

Tasmanian Planning Policies – Scoping Paper

About CHIA and Our Response

The Community Housing Industry Association (CHIA) is the peak body representing not for profit community housing organisations (CHOs) across Australia. Our 150 members manage a \$40 billion-plus portfolio of more than 100,000 homes, housing people on low and moderate incomes who find it hard to access affordable and appropriate housing in the private market.

CHIA operates under a memorandum of understanding with Shelter TAS who represent CHIA National's Tasmanian members at the state level. Shelter TAS and CHIA routinely engage on State and Commonwealth housing issues. We both share a commitment to addressing shortfalls in social and affordable housing by encouraging the adoption of appropriate housing policy approaches, funding and planning policy. The Tasmanian Planning Policy (TPP) consultation is an important opportunity to ensure that strategic and statutory planning supports the delivery of social and affordable housing.

CHIA endorses the submission by Shelter TAS and in our response draw out a number of themes to support social and affordable housing being included as a distinct category in the Tasmanian Planning Policies. We also support their recommendation that Short Stay accommodation be named as an issue in the Tourism section of the TPP.

Our Response

The Minister in his foreword to the Tasmanian Planning Policies TPP explains that *'this is a rare opportunity to make an important difference to the planning principles that will shape the future for Tasmania through strategic land use planning'*.

Infrastructure Australia in the 2021 Australian Infrastructure Plan recognises that *'well-maintained and designed social housing provides many community benefits, supporting individual and societal wellbeing and productivity, and reducing costs in health and justice services'* and recommends that all levels of government commit to policy that increases supply.

The TPP is one important mechanism available to the Tasmanian Government to enable more social and affordable housing. The absence of explicit reference in the Scoping Paper to social and affordable housing, will constrain opportunities to use strategic and statutory planning mechanisms to facilitate additional new supply.

CHIA recommends that social and affordable housing is included as a topic in its own right.

The Need for Social and Affordable Housing in Tasmania

There are currently no comprehensive published assessments of housing needs at a state or Commonwealth level. In two of the most reliable research projects examining housing need across Australia, the first established, that in 2016, a 20-year program of 900 social and affordable homes was required to both address current shortfalls and meet projected household growth to 2036¹.

The second examined both the amount and availability of homes in the private rental market that were affordable to households in the bottom two income quintiles in 2006, 2011, and 2016. It found that while the market has supplied some homes at rates affordable to households in these two quintiles the homes are increasingly unavailable to these households; being occupied by higher income earners. In Hobart, they estimated that by 2016 there was a shortfall of 3,700 homes affordable and available to households in the lowest income quintile.

However, both these estimates are likely to be underestimates as *'house prices and rents have risen substantially because of an influx of tourists and conversion to short-term rentals (Tasmanian Department of Treasury and Finance 2018), with a negative effect on affordability outcomes for Q1 and even Q2 households'*.²

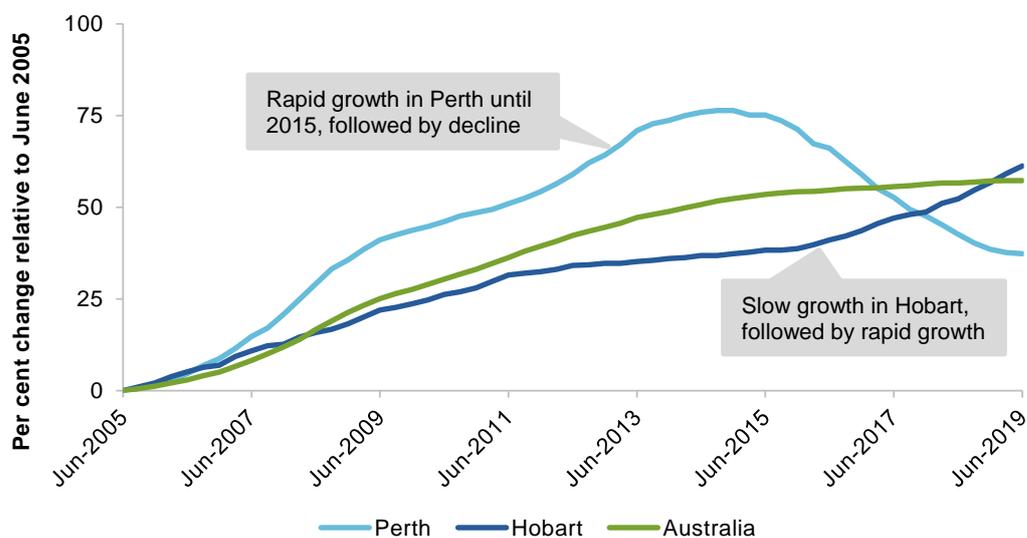
The Productivity Commission in its 2019 report *'Vulnerable Private Renters: Evidence and Options'* noted that *'rents in Hobart have increased rapidly, with the CPI rent price index increasing 14 per cent between June 2016 and June 2019. In the same period, the Australian rent price index increased by 2 per cent.'*³ Table 3.2 taken from the report, clearly demonstrates how rents have increased in Hobart.

¹ Troy L, van den Nouweland R, Randolph W (2018) Filling the Gap - Estimating need and costs of social and affordable housing delivery http://communityhousing.org.au/wp-content/uploads/2019/03/Modelling_costs_of_housing_provision_FINAL.pdf

² <https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI-Final-Report-323-The-supply-of-affordable-private-rental-housing-in-Australian-cities-short-term-and-longer-term-changes.pdf>

³ <https://www.pc.gov.au/research/completed/renters>

Figure 3.2 **Some markets have experienced substantially faster or slower growth in rents than the Australia-wide average Rent price index, June 2005 to June 2019**



Source: Rents Expenditure Class in ABS (*Consumer Price Index, Australia, June 2019*, Cat. no. 6401.0).
Table reproduced from: *Vulnerable Private Renters: Evidence and Options* p65

While the COVID-19 outbreak had a moderating impact on Hobart’s rents during 2020, Corelogic’s Rental Review for the June 2021 quarter indicates that after a ‘decline of -5.0% through 2020’ the rental market ‘has now recovered to record highs.’⁴

The Benefits from Focusing on Social and Affordable Housing

There are major opportunities that flow from social and affordable housing. Research evidence has demonstrated that the provision of social housing (and, where necessary, floating support services) can produce net financial gains in terms of overall cost to government. The report quantifies the cash, public sector savings and monetary wellbeing equivalents of the wider social and economic impacts that can be unlocked through investment in social and affordable housing, and expresses these as a proportion of the cost involved⁵.

Increasingly, the broader economic outcomes that result from social and affordable housing are also being recognised, notably the positive impact on human capital and hence economic productivity. In addition to the social benefits, we now have evidence that over-expensive housing also incurs negative impact on urban productivity. There is a growing body of research to demonstrate the ways that such impacts can be generated. These include an AHURI commissioned scoping study ‘Making connections: housing, productivity and economic development’ (MacLennan et al. 2015)⁶ and Strengthening economic cases for

⁴ <https://www.corelogic.com.au/news/national-rents-record-highest-annual-growth-over-decade>

⁵ Nygaard, C (2019) Social and Affordable Housing as Infrastructure <https://www.communityhousing.com.au/wp-content/uploads/2019/11/Social-and-affordable-housing-as-social-infrastructure-FINAL.pdf?x33467>

⁶ <https://www.ahuri.edu.au/research/final-reports/251>

housing: the productivity gains from better housing outcomes (MacLennan et al 2018) ⁷. The scale of potential productivity gains from well-located (planned) affordable housing suggests an economic performance impact that compares very favourably to most other infrastructure investments, including transport projects.

Inclusion in the TPP

By its actions, CHIA recognises the Tasmanian government has already demonstrated a commitment to social and affordable housing through its ten-year affordable housing strategy⁸ and subsequent funding announcements. However, important as these initiatives are, the shortfalls in supply exceed what is currently planned for development. By creating a specific category in the TPP for social and affordable housing, the Tasmanian Government will (1) signal the importance it attaches to its provision and expectation that strategic plans will include targets alongside broader housing supply totals and (2) facilitate the introduction of planning mechanisms that could enable more social and affordable housing such as mandatory inclusionary zoning in areas such as Hobart, where land values are high.

CHIA supports the proposed example for a social and affordable housing category in the Shelter TAS submission which we have agreement to reproduce below

| | |
|---|---|
| Tasmanian Planning Policy: Liveable Settlements | |
| Topic: Social and Affordable Housing | |
| Objective: To enable the development of accessible, safe, appropriate social and affordable housing that will meet current and future community needs | |
| <p>Strategy:</p> <p>Promote and facilitate the development and increased supply of affordable and social housing (public and community housing) options, that are designed to meet the health, safety and occupancy needs of households, and are located close to services and existing and committed public transport networks.</p> <p>Promote and facilitate a diversity of housing types and densities, including social and affordable housing, in and around activity centres, and any designated integrated transport corridors and densification areas.</p> <p>Ensure sufficient serviced land is available for social and affordable housing within or near to existing employment and well serviced activity centres and existing public transport networks.</p> <p>Encourage flexible, adaptable, sustainable and innovative housing design and configuration that meets the current and future community needs.</p> | |
| Implementation into strategic planning | Implementation into statutory planning |
| RLUS Enabling legislation or regulation – if needed | SPPs LPS Enabling legislation or regulation – if needed |

⁷ <https://cityfutures.ada.unsw.edu.au/research/projects/strengthening-economic-cases-housing-productivity-gains-better-housing-outcomes/>

⁸ https://www.communities.tas.gov.au/_data/assets/pdf_file/0014/30254/AHS_Strategy_Final.pdf

Short Stay Accommodation

We noted earlier that CHIA also supports the recommendation made by Shelter TAS that the TPP should acknowledge short stay accommodation by naming it as an issue in the Tourism section of the TPP so that planners balance the need for visitor accommodation with the needs of long-term residents.

While there is no in-depth research of the impact of short stay lettings in Hobart, specifically the authors of the authoritative research into the topic note that the phenomenon 'is now widespread both in smaller cities like Hobart'⁹ and the issues in terms of affordability they identified likely to be similar.

Thank you for the opportunity to contribute to the consultation on the Tasmanian Planning Policies Scoping Paper. We urge you to include social and affordable housing in the Tasmanian Planning Policies as an essential step towards ensuring that its supply is a central component of the state's planning system

For further information on this submission please contact

Wendy Hayhurst

CEO CHIA

wendyhayhurst@communityhousing.com.au

⁹ <https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI-Final-Report-305-Technological-disruption-in-private-housing-the-case-of-airbnb.pdf>