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### **An Inquiry into the adequacy and future directions of social housing in Western Australia**

I realise that this submission is made after the closing date of the 10 December 2010 and therefore may not be accepted. That said I note submissions on the parliamentary website indicating submissions have been accepted after this deadline, and so I make this contribution also.

As Mr Noel Pearson, Cape York Institute, says, *"the current model of social housing in Australia, has promoted dependency and passivity to the point that there is now intergenerational expectations that the Government will provide, maintain and replace housing for people."* That is not a good space to be in.

That cycle of dependency needs to be lessened and become more balanced with a greater level of self responsibility.

In his submission to the Committee Mr Bob Mitchell, Chair of the Country Housing Authority, and with his considerable experience in this sector has made a case for much greater emphasis on Shared Equity in public housing.

Out of the Department of Housing Kununurra Office, there are approximately 350 social houses being managed in the East Kimberley region. I am advised that not one of those tenants is engaged in the shared equity schemes. The glossy brochures and website explanations of these schemes have not been, and will not be effective, in helping those tenants consider options other than perpetual reliance on social housing. It is going to need skilled and motivated Case Managers to meet with some of those clients more able and likely to succeed in shared equity if any progress is to be made. Case Managers who visit people in their homes, explain and coach them toward dependency. The pay off from doing that is big:

- it progressively frees up government capital which can be re-invested in new and more housing stock to assist with waiting lists.
- it progressively lowers maintenance costs, as a new culture emerges through tenants in shared equity having different mindset to property management.
- it starts to get people currently locked out of capital growth, into growth accumulation over time, and into intergenerational asset and wealth transfer.

It is recommended that more of the existing resource for social housing be directed to an effective case management program to drive a shift toward shared equity.

### Wunan Example

In the East Kimberley one model often cited as successful in terms of affordable accommodation is the Wunan Foundation Model. The fact that it gets quoted so often as a leading example probably indicates how few options there are in most places to support young apprentices, trainees etc which may need accommodation support. The reputation of the Wunan Model exceeds reality.

There are two components to the Wunan model in Kununurra. The first is Wunan House designed and operated as a Bed & Breakfast before it was purchased by Wunan. Essentially it is a boarding house with common room, with a live in "house keeper". Cost is around \$200/week per tenant. The second Wunan example is known as Pindan Place. This is a 3 villa site, of concrete tile panel homes built by aboriginal men who were taken of unemployment through a Project generated and sponsored by the Beacon Foundation, Department of Housing, Lotterywest etc (The Project called Something Concrete built a 4<sup>th</sup> house but this used by Wunan staff). An excellent building project in its own right which lead to the formation of new aboriginal labour hire company called Wanna Work. The creation of Wanna Work is truly transformational in Kununurra.

Despite the good intentions and successes, both Wunan examples have failed so far to lead to tenants moving on and into their own homes or housing arrangements in a planned structured way- and achieving this transition is key aim. The reason for the failure is attributed to lack of quality and dedicated Housing Case Managers. We will not have a high success rate of transitioning young aboriginal people away from this sort of accommodation into more sustainable housing options without quality, resourced and focused Case Management for it.

### GROH

The GROH housing system is also in need of review and in some sense is a different form of social housing. It is common for GROH rental subsidies to be in the order of \$30,000 (or more) per year per home.

Current government policy set in 2001 provides for a contribution of up to \$9,000 per year to government officers who purchase their own home in a regional location, and who vacate their allocated GROH property. This contribution is at the discretion of Agency Director Generals, and is applied inconsistently across the public sector. It is applicable for a 5 year period. In any event it is not being taken up often and is therefore an ineffective incentive, leaving government with an ever increasing cost of subsidies for regionally based government officers.

Encouraging public officers to buy their own homes is consistent with regional development aims, and has potential benefits in;

- reducing the turn over of public officers in region thereby reducing government relocation costs
- freeing up housing stock which can be re allocated, and in the process tempering the rental market, which relates directly back to housing affordability.

Many public officers are investing in housing elsewhere in Australia in order to keep their subsidised (social) GROH house.

It is recommended that the Government consider a pilot program whereby incentives in the order of \$20,000 per year are offered in key locations in an attempt to reform this sector and drive the benefits for government and regions. Even at that level of incentive the government is financially in front, for every tenant which vacates a GROH property in locations where high rentals exist (e.g. Pilbara).

A pilot program such as that could compliment Governments effort to grow regional locations through programs like Pilbara Cities, and the Ord-East Kimberley Expansion Program.

#### Lifestyle Villages

The concept of lifestyle villages in regional locations has been around for some years but has been slow to materialise on the ground. The service workers village at Karratha is perhaps the first example on the ground.

Lifestyle villages such as exist for the senior market may offer a lower entry point for people into home ownership compared to conventional housing/units. It may have particular benefits in regional locations where young people are often starting in their working lives, and do not have the resources to afford high rental or house prices. It may offer a bridging strategy for people to move away from social housing and build equity which they can use later to acquire other housing. Secure villages with good amenities will be attract to many young working people as a start of investment before they reach the stage of their own families.

#### Crown Land Leases

Land could be developed as a Crown Land residential sub division with all the facilities and services expected of a private sector development provided, in line with all the conditions required by the Western Australian Planning Commission.

Allowing buyers to purchase a lease and build their home reduces their deposit required and potentially gets them into their own home in the order of \$150,000 cheaper than through a conventional buy land and build approach, with the option of buying Freehold Title at any time, as they can afford it and the lease then being cancelled. That arrangement can be structured so that the value of the land is paid to government whenever the property is sold in future years. That option for social housing tenants may encourage a shift toward home ownership.

I hope these suggestions may be of some interest.

Regards



Peter Stubbs