

EDITORIAL: The West Australian Housing System

by Karel Eringa

Australia's housing system has for a long time delivered very good housing to the vast majority of its citizens. However, Shelter WA is concerned that the system appears to be cracking under the dual pressures of increasing house prices and reduced Government funding for affordable housing, with marked declines in affordability, security and appropriateness of accommodation across all tenures.

Affordability

Most readers will be aware from a number of recent Shelter WA publications and intensive media coverage that housing affordability in Western Australia has declined considerably over the last decade. Rising house prices, a falling supply of low cost rental housing and declining funding for social

housing have reduced affordable housing options for families at the bottom half of the income ladder.

For instance, in June 2003 a family earning \$45,795 could afford to purchase a median priced house in 24 Perth suburbs, down from 49 in June 2001. Suburbs such as Balga, Merriwa, Midland, Mirrabooka, Queens Park and Two Rocks were affordable in June 2002 but had become unaffordable twelve months later. Since then, house prices have increased further, and interest rates have risen, further reducing the number of affordable suburbs.

A recent report by the National Centre for Social and Economic Modelling (NATSEM), Income and Wealth of Generation X, found that reduced housing affordability was starting to produce intergenerational inequities. The report found that

Generation X tended to stay in their parents' homes longer as they could not afford to purchase a house and start a family. "In 1989, 64% of all 25 to 39 year olds were outright home owners or home buyers ... ten years later, this is down to 54%".

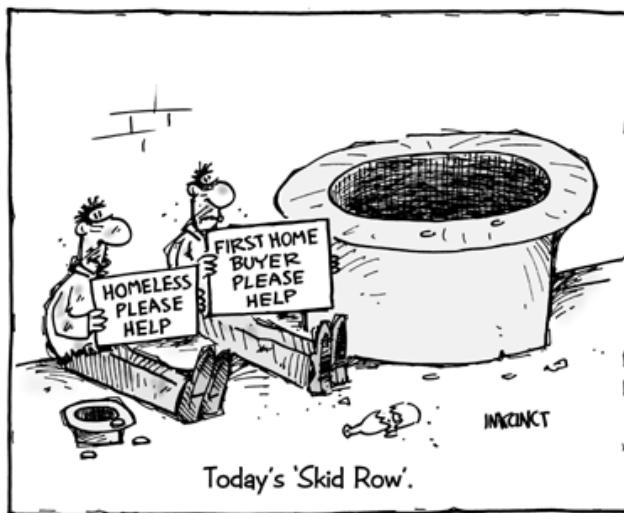
Appropriateness

The second criterion, appropriateness, is the hardest to measure as it includes a range of factors that depend on the circumstances of individuals and families. In addition, many of these factors are subject to change over time.

For instance, a traditional four bedroom house may be appropriate for a family with growing children, but as the children move out of home many 'empty nesters' downgrade to a smaller dwelling. Another example is that a second floor unit may be appropriate for a young single, but not for an ageing person with mobility issues.

Nevertheless, there is evidence that WA's relatively homogenous housing stock, ie. the typical 4 bedroom, 2 bathroom house in the suburbs now suits a smaller proportion of the population than it did a generation ago. Moreover, the mismatch appears to be worsening as household sizes fall.

For instance, analysis performed as part of the Housing Strategy WA suggests that "there are already sufficient detached houses to meet future requirements given the anticipated growth of lone person



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Housing Related Tax Incentives

by Karel Eringa

Shelter WA recently wrote the National Shelter submission to the Productivity Commission Inquiry into Home Ownership. The section on housing related tax concessions is reproduced below, and is of interest as it not only explains several existing tax schemes, but also their importance relative to programs such as the CSHA and Commonwealth Rent Assistance. The full submission is available from www.shelter.net.au.

Programs such as the Commonwealth State Housing Agreement and Commonwealth Rent Assistance and the First Home Owners Grant are important in terms of their potential to increase the affordability and accessibility of housing for first home buyers. However, they are relatively limited in scope compared to certain tax based incentives aimed to stimulate investment in housing.

As an indication, the combined annual value of CRA, CSHA and FHOG is less than \$4 billion per year, whereas the tax concessions available to home purchasers alone have been estimated at between \$7 billion and \$21 billion per year, or \$4,200 per household per year.¹ Such concessions include incentives for owner occupiers such as capital gains tax (CGT) exemptions, non-taxation of imputed rents, stamp duty concessions and land tax exemptions for the family home, as well as tax deductibility of costs associated with investment properties (negative gearing).

National Shelter has a number of concerns regarding these tax concessions. Most importantly, these tax

concessions are not targeted towards people who are in housing stress, and therefore the bulk of the cost of the concession is not provided where it increases accessibility for first home purchasers.

Tax Concessions on the Family Home

Tax exemptions to imputed rental income and CGT on the family home are available equally to owner occupiers on low incomes and to those on high incomes. Since the monetary value of these exemptions is greater for properties with a higher value, the tax losses associated with these exemptions result mainly from dwellings with a value above the median. Moreover, because there is a positive correlation between family income and the value of the family home, the monetary value of these exemptions is greater for richer families than it is for poorer ones.

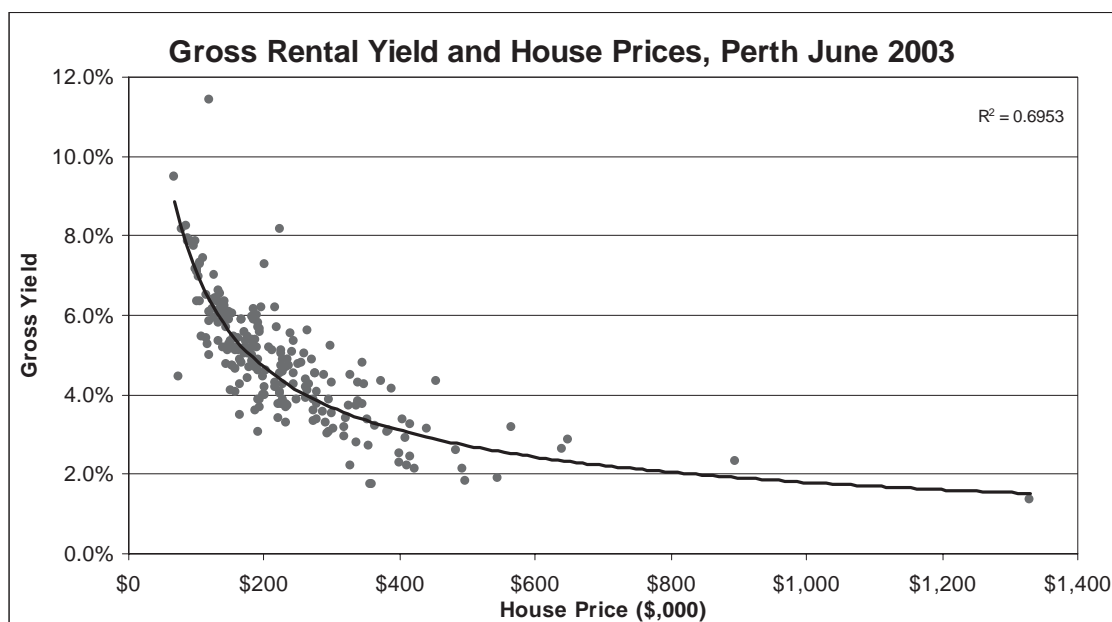
The above indicates that these tax concessions have a regressive effect. Nevertheless, this does not necessarily imply that they are not important for lower income home

purchasers. Indeed, given the current levels of housing stress experienced by mortgagees discussed above, it may be argued that many poorer families would be unable to afford home ownership without this exemption. However, it does mean that the current blanket exemption is a very inefficient way of increasing accessibility to home ownership.

Negative Gearing

The concerns regarding the lack of targeting towards people with lower incomes and regressive outcomes also apply to negative gearing. However, there is a further problem with the current system of negative gearing, which is that it implicitly encourages investment in properties with a higher rental value.

This is due to two factors. Firstly, as noted above, higher rental value will generally be associated with higher value properties. Many of the costs associated with owning investment properties, including for instance maintenance costs and insurance, are directly related to the value of the property. As this means that the costs



Source: Department of Land Administration, Value Watch – Metropolitan Rental Values Summary, Perth, June 2002

Housing Related Tax Incentives (cont'd)

associated with these higher property values will generally be higher, the monetary value of negative gearing concessions will also be higher for higher rental dwellings.

Secondly, preliminary research by National Shelter indicates that higher value properties will generally yield relatively lower rents and relatively greater rental losses. For instance, the figure below shows a statistically significant² inverse relationship between property prices and gross rental yields at the suburb level in Perth. As most costs associated with the property are not related to the gross rental yield, lower gross returns generally also mean lower net returns, and therefore a greater monetary value of the negative gearing concessions.

In other words, property investors stand to receive greater tax concessions if they invest in higher value rental properties. The negative gearing system therefore encourages investment in high value properties, at the expense of rental stock that is affordable to people on lower incomes.³ The resulting shortage of affordable housing at the lower end of the market⁴ means that many lower income families will be unable to save up the required deposit to enter home ownership.

Put differently, the current system of negative gearing is one of the causal factors of the current shortage of affordable housing stock. Although some organisations have advocated abolishing negative gearing altogether, National Shelter believes that it is possible to change the policy parameters in order to make negative gearing an effective instrument in stimulating investment in affordable housing. This can be achieved by progressively limiting the ability of individuals to use rental losses as a tax deduction as the rental value of the investment property rises.

Stamp Duty

The above discussion refers only to taxes and incentives that are operated by the Commonwealth Government. However, the various State and Territory Governments also operate a range of taxes and charges

related to home ownership. Most prominent among these is stamp duty. While the various States and Territories calculate stamp duty in different ways, there are a number of shared features. These include:

- The rate at which stamp duty is levied increases with property values in all States and Territories
- Further stamp duty concessions are available for purchasers on low incomes in all States and Territories
- The rate at which stamp duty is levied is not indexed to increases in housing prices. In other words, increases in housing prices in excess of CPI result in real increases in State and Territory stamp duty revenues.

In particular the latter point has received a great deal of attention in various media outlets in the current cycle of housing price increases, as stamp duty has increased to 3-5% of property values in the various State and Territories.⁵ National Shelter agrees with the various critics that stamp duty adds to the cost of housing and is therefore a barrier to accessing home ownership, particularly for prospective purchasers at the bottom end of the market.

Land Tax

The other major tax operated by all State and Territory Governments except the Northern Territory is land tax. Again, rates vary across the various jurisdictions, but again there are a number of common features. These include:

- Land tax is charged at a constant rate, related to unimproved property values in all States and Territories where it is charged.
- Owner occupiers receive a full exemption on land tax in all States and Territories where it is charged.
- The rate at which land taxes are calculated is not indexed to increases in housing prices. In other words, increases in housing prices in excess of CPI result in real increases in State and Territory land tax revenues.

Unfortunately, National Shelter is not aware of any research into the impact of land taxes on investment in affordable rental housing.

Conclusion

Housing in general, and first home ownership in particular, is of enormous social, economic and symbolic value to Australians. This is evidenced by the fact that the various levels of Government in Australia intervene in the housing market to the extent of tens of billions of dollars each year. Despite this, there is a severe and growing shortage of public and private rental housing, while the income required for home purchasing has become less affordable due to rising housing prices.

So far, this submission has highlighted a number of shortcomings of individual housing related taxes, subsidies, incentives, grants and concessions. However, there is a more fundamental problem in that many of these taxes and incentives work against each other. For instance:

- Taxes such as stamp duty and GST reduce accessibility to home purchasing, while the FHOG is intended to increase it.
- The current policy parameters regarding negative gearing effectively reduce the supply of affordable rental housing at the bottom end of the market, while CRA is intended to increase access to rental housing for low income families.
- Land tax increases the cost of investing in rental housing, whereas negative gearing provisions are intended to reduce it.

In addition, the current confusion of State and Commonwealth Departments responsible for administering the various housing related payments, overlapping portfolios impacting on housing (eg. Treasury, Planning, Infrastructure, Regional Development, Family and Community Services, etc) is making any consistent direction in housing assistance difficult if not impossible.

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CSHA: The adventure continues

by Harvey Volke

The new Commonwealth State Housing Agreement has now been gazetted, and it had just been tabled in the Senate at the time of writing.

The CSHA is a broad agreement between the Commonwealth and the states and territories. It now remains for each of the states and territories to negotiate their bilateral agreement with the Commonwealth on their state/territory housing plans. This is expected to take place in October.

There are no surprises in the document, as the broad issues have been generally canvassed for some time now.

The agreement, which is to run from 1 July, 2003 to 30 June, 2008, aims to "provide appropriate, affordable and secure housing assistance for those who most need it, for the duration of their need". For all the obvious limitations of this statement (e.g., "housing assistance" rather than "housing" and "duration of need"), it is consistent with the most recent agreements.

There is a stronger emphasis on "linkages between programs . . . and other relevant Commonwealth and State programs, including those relating to income support, health and community services". In some ways this is good, in other ways it prefigures the argument still to come over who pays for welfare "reform", especially when it comes down to getting rid of poverty traps.

What the Commonwealth and States have agreed includes:

- The Commonwealth will provide \$725.230 million base funding in the first grant year, with matching contributions from the states of 48.95 percent of that amount.
- The Commonwealth will provide additional grants for identified programs:
 - (a) \$91 million for ARHP;
 - (b) \$39.655 million for the Crisis Accommodation Program;
 - (c) \$63.990 million for the Community Housing Program, and
 - (d) an additional \$10 million for ARHP.

(e) it may also provide to a state or states an amount to fund housing research, innovation and reform priorities.

- In the successive years, base funding and additional grants (except for the additional \$10 million ARHP grant) will be indexed, but they will also receive a 1% efficiency dividend (cut). It has been calculated that this will mean a net increase of about 1% per year, totalling overall 4.5 percent over the life of the agreement.
- Up to five percent of the states' grants will be subject to them meeting agreed outcomes and performance measures for (1) attracting investment from outside the social housing system and (2) reducing workforce disincentives for social housing tenants. If any of the states don't meet these indices, they could lose up to five percent of their grant, and a formula is spelt out for doing so. And rent "reform" is very much on this agenda – that is, the Commonwealth wants to deal with work disincentives by removing the link between income and the rental formula. The funding withdrawn from "non-performing" states may be reallocated to "performing" states.
- By 1 January, 2007, the Commonwealth will begin discussions with the States over "any funding arrangements" after the agreement finishes in June 2008. In the Interagency Agreement between the Commonwealth, States and Territories at the time of introducing the GST, the Commonwealth undertook that GST arrangements would not impact on special purpose payments (such as the CSHA) to States. However, this clause in the CSHA would provide the Commonwealth with the opportunity, if it wished to take it up, to review what it puts into housing assistance in the form of a CSHA in a future when goods and services tax revenue is flowing back to all the States. There remains a possibility that it could choose to argue that a CSHA is required, say, only for very high

need areas such as those which attract tied funding, or for something less than this, because of its substantial contribution to housing assistance through Commonwealth Rent Assistance.

The guiding principles for the new agreement are:

- To maintain a core Social Housing sector to assist people unable to access alternative suitable housing options. [This is not unimportant, in that while it clearly sees social housing as residual, it also sees at least a core sector – however small that may be – as essential to housing supply while ever alternative options are not available.]
- To develop and deliver affordable, appropriate, flexible and diverse housing assistance responses that provide people with choice and are tailored to their needs, local conditions and opportunities.
- To provide assistance in a manner that is non-discriminatory and has regard to consumer rights and responsibilities, including consumer participation.
- To commit to improving housing outcomes for Indigenous people in urban, rural and remote areas, through specific initiatives that strengthen the Indigenous housing sector and the responsiveness and appropriateness of the full-range of mainstream housing options.
- To ensure housing assistance links effectively with other programs and provides better support for people with complex needs, and has a role in preventing homelessness.
- To promote innovative approaches to leverage additional resources into Social Housing, through community, private sector and other partnerships.
- To ensure that housing assistance supports access to employment and promotes social and economic participation.
- To establish greater consistency between housing assistance provision and outcomes, and other

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CSHA: The Adventure Continues (cont'd)

social and economic objectives of government, such as welfare reform, urban regeneration, and community capacity-building.

- To undertake efficient and cost-effective management which provides best value to governments.
- To adopt a co-operative partnership approach between levels of government towards creating a sustainable and more certain future for housing assistance.
- To promote a national, strategic, integrated and long-term vision for affordable housing in Australia through a comprehensive approach by all levels of government.

Those who attended Shelter NSW's consultations on this agreement (was that really 12 months ago?) will also know that one of the several issues under discussion was what would happen to the Aboriginal Rental Housing Program (ARHP). The

Commonwealth has consistently been concerned to ensure that this should focus on the problems of rural and remote Aboriginal housing, while the States – and those who attended our consultations – were also concerned about the problems of Aboriginal housing in metropolitan areas.

No doubt reluctantly, the States have been obliged to accept a formulation that says they “acknowledge that the Commonwealth’s policy [note it does not say this is a policy agreed or supported by the States!] is to target ARHP funds to rural and remote areas where there is a high need and where mainstream public housing and private housing are unavailable.”

Nobody quarrels with the rural and remote issue, but there are still serious problems in regional and metropolitan areas. It may be possible to draw some slight comfort from the formulation that the policy is “to target ARHP funds” – that doesn't

necessarily state that funds can only be used in that way, but a lot depends on what happens in the bilateral discussions.

It should be noted that the ARHP will be reviewed, specifically in relation to its formula for allocation of funding. It is currently based on a statistical formula dating back to 1986, and it is likely that under a new formula NSW will get a smaller proportion of the funding. The review will affect funding from the second year of the CSHA.

The Crisis Accommodation Program will also be reviewed to “identify options for the future”, particularly in relation to the Supported Accommodation Assistance Program.

And finally, it should be noted that bilateral agreements will outline arrangements for community consultations, and that states are required to make the objectives and outcomes of the bilateral agreement publicly available within three months of signing. It is important to seek access to this process at the earliest moment.

Housing Indigenous People in Regional WA

by Karel Eringa

Access to appropriate and affordable housing is traditionally seen as a problem affecting mainly metropolitan areas. However, an adequate supply of high quality and affordable housing is a crucial factor underlying the economic potential and social well being of regional areas. Indigenous people are particularly badly affected by the poorly functioning housing markets in regional areas of the State.

On Wednesday 24 September 2003 Shelter WA organised a forum on housing issues for Indigenous people in regional areas of Western Australia. The forum was auspiced by the Access and Equity Standing Committee of the Housing Advisory Committee to the Minister for Housing and Works. 29 people heard presentations from four speakers:

- The Hon Nick Griffiths MLC, Minister for Housing and Works,
- Paul Pendergast, Shelter WA,
- Bob Thomas, General Manager of Homeswest, and
- Laurel Sellers, Aboriginal Housing and Infrastructure Directorate.

All speakers agreed that Indigenous people in regional areas face great difficulty accessing affordable and appropriate housing. This often resulted in homelessness, overcrowding and substandard housing, which are all factors that have long term negative flow on effects on health, education, employment and other non-housing outcomes.

However, the speakers highlighted different aspects. For instance, the

Minister acknowledged the lack of Government resources for housing Aboriginal people. Paul Pendergast highlighted the high proportion of Indigenous people in social housing, while Bob Thomas detailed some of the Department of Housing's responses. Finally, Laurel Sellers gave an overview of the new Indigenous Housing & Infrastructure Agreement, which coordinates Commonwealth (Department of Family and Community Services), ATSIC and State Government funds for Indigenous housing.

Overall, the speakers and the participants agreed that significantly more resources are required in order to eliminate the housing disadvantages faced by Indigenous people in regional WA. Notes of the Forum are available from www.shelterwa.org.au.

News in Brief

Residential Tenancies Databases Review

Residential Tenancy Databases (RTDs) are privately owned, electronic databases that collect information on tenants. Their aim is to assist property managers and landlords to assess risk and identify potential problem tenants. However, many tenants and tenant advocates feel that one of the effects of RTDs is to prevent people from obtaining rental housing, often indefinitely, in some cases unfairly and usually with no reason provided.

The Commonwealth Ministerial Council on Consumer Affairs and Standing Committee of Attorneys-General are currently reviewing the operation of RTDs. An Issues Paper is now available for public comment. The paper aims to prompt stakeholder input on issues relating to the role, operation and extent of RTD use in Australia. Submissions close on 24 December 2003.

The Issues Paper can be downloaded at www.shelterwa.org.au and includes instructions for making submissions.

Homelessness: New ABS Research

The Australian Bureau of Statistics released new data on homelessness last month. Using 2001 Census data, Counting the Homeless 2001 shows that on Census night 2001 there were 99,900 people counted as homeless in Australia, including 11,697 in WA. The data also indicates that:

- At 64.0 homeless for every 10,000 people, Western Australia had the third highest rate of homelessness in the country.
- WA accounted for 9.8% of Australia's total population but 11.7% of Australia's homeless.

The ABS research also reinforces a finding by recent Shelter WA surveys, that Indigenous and young people are disproportionately affected by homelessness. For instance:

- In 2001 Indigenous people accounted for 2.2% of Australia's population but 8.5% its homeless people.
- 10% of the homeless are children under 12 years of age and a further 26% are aged under 18 years.
- Almost half of all homeless people are under 25 years.

Rent Assistance: does it deliver affordability?

National Shelter and ACOSS released a major research report on Commonwealth Rent Assistance in October. The report shows that the Federal Government's Rent Assistance program is failing to protect around 330,000 low income people and families in the private rental market. The report's findings include:

- More than one in three (35%) Rent Assistance recipients - around 330,360 people - exceed the Government's own conservative measure of housing affordability by spending more than 30% of their income on rent.
- Almost one in ten (9%) recipients - around 85,000 people - spend more than 50% of their income on rent.
- Mature age students are not eligible for rent assistance.

Despite this, spending on Commonwealth Rent Assistance has risen in real terms by 7% to \$1.92 billion while combined government spending on public and community housing is now at \$1.28 billion - a 54% decline in real terms. The report is available at www.shelterwa.org.au.

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Housing Related Tax Incentives (cont'd)

National Shelter believes that a Commonwealth Housing Minister and Department with responsibility for housing are required to provide long term policy direction. In addition, a National Housing Policy Framework should be developed to identify ways in which the current uncoordinated system can be unified and reformed to use existing funds more efficiently and effectively. Once this has been accomplished, this Framework should then identify areas where additional funding is still required. Finally, this Framework would provide a structure from which ad hoc policy proposals could be explored and, if deemed appropriate, trialed.

Footnotes

¹ Judith Yates, *A distributional analysis of the impact of direct and indirect housing assistance*, Australian Housing and Urban Research Institute, August 2002. This figure only includes the non-taxation of capital gains (\$9 billion to \$13 billion depending on the valuation method) and the non-taxation of imputed rents (\$8 billion).

² $R^2=0.6953$, falling to 0.6709 if the two suburbs with median prices over \$800,000 are excluded from the analysis.

³ For instance, housing investment in Sydney and Melbourne appears to have focused on in high value inner

city apartments, a sector in which vacancy rates are climbing. In Perth, vacancy rates are high at the top end of the rental market, but very low vacancy at the bottom end: Real Estate Institute of WA, *Market Update*, March 2003.

⁴ See Maryann Wulff and Judith Yates, *Low Rent Housing in Australia 1986 to 1996*, Australian Housing Research Fund, March 2001

⁵ Real Estate Institute of Australia, *Homes less affordable: urgent answers needed*, September 2003. In June 2003, stamp duty ranged was 4.79% of the median house price in Melbourne, 3.53% in Sydney and 2.76% in Hobart.

News in Brief (cont'd)

Experiencing Homelessness in WA

For those more interested in human experience rather than numbers, Shelter WA released *Experiencing Homelessness in WA* earlier this month. Based on a series of interviews with homeless people and agencies providing services to homeless people in both metropolitan and regional WA, the paper identifies four common themes:

- inadequate funding of support services
- homeless people face multiple problems and there is no one simple solution
- any solution must start with a stable living environment
- there is a lack of exit points and appropriate accommodation

Perhaps surprisingly, the paper finds a high degree of consensus between service providers and service users regarding the root causes of the problem, and the required solution. Both groups viewed homelessness as a complex problem that requires a multi faceted solution, identifying increased support services and accommodation options as key elements of any solution.

The paper concludes that both the lack of support services and the lack of accommodation options require significant increases in Government funding.

Shelter WA Occasional Paper 2003-4: Experiencing Homelessness in WA is available at www.shelterwa.org.au.

Keystart Interest Rates

Following the Reserve Bank announcement earlier this month raising official Interest Rates by 0.25%, Keystart has reviewed its rates and will implement the following changes.

New Loans: Effective 1 January 2004 Keystart will raise its variable rate by 0.25% to 6.99%pa. The qualifying rate will also increase by 0.25% to 8.99%pa.

Existing Loans: Effective 1 February Keystart will raise its variable rate by 0.25% to 6.99%pa. Increased repayments will commence 1 March.

Homeswest Policy Update Email List

The Department of Housing and Works have launched an email list giving updates on Homeswest policy changes. The aim of the list is to relay policy changes to interested community groups and organisations. Community groups and organisations that wish to be kept abreast of future policy changes can contact Kathy Bell at the Department of Housing and Works at Kathy.Bell@dhw.wa.gov.au for inclusion on the distribution list.

DHW Housing Policy for People with Disabilities

The Department of Housing and Works is conducting a review of its strategic policies on housing for people with disabilities. In addition, a new Disability Services Plan will be developed for 2003 to 2008. It should be noted that this is not a review of the DHW's rental operational disability housing policy.

The draft "Strategic Disability Housing Policy for People with Disabilities":

- highlights the policy imperatives and key issues that will impact on the DHW in delivering housing options for people with disabilities,
- outlines a range of policy responses to ensure the DHW's delivery of housing services and programs is relevant to people with disabilities, their families and carers, now and into the future,
- confirms the DHW's current programs, such as purpose built housing to meet individual design needs, partnerships and initiatives under Joint Venture arrangements and promotion of home ownership products.

Submissions closed on 3 November 2003, and the consultant, Barbara Gatter is now producing a final report. However, the draft policy is still available from www.shelterwa.org.au.

Community Housing Strategic Plan

For the last 18 months, the Department of Housing and Works has been developing a strategic plan for community housing in consultation with the community sector. The Plan is "a blueprint for the direction of community housing in Western Australia over the next five years". It has been approved in principle by the DHW Board of Commissioners and is available for download at www.dhw.wa.gov.au or by phoning John Hughes on 08 9222 8175.

The draft Plan aims to:

1. Maintain current funding levels to the DHW Community Housing programs over the next five years, with a stock growth target of 40%.
2. Create and support effective and viable key providers
3. All stakeholders to adopt leading governance and sustainability practices.
4. Create opportunities for innovation and leading practice.
5. Facilitate equitable access between public and community housing.

One of the Plan's most controversial elements is the intention to target future DHW community housing funding in the metropolitan area towards some three Key Providers. Other controversial elements of the Plan include:

- reducing the number of community housing providers through stock consolidation,
- move all CDHP leases to one lease type,
- All community housing projects with the exception of the CDHP and CAP will be required to contribute capital or pay rent to the DHW.
- Compliance with the CHCWA Code of Practice to be a condition of provider funding by the DHW.
- Coordination between DHW and community housing waiting lists.

After finalising the Plan, the next step will be for a small steering committee within the DHW to oversee the development of key performance indicators and implementation of the Plan.

Editorial (cont'd)

and couple households. The analysis suggests a mismatch is looming if the current trend of constructing predominantly single residential housing continues. WA already has a burgeoning excess capacity issue in the existing housing stock."

Security of Tenure

Three out of every four West Australians own or are purchasing the house that they live in, ensuring the highest possible degree of security of tenure. However, reduced affordability leads to reduced security of tenure, as home purchasers become more likely to default on their mortgage and lose their home.

In addition, reduced affordability for home purchasing increases the reliance of housing consumers on private rental and social housing. Unfortunately, security of tenure in private rental is very low, and it is set to decline for the 5% of West Australians who live in the social housing sector.

Social housing, ie. housing owned and operated by the Government or community sector, has traditionally offered a high degree of security of tenure. By and large, tenants are able to keep their accommodation indefinitely if they so desire. However, during the current negotiations of the Commonwealth State Housing Agreement, the Commonwealth has put pressure on the State Government to reduce this security of tenure.

The Commonwealth's aim is to ensure that only the neediest of the needy are housed in this sector. However, Shelter WA is concerned that reducing security of tenure for social housing tenants will create uncertainty for vulnerable tenants and at the same time reduce the financial viability of social housing providers. In addition, such a policy change is likely to provide a disincentive for social housing tenants to find employment, as those who find a job may no longer be eligible for social housing and lose their home.

In the private rental sector, tenants are only secure in their residence until their lease expires or, in the case of periodic leases, for a limited period of time. Under the WA Residential Tenancies Act (RTA), periodic tenancies can be terminated with no

reason given with 60 days' notice.

With home purchase affordability falling and limited resources available for the expansion of social housing, most households on lower incomes have to rely on the private rental sector for accommodation.

Shelter WA is therefore deeply concerned with the recent announcement by Minister Kobelke of Consumer and Employment Protection that none of the changes identified in the Statutory Review of the RTA will be acted upon. Instead, the consultation process is to continue without any indication of process or timeline or commitment to improve the Act for both landlords and tenants.

Shelter WA believes this is unacceptable, as the Review was to be carried out "as soon as practicable" after 30 June 2001. After two years of consultations, broad consensus had emerged on many of the recommendations made in the comprehensive consultants' report. The Minister's inaction shows a lack of respect to the hundreds of individuals and organisations that provided submissions and has seriously damaged the credibility of the Government's commitment to community consultation.

One final note is that while the majority of West Australians are still well housed, a disproportionate number of young people, old people, people with disabilities, people from culturally and linguistically diverse backgrounds and Indigenous people do not live in appropriate, secure and affordable accommodation. This makes implementation of the recommendations of the RTA Review all the more urgent.

This edition of the Shelter WA newsletter investigates whether the West Australian housing system improves housing outcomes for West Australians in general, and for these vulnerable groups in particular. The newsletter includes articles on several tax incentives aimed at increasing investment in rental and owner occupied housing, as specific schemes including the Commonwealth State Housing Agreement, Commonwealth Rent Assistance and the First Home Owners Grants Scheme, and housing for Indigenous people and people with disabilities.

Shelter WA

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 Karel Eringa (details below).

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.

***The views expressed
in this newsletter do
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those of Shelter WA.***

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