

Affordable Housing

Delivering targeted, affordable rental housing at scale

'Affordable housing' is a broadly used term. In this instance, affordable *rental* housing refers to subsidised, below market rental housing made available to income eligible households on low to moderate incomes. It is a critical link in the housing continuum between social housing and the private market.

There is an estimated shortfall of at least 32,000 affordable dwellings in Western Australia.¹ This will be compounded by the loss of up to 4847 affordable rental dwellings between 2022 and 2026 due to the discontinuation of the Commonwealth National Affordability Rental Scheme (NRAS).²

Households relying on the private rental market are highly vulnerable to broader social and economic trends. Latest figures indicate 46% of low-income renter households were paying more than 30% of income on housing costs in WA, which is considered the definition of housing stress.³

Those relying on government payments have very limited affordable rental options due to supply and demand pressures.⁴ Commonwealth Rent Assistance (CRA) has not kept pace with rising rental prices.⁵ Other trends, such as the growth of short stay rental accommodation in WA is driving a loss of long-term rentals in desirable locations.

The lack of affordable rental housing is a market failure. Addressing the issue is a shared responsibility of Commonwealth, state and local government, requiring new investment, delivery models and policy levers.

While the *WA Housing Strategy 2020-2030* acknowledges this shortage, the target of 500 new affordable rental homes by 2030 is woefully inadequate. **Shelter WA urges the WA State Government to establish new funding and policy mechanisms to deliver an ongoing supply of affordable rental supply at scale**, for example through inclusionary zoning and tax incentive schemes in partnership with the community housing sector.

To support the delivery of affordable rental supply, the housing strategy requires a more nuanced definition of affordable housing. Currently, targets for affordable housing are met by delivering affordable ownership products, however specific targets are required for 'affordable rentals', with income-eligibility criteria.

Facilitating affordable build-to-rent (BTR) models is one opportunity to create a more stable and professionalised rental market and increase supply.

The community housing sector is the natural partner to deliver and manage new affordable rental supply, and any new mechanisms should utilise the sector as a key delivery partner.

Shelter WA recommendations:

- That the WA State Government establish permanent, adequate, rolling funding and financing mechanisms to deliver a pipeline of affordable rental housing in line with evidence-based need. These mechanisms should work proactively to leverage federal investment and facilitate growth of the community housing sector.⁶

¹ Troy, L. van den Nouwelant, R & Randolph, B (2018) Estimating need and costs of social and affordable housing delivery, UNSW, page 3.

² Australian Government (2021), National Rental Affordability Scheme quarterly performance report as at 30 September 2021. https://www.dss.gov.au/sites/default/files/documents/12_2021/nras-quarterly-report-30-sep-2021_0.pdf

³ ABS (2019) Housing occupancy and costs. Table 21.1. <https://www.abs.gov.au/statistics/people/housing/housing-occupancy-and-costs/2017-18#states-and-territories>

⁴ Anglicare (2022) Rental Affordability Snapshot 2022. <https://www.anglicare.asn.au/wp-content/uploads/2022/04/Rental-Affordability-Snapshot-National-report.pdf>

⁵ Productivity Commission (2022), Report on Government Services. Part G: Housing and Homelessness.

⁶ For example, a Housing Capital Aggregator and/ or a Housing Future Fund as recommended by the National Affordable Housing Alliance (NAHA) and the Grattan Institute, and a state Growth Fund (similar to the Victorian Government example).

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- That the WA State Government differentiates between 'affordable housing' products in the WA Housing Strategy 2020-2030, to include a specific definition (and targets) for 'affordable rental' housing supply. Affordable rental products should be offered at below market price, have income eligibility and access criteria, and deliver affordability in perpetuity.
- That the WA State Government develop and apply consistent definitions and processes for the delivery of affordable housing through planning policies and incentives (including planning concessions, density bonuses and inclusionary zoning measures).
- That the WA State Government require at least 30% of housing on state and local government land to be social or affordable housing, including at least 50% to be social housing and with specific targets for affordable rental dwellings, with the process facilitated by the State Government in partnership with CHOs.
- That the WA State Government introduces mandatory inclusionary zoning (MIZ) of 10% social and affordable housing in multi-residential private development in metropolitan areas where there is a demonstrated need for social and affordable housing.⁷
- That the Commonwealth Government and WA State Government provide tax incentives to deliver affordable build-to-rent development, managed by registered CHOs.⁸
- That the WA Government provide ongoing and appropriate partnership opportunities with registered CHOs to deliver affordable housing on government-owned land.
- That the Commonwealth Government review and increase the maximum rate of CRA by at least 50%.⁹
- That the WA State Government proceed with implementation of a state-wide registration system for short stay accommodation providers and regulate the sector to protect the availability and accessibility of long term rental accommodation for local residents.
- That the WA State Government develop and implement regional housing plans.¹⁰

⁷ This is in line with the proposed MIZ national framework developed by The Constellation Project (2021). For more information see: https://theconstellationproject.com.au/wp-content/uploads/2021/09/Mandatory_Inclusionary_Zoning-Final.pdf

⁸ This is a recommendation by the National Affordable Housing Alliance (NAHA), which includes national industry and not-for-profit organisations. For more information see: https://www.nationalaffordablehousingalliance.com/_files/ugd/268af9_3b5a0bba51a849b18fd3f022c218cb.pdf

⁹ This is a recommendation of National Shelter.

¹⁰ As recommended by Infrastructure WA in the State Infrastructure Strategy: Foundations for a Stronger Tomorrow.