

*Foundations for a Stronger
Tomorrow:*
State Infrastructure Strategy

Submission to Infrastructure WA

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About Shelter WA

Shelter WA is the independent peak body for social and affordable housing and homelessness, based in Perth, Western Australia.

Our vision is that all people living in Western Australia have access to housing that enables them to thrive.

Shelter WA brings together a strong coalition of members committed to diverse and affordable housing choice for all with a focus on housing outcomes for people on very low to moderate incomes and groups that experience housing insecurity.

Shelter WA drives change by facilitating collaboration amongst those who have an impact on housing, providing evidence-based policy, advice, engagement, representation and strong advocacy for an effective housing system.

Housing unlocks opportunity, enhances health and well-being, and provides access to education and employment options. It enables people to fully participate in the WA community and economy. Housing is a basic human right. Everybody has a right to a place to call home.

Executive Summary

Shelter WA welcomes the opportunity to provide comment on the draft of WA's first State Infrastructure Strategy, *Foundations for Stronger Tomorrow*.

The Strategy presents the strategic vision for Western Australia over the next 20 years and beyond and ensures state infrastructure will meet the needs of society, economy, and environment into the future.

Shelter WA welcomes the extensive consultation and community engagement that took place in the process of developing the draft Strategy. We would like to acknowledge Infrastructure WA's engagement with the community housing sector and recognition of how community housing can work in partnership with industry and government to drive the Strategy's vision.

This Strategy provides a solid framework to effectively plan for and deliver the homes required to meet current and future need across the State. It also offers new opportunities for cross-sector collaboration and shared recognition of the importance of an effective housing system to a healthy economy.

Shelter WA is highly supportive of the decision to recognise social and affordable housing as essential infrastructure and to develop recommendations in a standalone chapter of the Strategy. The draft recommendations to develop a more robust, evidence-based approach to social and affordable housing investment is seen as critical to success. As such, the proposed development of regional housing plans and reviewing existing housing targets in the West Australian Housing Strategy in line with current and projected need are all supported.

Shelter WA has identified a key gap in the draft strategy around mechanisms for developing a large scale supply of affordable rental housing. While the Strategy recognises the importance of affordable housing in the discussion text, the current proposals do not recognise fully the potential of land use planning tools and state-based subsidy schemes to produce a steady and ongoing supply of affordable housing, in particular affordable rental products in partnership with the community housing sector.

We note that the federal *Australian Infrastructure Plan*, released in August 2021, reiterates the importance of investing in high quality social and affordable rental housing, and which recognises the increasingly important role of the community housing sector in delivering housing infrastructure across Australia.¹

The list below outlines Shelter WA's support for many of the draft recommendations and provides a summary of some suggested amendments that would enhance the impact and effectiveness of this important Strategy.

Summary of recommendations

SUPPORT

1. **Recommendations 68** and **69** are supported. Shelter WA is particularly supportive of **68a** preparing and publishing regional housing plans, **69c** reviewing the *WA Housing Strategy 2020-2030* targets, and **69d** developing a sustained social and affordable housing investment program that includes new builds, maintenance and refurbishments and utilises the community housing sector as a key deliver partner in line with evidence-based need.
2. **Recommendation 70c** to accelerate the review of the Residential Tenancy Act 1987 to provide greater security of tenure for tenants is supported.
3. **Recommendation 11** to implement the State Government's policy for net zero emissions by 2050 is supported, especially **11c**: preparing and implementing sectoral emissions reduction strategies as required by the Western Australian Climate Policy by an agreed deadline.
4. **Recommendation 5**: co-design of infrastructure in partnership with Aboriginal people and Aboriginal communities is supported.

AMENDMENTS and RECOMMENDATIONS

1. Ensure a sustained investment program for social and affordable housing includes ongoing *funding* and *financing* mechanisms to deliver a pipeline of housing to meet demand over time (similar to the Victorian Government's \$1 billion Social Housing Growth Fund).
2. Ensure a sustained investment program for social and affordable housing is counter-cyclical to maximise public value and protect the WA economy from major contraction and growth cycles.
3. In **Recommendation 69b**, include an audit of the land assets on which social housing assets are located to determine opportunities for additional yield.
4. Include great recognition of the importance of quality design in the delivery of social and affordable housing, as well as in new private housing generally. This would include an ongoing

¹ Infrastructure Australia (2021). Australian Infrastructure Plan. Retrieved from: <https://www.infrastructureaustralia.gov.au/publications/2021-australian-infrastructure-plan>

commitment to timely implementation and a clear compliance process of National Construction Code (NCC) updates as they are introduced.

5. Expand on **Recommendation 70a** beyond policy reform and capacity building to establish new *opportunities* for the community housing sector to partner with the State Government in the delivery of social and affordable housing.
6. Explicitly include the community housing sector in **Recommendation 70b** that proposes new incentives and programs for leveraging government land assets.
7. Examine opportunities for utilising new leasehold title for delivering social and affordable housing on government land using alternative housing models.
8. Provide a clearer upfront definition/s for affordable housing along the housing continuum based on eligibility/ access/ subsidy criteria rather than price points typologies (this could be developed through the proposed pilot (**68b**) but should be stated as a key action in the Strategy as it is crucial to success).
9. Revise **Recommendation 70b** (or add an additional sub-recommendation) that explicitly targets mechanisms for increasing affordable rental housing through initiatives such as:
 - 9a) Establish a state based rental affordability scheme in partnership with the community housing sector in response to the ending of the National Rental Affordability Scheme (NRAS) and the loss of affordable rental homes.
 - 9b) Develop inclusionary zoning policies for government and private development, with proportional targets for affordable and social housing.
 - 9c) Expand **Recommendation 71** to consider key worker housing supply and demand beyond the public sector to the key non-government workforce, especially the not-for-profit and community services sector. In the proposed review, provide scope to determine *if* such assets should continue to be delivered by the State Government or if they would be best delivered by the community housing sector.
10. Ensure a review of the Home Ownership Subsidy Scheme (HOSS) is included in **Recommendation 71**. The review should examine existing disincentives for participation which, if addressed, would reduce demand for government officer rental properties.
11. Ensure **Recommendation 72b** (sustained investment in Aboriginal social housing) is carried out in alignment with **Recommendation 5** (promoting community-led, place-based approaches to infrastructure delivery and maintenance). There is a particular opportunity to replace the existing head maintenance contract for remote Aboriginal housing in WA with a community-led, place-based model.
12. Enhance **Recommendation 72b** by explicitly proposing new partnership opportunities to be made available to Aboriginal organisations, especially Aboriginal Community Housing Organisations (ACHOs), in addition to investment and capacity building activities.

Introduction

As outlined in the *Foundations for a Stronger Tomorrow: State Infrastructure Strategy* (The Strategy) many Western Australians on very low and low incomes are living with housing stress and insecurity.

On any given night it is estimated that there are around 9,000 people experiencing homelessness across Western Australia², while over 4,300 people are supported each day by specialist

² ABS (2016). Census of Population and Housing: Estimating Homelessness 2016.

homelessness services.³ Throughout 2021 the joint social housing wait list has been steadily growing, with a total of 17,320 households on the joint wait list as of 31 July 2021.⁴ Of these households, 3478 are registered as priority applicants, which is an increase of almost 1500 households since August 2020.⁵

Furthermore, the Western Australian economy is facing housing pressures with housing supply not meeting the diverse needs of the community. This includes a lack of accessible and affordable homes for an ageing population, and for people with disabilities, different cultural backgrounds, single person households and families without children.⁶

Existing housing pressures have been exacerbated in the context of the COVID-19 global pandemic. The private rental market has experienced significant turbulence with low-income tenants disproportionately impacted by lockdown disruptions to employment⁷, and vacancy rates reaching a 40-year low in Perth and across many of the regions.⁸

With the private rental market becoming increasingly unaffordable for those on very low to low incomes; a stronger focus on social and affordable housing is essential. Research by the University of New South Wales has identified a current unmet need of 39,200 social and 19,300 affordable homes across Western Australia.⁹ If we continue on the same trajectory, it has been estimated that by 2036 WA will have a shortage of 86,400 social homes and 32,000 affordable homes.¹⁰

Despite this demand, and as acknowledged in the Strategy, total social housing stock has actually declined in WA by 1155 properties over the last four years. In this context, WA's inaugural infrastructure strategy provides a critical framework for assessing the state's housing issues and creating a long term, cross-sectoral plan for addressing them. Shelter WA welcomes the opportunity to respond to the draft Strategy. The following discussion outlines Shelter WA's feedback and recommended amendments to ensure that every Western Australian has access to a home that enables them to thrive.

Social housing is essential infrastructure

Shelter WA welcomes the inclusion of social and affordable housing as a standalone chapter of the Strategy and the recognition of social and affordable housing as essential infrastructure.

³ AIHW (2019). Specialist Homelessness Services Annual Report 2017-18.

⁴ Extract from Hansard, 12 August 2021, retrieved from

[https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/bc0e0be2906c45ba4825873300192506/\\$FILE/C41+S1+20210812+p2736d-2736d.pdf](https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/bc0e0be2906c45ba4825873300192506/$FILE/C41+S1+20210812+p2736d-2736d.pdf)

⁵ Question on Notice No.3156, 8 September 2020 by Hon Alison Xamon.

⁶ AHURI (2020). Policy evidence summary: improving the diversity of Australia's future housing stock. Retrieved from:

https://www.ahuri.edu.au/data/assets/pdf_file/0023/66137/PES-FR349-Improving-the-diversity-of-Australias-future-housing-stock.pdf

⁷ Pawson, H et al. (2021). COVID-19: rental housing and homelessness impacts – an initial analysis, report for ACOSS and UNSW, retrieved from: https://povertyandinequality.acoss.org.au/wp-content/uploads/2021/02/COVID19_Rental-housing-and-homelessness-impacts_report-1.pdf

⁸ REIWA (2020). Perth's residential vacancy rate equals lowest level ever recorded. Retrieved from:

<https://reiwa.com.au/about-us/news/perth-s-residential-vacancy-rate-equals-lowest-level-ever-recorded/>

⁹ UNSW City Futures Research Centre (2018). Estimating need and costs of social and affordable housing delivery.

¹⁰ Ibid.

Given the ongoing housing pressures outlined above, Shelter WA supports the Strategy's recognition that current targets in the WA Housing Strategy 2020-2030 (6 per cent net growth in social housing by 2030 & 20 per cent social and affordable housing inclusion in state projects) are inadequate to address current and projected demand. The implementation of **Recommendations 68** and **69**, including the development of regional housing plans (**68a&b**), auditing the existing social housing assets (**69b**), and especially **69c** commissioning a review of the growth targets in the WA Housing Strategy 2020-2030, and establishing an evidence-based net growth target aligned to forecast need, are all strongly supported. A policy shift to social and affordable housing provision in line with evidence-based demand would represent a key step towards treating housing as essential infrastructure.

It is recommended that the audit of existing social housing assets include an audit of the condition and yield potential of the land on which social housing currently sits, and not just an assessment of existing dwelling stock. This may provide insight into additional opportunities for the State Government to increase the yield on sites without necessarily requiring the demolition of existing stock.

The second key aspect of addressing social and affordable housing as essential infrastructure is establishing long-term resources and funding mechanisms to increase and maintain stock based on need. Therefore, it is critical that the Strategy has included a recommendation for a sustained investment program, and this recommendation is highly supported.

Recommendation 69d: developing a sustained social and affordable housing investment program to respond to diverse housing circumstances including size, type, location of dwellings, informed by regional housing plans (68a) and in line with revised targets (69c).

The State Government's \$875 million social housing investment announced as part of the WA State budget is a necessary injection of funds to deliver a total of 3300 social homes over the next four years.¹¹ As indicated in the Strategy, though, a sustained investment program is required for the ongoing delivering of social and affordable housing infrastructure.

As AHURI researchers have pointed out, this requires an 'infrastructure investment pathway' which is supported by both *funding* and *financing* mechanisms¹². For it to be effective and sustainable, a social housing infrastructure pathway will need to consider how both of these components can be developed in the long term and there must be recognition that an ongoing public subsidy to 'fill the gap' will be required as well as a suite of innovative financing instruments.

The State Government's \$875 million investment includes a \$750 million Social Housing Investment Fund, however, this fund is a four-year budget allocation for social homes rather than a funding mechanism for ongoing social housing investment. Shelter WA would recommend an

¹¹ Media statement (2021, 5 September), retrieved from: <https://www.mediastatements.wa.gov.au/Pages/McGowan/2021/09/875-million-to-significantly-boost-social-housing-in-WA.aspx>

¹² Lawson et al (2019) *Social housing as infrastructure: rationale, prioritisation and investment pathway*, AHURI report, retrieved from: https://www.ahuri.edu.au/_data/assets/pdf_file/0015/43215/Social-housing-as-infrastructure-rationale-prioritisation-and-investment-pathway-Executive-Summary.pdf

ongoing funding instrument such as the Social Housing Growth Fund set up in Victoria. The Growth Fund has been set-up using seed capital from the Victorian Government and reached \$1 billion in the 2019-20 financial year. Importantly, this fund is a *permanent* pool of capital which will maintain its value over time, with the investment returns being used to fund the delivery of new social housing stock.¹³ The implementation of a similar initiative in Western Australia would provide the capacity for the state to have funding to leverage new investment and to support delivery of evidence-based housing targets commensurate with need well into the future.

As argued by Shelter WA and AHURI research¹⁴, a best practice long-term social housing investment program would operate counter-cyclically. This would maximise public investment and provide stability to fluctuating housing and construction markets. It could also minimise issues associated with boom and bust cycles, such as the labour and materials shortages being experienced across WA in the wake of the covid stimulus packages targeting first home buyers and home renovators to stimulate construction sector.¹⁵

A recent report by the Bankwest Curtin Economics Centre (BCEC), found that just under half the current stimulus builds were brought forward in response to the grant rather than genuinely new builds by those otherwise locked out of the market.¹⁶ This means that as the grants wash through, the pipeline for forward years will be diminished. Given stimulus grants have closed and assuming no significant spikes in population, it is therefore anticipated that approvals will decline significantly in 2021/22, resulting in a continued decline in completions after 2022/23 and the possibility of another contraction in the construction industry. This context should be factored into long-term planning for social and affordable housing delivery to ensure the best outcomes in terms of value for money and broader economic outcomes.

Housing quality and design

The draft Strategy has an important focus on increasing the supply of social and affordable housing and on ensuring that housing meets the diverse needs of the community. The *Australian Infrastructure Plan* states that “the quality, supply and design of social housing is inadequate” and that there needs to be more investment to improve the standard of dwellings” (p.48). The federal plan also reiterates the need for “well-located, high-quality” social and affordable housing in their housing discussion. The current WA draft Strategy should strengthen the importance of quality and design in the delivery of new social and affordable housing supply. The state government can play a strong leadership role in demonstrating good practice housing design and must ensure that design quality is not compromised in the delivery of low-cost housing. The ongoing financial and environmental impact of running the home must be considered.

¹³ Victoria State Government (2020), Victoria’s Social Housing Growth Fund, retrieved from:

<https://www.dhhs.vic.gov.au/victorian-social-housing-growth-fund>

¹⁴ Gurran et al (2018) *Inquiry into increasing affordable housing supply: evidence-based principles and strategies for Australian policy and practice*, AHURI report, retrieved from:

https://www.ahuri.edu.au/_data/assets/pdf_file/0016/20482/AHURI_Final_Report_300_Inquiry_into_increasing_affordable_housing_supply_Evidence_based_principles_and_strategies_for_Australian_policies_and_practice.pdf

¹⁵ DMIRS (2021). Residential building material and labour shortages. Government of Western Australia. Retrieved from: <https://www.commerce.wa.gov.au/publications/residential-building-material-and-labour-shortages>

¹⁶ Crowe, A. Duncan, A. James, A. and Rowley, S. (2021) Housing affordability in WA: *a tale of two tenures*, BCEC retrieved from: https://bcec.edu.au/assets/2021/06/BCEC-Housing-Affordability-in-WA-Report-2021_WEB.pdf

One key area where the government could future-proof the state’s housing infrastructure and ensure that housing is delivered to a high quality is through a commitment to timely implementation of National Construction Code (NCC) updates, with a clear and timely implementation pathway for industry that optimises outcomes for government, residents and the community. The next update is due in September 2022 and includes new standards for accessible design and for energy efficiency. Universal housing design provides broad benefits for the whole community, not just people with a disability, and is a key component for creating an equitable and inclusive housing system. Similarly, improved energy efficiency standards reduce the cost of living and ensure dwellings provide a healthy environment for people to thrive. The state government can also play a key role in ensuring robust and efficient compliance frameworks are in place to support the implementation of these updates.

Leveraging the community housing sector

Recommendation 70: enable and diversify choices in social and affordable housing by:

- a. **Reforming policy to unlock the potential and facilitate growth of registered Community Housing Organisations and review existing Community Housing Agreements to address provisions that limit, or are disincentives to, the attraction of alternative financing, and funding of new projects.**
- b. **Leveraging government land assets and providing financial and yield incentives to actively broaden private sector and institutional investment in social and affordable housing projects, and the social and affordable housing sector generally.**

Shelter WA supports the State Government facilitating growth of the community housing sector to leverage investment into new supply, and **Recommendation 70a** is supported. While many of the eastern states have actively grown the community housing sector over the last decade via large-scale asset transfers of public housing,¹⁷ the proportion of community housing in WA has, as acknowledged in the Strategy, remained steady over many years. This is despite the unique ability of Community Housing Providers (CHPs) to access federal funds including Commonwealth Rent Assistance (CRA) and NHFIC financing options, that are not available for public housing.

The Treasurer’s 2021 budget speech stated that the government are “exploring options to leverage investment by the community housing sector” to deliver social housing more quickly.¹⁸ Given the significant ability of CHPs to leverage funds to efficiently deliver subsidised housing, we would argue that **Recommendation 70a** should go further to explicitly recommend growth of the community housing sector supported by new partnership and investment arrangements with the State Government. Policy reform and capacity building is important and highly supported, however sector growth can also be facilitated via new opportunities for partnerships with the State Government investment to deliver the social and affordable homes required into the future.

¹⁷ Community Housing Industry Association NSW (2020). Built to last: a 20-year plan for community housing in NSW, retrieved from: <https://communityhousing.org.au/wp-content/uploads/2020/10/CHIA-NSW-Housing-Strategy-Submission.pdf>

¹⁸ Treasurer’s Speech (2021), Western Australia State Budget 2021-2022, Budget Paper No1. Retrieved from: <https://www.ourstatebudget.wa.gov.au/2021-22/budget-papers/2021-22-wa-state-budget-bp1.pdf>

Other states have recognised the value and benefits offered by CHPs. For example, the Victorian Government has explicitly stated that the community housing sector is a partner in the delivery and management of social and affordable housing under the Big Housing Build program.¹⁹

At a minimum, **Recommendation 70a** could be improved by including an understanding of the costs and benefits and the tax-payer efficiency/ value of housing delivery and management by CHPs compared to the government. Developing a requirement for business cases that outline the economic and social rationale for chosen delivery methods would encourage efficient and effective social housing investment and would likely highlight the costs benefits of partnering with the community housing sector.

Shelter WA also argues that **Recommendation 70b** should be expanded to explicitly include the community housing sector into new investment and partnerships opportunities that leverage government land assets. While attracting private and institutional investment to housing delivery is valid, only the government and not-for-profit community housing providers are equipped to deliver below market housing products such as affordable rental and supported accommodation.

Victoria's Ground Lease Model provides a good example of how government land can be leveraged to deliver below market affordable housing. In a partnership arrangement, Homes Victoria is leasing public land to a not-for-profit community housing consortium for a period of 40 years. The CHP will then develop, manage and maintain the sites for the period of the lease, at the end of which the dwellings and land will be returned to Homes Victoria.²⁰ One key benefit of this arrangement is that significant government land assets can be retained for affordable housing in the long term, while the government maintains its appreciating land assets. This example highlights the potential of a partnership in which a state government makes land available, but which maximises the expertise and funding opportunities provided by the community housing sector. Therefore, **Recommendation 70b** should include explicit consideration of CHPs as well as private and institutional investment opportunities for leveraging government land.

The draft Strategy notes that “to date, the delivery of (alternative housing) models has been limited in WA” and that the “State Government can play a role through early participation or seed investment in alternative housing projects to demonstrate their viability and success” (p.212). The implementation of leasehold title through the recent strata reforms in WA offers significant potential for leveraging government assets to deliver affordable housing using innovative models. In particular, there is an opportunity to use leasehold title to grow the co-operative housing market. Co-operative housing offers a range of potential benefits such as cost savings in development, enhanced social capital and opportunities for maintaining affordability in perpetuity.²¹ The state's land developer Development WA does not currently have the regulatory conditions in place to consider leasehold strata arrangements.

¹⁹ Homes Victoria (2020), Victoria's Big Housing Build, retrieved from: https://www.vic.gov.au/sites/default/files/2020-11/hv_more_homes_for_more_Victorians_0.pdf

²⁰ Homes Victoria (2021), Ground Lease Model – Homes Victoria. Retrieved from: <https://www.vic.gov.au/ground-lease-model>

²¹ Crabtree, L. et al (2019). Articulating value in cooperative housing: international and methodological review, University of Western Sydney, retrieved from: https://www.westernsydney.edu.au/_data/assets/pdf_file/0004/1494058/articulating_value_in_cooperative_housing_20190125.pdf

Therefore, we strongly recommend Government consider how it can use the new strata legislation to deliver long term, affordable housing for Western Australians. We argue that exploring these alternative models should form part of **Recommendation 70b** and that the emphasis of the recommendation should be on delivering good value, long-term affordable housing by leveraging government land, rather than specifically targeting the ‘broadening’ of private and institutional investment (p.213).

Defining ‘affordable housing’

The Strategy defines affordable housing as distinct from subsidised rental properties (social housing), and which includes:

“Housing that households on low to moderate incomes can afford to access while meeting other essential living costs” and “includes affordable rentals, shared equity homeownership and market affordable housing (p.202).

For **Recommendation 68a** (develop regional plans) and **69c** (review housing strategy targets) to be effective, a robust definition of affordable housing and the sub-sections of affordable housing on the continuum is required from the outset.

As acknowledged in the draft Strategy, ensuring housing options are provided across the housing continuum will be essential for the long-term success of the Strategy’s vision. Advocates have previously highlighted the ongoing lack of affordable rental products being delivered, with the State Government traditionally focused on social housing and affordable ownership products.²² It is argued that affordable rental and affordable home ownership products should not be conflated in target-setting as they serve different purposes and residents.

The recommended development of the regional housing plans presents a good opportunity to consider proportional targets for the different affordable housing types along the continuum required for regional communities to have the homes needed to support vibrant regions with strong economies. Importantly, affordable housing products should be differentiated by eligibility and access criteria, and by the level of subsidy required, rather than by price. For example, strict eligibility criteria including income and asset thresholds, are regulated for CHPs delivering affordable ‘Band B’ housing, whereas market based affordable products may have no such conditions regulating access. Such eligibility criteria ensure affordable products are matched appropriately to those who need them.²³

Without a nuanced and differentiated definition of affordable housing set out in the long-term objectives of the Strategy there is a risk that the newly developed evidence-based targets miss the mark in implementation due to their ambiguity.

²² Vartan, J. and Doyle, B. (2019) *West Australian affordable housing policy: where to from here?* CHIA WA, retrieved from: https://www.communityhousing.com.au/wp-content/uploads/2019/08/West-Australian-Housing-Policy-where-to-from-here_Final.pdf?x35234

²³ AHURI (2017) *Policy issue analysis: increasing the supply of affordable housing for low income tenants*, retrieved from: <https://www.ahuri.edu.au/housing/policy-analysis/increasing-affordable-rental-supply>

The development of working definitions and targets for affordable housing could occur through the proposed regional plan pilot process **(68b)**, but this step should be recommended upfront in the Strategy as it will be crucial to success.

Affordable housing supply mechanisms

While **Recommendation 70** and **71** are supported, Shelter WA believes there should be a more explicit focus on the need for initiatives that will deliver affordable housing, especially affordable rental supply, at scale.

Unequal access to housing drives sprawling development patterns; worsens traffic congestion; pollutes air quality; increases taxpayer dollars spent on basic infrastructure; and decreases cultural and economic diversity.²⁴ There is a cost to individuals and the broader community, especially in cases where key workers cannot afford to live close to their work; when young people cannot find affordable housing near their families or education and work; when people cannot find the affordable diverse housing stock that meets their cultural needs; and finally when people with disabilities cannot find appropriate, affordable and accessible housing within the community.

The 2021 Social Housing Package outlined in the 2021 State Budget is repurposing homes that were developed as an affordable housing product as social housing. While additional social housing is critically needed, this conversion program will lead to a loss of 500 affordable homes over the next four years. It is argued that WA's 20 year infrastructure strategy should include more guidance on how a pipeline of affordable housing products could be created and maintained over time across the state, building on the strengths of the community housing sector.

Shelter WA proposes including explicit recommendations for increasing affordable rental housing, including via government-funded subsidies and land use planning schemes. The Strategy currently addresses these issues only indirectly through **Recommendation 70b** with limited discussion of the types of initiatives that could be considered. The following mechanisms provide options for developing a stock of affordable (especially rental) housing that would reduce demand on direct government service provision. Therefore, they should be considered as essential infrastructure initiatives that complement social housing investment.

Key worker housing

Recommendation 71: Optimise regional officer housing by undertaking an independent review of regional officer housing assets across the public sector, including the Department of Communities' Government Regional Officers' Housing (GROH) Program, all other State Government officer housing programs, and the *Government Employees Housing Act 1964*.

Recommendation 71 to review existing regional officer housing assets and management is supported in principle, however Shelter WA argues that the Strategy presents an opportunity to review key worker housing more broadly. In line with our previous argument that affordable housing targets will

²⁴ Rick Jacobus. (2019). Inclusionary Housing: Creating and Maintaining Equitable Communities.

need to be differentiated to ensure that needs are met right along the housing continuum, **Recommendation 71** is an opportunity to review the demand parameters and supply mechanisms for key worker housing as a specific sub-market.

The term ‘key worker’ does not have a consistent operational definition in Australian housing policy²⁵ and may need to be a flexible and responsive term that aligns with local contexts (this could be assessed in the proposed regional plans **(68a)**). Importantly though, key workers essential for the effective functioning of the economy and society are not only those employed directly in government roles, but also include those working in the community services sector and in small local businesses such as grocery stores and trades. A lack of housing for these workers has ramifications for the economic growth of a region, and an inability to provide services to local residents imposes an increased burden on government services. For example, the ABC reported in June this year that a brand new, not-for-profit aged care facility in Karratha was unable to open due to an inability to attract and maintain staff in the context of a housing shortage facing the region.²⁶ This ten-bed facility was sitting vacant rather than providing accommodation and care for some of the most vulnerable seniors in the region. Therefore, key worker housing should be considered an essential infrastructure issue and the review of government regional housing would be an opportunity to determine effective supply mechanisms for ensuring it is available for key workers across sectors.

In the proposed review of the effectiveness, efficiency and value for money of regional officer housing programs **(71b)**, and in determining opportunities to consolidate housing programs across State agencies **(71c)**, the recommendation does not appear to offer the scope to consider if the State Government are best placed to manage the properties at all. It is recommended that the proposal include the scope to determine if there would be benefits from transferring some or all of these assets, or their management, to community housing providers.

One key program that should be examined in the review proposed in **Recommendation 71** is the State Government’s Home Ownership Subsidy Scheme (HOSS). There is currently a difference in subsidy rates offered to government employees between renting and home purchasing (significantly higher for rent) leading to very few government employees purchasing homes in some regions such as the Pilbara. Introducing parity between these schemes could enhance take-up of the HOSS program and reduce demand for GROH rental properties.

Developing a replacement for NRAS

The Strategy highlights that the private sector can be a significant contributor to affordable housing provision through effective government partnerships and incentive programs. However, it does not currently consider the impending loss of the National Rental Affordability Scheme (NRAS) program which delivered a large scale supply of affordable rental housing into the system over more than a decade. Whilst AHURI researchers identified several weaknesses with the NRAS program, it was

²⁵ Gilbert, C. Nasreen, Z. and Gurrán, N. (2021), Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities. AHURI report No.355, retrieved from: https://www.ahuri.edu.au/data/assets/pdf_file/0025/67606/Executive-Summary-FR355-Housing-key-workers-scoping-challenges-aspirations-and-policy-responses.pdf

²⁶ Gorman, V. (2021, 22 June), Housing affordability crisis in WA’s north impacting some of its most vulnerable residents, ABC Pilbara, retrieved from: <https://www.abc.net.au/news/2021-06-22/housing-affordability-impacting-vulnerable-pilbara-residents/100162850>

discontinued in 2014 just as it was maturing and improving.²⁷ There is no replacement for this program and the subsidies maintaining affordability will have ceased by 2026, with no indication from government of a replacement to maintain current properties as affordable or support the growth of future affordable supply. This represents an impending loss of up to 5294 below market affordable rental properties in WA that were generated by the initiative.^{28 29}

Shelter WA recommends the development of a state-based replacement for the NRAS initiative to deliver a significant pipeline of affordable rental housing supply. Where the initial NRAS program incentivised private ‘mum and dad’ landlords to deliver below market rate rentals, a replacement scheme should instead partner with the community housing sector to deliver and/or manage the properties. Delivering the program in partnership with CHPs would enable the dwellings to be delivered at below market rate *in perpetuity*. This would improve on the initial scheme which provided a time-limited 10-year subsidy to private investors leading to the eventual loss of the affordable product to the open market.

We would recommend that the Strategy consider the impact of the NRAS initiative coming to an end on affordable housing supply and contain an explicit recommendation for developing a large-scale, long term affordable rental initiative such as the one described above.

Inclusionary zoning

One mechanism that could yield significant social and affordable housing supply is inclusionary zoning. Inclusionary zoning is a critical a land use planning intervention which ensures that a proportion of residential developments are set aside for affordable and social housing. It is widely used internationally and is a market-based cost-efficient mechanism for delivering an ongoing supply of social and affordable dwellings.³⁰ Currently, the Strategy does not have any specific recommendations that recognise the potential of the planning system to deliver social and affordable housing supply at scale. Shelter WA believes this is a missed opportunity.

The current *Housing Strategy 2020-2030* includes a target of at least 20% social and affordable housing in Government residential developments.³¹ Conversely, Development WA has *Development Policy 9: Affordable and Diverse Housing* through which 12% affordable housing is targeted in

²⁷ Rowley, S. et al (2016), Subsidised affordable rental housing: lessons from Australia and overseas, AHURI report No.267, retrieved from:

https://www.ahuri.edu.au/_data/assets/pdf_file/0028/8668/AHURI_Final_Report_No267_Subsidised-affordable-rental-housing-lessons-from-Australia-and-overseas.pdf

²⁸ Australian Government (2021, 30 June), National Rental Affordability Scheme Quarterly Performance Report, retrieved from: https://www.dss.gov.au/sites/default/files/documents/08_2021/nras-quarterly-report-30-jun-2021.pdf (see: Table 3a and 3b)

²⁹ Note: some CHP-owned and managed NRAS properties may be retained as affordable product if feasible for individual organisations, however the federal subsidy maintaining the below market rent for these properties will cease by 2026 at the latest.

³⁰ Gurrán, N. et al. (2018), Supporting affordable housing supply: inclusionary planning in new and renewing communities: inquiry into increasing affordable housing supply: evidence-based principles and strategies for Australian policy and practice, AHURI report No. 297 retrieved from: https://www.ahuri.edu.au/_data/assets/pdf_file/0019/17272/AHURI_Final_Report_No297_Supporting_affordable_housing_supply_inclusionary_planning_in_new_and_renewing_communities.pdf

³¹ The timeframe for this target is not clear in the *Housing Strategy 2020-2030* document.

significant government-led development sites. To date, this policy has predominantly produced affordable home ownership products through shared equity and Keystart programs, but it has not delivered new affordable rental products nor social housing supply.³²

Shelter WA calls for an inclusionary zoning (IZ) policy to be implemented in WA in both private and government-led residential development where there is unmet need for social and affordable housing. A target of at least 10-30% social and affordable housing is proposed private and government development, although the figure may differ for each. To ensure that a diversity of affordable products is realised, a specific proportion of that housing would need to be set aside for social housing.

The draft Strategy presents a solid opportunity to establish a robust, state-wide IZ policy (with space for necessary local variation) to ensure the land use planning system is maximising the opportunities to embed affordable housing in all new development. Therefore, Shelter WA recommends including a specific recommendation around this opportunity in the Strategy. This could be included as an additional sub-recommendation under **Recommendation 70**.

Aboriginal housing outcomes

Recommendation 5: Develop and implement guidelines to embed and support early, inclusive, genuine and culturally appropriate engagement with Traditional Owners and Custodians addressing all stages of the infrastructure lifecycle, including:

- a) **promoting community-led processes and place-based infrastructure outcomes for Aboriginal communities, wherever possible**

Recommendation 72: Improve Aboriginal housing outcomes by:

- a) **ensuring Aboriginal social and affordable housing activities and targets correspond with the National Agreement on Closing the Gap Target 9: to increase the proportion of Aboriginal and Torres Strait Islander people living in appropriately sized (not overcrowded) housing to 88% by 2031**
- b) **delivering sustained investment in Aboriginal housing to enable Aboriginal organisations and communities to build capacity, embed housing services into strategic organisational plans, attract and retain skilled staff; and deliver meaningful associated training opportunities**
- c) **developing a clear, targeted impact strategy to demonstrate housing need, to seek required funding from the Federal Government as well as attract diverse financial participation from the private sector where possible.**

³² National Shelter (2019) *Inclusionary Zoning*, report retrieved from: <http://shelter.org.au/site/wp-content/uploads/190325-Inclusionary-Zoning-Report-V6-Final.pdf>

As stated in the Strategy, “a significant shift is required to embed a genuine process of co-design across the full infrastructure lifecycle that embraces self-determination and empowerment of Traditional Owners, Custodians and their communities” (p.69). Shelter WA is in strong support of this statement and would like to reiterate the importance of **Recommendation 72b** being approached in line with **Recommendation 5**: promoting community-led processes and place-based infrastructure outcomes in Aboriginal communities, wherever possible. It should be acknowledged, though, that establishing these community-led processes may require additional upfront funding and resources. Therefore, the success of this proposal will depend upon the commitment by government to provide the necessary resources to set up and maintain such arrangements.

In WA, there is a significant opportunity to improve the maintenance of remote Aboriginal housing by embedding a localised, community-led, place-based approach to infrastructure management in regional WA. This will improve service delivery and housing outcomes for tenants, and provide opportunities for local Aboriginal skills development, employment, and business development.

The current head contractor maintenance model was implemented in 2015 and intended to provide a housing maintenance program that would have capacity to improve living conditions and increase the life cycle of houses in remote Aboriginal communities. However, this has not occurred. Houses in remote communities are subject to extreme elements and often due to the lack of housing there is overcrowding (multiple family units living in one house), which results in high repairs and maintenance needs. The effective delivery of the current program has been significantly impacted by factors including remoteness and large travel distances, the loss or non-realisation of work opportunities affecting Aboriginal trades, and excessive and variable travel costs that can substantially consume a community's allocated maintenance budget. It is expensive and not cost efficient or effective.

A new remote housing maintenance model would have the potential to deliver:

- Increased delivery of maintenance services through local workers, businesses, and tradespeople
- Capacity building opportunities for Aboriginal Community Controlled Organisations throughout regional Western Australia
- Economic development opportunities for Aboriginal people and businesses based in remote Aboriginal communities, and/or surrounding towns; and
- Creation of sustainable job, apprenticeship and training opportunities for Aboriginal people residing in remote communities.

The ultimate goal of developing a new model would be to improve health, housing, educational and employment outcomes for Aboriginal people, by engaging local Aboriginal people in the delivery of safe and healthy homes in their communities. However, it also offers the potential to build critical capacity, capability, and resilience in the social and economic development of regional and remote communities. Therefore, the sustained investment into Aboriginal housing proposed (**72b**) must be conducted in a spirit of co-design and localisation.

Shelter WA supports **Recommendation 72b** to deliver sustained investments in Aboriginal housing to enable Aboriginal organisations and communities to build capacity. In particular, we support

investment and capacity building of Aboriginal Community Housing Organisations (ACHOs) to deliver culturally appropriate and localised housing services. While investment is critical for developing the capacity of ACHOs in WA, genuine partnership opportunities with the government will also be required for the sector to mature and grow. The creation of new partnership and service delivery opportunities should therefore form part of this recommendation.

Residential Tenancy Act review

Recommendation 70c: accelerate the review of the Residential Tenancies Act 1987 to ensure provisions provide greater security of tenure for tenants, including facilitating engagement in longer term leases.

This recommendation is supported. Prioritising and accelerating this reform agenda is important to ensure that we have contemporary tenancy legislation that balances the rights of owners and tenants.³³ Shelter WA advocate for reform of the 'Tenancy Ten' which include:

1. End unfair evictions

Stop tenants being evicted without a valid reason. Introduce reasonable grounds for ending a tenancy.

2. Allow reasonable modifications

Renters should be allowed to make their house a home.

3. Create minimum standards

Housing should be fit for people to live in and not make you sick.

4. Stabilise rent increases

A mechanism to cap unfair rent increases.

5. Include boarders and lodgers

Extend legal protection to boarders and lodgers.

6. Allow Pets

Tenants shouldn't have to choose between a family member and a home.

7. Quick, fair and consistent dispute resolution

Introduce mediation and reported decisions for greater clarity.

8. Better deal for public housing tenants

Remove provisions that discriminate against public housing tenants.

9. Increase access to Tenant Advocacy & Information

Make advocacy services & tenancy information available to all renters. Every year thousands of West Australians are denied access to justice & basic information about their rights due to services being under-funded, over capacity or non-existent.

10. Climate change readiness

Rental houses are most at risk to extreme weather in a changing climate.

Government funding and incentives are needed to adapt existing housing stock to meet these needs.

³³ REIWA (2021) *Rental vacancy rates*, retrieved from: <https://reiwa.com.au/the-wa-market/rental-vacancy-rates/>

Climate change and sustainability

Shelter WA strongly supports **Recommendations 11-15** which aim to embed and action a WA pathway to net zero by 2050.

In particular, we support the call for sector-based plans (**Recommendation 11: Implement the State Government's policy for net zero emissions by 2050 by c: preparing and implementing sectoral emissions reduction strategies as required by the Western Australian Climate Policy by an agreed deadline**).

A sectoral plan for housing would be valuable for developing a cross-departmental approach to net zero emissions for the built environment. 'Housing policy' sits in a bureaucratically awkward position, located separately amongst multiple departments and scales of government. A sector-based climate plan for housing would be a positive step in determining all the levers available to the state and local governments of Western Australia and in committing to targets for adaptation and emissions reductions across siloed departments.

We also support **Recommendation 13** developing sectoral adaptation plans as this would involve improvement of existing housing infrastructure. Shelter WA is particularly concerned about the impact of climate change on the most vulnerable households in Western Australia. Climate change is already exacerbating housing affordability challenges by increasing utilities required for heating and cooling homes, thereby impacting household costs and budgets. While this is increasingly an issue for all Western Australians, it will disproportionately impact low-income households who are commonly renting, often in older, poorly insulated building stock.

Every Western Australian has the right to well-designed, secure, safe and affordable housing to protect against heat, cold and extreme weather. Housing is a social determinant of health and the climate responsiveness of the home is an important factor contributing to either ill or good health of its inhabitants. Planning tools play a key role in determining these outcomes. For example, a lack of green infrastructure and poor design choices have left parts of Western Sydney exposed to extreme heat events that risk the health of residents, particular in vulnerable populations.³⁴

Key opportunities for addressing and responding to climate change in the WA housing sector include:

- Committing to the timely implementation of the enhanced energy efficiency standards being embedded in the National Construction Code update (due September 2022).
- Government leadership in social housing delivery through commitment to good practice (eg. 7+ stars) rather than minimum standards.
- Delivering minimum energy efficiency standards for rental properties as part of the Residential Tenancy Act 1987 review (see Pillar 10 of the 'Tenancy 10' outlined in the previous section). This action is in line with recommendations of the recently released *Australian Infrastructure Plan*.

³⁴ ABC News (2021) *Heatwaves may mean Sydney is too hot for people to live in 'within decades'*, retrieved from: <https://www.abc.net.au/news/science/2021-01-24/heatwaves-sydney-uninhabitable-climate-change-urban-planning/12993580>

To ensure an equitable housing system into the future the proposed sectoral plans should comprehensively consider land use planning, building codes, and tenancy regulations in addition to climate-responsive social housing procurement and maintenance.

Conclusion

The development of WA's first infrastructure strategy presents a significant opportunity to plan for a prosperous future for the state. Ensuring that the state's housing system is accessible and affordable for all Western Australians is critical for securing this future.

Shelter WA has welcomed the opportunity to provide feedback on the draft Strategy and recognises the extensive consultation that has occurred in its development. Many of the draft recommendations are supported. We believe that our suggested amendments would enhance the existing proposals and maximise the opportunity to secure an equitable housing system for Western Australians well into the future.

Shelter WA would welcome the opportunity to work with Infrastructure WA and the relevant governmental departments to advance these suggested reforms.