

**Response to the Department of  
Housing and Works Housing  
Strategy WA Draft Discussion Paper  
from the 'Where Will They Live' Campaign  
stakeholders.**

Community Housing Coalition of WA  
Northern Suburbs Community Legal Centre  
St Patrick's Community Support Centre  
St Vincent de Paul  
Shelter WA  
Tenants Advice Service  
Wesley Mission Perth  
Western Australian Association for Mental Health  
Western Australian Council of Social Service

## Introduction – Omission from Housing WA Strategy

The boarding house sector in Western Australia is currently in a crisis situation. Two critical issues have emerged in recent years. Firstly, rising land prices and increasing costs have made operating boarding houses an increasingly unviable operation. As a result, the number of boarding and lodging houses has dwindled: roughly two thirds of the sector has been lost over the last two decades. It would appear that a third of what remains may disappear over the next 18 months.

At the same time, there is a complete absence of any form of consumer protection for boarders and lodgers in Western Australia. Unlike tenants in private rental and social housing, boarders and lodgers are not covered by any comprehensive legislation such as the Residential Tenancies Act. As boarding and lodging houses play a critical role in housing some of our community's most multi-disadvantaged citizens, there is an urgent need to increase consumer protection for this group.

Lodging houses provide accessible, affordable and flexible accommodation for single people, especially for those who are unable to access or sustain self-contained accommodation in the private or public rental sectors.

The Housing Strategy WA is silent on boarding and lodging houses and the people they accommodate. This is a significant omission as many low income people now utilise boarding and lodging houses as a long term housing option, unlike in the past when this may have been viewed as a short term solution.

Most boarding and lodging houses have occupancy rates around 90-95% and about half of the residents have been residing in situ for more than one year. A recent survey found that 1 in 3 residents had lived in boarding house accommodation for 15 to 20 years.

Many longer term residents identify affordability, location and companionship as positive factors influencing their choice to stay in boarding houses. However, a large number of people also identify the lack of other options as a primary reason.

Studies by different peak organisations were conducted in 2005 to assess the current situation for supply and to predict future supply. The studies also looked at options to expand stock and at the same time increase consumer protection.

This submission recommends the DHW incorporate into **Strategic Area 5 Supporting priority need – Housing the most vulnerable people in our community** – actions to maintain the current supply, expand future supply and increase consumer protection.

Community housing organisations are increasingly important players in the provision of lodging houses. While the private-for profit sector has been the mainstay of lodging house accommodation in the inner urban areas of Australia. This sector has been contracting over the last 20 years under the pressure of urban redevelopment and marginal profits.

At the same time, the profile of people looking for lodging house accommodation has changed. Lodgers are often marginalised people on low incomes with psychiatric illness and/or drug addiction who may be itinerant and excluded from mainstream accommodation. The ability of the lodging house sector to act as a pressure valve on

the demand for crisis accommodation, or the alternative of sleeping rough or squatting, is diminishing.

Halting the decline of boarding houses needs to be a critical issue for government in the Housing Strategy given the overall objective is to increase the supply of affordable housing through private investment. Boarding houses provide affordable, diverse and accessible accommodation for people on a low income.

It is important to ensure that well maintained and safe boarding and lodging houses are available to provide a low cost housing option. It is also important to ensure that an equal power relationship exists between residents and owners when residents contract to access such housing.

## **1. The Cost of Not Providing Boarding and Lodging House Accommodation**

Boarding houses are vital in the provision of accommodation for people with a mental illness. At least one in four residents in boarding houses has a mental health problem. Providing accommodation for those with a mental illness reduces hospital admissions which costs the government \$584 per patient per day in a psychiatric hospital ([www.pc.gov.au](http://www.pc.gov.au)).

The diminishing supply of boarding houses means increased pressure on crisis accommodation services. In 2001-02, 88.5 per cent of people with a mental illness seeking crisis accommodation received no assistance. People with a mental illness that are homeless are 40 times more likely to be arrested and 20 times more likely to be imprisoned (Not for Service Report 2005). This is a significant expense for the government .

- \$259 per person is spent on policing services over a 12 month period ([www.pc.gov.au](http://www.pc.gov.au))
- \$41.60 per person per day was spent on prisoners ([www.pc.gov.au](http://www.pc.gov.au))

Providing low cost rental accommodation reduces homelessness and unnecessary hospital admissions and imprisonment which will reduce government expenditure.

### **Recommendation 1**

That in view of the imminent closure of 37 beds in North Perth, and the identified future redevelopment of a 205 bed lodge site in Fremantle for another use, DHW initiate discussions with a range of stakeholders and formulate strategies to minimise the impact of the closure on existing tenants.

### **Recommendation 2**

The Office of Policy and Planning in DHW research issues relating to the under-representation of demographic groups in the current lodging house population and explore lodging house models that minimise barriers to access for these groups with particular reference to gender, Indigenous and younger persons homelessness.

### **Recommendation 3**

That DHW investigate the suitability of the DHW lodge that provides accommodation for women in a mixed lodge, with respect to women's reluctance to use this lodge because of perceived safety and security issues, and implement strategies to respond to these concerns.

## 2. Declining Supply

The private market currently provides 438 beds (56% of general lodging house beds). This supply is dominated by the presence of one large lodge that accounts for just over half of the private bed supply.

A recent study by the CHCWA has revealed that the private sector is vulnerable to significant and imminent decline. It is predicted that 242 beds in the private sector will be lost within the next 2 years and a further 51 beds will go when lodge owners retire.

**TOTAL PREDICTED LOSS IN PRIVATE SECTOR : 5 lodges, 293 beds of current 438 beds. Loss of 67% of current private supply.**

The community housing sector has taken a proactive role in providing lodging houses but does not have the capacity to compensate for the loss in the private sector. Supported Accommodation Assistance Program (SAAP) is also operating at full capacity and will also be unable to meet demand.

Despite the growing diversity of suppliers of lodging house accommodation, from private only in the 1980's, to a mix of private, community and DHW in 2005, the private sector continues to provide the greatest proportion of rooms in Fremantle (71.5%) whereas in Perth community housing providers account for most of the stock.

Unregistered lodging houses provide at least 83 beds in the Perth area. The reported conditions in unregistered private lodging houses are poor though are an important alternative for people who have been excluded from other accommodation.

The cost of maintaining old building stock was also identified as an issue that is limiting the ability to meet the growing demand. Examples from other states in Australia show that a leadership role taken by state housing authorities, in partnership with community housing providers, can result in a long-term sustainable supply of lodging house accommodation.

### **Recommendation 4**

That the Department of Housing And Works, in collaboration with the Community Housing Sector, work to develop a long-term strategic response to the identified decline in the availability of lodging house beds in the Perth Metropolitan Area. This strategy should address simultaneously the issues of consumer protection and future supply.

### **Recommendation 5**

That in view of the prevalence of identified ageing lodging house stock, DHW, FESA and local government act to minimise the closure of lodging houses because of fire and safety and health compliance issues, by implementing a series of strategies, including providing grants for fire and safety and broader maintenance upgrades.

### **Recommendation 6**

The state (and local) governments develop a system to "package" existing government services (currently spread out over a number of departments) such as health, guardianship, housing/utilities and transport.

### 3. Increasing Supply

It is the responsibility of government to address the failure of the price mechanism to adequately distribute accommodation to vulnerable residents. Supply side assistance could include:

- building boarding and lodging houses;
- purchasing housing stock for conversion to boarding/lodging accommodation; and
- grants and concessions to existing and new boarding/lodging house operators.
- Such strategies should also include allocating money to repair and upgrade existing boarding and lodging houses.

The Shelter WA study found that one of the main reasons why boarding house legislation remains a contentious issue in Australia is that boarding house operators feel that they may be forced to close down in the face of increased regulation. This is understandable: as the boarding house sector provides accommodation to very low income groups, their profit margin tend to be relatively slim and sensitive to any significant impacts. This illustrates there are a number of strands to develop with any concerted strategy aiming at increasing boarding and lodging accommodation, rights and safety.

Expansion of community housing stock can occur through partnerships between housing providers, support service providers and government departments and is targeted at high need clients. However, providers can face significant costs, for example, failure to comply with fire and safety standards may lead to closure of lodges in the City of Perth. Therefore security of lease arrangements is essential for providers to commit to the cost of building upgrades.

Public, private partnerships are also a possible way to expand supply. The CHCWA study identified an established private lodging house business with building and management expertise, and a stated commitment to housing a variety of tenants, is interested in a partnership with government to provide new lodging house accommodation. The suggested government contribution could be a peppercorn-lease on the land, with private enterprise contributing buildings and management.

The lodging house of the future may include en-suite facilities and communal areas, providing housing for a diverse tenant mix. Church welfare agencies that provide both support and accommodation suggest a 3 tier model that provides transitional and longer-term accommodation.

#### **Recommendation 7**

The various tiers of government work collaboratively to increase the supply of boarding and lodging houses in WA.

#### **Recommendation 8**

##### **Establishment of a Review**

The establishment of a structure that will measure the effectiveness of the Housing Strategy. A set of indicators will need to be developed, with a clearly defined points of review, to assess if the Strategy has increased the supply of affordable housing.

## 4. Consumer Protection

There is a complete absence of any form of consumer protection for boarders and lodgers in Western Australia. Boarders and lodgers are not covered by the Residential Tenancies Act and rely on common law. The Commonwealth Department of Housing and Regional Development prepared a report that confirmed the need for boarders and lodgers to be included in the RTA. As boarding and lodging houses play a critical role in housing some of our community's most multi-disadvantaged citizens, there is an urgent need to increase consumer protection for this group.

The issues of consumer protection and falling supply are intimately related. Many boarding houses operate on very tight margins. Any increase in costs – for instance the cost of complying with new consumer protection legislation– has the potential to push a number of boarding houses over the edge. This means that consumer protection legislation needs to be designed so that it does not result in further closures of boarding houses. It is therefore critical to ensure adequate levels of consumer protection.

In WA, the Tenants Advice Service has pinpointed a number of problems with the current legislative framework in relation to the boarding and lodging house sector. These include:

- The current registration system in relation to lodging houses (for the purpose of health and safety) is difficult to enforce because imposing work orders might cause closures and vulnerable residents might face the possibility of primary homelessness.
- WA has no legislation that directly regulates the relationship between boarders/lodgers and owners, so market participants must rely on common law in relation to such matters as bond lodgement, abandoned goods and contractual disputes generally.
- Boarders and lodgers are not defined under the *Residential Tenancies Act 1987 (WA)* for the purpose of exclusion from coverage under this statute and this lack of clarity can be exploited by unscrupulous operators.

The shortage of boarding houses means that many residents have a choice between one particular boarding house and an indefinite period of homelessness. The Shelter WA study found that many boarders and lodgers now feel unable to 'vote with their feet' due to poor standards and management in the context of dwindling supply. The precarious position/tenure of residents may make complaining or enforcing rights difficult.

Residents face such issues as:

- uncertainty as to their legal status and hence their rights and responsibilities;
- unreasonable house rules and/or unfairly enforced rules;
- lack of access to their room and/or facilities;
- inadequately maintained premises;
- unfair fees and charges;
- termination without fair notice and confiscation of their belongings.

The boarding and lodging house sector performs an important function in the Western Australian community. It is a low cost and flexible form of housing for many residents, particularly those on low incomes. However, the sector is small and

declining but demand continues to increase. The private market (through the operation of the price mechanism) is failing because the clientele of such accommodation are unable (often through disability) to pay the premiums required to keep this sector viable. Generally such clientele also require services other than accommodation to participate fully in society.

#### **Recommendation 9**

The *Residential Tenancies Act 1987 (WA)* be amended to incorporate Regulations and/or a Code of Conduct in relation to boarding and lodging houses.

#### **Recommendation 10**

**Legislative change should be accompanied by an education program and more funding of advocates.**

Education is necessary to ensure stakeholders become aware of their rights and responsibilities under new legislation. Advocacy services are necessary to ensure that boarders and lodgers, who are often vulnerable consumers, can assert their rights in the marketplace.

#### **Recommendation 11**

##### **Addressing Discrimination in the Private Rental Market**

The Strategy is concerned with the discrimination in the private rental market but has not devised strategies to address this. If discrimination in the private rental market is addressed there will be a decrease in demand for public housing which is an objective of the Strategy.

1. We recommend legislative reform of the *Equal Opportunity Act 1984* to test for indirect discrimination similar or identical to the *Commonwealth Sex Discrimination Act 1995*.
2. These reforms are to be widely accessible through real estate agents.
3. Owners and real estate agents can be prosecuted for indirect discrimination.
4. Education sessions to be conducted targeting private investors, real estate agents and owners to reduce discrimination in the private rental market.

#### **Recommendation 12**

##### **Increase in Commonwealth Rent Assistance**

The objective of the Housing Strategy is to increase the supply of affordable housing and it is concerned with the high number of households living in housing stress. We recommend an increase in the rent assistance payment to ensure that the Strategy is able to make the shift from social housing to private rentals. There can not be a shift to the private rental market without addressing the number of households unable to access the private rental market due to poverty.

#### **Recommendation 13**

##### **Creating meaningful employment opportunities**

The Strategy seeks to address the barriers people experience in relation to accessing employment (objective 12). This is particularly relevant to people living in boarding houses with over 40 per cent of residents receiving the Disability Support Pension. The government has a responsibility to create meaningful employment opportunities for people.

## Conclusion

The boarding house sector in Western Australia is currently in a crisis situation. Two critical issues have emerged in recent years. Firstly, rising land prices and increasing costs have made operating boarding houses an increasingly unviable operation. As a result, the number of boarding and lodging houses has dwindled: roughly two thirds of the sector has been lost over the last two decades. It would appear that a third of what remains may disappear over the next 18 months. At the same time there is a complete absence of any form of consumer protection for boarders and lodgers in WA. They are not covered under the Residential Tenancies Act. As boarding and lodging houses play a critical role in housing some of our community's most multi-disadvantaged citizens, there is an urgent need to increase consumer protection for this group.

To some extent these issues are different sides of the same coin. Certainly, it is not possible to address one issue without simultaneously addressing the other. In terms of supply, a strategy needs to be developed to attract private investment into the sector. Such a strategy would likely include financial incentives and planning incentives. With regard to consumer protection, different options need to be investigated to ensure some level of protection for these vulnerable consumers.

*We would like to thank Equal Opportunity Commission for their support and contribution to this Submission.*