



shelterwa

Everyone has a right to a place to call home

Senate Standing Committees on Community Affairs
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Submitted by email: community.affairs.sen@aph.gov.au

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Dear Committee Members

Inquiry into the worsening rental crisis in Australia

Thank you for the opportunity to make a submission on this important issue. Shelter WA is the independent peak body in Western Australia that advocates for social and affordable housing and ending homelessness. Established in 1980 we bring together a strong coalition of organisations and individuals committed to diverse and affordable housing choice for all. Shelter WA drives change by facilitating collaboration amongst those who have an impact on housing, while providing evidence-based policy, advice, engagement, representation, and strong advocacy for an effective housing system. Our vision is a society where everyone in Western Australia has a safe, secure, healthy, and an affordable place to call home, regardless of their life circumstances.

Shelter WA has identified a critical shortage of homes, in particular a shortage of social and affordable housing. We have identified increased cost of living pressures, rising private rental expenses and unprecedented low vacancy rates in private rentals. We attach our past reports and submissions which contain insights of key relevance to the Inquiry's terms of reference:

- Rental Housing in WA: Ten ideas to address the rental crisis¹
- Pre-Budget Submission to Western Australian Government 2023-24²
- Community Housing Sector Growth Opportunities - Collaboration between Government and Industry to Drive Supply³
- Three months in: The hidden impact of the rental moratorium lifting.⁴
- Submission to Western Australia's Residential Tenancies Act review.⁵

These reports also include policy recommendations to support immediate solutions to the housing crisis, and to set Australia up to secure future growth and enhance the health and prosperity of our communities. We summarise some key recommendations below, along with a summary of insights contained in these reports.

Recommendations

- We recommend a mix of new, long-term funding mechanisms to provide a stable flow of investment into housing supply into the future, and short-term innovative programs that provide urgent relief in the interim.
- We recommend permanent, adequate, rolling funding and financing mechanisms from government, to deliver a pipeline of affordable rental housing in line with evidence-based need.
- We recommend establishment of, and investment in, a community housing grants program, co-designed with the sector, to provide funding certainty and increase the supply of social and affordable housing.



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- We recommend funding and initiatives to deliver affordable rentals for key workers in the regions.
- We recommend an energy efficiency retrofit package for social housing properties, prioritising remote communities and regions where climate conditions are most extreme, and where housing is often inefficient and uncomfortable to live in.
- We recommend a nationally harmonised approach to rental standards, with world's leading practice laws using the Tenancy Ten as a guide.

Summary of key insights from our reports

Western Australia is experiencing a critical shortage of homes

The Housing Emergency Response Group collected case studies and data over the three months following the lifting of Western Australia's moratorium on rents and evictions at the end of March 2020 and produced *Three months in: The hidden impact of the rental moratorium lifting*.⁶ The Housing Emergency Response group was established by CEOs from organisations providing emergency relief funding, support to renters in the private rental market, and peak bodies.

The Group observed that the housing system has been in crisis for some time, but following the lift of the moratorium, this increased significantly. One service reported a 500% increase in demand, with desperate families about to lose their homes having nowhere to go. It found that the social affordable housing shortage is having a devastating impact on many families, with increases in rent and evictions, family and domestic violence referrals and requests for housing, support and emergency relief services. The report calls for a response similar to that utilised in emergency responses like natural disasters.

Shelter WA held a Rental Roundtable in May 2022 which convened representatives from Western Australian government departments, industry bodies, developers and community housing organisations (CHOs). The roundtable along with subsequent stakeholder engagement across the community sector, private industry and academia culminated in a cross-industry consensus. The report summarises the extent of housing shortages:

- Western Australia is experiencing a critical shortage of rental homes, with renters facing rising rents and a highly competitive market. According to the Real Estate Institute of Western Australia (REIWA), a balanced rental market would be reflected in vacancy rates of between 2.5 and 3.5 per cent, however in Perth and many of WA's regional centres (including Albany and Busselton), the vacancy rate has been sitting well below one per cent for three years. At the same time, rents have been steadily rising, with a 45 per cent increase in Perth between February 2020 and February 2023 - and regional asking rents rising by 56 per cent (Bunbury), 33 per cent (Geraldton) and 59 per cent (Kalgoorlie) over the same period.
- There are 18,975 households (33,535 people), including 4,257 priority applicants (8,685 people) on the social housing waitlist (as at September 2022). Projections to 2041 estimate that Western Australia will need 85,700 social and affordable housing properties to fulfill need. In order to meet this need, an average annual sector growth of 6.9 per cent to 8.7 per cent would be required – 3,700 to 4,700 new homes each year.
- Compounding matters, a total of 4,656 existing affordable dwellings will have their subsidies expire between 2022 and 2026 as the National Rental Affordability Scheme (NRAS) comes to an end. There are currently no specific Western Australian or federal initiatives to address or replace this loss and no transition plan for tenants currently living in affordable NRAS properties.

- The chronic affordable rental shortage is exacerbating housing stress and insecurity across the state. The 2021 Census data revealed a doubling in the number of rough sleepers in WA since 2016, with one in three rough sleepers in Australia in WA.⁷

This report also outlines ten “shovel-ready” short- and medium-term solutions to address the rental crisis. These ten solutions were identified with strong consensus and traction for rapid implementation, including consideration of where current initiatives or investment could be expanded, to ease the rental crisis and increase the supply of affordable rental housing:

10 ideas to address the rental crisis

The ten top ideas generated through the Rental Roundtable have been grouped into three themes:

Unlock new supply	<ol style="list-style-type: none"> 1. Establish a WA Housing Future Fund 2. Spot purchase homes for community housing 3. Spot purchase pre-sale apartments for community housing 4. Improve collaboration with community housing 5. Streamline procurement for social and affordable housing 6. Establish a housing program for regional key workers
Unlock existing supply	<ol style="list-style-type: none"> 7. Introduce an affordable rental incentive scheme 8. Monitor short-stay accommodation; enable local responses 9. Audit an ancillary program initiative
Support Private Tenants	<ol style="list-style-type: none"> 10. Introduce a private rental assistance program

Shelter WA's *Pre-Budget Submission to Western Australian Government 2023-24*⁸ builds on many of these recommendations, providing additional detail about how these actions could be implemented. While the focus of this submission is on the Western Australian Government, many of these initiatives could also be picked up at the national level and/or implemented through State/Federal funding partnership.

Housing shortages are being strongly felt in regional areas, with additional impacts on attracting and retaining workers

In June 2023 Shelter WA made a regional engagement trip to the Kimberley. Half day forums took place in Broome, Derby and Kununurra with forums attended by housing and homelessness service providers and other key stakeholders. Shelter WA produced the *Kimberley Regional engagement forums – Summary Report*⁹, which summarises circumstances and challenges shared by attendees. Key insights included:

- The huge undersupply of housing and overcrowding prevents effective rollout of Housing First.
- Individualised, region-centric housing strategies are needed.
- Lack of housing is impacting staff recruitment.
- Need for culturally appropriate services and housing.

- Climate justice: housing needs to meet (changing) needs of region, and there is limited access to solar homes and heat pumps.

A lack of affordable and diverse rental supply is constraining economic development, especially in regional areas, where local employers are having difficulty attracting and retaining key workers due to an inability to find suitable housing options. It was observed that non-government organisation workers, community legal centres and so on do not have access to Government Regional Officer Housing, and private rentals are scarce and expensive.

Value-for-money solutions are available through effective partnerships with community housing and private industry

Recent research calculated that the provision of social and affordable housing results in a 2:1 return on investment for governments. The research found that over 30 years, there was a \$6.6 billion net saving available to taxpayers in Western Australia if this shortage was addressed.¹⁰

With National Housing Finance and Investment Corporation (NHFIC) Capacity Building Program Grant funding, Shelter WA commissioned a report to investigate the benefits that the Community Housing sector can bring to partnerships (the Paxon Report)¹¹. The report tests a number of scenarios and finds under all, that transferring the management of social housing to community housing providers would deliver significant benefits both to the Western Australian State Governments and to the community.

A key finding in this report is that partnering with Community Housing Organisations to deliver new supply is a good value-for-money proposition for government and can save approximately 35 per cent on the full cost of social housing delivery.

Rental minimum standards to protect renters

Renting for life is a reality for many Western Australians and ensuring the right balance of tenant rights and landlord obligations is critical to ensure security of tenure and making renting a more viable and attractive housing option. Western Australia is in the midst of a major review of the *Residential Tenancies Act 1987* and Shelter WA has made a submission to this¹², supporting the ten key recommendations of the Make Renting Fair WA Alliance submission (of which Shelter WA is a member):

1. End unfair evictions.
2. Allow reasonable modifications.
3. Create minimum standards, including for climate appropriate housing.
4. Stabilise rent increases.
5. Include boarders and lodgers.
6. Allow pets.
7. Quick, fair and consistent dispute resolution.
8. Provide a better deal for public housing tenants.
9. Increase access to tenant advocacy and information.
10. Greater protections for tenants' privacy.

The Western Australian Government announced the first tranche of reforms in May 2023, which incorporates some but not all of these recommendations. Shelter WA is continuing to advocate for rental minimum standards to protect renters.

Conclusion

Increasing on the role of additional social and affordable rental accommodation, highlighting that tenancy reform - improvements in minimum property condition standards, measures to stabilise rents and enhancements to security would not resolve rental stress for households in the bottom income quintiles.

Thank you again for the opportunity to provide a submission on this critical issue. Shelter WA welcomes the opportunity to provide further input should this be required.

Yours sincerely,



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¹ Shelter WA (2023) *Rental Housing in WA: Ten ideas to address the rental crisis*. Available here:

<https://www.shelterwa.org.au/wp-content/uploads/2023/05/2023-SWA-Rental-Roundtable-Report.pdf>

² Shelter WA (2023) *Pre-Budget Submission 2023-24*. Available here: <https://www.shelterwa.org.au/wp-content/uploads/2022/12/20221215-PBS-Final.pdf>

³ Paxon (2022). *Community Housing Sector Growth Opportunities - Collaboration between Government and Industry to Drive Supply*. Available here: <https://www.shelterwa.org.au/wp-content/uploads/2022/08/220728-Shelter-WA-Sector-Growth-Opportunities.pdf>

⁴ Housing Emergency Response Group (2021) *Three months in: The hidden impact of the rental moratorium lifting*. Available here: <https://www.shelterwa.org.au/wp-content/uploads/2021/07/HERG-DATA-REPORT-08072021-FINAL.1.pdf>.

⁵ Shelter WA (2020) *Review of the Residential Tenancies Act 1987 (WA) Submission to the Department of Mines, Industry Regulation and Safety (Consumer Protection Division)*. Available here: <https://www.shelterwa.org.au/wp-content/uploads/2020/07/Shelter-WA-Submission-RTA-Review-2020.pdf>

⁶ As above at endnote 4.

⁷ As above at endnote 4, pp5-6.

⁸ As above at endnote 2.

⁹ Shelter WA (2023) *Kimberley Regional engagement forums – Summary Report*. Available here:

<https://www.shelterwa.org.au/wp-content/uploads/2023/08/Kimberley-Regional-Engagement-Summary-Report.pdf>

¹⁰ SGS Economics (2022) *Give me Shelter: the long-term costs of underproviding public, social and affordable housing. Housing All Australians*. Available here: <https://housingallaustralians.org.au/wp-content/uploads/2022/06/Give-Me-Shelter.pdf>

¹¹ As above at endnote 3.

¹² As above at endnote 5.