



## Introduction

The current availability of affordable housing in Western Australia is severely inadequate. With almost 55,000 people on the waiting list for public housing the current system is not coping with current levels of demand.

In 2010, The Housing Industry Association's 'Housing to 2020' report examined current and future levels of housing demand and associated requirements for new homes. The Report predicts that demand for new homes in Western Australia will exceed supply by 72,500 homes. The shortfall of new homes will push both house prices and rents up and increase demand for affordable housing.

The model that is currently proposed by Governments, both state and federally, is for Community Housing Providers (CHPs) to provide the shortfall in affordable housing.

The CH sector is made of Not for Profit Organisations and has grown dramatically in the last decade. Even with the dramatic growth the CH sector does not currently have the capacity to address the affordable housing shortage. This is recognized by the state government through its involvement in joint Community Housing Projects and Asset Transfers to CHPs.

The transferring of assets to CHPs increases the CHPs assets and allows the organization to use the equity in those assets to raise further capital. The CHP can use that capital to build further residences which are in turn used for leverage and so the CHP grows along with their capacity to provide more community housing.

The concern with this particular model is the vagaries of the housing market and of the financial markets. Without stringent government regulation and support mechanisms there is the risk that a CHP may falter financially. A failed CHP would have financial and social ramifications with the tenants, general public and government having to wear the cost.

This submission puts forward a number of recommendations to help maintain the sustainability of the Community Housing Provider model.

## Regulation

Not-for-profit housing providers and governments agree that strong regulation is required in order to manage risk, protect against failure, bring down the cost of finance and help create an expanded community housing market<sup>1</sup>.

Beyond prudential supervision there needs to be regulation of human resource management. Capacity can only be grown and sustained with a qualified and skilled workforce.

Without suitably qualified staff, the CHP exposes itself to legal liability and sub standard work practices.

Employee conditions must foster a stable and dedicated workforce. Recruitment and retention of staff is paramount for the growth and sustainability of the organization and the sector.

### Recommendation 1

Maintain current regulatory powers and extending regulatory powers to include the monitoring of human resource management to ensure that Community Housing Providers have the capacity through their staffing levels and staff skill sets to provide adequate services for the community.

## Staffing

The capacity for CHPs to grow rely not just on the ability to raise capital but also requires a workforce with relevant skill sets and the numbers to provide client services and meet daily operational needs.

A Productivity Commission research report found that "Many NFPs in the community services sector can only offer award wages considerably lower than comparable positions in government and business although some

<sup>1</sup> Department of Families, Housing, Community Service and Indigenous Affairs, 'Regulation and Growth of the Not-For-Profit Housing Sector, Australian Government, April 2010, p. 132.

can offer the advantage of fringe benefits tax concessions. Low wages contribute to the substantial movement of employees from NFPs to the public and private sector. This is compounded by uncertainty created by fixed term contracts.”<sup>2</sup>

The use of fringe benefits to attract and retain staff does not fully compensate for the wage disparity and staff turnover in NFPs is still high. An example where the Government has intervened to reduce staff turnover within a NFP industry is with the Country Lawyers Program.

The project is aimed at improving the recruitment and retention of lawyers in regional and remote areas by recruiting, developing and rotating junior solicitors throughout regional Western Australia and placing them with Community Legal Services.<sup>3</sup>

A variation of this program could be implemented with CHPs to ensure expertise in the sector is not lost.

#### Recommendation 2

The Department of Housing to increase the Community Housing Providers capacity to provide adequate services by loaning government employees with relevant skill sets to Community Housing Providers. Government Employees on loan would continue as a Government Employee and retain current award and agreement conditions.

The difficulties in recruiting and retaining staff due to low wages in the community sector has been acknowledged by a number of organizations as a major issue in providing adequate services.

ACOSS is currently leading a campaign for decent wages for social and community sector workers in partnership with a number of community groups and unions.

Community organisations that support the pay claim have recognised that declining capacity to attract and retain staff is undermining the sector’s ability to provide effective support services to low income and disadvantaged Australians.<sup>4</sup>

In recognition of the effect on provision of services due to wage disparity it is important that the Government supports the application of the Equal Remuneration Order lodged with Fair Work Australia and the State Government supports any Wage Parity Claim made under the State’s Industrial System.

#### Recommendation 3

The Government supports the Equal Remuneration Order lodged with Fair Work Australia and supports any Wage Parity Claim made under the State’s Industrial System for Not for Profit Employees so as to ensure the recruitment and retention of staff with relevant industry skill sets for the adequate provision of housing services.

#### Recommendation 4

Government to ensure pay parity and consistent conditions between Government and NFP employment standards by a legally enforceable instrument either through legislature or terms of contract.

## Access to Public Services

Affordable housing is aimed at householders in the second and third income quintile (up to \$39000 and \$61000 per year respectively)<sup>5</sup>. Those households in the second and third quintile have a greater reliability on public and community services than those households in the higher quintiles.

<sup>2</sup> Productivity Commission, ‘Contribution of the Not-for-Profit Sector - Research report’ Australian Government, Jan 2010, p. 249.

<sup>3</sup> Legal Aid WA, Country Lawyers Graduate Program, February 2011, <http://www.legalaid.wa.gov.au/LegalAidServices/employment/Pages/CountryLawyers.aspx>

<sup>4</sup> ACCOSS, ‘Equal Remuneration Case 2010’, <http://acoss.org.au/images/uploads/ACOSS%20paper,%20funding%20PE.pdf>

<sup>5</sup> Growth provider Network, ‘Inquiry into the Adequacy and Future Directions of Social Housing in WA – Formal Submission’, December 2010, p. 8.

It is important therefore that these households have access to the services that they require. Traditionally areas of affordable housing have been in the outer suburbs where access to public and community services has been restricted.

Findings published by the Australian Housing and Urban Research Institute found these suburbs may provide opportunities for low cost purchase, but may become concentrations of disadvantage in future if not carefully monitored. As many of these locations may have poorer access to public transport or other amenities, there may be questions about how well the private rental markets might work to assist these people to access work and potential implications for public transport planners or for the need to assist those on low incomes reliant on car transport.<sup>6</sup>

To ensure that Community Housing projects do not become concentrated areas of disadvantage it is recommended that low income density is avoided. Minimum requirements for access to public transport and other public amenities should be formulated with the government providing such services and amenities where a project has been approved but minimum requirements have not been met.

#### Recommendation 5

The locality of Community Housing Projects should be dependent on the availability of public transport and access to public services and the government should be committed to providing these services.

#### Recommendation 6

Limit the concentration of low income households and promote diversity within communities.

### Inter Agency and Sector integration

For many tenants Public Housing and Social Housing is not solely about providing four walls and a roof. The provision of affordable housing may be but one aspect of an integrated re-entry program into mainstream society.

The National Partnership Agreement on Homelessness is an example of one such re-entry program. The Program is coordinated by the Department of Child Protection (DCP) but involves the Department of Housing as well as other Government and Non Government Social Service providers.

The DCP website describes the National Partnership "Homelessness Accommodation Support Workers work in collaboration with National Affordable Housing Assistance (NAHA) specialist accommodation service providers to assist people who have experienced homelessness. The program provides support to clients moving from temporary accommodation into long term, secure, stable accommodation. Workers assist and support clients to re-establish social networks, and to access a range of services including employment, health, and financial management."<sup>7</sup>

It is therefore important that affordable housing providers are involved in such re-entry programs and are willing to collaborate with other Government and Non Government agencies and sectors.

#### Recommendation 7

The participation of Community Housing Providers in State and National Government programs is legally enforceable through legislation or contract terms.

<sup>6</sup> Dr Ernest Healy and Dr Bob Birrell, 'Research & Policy Bulletin - Issue 079: How does housing density affect disadvantage across the city?', Swinburne-Monash Research Centre, August 2006

<sup>7</sup> Department of Child Protection, 'SERVICES AVAILABLE AND THE HELP THEY PROVIDE', <http://www.dcp.wa.gov.au/servicescommunity/Pages/Servicesavailableandthe-helptheyprovide.aspx>.