

Housing: Building a Better Tasmania

The bigger picture

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The Tasmanian community sector's policy position on affordable housing

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1. What is affordable housing?

The National Forum on Affordable Housing suggests the following definition for 'affordable housing': "Affordable housing is housing which is reasonably adequate in standard and location for a lower- or middle-income household and does not cost so much that such a household is unlikely to be able to meet other basic living costs on a sustainable basis" (NFAH 2006).

There is a general consensus that for housing to be affordable for a low income household, the household has to be spending no more than 30% of their income on housing (see National Shelter 2007, Housing Tasmania 2003a, although Burke (2007) points out that this is actually a conservative measure and that for households on very low incomes, rents that take up less than 30% of income can still cause financial hardship. According to Burke, Canada and the United States also use the 30% benchmark but they include utility costs in the cost of housing while in Australia these are viewed as separate costs.

When a household is in the lowest 40% of income distribution and spending more than 30% of its income on housing costs, the household is said to be in 'housing stress'. In 2004, NATSEM estimated that some 26,000 Tasmanian income units, or 10.6% of the population, were in housing stress. This was the second highest percentage in Australia – the highest was in Queensland, where 11.8% of the population was in housing stress. The national average was 8.8%. Single parent families and private renters were most at risk (Harding et al 2004). Data from the 2006 Census shows that 38.2% of Tasmanian renters – 11,113 households – are in housing stress, the second highest rate in Australia after New South Wales (Swan and Plibersek 2007). While the proportion of households in housing stress as a percentage of the whole housing market has stayed stable over the decade to 2003, the actual number of households in housing stress has risen, and the incidence of housing stress among lower income households has grown significantly. The rising number of households in housing stress is projected to continue through to 2045 (Yates 2007).

The National Forum on Affordable Housing's definition of affordable housing incorporates housing quality and location. These are critical, as substandard housing or a location distant from services and transport networks can add significantly to a household's cost of living. Other issues that are important are security of tenure, sufficient bedrooms, accessibility, safety, impact on health and ongoing sustainability. The Housing Tasmania public housing waiting list assessment process considers all these factors, under the headings of adequacy, affordability and appropriateness, when determining the level of a household's need for public housing (Housing Tasmania 2006).

The Tasmanian community sector calls on the State Government to commit to a vision for housing that includes affordability, adequacy and appropriateness as key elements of 'affordable housing'.

A note on terminology

At different times, this paper refers to 'social housing', 'public housing' and 'community housing'. Within the housing sector, 'social housing' is used as an umbrella term to describe public housing, which is funded and provided by government directly, and community housing, which is funded primarily by government but provided through non-government organisations.

2. The housing system

2.1. Who lives where?

Detailed 2006 Census data on Tasmania's housing system has not yet been released, but the data from the ABS' 2004 survey of housing occupancy (ABS 2006a) indicates that while Tasmania's housing system is still structured mainly around home ownership, with 38.4% of households owning their own home outright and 33.8% currently purchasing their home, over a quarter of all households are renters in either the public (7.1%) or the private markets (16.4%).

Nationally, low income earners (those in the lowest 40% of income distribution) tend to be either renters or outright home owners, perhaps reflecting a high level of home ownership among aged pensioners. Low income households also have higher levels of housing stress, joblessness and dependence on social security payments, and are more likely to be single parent or lone person households (ABS 2006a).

Data from the 2006 Census that has been released shows that a small number of households are excluded from the mainstream housing market. The Census recorded that 754 Tasmanian households, including families with children, single people and group households, were living in a caravan, cabin or houseboat and 172 were living in an improvised home or tent or sleeping out (ABS 2007a). It is important to note that these figures may be underestimates. Counting homeless people in the Census is problematic, despite the use of strategies designed to overcome some of the challenges (ABS 2006b). Chamberlain and McKenzie (2003) pointed out in a report on the 2001 Census' count of the homeless that the accuracy of the count depends on a range of factors, including whether individual Census collectors are aware of people squatting, living in cars or sleeping rough in their area.

Other tenure types that exist in the Tasmanian housing market that are not mentioned above include crisis and transitional housing, boarding houses and residential care facilities and group homes. For a small proportion of households, housing experiences are much more diverse than the traditional image of Australia as the land of home ownership would suggest.

2.2. Who is responsible for different parts of the housing system?

There are tensions between the need for the flexible, local responses to housing issues that can be provided by a state or local government initiative and the need for national coordination that has to be driven by the Commonwealth (Jacobs and Gabriel n.d.). In 1993 the Industry Commission called for reform of the main housing funding instrument, the Commonwealth State Housing Agreement (CSHA), suggesting that the division of responsibilities between the Commonwealth and the States should be redrawn so that the States would become responsible for meeting the housing needs of all eligible people, including through properly funded public housing, while the Commonwealth would be responsible for providing subsidies to all eligible low income renters, including public tenants, along with recurrent payments to the States to support the provision of social housing. The rationale for the suggestions was that under existing arrangements, responsibility and accountability were blurred (Industry Commission 1993).

Under current arrangements in Australia, the Australian Government funds Commonwealth Rent Assistance (CRA) through the income support system, shares responsibility for the CSHA, and also supports access to housing through taxation arrangements and home purchase assistance. The States provide CSHA-funded direct housing assistance and have control of land tax, stamp duty and residential tenancy legislation. Some states operate home lending programs and joint

ventures with the private sector. Local governments oversee planning processes and in some parts of the country, although not in Tasmania, act as community housing providers (SCRGSP 2007).

There are particular issues in Tasmania in relation to planning. A recent Legislative Council inquiry identified an overall lack of certainty and consistency, a lack of sufficient state planning policies leading to ad hoc, fragmented arrangements across the state and a lack of strategic vision. Among the Committee's recommendations was that a department of state planning be established to provide advice and assistance to councils in the preparation and amendment of planning schemes (Legislative Council Select Committee 2006). Jacobs and Gabriel (n.d.) argue that uncertainty about local government planning frameworks has tended to inhibit private sector affordable housing development in Tasmania.

2.3. Who funds affordable housing in Tasmania and through what arrangements?

The majority of funding for affordable housing provision and other housing assistance designed to support low income earners to access housing comes through joint arrangements between the Commonwealth and the State Government.

2.3.1. The Commonwealth-State Housing Agreement

The aim of the Commonwealth State Housing Agreement (CSHA) is to provide appropriate, affordable, secure housing to those who need it most for the duration of their need (CSHA Schedule 1.C). Under the CSHA, both the Commonwealth and the State contribute general assistance funds for public housing, home ownership assistance and private rental assistance, and there are also a number of programs that receive specific, tied funding: the Aboriginal Rental Housing Program, the Crisis Accommodation Program and the Community Housing Program. State funding is required to be equal to 48.95% of Commonwealth base funding (CSHA Schedule 1.4.15). Between 1996-97 and 2004-05, CSHA general assistance funding, or 'base funding', from the Commonwealth fell 18.4%, and 'matching' general assistance funding from the Tasmanian Government fell by 19.3% (see Table 1). Housing Tasmania's capacity to fully utilise all the funding it receives is hampered by the fact that it is required to return \$17 million of funding to the Commonwealth each year in repayments for earlier housing assistance, which was provided in loan form (Housing Tasmania 2003b).

Funding for public housing also comes from each state's asset management practices, such as through rents or proceeds from sales (SCRGSP 2007). The value of this funding is affected by policies targeting public housing to people in greatest need, and the age and condition of public housing stock.

Table 1: CSHA grants, Tasmania, 1996-97 – 2004-05, (\$'000)

	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
Commonwealth base funding	26,235	23,628	23,171	22,705	24,877	24,501	24,127	21,189	21,401
State matching grants	12,989	11,610	11,494	11,114	10,896	10,712	10,529	10,372	10,476
Aboriginal Rental Housing	696	696	696	696	696	696	696	351	696
Community Housing	1,033	1,647	1,621	1,598	1,576	1,561	1,545	1,534	1,553
Crisis Accommodation	1,667	1,021	1,004	990	977	967	957	951	963
TOTAL	42,620	38,487	37,986	37,103	39,022	38,437	37,854	34,397	35,089

Source: FACS 1999, 2000, 2001, 2002, 2003a & b, 2004, 2005 and FACSIA 2006

The 2003-2008 CSHA commits the States to a range of reporting requirements and outcomes, and 5% of each year's base funding is dependent upon the States meeting these obligations (CSHA Schedule 1.4.3). The Tasmanian CSHA Bilateral Agreement commits the Tasmanian Government to "involve the private sector, community and local government" in developing a comprehensive planning approach to improve affordable housing options, improving asset management, facilitating and expanding the access of indigenous people to affordable housing (including mainstream public housing), developing diverse funding, delivery and management arrangements for affordable housing, reducing workforce disincentives and providing employment and skills development for social housing tenants and improving social housing service provision (CSHA Bilateral Section 3.1). Fitzgerald (2007) argues that tightened implementation and reporting requirements for specific purpose payment agreements like the CSHA can inhibit innovation and responsiveness to local conditions. And placing conditions on the CSHA is one way in which the Commonwealth can act to control the direction of State Government housing policy (Jacobs and Gabriel, n.d.).

The current CSHA expires in 2008, and the Australian Government Minister responsible for housing, Mal Brough, recently indicated that it was unlikely to be renewed in its current form. Instead, the Minister announced a review of public housing funding, stating that, "The CSHA has evolved over the past 50 years. It was effective in building up the stock of public and community housing... . But over the past 10 years the states and territories have used these funds in ways that have not increased supply." In place of the CSHA, he flagged a new system of funding that would incorporate private sector involvement (Brough 2007). The ALP too has suggested reform of the CSHA, including amalgamating the CSHA, Supported Accommodation Assistance Program (SAAP) and Commonwealth Rent Assistance into the same funding agreement and the exploration of alternative funding options such as public-private partnerships (Rudd et al 2007).

One of the most important programs funded under the CSHA is private rental assistance, which provides financial assistance to eligible households to help them gain access to the private rental market. In Tasmania, the private rental assistance programs are CA\$H in the south, run by Colony 47, and the Private Rental Support Service in the north and north-west, run by Anglicare. The programs provide support with bonds, rent in advance, rent in arrears and the cost of removals. Additional funding from Stage 1 of Tasmania's Affordable Housing Strategy has allowed for the expansion of the program to increase eligibility and provide intensive assistance to some households.

Consultations held as part of a review into private rental assistance services found that in Tasmania, the services have been of value in assisting clients to move into the private rental

market or cover the costs of moving between properties, and have provided avenues for offering additional support and preventing some of the exploitation of vulnerable clients that does occur. In 2006-07, the services supported 3,651 households across the state who would otherwise have been unable to afford the cost of establishing a tenancy or who may, without private rental assistance, have lost their tenancies entirely following a financial crisis (DHHS 2007). However, the service model is designed to facilitate access to the private rental market, rather than to offer follow up to ensure tenancies are maintained. The services are also unable to address broader issues like the need to increase supply, the quality of rental housing, problematic relationships between tenants and landlords over issues such as repairs and the return of bonds, and discrimination against low income tenants (Jacobs et al 2004). The Auditor-General (2005) has argued that support provided through private rental support services is only short-term and unlikely to lead to long-term relief from housing stress.

Some of the longer-term issues around the sustainability of tenancies are addressed through the Private Rental Tenancy Support Service, run by Centacare, which provide low income households in the private rental market with support and assistance with developing tenancy skills. However, funding for both private rental assistance and tenancy support is uncertain beyond 2008.

2.3.2. Commonwealth Rent Assistance

Commonwealth Rent Assistance (CRA) is a cash supplement paid to eligible renters who are already receiving certain Centrelink benefits. People must be in the private rental market and paying a certain amount of rent to become eligible for the payment, which is then paid at a rate of 75 cents for each dollar of rent paid up to a maximum which varies according to the recipient's circumstances (SCRGSP 2007). For example, a single person with no dependent children must be paying at least \$92.60 in rent each fortnight to qualify for CRA. They will receive a maximum of \$104 of CRA a fortnight, but to receive that maximum, they must be paying \$231.27 or more in rent. Otherwise, the amount of CRA they receive will be less.¹

Commonwealth Rent Assistance has been criticised because it assumes that household income is the only problem. It ignores whether rental housing is actually available or not, whether rents are affordable even with assistance, and issues of location, housing quality, amenity, tenants' support needs and tenants' rights. Because CRA is delivered via the social security system, it excludes the working poor (Hulse and Burke 2000). National Shelter and ACOSS (2003) found that there were higher numbers of CRA recipients in low rent, high unemployment areas, partly because CRA is paid at the same rate everywhere in Australia, even though market rents may vary widely between regions, disproving the notion that CRA provided renters with the flexibility to move to 'where the jobs are'. In 2007, 35% of CRA recipients were still living in housing stress (Scullion 2007).

2.3.3. The First Home Owners' Grant and other home ownership incentives

The First Home Owners' Grant was introduced to offset the introduction of the GST. It commenced on 1 July 2000, and under current arrangements provides eligible applicants with a one-off payment of up to \$7,000 to assist them to purchase their first home. The Grant is not means-tested.

The First Home Owners' Grant has been criticised by some commentators. Stilwell and English (2004) argue that it adds to inflationary pressures on house prices, ultimately excluding lower income earners from home ownership, and that it is inequitable because assistance is not means-tested. Bridge et al (2007) point to research that indicates that the Grant simply brought

¹ Centrelink payment data taken from <www.centrelink.gov.au>; current at 2 August 2007.

forward home ownership for households that would ultimately have purchased their own home anyway. A research project which surveyed 407 recent home purchasers from low to moderate income areas in New South Wales and Victoria found that 37.6% said that they could have afforded to purchase their home without the First Home Owners' Grant (Burke 2007). And during the housing boom, the First Home Owners' Grant provided an incentive to landlords with low rent, low return rental stock to sell to first home buyers, reducing the supply of affordable rental properties available to low income earners (Housing Tasmania 2003b).

State and territory governments provide a range of programs to support low income earners into home ownership, but more generally, home ownership in Australia is encouraged by a range of taxation-based incentives, including the exemption of owner-occupied housing from capital gains tax, and the non-taxation of imputed rents – the value of the housing services consumed by the owner-occupier (Industry Commission 1993). The Commonwealth also subsidises investment in the private rental sector through negative gearing, which allows investors to write off losses from their investment against their tax.

The Real Estate Institute of Australia supports negative gearing on the grounds that it contributes to individual wealth creation and the capacity of people to fund their own retirement, increases the supply of rental properties, thereby keeping rents low, and does not contribute significantly to increases in house prices (REIA 2006). But some commentators argue that negative gearing has contributed to rising unaffordability by pushing up house prices and that it makes a limited contribution to supply: only 10% of investment housing finance goes to new construction (Jeffrey 2007). And evidence suggests that most of the subsidy goes to the higher end of the market; in the decade after the policy was reintroduced in 1987, the supply of low rent housing stock fell significantly (Hulse and Burke 2000). The Industry Commission (1993) argued that, even if in the very long-term negative gearing policies did increase supply, the cost to government would be out of proportion to the gain, which makes negative gearing a particularly expensive intervention. Davidson (2007) argues that the abolition of negative gearing would save the Government \$2 billion annually, which could be used to finance an additional 20,000 public housing properties each year.

2.3.4. Tasmanian Affordable Housing Limited

Tasmanian Affordable Housing Limited (TAHL) has been established by the State Government as an unlisted public company with the aim of increasing the supply of affordable housing in Tasmania. The company has a target of providing 700 homes over the next four years. The State Government has committed \$6 million per annum over four years to TAHL (DHHS 2006). This money will be used to fund the gap between rents paid by tenants and the market rent, but the funding agreement has only just been finalised (ABC 2007a).

Linked to the establishment of TAHL was another announcement: the call for tenders through a process called Home Folio. Home Folio was to attract investment to build up to 200 new homes which would initially be managed by the Government and would then be transferred to TAHL (DHHS 2006). By mid-2007, Home Folio had delivered six tenanted properties at Brighton, while 40 properties in New Norfolk, Bridgewater, Chigwell and Launceston were nearing completion and a further nine at Warrane were under development. In total, commitments had been obtained for 255 properties through Home Folio, and these were expected to be completed within 12 months (Duncan 2007).

Under the Home Folio umbrella, the State Government also entered into bilateral agreements with STEPS and OneCare to deliver 58 new affordable housing units under head-leasing arrangements. But the process of delivering affordable housing through partnership arrangements has not been without problems. For example, concerns were aired in the media that 11 new public housing units in Warrane, financed by STEPS, the Tasmanian Government and

private capital, remained empty, even though they were complete, due to administrative delays. One of the units was to be sold to recoup some of the costs of the development (Worley 2007). TAHL itself has experienced multiple delays in its establishment phase.

The National Community Housing Forum warned that partnership-based developments tend to be opportunistic and can therefore undermine the need for overall strategic development based on client need. There may be tensions around ensuring that stock is retained as affordable housing into the longer term. The Forum also raised concerns about the rent setting models used by some housing providers, such as those based on market-related rents rather than income-related rents, on the grounds that these models may inevitably exclude some groups on very low incomes from accessing housing through these providers (NCHF 2002). The TAHL model will address some of these concerns: TAHL will rent exclusively to low income earners drawn from the Housing Tasmania waiting list, with the main factors in selection being tenants' preferences and requirements about location and property size. TAHL will also retain full control over whether head-leases are or are not renewed, meaning they can retain use of their stock until it is no longer appropriate to the company's needs (Gillam 2007). However, TAHL will be charging rents set at 30% of the tenant's income without CRA, plus all applicable CRA, which is more than Housing Tasmania and most community housing providers charge. This means that tenants on the lowest incomes will need to continue to rely on other social housing providers.

2.4. Who is most at risk?

Everyone needs safe, affordable, appropriate housing, but there are some groups in the community who are especially vulnerable to difficulties with housing or have particular additional requirements in relation to housing. Any systematic response to the housing crisis must include specific consideration for these groups of people.

2.4.1. Refugees

Recent refugee arrivals and humanitarian entrants require more intensive support than earlier groups of migrants: they have generally poorer English proficiency, greater health problems and personal histories that can include extreme trauma. These are all difficulties poorly catered for in the existing private rental market, which means refugee households are vulnerable to overcrowding and substandard housing. In addition, earlier cohorts of migrants who previously had lower levels of need for housing services are now ageing and becoming frail (Housing Tasmania 2003c). Research indicates that over the last seven years, housing has been one of the most critical issues facing new refugee arrivals in Tasmania, with households experiencing serious problems finding affordable and appropriate housing, often to the point of homelessness, with far-reaching negative consequences for settlement success (J. Flanagan 2007).

2.4.2. People with disabilities

Housing Tasmania has 465 accessible properties, of which 426 are available for rent through Housing Tasmania; 39 are managed through community organisations. This represents about 4% of available stock. Yet well over a quarter of the waiting list has a need for modified housing (Hinton 2006). Housing Tasmania has expressed real concern regarding its capacity to meet the increasing demand for public housing from people with disabilities given growing constraints on funding and resources (Housing Tasmania 2003c). People on the public housing waiting list who need accessible housing usually have to wait until one of the existing properties become available – a property will not be modified for them (Housing Tasmania 2006).

The difficulties in relation to housing that face people with disabilities in Tasmania who are not living in supported accommodation like residential facilities or group homes was documented by Hinton (2006). It is difficult to find housing that is appropriate, well-located and also accessible. Funding for home modifications to make housing more suitable is limited, with existing schemes for home owners difficult to access and subject to long waiting times. Many people have to resort to fundraising. People in the private rental market find it extremely difficult to find properties that are accessible and close to support services, especially in the face of discrimination by landlords. It is difficult to persuade a private landlord to allow modifications and also difficult to find funding if the landlord agrees. The budget for home modifications in the public housing system is small. Forthcoming research (Hinton forthcoming) indicates that these difficulties are also experienced by families raising a disabled child or children. The Industry Commission (1993) recommended that a separate funding allocation be provided to meet the costs of home modifications for people with disabilities within the public housing system. Hinton (2006) recommended a range of models for offering low interest loans and exploring options for a loans scheme was one of the strategies included in the original Affordable Housing Strategy (Housing Tasmania 2003a).

People with disabilities also require integration between support services and housing assistance to ensure that all their needs are met (Housing Tasmania 2003c). When people are housed inappropriately this can inhibit their access to essential services and increase their vulnerability to social exclusion (Hinton 2006).

2.4.3. People with serious mental illnesses

People with serious mental illnesses experience high levels of cyclical homelessness and difficulties in living independently without appropriate support. The environments in concentrated public housing developments are often unsuitable (Cameron and Flanagan 2004), but the private rental market is not set up to cope with the episodic nature of many serious mental health conditions and discrimination frequently occurs (Housing Tasmania 2003c). Where appropriate support is not available, the burden falls on family and friends, and many households are stretched to personal and financial breaking point by the costs of having to support or accommodate their ill family member (Cameron and Flanagan 2004).

People with serious mental health problems need support to sustain their housing, particularly during periods spent in hospital (Housing Tasmania 2003c). Cameron and Flanagan (2004) recommended the development of cluster style housing and a program of intensive support for people living independently. These models were part of the State Government's Bridging the Gap funding package, but there remains considerable unmet need.

2.4.4. Older people

Tasmania's population is ageing and the provision of adequate supplies of rental housing that meet the needs of older people will become critical given the preference of older people to "age in place" rather than move into residential care (DCAC 2007). Many older people are home owners: among couple households where one member of the couple is over 65, the rate of outright home ownership is 85.2%, while among single people aged over 65 it is 73.8% (ABS 2006a). However, with rising house prices, the rate of home ownership among older people is likely to decrease (Morris 2007). The majority of older people live on low incomes – across Australia, 76.4% of couples with at least one member aged 65 or over are in the bottom 40% of income distribution and 67.6% depend on social security as their main source of income. The figures for single people aged 65 or over are even higher: 85.9% are in the lowest two income quintiles and 77.6% depend on social security (ABS 2007b). Contrary to the expectation that people will increasingly fund their own retirement through superannuation contributions, the evidence is that some groups will not be in a position to do this: a recent survey found that 40%

of Tasmanians currently aged under 60 who were unemployed and 57% of Tasmanians aged under 60 who were not in the labour force due to other reasons, like caring responsibilities or ill health, had no superannuation at all. Among workers, 9% of casual employees and 3% of employees with paid entitlements had no superannuation (Madden 2006). All the evidence points to the need to ensure access to housing options that go beyond home ownership to ensure that lower income older people are not excluded from affordable housing.

Older people require housing that is easily maintained, physically accessible and safe, close to support services and social networks and affordable, even if income is reduced due to retirement. It also needs to be appropriately located to ensure access to in-home care services (Housing Tasmania 2003c). The State Government's decision to maintain public housing stock at very low levels accompanied by a targeted allocation system means that many older people in Tasmania are effectively excluded from public housing unless they have multiple and complex needs. This leaves a growing number of older people dependent on the private rental market. Morris (2007) explored the experiences of older private renters in Sydney and found that experiences of social exclusion, poverty, stress and isolation were common, especially among those people who did not have support from family.

2.4.5. Young people

Cameron (2002) identified a number of issues that particularly affect young people in the private rental market, including discrimination against younger tenants and concerns about landlords regularly invading tenants' privacy through unannounced inspections and dubious rent collection practices. Other housing issues facing young people include limited tenancy histories, poor tenancy skills, limited upfront funds to pay for bond or set-up costs like whitegoods and very low incomes (Housing Tasmania 2003c).

There are gaps in the availability of appropriate accommodation for students travelling from remote areas to study year 11 and 12. In 2006, there were reports that students were being referred to TAFE accommodation, which did not provide adequate or appropriate supervision or accommodation on weekends (ABC 2006). The Tasmanian Isolated Parents Association has claimed some students are having to live in aged care facilities and raised concern about students dropping out of school as a result (ABC 2007b). The State Government very recently responded to these concerns by announcing that an additional 100 places would be made available through increased funding to hostels and a home-stay trial (Bartlett 2007). Young people from rural areas experience homelessness differently to those in urban areas because the pathways out of homelessness, such as employment and education options and formal support networks, are much more limited in rural communities (Beer and Randolph 2006).

There is a critical need for an integrated approach to housing, education and employment services so that young people do not fall through the gaps (Housing Tasmania 2003c). Many young people first experience homelessness when they are still at school (Chamberlain and McKenzie 2004, and in the absence of stable, appropriate accommodation, young people are vulnerable to becoming entrenched in the sub-culture of homelessness (Kerr and Talbot 2005). A particular issue for the small number of young people engaged in criminal behaviour is the shortage of appropriate accommodation outside detention for young people on remand. This means that a high proportion of the inmates at the Ashley Youth Detention Centre are in detention on remand (Fanning 2006, Legislative Council Select Committee 2007).

2.4.6. Indigenous people

Policy decisions relating to Indigenous housing are complicated by the high levels of disadvantage experienced by Indigenous people and the greater levels of need that result, cultural

requirements in relation to housing design and support and pervasive institutional discrimination against Indigenous people throughout the housing system (Atkinson et al 2007). These problems all require tailored, supportive, culturally-sensitive responses. Indigenous households in mainstream public housing are twice as likely as non-Indigenous households to experience overcrowding, which can affect the long-term sustainability of the tenancy (Flatau and Cooper 2005). The practice of suspending applicants from the public housing waiting list until they repay prior debts (a practice in place in Tasmania) is a major barrier for indigenous people in need of public housing (Cooper and Morris 2005), although in some states, some flexibility is applied (Flatau and Cooper 2005). In relation to homelessness, some indigenous people have an understanding of homelessness that is different to that employed by services, and service providers need to be sensitive and responsive to this (Cooper and Morris 2005, Memmott et al 2004).

Research by Cooper and Morris (2005) found that Indigenous women and children were particularly disadvantaged by their high level of transience. Their frequent moves meant that they struggled to maintain contact with services that could support them to find more stable housing and services were frequently unaware of their situation. The study identified a clear need for additional formal support services, particularly in relation to family and sexual violence, substance abuse, overcrowding and debt and recommended the use of outreach models.

2.4.7. Children

Homelessness at any level affects children's health, school performance, behaviour and development, and ongoing experiences of loss, such as that experienced in constantly moving house, changing schools and leaving friends, can cause significant grief. Despite this, mainstream SAAP services do not cater well to the needs of children. A report by Resolve Community Consulting (Resolve 2004) attributed this to a focus within SAAP services on parents' needs at the expense of children's needs. Where children's needs were addressed, they were usually their physical rather than their emotional or psychological needs. The SAAP data collection system refers to children as "accompanying" adults, rather than as clients in their own right. The Resolve report identified the problem as being primarily one of resources – while models for working successfully with children exist, such as the Commonwealth funded HOME Advice programs, funding to implement such models of practice within mainstream SAAP services is not available. Other issues identified included workers having limited skills in working specifically with children, high caseloads which meant limited time to work with families, and a reluctance by parents to identify their children's broader needs, partly due to a fear of intervention by child protection services. Resolve recommended further research and increased resources to address these issues.

3. Why should affordable housing be a priority for the State Government?

Access to housing is a human right.

“Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services...” (Article 25 of the Universal Declaration of Human Rights).

Providing affordable housing makes economic sense.

A study by Chamberlain et al (2007) identified strong correlations between homelessness and substance abuse and homelessness and mental illness, and found that more than half of the people studied had developed these problems after becoming homeless. Early provision of affordable, stable housing can play a role in preventing people from needing expensive rehabilitation and psychiatric services later on. Another study found a significant reduction in the number of Medicare services used and the cost of those services following entry of a household into public housing. The net cost saving was \$30.71 of average benefits per person per month (Phibbs and Young 2005). It would be reasonable to expect this pattern to extend to state-funded health services. A review by Berry et al found that on a purely financial basis, the cost of providing stable housing for homeless people was more than covered by the savings in the cost of providing support services (Berry 2003).

The housing boom has placed significant pressure on existing housing support services and this pressure is unlikely to ease.

The recent housing boom has affected the whole housing market, with house prices and private rents increasing and vacancy rates in the private rental market falling. Monthly median house prices in Tasmania in May 2007 ranged from \$194,000 in Burnie to \$315,000 in Hobart. Before the boom, in May 2000, the median house price in Burnie was \$103,000 and the median in Hobart was \$130,000, which means respective increases of 88% and 142%. Prices increased in Launceston over the same period by 167%. The flow on from high house prices has been significant increases in rent (see Table 2). And the vacancy rate has fallen, in Hobart from 3.8% in May 2000 to 2.3% in May 2007, in Launceston from 5.3% to 1.8% over the same period and on the North West Coast from 6.4% to 2.8% (REIT 2000, 2007a).

Table 2: Median rents on selected property types (\$), Hobart, Launceston, North West Coast, May 2000 and May 2007

	Hobart			Launceston			North West Coast		
	1 bed unit	2 bed unit	3 bed house	1 bed unit	2 bed unit	3 bed house	1 bed unit	2 bed unit	3 bed house
May 2000	90	125	150	80	110	140	70	110	130
May 2007	165	225	265	125	170	230	108	145	190
Increase	83%	80%	77%	56%	55%	64%	54%	32%	46%

Source: REIT 2000, 2007a

As house prices climb out of reach for lower income earners and rental properties become scarcer and more expensive, demand for public housing and crisis services increases. Throughout the Australian community sector the service type experiencing the highest level of unmet demand – that is, those services that have to turn away the most eligible clients – are housing services, closely followed by supported accommodation for people with disabilities, and the service type most commonly identified as that most needed by all community sector clients is long-term housing (ACOSS 2007). In Tasmania, there was a 62% increase in the number of applicants on the public housing waiting list between 2001 and 2006, a 28% increase in the number of SAAP clients between 2001 and 2005, and a 39% increase in the number of children accompanying SAAP clients between 2002 and 2005 (see Table 3).

Table 3: Numbers of public housing applicants, SAAP clients and accompanying children, 2001 to 2006

	2001	2002	2003	2004	2005	2006	Increase
Public housing applicants	2,089	2,772	2,740	3,229	3,116	3,387	62%
SAAP clients	3,550	3,750	4,250	4,550	4,550	4,450*	28%
Children accompanying SAAP clients	no data	1,900	2,300	2,350	2,650	2,150*	39%

*SAAP data for 2006 is not directly comparable with earlier data because of a change in definitions used, therefore the percentage increase for the number of SAAP clients is calculated between 2001 and 2005 and the percentage increase for the number of accompanying children is calculated between 2002 and 2005.

Source: SCRCSSP 2003; SCRGSP 2007 and AIHW 2007

Berry (2005) argues that the nature of Australia’s housing system is such that the housing market will not correct itself. House prices are unlikely to fall, although price inflation may slow. The London *Economist* has stated that in Britain and Australia, “if inflation remains low, almost a decade of stagnant [house] prices may be needed to turn property to fair value” (in Powall and Withers 2006).

4. What has been done?

4.1. The big picture

Traditionally, the Australian Government has developed and driven policy on housing, and the role of the States and Territories has been to implement it. But the internationalisation and deregulation of the Australian economy has created regional inequities which the Commonwealth has not addressed, either for policy reasons or because economic changes – such as the establishment of an independent mechanism for setting interest rates – have prevented them. Other reforms, such as the contracting out of essential services to non-government providers, and an ideological emphasis on consumer choice, have facilitated an as yet incomplete move away from the bulk provision of public housing to alternative forms of tenure, an emphasis on direct rent assistance and a reliance on the market to deliver housing affordability. All of this has left a gap in service provision and significant unmet community need, and the pressure has shifted to the state governments to deliver a response (Jacobs and Gabriel n.d.).

Recently, by and large, the States have responded. Multi-million dollar funding and policy commitments for affordable housing have been announced in Victoria (\$510 million), the Northern Territory (\$90 million), Western Australia (\$417 million), New South Wales (\$230 million), Queensland (\$719 million) and the ACT (\$9.25 million) (TasCOSS 2007, ACT Government 2007a), and South Australia is now two years into the implementation of a strategic plan for affordable housing (Weatherill 2007a).

There has been significant pressure at a national level for an integrated federal response to the housing crisis: the National Affordable Housing Summit, a coalition of organisations including ACOSS, the Housing Industry Association, the ACTU, National Shelter and the Community Housing Federation of Australia, has outlined a comprehensive platform of reform which incorporates a National Affordable Housing Goal of halving housing stress by 2025 by providing an additional 25,000 affordable properties per annum of which 15,000 would be affordable private rental, a National Affordable Housing Agreement incorporating substantial capital grants funding, a National Affordable Rental Incentive Scheme (NARIS) to increase investment in affordable private rental, expansion of the non-profit housing sector and the provision of adequate residential infrastructure. Greater cooperation between all levels of government will be required, as well as substantial investment. The Summit suggests providing funding through public revenue and through debt financing (NAHS 2007). Another lobby group, Australians for Affordable Housing, is based in Victoria and was launched in March 2007 (Schneiders 2007a) and the Housing Industry Association has formed a Housing Affordability Task Force that includes leading industry figures from across the country (HIA 2007). Tasmanian community and industry organisations are actively contributing to these initiatives through their national peak bodies.

In Tasmania, however, the State Government's response to the crisis has been focussed on the Affordable Housing Strategy, announced in 2003 and originally intended to run in two stages from 2004 to 2008.

4.2. The Affordable Housing Strategy

The Affordable Housing Strategy was announced in response to the problem of housing market failure. It was to take a whole-of-system approach to changes in housing trends and the diverse housing experiences of Tasmanians. It was to consider market conditions, system pressure points and demand and supply issues (Housing Tasmania 2003b). At the time of the announcement, the Affordable Housing Strategy was, relative to other states, the largest financial commitment ever made to affordable housing in Australia (Jacobs and Gabriel, n.d.).

The Strategy recognised the role of public housing as a "safety net" and "core component" of Tasmania's housing system, but put heavy emphasis on the need to attract new resources through partnership arrangements and private sector involvement. Public housing was to be targeted to those in greatest need while the supply of community housing, private rental and home ownership was to be increased to meet the needs of those whose main problem was affordability (Housing Tasmania 2003a). A shift to community-based delivery could also leverage Commonwealth Rent Assistance: "The future of social housing provision is less about fixed tenure type responses and more about innovative models, partnerships and shared funding and management arrangements" (Housing Tasmania 2003b, Paper 1: 4). Jacobs and Gabriel (n.d.) identify the Government's lack of commitment to increasing public housing supply as a failure of the Strategy.

Stage 1 of the Affordable Housing Strategy was to achieve three things: start to increase affordable housing supply, increase support to high needs households and lay the groundwork for a more effective housing system. Initial predictions were that it would support 4,000 additional households into affordable housing over the first three years and provide 1,200 new affordable dwellings. The Strategy made good inroads into its targets, with the construction, purchase and

upgrade of public housing properties and disability group homes, the establishment of supported residential facilities in Burnie, Launceston and Kingston, the provision of grants for urban renewal and community capacity building, the enhancement of private rental support, the establishment of a tenancy support service for private rental tenants and sales of former public housing properties to low income households through the provision of deposit assistance and loans (Housing Tasmania 2003d). A Tenancy Management Framework was developed to provide a structure for supporting tenants with complex needs (Housing Tasmania 2005).

But a planned demonstration project looking at the conversion of vacant commercial space, like shop tops, to affordable housing was not mentioned in the 12 month report, and neither was a planned program of loans for home modifications for older people and people with disabilities. The Home Ownership Assistance Program (HOAP) only had a limited impact, assisting just eight households into home ownership compared to its target of 30. One year in the planned Housing Information Service, a one-stop shop for housing assistance, was progressing, but in website form. A plan to establish a consortium of private landlords who would be provided with grants, funding for a support worker, insurance incentives, rent subsidies and guaranteed occupancy in exchange for quarantining private rental stock for use by low income tenants had only reached the point of appointing a consultant (Housing Tasmania 2005).

Housing Tasmania appointed Macquarie Community Partnerships as a Master Partner to coordinate the leveraging of private investment into affordable housing provision. Initiatives to be explored included stock transfer opportunities and the feasibility of affordable housing developments in Wynyard, Rocherlea, Glenorchy and Clarendon Vale (Housing Tasmania 2005). But widespread concerns about the Master Partner initiative were expressed by stakeholders as part of the review of Stage 1 of the Affordable Housing Strategy (Francis-Brophy and Sawford 2005), and the partnership was ultimately aborted due to the perceived risk to the State Government. Jacobs and Gabriel (n.d.) point to the failure of the partnership as an example of the difficulties inherent in expecting a public-private partnership model to deliver on affordable housing.

In his 2005 review of public housing provision in Tasmania, the Auditor-General (2005:4) concluded that Stage 1 of the Affordable Housing Strategy “[would] not have a substantial long-term effect on the level of unmet need in the community since most of the expenditure [would] lead to improved quality of stock or temporary assistance to private renters” and would remove from housing stress just 539 of the 20,000 Tasmanian households affected. Yet the response to the Affordable Housing Strategy from key stakeholders was positive: in the focus groups that accompanied the review of Stage 1, people indicated that the Strategy had ameliorated the impact of the housing boom, even though the boom had undermined some of the Strategy’s impact. There was strong support for the continuation of the Strategy into Stage 2, with particular focus on areas of underachievement, such as the expansion of the community housing sector, the development of commercial housing models, capacity building and collaboration with local government to overcome planning issues. Stakeholders called for the Strategy’s momentum to be maintained, and pointed in particular to the need to strengthen the whole-of-government approach, work better with private landlords and strengthen the community housing sector, as well as progress plans for service integration, support for home modifications and a review of Housing Tasmania’s allocation process (Francis-Brophy and Sawford 2005).

But Stage 2 of the Affordable Housing Strategy has not been implemented, and the State Government’s focus has shifted to the establishment of Tasmanian Affordable Housing Limited.

The community sector contends that while Tasmanian Affordable Housing Limited is part of the solution, it is not the only solution to Tasmania’s continuing affordable housing crisis.

5. What needs to be done

5.1. Social housing

Public housing in Australia originated in slum clearance, but post-war the focus shifted to providing housing for returned soldiers and new migrants and then, for low income workers (Luxford 2006). In Tasmania, housing assistance was mainly directed towards the facilitation of home purchase by low income earners, but more recently, the tenant profile has shifted towards people experiencing disadvantage, unemployment and complex needs (Lewis 2002). At 30 June 2006, there were 11,676 public housing properties in Tasmania, of which 85 were untenable. A further 24 were undergoing major redevelopment. The occupancy rate was high, with 11,487 properties (98%) occupied. Tasmania also has a small community housing sector, with an estimated 486 community housing dwellings operated by 47 different providers, and 352 Indigenous housing properties which are managed by Aboriginal Housing Services Tasmania through a partnership between Housing Tasmania and three Regional Aboriginal Tenancy Advisory Panels (SCRGSP 2007).

Historically, the community housing sector has catered mainly for older people (Housing Tasmania 2003b). The sector is diverse, with organisations ranging in size from Red Shield Housing Association, which manages 149 properties, to a number of smaller local providers managing only a handful of properties each. Tasmania has seven housing cooperatives. Tasmanian Affordable Housing Limited is expected to more than double the capacity of Tasmania's community housing sector by head-leasing up to 700 homes on behalf of low income tenants, and the four supported residential facilities currently being established across Tasmania as part of the Affordable Housing Strategy will also provide communal accommodation to over 100 individuals.

5.1.1. Why social housing?

By providing people with secure, affordable tenure, social housing increases people's quality of life.

The Australian Institute of Health and Welfare's 2005 national survey of social housing tenants found that 63% of public housing tenants and 74% of community housing tenants reported that their quality of life had improved since moving into social housing. The four most commonly reported benefits of living in social housing were that people felt more settled, were able to manage their finances better, were able to stay in the same area and felt more able to cope (AIHW 2006a, 2006b).

A study tracking the lives of 178 households in their first six months in public housing identified improved health and self-esteem, reduced stress and increased feelings of safety, as well as significant positive educational outcomes for children. Just over half of the participating households felt their children's subject performance had improved, and 45% felt their children's motivation had, while only 7% and 10% respectively felt these things had worsened. Many families in the study had experienced long periods of mobility and housing insecurity prior to entering public housing. They attributed the positive changes mainly to the improved atmosphere in their home, which meant their child was happier (Phibbs and Young 2005). Another research project exploring the common factors among people who had managed to sustain long-term housing after homelessness found that all but one of the interviewees were living in public housing (Healy et al n.d.).

Some community housing models, such as cooperatives, can also provide tenants with opportunities to develop self-reliance and valuable skills through involving them in day-to-day tenancy management. And where community housing is provided through head-leasing arrangements, it can reduce discrimination against low income tenants through the placement of a supportive third party between the tenant and the property owner (Industry Commission 1993).

Public housing is cost-effective.

As far back as 1993, the Productivity Commission (then the Industry Commission) analysed the alternatives and concluded that public housing was the most cost-effective way of ensuring housing was appropriate and affordable (Industry Commission 1993). And a review of the effectiveness of Commonwealth Rent Assistance by researchers at the University of Glasgow concluded that public housing was more effective than CRA in protecting low income earners from severe housing stress (Wood et al 2003).

Defence Housing Authority experience in the early 1990s was also that the provision of housing through head-leasing – such as will occur with TAHL – was more costly than provision through public ownership of housing stock (Industry Commission 1993).

There is capacity to significantly increase the availability of community housing, and therefore, of affordable housing.

Around Australia, community housing has been provided primarily through capital grants from government, but also through partnerships with other organisations, head-leasing arrangements where properties are leased from private owners and then sublet on an affordable basis to tenants, management of stock on behalf of other agencies, self-building programs, the use of private equity and debt financing supported by subsidies such as Commonwealth Rent Assistance, transfer of stock from public housing to community management, the redevelopment of stock to increase housing density and government initiatives such as inclusionary zoning which are designed to increase the availability of affordable housing (NCHF 2002).

The National Community Housing Forum has identified the need for new means of supply, including a more systematic approach to asset management that moves away from a focus on maintenance alone, and the creation of structures that allow providers to leverage off the equity in existing housing assets (NCHF 2002). Under the ACT's affordable housing strategy, title to 135 public housing properties were transferred to a non-profit provider, Community Housing Canberra, to allow the provider to undertake further expansion through borrowing funds against the equity in the properties (ACT Government 2007b). The Federal ALP has flagged a proposal that the Federal Government should either guarantee or subsidise loans to community housing providers to allow them to acquire additional stock (Rudd et al 2007). This is an option open to State Governments as well. Victoria has tried the use of public-private partnerships in housing provision, paying \$50 million and providing 1.5 hectares of public land to a residential apartment developer in exchange for the redevelopment of an existing public housing estate. The deal has received a mixed response from the community sector (Lucas 2007).

5.1.2. What are the problems?

Public housing has become increasingly targeted.

Housing Tasmania defines its key clients as “people on low incomes with complex or multiple needs who require assistance to gain entry to, and maintain, affordable housing” (DHHS 2006: 70).

The targeting of public housing to those most in need has contributed to increasing rates of joblessness, single parenthood and disability among tenants (Hughes 2006), as well as growing levels of anti-social behaviour in public housing areas. This has complicated the balance between the needs of tenants with demanding, difficult or complex behaviour, the needs of existing tenants and communities and the need for Housing Tasmania to operate as a sustainable business (Atkinson et al 2007). Public housing areas have become increasingly stigmatised due to the concentration of tenants facing extreme disadvantage (Luxford 2006). The Tasmanian community housing sector is also highly targeted, with 95.1% of all households classified as low income households and 86.8% of new tenancies in 2005-06 allocated to households with special needs (SCRGSP 2007).

If one of the aims of social housing is to provide people with stable housing so that they can improve their quality of life, targeting is counterproductive: for people trying to address complex issues like drug use or mental health problems, exposure to other people with the same sorts of problems can be unhelpful and can make them vulnerable to relapse (Chamberlain et al 2007). Concerns about the impact of increased targeting on community capacity and development were raised during the development of the Affordable Housing Strategy (Housing Tasmania 2003b, Paper 4: 2).

The supply of public housing has fallen significantly.

On 30 June 2001, there were 13,178 public housing dwellings in Tasmania (SCRCSSP 2000). By 30 June 2006, the number had fallen to 11,676 (SCRGSP 2007), a decline of 11.4%. The State Government has estimated that in order to accommodate those assessed as in greatest need, only 10,000 dwellings are needed, and Housing Tasmania’s sales program has been revised accordingly (Auditor-General 2005, Housing Tasmania 2005). However if the supply of public housing is reduced to this level, only those in greatest need, with the most complex problems and the highest level of disadvantage, will be able to be accommodated.

Much existing public housing stock is inappropriate to the needs of current clients: as at 30 April 2004, over three quarters of the applicants on the waiting list were waiting for a 1 or 2 bedroom property but around 45% of existing dwellings were 3 bedroom properties (CSHA Bilateral Section 2.3.2). Reconfiguring stock has become increasingly difficult due to the housing boom. Between 2000 and 2004, the average cost of purchased public housing increased by 80% (Auditor-General 2005), and Housing Tasmania needs to sell up to four properties that no longer meet the needs of their clients to purchase one property that does (Housing Tasmania 2003b).

The public housing system is struggling to be financially sustainable.

The increase in targeting to clients in greatest need – and on the lowest incomes – means that revenue from public housing rents, which are based upon the tenant’s income, has reduced at the same time as the costs of tenancy support have increased (Hall and Berry 2004). There is an ongoing tension between providing affordable housing to tenants by charging affordable rents and the need for housing providers to receive an adequate return so that they can be financially

viable (McNelis and Burke 2006). In 2005-06, Housing Tasmania made a loss of \$27 million (DHHS 2006).

The community housing sector is small, fragmented and under-funded, with long waiting lists.

There are currently 47 community housing providers in Tasmania. Although the waiting list of 404 people is short in comparison to the public housing waiting list, it is almost the same size as the total community housing stock pool (SCRGSP 2007). Funding to increase supply is limited – the total amount available state-wide for the Community Housing Program funding round in 2006-07, which was focussed on increasing supply, was only \$3 million (DHHS n.d.). Despite encouraging signs, there is no likelihood of any imminent large increase in supply under current policy settings: TAHL is in its infancy and two recent supported residential facility proposals have met with opposition from local residents and councils.

5.1.3. What needs to change?

We need a secure and sustainable social housing system that has at its heart a strong and viable public housing system and a commitment to increasing the supply of affordable housing.

We are calling for a systemic and strategic way forward, addressing:

- Housing Tasmania's \$27 million deficit. Housing Tasmania is facing a situation of declining rental revenue due to targeting and the growing need among tenants for support services. Much of Tasmania's housing stock is old and maintenance issues are pressing. Despite the efficiency of the Tasmanian public housing system – a 98% occupancy rate and high levels of satisfaction amongst tenants (SCRGSP 2007) – Housing Tasmania remains chronically underfunded.

Currently the 9,691 Housing Tasmania tenants who are not paying market rents (but who are paying rents that are fair and affordable for them) receive an average subsidy of \$66.10 each week (SCRGSP 2007), adding up across the system to \$33.3 million per annum. Hall and Berry (2004) argue that if government funding was provided to cover the cost of this subsidy, as currently happens in various ways in New Zealand, Canada, the United States and parts of Europe, all the state housing authorities apart from the Northern Territory would return to surplus. In New Zealand this additional funding was introduced after a disastrous attempt to commercialise the New Zealand housing authority which led to skyrocketing rents and a massive maintenance backlog. The commercialisation was reversed in 1999-2000, and the new funding means that the authority can now manage stock on a sustainable basis and increase supply when necessary. The Government also made a one-off capital grant to cover the maintenance and upgrade backlog (Berry 2005).

- the lack of capacity in Tasmania's community housing sector. Capacity within the community housing sector and more broadly within the non-profit sector in relation to community housing is limited (Jacobs et al 2004). This inhibits the recruitment and retention of skilled staff and limits opportunities to expand and develop along with the changing housing market.

A number of state governments have or are introducing regulatory and development bodies for the community housing sector, such as the South Australian Office for Community Housing and the Housing Sector Development branch of the Victorian state housing authority. The Office for Community Housing has two major functions: to regulate the community housing sector and to provide it with capital funding and other support. Housing Sector Development's focus is building community housing sector capacity through strengthening

governance, viability and management, as well as managing the introduction of a single leasing, property management, accountability, regulation and accreditation framework for all providers.

Housing Tasmania already provides support to community housing providers, but the establishment of a formal office for community housing within Housing Tasmania could give this work a higher profile, as would the injection of resources to enable the office to draw on expertise in community housing management and development from within and outside Tasmania and systematically pass on that knowledge and experience to the rest of the sector.

- the growing need for tenancy support among social housing tenants, especially those facing complex problems that manifest in demanding, difficult or anti-social behaviour. Differing views exist in relation to the causes of anti-social behaviour – whether it is a structural problem arising out of poverty and disadvantage, or whether it is an individual problem caused when someone is placed in a stressful or difficult situation and lacks the resources to cope (Jacobs and Arthurson 2004). The most difficult behaviour for social housing providers to manage is behaviour where there is no statutory response (such as through the criminal justice system or social services), but the behaviour still creates problems for neighbours and support workers. Tenants in this position can include those with an undiagnosed mental health problem, who are moving into social housing partly because the system is so targeted and partly because the alternatives that used to exist, such as institutions and boarding houses, either no longer exist or are extremely restricted (Atkinson et al 2007). There is a correlation between the risk factors for demanding behaviour and the risk factors for homelessness (Habibis 2007).

Some of the strategies currently used by housing authorities, including Housing Tasmania, to address anti-social behaviour are the use of probationary tenancies, initiatives to develop community pride such as promoting good news stories, working directly with problem tenants, collaboration with police and mediation strategies. Flexible and sensitive allocation policies have also been useful. Ensuring properties are occupied contributes to a sense that the area is in demand and a desirable place to live, and taking care in placing tenants helps to prevent problems arising, although these strategies can be undermined by pressures on the waiting list (Jacobs and Arthurson 2004).

However, there is currently no requirement that housing providers seek out tenants with demanding behaviour – such tenants usually only receive support if they themselves ask for it. Tenants are also placed in a more vulnerable position as the policy focus, in line with changes in welfare policy, shifts from a supportive to a disciplinary approach. The emphasis has shifted from tenants' rights to tenants' responsibilities (Atkinson et al 2007). Housing Tasmania currently suspends from the waiting list applicants for public housing who have a debt to Housing Tasmania until they have paid off a certain proportion of the money owing and served a suspension period (Housing Tasmania 2006). Given that many of the debts arise from unpaid rent or damage to property, it is likely that this policy serves to 'edit out' some demanding tenants from the allocation process.

Research has suggested that it is better to manage tenants with demanding behaviour within the housing system – eviction simply relocates rather than resolves the problem (Habibis 2007). Jacobs and Arthurson (2004) recommend ensuring that housing managers are trained in mediation, conflict resolution and specialist support and that housing providers work more closely with other government agencies, including police, education and welfare services. Habibis (2007) recommends being more flexible with administrative requirements, providing for anonymity in case notes, using clear, simple language in brochures and information sheets, identifying warning signs early, making sensitive allocations and rewarding tenants when they change their behaviour (through simple strategies such as thank you letters), as well as the separation of tenancy management and tenancy support provision in order to avoid a conflict of interest. Heintjes (2006) also supports sensitive allocations

and calls for better linkages between housing services and mental health, aged and disability care and alcohol and other drugs services. A literature review by Atkinson et al (2007) found that the following initiatives had demonstrated positive outcomes: preventative strategies such as careful housing and neighbourhood design, allocations based on housing need rather than housing availability, community development and community policing, early intervention, training tenants in communication and dispute resolution, early detection of risk factors associated with demanding behaviour and effective follow up, referral and support, collaborative and integrated service delivery, training for staff and separation of tenancy management and tenancy support functions.

It is critical that strategies to manage demanding behaviour are in place and that they are appropriately resourced.

- structural issues within the social housing system. Delivering a sustainable and viable social housing system is a complicated and difficult task that requires partnership and dialogue between government and the community sector. It also involves integrating a range of complex issues such as tenant mix, allocation systems, rent-setting policies, administrative requirements and support programs to ensure that the system is responsive to the changing needs of applicants and provides a quality service to all tenants.

In the changing political and socio-economic environment, social housing systems across the country face significant challenges. The Tasmanian community sector recognises that difficult issues that we have not previously considered may have to be addressed as a way of coping with and managing these challenges. These considerations may include looking at how rents are set for different tenants to ensure adequate but fair revenue streams and broadening the socio-economic mix of tenants in the system to boost sustainability.

It may also involve creative approaches to asset management – for example, the Industry Commission (1993) suggested some years ago that one way in which housing authorities could tackle the mismatch between the characteristics of current housing stock and the housing needs of clients was by leasing properties that did not match client need to the private sector, and using the funds obtained to head-lease on behalf of clients properties that did match their needs.

- the critical need to increase supply. Any changes to the existing system to make it more sustainable do carry the risk of attention and support being diverted away from those with the highest level need. It will be essential that any changes to policy are accompanied by a commitment to increasing overall social housing supply, through the public housing or community housing systems or both, to ensure that the lowest income earners and other groups who are particularly vulnerable in the housing market still have access to appropriate social housing and support.

We need the retirement of Housing Tasmania's debt to the Commonwealth.

This will free up an additional \$17 million per annum in core funding that can be used to contribute to the costs of operating a sustainable public housing system, tenancy support, maintenance and infrastructure development.

We need an infrastructure development program targeting Tasmania's public housing areas, aimed at improving public transport networks, community services, shopping facilities and employment growth in those areas to support communities to overcome the impact of concentrated and long-term disadvantage.

We need a commitment to retaining security of tenure for social housing tenants.

New South Wales and Queensland have recently abolished ongoing security of tenure for new public housing tenants and established fixed term leases in its place (Lewis 2006), and the ACT Government has recently indicated that some current tenants who are paying market rents will be required to either purchase their property or move into private rental within 12 months (ABC 2007c).

However, the need for security of tenure is repeatedly articulated by Tasmanian public housing applicants (K. Flanagan 2007), many of whom are also on community housing waiting lists, and research points towards the importance of security of tenure with regard to stress levels, self-esteem, motivation, capacity to address wider personal issues, capacity to develop supportive relationships and networks with the community, family stability, the educational performance of children and levels of participation within the community (Lewis 2006). Retaining security of tenure will also allow for improved diversity and social mix within public housing estates and contribute to the sustainability of the whole social housing system. Given that security of tenure can inhibit effective asset management (Industry Commission 1993), a workable alternative to security of tenure within a particular dwelling could be security of tenure within a particular suburb or local area so that if a tenant does have to move from a particular property, they do not have all of the networks that they have built up within that community permanently disrupted. Such a system would need to be implemented in close consultation with tenants.

We need to explore inclusionary zoning and other planning measures that help to increase supply.

In developing the Affordable Housing Strategy, Housing Tasmania identified three methods by which the planning scheme could be coopted into delivering more affordable housing. These were developer contributions, where developers are required to contribute to an affordable housing fund; zoning requirements, where developers are required to include a particular proportion of affordable housing within a development or are permitted to build housing at a greater density if a certain proportion is affordable housing; and changing standards to lower costs. The standards that would be changed would not be those related to health and safety but might include choice of building materials, size of dwelling or rooms, ceiling heights and dwelling density. Housing Tasmania acknowledged that Tasmania's planning system acted more to deter than encourage the construction of affordable housing (Housing Tasmania 2003b).

Inclusionary zoning and related measures are not new in Australia: South Australia, the ACT and Victoria have all made recent announcements that incorporate some sort of quota allocation for affordable housing, either home purchase or rental, in new developments (Weatherill 2007b, ACT Government 2007b, Broad 2006) and initiatives have been running for some years in New South Wales (NCHF 2002). Brisbane City Council has announced the adoption of inclusionary zoning into their planning policy as a way of retaining diversity and a sense of community within the city (ABC 2007d).

In a 2006 policy statement, the Housing Industry Association opposes initiatives like inclusionary zoning and developer levies. The Association argues that such measures do not address the real causes of the affordability crisis, which they see as over-regulation, high upfront costs and a shortage of developable land. The HIA believes inclusionary zoning and levies are inflationary and unsustainable, and that they unfairly shift the burden for affordable housing provision from State Governments and onto new home purchasers (HIA 2006). But when used as a whole-of-system community response to the need for housing, and combined with initiatives such as the proposed National Affordable Rental Incentive Scheme or Tasmanian Affordable Housing Limited, inclusionary zoning measures have their place.

As already stated, one of the critical issues facing the public housing system is the mismatch between available stock and the requirements of tenants. TAHL has also identified this as a concern (Gillam 2007). There is a particular need for one bedroom units for single people and couples. However, there is less capital gain and lower returns involved for private investors in building single bedroom properties. If councils were to permit greater development density for one bedroom units, this could go some way towards providing landlords with adequate returns, thereby stimulating investment.

We need a planning system that supports rather than undermines affordable housing initiatives.

In Australia, the role of local government in relation to housing is confined very much to planning and development control. In the US and Canada, local government is the medium through which a range of housing programs are delivered. Not only are local governments housing providers, but they also deliver housing-related income assistance, provide advocacy and policy responses and oversee legislation (Hulse and Burke 2000). Hobart City Council has flagged the possibility of developing an inner-city car park into affordable housing (Paine 2007a) and this sort of focus on the needs of low income residents is welcomed by the community sector.

However, recent proposals by Housing Tasmania to build supported residential facilities (SRFs) to provide affordable communal accommodation for single people with low level support needs in Sandy Bay and Claremont were rejected in high-profile decisions by the respective councils involved, the Hobart and Glenorchy City Councils. Mediation has recently achieved a go-ahead for the Claremont facility (Giddings 2007), but Hobart City Council has appealed the resulting decision of the Resource Management and Planning Appeal Tribunal to allow construction all the way to the full bench of the Supreme Court. The rejection of the proposals occurred in a climate of hostility from some local residents, with a letter to the editor in relation to the Sandy Bay development describing residents as at the “bottom of the social ladder” and expressing concern about damage to property values (Attwood 2007), while comments from Claremont residents reported in the media included the suggestion that SRF residents could be paedophiles (Waterhouse 2007). The fragmented nature of Tasmania’s planning scheme allows local councils to pass on the responsibility of ensuring appropriate housing for all citizens, including low income earners, if those initiatives are unpopular. A Legislative Council committee identified a range of measures the State Government could take to ensure that a state-wide, strategic vision drives planning in Tasmania (Legislative Council Select Committee 2006). The partnership arrangements in place between most local councils and the State Government would be another avenue for collaborative work to address the housing crisis.

5.2. Private rental

Burke (1999) argues that Australians see home ownership as an expression of their national values. Historically, private rental was seen as a short-term option between leaving the family home and moving into either home ownership for a majority or public housing for a minority. As a result, investment in social housing has been comparatively small and the private rental market is structured around the needs of landlords. Investors in the private rental market tend to be small-scale and short-term, and their motivation is the capital gains obtained when the property is sold, not the rental yield while it is leased. Landlords keep their leases short to keep their options open and so security for the tenant is minimal.

But increasingly, according to Burke, as home ownership slips out of reach for many and social housing becomes increasingly restricted, more people, including families, are staying in the

private rental market into the long-term, often living in poverty. Burke comments that, “the Australian private rental sector serves a dual function, providing choice for the more affluent and constraint for the poor” (Burke 1999: 11).

5.2.1. Why private rental?

In theory, people have more choice in the private rental market than they would in social housing.

The Australian Government justifies its policy focus on Commonwealth Rent Assistance because it “has the flexibility to cope with changing demand and provide customers with more choice about where they live and the quality of their housing. This choice can involve a trade-off with other expenses and with the consumer’s after-housing income” (SCRGSP 2007: 16.74). Rent assistance allows tenants to make their own decisions about their housing priorities, such as choosing to accept higher rent in a well-located property in exchange for reduced transport costs.

5.2.2. What are the problems?

In reality, people in the private rental market face constrained choices.

People on low incomes in the private rental market are limited in where they can live due to restrictions on availability and affordability (Luxford 2006). The Industry Commission (1993) describes the affordable private rental market in Australia as residualised – it has trickled down from other uses – and argues that there are such constraints on supply that even with the additional spending power provided by Commonwealth Rent Assistance, tenant choice remains extremely limited.

The private rental market is unaffordable for most people on low incomes.

According to NATSEM, the two groups of people most at risk of being in housing stress are private renters and single parent families (Harding et al 2004); around 38% of single parent families with dependent children live in the private rental market (ABS 2006a). A survey of the Tasmanian community found that 11% of renters reported that they had not been able to pay their rent in the past year due to a shortage of money, compared to 4% among all tenure types (Madden and Law 2005). Households where low-paid breadwinners are working in high-cost regions experience the highest affordability problems (Yates 2007).

A research project looking at the actual trade-offs people make to attain housing affordability found that renters used a variety of measures to cope with unaffordable housing, including making financial sacrifices, compromising on housing quality, size and location, taking on additional paid employment, including overtime or a second job, borrowing money, selling or pawning possessions and using emergency relief services (Burke 2007).

People in the private rental market are more likely to experience insecurity of tenure and social exclusion.

Madden and Law (2005) found that 46% of people renting through a real estate agent and 25% of people renting through a private landlord had moved at least once in the past year, compared to 11% of home purchasers and 5% of home owners.

Hulse and Burke (2000) argue that private renters face higher levels of social exclusion than social housing tenants: overall, the largest numbers of disadvantaged households are found in private rental, yet the tenure does not accommodate their disadvantage. Residential tenancy legislation privileges landlords' rights over tenants' rights and results in short term leases and no capacity for tenants to exercise control over decisions in relation to their housing. Affordable private rental is often located away from services and employment and because of the domination of individual landlords, discrimination against low income earners is rife.

It is difficult to achieve large increases in the supply of affordable private rental.

Most of Tasmania's private rental properties are owned by so-called mum-and-dad investors who own property on a very small scale (Housing Tasmania 2003b). Rental yields have been in significant decline since the end of the 1980s (NAHS 2007), and Yates (2007) argues that as the growth in house prices slows, low rental yield will no longer be acceptable and rents will continue to increase. Significant private investment in the provision of affordable private rental is unlikely without incentives being put in place.

5.2.3. What needs to change?

Stilwell and English (2004) argue that a key driver of the affordability crisis has been the treatment of housing and land as a source of capital gain, rather than as a source of shelter, security and amenity. Burke (2007) criticises the focus on home ownership over other forms of tenure, arguing that despite programs to assist people into home ownership, the reality is that the proportion of owner-occupier housing will continue to decline and private rental will increasingly become a permanent option for many households. In this context, Burke calls for policy interventions that extend the security, sense of identity and affordability delivered by home ownership into the private rental market.

NATSEM modelling commissioned by the St Vincent de Paul Society found that an additional \$1.33 billion per year Australia-wide would be required to increase Commonwealth Rent Assistance rates sufficiently to eliminate housing stress among low income households in the private rental market. The Society recommends increasing the supply of social and affordable housing rather than simply increasing subsidies, but argues that the \$1.33 billion figure is a useful benchmark to use in evaluating initiatives to tackle the housing crisis (SVDP 2007).

We need to attract large-scale investment into the provision of affordable private rental housing.

The National Affordable Housing Summit has called for the establishment of a National Affordable Rental Incentive Scheme (NARIS) targeted at developers, investors and landlords to boost the supply of affordable housing. The scheme would be funded jointly by all levels of government and provided under competitive tender arrangements. Under the NARIS, landlords who successfully tendered and who met certain criteria would receive a per dwelling subsidy on all newly-constructed dwellings for a specified number of years, which would allow them to rent out the dwelling at affordable rates to low income earners (NAHS n.d.).

We need to ensure tenants in the private rental market have security and certainty.

Average Tasmanian leases are between six and twelve months, and while there is evidence that the flexibility of shorter leases is preferred by many private tenants, older people, those on low

incomes, those dependent on social security, single parent households and households with school-aged children are more likely to prefer the certainty provided by longer term leases (Minnery et al 2003). Moving towards a system of longer private rental leases would involve a significant shift in the structure of the Australian private rental market but it could be possible to build longer-term leases and greater security of tenure into the conditions imposed upon landlords accessing NARIS subsidies.

Another area of uncertainty for tenants in the private rental market is unexpected increases in rent. Under Tasmanian law, a landlord can increase the rent on a property after six months provided that this is not expressly prohibited in the lease. If the tenant considers the rent increase unreasonable, they can apply to the court. However, the Tenants' Union of Tasmania (TUT 2006) contends that the prospect of legal action deters most tenants from pursuing their rights, particularly as the burden of proof in such cases lies with the tenant. The Tenants' Union recommends a series of integrated changes to the Residential Tenancy Act, including a mathematical formula for calculating whether a rent increase is or is not reasonable, provision of alternative dispute resolution mechanisms prior to a court hearing, and prohibition of any increase unless it is specifically allowed for in the lease agreement.

We need more proactive enforcement of the Residential Tenancy Act.

The Residential Tenancy Act (RTA) in theory contains many provisions that should prevent the disadvantage experienced by many low income earners in the private rental market being further compounded by unlawful termination of leases, inappropriate retention of bonds, intolerable delays around essential repairs and maintenance and inadequate or non-existent condition reports, yet anecdotal evidence from housing service providers is that all of these things happen on a regular basis. The RTA's emphasis on court proceedings as the main avenue for dispute resolution can intimidate people with limited or negative experience of the legal system and deter them from pursuing their rights under the law (TUT 2006).

One response that may even out the balance of power between landlords and tenants, particular around issues to do with condition reports and bonds, is the establishment of a rental deposit authority (RDA), or bond board, in Tasmania (Anglicare Tasmania 2005).² However, there is also a case for broadening the role of the Residential Tenancy Commissioner beyond that currently laid out in the RTA – which is to “determine disputes arising in relation to the disbursement of security deposits and, in the case of boarding premises, act in the mediation or conciliation of any disputes between the parties” (Part 2, 8.1) – so that the Commissioner becomes the first point of contact for all tenants when violations of or disputes around the RTA occur. The Commissioner would have the responsibility for ensuring breaches of the law were prosecuted.

We need a commitment to ongoing funding for private rental assistance and tenancy support in the private rental market.

Currently, the uncertainty around the future of the CSHA, combined with the end of the Affordable Housing Strategy in 2008, means that the future of these services is uncertain. Yet they are critical in supporting low income earners to access the private rental market, and to maintain tenancies into the future. As the private rental market increasingly becomes the permanent home for many low income earners (see Burke 1999), these kinds of services must provided in

² After several years of lobbying from the community sector, the legislation enabling the establishment of the RDA was passed in December 2005, but a series of administrative and technical problems have delayed the launch date until 2008. Once the RDA is in place, the State Government will also have access to an important source of data on the private rental market and the experiences of tenants.

order to ensure that low income earners living in private rental are given a level of security and affordability.

We need additional funding for advocacy support for tenants in the private rental market.

Anecdotal evidence from services providing support to people in the private rental market indicates that tenants feel disempowered and vulnerable and are reluctant to assert their rights for fear of jeopardising their chances of obtaining a positive reference from their landlord. The State Government does fund specialist services to provide legal advice and advocacy support to tenants, but these services are limited and in many parts of Tasmania are only available by telephone. This can be alienating for tenants and does limit the support that can be provided. Other services, such as crisis services, can advocate on behalf of tenants, but the workers do not necessarily have legal expertise. Finally, some tenants are either unaware of the existence of advocacy services or do not know how they can help or what they offer. Expanding shopfront services to other parts of the state, with appropriate resources and infrastructure, would be one way to ensure tenants receive the support they need to appropriately assert their rights.

5.3. Home ownership

Australia prides itself on being a land of home owners. There is even a name for this aspiration: 'the great Australian dream'. Yet recent estimates suggest that Australia's level of home ownership, which is no longer particularly high when compared to similar countries, may fall by up to 20% in the next few decades, and that an increasing proportion of the people in home ownership will be home-purchasers rather than outright owners (NAHS 2007). This is backed up by Census data – there has been little change in the proportion of home owners in Tasmania – from 69.8% of resident households in 2001 to 69.1% in 2006. But the proportion of home owners who were paying off a mortgage rose from 40% to 47%, and the proportion who owned their home outright declined correspondingly (ABS 2002, 2007a). To cope with rising housing prices, home buyers are taking on more debt: the average first mortgage in Australia rose by 55.6% between 2000-01 and March 2004 (Harding et al 2004).

Existing programs run by the Tasmanian State Government to support low income home ownership include the Home Ownership Assistance Program (HOAP), which facilitates loans on behalf of people who can afford the repayments on a home or building loan but who may have trouble accessing finance from mainstream lenders due to a low income, the Streets Ahead Incentive Program, which provides deposit assistance and other incentives for people to purchase ex-public housing properties, and the Essential Maintenance Package, which provides financial support to eligible recent purchasers of Housing Tasmania properties in the event of major maintenance problem. And as part of the Affordable Housing Strategy, the State Government established the Home Start program to provide 60 house and land packages to low income households using Housing Tasmania land in Bridgewater and Gagebrook and four housing designs provided by Wilson Homes. The packages were to be affordable, costing up to \$130,000, but good design and energy efficiency was to be a priority (Housing Tasmania 2005). In 2005-06, 14 of these house and land packages were sold to low income earners (DHHS 2006). The Auditor-General has called for the eligibility requirements for this program to be tightened to target it more effectively to people in housing stress (Auditor-General 2005).

The Tasmanian Government recently called for tenders from finance providers for its new Home Ownership Assistance Program Shared Equity Scheme. The scheme would allow eligible people to purchase 75% of the equity in a home while the Director of Housing retained 25%. The lower mortgage required would be more affordable to service. The program is expected to deliver 60 purchase opportunities over 2007-08 and be operational by December 2007 (Sturges 2007).

Properties purchased must be ex-public housing stock (Bresnehan 2007). Economists have expressed concern that any widespread use of shared equity home loan products offered by major banks could contribute to further increases in house prices (Schneiders and Moncrief 2007). Government-backed schemes have targeted eligibility, means tests and limits on the value of property that can be purchased (Sharp and Schneiders 2007).

2.3.1. Why home ownership?

Home ownership benefits health and wellbeing.

Home ownership is seen as a social norm in Australia: it is important ideologically and it also provides people with a valuable capital asset that they will eventually own outright. However, home ownership also provides more intangible benefits, like a sense of identity, security, independence and control, which is important for reducing stress levels and improving self-esteem and motivation (Lewis 2006). Home owners have better health than renters of the same age, income and self-esteem (Waters 2002 in Housing Tasmania 2003b). And providing that a household is able to maintain payments on a mortgage, home ownership is also a secure tenure. In the United States, observable differences in the level of social capital amongst home owners and amongst renters is explained by this security of tenure, not by wealth accumulation (Bridge et al 2007).

Affordable home ownership also has a broader benefit to the community. The Affordable Housing Strategy development documents cited a body of research evidence that showed that providing lower income earners with entry into affordable home ownership supported a range of other community initiatives, including urban renewal, training, employment and community development (Housing Tasmania 2003b).

5.3.2. What are the problems?

Home ownership in Tasmania is not affordable for lower income households.

The value people place on home ownership was demonstrated by the findings of a recent survey of the Tasmanian community: 60% of Tasmanian renters would like to buy their own home within the next five years. However, the findings also showed how this aspiration is increasingly out of reach – only 21% of those renters thought they actually would become home owners within five years; 34% were unsure and 44% said they did not think they would (Madden and Law 2005). The income fluctuation experienced by many low income workers who move in and out of casual work can act as a significant barrier to long-term financial security and home ownership (Madden 2003).

A survey of house prices and incomes in urban housing markets across Australia, Canada, Ireland, New Zealand, the UK and the US ranked Hobart, along with Auckland and Vancouver, as the fifteenth most unaffordable housing market in those countries, with a classification of “severely unaffordable”. The only Australian city ranked higher was Sydney. While Hobart had the lowest median house price in Australia, it also had the lowest median income (Cox and Pavletich 2006).

There is a delicate balance between the need to promote home ownership for low income earners and the need to keep house prices affordable.

The New Living program in Western Australia, which sold off former public housing stock to tenants, assisted many people into home ownership. But between 1998 and 2003, house prices annually appreciated by an average of 12.5%. This has been a boon to people who purchased their home early on in the program's life, but it has also meant the cost of the average home in the New Living suburbs has risen from \$78,900 to \$134,212, placing many of the houses out of reach of program applicants (Grieve et al 2005). A similar pattern is emerging in Tasmania.

Table 1 shows the median house prices for three former broadacre public housing estates in Tasmania, all of which have experienced sell-off of public housing stock, including to tenants. The data is taken from the REIT's quarterly market activity report for the March quarter of each year, which lists the ten most expensive and the ten most affordable suburbs in Tasmania. The names of the three chosen suburbs reoccur regularly in the most affordable list, but despite being "affordable" and even allowing for market fluctuations, the median house price for those suburbs is climbing steadily.

Table 1: Median house prices in three selected Tasmanian suburbs (\$), 2001-2007

	2001	2002	2003	2004	2005	2006	2007
Suburb 1	DNA	DNA	56,500	120,000	131,000	DNA	154,000
Suburb 2	DNA	DNA	53,000	105,000	117,000	129,500	DNA
Suburb 3	44,900	45,000	67,000	113,500	116,000	129,750	147,500

Note: DNA (did not appear) indicates that the suburb was not one of the ten most affordable for that quarter.

Source: REIT 2007b

The issue is further complicated by the fact that even though increasing housing prices can lock later applicants out of home ownership assistance programs, the success of such programs depends on rising property values: Grieve et al (2005) identified that when property values stagnated or fell, the risk of defaults and possessions rose.

5.3.3. What needs to change?

Tasmania's existing suite of home ownership assistance programs provide assistance to people in a variety of circumstances, and the shared equity model currently being developed is a promising one that should assist in bridging some of the gap between the loans available and the actual cost of properties. The State Government could however extend assistance beyond simply facilitating access to finance and provide support to borrowers in other ways.

We need ongoing support for low income home purchasers.

The community sector encourages the State Government to follow the lead of other states in providing support and protection to both low income borrowers and their lenders in difficult times. Examples of such safety nets include the WA Keystart program, which offers a year of half-rate payments for those struggling to meet their mortgage responsibilities. Homeswest also has the capacity to buy out up to 50% of a mortgage, ensuring that the mortgage-holder retains occupation and some of the value of the property. The costs of these interventions are offset by

the savings to the individual, lender and the community of an averted possession (Grieve et al 2005).

The Private Rental Tenancy Support Service is a State Government funded program developed through the Affordable Housing Strategy which provides tenancy support and tenancy education to low income earners in the private rental market. There would be value in expanding some of the support provided through this program – such as assistance with budgeting, coping with financial crisis and dealing with destabilising events like family breakdown – to low income home purchasers.

We need improved consumer protection measures in relation to lending practices.

According to an ABS study (McLennan 1996), only half of the Australian population aged 15-74 is considered capable of coping with the literacy demands of everyday life. The study found that around 47% of Australians have poor or very poor literacy skills, meaning that they experience difficulty in using many of the printed materials encountered in daily life. People with poor skills require printed material to be short, simple or clearly structured in order to use it, and people with very poor skills would be unable to locate a single piece of information in a relatively short piece of text or fill in a box on a form. Given these difficulties, many Tasmanians would struggle to handle the complex documents associated with applying for or taking out a home loan.

The House of Representatives' Economics, Finance and Public Administration Committee recently conducted a short-term inquiry into home loan lending practices, including credit standards, the current level of mortgage defaults and foreclosures, the treatment of borrowers in financial difficulty and the potential implications for the Australian financial system (SCEFPA 2007). The inquiry Chair, the Hon. Bruce Baird M.P., told the ABC that the inquiry was partly motivated by concerns about the ease with which consumers were accessing up to 100% of the credit for their home loans, potentially exposing them to serious financial risk if they lacked the capacity to service the loan (ABC 2007e). In their submission to the inquiry the Financial and Consumer Rights Council (2007) reported that in recent years there had been increasing numbers of mortgage defaults and "lending maladministration and unconscionable and questionable lending practices", and pointed to a number of flaws in existing regulation that were being exploited by both mainstream and fringe lenders.

The inquiry report was tabled in September 2007. It found that while problems with predatory lending, loans in arrears and poor practice by lenders and brokers were not widespread, they did exist, and had serious consequences for households affected (SCEFPA 2007). Regulation of credit is currently a state and territory responsibility. The report's main recommendation was that the Commonwealth take over the regulation of credit products and advice, mortgage brokers and non-bank lenders. In the event that this recommendation is not taken up, the state governments may need to take responsibility for strengthening consumer protection. If regulation does become a Commonwealth responsibility, there are still supporting actions that could be taken by state governments, including targeted education in financial literacy, campaigns to raise awareness of the risks posed to consumers by predatory and inappropriate lending and support for borrowers in financial difficulty through the provision of financial counselling and advocacy services.

We need to expand the scope of shared equity home ownership assistance beyond former public housing stock to incorporate other properties and house and land packages.

The existing shared equity model proposed by the Government, which is to commence operation in December 2007, is restricted to the sale of ex-public housing stock, although applicants do not have to be public housing tenants themselves, just on incomes low enough to meet the eligibility

criteria for public housing (Bresnehan 2007). Although the State Government is anticipating 60 purchase opportunities to be provided through the program (Sturges 2007), restricting properties sold to former public housing also restricts the options people have open to them in relation to property size and location. Sixty purchase opportunities also means that 60 properties will be removed from the pool of public housing stock, and it is unlikely that revenue from the program will be sufficient to replace them all.

In mid-September 2007, Housing Tasmania's website listed just three properties for sale (one through the Streets Ahead program, the others on the open market), all in southern Tasmania, two of which were three bedroom houses in locations poorly serviced by public transport networks and with limited social infrastructure.³ The properties were also all listed through mainstream real estate agents and those agents' listings described one of the properties as a house currently divided into two flats, "in need of some TLC (perhaps a lot)" and subject to a heritage listing, and one as "[in] need of some tidying up (minor plaster, paint and carpet)". The interior photographs included in the listing for the property available through Streets Ahead indicated that that property too was in need of some repairs.⁴ Concerns have been expressed in the past regarding the condition of the homes which Housing Tasmania chooses to sell, through Streets Ahead or on the open market: some are selected for sale because it would be too costly for Housing Tasmania to repair them a habitable condition, yet these properties are hardly appropriate for low income purchasers (Cameron 2002).

Extending the proposed Shared Equity scheme beyond ex-public housing stock would broaden the choices for applicants, enhance people's chances of finding a property for purchase that suited their household's needs, and, if the scheme was expanded to include house and land packages as well as existing houses, assist in adding to the supply of affordable housing in Tasmania.

5.4. Housing quality

Tasmania does have legislation, the Substandard Housing Control Act 1973, which regulates housing quality and specifically covers condition and state of repair, maintenance of drainage, sanitation, ventilation, lighting and cleanliness, maintenance of water supply, bathing facilities and sanitary conveniences, provision of cooking and laundry facilities, freedom from infestation by vermin and rats and any other matter affecting the comfort or health of the inhabitants. The Act covers all rental housing and gives the Director of Housing the power to declare housing unfit for habitation, require repairs to be made and fix a maximum rental payable on the property. But this legislation is rarely, if ever, enforced (Cameron 2002).

The Residential Tenancy Act, which regulates the private rental market, including boarding houses, has no provisions in relation to housing quality.

5.4.1. Why housing quality?

Poor quality of housing means a poor quality of life.

Poor quality housing, including problems with heating, insulation, ventilation and air quality and plumbing, is linked to a range of negative outcomes for occupants' mental and physical health, as is overcrowding (Bridge et al 2007).

³ Information downloaded on 20 September 2007 from <www.dhhs.tas.gov.au/agency/hs/housing/propertysales.php>.

⁴ Information downloaded on 20 September 2007 from <www.realestate.com.au>.

The quality of private rental housing is determined mainly by the landlord's decisions in regard to maintenance. Those decisions are influenced by the landlord's level of return (Industry Commission 1993). Therefore, 'affordable' properties are the most likely to be in poor repair, and this is certainly confirmed by the experiences of many low income tenants (Cameron 2002).

5.4.2. What are the problems?

The quality of Tasmania's affordable housing stock is poor.

Previous research into the experiences of low income earners in the private rental market found widespread reports of substandard housing, including poor plumbing, rising damp, leaks, poor ventilation, inefficient heating, draughts, insecure doors and windows, holes in walls, mould and vermin (Cameron 2002). At the time of a 1999 survey by the ABS, 68.5% of Tasmanian houses were over 20 years old, and 28% were over 50 years old (ABS 2000).

Low income earners frequently live in areas that are isolated, poorly-serviced and characterised by disadvantage.

Other dimensions are also important to housing quality, such as the location of the housing and the amenity of the neighbourhood. Renters, both public and private, are less likely than home owners and home buyers to have access to a private car for transport, and are more likely to experience difficulty in getting to the places they need to go, to have experienced actual or threatened physical violence or break-ins in the last 12 months, and to have difficulty in accessing service providers. They also report higher levels of personal stress and lower levels of personal safety. And public and private renters are much more likely than home buyers to be dependent on Centrelink benefits rather than wages as their main source of household income⁵ (ABS 2006c). The location of public housing in particular in areas with limited job opportunities, high levels of disadvantage and low levels of employment-supporting infrastructure like transport or childcare services can act to lower employment and labour market participation rates among public housing tenants (Hughes 2006).

5.4.3. What needs to change?

We need a legislative response to the problem of substandard housing.

Placing conditions on the quality of rental properties for low income earners is practised elsewhere – in the United States, for example, accommodation obtained through Section 8 vouchers, (which are a form of housing assistance provided to low income earners in the rental market), must be inspected and meet minimum standards imposed by the Department of Housing and Urban Development (Hulse and Burke 2000). Incorporating into the Residential Tenancy Act a set of minimum standards and a program of regular inspections and imposing stronger legal obligations upon landlords to ensure that rental housing is maintained to its original standard at the time of lease would provide Tasmanian tenants in the private rental market with greater protection from poor housing conditions.

⁵ Outright home owners also have a high dependence on Centrelink benefits and a low dependence on income from wages, but this is probably due to the high concentration of Aged Pensioners and retirees in this group.

We need to ensure housing is not only habitable, but also sustainable for both the environment and the people who live in it.

Programs of repair, retrofitting and safety modifications have been shown to be associated with improved health, although the research also indicates that it is important that such programs incorporate consultation processes to maintain residents' sense of independence and control over their own lives (Bridge et al 2007).

Consultations in the lead-up to the Affordable Housing Strategy highlighted the issue of environmentally sustainable design, finding that, while it added to upfront construction costs, it could lead to the housing being more affordable for tenants due to reduced heating and lighting costs (Robyn Kennedy & Co. Pty. Ltd. 2003). The Victorian Government has sought to have the best of both worlds, with a Sustainability Charter requiring its urban development agency, VicUrban, to, among other objectives, seek to reduce both the upfront and the running costs of housing, including the costs of commuting, through the use of sustainable and energy-efficient design and materials, industry partnerships and strategic planning of developments (VicUrban 2006). Incentives to enable landlords and tenants to improve the energy efficiency of private rental properties have also been suggested (Schneiders 2007b).

Tasmania's Housing and Community Research Unit (HACRU) is currently conducting a research project to establish individual and institutional responses to the problem of existing housing that is energy-inefficient, including the possibility of widespread retrofitting projects.

We need to ensure that affordable housing is well-serviced by infrastructure, transport networks and service provision.

The National Community Housing Forum (NCHF 2002) highlights the importance of a link between housing supply and strategic urban and regional development that ensures that adequate infrastructure is in place. In Victoria, the State Planning Policy Framework aims in part to locate affordable housing developments near existing activity centres where residents will have access to employment, shops, services and public transport (DHS 2006). Davidson (2007) argues for increased investment in public transport networks through outer suburbs on the grounds that it will ease demand pressures on better-serviced inner-city housing and improve overall affordability.

An ALP discussion paper (Rudd et al 2007) suggests that the Australian Government establish a pool of infrastructure funding that would be accessible to state and local governments, who could apply to it under certain conditions in order to reduce the cost of providing infrastructure and services in new housing developments.

We need thriving, sustainable, supportive communities.

Housing Tasmania already supports a range of small-scale urban renewal initiatives in broadacre public housing estates that in part seek to build stronger communities. One of the most popular strategies for overcoming the impact of concentrated disadvantage has been to diversify the social and tenure mix. A range of examples exist: the SAVE program in the UK, where public housing stock that becomes vacant is sold to attract home buyers to an area (Holmes 2006), the decision by the New South Wales Government to construct an aged care facility and seniors' complex for 270 people in a major public housing estate as part of a plan to improve the area (ABC 2007f), the Hope IV project, the Moving to Opportunity program and the Section 8 voucher system in the United States, which support inner-city public housing tenants to move into suburban private rental properties (Holmes 2006) and the GRO program in Scotland which

introduced low cost owner occupation in low income areas and subsidised more affluent households to move there (Atkinson n.d.).

However, concerns have been expressed that when programs like these are implemented in existing public housing areas, they can result in the loss of public housing stock and the displacement of existing tenants (Luxford 2006, Holmes 2006, Atkinson n.d.). Research in the UK also suggests that significant public resources and subsidies are required to make them work and the provision of adequate services is critical (Holmes 2006).

5.5. Homelessness

Australia's and Tasmania's main response to homelessness is the Supported Accommodation Assistance Program (SAAP), which consists of support services, Crisis Accommodation Program properties and the SAAP brokerage model introduced in 2002. SAAP is jointly funded by the Commonwealth and the states, and funding levels remained reasonably steady in real terms between 2001-02 and 2005-06 (SCRGSP 2007). Demand rose considerably (AIHW 2007).

SAAP services provide case management and support to people who are homeless or at risk of homelessness. This support can include counselling, advocacy, referral, outreach, brokerage of temporary accommodation and emergency assistance with food and bills, as well as short-term, supported accommodation. Capital funding for crisis accommodation, most of which is linked to SAAP services, is provided through the Crisis Accommodation Program (CAP). In 2005 there were 123 Crisis Accommodation Program properties in Tasmania, including shelters and other short-term emergency housing for people who were homeless, including those escaping

domestic violence (FACSIA 2006). The SAAP brokerage model was introduced in response to the limited supply of crisis accommodation in Tasmania. Under the model, SAAP services are funded to purchase emergency accommodation on behalf of clients in hotels, motels, pubs, cabins and caravan parks.

Homeless people can be divided into three categories – those experiencing primary, secondary and tertiary homelessness. Primary homelessness occurs when people have no shelter at all and are living on the streets, in squats, in doorways, under bridges and in parks. Secondary homelessness is when people are moving between a series of temporary options, such as staying with friends or family, crisis housing, hostels and boarding houses. Tertiary homelessness is when people live permanently in private boarding houses without their own bathroom or kitchen or security of tenure. They are considered homeless because their accommodation falls short of expected community standards (Chamberlain et al 2007). Tasmanian housing support services hear frequent anecdotal evidence of the poor conditions in some private boarding house accommodation and Chamberlain et al (2007) expressed concern about the reliance on them as crisis housing, particularly in inner city areas. These forms of accommodation often introduce people to the sub-culture of homelessness, can be of very poor quality, and can be unsafe due to high levels of violence and drug use. Yet often there is no alternative for people but the streets.

A survey of homelessness in Melbourne found the most common experience for homeless people was secondary homelessness – 92% of 4,285 people surveyed were homeless in this way (Chamberlain et al 2007).

5.5.1. Why homelessness?

It's about social justice.

As a housing research participant said recently, "I've known families who live out of their car for weeks on end. And I don't know why they can't get housing. It just shouldn't happen in a place like Australia" (in K. Flanagan 2007).

Providing support for people who are homeless is about social justice. It is not acceptable in a modern, wealthy, peaceful society like Australia that people do not have access to adequate housing.

5.5.2. What are the problems?

Unless long-term housing is available, SAAP services struggle to deliver good outcomes for clients.

Chamberlain et al (2007) identify the significant pressure that SAAP services are under to respond to high levels of crisis within constrained resources and with very few options as to where to house clients. As a result, many workers end up supporting clients into accommodation that they know is too expensive, inappropriate or substandard and that increases the vulnerability of the client to another crisis, because the only alternative is for the client to sleep rough. The accommodation case planning and transitional support services in Tasmania, which provide support to people who are homeless or at risk of homelessness, are currently under-resourced by approximately four full-time positions, which limits the capacity of staff to provide adequate support to every client (Anglicare Tasmania 2006).

The SAAP service system has been criticised by researchers on the grounds that outcomes such as placing families in crisis or transitional housing are viewed as successes, when finding families permanent housing should be the goal, and that focussing on individual skill deficits like difficulties with budgeting ignores the structural reasons why households are unable to access appropriate permanent housing (Bartholemew 1999 in Resolve 2004). While many families do have inadequate household management skills, and while time in transitional housing can provide families with time to resolve crises, establish a household routine and build life skills, once this is achieved, if permanent housing is not immediately available, they have to put their lives on hold until it is. This actually creates increased anxiety, stress and uncertainty, which can undermine what has gone before (Resolve 2004).

5.5.3. What needs to change?

We need adequate resourcing for SAAP services.

A number of initiatives have been recommended that could improve outcomes for homeless people. In a report on the use of caravan parks as crisis housing, HomeGround Services (2004) recommends the development of an assertive outreach model, based on the Western Region Health Service's Abode program, which also offers non-housing support such as health promotion, parenting support, counselling and mental health services, financial counselling, legal services, migrant settlement programs and Centrelink access. They suggest the use of community health centres as the delivery hub for such services, the collaborative involvement of local councils and more formalised working relationships between service providers and caravan park managers to ensure that support is made available to caravan park residents who need it. A report on children in SAAP by Resolve Community Consulting (Resolve 2004) recommends that

families dealing with issues that contribute to housing instability, such as domestic violence, financial problems, unemployment, substance abuse and health problems, continue to receive SAAP support for up to three months after they have successfully accessed permanent housing. And Chamberlain et al (2007) recommend a number of strategies to address homelessness in Melbourne that also have application to other urban centres, including increasing the supply of SAAP accommodation to provide people in crisis with safe and appropriate alternatives, better funding for related services such as alcohol and other drugs and mental health services, early intervention programs for those who are newly homeless and those at risk, ongoing, formalised and long-term support after a homeless person is assisted into permanent housing which includes supporting the person to establish mainstream networks within the community, and ensuring that services recognise and respond to the correlation between increasingly complex support needs and the length of time spent homeless.

All of these are excellent ideas, but are simply not possible within existing resources. To achieve the flexibility needed to develop innovative and aggressive responses to tackling homelessness, SAAP services urgently need additional funding to increase staff numbers and reduce case loads to manageable levels. They also need more crisis accommodation options for their clients so that people are not referred to inappropriate accommodation like boarding houses and more affordable, long-term housing for clients once they are ready to exit SAAP support.

We need to increase the supply of crisis and transitional accommodation.

One of the reasons for the introduction of the SAAP brokerage model in Tasmania was the shortage of places in crisis and transitional accommodation compared to demand (Shelter 2006). But SAAP workers report concerns about the suitability of brokered accommodation in pubs, cheap motels and caravan parks: there are obvious issues of appropriateness and safety for many clients, such as those with drug or alcohol issues, families with children, people with physical, intellectual and psychiatric disabilities and single women. In some instances, these issues have manifested in disruptive behaviour or damage to property, leading to the operator of the brokered accommodation refusing to take in SAAP clients in the future in order to protect their core business, restricting further the already limited options open to SAAP services.

In contrast, dedicated crisis accommodation is more easily linked to support services, including on-site support workers, and is designed and located to suit the needs of clients, rather than the needs of tourists. It provides a response to homelessness that is far more appropriate than brokerage, and which better meets the needs of both clients and the broader community.

We need to strengthen and formalise linkages between SAAP services and long-term housing options.

The single biggest issue facing all Tasmanian SAAP services and other services that support people affected by the housing crisis is the lack of exit points from crisis and transitional housing. In other words, there are very, very few places for clients in this kind of accommodation to go, even once they have addressed the issues that led them to be in crisis in the first place. The shortage of public housing, the limited capacity of the community housing sector, the lack of suitable private rental accommodation and the barriers to home ownership are documented throughout this paper. The obvious way to address this issue is to increase supply.

However, it is also important to ensure that pathways out of homelessness for clients are backed up by solid links between SAAP services and long-term housing providers like Housing Tasmania, community housing providers and TAHL. A study into the factors affecting people's capacity to maintain long-term housing after moving through the SAAP service system recommended a range

of policy and procedural responses, including funding the extension of SAAP case management beyond the immediate crisis period, developing better integration between primary health care, SAAP, mental health, disability and alcohol and other drug services and improving the focus within SAAP programs on supporting clients to gain or maintain employment. The study authors also identified the importance of the public housing system in providing affordable, secure housing for people who have been homeless (Healy et al n.d.).

We need to provide legislative protection to people accommodated in caravan parks.

Over the five years since the introduction of the SAAP brokerage model in 2002, access to caravan parks for homeless clients has become increasingly restricted, with some parks now refusing to take SAAP clients and others accepting them only on longer tenancies supported by bonds and rent provided through the private rental assistance services – in the two years to May 2006, Anglicare supported the accommodation of 85 clients in this way, all for periods of three months or longer. In some parks the rents are too expensive for short-term brokerage. Others are only available to clients outside of holiday and peak demand periods. The availability of caravan park accommodation is further restricted by the closure of some parks and the shift by other operators from the provision of local to tourist accommodation (Shelter Tasmania 2006). During March 2007, Tasmanian caravan park operators reported that they were at capacity and turning significant numbers of people away (Paine 2007b).

Despite this, and despite the documented unsuitability of caravan parks, particularly for children (see HomeGround Services 2004), they continue to be used as crisis and transitional accommodation because there are few alternatives. However, there is considerable confusion over what legislative protection applies to people renting in caravan parks, mainly due to the mix of tenants, which can include people in crisis, itinerant workers and long-term residents. Shelter Tasmania (2006) has previously argued for amendments to the Residential Tenancy Act to ensure protection for all caravan park occupants but Consumer Affairs and Fair Trading has indicated that they would prefer to tackle the issue through a code of conduct for the industry (CAFT 2006).

The Tasmanian community sector feels this is a soft approach given the extreme vulnerability of many caravan park residents to exploitation, and calls for amendments to the Residential Tenancy Act, similar to those incorporated into the Act in 2003 for boarding premises, to extend its protections to all caravan park residents, including people using caravan parks for short-term crisis accommodation.

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