



SHELTER WA

SUBMISSION TO THE

**WESTERN AUSTRALIAN LEGISLATIVE ASSEMBLY
COMMUNITY DEVELOPMENT and JUSTICE
STANDING COMMITTEE**

**INQUIRY INTO THE ADEQUACY AND FUTURE DIRECTIONS OF
SOCIAL HOUSING IN WESTERN AUSTRALIA**

January 2011

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About Shelter WA

Shelter WA is an independent community based peak organisation that is committed to the principle of safe, secure, appropriate and affordable housing for all people. Shelter WA has operated in Western Australia since 1979 and advocates on behalf of community groups and housing consumers. Shelter WA focuses on people who have low incomes or who are otherwise disadvantaged in the housing market. This includes people who are homeless or at risk of homelessness.

Shelter's role is to give an informed voice on housing policy issues based on sound research, collaboration, consultation, representation and research with housing consumers and community based organisations working with housing and related issues. We do this by: holding regular forums and consultations, conducting questionnaires and surveys in response to housing policy and practice issues; actively participating in government and community sector committees; by responding to queries and requests from the public; and, by informing and educating through the electronic circulation of regular newsletters, reports and fact sheets which are also made available on our website. We promote housing options for people on low incomes, including social housing (public housing and community housing), affordable housing provided through the private sector, and affordable home ownership.

Shelter WA is committed to the presence and extension of choice in the articulation of Government housing policy and therefore to the availability of a range of housing options for low income and special needs housing consumers.

Inquiry Terms of Reference

That the Committee will examine the issue of social housing and report by 7 April on:

1. The role of government, and the private and the not-for-profit sector in facilitating affordable housing
2. The effectiveness and appropriateness of social housing allocations in the metropolitan area and regional Western Australia
3. The impact of public housing need on specific groups
4. The key factors influencing the supply of 'sub-market' affordable housing in Western Australia
5. The integration of social housing asset management strategies into the larger urban and regional development process
6. Financing affordable and sustainable social housing
7. Alternative models for the provision of social housing
8. Factors facilitating the movement of people from the social housing sector to the private market and home-ownership; and
9. Particular housing initiatives needed for regions of rapid growth.

Context

Shelter WA has prepared this submission to the West Australian Legislative Assembly Standing Committee in response to the serious lack of adequate affordable appropriate and well located housing for low income Western Australians across all markets. This includes the dominant home owner and private rental sectors public housing and short-stay rooms (serviced apartments, hotel/motels, lodging and boarding houses).

In 2008 19.8% or 170,280 of all WA households' primary source of income was a government pension or benefit. Of the 860,000 occupied dwellings in WA at June 30 2010, assuming the proportion of tenure types remained the same as in 2008¹:

- 36.4% - 313,040 paying a mortgage
- 31.4% - 270,040 fully owned
- 23.7% - 203,820 private rental (mainstream)
- 4.3% - approximately 39,000 social housing dwellings (public or community organisation managed capped 25% income rent level)
- 4.2% or approx. 36,000 other tenure (including rent free and informal arrangements)²

49.6% (84,400/170,280) government pension or benefit households received Centrelink Rent Assistance (CRA) in WA at June 2009

- Nearly 50% of WA Centrelink recipients (10% of all households) live in private rental accommodation subsidised by the national CRA social security income support system (to landlords for rent)
- at 6 June 2009 34,480 or 41.9% of CRA recipients in WA were in rental stress - paying more than 30% of their income on rent

↑ 8,599 (7.2%) from June 2008 - 25,881 / 34.7% and June 2007 - 29.8% - 22,714³

- 13.3% - 10,949 CRA recipients in WA severe rental stress (paying + 50% of income on rent)⁴

A major impediment to the alignment of housing need with housing supply is the fact that there is a lack of state levers for targeting private dwelling allocation according to household composition, need or income levels. This creates the situation where there is significant inequitable allocation

- low rent properties house high income earners,
- singles live in large family homes (in 2008 52% of WA households had 2 or more bedrooms above requirement⁵)

State Planning Policies (particularly R Codes) and onerous Local Government regulation and (dis)approvals process are also key obstacles to the supply of smaller, more appropriate and more affordable housing.

Shelter WA welcomes the opportunity to respond to the Terms of Reference and congratulates the Western Australian Government for its continued focus on the lack of social and affordable housing and its commitment to broad and high level policy response to ameliorate this lack.

¹ ABS Cat. 4102.0, Aust. Social Trends Data Cube - Economic Resources, Table 2.5, WA Summary, 1998–2009 September 2010

² ABS Cat. 4102.0, Australian Social Trends, Data Cube – Housing, Table 2.5 Housing, WA Summary, 1998–2010 December 2010

³ Productivity Commission Report on Government Services (2010) Commonwealth Rent Assistance: Table 16A.68. Number and proportion of income units receiving CRA paying more than 30 per cent of income on rent, with and without CRA, 2004 to 2009 (per cent)

⁴ Productivity Commission Report on Government Services (2010) Commonwealth Rent Assistance: Table 16A.73 Proportion of income spent on rent with and without CRA, income units with more than 50 per cent of income spent on rent, 2009 (per cent)

⁵ *Ib id.* ABS Cat. no. 4102.0, Australian Social Trends, Data Cube – Housing

Overview and Endorsements

It must be acknowledged that the primary and key levers over individual and corporate housing purchase, finance and construction decisions are embedded in the tax and credit systems, are Australia wide and driven at Commonwealth government level. Historical responsibility for the majority funding of social housing construction including a proportion of operating costs, the entire income support system for those Australians without work including the rental housing subsidy Commonwealth Rental Assistance are within the Commonwealth government's jurisdiction, and apportionment of funds for those purposes to the States and individuals is managed at national level.

It is the long term systemic large scale under-resourcing and undervaluing of social housing, income support and arguably many other public welfare, health, education and social institutions that has led to Australia becoming increasingly divided, concentrated wealth at the top and polarised and increased the disparity between highest and lowest income citizens. An Australian state or local government is restricted in revenue generating and redistributive activity by Constitutional parameters, and therefore the residential housing sector's most distorted fundamental parameters as they apply to the lowest income cohorts are quite intractable.

The State however, has capacity to introduce umbrella legislation over built form and provide projections and broad urban developmental planning for population needs of the future, and it is these aspects that the State Government must explore, develop, implement and enforce for the wellbeing of people today and future generations. Local government is the jurisdiction where individual and regional housing provision is hampered or enabled, and at this smaller scale the interests of an influential few can override community wide best interests, particularly in WA where we have many small, insular and parochial local governments, with few effective controls over the calibre, qualification, skill sets, and unfortunately too often, of the integrity, independence and transparency of decision making of elected local government councillors.

The duplication, inefficiencies, competitive, protectionist and adversarial nature of WA's local government system is well known. A rational root and branch reform and restructure of councils into local authorities is required. These authorities, like regional development commissions, would be comprised of larger geographical areas and population bases, but with amalgamated local government staff, resource and skills bases and the economies of scale that this brings. The amalgamated bodies would have the power and responsibility to make and implement initiatives for the benefit of a broader regional population and would be more likely to approach individual, local and specific matters with a more widely encompassing and integrated focus on greater community and society level wellbeing.

This paper draws heavily on information, suggestions and feedback from Shelter WA stakeholders and forum participants covering a range of issues over recent years, including two forums for local government councillors and planning and building approvals staff, a forum for consumers, non-government and community organisation about marginal tenancies (Boarders and Lodgers), and reports from the Productivity Commission, the Australian Housing and Urban Research Institute, the Australian Institute of Health and Welfare and the Australian Bureau of Statistics. It is also informed by draft papers written for the Western Australian Planning Commission consultation Directions 2031 by Judith Stubbs and for the Stirling Alliance about a Stirling City Affordable Housing Strategy by Hassell Ltd. Shelter WA must acknowledge the Community Housing Coalition of WA (CHCWA) and the Tenants Advice Service WA for anecdotal background information and Shelter WA endorses and supports the submissions of CHCWA, Judith Stubbs and Hassell and concurs with the recommendations of those papers.

Summary and Recommendations

Shelter WA endorses the recommendations detailed by Judith Stubbs identifying suggested changes to state and local Planning Policies, areas of legislation needed and the need to escalate the importance, detail, support and primacy of Social Housing as a form of community infrastructure and the merits of housing diversity and affordability for strengthening community wellbeing, social harmony and inclusion.

Recommendations:

1. Government immediately implement a mandatory inclusionary zoning policy to ensure a proportion of all new development includes affordable rental housing, managed and maintained by not-for-profit organisations for a minimum of 20 years
2. Government immediately establish a Housing Trust Fund, comprising compulsory contributions from landowners and developments and put toward funding community organisations to manage and maintain the affordable rental housing established under inclusionary zoning.
3. Government develop and implement a 'convert to rent' program for its own vacant well located buildings, suitable for reconfiguration to housing stock
4. Government develop and implement a 'convert to rent' incentive program for private individuals wishing to redevelop vacant or underutilised buildings in well located areas
5. Government immediately review the R Codes and amend or rescind those that are a barrier to the provision of affordable housing
6. Government immediately develop Model Rule Text to support Local Authorities overcome local resistance by vested individual personal interests to the development of affordable housing
7. Government immediately introduce legislation that requires vacant, serviced, well located urban blocks to be developed for housing within a reasonable timeframe (say 2-5 years)
8. Government immediately rescind the legislative restriction on personal owners choice and authority over the use and letting of ancillary accommodation
9. Government immediately rescind the legislative restriction over the conversion and adaptation of single household dwellings to multiple household dwellings with appropriate guidelines
10. Government immediately identify the growth and leverage targets for Community Housing Organisations.
11. Government immediately provide clarity for the Community Housing Sector as to the agreed quantum of public housing stock transfer, process, timeframes and ownership title policies,
12. Government immediately provide clarity for the Community Housing Sector as to expected operational and capital funding levels if any
13. Government provide assurance and protocols for priority access to public health, welfare, community care and support, child protection, financial counselling services, education and training assistance for low income tenants of Community Housing Organisations
14. Government investigate and address the differential treatment and classification of Community Housing Organisations across geographical regions and sector jurisdictions (public private, retail, corporate) and implement a standardised uniform fair and transparent system that levies consistent fees and charges, rates and taxes
15. Government prioritise the implementation of a uniform Joint Wait list and Housing Needs Register as a matter of urgency

16. Government advocate for a review of the Commonwealth Tax system as it relates to, encourages and protects:
 - a. personal residential housing overconsumption,
 - b. House and land speculation, and
 - c. the exemption of owner-occupied housing from tax and
 - d. the generous tax deductibility of housing investment from other income streams
17. Government immediately and decisively implement the full powers of the State Administrative Tribunal to facilitate and enable medium density, multi-storey affordable residential housing and short-stay accommodation developments, such as that recently proposed (and refused) by the Town of Vincent for Beaufort Street
18. Government immediately and decisively constrain further residential outer urban sprawl to reduce the deleterious impact on vulnerable mortgagees in new fringe areas where mortgage default is most evident, and where interest rate rises and increases in other costs of living including petrol and utilities have a disproportionate effect on lower income households
19. Government immediately review residential construction skills and trades training with a view to consolidating and rationalising the number of trades and skill specialities with a view to implementing logical consolidation of qualifications to provide for a higher quality of worker armed with a multi-skill set in construction and a holistic perspective that integrates with other construction trades
20. Government immediately audit industry practices in the range of construction materials used to ensure adequate diversity of choice in materials, price range and affordability and environmental sustainability.
21. Government immediately legislate to mandate that all new housing developments be 6 star environmentally friendly, are built incorporating universal accessible design or embedded adaptability features and have passive solar design, water and thermal efficiency design principles as a fundamental unavoidable requirement.
22. Government immediately audit and evaluate all recently built new homes (say in the past 5-8 years) to identify compliance with 5 or 6 star environmental design and passive thermal energy ratings.
23. Government identify local government authorities that have approved development of environmentally irresponsible subdivisions of low density, high carbon footprint, unsustainable and over scale single detached residential dwelling construction, and investigate the implementation of penalties or levies on these local authorities for community compensation resulting from the inequitable environmental burden and inbuilt overconsumption that these poorly designed conspicuous, aesthetically imposing structures exhibit .
24. Funds from a levy such as that proposed above to be utilised as grants, no cost loans or subsidies for an emergency mortgage default fund for low income home buyers who experience an event that disrupts their mortgage payments.
25. Government immediately advocate for a Commonwealth review of the Income Support System and Centrelink / Commonwealth Rent Assistance levels and rates of indexation to bring greater transparency, consistency equity and parity amongst all people in receipt of income support and receiving rent assistance
26. Government lobby for greater Commonwealth funding and long term commitment for new social housing construction as a proportion of all new construction and

27. Government lobby for Commonwealth funding and long term commitment for the ongoing operational costs of social housing tenancy management and maintenance
28. Government promote and encourage the adoption of alternative models for the provision of affordable housing that are maintained for the long term and in perpetuity including actively facilitating the establishment and growth of
 - a. Community Land Trusts
 - b. Cooperative and Community Group Tenant/Resident Ownership Housing Models
29. Government facilitate and enable the development and provision of adequate stock of serviced apartments, short-stay hotel/motel/backpackers style accommodation and private or community organisation owned and managed Boarding / Lodging Houses, through model regulation text and building feature requirements to facilitate local planning approval
30. As a matter of priority, government address the barriers to the development construction and provision of quality registered Boarding and Lodging Houses to address the current unregulated informal system of individual owners exploiting a need and supply gap - running poor quality and unsafe 'doss houses' that charge exorbitant rent levels to vulnerable and homeless people. These dwellings are usually run down well located residential family houses unfit and unsuitable for the purpose of a Boarding House, but operate outside legal scrutiny if accommodating 6 or less unrelated individuals on a 'share' basis
31. Government require that tertiary institutions and education / skills training colleges that provide international and interstate student opportunities are actively engaged in housing support and assistance with affordable student accommodation access and provision including holding responsibility for providing and managing a reasonable proportion of anticipated non-local student dwelling units/beds needed as part of their institutional duty of care.
32. Government identify well located green field, former industrial sites or brown-field crown land parcels suitable for medium term housing development
33. Government develop model long term land leasehold contract terms to apply over crown land identified as suitable for housing development to ensure ownership is retained by the state
34. Government to work with Community or Corporate partners to implement the construction and supply of affordable housing on suitable crown land as identified above, with the aforementioned leasehold contract terms, appropriate capital maintenance and means tested tenancy management arrangements to facilitate the provision of affordable rental housing
35. Government to explore the development of a model for the establishment of a social housing investment and support fund with revenue gained from
 - a. levies on Local Government Authorities for allowing environmentally and socially irresponsible over scale single detached residential development in contrast to the housing needs identified for the region's population and demographics
 - b. a new annual tax on private owners of well located vacant urban blocks suitable for housing development (currently fuelling speculation and inflation due to scarcity)
 - c. a new annual tax on private owner occupiers with 2 or more (or 3 or more) vacant bedrooms (ie. gross under-occupation) in well located urban regions where low rental vacancy rates drive escalating rents
 - c. a new means tested inheritance tax for deceased estates with a gross asset value over a certain threshold (ie. \$3 - 5 million)
 - d. landowner and developer levies from a zoning conversion offset contribution

36. Government facilitate and enable the development and provision of adequate stock of serviced apartments, short-stay hotel/motel/backpackers style accommodation and private or community organisation owned and managed Boarding / Lodging Houses in metropolitan and high demand regional mining areas
37. Government require that tertiary institutions and education or skills training colleges and providing international and interstate student opportunities are actively engaged in housing support and assistance with affordable student accommodation access and provision including responsibility for providing and managing a reasonable proportion of anticipated non-local student dwelling units/beds needed.
38. Government explore ways to incentivise and encourage private landlords to match allocation of private rental tenant applicants to household type and rent cost (ie. cheap rental houses to be allocated for low income households and large family dwelling allocations prioritised for large family households)
39. Government continue to promote, support and increase Keystart and shared equity housing loan products currently provided in WA
40. Government investigate the benefits of developing and implementing a means tested first home saver account with possible government subsidy, reduced tax benefits, higher interest rates payable or other features to encourage and support low and moderate income people to save a deposit, that does not have the a consequential inflationary effect seen with introduction of the broad and blunt, universal fixed sum First Home Owner Boost and First Home Owner Grants that counterproductively was accessed by high income individuals, recently arrived skilled migrants and others not in need of assistance
41. Government require that Mining and Resource Sector Companies engaged in regional areas in minerals extraction and mine site development be required to provide a proportion of regional town-site dwellings and accommodation facilities to support the economic and social development of the local government authority and permanent residents. This proportion of new town dwellings to be identified as a ratio of the number of mine site employees (say one dwelling in town for every 10 mining workers) available for low and moderate income key workers. These dwellings may be the same 'donga style', transportable pre-fabricated buildings provided by mines on-site.
42. Government require that mining and resource sector companies pay an equivalent and proportionate level of local government rates and charges. This ensures a long term benefit for local permanent residents and enables local authorities to develop, provide, enhance, improve or maintain community infrastructure including roads, sewerage, sports grounds and community facilities impacted by mining operations.
43. Government utilise powers to ensure regional serviced land is available and mechanisms to ensure guaranteed local government planning approval to developers wishing to supply adequate stock of a variety of housing forms, rental dwelling types or temporary accommodation supply
44. Government actively promote and support the presence of not-for-profit community housing organisations to partner with mining companies to manage town rental stock provided under the aforementioned initiative. This will ensure low and moderate-income households are not excluded from housing and rents prices are not driven by opportunity to maximise company profit and are therefore not prohibitive for non-mining workers and others.

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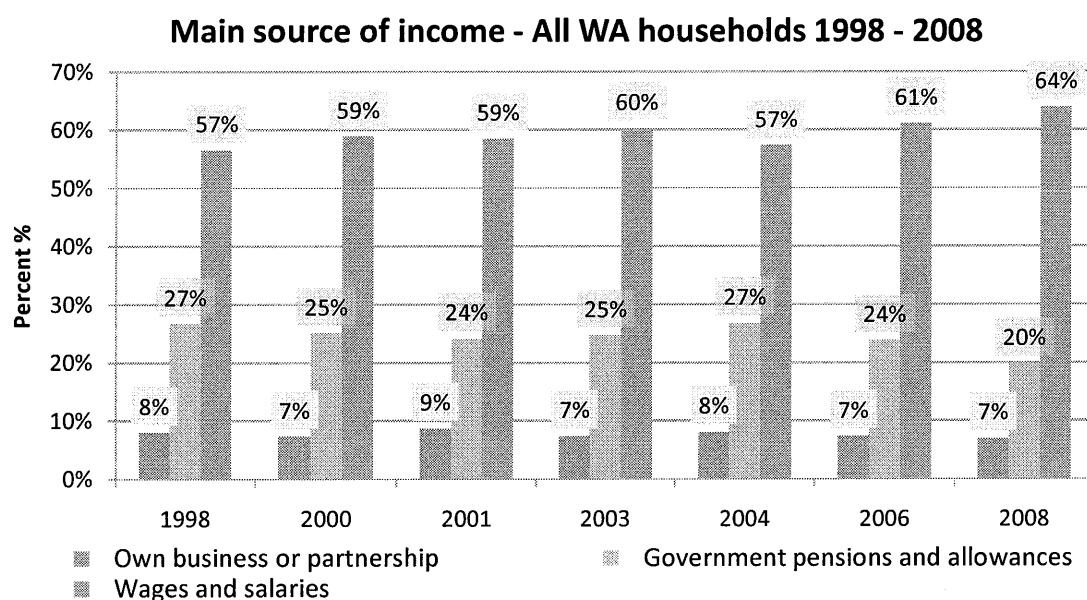
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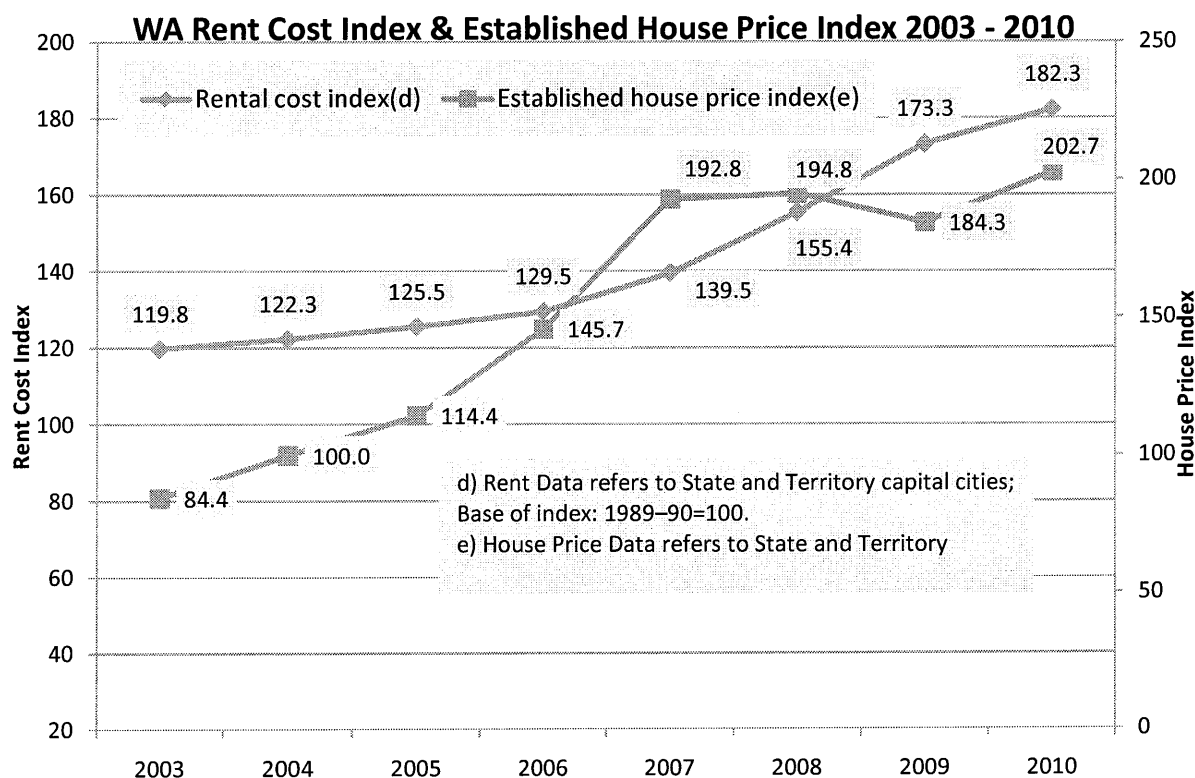
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Figure 2. WA Rent Cost Index and Established House Price Index 2003 – 2010

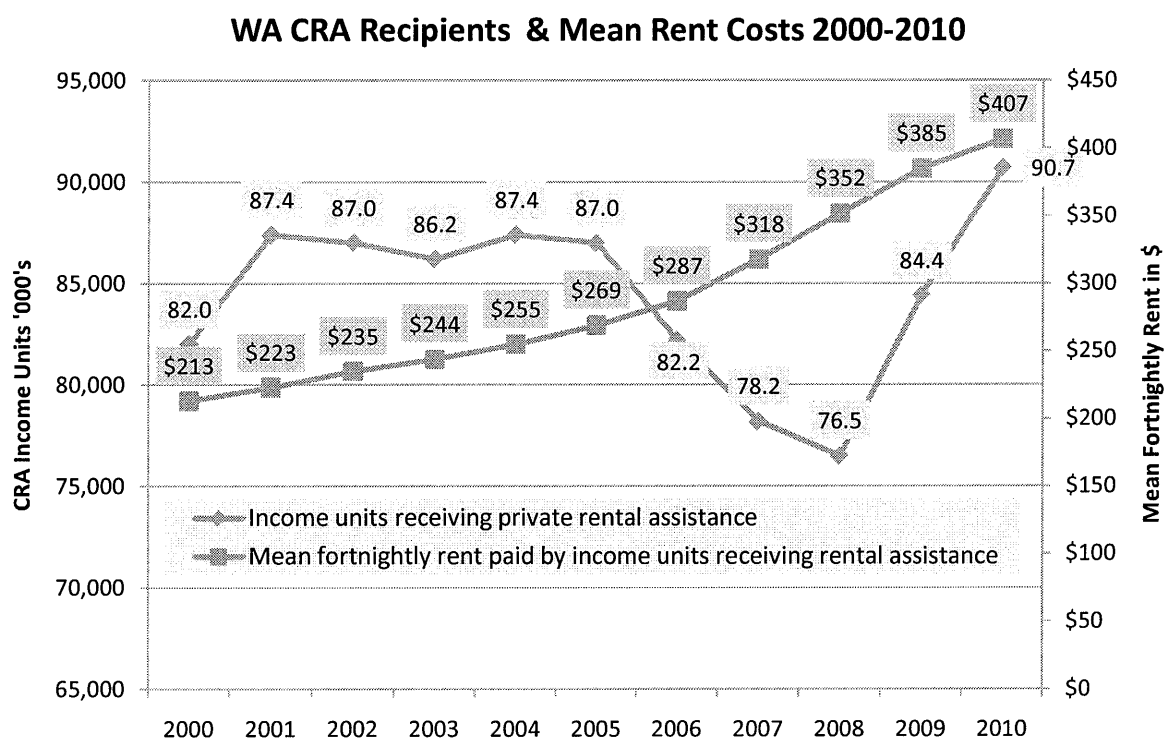


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⁶ ABS Cat. 4102.0, Aust. Social Trends Data Cube - Economic Resources, Table 2.5, WA Summary, 1998-2009 September 2010

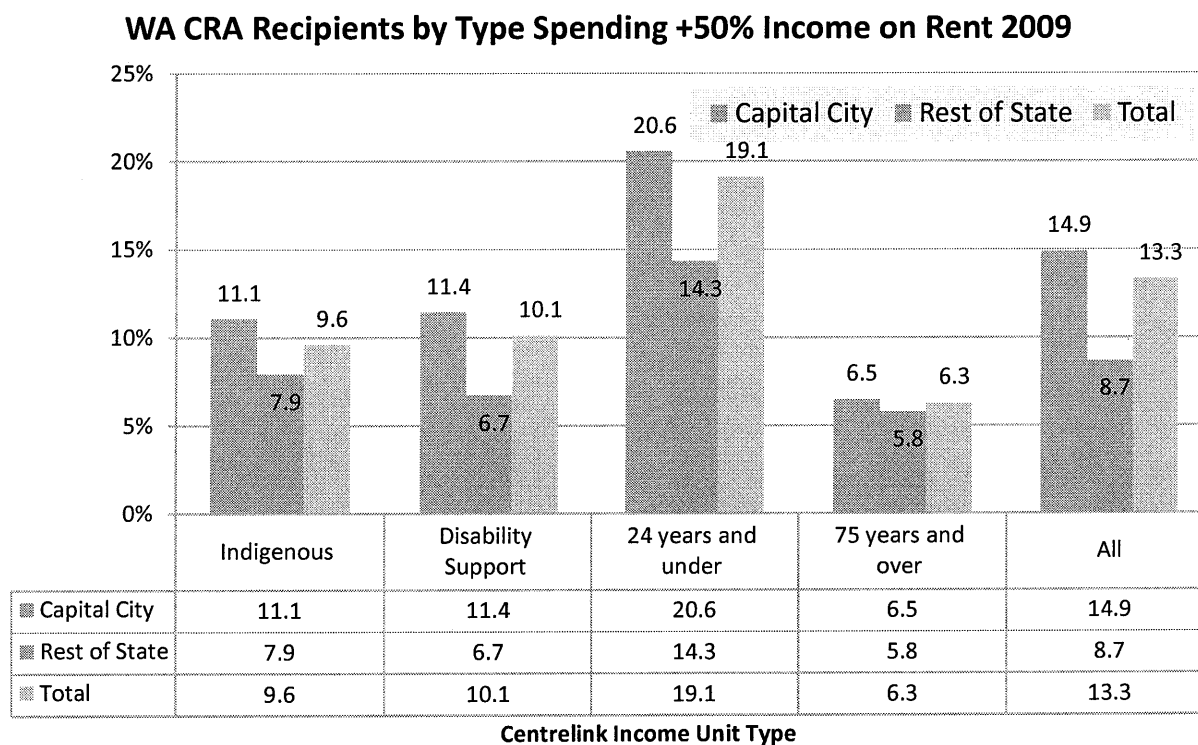
⁷ ABS Cat. 4102.0, Aust. Social Trends Data Cube - Economic Resources, Table 2.5, WA Summary, 1998-2009 September 2010

Figure 3. WA Centrelink Rent Assistance Recipients and Mean Rent Costs 2000 - 2010



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Figure 4. WA Centrelink Rent Assistance Recipients by Type who spend more than 50% Income on Rent 2009

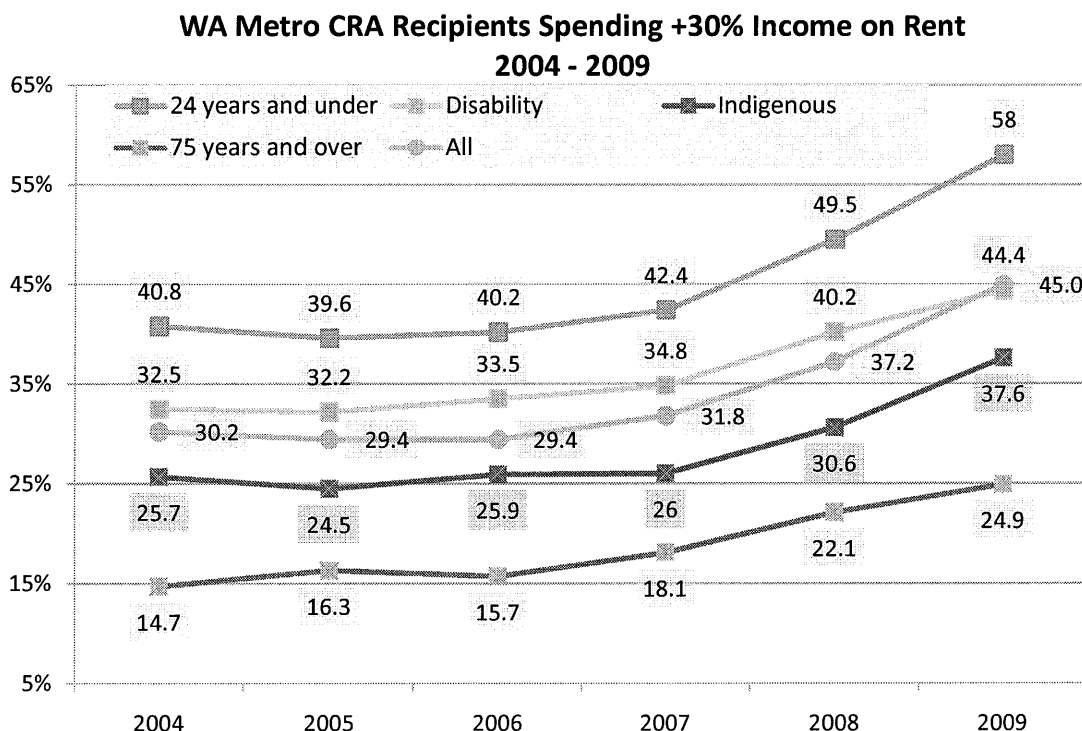


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⁸ Australian Bureau of Statistics cat 4102.0 Australian Social Trends – Data Cube Housing, Table 2.5: WA Summary, Dec 2010

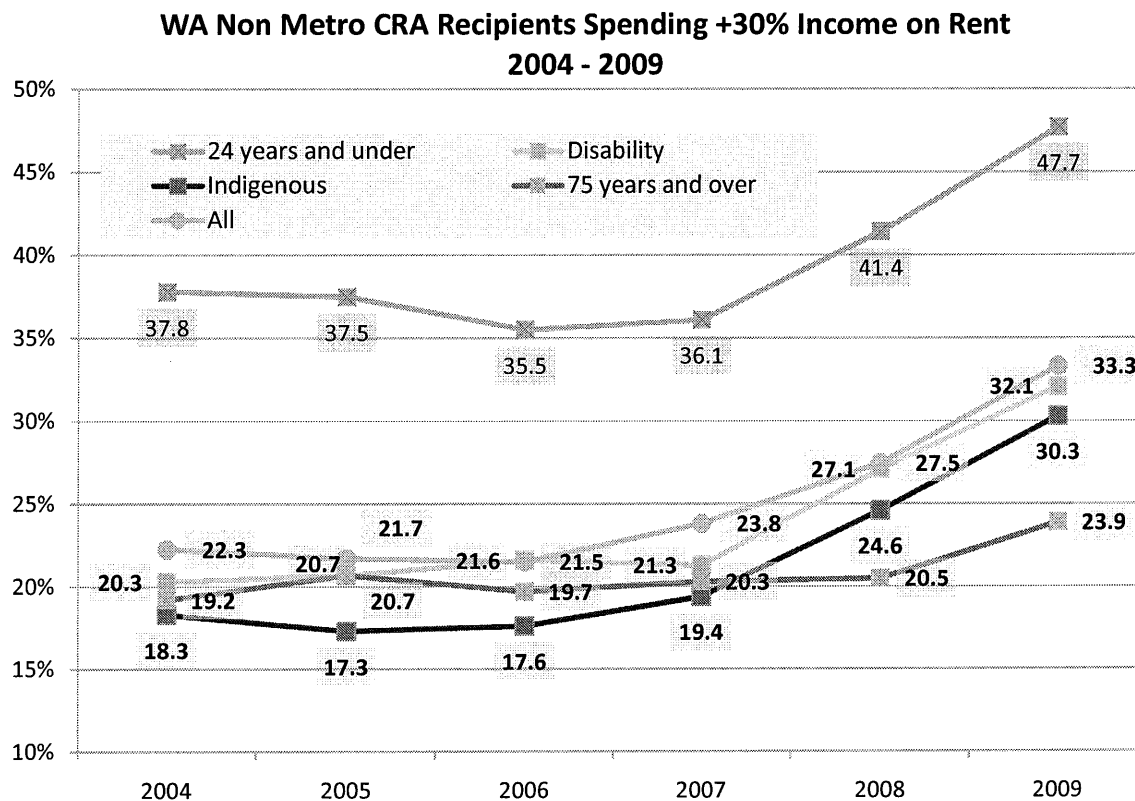
⁹ Report on Government Services Part G, Ch. 16 Housing, Attachment Table: 16A.73, Jan 2010

Figure 5. WA Metropolitan CRA Recipients who spend more than 30% Income on Rent by Type 2004-2009



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Figure 6. WA Rest of State CRA Recipients who spend more than 30% income on Rent by Type 2004-2009

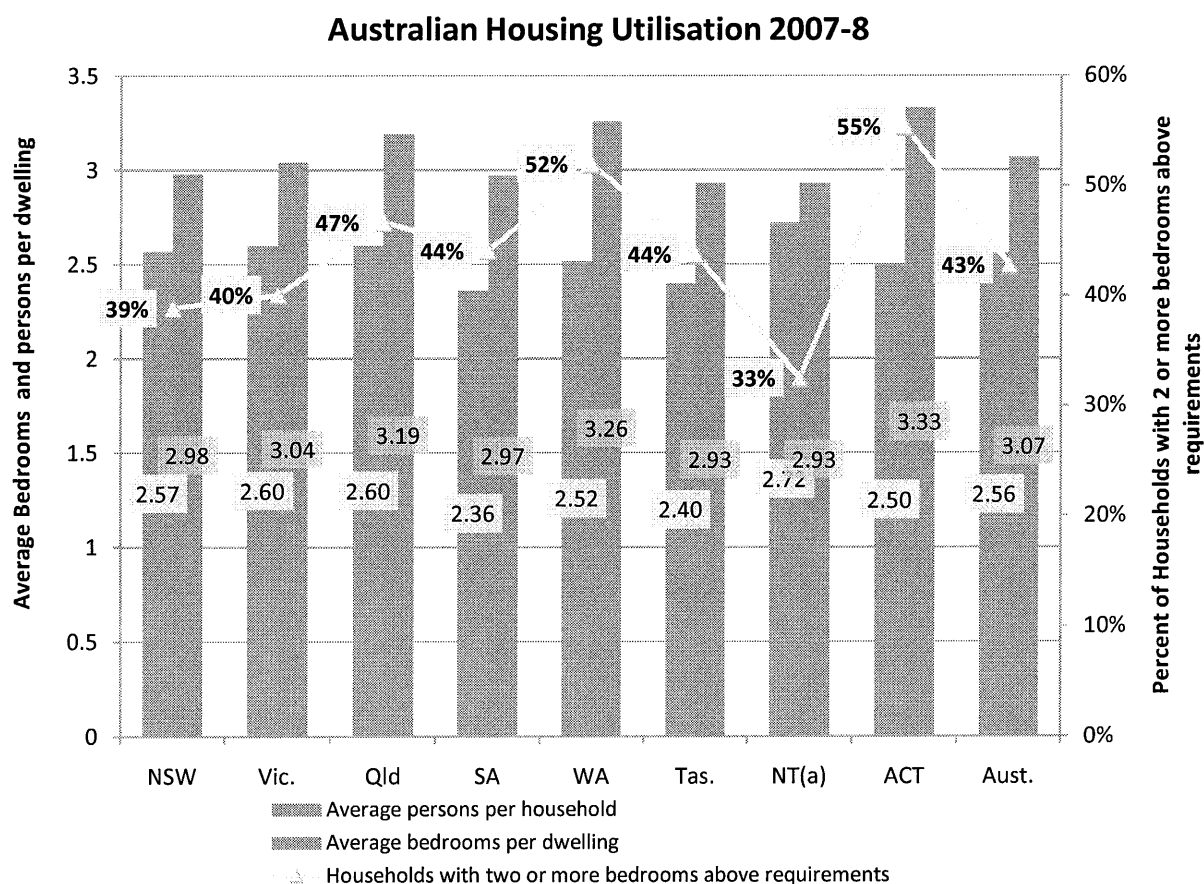


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¹⁰ Report on Government Services Part G, Ch. 16 Housing. Attachment: Tables 16A.68 – 16A.73. Jan 2010

¹¹ Report on Government Services Part G, Ch. 16 Housing. Attachment: Tables 16A.68 – 16A.73. Jan 2010

Figure 7. Australian Average Bedrooms and Persons per Dwelling and Percentage of Households with 2+ bedrooms above requirements by State and National 2007-8



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Figure 8. Table 1 Percent of Unoccupied Private Dwellings by Capital City and Balance of State, six States 2006

Table 3.5: Unoccupied private dwellings by capital city and balance of state for six states, 2006 (per cent)

	Capital city	Balance of state	State total
NSW	7.4	12.5	9.5
Vic.	8.1	15.7	10.3
Qld.	6.4	11.2	9.2
SA	6.9	18.5	10.3
WA	8.0	17.6	10.7
Tas.	8.1	15.9	12.8
Six states total	7.5	13.6	9.9

Source: Australian Bureau of Statistics, CData Online, Australia, 'Division by Dwelling Type' and 'State/Territory by Dwelling Type', ABS, Canberra, 2007.

The vacant stock identified in the 2006 Census was roughly equivalent to six times the number of new dwellings completed each year, and eight times the number of homeless people in 2006.

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¹² Australian Bureau of Statistics cat 4102.0 Australian Social Trends – Housing, Table 2: State Summary. Dec 2010

¹³ National Housing Supply Council: State of Supply Report 2010 page 103

Figure 9 Table 2. Household and Dwelling characteristics Australia 2007-08

Household and dwelling characteristics, 2007-08						
	One bedroom	Two bedrooms	Three bedrooms	Four or more bedrooms	Total households (a)	
	'000	'000	'000	'000	'000	% of total
One person	267.3	721.0	803.1	197.0	2,004.1	24.8
Two persons	58.3	619.7	1,432.7	625.2	2,735.9	33.9
Three persons	n.p.	174.0	681.1	456.7	1,314.9	16.3
Four persons	n.p.	76.3	592.3	587.9	1,258.3	15.6
Five or more persons	n.p.	18.2 (b)	230.4	514.2	764.1	9.5
Total households	331.3	1,609.2	3,739.6	2,381.0	8,077.3	100

(a) Includes bedsitters and dwellings with zero bedrooms.

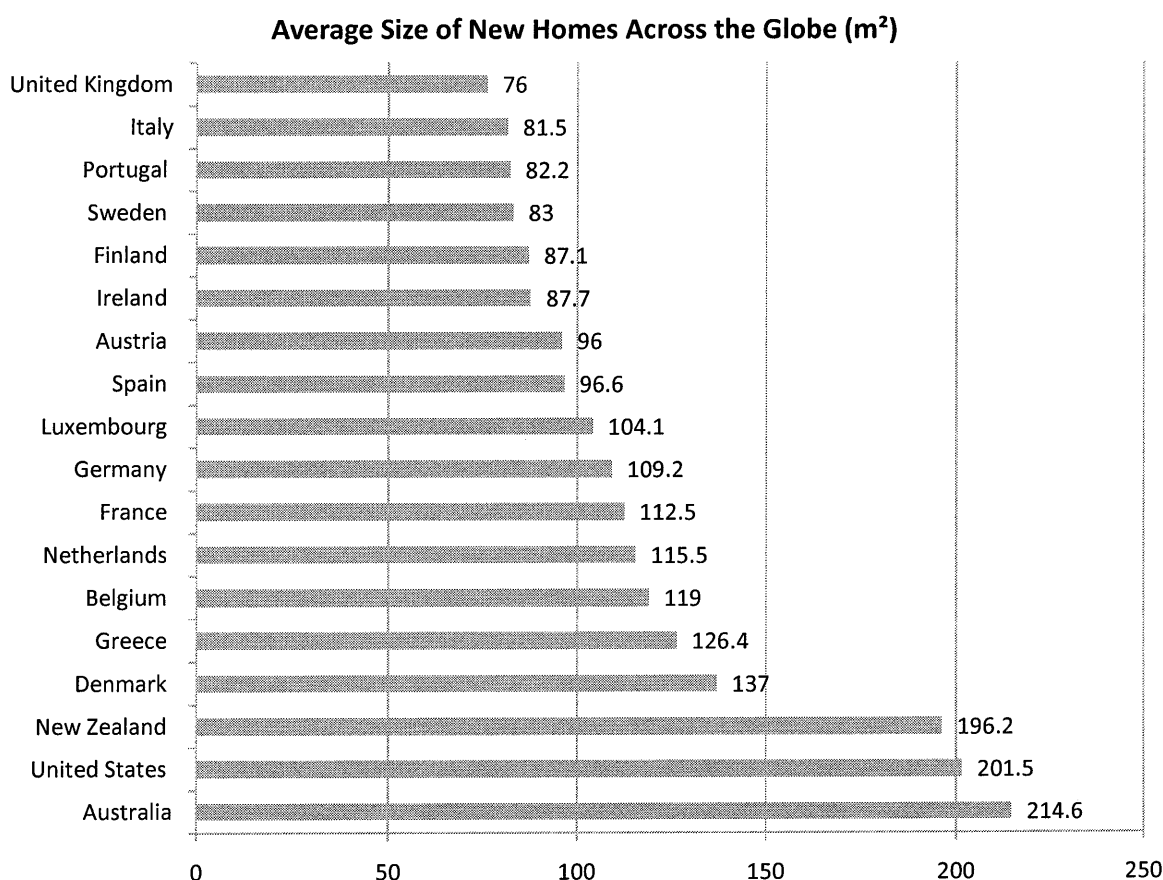
(b) Estimate has a relative standard error of 25% to 50% and should be used with caution.

Note: n.p. = not published, due to estimates having a relative standard error of over 50%.

Source: ABS, data available on request (Survey of Income and Housing, 2007-08).

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Figure 10. Average Size of New Homes Across the World

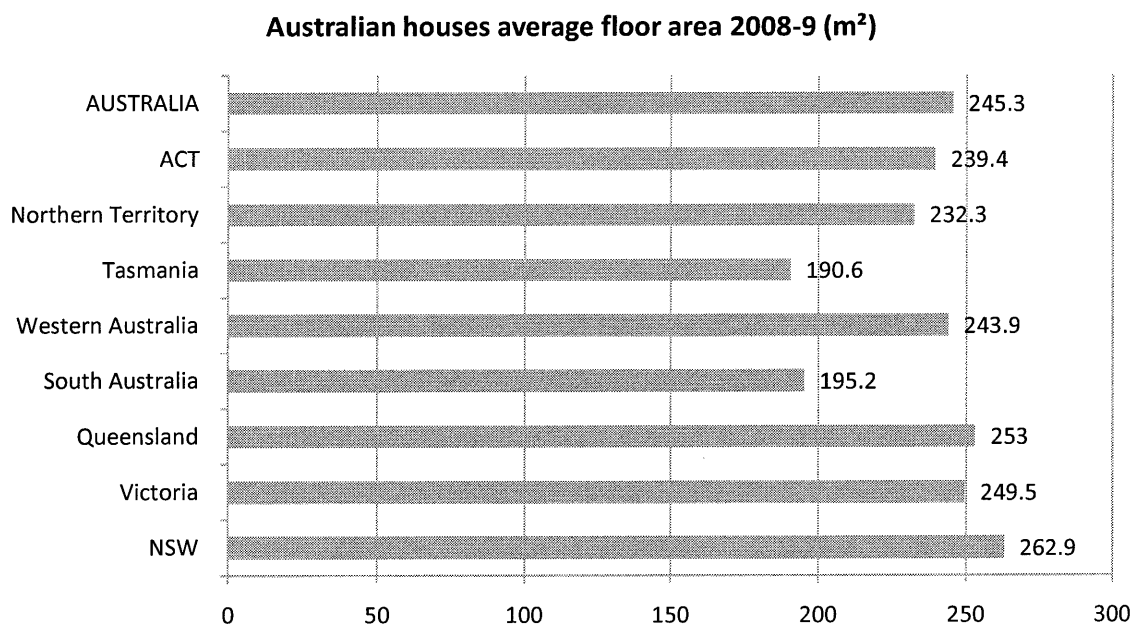


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¹⁴ Australian Bureau of Statistics • AUSTRALIA'S ENVIRONMENT: ISSUES AND TRENDS 2010 • 4613.0 • page 45

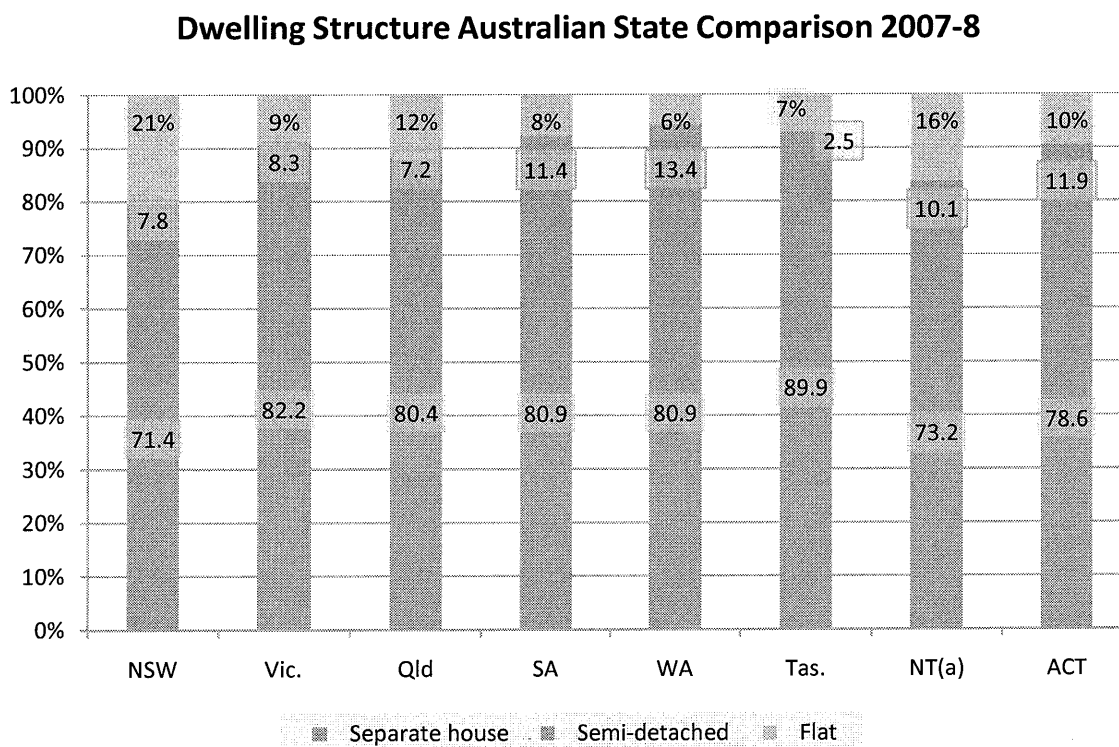
¹⁵ James, Craig. *Australian Homes are the Biggest in the World*. CommSec: Economic Insights; November 2009 downloaded from <http://images.comsec.com.au/ipo/UploadedImages/craigjames3f6189175551497fada1a4769f74d09c.pdf>

Figure 11. Australian dwellings average floor area 2008-9 m²



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Figure 12. Residential Dwelling Structure Australian State Comparison 2007-8.

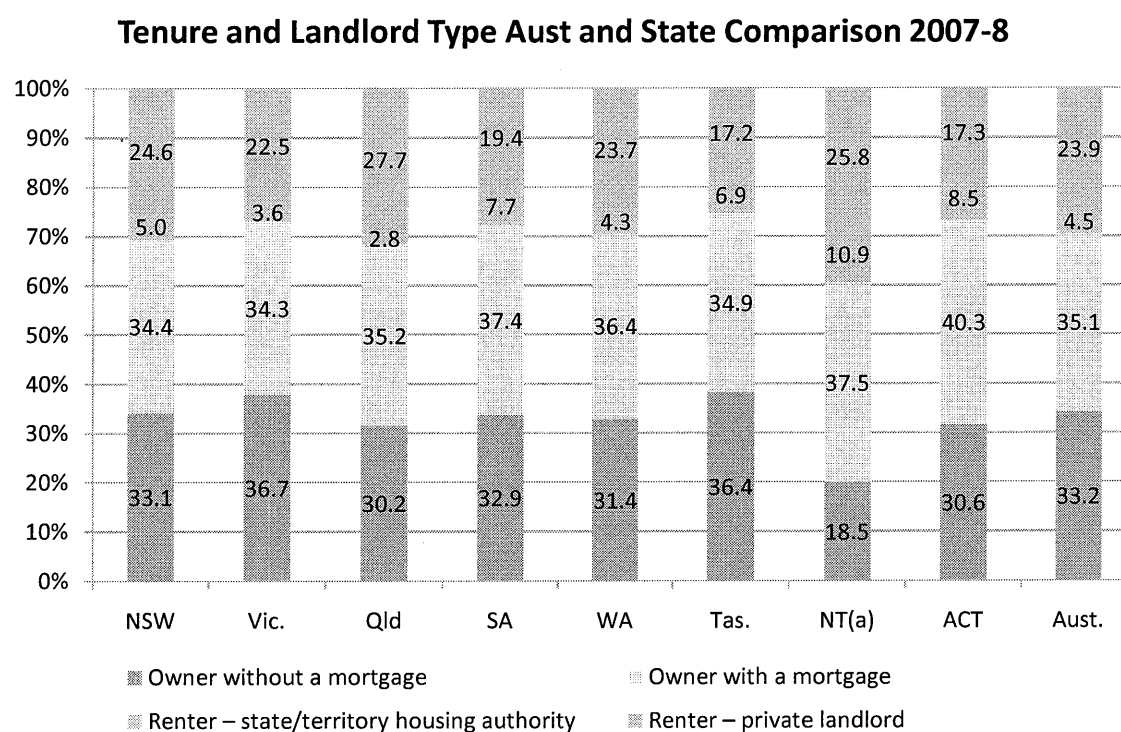


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¹⁶ James, Craig. *Australian Homes are the Biggest in the World*. CommSec: Economic Insights; November 2009 downloaded from <http://images.comsec.com.au/ipo/UploadedImages/craigjames3f6189175551497fada1a4769f74d09c.pdf>

¹⁷ Australian Bureau of Statistics cat 4102.0 Australian Social Trends – Housing. Table 2: State Summary. Dec 2010

Figure 13. Tenure and Landlord Type Australian and State Comparison 2007-8



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Figure 14 Table 3. Relevant Affordable Housing Benchmarks for the Perth Statistical Division 2010

Table 1.1: Relevant Affordable Housing Benchmarks for Perth SD

	Very low-income household	Low-income household	Moderate-income household
Income Benchmark	<\$655-\$736 per week(1)	< \$984 per week(2)	\$984-\$1467 per week(3)
Affordable Rental Benchmarks	<\$197-\$221 per week(4)	< \$296 per week(5)	\$296-\$440 per week(6)
Affordable Purchase Benchmarks	<\$153,000-\$174,000(7)	< \$230,000 total purchase cost(7)	\$230,000-\$345,000 total purchase cost(7)

Source: JSA 2010 derived from ABS (2006) Census Indexed to 2010 dollars (See end notes for Table Notes)¹

- (1) Lowest 25-30% of household income for Perth SD at the ABS (2006) Census indexed to 2010. This range is used to reflect different measures used by different social housing providers and local government authorities in Western Australia.
- (2) Lowest 40% of household income for Perth SD at the ABS (2006) Census indexed to 2010 dollars
- (3) From the 40% household benchmark to 120% of median household income for Perth SD at the ABS (2006) Census indexed to 2010 dollars
- (4) Calculated as 30% of very low-income household gross income (ABS 2006) in 2010 dollars
- (5) Calculated as 30% of low-income household gross income (ABS 2006) in 2010 dollars
- (6) Calculated as 30% of moderate-income household gross income (ABS 2006) in 2010 dollars
- (7) Calculated using 30 June 2010 interest rates and assuming a 20% deposit in 2010 dollars

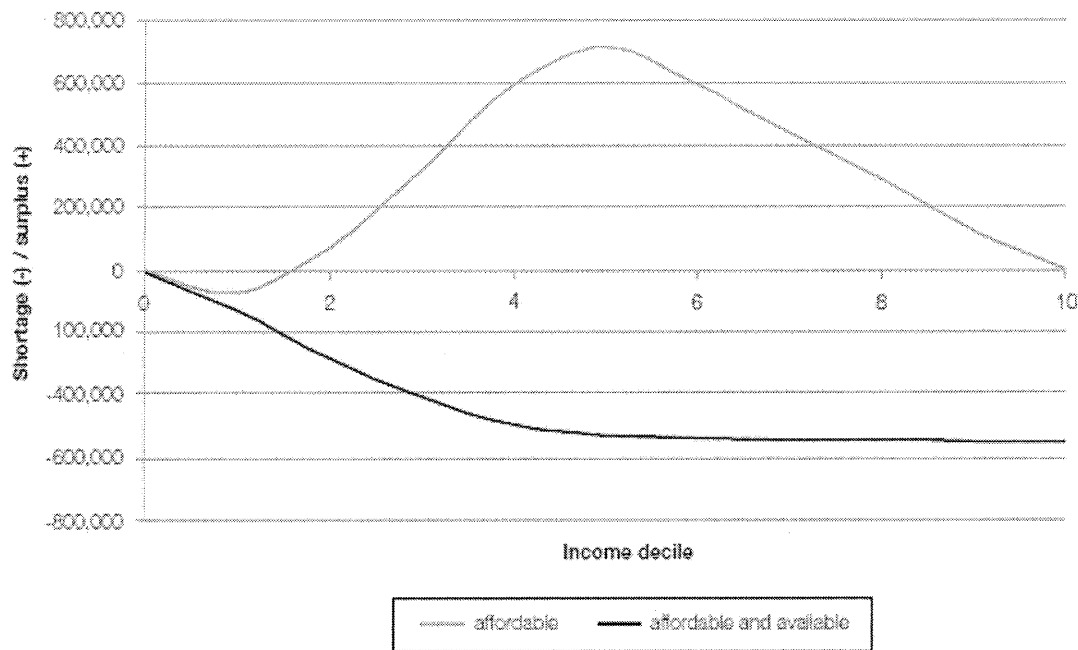
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¹⁸ Australian Bureau of Statistics cat 4102.0 Australian Social Trends – Housing. Table 2: State Summary. Dec 2010

¹⁹ Stubbs, J. *Achieving Affordable and Diverse Housing in Regeneration Areas in Western Australia Executive Summary*. Prepared for the Western Australian Planning Commission p. 4, December 2010

Figure 15. Australian Affordable and Available Housing by Income Decile 2007-08

Figure 5.6: Affordable and available housing by income decile, 2007-08



Note: 'Affordable' means rent is less than 30 per cent of gross income; 'available' means the dwelling is not occupied by a higher income household.

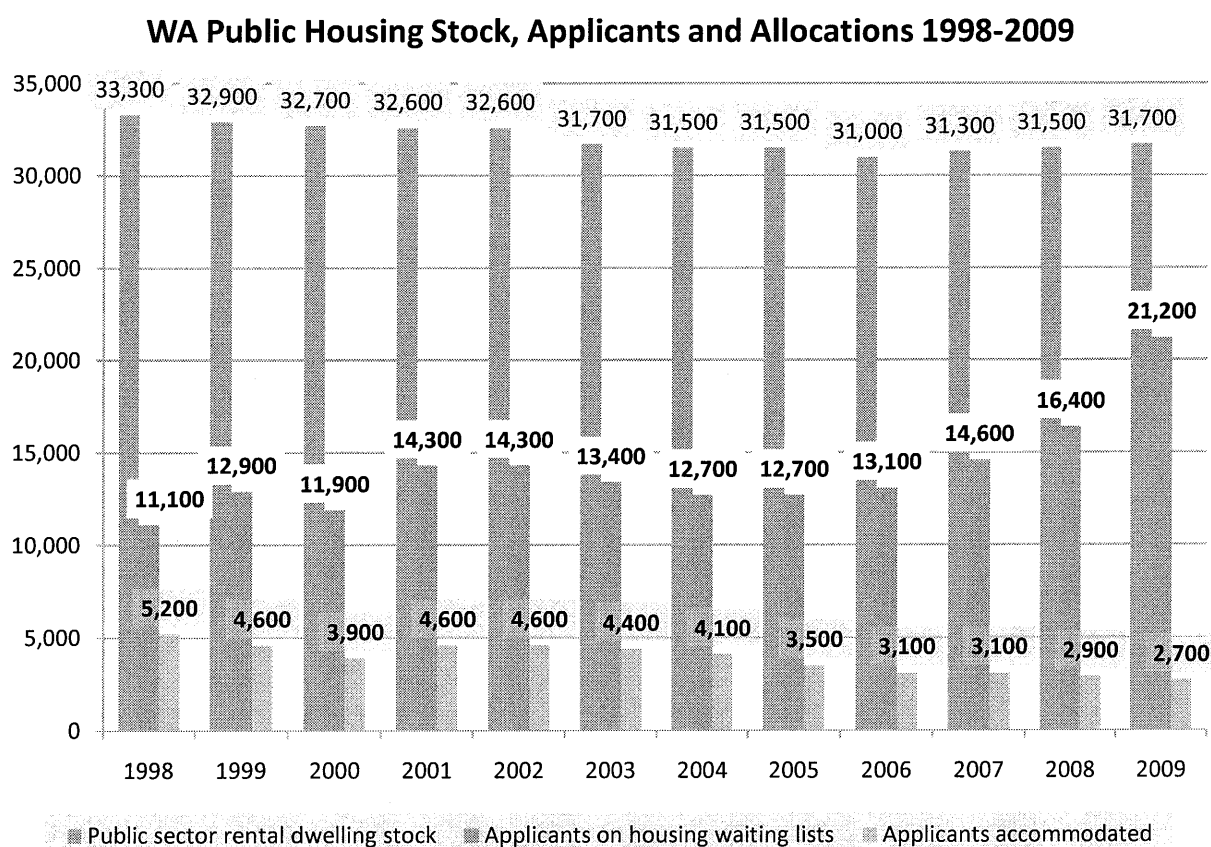
Source: Derived from Australian Bureau of Statistics, *Microdata: Income and Housing, Basic and Expanded CURF on CD-ROM/RADL, Australia, 2007-08*, cat. no. 6541.0.30.001, ABS, Canberra, 2009. Derived using methodology described in M. Wulff et al, *Australia's private rental market: changes (2001-2006) in the supply of, and demand for, low rent dwellings*, Positioning Paper No. 122, Australian Housing and Urban Research Institute, Melbourne, 2009.

The key findings relating to 2007-08 in Figure 5.6 are:

- A total of 1,410,000 private rental dwellings were affordable for the 814,000 private renter households in Australia with incomes below the 40th percentile.
- Of these, 1,089,000 dwellings were occupied by households in higher income percentiles. This results in a change from an 'apparent surplus' of 596,000 affordable dwellings to a shortfall of 493,000 affordable and available dwellings for those in the lowest two quintiles.
- For the 1,067,000 private renter households with incomes below the 50th percentile, there were 1,777,000 affordable private rental dwellings.
- Of the dwellings affordable for private renters with incomes below the 50th percentile, 1,237,000 were occupied by households in higher income percentiles. This changed an 'apparent surplus' of 710,000 affordable dwellings to a shortage of 527,000 affordable and available dwellings.
- Overall, 70 per cent of all private rental dwellings affordable to households with incomes below the 50th percentile are not available to them because they are occupied by households in higher income percentiles.

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Figure 16. WA Public Housing Stock, Applications and Allocations 1998 - 2009



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The role of government, and the private and the not-for-profit sector in facilitating affordable housing

Role of Government in facilitating affordable housing

Government must play the lead role in facilitating, encouraging and supporting the development and increased supply of affordable housing. Government has the responsibility and authority to lead and can mandate for affordable housing supply in a number of ways:

- Through imposing a minimum proportion of affordable housing provision in all new developments, subdivisions and redevelopments (mandatory inclusionary zoning)
- Through the development and initiation of a 'convert to rent' program with subsidies, grants or incentives for well located buildings that are suitable for refurbishment as affordable rental dwellings
- Through the imposition of *minimum (higher) density* building requirements in transport node areas
- Through demonstration building form examples (new narrow block row houses and 'maisonette' apartment buildings in Brighton are good examples) and models of energy efficient, passive solar, environmental sustainable homes (the Mandurah demonstration home is of note here, as is the new village planned for Broome North)
- Through relaxing residential building restrictions to allow:
 - Existing home owners to rent ancillary accommodation to anyone they choose
 - Existing home owners to renovate and reconfigure their dwellings to provide for different household forms under one roof including such types as:
 - Adult children of ageing parents, extended families sharing a home to provide care and support,
 - separated, divorced or blended families living in a single dwelling separately,
 - cultural practices supported by the physical layout of the dwelling – including separate entrances, gender specific spaces etc
 - adaptable and convertible inbuilt dwelling features to allow for larger homes to be divided into smaller units
- Through placing compulsory development timeframes and conditions on existing well located and serviced vacant blocks

Western Australia requires affordable housing supply targets and objectives, incorporating clear and specific affordable dwelling supply targets at regional and suburb level (possibly down to individual block and street quota's). Clarity in Planning and Building guidelines for affordable residential dwellings are required.

Applications for multiple unit developments from social housing providers aiming to achieve accommodation for low and moderate income households could be granted flexibility in aspects such as:

- Height and number of storeys allowed (more storeys for social housing),
- Proportion of block coverage (more of the block allowed to be covered),
- plot ratio's (more smaller dwellings in a development block),
- dwelling occupancy and density (higher density, more people accommodated),
- verge and boundary setbacks (less setback required for social housing),
- lower provisions for car parking where the site is well serviced by public transport routes²²

²² Stubbs, J. *Achieving Affordable and Diverse Housing in Regeneration Areas in Western Australia Executive Summary*. Prepared for the Western Australian Planning Commission p. 8-14, December 2010

Model rule text could be developed to allow Local Government Authorities to streamline and facilitate more and more suitable housing provision. These inclusions in Town Planning policies would benefit potential developers and housing provider organisations and avoid projects becoming bogged down in adversarial and acrimonious conflict and costly delay.

Recommendations:

1. Government immediately implement a mandatory inclusionary zoning policy to ensure a proportion of all new development includes affordable rental housing, managed and maintained by not-for-profit organisations for a minimum of 20 years
2. Government immediately establish a Housing Trust Fund, comprising compulsory contributions from landowners and developments and put toward funding community organisations to manage and maintain the affordable rental housing established under inclusionary zoning.
3. Government to develop and implement a 'convert to rent' program for its own vacant well located buildings, suitable for reconfiguration to housing stock
4. Government develop and implement a 'convert to rent' incentive program for private individuals wishing to redevelop vacant or underutilised buildings in well located areas
5. Government immediately review the R Codes and amend or rescind those that are a barrier to the provision of affordable housing
6. Government immediately develop Model Rule Text to support Local Authorities overcome local resistance by vested individual personal interests to the development of affordable housing
7. Government immediately introduce legislation that requires vacant, serviced, well located urban blocks to be developed for housing within a reasonable timeframe (say 2-5 years)
8. Government immediately rescind the legislative restriction on personal owners choice and authority over the use and letting of ancillary accommodation
9. Government immediately rescind the legislative restriction over the conversion and adaptation of single household dwellings to multiple household dwellings with appropriate guidelines

Role of the Not-for-Profit Sector in facilitating affordable housing

The not-for-profit (community housing) sector is identified as the key and primary vehicle to achieve increased supply of affordable housing in Australia and Western Australia. Many not for profit organisations are well placed, skilled and experienced in building, allocating and managing supported and affordable housing.

In terms of providing high quality social and affordable housing outcomes, and in growing the overall stock of social and affordable housing in the state, the Community Housing Sector has a number of key strategic advantages:

- Community Housing Tenants in receipt of a Centrelink payment as their primary source of income are eligible for Commonwealth Rent Assistance (CRA). This means that they have a significantly higher income than their counterparts in the public housing system. Although, Community Housing Providers are not permitted to charge tenants more than 30% of their total income in rent (with a total rent that must not exceed 75% of market rent), the boost to incomes provided by the CRA payments means that the net rent from tenants is higher than would be possible in the public housing system.
- Many Community Housing Providers qualify as Public Benevolent Institutions thus reducing their tax burden.
- Community Housing Providers, particularly larger growth providers, can cross-subsidise their social housing provision function by offering tenancies to clients whose incomes exceed the public housing income thresholds but are still caught in the “affordability gap” between the social housing and private rental market, and charge them higher rents than tenants in the former category. They can also cross subsidise by reinvesting profits made by selling select properties on the private market.
- Community Housing Providers can engage with private sector lending institutions to leverage off their asset base and rental revenue streams to grow their stock. This leveraging model is the fundamental driver of Community Housing Sector Growth and an option not available to state public housing authorities.
- Community Housing Providers are often also service providers for persons with special needs or have relationships with such service providers.
- Community Housing Providers smaller scale in comparison with the public housing system gives the sector a degree of efficiency and responsiveness to various stakeholders that, arguably, is much more difficult to realise in the public housing sector.²³

Partnerships with Community Housing Organisations (CHO's) and government would allow for best and most efficient use of land and capital. With government providing land, buildings or other capital contribution and the CHO undertaking the tenancy allocation, rental management and maintenance of dwellings strong partnerships that can benefit all parties are possible. Large levels of social housing stock transfers from public ownership to title vested in community organisations has been undertaken in the UK and Europe and achieved significant new supply and tenancy management quality improvement. The lessons from this model could be adapted for Western Australian circumstances.

The community housing sector would benefit from legislative clarity (by government) when dealing with local government and public opposition to new developments of social and affordable housing. Too often community housing organisations are impeded in the timely provision of much needed social housing supply by local resistance. Obstruction and delays are time consuming, costly and frustrating for the organisation seeking to provide housing, particularly when the process results in referral to the State Administrative Tribunal and the outcome overturns Local Government council decisions.

²³ Doyle, B. Community Housing Coalition of WA Standing Committee Submission December 2010 page 9

The not-for-profit sector would also benefit from statewide clarity in taxable or fee paying status. State departments and local government authorities do not have consistency in the treatment of not-for-profit housing providers regarding their financial obligations. CHO's operating across state and regional jurisdictions are not treated consistently – with some determined to be a 'business' with full price apportionment of rates, utility charges, stamp duties etc, some are determined to be charitable organisations (with reduced fees, concession discount rates and exempt from GST) and some benefit from the benevolence of historical affiliation with local or state authorities and are exempt from most, if not all operating and overhead costs that are met by the authority.

Community and government awareness, recognition and support of the 'Third Sector' in Western Australia is not widespread and understanding of the breadth and scope of this important sector must be promoted.

Recommendations:

10. Government immediately identify the growth and leverage targets for Community Housing Organisations.
11. Government immediately provide clarity for the Community Housing Sector as to the agreed quantum stock transfer, process and timeframes, ownership title policies,
12. Government immediately provide clarity for the Community Housing Sector as to expected operational and capital funding levels if any
13. Government provide assurance and protocols for priority access to public health, welfare, community care and support, child protection, financial counselling services, education and training assistance for low income tenants of Community Housing Organisations
14. That government investigate and address the differential treatment and classification of Community Housing Organisations across geographical regions and sector jurisdictions (public private, retail, corporate) and implement a standardised uniform fair and transparent system that levies consistent fees and charges, rates and taxes
15. Government prioritise the implementation of a uniform Joint Wait list and Housing Needs Register as a matter of urgency

Role of the Private Sector in facilitating affordable housing

As outlined in the introduction, the private rental market houses nearly 24% of all households in Western Australia and almost 50% of those on Centrelink benefits, with a significant proportion of these tenant households experiencing rental stress financial hardship (measured by a rent to income ratio over 30%).

Private sector contribution to the overall supply and allocation of affordable housing could be greatly enhanced.

The effect of unrestricted 'negative gearing' tax deductible provisions across investment types and personal income has not resulted in more affordable investment rental housing. Rather it has led to investment rental housing targeted to the high end of the market where the investor costs of financing, property depreciation, losses and capital gains tax exemptions are able to offset profits from other investment types and afford generous tax deductions on personal income. Internationally a tax-deductible investment model that is unrestricted across asset classes is rare and most OECD countries tax income and assets at higher rates²⁴.

Indirect expenditures are made through the tax system and are commonly called "tax expenditures". They include tax exemptions, concessions and benefits which reduce the amount of tax that would otherwise have been payable. They also include some tax benefits which may be greater than the total tax payable and therefore result in a net payment to the taxpayer.

Overall tax expenditure is difficult to quantify with much precision but it is reasonably clear that by 2008-9 Australia's annual total was more than \$110 billion. This includes the Commonwealth Government's estimate of more than \$100 billion for its own tax expenditures and another \$10 billion based on estimates by some State governments of their own tax expenditures²⁵.

Of the Commonwealth's own estimates, more than 30% (\$33 billion) benefited owner-occupied housing and almost 25% benefited superannuation funds and contributors²⁶. Amongst other Commonwealth and State tax expenditures, major items included exemptions or concessions concerning capital gains tax, GST, fringe benefits tax, payroll tax, stamp duties and land tax²⁷.

'The lack of any real taxation on owner occupation has also led to over-consumption and to speculative activity taking the form of ever-rising prices'²⁸.

Private individuals holding vacant, well located land that is connected to urban infrastructure such as roads, sewerage, public transport routes and utilities could be encouraged to release these assets for purposeful community use or alternatively bear a tax for the foregone social, economic and community benefit of potential well located housing supply that is unrealised. Such an initiative would have the effect of reducing land banking, deterring speculation and distributing the lucrative private capital gain windfalls that accrue.

It can be argued that the use of private ancillary accommodation is not a matter for the state or local government involvement and could be determined by the owner 'as of right'. Many local government authorities are aware that despite legislative restriction, the tenancies in granny flats are largely unregulated and the legislation is unenforced. Limitations on private individuals allowing others to let part of their owner-occupied home, and owner-occupiers who make rooms available for rent could also be

²⁴ Mellor, P. TaxWatch, *Comparative Summary Australian and OECD Tax Rates* April 2010
downloaded from: https://wic034u.server-secure.com/vs356313_secure//CMS/files_cms/Comparative%20Summary.doc

²⁵ See Australian Treasury, *Tax Expenditures Statement 2009*, Table 1.1; Warren (2004), pp201-212.

²⁶ Australian Treasury, *Tax Expenditures Statement 2009*, p6 and Table 1.3.

²⁷ See Productivity Commission, *First Home Ownership* (2004), p 109; Warren (2004), pp201-212.

²⁸ Flood, Joe and Baker, Emma: *Housing Implications of economic, social and spatial change*, p. 9, AHURI 2010

Shelter WA Submission to the WA Legislative Assembly Standing Committee Inquiry into Social Housing January 2011

freed from State concern. The contradiction in capital gains tax treatment for home-owners when sharing the home they live in, in comparison to the generous tax deductible treatment of investment housing is inconsistent and counter-productive. Marginal tax rates in the form of foregone Centrelink income and other related benefits for the lowest income renters and tenants are workforce and participation disincentives. The high taxes, unnecessarily onerous building regulations, risk and cost implications for landlords running lodging houses are a similar obstacle to supply.

Private developers, builders and landowners given permission to re-zone and subdivide greenfields into residential housing could be required to conduct a local demographic and projected affordable housing needs analysis to ensure the diversity, form, utility and long-term sustainability of housing provision is matched to community need.

Western Australian 'R Code' zoning regulations are seriously flawed in their application, and the homogeneity of dwelling types in Western Australia runs counter to logical building responses to environmental conditions, changes in household form, income levels, population and demographic evidence and interstate and international migration data.

'The R-Codes address matters such as streetscape, building design, boundary walls, site works, building height, external fixtures, special purpose and aged persons dwellings and parking provision, amongst others. Some of these requirements are limiting and counter-productive to city-centre development of the type envisaged for Stirling City Centre. They tend to result in larger dwellings that are intrinsically more expensive (less affordable) than might be necessary or appropriate for some households.'²⁹

WA does not require more, larger and outer fringe development of 4 x 2 homes. Demographic data shows that the shortage in Western Australian is for single and two bedroom units to accommodate single and two-person households.

The evidence tells us there are fewer people in family households and comparatively more older single people living alone. Among the higher income groups - single fly-in-fly-out resource sector workers, and full time employed people working longer hours there is increasing interest in 'lock and leave' and 'luxury apartment with common facilities – swimming pool, gym, undercover secure parking' dwellings.

The market has not been responsive to demand and local builders and developers have grown complacent and somewhat protected. The disparity in building costs between WA and other states, where the costs of building construction for urban new home and multi-story developments in WA are significantly higher than the cost of construction for an equivalent dwelling on the East Coast is an illustration of the non-competitive nature of the building industry in Western Australian.

'Cookie cutter' houses, poorly oriented, lacking passive solar features and without responding to community and demographic needs have become the norm in our state. The dwellings are often poorly suited to the rising temperatures and declining rainfall predicted with climate change and are usually antithetic to the environmental and demographic conditions of the location. It can appear that basic design and architectural principles have been ignored with the result that the houses are expensive and inefficient to live in due to the requirement for constant artificial heating, cooling and interior lighting. A significant proportion of Western Australian houses in outer fringe areas will become problematic in a peak fuel, carbon constrained, and water restricted future and will be a drain on WA's economic productivity and reduce the social inclusion and participation of people living in these houses in these regions.

²⁹ Hassell. *Stirling City Centre Housing Strategy* Prepared for the Stirling Alliance, p. 24, October 2010

Recommendations:

16. Government advocate for a review of the Commonwealth Tax system as it relates to, encourages and protects:
 - a. personal residential housing overconsumption,
 - b. speculation, and
 - c. exemptions of owner-occupied housing from tax and
 - d. the generous deductibility of housing investment from other income
17. Government immediately and decisively implement the full powers of the State Administrative Tribunal to facilitate and enable medium density, multi-storey affordable residential housing and short-stay accommodation developments, such as that recently proposed (and refused) by the Town of Vincent for Beaufort Street
18. Government immediately and decisively constrain further residential outer urban sprawl to reduce the deleterious impact on vulnerable mortgagees in new fringe areas where mortgage default is most evident, and where interest rate rises and increases in other costs of living including petrol and utilities have a disproportionate effect on lower income households
19. Government immediately review residential construction skills and trades training with a view to consolidating and rationalising the number of trades and skill specialities with a view to implementing logical consolidation of qualifications to provide for a higher quality of worker armed with a multi-skill set in construction and a holistic perspective that integrates with other construction trades
20. Government immediately audit industry practices in the range of construction materials used to ensure adequate diversity of choice in materials, price range and affordability and environmental sustainability.
21. Government immediately legislate to mandate that all new housing developments be 6 star environmentally friendly, built with universal accessible design or embedded adaptability features and incorporate passive solar design and water and thermal efficiency design principles as a fundamental unavoidable requirement.
22. That government immediately audit and evaluate all recently built new homes (say in the past 5-8 years) to evaluate compliance with 5 and 6 star environmental design and passive thermal energy ratings.
23. That state government identify local government authorities that have approved construction of environmentally irresponsible subdivisions of low density, high carbon footprint, unsustainable and over scale single detached residential dwellings and investigate the implementation of penalties or levies on these local authorities for community compensation resulting from the inequitable environmental burden and inbuilt overconsumption that these poorly designed conspicuous, aesthetically imposing structures exhibit .
24. Funds from this levy to be utilised as grants, no cost loans or subsidies for an emergency mortgage default fund for low income home buyers who experience an event that disrupts their mortgage payments.

The effectiveness and appropriateness of social housing allocations in the metropolitan area and regional Western Australia

In the absence of adequate supply, coupled with the removal of 'universal entitlement' to social housing, a rationed, stigmatised and residual social housing system is now evident. Social Housing allocations are as good as they can be in this environment. Public Housing officers and Community Housing providers make extremely difficult allocation decisions and deal with the stress and frustration of being unable to meet the demands of urgent and critical need every day.

A uniform, joint, combined and categorised or segmented waiting list that connects public and community housing stock availability and demand as recommended by the Social Housing Taskforce is required as a matter of urgency. This list could include a:

- Housing applicant Needs Register³⁰ to identify **actual current** and **foreseeable** housing need for the individual applicant. This register must have details of:
 - current and foreseeable housing need for each applicant household member
 - likely projected duration of need for housing assistance and
 - details of any accessed support agencies or community care entitlement that applicants and household members may have.

In addition Community Housing providers must be supported financially both in capital contributions and fee exemptions and in practice with guaranteed or prioritised access for their tenants to public and community health services, mental health intervention, mediation, community aged care and other forms of assistance if they are to be required to accommodate a high proportion of the most disadvantaged, most complex and multiple need, most disengaged and the poorest of those in our community. To abrogate state responsibility to community agencies without adequate complementary support and financial resources is both doomed to fail, and an unfair imposition on the third sector.

³⁰ A draft Housing Risk Assessment tool is currently being trialled by the Department of Housing and Community Housing Providers. Preliminary evaluation is positive

The impact of public housing need on specific groups

The most disadvantaged cohorts are further disadvantaged by the lack of public housing supply. The ABS and Productivity Commission data shows the extent of housing stress among the lowest income groups. Young people, Aboriginal people, people with mental illness, people with intellectual and physical disabilities, people escaping family violence, low-income single parent families, single older women, people with drug and or alcohol dependencies, are all further excluded from social and community participation, employment, health benefits, training, education and other personal wellbeing and satisfaction reinforcements by the lack of access to affordable housing. Entrenched intergenerational poverty has emerged, in stark contrast to the 'fair-go', opportunity for all and 'poor made good' trajectories of many social housing tenants of times gone by, when 'State Housing' and 'War Service Housing' was universally available and those tenant households experienced little, if any social stigma.

The growing disparity between Western Australian housing 'haves' and 'have nots' is visible and increasing. The social housing safety net is failing, and the WA market is so contorted that it has failed to respond to the obvious supply gap and lack of diversity in dwelling type.

Recommendations:

25. Government immediately advocate for a Commonwealth review of the Income Support System and Centrelink / Commonwealth Rent Assistance levels and rates of indexation to bring greater transparency, consistency equity and parity amongst all people in receipt of income support and receiving rent assistance
26. Government lobby for greater Commonwealth funding and long term commitment for new social housing construction as a proportion of all new construction and
27. Government lobby for Commonwealth funding and long term commitment for the ongoing operational costs of social housing tenancy management and maintenance

The key factors influencing the supply of 'sub-market' affordable housing in Western Australia

Key factors inhibiting the supply of sub-market affordable housing in WA are:

- local government R-code and zoning restrictions,
- onerous and unnecessary approvals processes,
- negative public opinion magnified by inaccurate representations of low-income people characterised by undesirable antisocial personal traits,
- community and public perception ignorance / misunderstanding about 'affordable housing' The correct definition of 'affordable' is a housing cost to income ratio: housing is affordable if it costs no more than 30% of the income of low and very low income earners - the lowest 40% of the income range - but is commonly understood to refer to a *type* of dwelling or *style* of development (slums, ghettos, high rise apartment blocks, enclaves of human dysfunction, violence and marginalisation)
- Western Australian construction skills and trade training models have increasingly become 'specialised' with union and site demarcations for specialty roles and 'sub-trades', compromising construction efficiency, diminishing a tradepersons responsibility for the final product outcome and reducing the quality of workmanship
- Western Australian restrictive construction industry practices in the choice of materials inflate building costs and complicate and delay construction

Dwelling construction costs in WA are associated with high labour costs, trade restrictions and skill demarcations, together with unnecessary restrictions on types of construction materials

Problem issues at Local government level include: overly restrictive building setback requirements, unnecessarily low height restrictions for multi-unit developments, a high number of parking bay requirements despite good access to public transport, blanket region-wide prohibition on multi-unit developments, inflexibility in the use of alternative building and construction materials, impediments to owners' discretionary use of ancillary accommodation and barriers to owners' ability to reconfigure dwellings to facilitate house sharing or convert to rent (adaptability).

There is a layer of inequitable tax burdens and disproportionately unfavourable marginal tax rate implications for landlords in the forms of:

- heightened personal income tax for those landlords receiving income from rent and the inclusion of capital gains tax on the dwellings rented, (even when dwellings are rented philanthropically at an affordable or discounted rate to a low-income tenant)
- the treatment of social and benevolent landlords as commercial entities attracting the highest fees and charges for utilities and other public services and community infrastructure levies.

The integration of social housing asset management strategies into the larger urban and regional development process

Affordable Housing and in particular Social Housing stock (targeted and reserved for those on the lowest 10% of incomes) should be included as 'Community Infrastructure', **held in perpetuity and increased proportionately over time to cater for population growth and demographic changes**. Urban and regional infrastructure must include social and affordable housing as a necessary aspect of any local or community development initiative.

Reserved crown land (for future roads or other) could be made available (with 30, 50 or 99 year leases at no or peppercorn rates) for the construction of social housing, and underutilised, underdeveloped well located land and buildings held by Church institutions, quarantined from most local, state and commonwealth taxes due the favourable PBI and DGR treatment of religious entities could also be subject to encouragement for affordable housing development.

Adequate supply of social and affordable housing stock is essential for strong economic performance and productivity and affordable housing targets and future projections for social housing supply that are linked to demographic needs should be included in all urban and regional development planning.

Recommendations:

28. Government promote and encourage the adoption of alternative models for the provision of affordable housing that are maintained for the long term and in perpetuity including actively facilitating the establishment and growth of
 - a. Community Land Trusts
 - b. Cooperative and Community Group Tenant/Resident Ownership Housing Models
29. Government facilitate and enable the development and provision of adequate stock of serviced apartments, short-stay hotel/motel/backpackers style accommodation and private or community organisation owned and managed Boarding / Lodging Houses
30. As a matter of priority, government address the barriers to the development construction and provision of quality registered Boarding and Lodging Houses to address the current unregulated informal system of individual owners exploiting a need and supply gap - running poor quality and unsafe 'doss houses' that charge exorbitant rent levels. These dwellings are usually run down well located residential family houses unfit and unsuitable for the purpose of a Boarding House, but operate outside legal scrutiny if accommodating 6 or less unrelated individuals on a 'share' basis
31. Government require that tertiary institutions and education / skills training colleges that provide international and interstate student opportunities are actively engaged in housing support and assistance with affordable student accommodation access and provision including holding responsibility for providing and managing a reasonable proportion of anticipated non-local student dwelling units/beds needed as part of their institutional duty of care.

Financing affordable and sustainable social housing

There are a number of government cost and expenditure neutral initiatives that could be implemented and some that would raise revenue for government to direct to housing and infrastructure provision.

Cost neutral initiatives include:

- granting (free) long-term leasehold to community housing organisations on unutilised and reserved crown land to build and manage affordable rental housing stock
- granting community organisations lease-hold, management and development approval for refurbishing and converting excess and vacant government building stock in well located areas into affordable rental housing stock.

Revenue positive initiatives could include:

- Introducing an annual levy on privately owned undeveloped well located and serviced urban residential land and infrastructure
- Introducing gifting, death and inheritance duties (with an appropriate high threshold – for example to be payable only on estate's worth over \$3 or \$5 Million)
- Introducing a tax on owner occupied residential dwellings that are grossly under occupied (2 or more bedrooms excess to requirements) Implementing a State zoning conversion offset contribution fund paid by landowners and developers for the financial windfall that results from change in zoning from rural to residential subdivision

Recommendations:

32. Government identify well located green field, former industrial sites or brown-field crown land parcels suitable for medium term housing development
33. Government develop model long term leasehold contract terms to apply over crown land identified as suitable for housing development to ensure ownership is retained by the state
34. Government to work with Community or Corporate partners to implement the construction and supply of affordable housing on suitable crown as identified above, with the aforementioned leasehold contract terms, appropriate capital maintenance and means tested tenancy management arrangements to facilitate the provision of affordable rental housing
35. Government explore the development of a model for the establishment of a social housing investment and support fund with revenue gained from
 - a. levies on Local Government Authorities for allowing environmentally and socially irresponsible over scale single detached residential development in contrast to the housing needs identified for the region's population and demographics
 - b. a new annual tax on private owners of well located vacant urban blocks suitable for housing development (currently fuelling speculation due to scarcity)
 - c. a new annual tax on private owner occupiers with 2 or more (or 3 or more) vacant bedrooms (ie. gross under-occupation) residing in well located urban regions where low rental vacancy rates drive escalating rent inflation
 - d. a new means tested inheritance tax for deceased estates with a gross asset value over a certain threshold (ie. \$3 - 5 million)
 - e. landowner and developer contributions from a zoning conversion offset contribution fund

Alternative models for the provision of social housing

A number of alternative models for the provision of social housing that are not common in Western Australia include:

- Community land trusts – where the cost of land is separated from the cost of the dwellings upon it and held in perpetuity by a charitable provider. This allows for lower rents and lower purchase price (in shared equity arrangement and with caveat over re-sale)
- Housing co-operatives, where the property and associated dwellings are owned by the group and residents are joint and co-operative owners, without strata title or individual sovereign right
- No-frills boarding houses and hostels with varying intensity of tenancy/resident management and caretaker / hotel services
- Serviced / supported apartments linked to tenant participation in education or training or vocational employment (the 'Foyer' and 'Common Ground' models),
- Universal design / adaptable / multipurpose group residential facilities that will accommodate a variety of tenant cohorts and needs (aged accommodation is also suitable for disability accommodation, and need not exclude 'able-bodied' households in need),
- Youth & student housing can also be seasonal workers accommodation or housing co-located to meet the needs of these groups simultaneously.

Specialist dedicated and targeted accommodation can be an obstacle when community and demographic needs change over time, and restrictions over use or resident characteristics within a general safeguard of 'affordability' or 'community social housing' are unnecessary, inflexible and potentially an impediment.

Recommendations:

36. Government facilitate and enable the development and provision of adequate stock of serviced apartments, short-stay hotel/motel/backpackers style accommodation and private or community organisation owned and managed Boarding / Lodging Houses
37. Government require that tertiary institutions and education or skills training colleges and providing international and interstate student opportunities are actively engaged in housing support and assistance with affordable student accommodation access and provision including responsibility for providing and managing a reasonable proportion of anticipated non-local student dwelling units/beds needed.

Factors facilitating the movement of people from the social housing sector to the private market and home-ownership;

The two key factors that prevent people making transition from the relative security and affordability of social housing tenure is their long-term poverty and fixed low income level combined with the large gap between social housing rent levels and the entrance / establishment costs and ongoing cost of other forms of tenure for an equivalent housing product.

Some ways to address this could be to:

- Relax the workforce disincentives and high marginal tax-rates (Centrelink benefits lost), with a scaled and time-limited program for low income social housing tenants to allow and encourage them to gain employment, build earnings and save for transition from social housing
- Provide more opportunities for tenants to access and transition with promotion of shared equity and low cost home loans to those above social housing income eligibility criteria
- Encourage, incentivise and if necessary subsidise private market landlords to target their private rental allocations to those higher need or lower income households. This encouragement could be attractive for those landlords with established freehold rental housing without debt or mortgage encumbrance, and for whom negative gearing opportunities are negligible but income from rent and associated increased personal tax implications significant.

Recommendations:

38. Government explore ways to incentivise and encourage private landlords to match allocation private rental tenant applicants to household type and rent cost (ie. cheap rental houses allocated for low income households and large family dwelling allocations prioritised for large family households)
39. Government continue to promote, support and increase Keystart and shared equity housing loan products currently provided in WA
40. Government investigate the benefits of developing and implementing a means tested first home saver account product with possible government subsidy, reduced tax benefits, higher interest rates payable or other features to encourage and support low and moderate income people to save a deposit, that does not have the a consequential inflationary effect seen with introduction of the broad and blunt, universal fixed sum First Home Owner Boost and First Home Owner Grants that counterproductively was accessed by high income individuals, recently arrived skilled migrants and others not in need of assistance

Particular housing initiatives needed for regions of rapid growth.

Regions of rapid growth need rapid housing provision. The use of suitable climatically appropriate transportable houses and pre-fabricated dwellings are a viable and necessary response to avoid housing shortage, labour market and skills bottlenecks and demand driven price inflation.

A reasonable share of the lucrative profits and other benefits realised by companies and workers in the WA Mineral and Mining sectors have not been proportionally directed to the local regions from where these valuable materials are sourced. Permanent local residents and local governments complain that the effect of these companies' activities is detrimental to the local and regional economy because:

- Local housing scarcity drives up housing costs for existing residents and those new residents attracted to the region in pursuit of employment opportunities,
- puts pressure on local community infrastructure and
- the anticipated improved economic benefits of increased consumer spending by people employed in the minerals and mining sector is not experienced because mine sites fully service workers needs with self-contained on-site facilities and goods and services transported in from further afield than the local businesses and providers
- workers fly-in-fly-out and spend their earnings elsewhere

Local government regulation that unnecessarily limits housing supply and the ability for responsive individual and market solutions able to deliver timely and affordable housing effectively jeopardises local economic productivity by:

- constraining growth of the local resident population
- by extension limiting the associated increased local consumer spending,
- constricts community development and growth because local government revenue base derived from local ratepayers is not proportionally increased with the increased resident population (because they are temporary visitors who fly-in-fly-out),
- distorts the local social fabric by fragmenting local residents extended family and support relationships due to those lower income residents unable to meet inflated housing and other costs of living being forced to relocate
- extended family and intergenerational wellbeing is enabled by proximity and geographical convenience, distance from family and other informal social supports reduces local resident feeling of security and satisfaction

Counterproductive local regulations are:

- the limitations over allowable diversity of residential building forms restricted to a narrow range - often to a homogenous blanket supply of **only** 4x2 brick and tile steel frame single storey detached houses, (often where the local demographic need is for 1 and 2 bedroom disability accessible units)
- not allowing a diversity of lot sizes and multiple dwellings on one lot in a subdivision,
- only providing for a small choice of allowable residential building types – such as not allowing:
 - unit developments of low-density low-rise apartment buildings,
 - flats to be built over shops or garages,
 - not approving homes at the rear of studio's and service outlets ie. not allowing commercial and residential buildings to be co-located
 - not allowing anything higher than 2 storeys,
 - not allowing any residence to be smaller than 180m², or flats to be smaller than 60m²
 - restrictions over the location of aged care (and special purpose) facilities

- not supporting use of the widest possible range of a variety of durable construction materials to suit the location, regional climate, intended purpose of the building, life-time projection of the dwelling

The new initiatives happening in Karratha to develop a workers village and apartment block are commendable, however addressing resistance to local building approval against development of hotel/motels and serviced apartments, along with adequate supply of low-cost and high end boarding/lodging/rooming houses would ameliorate local and regional labour shortages in the short to medium term.

Recommendations:

41. Government require that Mining and Resource Sector Companies engaged in minerals extraction and mine site development in regional areas be required to provide a proportion of regional town-site dwellings and accommodation facilities to support the economic and social development of the local government authority. This proportion of new town dwellings to be identified as a ratio of the number of mine site employees (say one dwelling in town for every 10 mining workers) available for low and moderate income key workers. These dwellings may be the same 'donga style', transportable pre-fabricated buildings provided by mines on-site.
42. Government require that mining and resource sector companies pay an equivalent and proportionate level of local government rates and charges. This ensures a long term benefit for local permanent residents and enables local authorities to develop, provide, enhance, improve or maintain community infrastructure including roads, sewerage, sports grounds and community facilities impacted by mining operations.
43. Government utilise powers to ensure regional serviced lands is available and mechanisms to ensure guaranteed local government planning approval to developers wishing to supply adequate stock of a variety of housing forms, rental dwelling types or temporary accommodation supply
44. Government actively promote and support the presence of not-for-profit community housing organisations to partner with mining companies to manage town rental stock provided under the aforementioned initiative. This will ensure low and moderate-income households are not excluded from housing and rents prices are not driven by opportunity to maximise company profit and are therefore not prohibitive for non-mining workers and others.