

Consultation Paper - Refreshing Tasmania's Population Strategy

Homes Tasmania Submission

**Homes
Tasmania**

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Executive Summary

Homes Tasmania welcomes the opportunity to make a submission to the *Consultation Paper - Refreshing Tasmania's Population Strategy*. This submission addresses the major areas in which Homes Tasmania has an interest or is impacted.

Two of the primary drivers of demand for housing are the change in the population for a given area and the make-up of the households (such as number of occupants, relationship, age, amenity requirement). Therefore, understanding the demand for housing requires an understanding of populational shifts.

This has been evident throughout the Tasmanian housing market in recent years. The price of housing in both private sales and the rental market has increased considerably more than the increase in wages and has led to increased demand from people seeking housing assistance. These increases can be correlated strongly to the period Tasmania grew most quickly (2016 to 2020).

Because of this correlation, Homes Tasmania has a strong interest in any policy changes that would affect the demand for housing in Tasmania - particularly on policies that impact on the level of migration.

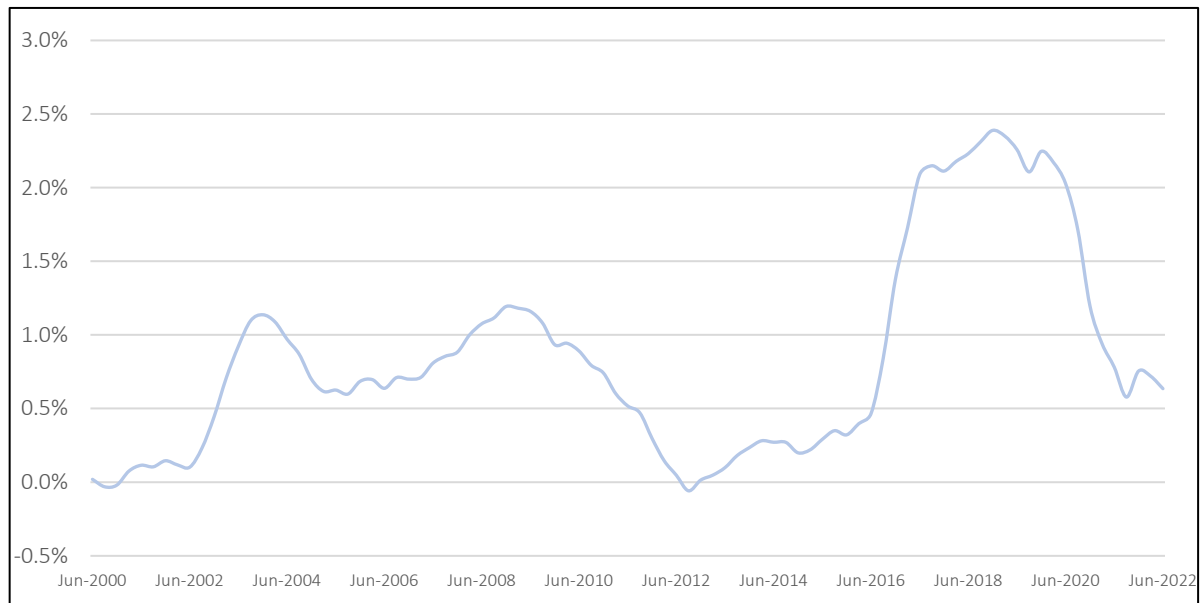
We are also interested in improving our understanding about the flow of migrants (interstate and overseas) in as close to real time as we can. Doing so would allow Homes Tasmania to monitor markets and respond more quickly to possible fluctuations in demand.

Tasmanian Context

Population growth and its impact on the housing market

There has been considerable demand for housing of all types in Tasmania over recent years, due in part because Tasmania sustained unprecedented levels of population growth. Figure 1 shows the annual population growth, which rose quickly in 2016 and remained elevated until 2020 when the COVID-19 pandemic emerged and the Tasmanian border closure restricted migration, the main source of population growth to the state.

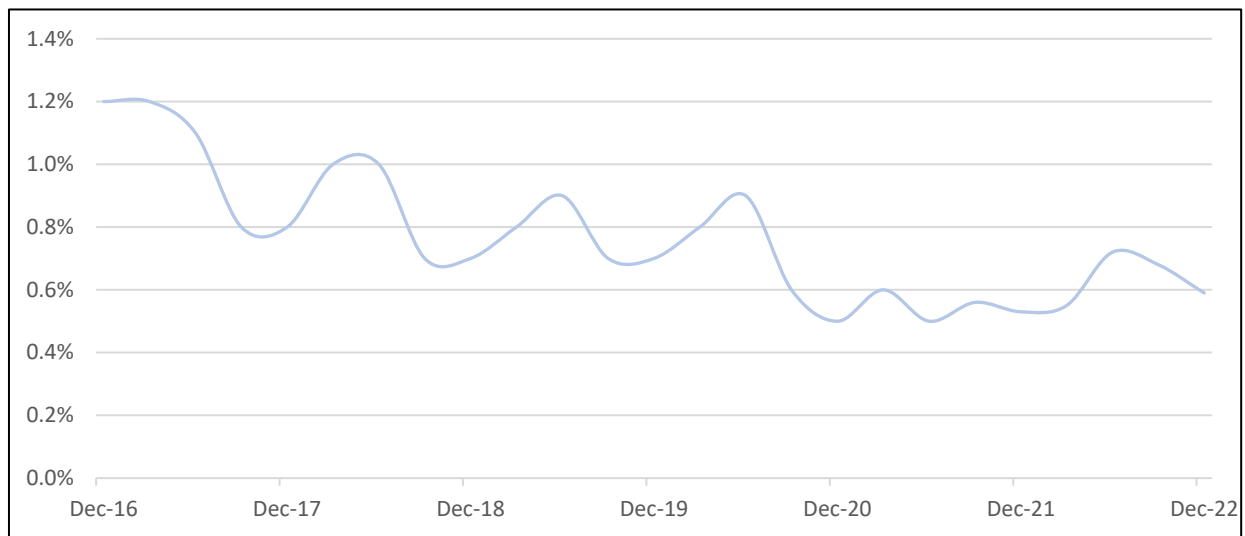
Figure 1 -Annual population growth rate (percentage) - Tasmania – 2000 to 2022



The pressure of the most recent spike in population growth on the housing market can be measured by different indicators. The number of vacant dwellings in the private rental market (vacancy rate) and the change in median price of rentals shows the level of pressure in the rental market. The number of dwellings listed for sale and the change in the median price for dwellings that are sold provides a guide for the housing market. The demand for social housing as observed on the Housing Register in Tasmania provides a real time guide on demand for social housing in the state.

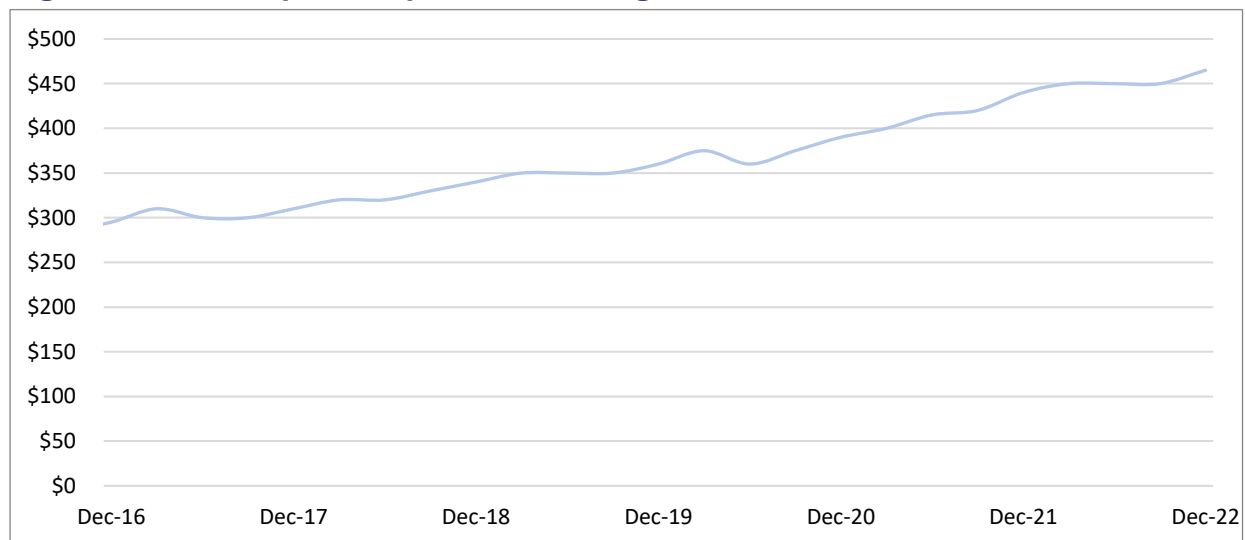
The private rental vacancy rate is measured by SQM Research who calculate the number of vacant properties as a proportion of the overall number of properties in the rental market. Figure 2 shows that as the population rose in 2016, the private rental market vacancy rate in Tasmania fell.

Figure 2 -Private rental market vacancy rate - Tasmania – 2016 to 2022



The median price of rentals is published by the Real Estate Institute of Tasmania (REIT). The REIT source this data from the MyBond program administered by the Department of Justice. Figure 3 below shows the median price of rentals since 2016 (the first time this data was published) which reveals that since 2016, prices have continued to grow before moderating slightly during 2022 as the pressure of increasing population growth eased.

Figure 3 - Median price of private rental agreements - Tasmania - 2016 to 2022



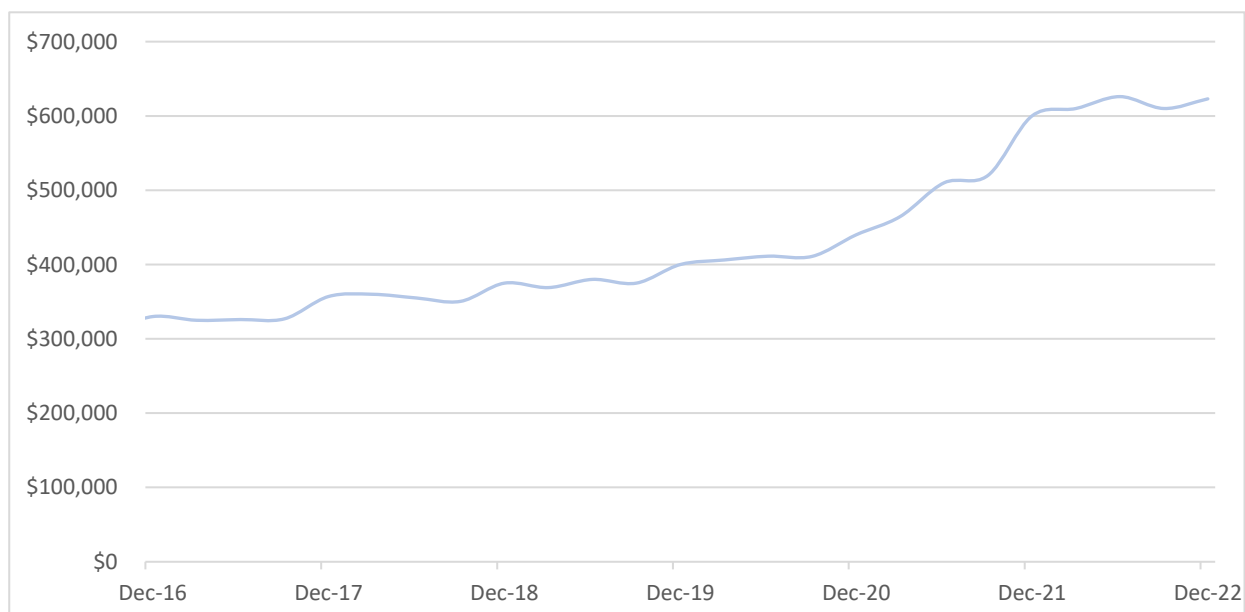
The number of property listings in Tasmania is collected and published by SQM Research. Once again, as the population increased after 2016, the number of dwellings available for purchase steadily declined and this has recovered slightly in the past 18 months as population pressures have been less as well as the increase in the Reserve Bank of Australia (RBA) cash rate.

Figure 4 - Number of property listings – Tasmania – 2016 to 2022



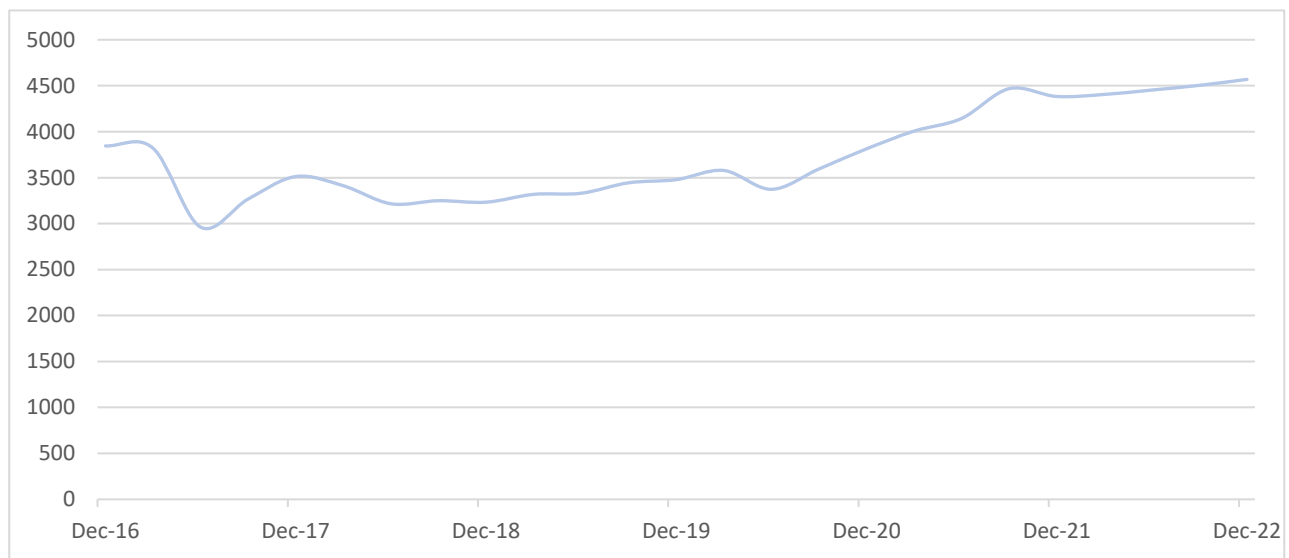
The median price of houses sold is collected and published by REIT. Figure 5 below shows the median price of houses sold since 2016 which reveals that since 2016, prices grew steadily up until 2020 when they accelerated (likely a result of RBA cash rate cuts, fiscal stimulus and household ratio falls among other factors). Median prices of agreements began to moderate at the start of 2022 (before interest rate rises) showing that the easing population growth in the state likely contributed to the easing price of houses sold.

Figure 5 - Median price of houses sold - Tasmania - 2016 to 2022



The number of applicants for social housing is collected and published by Homes Tasmania. Figure 6 below shows that aside from a fall in mid-2017 (the result of a review of applications), there was a steady increase in the number of applicants for social housing on the Housing Register over the period where Tasmania's population boom occurred. It also shows that as the population eased, the number of applicants on the Housing Register stabilised.

Figure 6 - Applicants on the Housing Register - Tasmania - 2016 to 2022



Tasmanian Government priorities for housing

The Tasmanian Government have responded to housing market challenges through increasing housing supply with the largest housing investment in Tasmania's history. A housing package of over \$1.5 billion will make an unprecedented difference to the lives of Tasmanians by improving the housing system and providing more social and affordable housing. This will provide 10 000 homes for Tasmanians in need by 2032. It includes the establishment of Homes Tasmania as a statutory authority as a critical mechanism for delivering this commitment.

Tasmanian Government delivery and pipeline of new housing

Since the release of our *Tasmania's Affordable Housing Strategy 2015-2025*, the Government has assisted 4 069 additional households to access social and affordable housing¹. This includes the completion of 2 545 additional new homes, lots of land and new places in supported accommodation and homeless accommodation.

Importantly, Homes Tasmania continues to work hard to deliver on the pipeline of works currently under construction. As at the end of January 2023, there were 1 282 long term homes and units of homeless accommodation in the pipeline.

Tasmanian Housing Strategy

Homes Tasmania is developing a comprehensive 20-year Tasmanian Housing Strategy to drive practical actions to deliver a more sustainable housing market for all Tasmanians.

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

The development of the Tasmanian Housing Strategy will bring together experts in Government, research, community, business and construction to provide advice on how to maximise influence over our housing market levers.

¹ As at 31 January 2023

Homes Tasmania's feedback on the Consultation Paper

Homes Tasmania's primary point of interest in population growth is the impact that a change in population will have on housing demand. As part of the development of the Tasmanian Housing Strategy, modelling has been undertaken on the demand and affordability for housing under different population scenarios. This modelling projects the number, type and size of bedrooms in different areas under different assumptions, including the key issue of rate of population growth. The population growth scenarios used are the medium and high series Treasury projections as revised and published in November 2022.

Given the importance of the population change to both the housing market and the projections that we have undertaken to understand future need, our main comments in response to the population consultation paper are:

- Any data and modelling used by the Department of State Growth, particularly data that relates to housing, should be consistent with data used by Homes Tasmania, the Department of Treasury and Finance and other government agencies. This might require continued collaboration between the Department of State Growth and Homes Tasmania throughout the development of the population strategy.
- Homes Tasmania would like to see an improvement in the capability and availability of data as it relates to population growth. The Australian Bureau of Statistics (ABS) publishes population data each quarter, but the data is published with a five-and-a-half-month lag. Given the impact that population changes have on Tasmania's housing market, Homes Tasmania would like more real time knowledge and information on likely changes to the state's population to allow us to act sooner on any unexpected surge in demand. Examples of the way to achieve this include:
 - to enter a data sharing arrangement with the Commonwealth Department of Immigration to understand the number of visa holders residing in the state using historic benchmarks as the baseline
 - to compel the University of Tasmania to provide detail on the number of international student enrolments and the number of students not residing in student accommodation
 - to invest in ways to better gather and utilise driver's license data (deidentified) to understand the trends and flow of interstate migrants to and from the state and measure this to the ABS data to understand its correlation.
- Homes Tasmania believes that stable housing is the foundation for greater connection with one's community and this flows on to all areas of their life. The recognition of this means that housing should be a consideration of all Government policy, not just that within Homes Tasmania and therefore we strongly advocate that consideration of housing market outcomes be included in the final refreshed Population Strategy and is embedded in any policy actions that are identified.

Homes Tasmania

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