

Submission

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Introduction

Shelter WA welcomes the opportunity to provide this submission to the Commonwealth State Inquiry into Affordable Housing. It complements the submission by National Shelter, the peak body representing the interests of low-income housing consumers.

Shelter WA is the peak body for affordable housing and homelessness in Western Australia. It was founded in 1979 as an independent community based peak body committed to accessible, affordable and secure housing for every Western Australian. Shelter WA provides a link between government and the community through consultation, research, systemic advocacy, and policy advice and development. Our role is to provide an independent voice on housing rights and options in the state along the housing continuum. Our work focuses on promoting the development of appropriate affordable housing options for low to moderate income earners, those who are otherwise disadvantaged in the housing market and people experiencing homelessness.

Shelter WA promotes a diverse range of affordable housing options including social housing, housing within the private rental market and affordable home ownership. Shelter WA also provides community education, and advice to government on housing policy issues. Our development of policy recommendations is based on sound research and consultation with housing consumers and organisations working on housing and related issues.

This submission is based on our 2013 policy platform, *Housing in WA: Sustainability and Affordability for the Future*, developed over a number of years through consultations and forums, input from the affordable housing and homelessness sectors, and relevant national and international research.

There is clear evidence that there is a shortage of affordable housing in Australia. Affordable housing is commonly defined by the 30/40 rule, where no more than 30% of a low to moderate household income (the 40th income percentile) expenditure is spent on housing (Disney, 2007). The rising cost of housing in Western Australia has made it difficult for people on low to moderate incomes to secure safe, affordable accommodation in this state. For those households on a low to moderate income who are housed, many experience housing stress and struggle to meet rising household expenses, which may place them at risk of homelessness.

Low and moderate income households in Australia face a range of diverse and individual housing challenges and each requires an appropriate response. The type of support required by households in housing stress will vary according to their particular circumstances.

Shelter WA recognises that a multi-pronged approach is required to address the affordable housing crisis in Australia, and indeed in Western Australia. This approach must include strategies to increase housing affordability for low and moderate income households, as well as providing housing assistance programs to support households in various forms of tenure, reform various systems in relation to taxation and private rental investment, expand the social housing sector, and increase resources to work towards the elimination of homelessness. These issues are intrinsically linked, and changes in one sector will have flow on effects in other areas. This relationship is represented in the following diagram, adapted from National Shelter’s Policy Priorities Statement (2012).



Key Issues in Australia

Population growth, a relatively strong economy and favourable living conditions, have created significant demand for housing in Australia. The supply of affordable and accessible housing has not kept up with demand due to a range of factors, including: inefficiency in the planning system, a lack of diverse housing at lower price points, and a reduction in investment into social housing over time. This has led to several key issues:

- The percentage of household income spent on housing has increase from 11% in the 1970s, to 15% in 2003-04, and now sits at around 22-23% in capital cities (Yates, et al., 2007).
- The percentage of homes available to moderate income earners has decreased over time. For example, in 2003-04, 51% of homes sold in Australia were affordable to moderate income earners. This slipped down to 34% in 2007-08, and to 28% in 2011-12. Low income groups and others with complex needs, including single parents and people with a disability, face the effects of housing stress more harshly (SCRGSP, 2012).
- In 2014, the average loan sits at \$322,900 (ABS, 2014). People are borrowing far greater amounts than in the past, sometimes up to 95% of the purchase price.
- Numbers of new home builds remaining constant over the last 30 years, rather than increasing in response to high demand. (ABS, 2013)
- A nationwide shortage of an estimated 539,000 homes available and affordable for low and moderate income earners to rent or buy. (National Housing Supply Council, 2012)
- The cost of land has increased dramatically across Australia in the past decade. For example, in Perth, the cost of land per square metre has increased over 200% since 2003 (Kusher, 2013).
- The number of people experiencing homelessness has increased to over 105,000 in 2011 (ABS, 2012).

State government initiatives in WA

The Western Australian State Government realises the need to deliver more affordable housing across WA. There have been several initiatives in Western Australia, which may be applicable to other states, including:

- WA has an Affordable Housing Strategy, which is a strong strategic planning document supporting affordable housing, enacted through the Department of Housing (DoH).
 - The stated goal in the Affordable Housing Strategy is to generate 20,000 'affordable housing opportunities' by 2020.
 - The DoH is partnering with industry and land holders to produce quality dwellings at a price point below \$300,000.
 - The DoH is also helping low income earners meet the deposit gap through its Keystart loans program and enabling purchasers to partner with the government in a shared equity program.
 - The DoH has transferred some stock to the community housing sector in an effort to build this sector.

- The WA government is also committed to providing key worker accommodation in regional areas through the Royalties for Regions funding. This includes Government Regional Officers Housing (GROH) for government employees which will soon provide 293 dwellings in South Hedland.
- The Western Australian Planning Commission (WAPC), with the support of the Department of Planning (DoP), has over the last few years undertaken a wide range of planning system reforms, with many supporting, or having the potential to support, affordable housing:
 - *Planning Provisions for Affordable Housing*: This document discusses the use of the planning system to deliver affordable housing. The support for the use of 'mandatory zoning' is being assessed through submissions, as well as the effect of planning incentives, protective measures, voluntary negotiated agreements and barrier reduction schemes.
 - *Planning Makes it Happen*: The State Government is considering planning reforms to code development, so projects can be assessed along different tracks (meaning automatic approval for small developments). The WAPC has already introduced private sector certification, an electronic application process, and development assessment panels. The R-Codes, which were revised in August 2013 reduced requirements for single house approvals. This allowed ancillary dwellings to be rented to non-family members in WA. It supported the demand in the market for single bedroom dwellings, especially for students. Changes to requirements for multi-unit dwellings have also supported the uptake of this type of affordable dwelling type.

These planning reforms have the potential to streamline planning processes, but do not necessarily mean that developers will pass on these savings to households. It is also difficult to quantify their full effect on the price of individual houses.

Shelter WA Response

The roles of different levels of government

Responsibility for housing policy is currently divided amongst a number of different ministries and departments at the national level. This position is mirrored at State/Territory Government level. Local Governments also play significant roles in the housing system. The distribution of responsibilities amongst levels of government is illustrated below (as outlined in National Shelter's submission), with some variations between States and Territories:

	Commonwealth	State/Territory	Local
Tax and finance	Major taxation responsibility including income tax and GST.	Responsible for some taxes including land tax and stamp duty	Property rates
Housing assistance	Direct delivery of Commonwealth Rent Assistance; Funding of social housing	Responsible for funding and direct delivery of social housing, and home lending schemes aimed at low to moderate income households. First Home Owners Grant (national	Some local governments are direct social housing providers.

		scheme funded and administered by states and territories)	
Planning and land development	Minimal role.	Responsible for planning legislation, policies and regional planning processes.	Responsible for local planning schemes and development control.
Regulation	Regulate the financial system via the Reserve Bank, and responsible for companies legislation.	Responsible for a range of housing-related legislation including tenancy law, regulation of the Real Estate industry and regulation of associations.	Responsible for some forms of regulation such as licensing boarding houses and caravan parks.
Human service delivery	Jointly fund a range of programs in homelessness, disability, health and aged care.	Fund and administer the majority of human services programs, as well as directly providing many services.	Some local governments are direct providers in areas such as aged care, disability and youth support.

This fragmentation of policy and effort leads to a good deal of confusion and discord in attempts to address housing issues, as different levels of government, and different areas of the same government, often have dissimilar objectives which pull in different directions.

It is impossible for all these areas of responsibility to be located in the one agency or Department, but it *is* important that they be well coordinated. To achieve effective coordination, a single minister, at both State and Federal levels, with a responsibility for Housing, Homelessness and Urban Development is required.

At a *Local Government* level there is limited capacity to construct affordable housing. However, Local Governments can support the provision of affordable housing through administering Town Planning Schemes and Local Planning Strategies. Local Governments can also support affordable housing through the provision of land for potential affordable housing (re)developments. An example is of Penny Lane Key Worker housing in inner city Perth, which has been developed in collaboration between the City of Perth and the community housing sector. Individual Local Governments vary in the amount of land and resources they have to manage these projects, and therefore currently do not have great capacity to deliver these projects. With the impending amalgamation of local governments in WA into larger, better resourced entities, there may be an opportunity for Local Governments to support the development of affordable housing on underutilised land.

Shelter WA recommends that all local governments establish an Affordable Housing Strategy as part of their Local Housing Strategy. This would include a comprehensive demographical analysis and future affordable housing needs. In WA, Local Governments are required to 'meet the needs of current and future generations' under Section 1.3 of the Local Government Act (1995). Shelter WA believes that this includes meeting the need for affordable housing.

In WA, housing strategies are not mandatory. State Government has a role in mandating this requirement. Shelter WA's [Local Government Guide to Developing and Affordable Housing Strategy](#) is a useful tool for the development and review of Affordable Housing Strategies.

The *WA State Government* needs to take action on the application of affordable housing provisions, as Local Governments are generally unwilling to take on this responsibility, especially in areas which are already stretched for resources (Beer, et al. 2011). The recent document *Planning Provisions for Affordable Housing*, seeks comment about mandatory zoning and other planning provisions including developer incentives and barrier reduction strategies. If the planning provisions are incorporated at a State and Local level, this should see an increase to the supply affordable housing (Department of Planning, 2013).

The WA State Government has been a key driver of affordability, where an *Affordable Housing Strategy* has been developed, which sets an affordable housing target of 20,000 by 2020 (Department of Housing, 2010). The State Government supports a number of programs which target segments of the market requiring a small but important amount of assistance to access home ownership opportunities, and these programs are working very successfully. The Department of Housing's programs, including the shared equity schemes and Keystart loans are reporting lower loan default rates than commercial lenders (Coles, 2012). Assisting these particular households to exit the rental market and move into home ownership will help to reduce the increasing demand on rental housing in Western Australia.

The *Federal Government* also has a significant role in increasing the supply of affordable housing. The Social Housing Initiative, as part of the National Building Economic Stimulus Plan, created a much needed increase in the supply of social housing in WA and the rest of the country. The National Affordable Housing Agreement, and accompanying agreements, including the National Partnership Agreement on Homelessness, are also significant supply-side initiatives which are having favourable impacts on housing markets across Australia. The effect of the National Rental Affordability Scheme also cannot be discounted. It has been significant in its ability to increase supply of rental housing at a 20% discount on market rate. The Federal Government also has a role in implementing nationwide assistance packages, such as Commonwealth Rent Assistance, which help individuals meet individual housing costs.

Shelter WA is strongly aware of the need for accountability by all levels of government for the spending of public funds. In our view, accountability mechanisms around housing need to include accurate and publicly available data on the following:

- The overall supply of social and affordable housing, including an accounting for new developments, acquisitions, disposals and transfers between parts of the social housing system;
- Financial accountability, including an accounting for the use of Commonwealth funds, the provision of matched State funds and the use and leverage of existing assets;
- Data on key elements of housing service provision including allocations, subsidy levels, tenancy sustainment and departures from the system;

- Data on associated forms of housing assistance such as rent and bond subsidies and advice and referral services;
- Reports on progress and achievement in other areas relevant to housing such as planning reform, tax reform and use of surplus land.

To ensure governments at all levels are promoting, supporting and creating affordable housing, Shelter WA recommends that:

- the Australian Government appoint a single minister for Housing, Homelessness and Urban Development with responsibility for coordinating housing-related policy decisions across agencies, to ensure the effectiveness of the housing system across the whole continuum, and that this coordination be mirrored at the state level.
- the Council of Australian Governments (COAG) embeds the National Affordable Housing Agreement as a permanent part of its decision-making, and expands it to include all forms of housing assistance. This includes funding for social housing, funding for affordable rental housing, rent assistance, programs to support home ownership and homelessness programs.
- the State Government in Western Australia and other states continue reforms which will streamline the planning process to ensure land is brought to the market, and able to be developed in a timely manner.
- all Local Governments undertake Affordable Housing Strategies to support current and future community needs.

Taxation policies

Taxation policies can be effective tools to promote the supply of suitable housing and encourage investment in affordable housing. On the other hand, tax policies can favour and protect existing asset holders, creating barriers to new entrants seeking to buy housing, restricting new supply and stimulating demand. Tax concessions include the exemption of owner-occupied housing from capital gains tax and land tax, discounts on capital gains tax for investment properties, and negative gearing (the ability to offset the costs of owning investment properties against other income) (Brody & McNess, 2009). Many of these tax concessions are counter-productive. They encourage people to build larger houses than they need to tie up their savings in 'tax-free' residential home-ownership that is non-productive and environmentally wasteful, restricting diversity in smaller types of built form and contributing to inflated prices and rents (TaxWatch, 2010).

The Henry Review released its report, *Australia's Future Tax System*, in May 2010 (Australian Government Treasury, 2010). The report contained 16 housing and land-related recommendations covering the tax treatment of owner occupied and rented housing, land tax, planning processes and infrastructure charging, stamp duty, housing payments through the income support system, and funding for social housing. While the Federal Government has not accepted the housing related recommendations, they provide a solid basis for an ongoing dialogue in relation to tax reform.

Among other recommendations, the Henry Review recommended reforming how states collect revenue on housing.

Stamp duties are widely considered inefficient taxes that inhibit people from moving through the housing system according to their housing needs. Abolishing stamp duty and replacing it with a broad-based land tax would remove a significant cost to home buyers and help keep house price inflation under control. This would make housing more affordable for low and moderate income households and also provide existing home owners the ability to downsize, which is especially important as a significant amount of baby boomers reach retirement age (Australians for Affordable Housing, 2012). Removing the upfront cost of stamp duty will allow people to move as their housing needs change.

Like many other housing and community organisations, Shelter WA is concerned about the impact of *negative gearing* on house prices. Julian Disney, Director of the Social Justice Project at the University of New South Wales recommends that, like most other OECD countries, taxation policy in Australia should be modified so that interest and other housing investment expenses to the owner are deductible only against income from the property investment, and not from other sources such as an executive salary or stocks and shares (Disney, 2009). Brody and McNess (2009) found that people in the top income quintile are able to access up to \$15,000 every year in tax concessions related to housing. This is up to nine times the tax concessions accessed by people in the lowest income quintile. Taxation benefits of negative gearing itself are heavily skewed, providing ten and a half times more benefit to the top 20 per cent income households. This effect of negative gearing is potentially becoming significant, and inflating prices for low and moderate income earners, as figures indicate 36% of all property owned by individuals, and 47% of all property other than owner-occupied dwellings, is owned by households in the top 20% of the income distribution (ABS, 2013).

There are many different ways that negative gearing could be altered to ensure it does not have an inflationary effect. Shelter WA recommends that the Productivity Commission examine negative gearing and how it could be changed to increase the supply of affordable rentals, without inflating house prices.

Shelter WA research suggests that *land speculation* is an issue which is also impeding the creation of affordable housing. According to the Western Australian Local Government Association (WALGA), the land development industry determines the amount of land release onto the market, its timing, lot sizes, subdivision design, and housing type (WALGA, 2013). Many developers believe the undersupply of land in the metropolitan region of Western Australia is leading to affordability issues. The development of lots left vacant for speculative purposes can help address the lack of affordable housing in Western Australia. The issue of undeveloped vacant land can be dealt with at a state or local level. WALGA maintains that, "Local governments could elect to levy higher rates on vacant properties as currently done by the City of Perth" (WALGA, 2013).

In *A Fading Dream - Affordable Housing in Western Australia*, the Community Development and Justice Standing Committee suggests that state governments should investigate the feasibility of requiring developers to release undeveloped lots within a certain time frame, and implement a differential land tax regime on long-term unimproved land. Shelter WA supports this recommendation, and urges that a feasibility study into a vacant land tax is undertaken, either at a state or local level. More research is required on this issue to ensure fairness and transparency for land holders, while encouraging the development of more affordable housing.

To support tax reforms, Shelter WA recommends that:

- the WA State Government abolishes stamp duty on property purchases and replaces it with a more equitable, broad-based land tax. This approach has already been recognised by the ACT Government which has begun a transition from stamp duty to land tax;
- the Federal government to look at tax concessions in relation to negative gearing, and make sure they're achieving intended objectives of increasing supply and ensuring that they are not creating more income disparities. Further exploration of the use of negative gearing to increase *affordable housing* supply by creating more affordable rentals;
- a review of infrastructure charging arrangements in the urban planning system.

Homeownership

The *First Home Owners' Grant (FHOG)* was introduced in 2000 to offset the effect of the GST on homeownership. First home owners' grants can have an inflationary effect on housing prices. When there is a significant uptake of the grant, the resulting demand is concentrated at the lower end of the market, actually pushing up house prices for first home buyers. Research suggests that the First Home Owners' Grant is generally used on existing dwellings and is therefore not contributing to an increase in supply. The WA State Government has recently followed several other state governments to restrict the FHOG to new construction. In WA, first homebuyers can still receive the FHOG for existing dwellings (\$3,000), however they receive more for new builds (\$10,000). The FHOG in WA is currently not means tested. Shelter WA recommends that it be means tested to target assistance to low and moderate income first homebuyers.

First time homebuyers are not the only cohort experiencing difficulties accessing affordable housing. Affordable housing is crucial to retirement outcomes for older Australians. The risk of living in poverty and experiencing social exclusion later in life increases significantly if a person does not own his or her own home (National Seniors Australia, 2013). As a person ages, the need for them to age-in-place is an important one, and one which owning a home ensures. Research suggests older Australians require security and familiarity of their present community, a close location to family and friends and familiarity with service providers (National Housing Supply Council, 2013).

As people age, and their ability to earn an income diminishes, their capacity to pay increasing housing costs also diminishes, especially if not residing in an owner-occupied dwelling. This is because any increase in rental price can exhaust pensions, leading to housing stress and potential eviction. With the reduced amount of home ownership and increase in numbers of households renting past retirement, the potential need for social housing amongst future generations of seniors is substantial. The Council of the Ageing WA state that an increasing proportion of people are entering retirement as renters or with a mortgage. Many tenants will find that private tenancy or current mortgages are unaffordable and will turn to social housing as an alternative (Council of the Ageing, Western Australia, 2009). As seniors have a reduced ability to earn, there are limited opportunities to move back into home ownership once they enter social housing. Therefore, the need to keep seniors in current affordable housing, or to downsize, while also promoting ageing-in-place, should be of paramount concern to governments.

Lifestyle villages and caravan parks also play a role in providing affordable housing for seniors and retirees. This style of accommodation can sometimes provide housing for individuals along with social support, shopping and medical transport in a community setting, and also reduces demand on the Home and Community Care program. The Park Home Owners Association of WA note that rents on these sites are increasing to a point where members must place their homes on the market and apply for social housing. Parks are also closing down, especially along the coast, which is of grave concern. The current WA State Government has made a commitment to provide land for Park home residents, but unfortunately nothing tangible has eventuated to date. The situation is dire as many park residents who live along the coast are elderly, are single women and have few financial resources to enable them to seek alternative accommodation. In addition to seniors, many carers have sought affordable accommodation in caravan parks. They, too, face precarious and insecure housing. This problem is not just experienced in Western Australia, but Australia-wide, and State governments are doing little to stop evictions or protect redevelopment of these coastal sites.

Another strategy to make housing more affordable is to investigate alternative ownership systems such as land rent schemes or community land trusts. *Land Rent Schemes* refer to land, for example crown land, which is rented with a long-term lease, with housing purchased on top of the land. A *Community Land Trust* (CLT) is a type of non-profit organisation that acquires, owns and stewards land so it is used for benevolent purposes. Housing on the land can be owned individually or collectively. By holding the land in perpetuity, housing that is built and offered on the land can be made more affordable both to purchase and to rent. Successful community land trusts exist in the US, UK and New Zealand, and several CLTs are currently being established in Australia. Land rent schemes and community land trusts may be particularly useful for Aboriginal communities in remote areas as well as in metropolitan settings, providing people with an opportunity to purchase their own home, provide stable accommodation and minimise risk of evictions, while also building equity, without compromising the communally-held title to land.

To effectively provide affordable homeownership opportunities, Shelter WA recommends that:

- COAG conduct a comprehensive review of the value and effectiveness of the various grant programs for first home owners, within the framework of the National Affordable Housing Agreement;
- the First Home Owners' Grant be recast as a program to assist low and moderate income home purchasers with their up-front costs, and that it be means tested;
- the National Affordable Housing Agreement support the continued development of shared equity programs, such as those administered by KeyStart in WA, and other alternative home loan mechanisms;
- the Australian Government support and develop implementation of alternative tenure models such as Community Land Trusts and land-leasing options;
- the WA Department of Housing and other Housing Authorities across the nation assess the impact that an ageing population will have on the housing market, and in particular on the need for social housing;
- Governments enable ageing-in-place for older Australians, providing them with assistance to secure appropriate accommodation including the abolition of stamp duty for those wanting to downsize.

The National Rental Affordability Scheme

The *National Rental Affordability Scheme* (NRAS) aims to increase the supply of affordable rental properties. The initial commitment from the Federal Government was for 50,000 affordable dwellings under this Scheme. In the five years to 30 June 2013, NRAS has delivered 14,575 dwellings with 23,884 dwellings in progress. In WA, the scheme subsidises affordable housing through tax credits of \$10,000 per year over 10 years, provided that dwellings are leased to eligible households at 20% below market rent, and up to 40% lower in some resource towns in WA where rental housing is considerably higher than in other areas. The Scheme has gained strong support, leading to collaboration between community and private sector housing providers.

NRAS is encouraging changes to the patterns of investment in the private rental sector, by shifting away from small investors and moving towards institutional investors and structures that develop long-term rental investment. NRAS has allowed Local Governments to collaborate in the provision for housing. For example, the City of Perth's Penny Lane apartments were viable due to NRAS funding. NRAS has also been a significant driver in the expansion of not-for-profit community housing organisations, which have roles as both developers and tenancy managers of NRAS properties. More than half of all recipients of the NRAS are community housing organisations. Shelter WA urges this scheme to be continued long-term as it appears to be attracting capital investment in Western Australia, but also urges the Federal government to review the functioning of this scheme to ensure it is working to increase the supply of affordable rentals and that it is aimed at helping low to moderate income earners to secure affordable rental accommodation.

The far larger number of incentives reserved than those allocated indicates that after a slow start the take-up of incentives has begun to pick up pace. There are two main reasons for this. The first is that the scheme was launched in the aftermath of the Global Financial Crisis, and this meant investors initially struggled to finance developments. The second is that as a new investment option, it took some time for investors to research and assess the opportunity and become comfortable with operating in this way.

It is Shelter WA's view that it is important that this momentum is maintained by continuing to provide investment incentives beyond the initial 50,000 provided for under NRAS. There are a number of ways to improve the program, included in the recommendations below.

To support investment in the rental market, Shelter WA recommends:

- relabeling the scheme the National Affordable Rental Housing Supply Incentive, to make its purpose clearer to prospective investors;
- committing to a steady pipeline of 5,000-10,000 incentives per year over the next five years;
- handling the administration of the scheme through one body which includes both Commonwealth and State officials to reduce delays and processing timeframes;
- reviewing eligibility criteria and allocation processes to ensure housing is allocated to low and moderate income renters;
- varying income eligibility by region to take account of the significant differences between regional housing markets;
- that the Australian Government support the creation of vehicles such as unit investment trusts (in which investors can invest in the overall fund instead of in individual properties) and Affordable Housing Bonds for attracting and managing institutional investment in rental housing;
- that the Australian Government continue to monitor the supply and quality of housing at the bottom end of the rental market to provide an evidence base for future policy interventions.

Commonwealth Rent Assistance

Commonwealth Rent Assistance (CRA) provides assistance to low income renters in private rentals and community housing and prevents even more widespread housing stress among this group. However, CRA has not kept pace with increasing rents and household costs and must be increased in order to minimise housing stress among low income renters.

The provision of rent assistance will not in itself promote adequate supply, although it does provide an important subsidy to community housing organisations which in certain conditions can make the difference between viability and non-viability of social housing projects. The recommendations here need to be seen alongside recommendations about changing private rental investment, and more specifically about rent and subsidy arrangements in social housing. That said, along with other measures, rent assistance can provide an important add-on in the financial viability of community housing providers and any changes to CRA will need to be evaluated for their impact on this sector.

To decrease levels of housing stress among renters, Shelter WA recommends that:

- the Australian Government increase the maximum rate of Commonwealth Rent Assistance by 30% (approximately \$15 per week for those receiving maximum allowance), in line with increasing rental and household costs;
- this amount be indexed to the rental component of CPI from 30 June 2014 onwards;
- eligibility be extended to all people who meet income test requirements, irrespective of their source of income.

Social housing policies and initiatives

Social housing includes housing subsidised directly or indirectly by government. This includes public housing managed by the government, and community housing which is owned and managed by non-government organisations. Social housing provides an essential service within the housing continuum, offering support to those unable to secure and/or maintain housing in the private rental market or access home ownership.

The Department of Housing in Western Australia currently manages approximately 37,000 dwellings, whilst community housing providers manage approximately 7,700 dwellings (Department of Housing, 2012). In WA, there are currently 266 not-for-profit organisations and Local Government Authorities providing community housing and/or supported accommodation (such as refuge accommodation). The eight largest community housing providers manage about 55% of these dwellings.

The recent *Social Housing Initiative*, part of the Nation Building stimulus package, has resulted in a substantial one-off increase in the supply of social housing, providing much needed housing to the sector. However, ongoing funding commitments as they currently exist will see social housing continue to decrease as a proportion of the overall housing supply. In this situation, both public housing authorities and community housing organisations will continue to struggle to meet demand and to deal with the social implications of an increasingly high-needs group of tenants. A substantial funding injection is required over a number of years to maintain a viable social housing system.

At 30 June 2013, there were 22,871 households on the waiting list for public and/or community housing in WA. Waiting times in some metropolitan or regional areas are up to 8-10 years. Public housing waiting lists across the country are showing similar issues to WA, with more than 225,000 applicants on waiting lists nationally. Programs and dwellings are urgently needed to assist people to secure alternative affordable accommodation to prevent them from becoming homeless and overwhelming homelessness services, which already operate at capacity. The WA Department of Housing has indicated it is unlikely to build and manage the properties required to address this problem within the current funding commitments, therefore alternatives are required to increase the supply of affordable housing across tenures to accommodate the large growth in population in WA and the pressures this has placed on all aspects of the housing market.

In order to support a viable social housing system, Shelter WA recommends that:

- the next round of funding for the NAHA support the growth of the social housing sector in WA to meet increasing demand;
- the Productivity Commission examines the long term effectiveness of the current ways of subsidising rents, including Commonwealth Rent Assistance, income based and market based rents, to provide recommendations on the most effective way to ensure affordability for tenants within a sustainable social housing system;
- the WA Department of Housing reviews income eligibility limits, in consideration of the increasing gap between income-based rents and private rental market rent levels.

Growth and development of the community housing sector

The growth and development of *Community Housing Organisations* must be an essential component of the future of affordable housing. Increasing and developing the community housing sector should be a key priority of governments through asset transfers and joint project partnerships to develop affordable housing. The community housing sector is well placed to identify specific needs, create partnerships with the private sector, and manage tenancies, especially where there is a need for joined up service provision.

Some community housing providers also have experience providing mixed income, mixed tenure developments. The trend in WA, as with the rest of Australia and indeed many other countries, is that the community housing sector must grow to accommodate the dearth of public housing. Diversification of the social housing system, and particularly providing a greater proportion of community housing, has many benefits. Community housing providers are able to leverage finance for affordable housing through GST subsidies, cross-subsidies across tenancies, tenants accessing Commonwealth Rent Assistance, and limited developer contributions through the land use planning system (Milligan, et al. 2005).

Ongoing funding commitments are far from sufficient to maintain a viable social housing system that can cope with the level of demand. This Senate Inquiry provides the opportunity to review the long term viability and sustainability of the National Affordable Housing Agreement and its attendant sub-agreements. The first challenge is to deliver a sustained increase in the supply of social and affordable rental housing over the coming decade. This housing needs to be provided through a mix of programs including the continuation of an improved NRAS program, and the continued expansion of social housing at the rate achieved under the Social Housing Initiative, National Building Economic Stimulus Plan.

The reorientation of social housing towards housing higher-need households has placed increasing financial pressure on the system. This has meant that for the past decade or more, the capital funds provided to build new housing have been offset by the sale of older housing to subsidise maintenance of the remaining stock, leaving a static or declining supply. If social housing is to continue to house Australia's highest-need households at affordable rents, governments need to recognise that rental income will not cover the

operating expenses of social housing operators, and identify an ongoing subsidy stream to meet the revenue shortfall in the system.

To grow and develop the community housing sector, Shelter WA recommends:

- that the Commonwealth, states and territories continue to work towards the flexible delivery of affordable rental housing to maximise both financial and social sustainability;
- that the National Affordable Housing Agreement reaffirm the commitment to transfer a substantial proportion of social housing stock to community housing organisations to facilitate growth, including title transfer to ensure properties can be used to leverage investment in new housing, within the context of a clear overall growth strategy for the social housing sector;
- that Commonwealth policies on the tax treatment of social and affordable housing and the eligibility of social housing tenants for Commonwealth Rent Assistance continue to support this growth strategy;
- that the National Regulatory Framework be implemented as a method of managing the risks associated with transfers of public housing stock, to minimise disruption to, and ensure close consultation with, sitting tenants, and to ensure the rights of tenants, including their security of tenure, security of rent levels, other tenancy conditions and access to complaints and redress mechanisms are preserved in any transfer process.
- that the Australian, state and territory governments commit to the delivery of an extra 200,000 social and affordable housing dwellings by 2024, distributed on a per capita basis, at an approximate annual cost to the Australian Government of \$2.5b per year above existing commitments, assuming a 25% contribution by the states and territories;
- that revised social housing funding arrangements include an operational subsidy for existing social housing managed by state and territory governments, equivalent to the maximum rate of Commonwealth Rent Assistance payable for households in comparable private dwellings, calculated on a 'per dwelling' basis.

Aboriginal Housing

Shelter WA has a strong interest in seeing improved housing outcomes for Aboriginal and Torres Strait Islander peoples. Aboriginal and Torres Strait Islander peoples continue to experience higher levels of housing disadvantage than other Australians, including more homelessness, more overcrowding, lower levels of home ownership and higher levels of housing stress. It is important that governments remain focused on resolving the issues in remote communities and in urban and regional Australia. In 2010 and 2011 National Shelter hosted two Aboriginal and Torres Strait Islander Housing round tables, bringing together people involved in Aboriginal and Torres Strait Islander housing from around the country. While not a formally representative group, these meetings have provided a national perspective on Aboriginal and Torres Strait Islander housing issues, from which the following recommendations are drawn.

To support affordable, accessible housing for Aboriginal and Torres Strait Islander peoples, Shelter WA recommends:

- that within the overall growth funding recommended for social housing managed by state and territory governments, funds be allocated to provide an extra 20,000 Aboriginal and Torres Strait Islander social housing dwellings by 2024 in remote, regional and metropolitan areas around Australia;
- that Aboriginal and Torres Strait Islander community housing providers be supported with funding and capacity building to play a significant role in developing and managing this additional housing;
- that funds for identified urgent maintenance be released without delay to enable the upgrade of substandard Aboriginal and Torres Strait Islander social housing (SOMIH).
- that Federal, State and Territory Governments engage in good faith with Aboriginal peoples and their representatives over both the implementation of Aboriginal community controlled housing, and improvements to mainstream social housing to improve access for Aboriginal and Torres Strait Islander households in remote, regional and metropolitan areas;
- that Federal, State and Territory Governments work with Aboriginal and Torres Strait Islander representatives to develop and implement programs to support access to private rental and home ownership for Aboriginal households.

Affordable and accessible housing for people with disability, people with mental illness and their carers

The introduction of the *National Disability Insurance Scheme* has created a lot of interest among housing organisations. Its objective of providing the opportunity for greater independence for people with disabilities and allowing them control over their own care and support resonates strongly with housing providers.

One of the keys to the success of this scheme is the availability of housing options. Disability organisations have long campaigned for the creation of more housing designed on universal design principles (that is, housing that is accessible to people with disabilities from the moment of first occupation) and failing that of housing that is built to adaptable housing standards – that is, housing that can be easily modified to accommodate a person with a disability. Adaptability is a particularly key aspect of housing design in the context of an ageing population as people are more likely to acquire disabilities as they age and adaptable housing makes it easier for people to “age in place”. However, take-up of these design principles has been slow in the development industry. Despite the extra costs associated with these features being relatively modest, developers are often unwilling to bear this cost, and are hesitant to take on new designs or processes which are untested in the market.

This indicates a potential weak link in the implementation of the NDIS. The program does not directly fund housing and expects people with disabilities to find housing through existing market or social housing arrangements. However, such housing is in short supply across all sectors, and people with disabilities can find themselves “stuck” either in inappropriate housing or in institutions or arrangements where their options for

independence are highly restricted. At this point it is early days in the roll-out of the NDIS but it will be important to carefully evaluate the housing dimensions of this system and ensure there is a mechanism for people to find housing that meets their needs.

The Australian Bureau of Statistics estimates that there are more than 250,000 people in a caring role in Western Australia although academic research has shown this is an underestimation and there are more likely to be upwards of 307,000 people in Western Australia in a caring role. Carers are often an extremely vulnerable population who are under stress as a result of their caring duties, with many also experiencing financial stress. Many carers are unable to participate in the workforce due to the extent of their caring role, whilst others may have to limit or reduce their hours of employment. This can often result in carers living on low incomes and relying on government income supports such as Carer's Payment.

Carers WA is the peak body in Western Australia representing people who provide ongoing care to a family member or friend with ongoing care needs due to disability or chronic illness, including age-related disability and mental illness. Carers WA has found that its ability to offer advocacy assistance in relation to access to housing is extremely limited due to the difficulties associated with housing affordability in Western Australia over the last several years, and due to the long waiting lists in the public housing system. As a result, Carers WA commonly advises carers who are in crisis and in need of housing to utilise their personal networks to obtain housing. Many carers may be disadvantaged when seeking assistance through such means in comparison to other sectors of the population. This is due to carers commonly experiencing a reduction in their social networks and/or social isolation as a result of both the time they spend caring and a lack of understanding within the community. In addition to seeking housing options through social networks Carers WA also refer carers to seek the advice of a Financial Counsellor.

Carers WA have received reports of difficulties being faced by families who require affordable housing that is also accessible to people with disabilities. Carers WA also report that the inflexibility of the current public housing system within Western Australia can also cause barriers to housing access for some families with complex needs.

To ensure adequate housing for people with disabilities, people with mental illness and their carers, Shelter WA recommends that:

- the NDIS include housing funding for people with disabilities within the scheme;
- any new government-funded housing is built using universal design principles, or at least to adaptable standards;
- Federal and State housing policies take into account the role of carers and their challenges in accessing and maintaining affordable accommodation for themselves, and those for whom they care.

Homelessness and the NPAH

The *National Partnership Agreement on Homelessness (NPAH)* has allowed specialist homelessness services to support thousands of people in need. In 2012-2013, homelessness services in WA assisted 21,409 people. Service providers found accommodation for 74% of the people who required it and assisted 87% of the people needing support to sustain their housing tenure. These are significant successes. By assisting people to remain housed – or helping them access housing quickly – households have been stabilised, minimising the compounding disadvantage that comes from repeated or prolonged periods of homelessness.

Funding homelessness services is more cost effective for governments than not funding them. Research has shown that the net *savings* to Government (through reduced costs in health, and justice services) of providing specialist homelessness services is up to \$3685 per client per year. This research reveals that clients participating in homelessness services present less often at emergency health facilities, and are less likely to have ongoing engagement with the justice system, including courts and the prison system.

To reduce homelessness, Shelter WA recommends that:

- the Australian, State and Territory Governments commit to embedding the National Partnership Agreement on Homelessness within the National Affordable Housing Strategy;
- provision and allocation of housing to people who are homeless be linked to appropriate support services which address the range of issues which can be associated with, or lead to, homelessness, including domestic and family violence, child abuse and neglect, mental illness and substance misuse;
- services continue to focus on prevention and early intervention and continue to develop a range of appropriate support models to best meet the varied needs of people experiencing homelessness;
- improved homelessness services continue to be accompanied by an expansion in the supply of social and affordable housing to ensure long term housing options for people exiting homelessness services;
- effective homelessness services be supported through adequate and planned indexation.

Conclusion

Shelter WA welcomes the opportunity to comment on the Senate Inquiry into Affordable Housing. Shelter WA believes that the provision of affordable housing must be ensured by all levels of government. We believe there are many ways to improve the current housing system in Australia, to deliver more housing which is affordable and appropriate for low to moderate income earners. It will require coordination between all levels of government and across government departments.

The recommendations included in this submission are aimed at increasing the supply of affordable housing and making housing more affordable for low and moderate income earners. It includes a variety of strategies, including funding to increase the supply of social housing and affordable rentals, tax reforms, streamlining planning systems, and investing in homelessness specialist services to prevent homelessness and assist others to secure safe, affordable housing.

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