

Commonwealth State Housing Agreement Forums

Final Report

October 2001

Shelter WA

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C.S.H.A. FORUM FINAL REPORT

1 Introduction

As Western Australia's peak non-government housing research and policy body, Shelter WA aims to improve the housing circumstances of people on low incomes or who face disadvantage in the housing system. A key role of Shelter WA is to facilitate community input to the development of housing policy and undertaking housing forums is central to this work.

Negotiations are underway on the 2003 CSHA, Australia's primary social housing funding agreement. This report summarises the outcomes of Housing Forums held by Shelter WA in Broome and Derby in July 2001 and Perth in August 2001 on the renegotiation of the 2003 Commonwealth State Housing Agreement (CSHA). The Minister for Housing, Tom Stephens, addressed the Perth forum, announcing the establishment of a State Housing Strategy. Shelter WA held the forums in order to:

- Provide housing consumers and community agencies with input to the CSHA re-negotiation process;
- Enhance networks between the relevant stakeholders; and
- Gain a fuller understanding of the housing needs and aspirations of affordable housing consumers.

At this stage, Shelter WA has no plans for further forums in the lead up to the renegotiations of the CSHA due to timeframe and financial resourcing constraints.

2 Background to the CSHA

The Commonwealth Government's primary tool in co-ordinating national housing policy is the Commonwealth State Housing Agreement (CSHA). The agreement is intended to assist those whose needs for appropriate housing cannot be met by the private market. Through the CSHA the Commonwealth funds the States (the Department of Housing and Works [DH&W] in WA) to deliver agreed housing objectives.

2.1 *The Current CSHA*

The CSHA contains 3 tied programs, the Crisis Accommodation Program (CAP), the Community Housing Program (CHP) and the Indigenous Rental Housing Program (ARHP) along with base funding and State matching funds at the rate of \$1 for every \$2 of base funding. The July 1999 signing of the current CSHA ensured \$532 million would be spent on social housing in Western Australia between 1999 and 2003. However the lack of indexation and the continued application of a so-called 1% efficiency dividend are estimated to reduce Commonwealth CSHA funds to Western Australia by \$35 million over the four-year agreement (Office of Housing Policy, 2001)

Table 1: Funds Secured by the CSHA 1999 to 2003

Financial Year	Commonwealth				WA	Total CSHA (\$,000)
	Base Funding (\$,000)	ARHP (\$,000)	CAP (\$,000)	CHP (\$,000)	Matching (\$,000)	
1999/00	73,232	15,862	3,884	6,267	35,846	135,091
2000/01	72,294	15,862	3,884	6,267	35,387	133,694
2001/02	71,366	15,862	3,884	6,267	34,933	132,312
2002/03	70,447	15,862	3,884	6,267	34,483	130,943
Total	287,339	63,448	15,536	25,068	140,649	532,040

Source: CSHA, 1 July 1999

2.2 Forms of Assistance

CSHA funds are applied to the following purposes:

- *Public housing:* dwellings owned (or leased) and managed by State and Territory housing authorities to provide affordable rental accommodation. The CSHA is the main source of capital funding for public housing.
- *Community housing:* rental accommodation provided by not-for-profit organisations and local governments. Community housing models vary across jurisdictions. The CSHA is a major source of funding for community housing in WA.
- *Indigenous housing:* includes public rental housing targeted at Indigenous households and houses, which are owned by Indigenous community housing organisations and community councils in urban, rural and remote areas. In addition to funding under the CSHA, Indigenous housing is funded through the Community Housing Infrastructure Program administered by ATSIC. State and Territory governments also provide funding from their own resources.
- *Crisis accommodation:* accommodation services to help people who are homeless or in crisis. Services are generally provided by non-government organisations and many are linked to support services funded through the Supported Accommodation Assistance Programme (SAAP), which is separate from the CSHA. Sources of government funding include the Crisis Accommodation Program of the CSHA, which provides funding for accommodation, and SAAP funding for live-in staff, counselling and other support services.

Other non-CSHA housing payments include:

- *Home purchase assistance:* assistance provided by State and Territory governments to low to moderate income households to help with first home purchases or mortgage repayments.
- *Private rental assistance:* assistance provided by State governments to low income households experiencing difficulty in securing or maintaining private rental accommodation. This assistance may include ongoing or one-off

payments to help households meet rent payments, one-off payments for relocation costs, guarantees or loans to cover the cost of bonds, and housing assistance advice and information services.

2.3 *The CSHA Guiding Principles*

The CSHA establishes a set of guiding principles for the development of social housing and includes:

- a) the purpose of funding is to assist those whose needs for appropriate housing cannot be met by the private market. The duration of assistance provided should be based upon those needs;
- b) housing assistance arrangements should be sufficiently flexible to reflect the diversity of situations, which currently exist in the States, and to assist in micro-economic reform;
- c) funding arrangements should promote efficiency and cost effective management, including longer term planning and alternative methods of housing provision;
- d) providers of assistance should meet high standards of public accountability and quality, and the costs of assistance should be transparent.

2.4 *The Bilateral Agreement*

The specific outcomes to be achieved by the States are detailed within Bilateral Agreements. The WA Bilateral Agreement includes:

- Assistance will be better targeted to customer needs
- Better and safer communities will be built and maintained
- Self-sufficiency will be promoted through a variety of targeted home ownership schemes
- Viable alternative housing solutions will be encouraged and developed
- The housing needs of Indigenous people will be better met
- The financial viability of the Department of Housing and Works will be improved

2.5 *The Next CSHA*

The schedule for the CSHA renegotiation is:

Mid-2000	National Housing Policy project (AHURI);
October 2000	Housing Ministers' Advisory Committee (HMAC) established
	Policy & Research Working Group (PRWG);
April/May 2001	PRWG met to discuss provision of advice to HMAC; topics allocated for preparation of issues papers;
June 2001	stakeholder input to policy framework via the Housing Advisory Committee (HAC);
July 2001	PRWG meeting to finalise issues papers and prepare the document to go to HMAC;
August 2001	Commonwealth required to trigger renegotiation process;
October 2001	HMAC meeting to consider PRWG paper;
Late 2001	Federal election - potential to delay the timetable;
July 2002	principles for post-2003 CSHA to be in place.

3. Key Issues and Strategies

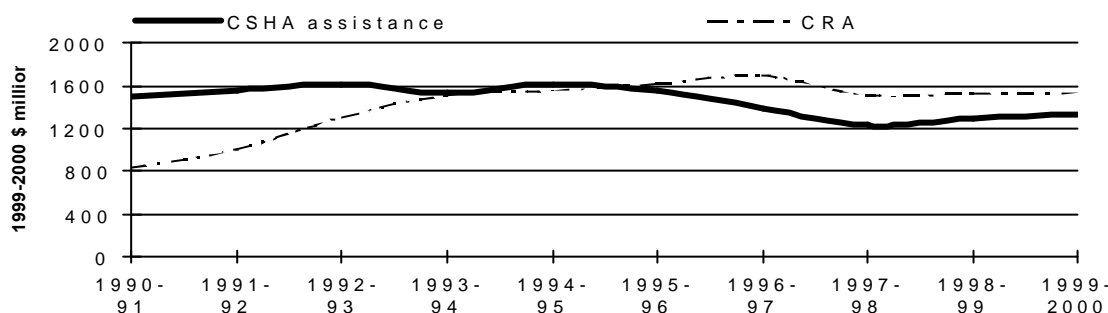
(i) Decline In Social Housing and Increasing Reliance on Private Rental

Summary

- *Falling capital spending and rising Commonwealth Rent Assistance (CRA) spending*
- *Falling proportion of public housing stock*
- *Increasing reliance on private rental housing*
- *Contraction of low-cost rental stock*
- *Increasing numbers of people with more complex housing needs*
- *Low income private renters locationally disadvantaged.*

As shown in the following graph, Commonwealth housing expenditures over the last decade have reflected a real decline in capital spending with increasing reliance on the private rental market to house low income renters subsidised by Commonwealth Rent Assistance (CRA).

Graph 1: Real government expenditure on CSHA assistance and CRA



Source: Report on Government Services 2001.

Table 2 demonstrates that, although over this period the number of public dwellings has remained relatively constant, as a proportion of all WA dwellings, public housing dropped from 6.0 percent in 1991 to 4.7 percent in 2000.

**Table 2: Homeswest Dwellings 1991-2000:
Total and as a Proportion of all WA Dwellings**

Year	(a) Total Public Stock	(b) Total Dwellings WA	a/b as a Percentage
1991	35 135	585 577	6.0
1992	35 351	601 224	5.9
1993	35 778	624 247	5.7
1994	36 151	645 067	5.6
1995	36 492	665 598	5.5
1996	36 602	679 409	5.4
1997	36 232	694 172	5.2
1998	35 894	711 322	5.0
1999	35 457	729 677	4.9
2000	35 187	752 024	4.7

Sources: Homeswest Annual Reports; WA Housing Industry Forecasting Group
Housing Industry Projections 2000/01 & 2001/02, October 2000

There is broad non-government support for this trend to be reversed. A number of inquiries (see 1993 Industries Commission Report on Public Housing) have demonstrated that capital expenditure on public housing stock is more cost (and outcome) effective in the long-term than recurrent measures aimed at increasing access to the private rental market.

As twenty six percent of WA households are in some form of rental housing, there are real questions over the private rental sector's ability to cope with the retreat of the public sector. While 'choice' is part of the Federal Government's rationale for the provision of CRA for low income households, the reality is that the market has not responded to provide low cost private rental housing. It is unclear whether the market can respond.

Supply of low-cost rentals is tightening, especially in inner Perth, as many properties are being let for reasons other than deliberate investment strategies, partly due to low returns. This is potentially leaving a 'hole' which no-one will fill, particularly for low income people and those with more complex housing needs. Gentrification is inflating inner Perth property values and progressively forcing low income private renters into cheaper, less centrally located areas. As a result, inner Perth public housing is fast becoming the last opportunity for low income people to live in areas easily accessible to employment, public transport and social infrastructure. These social costs of locational disadvantage must be factored into assessments of the real impact of private rental on low income households.

As a nationally prescribed payment CRA is regionally insensitive and leaves some thirty six percent of CRA recipients in WA in housing stress ie. paying over 30% of income in rent (Report on Government Services 2001).

Forum participants identified the following strategies to address these issues:

- CRA to be seen and evaluated as a housing assistance programme and to be more closely integrated with the CSHA;
- more tailored provision of financial assistance, linked with non-financial mechanisms to ensure effective targeting of assistance;
- measures to stimulate greater investment of private capital in affordable housing, especially from large institutional investors:
 - public/private/community partnerships;
 - direct private investment by developing investment pools through targeted tax incentives and housing bonds;
 - local councils requiring minimum proportions of affordable housing and providing zoning benefits; and
 - more off-budget government funding.
- increased capital funding to be made available under the CSHA. Additionally, in response to real declines in Commonwealth CSHA funding, the WA government has a responsibility to increase its CSHA matching funds, as has been done by some other State Housing Authorities.
- in order to build and acquire more appropriate stock, Homeswest stock assessments must analyse, not only its waiting list, but also broader demographic data that reflect the real profile of those in need of public housing. There are some important variations within key trends. For example while overall the population is aging and families are becoming smaller, this is not so for Aboriginal people in WA who have a younger population profile and larger households. There also seems to be a growing trend in demand from other large households, notwithstanding the general trend to smaller households.
- creative solutions to funding limitations using a whole-of-government approach involving local government, community housing and the

- private sector.
- The need for a greater number, and more effective, home ownership schemes.
- The under-occupancy of significant numbers of Homeswest dwellings was seen as an inefficient use of much needed public housing.
- There was a perception that more funds could be used for capital construction if tied grants for the construction and purchase of general rental stock were put in place.

(ii) Service integration

Summary

- *Holistic approach to housing which considers both shelter and non-shelter outcomes i.e. 'joined up solutions'.*
- *Need policies that consider employment incentives, good health and wellbeing outcomes, needs of people with disabilities, family stability, and education opportunities.*

Effective service delivery, free from gaps and overlaps, requires a holistic approach to housing. It challenges the 'vertical' structures of government policy and service provision, while emphasizing the need for more 'joined up solutions'. This approach requires housing objectives and programmes to be incorporated into welfare reform. Of particular concern are:

- People affected by mental problems; a priority group for assistance due both to the ongoing impact of deinstitutionalisation policies and to the increased incidence of mental illness;
- Indigenous people; whose needs for habitable, healthy, well located and culturally appropriate housing require immediate and integrated policy/programme responses;
- Employment Opportunities; job-creation programmes attached to public housing construction, although already in place, could be expanded. Examples include requiring preferred outsourced service providers to employ and/or skill local tenants thereby improving the capacity and skill of individuals and the community as a whole.
- Good Health and Wellbeing ;Accessing appropriate, secure and affordable housing is fundamental to good health. Participants noted that:
 - sub-standard housing and lack of maintenance contribute to high heating and cooling costs and increased risk of infection, falls and other injuries; and
 - lack of access to public housing has led to the health needs of low income private renters being compromised in trying to meet high housing costs.
- Needs of People with Disabilities; a marginalised but a growing sector. They can have high housing and support needs, which may require purpose built design solutions. Demand for appropriate housing for this group is likely to increase over the next twenty years since around eighty percent of people with disabilities are aged over 65. Concerns centre on:
 - The urgent need for increased funding for supported accommodation;
 - Joint intervention strategies are currently being hampered by an overly narrow focus. "Disability" needs to be viewed more broadly to provide for the range of people with specialized housing needs including those affected by mental problems, acquired brain injury and substance abuse.
- Family Stability; Family types in the following situations particularly require secure accommodation:

- parents with children in foster care cannot access family size public housing without guaranteed child custody, yet cannot gain custody without appropriate secure housing;
- people in prison;
- single fathers;
- young people;
- clients of early intervention programs.
- Other issues:
 - An anticipated shift in housing models for single people. Young people often require group-home type models to provide social support and cohesion. Older people usually desire closer community and communal supports. Opportunities for education connected with housing; not permanent security but guaranteed for life of employment;
 - An economic Catch-22 in rural & remote areas where the market value of properties does not warrant renovation but planning restrictions prohibit demolition and rebuilding;
 - Rebates for utilities; gas consumers are disadvantaged, especially in rural users of bottled gas for which there are no rebates;
 - Poor communication between Homeswest regional offices regarding misdirected tenant transfer correspondence; and
 - Lack of coordination of land release and the provision of infrastructure, services and public transport. Low income public and private renters are being locationally disadvantaged and socially isolated through a lack of strategic regional planning.

(iii) Housing Affordability

Summary

- *A particular concern for low income earners, those in insecure employment, and first home buyers.*
- *Questions around the appropriateness of current housing stress measures for very low income people.*

Housing affordability relates to all tenures and some population groups notably low income earners, those in insecure employment, and first home buyers. Young people's ability to meet their housing aspirations is also restricted, due to a number of reasons including their likelihood of lower incomes, more marginal employment and general community trends such as a shift in preferences towards inner city living and to higher housing standards.

The National Housing Strategy deemed people in the lowest two income quintiles to be in affordable housing if they are paying less than 30% of income for housing. While it is clear that housing expenditure rises with household income, the proportion of household income spent on housing falls as incomes rise (i.e. some low income households spend up to 60% of income in rent, while higher income households spend much less proportionately). Hence this questions the appropriateness of this measure for low income people i.e. is 25% affordable if your income is \$170 per week?

Suggested strategies include:

- Stamp Duties on low cost housing should be reduced and recouped through GST revenue. However there is some question as to whether stamp duty reduction would be passed on for the benefit of private renters. In the current climate of insecure employment and the rise of the working poor, home ownership is not an option for many low-

- income people.
- Public housing shortages have created more demand for private rentals, thereby pushing up rents. More public stock is needed to provide affordable housing for low-income people while taking the pressure off the private rental market. Eligibility requirements need to be loosened with regard to locations and transfers. Homeswest imposition of debts on liability for damage causes housing stress and exclusion from other sectors. Unavailability of appropriately sized and located public stock leads to other problems including overcrowding and damage.
- Local government planning needs to actively promote and provide for affordable housing. Homeswest redevelopments should not decrease the number of public housing dwellings (by bedroom);
- Mortgages – where a homebuyer defaults they should be assisted into other accommodation;
- Commonwealth Rent Assistance needs investigation as the payment is not responsive to regional variations in housing costs;
- Despite being prohibited under WA law in 1997, which was endorsed by a subsequent government funded Economic Impact Assessment, tenants continue to be charged letting fees. This uniquely West Australian barrier to the private rental market should be abolished.

(iv) Regional Issues: West Kimberley

Summary

- *Need for increased access to affordable housing stock and land*
- *Sewer and infrastructure are lacking in many areas*
- *Inflated land valuations restricting the supply of affordable housing*
- *Support programs for people experiencing homelessness and those whose tenancies with Homeswest are at risk*
- *Pending native title claims locking up residential land releases*

The following issues were identified as being central to resolving housing issues in the West Kimberley:

- *Need for Increased Access to Affordable Housing Stock.* Access to affordable housing across all tenures is limited;
- *Social Housing:* There are long waiting times for Homeswest housing, particularly in Broome; there has been little growth in the provision of community housing; and there is a significant shortage of Crisis Accommodation. Additional investigation into these concerns is needed;
- *Private Rental:* housing in the private rental market is limited; most dwellings are inappropriate for small households and affordability is major problem, with some singles paying as much as \$100 per week for a single room; and Aboriginal families have limited to no access;
- *Owner/Purchaser.* While ABS figures show growth in the proportion of dwellings accounted for by owner/purchasers, most of the growth is accounted for by purchasing of on-site caravans. Shelter WA's research suggests rather than being a preferred choice, caravans may be the only affordable option for those wishing to own their dwelling.
- *Access to Affordable Land.* Issues around access to land are major contributing factors to the high cost and shortages in the Regional Housing System. Some issues include:
 - Native Title: while all of the consulted parties supported the principle of Native Title, drawn out and complex legal processes have often proven

difficult for claimants to navigate. This has resulted in long delays in developing much of the available Crown land, even though there is otherwise no shortage of appropriately located land.

- Sewer and Infrastructure: the provision and funding of essential infrastructure has presented significant barriers to the development of land in both Derby and Fitzroy Crossing.
- Land Valuation: strong demand for and the high cost of land in Broome has impacted on Valuer General valuations in other West Kimberley towns. This has contributed to developed land in Derby being overpriced and consequently slow to sell.
- *Support Programs.* The increased provision of support services for people experiencing homelessness and those whose tenancies with Homeswest are at risk were identified as areas of need.
 - Cross government co-ordination is needed, especially in relation to infrastructure and land development;
 - Communities need support and education regarding their rights and participation as housing consumers;
 - Need for community based research into locally appropriate design and construction practices; and
 - Need for culturally appropriate accountability measures.

5 Recommendations

Social Housing and the Private Rental Market

That:

- 1 Increased capital funding be made available under the CSHA.
- 2 The WA government increase CSHA matching funds for the construction of public housing.
- 3 Homeswest stock assessments analyse, not only the waiting list, but broader demographic data that reflect the real profile of those in need of public housing.
- 4 Analyses be conducted on the effectiveness of current schemes and their impact on affordability.
- 5 Incentives for investment in affordable housing such as local government housing strategies and incentives including taxes, levies and zoning benefits in the context of a whole of government approach to housing.
- 6 Homeswest to put strategies in place to minimise under-occupancy of it's stock in consultation with the Housing Advisory Committee.
- 7 Commonwealth Rent Assistance be seen and evaluated as a housing assistance programme and be more closely integrated with the CSHA.
- 8 Commonwealth and State introduce incentives to create affordable stock in the private sector.

Service Integration

That:

- 9 Job-creation programmes attached to public housing construction be expanded.
- 10 Health risks associated with public rental be addressed by ensuring professional and timely repair of all sub-standard public housing.
- 11 "Disability" be viewed more broadly to provide for the range of people with specialized housing needs including those affected by mental problems, acquired brain injury and substance abuse.
- 12 Strategies be developed to address anomalies in regard to applications from parents of children in foster care, people in prison, single fathers and young people.
- 13 More cluster-style group housing be built to facilitate social support and integrated service provision for groups such as young people, seniors, people affected by mental problems and women escaping family violence.

- 14 Opportunities for education connected with housing be made available for the period of employment;
- 15 The local governments identify and remove impediments to renovating or demolishing and rebuilding sub-standard public housing in rural & remote areas.
- 16 Rebates be offered to gas consumers in rural areas.
- 17 Homeswest take a leading role in the development and implementation of efficient housing design.
- 18 Increased funds be made available for public housing maintenance, upgrading and replacement.

Affordability

That:

- 18 Stamp duties on low cost housing be reduced to encourage investment in the lower end of the market.
- 19 More public stock be built as a means of taking the pressure off private rent increases.
- 20 Eligibility requirements be loosened with regard to location and transfers.
- 21 Planning actively promote and provide for affordable housing.
- 22 Homeswest redevelopments not decrease the number of public housing dwellings (by bedroom).
- 23 Where Department of Housing and Works assisted homebuyers default on their loans, they should be assisted into other accommodation.
- 24 Commonwealth Rent Assistance be adapted to reflect regional variations in housing costs.
- 25 Any GST roll-back be monitored and focused eg caravan park rentals.
- 26 In line with the rest of Australia, private letting fees be abolished.

Regional Issues

That:

- 27 Increased CSHA funding be directed to rural and remote areas.
- 28 The region's land release strategy be reviewed.
- 29 The State Government's Native Title Review be supported and developed further.
- 30 The CSHA incorporate processes for coordinating the provision of capital funding, with the timely release of appropriately located and affordably priced land.

- 31 the processes of the Valuer General's Office in assessing market value of land in regional areas be reviewed.
- 32 Rural and remote communities receive support and education regarding their rights and participation as housing consumers.
- 33 Funding be made available for community based research into locally appropriate design and construction practices.
- 31 Culturally appropriate accountability measures be implemented.
- 34 The CSHA needs to co-ordinate with CRA and payments under CRA need to be adjusted to take regional differences into consideration.
- 33 The development of an infrastructure funding program needs to be developed to assist in efficient and timely development of land in Regional areas. This program could be modelled on the Better Cities Program.
- 34 The CSHA continue coordinating the provision of housing to at risk groups with programs designed to fund the provision of support services. These programs include: Assistance with Care and Housing for the Aged, Supported Housing Assistance Program and Supported Accommodation Assistance Program.

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