

10 February 2023

To the Premier
11th Floor, Executive Building
15 Murray St
Hobart TAS 7000
attn: Jeremy Rockliff

via email: jeremy.rockliff@parliament.tas.gov.au

To the Honourable Jeremy Rockliff,
Re: *Ease cost of living pressures by maximising the use of existing residential premises*

We welcome your Government's commitment to building or acquiring 10,000 new social and affordable homes by 2032. This is a long-term strategy which will provide much-needed housing for Tasmanians experiencing disadvantage and reduce housing stress. However, increasing supply over the next decade must be complemented by a range of actions that will improve housing outcomes for Tasmanians in the short term, including maximising the use of an estimated 2700 residential premises that sat empty in the inner-city local Government areas of Hobart, Glenorchy and Launceston during 2021.

Although we enthusiastically welcome the Government's commitment to new, long-term housing supply, we are concerned about the lack of actions which can be immediately implemented to alleviate housing stress in Tasmania. **We are therefore calling on the Tasmanian Government to maximise the use of existing residential premises in our inner-city municipalities as a strategy in addressing the current shortage of appropriate and affordable housing.**

An overview of the current housing crisis in Tasmania demonstrates the need for urgent action:

- ***Our rental market is increasingly unaffordable***

Our data demonstrates that over the last five years median rents across Tasmania have increased by 50 per cent.¹ Recent reports confirm Greater Hobart as Australia's least affordable metropolitan area relative to income,² with the median tenant in rental stress. Affordability has also worsened in most parts of regional Tasmania.³

¹ Refer to Appendix A.

² As per National Shelter and SGS Economics & Planning, *Rental Affordability Index* (November 2021) at 46, tenants in Greater Hobart are spending around 34 per cent of their income on rent. As found at https://www.sgsep.com.au/assets/main/SGS-Economics-and-Planning_Rental-Affordability-Index-2021.pdf (accessed 10 February 2023).

³ Ibid at 71.

- ***Our rental market is increasingly unavailable***

Skyrocketing rental prices and increased housing stress has in turn placed a significant strain on Tasmania's social housing system with the waitlist for social housing having grown by 55 per cent over the last five and a half years⁴ and the average wait time over the same timeframe more than doubling from 48 weeks to 101 weeks.⁵ The lack of affordable rental properties in the private rental market and inadequate social housing has also increased homelessness, with recent Government reports confirming that more Tasmanians than ever before are experiencing housing stress or are at risk of or experiencing homelessness,⁶ and that there is significant unmet need for assistance.⁷

- ***Our rental market is leading to skill shortages and lost economic output***

The lack of affordable housing is also undermining productivity and economic growth with employers across Tasmania unable to fill job vacancies. A recent report by *Impact Economics and Policy* found that there were over five jobs available for every rental vacancy in Launceston and the North East,⁸ leading to significant losses per annum in lost economic output in regions where housing is scarce.⁹

What the data tells us

In 2021/22 the Tenants' Union of Tasmania obtained data from TasWater on the number of residential properties in the Hobart, Glenorchy and Launceston City Council municipalities they estimated were empty during the 2021 calendar year.¹⁰

The TasWater response was that there were 2,709 residential properties left empty or under-utilised in 2021, including 907 residential properties across the Hobart City Council municipality, 610 in the neighbouring Glenorchy City Council and 1,192 in Launceston City Council.¹¹ Not shacks. Not short stay accommodation. Just empty.

⁴ The number of applicants on the wait list has increased from 2962 applicant in June 2016/17 to 4598 in November 2022. As found at Department of Health and Human Services, *Annual Report 2016/17* at 45; Department of Communities *Tasmania, Housing Dashboard November 2022* at 14.

⁵ Department of Health and Human Services, *Annual Report 2016/17* at 45; Department of Communities *Tasmania, Housing Dashboard September 2022* at 15.

⁶ Tasmanian Housing Strategy, *Discussion Paper* (September 2022) at 5.

⁷ Australian Government, *Specialist homelessness services 2020-21: Tasmania* (Australian Institute of Health and Welfare: 2019) at 1. As found at https://www.aihw.gov.au/getmedia/c6e374d2-f9b6-4c69-a491-2a9e9857b441/TAS_factsheet.pdf.aspx (accessed 10 February 2023).

⁸ Impact Economics and Policy and Everybody's Home, *Housing Critical – The role of housing in solving critical skills shortages across the regions* (August 2022) at 19. As found at <https://everybodyshome.com.au/resources/housing-criticalthe-role-of-housing-in-solving-critical-skill-shortages-across-the-regions/> (accessed 10 February 2023).

⁹ Impact Economics and Policy and Everybody's Home, *Housing Critical – The role of housing in solving critical skills shortages across the regions* (August 2022) at 26. As found at <https://everybodyshome.com.au/resources/housing-criticalthe-role-of-housing-in-solving-critical-skill-shortages-across-the-regions/> (accessed 10 February 2023).

¹⁰ See Appendix B.

¹¹ It is also worth noting that of this 2709 residential premises, 15 per cent (409 residential premises) have been empty for at least three years and 12 per cent (303 residential premises) have been empty for at least four years.

Existing stock needs to be better utilised to address current need alongside long-term strategies, and owners of investment properties need to be encouraged to use those properties for their intended purpose – as homes.

We encourage the Government to consider strategies from other jurisdictions to maximise the use of existing residential properties, including the introduction of a vacant property levy.

Introduce a vacant property levy

Vancouver, France, Ireland, Scotland and Melbourne all encourage owners to make their properties available to long-term tenants by imposing an empty homes tax/levy.¹² In Vancouver for example, the levy, which was originally set at 1 per cent of the property's assessed value, is paid by owners who leave residential properties empty for at least six months a year.¹³ Since the levy was introduced in 2017 there has been a 36 per cent drop in the number of empty homes and more than \$115M raised for affordable housing.¹⁴ The levy is not intended to punish investors but rather to encourage them to make their investment properties available in the long-term rental market.

In Melbourne, the empty homes levy only applies to vacant residential properties in inner and middle suburbs. Vacant residential properties outside these suburbs are not subject to the levy. As well, the levy does not apply to holiday homes, premises being renovated or premises that are not a principal place of residence but are used for work purposes.¹⁵

Maximising the use of existing residential premises will put downward pressure on the rising cost of living. For example, the return of a mere 113 short stay accommodation properties to the long-term rental market in the Hobart City Council municipality during COVID-19 resulted in a 9 per cent reduction in rents.¹⁶ In 2021 there were 907 properties in the Hobart City Council municipality that were empty. Using the Vancouver example of a 36 per drop in the number of empty homes after the empty homes levy was introduced, there are an estimated 326 empty homes in the Hobart City Council municipality, 429 in the Launceston City Council municipality and 219 in the Glenorchy City Council municipality that could be returned to the long-term rental market municipality in the short-term.

We acknowledge that the introduction of an empty homes levy will take time to implement and that an education campaign will be necessary. We also recognise that some investors require further encouragement. We therefore recommend that you consider one-off financial incentives, such as a one-year waiver of land tax or that an

¹² Jonathan Barrett, Vacant property taxes and the human right to adequate housing (2018) 20(1) *Journal of Australian Taxation* 123.

¹³ Ibid.

¹⁴ City of Vancouver, *Empty Homes Tax Annual Report 2021*. As found at <https://vancouver.ca/files/cov/vancouver-2022-empty-homes-tax-annual-report.pdf> (accessed 10 February 2023).

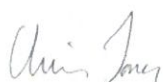
¹⁵ State Revenue Office Victoria, Vacant residential land tax – frequently asked questions. As found at <https://www.sro.vic.gov.au/vacant-residential-land-tax-faq> (accessed 10 February 2023).

¹⁶ Caitlin Buckle, Nicole Gurran, Peter Phibbs, Patrick Harris, Tess Lea and Rashi Shrivastava, *Marginal Housing during Covid-19* (Australian Housing and Urban Research Institute, Final Report No. 348) at 40.

interest free loan is made available to investors whose investment properties do not currently meet the minimum standards set out in the *Residential Tenancy Act 1997* (Tas).

It is critical that we address the housing crisis by increasing supply. Building new dwellings, while welcome as a long-term solution, does not solve the current crisis so we need options in the short term. As your Minister for Housing recently observed “we need more homes and we need them faster”.¹⁷ We strongly believe it is time for the Government to consider initiatives which utilise existing properties to address current unmet housing need.

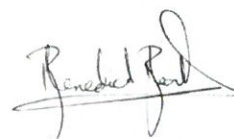
Yours faithfully,



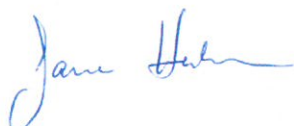
Dr Chris Jones
CEO
Anglicare Tasmania Inc



Don McCrae
Chief Executive Officer
JusTas



Benedict Bartl
Principal Solicitor
**Tenants' Union of
Tasmania**



Jane Hutchison
Convenor
**Community Legal
Centres Tasmania**



Pattie Chugg
Chief Executive Officer
Shelter Tasmania



Yvette Cehtel
CEO
Women's Legal Service



Craig Chadwick
Chief Executive Officer
COTA Tasmania



Adrienne Picone
CEO
TasCOSS



Tania Hunt
CEO
**Youth Network of
Tasmania**



Kate Kelly
Housing Advocate
**Hobartians facing
Homelessness
Housing with Dignity
Committee**



Liam McLaren
President
**Tasmanian University
Student Association**



Heather Sculthorpe
Chief Executive Officer
**Tasmanian Aboriginal
Centre**

¹⁷ Guy Barnett Minister for State Development, Construction and Housing, '\$45 million of social housing going out this weekend', 9th November 2022. As found at [https://www.premier.tas.gov.au/site_resources/2015/additional_releases/\\$45-million-of-social-housing-going-out-this-weekend](https://www.premier.tas.gov.au/site_resources/2015/additional_releases/$45-million-of-social-housing-going-out-this-weekend) (accessed 10 February 2023).

cc: Guy Barnett
Minister for Housing

Lara Alexander
Parliamentary Secretary to the Minister for Housing

Rebecca White
Leader of the Opposition

Ella Haddad
Shadow Minister for Housing

Cassy O'Connor
Leader of the Tasmanian Greens

Appendix A

Median rent for 3-bedroom properties in Tasmanian regions

Region	Rent June 2017	Rent June 2022	% Increase
Greater Burnie	\$250.00	\$360.00	44%
Central Coast	\$268.00	\$390.00	45%
Greater Devonport	\$270.00	\$370.00	37%
Rural North West	\$275.00	\$365.00	33%
West Coast	\$160.00	\$270.00	69%
Inner Launceston	\$300.00	\$465.00	55%
Outer Launceston	\$285.00	\$440.00	54%
North East	\$240.00	\$368.00	53%
Central North	\$280.00	\$420.00	50%
Central South	\$275.00	\$428.00	56%
South East	\$310.00	\$460.00	48%
Eastern Shore	\$340.00	\$530.00	56%
Hobart City	\$450.00	\$600.00	33%
Kingston Area	\$380.00	\$550.00	44%
Glenorchy City	\$340.00	\$500.00	47%
Far South	\$320.00	\$450.00	41%
Tas. average	\$300.00	\$450.00	50%

Source: *Tasmanian Rents* June 2017; *Tasmanian Rents* June 2022. As found at <http://tutas.org.au/publications/tasmanian-rents/> (accessed 10 February 2023).

Appendix B

In 2022 the Tenants' Union of Tasmania wrote to TasWater seeking information on the number of residential properties in the Hobart, Glenorchy and Launceston City Council municipalities they estimated were empty during the 2021 calendar year. The data requested of TasWater sought to capture residential properties where consumption was less than ten per cent (19kL) of the annual average residential water consumption (193kL). The less than ten per cent figure was agreed to in order to also capture empty residential properties with dripping taps.

The TasWater response was that there were 2,709 residential properties left empty or under-utilised in 2021, including 907 residential properties across the Hobart City Council municipality, 610 in the neighbouring Glenorchy City Council and 1,192 in Launceston City Council.¹⁸ Not shacks. Not short stay accommodation. Just empty.

Homes empty for one year or more in Hobart, Glenorchy and Launceston 2021

Local Government Areas (LGAs)	Total number of residential dwellings*	Properties empty for 1 year or more**	Percentage of empty homes
Hobart	23,777	907	3.81%
Glenorchy	21,049	610	2.9%
Launceston	30,044	1,192	3.97%
Total	74,870	2,709	3.62%

*Australian Bureau of Statistics 2021 Census **Source: TasWater

The 2709 residential properties that were empty in Hobart, Glenorchy and Launceston municipalities in 2021 is a conservative figure and the true number of empty properties is almost certainly higher. This is because the data only captured residential properties with at least one year of either no or minimal water usage. The one year timeframe is twice as long as the policy adopted in the majority of cities and countries that have introduced an empty homes tax/levy. The TasWater data also failed to capture many apartment complexes, which often only have a single water meter for the entire building. Importantly, to ensure the accuracy of the data we intentionally requested data from the inner-city municipalities of Hobart, Glenorchy and Launceston, data which could not be dismissed on the basis that the empty homes were "shacks".

¹⁸ It is also worth noting that of this 2709 residential premises, 15 per cent (409 residential premises) have been empty for at least three years and 12 per cent (303 residential premises) have been empty for at least four years.