

# **National Housing and Homelessness Agreement Review**

## **Tasmanian Government Submission**

# Contents

<i>Executive Summary</i> .....	3
<i>Tasmanian Context</i> .....	4
Housing market .....	4
Tasmanian Government priorities.....	4
Tasmanian Housing Strategy .....	6
<i>Assessing the Performance and Suitability of the National Housing and Homelessness Agreement</i> .....	7
Purpose, objective and outcomes.....	7
The role and responsibilities of governments under the Agreement .....	8
Performance monitoring and reporting .....	8
Financial arrangements .....	9
Governance arrangements .....	10
How does the NHHA align with other policy areas?.....	11
<i>Issues across the housing spectrum</i> .....	12
Homelessness.....	12
Social housing.....	12
Affordable housing and assistance for low-income renters.....	13
The private rental market.....	13
Home ownership .....	13
Housing outcomes for Aboriginal and Torres Strait Islander people .....	13
<i>The supply side of the housing market</i> .....	14
Planning and land regulation use .....	14
The building and construction industry.....	14



## Executive Summary

The Tasmanian Government welcomes the opportunity to make a submission to the National Housing and Homelessness Agreement (NHHA) Review. This submission addresses the Terms of Reference and key themes outlined in the Issues Paper.

The Tasmanian Government supports the replacement of the NHHA with another agreement over a term of five years. A new national housing and homelessness agreement should establish an agreed funding mechanism and provide a platform to ensure accountability and transparency of performance.

The national and Tasmanian housing markets have seen significant challenges in recent years. Growth of the price of housing has increased considerably more than growth in wages and has led to higher demand for housing assistance.

This submission outlines the Tasmanian Government's efforts, innovation and investment towards addressing the gap in supply and demand of affordable housing.

The Tasmanian and Australian Government have joint responsibilities in tackling housing and homelessness issues and should continue to work together to achieve better housing outcomes. The Tasmanian Government welcomes further involvement in the renegotiation of the next housing and homelessness agreement.

# Tasmanian Context

## Housing market

Like other jurisdictions, Tasmania has experienced a surge in house prices driven by post-COVID-19 demand, low interest rates and higher savings.

In 2021, Hobart's house prices were at record highs and grew faster than any other capital city in Australia (28.1 per cent).<sup>1</sup>

Hobart's rental prices for homes also grew by 12.7 per cent (the second highest growing capital city) and the regional Tasmanian rental prices for homes grew by 14.9 per cent (the highest regional area rise)<sup>2</sup>.

Since the start of 2018, housing affordability in Tasmania has fallen as rent rises outstrip wage growth.<sup>3</sup>

Consistent with the broader housing market, the demand for social housing in Tasmania has grown over recent years. Additionally, unmet need for homelessness services assistance has increased. This has led to a growing gap between the level of housing need and the rising challenge to keep up with this demand through new supply of social housing.

## Tasmanian Government priorities

The Tasmanian Government has responded to housing market challenges by increasing housing supply with the largest housing investment in Tasmania's history.

The Tasmanian Government has announced a \$1.5 billion housing package over 10 years to improve the housing system and provide more affordable housing. This will provide an additional 10 000 homes for Tasmanians in need by 2032. It will include the establishment of a housing authority as a critical mechanism for delivering this commitment.

Since the release of *Tasmania's Affordable Housing Strategy 2015-2025*, the Tasmanian Government has supported 3 310 additional households to access affordable housing<sup>4</sup>. This has included 234 households assisted through the Commonwealth State Housing Agreement (CSHA) debt waiver<sup>5</sup>.

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<sup>1</sup> As at December 2021. Core Logic. Monthly Housing Chart Pack. January 2022

<sup>2</sup> As at December 2021. Core Logic. Monthly Housing Chart Pack. January 2022

<sup>3</sup> [Wage Price Index, Australia, December 2021 | Australian Bureau of Statistics \(abs.gov.au\)](https://www.abs.gov.au/australian-bureau-of-statistics/news-items/wage-price-index-australia-december-2021)

<sup>4</sup> As at 28 February 2022.

<sup>5</sup> As at 31 January 2022.



Since the NHHA commenced, Tasmanian Government commitments have included reforms for taxation, planning and increased access to housing such as:

- boosting the First Home Owner Grant
- introducing HomeBuilder Grants
- investing in comprehensive reviews of Tasmania’s three regional land use strategies
- investing in a ‘Headworks Holiday’ for new residential subdivisions to unlock new land supply
- investing additional funding into HomeShare (renamed the Housing Market Entry Program) to support low-income Tasmanians to buy their own home
- resetting land tax thresholds and tax rates to provide tax relief for property owners and put downward pressure on rents
- increasing the thresholds for stamp duty concessions, in line with rising property prices
- expanding the Private Rental Incentives program
- increasing housing supply with the ancillary dwelling incentive program
- investigating a build-to-rent scheme, safeguards for rent-to-buy schemes and working with Councils to open up ‘shop-top’ accommodation
- considering better utilisation of Government owned dwellings and social housing stock.

There is also a significant level of building activity occurring in the private market and in new social housing, that will assist in easing the demand and affordability pressures in Tasmania.

Table I shows that the Tasmanian Government is spending \$255.8 million in 2021-22 towards housing initiatives including:

- \$160.1 million towards the delivery of housing and homelessness services
- \$82.5 million towards new supply under the capital investment program
- \$13.2 million to continue COVID-19 response and recovery initiatives.

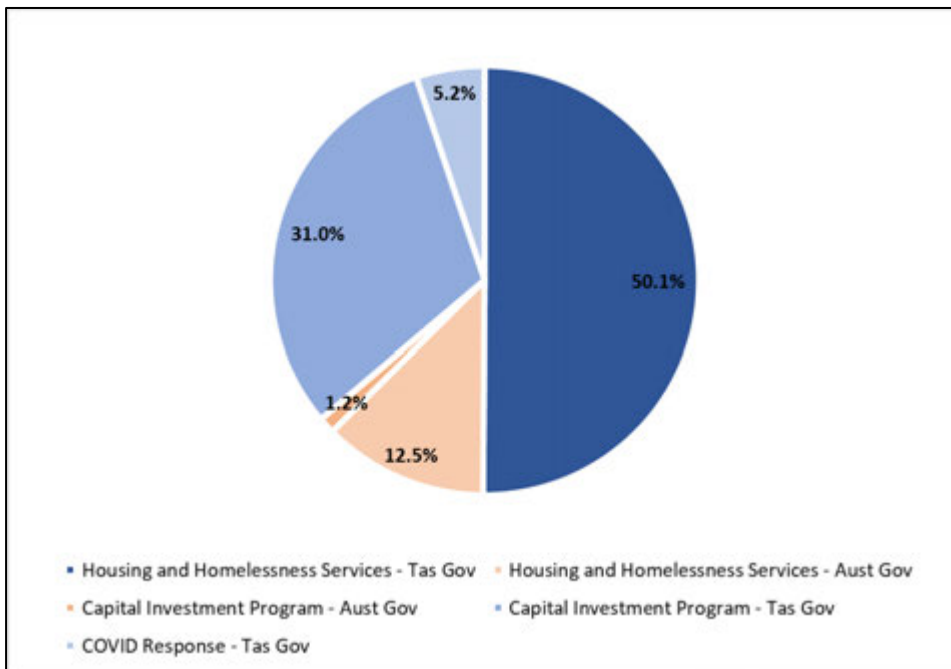
Under the NHHA, Tasmania receives between \$30 to \$35 million per annum from the Australian Government. In 2021-22, Tasmania expects to receive \$35.1 million with \$20 million allocated for housing services (including \$3.2 million towards capital) and \$15 million for homelessness services. The Bilateral Agreement allows flexibility in allocating funding towards homelessness services.

Figure I shows that the Australian Government investment represents 13.7 per cent of total investment in housing and homelessness in Tasmania.

**Table I. Housing Investment – Tasmanian and Australian Government (2021-22 Budget)**

	<b>Tasmanian Government</b>	<b>Australian Government</b>	<b>Total Investment</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
COVID Response and Recovery	13.2		13.2
Capital Investment Program	79.3	3.2	82.5
Housing and Homelessness Services	128.2	31.9	160.1
<b>Total</b>	<b>220.7</b>	<b>35.1</b>	<b>255.8</b>

**Figure I. Housing Investment – Tasmanian and Australian Government**



The Tasmanian and Australian Governments also work with local governments to implement local responses to housing and homelessness issues. The Tasmanian Government has partnered with the Australian and local governments under the Launceston City Deal and Hobart City Deal to increase the supply of new social housing. Additionally, the MetroPlan will be developed by the Tasmanian Government and Greater Hobart Councils to achieve an integrated and comprehensive strategic plan and vision for the future of the region.

It is disappointing that the Issues Paper did not acknowledge Tasmania’s major economic stimulus and investment in new supply when it outlined additional investment from other jurisdictions.

### **Tasmanian Housing Strategy**

The Tasmanian Government has committed a further \$2 million to develop a comprehensive Tasmanian Housing Strategy (Strategy) to drive practical actions to deliver a more sustainable housing market for all Tasmanians.

This will consider demand across both the public and private housing sectors and formulate strategies to deliver sustainable outcomes for Tasmanians. This will provide the strategic direction for our additional investment and priorities.

The development of the Tasmanian Housing Strategy will bring together experts in Government, research, community, business and construction to provide advice on how to maximise influence over our housing market levers. This will be broader than the current Affordable Housing Strategy. More information on the Tasmanian Housing Strategy can be found at [Communities Tasmania - Tasmanian Housing Strategy](#).



# Assessing the Performance and Suitability of the National Housing and Homelessness Agreement

## Purpose, objective and outcomes

The Tasmanian Government is committed to working collaboratively with the Australian Government to improve housing outcomes.

The Tasmanian Government supports the replacement of the NHHA with another agreement over a term of five years as a key funding mechanism for the delivery of housing and homelessness services. The scope of a new national housing and homelessness agreement should be confined to housing and homelessness services and should focus on what can be delivered within the funding parameters. Jurisdictions should continue to have flexibility to implement local priorities through funded deliverables identified within Bilateral Agreements.

The homelessness priority cohorts identified within the current agreement are appropriate, however there should be flexibility to direct state funding towards unique priorities within each jurisdiction.

The development of a national housing strategy with aspirational objectives such as improving access to affordable, safe and sustainable housing across the housing spectrum is supported. This should be separate to the funding agreement for the delivery of housing and homelessness services.

### **Recommendations**

1. The Tasmanian Government supports the replacement of the NHHA with another national housing and homelessness agreement over a term of five years as a key funding mechanism for the delivery of housing and homelessness services. The scope of the agreement should focus on what can be delivered within the funding parameters.
2. The flexibility to implement local priorities through funded deliverables identified within Bilateral Agreements should continue.
3. The Tasmanian Government supports the development of a national housing strategy that includes aspirational objectives and outcomes, that are not tied to a funding agreement.

## The role and responsibilities of governments under the Agreement

The Tasmanian and Australian Government should work together to achieve better housing outcomes.

The full range of initiatives of the Tasmanian and Australian Governments are outside of the scope of the funded deliverables within a national housing and homelessness agreement, however, should be separately acknowledged as important impacts on the delivery of housing and homelessness services. These broader roles and responsibilities could be considered within a national housing strategy rather than tied to funding or monitoring of performance through a funding agreement.

## Performance monitoring and reporting

The Tasmanian Government supports improving transparency and public accountability for funding allocations.

Under the NHHA, Tasmania is required to provide an annual Statement of Assurance and report against key commitments and actions within the Bilateral Agreement. The annual Statement of Assurance is made publicly available on the Federal Financial Relations website ([The National Housing and Homelessness Agreement | Federal Financial Relations](#)).

Reporting could be refined by focusing on agreed deliverables as outlined in the Bilateral Agreement.

The Statement of Assurance requires jurisdictions to report homelessness funding against national priority homelessness cohorts. As States and Territories calculate homelessness funding differently, there is a lack of consistent and comparable reporting across jurisdictions.

A new agreement could reconsider the national performance indicators. A new Data Improvement Plan (DIP) may need to be negotiated based on revised indicators. It is suggested that a future DIP remain as a separate agreement (not tied to overall NHHA funding) that is funded by Australian and State Governments.

### **Recommendations**

4. Focus reporting on agreed deliverables as outlined in the Bilateral Agreement.
5. Discontinue disaggregated reporting of expenditure associated with homelessness cohorts.
6. Review national performance indicators and the Data Improvement Plan (DIP) and maintain the DIP as a separately funded agreement.





## Financial arrangements

A new agreement should consider the appropriate level of funding. Funding has not increased over several years despite the increasing challenges in the housing market. The current level of funding provided through the NHHA is only sufficient to maintain current levels of service delivery.

The current funding model is general funding based on population shares and homelessness funding based on share of total homelessness consistent with 2006 Census homelessness estimates. Funding is indexed according to the Wage Cost Index. Homelessness funding is required to be matched by jurisdictions, however there is flexibility for jurisdictions to direct general funding to the delivery of homelessness services.

Each jurisdiction has unique circumstances that require additional funding. In Tasmania, this includes:

- the highest proportion of households on low incomes nationally<sup>6</sup>
- dispersed social housing across regional areas (no areas classified as major cities in Tasmania)
- an ageing population
- high proportion of people living with disability (26.8 per cent of the Tasmanian population, the highest of any jurisdiction<sup>7</sup>)
- population increases (four per cent increase from the December quarter 2016 to the June quarter 2021<sup>8</sup>)
- increased house and rental prices
- reduced private rental vacancy rates
- increased demand for housing and homelessness assistance.

The Tasmanian Government's response to the housing market conditions and increased housing demand has been to apply unprecedented investment towards the housing and homelessness sectors.

If there is an expectation under a national housing and homelessness agreement to undertake reform, increase supply and achieve better housing outcomes, then the level of funding should be sufficient to achieve these outcomes rather than just to maintain current levels of service delivery.

In Tasmania, Social and Community Services Equal Remuneration Order (SACS ERO) funding for homelessness services has been rolled into base funding for services and equates to around \$3 million per annum. It is important that national housing and homelessness agreement funding remains at least consistent or is increased over and above current amounts.

The current methodology to calculate funding for homelessness from the 2006 ABS Census estimates is out of date. Incidence of homelessness does not fully represent the need for assistance from homelessness services or homelessness experienced by people who do not seek assistance.

The Australian Government funding component of the new agreement that could be more effective and efficient. This could include:

- Funding based on the proportion of social housing compared to the population. This demonstrates the level of funding for the ongoing provision of subsidised housing in jurisdictions

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<sup>6</sup> Australian Bureau of Statistics, Census, 2016.

<sup>7</sup> [Disability, Ageing and Carers, Australia: Summary of Findings, 2018 | Australian Bureau of Statistics \(abs.gov.au\)](#)

<sup>8</sup> [National, state and territory population, June 2021 | Australian Bureau of Statistics \(abs.gov.au\)](#)

- Matched, or a contribution towards, funding for increased social housing supply. This would encourage ongoing State investment and contribute to economic stimulus.
- Funding based on level of unmet need demonstrated by unassisted people seeking Specialist Homelessness Services or on social housing wait lists.

Given Tasmania's recent investment in social housing, Tasmania may direct all NHHA funding to the delivery of homelessness services.

#### **Recommendations**

7. Reconsider the appropriate level of funding under a national housing and homelessness agreement.
8. Continue to enable jurisdictions to direct general funding into homelessness services.
9. Consider alternative funding methodologies for general housing and homelessness funding. In Tasmania, this may include allocating all NHHA funding towards the delivery of homelessness services.

## **Governance arrangements**

The absence of a formal NHHA governance structure means coordinating with other jurisdictions is time consuming.

It is recommended that a formal governance structure be considered for the future housing and homelessness agreement, with representation from Housing Ministers and senior officials. It would be appropriate to have this structure in place during the full term of the agreement but is particularly important as part of the consultation process in renegotiating and developing the new agreement.

#### **Recommendations**

10. Implement a formal governance structure for the future housing and homelessness agreement, with representation from Housing Ministers and senior officials.



## How does the NHHA align with other policy areas?

The inter-relationship between housing and health and wellbeing is widely acknowledged. Housing intersects with a range of other policy areas including taxation, planning, construction and infrastructure.

The Tasmanian Government will be providing a submission to the *Inquiry into housing affordability and supply in Australia* which has linkages to the national housing and homelessness agreement. However, again the national and homelessness housing agreement should just focus on housing and homelessness services.

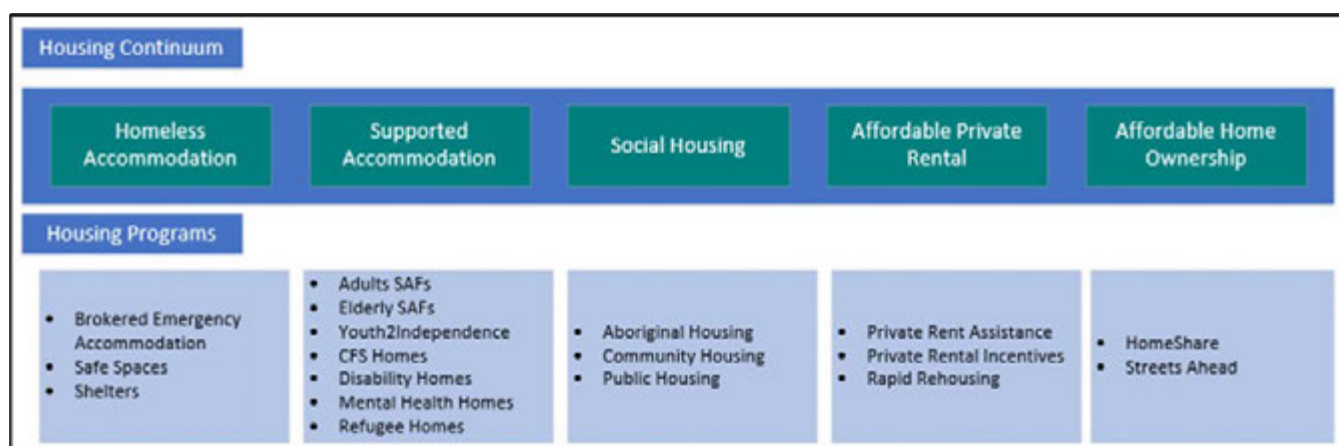
### **Recommendations**

11. Continue to address social housing and homelessness under the NHHA that does not include commitments and actions under other policy areas or national agreements.

## Issues across the housing spectrum

Tasmania has an integrated housing and homelessness system (see Tasmanian Context). There are a range of programs offered to people depending on their housing need, cohort and level of support required. Access to housing and homelessness assistance is offered through Housing Connect: the front door, one-stop shop for all of housing and support needs. Figure 2 outlines that housing continuum and range of programs provided in Tasmania.

**Figure 2. Housing Continuum and Housing Programs in Tasmania**



There are a range of programs across the housing continuum, however in Tasmania the NHHA only funds new supply, maintenance and homelessness.

### Homelessness

The Australian Government funding contribution under NHHA provides around \$15 million for homelessness services. This contributes to the operational delivery of the services at their base funding levels of around \$30 million per annum.

The Tasmanian Government has invested in homelessness service reform by redesigning the Housing Connect model under Housing Connect 2.0. This will: provide more ways for people to access assistance; provide personalised support; inform new supply; and provide for skilled and supported staff.

### Social housing

The Australian Government funding contribution under NHHA provides around \$20 million for housing services.

Tasmania's housing package will provide an additional 10 000 homes for Tasmanians in need by 2032. The appropriate utilisation of current stock to best meet needs of people who require social housing will also be considered.

Tasmania has been leading the nation in relation to the transfer of social housing to be managed by the community housing sector. This has resulted in significant benefits of improved tenancy management, leverage of Commonwealth Rent Assistance (CRA) and increased supply and maintenance.



## **Affordable housing and assistance for low-income renters**

Tasmania has introduced innovative private and affordable rental initiatives to increase access to the private rental market for low to moderate income earners. This has included the Private Rental Incentives scheme and Rapid Rehousing. These programs lease properties from private owners that are then managed by a community housing provider. Homes are allocated to people on low to moderate incomes at an affordable rent to meet their housing needs.

Like other jurisdictions, Tasmania is experiencing a lack of affordable private rentals following the completion of the National Rental Affordability Scheme (NRAS).

## **The private rental market**

As mentioned above, the Tasmanian Government has introduced innovative private and affordable rental initiatives. This also includes ongoing programs such as Private Rental Assistance (PRA) to assist people on low to moderate incomes to access and maintain affordable private rentals. PRA is currently solely funded through the NHHA.

It is disappointing that the Issues Paper highlighted tenancy legislation and reforms in other jurisdictions and not Tasmania. There have been significant tenancy reforms implemented in Tasmania during the COVID-19 emergency period such as rent freezes and no evictions policies. Additional rent relief programs were also implemented to assist landlords and tenants. Tasmania has also reformed the *Residential Tenancy Act 1997* to ensure tenants are protected and that social housing is provided to those who most need it.

## **Home ownership**

The Tasmanian Government has introduced a range of home ownership programs and initiatives. This includes incentives for developers, stamp duty initiatives, land tax decreases and assistance to first homeowners. This is in addition to support for people buying and building a home.

The Streets Ahead Incentive Program and HomeShare program (to be renamed the Housing Market Entry Program) support people on low to moderate incomes to purchase a home. Additional investment and reforms to HomeShare have been undertaken to improve its availability including reducing amounts required for a deposit and increasing the level of shared equity assistance from the Tasmanian Government.

## **Housing outcomes for Aboriginal and Torres Strait Islander people**

Aboriginal and Torres Strait Islander people continue to be a priority cohort for housing and homelessness service delivery in Tasmania.

Tasmania is signatory of the *National Agreement on Closing the Gap*, however this should remain a separate agreement with distinct funding and actions.

## The supply side of the housing market

Tasmania has invested \$1.5 billion to add 10 000 new social houses by 2032. Additionally, there are a range of programs to increase access to private rentals and home ownership (see Tasmanian Government priorities).

### Planning and land regulation use

In Tasmania, the linkage between planning and new housing supply is well acknowledged. The Tasmanian Government has implemented planning reforms and legislation to reduce red-tape and improve planning timeframes for new developments. However, responsibilities of Planning Ministers and local governments should not be included in the national housing and homelessness agreement.

### The building and construction industry

As Tasmania meets all national and state legislative requirements for building and construction, this should not be included in the agreement.

#### **Recommendations**

12. A national and homelessness housing agreement to not include responsibilities of Planning Ministers or local governments.





**Department of Communities Tasmania**

Community Services, Infrastructure and Housing

**Phone:** (03) 6166 3607

**Email:** [csih.perfandadvice@communities.tas.gov.au](mailto:csih.perfandadvice@communities.tas.gov.au)

**[www.communities.tas.gov.au](http://www.communities.tas.gov.au)**