

2016-2019 Shelter WA Policy Priorities Outlook

Stakeholder Consultation Paper

Shelter WA's policy agenda for 2016-2019

Shelter WA is in the process of revising our policy priorities outlook for 2016-2019, and would like to generate discussion among stakeholders about policy areas to focus on this year. Our policy priorities outlook needs to respond to a changing economic and political landscape so we can maximise our capacity to influence the provision of accessible, affordable, appropriate and secure housing and the elimination of homelessness for all West Australians.

These priorities will guide our advocacy agenda in an important year, and Shelter WA will be seeking to work closely with our stakeholders to be influential in State and Federal elections, as well as harnessing sector engagement in the State Government's *Affordable Housing Strategy*. In addition, this policy priorities outlook will underpin our advocacy in meetings with government and parliamentarians, and will inform our submissions and media commentary.

Our priorities need to be representative of the interests of the broad range of our stakeholders, right across the housing continuum, who are the drivers of the delivery of our vision. Our policies must also reflect the changes required to mechanisms we know impact on affordable housing outcomes such as tax settings and relationships between State and Commonwealth governments. Following broad consultation, Shelter WA will finalise and publish policy priorities for 2016-2019 by the end of April 2016.

The social and economic context for our policy priorities

Our approach also needs to respond to dramatic changes in economic conditions occurring in WA, government policies and population. These changes have had national implications with the fall in commodity prices and the downturn in the resources industry having a massive impact on the State Budget as well as the National Budget.

This changing economic climate means Western Australia's housing cycle is at a different point to that of other states, which has brought both benefits and negative outcomes for housing consumers. While housing prices are stable or rising in NSW and Victoria where there is increasing pressure on consumers, house prices have fallen in Western Australia along with median rents. Softening house prices will bring benefits for some consumers, while others who purchased at recent price peaks will be impacted by negative equity and/or the economic down turn. (For example, those who recently purchased properties in Port Headland and Karratha). Unemployment in Western Australia is now at its highest point in 13 years which will mean increased housing stress for some housing consumers. The Reserve Bank of Australia has noted that Western Australia now leads the nation in mortgage defaults and has stated this is "consistent with variation in local economic conditions across the states".

Despite the softening housing market, the State Government's own Housing Industry Forecasting Group highlights that home purchase remains unaffordable for moderate and low income earners, with median house prices remaining much higher than median incomes and median home loans. In addition, the Housing Industry Forecasting Group also notes that despite the softening rental market, households on very-low to low incomes still struggle in housing stress. This has been one factor behind the continuing high demand for social housing.

Development of our policy priorities

Thus far, Shelter WA has gathered input through various means, to provide the basis for the proposed policy recommendations. These include:

- Policy Priorities Survey received 61 responses.
- Pre-budget consultation forum, presented jointly with WACOSS, attended by 45 representatives of community services, community housing providers and individuals in August 2015.
- Stakeholder views expressed at Shelter WA events (intersector breakfast, Advisory Committee on Homelessness) and online forums (i.e. taxation, remote housing)
- *An Affordable Housing Reform Agenda: Goals and Recommendations for Reform* prepared by National Shelter, ACOSS, Homelessness Australia, Community Housing Federation of Australia and the National Alliance of Tenants' Organisations.
- Monitoring housing research from recognised sources (i.e. Australian Housing and Urban Research Institute, Bankwest Curtin Economics Centre), analysis of relevant statistics (ABS, AIHW), and participation in relevant events i.e. the National Housing Conference.
- *Affordable Housing Strategy 2010-2020: Aiming Higher*.

Priorities

Respondents to the Shelter WA policy priorities survey indicated they would like Shelter WA to focus its advocacy on the following areas:

- Funding for crisis and transitional accommodation (69%)
- Growth of the community housing sector (69%)
- Roles and responsibilities of State and Federal governments in housing and homelessness (67%)
- Improved housing opportunities for Aboriginal peoples (64%)
- Planning regulations that impact housing affordability (56%)
- Affordability in regional WA (48%)
- Institutional investment in private rental sector (46%)
- Tax settings that impact housing affordability (44%)

Discussion questions

1. Do you agree with the priority areas above? If not, what other areas of housing policy do you believe Shelter WA should focus on?
2. Are there specific advocacy issues you think Shelter WA should focus on, given the constrained economic environment and upcoming State and Federal elections?

Homelessness

Issues

At the same time that specialist homelessness services are working with limited and, in some cases, decreasing funding, homelessness is likely to continue at current rates and/or increase with rising unemployment and rationalisation of social services and welfare payments.

The Commonwealth and State Governments have committed to the National Partnership Agreement on Homelessness (NPAH) until June 2017, yet there remains significant uncertainty about future funding for homelessness services. At the same time, the current (and recent) funding arrangements from the Commonwealth have excluded annual indexation and Equal Remuneration funding, as well as infrastructure funds. The Reform of the Federation is likely to lead to changes in the NPAH and other State-Federal funding agreements, however it is unclear what will replace the National Affordable Housing Agreement (NAHA) and NPAH, and hence the implications for people at risk of, or experiencing homelessness, as well as service providers.

Respondents to the policy priorities survey indicated their support for homelessness funding and programs, particularly:

- Provide support services to maintain tenancies and prevent homelessness (86%)
- Provide support service to people after they are housed (88%)
- Secure capital funding for new crisis accommodation and transitional housing (86%)
- Ensure continued Commonwealth funding for homelessness services (83%)

Shelter WA is committed to advocating for improved policies to prevent and address homelessness, although it should be noted that Shelter does not receive any funding for this work (other than special project funding, for example, for Homelessness Prevention Week).

Proposed Policy Positions

Preventing Homelessness and Developing Pathways out of Homelessness

- Secure an ongoing commitment from Government (through extension of NPAH beyond 2017 or other policy framework) for prevention, early intervention, and crisis and support services to reduce homelessness, including funding for support services to address underlying issues, and capital for construction of new accommodation/facilities, as needed.
- Adequate funding to address severe overcrowding among Aboriginal households in remote and regional WA.
- Commit to the safety of women and children experiencing domestic or family violence to be re-housed quickly or remain in their home with adequate security, to minimise homelessness as a result of family violence.
- Low-barrier visitor accommodation centres to provide safe accommodation for Aboriginal visitors and their families while they visit Perth.

Discussion questions

3. In our advocacy work, do you believe Shelter WA should prioritise funding for services and capital that address specific drivers of homelessness? (i.e. domestic violence, mental health, substance misuse, financial hardship, lack of affordable housing) If so, which ones?
4. To what extent should Shelter WA advocate for the development of alternative funding mechanisms, such as Social Impact Bonds, co-ordinated private philanthropy etc. to address homelessness?

Social housing

Issues

Despite slowing market conditions, housing remains unaffordable for thousands of Western Australians. Over 22,650 people remain on waiting lists for social housing in need of safe, affordable accommodation located close to transportation, employment and services.¹ Further, 43% of low income renters (those in the bottom 40% of income distribution) or 55,450 households are in rental stress in Western Australia.²

Stock transfers to the community housing sector have slowed considerably, and there is uncertainty about growth of the community housing sector through future transfers.

The policy priorities survey revealed significant support for public *and* community housing:

- Increasing government spending on public housing (75%)
- Transferring management of public housing to community housing (65%)
- Transferring titles of public housing to community housing (52%)

Proposed Policy Positions

Strengthen and sustain the social housing system

- State Government to develop a *Community Housing Sector Strategy* to grow the community housing sector and work in partnership with community housing providers to deliver sustainable social housing across the state.
- Continue *Social Housing Investment Package* beyond 2017 in order to enable a continued increase in net social housing stock in the state.
- Continue implementation of *Social Housing Reforms*, with consultation from the sector, to deliver a more efficient social housing system with fairer policies related to eligibility, access, rent and tenure.
- Redevelop underutilised existing public housing sites to create more social and affordable homes, with no net loss to public housing.
- Utilise Government roles and assets to attract private investment that delivers social and economic outcomes.
- All Government programs (including the Sale of State Assets) to adhere to the State *Affordable Housing Strategy* of government land and housing developments including a minimum of 15% affordable housing targeted at low-to-moderate income households.
- State Government to develop a *Seniors Housing Strategy*, in consultation with the sector, to address current and future housing needs of seniors to meet a diversity of need.

Discussion Questions

1. In the current economic and political climate, which aspects of social housing should Shelter WA focus on?
2. How important is the development of a social housing growth strategy with specified targets?
3. Income eligibility limits for social housing in WA are the lowest in the country. To what extent should Shelter WA advocate for increasing income eligibility limits for public housing considering the extent of the wait list already, as well as the lack of alternative affordable housing?

¹ Productivity Commission (2016) *Report on Government Services 2016*, Table 17A.5, Australian Government:

² Productivity Commission (2016) Table GA.5

Facilitate access to the rental market and affordable home ownership

Issues

Even with the highest vacancy rate in many years (5.6%), many low income households are still unable to access affordable housing in the private rental market. To some extent, this may be due to a large number of households renting below their affordability level. To another extent, it may be due to the unwillingness of landlords to take risks in renting to low income households with limited tenancy histories.

Support for policy change in the private rental market from respondents to the policy priorities survey included:

- National minimum standards for rental agreements (88%)
- Improved security of tenure for renters (63%)
- Increasing levels of Commonwealth Rent Assistance (58%)
- Imposing Government mandated limits on rental prices (49%)
- Rental protections for boarders and lodgers (46%)

Proposed Policy Recommendations

Facilitate access to the private rental market and affordable home ownership

- Expand rental brokerage/head leasing programs (e.g. Rental Pathways Scheme) to support eligible people on the social housing waitlist to access affordable private rental accommodation.
- Encourage institutional investment in the private rental sector to provide stable, long term affordable rental accommodation at below market rents for students, key workers and low to moderate income households.
- Strengthen consumer protections to ensure safety and security for tenants in rental accommodation, including marginal tenures such as boarding and lodging arrangements and those living in caravan parks.
- Improve targeting of rental support (Commonwealth Rent Assistance) to low income households, indexed to local rental conditions.
- Continue to offer shared equity and affordable home ownership products to eligible households.

Discussion Questions

1. What policy interventions do you support to increase institutional investment in the private rental market?
2. Are there some renters (i.e. seniors, long stay caravan park residents) who should have greater security of tenure in the private rental market? How would this be regulated?

Improve housing outcomes in regional and remote areas

Issues

Regional and remote areas of WA are experiencing dramatically different housing issues from those of the metropolitan region - from significant decreases in house prices in resource towns to overcrowding in regional areas and remote Aboriginal communities. Shelter WA has a network of regional delegates across the state, who have identified concerns about increasing homelessness, overcrowding and increased unemployment.

Proposed Policy Recommendations

Invest in the health and well-being of regional and remote WA

- Ensure an adequate provision of social housing in regional areas.
- Expand successful transitional programs (i.e. East Kimberley Transitional Housing Program) to support affordable home ownership in regional towns.
- Adequate housing in remote Aboriginal communities to support the health, well-being and engagement of the community.

Discussion Questions

1. How can Shelter WA better support the sector in volatile regional housing markets?
2. Given that the rate of homelessness is far greater in some areas of WA than others, largely due to severe overcrowding, what policy interventions are most appropriate at the Commonwealth and State levels?

Planning and Local Governments

Issues

Survey respondents recognised the role planning and local governments play in facilitating and/or discouraging social and affordable housing:

- Ensure affordable housing and homelessness are key components of State and Local Government planning (90%)
- Require developers to provide affordable housing (or the cash equivalent) as a component of medium-large scale developments, as part of the urban planning process (76%)
- Planning protections to retain affordable housing, such as caravan parks or smaller/diverse dwelling requirements (76%)
- Local government providing incentives, such as density bonuses or other assistance, to developers if affordable housing is included within a development (73%)
- Ensure any Government land sales are used for social or affordable housing (59%)

Proposed Policy Positions

Support the development of social and affordable housing through the planning and land use system

- Ensure affordable housing and homelessness are key components of State and local government planning frameworks.
- Effective planning to reduce barriers to affordable housing, promote affordable housing as part of transit-oriented development, and retain affordable housing such as caravan parks or smaller/diverse dwellings.
- Identify underutilised land and develop appropriate responses through partnerships among State Government, local governments, community housing providers and private developers.
- Local governments to work with State Government to plan for current and future housing needs, aligned with access to public transport and services.

Discussion Question

Which planning mechanisms should Shelter WA advocate for to increase affordable housing? (e.g. mandatory inclusionary zoning, density bonuses etc.)

Taxation and Reform of the Federation

Issues

Our tax system has a significant impact on housing affordability. Respondents provided a range of opinions on tax reform:

- Restrict tax deductions for negatively geared property investments to income received from those investments and not against other income (48%)
- Restrict negative gearing to new builds under a certain price where rental amount is also under a certain amount (40%)
- Abolish negative gearing (35%)
- Increase tax rates on capital gains for investment properties (27%)
- Restrict negative gearing to new builds only (17%)
- Remove capital gains exemptions for primary residences (17%)
- No changes (10%)

Respondents provided mixed views on changes to stamp duty with 38% of respondents recommending that stamp duty is reduced for lower priced properties, while 23% recommended reducing rates of stamp duty for all properties. Some respondents supported removing stamp duty, with 17% supporting replacing stamp duty with land tax, and 28% recommending that stamp duty be removed but not replaced with a land tax. Nine per cent recommended making no changes to stamp duty.

When asked which they preferred amongst the Reform of the Federation options, 46% said they support shared responsibility, 14% support split responsibility with the Commonwealth providing Commonwealth Rent Assistance only and States taking on responsibility for all other policy and funding, 11% said States should be responsible for developing all policy and funding relating to housing and homelessness, and 11% said the Commonwealth should be responsible for all policy and funding.

Proposed Policy Recommendations

Improve housing affordability through systemic reform

- Comprehensive tax reform to improve housing affordability, requiring an examination of targeted changes to taxes and charges that work against housing supply and affordability, including stamp duties, land taxes (including on vacant land), negative gearing, capital gains and GST.
- Abolish stamp duty and replace with a broad based land tax
- Restrict negative gearing to counter the inflationary effect on house prices. Modelling required to determine most beneficial changes, which could include a) tax concession only available on properties rented to low income tenants, b) restrict deductions to rental income, or c) only available on new builds.
- Strong leadership from the Commonwealth and State Governments on housing and homelessness, with clear coordination among all levels of government, to achieve well-defined targets for the provision of social housing for those most vulnerable in our State, alleviation of housing stress among households in the private sector, and a reduction in homelessness.

Discussion Questions

1. Which tax reforms do you think Shelter WA should advocate for to improve housing affordability?
2. Should Shelter WA advocate for a continuation of shared responsibility between the State and Commonwealth, with greater accountability and transparency measures in place; or
3. Should Shelter WA advocate for a different position on the Reform of the Federation?

Improve community perceptions of social and affordable housing

Issues

Social housing is often misunderstood by the general community and negatively portrayed by media. Stakeholders regularly mention this in committee meetings and consultations. The Housing Authority launched its *ReThink Social Housing* campaign in 2015, to improve the profile of social housing and social housing tenants. To raise community awareness of homelessness, Shelter WA coordinated Homelessness Prevention Week in 2015 and has applied to LotteryWest to do so again in 2016.

Proposed Policy Recommendations

Improve community perceptions of social and affordable housing

- Improve community understanding of affordable housing and diminish community opposition to new social and affordable housing developments.
- Raise the profile of the social and affordable housing sector by promoting the benefits to the community, and highlighting positive housing outcomes.
- Promote good design in Government-funded social and affordable housing developments.
- Encourage diverse building techniques and materials in new developments.

Discussion Questions

1. Is raising awareness and improving community perceptions of social and affordable housing critical to achieving positive housing policy outcomes?
2. Are there policy issues relating to the use of alternative building techniques that you believe Shelter WA should advocate for?