

Discussion Paper

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The Hobart City Council's Role in Affordable Housing

Hobart City Council
Affordable Housing Working Group

The Hobart City Council's Role in Affordable Housing – Discussion Paper

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1. Summary

This discussion paper responds to the Council's *Future Direction* Statement 1.2.6:

Promote housing choices and affordability in our city

- Establish Council's role in relation to affordable housing.

The paper comprises four parts:

- **Context** - introduces concepts associated with affordable housing, outlines relevant government programs, provides examples of Australian capital city affordable housing initiatives, examines the Hobart City Council's past projects and current position in relation to affordable housing, and reviews statutory planning mechanisms.
- **Demographic Overview** - provides a snapshot of Hobart's population and housing profile, and identifies the contributors to declining housing affordability and increasing housing stress.
- **Key Research and Consultation Findings** - examines the various mechanisms for influencing housing affordability and summarises the findings of consultations undertaken by Council officers in relation to affordable housing.
- **Affordable Housing – The Council's Role** – summarises the key issues for Council arising from the findings presented in this paper and proposes a number of strategies which may form the framework for the Council's future role in affordable housing.

Key observations addressed in the paper include:

- The cost of housing in the Hobart LGA has increased significantly relative to the consumer price index and household earnings.
- Funding for social housing in Tasmania has experienced a steady decline, resulting in a decline in supply and available stock has become limited to high need households.
- Housing affordability in the Hobart LGA is a key issue, with housing stress most pronounced in the private rental sector.
- Groups particularly affected by the lack of affordable housing supply include low to moderate income households, lone person households, young people (students), key workers and (in future) older persons.
- There is a significant opportunity for inner city Hobart to achieve growth in its residential population, particularly key workers, and thereby enhance economic prosperity, social mix and community safety.
- There is an expectation among stakeholders that local government, particularly capital city councils, will take an active role in promoting better housing outcomes for their communities.

It is the conclusion of this paper that the Council has a significant leadership role to play in relation to affordable housing in the following areas:

- **Leadership, Advocacy and Community Development**
- **Strategic Partnerships**
- **Financial Initiatives**
- **Planning Tools**

2. Context

2.1 Definitions

Affordable Housing:

Housing is affordable when households, which are renting or purchasing, are able to pay their housing costs and still have sufficient income to meet other basic needs such as food, clothing, transport, medical care and education.

It is also considered that to be truly affordable, the cost of housing needs to take into account not only the ongoing cost of rental or mortgage repayments but also the cost of living in that particular housing – including the cost of transport to work and to access social services and community life, as well as the cost of utilities such as power, water, heating and cooling.

Housing Stress:

If people are paying more than 30% of their gross income in housing costs they are said to be in housing stress.

Key Workers:

Throughout Australia, efforts to develop affordable housing have targeted an income band of low-moderate income households (up to \$1,035 p.w. - based on ABS 2006 Census median household income for Hobart LGA), which incorporates many individuals working in key services, such as those working in childcare and aged care, police, ambulance personnel, nurses, retail and hospitality, community development workers and transport workers. These “Key Workers” provide essential services necessary for continued economic growth and to sustain the quality of life in the local area.

Housing Affordability:

Housing affordability is a measure of the cost of housing relative to median income. If the cost of housing increases at a faster rate than increases in median income, housing affordability decreases.

Price to Earnings Ratio:

A common measure of housing affordability is the median house price to median annual household income ratio – often known as the price to earnings ratio or PE ratio.

According to the 2009 Demographia International Housing Affordability Survey, the following PE ratios may be used to determine affordability:

Housing Affordability Rating Categories	
Rating	PE Ratio
Severely Unaffordable	5.1 & Over
Seriously Unaffordable	4.1 to 5.0
Moderately Unaffordable	3.1 to 4.0
Affordable	3.0 or less

Social Housing:

Social housing is defined as rental housing that targets low income earners, comprising public and community housing and with housing generally allocated on need.

Homelessness

Primary Homelessness

People without conventional accommodation, such as people living on the streets, sleeping in parks, squatting in derelict buildings, or using cars or railway carriages for temporary shelter.

Secondary Homelessness

People who move frequently from one form of temporary shelter to another (e.g. emergency accommodation, refuges and residing temporarily with other families).

Tertiary Homelessness

People who live in boarding houses on a medium to long-term basis.

2.2 Community Expectations – 2025 Vision Consultations

During consultations undertaken to develop the Council’s 2025 Vision and Strategic Framework, affordable housing was identified by members of the community as being of relatively high importance.

Additionally, the Hobart City Council’s approved 2025 Vision and Strategic Framework provides some guidance in relation to the role of Council in relation to affordable housing:

Future Direction 1

“In 2025 Hobart will be a city that offers opportunities for all ages and a city for life.”

Strategy 1.2.6 Promote housing choices and affordability in our city.

Future Direction 3

“In 2025 Hobart will be a city that is well governed at a regional and community level.”

Outcome Partnership with government, the private sector and local communities are achieving significant regional, city and community goals.

Future Direction 6

“In 2025 Hobart will be a city that builds strong and healthy communities through diversity, participation and empathy.”

Council Role Working with the community and other spheres of government to facilitate a reduction in homelessness.

Future Direction 7

“In 2025 Hobart will be a city that is dynamic, vibrant and culturally expressive.”

Outcome A destination of choice and a place for business.

Strategy Assist city growth through development strategies.

Strategic Plan 2008 - 2013

Specific strategies identified in the Strategic Plan 2008 - 2013 include:

- To establish Council's role in relation to affordable housing (1.2.6)
- To work with other levels of government and community organisations to address disadvantage (6.3.1)

2.3 Government Initiatives for Affordable Housing

Key Australian Government Initiatives

- \$500 million **Housing Affordability Fund** (2008-2013) to lower the cost of building new homes.

State, territory and local governments, as well as local government associations, are able to apply for funding.
- **National Rental Affordability Scheme** (NRAS) offering financial subsidies of \$6,000 per dwelling per year for 10 years (plus a State Government contribution of \$2,000 per dwelling on the same terms).
- Low tax **First Home Saver Accounts** incorporating a Government co-contribution
- **First Home Owner Grant / Boost** increasing the former grant to \$14,000 for established properties and \$21,000 for new homes.
- **Commonwealth Rent Assistance** (CRA) paid to recipients of Commonwealth income support and family tax benefit. It is intended to help recipients meet the high costs of renting in the private sector.
- **Supported Accommodation Assistance Program (SAAP)** provides transitional supported accommodation and related support services for people who are experiencing or at risk of experiencing homelessness.

Key Tasmanian Government Initiatives

- **HomeShare** is a shared equity arrangement, with the Director of Housing becoming a co-purchaser of a home and providing up to 25% of the purchase price to a maximum of \$50,000.

The eligibility criteria are income and asset based (new homes only), and the assistance is available only to those who are currently not home owners.

- The **First Home Buyers Duty Concession** is a concessional rate of duty on the purchase of a property by a First Home Buyer.

- Through the **Streets Ahead Incentive Program** a range of incentives, including Deposit Assistance, are provided to people receiving low incomes to encourage and help them to buy a home from Housing Tasmania.
- **Tasmanian Affordable Housing Ltd (TAHL)** is funded by the State Government and required to provide rental housing to people on the Housing Tasmania waiting list. TAHL rent is based on 30% of eligible household income + Commonwealth Rent Assistance. TAHL head leases units from the private sector at commercial rental rates and charges tenants affordable rental.
- Through the **Private Rental Support Scheme**, Anglicare and Colony 47 provide financial assistance to about 4000 separate households per year to enter or maintain private rental. Support takes the form of financial assistance with bonds, removal assistance and/or rent in advance or arrears to those on low incomes. The Scheme is funded by the State and Commonwealth Governments.
- As part of the State's social inclusion initiative, the government has targeted a 50% reduction in primary homelessness by 2010. It is intended that a component of this strategy will be to undertake a project based on the **Common Ground** model. The redevelopment of Highfield House was initially earmarked for this project, but did not proceed as it was not cost effective.

The Common Ground concept is aimed at ending chronic homelessness. The model:

- Utilizes business, government and philanthropy to deliver a long-term housing solution (unlike shelters) for those who live on the streets
- Creates a foundation which sustains the move from the streets into permanent supported housing
- Matches accommodation with tailored social services
- Offers a social mix within its buildings

Social and Affordable Housing – Options Paper

The Department of Health and Human Services has recently released (November 2008) an options paper (KPMG) examining ways to increase the supply of affordable housing in Tasmania.

While the options outlined in the paper are subject to further consultation, the reform recommendations are wide-ranging and include:

Reconfiguring current structural arrangements (State Housing Authority) and establishing a new commercial entity to:

- Borrow funds to assist in development and reconfiguration of public housing stock
- Enable tenants' access to CRA
- Charge different rents and offer shared equity products
- Be an asset manager and land developer

Local Government and Affordable Housing

Many capital city councils have actively pursued strategies to increase the size and diversity of their inner city residential populations. By targeting areas of specific need (such as key workers, low-moderate income households, young people, students, older people, lone person households, different housing styles/tenures etc.), these strategies have delivered significant economic benefits to central city and fringe locales and have underpinned objectives to increase cultural vibrancy and social mix, and to make better use of expensive infrastructure.

For example, the Melbourne Postcode 3000 Program (incorporating a number of specific affordable housing initiatives), designed to reintroduce a residential population into the central city, was spectacularly successful. Using a suite of incentives such as changed regulations, financial assistance, improved street level environments and promotion, the city managed to reintroduce over 30,000 residential units in just over 15 years. This program not only saw the reuse of existing under-utilized building stock but also saw the redevelopment of under-utilized land close to the central core, such as the Docklands.

In the 1980s Central Melbourne was becoming increasingly mono-functional. Retail was on the decline and lost to the suburban shopping malls, residential was almost nonexistent with only 700 central city dwellings by 1992, and entertainment and leisure activities were on the decline with many of the old theatres closed or closing. In 1985 the Council symbolically changed the name of the Central Business District to the Central Activities District and commenced a program of encouraging the greater diversification of the centre. Alongside the successful Postcode 3000 program, the city developed Retail, and Events Strategies. The combination of all these strategies produced a catalytic response to inner city vitality that saw 1500 new bars, cafes and restaurants, numerous supermarkets and 400 sidewalk cafes open up down town. This achieved one of the City's key objectives of turning down town from a **central business district** into a **central activities district** (Prof. Rob Adams AM, Director Design and Urban Environment, City of Melbourne).

Similar outcomes have been achieved in other capital cities such as Adelaide, where the Council endorsed a comprehensive Residential Growth Plan in 2004:

“... Worker, student and resident numbers are growing strongly, following Council's adoption of new planning regulations and big pushes for city workers and international students. According to Adelaide Lord Mayor, Mr Michael Harbison, "This has been a very successful year with major changes to the Adelaide City Development Plan and the introduction of the North Adelaide Heritage (Conservation) Zone. These changes open up the potential for an additional \$6 billion worth of development in the central business areas of the City, while providing increased protection to the major residential areas which add so much to the character of the City. The Council deliberately set ambitious residential population growth targets to support the South Australia Strategic Plan introduced by the State Government. While we continue to experience strong population growth, currently five times the metropolitan average, we need to accelerate residential growth, which we expect to happen over the next couple of years. In particular, we need to be better at grasping the opportunities offered to us for greater affordable housing.” (Sensational Adelaide: October 2006)

Many of Hobart City Council's current Future Direction Statements point towards a vision for the city which is shaped by the nature and extent of its residential population:

Future Direction 1

"In 2025 Hobart will be a city that offers opportunities for all ages and a city for life."

Future Direction 6

"In 2025 Hobart will be a city that builds strong and healthy communities through diversity, participation and empathy."

Future Direction 7

"In 2025 Hobart will be a city that is dynamic, vibrant and culturally expressive."

In November 2007 the University of Tasmania Housing and Community Research Unit report: *Missed Opportunities? An Appraisal of Hobart's CBD* indicated that Hobart required a strategy to boost the much-needed supply of accommodation in the core area. Furthermore, it was identified that Hobart streetscapes are dominated by car parks and non-residential "empty" neighbourhoods. With only 869 dwellings located in inner Hobart at the time of the report, it was estimated that land and floor space totalling 48,000 sq m was devoted to car-related functions (vehicle retailers or parking). The report identified a number of significant benefits for the city of addressing this imbalance:

- Medium density residential development would produce a number of economic multipliers for the immediate area, including a boost in the local consumer base, leading to increased revenues for the City and local businesses.
- Medium density residential development would provide accommodation for young skilled workers and act as a feature to attract such skilled labour into the region by retaining skilled graduates from UTAS seeking neighbourhoods and services with a distinctive buzz.
- Residential development in inner-city Hobart would assist with reductions in the dependence on car transport by matching the locations of residential opportunities with work opportunities.

Over the past decade there has been mounting national and international pressure for local governments to play a more active role in shaping housing related outcomes through their planning and service delivery functions. This reflects the fact that decisions made at local government level have a crucial impact on the quantity, quality, and affordability of housing supply within a particular geographic area, yet are frequently made without an explicit policy framework for shaping or monitoring these outcomes.

In addition to the social imperatives associated with housing, there is growing awareness of the need to consider the environmental impacts of residential development. Local government authorities have a clear statutory responsibility to promote environmentally sustainable development and therefore are ideally placed to integrate these two policy areas in their decision making. (Australian Housing and Urban Research Institute – *Housing Policy and Sustainable Urban Development*)

2.4 Capital City Initiatives

Council of Capital City Lord Mayors (CCCLM)

CCLM has a strategic plan (2005 - 2008) that includes an action framework. Affordable housing and homelessness are action areas within this framework (Theme 2 - Achieving diverse, vibrant and inclusive communities).

This plan has also been supplemented by the Australian Capital Cities **Partners in Prosperity** (PiP) policy document, launched in 2007. PiP includes policies on affordable housing and homelessness.

The homelessness reference sits within the broader Social Infrastructure Policy that also includes alcohol and other drugs, child-friendly cities, community safety and crime prevention, creative cities, ethnic and cultural diversity, healthy cities, indigenous Australians, population ageing and sport and recreation as the other references within this broadly scoped policy.

The Affordable Housing Policy stands alone and is based on the premise that affordable housing is a fundamental human right and a basic human need that contributes to individual and community safety and wellbeing, and that a lack of secure housing is socially exclusive on the basis of social and economic participation.

The CCCLM has committed to the following seven courses of action:

- Continuing to develop and expand the stock of public and community housing
- Encouraging partnerships between the public and private sectors
- Pursuing amendments to the planning system and developing planning policies to encourage affordable housing
- Continuing research to identify housing affordability
- Continuing to work with state and territory governments and non-profit housing organisations to provide affordable housing and housing services
- Lobbying the federal, state and territory governments to initiate incentives for developers, investors, and landlords to provide affordable and accessible new housing for people on low incomes.
- Advocating for the implementation of a National Affordable Housing Agreement between the three tiers of government.

CITY OF SYDNEY (CoS)

Sydney's affordable housing approach is driven through the strategic framework - *Sustainable Sydney 2030*. This framework has 10 strategic directions, 10 targets and five "Big Moves" - a revitalised city centre at the heart of Global Sydney; an integrated inner Sydney transport network; a liveable green network; activity hubs as focus for the city's village communities and transport; transformative development and sustainable renewal.

The City of Sydney Affordable Rental Housing Strategy is currently being finalised. The draft articulates the Council's role in housing:

- Planning tools
- Strategic partnerships
- Financial initiatives
- Leadership, advocacy and community development

There are six objectives and associated actions:

- Increase the amount of affordable housing available in the City of Sydney to households with very low, low and moderate incomes
- Protect the existing stock of low cost rental accommodation in the City of Sydney
- Encourage a diverse range of housing in the City of Sydney
- Collaborate with other inner Sydney councils to address affordable housing as a regional issue
- Advocate the protection and facilitation of affordable housing to other levels of government, and to the community
- Implement, evaluate and monitor the Affordable Housing Strategy

Other major initiatives being undertaken include:

The Glebe Affordable Housing Project. An MOU has been developed between the CoS and the NSW State Government to provide affordable rental housing, market housing and new public housing in Glebe on a CoS depot site and a Housing NSW site - existing older public housing stock. Financial feasibility and technical studies are currently being completed.

CoS apply a set of principles to demonstration projects such as this:

- A mix of private, not for profit and social housing
- Cater for first home buyers
- Cater for vulnerable people
- A public / private partnership delivery vehicle
- Preserve pre-existing social housing numbers
- Minimal car parking and separation of the decision to purchase dwellings and car spaces (which are to be pooled)
- Accommodate alternative transport modes including bicycles and car sharing
- Best practice in environmental sustainability and excellence in urban design and architecture

Housing First and Sydney Common Ground Project utilising the Melbourne Common Ground structure as a positive example of what government, private and philanthropic partnerships can achieve in joint efforts to end homelessness. Sydney has a commitment to eradicate chronic homelessness in the city by 2012.

CITY OF MELBOURNE (CoM)

CoM's response to Affordable Housing and Homelessness is based on its *Social and Affordable Housing Framework 2006-2009* and *Homelessness Framework 2007-2009*. Through three *Homeless Research Project* stages in 2008 – current homelessness profile; future projections & sustainable pathways; and a homeless count – CoM have collected data on both issues and opportunities.

The CoM:

- is founding partner of the Inner City Social Housing Trust, a not-for-profit company (like the Brisbane Housing Company) to provide housing and which has provided more than 250 affordable units across Melbourne;
- has championed many projects involving affordable housing including Postcode 3000, Youth Transitions, and the Inner Urban Rooming House Project;
- is now exploring options for the Docklands redevelopment area;
- is also part of the Inner Regional Housing Group to research affordable housing needs, explore planning mechanisms and deliver affordable housing outcomes.

New projects, which are being developed within the context of the Social and Affordable Housing Framework, were outlined at the recent CCCLM Social Infrastructure Policy Committee in November 2008:

- **The Drill Hall site in Melbourne.** The CoM sold the site, valued at \$6,000,000, to Melbourne Affordable Housing for \$1, for the development of approximately 60 affordable housing units. This project is currently going through the town planning process.
- **Boyd High School site - Southbank.** CoM purchased this site including heritage listed building and vacant land in 2007. The proposal is for the site to be redeveloped as community facilities. Half the site is to be sold for private residential / commercial development with a condition of sale being that the redevelopment includes 20% affordable housing. An expression of interest process is currently underway.
- **Supportive Housing Model - Elizabeth Street, Melbourne.** In March, CoM agreed to form a strategic partnership with the Victorian Government to implement this model. A site at 670 Elizabeth Street has been purchased by the State Government and plans prepared for a mixed development that will provide long term accommodation with integrated services to approximately 70 long term homeless people; low cost long term accommodation to 70 low income people and approximately 30 units for couples / small families.

CoM has provided funding for financial modelling for the service model for this project, has provided Town Planning assistance and is in the process of transferring ownership of a rear laneway to Yarra Community Housing, a not-for-profit housing company, which will manage and operate this facility.

- CoM has also supported an initiative to establish an **inner urban community hotel**, which will provide low-cost short to medium term accommodation for people who are homeless, or at risk of homelessness. Yarra Community Hotel Model was an initiative of The Community Hotel Working Group and seeks to address some of the need for adequate short to medium term affordable accommodation in the inner urban municipalities, which was an identified need in the *Inner Urban Rooming House Project 2003*. The Community Hotel Working Group comprises representatives from: the cities of Yarra and Melbourne; Department of Human Services; Yarra Community Housing; Homeground Housing Services; Brotherhood of St Laurence; St Vincent's Health Services; Salvation Army; and St Mary's House of Welcome.

CITY OF PERTH

In February 2008, the City of Perth adopted an Affordable Housing Policy based strongly, almost exclusively, on the CCCLM Affordable Housing policy. There is one additional policy commitment to the seven listed in the CCCLM policy.

Ensure the planning and design of housing provides for appropriate quality of design, cost, location and access to transport and services, sustainability, tenure choice and social mix.

This essentially picks up on the scope points and objectives in the CCCLM policy.

BRISBANE CITY COUNCIL (BCC)

BCC has a community vision called *Living in Brisbane 2026*, which has community goals such as ‘*inclusive, caring communities*’ - responding to affordable housing and homelessness is a significant part of this community goal.

Major Initiatives

BCC is a partner in the very successful **Brisbane Housing Company (BHC)**, which has provided more than 500 affordable homes, mainly town houses and apartment dwellings, mostly in the inner suburbs. Since its inception over 10 years ago, BCC has provided more than \$10,000,000 to the project and the Queensland Government more than \$50,000,000. BCC is also developing housing incentives packages, relaxing some regulatory requirements, and reducing some charges for developers providing affordable housing.

- BCC is also discussing the **Common Ground** model with BHC; examining the possibility of a non-profit organisation buying or developing a caravan park to provide low cost housing ;
- developing a **Brisbane Housing Plan** to coordinate the development efforts of a range of affordable housing providers; and
- supporting Red Cross Night Café, RecLink and other homeless programs.

BCC has recently passed a trial **Affordable Housing Incentives Policy** for developing new affordable housing. This involves the signing of a 15 year covenant ensuring it will remain as affordable housing. In return, BCC offers some relaxation on built form requirements, (e.g. car park, gross floor area) and discounts on development application and infrastructure charges.

BCC also have the **Community Support Funding Program**, which supports affordable housing options through up to 50% rate reduction, applied for in the same way as a grant.

Through the **Community Housing Partnership project**, Council peppercorn leases selected properties to social housing providers. These properties are used to supply crisis accommodation for homeless people.

Through **Homeless Connect**, Council, state government, businesses and community groups provide free services (such as haircuts, clothes, shoes, accommodation information, a vast range of medical services and legal advice) to the homeless for a day. BCC holds this event twice a year in their City Hall building with the help of Volunteering Queensland and meet the needs of approximately 300 homeless people each time.

Public Space Liaison Officers are a team of Council Officers who monitor public spaces and connect rough sleepers with vital services.

CITY OF ADELAIDE (CoA)

CoA's approach to affordable housing development has been driven by its *Residential Growth Plan 2004-2010* and the Council's strategic direction for *Strong and Fair Communities* which emphasises social mix and housing choice. The Growth Plan sets specific quantitative and qualitative growth targets for people living, visiting, working and learning in the city.

In recognition that the residential growth target would not be met by the market, the plan specifies an increased level of intervention by the Council and State.

Major Initiatives

Direct Provider – Sydney Place apartments

- 12 x 2 bedroom apartments
- \$2.88 million Council investment and built on Council land
- Managed by Lutheran Community Housing
- Targeted to low income city workers
- Fixed at 74.9% of market rent

Provider in Partnership – Whitmore Square eco-affordable apartments

- 28 x 2 bedroom rental dwellings
- \$5 million Council investment on Council land
- \$3 million contribution from the State Government's Affordable Housing Innovation Fund
- Deed of Agreement signed between Council and the State Government (joint equity arrangement with both retaining ownership of a share of the finished dwellings)
- Community Housing Organisation managing the housing
- Leased to people with an income not exceeding 80% of median household income with the rent not to exceed 74.9% of market value

Development Facilitator – Franklin Street Bus Station

- Common Ground project providing 38 units for homeless people and low income earners
- Part of Council's \$26 million redevelopment of the bus station
- Units sold to Common Ground on completion

Vendor Conditions – Balfours site (private development)

- Total 1300 unit development
- An example of vendor conditions on the sale of Council land, requiring 15% affordable housing (including 40 public housing units)
- Some difficulties in holding developer accountable for delivery of affordable housing outcomes

A key component of South Australia's statutory planning strategy for metropolitan Adelaide is a 15% affordable housing component target, including a 5% high need housing component in all significant new housing developments.

2.5 Hobart City Council Position on Housing to Date

In the Capital City Partnership Agreement, established in 2001, the Council and the State Government agreed to scope opportunities to jointly facilitate **social housing** provision in inner city Hobart.

Progress on implementation of this agreement was delayed at the time with Housing Tasmania concentrating its efforts on development of its Affordable Housing Strategy, launched in December 2003.

In January 2004 the Council considered a report outlining **affordable housing** initiatives being pursued by other Councils around Australia.

In June of that year a report to Council presented a number of areas in which local stakeholders believed the Council could become more active to stimulate the provision of affordable housing options.

The primary one was through the use of Council land. Other concepts mentioned included rates relief for first home buyers, more active use of planning controls, public / private partnership on private and Council land, “shop-top” housing, reductions in planning and building fees and more active lobbying by the Council.

This report also outlined further progress in discussions with Housing Tasmania, and proposed three key areas where Council could make a contribution to achievement of the State Government’s Affordable Housing Strategy

- provision of advice in relation to planning and development issues;
- possible partnerships utilising Council owned land (Housing Tasmania had expressed specific interest in the Melville Street car park and 275 Liverpool Street sites); and
- as “shop-top” housing demonstration project to be funded by Housing Tasmania.

The recommendations were **not approved**. Officers continued to provide planning advice to Housing Tasmania, in the same way they do for any development application.

In May 2006, further guidance was sought from the Council in relation to its level of interest in the use of Council owned land for possible affordable housing projects, and specifically the use of 275 Liverpool Street.

In response, the Council resolved that it be proposed to the State Government that land in Hobart, Glenorchy, Clarence and Kingborough municipal areas, as well as all State Government land, be considered for possible affordable housing projects.

At its meeting on 26 February 2007, the Council formally resolved not to pursue the proposal at 275 Liverpool Street.

In March 2007, the possibility of an affordable housing project at 275 Liverpool Street was re-opened.

A report was also requested (April 2007) on possible incentives that the Council can offer for developers to ensure that housing is provided for low income and disadvantaged people.

In June 2007, Council resolved again not to proceed with a proposed affordable housing development on 275 Liverpool Street at that time.

In relation to incentives for developers, the following possible initiatives were identified but not pursued

- a one-off grant equivalent to the Council fees associated with planning, building and plumbing assessment;
- that the Council establish a further criterion within the planning scheme that allows the Council to award a bonus plot ratio, that is, greater floor area on a given site, on the basis that the development included affordable housing units. Such a bonus could only be offered however, where it did not compromise the building's natural environment;
- a grant paid over a number of years, equivalent to a full or partial offset in rates for the property.

Over the last 18 months, the Council has resolved to seek further officer advice on a number of possible housing initiatives:

- 275 Liverpool Street - development including a component of affordable housing in conjunction with other future developments and places within the area (30 July 2007)
 - Condell Place, North Hobart - possible joint affordable housing and car park development (24 September 2007)
 - Melville Street car park - pilot mixed use development - community housing, student accommodation, office and retail space, shared public open space and car parking (24 September 2007)
- Further partnership option for the site including private sector partnership (26 May 2008)
- The City Services Committee also resolved that a report be prepared investigating the possibility of the Melville Street car park site being utilised as a Bus Mall (30 July 2008).
- Strategic land banking for affordable housing projects, particularly within the inner city and along major public transport corridors (14 April 2008)

On 15 October 2008, the Community Development Committee resolved that a report be prepared on issues raised during a presentation by the State Government's Housing Innovation Unit.

2.6 Previous Hobart City Council Affordable Housing Projects

Inner City Housing Study 1987

- Canvassed a range of options including the feasibility of converting underutilised inner city commercial properties (in particular 'shop-tops') to affordable rental housing.
- A shop-top housing pilot project was conducted in conjunction with Housing Tasmania.
- The project did not generate significant interest

Lefroy Street, North Hobart

- The Council elicited concept designs from Housing Tasmania to demonstrate the potential for the land to the east of the North Hobart Shopping Centre between Lefroy and Burnett Street to be developed for housing. This was at a time when opportunities for inner-city infill housing were being sought by the State Government.
- The project culminated in the purchase of the land by the State Government and the current development under the Building Better Cities Program.

Wapping

- Council's most pro-active involvement in housing was through the Wapping project in partnership with the State Government and with an injection of funds under the Building Better Cities program.
- The development included a small social housing component (10 units).
- At the conclusion of the project, the Council retained a surplus of over \$1 million. A number of options were considered in regard to the utilisation of these funds for ongoing affordable housing research and development. A specific recommendation regarding a collaborative Inner City Housing Development Study (\$25,000) with the State Government was rejected by the Council.
- The majority of surplus funds (approx. \$1 million) were ultimately absorbed into the Council's general reserve.

West Hobart Infill Project (WHIP)

- WHIP was pursued in 1993. It was prompted by the perceived need for accommodation for students pursuing education and training in the city. The target group was pre-tertiary students enrolled in TAFE and or year 11/12.
- The Council ultimately resolved that the land be retained as "open parkland".

2.7 Statutory Planning Mechanisms

The land use planning framework can provide important support for the implementation of a local housing strategy.

Where a housing market analysis indicates a need for new affordable housing supply, the following approaches have proven effective elsewhere in addressing this need, complementing housing assistance strategies of other levels of government.

Planning approaches for affordable housing include:

- Planning to protect existing sources of affordable housing which may be at risk due to redevelopment – e.g.:
 - Ensuring planning instruments contain an overall planning objective to retain or protect existing sources of affordable housing, and to require impact mitigation strategies where the supply of affordable housing is threatened by development.
 - Requiring social impact assessments to be conducted for development that could threaten the existing supply of affordable housing.
- Planning to promote new affordable housing – e.g.
 - Ensuring planning instruments contain overall planning objectives to promote affordable housing.

- Facilitating the supply of appropriately zoned residential land, to avoid artificial supply constraints that may affect the cost of housing, by identifying potential housing opportunities such as un-utilised or under-utilised land, areas in need of urban renewal or upgrading, or vacant sites in public ownership. Such land may need to be rezoned for residential development or development at a higher density. Land that is well located in relation to transport and services is a priority.
- Ensuring that zone and locality provisions are sufficiently flexible to promote new affordable housing opportunities.
- Explicitly permitting the conversion or adaptation of appropriate existing dwellings for use by dependent family members as a form of supported aged housing or for adult children.
- In some cases, it may be appropriate to reduce excessive development controls that result in housing types that are unaffordable. These controls could relate to housing density, lot size, the size and type of building, materials and finishes.
- Introducing planning incentives for diverse housing types or for affordable housing – e.g. encouraging mixed commercial / residential developments through floor space incentives.
- In some cases, using the planning system to generate or produce new sources of affordable housing – e.g.
 - Planning incentives or concessions to generate new affordable housing stock or funds to produce affordable housing.
 - A requirement for developers to either include a percentage of new homes for low-cost housing (inclusionary zoning) or pay the equivalent in cash (levy) to build affordable housing elsewhere.

2.8 Statutory Planning Mechanisms - Hobart

Under the *current City of Hobart Planning Scheme 1982 (CoHPS1982)* a ‘flat’ is classified as being ‘permitted’ in the Precincts comprising the ‘Commercial and Administrative Zone’ surrounding the Central Retail Precinct and the more service industry oriented Central Service Zone. The range of development standards including height and setbacks are not as ‘restrictive’ as those applying in residential zones.

There are no mandatory car parking requirements for housing or any other uses in the four central city precincts

Residential development is a feature qualifying for the award of a “Bonus plot ratio”[#]
 [[#] ‘Plot ratio’ – the ratio between floor area of building(s) and the ‘site’]

This particular form of bonus earner, however, has not produced any housing – affordable or otherwise – in the central city area since the inception of the current scheme as an interim order in 1984.

The *new Draft City of Hobart Planning Scheme* does not contain any content specifically related to affordable housing, but it has a single (mandatory) residential use that covers all ‘dwellings providing long term accommodation’.

In terms of ‘*use*’ status ‘Residential’ use generally continues the approach in the relevant zones as provided for under the current CoHPS 1982, including a ‘permitted’ status above ground floor level in the new Central Business Zone. The CoHPS 1982 does facilitate mixed use in the central area and a range of commercial zones in the city – including the specifically named Commercial –Residential Zone

So far as ‘*development*’ is concerned the provisions of ‘Rescode’ Schedule ‘K’ of the current scheme are essentially carried forward to apply to the new Residential Zone. This includes the potential for increased yields for larger or combined lots provided by the lower dwelling unit factor (higher density) applying for the second (and additional) new dwellings in any development.

Statutory Options for Hobart

Council [15/12/08] has requested that spot re-zonings be considered as a means of increasing the provisions for appropriate affordable housing projects that meet the Federal Government guidelines.

There are a number of factors working against this approach as a practical proposition:-

- Issues associated with the identification within residential areas of physically suitable land that is underdeveloped or suitable for higher density redevelopment including:
 - community concerns about neighbourhood character and amenity as experienced most recently with the proposal for 6 new flats at 49 Newdegate Street ;
 - the content of the new draft new City of Hobart Planning Scheme (which reflects both the evolution of the CoHPS1982 through amendments that have reduced the numerical density standards in its residential zones) and the content and tone of Council’s “Hobart 2025 Strategic Framework” and “Strategic Plan 2008-13” particularly as it relates to the protection of the cities cultural heritage assets many of which are located in cities inner city residential areas;
 - pressures on Council to forgo the development of its own undeveloped land that is not dedicated or used as open space for residential purposes, (as was the case of both the failed West Hobart Infill Project (WHIP) and the proposal for the development of land at Olinda Grove (in a commercial zone) for an elderly persons complex, or purchase vacant and well maintained private residentially zoned land (the former Boot Land in Churchill Avenue) and 4 & 14 Regent Street; and
 - The impracticality of linking a scheme amendment to a higher tier of government’s guidelines which are potentially liable to change over time, especially given the time frames for scheme amendment preparation and progression through the statutory procedures;

- The RPDC’s reluctance to support ‘spot’ rezoning as a form of scheme amendment;

The absence of ‘plot ratio’ as a ‘standard’ for development control in the variously located *commercial or business mixed use* in the new Draft Scheme, is not technically a constraint, given the height and density provisions are much more generous than in the Residential Zone.

However, the impact of the ‘highest and best’ land use principle is likely to continue to prove a market obstacle to the provision of affordable housing or mixed use development.

Other approaches if required would most likely be:

- For any large scale initiative, a project driven set of planning scheme rezoning and associated provisions, in the manner of the Wapping Local Area Plan (as was subsequently incorporated into the Sullivans Cove Planning Scheme)
- A combined planning scheme amendment /planning application under Section 43A of the Land Use Planning and Approvals Act 1993 which for reasons stated above in relation to the reluctance of the RPDC to approve one off variations to the scheme is likely to represent a challenge.

Notwithstanding any ‘density’ issues there is little case as a matter of ‘policy’ for seeking to impose the provision of ‘affordable housing’ as quotas or a percentage of any development on private developers on private land, because of the scale of private residential development proposals in Hobart which is generally one of small scale infill.

3. Demographic Overview

3.1 Contributors to Declining Affordability

Housing generally has become less affordable for a wide range of reasons, including:

- The cost of housing has increased significantly in contrast with the consumer price index and full time earnings;
- Gentrification of central locations close to services and employment, including the conversion of rental stock to owner occupation;
- A growth in more diverse and smaller households, which often have a lower level of income; and
- A growth in the casualised and part-time workforce.

The immediate consequences of a lack of affordable housing include insufficient household resources for essentials such as clothing, education, transport and health care. Housing stress can also impact negatively upon factors such as the incidence of crime, employment prospects, and family and community relationships.

Wider impacts of the reduction in well-located affordable housing include:

- A reduction in economic competitiveness if areas cannot attract and retain diversity in occupation type within the local labour market. For example, a robust local economy includes low to moderately paid key workers (i.e. nurses, teachers, police officers and hospitality staff etc.).
- Lack of community cohesion if high and low income earners are spatially segregated.

The 2009 Demographia International Housing Affordability Survey, covering 265 metropolitan markets in Australia, Canada, Ireland, New Zealand, the United Kingdom and the United States, categorises metropolitan Hobart as severely unaffordable.

Of the 265 metropolitan markets surveyed, Hobart had the 29th highest price to earnings ratio of 6.2.

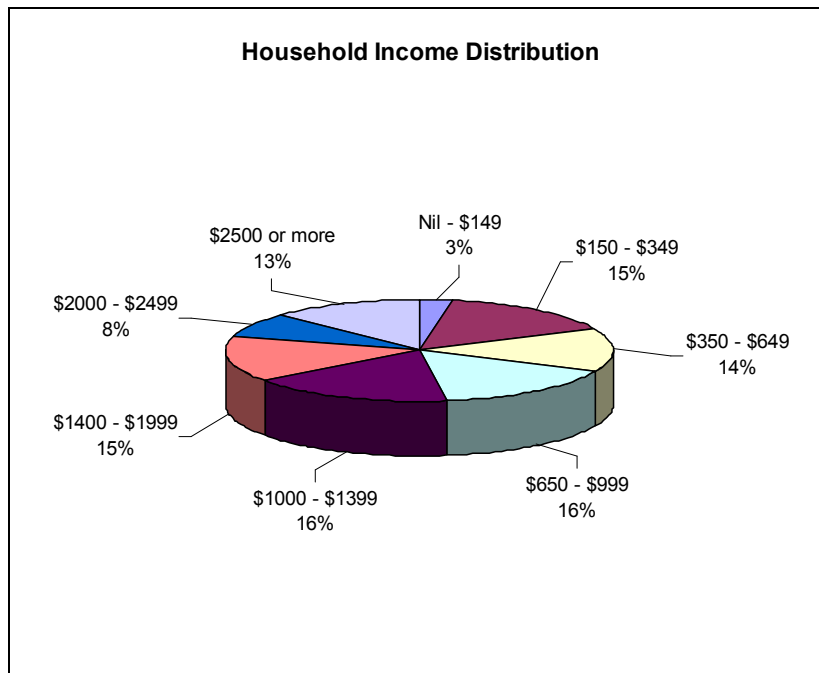
3.2 Hobart LGA Property & Income Data

There are 787 public housing dwellings in the Hobart LGA. There are 283 households on the waiting list. 150 of these are in the highest two categories according to need. The majority of demand is for 1 and 2 bedroom dwellings.

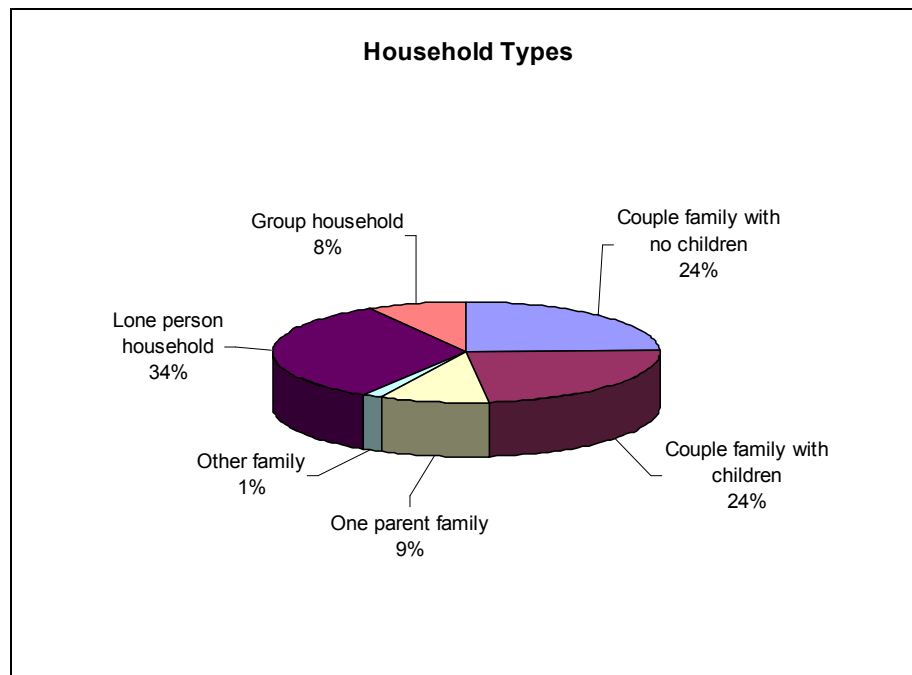
Over the past decade the level of funding for social housing has dropped by 30% in real terms. Between 1996-97 and 2004-5 Commonwealth State Housing Agreement funding to Tasmania fell by 18.4%. In the same period matching funding from the Tasmanian Government fell by 19.3% (Shelter Tasmania).

The median weekly household income for the Hobart LGA is \$1,035 (compared to \$801 for Tasmania).

The Hobart LGA is a relatively affluent area, with 15% of households earning between \$1,000-\$1,399 per week and a further 30% of households earning in excess of this range. (ABS 2006 Census of Population and Housing).



Hobart LGA – Gross Household Weekly Income
(ABS 2006 Census of Population and Housing)



Hobart LGA – Household Composition (ABS 2006 Census of Population and Housing)

The main property type within the Hobart LGA is detached houses, making up 70% of total dwellings.

From December 2002 to December 2008 the median price of houses in the Hobart LGA increased by 91% from \$230,000 to \$430,000. During the same period, average weekly rent for a three bedroom home increased by 48% from \$230 to \$340 (Real Estate Institute of Tasmania).

Median weekly household income for the Hobart LGA increased by 36% from 2001-2006 (\$759 to \$1,035). The median monthly housing loan repayment in 2006 was \$1,138 (ABS 2006 Census of Population and Housing).

The house price and income data above indicate that the cost of housing has increased at a faster rate than increases in median income, representing a decline in housing affordability.

Hobart LGA Suburbs – House Prices

Suburb	House Prices		
	Jun 2003 Median	Jun 2008 Median	Capital Growth
Battery Point	\$675,000	\$840,000	24%
Dynnyrne			
Fern Tree			
Glebe			
Hobart City	\$263,000	\$525,000	100%
Lenah Valley	\$200,000	\$348,000	74%
Mount Nelson	\$302,000	\$575,000	90%
Mount Stuart	\$275,000	\$451,500	64%
New Town	\$258,000	\$385,000	39%
North Hobart	\$200,000	\$317,500	59%
Sandy Bay	\$425,000	\$610,000	43%
South Hobart	\$200,000	\$363,000	81%
Tolmans Hill			
West Hobart	\$306,000	\$390,000	27%

REIT: Property Focus

Hobart LGA Suburbs – Unit Prices

Suburb	Unit Prices		
	Dec 2002 Median	Dec 2007 Median	Capital Growth
Battery Point	\$300,000	\$490,000	63%
Dynnyrne	\$100,000	\$290,000	190%
Fern Tree			
Glebe			
Hobart City	\$200,000	\$355,000	78%
Lenah Valley	\$90,000	\$215,000	138%
Mount Nelson	\$96,000	\$257,200	168%
Mount Stuart	\$86,000	\$260,000	202%
New Town	\$84,000	\$230,000	178%
North Hobart	\$140,000	\$330,000	136%
Sandy Bay	\$184,000	\$365,000	98%
South Hobart	\$126,000	\$258,000	105%
Tolmans Hill			
West Hobart	\$122,000	\$307,000	151%

Colliers International Property Watch, July 2008

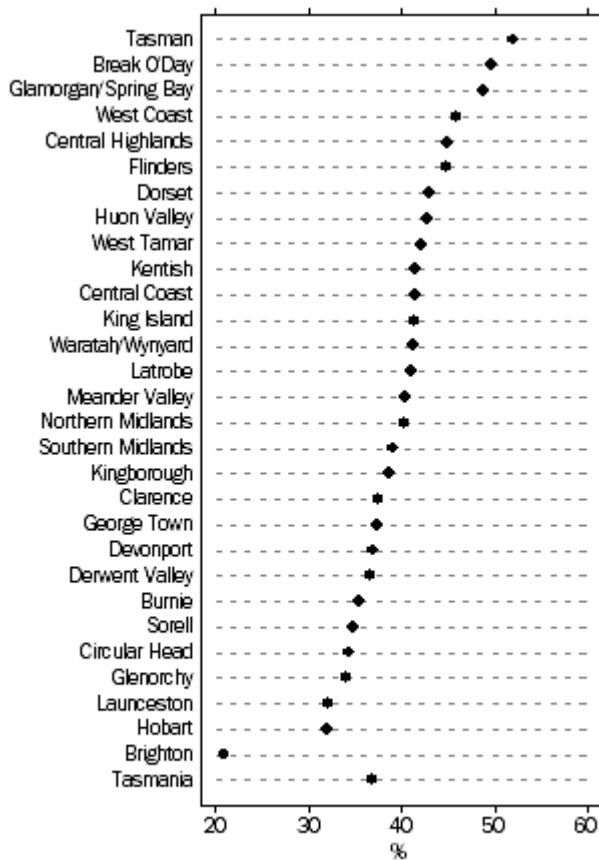
Residential Rental Vacancies – Australian Cities

City (Inner)	Vacancy Rate February 2009
Sydney	9.4%
Melbourne	7.7%
Brisbane	1.8%
Adelaide	1.5%
Perth	3.5%
Hobart	1.5%
Canberra	2.1%
Darwin	7.7%

Hobart and Adelaide have the tightest rental markets, with vacancy rates of 1.5%.

SQM Research

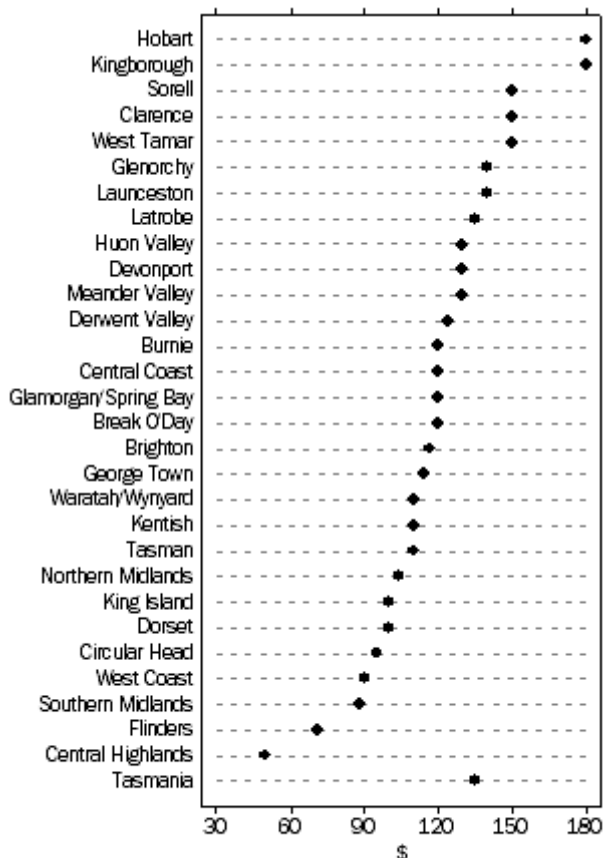
HOME OWNERSHIP, Tasmanian occupied private dwellings by LGA (2006)



Hobart LGA has one of the lowest home ownership rates in Tasmania.

Source: 2006 Census of Population and Housing - Community Profiles

MEDIAN WEEKLY RENT PAID, Tasmanian occupied private dwellings by LGA (2006)



Source: Census of Population and Housing - Community Profiles

3.3 Key Worker Housing Affordability

According to the Bankwest Key Worker Housing Affordability Report, May 2008, the median house price in Hobart is the second most affordable of any Australian capital city. Despite this, 50% of LGAs in Greater Hobart are unaffordable for key workers.

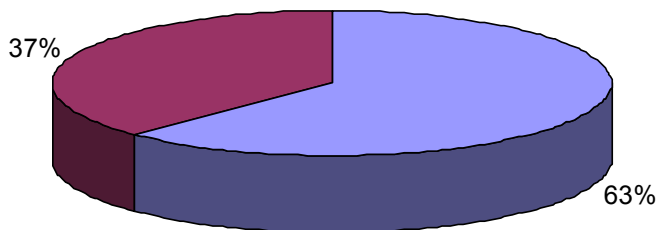
Incomes – Key Occupations

(Distribution based on Median Household Income Hobart LGA: ABS 2006)

Occupation Examples	Household Income Level
<ul style="list-style-type: none"> Professionals 	Above 120% of household median income
<ul style="list-style-type: none"> Teachers Council workers (Municipal employees / Municipal officers, levels 1-4) Police Constables Ambulance officers Part-time employees in many sectors 	Low – moderate income 80% to <120% of median \$43,056 - \$64,584
<ul style="list-style-type: none"> Retail and hospitality workers Child care support workers Health services employees Hairdressers Cleaners Part-time employees in many sectors 	Very low – low income 50% to <80% of median \$26,910 - \$43,055
<ul style="list-style-type: none"> Centrelink benefits Part-time employees in many sectors 	Very low income <50% of median Nil - \$26,909

Hobart's (LGA) workforce comprises approximately 44,700 individuals, made up of around 16,700 residents and approximately 28,000 people who travel from outside the LGA to work (ABS 2006 unpublished data).

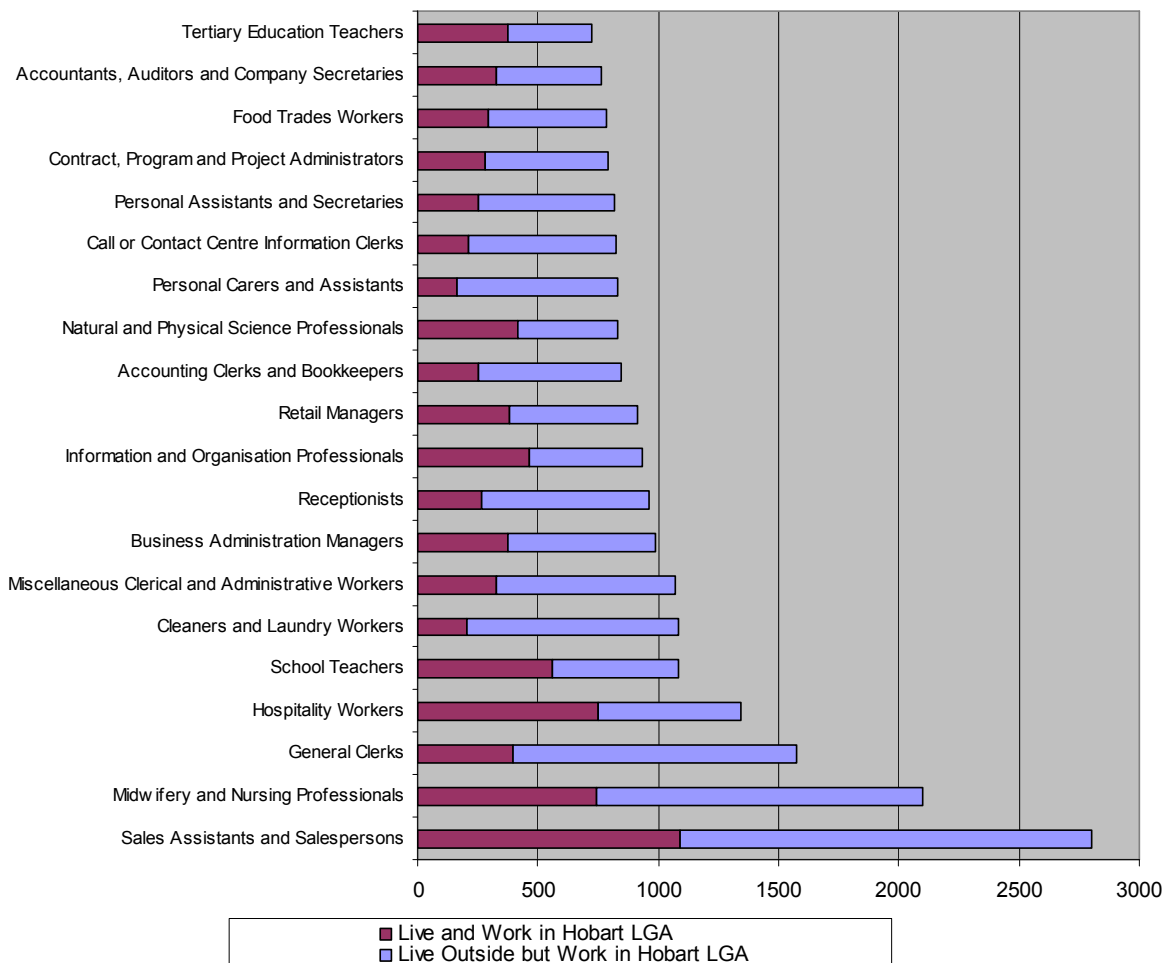
Residential Location of Hobart's Workforce, 2006
(ABS 2006 unpublished data)



■ Live outside but work within the City
 ■ Live and work within the City

With 63% of Hobart's workforce living outside, but working within the city, there is a distinct opportunity for Hobart to increase its residential population.

Residential Location of Top 20 Occupations, Hobart LGA 2006



■ Live and Work in Hobart LGA
 ■ Live Outside but Work in Hobart LGA

Hobart City is the least affordable LGA in greater Hobart for key workers with a median house price to earnings ratio of 7.1 times for a key worker in 2007. This was followed by Kingborough (5.6 PE ratio) and Clarence City (5.6 PE ratio).

Of all Hobart LGAs, Hobart City has experienced the biggest deterioration in affordability since 2002.

Least Affordable LGAs in Greater Hobart							
House Price to Earnings Ratio (2007)							
LGA	All key workers	Nurses	Teachers	Police Officers	Fire Fighters	Ambulance Officers	Median House Price \$ 2007
Hobart City	7.1	7.7	8.1	7.1	7.5	9.7	418,000
Kingborough	5.6	6.1	6.4	5.6	5.9	7.7	331,500
Clarence City	5.6	6.1	6.3	5.6	5.9	7.6	327,500

Bankwest Key Worker Housing Affordability Report, May 2008

3.4 Housing Stress

Tasmanian Overview (Housing Tasmania)

- More Tasmanians are having difficulty affording rental costs than are having difficulty paying their mortgage.
- There are almost three times as many low income households potentially in rental stress as there are in mortgage stress.
- Greater Hobart has the highest incidence of low income households in rental and mortgage stress in the State.
- Housing stress is most pronounced in the private rental sector among low income households.
- Housing stress is also affecting middle income households.

(Housing Tasmania 2008)

- Hobart LGA has a low proportion (<5%) of home buyers paying over 30% of their gross household income on a mortgage.
- Hobart LGA has the highest proportion (12-13%) of private renters paying over 30% of their gross household income on rent.

(UTAS Housing & Community Research Unit)

Low Income Households – Hobart Statistical Local Area (Equivalent to LGA)

According to conventional measures of housing stress, 252 low income households are in mortgage stress in the Hobart SLA whereas 1,528 renters are in rental stress. Of these, 40% are lone person renters, aged under 35 years. There is a higher proportion of group households in rental stress than other SLAs which may be due to higher levels of share accommodation for university students, particularly as 90 per cent of this group is aged under 35 years. (Housing Tasmania – April 2008)

Rental Stress:

Age	Lone Person		Group		Couple	
	No.	%	No.	%	No.	%
15-34	365	39.5	159	89.8	74	60.7
35-54	272	29.4	12	6.8	18	14.8
55+	288	31.1	6	3.4	30	24.6
Total	925		177		122	

Housing Tasmania: August 2008 (Hobart LGA)

Middle Income Households – Hobart Statistical Local Area (SLA)

In the Hobart SLA (according to conventional measures of housing stress), 178 middle income households may be considered to be in mortgage stress and 277 are in rental stress. Hobart has the highest number of middle income households in rental stress in the State. The household types most in rental stress are lone persons and young group households. (Housing Tasmania)

3.5 Hobart homelessness

There are around 40 to 50 homeless people per 10,000 of the population in the southern states, although New South Wales, Victoria and the ACT are at the lower end of the range (41 to 42 per 10,000), whereas South Australia and Tasmania are at the top (52 per 10,000).

There are 2,507 people experiencing homelessness in Tasmania - *Census of Population and Housing 2006*.

In 2006, there were 704 people experiencing homelessness in Greater Hobart, 123 of those were in the primary homelessness category. These numbers are made up of young people, parents with children and older people.

The Australian Government, with the agreement of state and territory governments, has set two headline goals to guide the long term response to homelessness:

- Halve overall homelessness by 2020
- Offer accommodation to all rough sleepers who need it by 2020.

Under the new National Affordable Housing Agreement (NAHA), which commenced in January 2009, an additional \$800 million over five years has been committed towards achieving these goals.

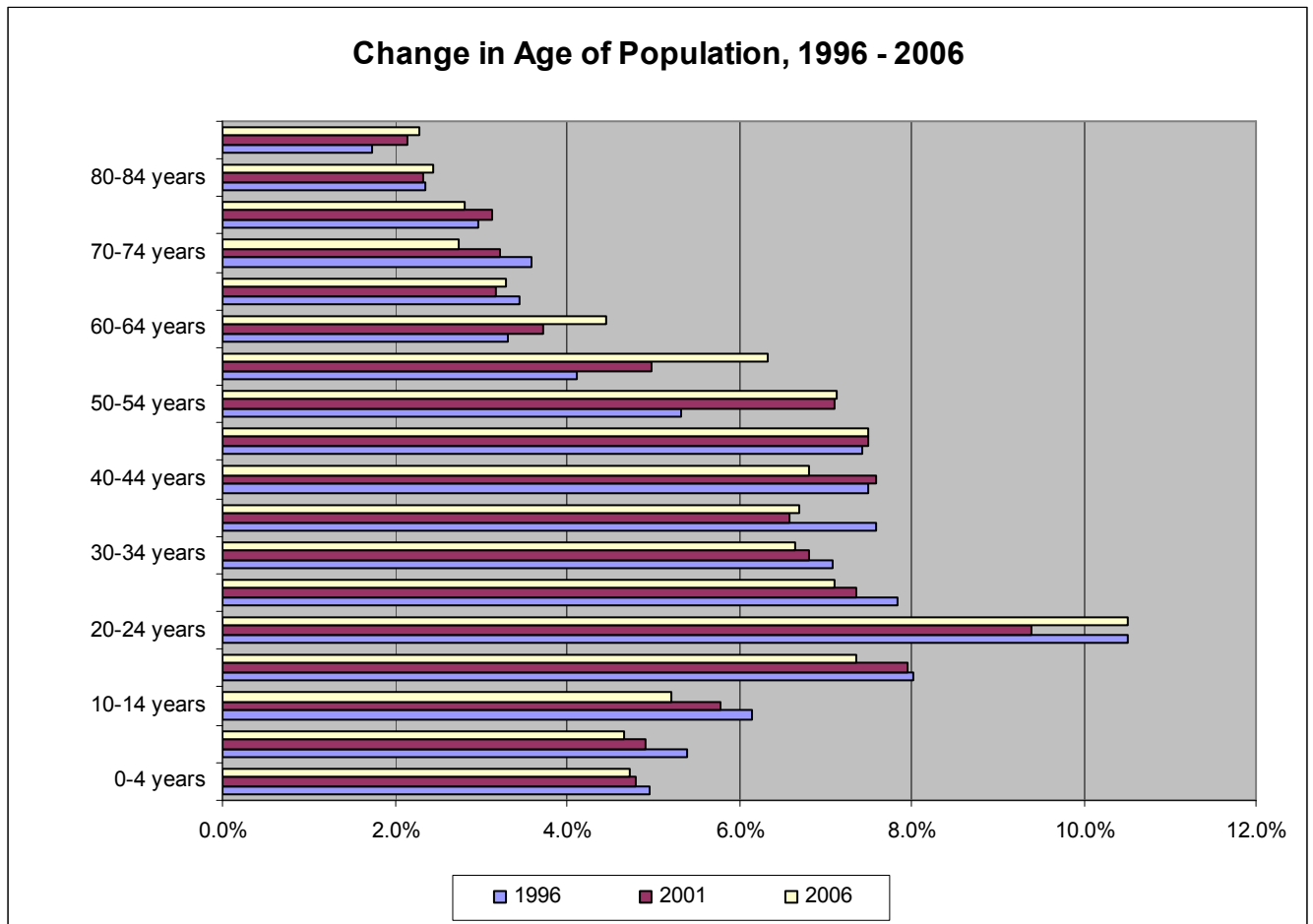
3.6 Hobart population profile

The Hobart LGA population as at 30 June 2006 was 47,700 persons. This represents 10% of Tasmania's total population.

Hobart's median age in 2006 was 37 years, which was lower than the State average of 39 years. Hobart was the only LGA to record a decline in its median age between 2001 and 2006. Those in the 20-24 year age range account for 10.5% of Hobart's population, compared to a State average of 6.1%. (ABS 2006 Census of Population & Housing)

In the period from 30 June 2001 to 30 June 2006, Hobart's (LGA) population grew by 2110 persons or 4.4 per cent, compared to the State growth rate of 3.8 per cent. (Demographic Change Advisory Council)

Population Change by Age, Hobart LGA – 1996-2006:



Based on mid-range forecasts, the Hobart LGA population is projected to increase at an annual rate of around 0.7% to 54,219 in 2020 (Demographic Change Advisory Council).

Projected Demographic Change in Tasmania:

- There is an expected increase in the ageing population
- The number of persons in households with children is likely to decline
- An increase in smaller households is expected
- The current housing stock is not expected to meet the needs of future households, both in terms of size, accessibility, manageability and location.
- Nationally, around 12% of people aged 65 years and over rent the property they live in. If this trend continues, the absolute number of properties sought will double in 40 years.

3.7 Hobart Students

- 34.75% of Hobart's residents are students
- 36,159 students come to Hobart to study each day
- 16,575 students already live in Hobart
- Therefore, another 19,584 students come to Hobart each day
- 8.8% (3197) of students studying in Hobart are international students

- 32% of Hobart's students are attending UTAS
- 29% of Hobart's students are attending TAFE
- 39% of Hobart's students are attending school

4. Key Research & Consultation Findings

4.1 Affordable Housing Mechanisms

Broadly speaking, the various mechanisms for influencing housing affordability can be assembled under the following categories:

Housing market efficiency

Policies and programs designed to improve the operation of the housing market generally so that it produces and allocates dwellings at the lowest cost and prices for a given quality rating.

Supply-Side Strategies

Initiatives aimed at expanding the stock of affordable housing.

Demand-Side Strategies

Policies and programs that provide income assistance for lower income renters and buyers (e.g. Commonwealth Rent Assistance, First Home Buyers Grant). While demand-side strategies can be helpful in reducing affordability problems in the short-term, they do not add to affordable housing stock.

The growing imbalance between the demand for affordable housing (particularly for those on lower incomes) and the available supply represents market failure. The federal government's National Rental Affordability Scheme seeks to address this (for renters) by allowing investors to use the tax breaks to legitimise the inclusion of low-rent properties with less capital growth as part of their investment portfolios.

Real Estate Institute of Australia president Noel Dyett said his organisation supported the [NRAS] scheme and did not believe that offering the properties at 20 per cent below market value would pervert the rental market.

"Investment in this sector is simply not happening now," Mr Dyett said.

"We need this because the private market is not going to cater for lower-income earners without some government incentives."

The Australian: 13 September 2008

4.2 Local Consultation

At a meeting held on 4 February 2008 between Hobart City Council Community Development Division officers and representatives of the following organisations:

- Shelter Tasmania
- Anglicare Tasmania
- Tenants' Union of Tasmania
- Migrant Resource Centre
- Mission Australia
- Hobart City Mission
- Bethlehem House
- The Salvation Army
- Colony 47

the lack of affordable housing (particularly rental accommodation) was viewed as a major issue in the Hobart LGA. There was concern at Hobart's extremely low rental vacancy rate, escalating rents, the contracting supply of rental properties and low unit numbers. These issues were seen as a problem for many in the community, including key workers who can no longer afford accommodation close to the city. This was viewed as having a detrimental effect on the economic prosperity and social diversity of the city.

The growing problem of homelessness was a focus of discussions and the connection between a lack of affordable housing and homelessness was noted.

There was very strong support for the Hobart City Council to adopt a more proactive role in the facilitation of affordable housing development and reference was made to the work being undertaken by other capital city councils. The following suggestions were put forward as potential actions for the Hobart City Council:

- Develop and adopt a policy position/capital city leadership role on affordable housing
- Ensure that the planning system supports and encourages affordable housing development
- Provide incentives to encourage an increase in the supply of affordable housing
- Conduct an audit of council properties (including under-utilised buildings) to identify opportunities for affordable housing development, including a "housing first" approach to the development of such properties
- Facilitate education and promotion of the benefits associated with increased housing diversity and supply
- Create opportunities for key workers to gain greater residential access to the Hobart LGA
- Establish a council resource to facilitate partnerships and action the above

Consultation with private developers and the University of Tasmania has also been undertaken by the Manager Economic Development. The following comments were noted:

- A regional land use strategy would provide developers with better guidance for future housing need.
 - The statutory planning process seems to be unduly influenced by emotive arguments.
 - The Council has a definite role in partnering the private sector.
 - Affordable housing development should also have a focus on urban renewal.
-
- In 2008, 3800 students were seeking accommodation.
 - The University of Tasmania can currently meet approximately 30% of this demand.

5. Affordable Housing – The Council's Role

5.1 Implications and Opportunities for Hobart City Council

The Council has, over some years and on numerous occasions, considered the issue of affordable housing, both from the perspective of a general policy position and on a project-by-project basis. It has generally been resolved that action not be taken on these proposals.

Given the continued decline in housing affordability; community expectations; the Council's strategic objectives for Hobart; the growing focus on housing affordability issues at all levels of government; CCCLM national policy statements on housing affordability; and the initiatives underway in other capital city councils, it would seem timely to revisit the Council's role in the provision of affordable housing in Hobart.

Local government has a vital and increasing role to play in the provision of affordable housing and there is general support and enthusiasm at all levels in South Australia for the work being undertaken by pioneering councils such as Adelaide and Salisbury. These councils are highly regarded for the vision, flexibility and leadership they have demonstrated - *Interview 1/12/08 with Gary Storkey, Chief Executive Officer, HomeStart Finance, Adelaide.*

Key issues for the Council's consideration include:

- Over the past decade the level of funding for social housing has dropped by 30% in real terms. Between 1996-97 and 2004-5 Commonwealth State Housing Agreement funding to Tasmania fell by 18.4%. In the same period matching funding from the Tasmanian Government fell by 19.3% (*Shelter Tasmania*). Accordingly, social housing supply has declined and available stock has become limited to high need households.
- While the Commonwealth and State Governments have legislative, macro-economic and taxation authority for ensuring that those members of society who are most in need are housed, the impact of decreasing housing affordability is experienced at a local level. The effects range from the economic risk of not having appropriate and affordable housing for the local labour force, to the social issues that arise from an increasingly polarised community.
- There is a growing expectation that Local Government, particularly capital city councils, will play a role in addressing their community's housing needs.
- Housing stress in the Hobart LGA is most pronounced in the private rental sector, with a significant proportion of low to middle income earners paying over 30% of their gross household income in rent.
- Groups particularly affected by the lack of supply include low to moderate income households, lone person households, young people (students), key workers and (in future) older persons.
- The level of homelessness in the Hobart LGA is also a related and complex issue requiring specific consideration – homelessness is multi-faceted and affects different groups of people in diverse ways. The causes and consequences of homelessness vary between groups such as families, young people, women escaping domestic violence, Aboriginal and Torres Strait Islander people, people with alcohol and other drug problems, people with mental health problems and so on.
- There is a lack of residential development in the Hobart inner city area which contributes to diminished trade for city businesses, a lack of vibrancy, social segregation and reduces Hobart's competitiveness as a preferred location to live and do business.
- Currently, 63% of Hobart's workforce lives outside the Hobart LGA.
- There is a significant opportunity for inner city Hobart to achieve growth in its residential population, particularly key workers, and thereby enhance economic prosperity, social mix and community safety.

- Additionally, the economic, social and environmental impacts of excessive commuting may be ameliorated by providing workers with greater opportunity to reside closer to their workplaces.
- Projects undertaken by other capital city councils demonstrate the role that local government may play in achieving positive outcomes for their communities through residential growth strategies which adopt a triple bottom line decision making framework – this requires that economic, social and environmental factors are considered in land use and development applications and decisions help work towards economic prosperity, social equity and environmental sustainability.
- A deficit in affordable housing is perceived by stakeholders in the housing, education and property development sectors as a significant issue which can benefit from local government involvement. Further, consultation with representatives from these sectors point to a desire that the Council will take a leadership role in championing affordable housing initiatives.

5.2 Recommended Strategies

Broadly speaking, the means available to local government to encourage the protection and provision of affordable housing fall into the following categories:

- *Leadership, Advocacy and Community Development*
- *Strategic Partnerships*
- *Financial Initiatives*
- *Planning Tools*

As a response to the current issues surrounding housing affordability in the Hobart LGA, the following specific strategies are recommended for the Council's consideration:

5.2.1 *Leadership, Advocacy and Community Development*

- a) Develop and endorse an overarching affordable/sustainable housing policy commitment in accordance with the Australian Capital Cities *Partners in Prosperity* National Policy Statement on Affordable Housing.
- b) Determine data gaps in housing research and undertake/commission research according to need into housing related issues. Further research may include, but is not limited to loss of key workers; and student housing needs and its impact on housing in the Hobart LGA.
- c) Following assessment of this research, consider development of affordable housing targets for the Hobart LGA.
- d) As part of the Hobart Inner City Development Plan, identify inner city sites/buildings/precincts attractive for housing development, including affordable housing which meets identified needs, with a view to the Council playing an active role in facilitating appropriate future development.

- e) When considering the sale/redevelopment of Council property, the Council adopt a “Housing First” policy which allocates priority to the development of housing (including affordable housing). As such, the notion of the “highest and best use” for a property incorporates the contribution the property might make to the achievement of the Council’s strategic priorities and social objectives, as well as calculations of the level of financial return.
- f) Raise community awareness about local housing issues and the benefits of affordable housing through active engagement with the community and as an advocate to relevant stakeholders to facilitate the increased supply of affordable housing in the Hobart LGA.
- g) Work with the University of Tasmania in supporting their initiatives for Student Housing.
- h) Support the social inclusion of people experiencing homelessness into the community in partnership with the relevant community support networks. An example of such an approach is the **Homeless Connect** project endorsed by the Council on 23 February 2009.

5.2.2 *Strategic Partnerships*

- a) Identify opportunities for joint ventures with the Commonwealth Government, State Government, the not-for-profit sector and the private sector.

As a provider in partnership, the Council may contribute land and/or funding to the project.

A current example of such a project is the Liverpool Street Car Park proposal, whereby the Council has agreed to gift the air rights to its Liverpool Street Car Park to the Hobart City Mission / Fairbrother consortium to provide affordable housing utilising funding provided by the Commonwealth and State Governments.

5.2.3 *Financial Initiatives*

- a) Subject to further investigation by officers to assess financial impact:
 - Waive planning and building application fees for projects that provide affordable housing (subject to criteria to be established).
 - Increase the Council’s Energy Efficient Development Rebate by 50% for applicable affordable housing developments.
- b) Explore opportunities for the provision of rate relief (specified period/conditions) for new projects where affordable housing is to be provided.

5.2.4 *Planning Tools*

The new City of Hobart Planning Scheme should continue to provide the potential for affordable residential development in a range of commercial and business areas whether as single or mixed use developments. Other options include:

- a) One-off planning Scheme amendments to facilitate affordable housing, which are most likely to be successful in implementing:

- defined projects with an affordable housing component that are of a significant scale and that have strategic merit in their own right; and
 - actions by Council that comprise an overall policy package to initiate and promote affordable housing projects in their own right, through partnerships or other schemes.
- b) Opportunities to utilise formal development agreements between proponents and Council as a means for realising affordable housing should be explored as well as other mechanisms that would support Council’s own initiatives and facilitation and promotional activity.
- c) Requiring social impact assessments to be undertaken by proponents where a loss of significant quantity of affordable housing is proposed and is being replaced with a discretionary use.

6. Conclusion

The Council has, over some years and on numerous occasions, considered the issue of affordable housing, both from the perspective of a general policy position and on a project-by-project basis.

There are a number of factors which currently combine to precipitate the need for the Council to determine a policy position and strategic framework in regard to its role in affordable housing. These factors include:

- Declining housing affordability
- Community expectations
- The Council’s strategic objectives for Hobart, as expressed in the Council’s Strategic Plan
- A growing focus on housing affordability issues at all levels of government
- CCCLM national policy statements on housing affordability
- Initiatives underway in other capital city councils

The broad strategies recommended in the previous section establish a role for the Council in the area of affordable housing and provide a framework for the Council’s future work in this area.

There appears to be a clear opportunity for the Council to adopt a leadership role in the facilitation and promotion of better housing outcomes for the local community and in doing so, benefit the economic, social and cultural sustainability of the City.

Housing affordability represents one of the most significant challenges facing Australian cities and is of both local and national interest. It is a clear example of how an issue can only be effectively addressed by collaborative action from all levels of government and the business sector. (CCCLM - *Partners in Prosperity*).