

information sheet

Commonwealth/State Housing Agreement (CSHA) Key Questions

What is the CSHA?

The CSHA is the Commonwealth Government's primary tool in co-ordinating national housing policy. 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.

What does the CSHA provide?

CSHA funds are applied to public housing, community housing, Indigenous housing and crisis accommodation. The CSHA consists of 3 tied programs, the Crisis Accommodation Program (CAP), the Community Housing Program (CHP) and the Indigenous Rental Housing Program (ARHP), base funding and State matching funds at the rate of \$1 for every \$2 of base funding. The current CSHA provides \$532 million for social housing in WA 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.

What about the next CSHA?

The schedule for the next CSHA renegotiation is:

- Aug. 2001 Commonwealth required to trigger renegotiation process;
- Oct. 2001 Housing Ministers Advisory Committee meeting to consider Policy and Research Working Group paper;
- Late 2001 Federal election - potential to delay the timetable;
- July 2002 Principles for post-2003 CSHA to be in place.

What are the key issues for low-income housing consumers?

Decline In Social Housing

Falls in Commonwealth housing expenditures over the last decade have led to an increasing reliance on the private rental market to house low income renters subsidised by Commonwealth Rent Assistance (CRA). Although over this period public housing stock numbers have remained relatively constant, as a proportion of total WA housing stock, public housing dropped from 6.0 percent in 1991 to 4.9 percent in 2000 (Ministry of Housing (2000), AHURI (2000a) Shelter WA 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. Measures to stimulate greater investment of private capital in affordable housing, especially from large institutional investors, are also required.

Increasing Reliance On Private Rental Housing

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

Service integration

Effective service delivery, free from gaps and overlaps, requires a holistic approach to housing which considers both shelter and non-shelter outcomes (eg location, place making, service integration and coordination). This approach challenges

the 'vertical' structures of government policy and service provision, while emphasizing the need for more 'joined up solutions'. There is a strong need to develop policies that consider:

- employment incentives;
- good health and wellbeing outcomes;
- needs of people with disabilities;
- family stability; and
- education opportunities.

Housing Affordability

Housing affordability is an issue across all tenures and for particular population groups including low income earners, those in insecure employment, and first home buyers. Young people's ability to meet their housing aspirations is also restricted. 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?

How Does the CSHA affect WA?

The housing needs and aspirations of WA housing consumers vary between regions. For example, a key issue in Perth is the falling supply of low-cost rentals, 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.

Turning to West Kimberley, among the issues identified at recent Shelter WA consultative forums in

Broome and Derby were:

- Public Housing: There are long waiting times for Homeswest housing, particularly in Broome;
- Community Housing: there has been little growth in the provision of community housing; and there is a significant shortage of crisis accommodation;
- Private Rental: housing in the private rental market is limited; most dwellings are inappropriate for small households and affordability is major problem.
- Owner/Purchaser: most home purchase growth is in purchase of on-site caravans. Caravans may be the only affordable option for those wishing to own their dwelling.
- Access to Affordable Land— most Kimberley land is subject to Native Title Claims.
- 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 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.

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This information sheet was drawn from a discussion paper prepared for a recent Shelter WA consultative forum on the CSHA. That paper is available either from the Shelter WA office or our website at www.shelterwa.org.au. Your comments on the discussion paper and input to the final report of the forum (currently being prepared) are welcome.

References:

- Australian Housing and Urban Research Institute (AHURI) (2000a), Australian Housing Policy Project, Current Housing Data Table
- Department of Housing and Works, Office of Policy (2001) CSHA Briefing Paper
- Ministry of Housing, Annual Report 2000.
- Shelter WA (2000), *Housing for a Sustainable Community: The State of Housing in WA*
- Steering Committee for the Review of Commonwealth/ State Service Provision (2001). *Report on Government Services 2001*