

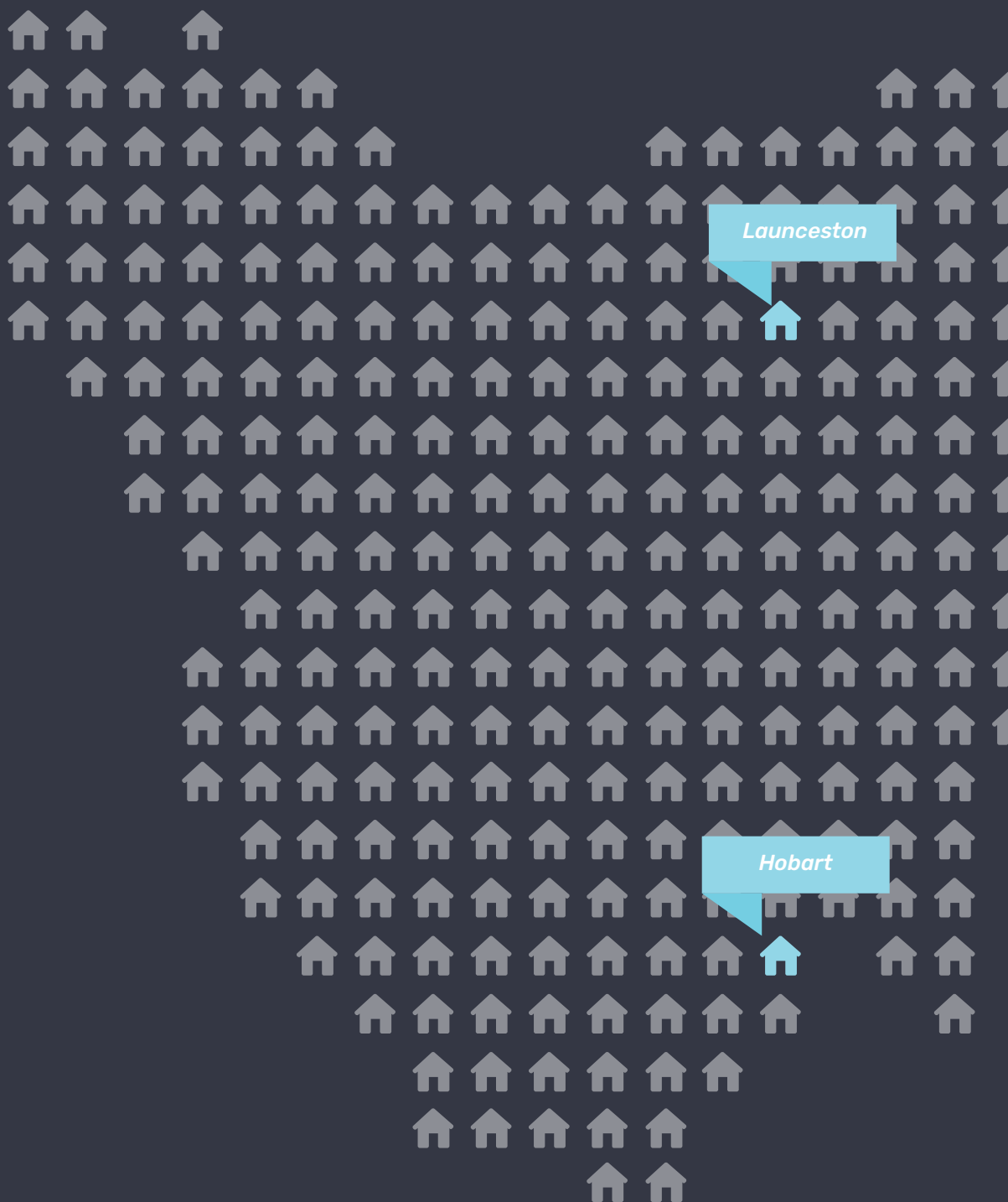
The background of the entire page is a light blue line drawing of a city street scene. In the center, a house with a prominent gabled roof and a balcony is highlighted. The drawing includes various architectural details like windows, doors, and stairs. In the top left corner, there is a small graphic of a sunburst with an arrow pointing upwards.

**place
design
group.**

AUGUST 2019

TOWARD INFILL HOUSING DEVELOPMENT

PREPARED FOR THE TASMANIAN DEPARTMENT OF STATE GROWTH





EXECUTIVE SUMMARY

Tasmania's major urban centres are currently experiencing very high demand for housing, both to own and rent. This demand, largely driven by growth in interstate and overseas migration, tourism, and a growing university population, has seen property prices in Hobart increase 35% in the five years to May 2019 – the largest house price increase of any Australian capital city (Corelogic, 2019) – and a rental market vacancy rate around 1.4% (REIT, 2019). It is now increasingly difficult for people to enter Tasmania's housing market, to secure long-term rentals or to have a reasonable level of choice in type and location of housing.

Tasmania's housing market is very traditional in its product makeup and buyer demands. Detached houses located on greenfield sites continue to make up the majority of the market, and comprise a higher proportion of residential development compared to other major cities such as Sydney, Melbourne and Canberra. While this type of housing meets the needs of some households, it limits choice and affordability for many others, including low income households, first home buyers, individuals seeking to downsize and people wanting to live within or close to major employment centres.

Until recently, in the absence of high growth, there has been no pressure to facilitate infill housing development or promote a wider range of housing typologies. However, as Tasmania's population grows and its demographics change, a more diverse range of housing typologies will be required.

Infill housing refers to the establishment of new dwellings within an existing urban area, focusing in particular on the inner to middle areas of a city.

It covers a range of housing types, including duplexes, townhouses, ancillary dwellings, terrace housing, and low to medium rise apartments. These types of housing provide a compromise between larger, detached dwellings and higher density apartments.

Infill housing offers a number of advantages to households and cities. It contributes to a more compact urban form, supporting the use of existing infrastructure and services. It increases total housing stock in areas with good access to employment, schools and public transport. In providing a range of housing types, it supports market demand and demographic needs for different types of housing, including smaller and more affordable options.

The delivery of infill housing is challenging, particularly when it does not form a significant part of an existing housing market. Barriers include the higher cost of inner-city land, fragmented site ownership, industry capacity to deliver a different type of product, planning and heritage restrictions, and lack of community awareness of different housing products.

This report identifies a series of recommendations to improve the ease, opportunity for, and affordability of infill housing in Tasmania. It recognises that, while there are barriers to achieving a higher proportion of infill housing in Tasmania, this type of housing offers advantages that may improve housing choice, accessibility and affordability for home owners and renters across Tasmania.

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INTRODUCTION

PROJECT BACKGROUND

The Toward Infill Housing Development project was commissioned by the Department of State Growth (State Growth), as an initiative under the Tasmanian Government's Population Growth Strategy, to inform the Tasmanian Government's response to increased demand for well-located, affordable housing within the State's urban centres.

The project also informs objectives under the Launceston and Hobart City Deals, including increased infill development, urban renewal and the delivery of new dwellings.

While this report considers infill housing for the whole of Tasmania, and as a concept can be applied to all urban areas and towns within the State, the focus is on the larger urban centres of Hobart and Launceston.

In this report, references to Hobart and Launceston relate directly to the significant urban areas of those two cities. Where discussions are based on statistical data, specific reference is made to the relevant statistical area, i.e. Hobart SA4 and Launceston and North East SA4.

INFILL HOUSING TYPOLOGIES

WHAT IS INFILL HOUSING?

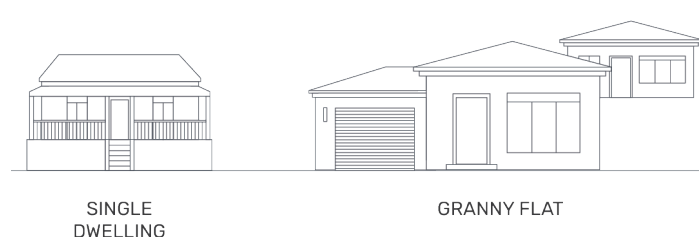
Infill housing refers to the development of new dwellings within an existing urban area.

Infill typologies range from detached houses including multiple dwellings, with generous front and rear setbacks, to duplexes, triplexes, townhouses, row and terrace housing, low to medium rise apartments and ancillary dwellings. Infill housing can be delivered as a single or small-scale development, or as part of a larger, integrated development.

While rates of infill housing have increased in some cities, including Sydney, Canberra and Brisbane, infill housing continues to make up a comparatively small proportion of new housing stock. In Tasmania, the proportion is even smaller at around 15%. Given this lack of availability, infill housing has been referred to as 'the missing middle' or the 'missing' housing typologies from within a city's housing typology spectrum, (Figure 1).

The missing middle considers both the type of housing provided and where this housing is located. Across Australia, dense missing middle housing projects are being delivered, however these projects are often located in master-planned estates on the urban fringe rather than as part of urban renewal projects. The location of these projects on the urban fringe places people further away from employment opportunities, services and public transport. Missing middle housing is most needed closer to the centre of a city where it can leverage off existing physical and social infrastructure and services.

Both Hobart and Launceston are experiencing some redevelopment of their city centres, and significant development on their edges, however there is insufficient development happening in the spatial 'middle' suburbs.



The Missing Middle Transect



Figure 1: The "Missing Middle" typology transect

Gentle Density

"Gentle density is about trying to find ways to make infill housing compatible with its surroundings to support both urban design goals and the delivery of more housing"

WHY IS INFILL HOUSING IMPORTANT?

In concentrating new housing in existing urban areas, and providing a compromise between larger, detached homes and higher density apartments, infill housing supports broader policy outcomes, including improved accessibility; increased housing diversity; and the more efficient and sustainable use of existing infrastructure and services.

For households, infill housing can provide the following benefits -

- » More affordable options for homebuyers and potentially, faster access to home ownership.
- » Proximity to public transport nodes and amenities, facilitating access to employment opportunities and services.
- » Options to downsize and unlock equity in a family home.
- » Greater housing choice, supporting ageing in place.
- » More housing within suburbs of higher demand.

To support equity and affordability, it is also important that cities have a supply of subsidised affordable housing (i.e. social housing) within the inner and middle suburbs of key urban centres.



SO WHAT FOR TASMANIA?

Infill housing is largely absent within the Tasmanian housing market, with the majority of new housing development located on the urban fringe, mostly as detached houses.

Low density housing on the urban fringe is often the most affordable type of housing for many households. It is also the most affordable type of housing for developers to deliver. However, this development pattern comes at a cost. Fringe urban areas are highly car dependant, with limited public transport services. Supporting educational, social, and recreational services are also limited.

For infrastructure providers, low density housing requires the extension and upgrade of economic and social infrastructure, often across many different suburbs. In Hobart and Launceston, the conversion of fringe land to housing has implications for the loss of productive agricultural and resource land, and greenspace.

A greater focus on infill provides opportunities for households to trade off a longer commute with a smaller backyard and better access to major employment centres, key services and facilities.

This could be achieved through a mix of 'gentle density' including ancillary dwellings, small subdivisions and small townhouse typologies, appropriately positioned within existing suburbs, combined with more concentrated nodes of higher density low-rise and medium-rise residential developments, in proximity to high frequency passenger transport services.

Most jurisdictions within Australia have regional planning policies that clearly define infill and greenfield dwelling targets. For example, Sydney, Melbourne and South East Queensland are all seeking around 60% infill versus 40% greenfield.

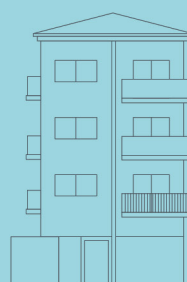
These policies have been specifically developed to limit less sustainable growth at the edge of cities. While Southern Tasmania has a 50% greenfield, 50% infill target, this target has not been enforced across the metropolitan region.



TOWNHOUSES



TERRACES



LOW RISE
RESIDENTIAL
BUILDINGS



MEDIUM RISE
RESIDENTIAL
BUILDINGS

HOUSING CAREERS

The idea of a 'housing career' was first conceptualised within academic literature in the early 1970s and 1980s. A variety of academics noted a strong correlation between stage of life and the type of dwelling an individual or household resides in. Those academics argued that individuals progress through the housing market in response to changing demographic, economic and social circumstances. Generational influence on the property market is shown in Table 1, with a typical housing career shown in Figure 2.

Housing careers are important because like our working careers, they can be disrupted by technology, changing working trends, and changing social circumstances. In Australia, the cost of housing, to buy or rent, is seeing children stay in the family home for longer. Increasingly, people are also challenging the traditional focus on 'bigger and better housing', and instead choosing to invest in alternative housing, which is more convenient and offers access to more job opportunities and amenities.

Housing markets should supply a range of housing types, at a variety of price points to enable households and individuals to access affordable housing, and then move through their housing career within the same suburb, or in proximity to that suburb.

A TYPICAL HOUSING CAREER THAT FOLLOWS TRADITIONAL STEREOTYPES OF THE COMMUNITY WOULD BE AS FOLLOWS:

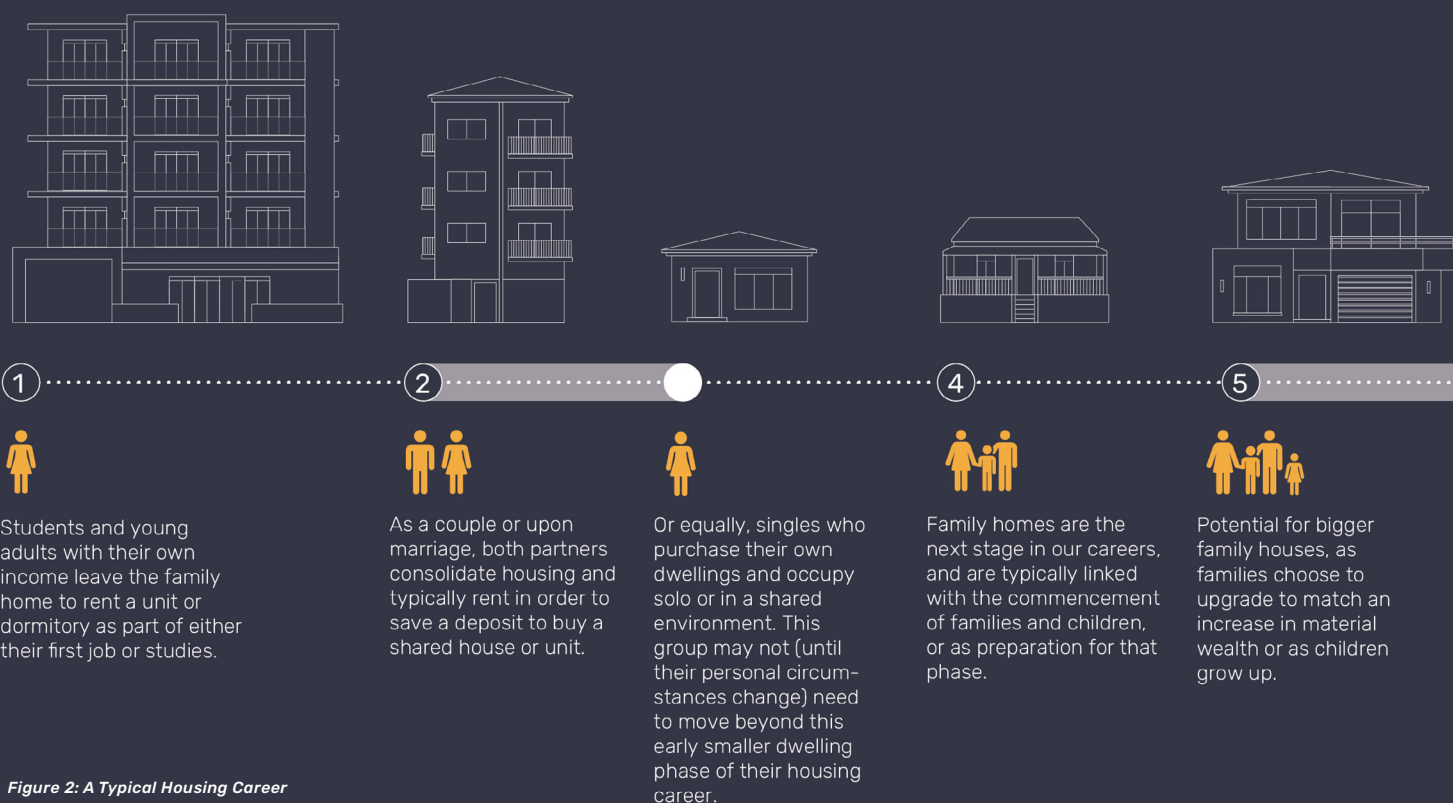


Figure 2: A Typical Housing Career















































DWELLING TYPE/YEAR	2010	2015	2020	2025
STUDENT HOUSING			 	
RENTAL				 
RENT AS A COUPLE/1ST HOUSE	 			 
YOUNG FAMILY OWN		 		
MATURE FAMILY OWN		 		 
BUY 2ND HOUSE		 	 	 
EMPTY NESTER		 	 	 
RETIREMENT HOME		 		

Table 1: Generational Influences on the property market

LEGEND



GENERATION Z 1995 - 2010



GENERATION Y 1980 - 1994



GENERATION X 1965 - 1979



BABY BOOMERS 1946 - 1964



BUILDERS 1925 - 1945



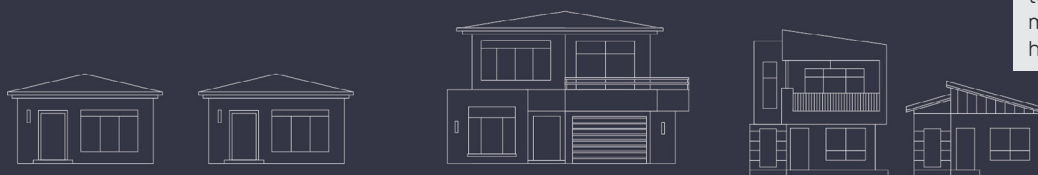
SO WHAT FOR TASMANIA?

Affordable housing is more than just about price. It is about what people can afford relative to their income, and where housing is located in relation to work, schools, family and services.

In constructing new houses, there needs to be a better understanding of 'who' will occupy and buy future housing. Table 1 shows housing trajectory by generation over time. For most Australian capital cities, Gen-Y and Gen-Z will soon be the primary buyers of many forms of housing.

These groups have different aspirations and values when it comes to urban life, and these values need to be tested against the type of housing that is being delivered. It is likely that these groups will demand smaller and more affordable housing, and may be interested in different housing typologies compared to past buyer groups (e.g. baby boomers and Generation X).

This type of housing is also closely aligned to two of Tasmania's key housing market cohorts – persons aged 65+ and international students, both of which are likely to be seeking smaller, lower-maintenance, more affordable housing options, close to services.



6

7



Diversions to the typical housing career can occur due to marriage breakdowns, which either resets or moves people back in their housing career, or both halves end up with duplicate housing to accommodate children when visiting.

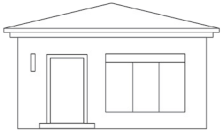


The housing career continues until children then leave the family home. It is only at this point that people choose to consume less housing during the later part of their life when a substantial dwelling may no longer be appropriate.



The final steps are then downsizing and moving into serviced accommodation, either being retirement housing or aged care. As individuals age, housing options change to no longer match wealth but rather to accommodate health care and lifestyle needs.

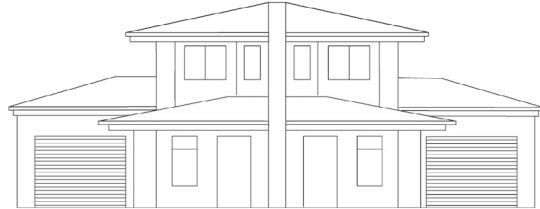
TYPES OF INFILL HOUSING



Minimum, Micro & Small Infill Lots

Micro or small lots are parcels of land smaller than the minimum lot size specified in the relevant zone provisions. In Tasmania, the minimum lot size in the General Residential Zone is currently 450m², and 325m² for multiple dwellings, and 200m² in the Inner Residential Zone.

The development of smaller lots for housing often requires a flexible approach to setbacks, site cover and carparking requirements. From a design perspective, best practice suggests that the smaller the lot, the more considered the house design needs to be, to ensure the highest and best use of allocated space.



Duplex

A duplex is a residential building containing two houses that share a common central wall. The pair of homes are either strata titled or exist on separate titles and can be owned and sold separately by non-related households. The two dwellings may be beside one another or above one another.

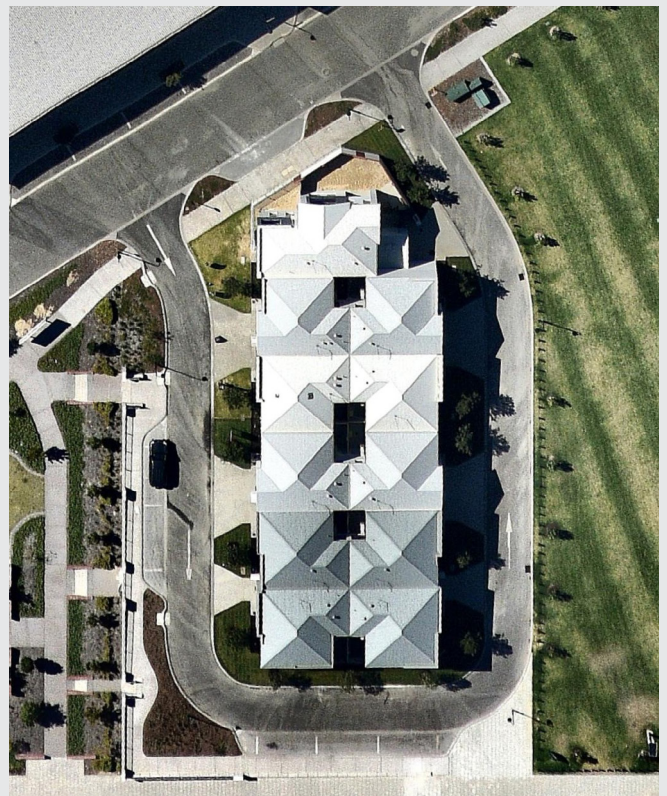
Each house is a separate home with its own entrance, amenities and yard.

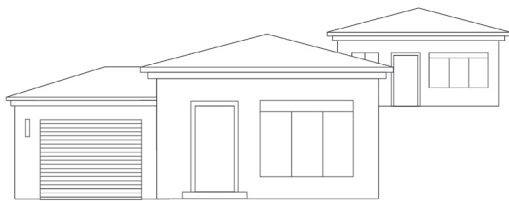
Case Study - Micro lots

A 'micro lot' housing project was launched in April 2018 in Ellenbrook in Perth's north-east. The housing plans included a two-bedroom, two-bathroom layout, or a two-by-one on 80m² blocks of land.

The pilot project is a joint venture between the WA Government, developer LWP Property Group and home builder Now Living.

Reference: <https://www.nowliving.com.au/80-ellenbrook/>





Ancillary Dwellings

An ancillary dwelling refers to a second house less than 60m² on a lot containing an existing house where both dwellings form part of the same title.

Ancillary dwellings can be delivered under existing planning controls and without the need for regulatory change. They can be separate, attached or within the main residence. Ancillary dwellings are an affordable housing option and genuine form of incremental infill, providing an opportunity for property owners to unlock the equity they may have in their property.



Low-Medium Rise Apartments

Low-rise typically accounts for residential apartment buildings of up to 4 storeys, while mid-rise can include 5-7 storeys. These buildings contain dwelling units that share common property and are strata titled. The boundary of each unit is defined by floors, walls and ceilings.

Access to each unit is usually through common property, and units are typically located above ground level or semi-basement car parking. Units have private open space and access to communal facilities, dependent upon the number of dwellings within the building.

Case Study - Granny Flat

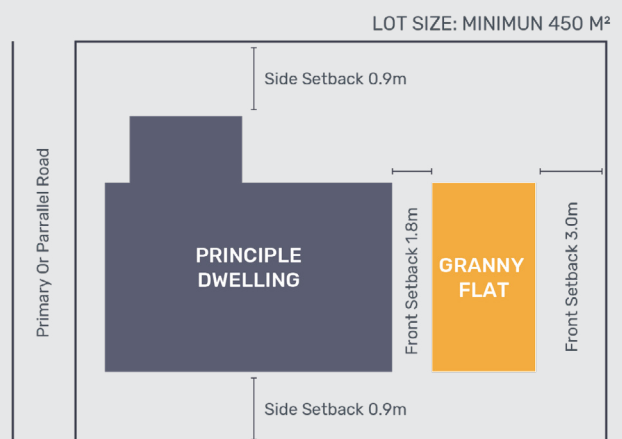
Granny flats, or ancillary dwellings are seen as a positive way to add value and flexibility to a home and increase the number of affordable dwellings available in the rental market.

In 2009, the New South Wales Government released the Affordable Housing State Environment Planning Policy (SEPP), which allows all residential home owners with a property larger than 450m² (and with a minimum 12m street frontage) to build a granny flat on their property. The construction of granny flats on these types of lots is a complying development and does not require a full development application or approval.

Minimum Site Requirements:

- » Property must be a minimum of 450m² in area;
- » Property must have residential zoning;
- » Property must have a minimum 12 metre width at the building line of the existing dwelling. If the property does not meet this requirement it there is an ability to apply for an attached granny flat;

- » Maintain a 3m setback from the rear, 0.9m setback from the side boundaries;
- » Maintain a distance of 3m from any existing trees over 4m in height; and
- » Maximum 60m² external area for the granny flat.





Terrace /Row Houses

Terrace and row houses are visually attached dwellings on a strata or separate (freehold) lots, located beside each other and appearing as a row of attached houses, sometimes gaining access from a rear lane. This type of housing is typically approved in combination with a subdivision (reconfiguration of a lot), and may have shared common walls or separate built-to-boundary walls.

Each dwelling has a ground level and its own entry from the street, and appear as separate houses to the street, with a height typically not exceeding three storeys.



Shop Top Housing

Shop-top housing refers to attached housing in varying forms above ground floor retail or commercial uses. Shop top housing offers an alternative to more traditional housing types and contributes to the economic and social vitality of village and city centres. Shop-top housing is somewhat location sensitive. It generally works in areas with particular attributes, including linear retail strips along feeder or arterial roads, sites close to major infrastructure, such as a CBD or university; and areas with good public transport connectivity.

Case Study - Terrace Houses

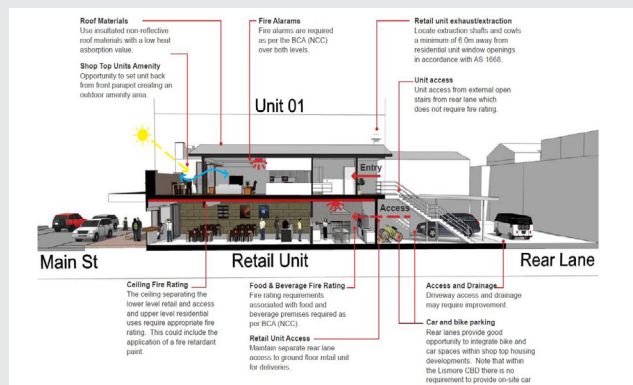
Envi Micro Urban Village is an architect-led development located in Southport, on the Gold Coast. The development has seen the conversion of a single suburban lot into ten affordable terrace homes, comprising micro terraces (two bedrooms), 'urban pods' (two bedrooms), a 'village home' (three-storey, three-bedroom house), and 'pico pod' (one bedroom).

The development features what are believed to be some of the smallest freehold residential lots available in Australia, with the smallest lot being just 38m². This lot houses a 67m² residence. Seven of the ten lots were purchased by new home buyers, supporting an objective to provide affordable housing options.



Case Study - Shop Top Housing

Lismore City Council's 'Lismore Housing Strategy' identified CBD housing as a key component to improving housing options, and in 2015 Council brought together a focus group to look at barriers related to shop-top housing. As a result of the feedback, Council worked closely with property owners to help meet fire regulations, which can be complicated and costly. Council also released a community brochure outlining how building owners can address the major issues that have inhibited shop-top housing development in Lismore, especially in the CBD. This guidance is aimed at encouraging more housing, particular smaller types of accommodation within the city centre. Council also adopted a policy that waived carparking and Section 94 and 64 contributions and fees for shop-top housing to incentivise this type of development.



A PRECINCT APPROACH

In 2008, the Queensland Government identified the opportunity to develop new generation housing products for the Brisbane market, using surplus Government land. The final product, the master-planned 'Fitzgibbon Chase' estate, located 13km from the Brisbane CBD was facilitated by a state-owned development company, the Urban Land Development Authority (ULDA – now renamed Economic Development Queensland).

The ULDA developed the policy and design guideline, 'Res30' Code, to facilitate new housing at 30 dwellings per hectare. This was achieved through a mix of smaller detached housing, terrace housing, and a limited amount of low-rise residential units.

Housing within the project was delivered by partner builders, who essentially 'bought' land off the ULDA. Given the small size of houses (e.g. houses that fit onto 6m wide lots), significant innovation was required to deliver a high quality product.

Housing on the estate was sold on the open market with no pre-eligibility criteria, and was essentially affordable by design, with smaller housing and lot sizes. The project served as a useful display village for local government and developers. It has proven an effective tool in the South East Queensland context, demonstrating the 'missing middle' housing options, with a number of Local Governments subsequently adopting Res30 principles into their planning schemes.

The project has also seen significant capacity building within the housing sector, which has had flow-on effects for other developments in the region.



THE TASMANIAN HOUSING MARKET

Across Australia, households are spending more of their income on housing than in previous decades. Home ownership rates are falling for all age groups under 65, particularly for the young and those on lower incomes (Grattan Institute 2018). For many individuals and households, owning a home or finding secure, long-term rental accommodation comes at a significant financial and personal cost.

In Tasmania, demand for housing has increased significantly in recent years. It is now increasingly difficult to enter Tasmania's housing market, to own or rent, particularly in the inner and middle urban areas of Hobart and Launceston.

The factors contributing to the current housing situation in Tasmania include:

- » Over the past decade house price growth for renters and owner occupiers has surpassed income growth, creating a need for more affordable housing options.
- » Interstate and overseas migration and the number of international students studying in Tasmania, have both increased. This has placed additional demand on the housing market.
- » Tourist visitation has increased, with flow-on effects for how existing houses are being used (i.e. conversion of rental properties to short-stay accommodation).
- » An ageing population, with limited alternative and affordable private housing options to support downsizing.
- » The way people are living is changing, resulting in demand for housing that provides a range of housing types to match housing careers.



10.2%

of Tasmanian renting households spend over 30% of their income on rent

43.0%

of suburbs within Hobart are spending over 25% of their income on mortgage repayments



9.7%

Median rent increase in Southern Tasmania

7.0%

Median rent increase in Northern Tasmania

Source: Tenants' Union of Tasmania (TUT) 2019, Tasmanian Rents: March Quarter 2019.

THE COST OF HOUSING

Tasmania's major urban centres are currently experiencing very high demand for housing, both to own and rent. Growth has been particularly high in Hobart, with the city experiencing an increase in median sale price from \$359,000 in June 2012 to \$483,750 in March 2018 (refer to Figure 3).

Growth in household incomes has not kept pace with growth in the cost of housing. Between 2006 and 2016, annual household income increased 3.2% in Greater Hobart to \$64 000 and 2.9% in Launceston to \$53,000 (refer to Table 2). Over the same period, median mortgage repayments and rent for both cities increased at a higher rate. In Hobart, mortgage repayments and rent increased 3.7% and 5.7% respectively, while in Launceston the increase was 3.8% and 5%, respectively (refer to Table 3).

SA4 Region	2006	2011	2016	CAGR 2006 - 2016 (% p.a)	2018*
Greater Hobart	\$46,904	\$55,224	\$64,064	3.2%	\$68,186
Launceston	\$39,468	\$46,540	\$52,780	2.9%	\$55,939
Greater Sydney	\$60,996	\$75,088	\$90,792	4.1%	\$98,310
Greater Melbourne	\$56,680	\$69,212	\$80,028	3.5%	\$85,744

Table 2: Median Income and Growth 2006-16
Source: ABS Census (2016)

SA4 Region	Payment Type	2006	2011	2016	CAGR
Hobart	Median mortgage repayment	\$11,700	\$17,160	\$16,824	3.7%
	Median rent	\$7,800	\$12,220	\$13,520	5.7%
Launceston	Median mortgage repayment	\$10,404	\$15,600	\$15,120	3.8%
	Median rent	\$6,760	\$9,880	\$11,024	5.0%

Table 3: Median Annual Household Income and Growth (2006-2016).

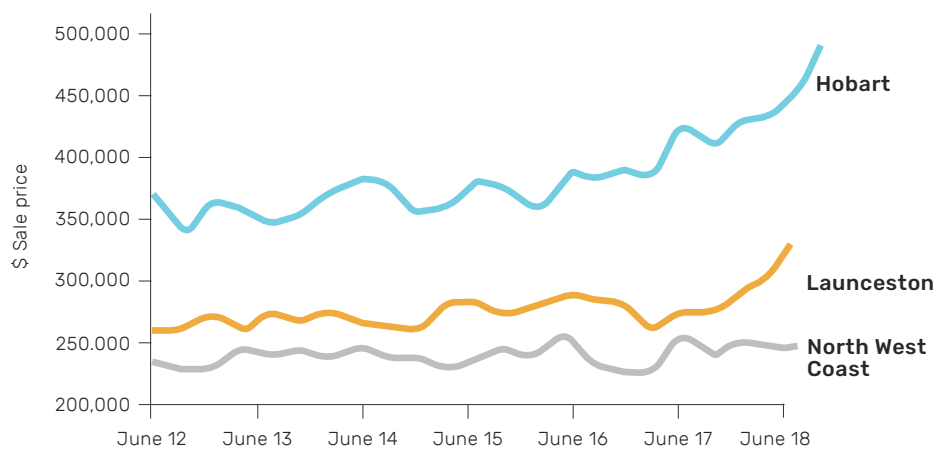


Figure 3: Median sale price in Tasmania regions
Source: REIT Property Update, quarterly reports

Market indicators continue to identify Tasmania as having one of the tightest rental markets in Australia. Vacancy rates have dropped to around 1.4% in Hobart since June 2012 (Figure 4). The average proportion of household income spent on rent in Hobart is 28.1%, the second highest of any capital city (Table 4). Table 5 shows the high number of suburbs across Tasmania spending more than 25% of their income on rent.

Rising rents reflect a shortage of private rental accommodation, with increased competition for fewer houses. Rental demand and costs are higher in inner city areas, which are more attractive in terms of access to work, schools, public transport and other services.

Escalation in median sale price and rental payments in Tasmania has proven positive for owner occupiers and investors but has impacted on housing affordability. For households on lower-incomes, finding a house with affordable rental is difficult. Anglicare's Rental Affordability Snapshot for 2019, found only 22% of listed rental properties were appropriate and affordable for persons on income support payments, while just under half were affordable for families on the minimum wage.

The report also found a 60% reduction in listed rental properties since 2013.

Infill housing can play a key role in addressing problems of housing shortage and affordability, increasing both total available housing stock, and delivering smaller, more diverse and more affordable housing options.

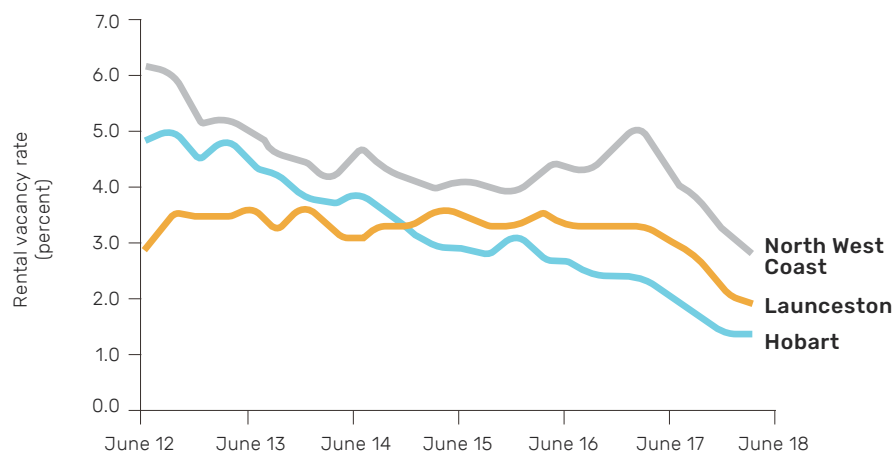


Figure 4: Vacancy rates in Tasmania regions (%)
Source: REIT Property Update, quarterly reports

STATE	MARCH QTR 2018
NSW	30.10%
TAS	28.10%
VIC	23.80%
QLD	23.10%
NT	22.50%
SA	22.40%
ACT	18.50%
WA	16.30%

Table 4: Proportion of Family Income Required to Meet Rent Payments
Source: Real Estate Institute of Australia, Housing Affordability Report, March Quarter 2018

%	AREAS
30-35%	Hobart, Elizabeth Town, Greens Beach, Exton, Cuprona, Deep Bay, Kayena, Maydena, Kellevie, Meander, Bellingham, Coles Bay
25-30%	Hellyer, Kindred, Falmouth, Frankford, Huonville, Burnie, Leith, Bicheno, De-loraine, Launceston, Calder, Juddbury, Chigwell, Lebrina, Huntingfield, Grove, Latrobe, Grindelwald, East Devonport, Clarence Point, Beauty Point, Devonport, Geeveston, Bridport, Golden Valley, Adventure Bay, Lutana, Deviot, Forcett, Bellerive, Lindisfarne, Berriedale, Cygnet, Kingston Beach, Eggs And Bacon Bay, George Town, Kempton, Cradoc, Campania, Low Head, Austins Ferry, Kings Meadows, Lanena, Howrah

Table 5: Proportion of Family Income Required to Meet Rent Payments - Tasmanian Local Govt Areas
Source: Real Estate Institute of Australia, Housing Affordability Report, March Quarter 2018

**TIGHTEST
RENTAL
MARKET**
in Australia



1.4%

Vacancy rate in Hobart
(May 2019)



1.9%

Vacancy rate in Launceston
(May 2019)

BALANCING GREENFIELD AND INFILL DEVELOPMENT

Australia's cities are characterised by urban sprawl, which has dominated residential development patterns for decades. Tasmania's urban centres have followed this trend. Separate houses account for 85% of total housing stock in Hobart, and 87% in Launceston, compared nationally with 66%.

Figure 5 provides a comparison of medium density housing stock between Hobart and other capital cities. Smaller capitals, including Canberra, Darwin and Adelaide all have 27-36% of their dwellings as medium density or apartments, compared to Hobart at only 15%.

Most interstate metropolitan cities now have infill growth targets of between 60-70% of all new housing. The Southern Tasmania Regional Land Use Strategy adopts an infill/greenfield ratio of 50/50. It is unclear how the Region is tracking towards this 50/50 target, however, anecdotally and based on the location of growth across Greater Hobart, it is reasonable to assume that development has not moved far from the original 85/15 ratio since 2010.

Figure 6 overleaf shows building approvals in Greater Hobart for the year to April 2019. Nearly all higher growth areas are located on the urban fringe, including Kingston, Margate, Brighton and Sorell. Inner Hobart recorded a high number of new dwellings, however a significant number of these were non-detached buildings, including units, apartments and townhouses.

Greenfield development requires the conversion of large areas of land, often for low-density housing, together with the provision of new and expanded infrastructure to service new residential areas.

In Tasmania, this land is often productive agricultural land and/or has greenspace and environmental values. Based on a density of ten dwellings per hectare, every hundred houses delivered as infill would avoid the conversion of ten hectares of land.

While housing development on the urban fringe is more costly for governments and the community, it does deliver affordable housing options and it does support a housing product – single dwellings on a larger block – which many households still prefer. From an industry perspective, it is also an easier form of housing to deliver, with less complexity and lower risks for developers compared to more constrained, inner-city sites.

The key for any housing market is to achieve an appropriate balance between infill and greenfield housing. Tasmania's very high proportion of greenfield development suggests a greater focus on infill opportunities and stronger enforcement of infill ratios, would be appropriate.

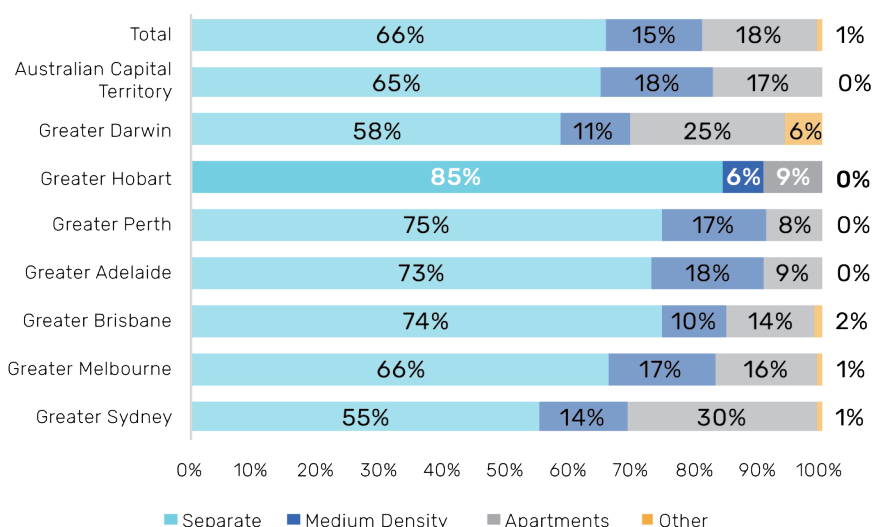


Figure 5: Housing stock in Australian capitals
Source: ABS Table Builder – Dwelling Structure by Greater Capital City Statistical Area (2016)

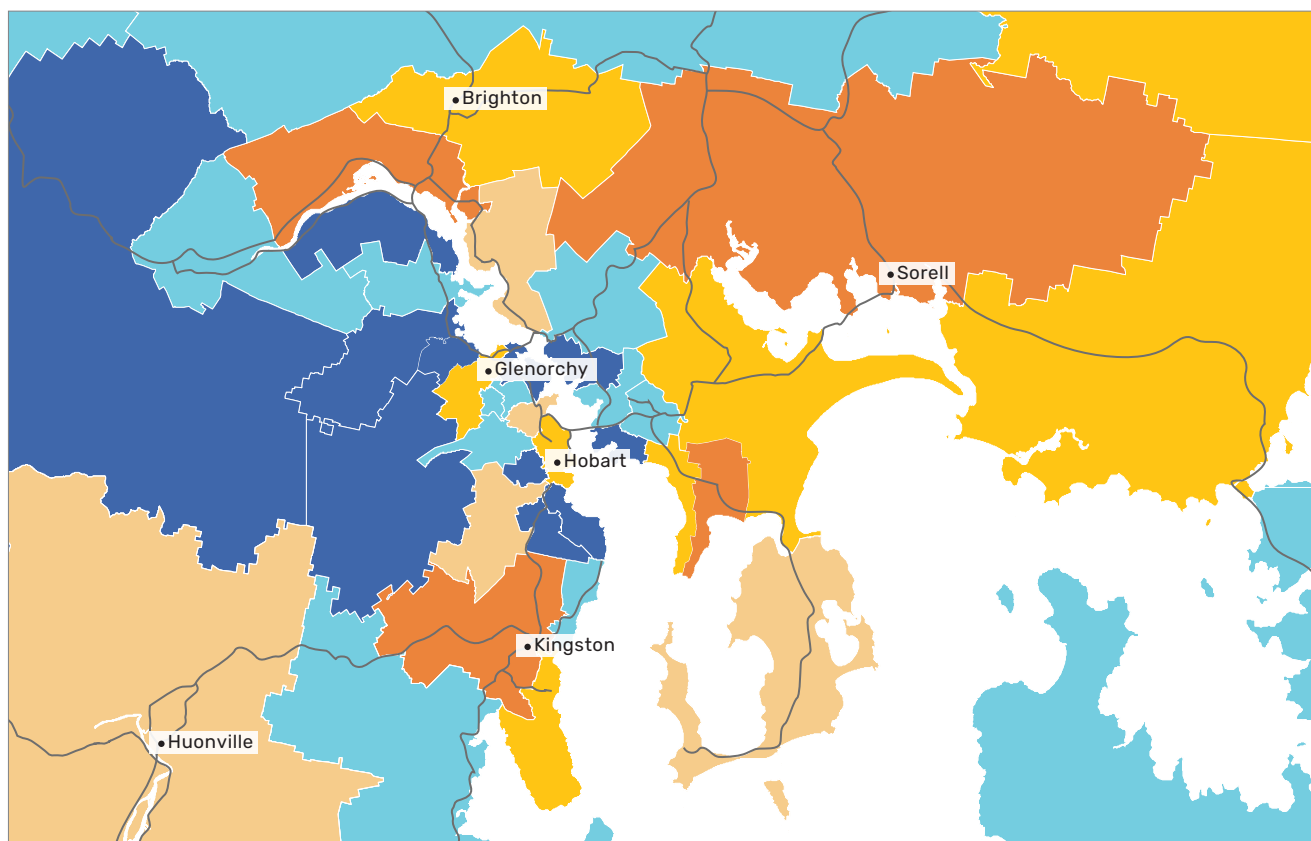


Figure 6: Building Approvals in Greater Hobart for the year to April 2019.

Total New Houses & Other New Residential Buildings (2018-19)	
	0 -10
	11 - 30
	31 - 50
	51 - 70
	71 - 158

WHO IS DRIVING HOUSING DEMAND

House prices and competition for rental properties have increased significantly in Tasmania's urban centres, particularly Hobart. While the factors driving higher demand and higher housing costs are complex, two market segments are having an impact on total demand and how existing houses are being used.

Between 2002 and 2018, the number of international students attending university or TAFE institutions in Tasmania increased five-fold. These students require accommodation. Inner-city apartments and houses, close to tertiary institutions, transport and services, are likely to be most attractive to this group.

In addition, the number of tourists visiting Tasmania has continued to increase. Consistent with broader market trends, many tourists are now seeking short-stay accommodation in private houses. This has led to the conversion of some houses and rental properties to short-stay accommodation, further reducing housing supply.

The flow on impact is a complex mix of people being forced in and out of rental housing, due to an inability to purchase, to meet rental price increases or to find suitable accommodation as supply reduces. This ultimately changes the shape and function of local communities.

TASMANIA'S POPULATION

The age and movement of people into and out of Tasmania has direct implications for housing demand.

Between 2006 and 2016, the population of Tasmania increased by almost 30,000 residents (2,830 per annum based on estimated residential population), at an average annual growth rate of 0.62%. Growth was much more prominent over the first five years (2006 -2011) expanding by 4,044 residents per annum, which slowed to a more subdued rate of 1,614 additional residents per annum between 2011 and 2016. Since the Census, estimated residential population (ERP) data from June 2016 to June 2018 shows that trend reversing with significantly increased annual growth of over 5,000 persons in 2017 - and 6,000 in 2018 or 1.15%, which is the fastest growth rate in a decade.

This increase has not yet been reflected in significant changes to the typology of housing provision as might be expected. However, growth is beginning to test the existing dwelling mix and density across Tasmania.

Historically, Tasmania's population growth has been driven by natural increase. But with an ageing demographic and a median age of 42 years (as at June 2016), the predominant source of growth is now interstate and overseas migration. Interstate migration patterns in particular, tend to be closely aligned with economic conditions. Periods of strong economic growth in Tasmania have coincided with higher rates of migration, while weaker periods have resulted in higher numbers of people leaving the state.

However, migration is also influenced by a range of other factors, including individual decision making and relative conditions in other jurisdictions. Accordingly, migration patterns are somewhat volatile, creating challenges for service and infrastructure planning.

MARKET TRENDS AFFECTING INNER-CITY HOUSING SUPPLY AND AVAILABILITY

THE IMPACTS OF TOURISTS AND VISITOR ACCOMMODATION

In 2018, Tasmania recorded 1.32 million visits, up 4% from 2017. The number of international visitors increased 11% to 308,800, and interstate visitors by 5% to 1.11 million. Visitor expenditure increased by 5 % to \$2.46 billion.

There has been significant discussion of the role Airbnb and other short stay accommodation platforms have had on Tasmania's private rental market. Currently, there is limited data on the extent to which private houses in Tasmania's urban centres have been converted from long-term rental to short-stay accommodation. The University of Tasmania's Institute for the Study of Social Change estimated that, between 2017 and 2018, 6% of private rentals in the Hobart LGA were converted to short stay accommodation. In the eighteen months to January 2018, it also estimated that the number of entire homes in Hobart listed on Airbnb increased from 250 to 876.

Despite a lack of data, it is clear that the popularity of short-stay accommodation has increased significantly in Tasmania, reflecting national and global trends, and that many more visitors to Tasmania are now using short-stay accommodation options.

The Tasmanian Government recently introduced legislation to require people listing short stay accommodation to demonstrate that they are complying with existing planning requirements.

The *Short Stay Accommodation Act 2019* delivers a data sharing partnership with booking platforms that offer short stay accommodation in Tasmania. The Act applies to both new and existing property listings in residential areas, and requires certain information about the property, including permit numbers, to be supplied to the website operator.

The Act serves two important roles. It ensures that everyone is 'playing by the rules' in relation to the current permit requirements for short stay accommodation, and gives a clear picture of the extent that housing, including former long-term rental accommodation, is being used for short stay accommodation in Tasmania.



1.32M

Tourist visitations in 2018



4%

INCREASE

from 2017



5,245

LISTINGS

on airbnb

TASMANIAS STUDENT POPULATION

In 2018, Tasmania had a total student population of just over 31,500 students in higher learning institutions and vocational education training. Of this total, 10,300 were international students, comprising 33.7% of all students. This represents a 504% increase in international student enrolments from 2002.

Hobart currently accommodates 87% of Tasmania's international student population (Figure 7). This figure is likely to increase as the University of Tasmania (UTAS) has indicated it plans to almost double its international student enrolments across its Hobart and Launceston campuses to 10,000 students. Planned investment in both the Hobart and Launceston campuses, which includes relocation of the existing Launceston campus to an inner-city site, may see even higher growth.

International students have the option of staying within University-owned student accommodation, or entering the private rental market. Unlike local students, they do not have the option of staying within the family home.

As of 2018, UTAS had 1,100 available University supported rooms in Hobart. These rooms are available to all international, interstate and regional Tasmanian students studying at the university

Over recent years, UTAS has purchased a number of inner-city sites for conversion to student accommodation, including two hotels. It also recently purchased the 1.2 hectare K&D site, which occupies a full city block in central Hobart. This site will be redeveloped for accommodation and teaching facilities.

Despite these purchases some students will need to enter the private rental market, which is currently experiencing very high demand. Infill housing provides an opportunity to develop smaller-scale housing in the inner-city, which can be adaptable to students and other household types (for example, lone person households and younger workers).



31,500

Students in Tasmania

1709

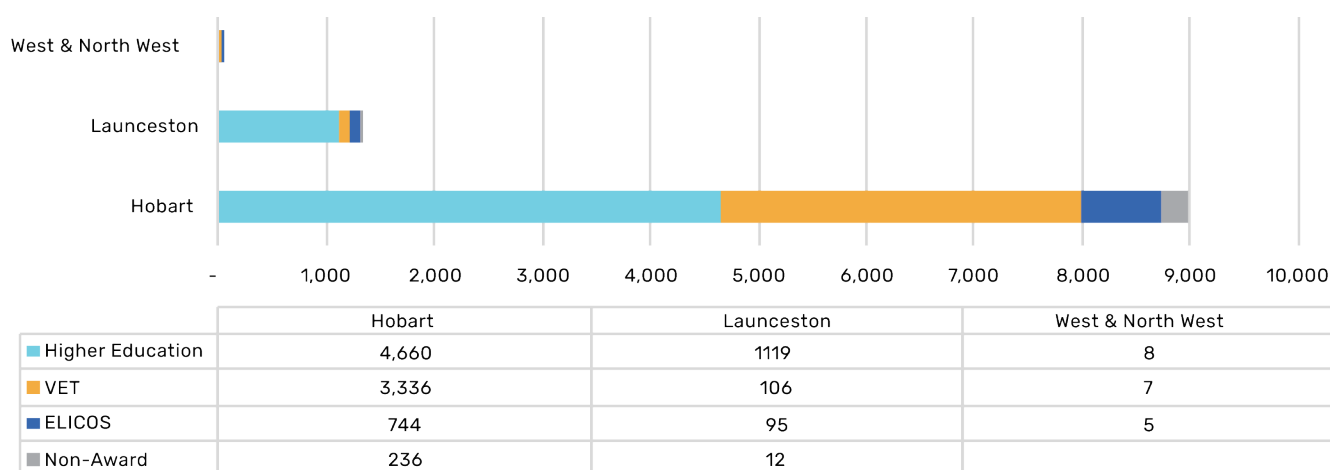
International Students
in 2002

10,300

International Students
in 2018



504%
INCREASE



VET: Vocational Education and Training.

ELICOS: English Language Intensive Courses for Overseas Students.

Non-Award: Refers to enrolment in subjects that do not count toward a degree program.

Figure 7: International student enrolment in Tasmania by institution and SA4

Source: Tasmanian Department of Education and Training – International Student Enrolments International student enrolments by Australian Statistical Geography Standard (ASGS) SA4 region (2018)

THE IMPACT OF AN AGEING POPULATION

Tasmania's population is older than the national average. Between 2006 and 2016, Tasmania recorded the largest increase in median age from 38.9 to 42 years.

Population growth remains highest in the 65+ age cohort, which increased by 27,600 residents between 2006 and 2016 (Figure 8), followed closely by the 50 to 64 age cohort (+15,279 residents). In contrast, Tasmania is experiencing population decline in the 0 to 19 and 35 to 49 age cohorts (i.e. young families).

Much of Tasmania's new and existing housing stock has been designed for younger families or first home buyers, that is, detached dwellings on larger lots. This has resulted in a shortage of smaller, more accessible housing options for older people.

Ageing in place refers to housing typologies that support or allow older people to remain in their established community, including by staying within their family home, down-sizing to a smaller dwelling, or relocating to a seniors' living community. Ageing in place allows people to retain a relatively high level of control over their lives, as they can continue to live in their existing home or suburb. Those who are accustomed to satisfying basic needs, such as shopping, personal care and doctors in their own neighbourhoods, often find comfort in being able to manage these necessities independently.

If suitable housing is available, downsizing can occur at the earlier end of the ageing spectrum, allowing the option for empty nesters and those seeking alternate accommodation to release capital and equity by moving into a smaller dwelling. Economic arguments in support of downsizing have been made on the basis that there are quantifiable benefits to freeing up family sized housing assets currently owned or rented by seniors.

Downsizing means different things depending on a household's income, social background and existing housing situation. Although the term downsize has an association with smaller homes, research suggests many prospective downsizers don't necessarily envisage a reduction in their overall living area, which is seen as important to support visiting friends and family, and grandchildren, but they may require fewer bedrooms and smaller gardens. This type of housing move is also sometimes referred to as 'right sizing'.

The Tasmanian housing market has been slow to respond to the changing aspirations of downsizers and previous research has highlighted a particular shortage of general needs housing for downsizing (i.e. homes that are not purpose built or age exclusive). Many of these typologies tend to fall into the missing middle identified earlier in this report.

Although some private sector providers have begun to develop age friendly products specifically marketed at downsizers, these developments tend to be in desirable locations and targeted at more affluent occupants with prices at the upper end of the market. In contrast, those in the lower to middle market (i.e. without high value assets) and those living outside higher value areas (such as inner city Hobart) may face very limited choices when it comes to downsizing.

SO WHAT FOR TASMANIA?

In Tasmania, a lack of alternate, smaller, accessible, and low maintenance housing options may mean older people are unable to transition to more suitable, independent housing in locations of their choice.

The Tasmanian housing market needs to better support downsizing opportunities, including at the empty nester and retiree stages of life. Appropriate downsizer housing types include ancillary dwellings, townhouses and houses on small infill or micro lots.

The provision of more downsizer housing will free up existing housing stock and support the redevelopment of existing underutilised housing stock.

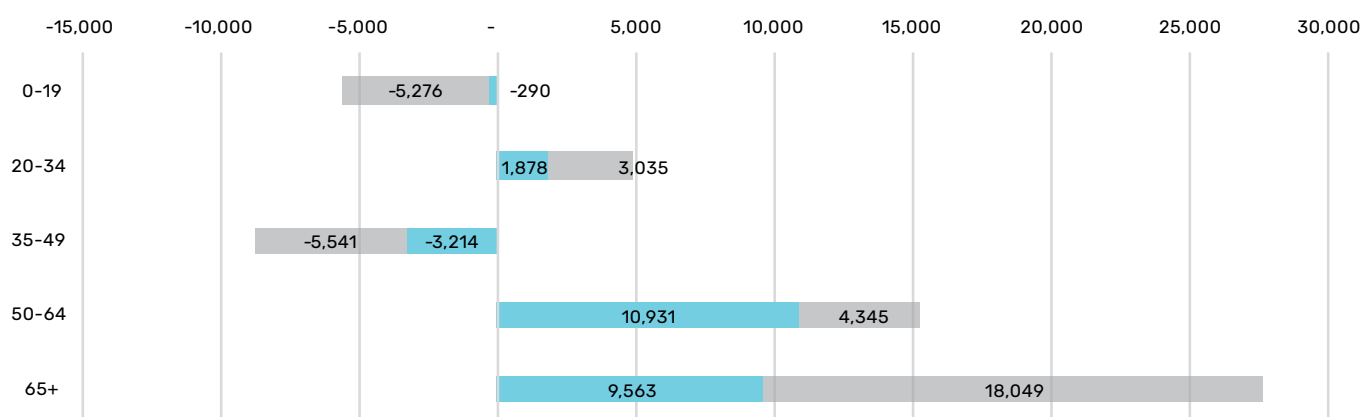


Figure 8: Population growth and decline by age cohort (2006-2011 vs 2011-2016)
Source: ABS Census (2006-2016).

SOCIAL HOUSING ROLE AND OBSERVATIONS

A lack of affordable housing has the greatest impact on vulnerable groups within society, who are least able to access the private housing market. This includes people on low or fixed incomes and long-term renters. These groups form a high proportion of households across Tasmania.

Social housing is a critical component of any housing market, particularly during periods of rising costs (to buy or rent) and declining supply of affordable housing options.

Housing Tasmania provides affordable and secure housing for Tasmanians on low incomes or with special needs who meet certain criteria. The extent of Tasmania's waiting list for social housing remains an issue. As of December 2018, there were approximately 3,233 Tasmanians on Housing Tasmania's Housing Register.

Whether it be for social housing, crisis accommodation, subsidised rental or purchasing of new properties for social housing, the Tasmanian housing market's ability to deliver housing for vulnerable people is facing significant challenges.

Many mainland states have sought to provide an increased social housing stock by delivering more diverse and compact forms of housing. These projects tend not to be limited by standard planning code requirements or regulatory approval processes. In Tasmania, affordable housing developments are required to follow the same planning processes applying to the private housing market, unless it is a site identified by a Housing Land Supply Order, which provides a fast-track process to rezone government owned land for residential development.

In the absence of mandatory or opt-in policy targets, affordable housing will continue to be a low priority for developers.

The challenge for Housing Tasmania has been to work within the State's land use planning framework to deliver a range of affordable housing options, including through innovative redevelopment projects. The introduction of the Housing Land Supply Act in September 2018 has been important in providing a more flexible approach to developing affordable housing projects within Tasmania. Ongoing planning reform will improve the effectiveness of land release and promote affordable housing through a greater array of housing options.

Government-led mandated spatial planning strategies that promote housing affordability, including inclusionary zoning which identifies percentage targets for affordable housing within major new developments, can be an efficient and equitable mechanism for encouraging affordable housing development.



BARRIERS TO DELIVERY

THE COMPLEX NATURE OF DEVELOPMENT, MARKETS AND PLANNING

The delivery of new housing carries significant risks for developers, who must anticipate consumer demand, secure land, negotiate financing, navigate planning and building approval requirements, manage the construction process and eventually sell to the market at the price originally budgeted for.

These risks are higher for infill housing, which attracts additional development constraints, including higher land and construction costs, and greater difficulty in meeting planning and building requirements.

If the risks are too high at any stage, for either the developer or a third party, such as a bank, the development will not proceed.

The housing market, particularly for new products, is a supply and demand model. Developers must determine, ahead of time, where people want to live, what type of housing they want, and how much they want or can afford to pay.

In some instances, demand occurs ahead of supply and these are the easiest markets to deliver in, because sales and location risks are significantly reduced. This type of market has occurred in Sydney, Melbourne and Brisbane in recent years.

From a developer's perspective, greenfield sites are the cheapest and easiest sites to develop, despite the requirement to construct or extend new infrastructure and services. Land parcels in greenfield areas tend to be larger, supporting economies of scale in development; land is cheaper and generally vacant; subdivisions and houses can be more easily designed to meet planning and building requirements; and there is reduced likelihood of community opposition.

In contrast, most infill housing is more costly and complex, reflecting the need to develop within existing, often constrained urban sites. Inner-city land prices are higher and it can be difficult to find suitable sites, including sites large enough to support economies of scale. Infill sites are often constrained in terms of size or adjacent buildings, meaning some relaxation of planning and building regulations, such as carparking spaces and boundary setbacks, is often required. Good housing design is more important to ensure houses 'fit' the character of an existing area.

In 2012, the Australian Housing and Urban Research Institute (AHURI) undertook a comprehensive study to research and quantify the typical barriers to the delivery of infill housing within Australia (see Table 6). The research demonstrates the substantial barriers facing infill development, across all stages of the development cycle, and these barriers remain relevant today.

Key barriers as these relate to the Tasmanian market, are discussed below.

Major Barriers and Hurdles to Infill Housing	
Site Identification	<ul style="list-style-type: none"> » Supply of suitable sites; » Land values; » Existing, prescriptive zoning system; and » Public land availability.
Site Assembly	<ul style="list-style-type: none"> » Fragmented ownership; » Difficulties in redeveloping strata developments; » Owners refusing to sell; » Contamination; and » Land speculation.
Feasibility Appraisal	<ul style="list-style-type: none"> » Lack of demand for infill housing products; » High construction costs above three storeys; » Extent of revenue required to make development feasible given land values and construction costs; » Unrealistic land value expectations; » Height and density restrictions; » Developer contributions to infrastructure both cost and uncertainty; and » Cost and availability of finance.
Development Approval	<ul style="list-style-type: none"> » Duration and uncertainty of approval process; » Complexity of approval process; » Community opposition at strategic and development approval stages; » Extent of environmental approvals; » Infrastructure cost and capacity; and » Uncertainty when dealing with infrastructure providers.
Development Finance	<ul style="list-style-type: none"> » Required loan to value ratios; » Lack of funds available, particularly to smaller developers; » Banks' risk mitigation strategies; » Securing necessary pre-'sales' to prove to banks there is a market for the product; and » Structure of joint venture agreements not providing an exit strategy for banks.
Construction	<ul style="list-style-type: none"> » Construction costs especially when building over three storeys; » Availability of labour—competition from other sectors; » Flexibility of labour—lack of skills to deliver projects above two storeys; and » Infrastructure contributions—charging structures.
Sales	<ul style="list-style-type: none"> » State of the residential market—owner purchaser, investor and private rental market; » Strength of overseas demand—particularly for new apartments and pre-'sales'; and » General economic conditions.

Table 6: Major barriers and hurdles to infill housing

Source: AHURI, 2012

COMMUNITY RESISTANCE TO DENSITY

Infill housing provides benefits for both cities – reduced urban sprawl, better use of existing infrastructure and services, new community assets – and households – improved access to employment, schools and public transport, more diverse and affordable range of housing options. However for some local communities, the nature and scale of proposed or delivered infill housing can generate opposition and concern. These concerns include overcrowding, overshadowing, local traffic congestion and changes to the 'character' of an area.

Often, these concerns reflect a lack of understanding regarding infill development, past poor experience with infill developments, and a broader lack of awareness regarding different housing products.

Infill development needs to be consistent with the character of a suburb, and add to the qualities of a site and area. Poorly designed infill development is a key issue within the Tasmania market. In the past, developers have attempted to fit oversized and poorly designed dwellings into backyards, sometimes resulting in significant loss of amenity for neighbouring properties.

Demonstration projects are important in showing communities what good quality infill housing looks like and how it can be effectively integrated into a local area. Demonstration projects have proven to be an effective tool in the South East Queensland context, highlighting a range of missing middle housing options. This approach is also important in demonstrating that change through infill housing can be incremental, and achieved without undermining the core fabric or character of a suburb.

Infill housing increases the population of a local area and can generate impacts if not appropriately managed. Therefore, it is important that infill housing strategies include provision for new and upgraded infrastructure and facilities to support local communities, including parks, local road improvements and streetscaping.

A master plan or specific area plan provides the opportunity to integrate new infill housing with supporting infrastructure and facilities.

MORE EFFICIENT INFRASTRUCTURE PLANNING AND DELIVERY

Tasmania's current approach to settlement planning is largely reactive. Regional Land Use Strategies, which provide frameworks to guide development in Tasmania's three regions, have had only a limited impact in effectively managing a sustainable settlement pattern. Significant areas of land on Hobart and Launceston's urban fringe, in competing locations, continue to be re-zoned for residential development. The release of land in comparatively better located areas within Hobart, Glenorchy and Launceston has not occurred.

Currently, Tasmania has an overly simplified model for the collection of contributions towards the delivery of infrastructure. Response times for the approval and delivery of works by utility providers, and a lack of coordination of funding and charging for infrastructure, are issues for developers.

Tasmania needs to better integrate its settlement and infrastructure planning, ensuring infrastructure networks are planned and designed to meet forecast growth, and that the distribution of this growth is coordinated at a metropolitan level. Regional Land Use Strategies provide the appropriate framework to achieve this. Future reviews of the Strategies should seek to strengthen the underlying data, and analysis informing planning, and better integrate infrastructure and settlement planning, particularly within urban centres.

For infill housing, this approach

would see new and upgraded services and facilities delivered in advance of the 'impacts' of density. This is critical to build community support for infill development. Mechanisms to fund and facilitate the early delivery of new infrastructure such as parks and communal facilities should be explored, as well as any opportunities to leverage charging to incentivise infill over greenfield development.

DEVELOPMENT CAPABILITY

Tasmania's housing market is very traditional in its product makeup and buyer demands. Detached houses located on greenfield sites continue to make up the majority of the market. Until recently, in the absence of high growth, there has been no pressure to facilitate infill housing development or promote a wider range of housing typologies. However, as Tasmania's population grows and its demographics change, a more diverse range of housing typologies will be required.

The housing market is a supply and demand model and developers need to determine ahead of time, where and what type of housing people want. Developers are rarely rewarded for taking risks. For example, building a product in a location that the market has yet to demonstrate a desire for, often results in slow sales or lower sale prices. While greenfield development is meeting a current need, it is unlikely to provide for future, more diverse market needs. An ageing population will demand more, likely smaller houses, in established urban areas near services and transport. Younger generations about to enter the home ownership phase are demonstrating a desire for a more urban experience.

Consultation with the development sector as part of this project confirmed that there is community demand for a broader diversity of product, as evidenced in strong sales when medium density infill products do come to market.

The Tasmanian housing and development sector largely comprises small to medium scale enterprises owned and based in Tasmania. This sector delivers the balance of development, usually

detached houses and smaller scale townhouse projects. Due to the size of the state, there are fewer, large-scale developers willing and financially able to fund and deliver larger and arguably more risky infill projects in Tasmania.

The opportunity exists to enable smaller developers and builders to move into the delivery of smaller-scale infill housing. This will complement larger developers who are focused on larger unit style projects, and ensure those projects are not the only form of infill being delivered.

Increasing the number of builders in this space, as seen in larger, interstate markets, promotes competition and tends to result in greater innovation and pioneering products, as businesses compete for market share and differentiation.

A pilot housing demonstration precinct or display village will help to build capacity in the housing sector and de-risk some of the market aspects of delivering more infill housing.

An industry study tour of smaller, best practice and affordable infill development interstate would promote innovative housing typologies and enhance interest in delivering smaller infill housing solutions in Tasmania. It is hoped that lower tier developers and constructors will then actively look at incremental infill as a viable development option, having seen tangible evidence of its success.

FUNDING AND FINANCE

The big four Australian banks and their subsidiaries have dominated the development finance market in Australia's post global financial crisis (GFC) climate. Similar to many other regional Australian markets, the willingness of banks and lenders to fund or take on any development risk in the Tasmanian market, is very limited.

Banks have been forced to reassess their view on loan risk, which has resulted in a preference to fund completed products over new builds or 'off the plan' developments, due to the reduced risks associated with an existing product.

In the context of funding and delivery of new infill housing, and in a time when funding for larger projects is potentially more challenging, there are significant opportunities for smaller developers to enter the market.

Many smaller and more affordable infill projects could be undertaken by existing property owners, thereby unlocking significant equity in their properties via small scale, developments. For example, through construction of multiple or ancillary dwellings. This approach also presents an opportunity for existing residents to age in place by moving into a new dwelling, vacating the primary residence for a family to rent.

It is likely that banks will have fewer funding issues at this retail level, particularly when there is high existing equity and opportunities for new income from rent. It is expected that the rental income from additional dwellings should more than cover the repayment costs of constructing the new dwelling, where that dwelling is a modest size and of a standard finish.

PLANNING AND APPROVALS

Feedback from the development sector noted that Tasmania's planning system can cause delays, uncertainty and add risk to infill projects. The number of approvals required for a single development to proceed, triggers for discretionary assessment and the risk of potential appeals, were all identified as specific issues.

Alternative housing products often fall outside the Acceptable Solution provisions of a planning scheme, triggering a discretionary application requiring public notification. Discretionary applications often require a more detailed planning assessment, involving longer timeframes, particularly when there are third party objections to a proposal. This adds extra time and resources to the assessment process.

Policy makers need to have a better understanding of the regulatory barriers to infill housing. A state-wide infill/medium density design guideline and approval framework would improve certainty for developers, as well as improve

the quality of development being delivered. This should be supported by more general guidance on types of infill housing, addressing site design, building design and tenure. This guidance will assist developers and local communities to understand the different types of infill housing, and how it can be successfully integrated into existing neighbourhoods, thus minimising conflict and broader barriers to increased density.

It is recommended that consideration is given to simplifying the approval process, including the related planning scheme provisions for missing middle dwellings to facilitate their timely delivery. A Tasmanian Planning Policy for affordable and infill housing will provide a whole of state framework to guide regulatory changes that better support infill housing.

SITE ACQUISITION

The cost of construction and the end sale price are hard to influence as they are relatively fixed or subject to the market. The profit margin is largely set as well. This leaves little room for developers to innovate and makes the only real variable the purchase price for the development site.

Developers seeking to deliver infill housing, often need to do so by displacing a current use. If there is a desire for more infill within established communities, then they will need to buy an existing parcel of land (likely with an existing dwelling or use on it). However, developers are often competing to buy the site with renovators. In this model, the renovator wants both the house and land, while the developer really only wants the land. This usually sees renovators willing to pay more for the site than a developer, and the use remain as a single dwelling, potentially on a larger lot capable of supporting greater density. Once a property is renovated, it then becomes locked up through market conditions and the capital invested in the property.

Smaller and medium sized developers are typically more concerned about higher initial purchase costs compared to larger developers. This is likely a reflection of the smaller

developers facing challenges in securing finance, often having to solely rely on the use of working capital to secure development sites.

In contrast, larger developers are generally more concerned by the significant costs associated with holding land during protracted approval processes, including for service connections, and the flow-on impacts of having funding tied up for extended periods of time, noting its impact on securing funding for other development sites.

STRONGER STATE LED SETTLEMENT PLANNING

Generally, Tasmania's evolving planning framework and reform agenda is structurally adequate to support a sustainable settlement pattern and balanced housing market. However, some changes are required to ensure infill targets are effectively met; planning approval processes are streamlined; and design guidance for a broader range of housing typologies, is provided.

The Government's ability to influence the future acquisition of infill housing development sites compared to simply unlocking more greenfield land is limited under existing arrangements. However, through careful zoning and precinct planning, it is possible to de-risk infill sites. This, in turn, makes developers more willing and able to pay more for those sites, which may improve the sale appeal to existing land owners.

The pending Tasmanian Planning Policies and revised Regional Land Use Strategies will need to better acknowledge the critical role that land use planning has in the development and delivery of a diverse range of housing, which is appropriate to current and future needs.

The State Planning Provisions need to provide appropriate regulatory provisions to enable the delivery of infill housing in a range of areas. This includes incorporating suitable provisions to allow for infill housing types, including deemed to comply provisions, and the pragmatic design of houses on a site by site basis.

Changes to residential provisions can have an immediate impact on the delivery of infill housing. While updates to the Tasmanian Planning Policies and Regional Land Use Strategies may take longer to implement, these changes will deliver longer term solutions including a head of power for the delivery of infill housing.

It is important that the relationship between infrastructure planning and settlement planning within the Regional Land Use Strategies is strengthened. At present, it appears local governments are able to make planning decisions which conflict with the Strategies, including for new residential development in locations where infrastructure and services may be limited. The cost of providing infrastructure to fringe and rural areas, compared to the benefits of delivering more infill housing, are not effectively addressed within existing Strategies or the broader state planning framework.

IMPROVING INFILL OUTCOMES

Successful and sustainable housing markets have depth in their development sector, offering a diversity of housing products, in a variety of locations and at a range of price points. This type of housing market is better able to meet overall demand, as well as the needs of a diverse and changing demographic.

Tasmania's housing market is very focused on single dwellings on the urban fringe, with low levels of infill development and a limited range of housing products. This has led to core gaps in the housing market, particularly for first home owners, low-income households, older people and downsizers, and students. Home owners and renters in each of these groups would benefit from a much greater range of housing choices in accessible locations.

This report has identified the barriers and opportunities to delivering more infill housing in Tasmania's major urban centres, including -

- » Population growth and the changing demographics influencing Tasmania's housing market;
- » The risks facing developers in delivering infill projects, including land, regulatory, funding and profitability risks;
- » Opportunities for the State's current land use planning reform process to better support the delivery of infill housing;
- » The need to achieve a better balance between greenfield and infill development, recognising that greenfield development carries higher infrastructure costs and meets only some market demand; and

- » Limited community awareness of the benefits of a broader range of housing products.

The recommendations outlined below seek to increase the proportion of infill housing currently being delivered within Tasmania's housing market.

The recommendations reflect shorter-term actions, which can influence the delivery of infill housing, together with more complex, longer-term regulatory and policy interventions.

The recommendations are categorised as -

- » **Planning/Strategy** – Actions that may require new studies or best practice guidance to support a future policy or governance change.
- » **Capacity/Demonstration** – Actions that assist to build the capacity and awareness of housing diversity and delivery within Tasmania's development sector.
- » **Policy/Governance** – Actions that relate to policy, legislation or procedural changes that will support increased housing diversity.

KEY RECOMMENDATIONS

PLANNING/STRATEGY		
No.	Action	Recommendation Detail
1	Review Zone Code Provisions	Review and amend residential provisions across all zones within the State Planning Provisions to ensure that infill housing typologies are enabled, particularly through additional Acceptable Solution pathways.
2	Infill Capacity Study	Review the capacity for infill development within Hobart and Launceston. Initially, this should involve a desktop analysis of the actual net capacity available to support infill development. This analysis will identify lots that are constrained, such as smaller lots, and lots that are affected by slope or heritage. Areas that are not constrained can be prioritised for further investigation.
3	Infrastructure Charges Network	<p>Undertake a detailed review of current infrastructure charging frameworks, including examining the benefits and challenges of collecting developer contributions (infill and greenfield).</p> <p>Better match new infill development with the delivery of new community infrastructure/assets to ameliorate potential community concern about 'density with no upside.' Consider a mechanism to fund such improvements and new assets via development charging.</p> <p>Examine whether there is a need for a higher head of power above TasWater that ensures its operations and works program isn't otherwise undermining housing delivery, accessibility, affordability outcomes and settlement planning more broadly.</p>
4	Regional Land Use Strategy Review	<p>Review existing Regional Land Use Strategies, with a focus on –</p> <ul style="list-style-type: none"> » Establishing clear statutory planning horizons and review periods to ensure that Strategies are reviewed regularly and maintain currency, particularly in relation to changing demographic and economic conditions, development activity and available land supply; » Considering major infrastructure or policy interventions that will result in an adjusted growth projection and settlement pattern (i.e. Launceston and Hobart City Deals); » Defining urban growth boundaries that will create an opportunity to establish a healthy tension between greenfield and infill housing; and » Establishing dwelling targets for each Strategy. These should be focused on key urban areas and include targets by dwelling type (i.e. percentage of infill versus greenfield housing). Outcomes should be monitored to ensure targets are being achieved.
5	Feasibility of Infill Housing Study	Undertake a feasibility analysis of infill housing across the State, with a specific focus on Hobart and Launceston. This analysis should include a review of housing typologies and planning provisions to identify areas where greater flexibility in the planning assessment process might better support the delivery of infill housing. For example, in relation to car parking requirements and boundary setbacks.
6	Infill/Medium Density Guideline	<p>Develop a state-wide infill/medium density design guideline for Tasmania. This could be enshrined in a Tasmanian Planning Policy and delivered through a future review of the State Planning Provisions.</p> <p>Key elements of the guideline include –</p> <ul style="list-style-type: none"> » Guidance on neighbourhood character analysis and planning for infill housing projects that may be seamlessly integrated within established communities; » Design guidance on different types of infill housing, dealing with site design, building design, tenure, ongoing management; » More flexible regulatory provisions in certain zones; and » Overall reduction in approval risk, including reducing the need to go to a referral/notified development application, especially for smaller projects.

POLICY/GOVERNANCE		
No.	Action	Recommendation Detail
7	Promote Ancillary Dwellings	Promote existing opportunities to deliver ancillary dwellings on suitable lots. Develop a communication piece to assist the delivery of downsizer housing by existing residents and property owners. This could include easy-to-understand information detailing seniors' housing pathways and options to downsize. It is recommended this is targeted at pre-retirees to allow them to create a staged retirement plan, based on different housing typologies.
8	Multiple Dwelling Unit Approval Process	Develop less onerous and simpler planning provisions and approvals processes for appropriately-scaled multiple dwellings. Investigate the development of design guidelines and plans for complying, low-impact infill developments.
9	Review of Approval Process to Improve Certainty for Infill Development	Explore policy and process changes within the planning system to provide greater certainty and less risk through planning application processes, including the range of approvals needed for a single development to proceed; the triggers for more detailed, higher levels of assessment; and third-party appeals. Examine the potential consolidation of TasWater and other permits into a single process, providing greater certainty in relation to timeframes for both approvals and infrastructure connections.
10	Infrastructure Networks Capacity	Investigate redundancy in the utilities infrastructure networks within Hobart and Launceston to highlight areas that might support infill.
11	Increased Delivery of Affordable Housing	Consider the following actions to better facilitate the delivery of affordable housing in accessible locations - <ul style="list-style-type: none"> » Consider affordable housing mandates in medium to large scale projects. This could be facilitated by embedding minimum affordable housing components through both policy and development agreements. This could be specifically targeted or limited to key redevelopment sites or precincts involving Government land and/or via a process facilitated by state policy; » Explore the implementation of an incentive program to encourage and support developers in the delivery of genuine affordable housing projects that waives or discounts both development application fees and developer contributions (headworks) charges; » Explore an 'underwriting' process similar to the New Zealand Government's KiwiBuild entity; » Provide priority access to surplus Government land for the purposes of delivering affordable housing, and in particular low or moderate-income seniors; and » Investigate opportunities to facilitate more ancillary dwelling/ gentle density housing. Initiatives could include the incentivisation of development, policy changes to facilitate delivery of multiple and ancillary dwellings and development under houses (i.e. bedsits and one bedroom dwellings).
12	Tasmanian Planning Policy for Affordable Housing	Develop a new Tasmanian Planning Policy for affordable and infill housing, providing a whole of state framework to guide Regional Land Use Strategies and State Planning Provisions.

CAPACITY/DEMONSTRATION		
No.	Action	Recommendation Detail
13	Government Owned Development Corporation	Examine the establishment of a Tasmanian fit-for-purpose Government Owned Development Corporation to test and pilot new forms of innovative development in a non-commercial context.
14	Banking Sector Engagement	Engage with the banking and funding sector to explore what interventions the Tasmanian Government can do to help remove real or perceived barriers to financiers funding housing development in Tasmania.
15	Industry and Community Infill Communication Program	Communicate how change can occur within existing suburbs and the potential benefits that can accrue within communities from infill housing. This should include the following activities - <ul style="list-style-type: none"> » Facilitate early investment in infrastructure and facilities that support infill housing, including parks and local road upgrades, allowing residents to see the benefits of infill, before the impact; » Undertake a significant infill demonstration/pilot project that demonstrates how missing middle housing can be delivered as part of a medium/large scale precinct development, as well as on a lot by lot basis within an existing suburb; » Develop a new downsizer housing strategy, encouraging individuals and households to downsize, where appropriate, allowing existing housing stock to be recirculated for new families; » Develop best practice design 'demonstration dwellings', including ancillary dwellings and duplexes, which are open for the public and development industry to view; » Prepare a broad communication piece regarding the benefits of density, including for infrastructure and services, household accessibility and retail viability; and » Facilitate an interstate study tour of successful infill developments for industry, allowing developers to see first-hand the type of new infill housing products being delivered, and to better understand the design, delivery risks, and sales opportunities associated with infill housing.



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