

City of Hobart

Policy

Title: Hobart Inner City Housing Supply Incentive Policy

Category: Environment Planning and Development

Date Last Adopted: 30 March 2026

1. Objectives

1. To encourage the development of housing within the inner city areas of Hobart by offering targeted incentives that reduce financial barriers for developers, community housing providers and other eligible proponents.

2. Background

2. The City of Hobart has identified an urgent need to increase housing supply, diversity, affordability and choice within the inner city areas of Hobart.
3. The Southern Tasmania Land Use Strategy (STRLUS) has identified that the Hobart Central Business District (CBD) and immediate surrounds (including waterfront) should be complemented by infill and consolidation of surrounding residential areas at higher net densities of 25+ dwellings per hectare. The draft STRLUS is currently proposing that a more ambitious target of 50+ dwelling per hectare be adopted for the Hobart CBD. The current residential density within the Hobart CBD is approximately 7.8 dwellings per hectare.
4. Existing supply and construction trends have been analysed and continuing the current rate of urban expansion is not sustainable, particularly against the capacity of existing residential areas to accommodate additional dwellings. At present approximately 85% of new dwellings in Tasmania are single, detached and located in greenfield subdivisions and at relatively low densities of between 7 to 10 dwelling per hectare (net density). This proportion is higher than any other Australian state or Territory.



5. Within the Hobart CBD there are many underutilised sites which enable a variety of options, are well-located and close to infrastructure, employment, and natural assets such as parks and the waterfront. There is diversity in lot sizes, with large lots perfect for medium density.
6. In December 2024, the City of Hobart hosted the Hobart Housing Forum: A conversation with the housing sector on affordability and supply in Hobart. The forum identified that financial barriers are a major obstacle to development in Hobart. This included the cost and supply of appropriate sites for development, the cost of upgrading infrastructure, construction costs including materials, and labour costs resulting from insufficient access to qualified builders and tradespeople.
7. The financial impact associated with recovering upfront construction costs when developing new residential housing in central Hobart can be significant and act as a deterrent in delivering new housing to the market. This policy outlines Council's approach to reduce these financial deterrents to facilitate more residential development within central Hobart.

3. Policy

Eligibility Criteria

8. Development that meets all the following criteria will be eligible to make a request to the City of Hobart for the incentives outlined in this policy:
 - (a) located within the area identified under Figure 1 (refer Section 4 - definitions);
 - (b) comprises a residential development for multiple dwellings which include a minimum of 5 dwellings or more within a development that is wholly residential or has a mixed use component or, the conversion of the Upper Levels of existing building stock into residential development in which case there would be no minimum requirement;
 - (c) has all the required planning permits and associated approvals in place and construction has commenced or is to commence imminently; and
 - (d) has been designed taking into account the design principles in the Hobart Design Guidelines and has been through the Urban Design Advisory Panel (UDAP) review process except in cases where the development only includes a change of use for an existing building.



9. Residential development for multiple dwellings includes:
 - (a) Market Dwellings;
 - (b) affordable housing, which is housing available to the long-term rental market at 75% of market value, or similar;
 - (c) build-to-rent housing, where the dwellings are available to the long-term rental market, at full market rate or as affordable housing, with the ownership of all dwellings being retained by one entity;
 - (d) independent living units;
 - (e) key worker housing, allocated for essential workers, such as nurses, teachers, and police officers, who serve vital community functions; and
 - (f) retirement villages.
10. This policy does not apply to:
 - (a) residential development that is funded in its entirety by a State or Federal Government Agency for affordable or social housing. Community housing providers are eligible for developments including a portion of affordable housing;
 - (b) any use category other than residential if part of a mixed use development;
 - (c) residential development that has commenced prior to the endorsement of this policy;
 - (d) residential development where non-compliance with the conditions of consent on the applicable planning permit have been demonstrated;
 - (e) residential development that is used for short stay visitor accommodation; and
 - (f) residential development that is used for student accommodation.

Eligible Developments

11. Only one package will be issued per planning permit.

12. The minimum number of additional dwellings in a single development for which assistance can be claimed is five.
13. All development must have a use category, as described in the planning permit that is “residential”, such as multiple dwellings. This may be as part of a mixed-use development, in which case the Policy would apply only to the residential component of the development.
14. Development with the use category “Visitor Accommodation”, as described in the planning permit issued by Council, are not eligible.
15. All dwellings for which assistance is claimed must either be new or the result of adaptive reuse of an existing non-residential building.
16. All developments for which assistance is claimed must result in a net increase in the total number of dwellings on that development site by at least five. For example, a development that demolishes one dwelling and builds five new dwellings would result in a net increase of four dwellings therefore would not be eligible.
17. If the City of Hobart is satisfied that the development meets the requirements of this policy, upon commencement of construction the City will enter into an agreement with the eligible entity. An agreement will be subject to the following terms and conditions, along with other requirements specified by the Chief Executive Officer.
18. The Council will reimburse the following Council fees:
 - (a) planning application fees (including condition endorsement fees);
 - (b) building application fees;
 - (c) plumbing application fees;
 - (d) fees for Council approval of a strata plan; and
 - (e) waiving of disposal fees at McRobies Gully Waste Management Centre for any demolition and/or construction waste generated by the project.
19. The following fees may not be waived:
 - (a) Consumer Building and Occupational Services (CBOS) fees;



- (b) fees for a referral to the UDAP, except for a referral to satisfy this policy;
 - (c) permit amendment fees; and
 - (d) strata title fees charged by the Land Titles Office.
20. Reimbursement or remission ('rates holiday') of the General Rate and Stormwater Removal Service Rate for the financial year that the construction is commenced and four (4) further financial years for the property/properties subject to development. The rates holiday will be no greater than five (5) years.
21. For clarity, the rates holiday will apply to the property/properties subject to development not the owner of the property/properties. A change of owner within the five (5) year period will not alter the Housing Supply Incentive Package.
22. All other service rates and charges would continue to apply.
23. The City reserves the right to cancel the rates holiday if construction ceases or is paused, or if the development doesn't eventuate as an Eligible Development (e.g. some of the minimum 5 units are converted to short stay visitor accommodation in the first 5 years), at the absolute discretion of the CEO.

Application

24. The City of Hobart will only accept a request for a Housing Supply Incentive Package under this policy if:
- (a) a written request is received by the Council's CEO;
 - (b) after the commencement date of the construction of the development or when construction commencement is imminent;
 - (c) all of the applicable eligibility criteria have been satisfied; and
 - (d) the request is made by the Eligible Entity or an entity who is not the Eligible Entity if that entity has the written consent of the Eligible Entity.



25. An entity must make a request to the CEO under this policy in a form approved by the City (if applicable) that demonstrates it complies with the eligibility criteria of this policy. The approved form may require:
 - (a) evidence that the eligibility criteria have been satisfied; and
 - (b) evidence that the person requesting the reduction is the Eligible Entity or has obtained the written consent of the Eligible Entity to apply; and
 - (c) any other material relevant to requesting an agreement with the City.
26. The CEO will consider and determine all eligible requests made after the commencement date of the development.
27. If approved pursuant to this policy, an agreement must be entered into on terms and conditions agreed to by the CEO in accordance with objectives of this policy.
28. In assessing requests for a Housing Supply Incentive Package, the Council will take into consideration its financial sustainability and reserves the right to refuse a request based on the number of prior housing incentive agreements that have been entered into and the cumulative impact on the Council's operational budget.

Terms and Conditions

29. Development construction must reach completion within two (2) years.
30. Completion, as it relates to this policy, is the date when the development commences use and/or occupancy permit whichever occurs first.
31. During the rates holiday, while the General Rate and Stormwater Removal Service Rate will not be demanded for the term of the Housing Supply Incentive package by Council, the rates and charges that apply to the property will be subject to change and increase in accordance with the City's annual rates resolution, Council policy the provisions of the *Local Government Act 1993* and the *Fire Services Act 1979* and subject to valuation changes in accordance with the *Valuation of Land Act 2001*.
32. During the rates holiday, while they will not be demanded, the rates payable for the property, will be subject to automatic increase in accordance with the provisions of the *Local Government Act 1993*, the relevant charges resolution, the relevant infrastructure charges notice and any other relevant policy of the City.



33. If a dwelling is constructed with fees waived under this policy and then changed to a visitor accommodation use within five (5) years of the first occupation of the property, the Housing Supply Incentive Package (including if the property has been sold) must be re-paid to the Council within 14 days of that change of use.
34. All agreements that are entered into by the Council under this policy will be included in the City's Grants and Benefits listing in its Annual Report each year for transparency.

4. Legislation, Terminology and References

Definitions

Applicable area as shown in Figure 1:

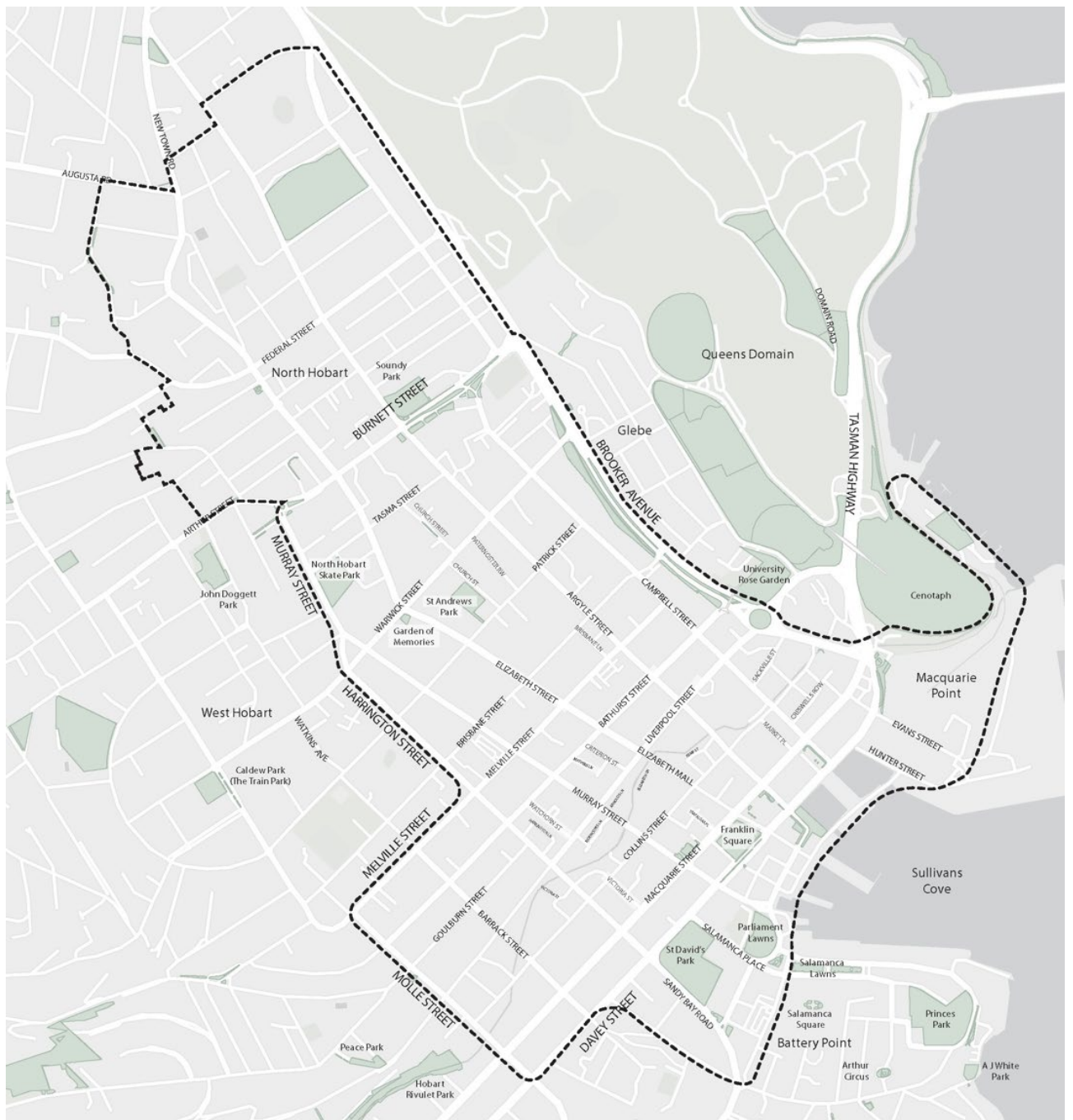


Figure 1: Applicable area

Community housing provider means a national provider or a state provider within the meaning of the *Housing Act 2003*.

Eligible Entity means an entity (i.e. owner or the agreed ratepayer) who will have the obligation to pay the levied charge for the development containing eligible dwellings and that is authorised to enter into an agreement.

Market Dwelling means those Dwellings which comprise general market housing for sale on the open market and which do not meet the definition of social or affordable Housing as defined in the City's Housing Action Plan.

Remission of Rates - section 129 of the *Local Government Act 1993 (Tas)*

Remission of Fees and Charges – section 207 of the *Local Government Act 1993 (Tas)*

Upper Levels – refers to any level of a building above the ground level, including spaces between two floor levels or between a floor level and a ceiling or roof.

Responsible Officer:	Director Strategic and Regulatory Services
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History	
Amended by Council	Not applicable
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