



59,660 jobs created

Build 15,000 new, low carbon social housing homes in three years.

Social Housing Construction	Jobs
Construction	58,500
Solar PV installation	1150
Additional department resources	10
Total	59,660

The proposal

Clean State is advocating for a Low Carbon Social Housing Construction stimulus package that:

1. Delivers 15,000 new social housing dwellings built to 7.5-star (NatHERS rating) and the 'Improved Liveability' accessibility standard¹ within three years.
2. Provides each home with 3kw rooftop solar systems (and battery systems to multi-unit dwellings)
3. Leverages support for a local low-emissions building materials sector using sustainable building products
4. Uses government-owned land and prioritises sites along future transit routes as two opportunities to catalyse urban regeneration and affordable living in these sites.

The opportunity

WA's construction industry is one of our largest employers, employing 120,000 people. The industry has been one of the hardest hit by COVID-19 and the rate of new homes being built has fallen to 35-year lows.¹

Housing construction is one of the most powerful job keepers and economic multipliers across the economy, and construction will play a huge role in WA's economic recovery.

Stimulus spending on social housing provides one of the best opportunities to save existing jobs in the housing sector and create new jobs over the longer term, but has the obvious additional benefit of providing much needed housing for Western Australia's most vulnerable.

There are currently 14,000 families on WA's social housing waiting list, waiting an average of 94 weeks for a home. Another 9000 Western Australians are experiencing homelessness with 1000 of these sleeping rough each night.²

These new dwellings should be energy-efficient buildings built to at least 7.5 stars (NatHERS rating)³ that generate their own renewable energy.

Government data on NatHERS in WA climate zones shows increasing Perth homes from 6 to 7.5 stars would reduce the energy needed to heat/cool the home by 37%. Most of WA's social housing is performing to around 2 stars.

“I moved into public housing nearly 28 years ago. I want my grandchildren to be able to breathe fresh, clean air and live a reasonably free and comfortable life. Like I've had the chance of having and doing.”

Kerry Elder, Beaconsfield resident

What are the benefits?

The ABS has reported as a form of stimulus that every \$1 of residential construction generates an additional \$3 activity across the broader economy.⁴ **This package would therefore generate \$4.7 billion in economic activity each year.** Every dollar spent is also estimated to boost GDP by \$1.30.⁵

Living in energy-efficient, solar powered homes are not only healthier to live in, but practically eliminate heating and cooling bills. Tenants would save between \$500-\$800 per year in energy bills, which amounts to **\$7.5 million annually** and would be spent in local economies instead.⁶

Providing safe, secure housing to people experiencing homelessness also has significant impacts on our health care system. A WA study found direct drops in visits to emergency departments, overnight stays in hospital, presenting to ICU and psychiatric care, and treatment for opioid dependence significantly reduced in the year following entry to a public housing tenancy. They estimated the direct calculable health care savings associated with entry into public housing was nearly \$16.4 million in the first year, or **\$4846 per person per year.**

This could translate to savings worth \$72 million to our health system every year.⁷

How much carbon pollution would this save?

84,000 tonnes per year.⁸

How many jobs would this create?

This program would support 58,500 total FTE jobs in construction,⁹ and 1160 in installing rooftop solar. We also recommend employing 10 new staff in the Department of Communities to oversee the program and measure its outcomes.



What would it cost?

\$4.7 billion over three years, using an average of between \$240,000 - \$388,000 per dwelling.^{10 11} Providing rooftop solar to these dwellings would cost around \$45 million.

Rental income from tenants of \$200/fortnight on average would contribute \$78m per year to offset this cost.

Ideally, the program would be co-funded by the commonwealth government. Additionally, there are many ways to fund the delivery of social housing, including blended finance models with the community housing and private sector, aggregating investment from institutional investors, and issuing affordable housing bonds.

The Clean Energy Finance Corporation (CEFC) also provides tailored long term finance for market leading energy efficient community housing and retrofits.

Acknowledgements & Endorsements

This package is endorsed by the Australian Insulation Foundation, Insulation Australasia, and Kingspan Insulation.

Clean State is grateful to Make Renting Fair, WACOSS, the Energy Efficiency Council, ASBEC, Shelter WA, Access Housing, and Renew who were consulted in the development of this package.

“I know what it’s like in regards to not having housing, especially when it’s weather like this, and it’s absolutely pouring down with rain and you’re stuck doing absolutely nothing. Building social housing saves thousands of lives.”

Jonathan Shapiera, Waikiki resident



Endnotes

- 1 Almost one quarter of home building projects have been put on hold or cancelled since March, according to the Housing Industry Association <https://www.abc.net.au/news/2020-05-08/coronavirus-downturn-leaves-rate-of-new-wa-homes-at-historic-low/12226192>
- 2 This is likely to be an undercount, as another 9000 Western Australians are experiencing homelessness, including 1000 sleeping rough.
- 3 Research finds this is an optimal level at which bill savings compensate for increased upfront cost over a reasonable period of time. The 2022 building code is on track for an increase to 7 stars as a minimum standard, so 7.5 goes beyond that and will support sustainable building practices.
- 4 https://www.propertycouncil.com.au/Web/News/Articles/News_listing/Web/Content/Media_Release/WA/2020/Covid-19_new_home_boost_would_restart_WA_s_plunging_home_construction.aspx
- 5 See the Social Housing Acceleration and Renovation Program (SHARP) at <https://www.communityhousing.com.au/wp-content/uploads/2020/05/SHARP-Program.pdf?x59559>
- 6 Note the average home Solar PV makes a significant difference to the economics of higher efficiency homes, with 7-8 Star, all electric homes found to have energy bills between \$1300-\$1600 per year lower than their 6-star counterparts
- 7 Wood, L, Flatau, P., Zaretzky, K., Foster, S., Vallesi, S. and Miscenko, D. (2016) What are the health, social and economic benefits of providing public housing and support to formerly homeless people? AHURI Final Report No.265, Australian Housing and Urban Research Institute, Melbourne, <http://www.ahuri.edu.au/research/final-reports/265>. (Accessed 22 June 2020)
- 8 Assuming energy costs are eliminated by 80% per home and the average home is responsible for around 7 tonnes of GHG emissions per year. Figure of 7 tonnes per year from Australian Government at <https://www.yourhome.gov.au/energy#:~:text=The%20average%20Australian%20home%20is.greenhouse%20gas%20emissions%20each%20year>.
- 9 Using figures from SGS Economics, Community Housing Industry Association (CHIA) and National Shelter which found 3.9 FTE jobs are supported for every home built as part of its 30,000 new social housing dwellings package <https://mailchi.mp/494985c2dbd1/keeping-you-informed-chia-national-news-october-7879014?e=9b7927b26b>
- 10 Figures based on National Shelter and CHIA at <https://mailchi.mp/494985c2dbd1/keeping-you-informed-chia-national-news-october-7879014?e=9b7927b26b>
- 11 Energy Efficiency Council estimate the cost of building 6 star home to be \$1500 extra up front than a 5-star home, and CSR, cited in the BZE million jobs plan cite building a new 7.5 star home costs only 1 to 2% more than a regular home at CSR, Star Ratings and the Cost of Improved Ratings. <https://www.csr.com.au/building-knowledge/research/star-ratings-and-the-cost-of-improved-ratings> and <https://bze.org.au/wp-content/uploads/Million-Jobs-Plan-Buildings-Briefing-Paper-2-Better-Buildings.pdf>