

Submission

Inquiry into Affordable Home Ownership

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About Shelter WA

Shelter WA is the peak body for social and affordable housing in Western Australia. Shelter WA is also committed to the elimination of homelessness across the state, through provision of social and affordable housing and support services to prevent homelessness and/or assist people to transition out of homelessness. Shelter WA was founded in 1979 as an independent community based peak body committed to accessible, affordable and secure housing for Western Australians. It provides a link between government and the community through consultation, research, systemic advocacy, policy advice and community engagement

Introduction

Shelter WA welcomes the opportunity to contribute to the Inquiry into Home Ownership.

Shelter WA's recommendations have been informed by informal stakeholder input, a survey conducted in collaboration with the Aboriginal Legal Service of WA on Aboriginal home ownership with over 80 respondents, reviews of academic research, and our Policy Platform *Housing in WA: Sustainability and Affordability for the Future*.

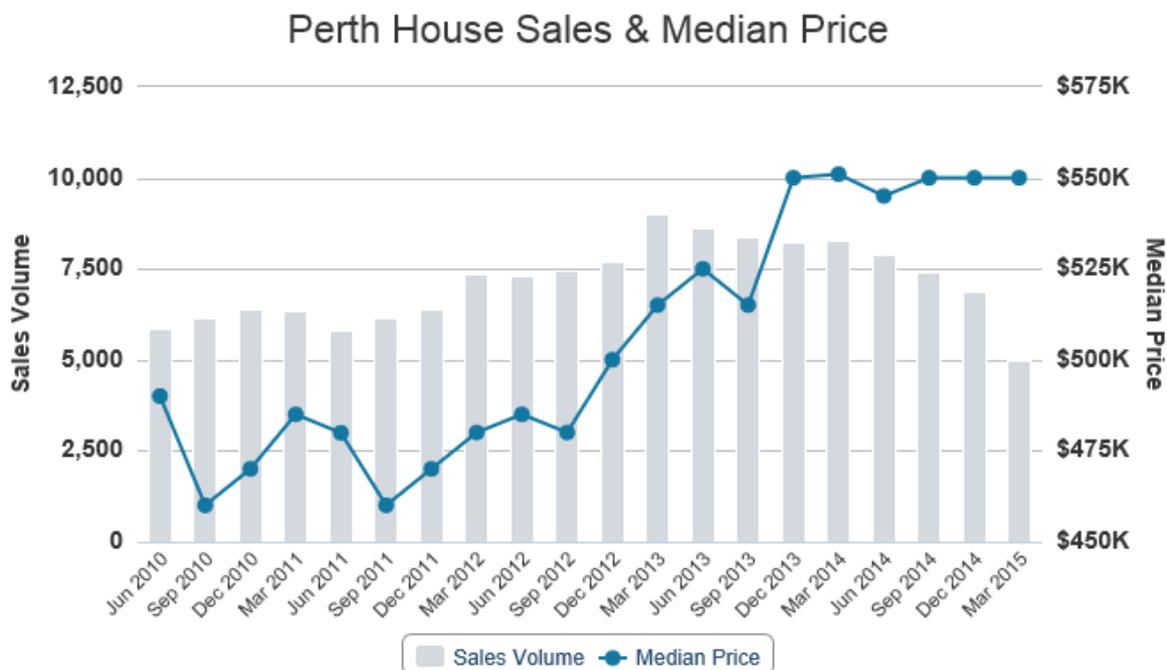
To increase the affordability of home ownership, Shelter WA recommends the Australian Government:

- Appoint a Minister for Housing and Urban Development with responsibility for coordinating housing-related policy and decision making across government. This coordination will improve the effectiveness of the housing system across the whole continuum. Shelter WA also recommends that this coordination be mirrored at the state level.
- Conduct a study of the impact of negative gearing and the capital gains tax discount on home purchase affordability and on the rental market. This review should assess the impact of these arrangements on revenue and their relationship to economic productivity, with a focus on reform.
- Undertake research into utilising revenue obtained from potential reforms to negative gearing and capital gains discounts to improve tax incentives for investment in new affordable rentals (i.e. comparable to National Rental Affordability Scheme).
- Encourage and support State and Territory Governments to replace stamp duty with broad based land taxes.
- Encourage and support to review and reform planning processes for more effective and efficient planning systems which facilitate affordable housing.
- Support the development of shared equity programs and other alternative home loan mechanisms, such as those administered by Keystart in WA.
- Adopt joint responsibility with State and Territories for Aboriginal housing, and develop culturally appropriate programs to promote home ownership for Aboriginal peoples in collaboration with Aboriginal community representatives.

Shelter WA Response

Australia has some of the least affordable housing in the world. The cost of housing has increased dramatically in recent years, making it difficult for people to access home ownership due to high house prices and the inability to save for a deposit while paying rent. While the affordability crisis in WA is less extreme than in some other areas of the country, housing remains unaffordable for many Western Australians. In WA, six times the median annual income is required to purchase a home at the median price (Bankwest Curtin Economics Centre, 2014). This is up from 3.6 times the annual income which was required to purchase a dwelling in WA in 2001.

Both home purchase and rental prices have increased significantly over the last few years. For example, between 2006 and 2011, mortgage repayments in Perth increased by 54% and rents increased by 78%, while incomes only increased by 34% (Australians for Affordable Housing, 2012). The following graph, from the Real Estate Institute of WA (REIWA), illustrates the growth in house sales and median house prices between 2010 and 2015. While the median house price in Perth has stabilised since 2013, many Western Australians remain unable to access affordable home ownership.



Source: REIWA (2015)

Home ownership has been a mainstay of Western Australia’s housing system, providing many households with stability and security into retirement. The rate of home ownership decreased slightly from 68% in 2006 to 67.3% in 2011, and comprised 29.5% outright home-ownership and 37.8% with a mortgage (ABS, 2012). While the percentage of home owners compared to renters has not changed dramatically in those five years, households are taking on increasing levels of debt to access home ownership.

The household debt to income ratio has tripled over the past two decades (Bankwest Curtin Economics Centre, 2015). This includes mortgage debt as well as personal loans, credit cards and student loans. On Average, Australians now have debt equal to 1.5 years of income compared with half annual income in 1990 (Bankwest Curtin Economics Centre, 2015). Accumulation of household debt places households at risk of financial difficulties in future years, and increases housing stress and the possibility of homelessness.

Patterns of home ownership also differ by household type. For example, couples have above-average rates of home ownership while single-parent families and single-person households generally have below-average rates of home ownership and remain in the rental market for extended periods (ABS, 2012).

Researchers associated with the Australian Housing and Research Institute (AHURI) conducted extensive research on home ownership patterns and perceptions. The findings from their research are summarised below (AHURI, 2015):

- Amongst younger households there appears to be a delay in buying a home due to lifestyle factors. However, the evidence suggests when these households become older they will have home ownership rates that are approximately the same as previous generations. Home ownership rates can also be reduced by factors such as divorce rates being greater than rates of re-partnering.
- Home ownership remains an aspiration for both Indigenous and non-Indigenous Australians. Fifty-four per cent of people who were not living in owner-occupied housing said that buying a home was either very important or important to them in the short term.
- Qualitative research indicates that for some Indigenous Australians the positive social attributes of home ownership, such as being able to pass the house down in the family, are more important than the potential short-term financial benefits. Intergenerational asset building for future generations and housing security are the primary motivators driving these aspirations.
- Affordability is a major barrier to home ownership. However, AHURI research indicates that job security rather than income may be a greater factor in home ownership. This is because people in less secure employment buy cheaper homes; however, those on higher incomes do not necessarily buy more expensive homes.
- AHURI research also indicates that the number of mortgagors who have had their homes repossessed has risen significantly in NSW and Victoria since the mid-1990s. Those who take out low-documentation loans (where there is limited evidence of borrower's capacity to meet loan repayments) experience the greatest risk of mortgage default.

Opportunities for Reform

Affordable housing is a structural issue, which needs to be addressed at a structural level through tax reform, employment growth and urban and regional development. A social welfare response will continue to be required for those most in need, but this should be in addition to ensuring the effective functioning of Australia's housing system. This requires a Cabinet Minister with a combined portfolio in housing, as well as urban and regional development.

Affordable home ownership offers many benefits to the community, industry and residents, and must be linked to urban planning and employment. Housing New South Wales' Centre for Affordable Housing compiled the following list of benefits of affordable housing, including affordable home ownership (NSW Housing, 2011). The benefits to the community from affordable housing arise from the enhanced contribution to sustainable and dynamic local communities, by:

- providing housing for a diverse local workforce;
- providing direct economic benefits to the local community, including increased demand for goods and services which in turn provides increased local employment opportunities;
- accommodating people with the different skills required to support communities, such as shop assistants, bus drivers, construction workers, cleaners, nurses and teachers;
- meeting the needs of the growing number of smaller households living in high-cost areas; and

- promoting economic and social integration – ensuring that families’ housing costs are not so high that they can’t afford to meet education and health costs and that there is sufficient security of tenure to improve their capacity to obtain and maintain employment.

Recommendation 1: Appoint a Minister for Housing and Urban Development with responsibility for coordinating housing-related policy and decision making across government. This coordination will improve the effectiveness of the housing system across the whole continuum. Shelter WA also recommends that this coordination be mirrored at the state level.

Capital gains tax discounts and negative gearing

The current tax treatment of housing creates market distortions and adds inflationary pressure to an already constrained housing system. In particular, Shelter WA is concerned about the impact that negative gearing, in combination with capital gains discounts, is having on house prices. The Australian Council of Social Services (ACOSS) recently published a report, *Fuel on the fire: negative gearing, capital gains tax and housing affordability*. The report discredits the myth that the majority of households with negatively geared properties are middle income earners. The report found individuals appear to be middle income earners because the data often cited is based on adjusted income rather than total income. Adjusted income is reported after deductions (such as losses from negatively geared property) have been subtracted from taxable income. When total income is applied, the report shows that in 2011 over half of taxpayers with negatively geared property were in the top 10% of tax payers and 30% earned over \$500,000 that year (ACOSS, 2015).¹

The foregone revenue from tax concessions to upper income households could be better targeted and used to invest in social and affordable housing. Capital gains tax concessions for investment assets, including, but not limited to, housing amounted to \$5.8 billion in 2013-2014 (Australian Government, 2015). Increasing the supply of social and affordable housing would help ease housing stress, diminish homelessness and reduce the need for government funded services.

While some argue that negative gearing and generous capital gains concessions are needed to encourage investment in the rental sector, very few property investors purchase new construction. In fact, over 90% of investor borrowing is for existing rental properties, not new builds, so investors are bidding up home prices without adding much to the supply of housing (ACOSS, 2015). Those who do invest in rental property tend to do so with an eye to capital gains, not more modest, long term income from rental yields.

In their study *Factors shaping the decision to become a landlord and retain rental investments*, Wood and Ong (2010) found that negatively-geared rental investors are more likely to terminate leases at any point in an investment spell. There is also significant churn among investors, where they must refinance and sell properties in order to retain tax benefits, which contributes to instability for renters.²

¹ Data included in this report was based on RBA, Submission to Senate Economics Committee on Affordable Housing, Financial stability review, Sept 2014.

² Presentation by Rachel Ong, How our tax system affects housing affordability, Shelter WA Forum, 14 November 2011.

Any changes to tax for individual property investors must, at the same time, encourage institutional investment to increase the supply of affordable rentals and provide tenants with greater security of tenure. This could be done by utilising the additional tax revenue to re-instate the National Rental Affordability Scheme (NRAS) or an alternative mechanism. Institutional investment in the rental market is needed to accommodate the growing number of households remaining in the private rental system for extended periods of time.

With lending for investment properties rising by 150% in Sydney in the last three years, the Reserve Bank has warned that investment housing requires close monitoring for signs of speculative excess (ACOSS, 2015). Changes to negative gearing and capital gains may temper some of the speculative activity in those markets.

In the Terms of Reference of the Inquiry into Home Ownership, rental accommodation is labelled 'investment housing'. This term emphasises the benefits it accrues to owners, rather than as a valuable tenure type for renters. Owners are entitled to a fair return on their investment, however government policies should only provide incentives to investors that contribute to affordable rental accommodation.

Shelter WA recommends the Australian Government conduct a study on the impact of negative gearing and the capital gains tax discount on home purchase affordability and on the rental market, the effect of these arrangements on revenue, and their relationship to economic productivity. This recommendation is consistent with a recommendation made by the Senate Economics References Committee (2015).

Senate Economics References Committee Recommendation on Investment Properties

In its final report, *Out of Reach? The Australian Housing Affordability Challenge*, the Senate Economics References Committee recommended that the Australian Government investigate the effect of the current taxation treatment of investment housing on home purchase affordability and consider if alternative approaches would help improve affordability. It recommended that the study examine these alternatives:

- (a) a housing-specific 'quarantine' approach, wherein losses for investment properties can only be deducted against rental income, with provision for losses in excess of rental income to be carried forward and deducted against future rental income and capital gains;
- (b) a broader 'quarantine' approach, wherein interest expenses on all investments, including but not limited to housing assets, are only deductible in any given year up to the amount of investment income earned in that year, with provision for losses in excess of this amount to be carried forward and deducted against future investment income and capital gains;
- (c) limiting the application of negative gearing arrangements to new housing stock, or designated new affordable housing stock;
- (d) limiting the application of negative gearing to a certain number of properties (assessing options for various limits in this regard);
- (e) options for phasing out negative gearing on investment housing;
- (f) applying the savings income discount recommended in the Henry Review to investment housing, with consideration given to the impact of this approach both with and without the implementation of the Henry Review's recommendations in relation to housing supply and housing assistance; and
- (g) reducing or removing the capital gains tax discount for investment properties, or reverting to the pre-1999 system of taxing real rather than nominal capital gains on investment assets.

Shelter WA recommends that the Australian Government explore these options to limit the impact of negative gearing and capital gains on house prices. Where appropriate, changes would need to be implemented gradually to limit the impact on people who made investment decisions under the existing rules. Shelter WA also recommends that any revenue raised from housing tax reform be directed to fund the growth of social and affordable housing stock.

Recommendation 2: Conduct a comprehensive study of the impact of negative gearing and the capital gains tax discount on home purchase affordability and the rental market. This study should analyse and assess the impact of these arrangements on revenue and their relationship to economic productivity, with a focus on reform.

Recommendation 3: Utilising the revenue obtained from potential reforms negative gearing and capital gains discounts to improve tax incentives for investment in new affordable rentals (i.e. comparable to National Rental Affordability Scheme).

Stamp duty and land tax

Stamp duties are widely recognised as inefficient taxes. Stamp duty on the purchase of housing prevents people from moving through the housing system, relocating for employment and downsizing as they age. For example, stamp duty would add \$12,000 to the cost of buying a \$380,000 home in WA. ACOSS, National Shelter, the Community Housing Federation of Australia, Homelessness Australia, and the National Association of Tenants Organisation developed *An Affordable Housing Reform Agenda*, which describes some of the advantages of replacing stamp duty with a broad based land tax. The report explains that a broad based land tax ‘discourages speculation in land and housing, encourages productive development, is simple to administer and difficult to avoid’ (2015, p. 14). Notably, this recommendation has the potential to increase housing affordability for first time homebuyers, low and moderate income households and anyone wishing to move or downsize.

Changes to land tax are also required to stimulate large scale investment in the rental market. Currently, investors are charged land tax on their entire portfolio rather than the sum of the land tax that would apply to each individual property within a portfolio. Such high rates of land tax discourage institutional investment.

Importantly, any changes to stamp duty and land tax would require a transition period to avoid current home owners, who have already paid stamp duty, having to pay an additional land tax. In order to ensure ongoing affordability, considerations will need to be made for low income households during both the transition period and in the ongoing implementation of a broad based land tax. This could be done by progressively structuring the land tax with exemptions for lower value properties, and/or basing concessions on household income. This will be particularly important for seniors who may live in an area with high value land, but do not have access to sufficient income to pay an annual land tax.

The ACT Government is phasing out stamp duties over the next twenty years, noting that this would support their agenda of making taxes ‘fairer, simpler and more efficient’ (ACT Government Treasury, 2014). It is unclear whether other states will follow.

Shelter WA was pleased that the Senate Economics References Committee shared its recommendation to abolish stamp duties. The final report recommended, 'that state and territory governments phase out conveyancing stamp duties, and that as per the recommendations of the Henry Review, this be achieved through a transition to more efficient taxes, potentially including land taxation levied on a broader base than is currently the case' (Economics References Committee, 2015). Shelter WA strongly supports the recommendations made in the Henry Review and the final report of the Senate Inquiry into Affordable Housing to abolish stamp duty and introduce a broad-based land tax over a transitional period.

Recommendation 4: Abolish stamp duty and replace it with a broad based land tax.

Planning

Planning is an integral component of ensuring a range of diverse and affordable housing types, for a range of households and income levels. Planning laws can encourage or inhibit the supply of new housing, including affordable home ownership. Initiatives to increase affordability include removing zoning and planning regulations which prohibit smaller dwellings, and providing incentives to developers to provide affordable housing in new developments. It is essential that any changes at a local level are supported by state funding and are statutorily backed to ensure their implementation. Many planning amendments, when combined with tax reforms, can greatly expand the supply of affordable housing.

There are several mechanisms local governments and state government can use to encourage affordable housing including (Gurran, Milligan, Baker, Bugg, & Christensen, 2008):

- fee discounts for affordable housing developments;
- planning bonuses such as relaxed boundary setbacks;
- lower requirements for car parking spaces;
- height increases for multi-storey units;
- mixed use zoning for buildings or sites where a combination of commercial, educational, or community service facilities and residential dwellings can be co-located for developments containing affordable housing;
- compulsory inclusionary zoning targets; and
- flexibility in plot ratios.

Shelter WA is concerned that the current planning system does not focus enough on the delivery of affordable housing, through both State and local government processes. In 2014 the Department of Planning (DoP) finalised a review entitled *Planning Provisions for Affordable Housing*, into planning provisions which could facilitate the creation of more affordable housing in WA, including the use of mandatory inclusionary zoning. As a result of this review, only a non-statutory approach was adopted by the DoP, to the disappointment of many organisations including Shelter WA.

The current process into the streamlining of planning systems could provide an opportunity to increase affordability outcomes for households across WA (Department of Planning, 2014). However, affordability is not guaranteed, even with reforms. Planning changes must be reviewed cautiously in terms of their delivery of better outcomes for both the community and government. Recent changes to Development Assessment Panels (DAPs) made it is easy for developers to bypass local government planning, through new opt-in thresholds. While this may streamline approval times, this process may actually be detrimental to achieving better affordable housing outcomes. For instance, developers could use DAPs to side-step a more stringent local government planning approvals process with affordable housing requirements.

Shelter WA believes the planning system must be better leveraged to ensure affordability, and not just ‘diversity’ of housing for Western Australia. Furthermore, local councils need to have a more active role in understanding and addressing the need for affordable housing as a key component to productive communities. Currently local councils are only required to undertake Local Housing Strategies, but these have no statutory backing and there is no requirement for affordable housing to be included.

Recommendation 5: State Governments continually review and reform planning processes to achieve an effective and efficient planning system to facilitate affordable housing.

Assistance with home purchase

There is a small but important segment of the population for whom the best housing assistance option is to provide a modest level of assistance towards accessing home ownership. This segment is made up of households on moderate incomes who have the ability to increase their income over time but are struggling to overcome present barriers to accessing finance for home ownership. Shelter WA supports programs which specifically target this segment of the market with home ownership opportunities. Assisting these particular households to exit the rental market and move into home ownership will help to reduce some of the demand on rental housing.

Shelter WA is encouraged by the WA Department of Housing’s programs, which are aimed at making home ownership more accessible for low and moderate income households. These programs include shared equity schemes and Keystart loans, which report lower default rates than commercial lenders. Since its inception, Keystart has assisted 85,000 Western Australians transition into home ownership. Since 2011, 1,029 families purchased a home through the SharedStart program, via co-ownership with the Housing Authority and Keystart home loans.

Keystart requires a more rigorous savings justification process than mainstream banks, provides a household budget education program, and works closely with customers to restore their financial position after unforeseen impacting events, such as unemployment or illness. For these reasons, Keystart has historically had low rates of default. The current rate of accounts in arrears for Keystart loans sits at 0.26%. Private financial institutions currently have an arrears rate of 1.17%, 4.5 times higher than the Keystart rate. Such programs should continue to be offered to eligible households to facilitate access to home ownership.

Shelter WA stakeholders in regional areas have recommended shared equity programs be extended to more parts of the state, particularly to the Kimberly and other regional locations where there are limited home ownership opportunities. Discussions with Indigenous Business Australia reveal that often interested home buyers in regional and remote areas are ineligible for traditional home loans due to other financial commitments, namely personal loans for vehicles.

The WA Government recently announced the removal of the \$3,000 First Home Owner Grant for established homes, while retaining a \$10,000 grant for new homes. This is consistent with other states and is aimed at increasing the supply of new homes. Further reforms to the grant should also include means testing to ensure it is targeted appropriately.

Recommendation 6: Support the continued development of shared equity programs, such as those administered by Keystart in WA, and other alternative home loan mechanisms.

Aboriginal home ownership

This section of our submission was informed through various sources. In May 2015, Shelter WA convened an online forum on the WA Housing Hub on the possibility of closures of some remote Aboriginal communities. We also gathered input from Shelter WA's regional stakeholders in June 2015, particularly those in the Kimberly. In 2010, Shelter WA and Aboriginal Legal Service of WA (ALSWA) provided a joint submission to the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) in response to the Indigenous Home Ownership Issues Paper. In preparing the Shelter WA/ALSWA submission, both organisations conducted a survey on Aboriginal home ownership in 2010. The survey was distributed through Shelter WA and ALSWA's networks throughout the state. We received 83 responses, 67 of whom identified as Aboriginal or Torres Strait Islander peoples. Responses were received from the Kimberley (47%), Perth and Peel region (41%), Pilbara (6%), Goldfields (3%), Gascoyne-Murchison (1%), and the South West (4%).

Respondents identified numerous benefits to home ownership, with 92% of respondents agreeing that "stability and security, being settled" was a benefit of home ownership. The second most popular response was, "freedom to make decisions about my home and who I live with". Several respondents offered additional comments about the perceived benefits of home ownership including:

- "having a safe environment for my family";
- "to be on a level playing field as non-Aboriginal people";
- "meeting cultural and family responsibilities"; and
- "being a role model for my children to work hard and invest wisely".

These comments reflect the desire by respondents for safe and secure housing, where they can make their own decisions, meet family obligations and care for family.

Respondents identified several risks to home ownership, with 87% selecting the primary drawback as “interest rate rises lead to higher mortgage payments that people might not be able to afford”. Additional comments included, “restriction to lifestyle and stress about mortgage”, “Indigenous Business Australia (IBA) loans do not allow for refurbishment or additional loans to do the house up”³ and “Process too long and restrictive”. Survey respondents were asked, “If you do not own your own home, what do you believe are the barriers for you to buying a house?” In reply:

- 75% selected that “Houses are too expensive and I can’t afford the kind of house I need in the place I want to live”; and
- 68% selected that “It’s too hard saving enough money for a deposit”.

Both of these responses reflect the affordability crisis across WA, which affects Aboriginal and non-Aboriginal peoples on low and moderate incomes. One respondent commented on the high cost of land in Broome and the barriers this creates to entering the housing market.

As with non-Aboriginal peoples, home ownership in urban and regional areas can enable significant social and economic improvement and independence for Aboriginal peoples.

As demonstrated by the survey results, many Aboriginal peoples value the benefits of home ownership such as the stability and security it offers and the capacity to make decisions about the home and its occupants.

Given the complex cultural and familial obligations of some Aboriginal peoples, the autonomy provided through home ownership can remove a layer of complication from compliance with commitments and responsibilities.

Where it is appropriate, home ownership can also contribute to addressing inter-generational poverty amongst Aboriginal peoples through the ownership of a valuable asset and, where successfully supported, can reduce housing stress associated with potential eviction or homelessness. An AHURI report into *Lifetime and intergenerational experiences of homelessness in Australia* found that intergenerational homelessness was significantly higher for Aboriginal peoples, at 69% of respondents, compared with only 43% for non-Aboriginal (Flatau, et al., 2013). However, for the benefits of home ownership to be fully realised, it is imperative that programs exist to educate Aboriginal peoples about home ownership and the obligations it entails. It is also essential that culturally appropriate support is available to assist Aboriginal peoples meet these obligations where necessary.

Although ALSWA and Shelter WA supported Aboriginal home ownership in urban and regional centres in our submission, we acknowledged that home ownership will not be appropriate for all. We cautioned against extending credit to people who do not have the means to make the necessary payments. Extending credit to low income people who cannot afford to service a loan of the size necessary to secure appropriate housing, without providing them with the tools and resources they need to repay the loan, sets them up for failure.

³ IBA Refurbishment loans can only be used for medical purposes i.e. wheelchair access, not for major renovations.

Importantly, Aboriginal housing in remote communities requires a different approach for many reasons, including the following:

- Remote communities operate in a closed housing market, where on-sale opportunities are limited and the cost of building a house is significantly higher than it would be in an urban or regional centre. Additionally, this extra cost is unable to be reflected in the 'market value' of the house which is dependent on various other factors including amenity, community facilities and proximity to services.
- There are serious concerns about applying a model of home ownership based on land and housing values increasing over time that may not apply in remote communities.
- For households reliant on Centrelink payments, taking on significant debt without the ability to pay for it will set people up for downward spiralling financial hardship, increasing debt and potential bankruptcy.
- There are likely to be higher costs in maintaining housing in remote communities because of the distance from regional centres where tradesman and services operate from, the harshness of environmental conditions and because existing housing stock may be old and under-maintained over a long period.

One of the major barriers to private home ownership in remote communities is the legal nature of community-title land. In our submission, Shelter WA and ALSWA did not support transferring community-title land to individual free hold land in order to promote individual home ownership. Such transfers would dilute community-title, native title interests and communities' rights to self-determination, and would remove the strength of land held in perpetuity for the benefit of the local peoples.

There have been some positive steps to improve access to home ownership for Aboriginal households in regional towns, including a pilot program in the Kimberly to transition eligible families from public housing into home ownership. Thus far, the program has assisted 40 families in Kununurra and is scheduled to provide 15 more properties in Halls Creek. In addition, 60 new transitional housing properties are under construction in Broome and Derby. This type of initiative to provide Aboriginal households in towns with the tools to purchase and maintain their own home may prove to be a viable model for extending home ownership to more Aboriginal families in towns in the Pilbara and other parts of the Kimberley. It is important to note that this type of program is appropriate in towns with freehold land and a viable housing market, but would not be appropriate in remote areas with a closed housing market and limited re-sale opportunities.

The recent announcement of the cessation of Federal and State funding to some remote communities in WA may have a significant impact on housing outcomes in those communities and surrounding areas. In May 2015, the WA Government announced the formation of Strategic Regional Advisory Councils to seek input into the process. Before any action is taken, the Government must undertake extensive consultation with local communities to determine the desires of residents and the availability of housing. Any reduction in the availability of housing is likely to put more pressure on already stretched housing stock in many regional towns.

The aim should be to promote safe, secure and affordable housing for Aboriginal peoples, regardless of dwelling or tenure type. In some cases, this may be in the form of home ownership, but this should not be at the expense of, but rather complimentary to, increasing housing stock in the private, public and community housing rental markets and providing housing assistance for those households with the greatest need, including people experiencing homelessness. ALSWA and Shelter WA recommended that Aboriginal home ownership be included as an option which is part of an overall Government strategy aimed at improving housing outcomes for Aboriginal peoples in all forms of housing tenure.

Aboriginal peoples must be involved in decision-making processes about decisions affecting them, including the development and delivery of programs to ensure they are culturally appropriate and meaningful to Aboriginal peoples. The Government is reminded of its commitment to the rights of Aboriginal peoples through its support of the United Nations Declaration on the Rights of Indigenous Peoples in 2008, which provides a suitable framework for respecting and promoting the rights of Aboriginal peoples.

Recommendation 7: The Commonwealth and State and Territory Governments share joint responsibility for Aboriginal housing. In collaboration with Aboriginal peoples and communities, develop culturally appropriate programs to promote home ownership for Aboriginal peoples. These programs may include credit and mortgage broking, subsidies, and financial planning.

Conclusion

Shelter WA welcomes the opportunity to contribute to the Inquiry into Affordable Home Ownership. When people have access to safe, secure, affordable home ownership they are able to engage in employment, attend school and connect with the community, in a way that is difficult when living in housing stress, in insecure rental accommodation, and/or on the edge of homelessness.

In order to provide access to affordable home ownership for more Australian households, Shelter WA recommends the Australian Government:

- Appoint a Minister for Housing and Urban Development with responsibility for coordinating housing-related policy and decision making across government. This coordination will improve the effectiveness of the housing system across the whole continuum. Shelter WA also recommends that this coordination be mirrored at the state level.
- Conduct a study of the impact of negative gearing and the capital gains tax discount on home purchase affordability and on the rental market. This review should assess the impact of these arrangements on revenue and their relationship to economic productivity, with a focus on reform.
- Undertake research into utilising revenue obtained from potential reforms to negative gearing and capital gains discounts to improve tax incentives for investment in new affordable rentals (i.e. comparable to National Rental Affordability Scheme).

- Encourage and support State and Territory Governments to replace stamp duty with broad based land taxes.
- Encourage and support to review and reform planning processes for more effective and efficient planning systems which facilitate affordable housing.
- Support the development of shared equity programs and other alternative home loan mechanisms, such as those administered by Keystart in WA.

Adopt joint responsibility with State and Territories for Aboriginal housing, and develop culturally appropriate programs to promote home ownership for Aboriginal peoples in collaboration with Aboriginal community representatives.

To discuss the issues raised in this submission in further detail, please contact Chantal Roberts, Executive Officer on (08) 9325 6660 or email eo@shelterwa.org.au.

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