

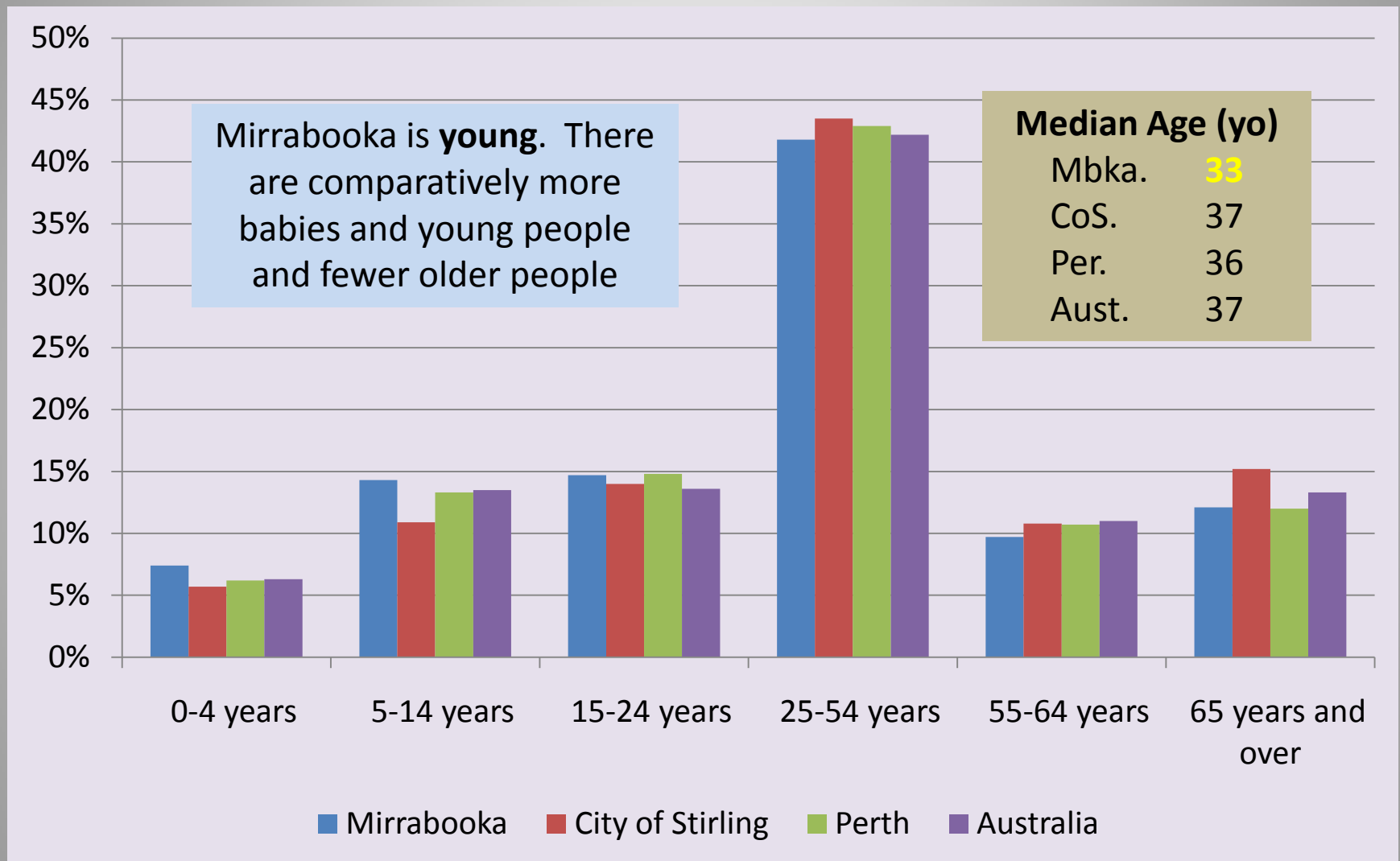


Shelter WA Public Forum
Renting in WA
Mirrabooka May 2011

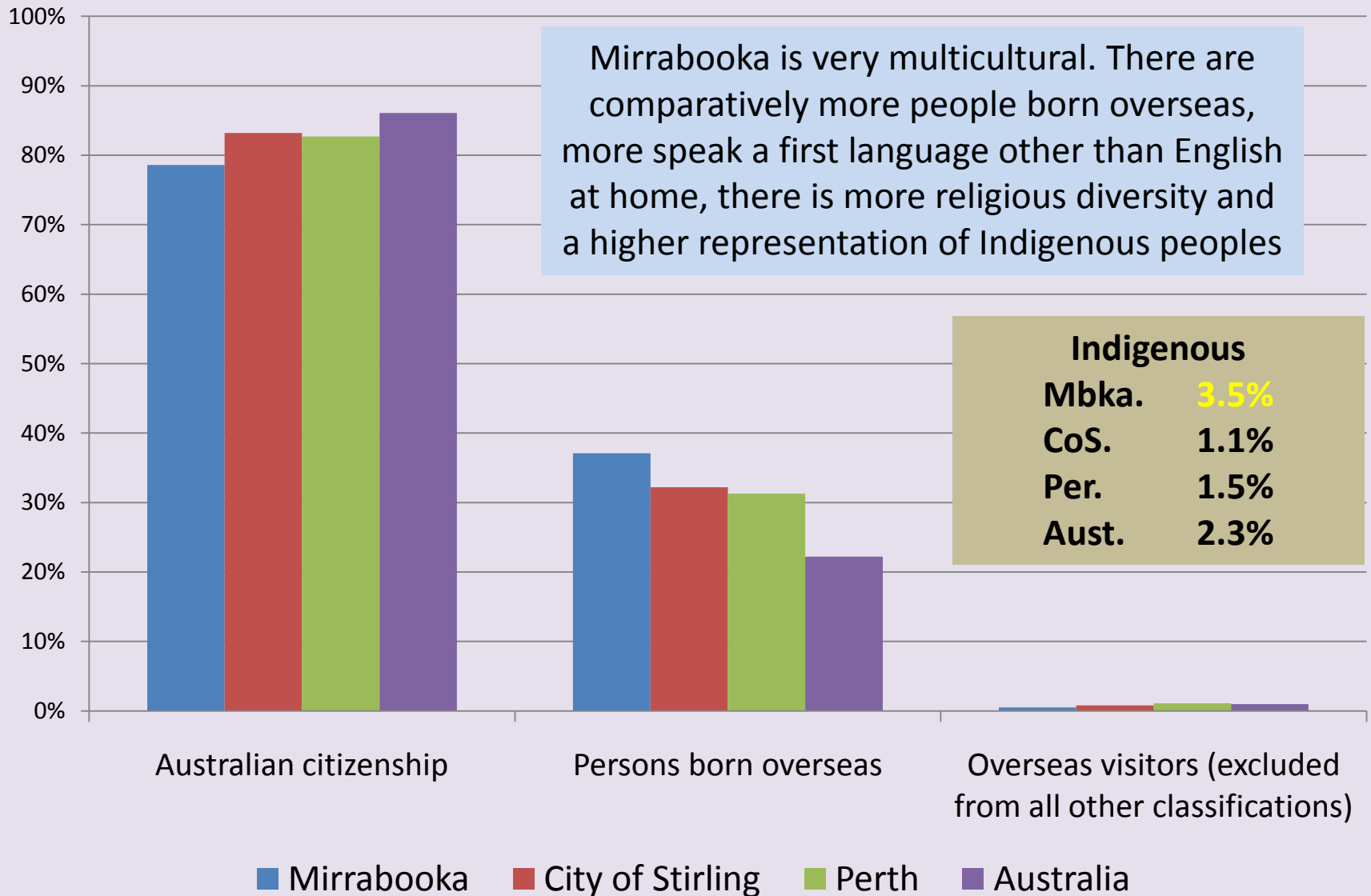
Presentation Overview

- Welcome & Housekeeping – exits, toilets, break
- Shelter WA overview, purpose of today
- Local Demographics, regional comparisons
- Government jurisdictions influencing housing supply and form
- The Australian Housing System
- Security of Tenure Continuum
- Affordability issue across all tenures – private rental, home ownership and unregulated
- Rental Tenancy Agreements Legislation
- Census and Homelessness
- (WA State Affordable Housing Strategy)

Demographics

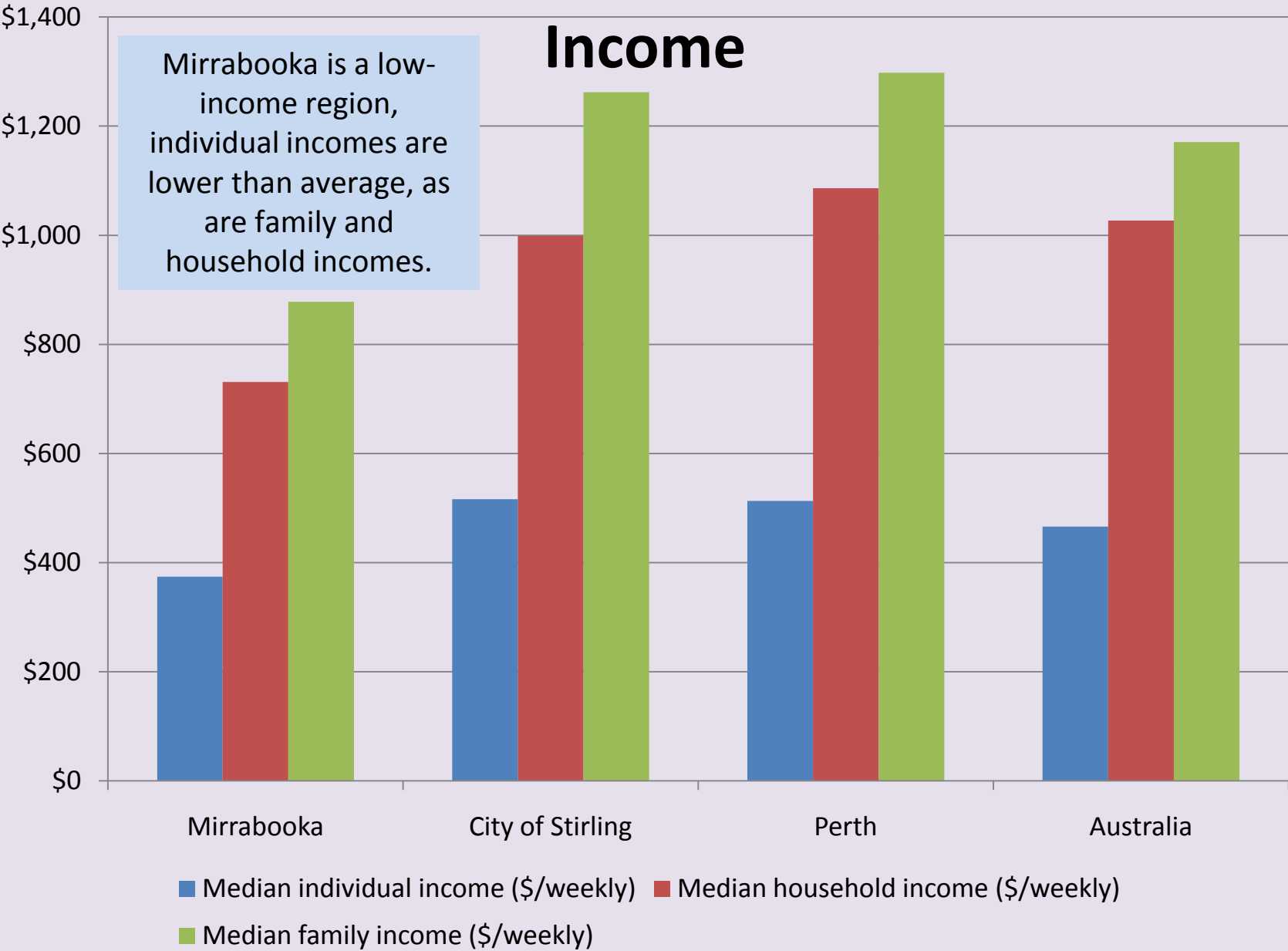


Citizenship

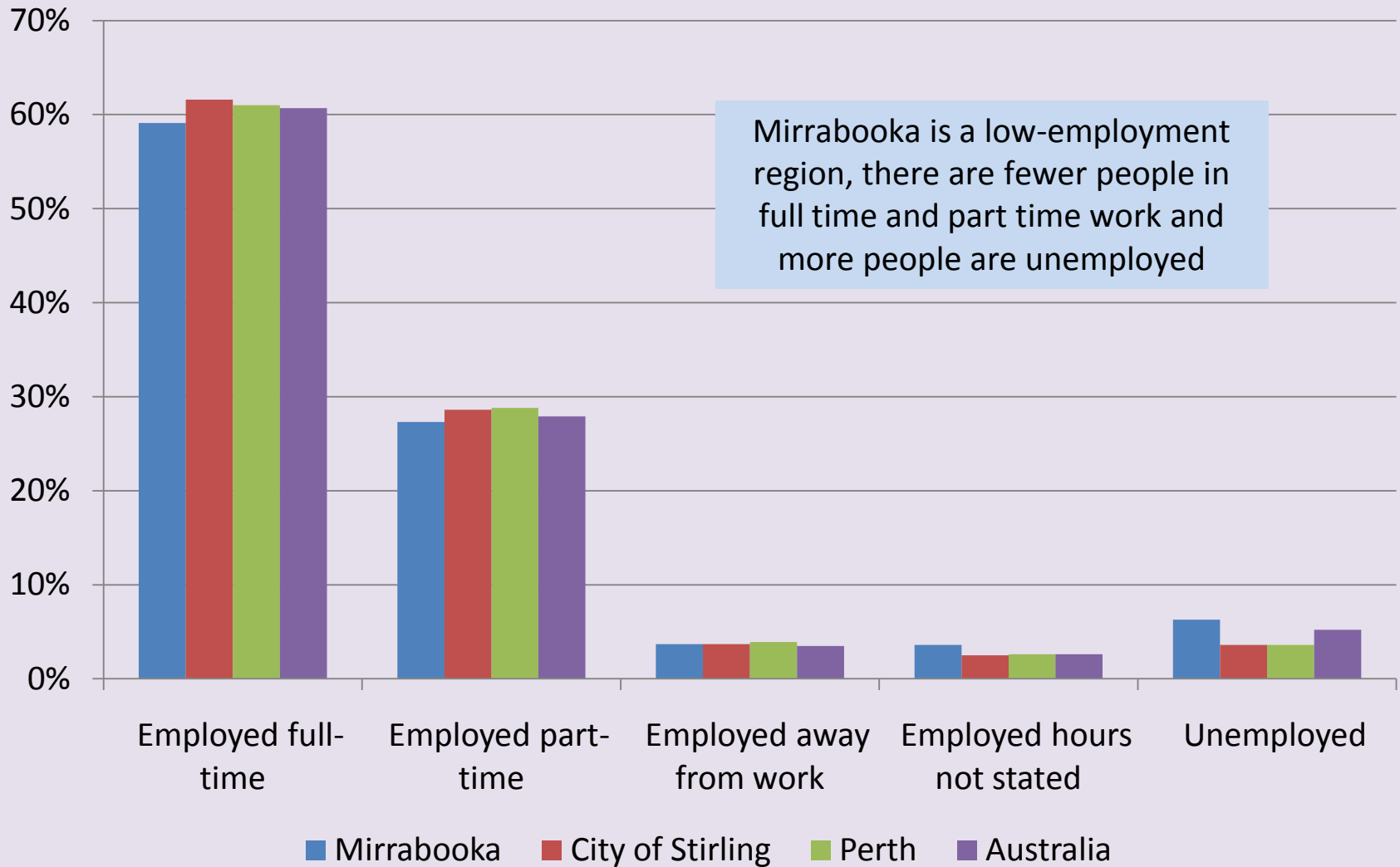


Income

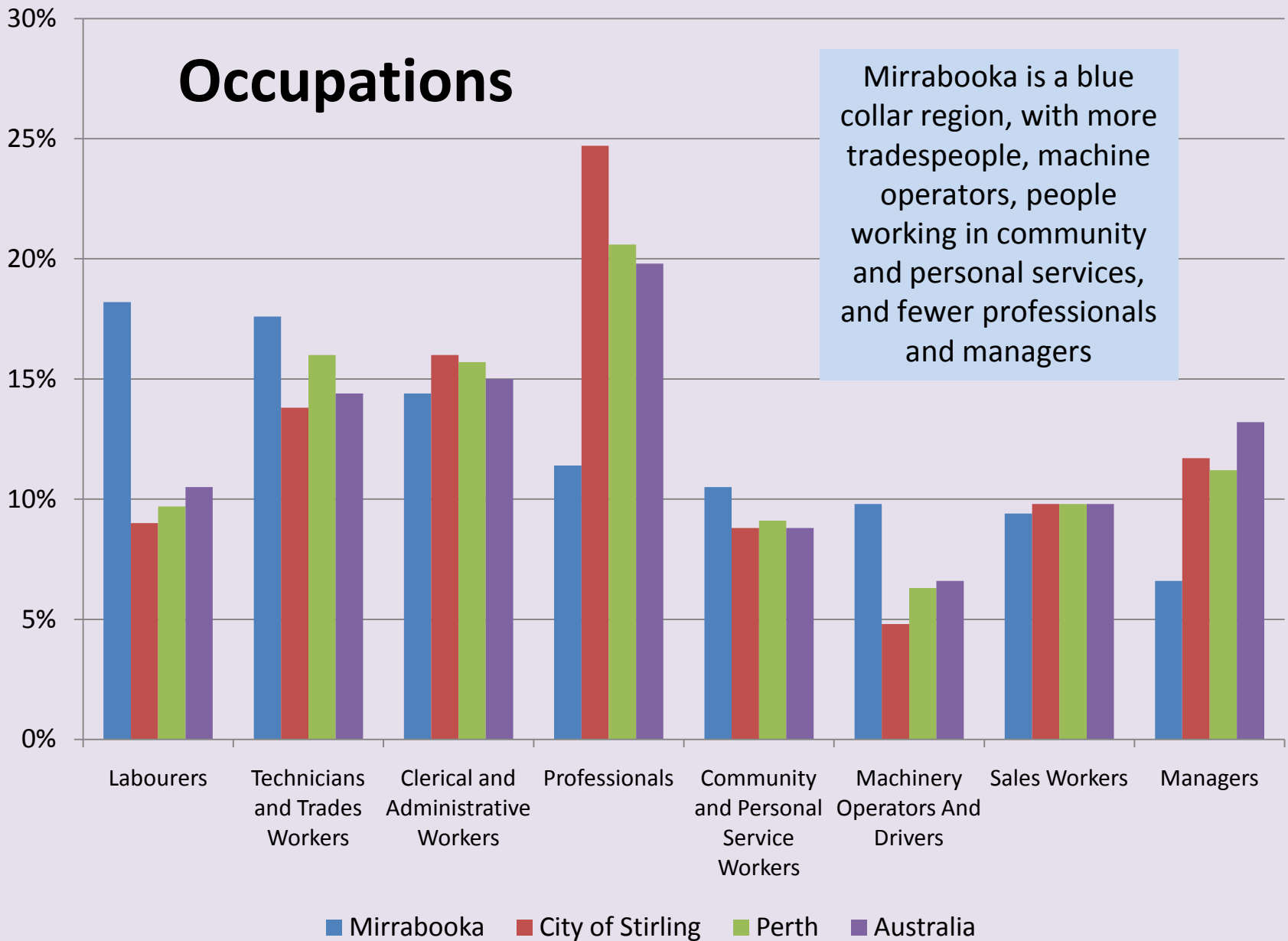
Mirrabooka is a low-income region, individual incomes are lower than average, as are family and household incomes.



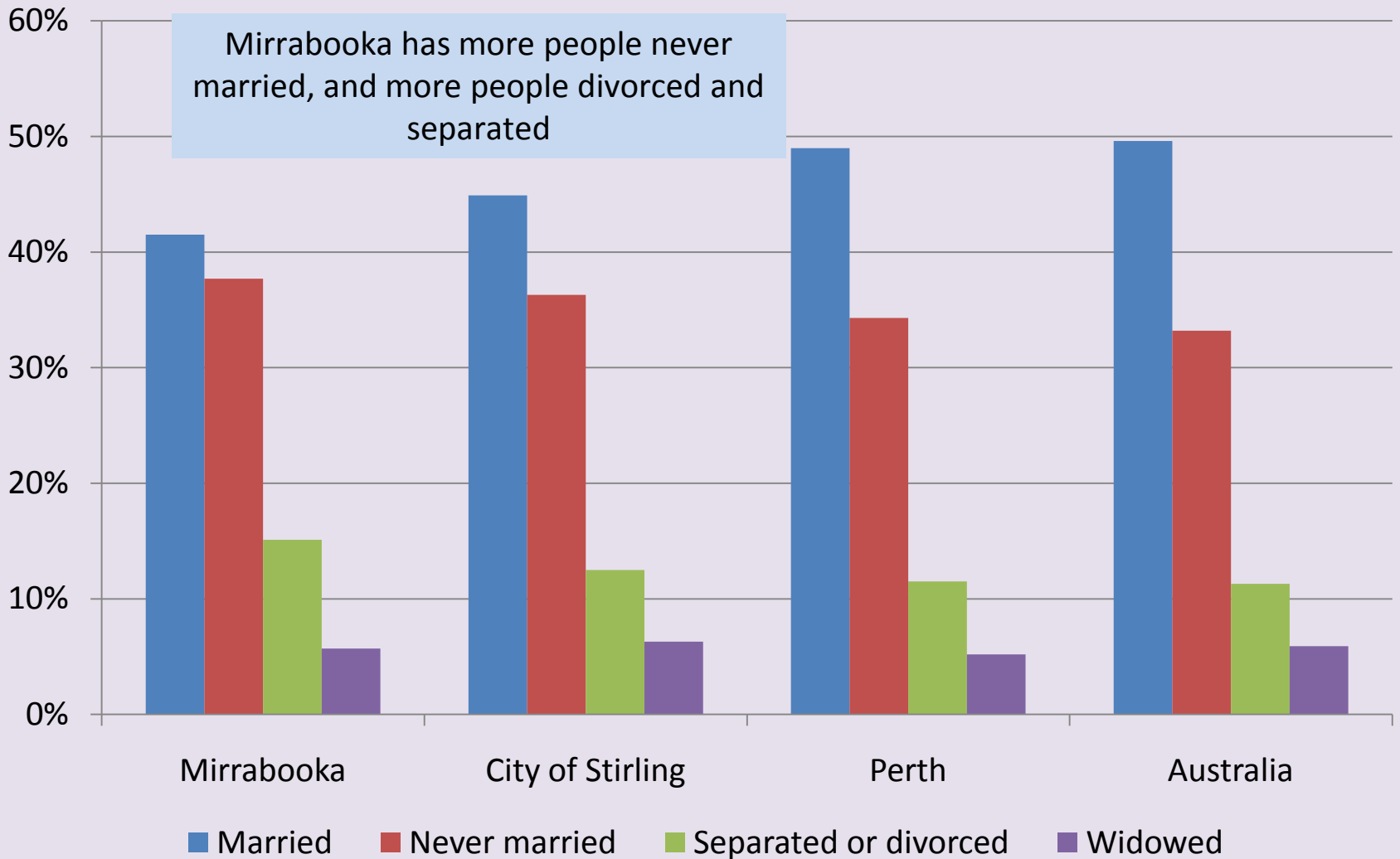
Employment



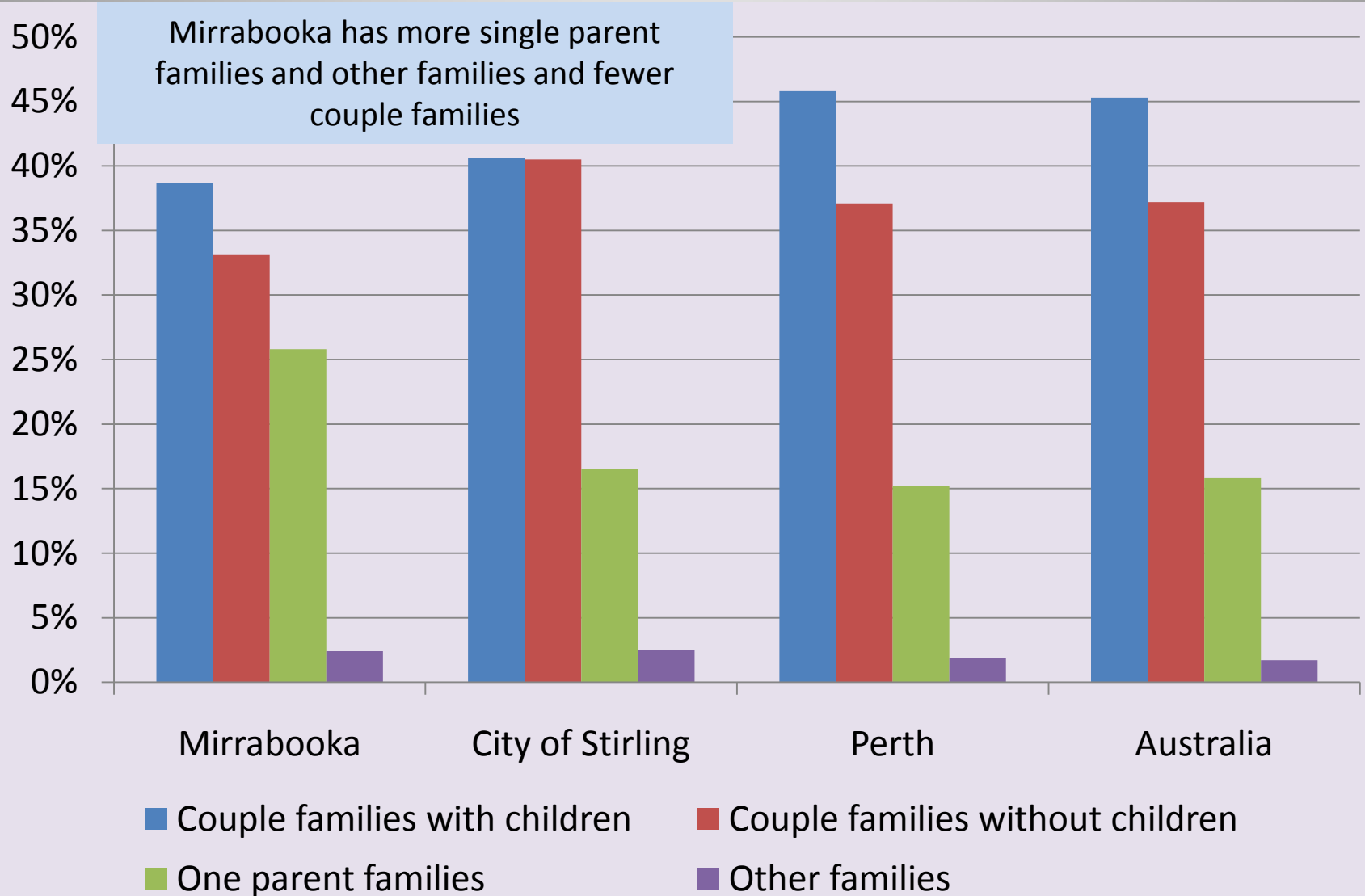
Occupations



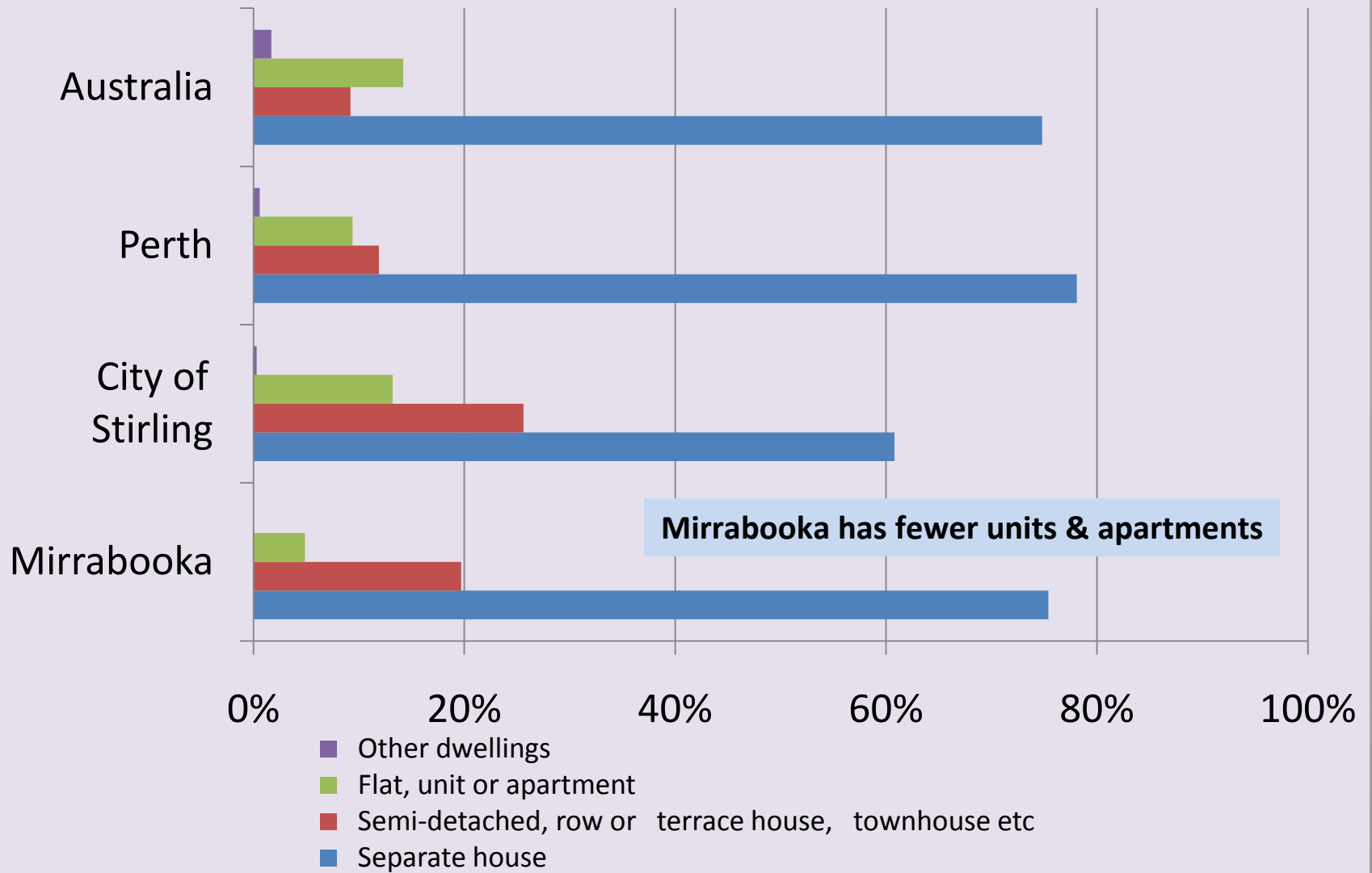
Marital Status



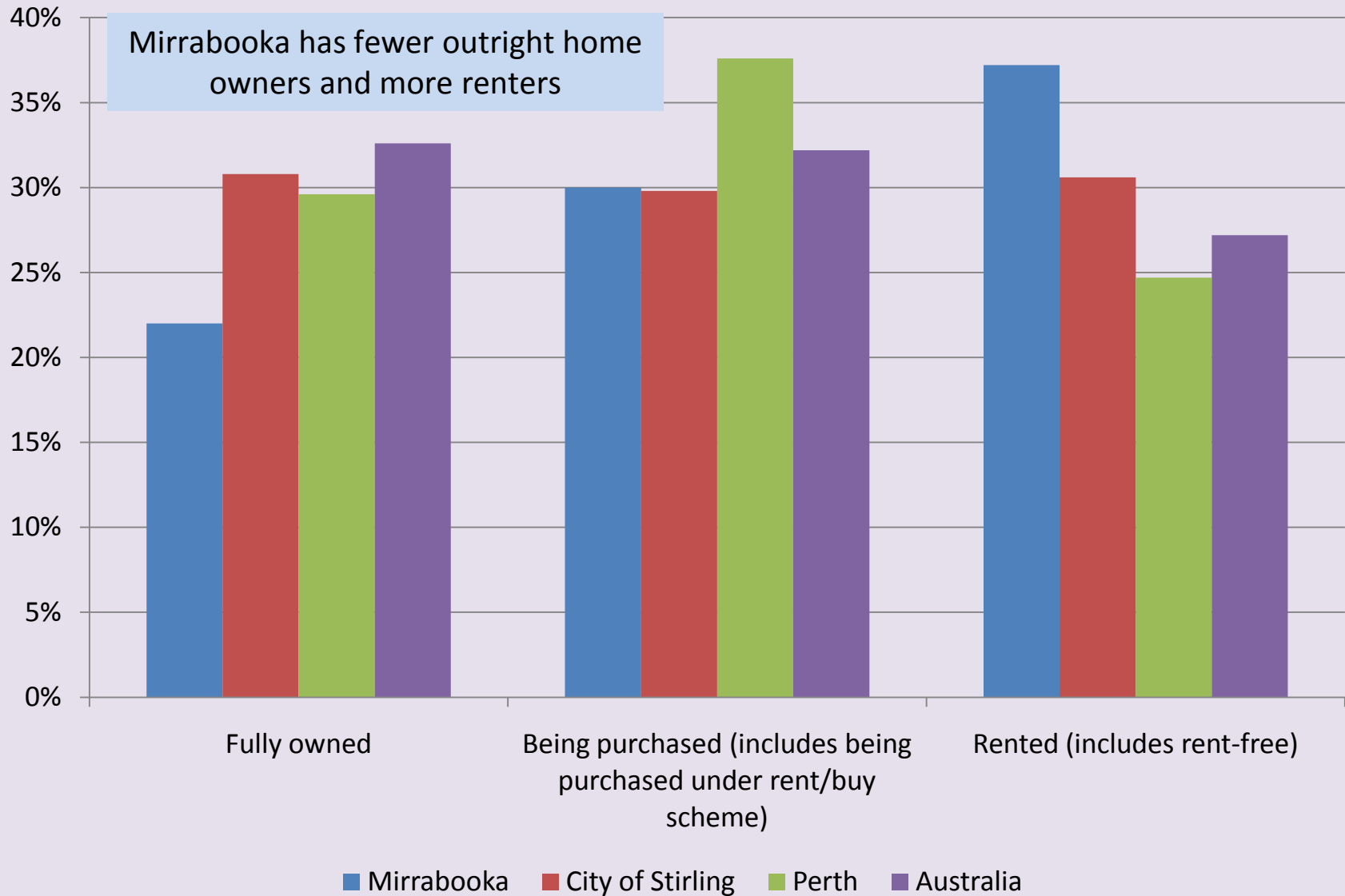
Family Composition



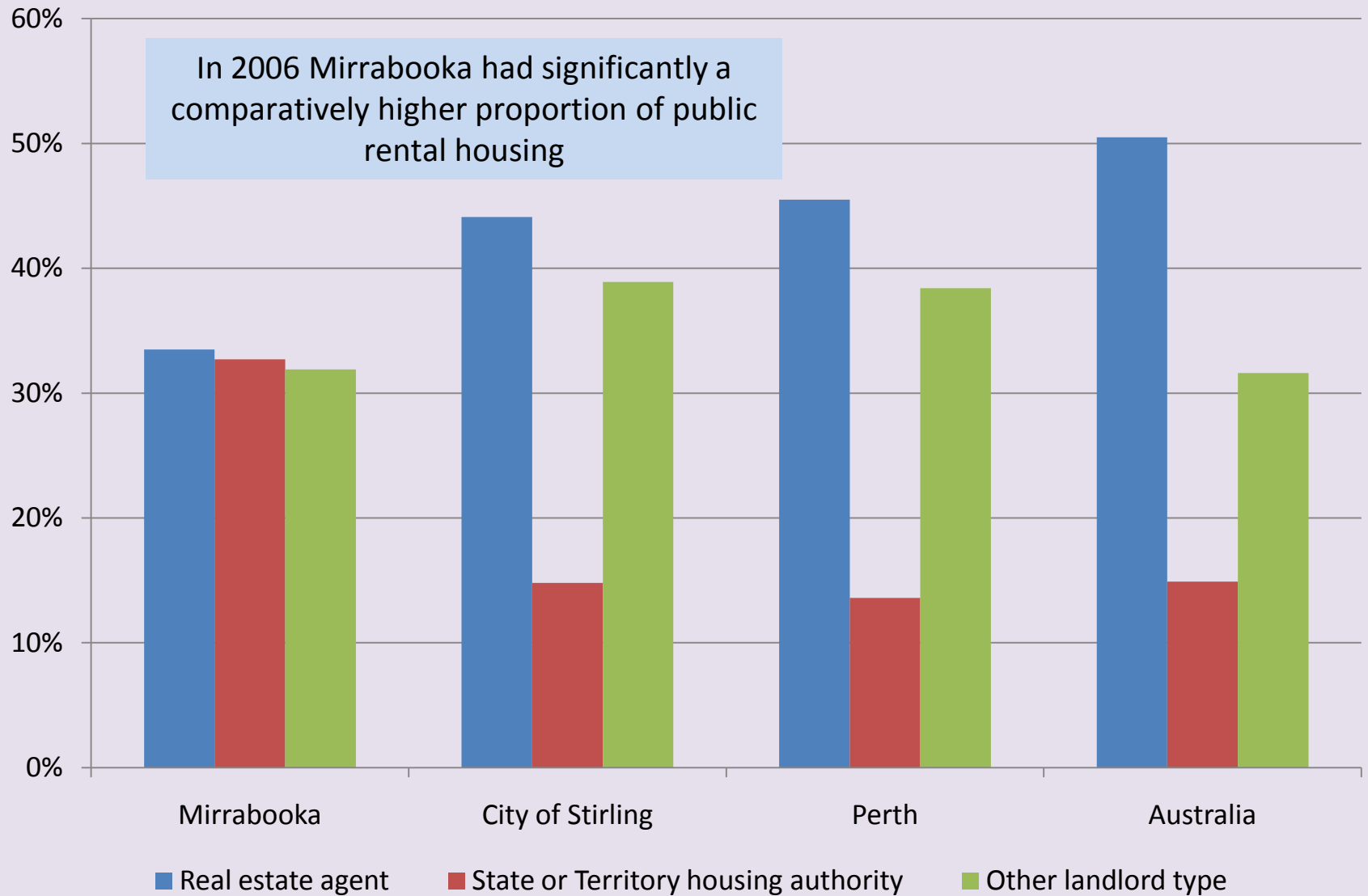
Dwelling types



Housing Tenure

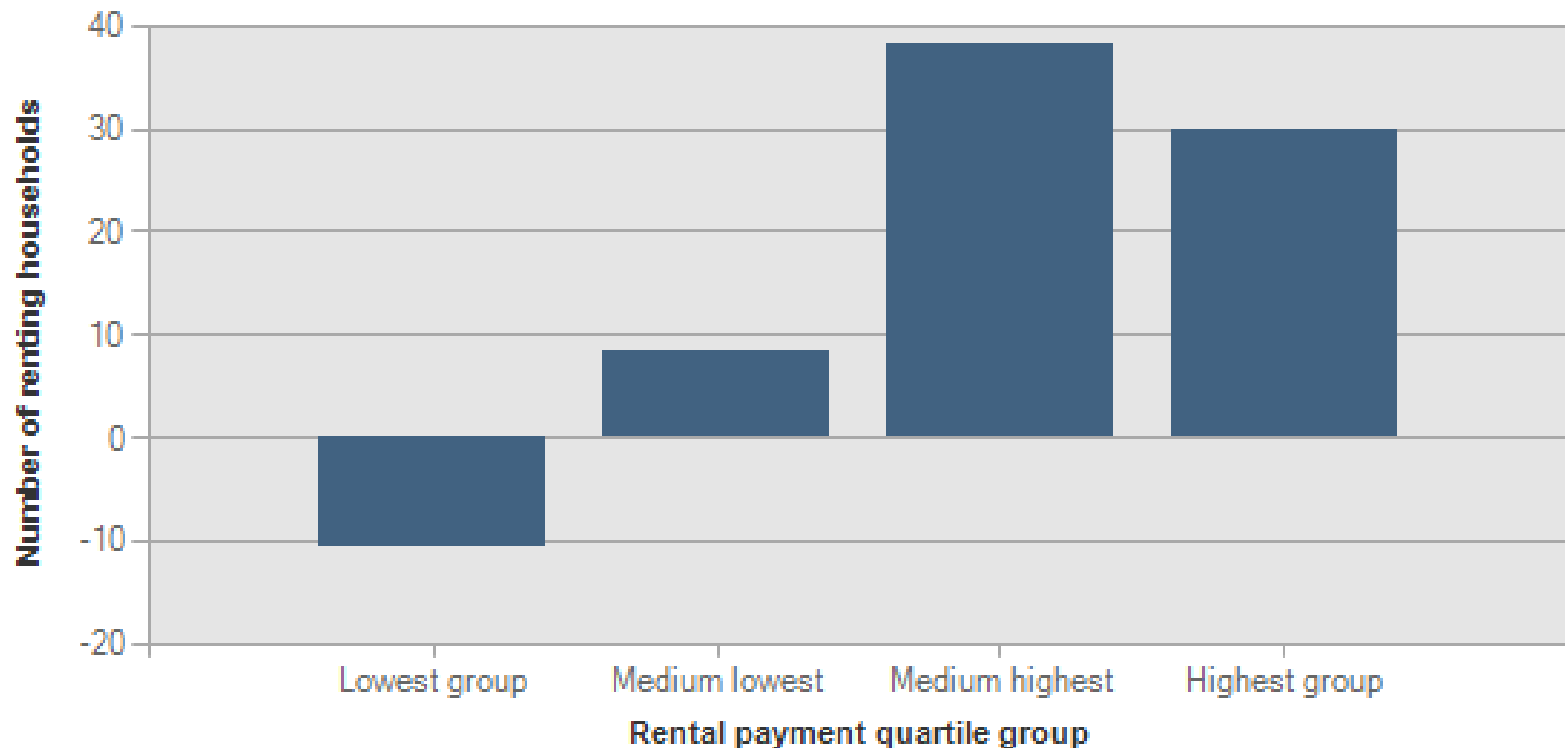


Landlords



Mirrabooka was a 'lower' rent area in 2001 but many of those properties got more expensive by 2006

Change in housing rental payment quartiles, Mirrabooka, 2001 to 2006 (Enumerated data)

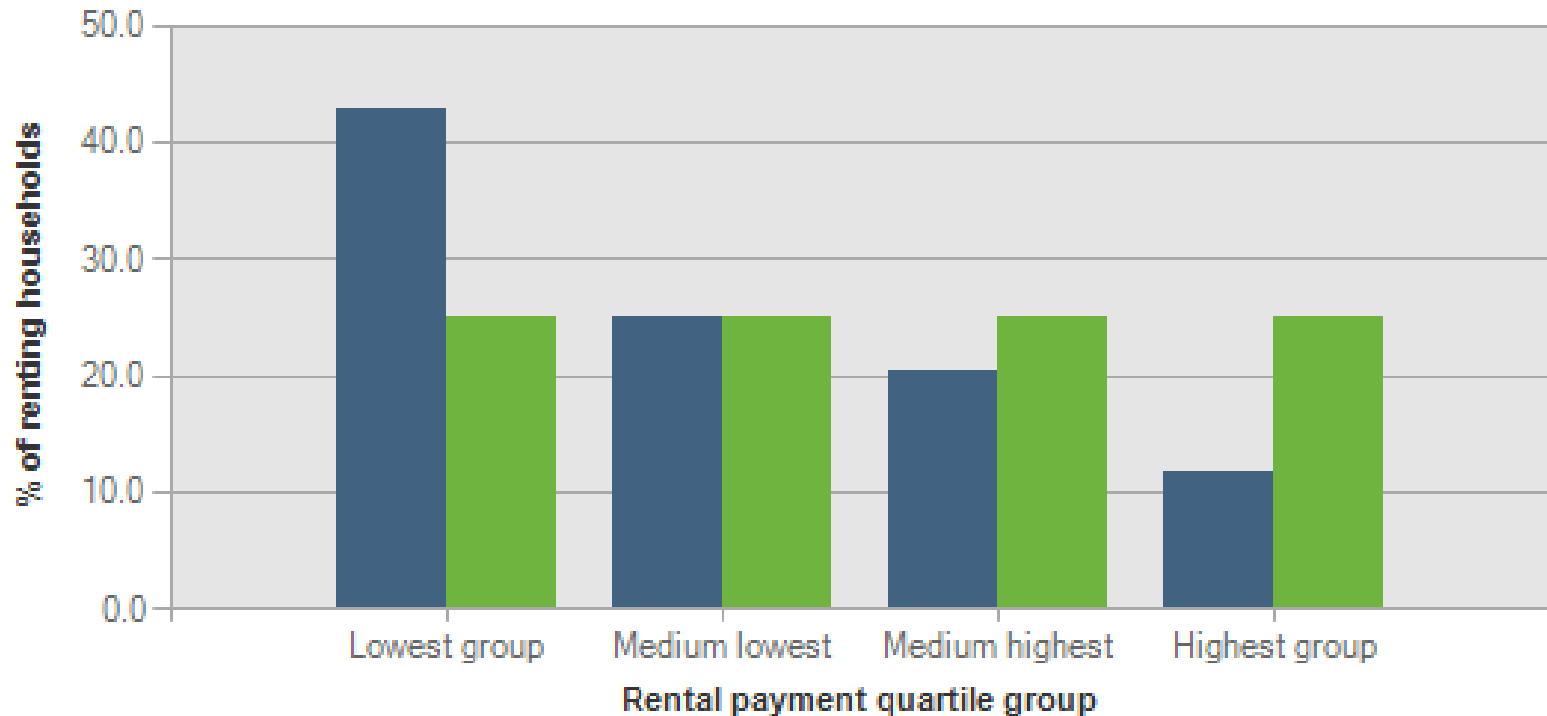


Source: Australian Bureau of Statistics, 2006 and 2001 Census of Population and Housing (Enumerated)

Still comparatively cheap rents in 2006

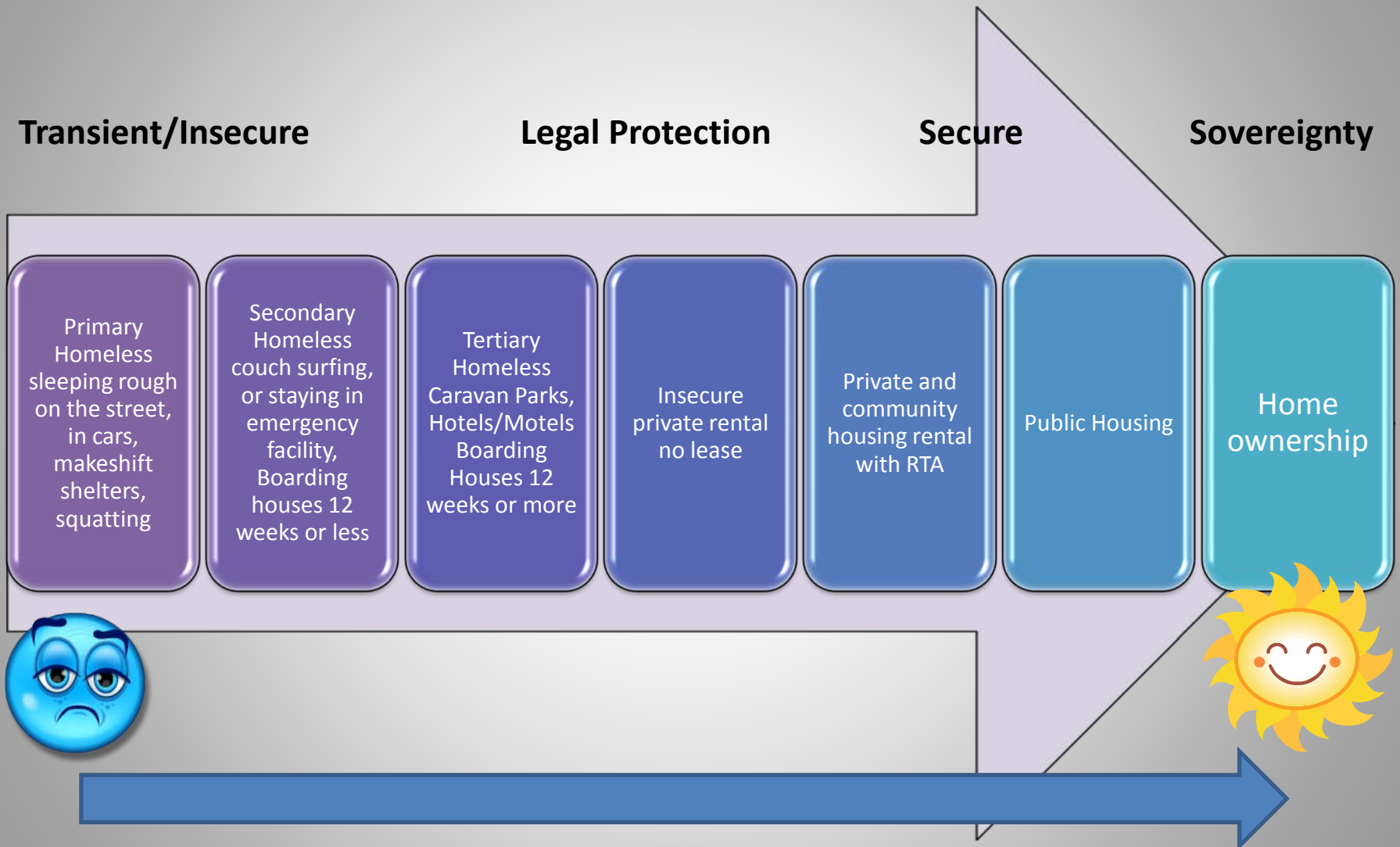
Housing rental payment quartiles,
Mirrabooka and Perth Statistical Division,
2006 (Enumerated data)

Mirrabooka
Perth Statistical Division



Source: Australian Bureau of Statistics, 2006 Census of Population and Housing (Enumerated)

The Tenure Continuum



Housing System Overview

- All levels of government involved – entrenched long term complex system with multiple inconsistencies, disconnects and distortions
- Local gov – rates, building approvals, height, density and plot ratios, building materials, car parking, heritage & streetscape
 - State gov – land planning and land use, stamp duties, zoning, density, roads, environmental protection, utilities connections, skills and trades training, consumer protections*
 - Federal gov – income and property taxes and transfers, capital gains, negative gearing, rent subsidies and exemptions, social security income support, public housing funds, NRAS
 - Community and cultural aspirations and expectations

Its actually about people and shelter

Political and socio-economic shift in the treatment and role of housing in Australia

From a dwelling providing valuable housing services (warmth, protection, hygiene, rest, food preparation, family safety) to occupants considerate of environmental location / natural resource, opportunities for economic trade, work, access and amenity

Increasingly towards housing as a vehicle for individual wealth creation

concurrent to the rise of the principle in law of personal land ownership (vs steward/custodianship for future generations) and dwelling value unrelated to land fertility, amenity of location and climactic conditions

human predisposition to competitive accumulation 'bigger is better'

disconnection of dwelling function as provider of housing benefits to one of speculative wealth appreciation and financial benefit for those who already own.

Post GFC Question: Is Australian personal debt fuelled investment housing acquisition and overconsumption, subsidised by Centrelink and taxpayers through tax deductibility and Commonwealth Rent Assistance and dependent on inflated prices caused by restricting new supply delivering positive social outcomes and meeting the housing needs of Australia's communities today?

See: Saul Eslake, The Financial Review, Australian Policy Online

Defining the Issues

- Australian tax system favours owner occupiers and those with investment properties – Capital Gains Tax exemptions, ability to write off high income ‘profit’ through ‘losses’ on rental investment - incentive to build investment housing supply at ‘luxury’ end to maximise ‘loss’ in order to negative gear taxable income (distorts)
- Owner occupied housing as tax free personal wealth accumulation – owners direct savings into expanding houses rather than other investment / enterprise - unproductive, environmentally wasteful, artificial and unsustainable
- Shift from public funding of land development, urban earthworks and infrastructure – of value to all future residents
- Private developers pass costs (+mark-up) onto entry buyer
- Larger houses but fewer people living in them, despite more single person households
- Targeting of social housing to very low income + high needs alongside drop in real funding and lack of supply lost viability led to public housing stock deterioration & sell offs, wait list blow-out, spiralling cost shift to Commonwealth Rent Assistance (passed to landlords) .
- No new supply at lower / affordable end of market

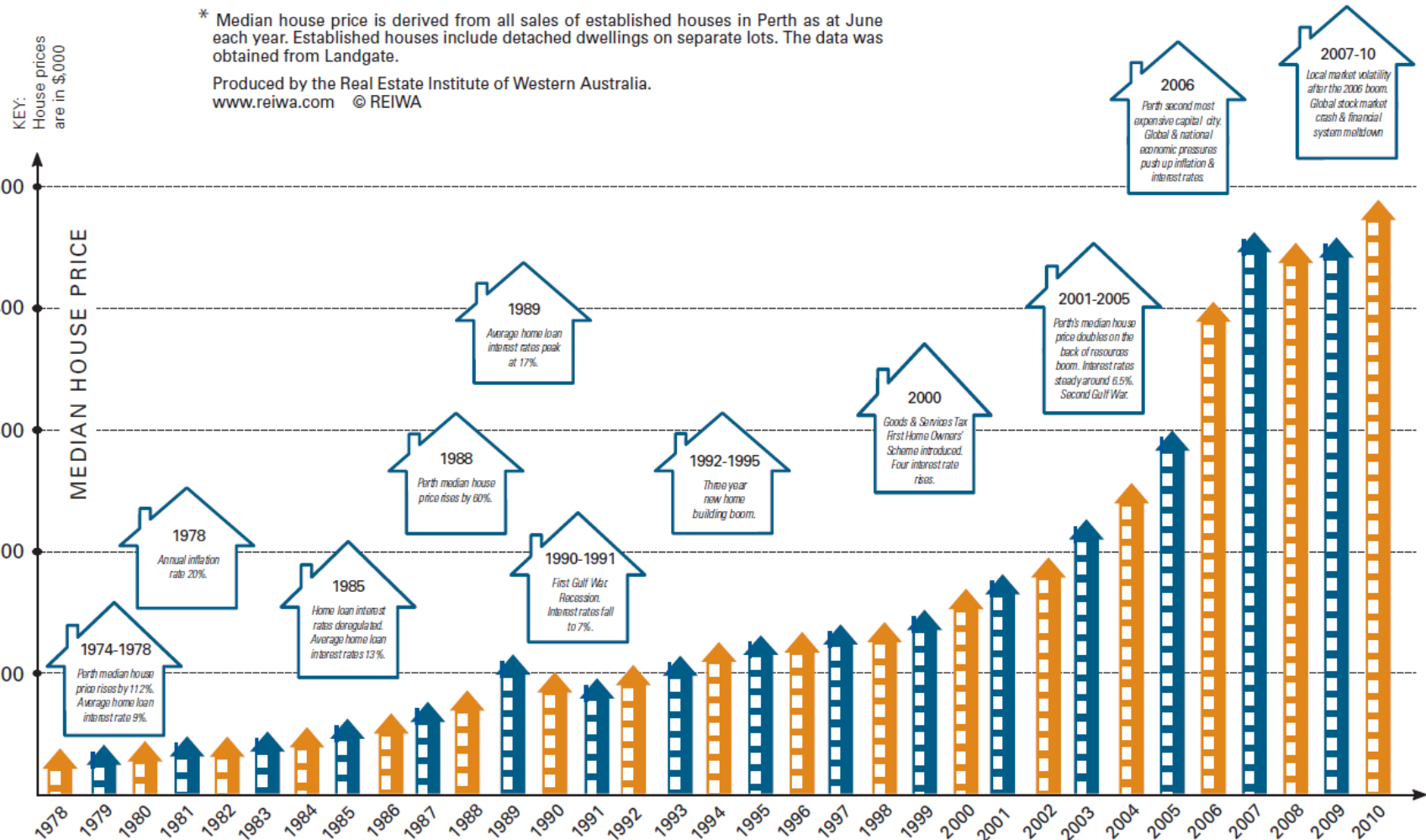
Housing System Overview

- State rigidity and restrictions over transfers, renewals & re-orientation of dwelling structures to respond to demographic & environmental changes
- no surprise that WA residential construction industry
 - offers limited choice of product (mismatch in dwelling type to household occupants and needs) monoculture of 4 x 2
 - is averse to design risk / innovation (perhaps in response to state rigidity and interference),
 - needs to be profit maximising because costs of delays and capital outlay are significant (aims to high end of market)
 - builds larger (simpler/cheaper) houses, using well known materials & methods
- Barrier to entry buyers, delays young family formation, prolongs adolescence and impacts older parents pre and post retirement – children don't leave home, barrier to movement and change through housing types to suit life circumstances
- High cost burdens of rent and saving for or servicing mortgages restricts social participation,
- any financial stress leaves households vulnerable to repossession, eviction, homelessness

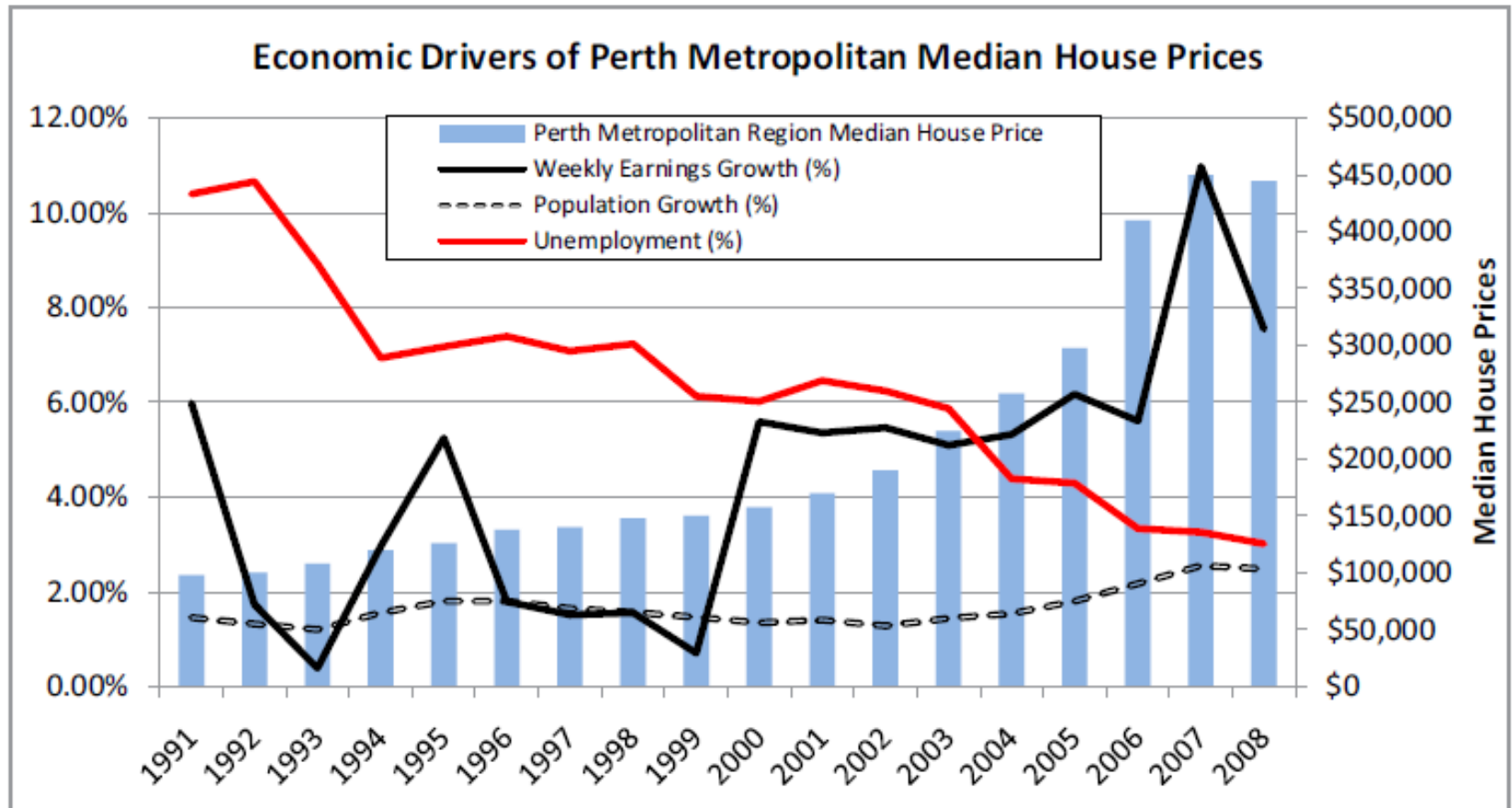
PERTH HOUSE PRICES 1978-2010*

* Median house price is derived from all sales of established houses in Perth as at June each year. Established houses include detached dwellings on separate lots. The data was obtained from Landgate.

Produced by the Real Estate Institute of Western Australia.
www.reiwa.com © REIWA



House Prices Earnings Employment



Source: REIWA, ABS Cat 6302, 3101, 6202

Rowley, Stephen & Ong, Rachel. Report for WACOSS Market Demand and Supply and the Social Housing Stock, the importance of Support Services (2009) Figure 3, page 13

Figure 4.1: Current Western Australian Social Housing System

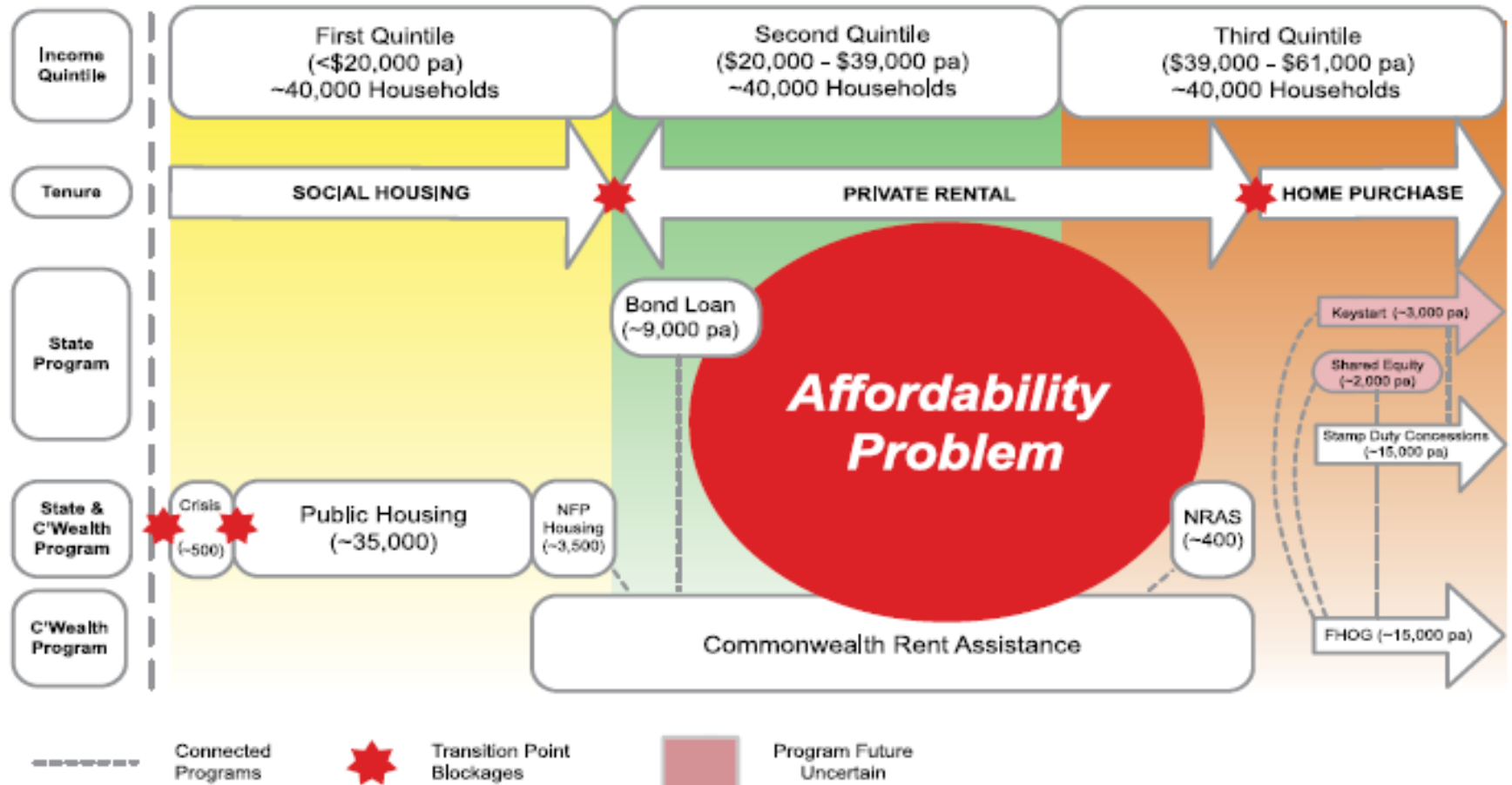


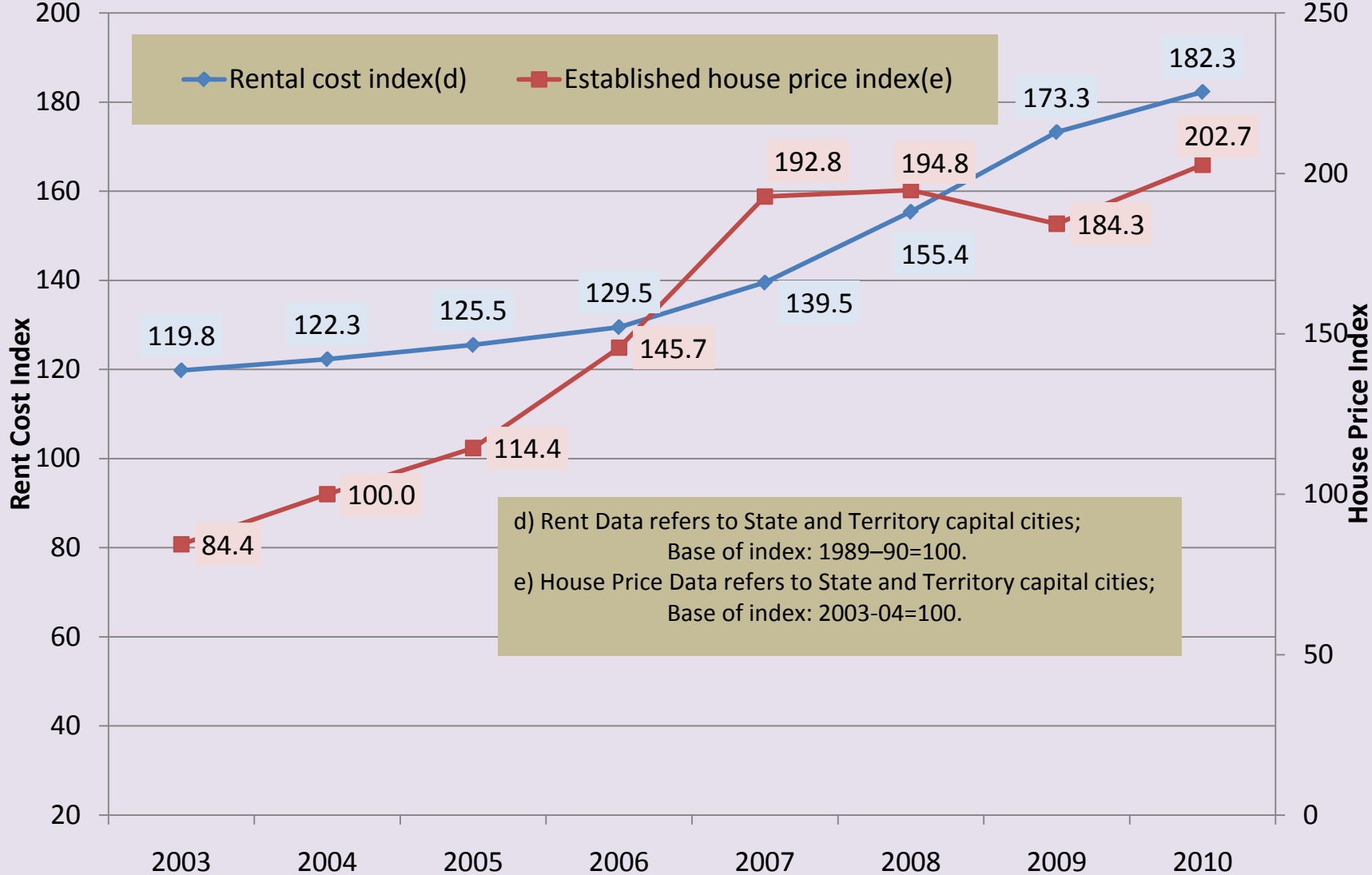
Table 1.1: Relevant Affordable Housing Benchmarks for Perth SD

	Very low-income household	Low-income household	Moderate-income household
Income Benchmark	<\$655-\$736 per week(1)	< \$984 per week(2)	\$984-\$1467 per week(3)
Affordable Rental Benchmarks	<\$197-\$221 per week(4)	< \$296 per week(5)	\$296-\$440 per week(6)
Affordable Purchase Benchmarks	<\$153,000-\$174,000(7)	< \$230,000 total purchase cost(7)	\$230,000-\$345,000 total purchase cost(7)

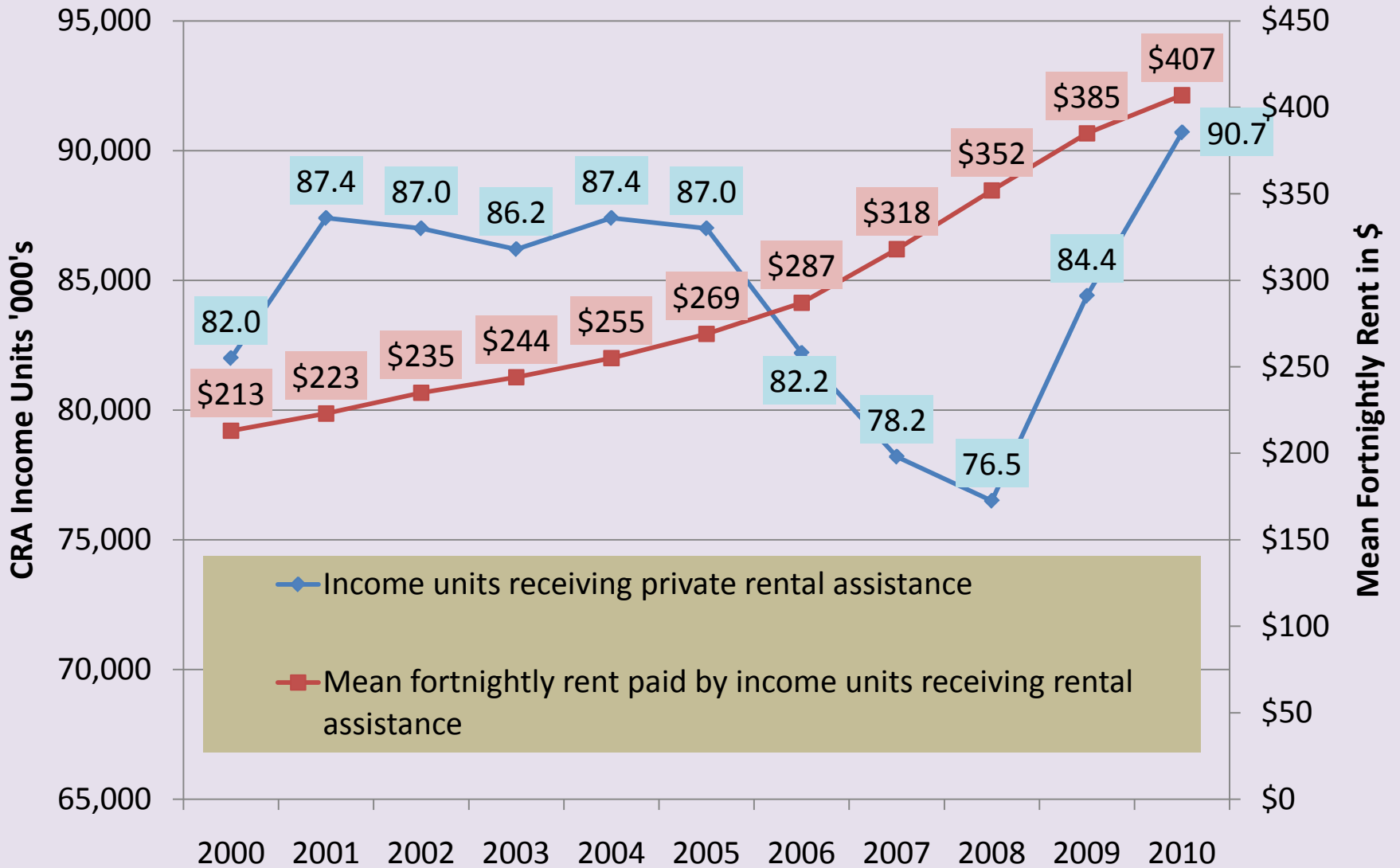
Source: JSA 2010 derived from ABS (2006) Census indexed to 2010 dollars (See end notes for Table Notes)¹

- (1) Lowest 25-30% of household income for Perth SD at the ABS (2006) Census indexed to 2010. This range is used to reflect different measures used by different social housing providers and local government authorities in Western Australia.
- (2) Lowest 40% of household income for Perth SD at the ABS (2006) Census indexed to 2010 dollars
- (3) From the 40% household benchmark to 120% of median household income for Perth SD at the ABS (2006) Census indexed to 2010 dollars
- (4) Calculated as 30% of very low-income household gross income (ABS 2006) in 2010 dollars
- (5) Calculated as 30% of low-income household gross income (ABS 2006) in 2010 dollars
- (6) Calculated as 30% of moderate-income household gross income (ABS 2006) in 2010 dollars
- (7) Calculated using 30 June 2010 interest rates and assuming a 20% deposit in 2010 dollars

WA Rent Cost Index & Established House Price Index 2003 - 2010



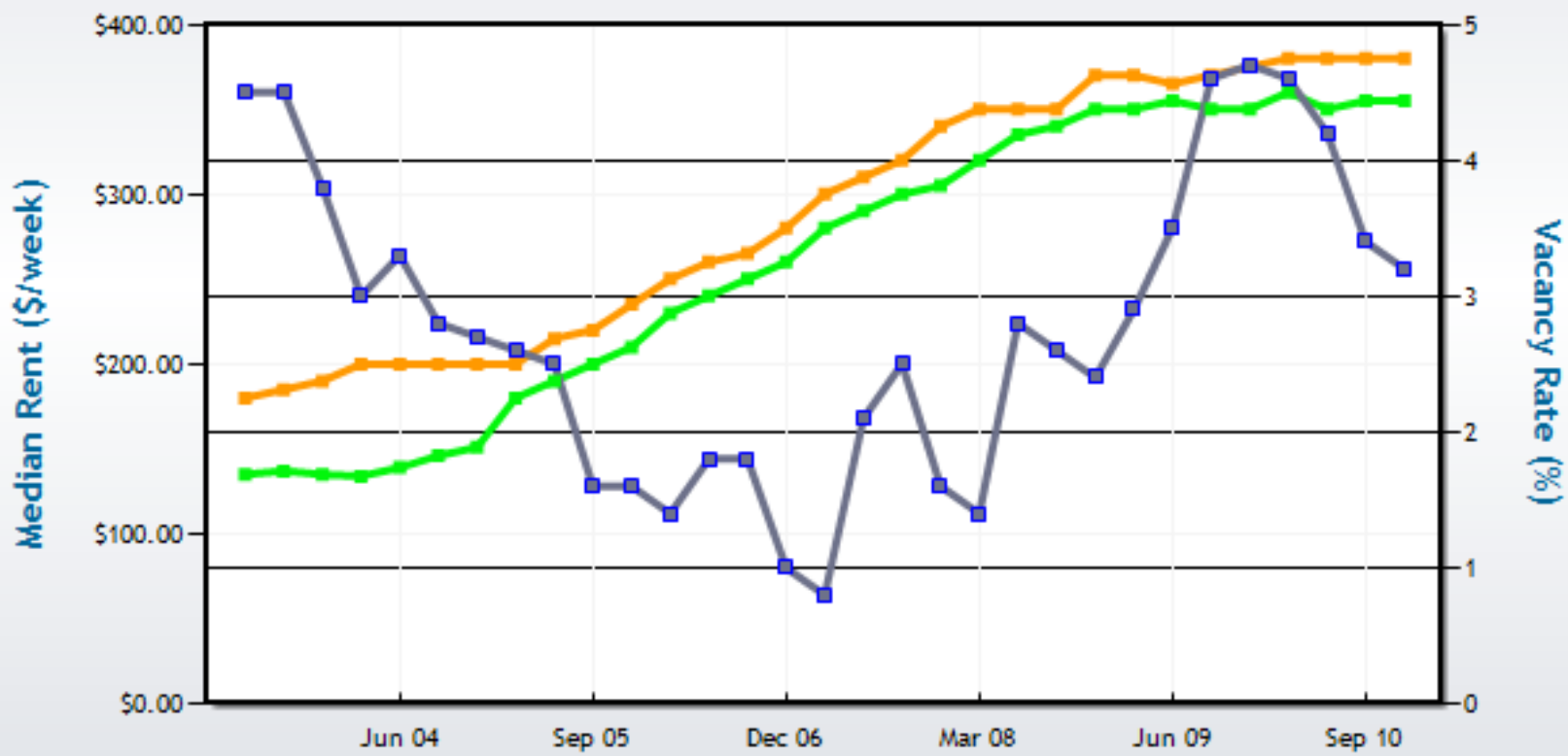
WA CRA Recipients & Mean Rent Costs 2000-2010



Perth Rental & Vacancy Rate

Source: reiwa.com & Member surveys

—■ Median House Rent
 —■ Median Unit Rent
 —■ Vacancy Rate



Availability of Affordable Private Rental

The key findings relating to 2007–08 in Figure 5.6 are:

- A total of 1,410,000 private rental dwellings were affordable for the 814,000 private renter households in Australia with incomes below the 40th percentile.
- Of these, 1,089,000 dwellings were occupied by households in higher income percentiles. This results in a change from an 'apparent surplus' of 596,000 affordable dwellings to a shortfall of 493,000 affordable and available dwellings for those in the lowest two quintiles.
- For the 1,067,000 private renter households with incomes below the 50th percentile, there were 1,777,000 affordable private rental dwellings.
- Of the dwellings affordable for private renters with incomes below the 50th percentile, 1,237,000 were occupied by households in higher income percentiles. This changed an 'apparent surplus' of 710,000 affordable dwellings to a shortage of 527,000 affordable and available dwellings.
- Overall, 70 per cent of all private rental dwellings affordable to households with incomes below the 50th percentile are not available to them because they are occupied by households in higher income percentiles.

Unoccupied Housing

The vacant stock identified in the 2006 Census was roughly equivalent to six times the number of new dwellings completed each year, and eight times the number of homeless people in 2006.

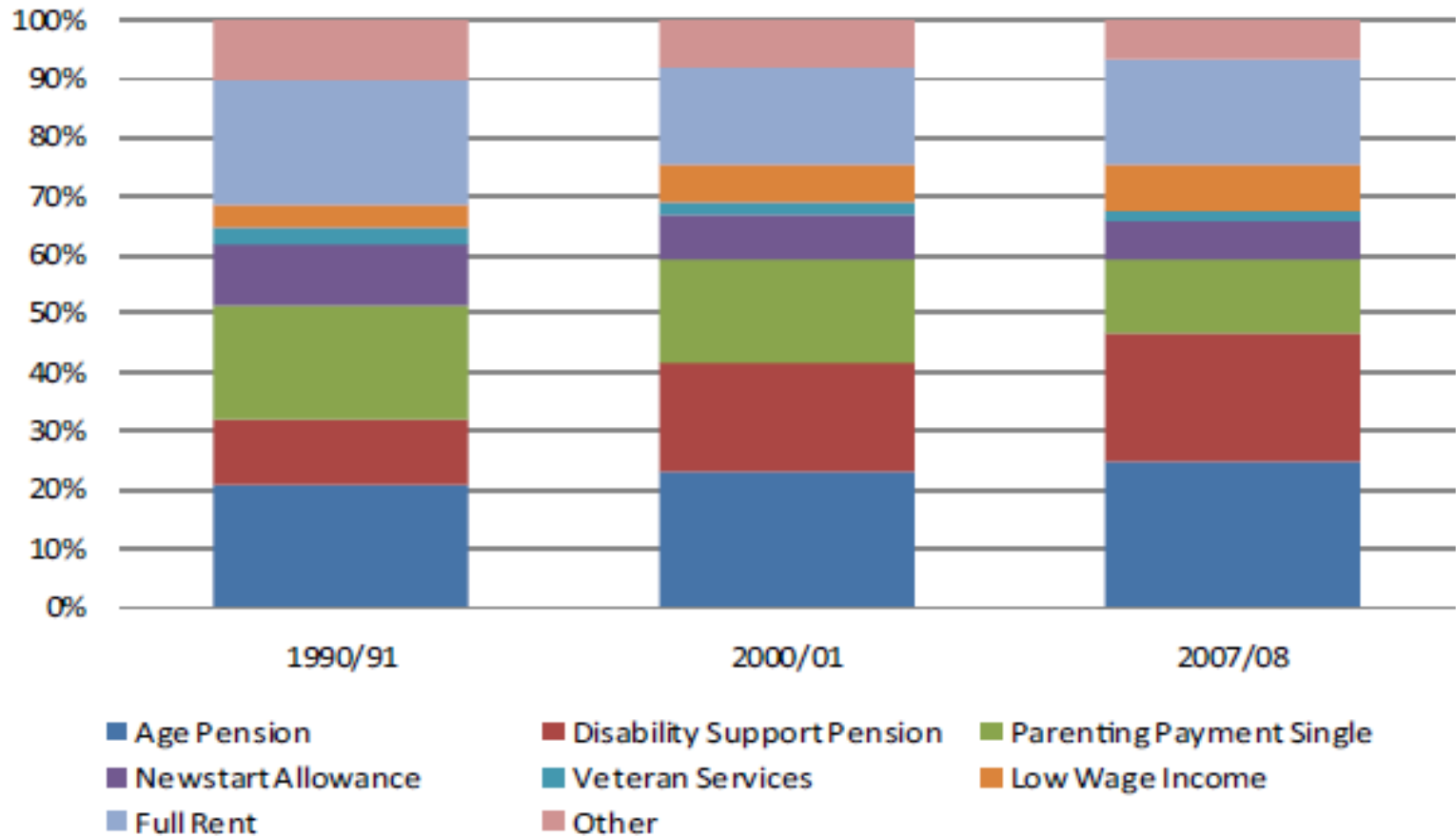
Table 3.5: Unoccupied private dwellings by capital city and balance of state for six states, 2006 (per cent)

	Capital city	Balance of state	State total
NSW	7.4	12.5	9.5
Vic.	8.1	15.7	10.3
Qld.	6.4	11.2	9.2
SA	6.9	18.5	10.3
WA	8.0	17.6	10.7
Tas.	8.1	15.9	12.8
Six states total	7.5	13.6	9.9

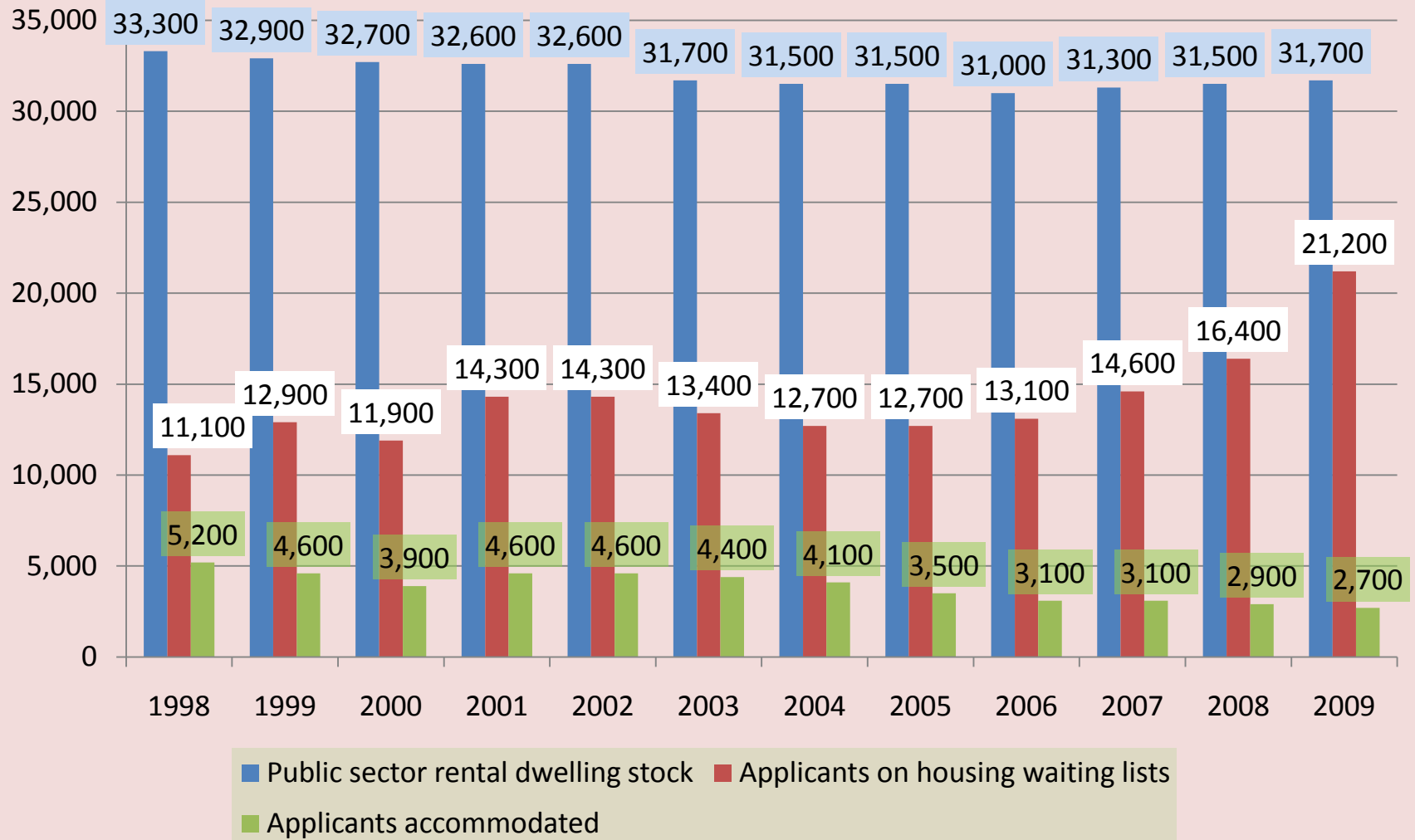
Source: Australian Bureau of Statistics, CData Online, Australia, 'Division by Dwelling Type' and 'State/Territory by Dwelling Type', ABS, Canberra, 2007.

Public Rental Tenant Income Sources

Figure 1.14 Public Housing Income Sources



WA Public Housing Stock, Applicants and Allocations 1998-2009



The Rental Tenancies Agreement WA 1987

- WA RTA developed in 1987 – ‘mirrored’ legislation aligned with other States
- Intention to revise within 5 years
- Current WA Draft Legislation Amendments now Version 18
- No date for introduction to Parliament / implementation
- No intention to include Boarders and Lodgers

Provide Tenants Rights

- Improve consumer protections for people accessing private rental and living in boarding houses and hostels
- Deliver legislative protection against excessive rent increases
- Deliver legislative protection against residential tenant databases
- End no-cause evictions
- Remove option fees
- Bring Boarders and Lodgers under the Residential Tenancies Act

Developed by the consortium of non-government organisations forming the **No Room in the Boom** and the **Creating Room in the Boom** WA Campaign Group over 2006-2008

The Census and Counting the Homeless

- Australia takes a census every 5 years – since 1926
- Census data used to define electoral boundaries, utilities provision, needs for community services, public transport routes, health facilities, schools, crisis accommodation etc
- International best practice – We have trained other countries
- Since 1996 following Census, homelessness is enumerated
- 2001 – 99,900 in 2006 – 110,000 (13,400 in WA, 2,400 rough)
- Census this year – August 2011
- In 2007/08 Federal Government focus on homelessness Green and White Papers ‘The Road Home’ and commitments to reduce number of people ‘rough sleeping’ by 50%
- Subsequent changes to homeless enumeration methodology in this Census for accuracy, validity and cross-referencing

Consultation Purpose of this Forum

- What are the issues for renters?
- What is your experience renting in WA?
- Is it hard to find an affordable rental property?
- Have you had multiple rent increases?
 - How much over time?
- Are you doing without other things so that you can pay your rent?
- Have landlords treated you fairly?
 - If not, in what way and what if anything did you do to get help?
 - how did you resolve the problem?
- Positive experiences in private rentals?

Evaluation

Shelter WA surveys

Membership / subscription to Shelter WA

Opportunity to discuss specific issues with Staff



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