

Systemic reform for better outcomes

Housing policy recommendations for the incoming WA State Government

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Community Housing
INDUSTRY ASSOCIATION

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Summary of CHIA's policy recommendations for the new State Government

One: Commit to systemic reform of the WA social housing system

The current operating model represents neither value for money nor a workable way of meeting present and emerging demand for social housing in the State. To eschew systemic reform will be to all but guarantee a social housing system incapable of fulfilling its primary purpose and hamstrung by even larger deficits as the housing stock ages and maintenance and replacement liabilities balloon.

Two: Reform SHIP- no new social housing assets to be managed by the Housing Authority

The WA State Government has stated that the Social Housing Investment Program (SHIP) will provide for the construction and purchase of 800 new dwellings in the Perth metropolitan area by the end of June 2017.¹

The new homes should be transferred either under management agreements or in title to qualified community housing providers (CHPs) who can manage them at a profit (surplus) as opposed to the loss that the public housing system will operate them under.

Three: Oversee development of a comprehensive community housing development strategy

Six years into the life of the State Affordable Housing Strategy, no comprehensive community housing strategy exists. The opportunity cost of this is immense in terms of growing and improving the State's social housing system. The incoming State Government, working collaboratively with CHPs and other relevant stakeholders, should commit to publishing such a strategy no later than one year after taking office. The centrepiece of the strategy must be for the community housing sector to manage at least 40% of all social housing in the state by 2022.

Four: Advocate that the NAHA Specific payment become a 'growth fund'

The WA State Government should advocate that the National Affordable Housing Specific payment of \$1.28 billion per annum should be transformed into a growth fund. That is to say, the Commonwealth, States and Territories must agree to use that money in a way that produces an increase in the net amount of housing stock in the system by allowing community housing providers and other stakeholders apply for funding for growth orientated projects.

¹ <https://www.mediastatements.wa.gov.au/Pages/Barnett/2016/10/Social-housing-package-will-be-life-changing.aspx>

Five: Revise and update the income and asset eligibility limits for social housing

Income and eligibility limits for social housing have not been updated since 2006. This has created the inequitable position whereby people who would have been eligible for public housing at the point of application five or ten years ago are now being turned away.

Income and eligibility thresholds for social housing in the State should be reviewed and updated as soon as is practicable. In addition, an innovation forum should be convened that will make recommendations to Government to improve the way social housing is accessed and allocated in WA.

Introduction

The next WA State Election will take place in March 2017. As polling day approaches, the State's political parties and election candidates are busy finalising the platforms they will present to the people.

As the peak industry body for community housing providers in WA, the Community Housing Industry Association (CHIA) is eager to ensure that all candidates recognise the importance of excellent housing policy to the wellbeing of Western Australians. The focus of this paper is policy advice relating to the growth and development of the social and affordable housing system.

The first part of this paper will detail where we are now and, specifically, where room for improvement exists in relation to the State Affordable Housing Strategy. Subsequently, this paper will set out what CHIA believes need to be the top priorities for any incoming State Government in respect of housing policy in WA following the election.

The overriding theme of CHIA's analysis is that far more than superficial reform is required. In fact, as the title of this document suggests, only systemic reform will deliver the outcomes required.

The importance of housing

It is almost impossible to overestimate the importance of the housing system in the fabric of our society and economy. Australia is among a group of western countries that have adopted a broadly neoliberal approach to housing provision during the last 30 years. The associated policy decisions have had some notable effects in relation to housing affordability:

- Home ownership rates in Australia are high by international standards although in recent years those rates have fallen among younger age cohorts. In addition, high house prices have translated to high levels of mortgage debt leaving new entrants to the market, in particular, vulnerable to future interest rate shocks and/or macroeconomic shocks to the real economy. In fact, Australian households are among the most indebted in the world with the majority of that debt being mortgage debt.²
- The private rental market has performed reasonably well in terms of providing housing at that part of the housing continuum. However, there is ample evidence to suggest that, due at least in part to current taxation settings in relation to negative gearing and capital gains concessions, housing investors are crowding out aspiring owner occupiers as well as contributing to an undesirable level of speculative investment based on anticipated capital growth rather than rental yield. Presently, this is particularly true in the Eastern States. This

² <http://www.smh.com.au/business/the-economy/australians-warned-of-risks-of-soaring-household-debt-20161006-grw8oe.html>

creates the very real potential for speculative bubbles as well as redirecting investment away from more productive uses of capital, particularly when that investment flows to existing housing stock rather than new supply.

- The broadly laissez-faire approach to housing policy has produced a growing phenomenon of key workers being priced out of urban centres. Australian cities are not alone in grappling with this problem and housing affordability problems more broadly. In London, in 2015, Lord Mayor Boris Johnson responded to the problem by “initiating the biggest expansion of local power since the mayoralty was established in 2000. He has taken control over housing policy and spending, adding it to transport, the mayor’s original primary area of responsibility.”³

More recently, addressing her party conference in October, the British Prime Minister, Theresa May made housing affordability a centrepiece of her speech: “High housing costs — and the growing gap between those on the property ladder and those who are not — lie at the heart of falling social mobility, falling savings and low productivity.”⁴ Housing affordability has risen sharply on the political agenda in other major North American and European cities including New York, Vancouver, San Francisco and Dublin. CHIA believes that there is an increasing recognition among politicians and policy makers of all political hues that dysfunctional housing markets are a threat to both the social wellbeing and economic competitiveness of major cities in particular. As a country whose population is concentrated in a handful of major urban centres, Australia should take note.

Social housing is a necessity not a luxury

Addressing inequities and inefficiencies in the behaviour of the housing market proper ought to be a priority for State and Federal Government. However, it should be clearly understood that improving the efficiency of the market proper does not obviate the need to grow and develop our nation’s social housing system. The private housing market cannot ensure universal provision, nor is it designed to.

The driver of housing policy for decades now has been to encourage home ownership. However, despite the fact that successive State and Federal governments have “spent a total of \$22.5bn (in 2010-11 dollar values) on cash grants to first home buyers between 1964 and 2011”⁵ the home ownership rate in Australia has barely budged in over 40 years and, in fact, during the last decade home ownership rates among younger people have fallen. (Approximately 67% of Australians live in homes that are owned outright, or owned with a mortgage.)

³ <http://www.ft.com/intl/cms/s/2/8ef50668-63b3-11e5-9846-de406ccb37f2.html#axzz41clzDgPU>

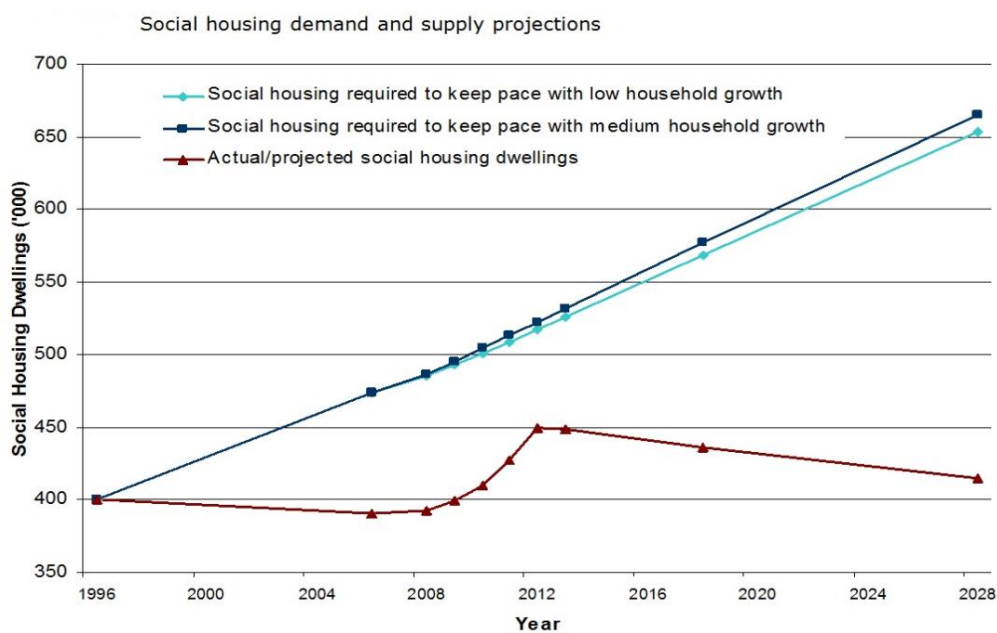
⁴ <https://www.ft.com/content/ffb25e84-8af2-11e6-8aa5-f79f5696c731>

⁵ <https://www.prosper.org.au/2013/09/03/saul-eslake-50-years-of-housing-failure/>

That means that Australia, just like every other developed country, is home to a constituency of people who, due principally to their status as 'low income' will never own their own home. Others will lose home ownership status due as the result, for example, of divorce or separation. Within these cohorts, are a group who struggle to find and maintain even affordable, appropriate housing in the private rental market.

Finally, it should be noted that demand for social housing in Australia is projected to increase significantly as the population grows and ages.⁶

Demand for public housing in Perth has been projected to be the highest of any tenure of any jurisdiction in Australia, predicted to increase by more than 50% between 2009 and 2024. Demand for public housing is predicted to be considerably higher than demand for private rental accommodation or home ownership because of an overall shortage of housing and the high cost of renting or buying. This will adversely impact low income households who have to compete for housing with those on higher incomes. Inevitably, low income earners will need to rely on the public and community housing system for affordable housing.⁷



What is the Social Housing System?

The social housing system is the sum of the community housing system and the public housing system. Of the total dwellings available in Western Australia, 80% are owned and managed by the Housing Authority and constitute the public housing system. The remaining 20% of the social housing system is managed by approximately 200 community housing providers (CHPs) throughout the State. CHPs frequently manage properties which are owned by the State Government. The social housing

⁶ [COAG, Implementing the National Housing Reforms Report](#)

⁷ [Australian Institute of Health and Welfare, Housing Assistance in Australia 2012, p. 7.](#)

system is a government and community response to housing need among low income households who are unable to obtain safe, secure and affordable accommodation in the private housing market and who would be at risk of homelessness without government and community sector intervention.

What is community housing?

Community housing is secure and affordable rental accommodation available to low to moderate income earners and high needs households. It includes:

1. Social housing, or Band A, which is for low income earners. Income and assets tests are in line with those applicable to public housing.
2. Affordable housing, or Band B, which is for households who are on moderate incomes that do not fall within public housing income and asset eligibility limits.

Community housing principally provides long-term housing, but many CHPs provide crisis/short term and transitional accommodation for people who are homeless or at risk or becoming homeless.

All community housing, both Band A and Band B, is part of a broader social housing system that also includes public housing. It is distinct from public housing in that it is housing owned or managed by a non-government, not-for-profit organisation. Local Governments and Shires are also providers of community housing in WA.

Where the State Affordable Housing Strategy is failing

"Creating viable alternatives to social housing for low income households is fundamental to the strategy." *Housing Minister Bill Marmion, 2014*

State Government housing policy has been delivered since 2010 through the State Affordable Housing Strategy (SAHS). CHIA is broadly supportive of the strategy and its achievements.

However, the evidence to date suggests the strategy has become skewed towards creating affordable housing for sale rather than addressing long standing inefficiencies in the constitution and operation of the social housing system. This emphasis on homeownership was expressed by Minister Marmion when he stated, in October 2013, that the State Government "wanted to make homeownership rather than public housing, the destination for all Western Australians."⁸ It is unlikely the Minister's ambition will ever be achieved: the Australian home ownership rate has been relatively static at about 70% (it's currently 67%) for more than four decades. The home ownership rate in the 28 countries of the European Union cumulatively is also 70%.⁹ There is a credible case for government assisting people to buy a home of their own who may otherwise struggle to do so. However, some simple realities can't be ignored.

⁸ Hon Bill Marmion. Media Release. [1,000 affordable homes milestone](#). 26 October 2013.

⁹ [Distribution of population by tenure status, type of household and income group - EU-SILC survey](#)

First, affordable home ownership initiatives under SAHS have done very little to help people in the greatest housing need and there is no evidence to suggest that there has been a migration from the social housing system or the social housing waitlist towards the affordable home ownership products offered under SAHS. These initiatives, contrary to Minister Marmion’s assertion, are not viable alternatives to social housing. If they were, that migration would have taken place.

Secondly, the State Government would likely be better served focussing its efforts on addressing supply side inefficiencies so the private sector can bring housing to the market at affordable price points. As pointed out by the Economic Regulatory Authority (ERA) in relation to Keystart, “Proponents of Keystart believe that assisting more people into home ownership reduces pressure on the private rental market, and reduces the reliance on government rental subsidies and public housing, thereby freeing up government funds for use elsewhere. However, constraints on the supply of housing are likely to limit the ability of demand-side policies (such as Keystart) to assist the broader population along the housing continuum. If the housing supply is constrained, a policy that facilitates one household making the transition into home-ownership is likely to prevent another household from making the same transition.”¹⁰

Thirdly, the SAHS has fundamentally altered the role that the Housing Authority sees itself as having in the Western Australian housing system. CHIA believes much of that change has been progressive. However, in focussing on developing its various home ownership initiatives the State Government, through the HA, has neglected its core business: the provision of housing to people for whom the market proper is falling short.

Ultimately, if State and Federal Governments don’t take the leading role in doing that nobody else will, and Australia (including Western Australia) is already some way behind the rest of developed world in ensuring that there is an adequate supply of social and affordable housing provided outside of the mainstream housing market (see graph on page eleven).

Let’s examine how these failures are manifesting themselves in more detail.

Chronic operational deficits: government continues to ignore the elephant in the room.

The WA social housing system cannot meet current or projected demand as currently constituted and the SAHS has, to date, contained no meaningful proposals to address the problem.

Just over 80% of social housing in WA is owned and managed by the Housing Authority as public housing. The public housing system in WA operates at a substantial loss each year and the rental subsidy for public housing tenants is one of the largest social concessions provided by the WA Government. Latest figures show that the net operating cost per rental property in 2015-16 was

¹⁰ <https://www.erawa.com.au/cproot/12771/2/Fact%20Sheet%20-%20Keystart.PDF>

\$15,342.¹¹ At a macro level the figures are even grimmer. In the financial year 2015-16, the public housing system ran at a loss of almost \$185 million. If the contribution the Housing Authority received from State and Federal Governments towards the operation of the public housing system that year is deducted, that figure blows out to almost \$ 567 million. See graph on page eight for further information.

The Scale of the Losses: Schedule of income and expenses for WA Public Housing System, (\$000).¹²

| Income and Expenditure | 2016 | 2015 |
|---|----------|----------|
| Total Income | 542,509 | 450,471 |
| Total Expenses | 828,118 | 761,132 |
| Total Loss | -184,926 | -219,931 |
| Total loss less Commonwealth Grants and contributions | -285,609 | -310,661 |
| Total loss less Commonwealth and State Grants and contributions | -569,844 | -515,211 |

The WA Government is not the only one facing this problem. As noted by the Productivity Commission’s recently released preliminary findings report *Introducing Competition and Informed User Choice in Human Services: Identifying Sectors for Reform*, “These factors, combined with the long-lived nature of housing assets, have resulted in a growing mismatch between the characteristics of the social housing stock and those receiving support. It has also resulted in funding pressures on the system. In 1990, nearly all state housing authorities were running an operating surplus, that is, income from rents and charges was more than sufficient to cover ongoing expenditure, including property maintenance...By 2000 nearly all were in deficit, and the gap between what it costs to maintain a property and the rent paid by its occupants has continued to grow... As housing authorities are expected to be financially viable, there is a tension between the affordability of housing for tenants, and the viability of the system.”¹³

The Productivity Commission’s pronouncements on public housing are only the latest in a long line of similar commentaries: In 2015, the Reform of the Federation Green Paper argued that “Public

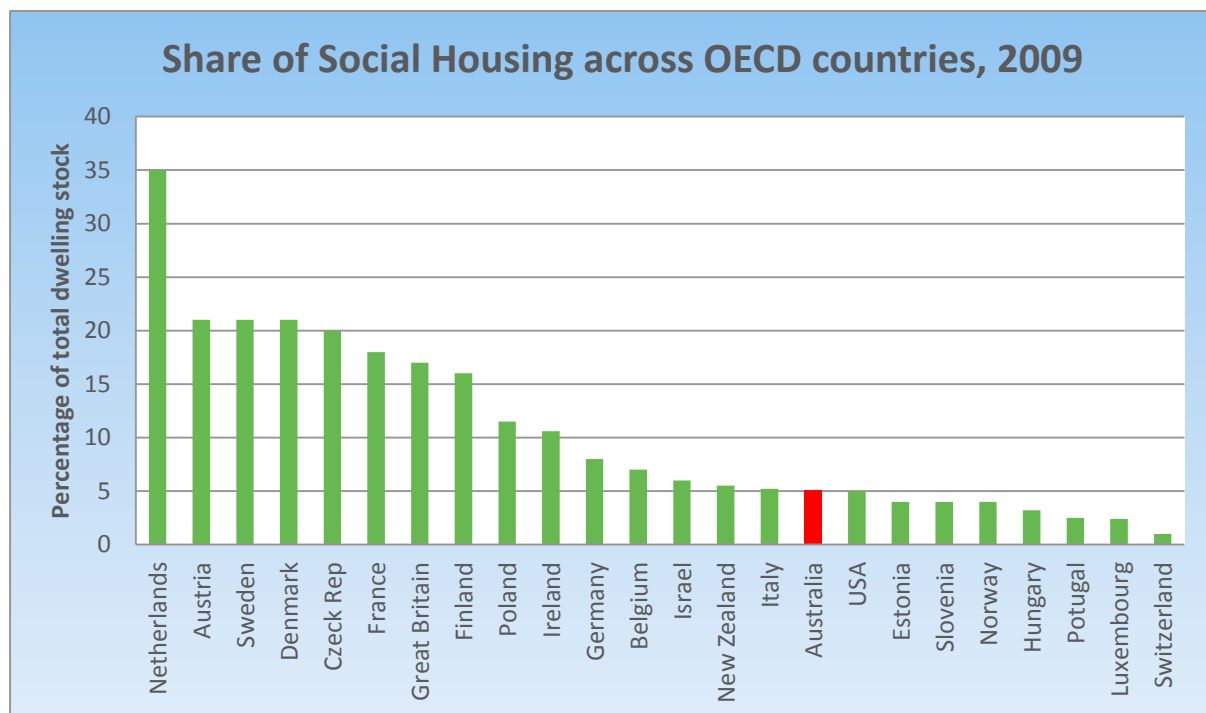
¹¹ The operating cost per rental property measures the cost efficiency of rental housing, and is calculated by dividing the total cost of the Service (total expenses) by the total number of rental properties.

http://www.housing.wa.gov.au/HousingDocuments/Housing_Authority_Annual_Report_2015_16.pdf, p 174

¹² The figures stated in this table are derived from the Housing Authority’s 2015-16 Annual report, p127.

¹³ <http://www.pc.gov.au/inquiries/current/human-services/identifying-reform/preliminary-findings>, p 156

Housing is not sustainable in its current form¹⁴ and in a discussion paper released by the New South Wales Government in 2014 in relation to social housing, the relevant Minister declared that “The status quo is not an option. We can achieve better outcomes for current and future clients in need of social housing.”¹⁵



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Social Housing Growth is inadequate relative to demand

The Housing Authority’s latest annual report claims an achievement of SAHS to date is “5,087 new social houses to help the most vulnerable in our community who have no other viable housing options.”¹⁷ CHIA understands that social houses in this context refer to new public and community housing dwellings available to Band A clients.

CHIA believes that this figure does not reflect the true net increase in public and community housing during the last seven years. According to the Housing Authority’s latest annual report, the volume of stock in the public housing system has, in fact, shrunk during the lifetime of the SAHS (from 36,539 properties in 2010-11 to 36,403 properties in 2015-16).

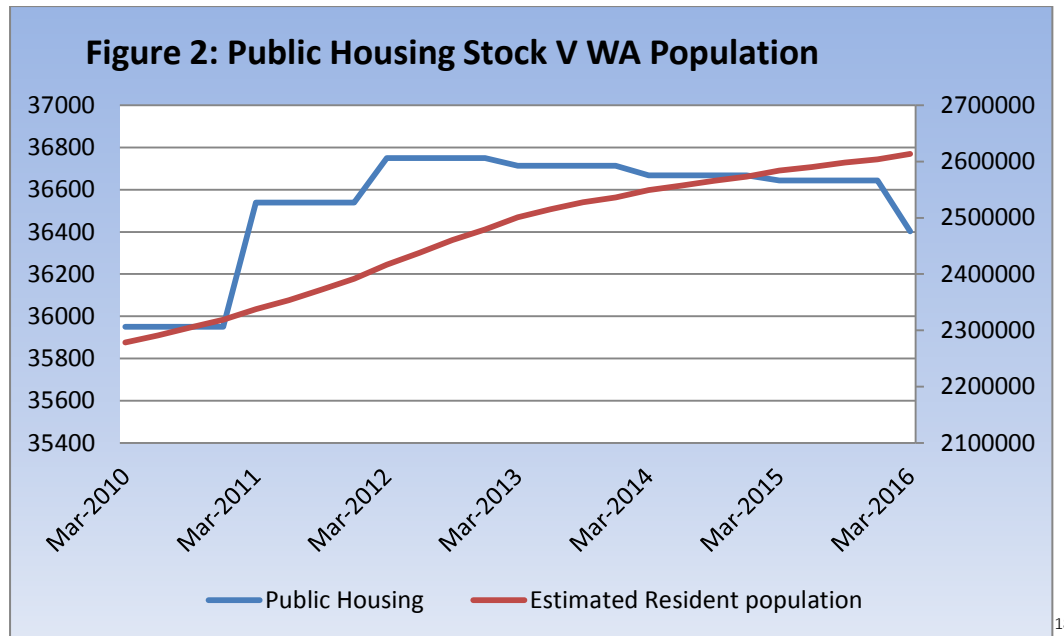
¹⁴ https://federation.dpvc.gov.au/sites/default/files/publications/reform_of_the_federation_discussion_paper.pdf

¹⁵ http://www.facs.nsw.gov.au/_data/assets/file/0017/303227/Social-Housing-Discussion-Paper-Summary.pdf

¹⁶ [OECD Economic Surveys](#) Luxemburg 2012

¹⁷ http://www.housing.wa.gov.au/HousingDocuments/Housing_Authority_Annual_Report_2015_16.pdf, p.27

This leaves the contribution made by the community housing sector made up, principally, by the sum of properties transferred to CHPs as part of the State and Federal stimulus packages in the wake of the Global Financial Crisis, several other property transfer programs, and new builds commissioned by individual CHPs. CHIA estimates that number to be approximately 2,000 properties.



The Social Housing Investment Package (SHIP) announced in 2015 will not, it appears, fare any better in terms of producing a net increase in public housing stock. The Housing Authority claims that SHIP will produce 800 (600 new builds plus 200 purchases) new public housing properties. However, in questions in parliament in October 2015, the Housing Minister at the time, Colin Holt, claimed that “The social housing demolitions and sales for 2015-16 to 2018-19 are expected to be 1,112. There is expected to be a net increase in the quantum of public housing stock in the system.”¹⁹ In other words, the aim is to deliver 800 new units of stock but that increase will be offset by a larger decrease in stock elsewhere in the system through sales and demolitions with the Minister only “expecting” rather than forecasting a net increase in public housing by 2019.

The change in social housing stock during the period of SAHS is perhaps best examined in the context of population growth during the same period. According the Australian Bureau of Statistics (ABS), the WA population has increased from 2,278,589 people in March 2010 to 2,613,650 people in March 2016. That represents an increase in six years of almost 15%. During the same period the public housing system has shrunk by 0.4% from 36,539 to 36,403 properties. As stated earlier, a growing population automatically creates additional demand for social housing. During a period of high growth in the WA population, even when allowances are made for housing transfers to community housing

¹⁸ Public Housing Stock data taken from Housing Authority Annual Reports. WA Population from ABS: [3101.0 - Australian Demographic Statistics, Mar 2016](#)

¹⁹ <http://www.parliament.wa.gov.au/parliament/pquest.nsf/Parliament/pquest.nsf/SrchQON/74DE0D24DF8CBD3F48257EE4001FE6EB?opendocument>

providers and the growth that that sector has achieved through leveraging those properties, the social housing system has gone backwards in terms of additional stock to cope with that demand.

Meanwhile, housing stress among low income renters is getting worse. A common measure of rental stress is to look at the proportion of lower income households paying more than 30% of their income on housing costs. According to this measure, in 2013–14, Australia wide, 50% of lower income renter households were in rental stress.²⁰ That represents an increase from 40.2% in 2007-08.

Insufficient recognition that investing in social housing system saves money in the short and the long run

Many households on the social housing waitlist are either experiencing primary or tertiary homelessness or are at risk of being homeless. There is a growing body of national and international evidence suggesting that “housing led” solutions to homelessness save Governments money in the long run. “Housing led” or “Housing first” solutions to homelessness are ones which major on stabilising formerly homeless people in long term housing as the first response.²¹

A research report published by the Australian Housing and Urban Research Institute this year²² demonstrates how this has worked in practical terms in WA. The report compared the health service use of 3,383 public housing tenants in the year before they entered the public housing system and the year afterwards. Key findings include:

1. Health system cost savings of almost \$17 million dollars in a single year (\$4,846 per person)
2. 19.5% decrease in the proportion of people accessing an emergency department
3. 57.8% decrease in the proportion of people accessing psychiatric care, with reduction in average length of stay to 8.4 days for those who did.

The report authors concluded “Providing stable housing with support should be a first priority to improving not only housing outcomes, but health outcomes and consequently reducing health care costs. This is particularly the case for individuals who experience mental health issues.”²³

CHIA believes the report offers an irrefutable case that in the short and the long run, growing the social housing system to facilitate housing-led solutions to homelessness saves government money. To date, CHIA contends the SAHS has not taken sufficient heed of this reality.

²⁰ <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4130.0~2013-14~Main%20Features~Housing%20Costs%20and%20Affordability~5>

²¹ For further information see: <http://commhousing.com.au/wp-content/uploads/2014/08/Reducing-the-Cost-of-Homelessness-through-Housing-Led-Initiatives.pdf>

²² http://www.csi.edu.au/media/uploads/AHURI_Final_Report_No265_What-are-the-health-social-and-economic-benefi....pdf

²³ Ibid, p 8

No Community Housing Strategy has been developed

One of the standout achievements of the SAHS to date has been the collaboration between the State Government and the community housing industry.

Notwithstanding the relative youth of the community housing industry in Australia and the attendant challenges this poses, the fact remains that governments which have worked with the community housing industry have been rewarded handsomely in terms of new dwellings in the system.

Transferring public housing properties to community housing providers has worked for governments, for tenants, for communities and for the overall social and affordable housing system. What is more, it serves to reduce pressure on the WA budget: properties transferred to community housing providers can run profits (surpluses) in a way that is almost always impossible in the public housing system.

There are now “at scale” community housing providers in WA with the potential to grow more under the right conditions and with the right support from State and Federal Governments. There are also providers who are capable of making the step up with the right supports.

The WA Government currently has agreements with eight housing providers to deliver an additional 496 dwellings by 2020. According to the Western Australian Treasury Corporation (WATC), delivering the 496 dwellings will equate to growth of 22.3% over 2010-2020 at an annual rate of 2.2%.²⁴ Based on the rate of housing completions so far, CHIA believes the CHPs in question will meet and, in some cases, exceed those targets. In addition, CHPs have been at the forefront of the delivery of NRAS properties in WA since that scheme’s inception.

These achievements were made in spite of the absence, rather than as a result, of a detailed community housing strategy in WA. Moreover, progress made to harness the potential of the community housing sector to grow and develop the social housing system in the early years of SAHS have not been built upon by successive similar initiatives.

WA’s inertia in this regard is brought in to sharp relief when contrasted with progress in other States. Under its Future Directions for Social Housing in NSW program, the New South Wales Government has developed a plan whereby 18,000 properties will be transferred under management agreements to locally based community housing providers between 2017 and 2020.

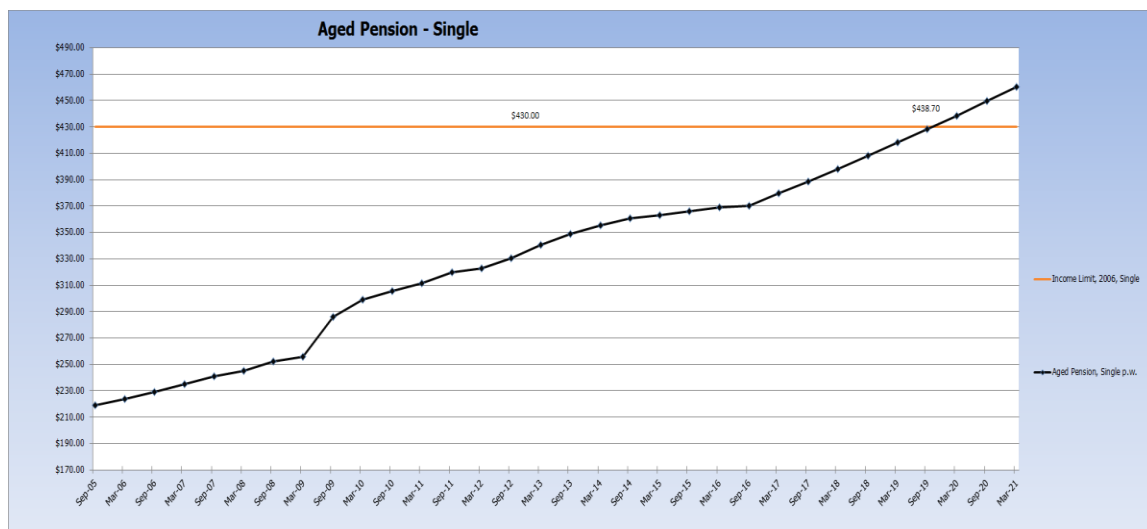
²⁴ WATC/Department of Housing, Community Housing Growth Analysis of the Asset Transfer Program, April 2014.

The Social Housing Waitlist does not reflect true level of demand for social housing

Demand for public housing reached a high in 2009-10 with 24,163 applicants on the public housing waiting list. At the end of June 2016 the waitlist had fallen by 5,633 to 18,530²⁵. This suggests that demand for social housing is falling, that supply has increased to meet demand or a combination of both. However, for the following reasons, relying on the waitlist data to assess movements in supply and demand for social housing in WA is not advisable:

1. Income and Asset Eligibility limits for social housing have been the same since 2006. While incomes, including fixed statutory incomes have increased, eligibility thresholds have not. This means that the number of people eligible for social housing has decreased considerably. CHIA has extrapolated out income increases based on the average income increase received by Aged Pension recipients since 2009. According to its calculations, by the first quarter of 2020, providing there is no increase in the income eligibility limits for social housing, a person on an Aged Pension as their primary income source would be ineligible for social housing at the point of application and as an existing Band A tenant.

Example: Single person on Aged Pension.

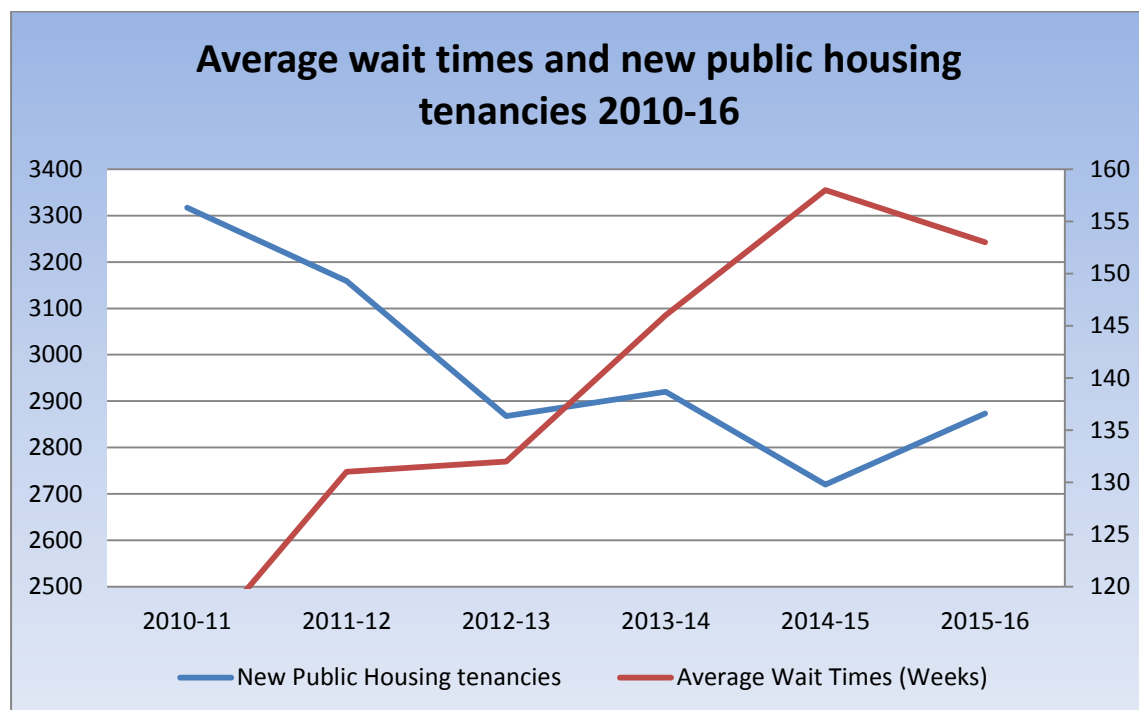


2. Rationalisation of the waitlist: The tightening of the income eligibility limits for public housing from January 2012, which required applicants to meet all eligibility criteria “on an ongoing

²⁵ http://www.housing.wa.gov.au/HousingDocuments/Housing_Authority_Annual_Report_2015_16.pdf, p.214

basis”,²⁶ is also likely to have played some part in the reduction, but it is unclear to CHIA how much of a part. However, remaining eligible has likely been made more difficult as a result of the failure to raise income eligibility limits as described.

3. Increasing average wait times and decreasing new public housing tenancies (housing allocations) strongly suggest the reduction in the waitlist is not, principally, a result of new supply coming online and eroding demand. If that were the case, there would have been a corresponding increase in new public housing tenancies and a decrease in wait times during the lifetime of the SAHS to date. Instead, the opposite is true.²⁷ (See graph below) It should be borne in mind, however, that CHIA understands allocations to community housing providers from the waitlist is not captured in that data.



²⁶ Government of Western Australia. Department of Housing. Changes to the housing waiting list for applicants <http://www.housing.wa.gov.au/HousingDocuments/Housing%20Waiting%20List%20Changes%20Factsheet%20for%20Applicants.pdf>.

²⁷ Data taken from Housing Authority [Annual reports](#)

Policy Recommendations: What the incoming State Government needs to do.

➤ Commit to systemic reform of the WA social housing system

Making the WA social housing system work for all Western Australians requires the incoming State Government to commit to instituting systemic change.

The current operating model represents neither value for money or a workable model to meet present and emerging demand for social housing in the state. To eschew systemic reform will be to all but guarantee a social housing system incapable of fulfilling its primary purpose and hamstrung by even larger deficits as the public housing stock ages and maintenance and replacement liabilities balloon.

However laudable, initiatives designed to provide affordable home ownership opportunities in WA will not remove the need for the incoming State Government (and its successors) to grow and develop the social housing system. As such, CHIA believes the incoming government needs to publically state that its top priority in respect of housing policy will be to grow and develop the social and affordable housing system in line with national and international best practice.

In the case of Australian best practice, an excellent place to start would be the recently announced “Future Directions for Social Housing in NSW”²⁸ program.

This does not mean that the SAHS should necessarily retreat from its work in respect of affordable home ownership opportunities, but rather complement it with a return to the core business of housing those in greatest need.

➤ Reform SHIP: No new social housing assets to be managed by the Housing Authority

The WA State Government has stated that the Social Housing Investment Program (SHIP) will provide for the construction and purchase of 800 dwellings in the Perth metropolitan area by the end of June 2017.²⁹

To demonstrate its commitment to systemic reform, the incoming State Government should pledge that none of these properties, nor any future new properties built as social housing stock, will be managed by the Housing Authority as part of the public housing system.

²⁸ <http://www.facs.nsw.gov.au/reforms/social-housing/future-directions>

²⁹ <https://www.mediastatements.wa.gov.au/Pages/Barnett/2016/10/Social-housing-package-will-be-life-changing.aspx>

Instead, the properties should be transferred either under management agreements or in title to qualified CHPs which can manage them at a profit (surplus) as opposed to the loss that the public housing system will operate them under.

➤ **Oversee a comprehensive community housing development strategy**

Australian Housing Ministers agreed in May 2009 that the States and Territories and the Commonwealth develop, over time, a large scale not-for-profit sector comprising up to 35% of social housing by 2014. In so doing, housing ministers recognised that increasing the net number of dwellings in the social and affordable housing system requires harnessing the growth model present within the community housing system.

Seven years later, a community housing strategy that would realise that vision in WA is long overdue. The incoming State Government, working collaboratively with CHPs and other relevant stakeholders, should commit to publishing such a strategy no later than one year after taking office. The strategy should be broad in scope and include:

1. A commitment to grow the total number of properties under management by the community housing sector, including specific growth targets for CHPs.
2. A commitment that at least 40% (up from approx. 20% now) of the social housing system will be under management by the community housing industry in WA by 2022.
3. Clear and detailed proposals regarding increasing the capacity of existing growth providers³⁰
4. Clear and detailed proposals regarding creating opportunities for the development of new growth providers in the state operating “at scale”.
5. Advocate for system reform at COAG level regarding how social housing systems are funded and maintained in Australia.
6. Reform and renewal of the mechanisms by which eligibility and allocations of social housing takes place in line with national and international “tenant outcome focussed” best practice.

➤ **Advocate that the NAHA Specific payment become a ‘growth fund’**

The WA Government broke new ground vis-à-vis other State and Territory governments in devising and implementing SAHS. The incoming State Government has the opportunity to lead the way once again by arguing for root and branch reform in how social housing funding at a COAG level works.

An excellent start would be to advocate that the National Affordable Housing Specific payment of \$1.28 billion per annum should be transformed into a growth fund. That is to say, the Commonwealth, States and Territories must agree to use that money in a way that produces an increase in the net amount of housing stock in the system by allowing CHPs and other stakeholders apply for funding for growth orientated projects.

³⁰ <http://www.housing.wa.gov.au/investorsandpartners/communityhousingorganisations/registeredproviders/Pages/default.aspx>

➤ **Revise and update the income and asset eligibility limits for social housing**

As stated, the income and eligibility limits for social housing have not been updated since 2006. This has created the inequitable position whereby people who would have been eligible for public housing at the point of application five or 10 years ago are now being turned away.

It has also created the issue of “bracket creep” in the community housing system, whereby tenants are graduating above the Band A income limits into Band B merely because their income has increased in line with the indexation of Centrelink payments or wages.

In addition, again as a function of the failure to revise and update the income and asset limits, a clear workforce disincentive is being created in the social housing system as the capacity to earn additional income without becoming ineligible for social housing has decreased. Tenants may elect to forgo, for example, taking a part time job because to do so would be to breach the eligibility criteria for their home. CHIA contends that this is an undesirable situation for all stakeholders.

Income and eligibility thresholds for social housing in the State should be reviewed and updated as soon as is practicable. In addition, an innovation forum should be convened that will make recommendations to Government in relation to improve the way social housing is accessed and allocated in WA.

This document was written and distributed by Barry Doyle, Project Director WA, Community Housing Industry Association of Australia (CHIA) and approved by the WA Regional Committee.

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