



**SHELTER WA SUBMISSION
ON THE:**

**DEPARTMENT OF HOUSING
AND WORKS REVIEW OF
HOUSING SERVICE
DELIVERY**

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Introduction

Shelter WA is an independent community based peak housing organisation. Our role is to give an informed voice on housing policy based on sound research. Shelter WA focuses on people who have low incomes or who are otherwise disadvantaged in the housing market.

Shelter WA would like to take this opportunity to thank the Department of Housing and Works and the Alcoa Research Centre for Stronger Communities for providing this opportunity to comment on the Discussion Paper Review of Housing Service Delivery

Topics/questions outlined for stakeholder consultation

Shelter has provided comments and policy recommendations on several of the topics and questions listed below

Topic 1: Is DHWs primary role to house people in 'greatest housing need'?

Shelter WA supports the policy of targeting households in greatest need and special need as outlined in the *Commonwealth State Housing Agreement National Performance Indicator Framework for 2005-06*.¹ However, in view of the unprecedented increases in private rents and housing prices in 2006 (much higher than wage growth) a growing number of low income households' are now encountering housing stress.² Shelter WA believes that the DHW needs to consider expanding supply to meet the growing demand from low income households, whilst at the same time maintaining its priority criteria for persons/households in 'greatest need' of public housing. How can this be achieved? See comments on segmented waiting list and income eligibility below

That 'greatest need' needs to be defined, categorised and clearly communicated.

The Australian Institute of Health and Welfare (AIHW) performance indicators define greatest need households as low income households that at the time of allocation were subject to one or more of the following circumstances:

- ▶ they were homeless
- ▶ and/or their life or safety was at risk in their accommodation
- ▶ and/or their health condition was aggravated by their housing
- ▶ and/or their housing was inappropriate to their needs
- ▶ and/or they had very high rental housing costs.³

Shelter WA believes that the AIHW indicators relating to homelessness, safety and health issues should remain as key indicators to ensure that households in 'greatest need' receive urgent housing attention.

The definition and categorisation of 'greatest need' should reflect regional, local, geographic and cultural variations.

Shelter WA does not support regional/cultural/geographic variations to 'greatest need'. A person or household carries the same homelessness definition (i.e. primary, secondary and tertiary homelessness) whether they are based in regional or metropolitan areas. There are some regions which have much higher ratios of homelessness per head of population. Kimberley has a comparatively large Indigenous population and they are overrepresented in the regions homeless population. Regional towns such as Port Hedland and Karratha have very high rental costs and it is very difficult for Indigenous households to compete in the private rental market. These and other factors would support the development of cultural/regional methodology for measuring 'greatest need'. But Shelter strongly believes that a strategic housing policy focus is the best way forward and therefore 'greatest need' households should receive priority access through regional housing strategies and increased government funding for public and community housing.

Topic 2: DHW should also continue to house people who are not in 'greatest' housing need.

Input indicated that DHW should continue to accommodate people who are not in 'greatest housing need'. At the same time, input to the Review suggested that one option was to adopt limited term tenancies when allocating housing to people/households in this category. What would be the implications of this direction?

Shelter WA does not support limited term tenancies for a number of reasons. A costing analysis would probably demonstrate that the amount of time and funding required planning, managing and implementing fixed term tenancies (see the proposed *Housing Service Delivery Discussion Paper* guiding principles list below) would outweigh the gain to the DHW of moving the minority proportion of their tenancies (10%) which pay full market rents out of public housing. This is based on the assumption that fixed tenancies will be targeted at tenancies that are in employment and paying full market rents. Shelter believes that those that pay full market rents provide some compensation for the 90% of DHW tenancies that do not pay market rents.

Proposed Housing Service Delivery guiding principles for limited tenancies:

- 1. Limited term tenancies will only be feasible where alternative housing options are available and stock is adequate and appropriate. Remote areas are unlikely to offer the necessary range of affordable housing options now and in the near future.*

2. *Pre-entry planning and allocation consider the suitability of limited term tenancies for consumers in this category with the aim of on achieving positive exits from DHW stock into alternative appropriate and affordable housing options.*
3. *Limited term tenancies should be subject to review during tenancy and planning for positive exit should begin prior to allocation of housing.*
4. *Where planned positive exit strategies are feasible DHWs tenancy management staff should work collaboratively with DHW consumers to identify and regularly review a timeframe for exit from DHW accommodation.*
5. *Planning for positive exits from DHW stock includes exploring consumers preferred housing options, and ensuring that adequate and appropriate information is provided to consumers.*
6. *Local protocols to inform allocations of limited term tenancies should be developed with input from DHW consumers, referral/support agencies, and DHW staff (Head and Regional Offices).*

Furthermore, fixed term tenancies would take away security of tenure - a small gain for the public renter when consideration is given to the disadvantages they encounter such as workforce disincentives.

Shelter's research on workforce disincentive showed that public renters face greater financial workforce disincentives than people in other tenures.⁴ In many cases, both marginal and average effective rates of taxation exceed 100%. The research demonstrated that financial workforce disincentives are caused primarily by the rapid loss of Centrelink benefits as salaries rise. And highlighted that financial workforce disincentives are greatest in areas where market rents are higher, because the value of the subsidy provided by public housing is greater in these areas.

The Western Australian Government's following comments to the *Productivity Commission's, Report on Government Services, 2007* emphasise why Shelter WA strongly supports the continuation of the provision of public housing to households and persons that are not in 'greatest need':

"The Real Estate Institute of Western Australia reports that the median house price in Perth for the year 2005-06 increased by 33.9 per cent and by 29.4 per cent for the State as a whole. Land values increased by 48.3 per cent for Perth and by 49.3 per cent for the state and the median weekly rent in Perth increased by 23.1 per cent. Additionally during 2005-06 the building industry was working at capacity, with demand outstripping supply. This has resulted in fewer contractors tendering on housing construction projects, and increased costs.

These increases have had, and will continue to have, an impact across the entire housing sector. The public housing waiting list has increased by 7.8 per cent over the last two years, and continues to rise. The number of new occupations has decreased by 20.9 per cent over the same period.

The main reason for this is that there are fewer options for people wishing to leave public housing – home purchase has become too expensive and private rents have increased considerably. Less people leaving public housing reduces the number of people on the waiting list who can be offered housing. These factors have also resulted in the median waiting time for public housing increasing by 13.8 per cent since 2003-04.”⁵

Clearly public housing renters face a multitude of barriers to obtaining employment due to the impacts of the withdrawal of Centrelink benefits and the increase in markets rents. At the same time they also face declining access to private rental, especially in Regional areas affected by the mining boom. In this context Shelter WA is very concerned by moves to introduce fixed term tenancies.

Topic 3: Should DHW adopt a segmented waiting list?

There are currently four Australian jurisdictions applying segmented waiting lists, South Australia, New South Wales, Victoria and the Australian Capital Territory. Research carried out by the Australian Housing and Urban Research Institute (AHURI)⁶ provides evidence which indicates most of these jurisdictions are experiencing problems with segmented waiting lists. The following list lays out some of the key findings from the research’s survey of housing officers and tenants:

- ▶ Problems with segments which use generalist approach to cover the various needs within a specific group and to enable some discretion to be applied.⁷ For example if a segment is defined too generally or widely this can be confusing for both applicants and housing officers;
- ▶ How fixed each segment is - a waiting list could operate whereby a proportion of households gain access to housing through the primary segment. But defining a segment does not necessarily define the order in which allocations will be made from it; and
- ▶ Information for applicants as to where they are on the list and how long they may have to wait. If there is no quota system in place and an applicants’ movement on the list depends on movement in a priority segment it has proven almost impossible for housing workers to be able to give any information to applicants.⁸

To counteract some of these problems State Housing Authorities (SHAs) have used their segmented lists to prioritise access for households based primarily on their high level of need (i.e. homelessness).⁹

Victoria’s highly targeted system has resulted in a growing proportion of tenants (nearly 50%) entering public housing from segment 1 (Recurring Homelessness) and segment 3 (Special Housing Needs).¹⁰ Figures from Victoria’s Office of Housing (OOH) show that segment 1 & 3 tenants accounted for 68% of all evictions and 64% of all property abandonment since 2003. A significant 86% of these tenancies are in arrears.¹¹ This

has had a direct impact on OOH operations and resulted in OOH dealing more with complex management processes and less with routine housing transactions. All this provides an economic challenge to the OOH in relation to both housing supply and tenancy management within a context of falling revenue.¹²

The success of Victoria's highly targeted segments can be seen through the fact that segment 1 doubled its number of allocations in the first two years in operation. But this has implications for low-income households, which are not likely to find themselves located in the recurring homelessness segment. Its strong point is that it has legitimised homeless peoples' access to public housing and acts as an exit point from homelessness. The downside is summed up by The Executive Director of Victoria's Department of Human Services responsible for that State's public housing¹³ ... "the unsuitability of many allocation decisions and the changing populations being housed in public housing has led to increased difficulties producing concentrated communities of disadvantage."

The evidence suggests that segmented waiting lists present a range of problems which will likely prove difficult to overcome. Shelter WA is also concerned that segmented lists are being predominantly used to ratchet up allocations to households with high needs - effectively eliminating a large number of low income households (experiencing housing stress in private rental) from accessing public housing. Other research has shown that closer and more effective targeting, associated with Australian Government requirements to continuously improve the quality of service to tenants, has generated rising operating costs for the housing authorities - moving all Australian housing authorities from a position of moderate operating surpluses into rising deficits over the past decade.¹⁴ Thus SHA's need to be critically aware of the impacts their housing rationing system will have on their long term viability.

We believe that the SHA date/order/priority access system is able to adequately respond to the demand for priority allocations (in 2007, 43.9% of people who were housed in less than 3 months waiting time were in greatest need, Department of Housing and Works, 2007, unpublished data) without the added complexity associated with segmented waiting lists.

The Western Australian (SHA) allocations system ensures applicants are housed on the basis of waiting time (earliest date of application) combined with a priority access scheme. The benefits of this system are that it guarantees priority access to households in 'greatest need' and still maintains regular allocations to non-priority households.

Whilst Shelter WA supports the retention of WA's current public housing date/order/priority access system, we believe that the system needs to be modified to enable low income working families to be eligible for public housing. Shelter WA recommends the following changes to the current system:

- ▶ Income eligibility limits need be applicable to both current tenants and prospective tenants;
- ▶ Income eligibility limits in Perth and the South West need to be based on the income required to affordably rent a median priced dwelling in Perth that is appropriately sized for the household type¹⁵;and
- ▶ Income eligibility limits in the North West/Remote need to be based on the income required to affordably rent a median priced dwelling in Broome that is appropriately sized for the household type.¹⁶

By moving to income eligibility limits based on the income required to affordably rent an appropriately sized dwelling that is median priced – current and prospective tenants that do exceed the income limit will at least have the potential to access the bottom half of the rental market.¹⁷ This has the potential to enable low income working families to access both public and private rental without facing housing stress; potentially taking the pressure of the public housing waiting list; improve residential and employment mobility; improve the SHA’s financial viability and free up public housing for ‘greatest need’ households.

Topic 6: Tenancy Support

The options and directions relating to people with high/complex needs, as discussed in Topic 1 above, were also identified as relevant to the area of Tenancy Support, particularly where reducing the risk of tenancy failure is a priority.

Overall, key principles proposed in relation to Tenancy Support are:

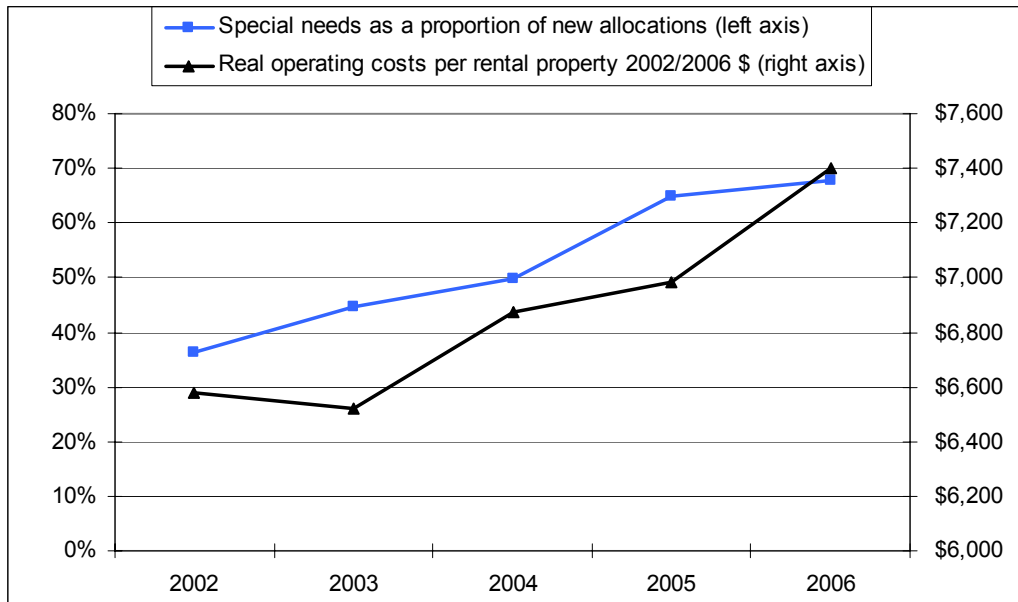
- a. That early assessment and identification of support requirements is essential for minimising risk of tenancy failure.*
- b. That support be identified through pre allocation assessment, pre-entry planning and regular review*
- c. That DHW should adopt strategies to ensure that appropriate expertise is available in house and/or through liaison with relevant external agencies to ensure that appropriate support is obtained, monitored and reviewed.*
- d. That appropriately qualified, skilled staff be appointed within DHW to provide tenancy support services, act as key worker where appropriate, liaise and cultivate partnerships with external stakeholders.*
- e. That tenancy support roles within DHW be separated from property/tenancy management roles and functions.*

Two major constraints were identified as limiting the effectiveness of current support initiatives

- f. The absence of effective integrated support delivery arrangements either between government departments or through a combination of government and non-government service delivery. Whilst such programs operate they are not available in all regions or for all support needs.
- g. Related to and in addition to (e) that inadequate resources inhibit provision of support to DHW tenants.

Shelter WA has a third concern to add to this list, being the impact that targeting to high needs has on the financial viability of the public housing system. The *Productivity Commission Report on Government Services* (2007) highlighted that the DHW has been very affective at targeting its housing to low income households (Centrelink recipients), ranging from 83.8% of new allocations in 2001/02 to 88.2% in 2005/06. Over the same period, as demonstrated in Chart 1 below, special needs allocations have grown from 36.2% of new allocations in 2001/02 to 67.7% in 2005/06.¹⁸

Chart 1: Relationship between increased cost of provision per DHW rental property and increased targeting to special needs 2002 to 2006.



Source: Report on Government Services, 2007 & State Housing Commission Annual Report, 2005/06

This increased focus on targeting appears to be closely related to the increased real cost of provision per rental property. Shelter WA agrees with the Review’s observation that there is a lack of integrated support delivery and instead the DHW has been expected to fund the provision of specialised support services such as the Supported Housing Assistance Programme. At the same time DHW front line staff is expected to act increasingly in social worker like roles that are outside their traditional property management functions.

It is critical that the Department, whose responsibility it is to fund the provision of support services such as Department of Community Development, Health Department and Disability Services Commission, adequately fund the provision of support services for DHW tenants with high and special needs.

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