

AFFORDABLE HOUSING

Delivering targeted, affordable rental housing at scale

'Affordable housing' is a well-used term, however it does not have a common definition across jurisdictions and government programs. Broadly, it refers to below market housing targeted at low to moderate households. To be considered affordable, such housing would not cost these households more than 30 per cent of household disposable income (more than this is the definition of housing stress).

Affordable housing should be considered essential infrastructure. On the housing continuum, affordable housing products address the gap between social housing (which is only available to those on the very lowest incomes such as government benefits) and the private housing market.

Having a strong and diverse supply of affordable housing can take pressure off social housing waitlists, prevent homelessness, and provide flexible pathways through the housing continuum as people's lives and needs change. A supply of affordable housing stock is also critical for ensuring that local communities can attract and retain essential workers.

Therefore, affordable housing can include a range of different products from assisted home ownership and essential worker housing through to subsidised rental accommodation managed by community housing providers.

There is an estimated unmet need for at least 53,800 social and affordable dwellings in Western Australia.^[1]

Households relying on the private rental market are particularly vulnerable to broader social and economic trends. Data from 2024 reveals that 85% of WA is experiencing severe rental conditions.^[2] Low income and marginalised households are especially vulnerable in this

environment. Those relying on government payments have extremely limited affordable rental options^[3] and Commonwealth Rent Assistance (CRA) has not kept pace with rising rental prices.^[4]

With the Commonwealth National Rental Affordability Scheme (NRAS) winding up in 2026, there is no current replacement program at a national or state level and no clear plan to increase affordable rental housing at the scale required.

In this context, **Shelter WA is calling for a primary focus on the delivery of affordable rental housing, which is made available to eligible households on low to moderate incomes.**

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 and specific investment streams, delivery models and policy levers.

While the *WA Housing Strategy 2020-2030* acknowledges this shortage, their current affordable housing targets are inadequate.^[5] **Shelter WA urges the WA State Government to establish specific new programs, funding and policy mechanisms to deliver an ongoing supply of affordable rental supply at scale,** for example through inclusionary zoning and delivery programs in partnership with the community housing sector. The expansion of the WA State Government's Social Housing Investment Fund to include Affordable Housing (managed by Community Housing Organisations (CHOs)) is welcome progress.^[6]

To support the delivery of affordable rental supply, there is an urgent need for clear and consistent definitions for affordable housing to be formalised across government programs, including in target setting.

Historically, targets for affordable housing have been met by delivering affordable ownership

[1] Van den Nouwelant, R and Soundararaj, B (2022) Quantifying Australia's unmet housing need: a national snapshot. UNSW & CHIA.

[2] Suburbtrends (2024) Rental Pain Index, April 2024.

[3] Anglicare (2022) Rental Affordability Snapshot 2024.

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

[5] The current inadequate WA Housing Strategy 2020-2030 targets for affordable housing include:

- Provide a minimum of 500 supported private rental opportunities by 2030 as an alternative to social housing (it is unclear what this entails or how it will be achieved).
- Ensure a minimum of 20% social and affordable housing in government residential developments (with no associated definition

for affordable housing).

- By 2030, provide a minimum of 20,000 low-deposit home loans through Keystart to enable access to home ownership.

[6] Shelter WA recommends the introduction of a state-based affordable housing scheme to replace the Commonwealth NRAS program. More details can be found in our 2024-25 Pre-Budget Submission here: <https://www.shelterwa.org.au/wp-content/uploads/2023/11/Shelter-WA-2024-25-PBS-FINAL.pdf>

[7] The current *WA Housing Strategy 2020-2030* target is for 20% of housing on government land to be social and affordable housing.

[8] This is in line with the proposed MIZ national framework developed by The Constellation Project (2021). For more information see: | 1



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products, however specific targets are required for 'affordable rentals', with eligibility criteria. It is important that each program is transparent about what type of affordable housing is being delivered and for whom, and that there is a clear differentiation between affordable rental and affordable ownership across government policy settings. Additionally, there should be some flexibility in the affordable rental definition to enable a diversity of products to be realised along the continuum between social housing and the private rental market.

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 is calling for a focus on the delivery of:

- Affordable rental housing

That is:

- Below market rate
- Affordable in perpetuity
- Accessible: made available to targeted households - via eligibility criteria - in accordance with evidence-based need
- Managed by CHOs
- Affordable to targeted households without costing more than 30% of income

For clarity and accountability, all government programs and funding streams should state upfront what type of affordable housing is being delivered and to whom it is targeted.

Shelter WA recommendations:

- That the WA State Government establish permanent, adequate, rolling funding and financing mechanisms and programs (such as a state-based affordable rental scheme) 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.

- 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.
- That the WA State Government develop and apply consistent definitions and processes for the delivery of social and affordable housing across programs, planning policies and incentives (including planning concessions, density bonuses and inclusionary zoning measures).
- That the WA State Government require at least 50% of housing on state and local government land to be social and affordable housing, including at least 30% to be social housing and with specific targets for affordable rental dwellings, with the process facilitated by the State Government in partnership with CHOs.^[7]
- That the WA State Government introduce mandatory inclusionary zoning (MIZ) of at least 10% social and affordable rental housing, managed in perpetuity by CHOs, in multi-residential private development in metropolitan areas.^[8]
- That the WA government introduce an appropriately designed vacancy tax to discourage residential properties from being left vacant for long periods of time.
- That the WA State Government provide ongoing and appropriate partnership opportunities with registered CHOs to deliver social and 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 develop and implement regional housing plans.^[10]

https://theconstellationproject.com.au/wp-content/uploads/2021/09/Mandatory_Inclusionary_Zoning-Final.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*. Shelter WA recommends these plans include:

- Culturally appropriate options for people who are ageing to remain in their community and with family on country;
- Housing design and fit outs that meet climate, accessibility and cultural needs of regional communities;
- Quotas for the minimum number of WA Government built and owned Government Regional Officer Housing (GROH) in each region to reduce pressures on local rental markets; and
- Affordable rental housing for key workers employed in non-government organisations (NGOs) in the regions.