

Anglicare Tasmania

Policy Position for the 2018
Tasmanian State Election

Affordable and appropriate housing for all

Affordable and secure housing provides an essential foundation for a decent life through better outcomes in health, education, employment and early childhood development (Productivity Commission 2016). However, Tasmanians are facing both increasing house sale prices and increasing private rental prices at the same time as a shortfall of public and social housing.

Tasmania has Australia's highest proportion of low income households (id consulting 2017), with weekly median household income \$338 less than national (ABS 2016). Both the minimum wage and Newstart benefits have failed to keep pace with the rising costs of living (Whiteford & Redmond 2016). At the same time, median rental prices have increased across Tasmania in recent years, with one-bedroom rentals suffering the hardest increases recently (Tenants' Union of Tasmania 2017). In the past 12 months, Hobart rents have increased by 14 per cent and Launceston rents by 9 per cent (Shelter Tasmania 2017). Ten per cent of households in Tasmania are in housing stress¹ (ABS 2016) and low income Tasmanians are at increasing risk of extreme housing stress, which will restrict their ability to heat their home, access health care and provide opportunities for their children.

The tough financial and supply situation also leaves Tasmanians vulnerable to homelessness; housing affordability is the main cause of homelessness in Tasmania (AIHW 2016). There were 2,962 applicants waiting for public housing in June 2017, with priority applicants having to wait an average of 49 weeks (DHHS 2017a). In any one night, 1500 Tasmanians are homeless, a fifth of whom are children, and in 2015-16, homelessness services assisted almost 8,000 people, an increase of 20 per cent over the previous two years (ABS 2011; AIHW 2016). Too many Tasmanians are forced to suffer a series of inadequate, short-term situations while waiting for affordable and appropriate accommodation, resulting in lowered health, wellbeing, education and employment outcomes for thousands of families.

¹ Housing stress describes a household in the lowest 40% of Australia's household income that spends more than 30% of its income on rent or mortgage payments. 'Extreme rental stress' is defined as spending at least 50% of a household's income on rent.

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Tasmania's Affordable Housing Strategy provides an excellent strategic plan that aims to address housing affordability and homelessness. However, unless the strategy is provided with sufficient funds, it will fail to deliver the meaningful, lasting or urgent outcomes that are needed.

We believe

- Affordable, appropriate and secure housing provides an essential foundation for a decent life.
- Increasing house sale prices and private rental prices and a shortfall of public and social housing leave thousands of Tasmanians vulnerable to housing stress and homelessness.
- Tasmania's Affordable Housing Strategy provides an excellent strategic plan but relies too much on market forces that have failed disadvantaged Tasmanians.
- The windfall of conveyance duty received by the State Government should be used to urgently boost funding to deliver meaningful and lasting housing outcomes for disadvantaged Tasmanians.

Anglicare policy recommendations:

1. Building on the strategic thinking that has developed the Affordable Housing Strategy, the State Government should urgently increase the level of investment in initiatives to quickly stimulate development of more affordable housing for rent and purchase.
2. Affordable housing should be a more specific priority of the current reforms to the Tasmanian planning scheme. This should include setting a target for the percentage of affordable housing for all new developments and redevelopments, and policies that encourage short-term accommodation properties to be freed up for long-term rental, particularly in areas of high rental need.
3. The State Government needs to urgently increase investment in homelessness services.

Rationale for change

1. With the housing boom, the State Government has received a huge increase in conveyance duty (stamp duty) receipts.
2. The severity of housing affordability in Tasmania is preventing people from a wide range of financial backgrounds from accessing affordable home ownership and rentals, which has increased pressure for people who are solely reliant on low paid casual work, pensions and benefits.
3. All political parties and levels of government agree there is a need to provide more affordable housing.
4. While the impact of the rapid rise in the short-term accommodation market is still being assessed, thousands of Tasmanians are waiting in inadequate circumstances for a long-term housing solution.
5. The number of homeless Tasmanians is unacceptable. A third of all people seeking help from homelessness services are under 24 years of age.

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Anglicare's experience

Anglicare delivers a range of housing services including Housing Connect (assistance with crisis accommodation, bond and rent for private rentals and applications for public or community housing); long-term communal or independent housing for people on a low income including some options for age-specific cohorts; and crisis accommodation for males aged 13 to 20. Every year, we analyse the rental market across Tasmania and we have also conducted in-depth research into youth homelessness and the particular accommodation challenges for people with mental ill health.

Anglicare's experience is that Tasmania's private rental market is particularly difficult for single adults, especially those reliant on Newstart, those receiving Disability Support Pension, single parents reliant on Newstart and young people reliant on Youth Allowance. We also find the private rental market has become increasingly tough for minimum wage families. People on low incomes are struggling in all regions of the state, but people on income support payments in the north and south have experienced the greatest increases in rental prices and greatest reductions in rental stock.

In 2017, we found 50 per cent fewer rental properties on the market across the state than four years earlier (Anglicare Tasmania 2017). Even when spending up to 49% of their income on rent and thus experiencing rental stress, Anglicare found that single adults on Newstart could only access 16 per cent of advertised properties across the state. A single parent household reliant on Newstart could only access six per cent of properties in the south and 16 per cent in the north.

In this climate, a person's circumstances can quickly change for the worse. For example, one Anglicare client came for help after her job was cut and she suddenly found herself in extreme rental stress, paying 75 per cent of her income in rent. Although she prioritises

Our Values

- Compassion
- Hope
- Respect
- Justice

paying her rent and has cut back on other costs, she has still been unable to pay her rent in full every fortnight and could be evicted. With fierce competition for private rental properties, a long waiting list for public and social housing and buying a house being out of her reach, she is facing homelessness unless she is able to find a new job soon. This highlights the importance of government strategies on housing, employment, education, transport and planning working together to support vulnerable Tasmanians.

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Anglicare policy recommendation 1:

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Rationale for change

- 1. With the housing boom, the State Government has received a huge increase in conveyance duty (stamp duty) receipts.**

In 2016-17, the State Government received \$246 million in property conveyance duty receipts (previously known as stamp duty), up from \$191 received the previous year, an increase of \$60 million (Tasmanian Government 2017, p. 90). This \$60 million windfall should be allocated to the urgent housing needs in Tasmania across social, public and private rentals and house purchasing.

Actions arising from the Affordable Housing Strategy are limited by the budget allocated to it. With just \$73.5 million allocated over four years, the strategy aims to house 1,600 vulnerable households through the building of 900 new homes in four years (DHHS 2015). These targets fall well short of the actual need identified in the Strategy for 2,392 new homes to be built each year until 2031, of which 690 must be for low income households (DHHS 2015).

So far, 447 new households have been assisted and 216 new homes built in this term of government (DHHS 2017b). At the current average rate of assistance provided, with just seven quarters left until the

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Strategy's June 2019 deadline, only 874 new households will be assisted and 447 new builds will be completed. Every target for the Strategy is relying on progress to increase substantially in the last two years of its implementation (DHHS 2017b).

Tasmanian economist Saul Eslake noted the Government has benefited from both an increase in property transactions and higher property prices, and recommended that the Government invest in infrastructure projects (Humphries 2017). Anglicare supports this call for investment but urges for it to be specifically allocated to investment in housing. The boom in the housing market has failed to serve a broad range of households and cannot be relied upon now to fill the gap between the Government's targets for assistance and the actual need identified in the Affordable Housing Strategy.

This follows the policy of using windfall gains that the State Government followed when Government electricity businesses earned higher than expected profits and \$125 was allocated to all Aurora Energy account holders with a Pensioner Concession Card or Commonwealth Seniors Health Card. The Minister for Energy said, "In line with our Tasmania-first approach, we believe that higher than expected returns from our energy businesses should be returned to the pockets of Tasmanians, rather than retained by the Government" (Barnett 2017). Anglicare argues that the windfall in stamp duty should similarly be returned to the pockets of Tasmanians by being used to urgently create more affordable housing.

A further source of funding should be accessed by the Government allocating the housing debt to Finance General to allow the entire Commonwealth housing funding to be invested in addressing the need in public and social housing, rather than in servicing a historic debt.

Increasing the financial investment in Strategy initiatives such as Streets Ahead, which offers Housing Tasmania tenants \$13,000 towards a house deposit, mortgage insurance premium and legal costs to buy their Housing Tasmania rental property, and Homeshare,

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where Housing Tasmania tenants are assisted by the Director of Housing with the cost of buying a house, would expand their reach. So far, these two initiatives have helped 174 households (Hansard 7 June 2017, Jacquie Petrusma).

Anglicare also urges greater investment could be made in Youth Head Leases program. A pool of 50 homes leased by community organisations and sub-leased to young people started in 2017 as part of the Affordable Housing Action Plan. With around a quarter of people on the Housing register being young people, rapidly increasing investment in this program would significantly reduce competition in the market place (Petrusma 2017).

2. The severity of housing affordability in Tasmania is preventing people from a wide range of financial backgrounds from accessing affordable home ownership and rentals, which has increased pressure for people who are solely reliant on low paid casual work, pensions and benefits.

With rental vacancy rates in Hobart below 2 per cent, Launceston at 3 percent and the north-west below 4% (REIT 2017), it is difficult for many Tasmanian families to find an affordable rental property. Housing Connect staff, clients and real estate agents say that competition for rental properties has increased dramatically in recent years. Anglicare clients tell us they are competing against 30 to 40 other prospective tenants each time they apply for a rental property.

It is difficult in these circumstances for our clients to secure a tenancy due to reasons such as lack of references (for example, clients who have fled family violence), having nowhere to leave their children when making an inspection or having to disclose the amount and source of their income. Properties that our clients are able to afford are instead going to waged families who are saving up the deposit for purchasing a home.

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Anglicare policy recommendation 2:

Affordable housing should be a more specific priority of the current reforms to the Tasmanian planning scheme. This should include setting a target for the percentage of affordable housing for all new developments and redevelopments, and policies that encourage short-term accommodation properties to be freed up for long-term rental, particularly in areas of high rental need.

Rationale for change

- 1. All political parties and levels of government agree there is a need to provide more affordable housing.**

Affordable housing is a policy initiative that is politically popular. When the Liberal's Tasmania's Affordable Housing Strategy 2015-2025 was announced, Labor welcomed the strategy and the Greens said it was a 'reasonable start' (Richards 2015). Specifically, the Greens support "continued government and community sector investment in sustainable social and affordable housing as well as a competitive private rental market that protects tenants' rights" (Tasmanian Greens 2014).

The Liberals, through their reform of Tasmania's planning scheme, are committed to using the planning scheme to increase supply of affordable housing, both private and public (Department of Justice 2017, p. 15). However, it is not clear how the strategies listed in the consultation draft will ensure increased supply.

All political parties and levels of government agree there is a need to provide more affordable housing.

As part of the New Housing Incentive Package, announced in the 2017 State budget, the Government plans to establish a working group jointly led by Housing Tasmania and Treasury to conduct a review to determine what land may be suitable for repurposing for housing to increase supply. (Gutwein & Barnett 2017). This approach is supported by the ALP (Tasmanian Labor 2017) and is a targeted strategy that could reap valuable results for vulnerable Tasmanians.

2. While the impact of the rapid rise in the short-term accommodation market is still being assessed, thousands of Tasmanians are waiting in inadequate circumstances for a long-term housing solution.

There is sufficient evidence that the short-term accommodation market is booming at the expense of people seeking long-term housing (Anglicare Tasmania 2017).

While supportive of the New Housing Incentive Package, Anglicare urges for it to go further and set affordable housing targets as well as initiatives to retain or replace properties in the private rental market that may otherwise go to the short-term accommodation market.

Housing initiatives by local councils should also be supported by the State Government, such as the recent proposals from Hobart City Council to free up council-owned land and buildings for affordable housing, as well as their plans to address the impact that short-term accommodation market is having on availability of long-term rentals (Howard 2017).

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Anglicare policy recommendation 3:

The state government needs to urgently increase investment in homelessness services.

Rationale for change

1. The number of homeless Tasmanians is unacceptable.

Despite consecutive governments making housing a priority, 3,000 Tasmanians are stuck on a lengthy waiting list for public and social housing and 1,500 Tasmanians are homeless. For families without secure affordable housing, the struggle to survive in inadequate, short-term accommodation affects their family's employment, health and wellbeing and their children's education.

In his State of the State address in March 2017, the Premier said "our economy is strong... retail trade has boomed... our unemployment rate is now below 6 per cent for the first time since 2011, and there are over 4,300 more people in jobs than there were when the election was held" (DPaC 2017). However, the strength of Tasmania's economy is clearly not benefiting everyone.

2. A third of all people seeking help from homelessness services are under 24 years of age.

Tasmania's Affordable Housing Strategy rightly points to the shift into independence when moving out of the family home or Out-of-Home Care being a key risk pathway into homelessness. Government policies that invest in secure and affordable housing options for young people will help set them up for independent life and reduce homelessness. Using the duty receipt windfall, the government could continue support to young people in Out-of-Home Care to age 21 and expand funding for Youth Head Leases, which make it easier for people under 25 years old to rent at an affordable price.

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These principles guide our policy recommendation

COST EFFECTIVE

Preventative strategies that reduce pressure on social and public housing systems and homelessness services will reduce long-term costs for Government, as identified in Tasmania's Affordable Housing Strategy.

BROAD REACHING

Thousands of Tasmanians would benefit from a rapid increase in investment in affordable housing and homelessness services.

MEASURABLE

The success of these policies would see a reduction in the public and social waiting lists, reduced homelessness and reduced competition for private rentals.

ACHIEVABLE AND LIKELY TO SUCCEED

All three parties support affordable housing and have made it a priority when in government. With growth in house sale prices predicted to continue for the next few years, this is the time for the State Government to allocate conveyance duty receipts to preventative affordable housing measures.

SARC research on housing affordability

Rental Affordability Snapshot Tasmania 2017

The Rental Affordability Snapshot is an annual look at the extent to which residential properties in Tasmania are affordable and appropriate for people living on low incomes. On one weekend in April 2017, SARC collected information on all the properties advertised as available for rent across the state and worked out whether people on government income support payments and people on the minimum wage could afford to find suitable accommodation for themselves and their families.

Rental Affordability Snapshot Tasmania 2016

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Rental Affordability Snapshot 2015

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Reducing youth homelessness: Advice from young people on how to reduce homelessness in Tasmania

This report captures the 'lived experience' of young Tasmanians who have cycled in and out of the homelessness system.

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