More than a Roof and Four Walls

Social Housing Taskforce

Final Report - 30 June 2009
One of the fundamental needs of any human being is shelter. It rates up there with food and water! Unfortunately access to quality, affordable housing is not available to all Western Australians. After decades of inaction and lack of investment by successive governments, many indicators, such as the public housing waitlist and housing stress, have clearly been at unacceptable levels for far too long.

The Social Housing Taskforce members were invited therefore to review all options for addressing these issues and to try and meet an aspirational target of 20,000 new social and affordable housing units by 2020. In the last six months we have consulted, analysed, deliberated and reviewed the data and the day-to-day realities of the Western Australian housing market.

We believe that the aspirational target can be met, but only with a significant change in the way which housing is managed in this State. It will take a whole of government, whole of community commitment with a new way of looking at this crucial component of people’s lives. The Department of Housing will need to take a new leadership role within a comprehensive social and affordable housing continuum which supports individuals and families from homelessness to home ownership. It will also have to be led by continuing significant investment, by both Federal and State Governments, into the social and affordable housing continuum. The recent economic stimulus packages for example will create an additional 2,600 housing units in Western Australia. This momentum cannot be lost.

The Taskforce also recognises that a house is much more than a roof and four walls. When people are facing significant crisis and/or making major life transitions like leaving out-of-home care, or periods of incarceration, they need strong levels of support to maintain their housing stability and move onto housing sustainability. Capital investment in the housing market must be matched by high levels of individual and family support for people in crisis or at significant risk of falling into crisis.

The Social Housing Taskforce Report “More than a Roof and Four Walls” is a carefully considered and integrated response to a long-term complex problem. We believe that there is no simple solution or “silver bullet” but rather the need for a total integrated system response which will encompass supply and demand side initiatives and the ongoing goodwill and investment by all levels of government, the private sector, the community sector and by the wider community.

I would like to thank all of the members of the Taskforce for their fantastic efforts during these last six months. The contribution of all members has been significant and our deliberations have been marked by a high level of commitment, goodwill and unanimity.

I would also like to thank the Taskforce Secretariat which has done an outstanding job in researching, reviewing and synthesizing a massive amount of material.

We all commend this Report to the Western Australian community with a hope that all of the stakeholders in this important work can move forward together to implement the findings and recommendations we have crafted together.

In the last six months together we have done a great deal of work but much more needs to be done and the current momentum in social and affordable housing cannot be lost. The future economic and social prosperity of all Western Australians will be diminished if we do not respond to these challenges.

Ian Carter AM
Chair
Social Housing Taskforce
## Social Housing Taskforce Membership

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<td>Mr Ian Carter</td>
<td>Taskforce Chair</td>
<td>Chief Executive Officer&lt;br&gt;Anglicare WA</td>
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<td>Ms Sue Ash</td>
<td>Chief Executive Officer</td>
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<td>Mr Ian Hill</td>
<td>Director, Community &amp; Economic Development Directorate - City of Mandurah</td>
<td>Western Australian Local Government Association</td>
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<td>Ms Anne Arnold</td>
<td>Chief Executive Officer</td>
<td>Real Estate Institute of Western Australia</td>
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<td>Ms Emma Benney</td>
<td>General Manager – Ross Griffin Homes&lt;br&gt;Housing Industry Association</td>
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<tr>
<td>Mr Russell Gibbs</td>
<td>Chief Executive Officer</td>
<td>Hawaiian Group Pty Ltd</td>
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<td>Ms Judith Harley</td>
<td>Manager, Research and Policy&lt;br&gt;Urban Development Institute of Australia (Western Australia)</td>
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<td>Mr Andrew Whitechurch</td>
<td>State General Manager&lt;br&gt;National Australia Bank</td>
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<td>Mr Shane Hamilton</td>
<td>Executive Director&lt;br&gt;Social Housing Coordinator&lt;br&gt;Department of Housing</td>
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The Taskforce will provide advice to the Minister for Housing on how to expand the supply of social housing and consider as part of its deliberations:

1. National and international models of social housing financing and provision which may be applicable to Western Australia (supported by evidence which is comparable and reliable)

2. Strategies to increase the participation of the community housing sector, not for profit organisations, the private sector and local government in the provision of, and management of, social housing

3. The long term role of the State within a modern social housing framework considering aspects including the provision of dwellings, management of tenants, management of waitlists, regulatory frameworks, and provider of partnership based funding

4. Strategies to improve the optimisation and utilisation of current public housing stock

5. Funding models that identify new and innovative approaches to long term sustainable funding including the investment of private sector capital

6. Methodologies to underpin demand modelling and the setting of appropriate long term targets for the level of social housing provision

7. Observations regarding the capacity of the public, private and community sectors to support the new approaches identified by the Taskforce, and ways in which this capacity can be enhanced, if required
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<td>AIHW</td>
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<td>CPI</td>
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<td>COAG</td>
<td>Council of Australian Governments</td>
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<td>Commonwealth Rent Assistance is an income support payment provided to people on a pension, allowance or in receipt of more than the minimum Family Tax Benefit and paying a rent above a minimum amount to a private sector landlord or community housing provider. Rent assistance is not payable to tenants in public housing.</td>
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<td>DSC</td>
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<td>First Home Owners Grant is a grant of $7,000 paid to first home buyers to help towards the purchase of their first home. In October 2008, the grant was temporarily increased to $21,000 for first home buyers of new homes and $14,000 for established homes. The boost payments will be halved between 1 October 2009 and 31 December 2009, after which the grant reverts back to $7,000.</td>
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<td>GST</td>
<td>Goods and Services Tax</td>
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<td>MUHC</td>
<td>Multi-Unit Housing Code</td>
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<td>NAHA</td>
<td>National Affordable Housing Agreement replaced the CSHA on 1 January 2009 and is the Commonwealth and State funding agreement for the provision of housing assistance.</td>
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<td>NFP</td>
<td>Not for Profit in a housing context refers to charitable and community housing providers with PBI status that do not make profits for shareholders but instead reinvest any surpluses back into their activities.</td>
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<tr>
<td>NIMBY</td>
<td>“Not-in-my-backyard” is a commonly used term describing the reluctance of home owners to see any redevelopment of land in their immediate neighbourhood.</td>
<td></td>
</tr>
<tr>
<td>NPA</td>
<td>National Partnership Agreement is an agreement between the Commonwealth and States to fund specific purposes for a set period. There are currently four such agreements in housing covering Homelessness, Remote Indigenous Housing, Social Housing and the Nation Building and Jobs “stimulus”.</td>
<td></td>
</tr>
<tr>
<td>NRAS</td>
<td>National Rental Affordability Scheme is a Commonwealth and State program to help increase the supply of affordable rental dwellings by up to 50,000 by 2012, with a further 50,000 to be made available post July 2012, subject to demand. Rent for these properties will be charged at 20% below the market rate for eligible tenants.</td>
<td></td>
</tr>
<tr>
<td>PACH</td>
<td>Property Asset Clearing House is the mechanism used by the State Government to oversee the disposal of surplus government land.</td>
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</tr>
<tr>
<td>PBI</td>
<td>Public Benevolent Institution is a non-profit institution organised for the direct relief of poverty, sickness, destitution, suffering or misfortune for the benefit of the community.</td>
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</tr>
<tr>
<td>PHLP</td>
<td>Public Housing Leasing Program is a Department of Housing program that leases public rental housing to registered Community Housing Providers.</td>
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<tr>
<td>RAESP</td>
<td>Remote Area Essential Service Program is administered by the Department of Housing to provide power, water and waste repairs and maintenance services to 91 remote Aboriginal communities in Western Australia.</td>
<td></td>
</tr>
<tr>
<td>R Codes</td>
<td>Residential Design Codes provide the basis for controlling the siting and design of residential development in Western Australia.</td>
<td></td>
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<tr>
<td>REIWA</td>
<td>Real Estate Institute of Western-Australia</td>
<td></td>
</tr>
<tr>
<td>SHAP</td>
<td>Supported Housing Assistance Program is a tenancy support program for public tenants facing eviction, funded by the Department of Housing, with support services provided by contracted service organisations.</td>
<td></td>
</tr>
<tr>
<td>SAAP</td>
<td>Supported Accommodation Assistance Program is a joint Commonwealth and State program, administered in Western Australia by the Department for Child Protection to fund the provision of support services to people who are homeless or at risk of becoming homeless. This program was rolled into the National Affordable Housing Agreement in January 2009.</td>
<td></td>
</tr>
<tr>
<td>SCHIP</td>
<td>State Community Housing Investment Program is a Department of Housing capital investment program to help build the growth capacity of the community housing sector.</td>
<td></td>
</tr>
<tr>
<td>State Housing Authority</td>
<td>In Western Australia, the State Housing Authority is the Department of Housing, which has previously been known as the Department of Housing and Works, Ministry of Housing, Homeswest and State Housing Commission.</td>
<td></td>
</tr>
<tr>
<td>WACOSS</td>
<td>Western Australian Council of Social Service</td>
<td></td>
</tr>
<tr>
<td>WALGA</td>
<td>Western Australian Local Government Association</td>
<td></td>
</tr>
<tr>
<td>WAPC</td>
<td>Western Australian Planning Commission</td>
<td></td>
</tr>
<tr>
<td>WATC</td>
<td>Western Australian Treasury Corporation</td>
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</tbody>
</table>
In December 2008 the Minister for Housing and Works announced the establishment of the Social Housing Taskforce (Taskforce) to review the acute shortage of public housing in Western Australia and to suggest innovative strategies for addressing the problem. The Taskforce was asked to report to the Minister for Housing and Works by 30 June 2009 on new ways to approach the provision of social housing with an aspirational target of 20,000 additional dwellings by 2020.

The deliberations of the Taskforce have taken place at an exciting time. The National Affordable Housing Agreement replaced the Commonwealth State Housing Agreement on 1 January 2009 as part of a major push by the Council of Australian Governments for reform of the country’s social housing system. The additional funding boost for housing by both the Commonwealth and State Governments, announced in February 2009, through the ‘stimulus packages’ provides unique opportunities to seek innovative solutions to the provision of social and affordable housing.

In addition, the Taskforce suggests that the combination of having the Minister for Housing and Works also as the Treasurer provides opportunities for the creation of a robust affordable housing continuum in Western Australia. Given the far reaching implications of the recommendations contained in this Report this will be critical in ensuring that a whole of government approach and long term funding requirements are realised.

The Taskforce has defined social housing as government subsidised accommodation for people on low to moderate incomes. To broaden the focus further, the Taskforce has also used the term affordable housing which can be defined as housing that is adequate in standard and location for lower to middle income households but does not place the households into housing stress. These definitions have assisted the Taskforce in outlining the requirements of an affordable housing continuum in Western Australia that contains diverse housing options for households depending on their needs. These include crisis accommodation, public and community housing, affordable private rental and affordable home ownership.

Following six months of constructive debate, wide-ranging consultation with relevant organisations and people, and intensive research, the Taskforce believes that an additional 20,000 social and affordable housing units can be created across Western Australia by 2020. To achieve this significant increase in housing units the following initiatives must be implemented:

1. Implementation of a whole of government approach to the provision of social and affordable housing through development of a State Affordable Housing Strategy. This Strategy will clearly outline the roles, responsibilities, key initiatives, funding and performance measures that will underpin the development and delivery of affordable housing across Western Australia over the next 10 years.

2. Local Governments to develop local housing strategies that identify the future affordable housing needs of their communities.
3. The establishment of a Housing Innovations Team to focus on promoting and facilitating new and innovative housing solutions, brokering complex deals for large-scale housing projects and developing the methodology and practical application of attracting institutional investment from the private sector.

4. The introduction of significant reforms to the planning system that allow the subdivision of all residential lots above 700m².

5. All State Government land development agencies to provide a minimum of 15% of their housing lots for affordable housing.

6. The Department of Housing to immediately concentrate on building one and two bedroom housing units to cater for the current and future demand of smaller households.

7. Development and implementation of the Affordable Rental Brokerage Scheme.

8. Introduction of changes to the Residential Design Codes and Local Government planning policies to allow the use of ancillary accommodation for non-family members.

9. Introduction of the One Affordable Housing System which includes a Housing Needs Register which provides a detailed assessment of an applicant's immediate and longer term housing requirements, inclusive of support service needs, and facilitates the applicant into an appropriate housing solution along the continuum.

10. Developing, funding and implementing Housing Plans for current and future public housing tenants, focussing on stabilising their tenancies and plans for their transition through the affordable housing continuum.

The movement to significant and sustainable growth in social and affordable housing will take a number of years to be realised as the Taskforce recommendations are progressively implemented. This is particularly evident in relation to attracting investment from the private sector and leveraging housing growth through the non-government sector.

It should be noted, however, that while the groundwork for a new social and affordable housing continuum is being implemented, the State and Commonwealth Governments must continue their respective roles in providing the majority of capital and recurrent funding to ensure that social and affordable housing continues to be built throughout Western Australia.

The recent stimulus packages have been critical in turning around the levels of investment in social and affordable housing in Western Australia as they will provide at least an extra 2,600 housing units to the housing stock over the next two years. However, there is concern that once the stimulus packages have been exhausted government funding for social and affordable housing will fall back to pre-2009 levels. Therefore, in order to continue the momentum of social and affordable housing reform in Western Australia the Taskforce urges the State and Commonwealth Governments to continue the level of funding consistent with the stimulus packages for affordable housing solutions and job creation for the 2010/2011 financial year.
Recommendation 1
The Minister for Housing and Works negotiates with the Commonwealth Minister for Housing to secure additional funding for the Department of Housing for the 2010/2011 financial year to develop a further 2,000 affordable housing units, with a specific focus on increasing social housing stock numbers.

This Report has been structured to examine the current status and future growth opportunities for the social and affordable housing sector in Western Australia.

Chapter 1: Background and Context to Social and Affordable Housing in Western Australia

The first chapter of the Report provides the historical and contemporary context to the housing situation within Western Australia. There is particular emphasis on defining social and affordable housing as they relate to establishing pathways within the affordable housing continuum and the experience of housing stress within the marketplace. There is also information pertaining to State and Commonwealth funding agreements which have traditionally provided the capital to build social housing units.

Chapter 2: Understanding the Current and Future Need for Social and Affordable Housing in Western Australia

The second chapter of the Report provides clarity regarding the impetus for the Department of Housing to develop a sophisticated demand model to better understand the current and future need for social and affordable housing across Western Australia. The demand model will provide a picture of need by looking at the broader social, demographic and economic factors that are likely to drive the demand for housing from low income households in the short, medium and longer term.

Chapter 3: Regional and Indigenous Specific Housing Issues

The third chapter focuses on regional housing, specifically in the North West of the State. There is also a focus on the housing needs of Aboriginal people in both urban and regional areas. There is acknowledgment that the options to create an affordable housing continuum in many regional areas are significantly more challenging than urbanised areas, with the cost of construction and levels of rent exceeding metropolitan averages. Each region needs to undergo a housing needs assessment which will be the foundation for the development of local and regional housing strategies.

Chapter 4: Moving to an Affordable Housing Continuum: Modernising Social Housing in Western Australia

The fourth chapter focuses on ensuring that there is commitment to the establishment of a social and affordable housing continuum and identifies the key areas that require further detailed work. Of significance is the proposed move to crisis, social and affordable housing being administered under the Department of Housing umbrella. There is also a focus on improving the movement of households through the public housing system to ensure
households can transition into affordable private rental and home ownership options as required. There is recognition that a range of properly funded and resourced support services need to be available if social housing tenants are to maintain their tenures and transition through the continuum.

Chapter 5: Working in Partnership with the Private and Non-Government Sector to Attract Finance

The fifth chapter focuses on the framework that needs to be put in place to attract investors into affordable housing and the role of the Not for Profit housing sector may play in assisting the growth of social and affordable housing assets. One major initiative is the proposal to establish a multidisciplinary Housing Innovations Team to broker complex deals for large-scale affordable housing projects, developing the methodology and practical application of attracting institutional investment from the private sector for affordable housing and exploring the options and testing the frameworks for the growth of housing assets in the Not for Profit sector.

Chapter 6: Improving the Supply of Affordable Housing through the Land and Housing Development System

The sixth chapter tackles the changes required through the land development and planning systems to facilitate affordable housing options in existing urban areas and new developments that are close to public transport, services and amenities. There is a clear need for local or regional housing strategies to be developed by Local Governments that set objectives and targets for affordable housing outcomes within their communities.

Chapter 7: Whole of Government Approach to Affordable Housing and the Role of the Department of Housing

The seventh chapter focuses on the need for the development of a State Affordable Housing Strategy that is led by a refocussed Department of Housing and driven by the Minister for Housing and Works across the State Government to achieve identified targets and key performance indicators. There is also a focus on the need to reform the Department of Housing to be able to fulfil its role in leading, developing, administering and innovating across the affordable housing continuum. A Department of Housing Affordable Policy Framework has been developed to immediately focus the Department of Housing on achieving affordable housing outcomes.

Chapter 8: Conclusion

The final chapter clearly outlines that the key to significantly increasing the number of social and affordable housing units across the continuum relies on each reform and initiative outlined in this Report being actioned concurrently in a whole of government approach under a State Affordable Housing Strategy.

The recommendations contained within this Report are listed on the following page.
### List of Recommendations

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Minister for Housing and Works negotiates with the Commonwealth Minister for Housing to secure additional funding for the Department of Housing for the 2010/2011 financial year to develop a further 2,000 affordable housing units, with a specific focus on increasing social housing stock numbers.</td>
</tr>
<tr>
<td>2</td>
<td>The Ministers for Housing and Works, Planning, Local Government and Regional Development ensure that their Departments identify the synergies and opportunities between the different reform agendas to focus on increasing the social and affordable housing stock across Western Australia.</td>
</tr>
<tr>
<td>3</td>
<td>The Department of Housing immediately implements a strategy to increase the supply of one and two bedroom dwellings for social and affordable housing.</td>
</tr>
<tr>
<td>4</td>
<td>The Department of Housing maintains a specialised construction program for larger homes that caters for the housing needs of larger households.</td>
</tr>
<tr>
<td>5</td>
<td>The Minister for Housing and Works approaches the Commonwealth Government to seek a review of Commonwealth Rent Assistance that considers its effectiveness in addressing housing affordability, appropriate levels of indexation and allowances for specific regions with high housing costs.</td>
</tr>
<tr>
<td>6</td>
<td>The Department of Housing immediately develops and implements a sophisticated demand model for the provision of social housing in Western Australia, which considers longer term economic, demographic and social trends affecting low income households.</td>
</tr>
<tr>
<td>7</td>
<td>The Minister for Housing and Works establishes a formal review and research process to focus on improving the supply of affordable housing in the regions, inclusive of the housing requirements of Aboriginal people.</td>
</tr>
<tr>
<td>8</td>
<td>The Minister for Housing and Works and Minister for Regional Development work to identify funds within the Royalties for Regions program to be used to facilitate the development of key worker housing in the North West of the State.</td>
</tr>
<tr>
<td>9</td>
<td>The Departments of Housing, Planning, Local Government and Regional Development establish a mechanism that identifies the housing needs of each region in Western Australia, inclusive of the needs of Aboriginal people in a regional and remote context.</td>
</tr>
<tr>
<td>10</td>
<td>The Minister for Housing and Works negotiates with the Commonwealth Minister for Housing to obtain an increase in Commonwealth Rent Assistance payments and National Rental Affordability Scheme subsidies for specific regions with high housing costs.</td>
</tr>
<tr>
<td>11</td>
<td>The Department of Housing pilots a time limited rental subsidy scheme in the Pilbara for apprentices and trainees to facilitate access to affordable housing for the period of their structured education.</td>
</tr>
<tr>
<td>12</td>
<td>The Department of Housing develops a strategic policy framework to address the housing needs of Aboriginal people living in urban and regional areas, inclusive of how they can actively participate in managing housing and establishing viable community housing organisations.</td>
</tr>
<tr>
<td>13</td>
<td>The Department of Housing renews its commitment to the Private Rental Aboriginal Assistance Scheme and Private Rental Aboriginal Assistance Loan, and expands both initiatives to assist more Aboriginal households.</td>
</tr>
<tr>
<td>14</td>
<td>The Department of Housing reviews existing home ownership schemes to ensure they provide a complete home loan and support service to Aboriginal people.</td>
</tr>
<tr>
<td>15</td>
<td>The Commonwealth and State Governments allocate the necessary capital and recurrent funding for the development of four Aboriginal visitor centres in Western Australia.</td>
</tr>
<tr>
<td>16</td>
<td>The Department of Housing reviews its policies and processes to ensure that heavily subsidised public housing does not remain the primary housing option for households in the longer-term, except for those with recognised ‘life-long’ complex needs.</td>
</tr>
<tr>
<td>17</td>
<td>The Minister for Housing and Works negotiates with the Minister for Child Protection to transfer responsibility for homeless services to the Department of Housing by 30 June 2010.</td>
</tr>
<tr>
<td>18</td>
<td>The Department of Housing develops and implements an affordable housing system by 30 June 2011, which is underpinned by a Housing Needs Register that assesses the housing needs of all applicants and directs them to appropriate housing options.</td>
</tr>
<tr>
<td>19</td>
<td>The Minister for Housing and Works to recognise government subsidies will always be needed to sustain the housing and support needs of households on long-term fixed incomes and/or with complex needs.</td>
</tr>
<tr>
<td>20</td>
<td>The Department of Housing develops and implements a strategy to successfully transition households with income above the Department’s eligibility limits into affordable rental housing, the private rental market or home ownership.</td>
</tr>
<tr>
<td>21</td>
<td>The Department of Housing develops and implements a plan that reduces under-occupancy in current public housing stock.</td>
</tr>
<tr>
<td>22</td>
<td>The Minister for Housing and Works approves a change to existing rent setting in public housing so that all tenants pay a minimum of 25% of their income on rent by 30 June 2010.</td>
</tr>
<tr>
<td>23</td>
<td>The Department of Housing reviews its social and affordable housing rent setting methodology, with a view to introducing tiered rental payments for tenants based on capacity to pay and improving access to support services.</td>
</tr>
<tr>
<td>24</td>
<td>The Department of Housing to maintain the existing Bond Loan Assistance Scheme and regularly review bond loan limits to reflect changes in the private rental market.</td>
</tr>
<tr>
<td>25</td>
<td>The Minister for Housing and Works commits to adequately funding support services for people in the social housing system to assist in sustaining tenancies and in moving people through the affordable housing continuum.</td>
</tr>
<tr>
<td>26</td>
<td>The Department of Housing identifies the support needs of current public housing tenants to assist with the development of individual housing plans.</td>
</tr>
<tr>
<td>27</td>
<td>The Department of Housing immediately establishes a Housing Innovations Team and allocates between five and ten percent of the Department’s capital expenditure budget each financial year to deliver the Housing Innovations Team Strategic Business Plan.</td>
</tr>
<tr>
<td>28</td>
<td>The Department of Housing develops a strategy and policy framework for the Community Housing sector that clearly articulates its expectations of stock growth from each of its programs.</td>
</tr>
</tbody>
</table>
### List of Recommendations

<table>
<thead>
<tr>
<th>Number</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>29</td>
<td>The Department of Housing continues to undertake financial, legal, tax and policy analysis to evaluate whether a Not for Profit Housing Company can use financial leverage to achieve a high level of sustainable growth in social and affordable housing provision at low unit cost.</td>
</tr>
<tr>
<td>30</td>
<td>The Department of Housing continues to develop the Affordable Rental Brokerage Scheme with the aim of introducing the scheme by 31 December 2009.</td>
</tr>
<tr>
<td>31</td>
<td>The Department of Housing analyses the potential costs and benefits of a time limited rental subsidy scheme, which could meet the different housing needs of urban and regional areas.</td>
</tr>
<tr>
<td>32</td>
<td>The Department of Housing, through a public education program, encourages home owners to rent spare bedrooms to individuals and families seeking affordable housing.</td>
</tr>
<tr>
<td>33</td>
<td>The Departments of Planning and Local Government recognise housing as a key outcome of their respective reforms and work together to improve the diversity and affordability of housing in Western Australia.</td>
</tr>
<tr>
<td>34</td>
<td>The Minister for Planning oversees the introduction of state planning reforms that will allow for the blanket subdivision of all lots across Perth above 800m² by 31 December 2010 and 700m² by 31 December 2011.</td>
</tr>
<tr>
<td>35</td>
<td>The Minister for Housing and Works leads the State Government in the adoption of a whole of government State Affordable Housing Strategy that clearly outlines its priorities and plans to ensure the provision of housing that will accommodate the population of Western Australia over the next 10 years.</td>
</tr>
<tr>
<td>36</td>
<td>The Western Australian Planning Commission introduces a Statement of Planning Policy related to affordable housing that clearly outlines the objectives and measures that are to be used to facilitate its provision in Western Australia.</td>
</tr>
<tr>
<td>37</td>
<td>Metropolitan Local Governments develop Local Housing Strategies that use agreed population projections to identify the future housing need of their community and set clear targets and objectives for the achievement of housing numbers, types and tenures.</td>
</tr>
<tr>
<td>38</td>
<td>Regional Local Governments work together with appropriate regional bodies and stakeholders to develop Regional Housing Strategies that use agreed population projections to identify the future housing need of their communities and set clear targets and objectives for the achievement of housing numbers, types and tenures.</td>
</tr>
<tr>
<td>39</td>
<td>The Western Australian Planning Commission updates the Guidelines for the Preparation, Form and Content of Local Housing Strategies.</td>
</tr>
<tr>
<td>40</td>
<td>The Department of Housing and Department of Planning commit to working with the Western Australian Local Government Association and Regional Development Commissions to develop effective Local and Regional Housing Strategies that complement the new State Affordable Housing Strategy.</td>
</tr>
<tr>
<td>41</td>
<td>The State Government, through its various land development and redevelopment agencies, continues its role in the development of residential land to ensure the ongoing provision of affordable housing in Western Australia.</td>
</tr>
<tr>
<td>42</td>
<td>The State Affordable Housing Strategy must clearly outline the role and objectives of each State Government land development agency, including the capacity to use their profits to support the ongoing supply of social and affordable housing.</td>
</tr>
<tr>
<td>43</td>
<td>State Government Land and Housing Agencies should act as market leaders by embracing innovation and demonstrating best practice in the design, development and construction of land and housing.</td>
</tr>
<tr>
<td>44</td>
<td>The Department of Housing, LandCorp and the Redevelopment Authorities provide a minimum of 15% of their annual development for affordable housing and report against this benchmark annually.</td>
</tr>
<tr>
<td>45</td>
<td>The State Government undertakes regular reviews of each agency’s landholdings to identify surplus sites that can be used for residential development, with the first review completed by 31 December 2009.</td>
</tr>
<tr>
<td>46</td>
<td>The Department of Treasury and Finance amends the Asset Disposal Policy to ensure that all surplus government land that is disposed of through the Property Asset Clearing House for residential development includes 15% affordable housing.</td>
</tr>
<tr>
<td>47</td>
<td>The Department of Planning introduces changes to the Residential Design Codes and Local Government Planning policies to allow the use of ancillary accommodation for non-family members on lots over 800m² by 31 December 2010 and over 700m² by 31 December 2011.</td>
</tr>
<tr>
<td>48</td>
<td>The Department of Housing develops a whole of government State Affordable Housing Strategy to be presented to Cabinet by 30 June 2010.</td>
</tr>
<tr>
<td>49</td>
<td>The Minister for Housing and Works adopts the Affordable Housing Policy Framework to guide the initial reform process within the Department of Housing to encourage streamlined change processes and enhance affordable housing outcomes in the short term.</td>
</tr>
<tr>
<td>50</td>
<td>The State Government maintains adequate funding for Keystart so that it can continue to provide housing finance to people on low and moderate incomes.</td>
</tr>
<tr>
<td>51</td>
<td>The State Government continues to provide shared equity loans to households who would otherwise be unable to access home ownership.</td>
</tr>
<tr>
<td>52</td>
<td>The Department of Housing maintains its important role as one of the State Government’s land development agencies and continues to retain profits from this activity to help fund social and affordable housing programs.</td>
</tr>
<tr>
<td>53</td>
<td>The Department of Housing continues to support the development of the Not for Profit housing sector.</td>
</tr>
<tr>
<td>54</td>
<td>The Department of Housing develops and implements a clear strategic asset management plan by 31 December 2010 to ensure best utilisation of the public housing asset base.</td>
</tr>
<tr>
<td>55</td>
<td>The Department of Housing acts as a market leader in land development and housing construction by demonstrating best practice and innovative projects to the wider market.</td>
</tr>
<tr>
<td>56</td>
<td>The Department of Housing develops a public education campaign that highlights the positives of affordable housing, including the achievements of current and past social housing clients.</td>
</tr>
</tbody>
</table>
Background and Context to Social and Affordable Housing in Western Australia

1.1 Key Definitions in the Affordable Housing Continuum

The Taskforce uses the following definitions in relation to housing under an affordable housing continuum.

1.1.1 Social Housing

Traditionally, social housing is referred to as heavily subsidised housing that is provided by government (public housing1) or the Not for Profit (NFP) housing sector (community housing2). The Taskforce believes that this definition needs to be broadened as it focuses too closely on one part of the market and does not acknowledge the important role that other sectors play in providing affordable housing for people on low and moderate incomes.

Taking this wider view, the Taskforce has adopted the following broad definition of social housing for the purposes of this Report:

Social housing is housing that is provided for people on low and moderate incomes that is supported with some form of direct or indirect government subsidy.

This definition encompasses the traditional providers of social housing but also includes the role of the private and NFP housing sectors which accommodate a large proportion of low and moderate income households with direct or indirect support from government.

1.1.2 Affordable Housing

The term affordable housing is often used in public debate, but often with different understandings of what it actually means. The Taskforce considers affordable housing in its broadest sense:

“... housing that is affordable for households in lower or middle parts of the income scale. It includes owner-occupied housing as well as rental housing that is owned by governments, non-profit organisations, corporations or individuals.

[A] reasonable basic definition of affordable housing which reflects both public usage and appropriate policy goals is housing which:

• is reasonably adequate in standard and location for a lower- or middle-income household; and

• does not cost so much that such a household is unlikely to be able to meet other basic living costs on a sustainable basis.” (Disney, 2007)

1.1.3 Housing Stress

‘Housing stress’ uses a narrower definition of ‘affordable housing’ and applies it to low and moderate income households which spend a disproportionate amount of their income on housing costs (for example rent and mortgage payments). The generally accepted definition for housing stress is the ‘30/40 rule’:

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1 Public housing is housing that is owned or leased and managed by State and Territory housing authorities.
2 Community housing is housing that is owned or leased and managed by not for profit organisations or local governments.
“When a household in the bottom 40% of the income distribution spends more than 30% of its gross income on housing costs it is said to be in ‘housing stress’ as it has insufficient income for life’s necessities. Higher income households who choose to allocate more than 30% of their income on housing costs are not in housing stress. They may have a high housing cost to income ratio but they will still have sufficient income left for life’s necessities” (Winter, 2008).

1.1.4 Affordable Living

Traditionally, affordable housing has only considered the cost of paying rent or a mortgage as an indication of affordability. In the last decade, more attention has been given to the cost of living in a house as a factor in affordability. Energy, water and transport costs must all be considered when determining how affordable housing is to a particular household. A low rent dwelling that is located away from essential facilities, public transport and has poor thermal efficiency may be less affordable than one that has a higher rent but does not suffer from these characteristics.

Affordable living considers the total cost of living in a home. This includes rent or mortgage payments, energy and water consumption (which are impacted by building design) and the location of a dwelling, which directly impacts on the cost of transport to access employment, essential services such as health and education and other daily needs.

1.2 Historical Context

In 1945, the Commonwealth State Housing Agreement (CSHA) was introduced which funded the majority of social housing in Western Australia. The main purpose of social housing in the immediate post war period was to provide homes for working families, although disadvantaged households were also assisted. This focus changed significantly with the introduction of the 1996 CSHA, which began a steady decline of real funding levels that contributed to a decline of social housing as a proportion of the State’s housing stock, from 7.8% in 1991 to just 4.2% in 2006 (for more information please refer to section 1.3.2).

The relative decline in the supply of social housing has been accompanied by a major increase in the cost of housing in other tenures, particularly in the last five years. Between 2003 and 2007, the cost of both buying and renting a home in Perth nearly doubled. This effectively excluded people on lower incomes from being able to enter home ownership and drove many of those that were renting into severe financial stress. It is no coincidence that these factors have seen demand for social housing rise exponentially in the last few years. A key motivation for the Taskforce has therefore been to try and improve the current housing system so that it addresses the needs of existing low income households, while also positioning it to assist the growing and ageing population of the future.

The CSHA was replaced by the National Affordable Housing Agreement (NAHA) on 1 January 2009. The change in this funding agreement, along with the related Council of Australian Governments’ (COAG) housing reform agenda, provides an ideal opportunity to examine the social housing paradigm and seek different business models to enable the sector to expand and move forward over the next ten years.
The Taskforce’s vision is that by 2020 social housing offers a seamless housing continuum providing appropriate housing and support solutions to all those Western Australians who cannot meet their housing needs in the private sector.

The current housing system consists of several distinct housing programs that do not always work well together in solving the housing demands of different clients. There are many stakeholders that provide funding, housing and related support services in Western Australia. Each has an interest and needs to be involved in the development of a new social and affordable housing sector which improves life outcomes for all Western Australians. Table 1.1 outlines the key stakeholders in the social and affordable housing sector and provides a brief description of their role.

Table 1.1 Key Stakeholders of Social and Affordable Housing in Western Australia

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Role</th>
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<tbody>
<tr>
<td>State Government</td>
<td>Funds and provides social housing. Manages social housing tenancies. Oversees land and development approval process.</td>
</tr>
<tr>
<td>Commonwealth Government</td>
<td>Funds State Government to provide social housing.</td>
</tr>
<tr>
<td>Local Government</td>
<td>Provides community services. Key player in land and development approval process.</td>
</tr>
<tr>
<td>Community Housing Organisations</td>
<td>Providers of social housing. Manages social housing tenancies.</td>
</tr>
<tr>
<td>Non Government Organisations</td>
<td>Providers of housing and other support services to people in need.</td>
</tr>
<tr>
<td>Land Development industry</td>
<td>Provides residential land for housing.</td>
</tr>
<tr>
<td>Construction industry</td>
<td>Builds social and affordable housing.</td>
</tr>
<tr>
<td>Finance sector</td>
<td>Funds the construction of private and community sector housing.</td>
</tr>
<tr>
<td>Real estate industry</td>
<td>Oversees the private rental market.</td>
</tr>
<tr>
<td>Broader community</td>
<td>Benefit from a sustainable housing system.</td>
</tr>
</tbody>
</table>

A major thrust of the Taskforce has been to identify new business models that will meet the challenges of addressing the housing needs of a community that will be increasingly affected by an ageing population and an increasing number of people with a disability. A growing homeless population in Western Australia, as well as a rising number of individuals and families that find themselves socially excluded, all need to have their housing needs met more effectively so that they can participate in their communities. The social housing sector needs to be reformed to better support the life chances and aspirations of both applicants for housing and existing tenants.
Without this reform there will be an increasing number of Western Australians excluded from affordable housing. Indeed, if the trends of the last decade continue, the Taskforce believes there could be close to 65,000 households on the waiting list for social housing. Figure 1.1 shows the number on the Department of Housing’s wait list since December 2004 and the likely projection to December 2020 if numbers continue to increase at the same rate (red line).3

Figure 1.1 Social Housing Waiting List Projections (December 2004 projected to 2020)

If the recommendations contained in this Report are realised then this scenario of unmet housing need will not occur. The Minister for Housing and Works must lead his Ministerial colleagues in Planning and Local Government to work closely together to achieve the synergies necessary between the different reform agendas and opportunities in the COAG process to increase the social and affordable housing stock in Western Australia.

Recommendation 2
The Ministers for Housing and Works, Planning, Local Government and Regional Development ensure that their Departments identify the synergies and opportunities between the different reform agendas to focus on increasing the social and affordable housing stock across Western Australia.

3 If a simple linear trend line were used from April 2009 the wait list would still be close to 40,000 in 2020 (yellow line).
1.3 The Housing System

It is important to recognise that social housing forms only a small but nevertheless important part of a broader housing system that assists people that are unable to find housing that is affordable, safe and sustainable. Houses are more than just bricks and mortar. They provide a stable home environment for people to participate positively and successfully in their community. People unable to meet their housing needs in the wider market need assistance from government, whether in the form of grants to housing providers or recurrent subsidies such as rent assistance. As outlined in this Report, over time it will be possible for the private sector to take an enhanced role in funding affordable housing, however this should not absolve government from continuing to be the major supporter of social housing.

As part of these reforms, there is a need to be more flexible in how government views social housing. The implementation of changes should see dwellings being able to transition in the affordable housing continuum instead of people. As circumstances of a tenant in a public housing dwelling improves then the tenure of their home could change from a public housing rental to a National Rental Affordability Scheme (NRAS) property (charging a sub-market rent as distinct from rent related to income), then be purchased with a shared equity loan and finally become a fully owned property. By changing the tenure of the dwelling rather than the occupant having to move each time, the household can remain in place and maintain their existing family and community networks.

It is also important to understand that access to, and the supply of, affordable housing is necessary for a healthy social housing sector. Without an adequate supply of affordable housing, there are no exit points for social housing tenants to move on to and therefore free up social rental stock to house people on the public housing waiting list. Strategies to ensure ongoing future supply of affordable housing need to be an important component of a State Affordable Housing Strategy.

There is also the need for much greater diversity in the Western Australian housing system, both in the social housing sector and broader housing market. Although the social housing sector has been reconfiguring its stock to better match its client profile, there is still a preponderance of three-bedroom dwellings while the majority of demand is for one or two-bedroom homes. In the broader housing system the majority of new homes built are still four by two single detached houses. Not only does this type of dwelling fail to match the predominant household structure but it also increases the cost of building and buying a new home. Housing affordability in Western Australia would be considerably improved if there were a greater diversity of built form, providing a greater range of dwelling sizes and hence prices.

1.3.1 The Housing Continuum

The concept of a housing continuum has become central to the Taskforce’s understanding of the different forms of housing and housing assistance in Western Australia as illustrated in Figure 1.2. The different housing tenures and forms of assistance do not exist in isolation from one another, but are interconnected and have an important influence on one another. Households do not transition through the different parts of the continuum in a linear manner, but move between them depending on their life circumstances and housing need at a particular point in time.

* Please see Chapter 6 for more information on the State Affordable Housing Strategy.
1.3.2 Changes in Housing Tenures in Western Australia

Figure 1.3 shows how housing tenure in Western Australia has changed over the last generation. At the time of the 2006 Census:

- 32% of households owned their home outright, decreasing from 38% in 2001;
- 39% of households were purchasing their home, rising from 33% in 2001;
- 24% of households were renting privately, rising from 22% in 2001; and
- 4.2% of households were in public rental, marking a slight decline from 2001 and continuing a steady fall in market presence over the last three decades.
1.3.3 Housing Income Levels

Phrases such as ‘median income’ are often used in discussions about social or affordable housing but they rarely pay regard to the difference in household income between tenures. Figure 1.4 demonstrates that renters, who are the main focus for the Taskforce’s work, tend to have lower incomes than the rest of the community.

**Figure 1.4 Western Australian Household Income Levels by Tenure 2009**

![Graph showing annual income by tenure and quintile]

Using this information and comparing it with Census data helps to provide a better understanding of the number of low income households that are currently renting in Western Australia. In 2006, there were approximately 191,000 households renting in Western Australia (ABS Cat 2001.0, 2007). Taking the conservative assumption that this number has stayed the same since 2006, there are currently:

- 38,200 (first quintile) rental households in Western Australia earning less than $387 per week; and
- 76,200 (second quintile) rental households in Western Australia earning less than $752 per week.

It is likely that the majority of social and affordable housing programs and services will be used to assist these households, therefore it is critical that the financial constraints that result from low income levels are clearly understood.

1.4 Home Ownership in Western Australia

The cost of land and housing grew dramatically in Western Australia between the December quarters of 2003 and 2007. The median price for housing in Perth doubled, while...
regional Western Australia experienced similar growth (REIWA, 2003; REIWA, 2008). This had a major impact on housing affordability in Western Australia, the effects of which are still being felt today. Despite the moderate contraction of house prices that has occurred in the last 18 months, the median price for a house in Perth is still 90% higher than it was in 2003 and has risen far in excess of income growth, making home ownership impossible for many low and moderate income households in Western Australia.

Although the recent increase in the First Home Owners’ Grant (FHOG) has helped some buyers into the market, it has not addressed the high cost of housing. In fact, there is some evidence to suggest that it has had an inflationary effect on house prices, with the median price of FHOG properties in Western Australia actually increasing since the beginning of 2009 (DTF, 2009). While historically low interest rates mean that homebuyers are able to service their loans at the moment, there is a real danger that this may not be the case when the economy recovers and interest rates begin to rise again.

Higher home purchase costs have obviously affected the ability of low and moderate income households trying to access home ownership, but they have had an equally negative impact on the private rental and social housing sectors. They have contributed to the rising cost of private rental accommodation as landlords sought returns that compensated for higher investment costs. Social housing providers were able to build or buy fewer houses with the funding available at the very time that demand was increasing.

1.5 Private Rental Market in Western Australia

The private rental market is crucial to the overall functioning of the housing system. It comprises 23% of all households in Western Australia and is home to more than 60,000 low and moderate income households in the State. Private rental sits between home ownership and social housing and therefore plays an important role by absorbing pressure and overflow from both at different times during the market cycle.
Figure 1.5 shows that rental prices more than doubled in Perth over the last five years. Rising house prices were accompanied by an influx of workers from interstate and overseas who were attracted by the State’s booming economy and fuelled demand for rental housing. The last year has shown signs of the market returning to normal, with vacancy rates reaching three per cent in the March 2009 quarter. This easing of demand appears to have slowed the rate of increase in rental prices, but it is unlikely to see them fall significantly. Thus the affordability issues faced by private rental households over the last few years will continue for the foreseeable future.

**Figure 1.5 Perth Median Rent and Vacancy Rate**

Many moderate- to median-income households live in the private rental sector while they save a deposit to purchase their own home. Low affordability reduces the amount of income that they can save for this purpose, which can delay their transition into home ownership and therefore increase their time in the private rental sector. This reduces the amount of private rental dwellings available for rent by all households.

The impact on low and moderate income earners is more severe, as higher rents limit their ability to meet other living expenses such as food, utilities, health, education and transport. In some cases, this can lead to eviction and homelessness, particularly for vulnerable tenants, such as youth, people with disabilities or Aboriginal people. Invariably, many low income households turn to public and community housing providers for housing.
1.5.1 Housing Stress in the Private Rental Market

Table 1.2 shows that in 2006, there were more than 38,000 low and moderate income households in the private rental sector that were experiencing housing stress. Given the increase in rental costs since the time of the last Census, this figure is now likely to be significantly higher.

Table 1.2 Housing Stress in the Private Rental Market

<table>
<thead>
<tr>
<th>Proportion of Income Spent on Housing</th>
<th>&lt;30%</th>
<th>30-39%</th>
<th>40-49%</th>
<th>50-59%</th>
<th>60% +</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perth</td>
<td>15,423</td>
<td>10,144</td>
<td>5,989</td>
<td>3,605</td>
<td>7,483</td>
<td>42,644</td>
</tr>
<tr>
<td>Rest Of State</td>
<td>8,074</td>
<td>4,196</td>
<td>2,351</td>
<td>1,399</td>
<td>3,007</td>
<td>19,027</td>
</tr>
<tr>
<td>WA</td>
<td>23,497</td>
<td>14,340</td>
<td>8,340</td>
<td>5,004</td>
<td>10,490</td>
<td>61,671</td>
</tr>
</tbody>
</table>

Source: ABS, 2006 Census Custom Table

1.6 Homelessness

As housing affordability in Western Australia has declined over the last decade, more households have become homeless. Between 2001 and 2006, the number of homeless people in Western Australia rose from 11,697 to 13,391 while the rate of homelessness also increased, from 64 per 10,000 of the population to 68 per 10,000 (ABS Cat 2050.0, 2008).

Homelessness is particularly devastating for children, who are among the most vulnerable people in society. In 2006, Western Australia was estimated to have 4,280 homeless children aged 12-18 years and was the only state or territory in Australia to record an increase in the number of homeless youth between 2001 and 2006 (ABS Cat 2050.0, 2008).

Compounding the problems associated with greater incidence of homelessness in the community has been the breakdown of the affordable housing system. Lower vacancy rates in social housing has increased waiting times and reduced the number of homes available for people living in temporary crisis accommodation.

1.7 Social Housing Stock and Construction

The Department of Housing’s rental construction program has remained fairly steady since the mid 1990s, delivering an average of 889 units between 1999/2000 and 2007/2008. An additional 246 existing dwellings have been spot-purchased each year to complement the construction program and add to the social housing stock.

Despite this program, which has added over 1,100 dwellings per year to the social housing pool over the last decade, total social housing stock levels have remained relatively steady, hovering between 37,000 and 39,000 as outlined in Figure 1.6. In relative terms, this has meant that the market presence of social housing in Western Australia has fallen from approximately six per cent in 1996 to just over four per cent in 2008.
The main reason for the stagnant stock levels over this period is the New Living urban renewal program, which oversaw the demolition and sale of hundreds of public housing units as it redeveloped suburbs and estates with a high public housing presence. These areas were characterised by poor quality housing stock and social dysfunction caused by the concentration of low-income and disadvantaged households in one community. Reducing the presence of public housing helped to mitigate many of these problems and improve the general amenity of the areas in question. Property sales also helped to provide income to the Department of Housing to support the public housing rental program. However, the high level of stock disposal under the program effectively negated the effect of the housing construction program on overall social housing stock levels.

In the 2007/2008 financial year, the Department of Housing received a $417 million funding boost from the State Government to help increase social housing stock levels over a four year period. In early 2009, this was followed by increased funding from both the State and Commonwealth Governments as part of their efforts to stimulate the construction industry in response to the economic downturn. These funding boosts have and will continue to provide an important boost to social housing stock levels in Western Australia over the next three years. Beyond this time, there is less certainty as additional funding is not yet committed from either the State or Commonwealth Governments for social housing stock growth.

Figure 1.7 shows how the stimulus package funding boosts will allow the Department of Housing to continue growing its stock until 2012/2013. After this time, as funds from the various boosts are exhausted, net growth is expected to cease.
In the private rental market, the type, quality and location of a house generally determines the level of rent charged. This allows landlords (to a certain extent) to adjust rents depending on the level of investment they place in the housing asset. However, social housing in Western Australia does not currently operate in this way.

Social housing tenants in Western Australia are charged rent according to their income. The Department of Housing policy ensures that each household pays no more than 25% of its gross income on rent, thereby ensuring that tenants are not placed in a situation of housing stress and have sufficient disposable income to meet other living costs. In effect, the Department of Housing provides a subsidy (that is, the difference between actual rent received and ‘market rent’ for each property) to tenants to fulfil its social obligation of relieving poverty and providing affordable housing.

Figure 1.8 shows how charging sub-market rents leaves the Department of Housing with a significant operating shortfall each year, with ‘rent foregone’ in the 2007/2008 financial year amounting to more than $115 million. The Department of Housing charged its tenants approximately $156 million in rent during the 2007/2008 financial year – well short of the $273 million it cost to provide rental housing (Department of Housing).
The Department of Housing receives funding from the Commonwealth Government to offset the cost of providing the rental subsidy. This is supported by income it derives from its land development function.

1.9 Public Housing Waiting List

Following a period of relative stability during the first half of the decade, the public housing waiting list has increased dramatically over the last few years. In December 2004, the number of applications on the waiting list was 12,779. In February 2009 the number of applications passed 20,000 and has continued to increase at an average of more than 400 per month since then, reaching 21,384 by the end of May 2009 (Department of Housing).

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*Source: *Department of Housing

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Note: 

- “Actual Rent Receivable” is the actual (i.e., subsidised) rent charged to tenants. “Rent Forgone” represents the rental subsidy provided to Public Housing tenants (i.e., the difference between market rent & actual rent receivable). “Expenditure” represents costs associated with operating public housing, including direct rental expenses; New Living; Community Support; employee benefits; supplies & services; finance costs and accommodation expenses.
Figure 1.9 The Public Housing Waiting List

A wide variety of factors influence the public housing waiting list, including:

- social housing stock numbers and vacancy rates;
- population and migration rates;
- affordability of private rental and home ownership; and
- broader economic factors such as unemployment levels.

The recent increase in the waiting list can broadly be attributed to ongoing affordability pressures that resulted from the Western Australian property boom in the middle part of the decade. While recent market indicators suggest that the pressure on house prices and rents are easing, affordability for low income earners remains a real problem and one that is likely to get worse as the effects of the recession begin to be felt in the wider community.

1.9.1 Priority Waiting List

Although the overall waiting list provides an indication of the general demand for social housing assistance, the priority waiting list indicates the need for housing from vulnerable people in the community. Applicants who have an urgent housing need can apply to be considered for priority assistance, which allows them to bypass the normal waiting list and be offered accommodation as soon as possible by the Department of Housing.

Please see Chapter 3 for more information.
Figure 1.10 shows that demand for priority housing has dramatically increased over the last two years, with the waiting list rising from just 382 applications at the end of June 2006 to 3,161 by the end of May 2009. While a significant contributor to this increase is the growing demand for housing from people with an urgent need, it is also influenced by the Department of Housing’s adoption of a less restrictive approach when assessing applications for priority assistance in the last two years.

1.9.2 Waiting Times and Stock Turnover

While the waiting list is the most frequently used indicator of the Department of Housing’s performance, waiting times provide a better indication of the ability to meet the demand for social housing. Figure 1.11 shows how the median waiting time for public housing has changed over the last five years. By May 2009, the median waiting time had risen to 61 weeks for all applicants and was 29 weeks for priority applicants.
The most important factor influencing waiting times is stock turnover, which allows the Department of Housing to offer accommodation to applicants on the waiting list. Figure 1.12 shows how new occupations, which indicate stock turnover, have steadily declined over the last decade.

**Figure 1.12 Public Housing Occupations**

Low stock turnover can be attributed to a number of factors, including:

- Low affordability in the private rental market – deterring existing tenants from vacating;
- Greater levels of tenant satisfaction with their housing, suggesting better quality stock and service levels; and
- The effects of the New Living program, which has seen the disposal of a large number of poor quality homes in large housing estates and the refurbishment of older stock over the last decade (Department of Housing and Works, 2007).

### 1.9.3 Implications of Targeting in the Public Housing System

For nearly 50 years after World War II, social housing was seen as a means to provide accommodation to a broad cross section of the community and housed many working families as well as low income households and people on pensions. However, in the mid 1990s the Commonwealth Government introduced new requirements under the CSHA. In order to receive funding each year, State Housing Authorities were required to target the provision of social housing to tenants with the lowest incomes, with complex needs or emergency situations.

Many State Housing Authorities, including the Department of Housing, responded by providing priority applicants with the first call on properties that became available for allocation. This targeting process helped to ensure that these ‘in need’ people did not become homeless, but has reshaped the socio-demographic profile of public tenants for most Housing Authorities in Australia. As the higher-income (predominantly two-income) households have left public housing, they have been replaced mostly by pension and benefit dependent, single-income households.
This targeting has had two key effects. First, those on single and the very lowest incomes now dominate tenancies and so the real rent received per tenancy has fallen significantly, because most now qualify for concessional rents. Secondly, households receiving priority allocations often have non-housing-related problems that require service support, adding to the average real costs per household of providing services to these clients (Hall & Berry, 2007).

Figure 1.13 outlines the types of households currently living in public housing in Western Australia. Significantly, 74% of all households receive a single income.

**Figure 1.13 Public Housing Household Structures**

![Figure 1.13 Public Housing Household Structures](image)

Source: Department of Housing
Chapter 1

Figure 1.14 shows how public housing tenancies have changed since the early 1990s by examining the main income source for each household. The effects of targeting are most clearly illustrated by the increase in proportion of tenants with a disability, which doubled from 11% to 22% during the period.

Another important feature of the 2007/2008 financial year bar is the high proportion (48%) of households that were receiving the Aged Pension, Disability Pension or Veterans’ Allowance. These tenants are unlikely (and in most cases unable) to gain employment, which would allow them to increase their household income (and the rent they pay to the Department of Housing). Just as significantly, they are unlikely to leave social housing for the private market, meaning that nearly half of the housing stock is effectively occupied by ‘tenants for life’, reducing stock turnover and the Department of Housing’s ability to assist people on the waiting list.

1.10 National Affordable Housing Agreement

On 1 January 2009, the NAHA came into effect, which will determine the level of Commonwealth funding to the States for housing and homelessness over the coming years. The NAHA replaces the former CSHA and Supported Accommodation Assistance Program Agreement (SAAP), which related to social housing and homelessness services respectively.

The NAHA will fund a range of measures including social housing, assistance to people in the private rental market, support and accommodation for people who are homeless or at risk of homelessness, and home purchase assistance.

As part of NAHA, governments have committed to undertake reforms in the housing sector, including to improve integration between the homelessness service system and mainstream services, to reduce concentrations of disadvantage that exist in some social housing estates, improve access by Indigenous people to mainstream housing, including home ownership, enhancing the capacity and growth of the NFP housing sector, and planning reforms for greater efficiency in the supply of housing.
Table 1.3 National Affordable Housing Agreement Funding Western Australia

<table>
<thead>
<tr>
<th>Year</th>
<th>2008/2009 ($m)</th>
<th>2009/2010 ($m)</th>
<th>2010/2011 ($m)</th>
<th>2011/2012 ($m)</th>
<th>2012/2013 ($m)</th>
<th>Total ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td>122.0</td>
<td>124.9</td>
<td>127.2</td>
<td>129.6</td>
<td>132.5</td>
<td>636.2</td>
</tr>
</tbody>
</table>

Source: Department of Housing

In addition to the NAHA, three new National Partnership Agreements (NPA) have been established that provide additional funding for housing and homelessness services and commit each State to pursue reforms in their housing systems. In early 2009, these were complemented by an extra $646 million for housing through the Commonwealth Government’s economic stimulus package, which will see the construction of 2,000 new homes and the refurbishment of 250 existing dwellings that would otherwise have been unsuitable for rental accommodation.

The National Partnership Agreements are:

- Social Housing National Partnership Agreement
- Homelessness National Partnership Agreement
- Remote Indigenous Housing National Partnership Agreement
- Nation Building and Jobs National Partnership Agreement

The estimated Western Australian share of funding through each of these NPAs is outlined in Table 1.4.

Table 1.4 National Partnership Agreement Funding, Western Australia 2008/2009 – 2012/2013

<table>
<thead>
<tr>
<th></th>
<th>2008/09 ($m)</th>
<th>2009/10 ($m)</th>
<th>2010/11 ($m)</th>
<th>2011/12 ($m)</th>
<th>2012/13 ($m)</th>
<th>Total ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remote Indigenous NPA</td>
<td>81.7</td>
<td>105.8</td>
<td>81.8</td>
<td>98.5</td>
<td>128.7</td>
<td>496.6</td>
</tr>
<tr>
<td>Homelessness NPA</td>
<td>2.8</td>
<td>11.9</td>
<td>15.9</td>
<td>16.6</td>
<td>19.4</td>
<td>66.5</td>
</tr>
<tr>
<td>Social Housing NPA</td>
<td>20.3</td>
<td>20.4</td>
<td></td>
<td></td>
<td></td>
<td>40.7</td>
</tr>
<tr>
<td>Nation Building and Jobs NPA</td>
<td>26.3</td>
<td>407.2</td>
<td>181.8</td>
<td>31.2</td>
<td>646.5</td>
<td></td>
</tr>
<tr>
<td><strong>WA TOTAL</strong></td>
<td><strong>253.1</strong></td>
<td><strong>670.3</strong></td>
<td><strong>406.7</strong></td>
<td><strong>275.9</strong></td>
<td><strong>280.5</strong></td>
<td><strong>1886.5</strong></td>
</tr>
</tbody>
</table>

Source: Department of Housing

Since the mid 1990s, the level of Commonwealth funding provided to the States for housing services has declined steadily. The new NAHA continues this trend, as real base funding for housing services will continue to decline.

Figure 1.15 illustrates how real Commonwealth funding for social housing in Western Australia will increase dramatically over the next three years after more than a decade of decline. However, the increase will be short lived as the downward trend continues after the Nation Building and Jobs funds are exhausted.
Figure 1.15 Real Commonwealth Funding for Social Housing and Homelessness 1995/1996 to 2012/2013

includes funding for CSHA and SAAP (1995-6 to 2007-8) and NAHA (2008-9 to 2012-13). National Partnership Funding is WA estimated share of Homelessness, Social Housing and Nation Building & Jobs NPAs. Forward estimates assume CPI of 3%.
Understanding the Current and Future Need for Social and Affordable Housing in Western Australia

Understanding the need for social and affordable housing across Western Australia is complex and multi-faceted, yet it is essential to guide the nature and size of supply responses in Western Australia.

The public housing waiting list does not provide sufficient information to forecast medium to longer term demand for social housing and the Taskforce was surprised to learn that the Department of Housing continues to rely on it as the primary driver of its decisions about the location and type of housing it provides. The lack of a more robust framework for understanding immediate and long term social housing needs has significant consequences in regard to the high cost of building social housing and the long-term nature of housing as an asset.

This chapter outlines some of the factors that must be taken into consideration when attempting to forecast the future need for social and affordable housing in Western Australia. The Taskforce used a number of sources to try and provide high level projections for future housing need, but was confronted by a number of issues and information gaps that made this task difficult. The following sections consider some of the data sources that were available and highlight some of the key information gaps.

2.1 The Public Housing Waiting List

The public housing waiting list is the most obvious and often cited indicator of demand for social housing in Western Australia. The Taskforce recognises that the use of a waiting list or similar applicant register is an important tool to gauge the immediate need for social housing. However, this does not mean that it should be used as an indicator of longer term demand for social housing.

The waiting list is essentially an allocation management tool that matches applicants to a property. It is useful for highlighting the immediate, expressed demand for social housing but does not (and cannot) provide any insight or information on the likely shape of future housing needs that will be determined by social, economic and demographic changes.

2.2 Using Demographic and Economic Forecasts to Predict Social and Affordable Housing Need

The demand for social housing is influenced by a number of demographic and economic factors that affect the wider community. These were highlighted by a study commissioned by the Western Australian Council of Social Services (WACOSS), which considered some of the factors impacting on demand for social and affordable housing in Western Australia (Rowley & Ong, 2009). The study noted a number of key issues that needed to be taken into account when considering future demand for social housing:

- Demographic, economic, social and housing market characteristics vary considerably between different regions, towns and areas within cities. These all influence local housing affordability and the way that it changes in response to economic conditions. It is important to understand these local or submarket characteristics when considering affordable housing issues and the potential strategies to address them.
Recommendation 3
The Department of Housing immediately implements a strategy to increase the supply of one and two bedroom dwellings for social and affordable housing.

Housing stress should not be the only indicator of housing need, as it does not consider the housing needs of people who already live in affordable housing that may be unsuitable for them (for example, it is overcrowded, of poor quality or in an unsuitable location).

Short term factors such as rising unemployment will have the most significant impact on the need for social housing assistance in Western Australia over the next few years (Rowley and Ong, 2009).

2.3 Demographic Trends and Social Housing Need
At a broad level, social housing should be looking to maintain a stock profile that will reflect the future housing profile of the wider community. Table 2.1 considers the projected proportion of household types in Western Australia by 2021, and compares it to the current demand for, and supply of, public housing.

Table 2.1 Comparison of Forecast Western Australian Household Types (2021) with Existing Public Housing Demand, Stock and Tenancies

<table>
<thead>
<tr>
<th>Social Housing Household Type</th>
<th>Proportion of Social Housing Waiting List 2009</th>
<th>Proportion of Social Housing Tenancies 2009</th>
<th>Proportion of Social Housing Stock 2009</th>
<th>Forecast Proportion of all WA Households 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single/Couple</td>
<td>29%</td>
<td>16%</td>
<td>8%</td>
<td>21%</td>
</tr>
<tr>
<td>Aged Pensioner</td>
<td>18%</td>
<td>41%</td>
<td>30%</td>
<td>36%</td>
</tr>
<tr>
<td>Family</td>
<td>53%</td>
<td>42%</td>
<td>62%</td>
<td>43%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Sources: ABS Cat 3236.0 Series I & Department of Housing

The data is limited by its broad focus and further work is required to refine the demographic housing analysis to focus on low and moderate income households, which may exhibit some differences from the wider community. However, it does indicate that, proportionally, the current social housing stock is oversupplied to cater for future demand from families and undersupplied for the potential demand from aged pensioners and single or couple households. This suggests that a concerted effort is required to increase the quantity of smaller stock for single and couple households, in conjunction with any steps to address the future rise in demand from aged pensioners.

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<sup>6</sup> “Single/Couple Households” are defined as any lone or couple household aged below 55.

<sup>7</sup> “Aged Pensioner Households” are defined as any lone or couple household aged above 55.

<sup>8</sup> “Family” are any family households with children.
2.4 Impact of the Ageing Population

Information from the Australian Bureau of Statistics (ABS) has been used to examine changes in Western Australia’s household profile over the next decade (ABS Cat 3236.0, 2004). The clearest indication from these projections is that there will be a massive increase, both numerically and proportionally, of aged single and couple households in Western Australia by 2021. This is primarily due to the ageing of the ‘baby boomer’ generation, most of who will become couple or lone person households in the next decade as their partners die, children leave home and they enter retirement age.

While recognising that the characteristics of social housing clients are not always representative of the broader population, it is clear that this trend will have serious implications for the provision of social housing. In 2006, there were more than 32,000 ‘baby boomer’ households in Western Australia (aged 50-65) that were renting their homes (ABS, 2006 Census Custom Table). This represents a significant number of people that are likely to enter retirement age in the coming decade without home ownership or the financial security and stability that it provides. Unless they have substantial superannuation reserves, the housing options of these people are likely to be very limited as they make the transition from wages to the Aged Pension. The majority are likely to look towards government for housing assistance in one form or another.

Through sheer weight of numbers the ageing of the ‘boomer’ cohort also means that disability looms as a major issue for both social housing and the wider community in the coming decade. This is highlighted in a recent study by the Disability Services Commission (DSC), which projects an 84% increase in the number of people aged over 65 with a disability between 2008 and 2023 (compared with a 16% increase over other age groups) (Duffill, 2008). As many of the ‘boomer’ generation are currently informal carers for their disabled children, this will also pose a significant challenge for the community as they become too frail to fulfil this role.

Government as a whole, including the social housing sector, must position itself to deal with the changes of housing demand posed by the ageing population, while considering the implications that the rising incidence of disability will have on rental incomes, service provision, housing design and other key factors affecting the sector.

2.4.1 The Residential Aged Care Sector

The viability and capacity of the residential aged care sector will also have a significant impact on the future need for social housing and there are worrying signs that it is not expanding at the rate necessary to meet the State’s growing aged population.

Each year, the Commonwealth Government offers a number of new aged care bed licences to Western Australian providers, based on forecast changes to the State’s ageing population. In the 2007/2008 financial year, just 66% of the available licences were allocated in Western Australia and it appears that an even lower proportion will be allocated in the 2008/2009 financial year. This is due to the fact that the aged care providers are finding it increasingly difficult to attract investment in their business model. Land, construction and financing costs

* See Appendix 1 for further detail.
have risen sharply in recent years, but the funding and regulations governing the sector have not changed to recognise this shift. The result is that many aged care providers in Western Australia are simply not bidding for the aged care bed licences that are available.

If this trend continues, the gap between the number of aged care beds needed in Western Australia and the number actually provided will increase exponentially. The result will be a growing number of elderly people who are unable to find accommodation in the residential aged care sector, many of whom are likely to turn to social housing for assistance. This will not only increase demand for seniors housing, but will also have implications for the nature and level of support that must be provided.

2.5 The Housing Needs of Specific Demographic Groups

While general demographic forecasts point toward increased demand from smaller households, some key social housing client groups also present a need for larger housing types. Aboriginal and humanitarian migrant households are two examples of this trend and suggest that careful consideration of particular client groups is needed when determining the type of housing that should be provided in particular areas.

2.5.1 Aboriginal Households

Table 2.2 examines the different household sizes of Aboriginal and non-Aboriginal Australians. It highlights the large proportion of Aboriginal households that contain six or more persons when compared to non-Aboriginal households. Given that Aboriginal households make up approximately 20% of all social housing tenancies and 23% of applicants in Western Australia, this is likely to translate into strong demand from Aboriginal households for large family dwellings.

Table 2.2 Aboriginal and Non-Aboriginal Household Sizes

<table>
<thead>
<tr>
<th>Number of Persons Usually Resident in Household</th>
<th>Aboriginal</th>
<th>Non-Aboriginal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>14%</td>
<td>25%</td>
</tr>
<tr>
<td>2</td>
<td>23%</td>
<td>35%</td>
</tr>
<tr>
<td>3</td>
<td>19%</td>
<td>15%</td>
</tr>
<tr>
<td>4</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>5</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>6+</td>
<td>15%</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: ABS Census 2006

Table 2.3 shows the distribution of the Western Australian Aboriginal population and serves to highlight some of the key variations between different parts of the State. While Aboriginal people make up a far greater proportion of the overall population in northern regions, just over half of the State’s Aboriginal population actually live in Perth and the South West. This distribution is just one of the significant differences between Aboriginal populations across the State, which create very different, though equally important, challenges for the provision of social housing in each region.
Chapter 2

### Table 2.3 Aboriginal Population Distribution Western Australia

<table>
<thead>
<tr>
<th>Aboriginal Region</th>
<th>Population</th>
<th>Proportion of Total Region Population</th>
<th>Proportion of State Aboriginal Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perth</td>
<td>21,321</td>
<td>1.5%</td>
<td>36.5%</td>
</tr>
<tr>
<td>Narrogin</td>
<td>8,456</td>
<td>2.6%</td>
<td>14.5%</td>
</tr>
<tr>
<td>South Hedland</td>
<td>5,660</td>
<td>13.1%</td>
<td>9.7%</td>
</tr>
<tr>
<td>Geraldton</td>
<td>5,496</td>
<td>10.1%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Kalgoorlie</td>
<td>5,220</td>
<td>9.9%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Derby</td>
<td>4,431</td>
<td>63.3%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Kununurra</td>
<td>4,336</td>
<td>46.9%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Broome</td>
<td>3,560</td>
<td>27.3%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

Source: ABS Census 2006

#### 2.5.2 Humanitarian Migrant Households

Many humanitarian migrant households come to Australia with limited financial resources and seek assistance from social housing providers. The household sizes of these families also tend to be large in comparison to the rest of the Western Australian community. Table 2.4 shows that, similar to Aboriginal households, a significant proportion of humanitarian migrant households have six or more people, creating a demand for larger housing.

### Table 2.4 Family Size Distribution for Humanitarian Migrants, Western Australia, 2001-2008

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>897</td>
<td>30%</td>
</tr>
<tr>
<td>2</td>
<td>379</td>
<td>13%</td>
</tr>
<tr>
<td>3</td>
<td>415</td>
<td>14%</td>
</tr>
<tr>
<td>4</td>
<td>478</td>
<td>16%</td>
</tr>
<tr>
<td>5</td>
<td>343</td>
<td>11%</td>
</tr>
<tr>
<td>6+</td>
<td>515</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Department of Immigration and Citizenship Settlement Database

Table 2.5 highlights the tendency for humanitarian migrants to settle in particular parts of the Perth metropolitan area, with more than half moving to the Stirling and Wanneroo Local Government Areas.

### Table 2.5 Top 5 Local Government Areas for Humanitarian Migrant Settlement, Western Australia 2001-2008

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>Number of Settlers</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stirling</td>
<td>3,904</td>
<td>41%</td>
</tr>
<tr>
<td>Wanneroo</td>
<td>1,242</td>
<td>13%</td>
</tr>
<tr>
<td>Canning</td>
<td>1,071</td>
<td>11%</td>
</tr>
<tr>
<td>Bayswater</td>
<td>501</td>
<td>5%</td>
</tr>
<tr>
<td>Swan</td>
<td>485</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: Department of Immigration and Citizenship Settlement Database

---

10 Aboriginal Regions are identified by the Australian Bureau of Statistics using the Australian Indigenous Geographical Classification.
These specific characteristics of housing demand from both Aboriginal and migrant families are supported by feedback that the Taskforce has received from the Department of Housing, which is under constant pressure to provide large dwellings for both groups, particularly in key parts of the metropolitan region. This demand is often exacerbated by the difficulty that both Aboriginal and migrant households have in accessing suitable accommodation in the private rental market, with the lack of large houses, high rental costs and discrimination often cited as barriers.

The need for larger housing for Aboriginal and migrant households is only one of many issues affecting the demand for social housing, all of which must be considered as part of the wider assessment of housing need in Western Australia. What this particular issue does highlight is that broader demographic trends only form part of the picture and that a full housing needs assessment in each region or area must consider the specific nature of housing need in the community.

**Recommendation 4**
The Department of Housing maintains a specialised construction program for larger homes that caters for the housing needs of larger households.

2.6 Transitions through the Housing System
A major factor impacting on the current demand for social housing is the lack of transitions within the housing system. Households are not moving out of social housing into the private rental and home ownership markets, creating major blockages that have contributed to the growing size of the waiting list and length of time that applicants have to wait before they are offered a home. The new demand framework should consider the effectiveness of transitions through the housing system as part of its overall modelling, and help to shape the strategies to address this problem.

2.7 Tools and Sources to Quantify Demand for Social Housing
While the demographic changes discussed above highlight some of the key trends and issues for the provision of social housing in the next decade, they do not necessarily quantify the specific demand for social housing. Quantifying this demand is a difficult task and a number of different assessments have been made in recent years, all of which have their limitations but are useful in developing a model that can more accurately predict the demand for social housing into the future.

2.7.1 National Housing Supply Council
Research commissioned by the National Housing Supply Council (NHSC) used demographic trends to suggest that demand for public housing in Western Australia will increase at a rate greater than demand for housing in general. In fact, it predicts that demand for public housing in Perth will increase by 53% between 2006 and 2021 – the highest rate in Australia. According to the study, the rest of Western Australia will also see a significant increase in demand for public housing, which is predicted to rise by 42% over the same period (McDonald & Temple, 2009).

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11 Please see Chapter 4 for more information.
There are some limitations to this model however, which is primarily based on broader demographic trends and does not take into account factors such as changing income levels or the affordability of housing.

### 2.7.2 Commonwealth Rent Assistance Data

CRA data can also help to identify the potential demand in the community for rental housing assistance and the level of housing stress among low income rental households. CRA is an income support payment that is provided to people who receive statutory benefits (such as Newstart or the Disability Support Pension) from Centrelink to help meet the cost of living in private rental housing. Eligibility for CRA is linked to Centrelink payments and therefore can be used as an approximate indicator of the number of people eligible for social housing in Western Australia.\(^{12}\)

The Taskforce has a number of concerns about the adequacy of CRA in addressing housing affordability. In June 2008, there were 69,431 private renters receiving CRA in Western Australia, with 25,587 (37%) in housing stress because they were paying more than 30% of their income on rent (FAHCSIA, 2009). The number and proportion of Western Australian CRA recipients in housing stress increased between 2007 and 2008, a trend that is likely to be the result of rapidly increasing rental costs over the period (SCRGSP, 2009).

The declining effectiveness of CRA in addressing housing affordability can be largely attributed to the fact that it has not kept pace with the changes in rental costs and does not acknowledge the varying housing costs in different parts of Western Australia. Table 2.6 illustrates this point by showing how the maximum rate of CRA for a couple with one or two dependent children has fallen as a proportion of median rents in different parts of Western Australia since 2001.

#### Table 2.6 Changes to CRA as Proportion of Median Rent in Selected Towns and Suburbs

<table>
<thead>
<tr>
<th></th>
<th>August 2001</th>
<th>March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Perth Metro</td>
<td></td>
</tr>
<tr>
<td>Armadale</td>
<td>31.2%</td>
<td>24.4%</td>
</tr>
<tr>
<td>Bayswater</td>
<td>34.3%</td>
<td>19.5%</td>
</tr>
<tr>
<td>Cannington</td>
<td>34.3%</td>
<td>19.2%</td>
</tr>
<tr>
<td>Dianella</td>
<td>35.5%</td>
<td>20.1%</td>
</tr>
<tr>
<td>Joondalup</td>
<td>27.8%</td>
<td>18.6%</td>
</tr>
<tr>
<td>Maylands</td>
<td>25.5%</td>
<td>22.5%</td>
</tr>
<tr>
<td>Perth</td>
<td>30.3%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Rockingham</td>
<td>29.4%</td>
<td>22.9%</td>
</tr>
<tr>
<td>Victoria Park</td>
<td>34.3%</td>
<td>18.6%</td>
</tr>
<tr>
<td></td>
<td>Regional WA</td>
<td></td>
</tr>
<tr>
<td>Albany</td>
<td>33.1%</td>
<td>26.1%</td>
</tr>
<tr>
<td>Bunbury</td>
<td>34.0%</td>
<td>23.3%</td>
</tr>
<tr>
<td>Busselton</td>
<td>35.0%</td>
<td>23.3%</td>
</tr>
<tr>
<td>Kalgoorlie</td>
<td>34.6%</td>
<td>18.1%</td>
</tr>
<tr>
<td>Geraldton</td>
<td>27.9%</td>
<td>22.9%</td>
</tr>
<tr>
<td>Karratha</td>
<td>24.0%</td>
<td>21.7%</td>
</tr>
<tr>
<td>Port Hedland</td>
<td>25.5%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Broome</td>
<td>35.4%</td>
<td>13.0%</td>
</tr>
</tbody>
</table>

Sources: ABS Census 2001 Custom Data, Department of Commerce Bond Administrator, Centrelink

\(^{12}\) This is likely to include a substantial number of those currently on the waiting list, as well as others who could potentially apply for assistance if their housing circumstances change.
The indexation of CRA to the Consumer Price Index (CPI) has eroded its effectiveness in alleviating housing stress for many households, particularly as rental prices have increased so dramatically in recent years. This suggests that a review of CRA is needed to examine its effectiveness in making housing affordable for low income renters. The Taskforce considers that an overall increase in CRA is needed to help address the affordability of housing in the private rental market, while specific regional allowances should be considered in areas where housing is particularly expensive.

Recommendation 5
The Minister for Housing and Works approaches the Commonwealth Government to seek a review of Commonwealth Rent Assistance that considers its effectiveness in addressing housing affordability, appropriate levels of indexation and allowances for specific regions with high housing costs.

2.8 Australian Housing and Urban Research Institute

The Australian Housing and Urban Research Institute (AHURI) is the peak research body for affordable and social housing in Australia. It has carried out a wide range of research into the future demand for social and affordable housing, including the development of a simulation model (HOUSEMOD) that accurately gauges the impact of housing market trends on the demand for government housing assistance at a local level. This is one of the most sophisticated housing demand models available in Australia at the present time and is an important resource for the projection of local demand for social housing and other forms of housing assistance (such as rent assistance) (Kelly, Phillips, & Taylor, 2006). The Department of Housing should utilise the expertise of AHURI and other academic institutions in assessing the future demand for social and affordable housing.

While these models all provide valuable information for assessing and forecasting demand for social housing, many of them do not take into account other important factors that have an impact on demand. These factors, which include the existing supply of social housing stock, the affordability of the private rental market, eligibility limits for housing assistance and unemployment levels, all combine to have a major effect on the demand for social housing at any given time. It is for this reason that the Department of Housing must develop a demand model that draws on these and other information sources to form a sophisticated projection of housing need in the medium to long term.

2.9 A New Demand Model

It is clear that predicting the future demand for social housing is a very complex task. The Taskforce considers that the State Government, through the Department of Housing, must respond to this complexity by developing a sophisticated demand model to better understand the future need for social and affordable housing across Western Australia.

The model should complement the waiting list, which will continue to provide a picture of immediate need, by examining the broader social, demographic and economic factors that are likely to drive the demand for housing from low income households in the medium and longer term. Therefore key points to consider in the development of the new model should include:

Please see Chapter 3 for more information.
• Establishment of a waiting list that includes assessment of applicants’ housing need, to help guide the development of a suite of housing solutions and ensure that the high cost solution of constructing social housing is only provided where necessary;

• Consideration and identification of housing need that can be addressed with non asset-based solutions, such as support services or financial assistance;

• Consideration of the effectiveness of the social housing system in transitioning households into other tenures;

• Examination of broad demographic trends, using resources such as the ABS and focusing on the tenure and income groups that use social housing services;

• Using demographic information to ascertain the demand for and housing needs of specific client groups, such as Aboriginal people, migrant groups and people with disabilities within each region;

• Consideration of short-term variations in economic and social conditions and strategies to address these while maintaining a long term focus;

• Utilising independent housing research bodies and commissioning them to carry out more sophisticated modelling if required;

• Establishment of a demand model for each region, taking into account the specific issues impacting on housing need in each major area;

• Establishment of a formal, regular process for the collection of qualitative and quantitative information from regional agencies such as the Regional Development Commissions, key non-government organisations and social housing staff about the key issues and factors affecting demand in each region; and

• Reviewing demand modelling on an annual basis to inform policy development, land acquisition and construction programming for future years.

**Recommendation 6**
The Department of Housing immediately develops and implements a sophisticated demand model for the provision of social housing in Western Australia, which considers longer term economic, demographic and social trends affecting low income households.

The new demand model should be used to inform a structured and planned approach to asset management, housing unit production and property allocation with a long-term focus. This will ensure that the social and affordable housing sector is able to better position its asset base for the future and is not primarily driven by responding to immediate demand pressures that may not be indicative of longer term trends.
Regional and Aboriginal Housing Issues

The housing markets in regional and remote Western Australia are very different from the metropolitan area. There is also a divergence between each region and the housing experiences between Aboriginal and non-Aboriginal people. The Perth metropolitan area accounts for over 70% of the State’s population, however regional Western Australia generates the majority of the State’s wealth. Mining and agriculture are the two biggest export generators of the State and Australia and, therefore, the housing infrastructure of regional areas is very important to the future of the economy.

The complexity of regional and housing issues, inclusive of the housing needs of Aboriginal people, is worthy of consideration outside the Social Housing Taskforce and the recommendations contained in this Report. The Minister for Housing and Works should set up a separate process to fully investigate and concentrate on how to improve the supply of affordable housing across the continuum within the regional context.

Recommendation 7
The Minister for Housing and Works establishes a formal review and research process to focus on improving the supply of affordable housing in the regions, inclusive of the housing requirements of Aboriginal people.

3.1 Understanding the Context of Affordable Housing in the Regions

Housing tenure varies across the State as shown in Table 3.1.

Table 3.1 Tenure by Region, August 2006

<table>
<thead>
<tr>
<th>Region</th>
<th>Fully Owned</th>
<th>Being Purchased (incl. under rent/buy scheme)</th>
<th>Public Housing</th>
<th>Community Housing</th>
<th>Rented Other</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South West</td>
<td>35.6%</td>
<td>35.3%</td>
<td>3.5%</td>
<td>0.4%</td>
<td>22.0%</td>
<td>3.2%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Southern</td>
<td>41.8%</td>
<td>28.5%</td>
<td>5.1%</td>
<td>1.0%</td>
<td>18.4%</td>
<td>5.2%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Midlands</td>
<td>43.7%</td>
<td>30.6%</td>
<td>4.7%</td>
<td>0.6%</td>
<td>15.0%</td>
<td>5.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>South Eastern</td>
<td>23.7%</td>
<td>37.1%</td>
<td>6.3%</td>
<td>2.9%</td>
<td>25.0%</td>
<td>5.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Central</td>
<td>38.8%</td>
<td>26.7%</td>
<td>7.1%</td>
<td>1.0%</td>
<td>21.3%</td>
<td>5.1%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Pilbara</td>
<td>16.1%</td>
<td>21.9%</td>
<td>10.9%</td>
<td>2.2%</td>
<td>41.5%</td>
<td>7.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Kimberley</td>
<td>32.3%</td>
<td>15.1%</td>
<td>12.7%</td>
<td>12.6%</td>
<td>20.6%</td>
<td>6.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Perth</td>
<td>31.9%</td>
<td>40.6%</td>
<td>3.5%</td>
<td>0.4%</td>
<td>21.7%</td>
<td>1.9%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>32.7%</td>
<td>38.1%</td>
<td>4.1%</td>
<td>0.7%</td>
<td>21.9%</td>
<td>2.5%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Note: Excludes ‘Tenure not stated’.
Source: ABS, 2006 Census Custom Table

A number of key points to consider within the context of the 2006 Census are:

- higher proportions of public and community rental in the Pilbara and Kimberley;
- home ownership rates were significantly lower in the Pilbara and Kimberley compared to the rest of the State;

14 Addressing the housing needs of Aboriginal people within regional and remote areas was not part of the Social Housing Taskforce Terms of Reference.
15 Regions are ABS Statistical Divisions with Upper and Lower Southern amalgamated into ‘Southern’. 
• high level of “Other Rented” tenure in the Pilbara (this is a reflection of high levels of employer provided housing by mining companies); and

• high community housing tenure in the Kimberley (this is a reflection of the number of remote Aboriginal communities in that region).

Table 3.2 outlines median house prices in Western Australia and calculations of the median house price as a multiple of household income\textsuperscript{16}. This table clearly identifies several regional centres, including Broome, Port Hedland, Karratha and Augusta/Margaret River that had median prices higher than Perth, requiring significantly higher incomes than Perth households in order to purchase a home.

Table 3.2: Median House Prices, Growth and Affordability for Regional Centres

<table>
<thead>
<tr>
<th>Regional Centre</th>
<th>Dec 2008 Median House Price</th>
<th>5 Year Change</th>
<th>1 Year Change</th>
<th>Multiple of Household income required for purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany</td>
<td>$360,000</td>
<td>20%</td>
<td>-13%</td>
<td>5.54</td>
</tr>
<tr>
<td>Augusta/Margaret River LGA</td>
<td>$447,500</td>
<td>15%</td>
<td>-11%</td>
<td>6.88</td>
</tr>
<tr>
<td>Broome</td>
<td>$650,000</td>
<td>18%</td>
<td>-4%</td>
<td>10.00</td>
</tr>
<tr>
<td>Bunbury</td>
<td>$330,000</td>
<td>21%</td>
<td>-13%</td>
<td>5.08</td>
</tr>
<tr>
<td>Busselton</td>
<td>$385,000</td>
<td>14%</td>
<td>-21%</td>
<td>5.92</td>
</tr>
<tr>
<td>Carnarvon</td>
<td>$370,000</td>
<td>56%</td>
<td>30%</td>
<td>5.69</td>
</tr>
<tr>
<td>Esperance</td>
<td>$350,000</td>
<td>24%</td>
<td>-5%</td>
<td>5.38</td>
</tr>
<tr>
<td>Geraldton-Greenough</td>
<td>$345,000</td>
<td>32%</td>
<td>-1%</td>
<td>5.31</td>
</tr>
<tr>
<td>Kalgoorlie-Boulder</td>
<td>$321,000</td>
<td>23%</td>
<td>4%</td>
<td>4.94</td>
</tr>
<tr>
<td>Karratha</td>
<td>$670,000</td>
<td>33%</td>
<td>-6%</td>
<td>10.31</td>
</tr>
<tr>
<td>Mandurah-Murray</td>
<td>$385,000</td>
<td>13%</td>
<td>-9%</td>
<td>5.92</td>
</tr>
<tr>
<td>Northam</td>
<td>$260,000</td>
<td>39%</td>
<td>-3%</td>
<td>4.00</td>
</tr>
<tr>
<td>Port Hedland</td>
<td>$502,500</td>
<td>40%</td>
<td>-9%</td>
<td>7.73</td>
</tr>
<tr>
<td>Balance of Regional WA</td>
<td>$245,000</td>
<td>29%</td>
<td>-8%</td>
<td>3.77</td>
</tr>
</tbody>
</table>

Source: REIWA Market Update, December 2008

Regional private rental data is hard to find but the Department of Housing receives data on new bonds lodged with the Bond Administrator at the Department of Commerce. Data for Perth and the major regions for the March 2009 quarter, compared to the same period of 2008, are shown in Table 3.3. The median rent levels for the North West are subject to volatility because of the low number of bond lodgements and lodgements from caravan parks, where rents for sites and chalets tend to have much lower rents than for normal rental dwellings.

As illustrated in Table 3.3, rents in the private sector increased in all regions at the same rate other than the Goldfields that saw a decline of 6%. Private sector rents in the North West witnessed considerably higher growth than elsewhere in the State.

\textsuperscript{16} Calculations provided by Dr Steven Rowley and Dr Rachel Ong, Curtin University as part of a report for WACOSS.
Table 3.3: Median Weekly Rent of New Bonds, March Quarter 2008 & 2009

<table>
<thead>
<tr>
<th>Region</th>
<th>Median Rent March Qtr 2008</th>
<th>Median Rent March Qtr 2009</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perth</td>
<td>$320</td>
<td>$350</td>
<td>9%</td>
</tr>
<tr>
<td>Peel</td>
<td>$260</td>
<td>$280</td>
<td>8%</td>
</tr>
<tr>
<td>South West</td>
<td>$250</td>
<td>$270</td>
<td>8%</td>
</tr>
<tr>
<td>Great Southern</td>
<td>$230</td>
<td>$250</td>
<td>9%</td>
</tr>
<tr>
<td>Wheatbelt</td>
<td>$200</td>
<td>$220</td>
<td>10%</td>
</tr>
<tr>
<td>Goldfields</td>
<td>$320</td>
<td>$300</td>
<td>-6%</td>
</tr>
<tr>
<td>Pilbara</td>
<td>$300</td>
<td>$850</td>
<td>183%</td>
</tr>
<tr>
<td>Kimberley</td>
<td>$350</td>
<td>$465</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: Calculations based on data from Bond Administrator, Department of Commerce

The Western Australian Planning Commission’s web site reports on 11 regional hotspots for land supply. Other than Kalgoorlie/Boulder, all the other hot spots are in the Pilbara and Kimberley. For some years, these areas have presented problems for government in providing land, housing and other infrastructure necessary to meet demand. Public housing has also been facing greater demands on its existing housing stock to meet the rising demand for housing assistance in these areas.

Table 3.4 shows the total public and community rental stock by region and also indicates the market presence of social housing as a percentage of total housing in these areas. The table also indicates the average waiting times applicants can expect to wait before they are housed. The data emphasises the importance of public rental housing in the Kimberley and Pilbara.

Table 3.4: Social Rental Stock, Market Presence and Average Waiting Times by Region

<table>
<thead>
<tr>
<th></th>
<th>Public Housing</th>
<th>Community Housing</th>
<th>Total Social Housing</th>
<th>Market Presence</th>
<th>Average Waiting Time (Weeks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Metro</td>
<td>25125</td>
<td>2218</td>
<td>27343</td>
<td>4.0%</td>
<td>91.0</td>
</tr>
<tr>
<td>Southern</td>
<td>1112</td>
<td>218</td>
<td>1330</td>
<td>5.1%</td>
<td>73.0</td>
</tr>
<tr>
<td>South West</td>
<td>2317</td>
<td>311</td>
<td>2628</td>
<td>3.9%</td>
<td>114.1</td>
</tr>
<tr>
<td>Wheatbelt</td>
<td>1050</td>
<td>389</td>
<td>1439</td>
<td>4.3%</td>
<td>45.1</td>
</tr>
<tr>
<td>Goldfields</td>
<td>1104</td>
<td>144</td>
<td>1248</td>
<td>5.3%</td>
<td>66.3</td>
</tr>
<tr>
<td>Midwest/Gascoyne</td>
<td>1668</td>
<td>217</td>
<td>1885</td>
<td>6.7%</td>
<td>73.3</td>
</tr>
<tr>
<td>Pilbara</td>
<td>1515</td>
<td>81</td>
<td>1596</td>
<td>9.5%</td>
<td>78.1</td>
</tr>
<tr>
<td>Kimberley</td>
<td>1582</td>
<td>49</td>
<td>1631</td>
<td>15.3%</td>
<td>100.4</td>
</tr>
<tr>
<td>Total Regional WA</td>
<td>10348</td>
<td>1,409</td>
<td>11757</td>
<td>5.7%</td>
<td>80.0</td>
</tr>
</tbody>
</table>

Source: Department of Housing

3.2 Taskforce Understanding of Regional Housing Challenges

The overall lack of affordable housing and alternative housing options in the North West were raised as major issues in the consultations. Particular issues to note include:

- There is not enough housing in general in the North West. Housing affordability issues in the Kimberley and Pilbara are exacerbated by high construction costs, the lack of private rental across the region and the need for more one and two bedroom dwellings for singles and couples without children.

18 Unlike Table 3.1, the community housing stock figure for the Kimberley in Table 3.4 does not include dwellings in remote Aboriginal communities, hence the variation in figures.
The Taskforce welcomes the recent establishment of the ‘Pilbara Housing Study’ to be funded by the Department of Housing and Pilbara Development Commission.

Funding from the Royalties for Region program would not replace funding provided by other Government agencies responsible for housing but complement the funding for key workers.

- No options exist to move social housing tenants on through the housing continuum because of a lack of affordable housing options in the private sector. The Department of Housing is reluctant to force income ineligible tenants out of public housing as it would result in homelessness and loss of employment. However, this means that the Department of Housing is unable to assist people on the waiting list.

- Public housing income limits were seen to be too low in the region given the cost of housing and the general lack of affordable rental housing for key workers.

- Employees of small or medium businesses cannot access affordable housing. The only way for businesses to obtain and retain staff is through accommodation subsidies. Where this occurs, the cost of these subsidies is passed on to consumers in the form of higher prices for goods and services.

- Lack of affordable housing is affecting the ability of essential and community service organisations (key worker housing) to deliver important services to residents of the region.

- Only direct employees of mining companies who move to the region receive accommodation subsidies. Sub-contractors, apprentices and local residents are not eligible for these subsidies. This has reinforced the use of Fly-In Fly-Out workforces. It has also forced some local residents to move out of the region and become Fly-In Fly-Out workers based in Perth because they cannot afford to live in the region.

The Taskforce has focussed on discussing regional housing issues in the context of the Pilbara and Kimberley. However, housing problems are also prevalent in the South West where demand for housing has resulted in higher than average waiting times for public housing. The South West region has the longest average waiting time for allocation of a public housing dwelling at 114 weeks compared to 91 weeks in the metropolitan region.

### 3.3 Addressing Regional Housing Needs

The State and Commonwealth Stimulus Packages will provide some additional affordable housing in regional areas. While this is a good starting point it certainly is the ‘tip of the iceberg’ in relation to addressing housing needs in the regions.

There is a need for continued government funding to provide on-going construction of more social housing, particularly in the ‘hot-spots’ in the resource rich Pilbara and Kimberley. The proposed gas hub 60 kilometres north of Broome will have an enormous impact on the town, with big demands on affordable housing. Despite the global recession, expansion of LNG and iron ore in the Pilbara will continue to impact on housing demand in the region.

If local economies are to continue functioning effectively, affordable housing for key workers who are not employed by mining companies or government must be made a funding priority. The Royalties for Regions program could be an appropriate mechanism to fund the provision of affordable housing in the regions that is not currently being met by private sector investors.

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19 The Taskforce welcomes the recent establishment of the ‘Pilbara Housing Study’ to be funded by the Department of Housing and Pilbara Development Commission.

20 Funding from the Royalties for Region program would not replace funding provided by other Government agencies responsible for housing but complement the funding for key workers.
Recommendation 8
The Minister for Housing and Works and Minister for Regional Development work to identify funds within the Royalties for Regions program to be used to facilitate the development of key worker housing in the North West of the State.

3.3.1 Implementation of Regional Housing Planning Mechanisms
Housing needs vary greatly between regions and there is a requirement for a housing need assessment mechanism to be put in place to report on and monitor housing needs in each region. Consultation in the Kimberley raised the issue of the possibility for the establishment of regional housing boards. The establishment of such boards could carry out this role of housing needs assessment and could also be given responsibility to allocate funding for local housing provision.

Recommendation 9
The Departments of Housing, Planning, Local Government and Regional Development establish a mechanism that identifies the housing needs of each region in Western Australia, inclusive of the needs of Aboriginal people in a regional and remote context.

3.3.2 Increase in Commonwealth Rent Assistance and National Rental Affordability Scheme Subsidies in Regions
The lack of transition points in the affordable housing continuum are worse in the regions compared to the metropolitan area. Unless there is a significant increase in the supply of affordable housing in the regions there will continue to be significant gaps in the housing continuum, preventing the transition of tenants out of public or community housing. This is exacerbated by CRA and subsidies within the NRAS not taking into account the significantly higher cost of housing in regional areas.

Recommendation 10
The Minister for Housing and Works negotiates with the Commonwealth Minister for Housing to obtain an increase in Commonwealth Rent Assistance payments and National Rental Affordability Scheme subsidies for specific regions with high housing costs.

3.3.3 Introduction of a Rental Subsidy Pilot Scheme in the Pilbara
With the significant housing affordability issues in regions such as the Pilbara, the Department of Housing could trial a time limited rental subsidy scheme for apprentices and trainees. This program would facilitate access to affordable housing to individuals during the structured educational program undertaken by an apprentice or trainee.

Whilst this is still in the conceptual phase, the Department of Housing could provide rental support payments to an individual during their study. Once the study is completed and the apprentice or trainee is on a full wage, they would be required to pay back the rental subsidies to the Department of Housing. This would be modelled on a similar methodology to the old Higher Education Contribution Scheme (HECS).

Recommendation 11
The Department of Housing pilots a time limited rental subsidy scheme in the Pilbara for apprentices and trainees to facilitate access to affordable housing for the period of their structured education.
3.4 Aboriginal Specific Housing Issues

The Taskforce consulted with a number of Aboriginal people and organisations in both the North West and in the Perth metropolitan area. The key messages given were the same as those that have been constantly given to governments over the last decade or even longer. Unfortunately the change implemented by successive governments has been slow and incremental at best. The Taskforce outlines some key messages received in relation to Aboriginal housing matters to ensure that the current State Government provides a focus on addressing the disadvantage.

Key discussions points include:

• With the settlement of Native Title in many areas of the North West, there are opportunities for Traditional Owners to use the land and some of the compensation monies to address housing needs for Aboriginal people. In discussions with the Taskforce there was some focus given to Traditional owners seeking to build housing to rent on the private market and generate a cash flow.

• The majority of social housing in the Kimberley is occupied by Aboriginal households and overcrowding is an on-going issue for Aboriginal tenants. Even reducing the number in a house from 17 to 10 can provide a dramatic improvement in the lifestyle for the residents in that home. Overcrowded homes mean that children cannot study, teenagers have difficulty in attending further education or training and workers find it difficult to attend work if the home is overcrowded and visitors want to party through the night.

• Affordable housing was seen as the necessary base for people to acquire education/training and then steady employment. Employment opportunities exist in towns such as Kununurra and Port Hedland provided people have the necessary education and training.

• There are difficulties for Aboriginal people moving from social rental into home ownership. People need help in establishing their credit worthiness and obtaining affordable housing finance.

• There is a need for transitional housing for people moving into towns from remote communities. Movement of people between remote communities and urban areas has a major impact on housing and tenancy management in regional centres. There is a need for temporary accommodation for Aboriginal people coming into town for legal, social or medical reasons.

• New models of housing management are needed in social housing with strong tenancy support, including wraparound support for Aboriginal households moving into a rental home for the first time. A need for the old homemaker-type service is seen as a priority by many Aboriginal people.

Stepping Stones Program

This innovative program is run in Kununurra and the East Kimberley by the Wunan Foundation. Stepping Stones provides affordable accommodation and support to Aboriginal people who commit to being good tenants, attend education/training and take on employment. Wunan’s purpose is to provide Aboriginal people in the East Kimberley the chance to “enjoy the capabilities and opportunities necessary to make positive choices that lead to independent and fulfilling lives.”
• The alcohol bans in some Kimberley centres and communities have resulted in movement of people to Kununurra and Broome which has meant more overcrowding and people sleeping rough.

• Recognising the housing needs of Aboriginal people in the Kimberley and Pilbara should not distract attention from the very real issues experienced by Aboriginal people in other parts of the State. A concerted effort from all levels of government is needed to understand and address the different housing needs of Aboriginal people in urban, regional and remote Western Australia.

• In urban areas, greater emphasis is needed on working in partnership with Aboriginal people to provide appropriate housing that accommodates family size and demographic structures. Housing size and location of housing is critical for Aboriginal people to have successful tenancies and improve life outcomes.

• It was suggested to the Taskforce that there was the need to develop a Regional Noongar Housing Authority to ensure Aboriginal housing needs were properly addressed within Noongar country.

3.4.1 Framework for Moving Forward on Aboriginal Housing Issues

To address Aboriginal housing issues, the State Government should, as a matter of urgency, articulate a vision for Aboriginal housing in urban and regional areas of Western Australia. As part of this work, a very important component will be how Aboriginal people and organisations can be actively involved in determining their housing needs and the provision and management of housing.

The opportunities for Aboriginal people to move out of public or community housing into affordable private rental or home ownership are much more restricted than for non-Aboriginal people in Western Australia. If Aboriginal people are to be given the same opportunities to move through the housing continuum as non-Aboriginal people then existing efforts to assist Aboriginal people into affordable rental and home ownership need to be continued and strengthened.

The Taskforce recognises the importance of continuing to help Aboriginal families to access the private rental sector and recommends that the Department of Housing renews its commitment to the Private Rental Aboriginal Assistance Scheme (PRAAS) and Private Rental Aboriginal Assistance Loan (PRAAL) and seeks ways of extending both services beyond their current limited operation.

Recommendation 12
The Department of Housing develops a strategic policy framework to address the housing needs of Aboriginal people living in urban and regional areas, inclusive of how they can actively participate in managing housing and establishing viable community housing organisations.

Recommendation 13
The Department of Housing renews its commitment to the Private Rental Aboriginal Assistance Scheme and Private Rental Aboriginal Assistance Loan, and expands both initiatives to assist more Aboriginal households.

21 For more information on the schemes please go to http://www.housing.wa.gov.au/402_476.asp. The Department has assisted 163 applicants under the Private Rental Aboriginal Assistance Loan since commencement in January 2006.
Consideration should also be given to how existing home loan programs to assist Aboriginal people to access home ownership can be strengthened and extended. Programs are needed to help Aboriginal people to establish their credit worthiness and obtain affordable home finance. In the same way that many social housing tenants need support to sustain their tenancy, support services are needed by some potential Aboriginal home purchasers to sustain them in home ownership.

Recommendation 14
The Department of Housing reviews existing home ownership schemes to ensure they provide a complete home loan and support service to Aboriginal people.

There is a recognised need for visitor centres to be established for Aboriginal people visiting regional centres for health and medical reasons, education, shopping, business, family reasons and recreation. Typically, visitors choose to stay with family and friends, which can create overcrowded housing, or they camp in townsites. The State and Commonwealth Governments have both recognised the need to provide more accommodation options for Aboriginal people visiting regional centres. The Commonwealth has provided $2 million of capital funding towards the establishment of a facility in Kalgoorlie and there is broad agreement that similar facilities are required in Halls Creek, Broome and Fitzroy Crossing. The Taskforce supports the development of the Aboriginal visitor centres.

Recommendation 15
The Commonwealth and State Governments allocate the necessary capital and recurrent funding for the development of four Aboriginal visitor centres in Western Australia.

The Taskforce also welcomes the commitment of $10 million of capital funding by the Commonwealth for the construction of four hostels on land provided by the State Government to accommodate young Aboriginal people while they complete traineeships or apprenticeships. The hostels are to be located in Broome, Derby, Fitzroy Crossing and Halls Creek.

22 The Taskforce has been advised that the Commonwealth have provided $2 million towards the establishment of the Kalgoorlie visitor centre while the National Partnership Agreement on Homelessness has made provision for up to $2.4 million over 4 years for the recurrent costs for centres in Kalgoorlie and Broome.
Chapter 4

Moving to an Affordable Housing Continuum: Modernising Social Housing in Western Australia

The current public housing system has followed a generally conservative approach to the way it administers and delivers social housing in Western Australia. The current system is generally depicted by:

- Limited information collected on the housing and support needs of applicants on the waiting list;
- Little drive to transition tenants out of the public (and community) housing into the broader housing system;
- Piecemeal attempts to reduce under-occupancy of public housing; and
- Limited understanding of public housing assets and the lack of a strategic framework which seeks to utilise them for best outcomes.

This has helped establish an affordable housing system with limited transition points offered to tenants and little turnover through a blocked system. This has been the catalyst for an acceptance by many tenants, and perhaps those administering public housing, that social housing is for life. This concept needs to be challenged and addressed.

In many respects there remains an equity gap between those functional public housing tenants that pay 25% of income and households with a similar income profile that are required to pay full market rent and cannot access affordable housing options. The current system maintains this inequity between public housing ‘haves’ and private rental ‘have nots’.

If the public housing system remains static it will be a contributing factor to the expected exponential growth in the number of applicants on the waiting list. There needs to be significant changes to the way that the public housing system is administered, and its current and future clients are serviced and supported. This will require a shift in thinking to an affordable housing continuum which has suitable entry, transition and exit points that facilitate the movement of clients during their housing careers. Providing for properly funded and effective support services for social housing clients will significantly enhance their opportunity to transition through the housing continuum.

Recommendation 16
The Department of Housing reviews its policies and processes to ensure that heavily subsidised public housing does not remain the primary housing option for households in the longer-term, except for those with recognised ‘life-long’ complex needs.

Another important consideration that underpins the move to an affordable housing continuum is the concept of affordable living. In working towards improving the outcomes for low to moderate income households, due consideration needs to be given to ensuring that the location of housing, within each part of the continuum, is situated in close proximity to public transport; houses are energy efficient; and there is easy access to community facilities.
### 4.1 Affordable Housing Continuum

The Taskforce defines an affordable housing continuum as a system traversing the complete range of housing tenures, from crisis accommodation to affordable home ownership. Currently, Western Australia does not have an affordable housing continuum. The public and community housing sectors have approximately 39,000 housing units between them that provide heavily subsidised housing to those generally in the first income quintile and limited affordable home ownership options. Even the affordable home ownership options have an uncertain future.

Private rental levels have become unaffordable for many households in Western Australia over the last three years. Research suggests nationally that in 2006 only 91,000 dwellings were affordable for the 237,000 private renters in Australia with income in the first income quintile.

Of these, 56,000 dwellings were occupied by households in higher income quintiles. This results in an increase from a shortfall of 146,000 affordable dwellings to a shortfall of 202,000 affordable and available dwellings for those in the lowest quintile. In summary, 58% of all private rental dwellings are not available to households in the bottom two income quintiles because they are occupied by households in the top three quintiles (NHSC, 2009).

The impact of the inaccessibility and low supply of affordable rental dwellings is a significant reason why once people are in public or community housing then their options to move through the housing continuum are restricted. There is a gaping hole relating to people in the first and second income quintiles being able to afford housing outside the social housing sector as outlined in Figure 4.1.

**Figure 4.1: Current Western Australian Social Housing System**

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Diagram showing the current Western Australian social housing system with a focus on the affordability problem. The diagram illustrates the gap between different income quintiles and housing options, highlighting the challenges and limitations faced by households in the bottom two income quintiles.
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There are a number of steps to improve the current social housing system and move to an affordable housing continuum. The first level of thinking revolves around the need for the current system to facilitate a seamless housing transition for social housing clients as their housing needs and financial circumstances change. Affordable housing options are the key to this at each stage of the process, together with properly funded and effective support services to ensure successful transitions.

Government needs to clearly focus on ensuring that the supply of affordable housing is significantly increased and is targeted at those with incomes in the first, second and lower end of the third income quintiles. The introduction of NRAS is a step in the right direction, however more action is required. The initiatives for increasing the supply of affordable housing and achieving this continuum are discussed in the following chapters. The Taskforce’s vision of what an affordable housing continuum for Western Australia should look like in 2020 is outlined in Figure 4.2.

**Figure 4.2: 2020 Affordable Housing Continuum**

Housing options are available to households in all three income quintiles, but are allocated according to housing need rather than income alone. Commonwealth Rent Assistance is reformed to improve affordability in the private rental market and account for different regional housing costs. Effective transition points exist and are accessible for households to move through the system as their housing needs change.

### 4.2 Crisis Accommodation

At the ‘beginning’ of the continuum are those individuals and families who are considered homeless. Those who are deemed homeless are usually housed in crisis accommodation which is funded by the Department of Housing and supported with appropriate services by the Department of Child Protection.

The first issue with crisis accommodation is the limited opportunity for households to transition into other accommodation once the initial ‘crisis’ has passed. In some cases the household occupying crisis accommodation may need to move into public...
or community housing. As the public housing system has a lengthy priority waiting list, the movement into this tenure can take six to eighteen months\(^{23}\). While this issue was clearly recognised in 2002 in the State Homelessness Strategy, blockages remain in the system with the result that crisis accommodation cannot fully meet the demand from new homelessness cases.

There is little flexibility in the system to be more creative with transitioning houses and not households between ‘crisis housing’ and ‘public housing’. Changing the status of the house would allow people to stay in an environment in which they are comfortable. An equivalent ‘public’ house could be reallocated into crisis accommodation. In part this is difficult given the split responsibility for crisis accommodation between the Department of Housing and Department of Child Protection.

If transitions along the housing continuum are to be improved then, as a starting point, responsibility for the provision of homelessness services should be transferred from the Department of Child Protection and amalgamated with the provision of crisis accommodation in the Department of Housing.

Whilst this will provide a challenge to the Department of Housing to become responsible for the administration and support for those requiring crisis accommodation, the potential outcomes of a seamless approach at this end of the spectrum would be highly beneficial for both the government and for those accessing crisis accommodation.

In addition, as the Department of Housing moves towards providing affordable housing options, there will be opportunity for people to move out of crisis accommodation into affordable private rentals, recognising that different housing pathways are suitable for different households and needs. This will be more difficult if administration of crisis accommodation remains outside direct responsibility of the Department of Housing.

There will need to be a change in focus and culture in the Department of Housing at all levels to move from a provider of housing to a provider of housing services. If implemented successfully, bringing homelessness services into the Department of Housing will enable a smoother transition of people through the housing system and where required, to public or community housing with appropriate support services.

**Recommendation 17**

The Minister for Housing and Works negotiates with the Minister for Child Protection to transfer responsibility for homeless services to the Department of Housing by 30 June 2010.

\(^{23}\) Based on feedback from some members of the NFP sector.
4.3 Moving to ‘One Affordable Housing System’

The next significant change is the introduction of a comprehensive assessment system for the housing sector that properly assesses both the housing and support needs of people seeking assistance. There will also be the need to reinforce existing schemes and the introduction of new programs to help social housing tenants to transition to affordable housing options in rental housing or home ownership. A complete overhaul of the current public and community housing system is required to ensure there are opportunities to address the housing needs of a wider range of Western Australia households.

4.3.1 Current Deficiencies of the Public Housing Waiting List

The public housing waiting list, which is effectively an allocation management tool that matches clients to a property, operated relatively effectively until recently, when a real decline in social housing funding levels and stock coincided with a sharp decline in the affordability of housing in the wider market.

The waiting list does not include any systematic and recorded assessment of the circumstances and housing need of each household that has approached the Department of Housing for assistance. While the priority application system offers an avenue to determine the need of households experiencing a crisis that requires immediate housing assistance, there is no similar assessment for non-priority applicants. The result is that the Department of Housing has little information about the circumstances and needs of the people on the non-priority waiting list.

The lack of information is problematic for the Department of Housing in the housing allocation process. Previous studies have noted an increasing proportion of social housing applicants and tenants who have high and complex needs in addition to the housing issues associated with low income (Kunnen, 2008). It is increasingly important for the Department of Housing and other social housing providers to be aware of any particular issues or needs an applicant may have that impacts on the type or location of housing.

The limitations of the waiting list as a data source became immediately apparent to the Taskforce as it started to consider the development of alternative housing options to assist low income households. The first step in this process was to question the composition of the waiting list, what their current housing circumstances were and what other factors were impacting on their lives or housing situation. The investigation revealed a lack of any detailed information that would help in answering these questions. Apart from the basic information used by the Department of Housing for allocation purposes – age, income and family composition – there was very little data that could be systematically analysed to determine if there were certain cohorts on the waiting list that could have their housing needs addressed with alternative options.

To test some of the apparent information gaps within the waiting list, a telephone survey was conducted with 124 public housing applicants. The survey revealed a wide variety of life and housing circumstances among the respondents. Some key information drawn from the survey included:

- Two applicants had entered home ownership and no longer needed social housing.
- A small number of applicants were transient or living in improvised accommodation, including one who was living in an office.
- Surveyed applicants had moved house an average of 2.4 times in the previous 3 years.
- Ten applicants said that they had moved house 6 or more times in the last 3 years.
- The level of rent paid varied dramatically, from $0 to $450 per week.
There is also ‘hidden’ demand for social housing and other forms of housing assistance in the wider community. The most obvious source of this demand is from homeless people in Western Australia, the number of whom grew from 11,697 to 13,391 between 2001 and 2006 (ABS Cat 2050.0, 2008). Many homeless people find themselves unable to access mainstream services, including housing, due to a variety of issues including their physical and mental health, poor literacy or itinerant circumstances. Although the provision of traditional social housing may not always be the most appropriate solution for some homeless people, their lack of presence on the waiting list is a major issue that must be addressed.

Homelessness is exacerbated by a lack of crisis accommodation services. In the 2007/2008 financial year, 92 people sought emergency accommodation in Western Australia on any given day, with 59 of them turned away due to a lack of available beds (AIHW, 2009). Homelessness is a complex problem, with the Commonwealth and State Governments working towards addressing the issue in a more holistic way through the Commonwealth White Paper and COAG NPA on Homelessness.

Eligible persons may also choose not to register on the waiting list, despite their need for housing assistance. Advice from a number of stakeholders during the consultation process suggested that the growing waiting times for public housing is becoming a significant deterrent for people who would otherwise apply for social housing.

While applicants on the waiting list are required to prove their eligibility for housing at the time they lodge their application and again at the time they are allocated a property, they do not have to prove their ongoing eligibility for social housing while they wait for a home. The effect is that there may be applicants on the waiting list who are in fact ineligible for social housing thus inflating demand figures.

4.3.2 Moving from a Waiting List to a Housing Needs Register

The first stage in the process of moving from a wait list to a housing needs register is the introduction of a common housing register. This is currently being introduced in Western Australia. This reform is an important step in helping to provide a better picture of the demand for housing assistance by removing any duplication of applicants that might be on the Department of Housing list, as well as the waiting lists of one or more community housing providers.

Integration is only one small step in modernising the management of waiting lists. In order to assist in the better allocation of applicants to an appropriate housing option and giving applicants a measure of choice, applicants’ current housing situation and needs must be properly assessed. Currently, the

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24 Housing Needs Register is used in Queensland under the One Social Housing System.
Department of Housing, and community housing providers, do not have the capability or capacity to fully understand the housing needs of applicants and what an appropriate housing and support response is for each client.

The Queensland Government has already moved to a One Social Housing System that offers a single housing register and a detailed assessment of an applicant’s housing need. This system has the following four components:

- A housing needs assessment to identify a household’s housing need based on their current housing circumstances.
- A ‘Matching for Success’ process to identify the most appropriate housing assistance option to meet the applicant's housing need.
- A ‘Client Priority Assessment’ that prioritises applicants who are matched to social housing assistance.
- A housing register that places applicants into segments in accordance with their housing need. The register has five segments, from ‘very high need’ to ‘ineligible’.

The Queensland housing needs assessment tool consists of two indicators: appropriateness of current housing and what barriers are faced in solving their housing difficulties. The ‘ineligible’ category of the housing register is for applicants identified as being housed in appropriate accommodation that meets their needs but can be listed for other housing options such as the National Rental Affordability Scheme.

The Queensland implementation process took 18 months, covering consultation, review of the current wait list, amalgamation of the housing register and the necessary IT system changes.

The review of the Queensland wait list of approximately 38,000 applications resulted in a culling of a third of names on the list as being ineligible for housing assistance or no longer interested. Of the remaining applicants, 15% were assessed as being in very high housing need, 32% in high need, 27% in moderate need, 5% in lower need and 21% ineligible for social housing but eligible for other housing products such as NRAS25.

It is suggested that similar percentages could be applicable to the social housing system in Western Australia. In this scenario with a starting base of 20,000 applicants per the current waiting list, 6,600 applicants would be classed as ineligible or no longer interested (33%).

Of the remaining 13,400 applicants:
- 2,010 would be assessed as being in very high housing need;
- 4,288 applicants would be assessed as high housing need;
- 3,618 applicants would be assessed as having moderate housing need;
- 670 applicants would be assessed as having low housing need; and
- 2,814 applicants would be assessed as ineligible for social housing but be offered other affordable housing solutions.

The Department of Housing needs to introduce a Housing Needs Register. It is a reform under the COAG agenda and an important first step in better matching housing need with the appropriate housing option and subsidy across the affordable housing continuum.

The first stage will be the development of a housing assessment tool that provides a comprehensive assessment of the housing needs of applicants and allocates each client to an appropriate segment of the register.

**Recommendation 18**
The Department of Housing develops and implements an affordable housing system by 30 June 2011, which is underpinned by a Housing Needs Register that assesses the housing needs of all applicants and directs them to appropriate housing options.

In the future there may be the capacity for a wide range of organisations in the private (for example, real estate agents) and NFP sectors to be involved in referring or even assisting clients to be lodged on the Housing Needs Register. This would assist housing providers across the spectrum to become ‘one stop shops’ for those seeking affordable housing solutions.

**4.4 Improving the Current Social Housing System**

Concurrent with the move towards an affordable housing continuum, and introduction of the ‘One Affordable Housing System’, the Department of Housing needs to introduce significant changes within the current public housing system.

**4.4.1 Clients with Long-Term Social Housing Needs**

There is a demonstrated need for housing assistance by several well-defined groups in the community, such as non-home-owning seniors, people with disabilities, those with long-term health issues (including mental health) and people on very low fixed incomes. The majority of people in these groups face permanent hardship in accessing affordable housing in the private sector. Their only recourse is to seek long-term housing assistance funded by government.

Therefore, the Commonwealth and State Governments, must recognise that they will need to continue subsidising the housing needs of certain groups in society and that these subsidies will continue to grow for the foreseeable future as the number of baby-boomers reaching retirement without home ownership grows.

Table 4.1 outlines the numbers and percentages of high need groups currently in public housing, the majority of which will always need on-going housing subsidies:

**Table 4.1: Tenancies in Western Australia Needing On-going Housing Subsidies**

<table>
<thead>
<tr>
<th>Household type</th>
<th>Total number</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aged pensioners</td>
<td>8,813</td>
<td>26%</td>
</tr>
<tr>
<td>Disability support pensioners</td>
<td>7,368</td>
<td>22%</td>
</tr>
<tr>
<td>Total tenancies</td>
<td>33,692</td>
<td>100%</td>
</tr>
</tbody>
</table>

Forty eight per cent of public housing dwellings are occupied by households on low fixed incomes with a long-term need for social housing. Whilst there may be other households with complex needs the Taskforce suggests that there is always the possibility they could be transitioned through the affordable housing system. There may be a long lead time for this to

**Recommendation 19**
The Minister for Housing and Works to recognise government subsidies will always be needed to sustain the housing and support needs of households on long-term low fixed incomes and/or with complex needs.
occur, and significant support services required.

4.4.2 Addressing Income Ineligible Public Housing Clients

There are currently over 1,000 households residing in public housing who may be ineligible for public housing due to their incomes being above the set income limits.

The Department of Housing, as a matter of priority, needs to develop a clear strategy to transition these households out of their public housing tenancies. It is also suggested that the Department of Housing has an opportunity to assist these households into the affordable private rental market or affordable home ownership. Whilst this needs to occur on a case by case basis, the aim is for these households to be able to cope financially outside public housing and not find their way back into the social housing system.

Therefore, the strategy to transition ‘ineligible clients’ needs to include the following:

• The Department of Housing potentially transition the house currently occupied by the household from a ‘social house’ (that is, paying 23-25% of income) to an affordable house (that is, the household pay 20% below market rental rate). This could be a ‘stepping stone’ solution (or perhaps a permanent solution) for particular households as other affordable private rental accommodation schemes are established in Western Australia.26

• The households are offered affordable rental accommodation through the Department of Housing, or potentially the community housing sector, as these organisations work towards understanding their obligations in offering affordable rental housing and put in place the necessary administrative systems.

• The households are offered NRAS housing.

• The households are offered housing through the Affordable Rental Brokerage Scheme.27

• The households could offered a place in a time limited rental subsidy program.28

• They are helped to find a house in the private rental system with bond assistance.

• They are offered a shared equity loan to buy a home.

• Households are provided assistance with budgeting to support sustainability of the transition.

Recommendation 20
The Department of Housing develops and implements a strategy to successfully transition households with income above the Department’s eligibility limits into affordable rental housing, the private rental market or home ownership.

4.4.3 Addressing Under-Occupancy in Public Housing

The Department of Housing currently has over 3,000 public rental homes that are under-occupied. That is, at least one bedroom is not being utilised based on the composition of the households. The Department of Housing needs to address this significant problem given the large numbers of families that are waiting to access public housing and may be suffering from homelessness or extreme housing stress. The Department of Housing has a program

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26 Please see Chapter 5 for more information.
27 Please see Chapter 5 for more information.
28 Please see Chapter 5 for more information.
to reduce the number of under-occupied housing which offers several generous incentives to under-occupying tenancies, however this has had limited success in moving households into smaller public houses.

There is recognition of the sensitivity surrounding movement of individuals and families from their ‘homes’. Many tenants would prefer to stay in their homes for a host of legitimate reasons. The issue still remains, however, that the Department of Housing needs to work with each household to develop an appropriate housing solution. To aid in brokering solutions with tenants, the Department of Housing should be focusing on building one and two-bedroom homes to cater for the growing numbers of smaller households.

There are a number of issues that need to be taken into consideration when reducing the under-occupancy of public housing to minimise stress to all stakeholders, including:

- Trying to move tenants into a smaller home within the suburb where possible to ensure children can stay in the same school and there is familiarity of people and places;
- Providing newly constructed housing to tenants as a goodwill measure for them moving to smaller housing;
- Moving appropriate tenants into new housing schemes where they may have access to greater amenity and care, for example lifestyle villages and aged care facilities; and
- Examining the potential to use ancillary housing options, such as transportable “granny-flats” (similar to a scheme used in Victoria).

**Recommendation 21**
The Department of Housing develops and implements a plan that reduces under-occupancy in current public housing stock.

Through the stimulus package, and other capital expenditure, the opportunity needs to be taken to build smaller housing units to cater for smaller households. There also needs to be a focus on providing different types of housing options that may suit older public housing tenants. For example, the Taskforce suggests that affordable housing solutions can be found in the national lifestyle and park home concepts.
4.4.4 Reviewing Rent Setting

Changes to the Department of Housing rent setting mechanism are required to encourage social housing tenants whose financial circumstances are improving to move on to affordable rental properties or home ownership. Changes to rents would also improve the on-going financial viability of public housing, which has been deteriorating over the last two decades.

It is noted that public housing tenants who occupied their rental home before 1 July 1997 are still paying 23% of their assessable income in rent compared with 25% for all other tenants. As a first step, it is recommended that on the grounds of equity with other tenants, all tenants still on 23% of income should be moved to 25% by 30 June 2010.

**Recommendation 22**
The Minister for Housing and Works approves a change to existing rent setting in public housing so that all tenants pay a minimum of 25% of their income on rent by 30 June 2010.

With this first step in place and as further work occurs on the affordable housing continuum, the Department of Housing should review its rent setting for current tenants and move towards change that reflects tiered rent setting dependent on equity and capacity to pay29.

**Recommendation 23**
The Department of Housing reviews its social and affordable housing rent setting methodology, with a view to introducing tiered rental payments for tenants based on capacity to pay and improving access to support services.

4.4.5 Commitment to Bond Assistance Scheme

The high cost associated with moving into a new home in the private rental market is a major barrier to many low and moderate income households in Western Australia. To start a new tenancy, most landlords require four weeks rent as bond, plus two weeks rent in advance. For a home that costs $300 per week, this equates to $1800 - a large sum for those in the lowest income quintile of rental households who earn less than $400 per week.

The Bond Assistance Loan Scheme helps households to overcome this barrier by providing an interest free loan to cover the cost of the bond and, in certain circumstances, the first two weeks rent. The Scheme remains an important tool within the affordable housing continuum by allowing households to enter and move within the private rental market.

**Recommendation 24**
The Department of Housing to maintain the existing Bond Loan Assistance Scheme and regularly review bond loan limits to reflect changes in the private rental market.

4.5 Improving Support Services to Social and Affordable Housing Tenants

During its consultations, the Taskforce received a strong message that the support needs of social housing clients must be assessed and addressed in order for a tenancy to be successful30. While the Taskforce recognises that many social housing tenants do not require support services, others need help ranging from low level support such as regular check-up visits by the tenancy manager and financial counselling to intensive support by outsourced

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29 The Taskforce notes that the market rents on the Department’s properties are established using rental values provided by the Valuer General’s Office and that these values are usually not current. The Department should review its rent setting methodology for full rent payers to ensure the rent charged reflects current private rent levels in the private sector (perhaps by seeking individual rent valuations by local valuers).

30 This was also a strong theme in the Strategic Directions for Housing Service Delivery in Western Australia Review Report.
services that help the household to sustain their tenancy and avoid eviction. This may include brokering linkages to mental health services and aged care support assistance.

4.5.1 Link between Support Services and Transition of Households through the Housing Continuum

Rowley and Ong (2009) identified that having a broad range of well funded support services will provide the scope and be the catalyst for a tenant to move through the housing continuum. This research also identified that there is a significant proportion of social housing tenants who have a strong potential to exit social housing.

Using data from the national 2007 HILDA survey, it was identified that 54% of social housing clients do not have a disability or long-term health condition. This is considered a conservative estimate, with other surveys suggesting that a more accurate figure is 71% of public housing tenants being disability-free. Among disability-free working age social housing tenants, approximately 60% are employed in either full-time or part-time work and are therefore, earning a wage income. Eighty two percent of full-time workers have no dependent children, and are therefore less likely to face high costs in the form of moving expenses or loss of neighbourhood ties if they were to move out of social housing. Almost all full-time workers receive higher wages than income support payments and importantly, a significant majority of 84% have indicated that their jobs are secure, that is, the likelihood of them losing their job in the next 12 months is 10% or below.

Part-time workers’ mobility and earnings positions are weaker than that of full-time workers but the majority still possess characteristics that are favourable to movements out of social housing. Two-thirds of part-time workers have no dependent children, 90% receive higher wages than income support payments despite their part-time status, and 72% have indicated that their jobs are secure.

The data clearly shows that there are a significant proportion of social housing tenants who have a strong potential to exit social housing. However, to fully realise this potential movement through the system there needs to be comprehensive support services introduced and coordinated as discussed later in this chapter.

Simon and Nicole are a young couple with a one year old daughter. They came to a support agency with a number of debts, including rent arrears. The debt included Telstra and Synergy bills as well as owing money to their child care provider and mechanic. These debts were impacting on their ability to manage financially.

When the Family Support Worker looked at their budget, there were a number of areas where improvements could be made. The food bill for two adults and a child was an average of $250 per week, which is quiet high. The Family Support Worker gave them cheap and nutritious recipes, and other tips to save money on the weekly food shop. This couple was also tied into expensive contracts with Foxtel and ‘Rent to Buy’ schemes. The Family Support Worker assisted this couple to negotiate these payments down to lower, more manageable levels. Brokerage was then used to pay off some of the couple’s existing debts, improving their financial situation and making it easier to manage their budget.

The Family Support Worker then worked with this couple over a period of three months, providing information to the couple about how to manage their budget on a weekly basis. By the end of this time the clients were able to see that if they continued with their budget plan they would soon be able to pay off the remainder of their debts and start saving and improve their lifestyle. They could also plan for annual costs such as car registration, school fees and Christmas, as well as having a small amount put away for emergencies.

Simon and Nicole now have a plan to become debt free and to remain financially stable for the long term.

31 The Household, Income and Labour Dynamics in Australia (HILDA) survey is a longitudinal survey of a nationally representative sample of individuals, including people living in social housing.

32 The Australian Institute of Health and Welfare report, 2006-07 reported this figure based on a narrower definition of disability in comparison to the HILDA Report.

33 Tenants are not sub-divided by gender or location because the lower probability of females to exit social housing is tied in with the presence of dependent children, market conditions vary considerably across regions in Australia. For example, while the non-metropolitan regions in WA present more employment opportunities than the metropolitan region, this is not necessarily the case in other states.
4.5.2 Supported Housing Assistance Program

The Department’s current Supported Housing Assistance Program (SHAP) provides assistance when a tenancy is deemed to be at risk of eviction. The consultation by the Taskforce has determined that the level of SHAP support services is inadequate. For example, there is no SHAP service provided in Kununurra, a town where a large percentage of public housing is occupied by Indigenous families, many struggling to sustain their tenancies for various reasons. With appropriate support, these tenancies may become sustainable and therefore reduce the likelihood of entering into a cycle of eviction, re-application followed by a further eviction. This is costly both to the family with inter-generational impacts on the future behaviour of children and for the Department of Housing with extra costs of vacancies, maintenance and re-allocations.

The other major deficiency with SHAP is that support is only provided at the point when the tenancy is considered to be at risk of eviction. The provision of support when the tenant is about to be evicted is too late in the process. Support services need to be started at the commencement of a tenancy or even when an applicant is on the waiting list. Earlier intervention and prevention is more likely to lead to improved tenancy outcomes to stop problems becoming chronic and systemic.

4.5.3 A Housing Plan for Tenants – Ensuring Access to Appropriate Support Packages

A housing plan is required for all current social housing tenants and all applicants moving into social housing. This would investigate the social and financial support services a tenant, or potential tenant, would require to sustain a successful tenancy, and a plan to transition them through the affordable housing continuum.

As this assessment process is not a simple task, the Department of Housing will need to establish a support assessment team with the necessary skills to conduct a full assessment of the housing and support needs of applicants and tenants. This needs to include a skilled set of professionals, for example social workers and psychologists. It is also suggested that the assessment process may need to be contracted out to the non-government sector with experience in working with tenants, especially those with special needs. Once the housing plan has been completed, the appropriate support services will be identified and the tenants referred to the appropriate service provider. This would include referrals to mental health providers, disability services, alcohol and drug services and other Commonwealth and State funded services.

Michelle is an Aboriginal public housing tenant who was referred to SHAP for assistance with property standards and financial debts, including tenant liability. SHAP staff provided support to her and identified a number of issues during the support visits including overcrowding, a history of family violence and child/sexual abuse and a lack of external support.

Michelle has a 3-bed house but at one stage cultural expectations meant that she had 22 extended family members who were homeless staying with her. This had a big impact on property standards, plumbing and household bills. SHAP worked with the Department of Housing to get the extended families housed in their own properties. Since allocation to their own properties, Michelle’s housing standards have improved dramatically and she can afford to pay her bills again.

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34 In addition to SHAP, since 2003 the Department has funded a full-time support worker at Foundation Housing to provide support to 10 to 12 high needs families.

35 When the Department of Housing moves to a Housing Needs Register all applicants will be required to undergo assessment and to have a housing plan.
4.5.4 The Cost of Providing Appropriate Support Packages

To help the work of the Taskforce, WACOSS initiated a “peaks roundtable” which mapped the various support services available to social housing tenants and the funding source. The list of 21 separate support programs covers a wide range of services. This mapping identifies the need to move forward and establish a seamless transition for social housing clients in relation to support services. Characteristics of the ideal suite of support services include:

- Flexibility in responding to clients needs;
- Flexibility in level and type of support;
- The support to be continuous;
- Based on professional relationships between workers and clients;
- Client or person-centred;
- Collaborative between agencies and sectors where required;
- Covers all areas of life including:
  - practical needs;
  - emotional/psychological;
  - adoption/transition to new or changed circumstances;
  - physical health;
  - mental health; and
  - co-occurring issues.
- Culturally aware and responsive.

Government must commit to adequately funding support services for people in the social housing system to sustain tenancies and encourage participation in the community, both socially and economically. The full investment in such services will bring considerable savings to government that have the potential to far exceed the initial investment in support services. Work (Paul Flatau et al, 2008) on the cost effectiveness of homeless services in Western Australia estimated such services can provide large future savings in the justice and health systems. The project estimated:

“the potential annual whole-of-government savings are at least twice as large as the annual cost of delivering effective homelessness programs. For example, the cost for single male homelessness assistance is only $4,625 per client compared to average health and justice costs of $10,212 above the normal population rate while homeless” (Flatau et al, 2008).

Andrea lives in a rented house with her two children, aged two and four. Her husband, who was the main income earner, died three months ago and she is struggling to pay the rent on sole parent benefits. She has already had a warning from the landlord and will be evicted if she falls into arrears again. Andrea approaches the Department of Housing for help. Her immediate housing needs are assessed and she is offered an affordable rental property. A non-government support agency is engaged to work with Andrea when she moves in and discovers that she used to work as a bookkeeper for her parents business. Together they develop a long term life and housing plan for Andrea. She begins a bookkeeping course at TAFE and plans to start working when her children are school age, which will earn her enough money to move back into a rental property in the private market.
Research undertaken by Rowley and Ong (2009) in trying to understand the extra costs of providing adequate support packages for 20,000 additional social housing households revealed that depending on the average household size and whether the incidence of access to support services is low, medium or high, the increase in real expenditure by each key service type is:

- Disability and mental health services: between $11.1 and $22.1 million;
- Aged care services: between $2.7 and $5.5 million;
- Support for victims of violence or abuse: between $0.6 and $1.4 million;
- Youth support: between $1.5 million and $3 million; and
- Housing Support: between $2.2 and $4.3 million.

This funding would be additional to the current level of support services and funding required for the 39,000 social housing households in Western Australia. Further work is needed in relation to understanding what the real cost would be of providing support packages to current social housing tenants and the extra 20,000 expected households. This should include a cost-benefit analysis for government on the opportunity cost of not providing the support services. Indeed, an important part of service provision is the establishment of a data collection and reporting mechanism to monitor the support services so that government and the community can see that such service provision is making a difference to the lives and participation of the supported households and is an effective investment of government funds.

**Recommendation 25**

The Minister for Housing and Works commits to adequately funding support services for people in the social housing system to assist in sustaining tenancies and in moving people through the affordable housing continuum.

**Recommendation 26**

The Department of Housing identifies the support needs of current public housing tenants to assist with the development of individual housing plans.
Working In Partnership with the Private and Non-Government Sector to Attract Finance for Social and Affordable Housing

The provision and financing of social housing is traditionally seen as core business of government by those in the private sector. Provision of affordable housing across the housing continuum is not lucrative and therefore the market will not in itself innovate and provide solutions to address the affordable housing shortage. The State Government needs to take the initiative and begin to explore options to lead the market to address this market failure.

Attracting investment in social and affordable housing by the private and NFP sectors requires a concerted medium to long term approach by Government with appropriate human resourcing within the Department of Housing to develop the required investment methodology, vehicles and long-term implementation and oversight of the schemes. This will require attracting and retaining staff with different skill sets that currently exist within a ‘housing’ department, focussing on those with commercial, financial and property investment backgrounds.

5.1 Difficulties in Attracting Institutional Investment in Affordable Housing

Attracting private sector investment in social and affordable housing markets is typically difficult given the low yields, risk and general lack of liquidity this type of asset class provides.

Specifically, investment opportunities inherent in current housing interventions:

- reflect a low initial yield with a heavy reliance on reversionary values, that is potential capital growth over a substantial term;
- in certain circumstances constrain the security required for the mobilisation of debt;
- deliver marginal net cash flows that lack the scale for ensuring the self perpetuating funding scenarios; and
- rely on negative gearing to aid profitability.

In light of the barriers to providing a sufficient yield or risk-return profile to attract investment in affordable housing, alternative investment vehicles will need to be developed and tested. This is reinforced by the advice received from a Western Australian based superannuation scheme\(^{38}\) that suggested that there is potential to attract superannuation investment in affordable housing, with a reduced hurdle rate, if there is a government guarantee or other incentives, including:

- Lowering the direct tax burden to maximise after tax returns;
- An investment opportunity that provides return asymmetries relative to existing portfolios and investments; and
- An investment that provides real returns by hedging inflation through the use of indexed or CPI linked products.

\(^{38}\) Correspondence from Westscheme dated 7 May 2009.
The prospect of getting large-scale private and non-government investment into affordable housing schemes in the short-term is problematic given the current market conditions and the time associated with developing an appropriate entry and vehicle on the scale required to attract institutional investment. However, there is currently a window of opportunity to develop the framework and associated structures to facilitate the interest and participation of investors into suitable affordable housing schemes.

5.1.1 National Rental Affordability Scheme

There is ongoing debate regarding the ability of incentive based programs, such as NRAS to attract large-scale institutional investment into affordable housing schemes. Given the requirements of institutional investors, including superannuation funds, as outlined above, there is a very low probability that NRAS will facilitate the direct movement of investors into financing affordable housing.

Despite the lack of interest from institutional investors, NRAS does appear to be attracting a number of smaller 'opportunistic' investors. However, as the subsidy level is universally applied across Australia, it tends to attract these investors in areas where housing is more affordable to build. This disadvantages regions in Western Australia that have significantly higher housing costs.

5.2 Solution Based Approach for Attracting Institutional Investment in Affordable Housing

The Department of Housing has generally assumed a traditional role in working with developers and builders in relation to social housing. This has involved a basic tendering process with defined specifications to contract developers and builders to provide social housing in Western Australia. Whilst there have been some exciting developments through the use of a Joint Venture approach in some instances, over the years this static tendering process has not ultimately led to departmental innovation in the provision of social and affordable housing.

The Department of Housing needs to take a leading and proactive role in working with key stakeholders involved in each component of the housing industry – from landholders, financiers, investors, developers, builders and tenancy managers – to increase and expand the provision of affordable housing across Western Australia. The innovation will hinge on the Department of Housing taking a leading role in the Western Australia housing marketplace through the facilitation and brokering of deals, and creation of new housing products.

With the injection of funds from the Commonwealth and State stimulus packages and the flow of capital expenditure funds from other agreements, there is potential to broker innovative deals with a variety of stakeholders to build additional housing units and increase the multiplier effect on the economy. The Department of Housing can also assist consortia to navigate the complex

Whilst the Department of Housing is starting to take a more dynamic, market orientated approach to the tendering and contracting process, as illustrated through the recent ‘Expressions of Interest for Development Proposals’ to fast-track, innovate and engage with the housing market, there still remains a gap in working with the private sector, inclusive of non-government organisations and landholders, to broker deals and facilitate consortia, to attract new players into the system to assertively increase the amount of social and affordable housing built in Western Australia.
guidelines of government funding programs to make the delivery of affordable housing more attractive, for example NRAS and the Housing Affordability Fund (HAF).

The solution to attracting large-scale investment in affordable housing is through establishing a dedicated team to take a leadership role in the market and work towards developing market based solutions.

5.2.1 Establishing a Housing Innovation Teams

The Taskforce recommends the immediate establishment of a Housing Innovations Team (HIT) within the Department of Housing to focus on;

- Facilitating, brokering and connecting stakeholders in the public, private and NFP sectors to increase the delivery of affordable housing units across Western Australia.
- Developing the methodology and practical application of attracting large-scale investment from the private sector into affordable housing.
- Exploring the options and testing the frameworks for the growth of housing assets in the NFP housing sector.

To be effective and useful the HIT must have access to five to ten per cent of the Department of Housing capital expenditure funding on a financial year basis. This will allow the HIT to be able to effectively broker deals by having access to venture capital through the provision of government funds to initiate and support targeted projects.

The HIT would have a clear set of deliverables upon establishment and their outcomes would be monitored through key performance indicators including their contribution to an increase in social and affordable housing units built, a reduction in the amount of capital provided by government to establish the building of the housing units and the multiplier effect in relation to employment from ensuring large-scale housing projects are started and completed. The HIT would be required to deliver the five year Strategic Business Plan as outlined in Section 5.5.2.

The HIT will require personnel with a specialist skill. The majority of the personnel will need to be sourced from outside the Department of Housing. The HIT will require up to eight members with the skills and experience in the following areas:

- Finance;
- Housing Development;
- Strategic Policy;
- Planning;
- Commercial/Government Legal Field; and
- Community Development and Capacity Building.
5.2.2 Housing Innovations Team Strategic Business Plan

The opportunity to provide access for the larger institutions to the affordable housing arena can be achieved through a phased approach of delivering an investment instrument to the capital markets. The delivery of such an instrument would provide access to private sector funds along with the necessary potential for the scale of funds invested into the asset class to be increased substantially. Furthermore, the role played by the State Government could be transitioned from direct support (in terms of cash) to implicit support (without a cash flow implication). This approach would require the establishment and ongoing management of a cash flow from a strategic residential asset portfolio that was phased from initiation through to neutral net cash flow and finally into stable and predictable net positive cash flows. These cash flows would form the basis for the development of a market entry point, for example through a bond issue, into the capital markets for the re-capitalisation of the asset portfolio and securing its future growth potential. The broad characteristics of the market instrument or entry point will need to embrace current market parameters with respect to simplicity and asset class standardisation commonly termed ‘vanilla.’

The approach to be adopted with respect to either a private placement or listing of an instrument would need to be tested nearer the time within the context of the market conditions and the preferences of institutional investors. Either approach will be able to address the potential requirements of liquidity and portfolio liability characteristics.

In order to move to this point over the next five years, the support and resourcing of the HIT is crucial. The HIT will be responsible for delivering a five year Strategic Business Plan that will, in the short term, deliver increased affordable housing units across the continuum, and in the longer term develop a market entry point for institutional investors.

As outlined in the HIT Strategic Business Plan diagram there is a phased approach to achieving increased housing outcomes over the next five years. One of the most crucial elements of success for the HIT will be support from the State Government and Department of Housing to innovate and change current practices to maximise growth. This will include sharing information between key government, non-government and private sector stakeholders regarding new and innovative ideas that are developed by the HIT.
Figure 5.1: Housing Innovations Team Strategic Business Plan

- Grants & Assets
  - Negative Net Cash Flow
  - Diminishing Grants
  - Balanced Net Cash Flow
  - Positive Net Cash Flow
- Liquidity Facility
- Guarantees
- Capitalisation
- Diminishing Grants
- Liquidity Facility
- Guarantees
- Capitalisation

- Grants & Assets
  - Negative Net Cash Flow
  - Diminishing Grants
  - Balanced Net Cash Flow
  - Positive Net Cash Flow
- Policy Development
- Articulate Outcomes
  - A/B/C
  - % Portfolio Allocation
- Innovation
- Strategy
- Action Plan
- Establish Portfolio
- Legal Form
- Management Structure
- Establish Portfolio
- Legal Form
- Management Structure

- Grants & Assets
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  - Diminishing Grants
  - Balanced Net Cash Flow
  - Positive Net Cash Flow
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  - Balanced Net Cash Flow
  - Positive Net Cash Flow
- Policy Development
- Articulate Outcomes
  - A/B/C
  - % Portfolio Allocation
- Innovation
- Strategy
- Action Plan
- Establish Portfolio
- Legal Form
- Management Structure
- Establish Portfolio
- Legal Form
- Management Structure

- Grants & Assets
  - Negative Net Cash Flow
  - Diminishing Grants
  - Balanced Net Cash Flow
  - Positive Net Cash Flow
- Policy Development
- Articulate Outcomes
  - A/B/C
  - % Portfolio Allocation
- Innovation
- Strategy
- Action Plan
- Establish Portfolio
- Legal Form
- Management Structure
- Establish Portfolio
- Legal Form
- Management Structure
Phase 1: Government Providing Grants and Assets

In the first 6-12 months the HIT will be established and be compromised of eight staff members with skills and experience in financial, property development, strategic policy, legal, planning and community development sectors. The team will also be given access to working capital which will equate to the five to ten per cent of capital expenditure funds from the Department of Housing budget.

Key outcomes during this phase include:

• Strategic policy development to articulate outcomes required across the affordable housing continuum (congruent with the State Affordable Housing Strategy\textsuperscript{39}). This will provide a framework for the HIT to understand where, and how much, growth is required in social housing, affordable housing and affordable home ownership (Band A, B and C\textsuperscript{40}).

• The strategic policy framework will allow the HIT to develop an action plan and innovate based on understanding the mix of outcomes required. This framework will also further develop thinking on key elements to maximise housing outcomes in affordable housing projects include required density, mix between tenure types and commercial premises and tax structure requirements.

• Exploring and developing the most relevant legal form/s that will allow for maximising affordable housing outcomes. Work will be undertaken on the utility of the NFP Housing Sector, establishment of a Government Business Enterprise or even the Commercial Sector to be the vehicle to drive change and for ownership and management of the asset portfolio.

Phase 2: Diminishing Grants

The following 12-18 months will involve the HIT working towards establishing a balanced net cash flow. The reliance on Government grants will decrease.

Key outcomes of this phase include:

• Create and manage the asset portfolio based on the articulated strategic affordable policy framework.

• ‘Testing’ and ‘experimenting’ within the marketplace with the following variables to understand how to facilitate the best outcomes in relation to maximising cashflow and return on assets:
  o Land;
  o Built form (for example density, size of housing units, bedroom numbers);
  o Capital requirements;
  o Delivery framework (by whom and how);
  o Tax rules and regulations; and
  o Regulatory regime.

\textsuperscript{39} Please see Chapter 7 for more information on the State Affordable Housing Strategy.

\textsuperscript{40} The Taskforce consulted with Professor Julian Disney and have applied the concept of Band A, B and C housing as articulated by the National Affordable Housing Summit.
Chapter 5

- Benchmarking the public housing asset management portfolio; and
- Benchmark the newly formed portfolio to ascertain improvements in public housing outcomes and identify areas for improvement.

**Phase 3: Liquidity Facility**

The following 12 months will involve the HIT testing the asset portfolio and reallocating assets to maximise investment opportunity through the establishment of a stable and predictable cash flow. In this respect the move will be to ensure that the asset portfolio is geared across social housing, affordable private rental and affordable home ownership to deliver the cashflow required to sustain the investment.

There should be a reduced reliance on government grants during this phase as the asset portfolio moves into positive cashflow territory. However, at certain points in the investment cycle the HIT may need to call on the liquidity facility.

**Phase 4: Government Guarantee**

The final 12 months of the HIT intervention will involve capitalisation through development of a market entry point for institutional investors, for example the issuance of bonds. The reliance on government grants at this stage of the process should be nil, however it is expected that a government guarantee will be required at this stage of the process to boost investment confidence and ensure that finance is attained for the final product. The government guarantee will underpin the legal structure that will hold and manage the assets.

Key outcomes of this phase include:

- Develop market entry point for investors, for example bond issuance.
- Implement legal structure to manage the product, for example a trust.
- Educating the market on the product, for example a prospectus, to encourage and facilitate investment.

**5.3 Role of the Community Housing Sector**

There has been rigorous discussion nationally and within the State relating to the benefits of the community housing sector in managing social housing and the ability of this sector to grow social housing based on capital grants and leveraging off the back of assets transferred from government and other entities.

**Case Study of a Community Housing Provider:**

This Perth based moderate sized community housing provider has 200 staff members that administer 96 programs. The provider, over many years of service, has developed strong links within the community and support networks in the metropolitan area. It has relationships with various non-government organisations, government departments, local governments and high schools. The provider prides itself as working to an empowerment model of service and has demonstrated its commitment to, and support for, homelessness initiatives.

The provider administers a large number of disparate programs (for example, one manager oversees 22 different programs from five funding sources) and is required to professionally coordinate its service delivery in a seamless manner that allows participants to be supported according to their individual needs.

The success factors for this provider include:

- Agency and staff have experience in working with the homeless and target group;
- Individualised case management;
- A willingness to be flexible from point of assessment to exit; and
- Ability to work well with government and other non-government agencies.

The factors that limit the provider in achieving its outcomes include:

- Bureaucratic and siloed mentality of Government departments;
- Consumers not fully participating in services or supports offered;
- Competing demands and lack of funding for staff time to participate in interagency processes; and
- Funding available to assist the true demand of homelessness.
The Department of Housing has been working towards understanding the capacity of the community housing sector within Western Australia and has implemented a number of programs to assist in increasing the viability of the NFP housing sector. The move towards working in partnership with the community housing sector was largely based on the Department of Housing and Works Community Housing Review: Repositioning Community Housing Growth report that outlined a strategy to develop a strong, viable and competitive community housing sector within Western Australia.

Through this report, the financial, taxation and social benefits of community housing models were summarised as:

- Ability to access private capital and GST exemptions in construction of new housing.
- Operational viability with rents able to be charged at higher rates than public housing without disadvantaging tenants due to their right to access CRA.
- Increased flexibility in meeting a range of housing needs, including capacity to respond to broader housing affordability problems.
- Ability to provide a client focussed and less bureaucratic tenancy management facility.

5.3.1 Community Housing Growth Providers

The Department of Housing has embarked on a program of consolidating the community housing sector in Western Australia. There are currently four community housing Growth Providers registered with the Department of Housing. Each Growth Provider manages at least 500 or more capital and leasehold properties. The Growth Providers are the recipients of the majority of capital grants and headleasing programs from the Department of Housing.

5.3.2 Capital Grants and Asset Provision to Growth Providers

The Department of Housing currently administers two significant funding packages to build financial and other capacity within the community housing sector.

State Community Housing Investment Program

In 2007 a $210 million funding package for the State Community Housing Investment Program (SCHIP) was introduced.

Under SCHIP property ownership is transferred from the Department of Housing to growth providers. The property is secured for social housing through a project agreement and is protected by a caveat on the title. The project agreement outlines the budget for each project and the respective interests and contributions of the Department of Housing and the Growth Provider. Tenancy, asset and property management is the responsibility of community housing providers.

The SCHIP requires the State to contribute up to 85% of the total land and capital value of a project. It is expected that over the four years this program will deliver approximately 1000 units of accommodation.
Public Housing Leasing Program

The Public Housing Leasing Program (PHLP) supports the SCHIP program by leasing public housing properties to community housing providers under a long-term management agreement. The management agreement offers properties on a peppercorn lease to the Growth Providers. Ownership of all properties transferred remains with the Department of Housing. The community housing provider is responsible for property and tenancy management for the duration of the term of the lease agreement.

The key objective of this program is to build the financial viability, capacity and growth of community housing organisations through provision of a predictable income stream that can support debt finance opportunities to build more affordable housing for social housing tenants. Transferring of housing via the PHLP allows Growth Providers to increase their housing stock and income streams more rapidly than would otherwise be possible under a standard construction model (for example, SCHIP).

Properties have currently only been leased to Growth Providers once they become vacant. The Department of Housing has set an indicative target of 3000 PHLP property transfers by 2010/2011 financial year. There are no formal targets for either asset growth or contributions from PHLP, although there are clear expectations that the providers use all surplus revenues to help fund the building of more social housing.

5.3.3 Future of Community Housing Organisations

The community housing sector, through the Growth Provider model, presents a viable alternative to public housing in respect to ownership of housing assets across the affordable housing continuum and tenancy management. The SCHIP and PHLP provide a pathway for growing the housing assets of community housing providers over the next two years.

There is also opportunity to work within the sector to establish more Growth Providers that would assist in increasing the capacity of the sector to manage social and affordable housing tenancies.

The Department of Housing has also been exploring the option of transferring public housing assets to Growth Providers over the past six months. The Department of Housing expects that asset transfer will be the catalyst for leveraging finance through banks to grow social housing stock within a community housing provider. There is currently little documentation, in a Western Australian context, that supports the proposition that asset transfer will allow community housing organisations to be able to leverage funds from financial institutions to grow social and affordable housing assets.

There needs to be further research and a sound strategic policy framework developed by the Department of Housing to fully understand the expectations regarding the ability of growth providers to use the SCHIP, PHLP and asset transfers to leverage funds through debt and equity. Whilst in theory there seems to be logic about leveraging assets to achieve growth through using the community housing sectors access to CRA and GST benefits, there is a knowledge vacuum about how this can be executed in the current environment.
There are also ongoing concerns relating to the consistent need for grants to be provided by government to the community housing sector to continue patterns of affordable housing growth should this be able to be achieved in the first place. The Department of Housing needs to be able to clearly benchmark the cost of public housing assets in a growth scenario, and then provide robust comparisons against the cost of community housing assets in a similar situation. Once this is undertaken there can be coherence about the merits of asset transfer and value for money for the State Government through large scale investment in the community housing sector.

**Recommendation 28**

The Department of Housing develops a strategy and policy framework for the Community Housing sector that clearly articulates its expectations of stock growth from each of its programs.

**5.4 Not for Profit Housing Company Growth Modelling**

The Taskforce worked with the Western Australia Treasury Corporation (WATC) to undertake analysis to evaluate whether financial leverage could be used within a NFP Housing Company to achieve a high level of sustainable growth in social and affordable housing provision at low unit cost. Unlike other NFP Housing Company modelling, which may aim to be self funding after a period of time, the goal in the exercise was to maximise growth in social and affordable housing provision and assess the expected ongoing contributions required by the Department of Housing to achieve this under a range of different scenarios.

The financial modelling performed utilises two standard multi-dwelling property development project models; a medium – high rise ‘Urban – Middle’ model and a low level ‘Urban – Outer’ model. The NFP Housing Company is assumed to construct multiple development projects using these models over time, with a minimum allocation for social and affordable housing within these developments of 50%\(^1\).

The findings from this exercise are still at the preliminary phase and further work is required to refine the modelling to the point that it will be useful in understanding potential affordable housing growth in the private and NFP sectors. Once this work is completed, there should be a benchmark that can be used by the Department of Housing to understand the capital and recurrent costs to government of using the private and NFP sectors to grow affordable housing stock over a ten year period.

Table 5.1 presents the forecast outcome at the year 2020 of the four key output variables underlined below, for the base case financial model and six alternative scenarios which represent isolated variation of key parameters. However, the results should be regarded as being somewhat optimistic, as they do not take into account a range of qualitative assumptions and risks that would need to be addressed in any further work\(^2\). The most significant concern is that commercial banks have indicated they would not be willing to take security over public housing assets as collateral for borrowings, due to the risk to their reputation if they were

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\(^1\) The remaining dwellings within these developments are either sold off after construction to reduce project debt or retained as private dwellings to increase project cash flow. This also achieves the objective a mix between social, affordable and private housing within the same development.

\(^2\) A preliminary list of qualitative assumptions and risks is presented in Section 5.3.2.
required to exercise this security. This would imply that to achieve the degree of financial leverage necessary for the NFP Housing Company to pursue its growth targets, some form of guarantee from the Department of Housing would be required. The provision of such a guarantee may impact on the ability of the Housing Company to achieve an NFP status or have an adverse impact on the State Government’s financial exposure and credit rating.

Underpinning each scenario is an initial public housing asset transfer of 1000 units and $40 million seed funding to the Parent Company.

Table 5.1 Summary of outputs from financial modelling

<table>
<thead>
<tr>
<th>Scenario / Sensitivity</th>
<th>Total cash input by Department of Housing 43</th>
<th>Net new dwellings 44</th>
<th>Growth on asset transfer 45</th>
<th>NPC per new dwelling (2010) 46</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Base case</td>
<td>$117.5M</td>
<td>598</td>
<td>59.8%</td>
<td>$158,000</td>
</tr>
<tr>
<td>B. No NRAS</td>
<td>$164.2M</td>
<td>515</td>
<td>51.5%</td>
<td>$241,000</td>
</tr>
<tr>
<td>C. Low capital growth (= CPI)</td>
<td>$101.2M</td>
<td>366</td>
<td>36.6%</td>
<td>$227,000</td>
</tr>
<tr>
<td>D. Commercial bank finance</td>
<td>$153.9M</td>
<td>598</td>
<td>59.8%</td>
<td>$201,000</td>
</tr>
<tr>
<td>E. Low loan to value ratio</td>
<td>$144.2M</td>
<td>367</td>
<td>36.7%</td>
<td>$342,000</td>
</tr>
<tr>
<td>F. No commercial property</td>
<td>$137.3M</td>
<td>790</td>
<td>79.0%</td>
<td>$140,000</td>
</tr>
<tr>
<td>G. Low level construction only</td>
<td>$87.7M</td>
<td>814</td>
<td>81.4%</td>
<td>$96,000</td>
</tr>
</tbody>
</table>

5.4.1 Key Observations from the NFP Financial Analysis

Whilst the scenarios are not definitive in the current context they make a number of interesting points:

- If the property developments cannot access NRAS, significantly more demand will be placed on the Department of Housing for cash contributions to achieve a reasonable rate of growth. This translates to an expected increase of more than 50% over the base case in net present cost per net new dwelling generated by 2020.

- As the model relies on operating with a reasonably high degree of financial leverage, the ability to maximise the growth rate of social and affordable housing whilst minimising unit costs will be highly dependent on the capital growth rate for residential property – a factor out of the States control. Assuming a capital growth rate of residential property equal to the CPI from 2010 to 2020 (that is, no real growth) reduces the quantity of net new dwellings likely to be generated and increases their unit net present cost over the base case in the order of 40%.

- The base case assumes debt finance is provided in equal proportions by WATC and commercial banks. Notwithstanding the issue of actually being able to obtain the amount of debt finance desired, at present WATC legislation would not allow lending to a non government entity. The additional cost in interest and fees over the base case should the desired level of finance be provided entirely by a commercial bank is not negligible – in the order of $40 million.

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43 Running total of cash contributions required to be provided by Department of Housing to the NFP Housing Company over the period 2010 – 2020 in order to achieve the level of growth in social / affordable housing.
44 The forecast net increase in social / affordable dwellings provided by the NFP Housing Company by 2020 (i.e. newly constructed dwellings less sales of initially transferred assets).
45 Total growth rate of social / affordable dwellings owned by the NFP Housing Company over the initially provided asset base (i.e. the 1000 dwellings transferred).
46 Represents the net present cost in 2010 dollars of the Department of Housing cash contributions per additional social / affordable dwelling generated. The discount rate applied is the State risk free rate - measured by the long term average WATC bond rate (approximately 6%).
• Commercial property was included due to the potentially large cash flow that could be generated to boost operational revenue. Whilst inclusion of commercial property increases yield and the expected internal rate of return at the project level, the financial modelling has shown that these benefits are outweighed by the capital costs incurred and the associated opportunity cost forgone of providing additional residential dwellings. This impact is quite substantial, suggesting an improvement in the growth rate in dwelling provision of approximately 20% relative to the base case and a reduction in the unit net present cost per net new dwelling in the order of 10%.

• Construction costs per square metre for low level developments are approximately 50% of those for medium-high rise developments. The higher costs associated with undertaking multiple medium-high rise developments are therefore likely to place significant demands on cash contributions required by the Department of Housing unless above average capital growth rates can be achieved. The potential cost advantages of an NFP Housing Company focusing only on lower level construction developments could be considerable as shown in the results for option G.

5.4.2 Issues Relating to the NFP Financial Analysis

Of immediate interest are the following issues that were discussed during the development of the Preliminary Financial Analysis:

• Two financial institutions advised that they would not accept transferred public housing stock as security to support the corporate loan. One of the fundamental reasons for this is the negative publicity a bank would attract should the housing ever need to be repossessed. In this respect a form of Government guarantee would be required to significantly reduce the risk of this occurrence.

• The commercial banks also expressed concern with the uncertainty in the payback schedule given the assumption that the loan would be paid through progressive sale of the asset base. The concept relies on this flexibility and the ability to raise additional debt in the future to support new developments should capital growth be realised on the underlying asset base (or more assets are transferred).

• One financial institution advised that they would not offer a mortgage type loan to a property development, only short tenure for construction would be available subject to stringent conditions and high pricing.

5.4.3 Future Work on the NFP Housing Company Study

There needs to be further work undertaken to refine the NFP Housing Company financial modelling study. The following points should be explored in future modelling to fully understand the ability of this sector to be the catalyst for strong growth in affordable housing:

• Tax implications of the Department for Housing transferring ownership of existing housing stock to the NFP Housing Company, as value may need to be realised and capital gains tax paid on this transfer.
• The NFP Housing Company is assumed to be a Public Benevolent Institution (PBI) and therefore exempt from all taxation activities (for example, income tax, capital gains tax, land tax, stamp duty, payroll tax, fringe benefit tax and GST). This implies the ability to fully claim GST input credits on any sums paid for construction, land, and office supplies etc which include GST. These issues would need to be fully evaluated with the Australian Tax Office as significant issues may arise for private rental income, commercial leasing income and capital gains tax on asset sales.

• Initial indications from commercial banks and the WATC is that the degree of leverage assumed in the modelling would not be possible without a guarantee from the Department of Housing. This may imply that the parent company would not be regarded as ‘arms length’ from government and may affect the ability of the parent company to achieve PBI status. Therefore, legal and accounting advice should be sought on the likely effect that provision of a government guarantee to a privately operated Housing Company would have with regards to its ability to obtain a NFP status, and the potential impact on the government balance sheet and / or credit rating.

• The financial analysis should be expanded to model the quantitative impact of all identifiable project risks. In addition, a variation to the model under the assumption that the Housing Company would be classified as a tax paying entity should be performed.

• Investigate the feasibility of an alternative model whereby ultimate asset ownership is transferred to a large private investor that assumes the guarantor risk and arranges finance as part of a tripartite partnership with the Department of Housing and a NFP Housing Company.

• The possibility of WATC lending to a specially establishing Housing Company through changes to its current legislation.

Recommendation 29
The Department of Housing continues to undertake financial, legal, tax and policy analysis to evaluate whether a Not for Profit Housing Company can use financial leverage to achieve a high level of sustainable growth in social and affordable housing provision at low unit cost.

5.5 Affordable Rental Brokerage Scheme
There is capacity to attract smaller investors (congruent with the term ‘mum and dad’ investor) with rental properties into an Affordable Rental Brokerage Scheme.

The smaller investor already exists in the Western Australian real estate market. Traditionally, the smaller investor will buy a house as an investment property and either provide payment to a real estate agency to manage the tenancy or directly become the landlord. It is estimated that there are at least 137,000 housing units within Western Australia that fit within this context (ABS, 2006 Census).
The familiarity with investing in rental housing properties and broad understanding of government housing schemes, for example the Defence Housing Authority leasing scheme, suggest that direct investment in rental property is a comfortable investment strategy for many Western Australians. The attractiveness of investing in property stems from advantages associated with negative gearing, capital gain and steady income flow from rent.

The development of an Affordable Rental Brokerage Scheme by the Department of Housing has potential in pooling affordable rental properties, mainly in urbanised areas, with moderate expense to the government. Key elements of the scheme include:

- Investors letting their properties through the Department of Housing (or approved contractor, for example Real Estate Agent or Community Housing Organisation) at 20% below established market rate of rent for a minimum of five years.
- Investors being attracted to the scheme through a Department of Housing guarantee of nil rental vacancies (consistent cashflow through rental payments), make good provisions during the tenancy and payment of the real estate management fee.

Although on face value it appears that an investor would be receiving 20% less rental income, there are significant savings to the investor by the Department of Housing paying the management fee. The Real Estate Institute of Western Australia (REIWA) has suggested that investors can pay up to 15% of rental payment value in management fees. This can include:

- Real Estate Management Fee of approximately 10% including GST;
- Anticipation of at least one re-letting per annum (foregoing minimum of 2 weeks rent) which can add up to 4% of costs for investors; and
- Other fees and services including insurance costs and property inspections etc.

Therefore, an investor may only be taking approximately 5% less rental income rather than the 20% reduction as initially anticipated. The benefits of guaranteed rental income when the property is vacant and the make good provisions at the end of the five year agreement make this scheme a wise investment.

It is suggested that the Affordable Rental Brokerage Scheme can be introduced relatively quickly into the marketplace and be targeted to those households close to the top of the second income quintile and third income quintile (approximately those earning between $35,000 to $50,000 per annum). The aim over a three year period would be to source 1000 appropriate rental properties through this scheme.

In order to ascertain its viability in the Western Australian rental housing market the product needs to be further developed and market tested.

**Recommendation 30**
The Department of Housing continues to develop the Affordable Rental Brokerage Scheme with the aim of introducing the scheme by 31 December 2009.
5.6 Introduction of a Time Limited Rental Subsidy Scheme in Western Australia

It is suggested that the Department of Housing explore the possibility of introducing a time limited rental subsidy scheme. This could be broadly modelled on the Queensland Governments Rent Start scheme. The Rent Start scheme was introduced in the 2005/2006 financial year and aimed to assist people into an independent tenancy within the private market at the end of a four year period. It is considered an option for households that expect to improve their financial circumstances and meet their own housing needs after the four years of assistance.

The rent charged to tenants under this scheme is based on household income. For the first two years of the tenancy the rent charged is equivalent to rents in social housing. As this scheme is administered in Queensland through the community housing sector, CRA is also relevant and factored into the total rent paid. The Queensland Department of Housing subsidises the difference between the households assessed rent and the private market rent paid for the property by the provider. In the final two years the rent charged is gradually increased every six months, closing the gap between assessed rent and the full market rent. At the end of four years, the tenant will be paying full private market rent. The Queensland Department of Housing was allocated $10 million for the pilot program over a three year period.

There could be a number of households within Western Australia who temporarily have problems paying full market rent. In this respect a time limited rental subsidy scheme within a contemporary Western Australian housing market, factoring in regional variations, could be beneficial and requires further research and analysis.

Recommendation 31
The Department of Housing analyses the potential costs and benefits of a time limited rental subsidy scheme, which could meet the different housing needs of urban and regional areas.

5.7 Working towards Utilising Under - Occupancy in Private Homes

There is opportunity to encourage households with spare rooms to rent them out to individuals and families who are experiencing housing affordability problems. It is suggested that this would provide additional income for the home owner and low cost rent solution to the household looking for accommodation.

Whilst the application of this type of scheme would be undertaken in the private sector, the Department of Housing could highlight this option through its public education campaign regarding housing affordability issues and the housing stress experienced by families and individuals\textsuperscript{47}.

Recommendation 32
The Department of Housing, through a public education program, encourages home owners to rent spare bedrooms to individuals and families seeking affordable housing.

\textsuperscript{47} Please see Chapter 7 for further information.
Chapter 6

Improving the Supply of Affordable Housing Through the Land and Housing Development System

At its most basic level, delivering social and affordable housing is about building houses – particularly houses that meet the needs of people on low and moderate incomes. The regulations that govern the development of land and construction of housing are therefore fundamental factors that the Taskforce took into account when it considered ways to enable and increase the supply of affordable housing in Western Australia.

6.1 Planning and Local Government Reform

Planning policies and regulations at State and Local Government level play an equally important role in the delivery of all housing in Western Australia and it is significant that there are major reforms currently underway in both sectors. The Department of Planning is overseeing reform to the planning system, as outlined by the recent publication of the Building a Better Planning System Consultation Paper, while the Local Government Reform Strategy is being overseen by the Department of Local Government and Regional Development. These two concurrent reforms represent a once-in-a-generation opportunity to improve the efficiency of the current planning and development systems and their impact on housing diversity and affordability in Western Australia. It is crucial that they jointly consider affordable housing as a key area of concern and work together to ensure that any changes adopted in each sector are mutually supportive of this outcome.

Recommendation 33
The Departments of Planning and Local Government recognise housing as a key outcome of their respective reforms and work together to improve the diversity and affordability of housing in Western Australia.

Improving overall housing supply is one of the key steps toward achieving affordable housing and the fact that this is one of the objectives of the Building a Better Planning System Consultation Paper is encouraging (DPI, 2009). The Taskforce supports any moves by the State Government to simplify and streamline the land and housing development process to create a faster, more efficient system. Improvements in supply that the Building a Better Planning System and other planning reforms achieve will help to improve the affordability of housing in the broader market, which will have positive flow-on effects for the demand for social housing.

The Taskforce also acknowledges the moves by the Department of Planning to encourage the provision of smaller more diverse housing types with the development of a new Multi-Unit Housing Code (MUHC). By creating a clear set of regulations for multiple dwelling and mixed use developments, the MUHC will provide greater certainty for developers and builders looking to construct this type of accommodation. However, the Taskforce is conscious that this new regulatory tool will not in itself improve the supply of smaller dwellings in the State. It must be accompanied by changes to zonings that allow the type of mixed use development and higher residential density development that is governed by the MUHC.
It is this broad change to residential density that the Taskforce sees as the key to improving the supply of affordable and social housing in Western Australia. Analysis for both social housing and the rest of the community has clearly shown the approaching boom of demand for housing from smaller households\textsuperscript{48}. Unfortunately, the existing low density zonings in many parts of Perth and the rest of the State have inhibited the development of more compact housing types as illustrated in Figure 6.1. The resulting shortage of compact homes for both purchase and rental will have negative impacts on both ageing households, for whom smaller homes are easier to manage and look after, and lower income households, who often seek smaller housing simply because it is more affordable than larger homes.

\textbf{Figure 6.1 Western Australian Dwelling Stock Types}

![Western Australian Dwelling Stock Types](image)

Source: ABS Census 2006

While the Taskforce recognises the concerns expressed by many residents about increasing densities, the fact remains that the State will need to accommodate at least 200,000 more households between 2006 and 2021. Approximately 52% of these will be lone people or couples aged over 60 years of age, with a further 19% singles or couples under 60 years of age (ABS Cat 3236.0, 2004; ABS 2006 Census Custom Data, 2009). The only way to provide these people with the type of housing that they will need is by offering significant opportunities for the development of higher density, compact and multi-unit dwellings within established areas.

\textsuperscript{48} Please see Chapter 2 for more information.
The first step in this process should be the staged introduction of reforms to the planning system that allow the subdivision of all residential lots in the Perth and Peel regions above 700m². This would help to encourage the diversification of the existing housing stock and accommodate the city’s growing number of smaller households.

**Recommendation 34**
The Minister for Planning oversees the introduction of state planning reforms that will allow for the blanket subdivision of all lots across Perth above 800m² by 31 December 2010 and 700m² by 31 December 2011.

The Taskforce acknowledges the considerable body of work already undertaken in Western Australia to forecast and accommodate the future housing needs of the State and supports the principles and broad objectives of documents such as *Network City* and *Liveable Neighbourhoods*, which attempt to consider the economic, social and environmental impact of meeting this objective. The Taskforce also welcomes the release of *Directions 2031*, which builds on the principles of *Network City* and provides practical recommendations to help achieve more diverse and appropriate urban form in the Perth and Peel regions (WAPC, 2009).

It is crucial that the future population of the State and in particular its low income households have access to smaller, diverse housing types that are located as much as possible within the existing urban area and are close to public transport, services and amenities. Where development does occur on the urban fringe, it must also accommodate a broad range of housing types and densities and ensure that residents are able to access employment, reliable public transport and other essential services.

Strategies to improve housing diversity and provide more compact housing types should not be restricted to the Perth and Peel regions. The Taskforce is mindful that similar principles must also be applied to towns and centres in regional Western Australia, where more diverse and affordable housing types are required.

The provision of smaller housing types is particularly important for lower income households who are renting their homes. This is reflected in Figure 6.2, which shows that rental accommodation has a far greater diversity of housing types than owner-occupied housing in Western Australia. In fact, rental housing accounts for 61% of all high density housing stock (flats, units and apartments) in the State (ABS, 2006 Census). As a rule, higher density homes such as apartments or flats are less expensive than detached or semi-detached dwellings. The Taskforce considers that this diversity in the rental stock must be extended to the wider housing market, to ensure that these affordable housing options exist for all Western Australians.
Feedback received by the Taskforce through stakeholder consultation suggested that the principles of Network City have not always been translated into the Town Planning Schemes of Local Government. This has frustrated government, community and industry stakeholders who recognise the need to provide more diverse housing but have been unable to do so. While acknowledging that the reasons for this situation are many and complex, there is an urgent need to remove any barriers to achieving increased densities and diverse housing types, particularly in priority locations such as the ‘activity centres’ and ‘activity corridors’ discussed in the Network City document. The release of Directions 2031 is a positive step and should help to address some of these concerns.

The State Government must take the lead in this area and work closely with – and if necessary, direct - Local Governments to amend their Town Planning Schemes to accommodate the future housing needs of their populations in line with State strategic policies. At the same time it must also ensure that, where necessary, it provides Local Governments with the support, guidance and direction that they need to implement the changes required.
6.2 State Government Housing Policy and Leadership

A key theme that emerged throughout the Taskforce’s consultation was the need for an overarching State Strategy or statement of key principles and objectives in relation to affordable housing. The absence of such a Strategy was consistently raised as a barrier and issue for stakeholders attempting to develop strategies to address affordable housing in Western Australia, through policy development and housing delivery. This lack of direction or even coordinated information from the State Government has resulted in an inconsistent and often uncoordinated approach to affordable housing from a wide variety of agencies, organisations and communities.

Such an approach to affordable housing is destined to fail. Housing does not exist in a vacuum. It is an integral part of the broader economic and community systems that makes up the State. It influences and is influenced by a vast array of government, industry and community trends and issues and all of these must be considered together if housing - and particularly affordable housing - is to be tackled in a comprehensive and systemic manner.

The most effective way to address affordable housing systemically is through the development of a State Affordable Housing Strategy that clearly identifies housing as a Government priority, outlines the key issues and articulates the Government’s multi-faceted response across all relevant portfolios. The Strategy should also act as a guiding document for other stakeholders who contribute to achieving affordable housing in Western Australia such as community agencies, industry and local government, to ensure that they act in a way that is coordinated and mutually supportive of the right outcomes.

Recommendation 35
The Minister for Housing and Works leads the State Government in the adoption of a whole of government State Affordable Housing Strategy that clearly outlines its priorities and plan to ensure the provision of housing that will accommodate the population of Western Australia over the next 10 years.

The State Affordable Housing Strategy should be complemented and supported by Departmental planning policies, such as a Statement of Planning Policy on Affordable Housing. This was previously suggested in the Housing Strategy WA: Discussion Draft and would help to ensure an ongoing supply of land for affordable housing and provide an important reference point for government, industry and the community when considering how to accommodate affordable housing in future developments.

Recommendation 36
The Western Australian Planning Commission introduces a Statement of Planning Policy related to affordable housing that clearly outlines the objectives and measures that are to be used to facilitate its provision in Western Australia.

6.3 Local and Regional Housing Strategies

Local Government plays a fundamental role in the provision of housing in Western Australia. Councils’ roles, particularly through the planning and development approval process, have a key impact on the type of housing that is provided within their communities, yet their level of engagement with housing as an issue is inconsistent. This is a fundamental issue that must be resolved if any progress is to be made towards addressing the issue of affordable housing in the medium and longer term.
Local or Regional Housing Strategies are used across Australia and in other parts of the world to understand the housing need in local communities and identify ways to address it. The Taskforce suggests that similar strategies should be adopted in Western Australia so that all Local Governments can understand the housing issues that impact on their community and establish plans and actions that address the needs in a strategic, coherent manner.

Local and Regional Housing Strategies complement the over-arching State Affordable Housing Strategy by assisting Local Governments to:

- Engage and provide their residents with a wider understanding of the present and future housing needs in their communities and the need to plan to address them;
- Clarify the objectives of State Planning principles such as Directions 2031 or regional housing and infrastructure plans and the way that they will impact on the community;
- Provide access to statistical data, trends, projections and other information to guide the development of housing needs analysis and objectives relevant to local councils and their surrounding communities; and
- Develop benchmarks and qualitative/quantitative measures that will facilitate the monitoring of progress against the objectives of councils’ individual housing strategies.

In Regional Western Australia, where Local Government Areas tend to be smaller and resources more limited, it may be more appropriate to address these issues through the development of Regional Housing Strategies, in partnership with Regional Development Commissions and other regional bodies.

**Recommendation 37**
Metropolitan Local Governments develop Local Housing Strategies that use agreed population projections to identify the future housing need of their community and set clear targets and objectives for the achievement of housing numbers, types and tenures.

**Recommendation 38**
Regional Local Governments work together with appropriate regional bodies and stakeholders to develop Regional Housing Strategies that use agreed population projections to identify the future housing need of their communities and set clear targets and objectives for the achievement of housing numbers, types and tenures.

### 6.3.1 Content of Local and Regional Housing Strategies

The content and nature of Local Housing Strategies will differ between Local Governments according to the nature of housing issues in their jurisdiction. However, all should address a number of key areas including:

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**Town of Vincent Affordable Housing Strategy**

During 2008, the Town of Vincent commissioned the development of an Affordable Housing Strategy, which:
- Identified key stakeholders;
- Assessed existing housing affordability in the Town;
- Identified Strategic opportunities to address the current and future needs of its residents.

The Council endorsed the Strategy in February 2009, authorising its use to assist with the preparation of the Local Planning Strategy, Town Planning Scheme review and development of the Town’s policies.

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49 For more information on current and emerging housing issues and options to address housing needs in regional Western Australia please see Chapter 3.
• Analysis of housing demand to understand the housing needs of the future local population;

• Analysis of the supply and age of existing housing stock and how it needs to change to accommodate future housing needs;

• Outlining the role that the Local Government plays in the provision or development of housing;

• Identifying key housing objectives to address any issues highlighted by the supply and demand analysis and developing strategies that will ensure the Local Government meets the objectives;

• Referencing State policies that guide the development of housing and outlining how these are being implemented through local policies; and

• Developing measurable performance indicators and regularly reviewing them to ensure that progress is being made.

A number of other states have developed tool kits or guidelines to assist councils in the development of local and affordable housing strategies in recent years. The Taskforce considers such documents as critical to the development of Local Housing Strategies. Guides should include a template that provides the basic framework of a Local Housing Strategy, while allowing flexibility to adapt to local issues and conditions. Western Australia does have guidelines for this purpose, however they were published in 1992 and must be updated if Local Housing Strategies are to be effective in achieving their objectives in the 21st century.

**Recommendation 39**
The Western Australian Planning Commission updates the *Guidelines for the Preparation, Form and Content of Local Housing Strategies*.

### 6.3.2 Policies and Tools for Facilitating Social and Affordable Housing in Local and Regional Housing Strategies

The rapid increase of property prices over the last decade has made it increasingly difficult for both government and community social housing providers to compete with the private sector to purchase or obtain land, particularly in established suburbs that are close to transport, employment and essential services. Western Australia is by no means unique in this situation and there are a growing number of interstate and overseas examples where incentives, regulations and broad systemic improvements of the planning system have been introduced to address the issue. Table 6.1 provides an outline of these tools and the circumstances in which they can be effective.
Table 6.1 Planning Strategies and Mechanisms for Affordable Housing (Gurran, Milligan, Baker, Beth Bugg, & Christensen, 2008)

<table>
<thead>
<tr>
<th>Strategic objective</th>
<th>Approach / mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase housing supply</td>
<td>Land audit</td>
</tr>
<tr>
<td></td>
<td>Government dedication / acquisition of land</td>
</tr>
<tr>
<td></td>
<td>Land development or renewal authority</td>
</tr>
<tr>
<td></td>
<td>Land development incentives / penalties</td>
</tr>
<tr>
<td>Reduce barriers to affordable housing development</td>
<td>Audit existing controls; assess impact of proposed regulations</td>
</tr>
<tr>
<td></td>
<td>Development controls permit diverse housing, in as many areas as possible</td>
</tr>
<tr>
<td></td>
<td>Faster approvals for preferred development</td>
</tr>
<tr>
<td></td>
<td>Overcome local barriers to affordable housing</td>
</tr>
<tr>
<td>Preserving and offsetting the loss of low cost housing</td>
<td>Social impact framework</td>
</tr>
<tr>
<td></td>
<td>Preserving particular house types at risk</td>
</tr>
<tr>
<td></td>
<td>Assistance for displaced residents</td>
</tr>
<tr>
<td>Encouraging new affordable housing</td>
<td>Graduated planning standards</td>
</tr>
<tr>
<td></td>
<td>Planning bonuses / concessions</td>
</tr>
<tr>
<td></td>
<td>Fast track approvals for affordable housing meeting defined criteria</td>
</tr>
<tr>
<td></td>
<td>Fee discounts</td>
</tr>
<tr>
<td>Securing new dedicated affordable housing</td>
<td>Voluntary negotiated agreements</td>
</tr>
<tr>
<td></td>
<td>Inclusionary zoning - mandatory contributions for all identified development in the zone</td>
</tr>
<tr>
<td></td>
<td>Mixed tenure requirements – proportion of development in new release areas must be affordable</td>
</tr>
<tr>
<td></td>
<td>Impact fees – mandatory contribution to offset impact of development on affordable housing needs</td>
</tr>
</tbody>
</table>

The Taskforce recognises the important role that such tools and policies can have in achieving affordable housing but is also conscious of the need to tailor responses to different housing markets. The needs analysis contained within each Local Housing Strategy is therefore fundamental to the development of local government policies that facilitate the provision of affordable housing. Without this evidence base, there is a danger that the policies implemented will be ineffective, unenforceable and potentially counterproductive.

Critically, any regulation or provision for affordable housing through the planning system must be supported by other government policies that provide incentives and/or funding to support affordable housing providers. The Low Income Housing Tax Credit Program in the United States and the Housing Benefit in the United Kingdom are two examples of government policies that have helped to create and support a viable network of social housing providers that can secure land made available via the planning and development process and use it effectively (Gurran, Milligan, Baker, Beth Bugg, Christensen, 2008).

As part of its response to the housing shortages in the region, the Town of Port Hedland negotiated the inclusion of affordable rental accommodation in a new village to be built for mining workers. Eighty rooms in the village will be provided to the council, who will rent them at discount rates to essential workers and employees of businesses that are trying to establish themselves in the town but cannot find accommodation. (Source: www.thewest.com.au)
& Christensen, 2008). Again, this highlights the need for a coordinated approach toward social and affordable housing across all levels of government to ensure that the appropriate infrastructure is in place to deliver, support and maintain social and affordable housing.

6.3.3 **State Government Support in the Development of Housing Strategies**

On the whole, Local Government Authorities consulted by the Taskforce were enthusiastic about developing Local or Regional Housing Strategies in their jurisdictions. However, two key issues consistently emerged:

1. **Resourcing.** The development of Local and Regional Housing Strategies will require a significant amount of human and financial resources for each Local Government. In some instances support will have to be provided to assist Local Governments with the development of their Housing Strategies. The State Government, the Western Australian Local Government Association (WALGA) and other relevant organisations should position themselves to provide this support where necessary.

2. **Guidance and information.** A consistent message from Local Governments that were trying to tackle the issue of housing was a lack of information or guidance from the State Government. As the Department of Housing has traditionally focused closely on the provision of social housing and not engaged in any significant way with the wider housing market, its ability to assist them in recent years has been limited.

A 2003 review of Local Housing Strategies in three states reinforced the need for clear leadership from both State Government and Local Government Associations to assist councils in articulating policy positions, promoting the importance of engaging in housing policy, initiating training programs and assisting in the development of housing resource kits for local government (Gurran, 2003).

The Department of Housing must take the lead role in this area, become the centre for expertise on affordable housing in Western Australia and be resourced to play a greater role in assisting other stakeholders to engage with the issue. It must also partner with the Department of Planning and the WALGA to assist Local Governments with the development of Local and Regional Housing Strategies, while building councils’ internal capacities to tackle affordable housing issues.

**Recommendation 40**
The Department of Housing and Department of Planning commit to working with the Western Australian Local Government Association and Regional Development Commissions to develop effective Local and Regional Housing Strategies that complement the new State Affordable Housing Strategy.

6.4 **Social and Affordable Housing in Government Land Developments**

Through its various land development and redevelopment agencies, the State Government is one of the largest developers of residential land in Western Australia. The Taskforce recognises the importance of Government’s role in this field and recommends that it should continue to participate in the market to ensure the ongoing provision of land for affordable housing in the development areas under its control.

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50 Department of Housing, LandCorp and the Redevelopment Authorities.
Recommendation 41
The State Government, through its various land development and redevelopment agencies, continues its role in the development of residential land to ensure the ongoing provision of affordable housing in Western Australia.

Each State Government land development agency has adopted a different approach to housing affordability. The Department of Housing has focused on delivering land for its social housing construction program and developing affordable residential land for homebuyers. The East Perth and Subiaco Redevelopment Authorities maintain a 15% target for affordable housing within their jurisdictions. Landcorp has focused on best practice and sustainability, with projects such as ‘Revolution Road’ in Seville Grove demonstrating innovative construction techniques and materials. As part of its regional focus, Landcorp is currently exploring new ways to house essential workers in regions with particularly high housing costs, such as the Pilbara.

These different focuses reflect the independence of each land development agency within the State Government, the fact that they report to different Ministers and their different (but sometimes overlapping) objectives. The result is a sometimes confused public perception of each agency’s role within land development, particularly in relation to the provision of affordable housing. The State Affordable Housing Strategy provides an opportunity to rectify this issue by clearly articulating the objectives of the State Government in land development and outlining the role played by each agency in meeting them.

Taking their lead from the State Affordable Housing Strategy, all land development and redevelopment agencies should adopt a clear, unambiguous policy on their role in the market and more specifically the provision of affordable housing. Each agency’s policies should be publicly accessible and clearly outline the objectives and targets that it is seeking to achieve across its portfolio. To ensure that each agency is meeting its stated objectives, key performance indicators must be developed, with progress measured and publicly reported through documents such as Annual Reports.

The provision of social housing will always require some financial assistance from government and the Taskforce considers it appropriate that the profits generated by State Government land development agencies should be used to support this. The State Affordable Housing Strategy should consider the capacity of each land development agency to assist the State Government in this regard.

Recommendation 42
The State Affordable Housing Strategy must clearly outline the role and objectives of each State Government land development agency, including the capacity to use their profits to support the ongoing supply of social and affordable housing.

State agencies also offer an important opportunity for government to ‘practice what it preaches’ in the delivery of innovative land and housing projects. There is a strong view from the Taskforce that the State Government should be a market-leader in this field, particularly for projects that support broader government land and/or housing strategies (for example,
particular environmental, social or built form outcomes) that have not been fully tested or accepted by the market. In many cases, the private sector is unable to take on the higher risk associated with innovative projects and the State Government should step in to demonstrate that its ideas can be practically applied if it wants them to be taken up by the broader housing sector.

**Recommendation 43**
State Government Land and Housing Agencies should act as market leaders by embracing innovation and demonstrating best practice in the design, development and construction of land and housing.

Land development agencies in other States, such as Queensland and South Australia have adopted a minimum benchmark of 15% affordable housing within developments under their control (Urban Land Development Authority, 2008; Government of South Australia, 2005). Western Australian agencies should follow this example and adopt a similar benchmark, with a minimum proportion of five percent dedicated to social housing and the remaining ten percent to market-based affordable housing such as home ownership or affordable rental programs.

**Recommendation 44**
The Department of Housing, LandCorp and the Redevelopment Authorities provide a minimum of 15% of their annual development for affordable housing and report against this benchmark annually.

### 6.5 Affordable Housing in State Government Land Disposal

The State Government has considerable landholdings across the State, which are held by a number of different agencies. It is possible that a number of these landholdings are no longer required for their original purpose and have the potential to be developed for affordable housing. Land supply issues were a major contributor to the increase of land and housing costs across the State during the last decade. For this reason, the Taskforce considers it important for the State Government to undertake regular reviews, commencing in 2009, of the land held by each of its agencies and to prioritise the development of any surplus sites for residential housing.

**Recommendation 45**
The State Government undertakes regular reviews of each agency’s landholdings to identify surplus sites that can be used for residential development, with the first review completed by 31 December 2009.

Once surplus land has been identified as suitable for development, it is important that government land disposal policies are used to support the social and affordable housing targets adopted by land development agencies that will undertake development. The Property Asset Clearing Housing (PACH) is the current mechanism used by the State Government to oversee the disposal of surplus government land. Its primary purpose is to ensure that agencies selling surplus land achieve the best result for government. At present, decisions about sale of land are governed by an Asset Disposal Policy, which requires that all government assets are disposed of at market value, unless specific exemption is provided by the Expenditure Review Committee (DTF, 2005).
While recognising the importance of obtaining maximum financial returns for the sale of government assets, broader social dividends must also be considered in this process and the adoption of a social and affordable housing quota on government land sales is an important opportunity to achieve this. The Taskforce notes that a similar policy was adopted by the South Australian Government in 2005, which has been largely successful in delivering affordable housing outcomes in government land developments.

The State Asset Disposal Policy should include specific provision for affordable housing in each lot that is disposed of through the PACH process. This could be linked to a Statement of Planning Policy in regard to affordable housing.

**Recommendation 46**
The Department of Treasury and Finance amends the Asset Disposal Policy to ensure that all surplus government land that is disposed of through the Property Asset Clearing House for residential development includes 15% affordable housing.

While government land developers have the potential to provide dedicated affordable housing in their developments, it is important to recognise that they represent only a small part of the land and housing market in Western Australia. As discussed earlier in the Chapter, it is imperative that steps are taken to improve the ability of the broader housing market to deliver a diverse range of housing, particularly in established residential areas, to cater for the needs of the future population.

### 6.6 Ancillary Dwellings

The Taskforce recognises that a lack of housing diversity is one of the biggest issues impacting on the availability of affordable housing in Western Australia. The preference for the construction of large, single-detached dwellings over the last 20 years has created a housing market that does not cater to the needs of many smaller households, in particular singles, couples and the aged. This trend has particular impact on the demand for social housing because it limits the housing options of people living in the rental sector.

Table 6.2 shows the distribution of private rental houses in Western Australia by bedroom number. It clearly shows how the private rental stock is dominated by three bedroom dwellings, with very few one bedroom or bedsit dwellings that would be suitable for low income single or couple households.

**Table 6.2 Proportion of Private Rental Dwellings by Bedroom Number, Western Australia**

<table>
<thead>
<tr>
<th>Bedrooms</th>
<th>% of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>None (including Bedsits)</td>
<td>0.5</td>
</tr>
<tr>
<td>1</td>
<td>5.4</td>
</tr>
<tr>
<td>2</td>
<td>23.1</td>
</tr>
<tr>
<td>3</td>
<td>47.0</td>
</tr>
<tr>
<td>4</td>
<td>21.4</td>
</tr>
<tr>
<td>5+</td>
<td>2.3</td>
</tr>
<tr>
<td>Not stated</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: ABS 2006 Census
Ancillary accommodation (often known as “granny flats”) provides an important opportunity to help address this shortage of smaller housing in Western Australia. The small size of these units makes them relatively affordable to build and ensure that they will be rented at affordable rates. They have the potential to provide an affordable housing option for a number of specific groups in the community including students, single people, divorcees and the aged.

Current planning regulations under the Residential Design Codes (R Codes) only allow these dwellings to be used by family members however the Taskforce suggest that this restriction should be removed to allow them to be rented to non-family members. This would promote the increased supply of ancillary accommodation, which provides a number of benefits including:

- An opportunity to improve the supply of small, affordable rental accommodation in established residential areas, which are closer to transport, employment and essential services;
- Small size, which makes them affordable to build and ensures that they will also be affordable to rent;
- Unlike most subdivisions or group housing developments, there is minimal impact on street facade;
- They offer an additional income stream for residents of the main dwelling (for example an elderly person who owns their own home but is living on fixed income such as the aged pension);
- Residents of the ancillary accommodation can potentially provide an opportunity for personal interaction and informal care and support for occupants of the main residence; and
- The recognition and regulation of a practice that already occurs, increasing the likelihood that tenants and landlords would receive the protections offered by the Residential Tenancies Act.

The Taskforce recognise that there are concerns from some sections of the community about removing the current restrictions on the use of ancillary accommodation. It acknowledges the need to work with the appropriate State and Local authorities to consider the impact of amending the current regulations and ensure that community concerns are addressed as part of this process.

Recommendation 47
The Department of Planning introduces changes to the Residential Design Codes and Local Government Planning policies to allow the use of ancillary accommodation for non-family members on lots over 800m² by 31 December 2010 and over 700m² by 31 December 2011.
Chapter 7

A Whole-of-Government Approach to Affordable Housing and the Role of the Department of Housing

The Taskforce vision for a new affordable housing system in Western Australia requires a whole of government approach. The State Affordable Housing Strategy will highlight the State Government’s recognition of affordable housing as a major policy issue and provide a central reference point that clearly outlines the role of key agencies across Commonwealth, State and Local Governments.

Previous chapters have included recommendations concerning the role of State Government agencies and Local Governments within this whole of government approach. This Chapter focuses on the role that a refocused Department of Housing will play within this wider framework by drawing on the discussion and recommendations outlined in previous chapters of the Report.

The Western Australian Government must identify affordable housing as a key State policy issue and engage all sectors and relevant agencies of government to address it. The Department of Housing should lead this engagement, within the broader State framework, and act as a centre for information, support and direction in working towards an effective state strategy that systemically implements an affordable housing continuum. The current approach to facilitating affordable housing is outlined in Figure 7.1.

Figure 7.1 Current Government Approach to the Provision of Social and Affordable Housing

*The waiting list as the main tool for measuring demand has key information gaps, does not accurately measure real demand and assumes that social housing is the only option for all applicants. The waiting list will continue to grow exponentially unless alternative options are found.*

*In 2020, the ‘business as usual approach’ will ensure no coordinated and coherent whole-of-government strategy for the provision of social and affordable housing. Stock growth will be limited and limit options to transition through the housing continuum.*
Chapter 7

7.1. Department of Housing's Role in Leading the State Affordable Housing Strategy

The development of a State Affordable Housing Strategy should be a priority for the State Government during the next twelve months and the Department of Housing needs to take lead agency responsibility for its development. This should be undertaken in cooperation with other key State agencies including (but not limited to):

- Department of Planning
- Department of Treasury and Finance
- Department of Local Government and Regional Development
- Department of Communities
- Department of Child Protection
- LandCorp
- Redevelopment Authorities
- Department of Transport and Infrastructure
- Department of Corrective Services
- Department of Health
- Disability Services Commission
- Western Australian Local Government Association

The development of a State Affordable Housing Strategy will facilitate improvement in coordination between all levels of government. Figure 7.2 outlines the whole of government approach that needs to be implemented to provide affordable housing by 2020.
7.1.1. Adopt a Departmental Affordable Housing Policy Framework to Address Immediate Priorities

Whilst the Strategy is being drafted, the Department of Housing needs to adopt the Affordable Housing Policy Framework (Framework) outlined in Figure 7.3. This will lay the foundation for the Department of Housing as it progresses and capitalises on current opportunities presented through the stimulus packages and implements public housing reforms.

Drawing on work from the National Affordable Housing Summit, the Framework makes the connections between:

- Capital expenditure requirements on housing based on current demand information;
- Where capital expenditure on affordable housing is required within Western Australia;
- Essential service delivery reforms that will assist in delivering the ‘One Affordable Housing System’; and
- Key Performance Indicators that will measure the success of the reform process.

Recommendation 48
The Department of Housing develops a whole of government State Affordable Housing Strategy to be presented to Cabinet by 30 June 2010.
### Chapter 7

#### Figure 7.3 Department of Housing Affordable Housing Policy Framework

**WHO?**
1. Public and community housing
2. 25-30% of income on rent
3. 1st income quintile
4. Complex needs: disabled, aged, high needs

**HOW MUCH?**
- 60-70 percent of funding

**WHAT & WHERE**
- 75% for 1/2 bedroom (total houses)
- 25% of 3+ bedrooms (total houses)

**Public Housing Conjoint Reforms**
1. Reduce under-occupation of public housing units (Band A and B)
   - Over 3300 housing units have been identified as under-occupied.
   - Aim: Housing to develop strategic policy framework and implementation plan to address under-occupation.
   - Construction Requirement: Housing to focus on facilitating the building of 1 and 2 bedroom dwellings for married couples and singles.
   - Outcome: Reduction in number of people by facilitating the movement of families into larger dwellings. Increase rental payments on larger homes.
2. Transition Ineligible Public Housing Tenants into Affordable Rental and Home Ownership (Band B and C)
   - Over 1300 public housing households have been identified as ineligible due to public housing income limits.
   - Aim: Housing to develop strategic policy framework and implementation plan to transition ineligible households into affordable private/public rental housing or home ownership.
   - Construction Requirement: Ensure construction program plans for affordable housing options, including home ownership.
   - Outcome: Transition ineligible households into affordable housing options (reducing incidence of failing to function outside public housing system).
3. Introduction of One Affordable Housing System
   - Facilitate the implementation of Housing Needs Register to understand the housing needs of those requiring government subsidised housing and rationalisation of the waiting list. Inclusive of a demand framework.
   - Aim: Understand housing demand and ensure housing options available across affordable housing continuum.
   - Construction: Build housing according to a demand framework across housing continuum. Ability to broker good value housing deals.
   - Outcome: Ability to facilitate seamless transitions along housing continuum. Ability to understand demand and build for future need. Increase number of housing units built. Economic multiplier effect from increased unit production.

**Construction and Land Reform**

**Key Solution Brokers - Housing Innovations Team**

**Funding Sources**
- Direct Capital Funds (suggested funds):
  - Commonwealth stimulus package
  - Social Housing National Partnership
  - National Affordable Housing Agreement (consolidated funds)
- Indirect Capital Funds (suggested funds):
  - National Rental Affordable Scheme
  - National Partnership Agreement on Remote Indigenous Housing
  - National Agreement on Homelessness
  - DHW Land

**Funding Sources**

**Key Performance Indicators**
1. # of social housing units built
2. # of affordable housing built
3. # people housed
   - Priority waitlist housed
   - Increase under-occupation of public housing
4. Tenants transitioned into Band B and C housing
4. Increase multiplier effect
   - Extra housing built through innovation
   - Increase employment
   - Injection into economy
5. Average price of housing units

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**Figure 7.3 Department of Housing Affordable Housing Policy Framework**

<table>
<thead>
<tr>
<th>Band A</th>
<th>Band B</th>
<th>Band C</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHO?</td>
<td>HOW MUCH?</td>
<td>WHAT &amp; WHERE</td>
</tr>
<tr>
<td>1. Public and community housing</td>
<td>60-70 percent of funding</td>
<td>75% for 1/2 bedroom (total houses)</td>
</tr>
<tr>
<td>2. 25-30% of income on rent</td>
<td>20 - 25 percent of funding</td>
<td>25% of 3+ bedrooms (total houses)</td>
</tr>
<tr>
<td>3. 1st income quintile</td>
<td>Metro 75%</td>
<td>Metro 50%</td>
</tr>
<tr>
<td>4. Complex needs: disabled, aged, high needs</td>
<td>Regional 35%</td>
<td>Regional 50%</td>
</tr>
</tbody>
</table>

**Public Housing Conjoint Reforms**
- Reduce under-occupation of public housing units (Band A and B)
- Aim: Housing to develop strategic policy framework and implementation plan to address under-occupation.
- Construction Requirement: Housing to focus on facilitating the building of 1 and 2 bedroom dwellings for married couples and singles.
- Outcome: Reduction in number of people by facilitating the movement of families into larger dwellings. Increase rental payments on larger homes.

**Transition Ineligible Public Housing Tenants into Affordable Rental and Home Ownership (Band B and C)**
- Over 1300 public housing households have been identified as ineligible due to public housing income limits.
- Aim: Housing to develop strategic policy framework and implementation plan to transition ineligible households into affordable private/public rental housing or home ownership.
- Construction Requirement: Ensure construction program plans for affordable housing options, including home ownership.
- Outcome: Transition ineligible households into affordable housing options (reducing incidence of failing to function outside public housing system).

**Introduction of One Affordable Housing System**
- Facilitate the implementation of Housing Needs Register to understand the housing needs of those requiring government subsidised housing and rationalisation of the waiting list. Inclusive of a demand framework.
- Aim: Understand housing demand and ensure housing options available across affordable housing continuum.
- Construction: Build housing according to a demand framework across housing continuum. Ability to broker good value housing deals.
- Outcome: Ability to facilitate seamless transitions along housing continuum. Ability to understand demand and build for future need. Increase number of housing units built. Economic multiplier effect from increased unit production.
This Framework will also give the State confidence in moving forward in addressing the COAG Reform Agenda and harnessing the energy of government departments to become enablers in the provision of affordable housing. In the longer term, it will provide a solid foundation for the future role of the Department of Housing to influence and address affordable housing in a coordinated and systemic manner as part of a broader Strategy.

**Recommendation 49**
The Minister for Housing and Works adopts the Affordable Housing Policy Framework to guide the initial reform process within the Department of Housing to encourage streamlined change processes and enhance affordable housing outcomes in the short term.

### 7.1.2. Support the Development of Local and Regional Housing Strategies

The Taskforce has outlined the importance of Local and Regional Housing Strategies in developing appropriate local responses to affordable housing issues. While Local Governments and regional agencies should be the drivers of these strategies, the Department of Housing must provide appropriate support, advice and expertise to assist with their development.

### 7.1.3. Centre for Information and Expertise on Affordable Housing

Underpinning the two roles outlined above, the Department of Housing must become a centre of knowledge and expertise for matters related to affordable housing in Western Australia. A strong focus on strategic policy is needed within the Department of Housing to ensure that it accesses and analyses the social, economic and market information that impacts on affordable housing in Western Australia. Collaboration and cooperation with appropriate industry, community, government and academic organisations should form a key part of this role.

### 7.2. Provide, Facilitate and Connect People with Options Across the Housing Continuum

The primary role of the Department of Housing is currently to provide social housing. As discussed throughout this report, this model is expensive, outdated and does not reflect the major changes to social and affordable housing that have occurred in Western Australia over the last 20 years. The Taskforce sees a change in the suite of services that the Department of Housing will provide over the next decade, as it changes and responds to the new social, economic and housing issues impacting on the Western Australian community.

#### 7.2.1. Connecting with Services

The Taskforce considers that the Department of Housing must expand its role to include a service that connects people to a wide range of housing services from crisis accommodation through to home ownership. It should be the first point of contact for people in the community who have a housing need and have the ability to connect them with products and services that meet these particular needs. This will help to simplify the process for clients seeking housing services by creating a “one stop shop” as well as help to better coordinate the wide variety of housing-related services within the State, which are currently complex, disparate and poorly understood.

#### 7.2.2. Sustaining Tenancies

There is the need to help people to access appropriate and affordable housing, and provide support packages to ensure that their tenancy can be maintained in the longer term.

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51 More information provided in Chapter 4.
instability and homelessness have significant negative social and economic impacts for the household, the wider community and the State. It is in the interests of everyone that the Department of Housing works with its clients – both within and outside social housing – to help them achieve and maintain stable tenancies52.

There needs to be a greater provision of support services to help identify client needs early on and build their capacity to address life issues that might impact on their tenancy. In many cases, the Department of Housing will not be the organisation that provides these support services, however as the ‘first port of call’ for many customers, it should take the lead role in identifying clients who need support and linking them with appropriate assessment and service providers. Over the last two years the Department of Housing has taken important steps toward implementing this sustaining tenancies approach and the Taskforce supports the continuation of its moves in this direction. It also reinforces the importance of providing appropriate funding to agencies that deliver the tenancy and support services that are needed to effectively implement this approach.

7.2.3. Crisis Accommodation

The Department of Housing should take responsibility for the provision of crisis accommodation in Western Australia. The current system, in which the Department of Child Protection oversees the provision of crisis accommodation, has contributed to the disconnect between homelessness and housing responses within government. One of the outcomes of this situation has been ineffective transitioning of households from crisis accommodation to social housing, which has limited the ability of crisis services to assist homeless families. Providing a single agency with responsibility for both homelessness and housing should help to improve coordination between the two systems, allowing households to transition through the housing continuum more effectively and freeing up important accommodation for people in crisis53.

7.2.4. Housing Finance

While the main focus of the Taskforce has been on affordable rental housing, it is important that the Department of Housing continues to help low and moderate income households entering home ownership, through the following programs

Affordable Home Loans

Keystart was established to help financially responsible households that were unable to enter home ownership because of the large deposits required by standard mortgage lenders. Over nearly 20 years, it has approved more than 70,000 loans, helping thousands of families into home ownership that they would otherwise have been unable to achieve.

Changes in lending criteria from banks and other mortgage providers have seen demand for Keystart loans rise and fall. At times when tight lending criteria (such as high deposits) have prevented many prospective homebuyers from getting finance, demand for Keystart has been strongest. When housing finance is easier to obtain, such as the mid 2000’s when “low-doc” lenders were common, demand has subsided. This is illustrated by Figure 7.4, which shows Keystart’s share of the lending market in Western Australia over the last five years.

52 More information provided in Chapter 4.
53 Please see Chapter 4 for more information.
This highlights the important counter-cyclical role that Keystart plays by ensuring that housing finance remains available to low and moderate income households. The positive impacts of this are not restricted to prospective homebuyers – they also help to sustain activity in the land, property and housing construction sectors, all of which provide an important source of employment for the State’s residents.

By complementing the Department of Housing land and property sales programs (and those of other government agencies), Keystart also provides the State Government with a unique opportunity to develop vertically-integrated land, house and finance packages. This represents another important reason to maintain Keystart so that the State can continue to provide options across the affordable housing continuum.

**Recommendation 50**
The State Government maintains adequate funding for Keystart so that it can continue to provide housing finance to people on low and moderate incomes.

**Shared Equity Loans**

Shared equity loans provide an important avenue for low and moderate income earners to enter home ownership and obtain the benefits that it offers, without incurring the same up front cost. While recognising that the cost to the State Government of providing and holding the equity in shared equity properties is very high, the Taskforce considers that the benefits justify this approach, particularly for specific low income or disadvantaged groups who would otherwise be unable to access home ownership.

**Recommendation 51**
The State Government continues to provide shared equity loans to households who would otherwise be unable to access home ownership.
7.2.5. Land Development

It is important for the government to maintain a role in the provision of affordable land for both social housing and the wider homebuyer market\(^\text{54}\). The Department of Housing plays a pertinent role in this market through a large land development function, which produced more than 13,000 residential lots over the five years to 2007/2008, representing 14% of the State’s residential land supply (Department of Housing, 2009). This serves three critical roles for affordable housing in Western Australia:

- Maintaining an ongoing supply of residential land for sale to homebuyers with more than 12,000 lots sold during this period, particularly in the affordable price brackets\(^\text{55}\).

- Guaranteeing an ongoing supply of land for the construction of social housing. This function has become increasingly important in recent years as rising land and property prices have made access to land for future construction more difficult.

- Providing financial support to the social housing program by returning its profits to the Department of Housing. This amounted to $247 million between 2002/2003 and 2007/2008 (Department of Housing, 2009).

The Taskforce has already suggested the State Government maintains a role in land development. It is important that the Department of Housing remains one of the key providers in this field for two reasons:

- The supply of land for both social housing and the wider market forms a fundamental base to support the provision of options across the affordable housing continuum.

- The profits generated through land sales are retained by the Department of Housing to help sustain the social and affordable housing system. This not only guarantees an ongoing source of funds for the land development and social housing construction programs, but also reduces the demand placed on the State Treasury, allowing it to allocate funds to other important state programs.

Recommendation 52

The Department of Housing maintains its important role as one of the State Government’s land development agencies and continues to retain profits from this activity to help fund social and affordable housing programs.

7.2.6. Not For Profit Housing Sector

The State and Commonwealth Governments have recognised a number of advantages that the NFP housing sector has over State Housing Authorities in the provision of social housing. These benefits have led both levels of Government to develop strategies that build the capacity of NFP housing providers, with a view to significantly increasing the number and proportion of social housing dwellings owned and/or managed by the sector over the next decade.

\(^{54}\) For more information please see Chapter 6.

\(^{55}\) Of the 12,183 lots sold between 2002/2003 and 2007/2008, 45.6% were priced in the lower quartile of land sales, with 83.7% below the median.
There are two important roles that the Department of Housing is currently undertaking to develop the capacity of the NFP housing sector in Western Australia, which are:

**Capacity Building**

The NFP housing sector in Western Australia is in a development phase, with a few medium size organisations that have the capacity to manage significant portfolios of stock. The scale and capacity of the sector needs to grow significantly if it is to take on the substantial role in housing provision. The Department of Housing is already working with the sector, particularly the larger Growth Providers, to build its capacity. This collaborative role must continue if the establishment of a large, competitive social and affordable housing sector is to be achieved in Western Australia.

**Regulation**

Consistent, appropriate regulation of the NFP housing sector is also critical to establishing it as a sustainable investment in the longer term. The Taskforce recognises that the Department of Housing is also overseeing the introduction of appropriate regulation for the sector and recommends that it continue in this manner. This function should be clearly separated from the sector development role in order to achieve maximum benefits from the growth strategy.

**Recommendation 53**
The Department of Housing continues to support the development of the Not for Profit housing sector.

### 7.3. Implementing a Strategic Asset Management Plan

The Department of Housing does not currently have an effective strategic asset management plan. With an asset base worth approximately $10 billion, the Department of Housing urgently needs to develop a plan to inform decisions about the provision of social housing, now and in the future. Failure to introduce a strategic asset management plan will severely limit the Department of Housing’s ability to confidently utilise its assets to get the best outcomes for both the government and people who require affordable housing.

In developing an appropriate Strategic Asset Management Plan, attention must be given to both vacant land and housing stock, including:

- Lot size and redevelopment potential;
- The age, condition and the life cycle costs of maintaining each property; and
- The location of each property with regard to access to transport, services and employment opportunities.

The asset plan should also include strategies to reduce future energy and water consumption to both improve future environmental sustainability and reduce the living costs of social housing tenants.

**Recommendation 54**
The Department of Housing develops and implements a clear strategic asset management plan by 31 December 2010 to ensure best utilisation of the public housing asset base.
7.4. Influence, Engage and Lead the Market in the Delivery of Innovative Affordable Housing Projects

7.4.1. Housing Innovations Team

The Department of Housing needs to take on a more innovative approach to develop and deliver affordable housing initiatives, projects and products in the future. The roles of previous decades, which relied on the Department as the developer, builder, owner and operator, are no longer appropriate or effective. It is critical that the Department of Housing assumes a more proactive and leadership role to engage stakeholders from the private, NFP and government sectors to develop and deliver a wider range of affordable housing products and outcomes.

The first step in this process should be the establishment of a HIT\(^{56}\). This team will need to go out and push the boundaries to develop innovative projects and partnerships with other stakeholders, which align with the State Government’s and the Department of Housing’s new strategic directions. In time, new methods of doing business will be internalised and normalised within the Department’s operations, creating a more adaptive and responsive agency that can achieve a wide range of results across the housing continuum.

7.4.2. Land Development

As a government land developer, the Department of Housing needs to complement its broader land supply role to act as a market leader through projects that demonstrate innovative or best practice development. In some instances, where the private sector is unable to undertake ‘cutting edge’ developments that incorporate broader government policies, the Department of Housing should undertake pilot projects to lead the market.

7.4.3. Housing Construction

The Department of Housing is one of the largest single contributors to the housing construction industry in Western Australia. As with the Department of Housing’s land development function, the Taskforce supports the idea that it should act as a market leader for innovative construction designs and methods. In particular, it should embrace the opportunity provided by the Commonwealth and State Government stimulus packages to fulfil this role as it delivers over 3,000 homes in the next three years.

**Recommendation 55**
The Department of Housing acts as a market leader in land development and housing construction by demonstrating best practice and innovative projects to the wider market.

7.4.4. Developing and Providing New Services

Traditionally, the Department of Housing has focused on providing a few key affordable housing services, centred around the provision of social housing. However, these services have remained substantially the same, even as the housing market has undergone significant change over the last decade. The result is that the Department of Housing is no longer able to address the wider and changing range of housing needs within the community.

\(^{56}\) Please see Chapter 5 for more information.
New products and services are required to address emerging housing needs in the wider market and the Department of Housing should take a leading role in facilitating their development. In some cases it will need to be the provider of these new services and in many others its role will be to partner with a wide variety of organisations – from government, private industry and the community sector - that can (or already do) provide them. Initiatives such as the NRAS and a trial mixed rental housing project at Cockburn Central are encouraging signs of the Department of Housing progressing towards this goal, but should only mark the beginning of its engagement in this area.

7.5. Structural and Cultural Change

The new roles for the State Government and the Department of Housing outlined throughout the Report represent a fundamental change to the delivery of housing and support services along the housing continuum. The corporate structure and skill set within the agency must adapt to accommodate its new role in areas including policy development, crisis accommodation and commercial innovation.

Underpinning these structural changes is the need for cultural change across government and within the Department of Housing. This should reflect a greater recognition that affordable housing needs to be a major focus of the State’s future development and its sustainability. The Taskforce is encouraged by signs that this shift has already begun within the Department of Housing. The move toward the sustaining tenancies approach and efforts to start bringing in a wider range of experts from the private sector to tackle the opportunities are sound starting points. However, they should only mark the beginning of the Department of Housing’s transition from a provider of housing to a provider of affordable housing services for the Western Australian people.

7.6 Improving the Image of Affordable Housing

The Taskforce has been disappointed about the lack of understanding in the wider community of social housing and more specifically the nature of the individuals and families that require affordable housing. Whilst there is a level of practical understanding that more affordable housing is required in the community, this is often accompanied by so-called NiMBY (‘not in my backyard’) attitudes coming from a wide range of sources.

The State Government needs to tackle the public perception that all social housing tenants are difficult to live next to and will ‘bring down’ the neighbourhood (financially and socially). In fact the overwhelming majority of public and community housing tenants are average, good living, West Australians. Both the Minister for Housing and Works and the Department of Housing need to be the ambassadors for improving the image of affordable housing. The reality is that until there is collective community understanding that affordable housing and its occupants are friends, families and neighbours the enthusiasm for increasing numbers will be an even harder task for the government and those involved in attracting finance for such projects.
The Taskforce points to the President of the United States and his reflections on the ‘empathy deficit’ of society, “the ability to put ourselves in someone else’s shoes”. In many respects the Taskforce suggests that the State Government needs to harness the social consciousness and encourage all Western Australians to embrace the notion that housing is a basic right for all people. Until a person can imagine living in the office of a restaurant with children or having to see over 60% of a low wage spent on housing while children go hungry then the magnitude of the problems faced in housing our friends and families will always be the government’s problem.

**Recommendation 56**
The Department of Housing develops a public education campaign that highlights the positives of affordable housing, including the achievements of current and past social housing clients.
Conclusion

The Taskforce is confident that this Report provides the key directions to significantly improve the supply of social and affordable housing across Western Australia over the next 10 years. Crucial to the necessary reform agenda is the need for the State Government to commit to the systemic changes and new initiatives outlined in the Report – the failure to introduce one aspect of the reform agenda will impact negatively on the ability of other components to be successfully implemented. This can be exemplified by new initiatives that the HIT may try and implement being undermined by limited changes to the planning system or little progress in implementing complementary affordable housing plans by Local Governments. This is illustrated in Diagram 8.1 which summarises the linked key reform areas which require concurrent attention from government and other key stakeholders to ensure successful housing outcomes for low to middle income earners.

Figure 8.1: The Taskforce Linked Reform Agenda

There is a complex interplay between each direction and therefore the State Affordable Housing Strategy must outline roles and responsibilities of each stakeholder to ensure that synergies are identified and outcomes realised within a whole of government approach.

The Taskforce believe that there is much potential in the current environment to significantly increase social and affordable housing options for West Australian households currently facing significant challenges in sourcing appropriate housing options across the continuum. There is capacity and capability to significantly reduce the affordable housing gap within the system and allow average families to decrease their housing stress.

There is acknowledgment that there will be significant challenges and obstacles to address, however with consistent leadership within State Government and strong partnerships with the private and NFP sectors, each challenge can be conquered and clearly illustrate that a house, and indeed a home, is 'more than a roof and four walls'.


Appendix 1: WA Household Projections 2006-2021

WA Household Types as a Proportion of all Households 2006
Source: ABS Census 2006 Custom Table

Household Type Distribution by Age, 2006
Source: ABS Census 2006 Custom Table

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Lone Persons</th>
<th>Couple Only - No Kids</th>
<th>Couple Family</th>
<th>Single Parent</th>
<th>Other Family</th>
<th>Group Household</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-24</td>
<td>1.4%</td>
<td>1.4%</td>
<td>0.6%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>1.1%</td>
<td>5.5%</td>
</tr>
<tr>
<td>25-39</td>
<td>5.0%</td>
<td>5.4%</td>
<td>11.8%</td>
<td>3.1%</td>
<td>0.4%</td>
<td>1.3%</td>
<td>27.1%</td>
</tr>
<tr>
<td>40-59</td>
<td>7.9%</td>
<td>8.8%</td>
<td>18.7%</td>
<td>5.4%</td>
<td>0.2%</td>
<td>0.7%</td>
<td>41.7%</td>
</tr>
<tr>
<td>60-74</td>
<td>5.4%</td>
<td>8.6%</td>
<td>1.8%</td>
<td>0.8%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>17.0%</td>
</tr>
<tr>
<td>75+</td>
<td>4.4%</td>
<td>3.2%</td>
<td>0.3%</td>
<td>0.6%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Total</td>
<td>24.0%</td>
<td>27.5%</td>
<td>33.2%</td>
<td>10.5%</td>
<td>1.3%</td>
<td>3.5%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

WA Households Types as a Proportion of all Households 2021
Source: ABS 3236.0 Series I Custom Table
The graphs and accompanying tables show the actual and forecast household types in Western Australia for 2006 and 2021. They are based on household projections devised by the Australian Bureau of Statistics, which took 2001 Census information and projected three different household formation rates to 2026.\(^1\)

After analysing the 2006 Census, the Taskforce decided to adopt the Series I projections as the best indicator of household formation trends in WA over the next decade. While the projection overestimated the total number of WA households that had formed by 2006, it was generally accurate in predicting the distribution of household types by age in that year and was therefore seen as a good indicative measure of changes in the household profile over time.\(^2\)

For the Taskforce’s purposes, it is this distribution, rather than the number of households that is most important. Given that there is unlikely ever to be enough social housing to meet demand, the most important objective from the Taskforce’s point of view is ensuring that the available social housing stock is suitable for those people in the community that need it most. This involves moving to align the stock portfolio to the needs of future clients.

The information clearly shows that by 2021 there will be a significant increase in the proportion of lone person and couple households in the over 55 age bracket – a trend which is even more pronounced for households over 75. There is also a decline in the proportion of families, particularly for what could be considered the “traditional” family with parents aged between 40 and 59.

The Taskforce recognises that household formation trends for the whole community may not directly correlate to those related to people on lower incomes who make up the client base for social housing. Further analysis is required to determine the trends for this income cohort and how they will affect housing need in different parts of the State.

\(^1\) For further detail on projection methodology, see ABS Catalogue 3236.0 (2004) Household and Family Projections Australia 2001 to 2026.

\(^2\) ABS Cat 3236.0 Custom Table and ABS Census 2006 Custom Table. While the number of households forecast for 2006 in the Series I projections exceeded the actual number indicated in the 2006 Census, the proportion of household types by age in the Series I forecasts correlated fairly closely with data obtained from the 2006 Census. Exceptions included: a greater proportion of couple families than predicted (particularly aged 40-59); fewer couple only households aged 40-59; more couple households over 60; and fewer lone households aged over 60.
Report for the

Western Australian Council for Social Services

MARKET DEMAND AND SUPPLY AND THE SOCIAL HOUSING STOCK: THE IMPORTANCE OF SUPPORT SERVICES

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29TH MAY 2009
EXECUTIVE SUMMARY

This report is split into two parts. Part A discusses housing supply and demand in Western Australia and how economic conditions influence the market. The report examines how rising unemployment, in particular, could affect the demand for social and affordable housing. Using two economic scenarios, the report determines how the housing market will react and how demand for social housing and supporting services will be affected as a result. Part B concentrates on the implications of a shortage in the social housing stock on support services. If social housing is expanded by the 20,000 units recommended by the social housing task force what are the implications for the demand and cost of support services. The key findings of the report are set out below.

PART A1: HOUSING DEMAND AND SUPPLY

• Housing affordability is broadly concerned with the number of current households in housing stress and the number of persons in housing need, i.e. are unable to form a household due to affordability and availability constraints. Affordability declined rapidly as a result of the house price boom experienced by the vast majority of WA between 2004 and 2008. Affordability has improved significantly in the last 12 months as a result of falling interest rates designed to stimulate the Australian economy.

• Housing demand is closely linked to economic growth through strong employment, rising incomes, patterns of interest rates as well as population growth and consumer confidence. All these factors were positive contributors to the housing boom in WA. The economic downturn has affected housing demand primarily through a rise in unemployment and a fall in consumer confidence.

• Housing supply has failed to keep pace with demand. Building approvals have fallen steadily since 2006. There is no evidence that the WA market is oversupplied and is certainly undersupplied in relation to affordable housing.

PART A2: THE IMPACT OF VARYING ECONOMIC CONDITIONS ON WA HOUSING MARKETS

• Assuming economic conditions in line with those forecast within the State and Federal budgets there will be no reduction in demand for social housing units and services up to 2020.

• Current patterns of market activity suggest a relatively stable market over the next few years although a lack of new supply could eventually result in a period of price growth.

• There may continue to be a sharp downturn in the upper end of the market due to the pattern of job losses but this is unlikely to place any pressure on social housing services as many have the ability to trade down or can afford to move into the private rental sector.

• An increase in affordability due to low interest rates has lifted many out of housing stress and many out of housing need in the owner occupier sector of the market, although it is impossible to estimate the numbers. There has been little impact in the rental sector although rental growth has slowed.

• First home buyers have taken advantage of increased affordability and the First Home Owners Grant and are buying in record numbers. However, any significant rise in interest rates or increase in unemployment among the group could have serious implications for many first home buyers. This could lead to a big increase in the numbers in housing stress and potentially the demand for social housing.

• Assuming unemployment of around 8.5% in WA would see around 60% of those becoming unemployed pushed into a position of housing stress. Falling house prices may result in negative equity for many households. Combined with unemployment this could prove disastrous.
- With rising numbers in housing stress there would be additional pressure on supply as households are forced to sell accentuating the price decline. Households may be forced to switch from owner occupation to the private rental sector or be forced directly to the social housing sector. Increased pressure on the rental sector increases the number of households in rental stress placing further pressure on social housing.
- In either scenario there is not going to be a reduction in the demand for social housing and support services in the period up to 2020.

**PART B1: EXPANDING THE SOCIAL HOUSING STOCK: IMPLICATIONS FOR THE DEMAND FOR AND COST OF SUPPORT SERVICES**
- The number of additional tenants housed in the 20,000 extra units proposed under the government’s expansion of the social housing stock is projected to be between 30,000 and 40,000 tenants.
- Depending on the average household size is and whether the incidence of access to support services is low, medium or high, the increase in real expenditure under an expansion of social housing stock is projected to be:
  - $11.1 million to $22.1 million for disability and mental health services;
  - $2.7 million to $5.5 million for aged care services;
  - $0.6 million to $1.4 million for support for victims of violence or abuse;
  - $1.5 million to $3 million for youth support;
  - $2.2 million to $4.3 million for housing support.
- The projection findings strongly indicate that the demand for and cost of providing support services will increase as the social housing stock expands. It is therefore imperative that sufficient resources be devoted to helping providers meet the expected increased demand for their services.

**PART B2: FACILITATING AN INCREASED RATE OF MOBILITY THROUGH THE HOUSING CONTINUUM: THE IMPORTANCE OF SUPPORT SERVICES**
- The probability of exiting social housing is higher for younger persons, males, residents in the metropolitan region, and those with a small number of children, higher earnings and low levels of government income support payments.
- However, tenants can encounter significant barriers to mobility out of social housing, which include personal and family barriers, social housing structural barriers and housing market barriers. Three key models that aim to overcome these barriers are the asset-building model, welfare-to-work model and poverty deconcentration model.
- Success in promoting mobility out of social housing is crucially dependent on the availability of intensive personalised support and long-term financial incentives for tenants.
- Programs have been found to be less successful where insufficient funding has led to inadequate support or short-term financial incentives. There is a sizable cohort of tenants that possesses strong potential to exit social housing. For this group, a continuum of support services integrated with strong financial incentives would greatly assist in facilitating an increased rate of mobility through the housing continuum.
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1.0 INTRODUCTION

This report discusses the supply of social housing and the importance of support services in the light of recommendations by the Social Housing Task Force (SHTF) to increase the stock of social and affordable housing by 20,000 units by the year 2020. The shortage of social and affordable housing is evidenced through the waiting lists for social housing estimated to be around 18,000, housing affordability measures which show Western Australian (WA) property as some of the most expensive in Australia and housing need where households are unable to form due to unaffordable and unavailable accommodation. Unlike a number of other countries, including the UK and US, where the provision and funding of social housing is delivered in partnership between government, the private sector and not for profit housing organisation, WA currently relies on direct provision through Government.

The Taskforce believe that “the need to work with industry and non-government agencies to fast-track development of affordable and social housing will begin to reform key areas within the current system that are a disincentive to working with government in housing development”. There is no doubt that the Government cannot deliver an ambitious development programme without partnership with the private sector. How these partnerships are forged and made operational is open to debate as are the methods used to deliver the housing. However, what is clear is that such a vast increase in social housing in particular will place considerable pressure on the support services that work within, and have dealings with, the social housing sector. The purpose of this report is to assess the demand for social housing under varying economic conditions and assess the additional requirements placed on social housing support services resulting from a significant increase in the social housing stock.

The report is split into two parts. It begins with an analysis of housing supply and demand followed by a discussion of the importance of social housing services, including an estimate of the additional cost pressures placed on these services through the expansion of the social housing stock.

Part A of the report begins by discussing the background to the WA housing market examining the differences between housing markets within the State. The report then reviews the key drivers of house prices; economic growth, population patterns and consumer confidence. Trends in these variables help determine how the market will perform under a variety of economic conditions and just how demand and supply responds to economic shocks. The report also discusses structural differences in housing markets, including tenure and supply, which will result in variable outcomes from economic change. Issues of housing need and affordability are also outlined.

One of the key objectives of the report is to assess how the housing market will perform under varying economic circumstances and how the demand for social and affordable housing will be affected as a result. We examine two scenarios; the first assuming State and Federal Government estimates of the economy from the recent budget announcements and second, a more extreme economic downturn. The report discusses how these economic circumstances will affect market demand and supply and the resulting effects on the social housing sector. Finally, the first part of the report concludes with an assessment of the impact of an economic downturn on the demand for social and affordable housing.

WA is currently facing an acute shortage in social housing stock. Two key strategies that aim to address this shortage include expanding the social housing stock and facilitating tenants’ movement through the housing continuum to less subsidised accommodation. In relation to the first strategy of expansion, the WA government intends to increase the social housing stock by an additional 20,000 units by year 2020. Fundamental to the success of both strategies is the provision of support services that assists with the maintenance of high needs tenants within the social housing sector and provides adequate support to help
tenants with potential to achieve self-sufficiency to exit the social housing system and move on to less subsidised accommodation.

Against this background, Part B of this study has two key objectives:
1. To assess the cost and level of support services required under an expansion of the social housing stock;
2. To identify ways in which support services could be instructive in facilitating an increased rate of mobility through the housing continuum.

Part B begins with a discussion of the implications for the demand for and cost of support services before moving on to discuss the housing continuum.

PART A: HOUSING DEMAND AND SUPPLY AND THE IMPACT OF CHANGING ECONOMIC CONDITIONS

2. PART A1: HOUSING DEMAND AND SUPPLY

In order to assess demand and supply within the West Australian (WA) housing market it is first necessary to define that market. The Perth Metropolitan market (henceforth know as the Perth Metro market) stretches from Wanneroo in the North, out to the Hills in the East, to the Indian Ocean in the West and down to Rockingham in the South. It consists of a number of suburbs, many of which have very different housing markets due to their individual characteristics. There are then the regional markets such as Mandurah, Bunbury, Esperance, Geraldton, Broome, Kalgoorlie-Boulder, Karratha and Port Headland. Again each market operates very differently and the demand and supply characteristics of each determine the price responses in the market. For example, the Karratha market has performed very differently from the Kalgoorlie-Boulder market over recent years. In turn both markets have seen price movements which differ markedly from those in the Perth Metro area.

This is why the concept of sub-markets is important when analysing demand, supply and price movements within housing markets. Sub-markets refer to areas, which may be neighbourhoods, suburbs or towns, which exhibit similar price movements in response to demand changes. These sub-markets can be both geographical and price based. In the Perth Metro area a submarket may consist of a number of connected suburbs which offer similar housing products. A purchaser looking to buy a house would be equally comfortable purchasing in any of the suburbs within that sub-market. A change in demand such as a rise in unemployment would have a similar impact on price in each of the suburbs within that sub-market as the fall in demand effects each suburb in a very similar manner. Suburbs within different sub-markets can behave very differently to demand shocks. For example an increase in unemployment among low income earners would have little impact on Cottesloe but may have a significant price effect in Armadale.

There can also be identifiable price sub-markets. Here the supply of houses within a particular price bracket may be limited so the purchaser will be looking more at the individual house than the location. This would be the case for houses over a certain price, say $5m where the market is very restricted or increasingly, at the other end of the scale, where there are very few areas with dwellings available for under $250,000. If the buyer is limited by price then they have to search all locations for available properties rather than search for locations which provide a significant supply of suitable accommodation. Of course there are different price brackets within many geographical sub-markets but houses within each price bracket will move in very similar patterns within each sub-market.
Sub-markets are often defined through the use of convenient boundaries rather than through statistical analyses which can be used to define sub-markets through price movements. The Real Estate Institute of Western Australia (REIWA) combine suburbs to define sub-markets. Examples of sub-markets, or sub-regional markets, the term adopted by REIWA, include Perth City, South Perth/ Victoria Park, Rockingham-Kwinana and Western Suburbs. As stated above, these sub-markets are defined more by convenience than by any statistically significant price relationships but they offer a wider base for analysis than examining individual suburbs and a narrower base than the Perth Metro area. By using such sub-markets, wide geographical generalisations about demand, supply and price can be avoided. Unfortunately, much of the available data relevant to housing markets limits analysis at the sub-market level. Most price data, Census data, economic data and supply data are not available in a format suitable for sub-market analysis. As a result this report has to make use of data at levels that do not always equate to sub-markets due to the data limitations. Where possible sub-markets are discussed but often analysis has to switch to individual suburbs. This is a necessary limitation of the analysis.

Table 1 describes the median prices of Perth sub-regional centres and table 2 regional centres. Also included within the table are the 1 and 5 year annual growth rates of each centre. From these figures it is clear how different sub-markets have seen different price movements over the two periods. What is immediately clear from the table is the extreme growth in prices over the last 5 years. This has had a significant impact on affordability.

Using a very simple measure of affordability, median price divided by median income, the table establishes a multiple of household income necessary to purchase a typical existing house within each centre as of December 2008. For the whole of the Perth Metro region, a household on an income of $65,000 pa would require almost 6.5 times gross income to afford the price of a typical dwelling (the historic average is around 3). The price rises of the last 5 years pushed home ownership out of reach for a large section of the Perth population. High prices combined with high interest rates forced many new households that traditionally would have been purchasers into rented accommodation; this in turn led to big rent rises increasing incidences of rental stress.

Household earnings have increased by about 40% since 2003 (ABS, cat 6302). When compared to increases in median house prices of around 100% in many sub-regional centres over the same period the decline in housing affordability is evident.

There are various other measures of housing affordability. The Commonwealth Bank’s affordability index provides a measure of affordability trends. It shows the dramatic decline in affordability of well over 20% from 2004 to a low point in September 2008. However, the interest rate cuts and falling prices have reversed the trend and affordability increased in Perth by over 50% between December 2007 and December 2008 (HIA-Commonwealth Bank Affordability Report, March Quarter, 2009). Further increases in affordability will follow due to additional interest rate cuts from December 2008.
### Table 1: Median House Prices, Growth and Affordability

<table>
<thead>
<tr>
<th>Sub Regional Centre</th>
<th>Dec 2008 Median House Price</th>
<th>5 Year Change</th>
<th>1 yr change</th>
<th>Multiple of Household income required for purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perth Metro Region</td>
<td>$421,500</td>
<td>14.3%</td>
<td>-5.4%</td>
<td>6.48</td>
</tr>
<tr>
<td>Armadale/Serpenine</td>
<td>$343,500</td>
<td>19.5%</td>
<td>-1.5%</td>
<td>5.28</td>
</tr>
<tr>
<td>Bassendean/Bayswater</td>
<td>$409,000</td>
<td>13.8%</td>
<td>-4.2%</td>
<td>6.29</td>
</tr>
<tr>
<td>Belmont</td>
<td>$420,000</td>
<td>14.3%</td>
<td>-2.3%</td>
<td>6.46</td>
</tr>
<tr>
<td>Canning</td>
<td>$450,000</td>
<td>14.5%</td>
<td>-1.1%</td>
<td>6.92</td>
</tr>
<tr>
<td>Cockburn</td>
<td>$415,500</td>
<td>16.2%</td>
<td>-2.8%</td>
<td>6.39</td>
</tr>
<tr>
<td>Fremantle</td>
<td>$655,645</td>
<td>14.9%</td>
<td>5.3%</td>
<td>10.09</td>
</tr>
<tr>
<td>Gosnells</td>
<td>$335,000</td>
<td>17.2%</td>
<td>-2.6%</td>
<td>5.15</td>
</tr>
<tr>
<td>Hills</td>
<td>$415,000</td>
<td>16.5%</td>
<td>-3.4%</td>
<td>6.38</td>
</tr>
<tr>
<td>Joondalup North</td>
<td>$435,000</td>
<td>13.3%</td>
<td>-2.8%</td>
<td>6.69</td>
</tr>
<tr>
<td>Joondalup South</td>
<td>$480,000</td>
<td>13.8%</td>
<td>-2.9%</td>
<td>7.38</td>
</tr>
<tr>
<td>Melville</td>
<td>$575,000</td>
<td>13.0%</td>
<td>-4.5%</td>
<td>8.85</td>
</tr>
<tr>
<td>Perth City</td>
<td>$890,000</td>
<td>16.1%</td>
<td>3.7%</td>
<td>13.69</td>
</tr>
<tr>
<td>Rockingham/Kwinana</td>
<td>$350,000</td>
<td>16.6%</td>
<td>-4.6%</td>
<td>5.38</td>
</tr>
<tr>
<td>South Perth/Victoria Park</td>
<td>$565,000</td>
<td>13.9%</td>
<td>-3.6%</td>
<td>8.69</td>
</tr>
<tr>
<td>Stirling East</td>
<td>$380,000</td>
<td>13.0%</td>
<td>-8.2%</td>
<td>5.85</td>
</tr>
<tr>
<td>Stirling West</td>
<td>$623,500</td>
<td>13.9%</td>
<td>-4.8%</td>
<td>9.59</td>
</tr>
<tr>
<td>Swan</td>
<td>$380,000</td>
<td>16.8%</td>
<td>-3.3%</td>
<td>5.85</td>
</tr>
<tr>
<td>Vincent/Stirling SE</td>
<td>$772,500</td>
<td>15.2%</td>
<td>4.0%</td>
<td>11.88</td>
</tr>
<tr>
<td>Wanneroo North East</td>
<td>$435,000</td>
<td>16.3%</td>
<td>-4.1%</td>
<td>6.69</td>
</tr>
<tr>
<td>Wanneroo North West</td>
<td>$382,000</td>
<td>15.7%</td>
<td>-4.7%</td>
<td>5.88</td>
</tr>
<tr>
<td>Wanneroo South</td>
<td>$391,500</td>
<td>18.5%</td>
<td>2.2%</td>
<td>6.02</td>
</tr>
<tr>
<td>Western Suburbs</td>
<td>$1,130,000</td>
<td>17.0%</td>
<td>-3.1%</td>
<td>17.38</td>
</tr>
</tbody>
</table>
Table 2: Regional Centres

<table>
<thead>
<tr>
<th>Regional Centre</th>
<th>Dec 2008 Median House Price</th>
<th>5 Year Change</th>
<th>1 yr change</th>
<th>Multiple of Household income required for purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albany</td>
<td>$360,000</td>
<td>20%</td>
<td>-13%</td>
<td>5.54</td>
</tr>
<tr>
<td>Augusta/Margaret River LGA</td>
<td>$447,500</td>
<td>15%</td>
<td>-11%</td>
<td>6.88</td>
</tr>
<tr>
<td>Broome</td>
<td>$650,000</td>
<td>18%</td>
<td>-4%</td>
<td>10.00</td>
</tr>
<tr>
<td>Bunbury</td>
<td>$330,000</td>
<td>21%</td>
<td>-13%</td>
<td>5.08</td>
</tr>
<tr>
<td>Busselton</td>
<td>$385,000</td>
<td>14%</td>
<td>-21%</td>
<td>5.92</td>
</tr>
<tr>
<td>Carnarvon</td>
<td>$370,000</td>
<td>56%</td>
<td>30%</td>
<td>5.69</td>
</tr>
<tr>
<td>Esperance</td>
<td>$350,000</td>
<td>24%</td>
<td>-5%</td>
<td>5.38</td>
</tr>
<tr>
<td>Geraldton-Greenough</td>
<td>$345,000</td>
<td>32%</td>
<td>-1%</td>
<td>5.31</td>
</tr>
<tr>
<td>Kalgoorlie-Boulder</td>
<td>$321,000</td>
<td>23%</td>
<td>4%</td>
<td>4.94</td>
</tr>
<tr>
<td>Karratha</td>
<td>$670,000</td>
<td>33%</td>
<td>-6%</td>
<td>10.31</td>
</tr>
<tr>
<td>Mandurah-Murray</td>
<td>$385,000</td>
<td>13%</td>
<td>-9%</td>
<td>5.92</td>
</tr>
<tr>
<td>Northam</td>
<td>$260,000</td>
<td>39%</td>
<td>-3%</td>
<td>4.00</td>
</tr>
<tr>
<td>Port Hedland</td>
<td>$502,500</td>
<td>40%</td>
<td>-9%</td>
<td>7.73</td>
</tr>
<tr>
<td>Balance of Regional WA</td>
<td>$245,000</td>
<td>29%</td>
<td>-8%</td>
<td>3.77</td>
</tr>
</tbody>
</table>

Source: REIWA (2008) Housing Market Update

These figures show how quickly affordability can change within a market. Interest rates are one of the key drivers of real estate markets. The dramatic rates cuts resulting from the global economic crisis were an attempt to stimulate the economy and certainly have had an effect on the first home owner market within Western Australia. Prices in the majority of sub-regions and regional centres have fallen over the last 18 months. More affordable mortgages combined with generous Government incentives in the form of the first home owners grant ($14,000 available for existing properties and $21,000 for new properties) have helped prop up many markets. Activity at the lower end of the market has actually driven up prices in recent months in many of the lower priced suburbs. First time home owners accounted for 40% of all sales activity in the market during the first quarter of 2009 (REIWA 2009b) compared to an average of around 28% over the last two decades (ABS cat 5609).

Improving levels of affordability; a result of falling prices, lower interest rates and government subsidies, have stimulated the lower end of the market bringing many first home owners into property ownership. This has eased pressure on the private rental market where many renters have made the decision to move into home ownership. Rents are now rising at more modest rates when compared to the past 3 years although will continue to rise in many areas due to the shortage of rental accommodation.

Of course these are general trends and the market behaves very differently across sub-regions. Those sub regions with very high median prices will not have experienced the rises in first home ownership activity due to a lack of suitably priced stock. Those more modestly priced markets such as Wanneroo, Belmont and Gosnells saw price rises over the first quarter of 2009 (REIWA 2009b) where most markets suffered significant falls. Of course housing markets never behave uniformly and two other relatively cheap sub-regional centres, Armadale/Serpentine and Rockingham-Kwinana, saw prices fall slightly. This is a symptom of housing market analysis. Although economic conditions have very important influences on the market it is consumer behaviour that determines the ultimate outcome. The decision to go ahead and purchase is often not rational and this is where economic analysis often fails to fully explain patterns of house prices. Confidence is a key component of the housing market. Factors such as media reports will help determine a decision to purchase.
2.1 ECONOMIC FUNDAMENTALS AND HOUSE PRICES

Australia has seen very strong economic growth over the last decade with GDP rising strongly over much of this period. Figure 1 shows how WA’s economic growth has outperformed Australia as a whole. The figure displays the strong and sustained growth in Gross State Product from 2001, consistently 2% or more above Australian GDP growth. The general strength of the economy coupled with a number of strong exogenous variables has had a dramatic affect on housing demand. Figure 2 describes how business investment has risen strongly in the State since 2000, particularly in the mining sector. The strong GSP growth and mining investment/activity are attributed to the ‘resources boom’ where strong demand for minerals from emerging economies have driven State demand.

Figure 1: Gross State Product and Gross Domestic Product

![Gross State Product and Gross Domestic Product](image-url)

Source: ABS Cat. 5220.0
In addition to GSP and GDP growth there are a number of other, more specific, variables which help explain the pattern of house prices over the last 10 years. Population growth, household income and unemployment all have a significant impact on the demand for residential property. Interest rates and buyer/consumer confidence are also key drivers of purchasing decisions. Added to these demand side factors are the availability of existing stock and the supply of new land.

Figure 3 describes the trends in house prices, population, household earnings growth and unemployment since 1991. All three key variables have shown movements which have contributed to rising house prices, particularly since 2000. The resources boom contributed to strong positive movements in all three variables from around 2005.

Population has grown by 17% since 2000, over half of which has been from overseas migration (ABS Cat 3101). Perth Metro’s median house price was relatively affordable when compared to the Eastern states before the major boom period of 2005 and 2006 (June 2006 is considered the peak of the house price boom). This meant that many interstate and overseas migrants, particularly from the UK, were able to secure relatively cheap property and, in turn, bid up prices. The sustained population growth was partly as a result of strong employment growth. Unemployment fell from over 10% in 2001 to around 3% in 2008. Strong employment leads to household income growth (which has also been sustained at historically high levels) and also confidence in terms of job security. Both factors contribute to decisions to purchase property, increasing demand.
2.2 HOUSING AND LAND SUPPLY

Although there has been an unprecedented shift in the demand for residential accommodation supply has failed to keep pace. Supply has been quite weak since the peak of the boom. Figure 4 describes the number of building approvals which have dropped significantly from 2006. This is due to a number of reasons.

- The cost of purchasing land, due to price growth and interest rates, which priced many, especially first home owners, out of the market.
- The availability and cost of labour. Competition for labour from other industries resulting in a scarce supply of skilled tradesmen and inevitable rising costs of labour. The cost of materials also increased rapidly increasing the overall cost of building a new home.
- The availability of suitable land. There has been adequate land supply on the periphery of the metro area and in some regional areas. However, in many established suburbs and many regional towns experiencing demand growth, land supply has been inadequate. This has resulted in large price increases in many areas where land supply is restricted such as the Western Suburbs and many mining towns.

The implications of supply side weakness are worrying. With population expected to continue to grow over the next decade, albeit at a slower rate, a lack of new supply will have inevitable price effects following any increase in demand. The current downturn in the market resulting from the economic crisis and a lack of consumer confidence will mask the supply shortage in the short term.

According to the Housing Industry Association “Given the outlook for a modest rather than significant recovery in new home building, the shortfall between dwelling completions and underlying demand will exceed 50,000 dwellings per annum for some years to come,” (HIA 2009). The only way an undersupplied market could suffer a significant downturn is through a collapse in demand or a sudden shift in supply. Supply could shift is unemployment were to rise significantly resulting in high rates of foreclosures and property flooding the market, a scenario that occurred in the US.
Two regional areas provide examples of how shortages of supply inevitably lead to price rises following any shift in demand. Karratha and Kalgoorlie-Boulder are two important resources towns that have suffered significant supply shortages in recent years due to a lack of development land release. Figures 5 and 6 show the pattern of land supply, proxied by vacant land sales in a tight market where vacant lot sales equates to all available lots, where a lack of land eventually leads to sharp price rises when coupled with demand spikes. In Karratha, a lack of supply in the throughout the 1990s and early part of this decade resulted in a threefold increase in prices from mid 2000. In Kalgoorlie-Boulder strong supply in the 1990s kept prices steady up to 2005 but the lack of supply from 2000 saw prices rise rapidly from 2006. Of course there are other contributory factors but the quantity of available development land plays a significant role in these stand alone sub-markets. (For a full discussion of housing issues in resource boom towns see Haslam McKenzie et all 2008 and 2009 forthcoming)
Conversely, there are arguments that many areas are actually oversupplied with land and new housing development. There is no doubt there was a big increase in speculative development activity within new metro area subdivisions. This resulted in an increase in housing supply when speculators started to offload investment property during the period of rapidly rising interest rates and, more recently, due to a big fall in investor confidence. Much of the housing developed within new subdivisions have very similar characteristics; four bedrooms, two bathrooms with a double garage. However, in a market downturn these are the areas that
would expect to see big decreases in prices if they were oversupplied. In fact these are also the areas where housing is relatively affordable and attractive to first home buyers and the big increase in first home buyer activity has seen a surge in demand and prices have remaining relatively stable as a result.

In fact there is little relationship within suburbs (not necessarily at the sub-market level) between the amount of land supplied and house price changes. Table 3 below describes the top and bottom 10 suburbs in terms of the amount of new land supplied to the market in the form of final lot approvals. The table shows the amount of new lots approved as a proportion of the total housing stock in each suburb. Suburbs with a low supply measure have seen the lowest levels of supply over the period 2001-2006. The supply is then compared to price growth within the suburb. It would be expected that an area with significant new supply over a 5 year period would demonstrate the lowest rates of price growth in subsequent years. Although areas with the tightest supply, such as the expensive Western Suburbs, have seen very strong growth there are still suburbs with a very tight supply that saw negative growth in 2008. There are also suburbs with a substantial new supply of land that have seen positive growth. The relationship is not as simple as many economists would like to believe with a large scale land supply policy automatically leading to house price effects. What the research does show is that even those areas well supplied with land have only suffered modest price falls so far in the economic downturn suggesting that there is not widespread oversupply of residential property.

Table 3: Land Supply and House Price Growth

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>City Beach</td>
<td>0.3%</td>
<td>4.2</td>
<td>18.1</td>
</tr>
<tr>
<td>Peppermint Grove</td>
<td>0.9%</td>
<td>40.2</td>
<td>25.1</td>
</tr>
<tr>
<td>Lesmurdie</td>
<td>0.9%</td>
<td>-4.2</td>
<td>16</td>
</tr>
<tr>
<td>Mundaring</td>
<td>1.1%</td>
<td>5.7</td>
<td>17.7</td>
</tr>
<tr>
<td>Armadale</td>
<td>1.1%</td>
<td>-4.5</td>
<td>20.8</td>
</tr>
<tr>
<td>Subiaco</td>
<td>1.5%</td>
<td>9.8</td>
<td>20.7</td>
</tr>
<tr>
<td>South Perth</td>
<td>1.6%</td>
<td>-5.8</td>
<td>17.7</td>
</tr>
<tr>
<td>Leederville</td>
<td>1.8%</td>
<td>3</td>
<td>15.1</td>
</tr>
<tr>
<td>Mount Lawley</td>
<td>2.1%</td>
<td>8.1</td>
<td>17.3</td>
</tr>
<tr>
<td>Kalamunda</td>
<td>2.3%</td>
<td>10.7</td>
<td>18.3</td>
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</table>

<table>
<thead>
<tr>
<th>Top 10: Greatest Supply</th>
<th>Supply</th>
<th>1 Yr Growth</th>
<th>5 yr Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Darch</td>
<td>159.4%</td>
<td>5.6</td>
<td>14.3</td>
</tr>
<tr>
<td>Tapping</td>
<td>152.8%</td>
<td>-1.3</td>
<td>16.3</td>
</tr>
<tr>
<td>Butler</td>
<td>122.6%</td>
<td>-4</td>
<td>14.7</td>
</tr>
<tr>
<td>Secret Harbour</td>
<td>101.8%</td>
<td>-4</td>
<td>13.4</td>
</tr>
<tr>
<td>Madeley</td>
<td>99.0%</td>
<td>2.1</td>
<td>16.6</td>
</tr>
<tr>
<td>Baldivis</td>
<td>97.3%</td>
<td>-6.4</td>
<td>11.1</td>
</tr>
<tr>
<td>Ellenbrook</td>
<td>69.8%</td>
<td>-4.8</td>
<td>16.8</td>
</tr>
<tr>
<td>Success</td>
<td>69.6%</td>
<td>-2.1</td>
<td>16.4</td>
</tr>
<tr>
<td>Canning Vale</td>
<td>47.6%</td>
<td>-2.9</td>
<td>13.9</td>
</tr>
<tr>
<td>Port Kennedy</td>
<td>41.9%</td>
<td>-5.1</td>
<td>14.9</td>
</tr>
</tbody>
</table>

(Rowley and Costello 2009)
Land supply has varied by regional sub-market with those areas on the periphery of the Perth Metro regions experiencing the greatest supply of new lots. However, prices in those peripheral sub-markets have not seen price growth rates significantly affected by the large scale supply suggesting demand has so far been sufficiently strong to absorb the resulting new housing supply. Demand in these markets has been boosted by the impact of the first home owners grant. It is possible that the scaling back and then removal of the first homeowners grant will have an impact on demand but interest rates are probably more important in terms of affordability. Any rise in interest rates could well see demand fall and, if coupled with rising unemployment, could see significant price falls in many areas that have seen large scale land supply in recent years. However, with population continuing to grow, household size continuing to shrink and interest rates likely to remain low for at least the next 6-12 months, the lack of new supply could have serious implications for future price movements.

2.3 TENURE STRUCTURE

Between 2001 and 2006 (available ABS Census data) there was a big increase in the number of houses being purchased with an associated sharp drop in the number of houses owned outright. This reflects the huge price increases seen over that period. There was a small shift in the proportion of rental accommodation with 18,000 moving into this tenure in the Perth Metro area during the 5 year period, the result of increased population and declining affordability. Table 4 sets out key census comparisons for both WA and the Perth Metro area.

Table 4: Housing Tenure Structure

<table>
<thead>
<tr>
<th>TENURE TYPE - OCCUPIED PRIVATE DWELLINGS</th>
<th>Western Australia 2006</th>
<th></th>
<th>Western Australia 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of total occupied private dwellings in Region</td>
<td>% of total occupied dwellings for Region</td>
<td></td>
</tr>
<tr>
<td>Fully owned</td>
<td>228,547</td>
<td>30.20%</td>
<td>249,649</td>
</tr>
<tr>
<td>Being purchased</td>
<td>266,111</td>
<td>35.10%</td>
<td>220,516</td>
</tr>
<tr>
<td>Rented (includes rent-free)</td>
<td>196,980</td>
<td>26.00%</td>
<td>172,888</td>
</tr>
<tr>
<td>Other tenure type</td>
<td>7,725</td>
<td>1.00%</td>
<td>21,512</td>
</tr>
<tr>
<td>Not stated</td>
<td>58,624</td>
<td>7.70%</td>
<td>31,084</td>
</tr>
<tr>
<td>Total</td>
<td>757,987</td>
<td></td>
<td>695,649</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TENURE TYPE - OCCUPIED PRIVATE DWELLINGS</th>
<th>Perth Metro Region 2006</th>
<th></th>
<th>Perth Metro Region 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of total occupied private dwellings in Region</td>
<td>% of total occupied private dwellings in Region</td>
<td></td>
</tr>
<tr>
<td>Fully owned</td>
<td>165,586</td>
<td>29.60%</td>
<td>183,276</td>
</tr>
<tr>
<td>Being purchased</td>
<td>210,693</td>
<td>37.60%</td>
<td>174,271</td>
</tr>
<tr>
<td>Rented (includes rent-free)</td>
<td>138,174</td>
<td>24.70%</td>
<td>120,957</td>
</tr>
<tr>
<td>Other tenure type</td>
<td>5,249</td>
<td>0.90%</td>
<td>12,188</td>
</tr>
<tr>
<td>Not stated</td>
<td>40,366</td>
<td>7.20%</td>
<td>20,507</td>
</tr>
<tr>
<td>Total</td>
<td>560,068</td>
<td></td>
<td>511,199</td>
</tr>
</tbody>
</table>

Source: ABS Census Data 2001 and 2006
Different markets have different tenure structures so are affected differently by changing economic conditions. Those areas with a large proportion of units being purchased outright, the more affordable suburbs such as Canning Vale and Wanneroo, are likely to be those most affected by large increases in unemployment as households are threatened with mortgage foreclosures. Such unemployment can place pressure on the rental stock as households that lose their homes wish to remain within the same area. More remote areas such as Karratha which are dominated by rental accommodation due to the structure of the housing market are likely to feel the effects of rising unemployment in both declining house prices and declining rents as the unemployed leave the area. Of course this depends upon the patterns of unemployment. If unemployment is concentrated among higher income earners then it will be the more expensive suburbs where supply increases and demand, due to challenging economic circumstances and a loss of confidence, contracts. This has been the case in the Western Suburbs and South Perth/Vic Park where significant price drops have occurred. These groups are likely to trade down or move into the private rental market rather than rely on social housing provision. If unemployment occurs in areas with a higher concentration of lower income earners then the implications for state housing demand are more serious.

The structural difference in tenure between housing markets makes it very difficult to generalise about just how deteriorating economic conditions will affect households and affordability. Table 5 shows just how tenure structure can vary between suburbs. Suburbs with the highest levels of stock being purchased and the lowest proportion of rental stock are those most susceptible to the consequences of large scale unemployment.

![Table 5: Housing Tenure Structure: Selected Markets](image)

2.4 GOVERNMENT ACTION TO PROTECT ON FORECLOSURES

As a result of deteriorating economic conditions and the threat of large scale unemployment there have been certain measures set in place to protect households from mortgage foreclosures and keep families within their homes. The Government reached an agreement with the big 4 banks; Commonwealth Bank, ANZ, Westpac and National Australia Bank, to introduce a 12 month mortgage payment holiday for homeowners who become unemployed. The agreement only applies to the big 4 banks but covers the majority of total mortgage lending in Australia. The Government hope that smaller lending institutions will introduce their own arrangements to protect the unemployed.

Some states offer a mortgage relief funds through which applicants can apply to for short term funding to help out with mortgage payments. These are interest free loans which must be repaid and eligible applicants must be in mortgage stress occupying property under a specified threshold. Mortgage relief is available in WA through Restart, which is part of the Keystart programme. To be eligible to apply for the Restart scheme the property owner must:
- Have no less than 20% equity in the home.
- Provide documentary evidence of intended loan termination, e.g. notice of demand or notice to vacate
- Show a demonstrated unavoidable change in circumstances.
- Have had consistent employment during the 6 months prior to change in financial circumstances
- Have a previous satisfactory credit history
- Provide evidence of a job search and training plan
- Not have a loan managed or financed through a State Government Housing Loan scheme such as Keystart, the Country Housing Authority or the Homeswest Loan Scheme Trust
- Not own other property or land.

Banks are being more prudent in their lending requiring larger deposits and mortgage insurance policies in an attempt to avoid future foreclosures. Whether this will prove successful depends upon patterns of unemployment and interest rates over the next few years.

2.5 HOUSING AFFORDABILITY AND NEED

The sections above have discussed demand and supply in the housing market and assessed some of the outcomes. One key outcome is the decline in affordability. Mortgage stress is one of the key measures used to define housing affordability. The measure is usually based on the number of households whose net housing costs exceed 30% of gross household income. The Senate Select Committee on Housing Affordability in Australia heard evidence that almost one in four Australians was in Housing Stress in 2006/7 (Tanton, Nepal and Harding (2008)). This figure rose to 55% for households headed by an unemployed person and 62% for households who bought a home in the previous 3 years. This shows how significant a rise in unemployment can be for the numbers in housing stress. The choice to spend more than 30% of gross income on housing costs can also be a decision many households make for a variety of reasons including:

- Household is comfortable spending over 30% on housing costs.
- Expectation of future earnings increases.
- Prospect of capital growth secured from housing over time increasing long term wealth.
- Accommodate family growth.
- Short term lifestyle change.

It should be recognised that housing affordability and housing need are different concepts. In Australia, housing need has traditionally been linked closely with housing affordability measures such as the number of households in housing stress. However, housing stress is not a particularly good measure of housing need as it may define affordability for those already within public and private housing but ignores those who would like to access such housing. Existing residents of a community may be in housing need if the accommodation within which they reside is unsuitable for their basic requirements due to:

- quality,
- overcrowding,
- location (this includes many indigenous households).

There are also existing residents that wish to form a new household within their community but are unable to do so because of a lack of available and affordable accommodation. These groups are hidden from the system as they reside within accommodation, albeit unsuitable for their housing requirements, so are traditionally not considered to be in need if housing stress is used as the policy measure. There are also those that would like to move into a community now, or sometime in the future, for the purposes of employment or because they
have ties to the community. If such groups are unable to make this move due to unaffordable or unavailable accommodation then they should also be considered to be in housing need.

It is the combination of all these groups that define the housing requirements for a particular location. Their requirements determine the level and type of housing necessary to accommodate their needs. Housing need requirements may be in the form of market housing for some, rental accommodation for others, but also social housing, and even Government housing in some circumstances. Without a detailed housing needs assessment it is very difficult to assess the housing requirements of a specific location and community. Housing stress is a useful measure but rising unemployment will increase not only those in housing stress but also those hidden households in need. Detailed housing needs assessments usually require the collection of primary data to assess need now and going forward over a specified period, often 5-10 years. This should take into account the economic and social development of the community. However, without primary data it is possible to estimate housing requirements over time by:

- assessing the numbers seeking to move into a location for work,
- assessing rates of household formation over a specified period of time to determine the demand from new households, and
- assessing numbers in unsuitable housing.

Such a method should be combined with an assessment of the housing affordability of current households. Such affordability will change with varying economic circumstances placing some under pressure but relieving others. The net effect will determine the numbers seeking alternative accommodation in the public housing sector or rental market. Housing need and affordability assessment together can deliver a fairly robust assessment of housing need over time. This assessment can then be used to determine housing requirements for the community. The SHTF recommendation for another 20,000 social and affordable units should be considered carefully alongside measures of housing stress and housing need so decisions pertaining to the location of these units are accurately informed.

### 3. PART A2: THE IMPACT OF VARYING ECONOMIC CONDITIONS ON WA HOUSING MARKETS

Housing markets are notoriously difficult to predict because demand and supply relies on a plethora or different factors economic, demographic and behavioural. The following sections of the report discuss the possible impacts of changing economic conditions on the housing markets of Western Australia. As described above, housing markets are driven by economic fundamentals and well as consumer confidence and housing supply. The interaction of these variables will determine the direction of a housing sub-market. The discussion covers the impact of varying market scenarios on housing markets and the demand for social and affordable housing.

#### 3.1 INTRODUCTION TO MARKET SCENARIOS

Having discussed the background to the WA housing markets, affordability and need, this report aims to examine the impact of a variety of economic conditions and the potential impact on housing demand, supply and housing support services. GDP has already contracted by 0.5% in the December quarter of 2008 and a further contraction is expected in the March quarter placing Australia officially in recession. Worsening economic conditions have a direct impact on the housing market through declining buyer confidence and increases in supply as a result of investor property disposal and mortgage foreclosures.
The Government has forecast an unemployment rate of 8.5% by the middle of 2010. A large rise in unemployment is likely to have a significant impact on the housing market and the number of households requiring state assistance with accommodation. Rising unemployment could also affect other economic fundamentals vital to the housing market. A decline in employment opportunities coupled with a restrictions placed on the number of skilled migrants able to enter the country will have an impact on population growth. Workers that moved to WA for employment opportunities may migrate back to their State of origin if work is unavailable. A decline in population, or at least a slowdown in growth, will have a demand side effect on the housing market.

There are other affects of an economic slowdown on the housing market. Many sub-regional areas have seen a decline in prices over the last 12-18 months. This has made housing more affordable to those that remain in employment. Government initiatives such as the FHOG coupled with low interest rates have stimulated demand at the cheaper end of the market and allowed thousands of Australians to enter the ownership market for the first time. Indeed, the big reduction in interest rates designed to stimulate the economy has lifted many West Australians out of housing stress. Payments on a typical $300,000 mortgage have reduced from over $2,500 to $1,600 per month. For those that remain in employment housing is more affordable now that at any time in the past 5 years.

The UK and US are examples of Western economies that have suffered dramatic price reductions over the last 12 months (around 15% in the UK and 18% in the US). But why has WA avoided such a price crash to date? There are a number of explanations related to population, income, supply and interest rate patterns but the main reason is that unemployment is still relatively low at 4.5% (April 2009). Compare this with a rate of 8.9% in the US and 7.1% in the UK. Mortgage foreclosures result in an increase in supply and, combined with a decrease in demand, cause sharp reductions in prices. Unemployment also affects consumer confidence. A sharp rise in unemployment could lead to a US/UK style price correction. The first time buyer market is also very strong in Australia, partly as a result of low interest rates improving affordability but also because of the FHOG which has had a significant affect at the bottom end of the market. A healthy first time buyer market feeds through into the ‘trade up’ market sustaining activity and avoiding rapid price falls. The extension of the grant in the Federal budget was a welcome relief for the housing sector.

As a result, this report will concentrate on the potential impact of rising unemployment on the housing markets of WA and also the impact of economic changes on the lower end of the housing market. Increases in housing stress and foreclosures are likely to place more pressure on social housing if concentrated on the lower end of the private ownership and rental markets rather than at the top end of the market where households have the ability to ‘trade down’ rather than relying on State housing solutions.

Two scenarios will be discussed. First combining the forecasts of the State and Federal Governments put forward in their respective budgets and second, a more pessimistic scenario with a much higher than anticipated rise in unemployment and an economic recovery much slower than that predicted.

3.2 SCENARIO 1 – EXPECTED MARKET OUTCOME – UNEMPLOYMENT AND RECOVERY IN LINE WITH STATE AND FEDERAL BUDGET EXPECTATIONS

In the recent State budget unemployment was forecast to rise to 5.75% in 2009/10 and 6.75% in 2010/11. This is a considerable increase in from the current rate of 4.5%. Such an increase in unemployment will place a significant number of households under pressure to meet mortgage and rental payments. Some of these households will rely on the State for their housing accommodation.
The Senate Select Committee on Housing Affordability in Australia (Senate 2008) heard evidence that almost one in four Australians was in Housing Stress in 2006/7 (Tanton, Nepal and Harding (2008)). These figures are still likely to be applicable today as the significant rise in house prices over the intervening period has been tempered by the dramatic reductions in interest rates. If it is accepted that around 1 in 4 West Australian households is in Housing Stress and there are approximately 750,000 households then there are around 250,000 currently in housing stress. An increase in unemployment is likely to move a family from a situation of housing stress to one of State reliance.

Modelling the impact of rising unemployment using the HILDA data and AHURI-3M\textsuperscript{1} model, which is funded by the Australian Housing and Urban Research Institute (AHURI), shows that the numbers in housing stress would increase by around 20% assuming the unemployment projections of the State Government. The modelling assumes that unemployment would hit the manufacturing and mining industries the hardest. Some of those falling into unemployment who were already in housing stress (around 10%) would almost certainly be forced to seek State housing solutions.

Clearly all households have different sets of circumstances and it is impossible to predict just how many of these households that fall into housing stress would be forced to seek alternative accommodation through the sale of their home or a move to cheaper rental accommodation. A proportion will be forced to rely on the State for their housing in the short term or until they were able to find employment. The measures implementing to prevent foreclosures would have some impact on the numbers forced to leave their homes but the biggest factor would be the existing status of those households. The mining sector has been hit particularly hard but many in the mining sector have been an salaries well above the average WA wage and may have purchased a home on the back of those incomes. Many of these households may have achieved significant capital growth from their home purchases over recent years and will be able to sell their homes and trade downwards or at least be in a position where they can afford to access the private rental market. Only those that overstretched, purchased at the peak of the boom and have subsequently been left in a situation of negative equity following the downturn in many of the state’s housing sub markets, would be forced to sell and may need to rely on social housing. In many ways the rapid growth of the housing market protects many that purchased prior to 2007 from the full effects of unemployment and potentially losing their house. There is always the option to sell and realise the capital gain and use that income for housing in the private rental sector.

If we examine patterns of house price decline in the current market it is the wealthier areas of WA that have experienced the greatest recent price drops. This reflects the current pattern of unemployment which has hit the financial and mining sectors the hardest with those on relatively high incomes bearing the brunt of redundancies. In the cheaper housing markets the first home owners grant combined with low interest rates have ensured median prices have remained relatively stable. First home buyer activity is at record levels. First home buyers now account for around 40% of all market activity, up from historic levels of around 27%. This activity has increased the level of sales from levels not seen since 2006. The price bracket of $300,000-$500,000 produced 57% of all sales (REIWA media release, 17\textsuperscript{th} April 2009). There were also signs of increased activity in higher prices brackets in the first quarter of 2009 as buyer confidence increases.

All this market activity suggests that the Perth housing market is not heading for the kind of downturn witnessed in the UK and US. No doubt the increased level of affordability due to low interest rates has

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\textsuperscript{1} This paper uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. The HILDA Project was initiated and is funded by the Australian Government Department of Families, Community Services, Housing and Indigenous Affairs (FaCHSIA) and is managed by the Melbourne Institute of Applied Economic and Social Research (MIAESR). The findings and views reported in this paper, however, are those of the authors and should not be attributed to either FaCHSIA or the MIAESR. The housing affordability estimates are derived from the AHURI-3M tax-benefit simulator operationalised using the HILDA data. This simulator was developed by researchers Gavin Wood and Rachel Ong with funding from grants NRV1, 30396 and 30521 awarded by the Australian Housing and Urban Research Institute (AHURI).
attracted many into home ownership. With levels of affordability increased by around 50% this has enabled many previously unable to afford either rental or ownership accommodation to form households, bringing many out of need. The increase in first home owner activity has implications for the rental market. Many households have had the opportunity to switch from rental accommodation to home ownership and the easing of the rental vacancy rate is evidence of that. As falling interest rates have little affect on housing stress in the rental market the numbers in housing stress will not have changes greatly over the last 12 months. Data from SQM Research (2009) suggest that the rental vacancy rate has risen from around 1% in mid 2007 to just over 3% in March 2009 with the number of rental listings having doubled. But these figures do not apply to all sub-markets and rental accommodation at the lower end of the market remains tight at around 1%. The gradual easing of rental pressure will reduce the rate at which many in rental accommodation will be forced into housing stress.

If GDP grows at the rate expected by the Federal government, the housing market is likely to remain stable with perhaps modest growth for the next 5 years. The 4.5% GDP growth forecast would actually lead to big increases in employment, income and consumer confidence; the conditions necessary for the expansion of housing demand. Such growth, coupled with a shortage of new supply, could result in another period of price increases, particularly in the more expensive sub-markets.

In WA even an increase in unemployment from 4.5% to 6.75% will have a modest impact. It will increase the numbers in housing stress and place pressure on social housing but if interest rates remain low the improvements in affordability will allow many to escape housing stress and even move into home ownership. The danger for first home buyers is a rise in interest rates. There is concern that many who have taken advantage of the first homeowners grant have overstretched and are paying the maximum they are able to afford within a climate of historically low interest rates. If the attempts to stimulate the economy prove inflationary and the RBA is forced to increase interest rates then the vast majority of new mortgagees will face payment increases. This will have the effect of pushing many into housing stress and significant interest rates rises may prove too costly for a number of households to afford. This would place significant pressures on the private rental market as many of these new households would be unable to trade down and would be forced into the rental market, increasing demand for rental accommodation and pushing up rents and the numbers in rental stress.

Unemployment could also bit at the bottom end of the market. If a proportion of those new home owners were to lose their jobs this would again place pressure on social housing. So there are a number of uncertainties that could result in pressure on the social housing sector. Whichever way the economy moves over the next 5-10 years there will remain a very strong demand for social and affordable housing. A sustained downturn, with increased unemployment, places many existing homeowners in stress. An upturn decreases affordability taking rental and home ownership accommodation out of the reach of many households increasing the numbers in housing need. 20,000 new social and affordable units will not overshoot demand in either scenario.

In summary:

- Current patterns of market activity suggest a relatively stable market over the next few years although a lack of new supply could eventually result in a period of price increases. There is no evidence that the market is greatly oversupplied as the decrease in demand over the last 12 months would have had a greater impact on prices.
- There may continue to be a sharp downturn in the upper end of the market due to the pattern of job losses but this is unlikely to place any pressure on social housing services as many have the ability to trade down or can afford to move into the private rental sector.
An increase in affordability due to low interest rates has lifted many out of housing stress and many out of housing need.

First home buyers have taken advantage of increased affordability and the FHOG and are buying in record numbers.

However, any significant rise in interest rates could have serious implications for many first home buyers who may have overstretched themselves basing their future costs on current mortgage payments. This could lead to a big increase in the numbers in housing stress and potentially the demand for social housing.

A rise in unemployment affecting new home owners in particular, could lead to an increase in foreclosures despite the measures set in place by the government. First home buyers would not have the luxury of being able to trade down and households than could not afford to move into the private rental sector would have to rely on state housing.

It is unlikely that there will be any reduction in the demand for social housing over the next 10 years due to potential rises in interest rates, no net reduction in the numbers in rental and housing stress and the potential consequences of rising unemployment.

3.3 SCENARIO 2 – HIGHER THAN EXPECTED RISE IN UNEMPLOYMENT FOLLOWED BY A VERY SLOW RECOVERY

Although unemployment is expected to rise significantly over the 12 months, economic recovery is expected to be steady beyond 2010 resulting in a fairly undramatic period for much of the WA housing market, unless interest rates start to rise or the lack of new supply starts to become an issue when demand recovers. However, this scenario examines what would happen if the economic downturn was worse than expected causing a severe downturn in the housing market.

Using the HILDA data and AHURI-3M model we modelled the impact of a rise in unemployment far greater than expected. If unemployment were to rise by 8.5% across all employment sectors this would result in over 60% of those that became unemployed finding themselves in a position of housing stress. Of those 60% it is not possible to predict how many would end up unable to pay their mortgage or rent but a significant proportion would be forced to change their accommodation through either:

- Moving from the home ownership tenure into the private rental sector.
- Selling their home and purchasing more affordable accommodation.
- Moving to cheaper private rental accommodation.
- Moving from private rental accommodation into state housing.
- Moving from home ownership into state housing.

Whatever the eventual outcome, a situation of high unemployment would put pressure on social housing services.

If unemployment and falling consumer confidence did result in a significant increase in the supply of housing combined with a decrease in demand this could result in significant and sustained price falls similar to those in the UK and US. This will place many households that purchased after mid 2007 in a position of negative equity. With growth rates of over 15% per annum for the 5 year period from 2003-2008 it would take very significant falls to place those that purchased before 2007 in a position of negative equity. Negative equity isn’t itself a particular problem unless a household is forced to move through a change in circumstances, especially a loss of income. This is where social housing is often the only option.
Any sustained period of high unemployment and negative house price growth is unlikely to see sustained, rising interest rates as the RBA would need to take all measures to stimulate the economy. Under a worst case scenario, with inflation rising uncontrollably, interest rates might have to rise. This would place pressure on any new homeowners that may have overstretched to purchase with the aid of the FHOG or because of increasing levels of affordability. Any substantial increase could result in more households falling into housing stress and possibly placed in a situation where they could no longer afford to make mortgage payments. The housing market downturn would also place them in a position of negative equity. Increased pressure on the private rental market due to increased demand resulting from many households being forced to switch to rented accommodation would force up rents placing more households in rental stress. This combination of factors would result in tremendous pressure on social housing to accommodate an ever increasing number of households. Such a market downturn destroys investment confidence affecting private rental supply and initiatives such as the National Rental Affordability Scheme would offer little short term assistance in supply. Of course there is an upside to falling house prices as it increases affordability for many households that remain in employment and were previously unable to afford to purchase. However, it is unlikely many of these new purchasers would come from the social housing sector but from the private rental sector. It is also debatable how many households would be willing to purchase property in a falling market. The balance between those moving out of the private rental sector and those moving in would determine the pressure on rents.

Assuming a very slow recovery, the unemployed would find it very difficult to find new employment and many on 12 month mortgage repayment holidays may be forced to sell. This would further fuel the downturn and the demand for social housing. The numbers negatively affected by a sustained downturn would far outweigh the numbers benefiting from improved housing affordability and lifted out of housing need. Pressure on social housing services would be extreme. In this scenario an extra 20,000 units would be insufficient to meet demand.

In summary:

- Unemployment around 8.5% would see around 60% of those becoming unemployed pushed into a position of housing stress.
- A falling housing market may result in negative equity for many households. Combined with unemployment this could prove disastrous.
- With rising numbers in housing stress there would be additional pressure on supply as households are forced to sell accentuating the price decline.
- Households may be forced to switch from owner occupation to the private rental sector or be forced directly to the social housing sector.
- Increased pressure on the rental sector increases the number of households in rental stress placing further pressure on the social housing sector.

### 3.4 SCENARIO SUMMARY
The expected scenario of rising unemployment but a relatively stable housing market propped up by first home buyer activity is unlikely to place too many additional pressures on the social housing sector as the current pattern of unemployment is at the higher income range. If unemployment were to spread to the lower income professions this could force many into the social housing system if they were not able to take advantage of the measures to protect from foreclosure. A worst case scenario would result in rising unemployment across all income groups forcing many foreclosures and an increase in housing supply leading to a US style housing market downturn. This could lead to a situation of negative equity for many that purchased housing in the last 18 months. Rising mortgage foreclosures adds pressure to the rental market increasing incidences of rental stress. This scenario would inevitably lead to a significant increase in demand for social housing. The only upside would be more affordable housing for many households if they remain within unemployment. In either scenario pressure on the social housing sector will not ease, in fact it may decline. Any increase in the number of social housing units will only benefit the WA housing market.

3.5 THE IMPACTS OF AN ECONOMIC DOWNTURN ON SOCIAL HOUSING PROVISION

The Social Housing Taskforce believes it is possible to grow social and affordable housing across Western Australian by 20,000 units over a ten year period. This will require;

- development of a robust housing policy by government that clearly articulates an appropriate and defendable demand and supply framework;
- greater connectivity between social and affordable housing options to allow tenants to transition between tenures;
- development of flexible support packages for high need tenants; and
- establishment of a wide range of measures to attract suitable stakeholders to invest in affordable housing strategies.

20,000 social and affordable units is an ambitious target but, definitional problems aside, a necessary one. The type of development that dominates new large scale sub-divisions adds little to the states affordable or state housing supply. The predominance of large, four bed two bath houses is both an outcome of market demand, the Australian dream of owning a large house, and ineffectual planning. Measures should be set in places to increase the supply of affordable and social housing as part of market developments as well as from specific, defined development proposals. It is not the purpose of this report to discuss the way in which the supply of social and affordable housing could be effectively increased and delivered but it should be noted that the type, mix and location of social and affordable housing should be designed to meet the needs of communities not just to satisfy Government targets. Location is all important if social and affordable housing is to meeting housing need. Locating large quantities of such housing in already relatively affordable locations serves little purpose. Need relates to communities and healthy, mixed communities should be the key focus.

There will always be sections of the community that rely on social housing regardless of the economic climate. But there will be others that are pushed into social housing through economic circumstance; unemployment being the key. The current economic downturn has focused attention on rising unemployment and the consequences for the housing market. The market is fortunate to be in a position where a combination of low interest rates and government incentives are stimulating demand within the more affordable suburbs. In this downturn it seems to be the more affluent suburbs that are suffering declines largely because unemployment increases to date have been concentrated among higher income professions such as those in financial services, the property industry and, of course, the mining sector. Unemployment within the higher income groups will not place pressure on social housing services as such groups either have an asset to sell or have sufficient savings to manage in the private rental market. When unemployment starts to hit low income groups then the
social housing sector is placed under severe pressure. With unemployment expected to increase by almost 50% over the next 12 months there could be increasing demand despite measures put in place to protect homeowners from foreclosure. Social housing demand all depends on the severity of unemployment increases and the income groups that suffer most.

It is very difficult to predict what will happen over the next 12 months let alone up to 2020. Whatever the outcome, it is inevitable that there will still be a very strong demand for all types of social and affordable housing, both ownership and rental. The analysis in this report shows that in a downturn some groups of society will benefit from increased housing affordability whilst others will suffer economic hardship. In an unprecedented period of boom the demand for social and affordable housing stems from affordability and access issues. In a downturn the demand comes from those have suffered a loss of income. Whatever the economic conditions the demand for social housing remains strong. Given the length of current waiting lists 20,000 social and affordable units will almost certainly be insufficient to satisfy all demand in WA, regardless of economic conditions.

The remaining sections of this report discuss the pressures that will be placed on housing support services through an increase in both the social and affordable housing stock and the demand for such accommodation.
PART B: ADDRESSING SHORTAGE IN THE SOCIAL HOUSING STOCK: THE IMPORTANCE OF SUPPORT SERVICES

WA is currently facing an acute shortage in social housing stock. Two key strategies that aim to address this shortage include expanding the social housing stock and facilitating tenants’ movement through the housing continuum to less subsidised accommodation. In relation to the first strategy of expansion, the WA government intends to increase the social housing stock by an additional 20,000 units by year 2020. Fundamental to the success of both strategies is the provision of support services that assists with the maintenance of high needs tenants within the social housing sector and provides adequate support to help tenants with potential to achieve self-sufficiency to exit the social housing system and move on to less subsidised accommodation. Against this background, this study has two key objectives:

1. To assess the cost and level of support services required under an expansion of the social housing stock;
2. To identify ways in which support services could be instructive in facilitating an increased rate of mobility through the housing continuum.

The extent to which demand for support services and the cost of providing these services will increase under an expansion of the social housing stock is important from the perspectives of both support service providers and government. High need cohorts, such as the disabled and aged, will require appropriate support to maintain their wellbeing and sustain their tenancies. Those with potential to exit social housing, such as working age non-disabled persons, will require other forms of support targeted intensively at the achievement of self-sufficiency that will enable them to leave social housing. Support service providers must plan how they are going to meet the increased demand for support services from limited resources under an expansion of social housing stock. This is also important from the perspective of government. In 2005-06, expenditure on support services in Australia totalled $28.9 billion, representing 3% of Gross Domestic Product. Governments contributed to 70.8% of all funding of support services in 2005-06, with the non-government sector providing the remaining 29.2% (SCRGSP, 2009). If appropriate levels and forms of support are not available to meet the demand from an increased number of tenants, this will impose other costs upon government such as increased tenancy management costs and decreased rent revenue due to continued welfare reliance by tenants.

Understanding ways in which support services could be instructive in facilitating an increased rate of mobility through the housing continuum is important in order to ensure that limited resources are to be allocated in the most efficient manner that will ensure that tenants that have the potential to be achieve economic self-sufficiency be given appropriate forms of support to help them leave social housing and move towards purchase of their own homes. This will ensure that subsidised housing is efficiently targeted at those with the greatest need of housing assistance.

4. PART B1: EXPANDING THE SOCIAL HOUSING STOCK: IMPLICATIONS FOR THE DEMAND FOR AND COST OF SUPPORT SERVICES

This section projects the growth in demand for and increase cost of support services under a social housing expansion strategy of 20,000 additional units by year 2020. The following sections describe the projection method, data upon which the projections are made, and the projection estimates.

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2 The authors would like to thank Anusha Mahendan from Centre for Labour Market Research, Curtin University of Technology, for collecting the data from support services providers, which have formed the basis of the cost projections we
4.1 DEMAND AND COST PROJECTION METHOD

The projected *growth in demand* is a function of the:

- Projected additional number of tenants housed in the 20,000 units in year 2020; and
- Projected incidence of access to support services among tenants in year 2020, that is, the proportion of tenants who will access support services.

The projected incidence of access to support services in year 2020 is multiplied by the projected additional number of tenants due to an expansion of the housing stock by 20,000 units will give the *growth in demand* for support services in 2020 that is attributable to an expansion of the housing stock, that is, the additional number of tenants who will access support services:

\[
\text{Growth in demand for support services by 2020} = \text{Additional number of tenants in 2020 x incidence of access to support services by tenants in 2020}
\]

The projections of the *real increase in cost* incurred by support services as the social housing stock expands are then estimated by multiplying the projected growth in demand by the current average cost per client of support services:

\[
\text{Real increase in cost of support services by 2020} = \text{Growth in demand for support services by 2020 x current average cost per client of support services}
\]

The average current cost per client of support services is derived from cost and client data collected from 10 support service providers in WA.

4.2 DATA FROM SUPPORT SERVICE PROVIDERS

We distributed questionnaires to 15 support service providers in order to obtain information on their current cost of providing support services upon which the cost projections could be based. Assuming that not all questionnaires would be returned, the target was to be able to obtain data from at least 10 service providers. Questionnaires were administered in early May 2009, and providers were given 3 weeks to return the questionnaires. Among the 15 providers who received questionnaires, 10 were able to provide cost and client details that enable estimation of cost per client upon which cost projections could be made.

The questionnaire was divided into three sections:

- Section 1: Details of support service providers, e.g. as key service provided, regions of coverage etc.
- Section 2: Profile of current clients, e.g. number of clients who are female, aged, disabled etc.
- Section 3: Average annual costs and external funding received in the last financial year.

As reported in table 6 below, the providers represent a wide range of support service types, including services to assist in the areas of disability and mental health, aged care, youth support, support for victims of violence or abuse and housing support (housing advocacy, tenancy advice, tenancy management etc.). Half of the providers were based in the Perth metropolitan region, with 4 covering
the regional areas and 1 providing services in both metropolitan and regional areas. The providers also vary in size, from providers assisting 15 to over 1,000 clients, and employing a minimum of 5 workers to a maximum of 200 workers. The average age of clients range from 16 to 75 years, and the duration of support for clients range from 3 months to 4 years.

Table 6: Summary data from support service providers, May 2009

<table>
<thead>
<tr>
<th>Key services provided</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disability and mental health</td>
<td>2</td>
</tr>
<tr>
<td>Aged care</td>
<td>2</td>
</tr>
<tr>
<td>Youth support</td>
<td>3</td>
</tr>
<tr>
<td>Support for victims of violence or abuse</td>
<td>3</td>
</tr>
<tr>
<td>Housing support</td>
<td>3</td>
</tr>
<tr>
<td><strong>Area of coverage</strong></td>
<td></td>
</tr>
<tr>
<td>Perth metro only</td>
<td>5</td>
</tr>
<tr>
<td>Regional only</td>
<td>4</td>
</tr>
<tr>
<td>Both Perth metro and regional</td>
<td>1</td>
</tr>
<tr>
<td><strong>Number of clients</strong></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>326</td>
</tr>
<tr>
<td>Minimum</td>
<td>15</td>
</tr>
<tr>
<td>Maximum</td>
<td>1,226</td>
</tr>
<tr>
<td><strong>Profile of clients – % of clients:</strong></td>
<td></td>
</tr>
<tr>
<td>Females</td>
<td>71.5%</td>
</tr>
<tr>
<td>Have dependent children</td>
<td>22.1%</td>
</tr>
<tr>
<td>Aged</td>
<td>28.2%</td>
</tr>
<tr>
<td>Disabled</td>
<td>16.0%</td>
</tr>
<tr>
<td>Aboriginal / from cultural and linguistically diverse background</td>
<td>23.9%</td>
</tr>
<tr>
<td>Not employed</td>
<td>47.9%</td>
</tr>
<tr>
<td>Have addiction problems</td>
<td>19.0%</td>
</tr>
<tr>
<td><strong>Age of adult clients</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>16-75 years</td>
</tr>
<tr>
<td><strong>Number of workers</strong></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>44</td>
</tr>
<tr>
<td>Minimum</td>
<td>5</td>
</tr>
<tr>
<td>Maximum</td>
<td>200</td>
</tr>
<tr>
<td>Ratio of full-time to part-time workers</td>
<td>2:1</td>
</tr>
<tr>
<td><strong>Duration of support</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 months to 4 years</td>
</tr>
</tbody>
</table>

Source: Data collected from 10 support service providers in May 2009
Note: Some providers offer more than one service. In this table, they are groups according to the key type of service provided. Data was collected from 12 providers, but two of the providers provide more than one key type of service. Hence, these providers are counted in more than one service category.

The cost and funding estimates reported by providers in Section 3 of the questionnaire formed the basis of our cost projections. Among the 10 providers, 8 provided both support services and accommodation to their clients. As we are primarily interested in the cost of support services, providers that offer both support services and accommodation were asked to split their cost into cost of provision of support services and cost of providing accommodation. As reported in table 7 below, the average annual support cost per client range from $2,300 to $5,000 depending on the key type of service provided.

Among the 8 providers who provide both support and accommodation, 3 were unable to split their total cost up into support and accommodation costs. The average support cost per client and average total cost per client was calculated for the 5 providers who were able to provide the cost breakdown, and the ratio of average support cost per client to average...
Table 7: Average annual support cost per client, by key service type, May 2009, $

<table>
<thead>
<tr>
<th>Main services provided</th>
<th>Average annual support cost per client ($)</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disability and mental health</td>
<td>$4,611</td>
<td>2</td>
</tr>
<tr>
<td>Aged care</td>
<td>$2,278</td>
<td>2</td>
</tr>
<tr>
<td>Youth support</td>
<td>$3,085</td>
<td>3</td>
</tr>
<tr>
<td>Support for victims of violence or abuse</td>
<td>$4,999</td>
<td>3</td>
</tr>
<tr>
<td>Housing support</td>
<td>$3,603</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations based on data collected from 10 support service providers in May 2009

4.3 PROJECTED ADDITIONAL NUMBER OF TENANTS BY YEAR 2020

The increase in demand for support services under an expansion of social housing stock of 20,000 units by 2020 is dependent on the composite effects of the projected additional number of tenants housing in the new housing stock in year 2020 and the projected incidence of access to support services among tenants in year 2020.

Using the 2001-07 nationally representative Household, Income and Labour Dynamics in Australia (HILDA) Survey, a dataset that contains information on a nationally representative sample of individuals living in Australia including social housing, it is possible to estimate the average size of social housing households in WA in each year from 2001-07, and how this has changed over time. The survey estimates show that the average size of WA social housing households have decreased over time, from 2.5 persons in 2001, to 2.1 persons in 2004 and 2 persons in 2007. Mean public housing estimates from the AIHW (2008) confirm that the mean household size in this housing sector has declined from 2.1 persons to 2 persons over the period 2004-07.

Assuming that the average household size remains constant at 2 persons over the next 10 years or so, the increase in social housing stock of 20,000 units by year 2020 would cause the number of persons housed in WA social housing to rise by 40,000 persons (20,000 units x 2 persons per unit). However, the trends indicate that the average social housing household size has been declining over time. If the average household size continues to decline at approximately the same rate as it has over the last decade or so, the increase in social housing stock of 20,000 units by year 2020 may result in a smaller addition of approximately 30,000 tenants (20,000 units x 1.5 persons per unit).

The ageing of Australia’s population, already evident in the current population age structure, will continue, resulting in rising numbers of single elderly persons occupying social housing. The Australian Bureau of Statistics (ABS, 2008) has projected that by 2020 the proportion of people aged 65 years or over in WA to rise by 69% over its 2007 level (from 250,000 persons in 2007 to 424,000 persons in 2020). Hence, it is unlikely that the average household size will oppose current trends and rise over the coming decade.

total cost per client was applied to the average total cost per client of the 3 providers who were unable to provide the cost breakdown in order to estimate their average support cost per client. It was estimated that on average, support cost per client was 23% of total cost per client.

This estimate is based on the ABS’s Series B assumptions that reflect current trends in fertility, life expectancy at birth, and net migration. The projections range from 67% to 73% depending on the assumptions employed.
Hence, the projected numbers of 30,000 and 40,000 extra tenants by the year 2020 are treated as lower bound and upper bound estimates of projected additional tenant number under the proposed expansion of social housing stock.

4.4 PROJECTED INCIDENCE OF ACCESS TO SUPPORT SERVICES IN YEAR 2020

In this section, we project the incidence of access to support services by all individuals in the year 2020. The projected incidence of access to each particular service type is sensitive to the growth in the key population subgroup accessing the service type e.g. the incidence of access to aged care services would be primarily driven by the growth in the number of the aged, while the incidence of access to youth support services is primarily dependent on the growth in the number of youths over time. The incidence of access is projected separately for the five key service types described above:

- Disability and mental health services, affected primarily by changes in the number of disabled in the population;
- Aged care services, affected primarily by changes in the number of aged in the population;
- Support for adult victims of violence or abuse, affected primarily by changes in the number of adults victims of violence or abuse (in particular female victims);\(^5\)
- Youth support, affected primarily by changes in the number of youths in the population;
- Housing support, affected by changes in the number of tenants accessing housing support services.

4.4.1 Disability and Mental Health Services

The incidence of access to disability and mental health services in year 2020 depends strongly on the expected trend in the disability rate between now and 2020. According to ABS estimates, the age-specific disability rate has remained relatively stable over time (ABS, 2004a). In conducting projections of care expenditure, the Productivity Commission (2005) have projected future levels in care expenditure assumptions of a modest reduction in age-specific disability rate and no change in this disability rate. However, the overall disability rate would still be expected to rise in the future. This is due to the trend of population ageing. The number of older persons in the WA population will increase at a faster rate than the number of younger persons.\(^6\) Older persons are far more likely to have a disability than younger persons. For example, as shown in column A in the table below, the disability rate of persons aged 0-14 years is only 9.2%, compared to 84.1% among those aged 85 or over. Hence, as the number of older persons in the population increases at a faster rate than the number of younger persons, the number of persons disabled will comprise a larger proportion of the population. The number of disabled in the population in 2003 is derived by summing up the number disabled in each age band, which is in turn derived by multiplying the number of persons in the population in each age band by the age-specific disability rate in each age band (see column C in the table below). The total number of disabled in 2003 is estimated to be 406,700. Given constant age-specific disability rates over time, as a result of population ageing the overall number of disabled persons in WA is projected to rise to 625,400 (see column E). Expressed as a proportion of the population, the overall disability rate in WA is projected to be 23% in 2020 (625,400 disabled persons as a proportion of 2.7 million persons in the WA population in 2020 – see last row in table below).

---

\(^5\) While children can be victims of violence or abuse as well, it is not possible to access published data on the numbers of children suffering who are violence or abuse victims.

\(^6\) For example, based on ABS population projections of WA, the number of persons aged 0-14 years will increase by around one-third over its 2003 level (from 398,300 in 2003 to 517,200 in 2020), but the number of persons aged 85 years or over will double or increased by around 100% over its 2003 level.
Table 8: Age-specific disability rate and number disabled in WA in 2003, and projected number disabled in WA in 2020a

<table>
<thead>
<tr>
<th>Age band</th>
<th>2003 age-specific disability rate (%)</th>
<th>Population in 2003 ('000)</th>
<th>Number disabled in 2003 ('000)</th>
<th>Population in 2020 ('000)</th>
<th>Number disabled in 2020 ('000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>[A]</td>
<td>[B]</td>
<td>[C] = [A] x [B]</td>
<td>[D]</td>
<td>[E] = [A] x [D]</td>
</tr>
<tr>
<td>0–14</td>
<td>9.2%</td>
<td>398.3</td>
<td>36.6</td>
<td>517.2</td>
<td>47.6</td>
</tr>
<tr>
<td>15–24</td>
<td>9.3%</td>
<td>282</td>
<td>26.2</td>
<td>338.2</td>
<td>31.5</td>
</tr>
<tr>
<td>25–34</td>
<td>14.6%</td>
<td>280.7</td>
<td>41.0</td>
<td>379.7</td>
<td>55.4</td>
</tr>
<tr>
<td>35–44</td>
<td>15.0%</td>
<td>299.2</td>
<td>44.9</td>
<td>380.9</td>
<td>57.1</td>
</tr>
<tr>
<td>45–54</td>
<td>23.4%</td>
<td>275.5</td>
<td>64.5</td>
<td>360.5</td>
<td>84.4</td>
</tr>
<tr>
<td>55–64</td>
<td>35.4%</td>
<td>194.0</td>
<td>68.7</td>
<td>316.6</td>
<td>112.1</td>
</tr>
<tr>
<td>65–69</td>
<td>43.3%</td>
<td>66.5</td>
<td>28.8</td>
<td>132.0</td>
<td>57.2</td>
</tr>
<tr>
<td>70–74</td>
<td>52.3%</td>
<td>55.7</td>
<td>29.1</td>
<td>112.3</td>
<td>58.7</td>
</tr>
<tr>
<td>75–79</td>
<td>56.1%</td>
<td>45.3</td>
<td>25.4</td>
<td>76.6</td>
<td>43.0</td>
</tr>
<tr>
<td>80–84</td>
<td>68.1%</td>
<td>30.6</td>
<td>20.8</td>
<td>52.1</td>
<td>35.5</td>
</tr>
<tr>
<td>85 years or over</td>
<td>84.1%</td>
<td>24.5</td>
<td>20.6</td>
<td>51.1</td>
<td>43.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1952.2</td>
<td>406.7</td>
<td>2717.1</td>
<td>625.4</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations from ABS (2004a; 2004b; 2008)

Note:

a. The 2003 estimates are actual reported estimates, while the 2020 estimates are projected estimates based on the ABS’s series B assumptions that reflect current trends in fertility, life expectancy at birth, and net migration.

Based on ABS estimates on the number of disabled persons receiving assistance from formal providers, the incidence of access to disability and mental health services in 2003 in WA is estimated to be 34.8% of the disabled. Assuming that the incidence of access to disability and mental health support services among disabled persons remains constant at 34.8% over time, the incidence of access to these support services expressed as a percentage of the population is:

\[
\text{% of population disabled in 2020} \times \text{incidence of access to disability support services in 2020} = 23.0\% \times 34.8\% = 8.0\% \text{ of the population in 2020}
\]

4.4.2 Aged Care Services

Different studies have varying views on which older age groups who are most likely to affect aged care cost trends. The ABS 2003 Disability, Ageing and Carers Survey provides data on persons aged 60 years or over residing at home who are receiving assistance from formal providers. The planning and allocation of subsidised services to meet both residential and non-residential aged care needs by government targets persons aged 70 years or over (SCRGSP, 2009). The Productivity Commission (2005) focuses on the 80 years or over age group, but also looks at the 65 years or over age group when analysing and projecting trends in aged care costs. In this study the incidence of access to aged care services in year 2020 is assumed to depend on changes in the number of those aged 60 years or over (henceforth ‘older’ persons). As shown in table 9 below, older persons will make up a larger proportion of the population by year 2020. For example, in 2003, those aged 60-64 years comprised 4.2% of the population; by 2020 the projected proportion made up by this age group will be 5.5%. Similar increases can be observed in other older age groups. Overall, the proportion of the population that is made up of older persons will increase from 15.7% to 20.7% in 2020.
### Table 9: Number of persons aged 60 years or over, 2003 and 2020a

<table>
<thead>
<tr>
<th>Age band</th>
<th>Population number ('000)</th>
<th>Per cent of population (%)</th>
<th>Population number ('000)</th>
<th>Per cent of population (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>60-64</td>
<td>82.6</td>
<td>4.2%</td>
<td>150.5</td>
<td>5.5%</td>
</tr>
<tr>
<td>65-69</td>
<td>66.5</td>
<td>3.4%</td>
<td>123</td>
<td>4.5%</td>
</tr>
<tr>
<td>70–74</td>
<td>55.7</td>
<td>2.9%</td>
<td>112.3</td>
<td>4.1%</td>
</tr>
<tr>
<td>75–79</td>
<td>45.3</td>
<td>2.3%</td>
<td>76.6</td>
<td>2.8%</td>
</tr>
<tr>
<td>80–84</td>
<td>30.6</td>
<td>1.6%</td>
<td>52.1</td>
<td>1.9%</td>
</tr>
<tr>
<td>85 years or over</td>
<td>24.5</td>
<td>1.3%</td>
<td>51.1</td>
<td>1.9%</td>
</tr>
<tr>
<td>Older persons (60 years or over)</td>
<td>305.2</td>
<td>15.7%</td>
<td>565.6</td>
<td>20.7%</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations from ABS (2004b; 2008)

Note:

a. The 2003 estimates are actual reported estimates, while the 2020 estimates are projected estimates based on the ABS’s series B assumptions that reflect current trends in fertility, life expectancy at birth, and net migration.

According to ABS estimates, the proportion of older person who are residing at home and receiving assistance from formal providers is 19.2% in 2003. Assuming that the incidence of access to aged care support services among older persons remains constant at 19% over time, the incidence of access to aged care support services expressed as a percentage of the population is:

\[
\text{% of population that is older in 2020} \times \text{incidence of access to support services by older persons in 2020} = 20.7\% \times 19.2\% = 4.0\% \text{ of the population in 2020}
\]

#### 4.4.3 Support for Adult Victims of Violence or Abuse

The incidence of access to support services for violence or abuse victims in year 2020 depends strongly on the expected trend in the change in the number of people suffering from violence or abuse. The ABS (2006a) has published estimates of the numbers of males and females aged 18 year or over suffering from violence in their 2005 Personal Safety Survey. The definition of ‘violence or abuse’ in this analysis is restricted to sexual violence experienced by both males and females, and physical violence experienced by women only. Physical violence is defined as any incident of physical assault, attempt or threat (ABS, 2006a). Physical violence experienced by males is unlikely to be a domestic violence situation for which they would require support. Hence, males who have experienced physical violence are excluded from the analysis. As shown in table 10 below, 4.3% (1.7%) of women experienced physical (sexual) violence in 2005. Overall, 39,200 females in WA experienced either physical or sexual (or both forms of) violence in 2005, representing 5.3% of females in the WA population. The number of males experiencing violence is smaller at 12,600 or 1.6% of males in the population.

Using ABS population projection data (2006b, 2008), we can project the numbers of adult violence or abuse victims in WA in the year 2020. We assume that the proportion of victims of violence remains constant by gender over time. The ABS (2006a) reports that 7.1% of women in Australia experienced violence in 1996, compared to 5.3% in 2005. However, the ABS (2006a) acknowledged that the 1996 figures may have been over-estimated because women in 1996 who experienced physical threat that resulted in an assault may have been counted twice, first under a recipient of a threat, then again as an assault victim. As the 1996 figures may have been over-estimated, it is reasonable to assume that the rate of abuse has remained constant across the two years, rather than declined. The number of victims of violence is hence projected to grow from 52,700 to 72,300 between 2005 and 2020. In percentage terms, this represents 3.5% of the population in both 2005 and 2020.
Table 10: Number and proportion that are victims of violence in WA, by gender and type of violence, 2005

<table>
<thead>
<tr>
<th>Type of violence</th>
<th>Males</th>
<th></th>
<th>Females</th>
<th></th>
<th>All persons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number ('000)</td>
<td>% of male</td>
<td>Number ('000)</td>
<td>% of female</td>
<td>Number ('000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>population</td>
<td></td>
<td>population</td>
<td></td>
</tr>
<tr>
<td>Physical violence</td>
<td>n.a.</td>
<td>n.a.</td>
<td>32.0</td>
<td>4.3%</td>
<td>32.0</td>
</tr>
<tr>
<td>Sexual violence</td>
<td>12.6</td>
<td>1.6%</td>
<td>12.3</td>
<td>1.7%</td>
<td>24.9</td>
</tr>
<tr>
<td>Total violence</td>
<td>12.6</td>
<td>1.6%</td>
<td>39.2</td>
<td>5.3%</td>
<td>51.8</td>
</tr>
</tbody>
</table>

Source: ABS (2006a)

However, not all violence or abuse victims report incidences of violence or abuse, or make use of support services. For example, the rate of reporting to police by victims is low. According to 2005 ABS estimates, only 20.2% of female violence victims reported the incident to the police (ABS, 2006a). Older estimates for 1996 indicate that rate of reporting of violence to the police was 18.6%; similarly the proportion seeking assistance from support services such as a counsellor, doctor, or crises services was only 17.6% (Lormer, 2004). Based on these data, it is reasonable to assume that the incidence of access among victims to support services is approximately 20%, the incidence of access to services that support violence or abuse victims, expressed as a proportion of the population, is projected to be:

\[
\% \text{ of violence or abuse victims in 2020} \times \text{incidence of access to support services by victims in 2020} = 3.5\% \times 20\% = 0.7\% \text{ of the population in 2020}
\]

4.4.4 Youth Support

Changes in the incidence of usage of youth support services will be primarily dependent on population trends among the youths, defined as persons aged 15-24 years in this analysis. With a rapid rate of population ageing and falling fertility rates, it is not surprising that the proportion of the population made up of youths will decline to 12.4% in 2020.

The 2007 National Social Housing Survey (NSHS, 2007) reports that the incidence of requirement for support is lower for youths than for other age groups. The NSHS (2007) estimates the incidence of requirement for support to be around 8% for those aged 15-19 years. Assuming an incidence of access to support services of 8% over time, the incidence of access to youth support services expressed as a percentage of the population is:

\[
\% \text{ of population made up of youths in 2020} \times \text{incidence of access to support services by youths in 2020} = 12.4\% \times 8.0\% = 1.0\% \text{ of the population in 2020}
\]

4.4.5 Housing Support

The 2007 NSHS reports that the incidence of access to housing support services such as advice and referral services among tenants requiring support was 16% in 2007. Overall 13% of tenants requiring support were assisted by service providers in 2007.\(^7\) Hence, the average rate of access to a service that provides housing support and is offered by service providers (instead of informal assistance) is estimated to be 2% (16% x 13%). Given the lack of information on incidence of housing support by age group etc, the incidence of support is calculated as 2% and assumed to be equal across all age groups over time. Readers should note that cost projection estimates of housing support services are strongly tied to the assumption of a 2% rate of access derived using aggregated data.

\(^7\) An equal proportion received support from informal sources, such as family and friends.
4.5 PROJECTED INCREASE IN DEMAND FOR AND COST OF SUPPORT SERVICES ATTRIBUTABLE TO AN EXPANSION OF THE SOCIAL HOUSING STOCK BY 20,000 UNITS IN YEAR 2020

The increase in demand for support services under an expansion of social housing stock of 20,000 units by 2020 is the product of the projected additional number of tenants housing in the new housing stock in year 2020 and the projected incidence of access to support services among tenants in year 2020.

The incidence of access to support services has been calculated in the previous section for the population. However, it is reasonable to assume that the incidence of access to support services by social housing tenants would be higher than for the general population and would have risen by 2020 due to the following reasons:

- Given that social housing is targeted on disadvantaged Australians with housing needs, the number of aged, disabled and persons with complex emotional or mental needs would be over-represented in social housing;
- The increased targeting of social housing over time means that the incidence of access to support services by tenants will likely increase over time rather than remain constant as estimated in the previous section.

Hence, projections of the increase in demand for support services are carried out under three sets of alternative assumptions regarding the levels of the incidence of access to support services by tenants ($IS_T$) in 2020 relative to the incidence of access to support services by the general population ($IS_P$):

- $IS_T = IS_P$ (low incidence of access by tenants);
- $IS_T = 1.25*IS_P$, that is, the incidence of access by tenants is 1.25 times, or 25% higher, than the population incidence of access (medium incidence of access by tenants);
- $IS_T = 1.5*IS_P$, that is, the incidence of access by tenants is 1.5 times, or 50% higher than the population incidence of access (high incidence of access by tenants).

The incidences of access to support services under the three sets of assumptions are reported below.

Table 11: Incidence of access to support services by social housing tenants under three sets of alternative assumptions, by support service type

<table>
<thead>
<tr>
<th>Incidence of access by tenants (%)</th>
<th>Disability and mental health</th>
<th>Aged care</th>
<th>Support for victims of violence or abuse</th>
<th>Youth support</th>
<th>Housing support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low: $IS_T = IS_P$</td>
<td>8.0%</td>
<td>4.0%</td>
<td>0.7%</td>
<td>1.0%</td>
<td>2.0</td>
</tr>
<tr>
<td>Medium: $IS_T = 1.25*IS_P$</td>
<td>10.0%</td>
<td>5.0%</td>
<td>0.9%</td>
<td>1.3%</td>
<td>2.3%</td>
</tr>
<tr>
<td>High: $IS_T = 1.5*IS_P$</td>
<td>12.0%</td>
<td>6.0%</td>
<td>1.1%</td>
<td>1.5%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Estimates are also dependent on assumptions regarding the average household size in year 2020. As estimated in the previous section, the estimated number of additional tenants would be:

- 40,000 assuming a constant average household size of 2 persons over the next ten years or so (upper bound estimates);
- 30,000 assuming a decline in average household size 1.5 persons over the next ten years or so (lower bound estimates).

Hence, the projections for each type of support service are conducted over six scenarios:

- Scenario A: $IS_P = IS_T$, average household size = 2 persons;
- Scenario B: $IS_P = 1.25*IS_T$, average household size = 2 persons;
- Scenario C: $IS_P = 1.5*IS_T$, average household size = 2 persons;
- Scenario D: $IS_P = IS_T$, average household size = 1.5 persons;
- Scenario E: $IS_P = 1.25*IS_T$, average household size = 1.5 persons;
- Scenario F: $IS_P = 1.5*IS_T$, average household size = 1.5 persons.
Projections of the growth in demand for each support service type are applied to the estimates of current cost per client provided by the 10 service providers to project real expenditure attributed to an increase in the social housing stock. The projected increase in real expenditure is reported in table 12 below.

Depending on the average household size and whether the incidence of access to support services is low, medium or high, the increase in real expenditure experienced by each key service type in our sample is as follows:

- Disability and mental health services: between $11.1 million and $22.1 million;
- Aged care services: between $2.7 million and $5.5 million;
- Support for victims of violence or abuse: between $0.6 million and $1.4 million;
- Youth support: between $1.5 million and $3 million;
- Housing support: between $2.2 million and $4.3 million.

The real increase in expenditure is projected to be lowest for support services that assist victims of violence or abuse, and highest for disability and mental health services. For example, under Scenario A where the average household size is projected to be 2 persons and the incidence of access to support services is low, the increase in real expenditure ranges from $863,800 for support services for violence or abuse victims to $14.7 million for disability and mental health services. This variance is to be expected given the population of tenants with disability or mental health problems far exceeds the population of violence or abuse victims who access services. The current average annual cost per client estimates also indicate that costs incurred by disability and mental health services are relatively high compared to other services. The variance in real expenditure growth across service types remains the same under each scenario. For example, under Scenario C where the average household size is projected to be 2 persons and the incidence of access to support services is high, the increase in real expenditure ranges from $1.4 million for support services for violence or abuse victims to $22.1 million for disability mental health services.

Table 12: Projected growth in demand for and cost of support services attributable to an increase in the social housing of 20,000 units by 2020 under alternative scenarios, by support service type

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Disability and mental health</th>
<th>Aged care</th>
<th>Support for victims of violence or abuse</th>
<th>Youth support</th>
<th>Housing support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current average annual cost per client ($)</td>
<td>$4,611</td>
<td>$2,278</td>
<td>$3,085</td>
<td>$4,999</td>
<td>$3,603</td>
</tr>
<tr>
<td>Growth in demand (number of tenants)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>3,200</td>
<td>1,600</td>
<td>280</td>
<td>400</td>
<td>800</td>
</tr>
<tr>
<td>B</td>
<td>4,000</td>
<td>2,000</td>
<td>360</td>
<td>520</td>
<td>920</td>
</tr>
<tr>
<td>C</td>
<td>4,800</td>
<td>2,400</td>
<td>440</td>
<td>600</td>
<td>1,200</td>
</tr>
<tr>
<td>D</td>
<td>2,400</td>
<td>1,200</td>
<td>210</td>
<td>300</td>
<td>600</td>
</tr>
<tr>
<td>E</td>
<td>3,000</td>
<td>1,500</td>
<td>270</td>
<td>390</td>
<td>690</td>
</tr>
<tr>
<td>F</td>
<td>3,600</td>
<td>1,800</td>
<td>330</td>
<td>450</td>
<td>900</td>
</tr>
<tr>
<td>Increase in real expenditure by 2020 ($)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>14,755,200</td>
<td>3,644,800</td>
<td>863,800</td>
<td>1,999,600</td>
<td>2,882,400</td>
</tr>
<tr>
<td>B</td>
<td>18,444,000</td>
<td>4,556,000</td>
<td>1,110,600</td>
<td>2,599,480</td>
<td>3,314,760</td>
</tr>
<tr>
<td>C</td>
<td>22,132,800</td>
<td>5,467,200</td>
<td>1,357,400</td>
<td>2,999,400</td>
<td>4,323,600</td>
</tr>
<tr>
<td>D</td>
<td>11,066,400</td>
<td>2,733,600</td>
<td>647,850</td>
<td>1,499,700</td>
<td>2,161,800</td>
</tr>
<tr>
<td>E</td>
<td>13,833,000</td>
<td>3,417,000</td>
<td>832,950</td>
<td>1,949,610</td>
<td>2,486,070</td>
</tr>
<tr>
<td>F</td>
<td>16,599,600</td>
<td>4,100,400</td>
<td>1,018,050</td>
<td>2,249,550</td>
<td>3,242,700</td>
</tr>
</tbody>
</table>

Source: Authors’ calculations using cost projection methodology and data collected from 10 support service providers in May 2009


4.6 SUMMARY

In this section we have projected the growth in demand for and increase in cost of support services under a social housing expansion strategy of 20,000 additional units by year 2020. Fundamental to the success of a strategy of an expansion of the social housing stock is the provision of support services that assists social housing tenants, who often have complex needs, including disability, mental health problems and emotional problems caused by experiences of violence or abuse.

We project that the number of additional tenants housed in the 20,000 units will be between 30,000 and 40,000. The increase in demand for support services under an expansion of social housing stock of 20,000 units by 2020 is the product of the projected additional number of tenants housing in the new housing stock in year 2020 and the projected incidence of access to support services among tenants in year 2020. The incidence of access to support services will differ across service types, and so we conduct the projections separately for five key service types:

- Disability and mental health services;
- Aged care services;
- Support for victims of violence or abuse;
- Youth support;
- Housing support.

Given that it is reasonable to assume that the incidence of access to support services by social housing tenants would be higher than for the general population and would have risen by 2020 due to increased targeting of social housing of people with high needs, projections of the increase in demand for support services are carried out under three sets of alternative assumptions of the incidence of access to support services (low, medium and high). Projections are also conducted under assumptions of 30,000 and 40,000 extra tenants, resulting in six scenarios over which the projections are made.

Depending on the average household size is and whether the incidence of access to support services is low, medium or high, the increase in real expenditure experienced by each key service type in our sample is as follows:

- Disability and mental health services: between $11.1 million and $22.1 million;
- Aged care services: between $2.7 million and $5.5 million;
- Support for victims of violence or abuse: between $0.6 million and $1.4 million;
- Youth support: between $1.5 million and $3 million;
- Housing support: between $2.2 million and $4.3 million.

The real increase in expenditure is projected to be lowest for support services that assist victims of violence or abuse, and highest for disability and mental health services. This variance is to be expected given the population of tenants with disability or mental health problems far exceeds the population of violence or abuse victims who access services. The current average annual cost per client estimates also indicate that costs incurred by disability and mental health services are relatively high compared to other services.

It should be noted that the cost projections are based on certain informed assumptions (but assumptions nonetheless) regarding future population trends and future incidence of access to support services by social housing tenants. Any changes to the assumptions underlying the projections will alter the projected growth in demand and real expenditure associated with WA’s proposed social housing stock expansion strategy. Furthermore, the cost projections are based current cost data collected from 10 support service providers in WA. The providers represent a wide range of services, areas of coverage and size (in terms of number of clients and number of workers). However, the number of providers is not large enough to be sufficiently representative of all providers within the state of WA.
Notwithstanding the limitations of the projection method, the projection findings strongly indicate that the demand for support services and the cost of providing these services will increase under an expansion of the social housing stock. This is important from the perspectives of both support service providers and government. Support service providers must plan how they are going to meet the increased demand for support services from limited resources under an expansion of social housing stock. Governments contributed the majority (70.8%) of all funding of support services in 2005-06 (SCRGSP, 2009). If appropriate levels and forms of support are not available to meet the demand from an increased number of tenants, this will impose other costs upon government such as increased tenancy management costs and decreased rent revenue due to continued welfare reliance by tenants. It is therefore imperative that sufficient resources be devoted to helping support service providers meet the increased demand for their services that will accompany any expansion of the social housing stock.

5.0 PART B2. FACILITATING AN INCREASED RATE OF MOBILITY THROUGH THE HOUSING CONTINUUM: THE IMPORTANCE OF SUPPORT SERVICES

This section explores ways in which support services can facilitate exits from social housing into less subsidised accommodation. First, we identify social housing tenants who have the strongest potential to move out of the social housing sector. Second, we discuss potential obstacles to mobility out of social housing. Finally, we conduct a review of models of support services and financial incentives that could be instructive in providing a model to increase mobility out of social housing and overcoming obstacles to individual mobility.

5.1 Tenant Characteristics that Correlate with High Exit Rates from Public Housing

Understanding the determinants of duration of stay in social housing is important if support services are to be tailored towards supporting an increased rate of mobility through the housing continuum. Of relevance to this is identifying how long individuals spend in social housing and how this differs across groups of individuals. Understanding which groups exit public housing at the fastest rate is important for the targeting of support services towards those most likely to exit social housing.

5.1.1 Evidence from Existing Studies

The only known Australian study that has used actual data from the administrative records of the WA Department of Housing and Works to examine the rates of exits from WA public housing is a 2008 study by Dockery et al (2008b) that examined rates of exits from public housing in WA and characteristics of tenants who exited over the period 1999-2005. The study finds that the ‘typical’ tenancy in this period lasted for around three years for singles and sole parents and 2.3 years for couples. However, a considerable number – approximately 30-35% - regardless of household type – continue beyond five years. This pattern has some support from overseas public housing studies conducted in the United States where, like Australia, public housing is rationed and an important part of the welfare system. A study by Hungerford (1996) also found that some tenants leave housing assistance after brief spells, but a considerable do continue to receive assistance for relatively long periods. Lubell et al (2003), using United States public housing administrative records found that the typical public housing tenancy lasts for 4.7 years. The average length of stay in public housing ranges from 3.2 years for non-elderly non-disabled families with children to 8.44 years for the elderly. Approximately 35-40% continue in public housing beyond seven years.
The WA study by Dockery et al (2008b) confirm that life-cycle factors, earnings potential and employment opportunities are major determinants of exits from public housing, and these are supported by findings from overseas housing assistance studies. The WA study reports that higher probabilities of exits from public housing are associated with several distinct characteristics:

- Younger age;
- Male;
- Small number of children;
- High employment earnings and low levels of government income support payments;
- No medical condition or other acute priority needs such as domestic violence, homelessness etc. that result in priority access to public housing;
- Residence in non-metropolitan regions.

Among singles, the probability of leaving public housing in WA declines with age (Dockery et al, 2008b). Not surprisingly, in the United States, Verma (2003) found that older residents have a lower probability of leaving public housing, as did Lubell et al (2003) and Ambrose (2005). In WA, females are less likely to exit public housing (Dockery et al, 2008b), a finding that is supported by overseas studies such as Hungerford (1996). Previous research have found that among female housing assistance recipients, problems associated with combining paid work and parenting are a key barrier to economic independence (Hulse and Saugeres, 2008). This is potentially a key explanation for the lower propensity of females to exit social housing. In WA public housing, families with children are less likely to exit public housing within the data timeframe considered by Dockery et al (2008b), the probability of exit by families with young children being 4-5% lower than that of those with no children. Freeman (2005) found that having no children was associated with shorter spells of housing assistance receipt in the United States. This potentially reflects the higher cost of moving for families which have larger numbers of children (Dockery et al, 2008b), or neighbourhood ties and social network (Verma, 2003). Dockery et al (2008b) also found that being a priority public housing tenant is associated with a lower rate of exit from public housing. Priority cases generally have acute needs and it is likely that this need remains over time, resulting in a lower rate of exit out of public housing. Disabled tenants whose medical conditions are deemed acute enough to warrant priority assistance are included in this group. Overseas studies tend to agree that disability is negatively associated with exits from public housing (Lubell et al, 2003; Verma, 2003; Ambrose, 2005; Olsen et al, 2005).

Persons who are employed but with low earnings have a markedly low likelihood of exiting public housing, as do tenants who receive high levels of government payments. The exit rate increases as earnings increase and government payments decline. As earned income increases, individuals will have a greater set of housing opportunities available to them. Moreover, they are more likely to be paying a level of rent to the public housing authority that is equal to the market rate. Hence, such tenants may find it more advantageous to enter the private rental market or pursue home ownership. Exits may also occur when tenants with higher income are subject to a review of their income circumstances and are found to be ineligible for public housing, or anticipate such an income review in the near future (Dockery et al, 2008b). Overseas findings also support the proposition that increasing the employment opportunities and earnings potential of tenants will facilitate movements by tenants through the housing continuum to less subsidised accommodation via the achievement of economic independence. For example, overseas studies have found that higher exit rates are associated with higher educational qualifications (Hungerford, 1996), higher wage income (Ambrose, 2005), and better quality jobs (Verma, 2003). Clearly, increasing the financial independence of tenants leads to a greater likelihood of withdrawal from public housing and those most likely to exit public housing are those who are more work ready than longer term public housing tenants.

However, Dockery et al (2008b) disabled persons whose medical condition did not warrant priority assistance had a higher rate of exit from public housing.
Tenants living in non-metropolitan WA regions are more likely to exit public housing. This reflects the employment opportunities embodied in the non-metropolitan regions of residence. There are very large inter-regional differentials in employment rates across public housing regions, with higher employment rates observed for tenants in non-metropolitan regions such as the Pilbara and Kimberley regions than for metropolitan regions (Dockery et al, 2008b). Verma (2008), a United States public housing study, agrees that higher public housing exit rates are possible among tenants with better employment prospects (Verma, 2003).

5.1.2 Population Numbers of Social Housing Tenants with Exit Potential

Based on characteristics of tenants identified in existing studies, we next estimate the number of social housing tenants with exit potential using the 2007 HILDA survey, a dataset that contains information on a nationally representative sample of individuals living in social housing. The population numbers are estimated via the application of population weights to the dataset. 355 social housing households were interviewed nationally for the 2007 HILDA Survey, comprising 297 public housing households and 58 households in community housing. The sample is not restricted to WA social housing households in order to retain sufficiently large sample sizes when the data is broken down into more detailed categories to examine the characteristics of tenants. The sample of 355 social housing households who were interviewed for the HILDA Survey represents 440,000 social housing households in the population when weights are applied. Of these, 381,000 are from public housing and 58,000 are from community housing.9

We find that there are 557,000 working age social housing tenants represented in the 2007 HILDA Survey, of whom almost 300,000 or 54% do not have a disability or long-term health condition. This is a much lower proportion than commonly reported. For example, the Australian Institute of Health and Welfare reported that in 2006-07, 71% of public housing tenants were disability-free. This is due to the broader definition of disability in the HILDA Survey to comprise those with long-term health conditions as well. Therefore the estimates of tenants with strong potential to exit social housing here should be treated as conservative estimates and may very well be higher if a stricter definition of disability were applied.

Among disability-free working age social housing tenants, around 180,000 are employed in either full-time or part-time work and therefore earning a wage income. 82% of full-time workers have no dependent children, and are therefore less likely to face high costs in the form of moving expenses or loss of neighbourhood ties if they were to move out of social housing. Almost all full-time workers receive higher wages than income support payments. This is to be expected given their full-time status. Importantly, a significant majority of 84% have indicated that their jobs are secure, that is, the likelihood of them losing their job in the next 12 months is 10% or below. Part-time workers’ mobility and earnings positions are weaker than that of full-time workers but the majority still possess characteristics that are favourable to movements out of social housing. Two-thirds of part-time workers have no dependent children. 90% of part-time workers receive higher wages than income support payments despite their part-time status, and 72% have indicated that their jobs are secure.10

9 The estimated population number of public housing households in HILDA corresponds quite closely with the 331,136 public housing households that the Productivity Commission estimated were in Australia in 2008 (SCRGSP, 2009). The community housing population number is significantly higher than the Productivity Commission’s estimate of 35,043 households, although the Productivity Commission noted that their estimate may not represent the national total because data was not available for all jurisdictions (SCRGSP, 2009).

10 Tenants are not sub-divided by gender or location because the lower probability of females to exit social housing is tied in with the presence of dependent children, market conditions vary considerably across regions in Australia. For example, while the non-metropolitan regions in WA present more employment opportunities than the metropolitan region, this is not necessarily the case in other states.
The data clearly shows that there is a significant proportion of social housing tenants who have a strong potential to exit social housing. However, social housing tenants can encounter significant barriers to mobility out of social housing into less subsidised accommodation despite life-cycle and employment characteristics that support the achievement of economic independence. These are discussed in the next section.

5.2 POTENTIAL BARRIERS TO MOBILITY OUT OF SOCIAL HOUSING

Despite the fact that in the social housing sector there exists a sizable number of tenants who have strong potential to move on to less subsidised accommodation, these tenants face several barriers to mobility out of social housing. These barriers can be broadly divided into three categories, personal and family barriers, social housing structural barriers, and housing market barriers.

5.2.1 Personal and family barriers

Personal and family barriers are intrinsically tied in with obstacles to achieving economic independence. They include barriers that social housing tenants face in their personal and family lives that impede intentions or efforts to undertake paid work and reduce reliance on social housing. These include barriers due to poor health, caring responsibilities, family instability, and lack of skills.

Poor Health

In general, housing assistance recipients (including social housing tenants) are more likely to suffer from mental health issues such as depression and anxiety disorders, and have low self-esteem. Many also suffer from the stigma attached to mental health problems and feel there is a lack of social understanding about them (Hulse and Saugeres, 2008). Hulse and Saugeres (2008) conducted interviews with 34 male housing assistance recipients, including some living in social housing. Half of the men reported having been addicted to drugs and alcohol at some point in their lives. These addictions had been used to cover up emotional problems, effects of trauma, abuse and depression, but also contributed to further health problems and resulting in the loss of jobs or inability to complete training for some.

Caring Roles

Among women, values and beliefs about being a good mother are important factors that shape attitudes to paid employment. Women with children tend to be unwilling to undertake uncertain, episodic and low paid work which give little financial reward while interfere with their parenting responsibilities including caring for children before, during and after school hours, during school holidays and during periods of sickness. Hence, problems associated with combining paid work and parenting are a key barrier to economic independence among females, who make up the majority of public housing tenants (Hulse and Saugeres, 2008). In the 2007 HILDA Survey, female social housing tenants who were of working age and disability-free but who indicated they did not want to work were asked the main reason for this. More than half (57%) indicated that they preferred to look after their children. Caring for someone other than herself or other family reasons that required her time commitment, and 14% did not want to work because they were pregnant or were on leave after giving birth.

Family Instability

11 Interviews were also conducted with females. However, the problem of addiction appears to be much smaller amongst females.
Growing up with a disadvantaged family background can have potentially important adverse impacts on lifetime opportunities. Kelly et al (2005) found that public housing tenants are less likely to have lived with both their own parents while growing up, as compared to the rest of the working age population. They are also more likely to have come from sole parent families. 19.1% of housing assistance recipients in Kelly et al’s study have fathers who were unemployed for six months or more when they were growing up, compared to 14.2% of other income support recipients who do not receive housing assistance, and only 9.4% of the rest of the working age population. A significant number of housing assistance recipients interviewed by Hulse and Saugeres (2008) reported that they came from families in which their parents had divorced or separated, resulting in them having been moved around a lot as children. In the United States, Freeman (1998) reported having parents with low educational qualifications or growing up in a one-parent household had a negative effect on exiting public housing.

A significant number of housing assistance recipients interviewed by Hulse and Saugeres (2008) had either experienced or witnessed domestic violence or abuse from one or more family members when they were children. Many also grew up in families with drug and alcohol addictions. The experience of violence or abuse during childhood impacts negatively on one’s schooling, health, ability to find and keep paid work and sustain long-term relationships. Many female housing assistance recipients are also likely to have experienced domestic violence as adults. In order to escape domestic violence, several of the women interviewed by Hulse and Saugeres (2008) have lived in refuges and transitional housing with their children before being allocated public housing. The experience of domestic violence resulted in stress, anxiety and depression, impacting negatively on the women’s ability to undertake paid work.

Lack of Skills

People with no post-school qualifications have generally over-represented among public housing tenants, while people with degrees or postgraduate qualifications are under-represented among this group (Kelly et al, 2005). Better levels of education and training have been identified as a key change that housing assistance recipients think would improve their capacity to engage in paid work (Hulse and Saugeres, 2008).

5.2.2 Social Housing Structural Barriers

Obstacles exist within the social housing structure that impede mobility out of social housing by obstructing efforts by social housing tenants to undertake or sustain paid work, or reducing the financial incentive to gain employment. These include barriers include lack of access to information technology or transport, the stigma and social problems in disadvantaged locations, poor access to job opportunities and work disincentives that are inherent in the structure of the public housing rent formula.

Digital Divide

Existing research have found evidence of a digital divide that is separating public housing tenants and other housing assistance recipients from the rest of the working age population. Public housing tenants are less likely to be equipped with computers or have access to the internet. The dwelling units occupied by public housing tenants are relatively poorly endowed with access to technology. Kelly et al’s (2005) study on housing assistance recipients found that only 37% (19%) of working age public housing tenants have access to a computer (the internet), but 65% (45%) of government benefit recipients who are ineligible for housing assistance have such access. Though these two groups will share similar socio-economic characteristics with the exception that the former receives housing assistance, the latter resides in housing that is better equipped with access to technology. A lack of access to technology may impede efforts towards achieving independence.
from subsidised housing as it is harder to keep up-to-date with job vacancies and training services, develop technological skills or work from home.

Inadequate Transport

Housing assistance recipients appear to be more likely to experience transport difficulties and less likely to have access to a motor vehicle. An important obstacle for job-seekers receiving housing assistance is inadequate transport (Kelly et al, 2005). This presents significant logistical difficulties when looking for work or working, when combined with other factors such as caring responsibilities (Hulse and Saugeres, 2008). Many male housing assistance recipients also do not drive a car for various reasons, including loss of their driver’s licence or not owning a motor vehicle. This makes it difficult for them to access the low-skill jobs that they have the skills for because of difficulty in getting to the work place or because many of these jobs require a drivers’ licence (Hulse and Saugeres, 2008).

Stigma and Exacerbation of Social Problems

Tenants residing in easily identified areas of public housing have found themselves heavily stigmatised. Many of these areas have high concentrations of social disadvantage. As a result, their location or postcode is a significant barrier to getting paid work (Hulse and Saugeres, 2008). Concentrations of the disadvantaged in social housing sectors can also erode work ethics, exacerbate social problems and increase reliance on welfare, hence impeding mobility out of the social housing sector (Dockery et al, 2008a).

Poor Access to Job Opportunities

Some public housing areas have a shortage of job vacancies and limited public transport to access other areas where there are more job vacancies. Hulse and Saugeres (2008), focusing on the Eastern states, have found this to be the case in some regional centres like Ballarat and the Central Coast, and some metropolitan areas that were further away from city such as Greater Dandenong and western Sydney.

Financial Disincentives

Because public housing tenants pay approximately 25% of their income in rent, income related rent increases do accompany withdrawal of income support from allowances (such as Newstart) and pensions (such as Disability Support Pension) when a tenant chooses to undertake employment. Hence, the public housing rent formula acts to blunt incentives to undertake paid work. If the link between rents and assessable incomes were cut there would be a non-trivial improvement in the financial rewards to marginal increases in work hours, and transitions into employment. A policy simulation was conducted by Dockery et al (2008a) estimate the impact of cutting the direct link between public housing rents and income and extending Commonwealth Rent Assistance eligibility (currently available only to private renters) to public housing tenants while charging them market rents instead of rebated rents. It was found that the incidence of unemployment trap among working age unwaged public housing tenants would fall by 25 percentage points from 44% to 18%.12 State housing authorities have introduced changes to rent formulae that are designed to sharpen incentives to work. WA has a working allowance that exempts a certain amount of earnings per week from rent calculations. However, policy simulations conducted with respect to the working allowance suggest that impacts on work incentives are marginal at best (Dockery et al, 2008a).

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12 A public housing tenant is in a unemployment trap is his/her income while not employed is at least three-quarters of the income s/he would get if employed. In such a situation, the tenant’s financial incentive to undertake paid work is very blunt as income in the unwaged state is not that much lower than income in the employed state.
5.2.3 Housing Market Barriers

Even if social housing tenants were to overcome the personal, family and social housing structural barriers that impede movements out of subsidised housing, they can be prevented from moving through the housing continuum by housing market barriers external to social housing that impede access to viable alternative forms of accommodation in the market.

Dockery et al (2008b) have found that higher market rent levels are associated with a significantly lower likelihood that tenants exiting public housing in WA regardless of household type. Every $100 increase in monthly market rent reduces the probability of leaving public housing by 11-17%. The study points out that the level of market rent is also the maximum level of subsidy provided by public housing tenure. Hence, the higher the market rent of a public housing property, the larger the housing subsidy received by the tenant residing in that property. The market rent of a tenant’s public housing property is also representative of the cost of renting privately in the same area if the tenant were to move out of public housing into private rental. Hence, the higher the market rent in the area, the lower the likelihood of tenants being able to afford to pay the private rent.

Conversely, higher housing vacancy rates or levels of affordable housing are associated with a higher probability of exit from social housing. Where vacancy rates are lower, fewer alternative housing options exist, and tenants will be less willing or able to move out of social housing (Freeman, 2005). Despite the increase in first home purchases from renters due to the First Home Owner Grant (FHOG), Australia’s city residential rental vacancy rates have remained steady in the first quarter of 2009. Perth (and Canberra) have recorded the tightest rental market with vacancy rates of just 1.1% (see table 13 below). While there has been a rise in rental vacancies in the upper spectrum of the market, at the lower more affordable end, vacancies remained low at under 2% (SQM Research, 2009). Of course, vacancy rates will differ across the housing sub-markets across WA. In the current economic environment, it is likely that rents will flatten in the higher end of the rental market. However, pressure on rents would still be expected to persist in the more affordable segments of the rental market, as renters in upper end accommodation trade down into lower cost housing. This provides further support for targeting resources at developing affordable housing in Perth.

Table 13: Residential rental vacancy rates, by capital city, March 2009, per cent

<table>
<thead>
<tr>
<th>City</th>
<th>Residential rental vacancy rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perth</td>
<td>1.1</td>
</tr>
<tr>
<td>Canberra</td>
<td>1.1</td>
</tr>
<tr>
<td>Hobart</td>
<td>1.2</td>
</tr>
<tr>
<td>Adelaide</td>
<td>1.5</td>
</tr>
<tr>
<td>Brisbane</td>
<td>1.9</td>
</tr>
<tr>
<td>Darwin</td>
<td>2.1</td>
</tr>
<tr>
<td>Melbourne</td>
<td>3.9</td>
</tr>
<tr>
<td>Sydney</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: SQM Research (2009)

Interviews conducted by Hulse and Saugeres (2008) on public housing tenants highlighted the fact that several tenants noted that they were able to get larger properties in public housing at much lower rents than they would have been able to had they been renting privately. For example, they could get a house in public housing, whereas if they rented privately they would only be able to afford a small flat. Community housing tenants who were interviewed also noted that it was more difficult to get adaptations done on the property to help them cope with disabilities in private rental housing. Furthermore, those who resided in public and community housing valued the security and stability that it provided. They felt that they could stay in the property for as long as they wanted to and did not fears of being evicted, finding themselves homeless or being
forced to move when they did not want to. A public housing tenant interviewee who had previously rented privately noted that she had been forced to move a few times while renting privately because the landlord wanted to rent the house to someone else, wanted to move in themselves or wanted to sell the house.

Higher prices for owner-occupied housing are associated with a lower probability of exit from public housing (Freeman, 1998). The FHOG scheme commenced on 1 July 2000. First home buyers were entitled to a one-off $7,000 grant. In October 2008, the Federal government announced a First Home Owner Boost (FHOB), which applies to contracts dated between 14 October 2008 and 30 June 2009. First home buyers of new (established) homes would receive a boost of $14,000 ($7,000) that would double the grant to $21,000 ($14,000) (WA Department of Treasury and Finance, n.d.). The FHOG and FHOB would help bridge the deposit constraint for social housing tenants looking to become first home buyers. However, there is evidence that the growing demand by first home buyers has kept house prices at the affordable end of the housing market up, while falling house prices have primarily been at the top end of the housing market (Zappone, 2009). Hence, the effectiveness of the grants for social housing tenants seeking to move out of subsidised housing by purchasing their own homes are offset to some extent by the fact that these grants have in fact been supporting house prices at the lower spectrum of the market.

5.3 Models that Promote Mobility Out of Social Housing

The previous sections have identified the characteristics of social housing tenants with strong exit potential, as well as barriers that impede mobility out of the social housing sector. Support services are clearly important in overcoming personal and family barriers that would increase the pool of people with potential to exit social housing. Even if support services were to target only tenants with the strongest potential to exit social housing by focusing on those who do not face significant personal or family barriers, there still remain significant barriers that impede movement through the housing continuum, such as social housing structural barriers and housing market barriers that are faced by all social housing tenants regardless of their exit potential. Furthermore, as social housing is increasingly targeted at people with the greatest need such as those with mental health problems, it is likely that a flow-on effect of an increasing concentration of tenants with such problems is to increase the stigma attached to residence in social housing, which may well aggravate the barriers to exiting from social housing via achievement of economic independence. This section identifies and describes three key models that have been implemented by social housing authorities in collaboration with support service providers that aim to overcome obstacles associated with mobility out of the social housing sector. They are the asset-building model, welfare-to-work model and poverty deconcentration model. Their key features are summarised in table 14 below, followed by a detailed description of each model.

Table 14: Models that promote mobility out of social housing

<table>
<thead>
<tr>
<th>Model</th>
<th>Target population</th>
<th>Key features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset-building</td>
<td>Tenants who are work-ready or motivated to work, and who are committed to leaving social housing within a specified number of years</td>
<td>Intensive support, Financial incentives to encourage accumulation of savings</td>
</tr>
<tr>
<td>Welfare-to-work</td>
<td>Non-disabled working age tenants</td>
<td>Employment-related support services, Financial incentives to encourage work efforts, Community support for work</td>
</tr>
<tr>
<td>Poverty deconcentration</td>
<td>All tenants</td>
<td>Tenant-based assistance to help tenants move out of high-poverty neighbourhoods</td>
</tr>
</tbody>
</table>
5.3.1 Asset-Building Model

The aim of the asset-building model is to encourage tenants to achieve economic independence via the accumulation of savings from earned income. The asset-building model typically targets social housing tenants who possess work-ready characteristics or are able to demonstrate motivation to work, and are willing to commit to leaving social housing within a specified number of years. The two key elements of the asset-building model are:

- Provision of intensive or preferential access to support services to tenants to gain employment;
- Financial incentives that encourage the accumulation of assets by tenants.

Each targeted tenant is usually assigned a case manager who helps him/her by:

- Creating an asset-building plan;
- Identifying the tenants’ needs and support services required to meet those needs;
- Helping the tenant access support services, such as child care, transportation, credit and money counselling, and educational or training program;
- Coping with crises that threaten the tenant’s achievement of economic independence.

A recent example of a program based on the asset-building model is the United States’ Family Self-Sufficiency (FSS) program. Each participant family is assigned a personal case manager, and enters into a five-year contract with the public housing authority specify short- to long-term goals towards economic independence, including plans to acquire training or employment or achieve home ownership, and the support services required to achieve these goals (Sard, 2001).

The financial incentives component of the FSS program is designed to encourage savings behaviour. As a FSS participant achieves employment goals in the contract, his/her income will increase, resulting in a rise in rent. As a FSS participant pays the increased rent, the public housing authority administering the program deposits an amount equal to the increase in rent in an escrow account for the participant for the duration of the contract as long as the participant abides by the contract provisions. The deposits are accumulated as savings plus interest in the escrow account and once the participant has successfully completed the contract, is employed and all family members are independent of welfare assistance for the last 12 months of the contract, the participant can access the funds in the escrow account for any purpose including purchasing a home (Sard, 2001). Welfare assistance is limited to income payments, so that families accessing child care, medical or food assistance while working are not penalised. Funds can also be withdrawn during the contract period to cover work-related expenses such as transport or training expenses. If the participant does not meet the contract terms, s/he forfeits the funds in the account (Sard, 2002). An evaluation of the FSS program found that participants who enrolled in 1996 experienced a 72% increase in median income by year 2000. The increase among a control group of non-participants who had similar characteristics as the participants in 1996 was only 36% (Ficke and Piesse, 2004).

Other programs based on the asset-building model include the Gateway program, and small-scale experimental programs such as the Youngs Lake Commons (YLC) program. The Gateway program is very similar to the FSS program. However, it has a stronger focus on home purchase. During a 2-year remediation stage, participants are assisted to obtain skills required to achieve self-sufficiency, such as education and job training. During this stage, tenants’ rents are frozen. The remediation stage is followed by a 5-year transition stage during which tenants are assisted to increase their income. During this stage, as a tenant’s income increases due to a rise in earnings, rents paid over and above the amount required to fund the operating cost of the property is paid into an escrow account similar to the FSS program. This is meant to help participants save for a deposit on a home. Home ownership and financial counselling are also provided, along with mortgage assistance from finance agencies. In order for Gateway participant to access their escrow funds, they must use them to exit public housing (Rohe and Kleit, 1997a; 1997b).
An example of a small-scale experimental self-sufficiency program is the YLC program designed by a public housing authority in Washington to assist families to exit public housing into the private housing market. The program was started in 1997 in newly renovated public housing area called Youngs Lake Commons containing 28 properties. The aim of the program is to bring together 27 public housing families where the family head or spouse is employed into a cluster and help them achieve the goal of leaving public housing within 3 years. Like the FSS program, the YLC program has intensive case management (an on-site case manager lives in the 28th dwelling) helping tenants to access support services and financial incentives to leave public housing. The financial incentive component of the program aims to encourage savings behaviour by introducing a ceiling rent. As participants’ incomes grow, their rents will increase, but these are capped at the ceiling rent level which is well below the market rate. Hence, once incomes rise to a level that allows rent to be capped at the ceiling rent level, families are able to increase savings (Kleit, 2004).

5.3.2 Welfare-to-Work Model

The welfare-to-work model seeks to transform low-income, welfare-reliant public housing communities into communities with a high employment rate and low welfare reliance. This model typically targets non-disabled working age persons and its key elements are all designed to support transitions from welfare to work, such as:

- Employment-related support services, such as job-search or educational programs and support services such as child care and transportation assistance that promotes job search and job retention;
- Financial incentives via changes to public housing rent rules that reduce the extent to which higher income is eroded by increases in rent;
- Community support for work, which focuses on strengthening social ties among tenants to support work efforts, such as information exchanges among neighbours about job opportunities or assistance with child care.

An example of a large-scale program that is based on the welfare-to-work model is the Jobs-Plus program, a large-scale place-based initiative that has been implemented in various public housing communities in the United States. The model targets non-disabled working age public housing tenants aged 16 to 62 years old (Kato et al, 2003). The program in each public housing area, known as a Jobs-Plus ‘site’, is led by a project director who supervises staff members and raises funds. Staff members include a job developer who finds and helps tenants access job opportunities, and case managers who help tenants access education, training and support services they require in order to gain and retain employment. The program aims to offer individualised support to each tenant who participates in the program and each program aims to maintain a stable group of staff members who provide intensive support to tenants to gain work (Kato et al, 2003).

The Jobs-Plus Program has two key stages. The first stage comprises enrolment and assessment. During this stage, tenants are made aware program services including available financial incentives and community support services, and each tenant’s skills, needs and interest are assessed. This is followed by a transition stage, during which education, training and job search assistance are provided to tenants to help them transition from welfare-to-work. Once a tenant gains a job, s/he may be offered post-employment services that assist with job retention, wage progression and finally self-reliance. During this transition stage, financial incentives are offered to employed tenants to reduce the extent to which higher income is eroded by increases in rent when their incomes increase. These incentives can include flat rents based on the dwelling size rather than income or calculating the tenant’s rent using a smaller percentage of income rather than the traditional 30% commonly applied in the United States (Kato et al, 2003). Community support for work is provided via public housing tenants who are themselves trained and hired to conduct various activities that help create a supportive environment for work. These include door-to-door to distribution of flyers about specific job vacancies, or education and training opportunities etc (Kato et al, 2003). An evaluation of the Jobs-
Plus program found that in sites where the program was strongly implemented, program participants experienced a significant increase in earnings (Bloom et al, 2005).

Australian housing authorities have engaged in various schemes that are focused on encouraging tenants to gain employment, though these have tended to be individual small-scale schemes rather than large-scale welfare-to-work programs with integrated components of employment support, financial incentives and community support. For example, Australian housing authorities have provided employment opportunities for tenants by employing tenants directly or inserting an employment clause into contracts requiring successful tenderers to employ tenants in works done in public housing areas. An example is NSW’s Tenant Employment Project (TEP) pilot, where tenants were employed in client service officer and temporary clerical officer positions and the tenant employment clause in construction contracts created under WA’s urban renewal program, New Living. In Australia rents are typically set at approximately 25% of income. Financial incentives accompany employment schemes, such as NSW’s Tenant Employment Incentive Scheme (TEIS), where an unemployed tenant who gains paid employment is entitled to a temporary rent freeze of up to 12 weeks, and WA’s working allowance for tenants who gain employment (Dalton and Ong, 2005). However, these financial incentives are not typically integrated with intensive support within a comprehensive program that helps a tenant with job search, job retention and wage progression, and some of the financial incentives scheme, such as, the TEIS, are short-term in nature.

5.3.3 Poverty Deconcentration Model

The principle underlying the poverty deconcentration model is that moving from a disadvantaged neighbourhood to a good one will help individuals access wider opportunities for self-sufficiency. Public housing families are typically provided with tenant-based assistance in the form of housing vouchers to rent from private landlords. These families pay below-market rent, while the vouchers represent rental subsidies paid to the private landlords by the government. The assistance in the form of vouchers mean that families with vouchers can have a wide range of locations to choose from, when deciding where to live.

Key programs based on the poverty deconcentration model include the Moving to Opportunity (MTO) program and Housing Opportunity Program (HOP) where social housing tenants are provided with housing vouchers to move to low-poverty neighbourhoods. However, there are notable difficulties with such forms of assistance, including finding a dwelling in a low-poverty neighbourhood, facing discrimination, and overcoming landlords’ reluctance to participate in a voucher program especially when they can easily find tenants from the private market. Moreover, social housing families may limit their moves to neighbourhoods they are familiar with and similar to the disadvantaged neighbourhood they are moving out of. Support services are crucial in overcoming the difficulties associated with attempts to move into better neighbourhoods. For example, the HOP program offers housing search and budget counseling, transportation assistance to view dwellings in prospective neighbourhoods, workshops on private rental tenancy law, and post-move support and visits. Moreover, financial support is offered by the program in the form of a loan that allows a tenant to pay the up-front costs of security deposits to landlords and pay the loan back over time (Cunningham and Sawyer, 2005).

Instead of allocating vouchers to social housing tenants so they can move, housing authorities in Australia have typically tried to achieve poverty deconcentration via their tenure mix programs which aim to integrate public and private housing through urban renewal. Under such programs, construction sites for individual social housing properties have been dispersed across a range of suburbs instead of concentrating them in one suburb as estates, dwellings for social housing have been purchased by housing authorities in existing mixed suburbs and dwellings in neighbourhoods with high concentrations of social housing have been sold to owner-occupiers. The anticipated outcome is that unemployed social housing tenants will gain employment as they get influenced by new social norms that include economic participation and network with employed residents.
in the neighbourhood. Examples include the Neighbourhood Renewal Strategy (NRS) in Victoria, Urban Renewal program in Queensland and New Living program in WA (Dalton and Ong, 2005). Support services that offer counselling to tenants as they interact with new residents from diverse economic backgrounds are not typically a prominent feature of Australia’s tenure mix programs.

5.3.4 Key Elements Required for Success in Promoting Mobility Out of Social Housing

Several of the programs described above have been evaluated, resulting in identification of key elements for success in models that aim to promote mobility out of social housing. These include:

- intensive personalized support; and
- long-term financial incentives.

Programs have been found to be less successful where insufficient funding has led to inadequate support or short-term financial incentives.

The provision of intensive and personalised support requires sufficient number of case managers with adequate expertise to property assess and address tenants’ wide range of needs. A key finding from an evaluation of the asset-building Gateway program was that there was inadequate staff providing support and counseling throughout the program, which led to a high drop-out rate of over 60% among participants as participants were not getting sufficient help in overcoming the multiple personal and family barriers they faced to achieving self-sufficiency (Rohe and Kleit, 1997b). Public housing authorities administering the FSS program initially found support service provision problematic because they were unable to provide the level of support required. However, steps were taken to address this problem via the creation of the FSS Coordinating Committee to bring together a range of support service agencies to help address participants’ service needs in collaboration with housing authorities (Ficke and Piesse, 2004). External agencies were also contracted to provide case management and level of support services that FSS participants needed to succeed (Sard, 2001). An evaluation of the poverty deconcentration HOP program found that voucher holders were more likely to move to neighbourhoods with better access to economic opportunities if they received mobility support services (Cunningham and Sawyer, 2005). Participants of mobility programs that have been implemented without adequate supportive services have been found to use their vouchers to move to similarly disadvantaged neighbourhoods (Thompson, 2006). Overall, it was found that support services, including follow-up support after a family has transitioned into their new neighbourhoods, were integral to housing mobility programs (Feins et al, 1997; Thompson, 2006).

Significant investments in programs are required by government to advertise and administer sufficiently strong financial incentives over an extended period of time till tenants achieve their goal of independence from social housing. Participants in the asset-building FSS program stated that the escrow account was as important as the provision of support services in their decision to participate in the program in the first place (Ficke and Piesse, 2004). An evaluation of the welfare-to-work Jobs-Plus program in the Baltimore public housing area in the United States found that the Jobs-Plus staff had problems engaging working tenants in the financial incentives program. A key reason was the lack of support from the public housing management office staff, who were reluctant to assist in advertising the benefits of the financial incentives to tenants and administering these incentives. On the other hand, in another public housing area, St. Paul, tenant enrolment in the program was helped by the willingness of public housing administrative staff to invest significant efforts in initiating extensive outreach activities and enrolling tenants, and working through problems associated with the implementation of financial incentives (Kato et al, 2003).
5.4 Summary

This section explores ways in which support services can facilitate exits from social housing into less subsidised accommodation. Understanding ways in which support services could be instructive in facilitating an increased rate of mobility through the housing continuum is important in order to ensure that limited resources are to be allocated in the most efficient manner that will ensure that tenants that have the potential to be achieve economic self-sufficiency be given appropriate forms of support to help them leave social housing and move towards purchase of their own homes. This will ensure that subsidised housing is efficiently targeted at those with the greatest need of housing assistance. We identify social housing tenants who have the strongest potential to move out of the social housing sector and potential obstacles to mobility out of social housing and review some models of support services and financial incentives that could be instructive in providing a model to increase mobility out of social housing and overcoming obstacles to individual mobility.

We find that life-cycle factors, earnings potential and employment opportunities are major determinants of exits from social housing. Probabilities of exits from social housing are found to be higher for younger persons, males, residents in the metropolitan region, and those with a small number of children, higher earnings and low levels of government income support payments. There is a significant proportion of social housing tenants who have a strong potential to exit social housing. However, social housing tenants can encounter significant barriers to mobility out of social housing into less subsidised accommodation despite life-cycle and employment characteristics that support the achievement of economic independence. These barriers can be broadly divided into three categories:

- Personal and family barriers;
- Social housing structural barriers;
- Housing market barriers.

Personal and family barriers include barriers that social housing tenants face in their personal and family lives that impede intentions or efforts to undertake paid work and reduce reliance on social housing. These include barriers due to poor health, caring responsibilities, family instability, and lack of skills. Social housing structural barriers are obstacles exist within the social housing structure that impede mobility out of social housing by obstructing efforts by social housing tenants to undertake or sustain paid work, or reducing the financial incentive to gain employment. These include barriers include lack of access to information technology or transport, the stigma and social problems in disadvantaged locations, poor access to job opportunities and work disincentives that are inherent in the structure of the public housing rent formula. Even if social housing tenants were to overcome the personal, family and social housing structural barriers that impede movements out of subsidised housing, they can be prevented from moving through the housing continuum by housing market barriers external to social housing that impede access to viable alternative forms of accommodation in the market. These include high rents/prices in the private market, low housing vacancy rates, lack of affordable housing.

We identify three key models that have been implemented by social housing authorities in collaboration with support service providers that aim to overcome obstacles associated with mobility out of the social housing sector. They are the:

- Asset-building model;
- Welfare-to-work model;
- Poverty deconcentration model.

The aim of the asset-building model is to encourage tenants to achieve economic independence via the accumulation of savings from earned income. The asset-building model typically targets social housing tenants who possess work-ready characteristics or are able to demonstrate motivation to work, and are willing to commit to leaving social housing within a specified number of years. The welfare-to-work model seeks to transform low-income, welfare-reliant public housing communities into communities with a high employment
rate and low welfare reliance. This model typically targets non-disabled working age persons and its key elements are all designed to support transitions from welfare to work. The poverty deconcentration model seeks to move tenants from disadvantaged neighbourhoods to better neighbourhoods that will help individuals access wider opportunities for self-sufficiency.

An evaluation of programs that have followed these models indicates that success in promoting mobility out of social housing is crucially dependent on:

- intensive personalised support; and
- long-term financial incentives.

Programs have been found to be less successful where insufficient funding has led to inadequate support or short-term financial incentives.

Clearly, the challenges involved in moving tenants through the housing continuum are substantial, and coordination between support services and social housing providers is crucial in order to provide on-going enabling support that is conducive to mobility out of subsidised housing. In other words, facilitating successful movements of tenants through the housing continuum is only possible if a continuum of support services for self-sufficiency is provided. The three models described above do not operate in separate vacuums. For example, elements of the welfare-to-work model can be invoked to assist low-skilled tenants with training and job search. Once tenants are job-ready, elements of the asset-building model become necessary to encourage work efforts and savings accumulation. When tenants are ready to exit social housing, they need further assistance such as mobility counselling form the mobility model to overcome housing market barriers that impede access to home ownership.

We chart Figure 7 below shows the housing continuum. It charts the demographic composition at each stage of the housing continuum, obstacles to mobility and the continuum of support services required as tenants move from subsidised housing towards home ownership. At the bottom of the figure, tenants enter social housing as low-income individuals in housing need. There needs to be an acknowledgment that there are certain groups of tenants, such as the aged and the disabled, who will always require subsidised housing. These tenants required support services to help them maintain their wellbeing and tenancy. Two groups of social housing tenants are able to move on towards the home ownership. Working age non-disabled tenants have potential to exit social housing, by virtue of their youth and good health. However, some are low-skilled and not work-ready. Tenants in this group required intensive support services to help them access training and engage in job search. Elements of the welfare-to-work model should be invoked here in order to help tenants transition from welfare to work. As these tenants become work-ready and are employed, they move further up the housing continuum. At this point, elements of the asset-building model should be applied, in particular intensive support to promote work efforts and retain jobs for those already employed, and financial incentives to encourage increases in work hours and accumulation of savings. Once tenant achieve self-sufficiency, they are ready to move out of subsidized housing into home ownership. However, tenants at this stage, having been reliant on social housing for a period of time, will encounter housing market barriers that can be addressed via the use of support services to promote successful moves into home ownership. Our research indicates that there is a sizable cohort that possesses strong potential to exit social housing. For this group, a continuum of support services integrated with strong financial incentives would greatly assist in facilitating an increased rate of mobility through the housing continuum.
Figure 7: Housing and support services continuum

- **Home ownership**
  - FHOG
  - Support services: Home ownership, financial & mobility counselling

- **Private rental**
  - Support services: Private rental, financial & mobility counselling

- **Social housing**
  - Working age
    - Non-disabled
  - Low-skilled
  - Unwaged/Not work-ready
  - Elderly
  - Disabled
  - Support services: Promote work efforts, job retention
  - Financial incentives: Promote work efforts & increase savings
  - Support services: Help tenants access training, job search
  - Support services: Maintain wellbeing and tenancy

- **Low income**
  - In housing need

**Housing market barriers**

**Personal & family barriers; Public housing structural barriers**
There are two key strategies that government uses to address a shortage in the social housing stock. The first is an expansion of the social housing stock; the second is facilitating tenants’ movement through the housing continuum to less subsidised accommodation. In relation to the first strategy of expansion, the WA government intends to increase the social housing stock by an additional 20,000 units by year 2020. Fundamental to the success of both strategies is the provision of support services that assists with the maintenance of high needs tenants within the social housing sector and provides adequate support to help tenants with potential to achieve self-sufficiency to exit the social housing system and move on to less subsidised accommodation. Against this background, this study has two key objectives:

1. To assess the cost and level of support services required under an expansion of the social housing stock;
2. To identify ways in which support services could be instructive in facilitating an increased rate of mobility through the housing continuum.

We project that the number of additional tenants housed in the 20,000 units will be between 30,000 and 40,000. The increase in demand for support services under an expansion of social housing stock of 20,000 units by 2020 is the product of the projected additional number of tenants housing in the new housing stock in year 2020 and the projected incidence of access to support services among tenants in year 2020. Depending on the average household size is and whether the incidence of access to support services is low, medium or high, the increase in real expenditure experienced by each key service type in our sample is as follows:

- Disability and mental health services: between $11.1 million and $22.1 million;
- Aged care services: between $2.7 million and $5.5 million;
- Support for victims of violence or abuse: between $0.6 million and $1.4 million;
- Youth support: between $1.5 million and $3 million;
- Housing support: between $2.2 million and $4.3 million.

The real increase in expenditure is projected to be lowest for support services that assist victims of violence or abuse, and highest for disability and mental health services. This variance is to be expected given the population of tenants with disability or mental health problems far exceeds the population of violence or abuse victims who access services. The current average annual cost per client estimates also indicate that costs incurred by disability and mental health services are relatively high compared to other services.

It should be noted that the cost projections are based on certain informed assumptions (but assumptions nonetheless) regarding future population trends and future incidence of access to support services by social housing tenants. Any changes to the assumptions underlying the projections will alter the projected growth in demand and real expenditure associated with WA’s proposed social housing stock expansion strategy. Furthermore, the cost projections are based current cost data collected from 10 support service providers in WA. The providers represent a wide range of services, areas of coverage and size (in terms of number of clients and number of workers). However, the number of providers is not large enough to be sufficiently representative of all providers within the state of WA.

We then go on to explore ways in which support services can facilitate exits from social housing into less subsidised accommodation. Understanding ways in which support services could be instructive in facilitating an increased rate of mobility through the housing continuum is important in order to ensure that limited resources are to be allocated in the most efficient manner that will ensure that tenants that have the potential to achieve economic self-sufficiency be given appropriate forms of support to help them leave social housing and move towards purchase of their own homes. This will ensure that subsidised housing is efficiently targeted at those with the greatest need of housing assistance. We identify social housing tenants who have
the strongest potential to move out of the social housing sector and potential obstacles to mobility out of social housing and review some models of support services and financial incentives that could be instructive in providing a model to increase mobility out of social housing and overcoming obstacles to individual mobility.

We find that life-cycle factors, earnings potential and employment opportunities are major determinants of exits from social housing. Probabilities of exits from social housing are found to be higher for younger persons, males, residents in the metropolitan region, and those with a small number of children, higher earnings and low levels of government income support payments. There is a significant proportion of social housing tenants who have a strong potential to exit social housing. However, social housing tenants can encounter significant barriers to mobility out of social housing into less subsidised accommodation despite life-cycle and employment characteristics that support the achievement of economic independence. These barriers can be broadly divided into three categories:

- Personal and family barriers;
- Social housing structural barriers;
- Housing market barriers.

Personal and family barriers include barriers due to poor health, caring responsibilities, family instability, and lack of skills. Social housing structural barriers are obstacles exist within the social housing structure that impede mobility out of social housing by obstructing efforts by social housing tenants to undertake or sustain paid work, or reducing the financial incentive to gain employment, such as lack of access to information technology or transport, the stigma and social problems in disadvantaged locations, poor access to job opportunities and work disincentives that are inherent in the structure of the public housing rent formula. Even if social housing tenants were to overcome the personal, family and social housing structural barriers that impede movements out of subsidised housing, they can be prevented from moving through the housing continuum by housing market barriers external to social housing that impede access to viable alternative forms of accommodation in the market. These include high rents/prices in the private market, low housing vacancy rates, lack of affordable housing.

We identify three key models that have been implemented by social housing authorities in collaboration with support service providers that aim to overcome obstacles associated with mobility out of the social housing sector. They are the:

- Asset-building model;
- Welfare-to-work model;
- Poverty deconcentration model.

The aim of the asset-building model is to encourage tenants to achieve economic independence via the accumulation of savings from earned income. The asset-building model typically targets social housing tenants who possess work-ready characteristics or are able to demonstrate motivation to work, and are willing to commit to leaving social housing within a specified number of years. The welfare-to-work model seeks to transform low-income, welfare-reliant public housing communities into communities with a high employment rate and low welfare reliance. The poverty deconcentration model seeks to move tenants from disadvantaged neighbourhoods to better neighbourhoods that will help individuals access wider opportunities for self-sufficiency.

An evaluation of programs that have followed these models indicates that success in promoting mobility out of social housing is crucially dependent on:

- intensive personalised support; and
- long-term financial incentives.

Programs have been found to be less successful where insufficient funding has led to inadequate support or short-term financial incentives.
Notwithstanding the limitations of the projection method, the projection findings strongly indicate that the demand for support services and the cost of providing these services will increase under an expansion of the social housing stock. This is important from the perspectives of both support service providers and government. Support service providers must plan how they are going to meet the increased demand for support services from limited resources under an expansion of social housing stock. Governments contributed the majority (70.8%) of all funding of support services in 2005-06 (SCRGSP, 2009). If appropriate levels and forms of support are not available to meet the demand from an increased number of tenants, this will impose other costs upon government such as increased tenancy management costs and decreased rent revenue due to continued welfare reliance by tenants. It is therefore imperative that sufficient resources be devoted to helping support service providers meet the increased demand for their services that will accompany any expansion of the social housing stock.

Clearly, there also significant challenges involved in moving tenants through the housing continuum are substantial, and coordination between support services and social housing providers is crucial in order to provide on-going enabling support that is conducive to mobility out of subsidised housing. In other words, facilitating successful movements of tenants through the housing continuum is only possible if a continuum of support services for self-sufficiency is provided. The three models described above do not operate in separate vacuums. For example, elements of the welfare-to-work model can be invoked to assist low-skilled tenants with training and job search. Once tenants are job-ready, elements of the asset-building model become necessary to encourage work efforts and savings accumulation. When tenants are ready to exit social housing, they need further assistance such as mobility counselling form the mobility model to overcome housing market barriers that impede access to home ownership. Our research indicates that there is a sizable cohort that possesses strong potential to exit social housing. For this group, a continuum of support services integrated with strong financial incentives would greatly assist in facilitating an increased rate of mobility through the housing continuum.
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Real Estate Institute of Western Australia (2009a) Property Market Update, December Quarter 2008.
Real Estate Institute of Western Australia (2009b) Perth house prices bounce up 2 per cent in March, Media Release, 17th April 2009


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## Appendix 3: Support Services for Social Housing Tenants in WA

<table>
<thead>
<tr>
<th>Service</th>
<th>Funding Source</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Home and Community Care (HACC)</td>
<td>Department of Health and Ageing (Federal)</td>
<td>Program provides basic support and maintenance services to frail aged people, younger people with disabilities and their carer to maintain their own homes as an alternative to low level residential care.</td>
</tr>
<tr>
<td>Extended Assisted Care in the Home (EACH)</td>
<td>Department of Health and Ageing (Federal)</td>
<td>For high care would include nursing, incontinent, and dementia patients.</td>
</tr>
<tr>
<td>Extended Aged Care at Home Dementia (EACHD)</td>
<td>Department of Health and Ageing (Federal)</td>
<td>The EACH Dementia Program (EACHD) packages are individually planned and coordinated packages of care, tailored to help frail older people with dementia and behaviors of concern associated with their dementia, who require management of behaviors and services, generally including nursing, because of their complex care needs. These people would otherwise be eligible for high-level care. EACHD packages are funded by the Australian Government. Eligibility for CACPs, EACH and EACH D is assessed by Aged Care Assessment Teams.</td>
</tr>
<tr>
<td>The Aged Care Assessment Program (ACAP)</td>
<td>Department of Health and Ageing (Federal)</td>
<td>Governed through a multi-layered approach involving the Australia Government, the state and territory governments and the auspice (host or employing) organisations. Care coordination by the ACAP is intended as a bridging activity until responsibility for assisting the client is taken on by a carer or another service provider, or until the client enters residential care.</td>
</tr>
<tr>
<td>Community Aged Care Packages (CACP)</td>
<td>Department of Health and Ageing (Federal)</td>
<td>Individually planned, coordinated and flexible packages of community aged care services provided to individuals in their homes by an approved provider. They are designed to meet the needs of frail older people aged 70 years and over or 50 years and over for Aboriginal and Torres Strait Islander people, living in the community with complex care needs, who wish to remain living in their own homes. This also includes residents of retirement villages or independent living units. CACPs are designed to enable clients to remain in their own homes as an alternative to low level residential care.</td>
</tr>
<tr>
<td>Commonwealth Funding: Community Care Package (CCP)</td>
<td>Department of Health and Ageing (Federal)</td>
<td>Targeted for persons discharged from hospital, generally short term.</td>
</tr>
<tr>
<td>Community Aids and Equipment Program (CAEP)</td>
<td>Department of Health and Ageing (Federal)</td>
<td>For people with long-term disability.</td>
</tr>
<tr>
<td>Rental Support and Advocacy Program (PRSAP)</td>
<td>Department for Child Protection (State)</td>
<td>Private Rental Support and Advocacy Services work with people having difficulty in maintaining tenancies and provide assistance structured around the needs of each person or family. Services work with tenants before debts or other tenancy management issues become unmanageable or eviction processes begin. Services use a case management approach to address identified issues that may lead to eviction and work with families until the tenancy is stabilised. They are able, with tenants consent, to liaise with landlords and property managers to facilitate the maintenance of tenancies. Services may also provide support to people who have recently been homeless and have been identified as requiring ongoing support to maintain their new accommodation.</td>
</tr>
<tr>
<td>Independent Living Program (ILP)</td>
<td>Departments of Health and Housing (State)</td>
<td>Joint initiative between the Department of Housing and the Department of Health for the provision of housing and support to enable people with severe and persistent mental illness to live in the least restrictive environment in the community, exercise greater independence and control over their lives and to live independently in the community. The Department of Health provides funding to non-government organisations to undertake a supportive landlord role and provide disability support to ILP consumers. The Public Mental Health Service provides the clinical services to support the ILP tenant to maintain good health and continuing residence in the property. Accommodation is matched as closely as possible to the needs of the individual and the number of people to be accommodated. The various types of accommodation are: Duplex’s, Single Detached Houses, Townhouses, Apartments/Flats or Bed Sitter Units. Access to the Independent Living Program is strictly through referrals from Mental Health Services, General Practitioners, Private Psychiatrists or other health professionals. The following services can be contacted for more information.</td>
</tr>
<tr>
<td>The Supported Housing Assistance Program (SHAP)</td>
<td>Department of Housing (State)</td>
<td>Provides tenant support services to those in public housing at risk of eviction</td>
</tr>
<tr>
<td>The Transitional Accommodation and Support Service (TASS)</td>
<td>Department of Correctional Services (State)</td>
<td>The Community Re-entry Coordination Support Services (Re-entry Link) programs administered by the Western Australian DCS provides transitional support to prisoners exiting jail.</td>
</tr>
<tr>
<td>Support Services</td>
<td>Department</td>
<td>Description</td>
</tr>
<tr>
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</tr>
<tr>
<td>Accommodation Support Funding</td>
<td>Disability Services Commission (State)</td>
<td>Support for people with a disability to live in the community in a home environment as close as possible to that enjoyed by other community members; and enable the person with a disability and their family to have a choice of support providers.</td>
</tr>
<tr>
<td>Intense Family Support (IFS)</td>
<td>Disability Services Commission (State)</td>
<td>Support may include someone coming into your home to provide personal care for your family member with a disability, providing opportunities for community inclusion and socialisation, and at the same time giving families a break from the caring role.</td>
</tr>
<tr>
<td>Alternative to Employment Funding</td>
<td>Disability Services Commission (State)</td>
<td>Alternatives to Employment services seek to ensure that people with disabilities with high support needs, who require an alternative to paid employment, have access to a range of opportunities to develop skills and participate within their community.</td>
</tr>
<tr>
<td>Internal Humanitarian Settlement Service</td>
<td>Department of Immigration and Multicultural Affairs (Federal)</td>
<td>Support for Humanitarian entrants. Includes Accommodation support and household formation support.</td>
</tr>
<tr>
<td>NEXT STEP Programme</td>
<td>Department of Health: Drug and Alcohol Division (State)</td>
<td>Provides accommodation, meals and clothing for alcohol and/or drug dependent men. It also provides a stable and secure residential environment which allows residents the opportunity to improve their health, lifestyle patterns and skills for reintegration with the wider community. Counselling, support and referral is provided to those men intent on addressing their alcohol and drug use, as well as education regarding drug use and related issues.</td>
</tr>
<tr>
<td>Moving Up and Out Project</td>
<td>Department of Health: Drug and Alcohol Division (State)</td>
<td>Aims to reduce recidivism, particularly drug and alcohol related crime and anti-social behaviours. The project will encourage people who have previous experience of homelessness and the criminal justice system to participate in activities that will enhance social interaction, communication, and self esteem. It will provide clients with one to one social support by local volunteers known as ‘befrienders’, and offer structured activities that address employment issues, personal skills development and recreational opportunities.</td>
</tr>
<tr>
<td>Moving On Project</td>
<td>Department of Health: Drug and Alcohol Division (State)</td>
<td>To limit drug and alcohol use, to build self-esteem for the clients, so that they learn to work as a part of a team and improve their communication and literary skills. This will be done through organizing recreational and other development activities.</td>
</tr>
<tr>
<td>Staying Strong project</td>
<td>Department of Health: Drug and Alcohol Division (State)</td>
<td>Provides individual support for clients after they have moved from dependent living to independent living within the community. The project provides off-site as well as on-site support to men who have successfully worked through one or a number of the case management and support planning programs and who have achieved a minimal level of independence and have obtained more long term accommodation.</td>
</tr>
<tr>
<td>Outcare (NGO)</td>
<td>Multiple State government funding sources</td>
<td>Support for persons with criminal convictions re-enter the community. Services include helping recently discharged offenders, including youths, access crisis, medium and long term accommodation.</td>
</tr>
<tr>
<td>Private Rental Aboriginal Assistance Loan Scheme</td>
<td>Department of Housing (State)</td>
<td>Helps ensure Aboriginal tenants living in private rental do not risk eviction due to rental arrears. Program available across the State. Can only be a maximum of 6 weeks in rental arrears. Recipients must agree to attend financial counselling and engage with SHAP services if such are available in the area in which the recipient lives.</td>
</tr>
</tbody>
</table>

Source: WA Peaks Roundtable data collection funded by Lotteries West.
Consultation List

Organisations consulted or making a submission to the Taskforce:
Aboriginal Hostels Ltd
Aboriginal Lands Trust
Access Housing
Amana Living
Anglicare
Beanang Kwurt Institute
Bendigo Bank
BHP Iron Ore, Port Hedland
Brisbane Housing Company
Caravan Industry Association
Centrecare
Chamber of Minerals and Energy
City of Armadale
City of Melville
City of Perth
City of Rockingham
Commonwealth Bank
Commonwealth Department for Families, Housing, Community Services and Indigenous Affairs
Community Housing Coalition of WA
Coolabaroo Housing Service
Department of Housing
Department of Water
Department for Child Protection
Department of Indigenous Affairs
Department of Planning and Infrastructure
Department of Premier and Cabinet
Foundation Housing
GESB
Great Southern Housing
Gundi Corporation
Hawaiian Group
Homeless Action Group, Broome
Housing and Urban Research Institute WA
Housing Industry Association
Joodalup Youth Support
Jooroo Ngami, Kununurra
Kimberley Aboriginal Medical Services, Broome
Kimberley Institute Board, Broome
Kimberley Interagency Working Group
LandCorp
Langford Aboriginal Association/Relationships Australia WA
Mission Australia
Narrogin Cottage Homes
National Australia Bank
National Lifestyle Villages
Nindlingarri Cultural Health Services, Fitzroy Crossing
Noongar Mia Mia
Oasis Contracting (Indigenous Employment Organisation, Port Hedland)
Office for Women’s Policy
People with Disabilities (WA) Inc
Pilbara Development Commission
Property Council of Australia (WA)
Queensland Department of Housing
Real Estate Institute of WA
RUAH Community Services
Shelter WA
Shire of Kalbarri
Shire of Moora
Shire of Wyndham/East Kimberley
Manguri (Sister Kate’s)
Southern Cross Care
St Bartholomew’s House

St Patricks Community Support Centre
Supported Accommodation Assistance Program State Advisory Committee
Tenants Advice Service WA
The Bethanie Group
Uniting Care West
Urban Development Institute of Australia (WA)
WA Council of Social Services
WA Local Government Association
WA Treasury Corporation
Warringarri Aboriginal Corporation, Kununurra
Westscheme
Woree Miya Women’s Refuge
Wundan Pathways, Kununurra
Yorgum
Geraldton Resource Centre
Community Housing Ltd
Vicurban, Victoria
City of Wanneroo

Individuals either consulted or making a submission to the Taskforce were as follows:
Albert Flatman Private individual
Julian Disney Chair, National Affordable Housing Summit
Philomena Lewis Private individual
Paul Flatau Murdoch University
Robyn Martin Curtin University of Technology
Shane Grieve Curtin University of Technology
Steven Rowley Curtin University of Technology
Alice Lawson Dept Families & Communities, South Australia
Julie Cowans Director, the place team, UK

Lotterywest supported WACOSS to facilitate and coordinate the contribution of the social services sector to the Social Housing Taskforce report.
As a result, a Housing Peaks Roundtable was established consisting of:
• WA Council of Social Services (WACOSS)
• Community Housing Coalition WA (CHCWA)
• Shelter WA
• Women’s Council for Domestic and Family Violence Services
• Council of the Ageing WA (COTA WA)
• Aged and Community Services WA (ACSWA)
• National Disability Services WA (NDS WA)
• Aged Care Association Australia WA (ACAA WA).

WACOSS, in consultation with the Roundtable Peak organisations:
• Commissioned research including considering the impact of unemployment on housing demand and the development of consumer input into the social housing system
• Undertook a range of workshops and briefings
• Developed a number of formal submissions
• Facilitated communication between the Taskforce secretariat and the social services sector primarily those parts of the sector directly involved with housing issues

Lotterywest will also assist WACOSS and the Roundtable Members to be engaged with specific projects that will emerge from the implementation of the Social Housing Taskforce Report.