

## **1. Shelter WA**

Shelter WA is Western Australia's peak housing body for community groups and housing consumers. Shelter WA has operated since 1979, has three core staff and is funded through the State Government, memberships and various projects. Its work is directed towards the elimination of homelessness and housing related poverty and ensuring that every person has access to secure, adequate and appropriate housing at a price within their capacity to pay.

I have been asked to speak to you about the type of work that Shelter WA does. Generally speaking, the answer is brief: Shelter WA aims to be an effective voice on housing issues through disseminating information, consultation, representation and research. Some of our major projects this year are conducting a housing needs analysis in Kalgoorlie, a survey on homelessness and writing a policy platform for National Shelter.

However, I would like to illustrate the type of work that we do with an example: do we need social housing in the western suburbs?

## **2. Social housing in the western suburbs**

This issue has been much debated in the media in recent times and in one way, the debate has been heartening: even the staunchest opponents to social housing in the western suburbs have not questioned the need for social housing per sé.

Instead, they have argued that social housing should be located on the fringe of the metropolitan area, where land is cheap and the neighbours are far away. I will return to this issue later, but would first like to clarify some issues.

Firstly, what is social housing? Social housing is affordable, appropriate and accessible rental housing provided to low income and disadvantaged people by government and not for profit organisations. Social housing comprises:

- Public housing, or social housing managed by Government. In WA the Department of Housing and Works (Homeswest) manages some 36,000 dwellings.
- Community housing, or social housing managed by non-Government, not for profit organisations. In WA there are more than 250 community housing providers managing a total of around 4,000 dwellings. Most of these providers manage less than 10 dwellings.

Secondly, where are the western suburbs? Different studies identify different boundaries for the area, but for the purposes of today's talk I will use the term to indicate the area between Cottesloe, Floreat and Subiaco, as indicated in Figure 1. The area also includes the suburbs of City Beach, Claremont, Crawley, Daglish, Dalkeith, Jolimont, Mt Claremont, Nedlands, Peppermint Grove, Shenton Park and Swanbourne.

*Social Housing in Perth's Western Suburbs: Do we need it?*

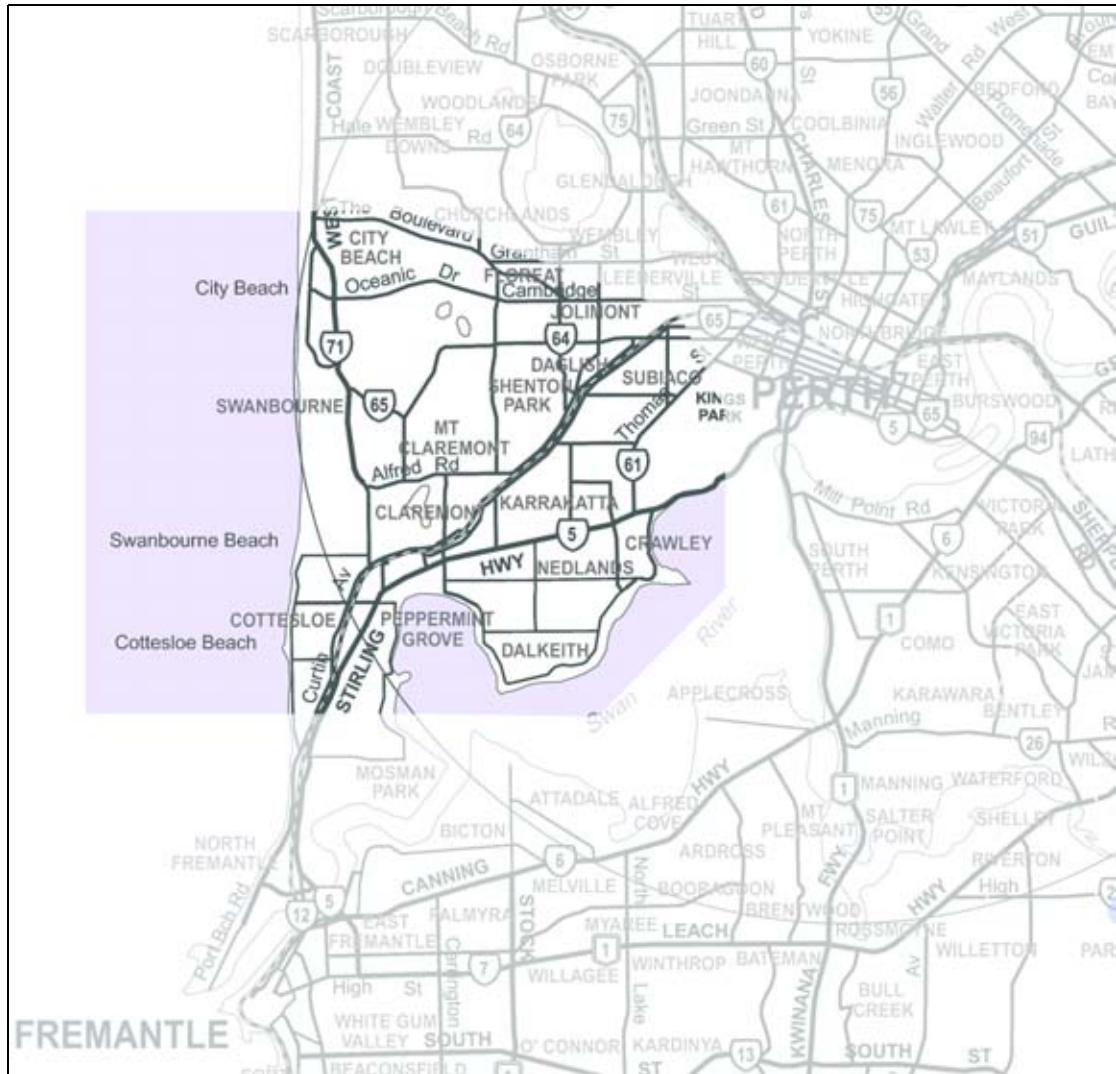


Figure 1

Thirdly, how much social housing is there in the western suburbs? Contrary to public belief, there is a significant amount of social housing stock in the area. Figure 2 shows that social housing accounts for 692 out of 30,056 dwellings in the western suburbs, or 2.3% of all stock. This is about half the WA average – perhaps relatively low, but certainly not non-existent.

Within the area, there are some large discrepancies between suburbs. For instance, social housing represents 8.7% of housing stock in Subiaco, 2.1% in Claremont, 7.5% in Mt Claremont and 4.9% in Shenton Park. There are five suburbs where there is no social housing: City Beach, Dalkeith, Floreat, Nedlands and Peppermint Grove. All of these suburbs have relatively low residential densities, with much of the area zoned R10-15.

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<b>Social Housing, Western Suburbs</b>			
	<b>Social Housing</b>	<b>All Housing</b>	<b>Presence</b>
City Beach	0	2,279	0.0%
Claremont	78	3,597	2.2%
Cottesloe	1	3,399	0.0%
Crawley	1	1,377	0.1%
Daglish	20	657	3.0%
Dalkeith	0	1,614	0.0%
Floreat	0	2,881	0.0%
Jolimont	10	521	1.9%
Mt Claremont	131	1,738	7.5%
Nedlands	0	4,161	0.0%
Peppermint Grove	0	602	0.0%
Shenton Park	92	1,871	4.9%
Subiaco	356	4,068	8.8%
Swanbourne	3	1,291	0.2%
<b>Total</b>	<b>692</b>	<b>30,056</b>	<b>2.3%</b>

Figure 2

Finally, are all social housing tenants 'dole bludgers'? Figure 3 indicates that around one in six social housing tenants in the western suburbs is currently in gainful employment. The overwhelming majority (two thirds) of social housing tenants receive an aged pension, disabled pension or war veteran's pension. Finally, only one in six of social housing tenants in the western suburbs receive a Centrelink Allowance (Newstart, Youth Allowance or Parenting Payment) and could, therefore, conceivably fit the stereotype. Five out of six social housing tenants in the western suburbs are either in employment or not in the workforce due to old age or disability.

<b>Social Housing Tenants, Western Suburbs</b>		
<b>wages</b>		<b>16.6%</b>
<b>pension</b>		<b>66.4%</b>
<i>aged pension</i>	36.3%	
<i>disabled pension</i>	26.9%	
<i>war veteran</i>	3.3%	
<b>allowance</b>		<b>16.9%</b>
<i>youth allowance</i>	2.6%	
<i>newstart</i>	9.5%	
<i>parenting</i>	4.8%	
<b>total</b>		<b>100.0%</b>

Figure 3

### **3. Is there too much social housing in the western suburbs?**

The upshot of all of this is that the question is slightly misleading, because it starts from the premise that there is no social housing in the western suburbs. Rather, the question should be whether the current social housing presence of 2.3% is too high, too low, or adequate. In order to answer this question, I will list the arguments for expanding and reducing social housing in the western suburbs.

Broadly, there are three arguments in favour of reducing social housing in the western suburbs. Firstly, there is a range of emotive arguments against having social housing in the area. These arguments have dominated the media debate, and include the NIMBY ('Not In My Back Yard') response and the 'I Worked Hard To Be Able To Live Here And They Got It For Free' response.

It would be all too easy to dismiss this type of argument as ill-informed, possibly racist or plain wrong. However, the dominance of these arguments in the media indicates that there is a general feeling in the community that social housing tenants make for bad and undeserving neighbours. While the reality is that all social housing tenants have a basic human right to adequate housing and the vast majority do not cause any problems, at the very least the persistent nature of these emotive responses does point to an image problem associated with social housing. The challenge is for social housing to ensure that its tenants are productive and valued members of the communities in which they live, and that they are seen as such.

The second argument for reducing social housing centres on the claim that the presence of social housing reduces land values in the area. However, there is no evidence to back up this claim.

In all 13 suburbs (insufficient data is available for Crawley), house price growth exceeded 10% per annum over the 1985 – 2003 period; the average growth rate was 11.8% per year: Figure 4. Growth rates were relatively uniform across the area, varying by less than 1.5% from the average in all but two suburbs.

In the seven suburbs with a social housing presence of less than 1%, median house price growth over the period ranged from 10.4% per year in Floreat to 14.3% per year in Peppermint Grove. Perhaps surprisingly, median house prices grew by less than the western suburbs average in four of these suburbs.

In the six suburbs with a social housing presence greater than 1%, median house price growth over the period ranged from 10.1% per year in Claremont to 12.9% in Subiaco. Median house price growth exceeded the western suburbs average in two of these suburbs.

Finally, a least squares regression yields a statistically insignificant, almost horizontal best fit. This strongly suggests that there is no statistically significant relationship between social housing presence and house price growth.

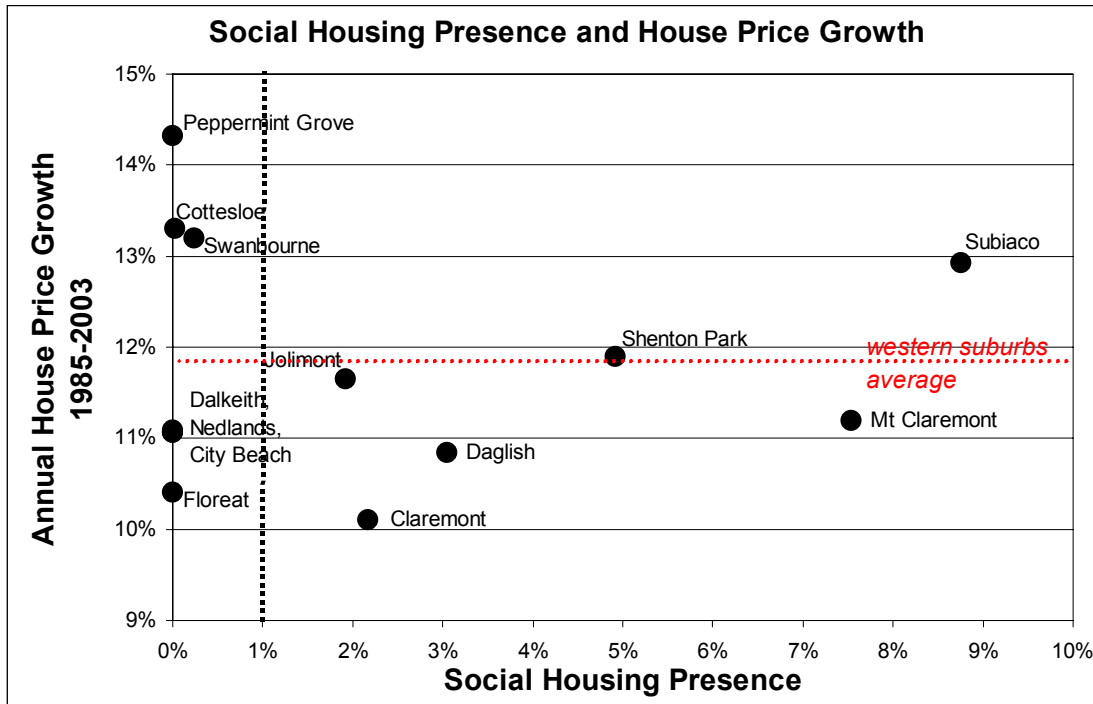


Figure 4

However, there is one last argument for reducing social housing in the western suburbs: as land values in the western suburbs are higher than land values on the fringes of the metropolitan area, two or three properties in fringe metropolitan areas could be bought for the price of one property in the western suburbs. Investing on the urban fringe would represent a more effective use of limited Government funds, because more people could be housed within existing resources.

#### 4. Should there be more social housing in the western suburbs?

This argument is certainly convincing. At the same time, however, having a significant social housing presence in the western suburbs makes sense from three different perspectives. Firstly, it makes sense from a social perspective. This goes beyond the benefits of giving ageing people an opportunity to live near health facilities or family support networks.

Social housing introduces an element of social diversity into the western suburbs that would be difficult to attain in any other way. Social diversity, in its turn, is generally associated with healthy and safe communities. A lack of social diversity, taken to the extreme, can produce the segregated cities of South Africa, where a poor majority live in ghettos while the rich have to fortify their suburbs in order to keep out the resulting crime and social unrest.

Secondly, social housing in the western suburbs makes sense from a sustainability point of view. Last year's *Dialogue with the City* highlighted the environmental costs of Perth's urban sprawl. In addition, the Department of Planning and Infrastructure estimates that it costs the State Government around \$45,000 for each lot on the urban fringe to deliver physical and social infrastructure (electricity, sewerage, schools, hospitals). The obvious alternative is to redevelop existing areas, such as the western suburbs.

Thirdly, and perhaps surprisingly, social housing in the western suburbs makes sense from an economic point of view. In order to manage their housing stock

sustainably, social housing providers need to ensure they hold stock in as wide a range of localities as possible in order to manage the risks associated with price fluctuations. For this reason alone, it is prudent for social housing providers to have a proportion of their stock in the western suburbs. However, a simple example illustrates that investing in the western suburbs can be very profitable for social housing providers: Figure 5.

	1985		2003	
	Value	Dwellings	Value	Dwellings
<b>Strategy A</b>	\$1,000,000	11	\$7,412,349	31
<b>Strategy B</b>	\$1,000,000	21	\$4,943,515	21

Figure 5

In 1985, a million dollars would have bought either 11 median priced dwellings in the western suburbs (Strategy A) or 21 dwellings around the metropolitan area (Strategy B). By 2003, Strategy A yielded \$7½ million, 50% more than Strategy B, which yielded \$5 million. Viewed differently, the 11 dwellings purchased under Strategy A in 1985 could be exchanged for 31 dwellings around the metropolitan area by 2003. The monetary value of the 21 dwellings purchased under Strategy B also increased, but did not allow for any stock increases.

In other words, for social housing providers investing in the western suburbs is a responsible and viable asset management strategy. The extent to which they will invest in the western suburbs is dictated by expected gains, relative risk, and the extent to which they are prepared to trade off short term pain for long term gain.

## 5. Conclusion

In conclusion:

- Contrary to public belief, there is a significant amount of social housing in the western suburbs, and the presence of social housing has not reduced price growth.
- Social benefits mean that the local community in the western suburbs can benefit from social housing.
- Increased sustainability mean that the Perth community in general benefits from social housing in the western suburbs.
- A brief economic analysis indicates that it may be 'penny wise but pound foolish' to remove or significantly reduce social housing in the area.
- A trade off between the short term need to house people and the long term need for risk management suggests that the level of social housing in the western suburbs should be higher than zero, but lower than the Perth average. In other words, the current level may be about right.

This example shows the kind of work that Shelter WA does. Through effective research, we try to bring factual information into the public debate on affordable housing. Finally, the work that we do not only informs the public, such as today, but also policy makers, for instance through our membership of the Housing Advisory Committee and other avenues.