



October 2007 Newsletter

In this Newsletter:

- 1. Editorial: public housing in WA: extinction or resurgence?***
- 2. Housing issues in Broome***
- 3. Shelter's final report on housing in Mandurah and Pinjarra***
- 4. National Shelter***
- 5. Still no room in the boom***

1. Public Housing in WA: extinction or resurgence?

Since they were elected back in 1996 the Federal Coalition has demonstrated a total lack of commitment to developing and funding a viable social housing system - in the last decade the Commonwealth has cut their share of Commonwealth State Housing Agreement funding by 25%.¹

However, State governments are also partly responsible for the dire state of the public housing system. While they may have complained about the Commonwealth cuts, they have also made matching cuts, therefore compounding the public housing funding problem.²

The impacts of this on households waiting to access public housing in Western Australia have been drastic. In 1995-96, 6,559 new tenancies were created, by 2005-06 the number of households being allocated with housing had declined to a ten year low of 3,704 (a 44% decline).

Over the same period public housing stock has reduced by nearly 2,000 dwellings and its market presence as a proportion of total housing stock has declined from 6% in 1996 to 4.2% in 2007.

Within this context it was not surprising that the Federal government announced that the public housing system was up for 'grabs'.³

Ironically, private investors might show some interest in tendering, but this will probably only occur if they are provided with significant taxpayers subsidies for housing low income households?

Yet public housing under public ownership is not deemed valuable enough to receive appropriate funding. Public housing authorities have been doing quite well for the last 50 years, but have been gradually starved of funds so that all Australian public housing systems are now running at a loss. Australia has become too narrow in its housing tenure focus reflected in long term legislative and funding activity designed solely to foster the growth and security of a homeownership finance market.⁴

But even this failed to deliver affordable housing in 2005-06 as housing prices and rents started to accelerate well beyond wage increases. There is now no suburbs in the metropolitan region where households in receipt of the median income (\$61,700) can afford to purchase a median price house

These failures send a strong signal that we need to start to provide a diversity of

housing tenures' to meet the needs of low income households at different times in their life and income cycle.

Public housing also provides an alternative to the private market, particularly when housing price inflation takes a grip. A well funded public housing sector has the potential to:

- *Take pressure of the private rental market at the low cost end and relax vacancy rates;*
- *Provide security of tenure at a price people can afford (25% of households income) whilst enabling households to save for a deposit on house;*
- *Promote workforce participation through allowing tenants to stay in public housing until they can afford to move out to private rental without encountering housing stress.*⁵

The re-negotiation of the Commonwealth State Housing Agreement, which is currently underway, provides the opportunity to plan for future shocks. Public housing should be central to the plan along with community and low cost private rental housing. How can this be done?

- *More funding for public housing so that we restore social housing to the 1996 level of 6% of total housing stock in WA by 2021;*
- *Commonwealth rental Assistance (CRA) paid to public housing tenancies;*⁶
- *Provide more flexibility on income eligibility so that tenants are able to increase income sufficient to allow them to pay median market rent without encountering housing stress;*
- *A government funded Community Service Obligation (CSO) to help to maintain and expand public housing supply.*

These are just some key areas which can help grow public housing. If there was the political will and visionary leadership there is no doubt that many other long term solutions could be designed and established at the higher levels of government policy making.

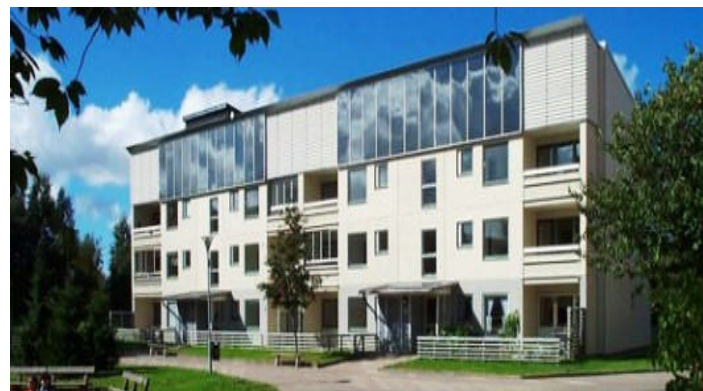
Shelter WA has estimated that the WA public housing rental operations are currently running at a loss of \$2,570 per public housing dwelling.⁷ If Treasury covered the cost of the rental subsidy (\$2,455 per dwelling) then the deficit would be reduced significantly to just \$115 per dwelling.

For an outlay of approx \$85 million per annum the State government would be showing a significant commitment and funding contribution to the long term financial viability of the State's public housing system.

http://www.shelterwa.org.au/publications/re sandproj/Community_Service_Obligation for a detailed analysis of Community Service Obligation and public housing

http://www.shelterwa.org.au/publications/re gularpubs/swa_update for a detailed discussion on CRA and public housing

Figure 1: Social Housing Gårdsten, Sweden



Source: www.worldhabitatawards.org/winner, 2005

2. Shelter's analysis of housing issues in Broome

In June 2007 Shelter WA released a discussion paper which looked at the current housing issues in the Town of Broome in the Kimberley region of WA. The report was initiated in response to the chronic lack of affordable housing. It was also prompted due to concerns aired by financial counsellors Broome Circle and the local Residents Action Group about growing numbers of contacts made by citizens unable to access public housing, crisis accommodation or affordable private rental.

The report formed part of Shelter's ongoing work identifying regional housing issues in West Australia. Key research areas looked at:

- *Demographic factors affecting housing demand and housing need;*
- *The private housing system, the public rental system and homelessness.*

The research found that there is a higher than average use of public housing in Broome (21% compared to 4.2% for the rest of WA) and this is related to a range of factors, some of which include:

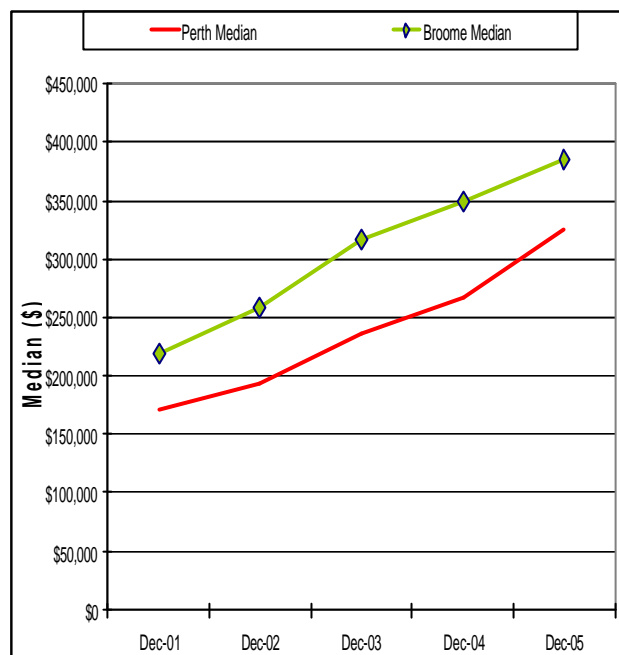
- *An Indigenous unemployment rate of 9.9% compared to non-Indigenous unemployment rate of 4.9%;*
- *Proportionally lower household incomes for Indigenous people in comparison to non-Indigenous people;*
- *A high proportion of Broome wage earners employed in the comparatively low wage retail sector which is the single biggest employer;*
- *Comparatively high median house prices and private rents (see Figure 2).*

All these factors contribute to an increase in demand for public rental, and this is

exacerbated when there is no affordable housing alternative.

The Department of Housing and Works currently has a waiting list of 437 applicants for public housing in the Town of Broome, some of which have been waiting since April 2002 to be allocated a property.

Figure 2: Median house prices in Perth and Broome from 2001 to 2005



Source: Real Estate Institute of Western Australia

The research found that Broome's recent trends in housing prices and rents provided clear signals that a new approach to housing policy is required. One in which the State government develop affordable housing models at the early stage of planning and development. This will enable policy makers to estimate the need for affordable housing and social rental and develop housing policies accordingly.

Shelter WA's research work on housing issues in Broome is continuing. We are currently developing a homelessness strategy in collaboration with the Broome Circle Financial Counsellors and Broome Residents Action Group.

Download full report at:

http://www.shelterwa.org.au/publications/news/Housing_Issues_In_Broome.pdf

3. Mandurah and Pinjarra housing report

Each year Shelter WA convenes housing forums in metropolitan and regional areas in which we discuss a range of housing issues affecting low income households.

The study areas for the 2006/07 regional analysis included the City of Mandurah and the Town of Pinjarra. The report was released to the public in July 2007.

The report revealed that over the last 5 years the City of Mandurah has endured very high population growth rates compared to the rest of WA (3.6% per annum compared to 1.6% respectively).⁸ Indicating Mandurah's close proximity to Perth and Bunbury the popularity of living near the coast and housing affordability were all significant factors in the steep rise in population.

Rapid population growth is a key driver of housing affordability and the report provided evidence that housing affordability could be starting to affect households further up the income scale. By June 2007 there were no affordable suburbs in the metropolitan region and Mandurah, where households in receipt of the median income (\$61,000 per annum) were able to purchase a median priced house. Mandurah rental prices were also indicative of an over stretched housing market with prices not much below Perth's median rent.

Further down the income scale the research found a range of issues affecting housing affordability in Mandurah and Pinjarra. Many of the Mandurah and Pinjarra forum participants were forthcoming with their views on housing affordability. Major concerns come from:

Caravan Park Residents

Lack of housing choice people in need of affordable housing are living in caravan parks;

Support Services

Men in crisis, youth and those with mental health issues did not have their accommodation needs met.

Public Housing

Currently 642 households on the waiting list of which 388 are seniors and single households and 220 are families, representing nearly 94% of all applicants waiting for 1, 2 and 3 bedroom dwellings.

Indigenous Housing

Some of the specific needs of Indigenous people included meeting the needs of their youth and seniors. The median age of Aboriginal people in Mandurah is 17.

The report concludes with some policy recommendations for the Department of Housing and Works to consider. It also suggests that some of the policy recommendations could be taken a stage further by the regional government authority for the area, the Peel Development Commission and the government supported Peel Affordable Housing Steering Group.

The full report can be accessed free at http://www.shelterwa.org.au/publications/news/Mandurah_Pinjarra_Housing_Analysis.pdf



4. National Shelter

Many of the issues affecting housing consumers in Western Australia emanate from policies and programmes that are determined at national level. National Shelter is the peak non-government organisation representing the interests of low-income housing consumers.

In order to ensure that housing remains on the national political agenda, Shelter WA continues to play an active role within National Shelter. In September 2007 Shelter WA attended the National Shelter policy roundtable meeting and AGM in Brisbane.

This National Shelter policy discussion focused on State reports, proposed changes to the Commonwealth State Housing Agreement, State/Territory affordable housing plans and changes to public housing, particularly stock transfers from public housing to community housing tenure.

Many of the Shelter organisations have some concerns with this policy initiative and the way it is being pushed full steam ahead without checks and balances in place such as a common housing register, common allocations policy and regulatory framework. In addition questions were raised about who would eventually monitor and evaluate community housing procurement practices and a range of other management processes when they reach larger economies of scale.

There were also concerns about the wisdom of continuing on with the policy of large stock transfers in that it appears at first sight there are several barriers to overcome given the fragmentation of the sector: there are over 250 separate community housing entities in WA alone.

Shelter WA aired similar views back in 2001 and they have still not been addressed.⁹

There were also frustration amongst the National Shelter representatives in relation to the lack of funding and policy commitment to build and strengthen public housing in all States and Territories. National Shelter believes the public housing system has served the housing needs of hundreds and thousands of low income Australians' over the last 50 years and are unsettled by the fact that Commonwealth, State and Territory governments seem unwilling to build and develop the system further.

This lack of recognition of the potential for public housing to stretch beyond a narrow focus prompted National Shelter to commission Morgan polling to conduct a public housing survey. The survey will be used to test the broader public awareness of public housing and will ask the public if they would like to see more government funding flowing into public housing to make it a viable housing option for a growing number of low income people.

National Shelter played a key role in the National Summit on Housing Affordability held in Canberra in 2006. The summit partners include national organisations such as the Australia Council of Social Service and the Australian Capital Territory Trade Union. Their work has been influential in developing the National Affordable Rental Incentive Scheme known as NARI. Central to the scheme is an annual funding incentive paid to private investors from government. In return landlords are required to enter into a rental contract offering affordability (rents must remain at 20% below market rates).

The Summit's housing policies have influenced the Federal Labour's substantial rental funding package which will see significant payments made to investors willing to sign up to a affordable rental contract.

Continuation of the work of the Summit partners was endorsed by all National Shelter attendees.

The National Shelter Housing Policy Platform for 2007: 'Australian Housing – A Fair Share' can be downloaded free at: <http://www.shelterwa.org.au/publications/ns/ns%20platform%202007.pdf>

5. Still no room in the boom

Shelter WA, along with Tenants Advice Service, (TAS) Western Australian Council of Social Service (WACOSS) and a raft of other prominent non government organisations have been working on the second phase of the *No Room in the Boom* campaign which was held last year.

The launch of the *Still No Room in the Boom*” campaign took place on Thursday 4th October 2007 at the Aboriginal Alcohol and Drug Service at Royal Street East Perth

The event was well attended with about 50 community sector and private sector representatives showing up along with the Channel 10. Media. Speakers included Rob Spinks TAS Executive Officer, Lynn McLaren WACOSS senior policy officer, Sharryn Jackson (ALP candidate for Hasluck); Scott Ludlum (Greens senate candidate); Mathias Cormann (Liberal senator).

The campaign aimed to hear what the major parties will do to solve the housing crisis and to gauge their response to the campaigns key aims for:

- More public housing;
- Improved rent assistance schemes;
- A national housing strategy;
- More funds for homelessness prevention, intervention and support services.

The Labour party candidate basically went over their previous policy pledges which have been covered in other Shelter WA papers. The Greens senator supported Commonwealth Rental Assistance indexation to market rents. This was not supported by Labour as they indicated the response from the private sector would

probably lead to opportunistic behaviour by some, but not all private landlords.

The Liberal senate member echoed most of the housing commentary coming from his own Federal and State colleagues and much of the private sector which tends to lay the blame of the housing crisis on State government planning systems and their apparent cumbersome methods and failure to release and develop land quick enough to keep up with demand?

Shelter WA does not support these arguments for a variety of reasons and has discussed them in quite some detail in many publications. Instead we questioned the lack of political support for public housing which has once again been left in the wilderness when it comes to funding promises and new policy development.

Shelter WA urged all political speakers at the event to seriously consider committing to the development of a viable public housing system which can only move forwards once a long term commitment is made to fully fund the systems growing rental deficits.



Endnotes

¹ See Productivity Commission, 2007, *Report on Government Services 2007: Housing*, www.pc.gov.au

² See Burke, T, 2005, *Social Housing over the Horizon: Creating a contemporary social housing system in* Building for Diversity, National Housing Conference, 2005, Department of Housing and Works, Perth

³ See Productivity Commission, 2007, *Report on Government Services 2007: Housing*, www.pc.gov.au

⁴ See Kemeny, J, 1981, *The Myth of Homeownership: Public versus private choices in housing tenure*, Routledge, London

⁵ The definition of housing stress refers to the bottom 40% of the income distribution paying more than 30% of gross household income on housing costs.

⁶ Commonwealth Rental Assistance is a non-taxable income support supplement paid by the Australian Government to income support recipients who rent in the private rental market

⁷ See Department of Housing and Works, 2006 *State Housing Commission Annual Report 2005-06*, DHW, Perth.

⁸ See Australian Bureau of Statistics, 2007, *Regional Population Growth 1996 to 2006*, Cat. No. 3218.0, www.abs.gov.au

⁹ See Shelter WA, 2001, *Newsletter: Community housing*, www.shelterwa.org.au

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 not necessarily reflect those of Shelter WA.

Contact Details

1st Floor, 33 Moore Street,
East Perth WA 6004

Ph: 08 9325 6660

Fax: 08 9325 8113

Mob: 0417 295 896

shelterwa@shelterwa.org.au

www.shelterwa.org.au

Shelter WA

Shelter WA was established in 1979 and has developed into one of Western Australia's peak non-profit housing research organisations.

Shelter WA works towards eliminating homelessness, housing disadvantage and housing stress. We aim to ensure that all low income households' are able to gain access to housing that is secure and appropriate to their needs, at a price they can afford.

We do this by focusing our research on households in greatest need of housing and low income households which experience severe financial difficulties in the private housing market. These households are situated in the bottom 40% of the income distribution and are paying more than 30% of household income on housing.

Newsletter Production

Publisher Shelter WA

Editor Karel Eringa

Contributor Jim Anthony,

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