

newsletter

February 2007

Editorial - Homelessness in Western Australia in 2007

By Jim Anthony

In December 2006 Shelter WA **Commentary**

completed its annual Survey of households experiencing homelessness in Western Australia. This is Shelter's seventh homelessness Survey and is part of a project called *A Profile of Households Experiencing Homeless in Western Australia (Profile)*, which has been running since early 2001.

The project aims to provide a series of snapshots highlighting changes in the nature of homelessness in WA. Participating agencies were asked to complete 1 Survey form for each homeless household on the night of Tuesday 5th September 2006. A total of 42 Surveys were completed with information on 91 homeless people.

Survey findings

Key findings from Survey 7 showed that:

- Indigenous persons accounted for more than one in three homeless persons (41%) and nearly one third of homeless households (29%).
- Approximately two in three households requested crisis/short-term accommodation.
- A significant increase in the amount of households in receipt off \$599 p/w, up from one in ten households in Survey 6 to more than one in four households (29%) in Survey 7.

These latest results on Indigenous homelessness reflect the results from previous Shelter Surveys. Once again emphasising that Indigenous overrepresentation in the State's homelessness figures is one of most pressing housing issues facing the Western Australia State Government.

Shelter's *Profile* series has consistently revealed about one in ten households in receipt of an income less than \$399 per/week.

The increase in the proportion of households receiving \$599 per week and the high demand for crisis/short term accommodation from Survey 7 respondents suggest low income households are bearing the brunt of escalating rents and tight vacancy rates. This could be leading to greater housing instability for households further up the income scale.

Solutions to Homelessness

The Indigenous population represent only 3% of the State's population yet they continue to be overrepresented in the State's homeless population.

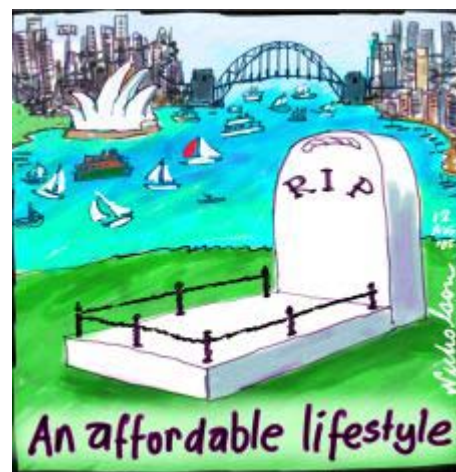
Survey 7 shows that the Indigenous homelessness problem shows no sign of abating and Shelter's *Profile* series provides strong evidence that there is need for an immediate

increase in funding aimed at increasing the supply of social housing to Indigenous communities.

The research paper recommended that the Department of Housing and Works:

- *Increase the capacity of the Support Accommodation Assistance Programme by 50% and provide services in areas where the need is located: SAAP to achieve a target of accommodating 12% of the State's homeless population; and*
- *Restore the market presence of public housing across the State to the 1996 level of 6%.*

The full report can be accessed at: www.shelterwa.org.au



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Belmont Local Housing Forum: By Paul Pendergast

In early 2006 Shelter WA undertook an investigation into issues effecting low income housing consumers in the City of Belmont. The number one issue was the declining availability of affordable housing within the City. The City of Belmont includes the suburbs of: Ascot, Belmont, Cloverdale, Kewdale, Redcliffe and Riverdale. From 1991 to 2001 the stock of housing within the City has grown by 19.6%, increasing from 10,366 dwellings to 12,406. Figure 1 shows that the tenure make up of the housing system has experienced some significant changes. The most notable being a reduction in the proportion of dwellings that are fully owned from 38% in 1991 down to 33% in 2001. This period has seen a small increase in the number of dwellings being purchased and a marked increase in private rental housing which has grown from 21% of dwellings to 24%. Despite the Department of Housing and Works (DHW) slightly increasing its stock of rental housing from 1,118 dwellings to 1,239, over all its presence fell from 11% to 10% of all dwellings.

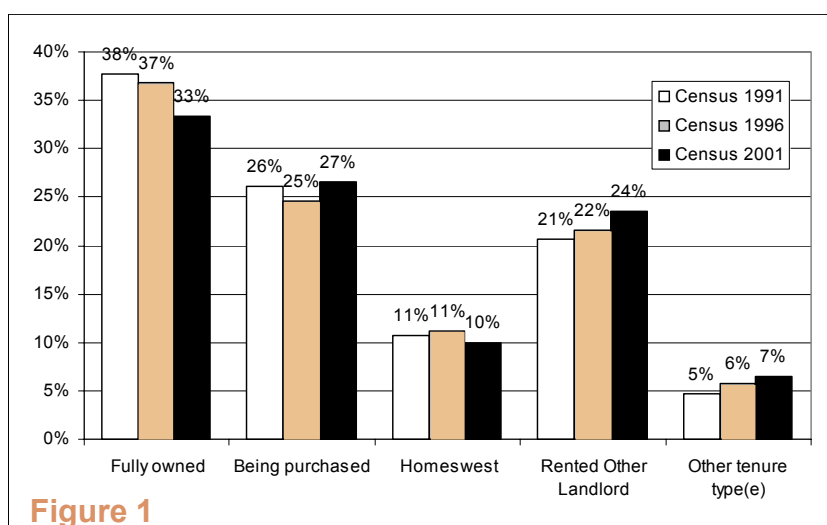


Figure 1: The Belmont housing system 1991 to 2001

Source: ABS, Time Series Profile.

Total stock: 1991 (10,366), 1996 (11,139) & 2001 (12,404).

NB: Excludes not stated.

Much of the change in tenures has come about as a result of the DHW having recently completed redevelopment projects in Redcliffe and Rivervale. These redevelopments generally result in increased investment in private rental and home purchase, which leads onto increased prices. Both suburbs are just above the Perth median rent and the Rivervale median house price is equal to the Perth median. Both rental and house prices are showing potential for further price increases.

The primary issue impacting on low income consumers in the area is the declining availability of affordable housing. The median house price in Ascot of \$642,500 (June 2006) is well above the Perth median, while Rivervale's median of \$380,000 is equal to Perth. The remaining suburbs are not far behind and with all suburbs experiencing growth rates between 12% and 31% per annum home purchase is quickly moving out of the reach of medium income households.

	2005	2006	Change 05 - 06
Perth	\$ 291,000	\$ 380,000	31%
Ascott	\$ 545,000	\$ 642,500	18%
Belmont	\$ 266,000	\$ 340,000	28%
Cloverdale	\$ 248,000	\$ 325,000	31%
Kewdale	\$ 275,000	\$ 345,000	25%
Redcliffe	\$ 283,000	\$ 340,000	20%
Rivervale	\$ 340,000	\$ 380,000	12%

Table 1: House price change in Belmont 2005 to 2006

Source: REIWA

Belmont Local Housing Forum: *continued*

The income required to affordably purchase or rent is based on the requirement that no more than 30% of the household's income should be required to cover the cost of mortgage repayments or rent. House prices in Belmont have moved well beyond this benchmark for median income households. Table 2 compares median prices in each of Belmont's suburbs along with the income required to affordably purchase. The most affordable suburb, Cloverdale requires an annual household income of \$91,727 to affordably purchase, compared to Western Australia's median household income of \$59,000. This leaves an affordability gap of \$32,727

Dwelling Type	Median House Price September 2006	Median House Price Less 10% Deposit	Annual Cost of 25 Year Mortgage @ 8.05%	Weekly Loan Payment	Gross Weekly Income Required to Affordably Purchase	Gross Annual Income Required to Affordably Purchase
Ascott	\$ 642,500	\$578,250	\$54,401	\$1,046	\$3,487	\$181,337.67
Belmont	\$ 340,000	\$306,000	\$28,788	\$554	\$1,845	\$95,960.79
Cloverdale	\$ 325,000	\$292,500	\$27,518	\$529	\$1,764	\$91,727.23
Kewdale	\$ 345,000	\$310,500	\$29,212	\$562	\$1,873	\$97,371.98
Redcliffe	\$ 340,000	\$306,000	\$28,788	\$554	\$1,845	\$95,960.79
Rivervale	\$ 380,000	\$342,000	\$32,175	\$619	\$2,063	\$107,250.29

Table 2: Income required to affordably purchase in Belmont (June 2006).
Source: Department of Land Administration

Part of Shelter's investigation into housing issues included conducting forums with local services providers. Forum participants identified a shortage of affordable rentals for low income households as a priority concern. They also identified that many households are struggling to keep up with rent payments.

Reliable data on the private rental sector is hard to find and often out of date. The VGO data presented in Table 3 demonstrates that rents in Ascot have been well above the Perth median since 2004 and are rising rapidly. Indications are that this trend is likely to continue as 78% of the private rental properties are separate houses which have a tendency to be less affordable than medium density units. In addition, the suburb has been developed without the provision of a single social housing dwelling (Census 2001) which would have a moderating effect on rental prices.

Local service providers have noticed increasing demand on their services from low income household struggling to meet the cost of renting while still providing for their families.

	2004	2005	Change 04 - 05
Perth	\$ 165	\$ 190	15%
Ascott	\$ 200	\$ 340	70%
Belmont	\$ 180	\$ 185	3%
Cloverdale	\$ 170	\$ 180	6%
Kewdale	\$ 183	\$ 185	1%
Redcliffe	\$ 180	\$ 195	8%
Rivervale	\$ 180	\$ 200	11%

Table 3: Median rent changes in Belmont 2004 to 2005
Source: REIWA.

The City of Belmont recognises the need for social housing and supports the DHW's long-term plan to have a maximum presence in any suburb of 11% (City of Belmont Strategic Plan). Shelter WA's discussions with City staff revealed that they view the quality of Homeswest's new housing as being of a high standard and they recognise the need for additional social housing but believe a second provider would be beneficial.

Housing affordability appears set to be a continuing problem facing low income households in Belmont. The presence of social housing has had a moderating effect on rental affordability but social housing within the City of Belmont has already fallen below the 11% target set in the City's Strategic Plan. This has occurred as a result of the DHW's reduced presence in Redcliffe and Rivervale, while there are limited social housing dwellings in Kewdale and none in Ascot. In order to ensure that the needs of low income households continued to be addressed within the City there is a need for social housing to be developed across all suburbs.

The State of Affordable Housing in WA in 2006 *By Jim Anthony*

The *State of Affordable Housing in WA, 2006* is Shelter WA's annual overview of the extent to which West Australians are able to access affordable housing. The analysis is based on a range of key housing indicators, and focuses on families in the bottom half of the income range. This summary presents the paper's key findings and also provides some commentary.

Home Ownership

For first time since Shelter's annual Affordable Housing review was initiated back in 2001, median house prices in all Perth's 291 metropolitan suburbs accelerated beyond the borrowing capacity of low income households (max \$51,000 per annum).

The situation is not much better for median income households (\$59,000 per annum). There are only three suburbs left where median income households could afford to purchase housing (1% of all suburbs).

The income required to purchase a median price property has risen dramatically to \$110,000 per annum. As a result the 'affordability gap' (the difference between the income required to affordably purchase a median priced house and the actual median income is now double that of June 2005). The implications are that the rising 'affordability gap' is catching a growing number of households further up the income scale and locking them out of the home-ownership market.

Private Rental

As homeownership becomes more unaffordable, more households are unable to make the transition from private rental to homeownership. This in turn puts greater pressure on private rental to increase supply for new households entering the market. This has not occurred and

as a result the vacancy rates dropped to 1.8% at the end of 2006.

Lack of supply of low cost private rental and tight vacancy rates made a significant contribution towards pushing up Perth's median rent from \$189 in June 2005 to \$240 in June 2006, an increase of 27%. This is far higher than recent years. The impacts of a tight vacancy rate and a high median rent could leave very little accommodation available at the bottom end of the market for those households in need of affordable private rental.

Commonwealth Rental

Assistance (CRA)

Approximately 85,000 Western Australian households rely on CRA to rent in the private market. Nearly two thirds of these households received the maximum amount payable.¹ After receiving CRA, 27.6% of households remained in housing stress, (paid more than 30% of gross income on rent) and 37.6% of recipients were not in housing stress before they received CRA. This means that CRA was successful in eliminating housing stress for just over one third (34.8%) of CRA recipients.

Social Housing

Funding for social housing (public and community housing) is provided through the Commonwealth State Housing Agreement (CSHA). Whilst funding for community housing continues to increase, real expenditure on public housing declined by 30% between 1995-96 and 2004-05.

The decline in CSHA funding has left the State Housing Authority with shrinking funds to meet growing demand. Public housing stock has declined from 36,500 dwellings in 1995/96 to 34,500 in June 2006, (a 5.5% reduction). In 1995/96 there

were 11,799 households on the waiting list, since then the list has risen to 13,727, an increase of 16%. The 10-year trend indicates that the gap between supply and demand is becoming entrenched. Over the same period there has been a substantial reduction in the number of new public housing tenancies, reducing from 6,559 in 1995/1996 to a ten year low of 3,704 in 2005/06. The decline in public housing stock has led to a reduction in its overall presence as a proportion of total housing stock in WA (declining from 6% in 1995/96 to 4.2% in 2004/05).

Where to from here?

Shelter's State of Affordable Housing Paper, 2006 argued that the most efficient way to deal with the Nations chronic shortage of low cost housing is through the development of a National Housing Strategy involving the three tiers of government and the community.

In the meantime the Western Australian government is in a very strong position to respond to the housing affordability crisis. It has guided the State through a period of sustained economic growth and recently benefited from a Budget surplus of \$2.1 billion.

The research paper showed that there needs to be a greater focus on maintaining and increasing the supply of social housing and affordable private rental. Two of the *Affordable Housing Paper's* key recommendations were for :

- The State Housing Authority to develop a long-term plan with the aim of restoring the market presence of public housing to the 1996 level of 6% and;

Peel Affordable Housing Steering Group

The State of Affordable Housing in WA in 2006 (continued)

- Treasury to provide a Community Service Obligation per public housing dwelling which meets the difference between the household rent and the market rent. This would compensate the SHA for housing low-income tenants and improve their financial viability

Concluding Remarks

In 2006 the Western Australian housing system reached new heights in terms of housing costs. Unfortunately, the social housing system was ill equipped to catch the growing number of households caught up in the affordability crisis, partly because of funding cuts, but also due to excessive client targeting. Shelter WA believes it is now time for the Federal and State government to promote and fund the development of a new social housing system. One that is less marginalised from mainstream provision. And one that is better equipped to respond to the growing demand from low income households for affordable housing appropriate for their needs and personal requirements.

For more details visit www.shelterwa.org.au.

(End notes)

A non-taxable income support supplement paid by the Australian Government to low income households who rent in the private rental market.

By Helen Doran-Wu

In 2006 the Minister for Housing established the Peel Affordable Housing Steering Group to develop an affordable housing plan for the area. The plan will develop the work already undertaken by the Peel Development Commission which found that the supply of affordable housing has declined. The plan will prepare strategies for meeting the demand for affordable housing for the next 5, 10 and 20 years.

Shelter WA was invited to participate in the group at the invitation of the Peel Development Commission's CEO, Maree De Lacey. The Chair of the Group is the Hon. Sally Talbot.

The following agencies will be invited to join the Steering Group:

- Department of Housing and Works;
- Peel Development Commission;
- Department for Planning and Infrastructure;
- Landcorp;
- City of Mandurah, Shires of Boddington, Murray, Serpentine Jarrahdale and Waroona;
- Peel Community Development Group

In its discussion paper on Mandurah, Shelter WA found that affordable housing supply in the areawas diminishing. The regional

impact of the significant growth in Mandurah is substantial.

Shelter WA's consultation revealed that people were moving from Mandurah to Pinjarra, Waroona and other areas in order to find housing. In turn this put pressure on housing prices, community services and transport in these areas. Those most affected are seniors, single adults, youth, single mothers and Indigenous people. As a result a comprehensive and cohesive approach to infrastructure, economic and environmental development is required.

Shelter WA's position is to ensure that the Department of Housing and Works is able to build up its housing stock in the region. Further, planning is required to ensure that the Department is able to continue to meet demand into the future.

Boarders and Lodgers Campaign

By Helen Doran-Wu

Shelter WA will be co-hosting a workshop for Local government on boarding and lodging houses on February 22nd 2007. The aim of the workshop is to work through some of the areas that affect local government on a daily basis:

- Defining
- Planning
- Consulting on boarding and lodging houses

The input from Local government will work to ensure the effectiveness of any recommendation put forward to the Minister with regards to increasing the number of boarding houses and ensuring a high standard of management of facilities.

The results of the workshop will be published as part of the report due to be in final draft stage by the end of February.

The report will discuss issues such as social support for private landlords and tenants, the economic viability of lodging houses and the role of all levels of government.

*The views expressed in
this newsletter do not
necessarily reflect those of
Shelter WA.*

Shelter W.A

Shelter WA is Western Australia's peak independent housing organisation. Shelter WA is community managed and represents the views of consumers and community groups on major housing issues. Shelter WA aims to ensure that every person has access to affordable, appropriate, secure and safe housing that is free from discrimination.

We do this through:

- co-ordinating and representing community sector views to government;
- developing and responding to policy;
- providing education and information ;
- and promoting alternative housing models.

Newsletter Production

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If you have any queries or comments regarding the articles in this newsletter, or if you would like to contribute to future Shelter WA newsletters, please contact Helen Doran-Wu on 9325 6660.

While we are happy to consider any articles submitted for publication, we reserve the right to edit material in consideration of space, content and relevance.

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