



Housing Related Poverty and Homelessness in Tasmania

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Introduction

Affordable and secure housing provides an essential foundation for a decent life; through better outcomes in health, education, employment, and early childhood development. ⁽¹⁾ It can facilitate a pathway both into and out of poverty.

As housing costs rise, low income Tasmanians are at increasing risk of poverty. Many of these Tasmanians are being forced into extreme rental stress, making sacrifices in what they eat, in heating their homes, in accessing healthcare and in the activities their children can engage in. They are being displaced to where they can afford to live, away from where their community supports are, their childrens' schools, and often from where employment opportunities are more prevalent. At worst, they are put at risk of homelessness. Housing affordability is the main cause of homelessness in Tasmania, impacting more than half of all those accessing homelessness services. ⁽²⁾

Given the relationship between housing conditions and poverty, the systemic failure in Tasmania's housing market to offer affordable housing risks creating a future of ongoing poverty for many Tasmanians. Responding to Tasmania's affordable housing issues involves stakeholders across governments, community and private sectors. Key federal and state drivers need to include:

- focused strategic planning at federal, state and local government levels to address homelessness and affordable housing
- incentives that stimulate the development of more affordable housing for rent and purchase
- investment in stable Tasmanian homelessness and crisis support
- raising the rates of government support for low income households to ensure payments realistically and reasonably meet the costs of living.

Poverty in Tasmania

Parts of Tasmania's economy and its population are growing. ⁽³⁾ The growth in the tourism industry has spurred opportunities in its dependent industries – hospitality and accommodation. Tasmania is marketed as offering cheaper housing relative to many other parts of Australia and as offering a quality of life hard to rival elsewhere in the nation, attracting sea and tree changers. Some residents become the beneficiaries of this burgeoning economy. But not all Tasmanians are benefiting from the spoils of this resurging wealth and opportunity.

At the other end of Tasmania's wealth spectrum, we have a many Tasmanians living on the edge of our urban areas and in regional and rural communities, further and further away from where job opportunities are being generated and with poor public transport. Many of these Tasmanians are locked into long term, intergenerational and persistent poverty.

Tasmania has Australia's highest proportion of low income households, with the latest Census showing the median household income in Tasmania is \$338 less than the national median, ⁽⁴⁾ a third of all households (30.7%) also survive on less than \$600 per week. ⁽⁵⁾ The State also has persistent poor educational outcomes and a third of households are reliant on income support payments. There is fierce competition for available jobs; Tasmania's unemployment rate has improved to marginally above the national average at 5.9%, but our participation rate is still more than four percentage points below Australia as a whole – at 60.5%. ⁽⁶⁾ Many households face an ongoing struggle to find and keep a safe and secure home in which to live.

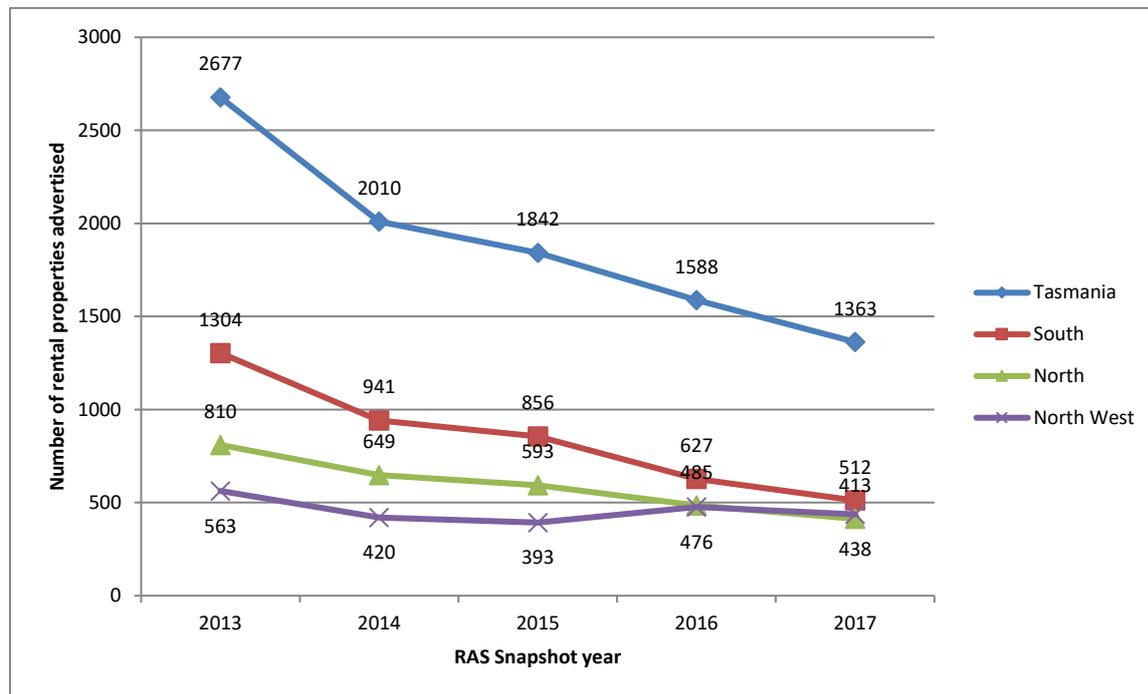
Increasing Competition for Fewer Rental Properties

Against this backdrop of low incomes, the growth in Tasmania's affordable housing supply is not meeting demand. ⁽⁷⁾ There were 3,821 applications reported at March 2017 – a 10% increase in the number of applications for public housing in a year. ⁽⁸⁾ The private rental market is the default provider of housing for many low income Tasmanians.

Competition in Tasmania's private rental sector is being intensified by a decline in the number of properties available. Anglicare Tasmania's most recent Rental Affordability Snapshot (RAS) conducted in April 2017 showed there were 14% fewer rental properties compared to April 2016, and around half that available in April 2013 ⁽⁹⁾ (See Fig 1). Competition has particularly intensified in both the southern and northern rental markets, with a 61% and 49% decline in rental stock availability respectively over the last five years (see Fig 1).

The declining rental stock may in part be driven by concurrent growth in short term rentals facilitated through platforms such as Airbnb. ⁽¹⁰⁾

Fig 1: Number of advertised rental properties over the snapshot weekend 2013 to 2017: Tasmania and by region



Source: Anglicare Tasmania, Rental Affordability Snapshot Tasmania 2013 to 2017

While median rental prices increased by 2.8% over the year to March 2017 across Tasmania, in the south of the State they increased by 6.6% and in the north by 5.1%. Even greater increases occurred in one bedroom rentals, which increased by 9% in the north and 12% in south. ⁽¹¹⁾

Incomes have not kept pace with rent price increases, with year on year increases in the minimum wage rising by only 2.4%, ⁽¹²⁾ while the Newstart benefit has not increased in real terms since 1994. ⁽¹³⁾ Within this climate, it is increasingly difficult for low income Tasmanians to compete against higher income renters.

How Affordable is Housing for Low Income Households?

Despite housing prices being relatively low compared to the mainland, Hobart is the second least affordable capital in Australia in which to rent after Sydney. ⁽¹⁴⁾ The National Shelter sponsored Rental Affordability Index (RAI) shows that rental affordability in Tasmania's main cities has declined over the past ten years and is now also affecting workers ⁽¹⁵⁾. Almost a quarter (14,618) of Tasmania's low income households are in housing stress (ABS 2011). ⁽¹⁶⁾

Housing Tasmania ⁽¹⁷⁾ (2015) reported 39% of low income renters were in rental stress, while 47% of low income home buyers were in mortgage stress. Both RAI and Anglicare Tasmania's RAS highlight those most vulnerable in Tasmania's housing markets are single

parents (particularly those reliant on Newstart), young people and single adults. This year's RAS found that working families – particularly in the south and north of the State - have seen the biggest drop in affordability over the last year. ⁽¹⁸⁾

Single parent families struggle the most. In this year's RAS, only 6% of advertised rental properties were affordable for single parents with one child on Newstart; RAI shows that affordability for a family with one parent working in Hobart is now limited to just the northern suburbs, distant from jobs and services. The RAI shows rental housing in Hobart and Launceston is out of reach for these families.

For single people reliant on Newstart or Youth Allowance, Tasmanian rental properties advertised at the start of April 2017 offered no affordable properties in the south of the State and only two in the north. ⁽¹⁹⁾

It is unsurprising then that the greatest increase in homelessness is occurring amongst young people and children (one in five people seeking assistance are under nine years old, one in three are under 20 years) or that half the daily unassisted clients are single parents with children. ⁽²⁰⁾

Responding to Housing-related Poverty in Tasmania

Simple short term solutions do not exist and fragmented approaches do not work. Responding to the State's affordable housing issues involves multiple stakeholders across the government, community and private sectors, and across jurisdictions. For some time now peak bodies (such as National Shelter, Homelessness Australia and ACOSS) have been calling for a national housing plan providing a coordinated approach. ⁽²¹⁾ This would enable all relevant policy levers to work towards a common goal to address affordability and end homelessness.

At the State level, *Tasmania's Affordable Housing Strategy* ⁽²²⁾ provides an important strategic approach to addressing the State's growing housing crisis. However, more is needed to address housing related poverty in Tasmania. For Shelter Tasmania and Anglicare Tasmania, some of the key federal and state policy levers should include:

Focussed strategic planning to address homelessness and affordable housing:

- A National Housing Affordability Plan, incorporating the Australian Government's newly announced National Housing and Homelessness Agreement.
- Appointment of a Cabinet-level Housing Minister within the Australian Government, responsible for the plan's implementation.
- Integrating affordable housing into current reforms being made to Tasmania's planning system.

Incentives that stimulate the development of more affordable housing for rent and purchase in Tasmania:

- Increasing the social housing supply by capturing this year's \$60m windfall in stamp duties from the State's booming housing market and by retiring the State's public housing debt to the Australian Government, freeing around \$15m a year for investment in new social housing supply.
- Establishing additional financing options for affordable and social housing, including the bond aggregator mechanism currently under investigation by the Council on Federation of Financial Relations, and a rental housing incentive for new investment in affordable housing.
- Providing sufficient resources to ensure effective and safe housing and support service delivery to Tasmania's young people.
- Increasing support for other groups experiencing particular disadvantage, including: older home renters, older homeless Tasmanians and single parents and people with a disability.
- Accelerating the redevelopment of some of the State's public housing stock so that it is better matches contemporary household need (providing smaller dwellings and dwellings suitable for older people and people with disabilities).
- Adjust the Australian Government's taxation settings to rebalance investment in the housing market between home owners and investors to rein in excessive growth in house prices.

Investment in stable Tasmanian homelessness and crisis support:

- Ensure that, at a minimum, funding levels for homelessness services under existing national agreements (National Partnership Agreement on Homelessness and National Affordable Housing Agreement) are continued in the new National Housing and Homelessness Agreement.

Provision of a realistic minimum income:

- Increasing the level of government income support and Commonwealth Rent Assistance for the lowest income households to alleviate poverty and housing stress.

Endnotes

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