

**Shelter WA**

# Pre-Budget Report

**October 2013**



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Shelter WA is the affordable housing and homelessness peak body in Western Australia. Shelter WA provides a link between government and the community, through consultation, research, systemic advocacy, policy advice and development. Our role is to provide an independent voice on housing rights and options in the state along the housing continuum, and our work focuses on promoting the development of appropriate affordable housing options for people on low to moderate incomes, or those who are otherwise disadvantaged in the housing market.

We are pleased to submit the following report to complement the Pre-Budget Submission WACOSS has compiled on behalf of the WA social services sector. This submission focuses specifically on budget recommendations relating to housing and homelessness.

Western Australia continues to experience a housing crisis, with many individuals and families, including people engaged in the workforce, unable to access affordable housing and facing the risk of homelessness. Housing is a basic human need which, if not met, impacts on all other areas of wellbeing for individuals, families and communities. A failure to address the housing crisis will ultimately result in increased costs in health care, mental health services, further strains on crisis services, as well as a risk of increased domestic and family violence and criminal behaviours, and the well-documented social issues emanating from this.

Shelter WA supports a multi-pronged approach to addressing the affordable housing crisis in WA. We would recommend that the State Budget should include the following:

- 1 Ways to make housing more affordable,
- 2 Funding for reforms of the private rental market,
- 3 An allocation for the expansion of the social housing sector and
- 4 Funding to address homelessness.

Shelter WA strongly believes addressing the affordable housing crisis requires a long-term commitment by Government. Further, this commitment must deal with both the supply *and* demand sides of the housing market, in order to adequately meet the needs of the Western Australian community.

The following report outlines more detailed recommendations to achieve the long-term housing outcomes needed in Western Australia.

## **1 Making housing more affordable for people on low incomes**

### **▪ Expand the National Rental Affordability Scheme 2,500 additional**

Key workers and employees on a low income have limited long term housing options which are affordable, safe and secure in this current housing market. The affordable housing shortage for this particular demographic, who are ineligible for public or community housing, needs to be addressed urgently and as quickly as possible, through a range of programs and initiatives. The continuation and expansion of the National Rental Affordability Scheme (NRAS) by 2,500 incentives, in addition to those committed in the 2013/2014 budget have the potential to contribute greatly to the affordable housing sector, and assist low income workers.

However, Shelter WA believes NRAS as it currently stands presents some difficulties in terms of accessibility, criteria and delays on delivery timelines. To date, there have been 5,470 NRAS incentives allocated for Western Australia, but only 1,426 delivered, which is challenging for investors and potential tenants. Furthermore, in Western Australia the Scheme does not require assets testing for tenants, which presents another difficulty in terms of access for people disadvantaged in the private rental market. Shelter WA would recommend that a review of the Scheme be undertaken, with the benefit of five rounds of incentives, and that any new agreement be changed to take into account some of the difficulties with the current scheme, particularly the timeline between allocation of incentives and delivery of properties.

### **▪ Resourcing to develop local Affordable Housing Strategies**

Local government authorities have an important role to play in the development and provision of affordable housing. With the amalgamations of local councils they will need to be responsive to a larger number of constituents with a wide variety of housing needs. Local councils create planning policies and strategies, and develop incentives and disincentives, which all have an effect on the development of affordable housing in their local jurisdictions. Shelter WA urges the state government to provide adequate resourcing to the Department of Local Government and Communities, to assist local government authorities to develop and/or review affordable housing strategies to increase the development of affordable housing across the state.

### **▪ Discourage land banking for speculation**

Shelter WA recommends that the state government commits to funding a feasibility study into requiring landowners and developers to release undeveloped lots within a certain time frame, and implementing a differential land tax schedule on long term unimproved land. This proposal is one which has been put forward by the Community Development and Justice Standing Committee (2011). Whilst the issue of undeveloped vacant land is dealt with at a local government level, through the ability to levy higher rates on vacant properties, Shelter WA recommends that the State government provide leadership in this area.

- **Abolish stamp duty; replace it with land tax**

**Cost neutral**

Shelter WA strongly supports the recommendations made in the Henry Review (Australian Government Treasury 2010) to abolish stamp duty and introduce a broad-based land tax over a transition period. As highlighted over previous years, stamp duties are widely considered inefficient taxes which prevent people from moving through the housing system, including downsizing as they age and as their housing careers change. Abolishing stamp duty while implementing a broad-based land tax would remove a significant cost to home buyers, help control house price inflation, and importantly return equivalent revenue for the State Government over time, with minimal implementation costs. Notably, it has the potential to increase housing affordability for first time homebuyers, low and moderate income households and anyone wishing to move or downsize (Australians for Affordable Housing 2012).

## **2 Provide relief for private renters in housing stress**

- **Review options to relieve rental stress**

Shelter WA recommends that the State budget include funding to undertake a review to assess options for a housing support system in Western Australia to reduce the levels of housing stress in the private rental market. This may take the form of a housing support payment, broadening the Department of Housing's Rental Pathways Program, or creating other programs to assist private renters. The purpose would be to support low income households able to obtain housing in the private rental market, yet who experience significant financial hardship in doing so.

WA's population has increased at a much higher rate than anywhere else in Australia, which has put pressure on our housing system, in terms of housing price rises and affordable housing shortages. The Australian Bureau of Statistics price index shows that WA prices have increased by 11% in the 12 months between 2012 and 2013, in comparison with an average of 5.1% for the rest of Australia. Low and moderate income renters in WA are particularly vulnerable with 57% experiencing housing stress (National Housing Supply Council 2012).

Given that many low income households do not have access to affordable housing, financial assistance through the current income support system is the only way they can manage rising housing costs. Commonwealth Rent Assistance (CRA) provides assistance to eligible households in the private rental market and in community housing. However, CRA has not kept pace with increasing rents, and it is not available to all those in need of rental support. Perth rents have increased to a median amount of \$475 per week as at 30 June 2013 (REIWA 2013). Other household expenses have also continued to increase dramatically. According to Dr. Lynne Chester, an energy and regulatory expert at the University of Sydney, electricity prices in WA have risen by 60% over the last five years, and are set to rise by a further 33-42% over the next two years (Horin 2012). Such increases make it difficult for people to secure and maintain safe, affordable housing while meeting other expenses.

A State-based housing support system has the potential to dramatically reduce the number of people on the Department of Housing waitlist and allow existing public housing tenants who are over income to transition out of public housing without the threat of homelessness or housing stress.

A state based housing assistance program would provide relief to thousands of people in housing stress in Western Australia, and alleviate the increasing pressure on public and community housing which has been escalating for some time. The recommended review would assess the feasibility of such a system, the potential impact on levels of housing stress, and how it could be implemented in conjunction with a broader strategy to increase the supply of affordable rental accommodation.

### 3 Increasing social housing stock

#### ▪ Ensure an increase in net social housing dwellings in *Opening Doors*

There is a dire need to revitalise the social housing sector in order that it adequately provides social housing for those unable to access alternative housing or the private rental market. The recommendations included in this report will allow for some of this revitalisation, through NRAS and by increasing incentives at the local government level, however additional stock is required to meet the needs of specific groups with no other housing options. This can be achieved through government investment as well as private investment, including the establishment of WA Government Housing Supply Bonds to increase institutional investment into affordable housing in WA.<sup>i</sup>

The Department of Housing has committed to provide an additional 20,000 dwellings by 2020 as part of its *Affordable Housing Strategy 2010-2020: Opening Doors*. These need to be new dwellings to increase the housing stock, not just new affordable housing 'opportunities', such as Key Start loans or new tenancies in existing dwellings. Even with additional housing as recommended, WA still faces a significant shortage of affordable housing. The National Housing Supply Council (2012) estimates there is a shortage of 38,000 dwellings in WA, measured as the difference between the increase in underlying demand and the increase in adjusted supply. A range of diverse housing types and tenures will be needed to meet this need.

Community housing and public housing both play an important role in providing a healthy social housing system that can deliver housing assistance to people with no other options. Shelter WA supports the growth of the community housing sector through stock transfers and government investment in the sector in the State Budget. Shelter WA urges the State government to facilitate the growth of the community housing sector whilst still retaining a robust public housing system in the State Budget in recognition that a healthy housing system requires a range of housing options.

At the same time, there will continue to be a growing need for public housing for the most vulnerable and disadvantaged members of our community. Approximately two thirds of public housing tenants are seniors and/or people with disability. These tenants require a safe place to live which offers security of tenure and ongoing affordability. This may be provided through public housing or, for some, community housing. For other public housing tenants and those on the waitlist who are able to transition into alternative accommodation, community housing and housing support options may be the most appropriate depending on the particular circumstances.

- **800 new public housing dwellings**

**\$171.3 million**

Shelter WA supports many of the proposals in *Opening Doors*. We would recommend that the Department of Housing is allocated additional funding in the budget to surpass the initiatives outlined in the Affordable Housing Strategy, given the worsening housing affordability crisis in Western Australia. Shelter WA recommends allocating funds for the construction of 800 new public housing dwellings in the 2014/2015 financial year at an estimated cost of \$171.3 million<sup>ii</sup> to work towards meeting the housing needs of people on a very low income in Western Australia.

- **Redevelop 300 public housing sites to build 750 dwellings**

**cost neutral**

Shelter WA also recommends redeveloping and subdividing 300 existing public housing sites (in addition to those included in the 2013/2014 budget) to produce 750 new social housing dwellings, at least 400 of which are to be retained for public housing and the remainder made available to community housing providers and sold as affordable housing. These redevelopments would not require significant funding as the Department of Housing already owns the land and a portion of the newly created dwellings will be sold to recoup costs.

These two foregoing recommendations would, together, result in 1,250 net additional affordable housing dwellings comprising a mix of public, community and affordable housing. These additional social housing dwellings are recommended in addition to the current commitments within the National Rental Affordability Scheme and the other programs managed by the Department of Housing. It is imperative that a significant portion of the 20,000 affordable dwellings created as part of the *Opening Doors* strategy are retained as public and community housing stock to accommodate the most vulnerable members of the Western Australian society, particularly those with limited access to other housing options.

## **4 Combating homelessness**

- **Continue commitment to National Affordable Housing Agreement**

Government initiatives to respond to homelessness in Western Australia have had a significant impact on the lives of people experiencing homelessness and those at risk of homelessness. The National Affordable Housing Agreement (NAHA) and associated National Partnership Agreement on Homelessness (NPAH) represent much needed funding for services and programs in WA. With these funding arrangements, WA has made considerable strides towards providing much-needed accommodation and support services to people experiencing homelessness.

In order to build upon the successes thus far and continue providing essential supports to people experiencing, or at risk of, homelessness, the existing services must be funded beyond the current funding cycle, and beyond the current funding constraints, to include longer term supports and diverse crisis interventions to support those most at risk, but who fall outside the existing criteria.

### ▪ **Seniors and young people at risk of homelessness**

Consultations with the sector have identified young people and seniors as two of the most disadvantaged groups in the private rental market.

Shelter WA recommends that the WA State Government provides additional funding to the Department of Housing for additional housing stock specifically set aside for seniors and young people.

In relation to youth housing, we would recommend resources to increase the number of programs housing young people, such as YES! Housing. However, such programs should be expanded to include young people 15 to 24 years, and extended to all regions across the state. Increasing housing stock in order to house young people will assist this demographic to develop the skills required to maintain a successful tenancy, and hence to successfully transition to alternative accommodation options. It is important that the age range be extended as suggested above, to ensure young people have access to safe and secure housing in which to develop those skills in preparation for transition.

Our position in the sector has also alerted us to the difficulties experienced by a proportion of seniors in this multi-speed economy. Coordinators in the Assistance with Care and Housing for the Aged (ACHA) programs in WA have encountered an increase in demand for affordable accommodation for seniors, particularly for single older women. Many seniors, whether self-funded retirees or pensioners, cannot keep up with increasing housing costs as their income tends to remain fixed. This cohort has limited opportunities to increase their income, unlike other groups in society. Existing crisis accommodation facilities are inappropriate for the specific needs of seniors experiencing homelessness or at risk of homelessness, and there is insufficient affordable housing to cater for the needs of this group, which would be more adequately met through public or community housing.

### ▪ **Need for various types of crisis and transitional housing**

Shelter WA has identified a need for additional resources in the following areas:

- There is an urgent need for visitor accommodation for Aboriginal people visiting Perth for various reasons from regional and remote areas, including for medical treatment or funeral attendances. Such facilities could be based on similar models adopted in Kalgoorlie and Derby to cater to visiting Aboriginal individuals and families.
- Homelessness services aimed at prevention and early intervention for young people aged 10-14. In some cases young people under 10 years require services, and case workers need the flexibility to work with children in this age range, particularly if older siblings are receiving services. There is also a shortage of services for young people aged 15-24, and in particular out of hours outreach support, and a respite facility for young people. Respite care for young people would provide a safe and supportive environment to assist young people to deal with relationship and family conflict issues to address the risk of homelessness.
- The Housing Crisis Committee has identified a serious shortage of affordable housing options for culturally and linguistically diverse families. These families are susceptible to homelessness and require specialised services to help them secure and maintain accommodation in social housing, the private rental market and affordable home ownership, depending on their circumstances.



- There are no crisis services or facilities for homeless families, including men with accompanying children, and couples with children. This demographic is unable to access refuge accommodation, which is specifically for women only and predominantly for women escaping domestic or family violence.

Further, existing mainstream shelters and crisis accommodation services are not suitable for men or couples with children. Shelter WA recommends that the State Government allocate sufficient funds (far beyond the \$2million allocated in the 2013/2014 budget for women and children escaping domestic violence) for a crisis facility for homeless families, which is adequately staffed to support both parents and children, and assist families to access transitional, supported or long-term accommodation, according to their individual needs.

## Conclusion

Shelter WA acknowledges that addressing homelessness and housing affordability in this current climate is a substantial challenge. However, it is a challenge which must continue to be met if Western Australia is to meet the demands of our increasing population vis a vis our (relatively) static social housing sector. The cost of the housing crisis to the community may be quantified by intensification of demand for all existing housing and support services, including crisis services, emergency relief, financial counselling, tenancy support and women's refuges, as well as the increases in the social housing wait list. There are also hidden costs on society, such as increased emergency department attendances in hospitals, increases in crime and offending behaviours, including family violence and interruptions to children's education and the issues which emanate from all of this.

Shelter WA commends the WA State Government on the resourceful ways it has confronted the issues of housing and homelessness. We strongly believe that a further injection of funds to address rising homelessness and increase housing affordability in the areas proposed in this report is not only a financial investment for the future of Western Australia, but an economic cost saving exercise in the areas of health, justice, education and social services.

An adequate supply of affordable housing and homelessness services are needed to meet the growing, diverse housing needs of Western Australians. In order to effectively meet those needs, WA will need a variety of accommodation types, including crisis and transitional housing, public and community housing, affordable rentals in the private rental market partly subsidised through NRAS and Commonwealth Rent Assistance, and affordable home ownership opportunities. The WA State government has made a strong commitment to increasing the supply of affordable housing in its Affordable Housing Strategy. Shelter WA urges the State government to adequately fund the affordable housing initiatives outlined in this report to fulfil those commitments and successfully meet the housing needs of those across the housing continuum.

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<sup>i</sup> For modeling on how Housing Supply Bonds could work in the Australian context, see Lawson, Milligan and Yates (2012).

<sup>ii</sup> Calculated using figures from the 2013/2014 State Budget which included \$92.7 million for 433 new public housing dwellings (at a cost of \$214,090 each).  $\$214,090 \times 800 = \$171.3$  million