-19 led to quickly enacted emergency legislation and a series of rapid policy decisions on income, support and housing measures as the crisis evolved. Changes have been swift and in many cases effective, and this was noted by the Advisory Group (also see Mason, Moran et al. 2020). However, the group also stressed that ongoing policy adjustments that taper off and end these supports will continue to be a source of uncertainty for Australians.

Governments can assist in generating certainty. In a federal context, no one level of government has the capacity to address every aspect of COVID-19 recovery, nor will they have equal influence in the recovery process. Therefore clarity in relation to roles and responsibilities are needed to ensure a coordinated response across all levels of government.

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<sup>21</sup> It should be noted that this program is also criticised for not investing in direct public housing to Victorians (see Kelly, Porter et al. 2020).



Tasmania offers an interesting case study on this point because although this research primarily treats Tasmania as regional, it is also a state. This means that the state government is more closely involved in regionally-specific issues than might be the case in other parts of Australia.

To date the different components of the COVID-19 response have reflected the established distribution of responsibilities across levels of government. The Australian Government has had responsibility for income support, state governments have had responsibility for housing support services and tenancy legislation, and local governments have managed planning responses to new construction. However, Australia's vertical fiscal imbalance means that the financial capacity to resolve the housing crisis lies largely with the Australian Government which has continued to divest its housing responsibilities onto the states and territories.

The COVID-19 experience has clearly demonstrated that governments can prioritise greater equality of access to the four basic foundations of social and economic health and wellbeing: health care, secure housing, adequate income, and education. Advisory Group members in particular stressed the point that secure housing does prevent a wide range of other intersecting health, economic and social issues from negatively impacting on the lives of people who access public services. There is broad agreement that governments can find the resources necessary for substantial investments in social security. Investment in social housing would be productive, lasting investment in vital social infrastructure. There is a substantial research base outlining the scale and shape this investment would need to have to deliver the best outcome for governments, communities and individuals (Lawson, Denham et al. 2019; Rowley, Crowe et al. 2020).

While this investment needs to come about through Australian Government leadership, state and local government input is needed to tailor investment to local and regional needs. Advisory Group members highlighted that a well-defined framework outlining different roles and responsibilities of levels of government would provide sector clarity and assist in recovery. For example, this report indicates the particular vulnerabilities felt by young people in Tasmania, including unaccompanied homeless young people. Well defined funding and policy roles by the Australian and state governments would assist in preventing young people from falling through the housing gaps (Robinson 2020).

Advisory Group members also highlighted the need for better housing-related data to intersect with their own spheres of influence. The disbanded National Housing Supply Council in 2013 has been recently replaced by NHFIC to monitor housing demand, supply and affordability in Australia and expose emerging gaps. Beyond this, there should be a national leadership framework and strategy to address emerging gaps particularly for regional areas where patterns differ to cities. Housing policy and strategy, including data gathering, have largely been devolved to the states and funding levels for the social housing system in particular are manifestly inadequate.

### 5.4 Policy development implications

Developing regionally-based recovery plans in the wake of COVID-19 requires identification of the social and economic drivers of housing sub-markets. The effects of COVID-19 would have been different in different areas due to differences in local industries, population mix, housing market dynamics, existing vulnerabilities and service profiles. The insights of the Advisory Group have highlighted the specific housing needs of their constituents as embedded in place, intersecting with both structural constraints and localised services.

As reiterated by Advisory Group members, responses need to engage directly in areas of specific policy risk: this research points to the structural vulnerability of low-income tenants in the private rental market, the over-reliance on the private rental market, and the inability of the social housing system to respond to demand as key points of weakness requiring remedy.

All levels of government have a role to play, especially at the regional level. This includes a substantial role for the Australian Government in providing adequate funding for the social housing system.

## 6. Policy development options

In March 2020, a series of emergency measures were taken by Australian governments as the COVID-19 pandemic took hold. These reforms were designed to protect incomes and support housing security while allowing individuals and households to physically distance from each other. The effects of the pandemic and the measures taken to control it have had uneven effects across Australia, and regional areas have been affected differently to large cities. The drivers of regional recovery will need to account for a range of factors, including local histories, the distribution and characteristics of regional industries and populations, levels of socio-economic disadvantage, and existing service profiles.

This report focusses on Tasmania as a case study of regional Australia. It examines the consequences of COVID-19 for households by responding to the following research questions:

1. What has changed in regional housing markets over the period of the COVID-19 pandemic?
2. How have individuals experienced the housing-related consequences of COVID-19?
3. From these experiences, what needs and issues must be accounted for in efforts to improve regional housing opportunities during the COVID-19 recovery?

This research (including Verdouw, Yanotti et al. 2020) underscores both the effectiveness of policy responses to COVID-19 to date and the ongoing risks facing regional communities in the wake of the immediate impact of the pandemic. The Tasmanian affordable housing market was in crisis prior to March 2020. While house and rent price pressures did ease in the early phases of the lockdown, significant market challenges have begun to emerge again including increasing rental market demand. Although Tasmanian households were resilient in the face of public health restrictions, for some households this came at financial or personal cost. Pre-existing disadvantages such as being in social isolation, with disability, chronic illness, low income or housing insecurity, increased the likelihood that households experienced financial hardship, housing problems or problems with mental health.

The following policy development options address both a broad approach for addressing need across regional Australia, followed by specific pathways for recovery in Tasmania.

### 6.1 Approaches to regional recovery

As with most regional areas, Tasmania contains a variety of communities, each with distinct social and economic drivers. This variegation is important because it speaks to the need for recovery strategies to be local in focus and targeted to the specific needs, drivers, and sub-markets that may exist in a given area.

Regional populations differ from those in major cities in several ways (AHURI 2019), including being the most socio-economic disadvantaged areas in Australia (ABS SEIFA 2018). For example, there is a significantly higher prevalence of Tasmanian households (35%) reliant on government pensions and benefits for their income than Australian households (24%), which contributes to Tasmania's lower average incomes. Tasmania also has a higher incidence of health risk factors such as obesity, smoking, lack of exercise and consumption of alcohol than national averages (PESRAC 2020). Other features common to many regional areas include a reliance on small business, and the disproportionate dependence on industries with high rates of casualised and part-time work.

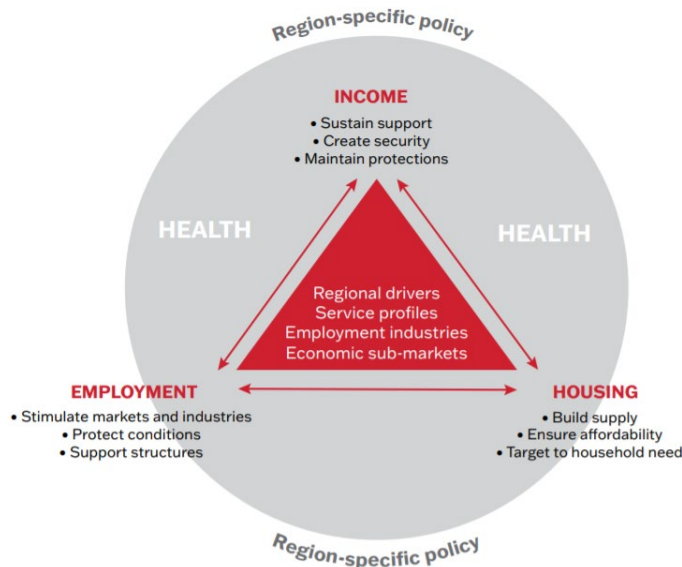
As the pandemic deepened globally into 2020, its impacts took on different shapes in different places and among different populations. These impacts were also mediated by the decisions taken by governments. In Tasmania, for example, higher numbers of low-income households welcomed government-funded income supplements, but higher numbers of elderly residents and people with complex health problems faced daily challenges related to isolation and access to health services. Residents welcomed the protection provided by Tasmania's 'moat' but felt isolated from interstate family and friends. When intrastate movement restrictions were relaxed, residents sought to combat 'cabin fever' by holidaying on the East Coast, which experienced growth rather than declines in short-stay rental bookings. Key industries reliant on interstate and international mobility were affected in different ways across different regions of the state, affecting people's employment and income and introducing new stressors to households reliant on the viability of these industries. Whether people have access to support to assist them to cope with these stressors is highly region-specific (Tasmania's west coast, for example, has no domestic violence shelters).

COVID-19 has also affected housing markets in different ways. In Tasmania it intersected with a pre-existing housing crisis. In larger capital cities, reduced numbers of new migrants and international students are likely to produce reduced rents and higher vacancy rates (AHURI 2020), but this has not been the predominant experience in Tasmania or in other regional areas. Tasmanian housing and rental prices continue to be largely unaffordable for lower income people. The perception that regional areas are 'safer' than cities and the realisation that some forms of work can be easily done remotely may increase housing demand in these areas, placing further pressure on rents and prices for existing residents. Yet the adaptability of housing to home working and home learning has not been uniformly good and there are significant problems with equitable access to digital technology and good quality housing.

For all these reasons, housing policy for regions recovering from COVID-19 must take a place-based approach. This includes consideration of the following:

- Policy makers need to identify and respond to the employment, income and housing needs specific to local industries and sub-markets and the needs of the local resident population (see Figure 29).
- Responses should be administered at the appropriate level of government or community responsibility, and implemented in ways sensitive to local community needs and drawing on existing community strengths. This enables a region to draw on existing, local resources, the most valuable of which are human capital and the capabilities that arise from this (RDA 2020).
- Targeted strategically and scaled appropriately, policies designed to aid recovery from COVID-19 can also act as significant levers to improve affordability and availability of housing across regional areas in Australia.
- Economic responses should not be limited to larger infrastructure projects. There should be funding and support for a range of responses, including employment creation that focusses on local job opportunities, including for young people, and initiatives that invest in connectivity whether technological or social.
- Support and recovery efforts should prioritise people who have experienced financial and health (including mental health) challenges during COVID-19.
- Responses should deliver longer-term, sustainable and intergenerational benefits to regional areas, building on the interconnections between employment, income and housing (see Figure 29) and delivering clear social, economic and health benefits well beyond design and implementation phases.

Figure 29: Key connections for recovery from COVID-19 in regional areas



Source: Authors.

## 6.2 Regional pathways to recovery

The policy options outlined below address the issues identified in this research, particularly the findings in relation to housing market challenges presented in Tasmania. The discussion focusses on measures that would improve housing security for the most vulnerable and addresses the inequality currently evident in the Tasmanian housing market. It also touches on areas that are not directly related to housing policy, but which are nonetheless fundamental to housing security throughout and beyond COVID-19 recovery.

The discussion below is also informed by the Tasmanian case study used in this research. Adaptation to other regions would need to take account of the specific needs and issues to be found in place and ideally, would take place in consultation with local communities (as per discussion in 6.1 above).

### 6.2.1 Maintaining targeted income protection

In Tasmania, housing pressures were widespread prior to COVID-19. Income and housing protections enacted by governments have been largely successful in preventing widespread increases in housing vulnerability for some groups, and presented new vulnerabilities in other groups. Over the next six months, the tapering off and eventual cessation of these protections coupled with higher than average exposure in Tasmania to industries experiencing high job losses will expose increased numbers of people to financial stress and, as a consequence, housing stress. **The importance of targeted income protections for these households cannot be overestimated.** Protecting people's incomes will keep them securely housed, which produces substantial social, economic and public health gains.

There is a particular looming uncertainty for households facing reductions in their JobKeeper payment or JobSeeker supplements, especially if they are unemployed or at risk of unemployment. This is deepening anxiety and stress for vulnerable groups. Despite the quickly evolving policy environment, **governments have the capacity to establish longer-term certainty around income and housing**, including robust income support into 2021.

### 6.2.2 Building employment and income security

There is broad agreement that due to COVID-19, Australia's GDP growth in 2021 will be 4 to 5 per cent lower than in late 2019 (Leishman, Ong et al. 2020), with clear economic implications for Australian communities. Estimates of the effect are likely conservative for regional areas such as Tasmania, due to lower average incomes, lower employment, higher reliance on income support, and higher reliance on industries where job losses have been concentrated.

Tasmania has an over-reliance on certain industries such as tourism and hospitality (including food and accommodation). **COVID-19 has exposed this over-reliance as a point of risk that needs to be mitigated through diversification of employment opportunities in Tasmania.** Government and private sector investment across a diverse range of sectors will reduce reliance on specific industries. Government investment should be prioritised to employers that maximise secure working conditions for employees, and be directed to groups at risk of ongoing labour market insecurity, such as young people.

### 6.2.3 Expanding access to secure, affordable housing

Housing has been critical to the COVID-19 response. Governments recognised the significance of housing security early in the pandemic, implementing a range of measures to ensure that all Australians had the ability to physically isolate through access to secure accommodation. Our research shows that housing itself mediated people's experience of the pandemic in ways that exacerbated or reduced individual capabilities.

Housing stress was a significant point of vulnerability in Tasmania prior to the pandemic. This stress will mostly likely deepen as recovery efforts continue. An NHFIC (2020c: 3) report on the response of Australia's social and affordable housing sector to the pandemic notes the 'almost universal expectation that demand for affordable housing will increase in the coming years as a result of the unstable economic outlook'.

A robust housing policy response would include:

- **Strong national leadership, including funding provision,** to address gaps in social housing supply and coordinate states and regional efforts to address widespread housing market failure.
- **Increased investment in the supply of secure affordable housing, especially social housing for low-income households,** with an investment pathway that addresses structural problems with the existing funding model (Lawson, Pawson et al. 2018).
- **Support for households in housing stress, especially in the private rental market.** Modelling suggests that as JobKeeper is phased out, the number of households experiencing housing affordability stress will increase by 124,000, with close to three-quarters of these households being private renters (Leishman, Ong et al. 2020). Income protections for these and other at-risk households are needed to support housing security into the longer-term.
- The short-stay rental sector has had a significant impact on affordable housing markets since 2016. Our research suggests that within the next 6–12 months, considerable numbers of properties may be converted back into the short-stay market, reducing private rental supply, increasing rental prices further and creating additional affordability challenges, particularly in the south of the state. **Stronger regulation is needed to ensure that housing affordability is not reduced as short-stay markets rebound.**

### 6.2.4 Supporting disadvantaged groups

This report identifies a number of groups disproportionately affected by the pandemic, due to pre-existing factors or because the pandemic itself exposed them to disadvantage. Specific groups include young people, disabled people or those with chronic illnesses and international students.

Housing policy development options specific to these groups include:

- **There is an immediate need for a range of additional housing responses to address the needs of young people, ranging from independent housing through to supported accommodation models.** Young people are highly exposed to the risk of low incomes, high unemployment, temporary or transitory living arrangements, and a lack of financial independence. **Additional funding should be provided to ensure services can assist all children and young people in need of support, including those transitioning from out-of-home care, rather than having to ration services to those considered most in need.**
- **Specialised healthcare options and remote access to essential services** should be available to people vulnerable to health complications from COVID-19. Because our regions are still vulnerable to second or third waves of the pandemic, many people remain home when possible due to the heightened health risk to themselves in public spaces. In these cases, home is an important safety mechanism. Government should ensure safe access (e.g. COVID-safe transport) to health services where necessary, and better access to telehealth services for people who wish to remain home. To reduce loneliness, health services should also include facilitation of social connections for people who stay home.
- **There needs to be adequate levels of financial and social support provided for international students who choose to remain in Australia to study.** International students are significant contributors to Australia's economic, social and intellectual landscape, yet have experienced rejection, isolation, financial hardship and discrimination during the pandemic. Government support needs to extend beyond crisis assistance to provide genuine welcome and levels of support comparable to those offered to other Australian residents.
- **Governments, business and community sectors should improve data collection practices** to ensure greater capability in measuring and understanding housing-related wellbeing, risks and future needs in real-time—particularly in relation to vulnerable people groups.

### 6.3 Regional resilience: final remarks

There has always been good reason to develop and invest in Australia's regions. Regional areas across Australia are significant economic drivers of Australia's agriculture, fishing, forestry, mining, gas and electricity, and tourism industries. Healthy regional areas foster the benefits of well-connected communities, diverse cultures and lifestyles, lower cost living, and employment pathways not always available in larger cities.

Regions can also exacerbate disadvantage, such as remoteness or isolation, gaps in access to services and education pathways, poorer physical infrastructures, and over-reliance on specific employment sectors—as is the case across areas of Tasmania.

Research shows that public policy interventions in our national housing system during COVID-19 have been more generous to home owners, investors and households in higher income brackets, and housing stimulus packages will likely benefit households who would have purchased property regardless of assistance (Ong and Leishman 2020). For many regions, including Tasmania, where there is a larger proportion of people on lower wages and incomes, over-reliance on vulnerable industries and poorer health outcomes, the effect of these policies will be to exacerbate wealth disparity and deepen existing disadvantage.

For populations in regional areas to grow and thrive, Australian policy makers need a big picture, long-term perspective: untethered to political cycles, and demonstrating a deep political commitment to reducing regional and rural poverty and narrowing wealth inequality in Australia. Secure, affordable housing for regional Australians requires targeted, needs-based access to a liveable income; also underpinned by access to diverse employment industries with a variety of education and employment pathways, including secure working conditions. It requires a social and affordable housing system responsive to addressing the housing needs of the permanent local population (which will vary by region), including a sufficient local social housing supply. It requires government leadership at all levels to develop strategies to invest in, support and develop local capacities, through building place-based social and economic infrastructures, including housing, that will assist to reverse disadvantage and build long-term capability in regional households and communities.

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# Appendix 1: Housing survey instrument

## Section 1.

### Qualifying questions

Survey participants must live in Tasmania and be 18 years of age or older.

1. Do you currently live in Tasmania? YES / NO
2. Are you 18 years of age or older? YES / NO

## Section 2.

### Participant Information sheet

This is the information sheet for the research. Please read this as you will need to provide informed consent in order to participate.

**Project ID: 20587 / Project title: The Tasmania Project**

You are invited to take part in this project. Taking part in the project is voluntary. You can withdraw at any time. All information you provide will remain confidential. Information you provide will only be available to the researchers.

#### Who is running the study?

The study is led by Professor Libby Lester of the University of Tasmania. The housing survey component is led by Dr Julia Verdouw.

You can contact the project team by email [thetasmaniaproject@utas.edu.au](mailto:thetasmaniaproject@utas.edu.au) or by phone (03) 6226 7542.

#### Why am I being asked to take part?

We want to hear from all people over the age of 18 and living in Tasmania through the COVID-19 pandemic and recovery phase.

#### Why are we conducting this study?

The project's aim is to understand how people living in Tasmania are experiencing COVID-19 and their opinions regarding Tasmania's future, with findings made available online (as Briefs published on The Tasmania Project website) and provided to stakeholders to inform decisions and responses during the crisis and beyond.

#### What will I be asked to do?

You can participate in this part of the project by completing this survey that will take approximately 10 minutes.

#### What are the benefits of this study?

We hope that study findings will be used to inform government approaches to COVID-19; to improve responses to crises in the future; and to support sound long-term social, economic and cultural policy development.



### What are the risks?

The questions ask about your experiences during the COVID-19 pandemic and your opinions regarding the future of Tasmania. You may feel upset when you think about your experiences. If you do feel upset you can speak with a friend or family member or contact one of the organisations listed here or those listed on the Tasmanian Government's Mental health and wellbeing support [webpage](#).

- Lifeline 13 11 14 (24 hours / 7 days a week)
- Beyond Blue 1300 22 4636 (24 hours / 7 days a week)
- Headspace (03) 6335 3100

### What if I change my mind during or after the study?

You are free to withdraw from the project at any time without consequence. You do not have to answer any question that you do not wish to, and you can stop the survey at any time simply by closing your browser. You will not be able to withdraw your submitted survey information as it is being collected anonymously so we won't know which survey is yours. Information you provide will only be available to the research team.

### What will happen to my information?

If you provide your email you will be sent further information about the project and you may be contacted for participation in an interview. We may use the information you provide about yourself to select who is contacted for an interview. The research team will write reports to explain the results from all the responses collected in the survey. You will not be able to be identified in any report from the study. A summary of the results will be posted to the study website and will be provided to government agencies involved in responding to the COVID-19 pandemic. Your data will be fully de-identified so your responses cannot be linked to you and all the data will then be stored for at least 10 years and made available to other researchers conducting similar research in accordance with Open Access policies.

### Can I access study findings?

Information gathered in the Project will be analysed and published as a summary on [The Tasmania Project](https://www.utas.edu.au/tasmania-project) website (<https://www.utas.edu.au/tasmania-project>) which you will be able to access at any time. The findings from this survey will also be included in a published report on the impact of COVID-19 on housing in Tasmania.

### Concerns or complaints

This study has been approved by the Tasmania Social Sciences Human Research Ethics Committee (S0020587). If you have concerns or complaints about the conduct of this study, you can contact the Executive Officer of the HREC (Tasmania) Network on (03) 6226 2975 or email [SS.Ethics@utas.edu.au](mailto:SS.Ethics@utas.edu.au). For general information about the Project, please email [thetasmaniaproject@utas.edu.au](mailto:thetasmaniaproject@utas.edu.au).

## Section 3.

### Participant consent

This is where you provide informed consent for participating in the research.

Please click on an option below to indicate whether you agree to take part in the project.

- I have read and understood the Participant Information and I agree to take part in the project.

OR

- I do not want to take part in the project.

## Section 4.

### About this survey

This is the survey part of a series that is being conducted as Tasmania progresses through the phases of the COVID-19 crisis to recovery and beyond. It is supported by funding from the Australian Housing and Urban Research Institute.

The purpose of this survey is to understand Tasmanians' experience of the housing market during the pandemic in terms of how this has impacted individuals and, as a result, what needs and issues must be accounted for in efforts to improve housing opportunities during the COVID-19 recovery. The survey will take approximately 10 minutes to complete.

The survey has 4 parts:

1. Living arrangements and housing circumstances
2. Appropriateness of housing
3. Property as source of income
4. Demographic questions.

### Part 1: Living arrangements and housing circumstances

#### Living arrangements [Prior to 19 March 2020]

1. Prior to 19 March 2020 (when Tasmania declared a State of Emergency) which best describes the arrangement for the dwelling in which you usually lived?
  - Owned outright
  - Owned, paying off mortgage
  - Rented, paying rent
  - Occupied rent free
  - N/A I had no permanent address
  - Other, please specify
2. Prior to 19 March 2020, if rented (paying rent), which type of landlord were you renting from?
  - A real estate agent
  - A private landlord
  - Public housing (Tasmanian Government)
  - Community housing (non-government organisation)
  - Educational institution
  - Aged residential facility
  - Family/friend
  - Other, please specify
  - N/A



**Housing circumstances [Since 19 March 2020]**

3. Since 19 March, 2020, have your living arrangements changed? (tick more than one if applicable)
  - No change
  - I had to break my lease
  - Lease was broken by landlord
  - Lease not renewed by landlord
  - Moved to another rental property
  - Moved into a purchased property
  - Moved to live with family/friends
  - Family/friends have come to live with me
  - I now have no permanent address
  - Other, please specify
4. How much do **you** pay (e.g. rent, mortgage or board) per week to live in your dwelling? (Enter 0 if you do not pay anything)
  - \$xxx (text box)
5. Have you experienced changes in housing costs (e.g. rent, mortgage) since 19 March 2020?
  - No change
  - Costs have increased
  - Costs have decreased
6. Since 19 March 2020, have you had trouble paying for mortgage or rent?
  - No (skip to #8)
  - No, but needed to re-adjust other spending
  - Yes, unable to pay my mortgage/meet minimum payments
  - Yes, unable to pay all or part of my rent or board
  - Other, please specify
7. Since 19 March 2020, if you have had trouble paying rent/mortgage, have you done any of the following to help meet these costs? (please tick all that apply)
  - reduced or deferred mortgage payment by negotiation with lender
  - reduced or deferred rent by mutual agreement with my landlord
  - accessed Rent Relief Scheme (Tasmanian Government)
  - accessed Commonwealth Rent Assistance (through Centrelink)
  - accessed superannuation
  - accessed personal savings
  - accessed financial assistance from family or friends
  - cut spending on other essentials (e.g. food, electricity) to pay for housing costs
  - contacted Housing Connect or other homelessness services
  - No, I have been unable to get assistance to meet housing costs
  - Other, please specify:
  - N/A

8. Since 19 March 2020, has your employment situation changed?

- No change
- I am working fewer hours
- I am working longer, paid, hours
- I am working longer, unpaid, hours
- I am employed, with JobKeeper payment
- I am unemployed, with JobSeeker payment
- I am unemployed, but not eligible for JobKeeper/JobSeeker payment
- I am unemployed but not claiming any support payments
- I have found another job
- Other, please specify

9. In the next 12 months how **concerned** are you about any of the following? (select N/A if does not apply to you)

	Very concerned	Concerned	Neither concerned nor unconcerned	Not very concerned	Not at all concerned	N/A
Being unable to pay my rent or mortgage						
Getting evicted						
My lease not being renewed						
Being able to afford to move out of home						
No longer getting the financial assistance I need						
Not having a job						
My income decreasing						
My savings running out						
Becoming homeless						
My family having to go without						
Not being able to repay debts						

10. Thinking about your current financial situation, in the next 12 months how **confident** would you be to do any of the following? (select N/A if does not apply to you)

	Very confident	Confident	Neutral	Not very confident	Not at all confident	N/A
Buy first house						
Increase mortgage payments						
Find an affordable rental property						
Pay higher rent						
Save money						
Buy residential property (primary residence)						
Buy investment property						
Access HomeBuilder Grant for building a new home or for renovations						
Pay down debt						

11. Thinking about the Tasmanian housing market, in the next 12 months how confident are you about the following housing market conditions?

	Very confident	Confident	Neutral	Not very confident	Not at all confident
First home buyers able to buy first house					
People being able to find affordable rental properties					
People finding long-term housing who need it					
It being a good time to buy residential property					
It being a good time to sell residential property					
It being a good time to build residential property					
It being a good time to buy land to build residential property					

## Part 2: Appropriateness of housing

- How many people were living in your house before 19 March 2020? (text box)
- How many people were living in your house after 19 March 2020? (text box)

3. Since 19 March 2020 has the way you use your home **changed** in any of the following ways?

	Not at all	Less	About the same	More	A lot more	N/A
Working from home						
Studying from home						
Home schooling children						
Caring for children at home						
Exercising at home						
Engaged in home entertainment (e.g. movies, TV, music)						
Home-based hobbies						
Prepared home-cooked food						
Socialising via online platforms						
Engaging with religious activity						

4. If the way you use your home has changed, how **adaptable** has it been in meeting your needs?

Extremely adaptable	Very adaptable	Moderately adaptable	Slightly adaptable	Not at all adaptable	N/A

5. How **adequate** have you found the following characteristics of your home/living arrangements?

	Extremely adequate	Very adequate	Moderately adequate	Slightly adequate	Not at all adequate	N/A
Indoor space (number/type of rooms)						
Outdoor space/garden area						
Privacy						
Kitchen/cooking facilities						
Noise control						
Heating/cooling type or source						
Internet access						
Security/safety						
Neighbourhood amenity						

6. In light of any changes to the way you have used your home during COVID-19, would you consider moving to a different location if you could so that you have better access to amenities, services or support? Y/N

7. In light of any changes to the way you have used your home during COVID-19, would you consider moving to a different type of home (e.g. bigger, more adaptable)? Y/N

### Part 3: Property as source of income

These first questions are about the residential property in which you live.

1. Do you earn an income from your residential property? Y/N
  - Yes
  - No (skip to Q3)
2. Do you earn this income by renting out your whole property or part of your property (i.e. room or rooms)?
  - Yes, short-term holiday rental
  - Yes, longer-term rental
  - No

These questions are about other residential property you may own.

3. Do you own residential property that is not your usual residence?
  - Yes
  - No (skip to Part 4)
4. How many residential properties that are not your usual residence do you own, or partly own? #
5. Which best describes your residential property (s) that is not your usual residence? (tick more than one if applicable)
  - holiday house (for own use only)
  - holiday house (for own use and investment use)
  - investment property—short-term holiday rental
  - investment property—longer-term rental
  - unoccupied property (e.g. vacant inheritance, uninhabitable)
  - under construction or renovation
  - other, please specify
6. Do you earn an income from these residential property (s)? Y/N
7. Do you owe money (e.g. mortgage) on the residential property (s)? Y/N
8. In 12 months' time do you intend to utilise your other residential property (s) in the same way you did prior to 19 March 2020?
  - Yes, I will continue with the same arrangements.
  - No, I will use it for long-term rental (12 months or more) instead of short-term rental.
  - No, I will utilise the property for short-term instead of long-term rental (12 months or more).
  - No, I will no longer use the property for investment, only personal use.
  - No, I intend to sell the property.
  - Other, please specify

These questions about residential property in which you live or other residential properties from which you earn an income.

9. Is your residential property (s) a main source of income?
  - Yes
  - No
  - N/A— Do not earn an income from any properties (skip to Part 4)
10. Since 19 March 2020 has your rental income stream been impacted?
  - No change (skip next)
  - Increased revenue (skip next)
  - Decreased revenue
11. If you have experienced a decrease in rental revenue has this resulted in financial hardship and impacted your ability to pay for the property or other living costs? Y/N

## Part 4. Demographic questions

1. In which Tasmanian Local Government Area do you live? [drop down]
2. What is your suburb/town name?
3. What gender do you identify as?
  - Male
  - Female
  - Other
4. Are you of Aboriginal and/or Torres Strait Islander origin?
  - No
  - Yes, Aboriginal
  - Yes, Torres Strait Islander
  - Yes, both Aboriginal and Torres Strait Islander
5. What year were you born?
6. Which type of residency best describes you?
  - Born in Australia
  - Born overseas, Australian citizen
  - Born overseas, permanent resident
  - Born overseas, temporary resident
7. Who lives in your household?
  - Couple with no children
  - Couple family with dependent children (e.g. school-aged) only
  - Couple family with dependent and independent children (e.g. adult children living at home)
  - Couple family with independent children only

- One-parent family with dependent children only
  - One-parent family with dependent children and independent children
  - One-parent family with independent children only
  - Single person
  - Group or multiple family
  - Other
8. What is the highest level of education you have completed?
- University (Bachelor Degree, Graduate Certificate/Diploma, Post Graduate Degree)
  - TAFE/private college or other tertiary (Certificate, Diploma or Advanced Diploma)
  - School education—(TCE Year 11 or 12)
  - School education—(Year 10 or below)
9. Which of the following best describes your current occupation? (tick all that apply)
- Employed, full-time
  - Employed, part-time
  - Employed, casual
  - Self-employed
  - Unemployed, looking for work
  - Retired
  - Homemaker/family carer
  - Student, full-time
  - Student, part-time
  - Volunteer
  - Other, please specify
10. Current main paid occupation [drop down list]
- Manager
  - Professional
  - Technician/Trade Worker
  - Community/Personal Service Worker
  - Clerical and Administrative Worker
  - Sales Worker
  - Machinery Operator or Driver
  - Student with scholarship
  - N/A
  - Other (please specify):

**11. Current Industry [drop down list, alphabetical if possible]**

- Administrative and Support Services
- Agriculture, Forestry and Fishing
- Construction
- Creative and cultural industries
- Education and Training
- Electricity, Gas, Water and Waste Services
- Financial and Insurance Services
- Health Care and Social Assistance
- Hospitality and Tourism
- Information Media and Telecommunications
- Manufacturing
- Mining
- Professional, Scientific and Technical Services
- Public Administration and Safety
- Rental, Hiring and Real Estate Services
- Retail Trade
- Sport and recreation Services
- Transport, Postal and Warehousing
- Wholesale Trade
- N/A
- Other Services (please specify):

**12. Annual income range:**

- \$0 – \$18,200
- \$18,201 – \$37,000
- \$37,001 – \$65,000
- \$65,001 – \$90,000
- \$90,001 – \$130,000
- \$130,001 - \$180,000
- Over \$180,000
- Don't know/prefer not to say

**THANK YOU**

Thank you for completing this survey from The Tasmania Project.

Study findings will be available at [The Tasmania Project](#).

If you haven't yet provided your email address and wish to continue to participate in The Tasmania Project, please provide your email address below. Your contact details will not be shared, and your responses will remain de-identified.



# Appendix 2: Interview participant details

	Gender	Age	Tenure (pre-C19)	Tenure (C19)	Employment/ Income	Investor?	Household composition
P01	Male	18–30	Private Rental	Private Rental	P-T or Casual	No	8
P02	Female	50–59	Owner Occupier (O)	Owner Occupier (O)	P-T or Casual	No	1
P03	Male	60–69	Owner Occupier (O)	Owner Occupier (O)	Self-man. retiree	No	1
P04	Male	40–49	Social Housing Rental	Social Housing Rental	Student	No	1
P05	Male	70–79	Owner Occupier (O)	Owner Occupier (O)	Retiree Pensioner	No	1
P06	Female	50–59	Owner Occupier (M)	Owner Occupier (M)	Unemployed	No	5
P07	Female	40–49	Owner Occupier (M)	Owner Occupier (M)	Full-time	No	3
P08	Male	60–69	Owner Occupier (O)	Owner Occupier (O)	Self-man. retiree	No	2
P09	Female	40–49	Owner Occupier (O)	Owner Occupier (O)	Full-time	Yes	2
P10	Female	31–39	Private Rental	Private Rental	Full-time	Yes	4
P11	Female	60–69	Owner Occupier (M)	Owner Occupier (M)	DSP	No	1
P12	Male	50–59	Owner Occupier (M)	Owner Occupier (M)	Full-time	No	3
P13	Female	50–59	Owner Occupier (M)	Owner Occupier (M)	Full-time	No	1
P14	Male	50–59	Owner Occupier (M)	Social Housing Rental	DSP	No	1
P15	Female	70–79	Owner Occupier (O)	Owner Occupier (O)	Don't know	No	2
P16	Male	31–39	Private Rental	Private Rental	Full-time	Yes	1
P17	Female	31–39	Private Rental	Home	Student	No	3
P18	Female	50–59	Owner Occupier (M)	Owner Occupier (O)	Full-time	No	3
P19	Male	70–79	Owner Occupier (O)	Owner Occupier (O)	Self-man. retiree	Yes	2
P20	Female	50–59	Owner Occupier (O)	Owner Occupier (O)	Full-time	Yes	4
P21	Female	70–79	Owner Occupier (O)	Owner Occupier (O)	Self-man. retiree	No	2
P22	Female	60–69	Owner Occupier (O)	Owner Occupier (O)	Full-time	No	2
P23	Female	60–69	Owner Occupier (O)	Owner Occupier (O)	Self-man. retiree	Yes	1
P24	Female	60–69	Private Rental	Private Rental	Self-man. retiree	Yes	2
P25	Female	50–59	Owner Occupier (M)	Owner Occupier (M)	Full-time	Yes	1
P26	Male	18–30	Home	Private Rental	Student	No	3
P27	Female	60–69	Owner Occupier (O)	Owner Occupier (O)	Self-man. retiree	No	2
P28	Female	50–59	Owner Occupier (M)	Owner Occupier (M)	P-T or Casual	Yes	4

	Gender	Age	Tenure (pre-C19)	Tenure (C19)	Employment/ Income	Investor?	Household composition
P29	Female	31–39	Private Rental	Private Rental	Student	No	3
P30	Female	40–49	Owner Occupier (O)	Owner Occupier (O)	P-T or Casual	No	4
P31	Male	70–79	Private Rental	Private Rental	Retiree Pensioner	Yes	1
P32	Male	31–39	Owner Occupier (M)	Owner Occupier (M)	Full-time	No	4
P33	Female	40–49	Owner Occupier (M)	Owner Occupier (M)	Full-time	No	3
P34	Female	60–69	Fam/Friends	Owner Occupier (O)	JobSeeker	No	1
P35	Female	31–39	Private Rental	Private Rental	P-T or Casual	No	4
P36	Female	18–30	Private Rental	Private Rental	Student	No	1
P37	Female	18–30	Private Rental	Private Rental	Student	No	1
P38	Female	18–30	Private Rental	Private Rental	Student	No	5
P39	Male	31–39	Private Rental	Private Rental	Student	No	2
P40	Male	40–49	Private Rental	Private Rental	Student	No	1
P41	Female	40–49	Social Housing Rental	Social Housing Rental	DSP	No	2
P42	Female	80+	Owner Occupier (O)	Owner Occupier (O)	DSP	No	1

**KEY:**

P01 = Interviewee Participant 01.

Owner Occupier (O) = house owned outright

Owner Occupier (M) = house with mortgage

P-T or Casual = Part-time or Casual employment

Self-man. Retiree = Self-managed retiree

DSP = Disability Pension

# Appendix 3: Interview guide

## Current housing situation and circumstances

Questions	Prompts
What is your current housing situation?	tenure, household type and size, living arrangements, location, cost/affordability
Did your housing situation change due to COVID-19?	
<b>If YES:</b>	
What was the change?	tenure, household type and size, living arrangements, location, cost/affordability, use of space within home
Why did your housing situation change?	job loss/work changes, caring responsibilities, eviction, family, working/learning from home, staying at home more
Were there underlying factors that impacted this change?	disability, regionality, separation from family
What have you done to cope with the change/s?	accessed other funds—from where?, reduced living costs, rationed other spending, moved, changed internal configuration/use of space, sought more/different support, required different physical supports
Have you had any support while this has been happening?	who, what, where, when, how (incl. disability supports?)
Is your current housing situation appropriate to your circumstances?	working/learning from home, amount and use of space, caring responsibilities, outdoor space
Why/why not?	
What has been difficult about this time (i.e. during the COVID-19 pandemic) for your household?	<p><b>** keep focus on housing **</b></p> <p>working/learning from home, finances, caring, isolation, lack of support, health/disability, access to services, relationship with landlord, energy use, managing changing circumstances</p>
What has been beneficial?	<p><b>** keep focus on housing **</b></p> <p>time with family, getting things done around home, improvements in health, life priorities, social life, skills</p>
Have changes in the wider housing market due to COVID-19 directly affected you?	lost income for landlords, lost equity for homeowners, plans or capacity to sell/buy/move
Do you own any other residential properties?	
<b>** if not already covered **</b>	
<b>If YES:</b>	
Has anything changed with these?	change in use of property, changed costs, lost income/equity, future plans for these assets

## Looking ahead to after COVID-19

Questions	Prompts
Do you have any immediate concerns about your housing?	withdrawal of emergency measures, accumulation of debt, property condition, eviction
Do you think your housing situation will change further in the next 12 months?	** probe what about current/changed circumstances is temporary and what is permanent? **  work/learning from home, use of space, caring, needs due to disability
What are your housing expectations and aspirations for the future?	** tease out distinction between expectations (what will probably happen) and aspirations (what you want to happen) **  tenure, household type, living arrangements, location, cost/affordability, access and support
Have your housing expectations and aspirations changed due to COVID-19? Why?	changes to work/caring, loss of assets, mobility, investment decisions
Has COVID-19 led you to consider moving so that you have better facilities or access to services? Would such a move be possible/realistic for you?	work, education, amenities (e.g. parks, beach), services, less populated area or more urbanised area, security/safety, social or family support, physical or mobility support

## Immediate and future needs

Questions	Prompts
What do you (and your family/household) need to ensure you have appropriate and affordable housing? Right now? After COVID-19?	** keep focus on housing **  what, where, when, who, how
What housing policies and programs does Tasmania need? Right now? After COVID-19?	** keep focus on housing **  what, where, when, who, how

# Appendix 4: Advisory Panel members

Participant	Organisation
Annie McLean	Office of the Commission for Children and Young People
Ben Bartl	Tenants' Union of Tasmania
Charlie Burton	Tasmanian Council of Social Services
Cynthia Townley	Shelter Tasmania
Danny Sutton	Colony 47
Evan Boardman	Planning Institute of Tasmania
Geoff Fader	Rural Business Tasmania and Small Business Council
Jackie De Vries	University of Tasmania
Julia Verdouw	University of Tasmania
Kathleen Flanagan	University of Tasmania
Katrena Stephenson	Local Government Association of Tasmania
Kim Bomford	Housing Choices Australia (Tasmania)
Kylie Fidanza	Department of Communities (Housing, Disability and Community Services)
Louise Elliott	Tasmanian Residential Property Owners' Association
Maria Yanotti	University of Tasmania
Mychelle Curran	Mission Australia (Tas. and SA)
Pattie Chugg	Shelter Tasmania
Pennelope Ratcliffe	University of Tasmania Student Accommodation Services
Prue Jones	CentaCare Evolve Housing



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