



**Housing and Urban Research Institute of Western Australia  
Curtin University of Technology**

**25<sup>th</sup> March, 2008.**

To whom it may concern,  
Senate Select Committee on Housing Affordability in Australia  
Department of the Senate  
Parliament House  
CANBERRA ACT 2600

Thank you for the opportunity to make a submission to the Senate Select Committee on Housing Affordability in Australia. The Housing and Urban Research Institute of Western Australia is dedicated to conducting research and consulting work for a range of potential clients which include the private and public sectors, academic institutions and NGOs regarding housing and urban issues. HURIWA is directly linked with the national Australian Housing and Urban Research Institute (AHURI) - a national consortium of research centres funded by Australian State and Commonwealth Governments, as well as by member universities. AHURI specialises in high level housing and urban research and policy.

In the past, HURIWA has undertaken projects regarding:

- homelessness,
- the future sustainability of housing,
- Indigenous housing issues,
- future projections regarding housing needs
- housing in rural and regional environments
- housing issues for an ageing population
- the changing nature of public housing


HURIWA is able to draw on a broad diversity of expertise across the two Western Australian member universities, Curtin and Murdoch. In the past, academics from the economics, social work, geography, planning, transport, psychology and business disciplines have conducted projects on behalf of the Institute.

In addition, HURIWA researchers have collaborated with other housing and urban academics from across Australia on joint venture projects that span several States.

Most recently, Housing and Urban Research Institute of Western Australia staff have been involved in research projects regarding homelessness, regional housing pressures, particularly that in resource booms towns and Indigenous housing. The following documents summarize key findings from research that is currently underway in the Housing and Urban Research Institute of Western Australia. Should you wish to contact any of the researchers regarding this submission, please contact this office 08 9266 1087.

I look forward to meeting representatives of the Select committee when you conduct hearings in Perth.

Yours truly,

A handwritten signature in black ink, appearing to read 'Fiona Haslam McKenzie'. The signature is written in a cursive, somewhat stylized font.

Professor Fiona Haslam McKenzie

## **The Housing Careers of Indigenous Urban Households**

**Dr Christina Birdsall-Jones, John Curtin Institute of Public Policy**

The setting of Indigenous social life in the towns and cities of Western Australia is the family community. The family community is an assemblage of kinsfolk who cooperate over time and distance economically, socially and politically. Housing is an integral feature of the economy of the family community in that the homes that belong to kinsfolk, whether rental or owned, constitute a resource open to use by the membership of the family community. People live primarily at one place, but may be welcomed as residents at one another's homes for reasons originating in the need to maintain kin associations, or through lack of any available housing alternatives. The idea of being a part of a family community is among the most strongly held elements of Indigenous identity. The provision of housing to kinsfolk is one expression of this identity. The housing careers of Indigenous people will therefore be differentiated from those of non-Indigenous Australians by the ongoing involvement of kinsfolk in each other's housing careers, often as co-residents at varying times and for varying periods of time.

For more information, go to:

[http://www.ahuri.edu.au/publications/download/80316\\_fr](http://www.ahuri.edu.au/publications/download/80316_fr)

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## **Indigenous Housing in Region and Remote Locations**

**Dr Christina Birdsall-Jones**

Indigenous social housing policy, funding and service delivery arrangements have been particularly fragmented and inadequate under the CSHA and special purpose Commonwealth programs. This is especially the case in remote areas where housing conditions remain poor, extreme overcrowding is rife and access to basic infrastructure is severely lacking (Australian Bureau of Statistics and Australian Institute of Health and Welfare 2005).

As a result of their funding and policy contexts, the Commonwealth State Housing Agreement (CSHA) and Commonwealth Rental Assistance (CRA) play a relatively minor role in responding to the sort of housing issues confronting resource boom towns. Neither program is designed to lever additional market housing supply. Social housing funded under the CSHA provides highly subsidised income related rents and therefore quarantines tenants from the impact of increasing market rents. The CSHA may also support limited additional supply of public or community housing, including Indigenous communities, but this is highly constrained by the limited capital budgets. Payment levels for CRA recipients are capped and therefore provide limited protection for low income households against increasing market rent levels.

### ***Indigenous housing in resource boom towns***

For the three decades between 1970 and 1999 research on Indigenous housing largely focused on remote and very remote communities, mostly in the Northern Territory (Long, Memmott and Seelig 2007). This is despite the fact that most Indigenous Australians live in cities, and most of those living outside of cities live in or near regional towns. Since 2000 there has been a greater focus on

Indigenous housing in urban areas, mostly cities. In other words, since 1970 a disproportionate amount of the research has been conducted away from where most Indigenous Australians live (Long, Memmott and Seelig 2007). This is changing slowly, but there are still areas of research that are neglected.

Research literature has tended to follow a binary distinction defined by Rowley (1972). He described Indigenous Australia as being divided into "settled" and "remote" communities. The "settled" communities are those located in and around the metropolises, with "remote" communities consisting of small, scattered settlements in the north of Australia. Between these two categories, and somewhat left out of the equation, are the regional towns (Birdsall-Jones and Christensen 2007). As a result, Indigenous housing in regional towns has been a neglected area of research. Likewise, dedicated research on the impact of resource development on Indigenous housing in regional towns has received scant attention.

Most research is still conducted within a "remote"/"settled" binary, and Government department and agency policies are developed in accordance with that context. For example, a report on Alternative Housing Systems for The Department of Families, Community Services and Indigenous Affairs (FaCSIA) concentrates on "remote" Indigenous communities (SGS Economics & Planning 2006). Such communities are affected by a lack of infrastructure, and the cost of establishing it. The supply of fresh water, electricity, sewerage and drainage systems, transport and communication systems, and other vital infrastructure are costly in remote communities. This problem is not as acute in regional towns, where such infrastructure is already established.

The concepts of "remote", "regional" and "rural" are often collapsed as if they are one and the same thing, or one suffices for the other. Yet all relate to quite different contexts, geographically and demographically. For example, while remote desert communities are located in regional settlements, they are in many ways different from rural farming communities, as they are different from regional towns (Birdsall-Jones and Christensen 2007). The prevailing analytical framework, specifically the "remote"/"settled" binary, needs to be reviewed. While Birdsall-Jones and Christensen (2007) referred specifically to studies relating to Indigenous housing, the remote/settled binary is also applied to research on mainstream housing, and therefore does not solely apply to Indigenous housing.

Long, Memmott and Seelig (2007) further divided the literature into two thematic streams: macro-issue themes and micro-issue themes. Macro-issue themes focused on the questions of ownership, funding, sustainability, management, planning, policy, projects and programs, performance, affordability, accessibility, appropriateness, housing needs, provision of housing, services, and the historical, political and institutional aspects of housing. The micro-issue themes focused mainly on occupation and use, domiciliary composition, user groups, mobility, design, technology, and issues relating to home, place and space.

### **Indigenous housing, homelessness and overcrowding**

Threaded through the macro-issue and micro-issue themes is the enduring issue of Indigenous homelessness; and of how to define, measure and deal with it. Chamberlain and MacKenzie's (1992) definitions of different categories of primary, secondary and tertiary homelessness are now widely accepted by state and federal government departments and agencies. Yet it may be argued that homelessness among Indigenous Australians had its own unique set of contexts and problems. Coleman (2001) challenged the way Indigenous homeless were socially constructed and defined, leading to reactive and unproductive responses from the public sphere and policy arena. She argued that there was an "historical tendency to construct homelessness as a dangerous state threatening to the

social order, and homeless people as outsiders" (Coleman 2001: 176). Memmott, Long, Chambers and Spring (2003) proposed new categories Indigenous homelessness. The nature of Indigenous homelessness is complex, and includes people who are "at risk", public place dwellers, the spiritually homeless, and the spatially mobile.

Public place dwellers constitute a particular category of the Indigenous homeless. Memmott, Long and Chambers (2003: 1) provided a "national overview of local strategies being used to address the needs and problems of homeless and itinerant Indigenous Australians who are living in public places".

The Department of Families, Community Services and Indigenous Affairs recognises that Indigenous Australians are "significantly over-represented in the homeless population" (Department of Families, Community Services and Indigenous Affairs 2006: ix). They also refute the myth that homelessness is a matter of choice rather than a devastating experience. The main concern of The Department of Families, Community Services and Indigenous Affairs is service delivery, principally in the form of the Supported Accommodation Assistance Program (SAAP).

Finding solutions to homelessness in general and Indigenous homelessness in particular, is fraught with difficulties. Housing stress is more acute among Indigenous Australians due to high levels of poverty (Birdsall-Jones and Christensen 2007; Department of Treasury and Finance 2007). Moreover, early research results in this project indicate that this is an issue that likely will have major impact on the work readiness of the potential Indigenous workforce.

Ensuring and developing pathways out of homelessness is unfortunately not simple, as history has demonstrated it is actually much easier to create homelessness. Pathways out of homelessness inevitably require a continuum of responses and opportunities for individuals and families to access, in order to move onto that pathway (Durkay, Morrison and Strommen 2001: 14).

One of the problems has been that non-Indigenous interventions have rarely worked (Sanders 2000). Finding a workable solution to homelessness and overcrowding requires an understanding of the relationship between kinship and household among Indigenous people. For example, one reason Indigenous people may choose to live in one town or another might be decided upon the relationships existing between women in the extended family; between mothers, daughters, aunts and nieces (Birdsall 1988).

The nature of kinship ties is such that many Indigenous families constitute what Basil Sansom called a "concertina household" (Keen 1988: 12). Indigenous households contract and expand according to the relative mobility of family members. The accommodation needs of such households are therefore different from those of non-Indigenous nuclear families.

So-called "concertina households" often encompass temporary overcrowding. Combined with other factors, such as low housing affordability, family breakdowns and other forms of social displacement, overcrowding can become a serious problem.

Overcrowding is a prevalent form of 'hidden' Indigenous homelessness. It constitutes a form of homelessness when people who, for whatever reason, do not have a place of their own and so camp out or bed down at the home of relatives or friends. Overcrowding is a reflection of the housing affordability crisis and of the shortage of low cost public housing. The situation is magnified in the regional centres because of the increased cost of housing developments and associated infrastructure.

Overcrowding problems in mainstream public housing are more prevalent among Indigenous tenants and Indigenous tenancies are shorter in duration than non-Indigenous tenancies. While the data is incomplete, Indigenous households are more likely to be served termination and final eviction notices than non-Indigenous households (Flatau and Cooper 2005: 1).

Several reports have recommended an increase in the provision of social housing as a necessary measure to help solve Indigenous homelessness, especially overcrowding (Flatau and Cooper 2005; Long 2000; Neutze, Sanders and Jones 2000).

### **Indigenous housing in the Pilbara**

The connection between Indigenous housing, labour and resource development has been largely, but not completely, overlooked. The Pilbara region, however, has received some attention.

The practice of mining companies employing Indigenous Australians, mostly in unskilled positions, has been a feature of life in the Pilbara for over 30 years. Using qualitative data to study the dynamics of Indigenous labour in the resource-rich Pilbara region, Taylor and Scambary (2005: 145) have shown "that little has been achieved over the past four decades in terms of enhancing Indigenous socioeconomic status in the Pilbara". And that, despite "40 years of substantial economic development in the Pilbara region, the labour force status of Indigenous Pilbara residents has barely altered" (Taylor and Scambary 2005: 146).

However, research to date indicates that for a complex set of reasons, Indigenous economic status has changed little in recent decades – dependence on government remains high and the relative economic status of Indigenous people residing adjacent to major long-life mines is similar to that of Indigenous people elsewhere in regional and remote Australia (Taylor and Scambary 2005: 1).

An example of this was shown in a survey of "grocery basket costs" in Pilbara towns for 2001-2005. It showed that Karratha and Wickham had the lowest prices, while Roebourne and Marble Bar, two towns with a predominantly Indigenous population, had the highest prices (Taylor and Scambary 2005). Using the 2001 Census, Taylor and Scambary (2005: 99) argue that there is an "inadequacy of housing stock available to accommodate the regional population."

There are potential opportunities for greater Indigenous involvement in the economy, and specifically in the resource sector.

On the basis of planned economic development and corporate interest in pursuing Indigenous engagement, progress is now possible but major efforts are required from all interested stakeholders (Indigenous organisations, miners and governments) in order to ensure that this occurs (Taylor and Scambary 2005: 145).

Trigger (2005) argues that mining companies make no allowance for Aboriginal ways of life when employing Indigenous Australians. The mining companies "emphasis on individual planning, rights and entitlements, to the detriment or neglect of family and community obligations and relationships, may well be antithetical to Indigenous social and economic systems of organization" (2005: 55). He proposes that "new ways must be found of articulating market participation with a number of key Indigenous values" (2005: 55).

Indigenous residents in resource boom towns have critical financial needs. Berry (2002; 2003) suggests that 'locational disadvantage' and population transition

emerge as a result of decreasing housing affordability and diversity of tenure near places of good service provision. Berry (2003) views this 'spiral' as an Australia-wide 'crisis', as do Cooper and Morris (2005).

### **Indigenous housing in Kalgoorlie**

Christensen (1981) researched the existence of desert traditions among Wangkayi people in Kalgoorlie. Historically, Indigenous housing was divided between those living a traditional lifestyle in remote areas, and those living in communal housing on missions, reserves and camps. A minority lived on pastoral stations. The provision of social housing from 1960 led to more Indigenous Australians living in Kalgoorlie. This also represented a move away from traditional lifestyles, and from employment on outlying pastoral stations. In the 1960s, most of the employed worked on pastoral stations, but this began to decline and no major industry took its place as a principal employer of Indigenous Australians. By and large, mining companies did not employ Indigenous Australians in any capacity.

Indigenous housing in Kalgoorlie and the Goldfields region has not had a strong research focus, however, there is some work available which informs the situation. Many of the problems around housing now revolve around the provision of social housing. A 1995 report on Indigenous housing in Kalgoorlie by Shelter WA found that "segregation in the town was very obvious and that the Homeswest practices were instrumental in contributing to the division within the community" (Shelter WA and Bega Garnbirringu Health Service 1995: 6). Since then the Department of Housing and Works began to employ more Indigenous staff, introduced cross cultural training for staff, and introduced a new debt repayment scheme for Homeswest tenants (Eringa 2004). The 1995 report recommended an increase in community housing for those on low incomes, but since then there has been no increase in community housing.

### **Appropriate housing**

Appropriate housing for Indigenous Australians has been defined as "housing that develops and supports the wellbeing of Indigenous people and communities. .... This is a vital overarching principle and should be of fundamental importance in all approaches to the provision of housing." (SGS Economics & Planning 2006: 7). This definition of appropriate housing could also apply to all Australians. Housing and the built form for all people living in remote communities is notoriously inappropriate. European building styles are rarely suitable for the living traditions of Aboriginal people or the extreme climatic conditions of many Australian remote locations, where many mining operations are located. Building materials, such as tin and fibro materials do not insulate and the orientation of housing often does not take into account the sun's orientation, ventilation opportunities or sustainable environmental principles. The introduction of 12 hour shifts has meant that floor plans and housing designs should separate living and sleeping quarters and hence, homes built prior to 2000 do not cater well for workers on 12 hour shifts.

The construction of temporary mining camps, often using dongas, (converted sea containers) for accommodation grouped around a central mess is a regular practice. This accommodation is usually restricted to FIFO or DIDO workers and there is no attempt to provide any other amenities than those for everyday sustenance.

SGS Economics & Planning (2006: 7) suggest that appropriate housing must be adequate "in terms of health and safety outcomes"; physically, culturally and socially appropriate to context and cost-effective/affordable. Access to appropriate housing is affected by a range of economic factors, including affordability. Other factors include "the type and amount of housing being

provided, the means of delivering and maintaining housing, the physical conditions where housing is located, and the cultural norms and expectations” (SGS Economics & Planning 2006: 5).



## **Submission to Senate Committee on Housing Affordability**

**Dr Steven Rowley – Dept Property Studies, School of Economics and Finance, Curtin Business School.**

*Steven has been involved with UK affordable housing policies for much of the last 10 years working closely with those involved in delivering affordable housing including the UK Government. Steven has also provided consultancy services for local planning authorities implementing affordable housing policies in the UK.*

### **Understanding Housing Affordability**

Understanding housing affordability is key to tackling the current housing crisis. Presently there are two headline grabbing statistics which provide evidence for the affordable housing problems in Western Australia. These are estimates of the number of households in mortgage or rental stress and affordability indices such as the UDIA /Matusik Affordability Measure. These measures alone should not be taken as a reliable assessment of the affordability of a housing market. They provide only a surface interpretation of the affordability problem and do not identify those in housing need – a crucial phrase I have yet to hear in relation to the Australian housing debate.

The number of households in rental and mortgage stress indicates those already within the market who are struggling to meet their housing costs. It ignores those who are unable to enter the market or move within the market to more suitable housing. Affordability measures rely on a multiplier for a specific area based on average prices and average incomes. Average incomes are a notoriously unreliable measure of true income distribution within a location. Take Karratha as an example. There are numerous well paid workers in Karratha (many of whom are housed by their employers so need not worry about housing costs) that skew the average income well above the median income. The median income would be a more reflective measure of the true position of a location.

There are many low income workers unable to access accommodation that are ignored by the measure. Indeed the UDIA /Matusik Affordability Measure places Karratha as the second most affordable location in Western Australia, behind Kalgoorlie. Evidence from our own research for AHURI in Karratha and Kalgoorlie paints a very different picture. If affordability measures are used as a key indicator then the problems in Karratha would be ignored by decision makers. The real position shows a dire shortage of accommodation, both owner occupied and rental, with a typical 4 bedroom house currently renting for around \$1,800 per week. This is due to the demand pressures placed on the market by the mining industry with the supply side failing to match changes in demand due to a slow land release programme.

Current housing affordability descriptions only evaluate those that can or cannot afford to purchase or rent market housing. They ignore those that actually want to form a household but are unable to do so, those that would like to live within a specific community but are forced to move elsewhere or those that would like to move into a specific community for family or work reasons. It examines the wider picture but not the real picture of those in housing need. In the UK local

affordable housing policies fall within a national and regional policy framework but the specific local policies are developed and supported by in depth studies of housing need. Housing need studies, now called Housing Market Assessments (HMA), paint a comprehensive picture of local housing markets examining the supply and demand of housing, those resident unable to access market housing, those in overcrowding, projections of those that would like to move into and out of the market, household formation patterns and projections as well as describing the housing needs of individual groups such as the elderly and key workers. Such studies provide a comprehensive assessment of just what housing is required in the location, both market and affordable, to meet current and projected need. This aids the formation of local policy and helps determine how much and what type of affordable housing is necessary in a location. Just increasing the supply of affordable housing is not always the answer. It needs to be targeted to those groups most in need. A methodology exists to evaluate housing need in local markets and should be adopted to inform market housing and affordable housing policy.

A housing need study in Karratha would identify:

- the number of residents that were unable to access market housing
- the number of residents that would like to form a household but are unable to do so due to affordability or availability issues,
- those residents with issues of overcrowding and unsuitable housing
- the type of housing required by existing and potential residents - for example high density 2 bedroom dwellings, larger family houses, housing suitable for indigenous groups etc.
- workers that would like to move into Karratha but are unable to do so due to a lack of available accommodation.

The studies deal with the availability and suitability of existing accommodation and not just the affordability of housing. Housing may be affordable to many but if it is not available to rent or purchase then there is still a housing need. This is one of the main areas of concern in Western Australia; the lack of available and suitable accommodation for many groups of society.

Using such housing market assessment studies to inform an affordable housing policy throughout Western Australia would determine just what type of housing we should be building to most effectively target the housing shortage and tackle the affordability issue. The large scale release of land is not the answer if it supplies a product that those most in need cannot access. Initiatives such as the proposed National Affordable Rental Incentive scheme are welcome but should deliver the type of housing required by those most in need and not the type of housing that investors believe will generate the best returns.

### **Land Release**

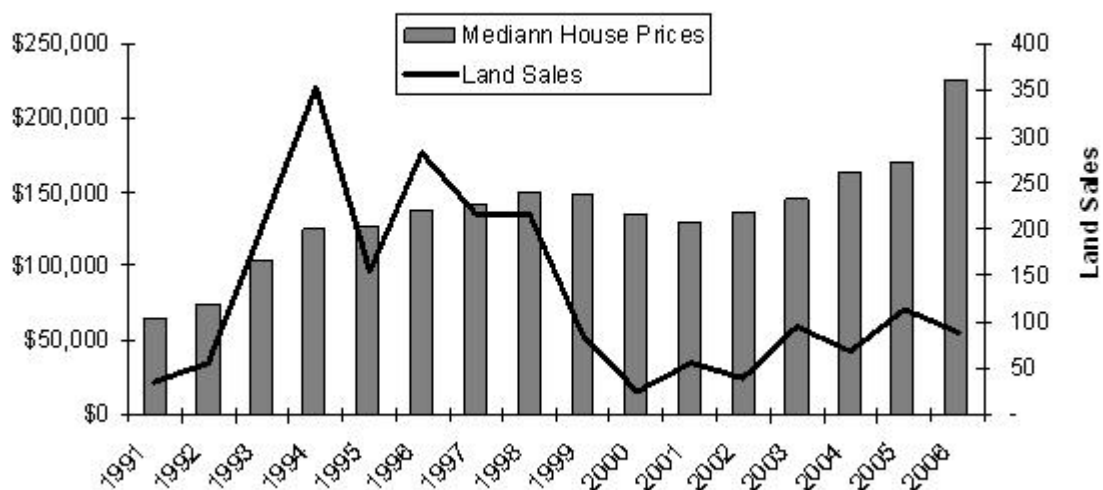
The pattern and speed of land release can have a significant impact on house prices. However, large scale land release on the periphery of the metropolitan area will have little impact on those areas under most demand pressure. Such a policy ignores the community aspects of housing. Large scale land release on the metropolitan periphery (while suitable for some) assumes that those unable to purchase in their desired market, perhaps where they have grown up, are employed and have family members, will be prepared to locate a significant distance from their chosen market in order to own a house. This assumption ignores the concept of community and the benefits that balanced and mixed communities bring to society.

Every effort should be made to promote infill, higher density development but the resulting housing should be accessible to those existing members of the community that cannot access market housing or to key workers that require accommodation. Current high density development is targeted at the 'luxury apartment living' market, The product ignores those key workers that may work within the location or to those residents wanting to form a household and remain in the community but cannot afford 'luxury apartment living'. Those developers allocated permission to develop high density housing should be required to contribute to affordable housing through either the provision of units within the development or through a payment to the local authority which would go towards the provision of housing elsewhere. Developers could recoup the cost of the contribution through adjustments to the land purchase price as in the UK model of provision. Developer contributions towards affordable housing are becoming more common in Australia (for example the use of density bonuses) and such policies should be encouraged in Western Australia.

The speed of land release is also a major issue. Landcorp estimate it can take around 7 years to supply developable crown land. For the real estate development market to respond to demand pressures, land must be supplied much more quickly and efficiently. The planning process also has a role to play in speeding up land release and development.

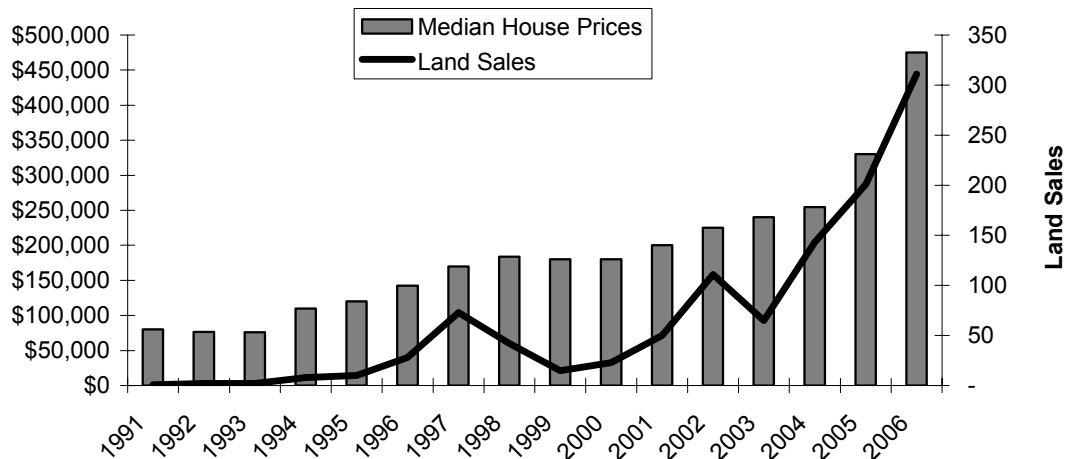
Landcorp are the main supplier of development land in many areas, including the Pilbara. The current patterns of land release help fuel the housing boom. Our studies in Karratha and Kalgoorlie show that Landcorp have been slow to release land even though prices have been rising rapidly. In Kalgoorlie there has been very little land release in the last seven years following fairly substantial supply in the mid 1990's which kept prices stable in the first half of this decade. Now prices have started to rise rapidly due to a shortage of housing partly as a result of the lack of land released in the last 8 years (see the graph below).

**Kalgoorlie Boulder: Median House Prices and Land Sales**



The lack of land released in Karratha (see below) resulted in a shortage of supply and the inevitable rapid increase in prices since 2003. Land has come very slowly onto the market in response to price changes but fewer than 300 lots in a market with a population of over 11,000 is insufficient to deal effectively with affordability issues. Landcorp has begun to release land in Karratha on a larger scale but it is now too late to ease prices and help those most in need.

### Karratha: Median House Prices and Land Sales



The market requires a steady supply of developable land providing the ability develop units when necessary rather than a land supply reaction when demand spikes. This would avoid a situation similar to that experienced in Karratha and that possible in Kalgoorlie.

Landcorp is a profitable organisation and has to compete in the open market. It should be allowed much greater flexibility as an organisation to operate in a way that is beneficial to the community. Funds should be used to cross subsidise affordable housing. The current 10% land contribution is insufficient to make a significant difference in the current market.

### **Infrastructure Contributions**

Infrastructure contributions are largely passed on to consumers by developers through increased land prices. A policy should be developed reflecting the UK experience where it is the landowner that funds the infrastructure. Although such a position exists to a certain extent in WA with open space contributions and land for schools etc, often these costs are passed on to consumers (along with Government taxes) and with limited competition consumers have no choice but to pay the inflated prices.

The granting of development rights substantially increases the value of land. It is the landowner that benefits from these rights to develop yet the landowner does not share the benefits with the public. In the UK, where infrastructure contributions are ingrained in the planning process, developers will negotiate a lower land price with the developer where the difference reflects the cost of infrastructure obligations, which include affordable housing. In 2005/6 contributions in England were about \$10bn (Crook et al forthcoming) of which affordable housing accounted for over 50%.

Developers provide a proportion of the development site for affordable housing; typically 30-40%. Not only do they provide land to Housing Associations (charitable bodies that develop and administer affordable housing) but usually the completed units at cost or a discount on cost. Over 30,000 affordable units per year are provided through this policy. The residential development market is very different in Australia and the stigma towards social housing stronger but new subdivisions should include a large element within them for affordable housing units – both low cost ownership and rental units. Landcorp do set aside about 10% of their land for the Department of Housing and Works but this should be

significantly increased but dependent on the need for affordable housing in the location.

The provision of shared equity/ownership housing should also be encouraged.

## **REFERENCE**

Crook, ADH, Rowley, S, Henneberry, JMH and Watkins, CA (2008 forthcoming)  
The Value of Planning Obligations in England 2005/6 Update. Communities and Local Government.

## Housing Affordability Submission

Professor Fiona Haslam McKenzie, Director, Housing and Urban Research  
Institute of Western Australia

According to the Australian Bureau of Statistics (2007a) the Western Australian economy has doubled in size over the past 16 years, with Gross State Product (GSP) in chain volume terms rising 107% between 1990-2006. It has traditionally had a strong and growing minerals sector, solid property and business services, construction and manufacturing sectors, and an ongoing dependence on agricultural production. The contribution of mining to GSP has doubled (15% to 30%), while the sectors of property and business services (9% to 11%) and construction (8%) have remained fairly steady contributors. Since the 1970's mining has consolidated its position as the major generator of export income for Western Australia, currently comprising some 70% of total exports revenue.

Under current conditions (intense competition for accommodation, differentials in remuneration between the resource sector and other non-mining businesses and expensive infrastructure), the Pilbara region has become a mono-economy, dominated by mining and associated activities. While the government and its land related agencies are slow to release land commensurate with demand, the opportunity to build capacity and a 'normal' community is thwarted. Unless non-mining businesses have access to a ready supply of affordable accommodation for their employees and can pay comparable wages to the resource sector, there is constant labour force cannibalism and poaching. It was reported in a survey (2005) conducted by the Karratha and Districts Chamber of Commerce and Industry (KDCCI) that 90% of respondents (n=102) reported that the lack of housing was diminishing their ability to attract and retain staff. At the same time, the local media reported that Pilbara Iron required 200 additional homes to meet their needs. Media has consistently reported housing shortfalls in Pilbara towns which has been supported by research undertaken on both national (Yates, Randolph, and Holloway 2007, 2006; Wulff 2007) and local levels (Pilbara Development Commission 2007, 2006, 2004).

As a consequence, the retail and services (personal, entertainment, health, education and child care industries as well as construction, housing maintenance and vehicle services) sectors throughout the Pilbara is under considerable pressure. Due to long term housing and social infrastructure shortfalls in the Pilbara region over several decades, (Pilbara Development Commission 2007; Australian Bureau of Statistics 2007; Pilbara Regional Council 2004; Australian Bureau of Statistics 2004) families tend only to stay in the region for as long as a job lasts and then move out of the region. Most housing in the smaller Pilbara towns (Tom Price, Pannawonica and Paraburdoo) is owned and managed by Rio Tinto. Even when a house is vacant for whatever reason, the company is loath to rent it to non-mining businesses because of high demand for company housing and a company policy which dictates that a job can only be advertised if there is housing available to accommodate the incumbent.

Government has not responded to the housing and land shortages in the region in a timely way. The dominant approach of Australian governments, especially over the past three decades, has been to rely on market forces to deliver housing outcomes with minimal direct government intervention (Hillier, Fisher, and Tonts 2002)<sup>1</sup>. It can be argued however that the government has obstructed the

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<sup>1</sup> The main policy and funding attention of the Commonwealth State Housing Agreement has been on social rental housing, predominantly through direct government provision of public housing but with increasing involvement of non-government housing organisations.

operation of the land market economy in the Pilbara by dribbling available land onto the open market. While State government is slow to respond to land supply issues it is almost impossible for non-mining businesses to provide housing or other accommodation options for themselves and/or their staff, and consequently, under current resource-growth conditions, it is almost impossible for non-mining businesses to grow and prosper. The Western Australian State government, through its land development agency, Landcorp, develops state owned property (usually with a private sector partner) as required. One of its functions is to “identify potential centres of population, and centres of population in need of redevelopment, and use its powers to bring about the provision, or improvement, of infrastructure and facilities” (Landcorp 2008). While Landcorp is a government agency, it is not able to undercut the private sector, nor cross-subsidise. This means that Landcorp cannot provide land at a discount in one location and recoup foregone profits on another development.

**Mitigation**

Government needs to respond to land supply issues to facilitate non-mining business accommodation issues. It is important to note that Landcorp, a government agency, is the only land supplier, although it usually joint ventures projects with the private sector. It has been noted by local businesses and the local government authority that Landcorp tends to inflate the cost of land, claiming that it does not want to undercut the private sector. (Anecdotal evidence provided during the community consultation suggests that LandCorp is selling blocks for \$150K to \$220K when the actual cost to bring a serviced block to markets is approximately \$70K). It is therefore important that Landcorp provide land that is considerably more affordable than is currently being offered.

As detailed by the National Centre for Vocational Education Research (Karmel 2007) entry to the skilled trades and their subsequent retention is through the apprenticeship system. Without affordable housing, (usually through the family home), apprentices cannot get started in the Pilbara.

**Table 1: Apprentices and Trainees as a Proportion of Employed Persons by Occupation (%)**

	1996	2002
Mechanical & fabrication engineering tradespersons	10.2	7.9
Automotive tradespersons	16.8	16.3
Electrical & electronics tradespersons	9.1	9.1
Construction tradespersons	9.2	11.3
Food tradespersons	18.6	25.3
Skilled agricultural & horticultural workers	4.6	7.5
Other tradespersons & related workers	9.6	9.8

Note: The proportions have been calculated after pro-rating the number of 'tradespersons not further defined' amongst other trades occupations.

(Brooks 2004)

The National Centre for Vocational Education Research (Karmel 2007) reported that the apprentices and trainees labour market is particularly dynamic with people constantly entering, leaving and changing employers within the industries. Without a sufficiently high number of people available, local skilled staff is going to be under-supplied to all sectors of the Pilbara economy.

The area around Tom Price is a celebrated eco-tourism destination but tourism industry opportunities have been inhibited, not only by lack of accommodation,

but also by insufficient visitor services and visitor value-add opportunities. For example, in Tom Price, a gift shop and a restaurant have both closed; principally because the businesses could not retain staff. Tourists find it difficult to have vehicles repaired and health services have long appointment waiting lists, if at all (some medical services do not take new clients).

Child care, or its lack, was a persistent concern during the community consultation. Childcare services are important for a variety of reasons. Not only does it facilitate a potential workforce to work in both the resource sector and non-mining businesses, but it enables social networks to develop and supports nuclear families to settle into the community, hence building a more liveable and sustainable community. The lack of child care is attributed to:

- Employees in the industry being poorly paid, and hence being attracted to better paying jobs (most particularly the resources sector).
- Insufficient purpose-built facilities.

Furthermore, during the community consultations, it was reported that there is a dearth of after school care, hence inhibiting fulltime work opportunities for at least one parent. The lack of available childcare is a deterrent for working families moving to the Pilbara.

#### **Mitigation**

Businesses in the region could offer incentives to start day care services in Pilbara towns (including suitable premises). Government could also provide wage incentives for staffing and building incentives that encourage the construction of homes that also meet the guidelines required for family day care facilities. Government could also provide purpose built premises and facilities adjacent to schools to assist with after-school care requirements.

Local government could also assist by encouraging spec builders and investors to build homes that meet the guidelines required for family day care facilities while also serving as a home.

New development is stymied by a lack of a locally resident workforce. The reasons for a constrained resident workforce are varied and complex and will be dealt with in some detail in Section 2.7. However, while there are housing, living affordability and infrastructure issues in the Pilbara region which are currently not being addressed, the potential to facilitate long term economic diversification by way of the proposed expansion of its current iron ore operations in the Pilbara region of Western Australia are limited.

A range of skill sets for the resources industries and other unrelated industries (such as child care, retail, service, health, education etc) are in short supply. An enduring issue is the inability to attract and retain staff in remote communities. This, combined with the nature and locations of mining operations and industry cost structures leads to an increase in long distance commuting, labour force 'cannibalism' and poaching.

The Regional Development Council (2004) categorises the many reasons for population change in remote areas into six broad 'theatres', namely:

- Jobs and career opportunities
- Housing
- Infrastructure
- Perceptions of lifestyle and community
- Education and training
- Health.



Attracting skilled and professional staff to Australian remote conditions has not been made easier by the Australian government policies which have been oriented to stringent neo-liberal economic policy for the last three decades. This has meant that services and infrastructure have been rationalised based on efficiency rather than equity (Haslam McKenzie 2007). The under-provision of infrastructure is a hallmark of non-metropolitan Australia and its lack both pushes people out of communities and turns people off going there for any length of time. Attraction and retention strategies continually fall to community and industry groups but where a community or town is already under extreme pressure, such as is the case in the Pilbara, it is unlikely that a co-ordinated strategy will be developed without significant government leadership, commitment and involvement. In particular, the inadequacy of taxation incentives, issues of social isolation and lack of career development opportunities inhibit economic diversification within the region that will contribute to sustainable local economic benefits.

The rapid onset of the current resources boom, and in particular, the scale of this boom, has placed enormous pressure on infrastructure, human resources and public service provision. Housing is an important and integral factor in responding to these challenges and is arguably a critical component of social and economic infrastructure as hospitals, schools, roads, railways, ports, and essential service utilities.

The housing markets within resource based economic regions share a number of general features with all Australian housing markets. First, housing is a major household consumer expenditure item and represents a major form of fixed capital.

The social and economic impacts of resource booms are far reaching and vary according to a range of local factors. These factors include the nature and size of the housing market, availability of residential land for development, proximity to alternative housing and employment markets, and the housing policies of the public and private sectors.

The important economic components of housing markets comprise the inputs of land, labour, finance, materials and infrastructure. These inputs and the interaction with supply-side agents such as developers, landlords and public housing providers shape local housing markets. Homeowners, investors and, to a lesser extent, renters are also producers and consumers of housing services since they develop, purchase, maintain and upgrade housing units. The characteristics and actions of these groups are key components of housing market dynamics.

Specific locations have distinctive local housing market characteristics shaped by both economic and spatial variables. As a starting point for examining the housing market dynamics in remote communities, it is the supply and demand characteristics of the markets that have a significant impact on these locations. In Karratha, between 1991 and 2006, house prices increased by over 400% (Pilbara Development Commission 2007, 2006, 2004). Without a similar increase in incomes the affordability of housing is affected. This has implications for remote locations. For example, accommodation options decline as more and more housing becomes unaffordable. Those members of the community looking to form new households, or many of those seeking to move into the community, cannot afford to do so and are forced to either remain in unsuitable accommodation or move to alternative locations.

The demand for and supply of housing are the main determinants of housing market dynamics from an economic perspective. If there is a shortage of supply for a given demand then prices will rise and if there is an excess of demand for a given supply then that will also cause upward pressure on prices. Research

evidence suggests the resources boom has had a direct influence on the demand for housing in the Pilbara region. The extent of the demand differs from location to location and depends on a variety of factors such as the proximity of the resources, the quantity of labour required and the ease of access to the locations from major population centres.

The level of demand for housing has a direct impact on price. The extent of this impact depends upon the supply of housing in the given location – both existing housing and the development of new housing units. Supply is constrained spatially through:

- physical availability, (the amount of land that could be actually developed for housing);
- planning policies;
- the amount of land that on which housing development is permitted; and
- development capacity, (the amount of housing units that can be built with the resources available in that location).

Resource companies and the private sector generally cannot create serviced land suitable for housing without considerable State and local government co-operation and co-ordination between an array of government agencies including the Western Australian Planning Commission, the Department of Planning and Infrastructure, Landgate, the Water Corporation and Western Power. While it has not been publicly stated, there appears to be a presumption that Pilbara communities were not intended to be anything more than temporary, or would only last as long as the resources can be economically extracted. Hence, government investment in Pilbara towns has been at a minimum since towns were established and governments have looked to resource companies for the provision of key infrastructure such as potable water, energy supply, waste management and roads as well as significant investment in housing stock, health and education facilities, local government projects and town beautification programs.

In studying housing markets it is important to acknowledge two different measures of housing: housing units and housing services. Housing units are simply the demand for and supply of dwelling units. This definition does not distinguish between quality variations in individual housing markets. The availability and appropriateness of housing is crucial in defining a housing market. In analysing housing services, there is an attempt to identify the differences and variations in quality between housing units. Housing services are typically defined as the total quantity and quality of housing consumed. This demand-side perspective is important for analysis of housing markets in remote communities as the relevant demographic profile will both create and determine the important characteristics of demand for housing services in specific communities.

The economic characteristics of housing markets share some important linkages with the sociological characteristics of regions. The basic service of housing is shelter. Shelter is a service like education that must have policy concerns for both efficiency and equity within economic regions. As mentioned above, declining affordability has a significant affect on the availability of housing for members of remote communities. Since housing has such a significant impact upon the distribution of wealth, housing location characteristics and tenure types also affect the welfare of occupants. Therefore housing issues are often also linked with important social policy issues.

Increased housing demand exacerbates the critical issue of affordability for a wide range of residents. In the Pilbara, the pressure for housing in resource boom towns has had a significant impact on the availability of housing for Aboriginal

people and those residents or would-be residents for whom housing is either not provided or not subsidised by the resource companies or government.

Hotbedding (different people occupying the same bed, not necessarily together, over a 24 hour period) is not unheard of in Karratha, particularly amongst contractors. Hotbedding also occurs where an employee will occupy a different bed every night, depending on availability.

Some mining communities, for example, Karratha and Dampier, experience median house prices greater than metropolitan markets. Housing prices/rents are driven to high levels and, combined with accommodation shortages, have been blamed for a variety of social and economic dysfunctions (Haslam McKenzie 2007; Bureau of Transport and Regional Economics 2006; Piper 2005). Further, the resource market is cyclical and dependent on international foreign affairs and markets. Many resource boom towns are mono-economies. State governments have been reluctant to invest in towns and mine camps, presuming that to do so, is to meet the needs of an industry sector that can afford to provide housing while foregoing investment in other parts of the public housing sector. This is a classic problem of social needs conflicting with economic demands. In addition, there has been a general assumption at local and government levels that the supply of resources in the Pilbara is finite and investment in infrastructure and housing for the short term is not a good use of government money. History shows however that towns such as Kalgoorlie, whose genesis was based on gold discoveries has continued to grow for 150 years and that nickel and pastoralism are almost as important to the local economy as gold. The investment in towns such as Kalgoorlie has ensured vibrant regional communities.

The following data derived from the 2006 census shows the increased housing activity in Karratha (Australian Bureau of Statistics 2007a; 2007b).

At the time of the 2006 census 84% of Karratha residents were housed in private dwellings. The occupied private dwelling count was 3,401, comprising 2,441 separate houses, 632 semi-detached/row/townhouses, 119 flats/units/apartments and 209 'other' dwellings. Compared to 2001 the number of separate houses grew only marginally, but there was nearly a trebling of flats/units/apartments, up from 41 in 2001 to 119 in 2006.

There was a jump in the proportion of private dwellings being rented in Karratha in 2006 while dwellings fully owned or being purchased declined slightly. The high proportion of rental households is attributed to a very high level of employer provided housing for both the resource sector and government employees.

#### **KARRATHA, Tenure type of occupied private dwellings**

	<b>1996</b> %	<b>2001</b> %	<b>2006</b> %
Fully owned	10.9	12.6	10.2
Being purchased	25.6	25.3	24.8
Rented	58.0	55.7	62.0
Other	5.5	6.4	3.0

1996, 2001 and 2006 Census of Population and Housing.

Compared to other non-metropolitan local government authorities, the Shire of Roebourne and Ashburton had a high proportion of usual residents living in rented accommodation in the 2006 census. This can be attributed to Indigenous housing and people employed in the mining industry living in rental accommodation.

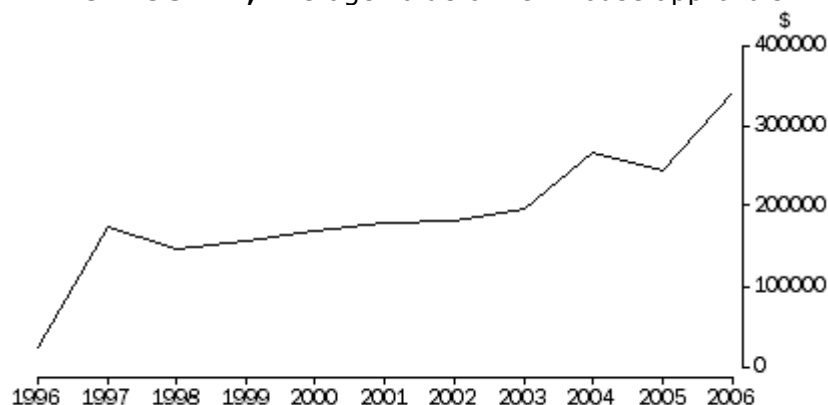
**Proportion Of Usual Residents Living In Rented Dwellings, (by local government authority) Western Australia 2006**

	<b>Proportion of total usual residents (%)</b>
Ngaanyatjarraku (S)	91.4
Halls Creek (S)	80.7
Derby-West Kimberley (S)	77.4
Ashburton (S)	76.3
Laverton (S)	74.7
Upper Gascoyne (S)	69.8
Wyndham-East Kimberley (S)	60.3
Menzies (S)	58.9
Roebourne (S)	57.9
Broome (S)	54.3

2006 Australian Bureau of Statistics, Census of Population and Housing.

Between 1996 and 2006, 917 new house approvals were made in the Shire of Roebourne. The annual number of approvals fluctuated over the period from a high of 161 in 1997 to a low of 22 in 1999. In the period 2005-2006 approvals were strong at 133 and 130 respectively. The average value of new housing approvals in Roebourne has increased substantially from \$23,661 in 1996 to \$340,197 in 2006.

**ROEBOURNE, Average value of new house approvals**



Source: Building Approvals, Australia, cat. no. 8731.0.

From 1996-2006 there were 2,640 sales of houses in Karratha with the median price rising from \$142,500 to \$475,000. Growth in median house prices was strong in 2005 (31%) and 2006 (43%). There were 533 unit sales in Karratha between 1996-2006 with the median price of units increasing by less than houses, from \$122,500 to \$315,000. Between 1996-2006, 996 residential lots of land were sold in Karratha, with more than half sold between 2004-2006 (589).

**Specific Issues in the Pilbara**

- Rio Tinto cannot advertise a position unless a house is available and so if it takes several months to fill the position, the house will be vacant even

though there is such high demand for accommodation in the community from both people inside the company and those serving the company. Consequently, there is some local resentment that houses lie vacant while there is such heavy community demand for housing, especially rental properties.

- Housing and accommodation is so tight that people will take employees into their home. The consultants met several employers who accommodated their employees in their homes. For one of these employers, accommodating employees meant that her own children had no where to sleep during school holidays and consequently the children had not been back to the Pilbara for two years and their mother arranged accommodation for them with relatives and friends elsewhere and she visits her children there.
- There were cited instances during the field visit to Karratha/Dampier, Parraburdoo and Tom Price of families and /or unrelated groups of people living in unregulated caravans and backyard sheds for extended periods of time.
- Anecdotal information was provided to the consultants of people who could not find accommodation and were living in a vehicle.
- The quality and age of the housing stock in the Pilbara were identified as 'problems' for the retention of staff in the Pilbara. It was stated during the community consultations that houses were built with a 20-30 year time frame in mind, up to 40 years ago. The houses have not been well maintained, are often insensitive to the environmental conditions of the region and do not accommodate a diversity of family needs. For example, the houses were not designed with extended or 12 hour shifts in mind, hence the living spaces are often adjacent to the master bedroom. There are limited outdoor living and entertainment areas.
- The Pilbara housing rarely has dedicated space for a boat or caravan/campervan. One of the attractions of the Pilbara coast is the opportunity to fish and own a boat. Consequently, yards are often taken up with extraneous vehicles.
- There is no Pilbara building vernacular. Instead, the housing style tends to emulate that of the Perth metropolitan area which is climatically very different. Houses, generally, are not elevated, do not have extended eaves or verandahs for sun protection, are not oriented to the prevailing winds and hence, are poorly ventilated. Consequently, houses have to be airconditioned to be comfortable. Some companies and government provide an energy rebate or allowance, but the private sector owner or renter must pay the high price of energy.
- There is limited diversity in the housing stock, although as shown in earlier data, there has been greater housing diversity introduced to Karratha and Roebourne in the last five years. Nonetheless, most accommodation is detached housing.

It has been noted earlier that government has not encouraged the development of Pilbara towns, and it could be argued, that by virtue of limited investment in key infrastructure and limited land and housing supply, government has hindered development. The development of a mono-economy dominated by the resource companies with limited if any leadership or intervention by government means that small businesses are wholly dependent on the large companies. In the smaller towns, the contractors servicing the large resource companies dominate hence squeezing out opportunities for private contractors and hence, competition. The size and footprint of the large companies over the communities shuts other small businesses out particularly because they have a monopoly over hotel accommodation and housing.

It is commonly assumed by those who have not experienced the inflated cost of living (particularly if housing and accommodation costs are included) in the Pilbara that people living and working in the Pilbara are extraordinarily wealthy, but a Pilbara lifestyle, whether it is as a permanent resident or as a FIFO worker comes at a cost. For those whose accommodation is not underwritten by government or the resource sector, the costs will quickly gobble up the higher salaries paid in the region. Services normally expected in a functioning community are not available. For example, during the site visits, interviewees told how they have had to drive 1,000 kilometres to Geraldton to have their car serviced or risk losing the warranty. It was reported that doctors have closed their books to new clients so access to a general practitioner is limited even if the patient could pay an exorbitant fee. Obstetric services in the town have not been available for more than a year, meaning that a woman must leave town about a month prior to her confinement causing considerable personal disruption and cost. Councillors at the Shire of Ashburton and the Shire of Roebourne complained that medical services have been reduced, or in some instances withdrawn, by government while the demand for services has actually increased in the region. Housing for teachers at the schools and medical staff is in crisis; staff have had to live in hotel accommodation thereby limiting accommodation opportunities for tourists and other potential visitors. In this situation, newcomers to town struggle to develop a sense of place and sense of community. It is not surprising then that the turnover of medical and teaching staff in Pilbara towns is high. It was reported during community consultation that there is a high turnover of teachers and in one instance it was reported that a Year One class in Tom Price had eight different teachers during the year. At a meeting of the Pilbara Chamber of Commerce in late 2007 there was concern that the staff shortages at the Karratha high school might mean that the school week be cut to four days in 2008. The lack of childcare opportunities also limits how much a newcomer to town can develop friendships and other community-based networks.

High school children in the Pilbara do not have many alternative education options. The high school in Wickham has closed so students spend a long time being bussed to Karratha, often in very hot conditions. There is one high school servicing Tom Price and Paraburdoo necessitating children travel the 80 kilometres twice a day. It was reported in Tom Price that the high school is adequate but the choice of subjects is limited. Boarding school is an option and the resource companies offer some employee families boarding school assistance. However, many families do not consider boarding school a favourable option. Community feedback suggested that boarding school does provide different ambitions for children, but it also means that those children are often lost to the community. This has multiple implications. For example, high school children are a valuable labour resource particularly in retail businesses. Importantly, they live with their family and therefore do not require additional housing. (In Paraburdoo, the supermarket depends on high school children for packing shelves, weekend and after school checkout duties and general labouring). Similarly, high school children spend locally and hence, contribute to the local economy in a small but important way. Boarding school will not be countenanced by some parents and they determine that a city-based education is superior so the entire family moves, further disrupting the community and reducing patronage at the local schools.

Many people are attracted to the Pilbara by the high wages paid. During interviews, residents were asked how long they planned to stay in the region. Often the response was along the lines of "as long as it takes to pay off the house, car or boat, pay the kids' education, pay out my ex-wife or pay for my overseas trip". Focus group participants complained people come to town to

make money and consequently there is no attachment or pride in the towns or communities, often no respect for the communities that are there and consequently abuse is not uncommon.

Regardless of how much money you earn in the Pilbara, the day to day business of living is not always easy and money does not solve all the problems. As highlighted earlier, the housing in Pilbara towns has generally been built with limited consideration for good design or climatically sensitive orientation. Consequently, most houses must be airconditioned all of the time to be liveable. The cost of cooling homes in the Pilbara is very expensive. For those who do not receive large salaries or government employee rebates housing and the cost of living is prohibitively expensive and it is usually for this reason that many in the private sector must leave the Pilbara. Those who remain are often in business but without sufficient staff to assist and support it puts tremendous pressure on business owners. It was reported in Tom Price that in the last 12 months, seven businesses have closed. When businesses close, there is less retail diversity, particularly in the smaller towns, people leave town to shop and buy other merchandise while they are out of town. Less paid employees in town means less people to patronise the businesses that are still there and so the cycle of decline continues.

As noted earlier, the housing shortage means that many proprietors have had to accommodate their employees in their own homes or buy properties to accommodate staff, sometimes at the expense of accommodating their family members. This impacts on a range of community organisation and services. For example, residents reported during site visits:

- Community groups and organisations struggle to remain viable because of a lack of volunteers or participants.
- Businesses have unconventional opening hours to dovetail with a range of personal needs; for example school hours, lunch time and the opening hours of other businesses and/or services.
- Businesses have curtailed some of their services. For example, the local supermarkets only open two of their twelve checkouts, even when the shop is full of customers, due to the inability to adequately procure staff and fast food outlets have limited menus.

Indigenous people of the Pilbara have a strong cultural sense of place and the Pilbara is where they will live, come what may. Many live in public housing in Roebourne which is approximately 40 kilometres from Karratha and there is no public transport. The impact of a very tight housing market puts pressure on agencies such as the Department of Housing and Works to ensure that tenants abide by the rules regulating access to public housing (McNamara, Tanton, and Phillips 2007). Feedback during site visits indicated that Indigenous people are in constant fear of losing their public housing allocation due to overcrowding or because the lead tenant has exceeded their income allowance. The prevalence of overcrowding forces people into conflict-prone situations, including heightened opportunities for domestic violence, sexual abuse and physical assault. One Indigenous interviewee who is resident in Roebourne, employed full time and lives in government subsidised housing feels under constant pressure from his family and community to share their lifestyle which is not conducive to full time employment. His job and salary also incurs local resentment and he struggles on a daily basis to manage the antagonisms.

It was also reported that the money flowing into the Pilbara towns finds its way to supporting drug habits and illegal activities associated with the supply of drugs. Community consultations indicate that there is broad agreement that drugs are sourced from mining and construction camps. At four community meetings it was

reported that children, (both Indigenous and no-Indigenous) from the ages of 12 or 13 have access to, and regularly use and abuse, alcohol and drugs. The police and Indigenous communities in Roebourne and Wickham are concerned that now the resource companies vigilantly undertake drug testing, they are inadvertently shifting local drug use to amphetamines which are not anatomically detectable after 36 hours whereas the less dangerous drug marijuana is detectable in the body for up to a month. Amphetamine use in Wickham and Roebourne has had some particularly unfavourable outcomes. Police have reported:

- an increase in gang warfare in and between the two towns;
- an increase in violence generally, anti-social behaviour and domestic violence; and
- young Aboriginal girls from as young as 12 years of age are prostituting themselves to get the money to buy the more expensive amphetamines.

### **Fly In Fly Out**

A number of studies have been undertaken to assess the impact of FIFO on personal and community wellbeing. Houghton (1993), Watts (2004), the Western Australian Chamber of Minerals and Energy (2005) and Gallegos (2005) have researched the Western Australian experience of FIFO. Undoubtedly there are a range of personal and corporate advantages associated with FIFO but there are also some disadvantages depending upon the situation, the people involved and the interconnected relationships across a range of communities. Inevitably when examining the impact of FIFO more than one community will be impacted and at least two, the community where the FIFO worker lives when he or she is not working, (the resident community), and the host community, the community where that person works (Houghton 1993).

FIFO is an intensive work arrangement used through out the resources and other industries. The concentrated work schedules on extended shifts puts considerable physical and mental strain on workers and the furlough (or scheduled time off) is important recovery time. FIFO workers have varying rosters meaning that the time back in the home community will vary with each worker. There is evidence to show that the absence of workers from a small community does have drawbacks (Tonts and Haslam McKenzie 2008). Small rural and remote communities are struggling to retain a viable population that will underpin the local businesses, community organisations including sporting teams, volunteer and service organisations, and services. Maintaining a stable population base and retaining staff in these communities is a paramount concern. Attracting the most able cohorts of the population away to FIFO or DIDO jobs in the resource industries has the potential to undermine local productivity, profitability and/or the quality of service delivery. Inevitably, it will impact on the social networks of the town and community. It is also constrains local and regional economic growth which, in the long run, can leave areas lagging the rest of the State or nation on a range of social and economic indicators (Tonts and Haslam McKenzie 2008).

The impact of FIFO workers returning to the resident community with fat pay packets and increased spending money can also have detrimental impacts when the money is spent on alcohol and drugs or sets up resentment and conflict with those in the community who do not have the same spending capacity (Lambert 2001).

The impact of FIFO on relationships and families is well documented (Gallegos 2005; Watts 2004). FIFO arrangements are intense; intense blocks of work time followed by blocks of time with family and/or friends. The family left at home



continue their normal lifestyle patterns often at some disadvantage due to an adult being absent. The FIFO worker can often experience loneliness, homesickness and a sense that they are 'missing out'. The incidence of relationship and family break ups for FIFO families is higher than for the average population which has social and economic costs for the community and the individuals concerned (Beach 1999). The impact on children of an absent parent is also well researched (Australian Government Child Support Agency 2002; Sibbel 2001; Adler 1988) and can have considerable psychological and social costs in some cases that manifest to violence, psychological withdrawal, learning difficulties, social immaturity and behavioural difficulties if not managed. It is unlikely that supply towns such as Marble Bar or Nullagine would have the necessary family and child support services that could adequately assist families with the sorts of problems documented in the research.

Managing the psychological impacts for FIFO employees also attracts a cost for the employer which according to Gallegos (2005) is increasingly acknowledged and programs are developed to assist FIFO workers and their families to understand and cope with the challenges.

By contrast, Kalgoorlie, also a resource boom town in a remote location 600 kilometres east of Perth has housing affordability concerns but these is not as severe as in Karratha or the Pilbara mining towns in general. In Kalgoorlie, the market follows the national pattern of a rapid increase in the price of renting or buying housing, exacerbated by increased demand induced by high prices for resources commodities. The private sector, and, to a lesser extent, government including the local government, has consistently invested in property and the housing markets in Kalgoorlie and there is a diversity of housing stock, albeit, not enough in the current market.

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- A) Lack of housing affordability in Western Australia.**
  - B) *Review of Housing Service Delivery***
  - C) Getting back on my feet: Exploring Self Reliance in the Context of Supported Accommodation and Homelessness.**
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### **Lack of housing affordability in Western Australia.**

#### **Points illustrating 'housing squeeze' in Western Australia.**

- In March 2008 Crisis and refuge services report that they are currently turning away 90% of people seeking emergency, crisis and refuge accommodation. By comparison, national estimates are that 80% of homeless people are outside SAAP services.
- Non-government organisations providing homelessness, drop-in, crisis and support services report that
  - Unlicensed lodging houses are charging in excess of \$150 per week **per bed** to homeless people, a high proportion of whom have mental health conditions. These properties are unlicensed and unregulated.
  - Hot bedding has been reported among low income households, whereby more than one person uses the same bed
  - Low income people applying for private rental properties are being 'outbid' by other applicants who offer to pay six months rent in advance.
- Between October 2006 and March 3007, 41 Think-tanks were conducted throughout all regions in Western Australia as part of the *Review of Housing Service Delivery* by Department of Housing and Works (extracts included in this document). Every Think Tank reported rapidly increasing private rental costs. Average rental costs reported in the Pilbara region at that time were \$1200 - 1500 per week for basic 3-4 bedroom accommodation.
- The rapidly increasing cost of private rental accommodation is compounding homelessness by reducing exit points from both crisis/SAAP services and from public housing, thus exacerbating demand for priority housing and reducing turnover in public housing. The result is bottlenecks and further restrictions in affordable rental housing options.

## **B) Review of Housing Service Delivery**

- Undertaken for *Department of Housing & Works (DHW), Review & Rebuild*
- Two reports are publically available *Issues Paper (October 2006)* and *Discussion Paper (March 2007)*.
- The Review reported to the Minister for Housing and DHW Corporate Executive. The Final Report is currently with the Minister for Housing, Hon Michelle Roberts, MLA.

A ***Review of Housing Service Delivery in Western Australia*** was undertaken through an research alliance between Department of Housing & Works (DHW) and the Alcoa Research Centre for Stronger Communities (Curtin University). Dr Nola Kunnen was principal investigator.

### **The Review of Housing Service Delivery tasks were to:**

- Assess contemporary 'best practice' in property and tenancy management practice and public housing service delivery arrangements by Australasian State and Territory Housing Authorities
- Map and evaluate existing property and tenancy management practice and public housing service delivery arrangements in DHW
- Identify and develop models of 'best practice' for DHWs future delivery of effective and efficient housing services to DHWs customers in Western Australia

### **Four Priority areas for Stakeholder Consultations.....**

***Priority 1 Rental applications, assessment and allocations management (including DHW customer referrals from stakeholders)***

***Priority 2 Tenancy Support Programmes***

***Priority 3 Homeless Helpline (now Homeless Advice Service)***

***Priority 4 Tenancy management***

### **i) Extract from Issues Paper (Executive Summary)**

The Review identified a range of issues impacting on the DHWs delivery of housing services, as summarised in the following extract from the *Issues Paper (October 2006)*

The Department of Housing and Works (DHW) delivers tenancy, applications, property and asset management services across its rental public housing operations. A network of 25 Regional and Branch Offices and some 565 Staff provide housing services to around 35,000 tenancies and 13,000 housing applicants.

In common with other social housing providers, DHW is required to deliver housing services within increasingly complex policy and practice contexts. Whilst the scope and focus of this review is limited to the planning, implementation and delivery of DHWs housing services, the Review Team recognises that these activities are influenced by, and so must be responsive to, these broad policy influences and impacts.

### ***Demand for housing services***

- National estimates indicate that approximately 15% of households cannot obtain housing without some form of subsidy.
- Western Australia has traditionally had high levels of home ownership and at the time of the 2001 Census 70.6% of the State's occupied housing stock was either owned outright or being purchased.<sup>2</sup> Over the last 5 years Western Australia has experienced a sharp decline in the affordability of home ownership. The median price for an established home in Perth has increased from \$170 100 in 2001 to \$395 000 for the June quarter of 2006 while the median gross household income in Western Australia has increased from \$41 080 to just over \$55 000.
- This means that the median house price in Perth was equivalent to:
  - 4.1 times median household income in 2001.
  - 7.2 times median household income in 2006.
- In the absence of some form of assistance, it is likely that the capacity to purchase a home exists only for those at or above the median income.
- As a proportion of total housing stock in Western Australia, public rental housing (excluding community housing) has dropped from 5.2% in 1994 to 4.0% in June 2006<sup>3</sup>. Thus, the availability of public housing is declining at the same time that affordability is also declining resulting in evidence of increased demand.
- ACOSS community sector survey<sup>4</sup> identified that, despite increases in the total number of people receiving non-government services, the number of people turned away also increased in 2004-2005 with the highest proportion of people unable to be assisted requiring housing support. Almost 6,000 eligible people were turned away from services in Western Australia.

The influences noted above reflect trends influencing demand for housing services in all jurisdictions in Australia. Alongside these, specific factors are impacting on demand for all forms of housing tenure, all forms of housing assistance, and support services in Western Australia. These arise as a consequence of current strong economic activity in Western Australia.

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<sup>2</sup> Government of Western Australia (2005), *Housing Strategy WA: Discussion Draft*, Department of Housing and Works, p.57

<sup>3</sup> OPP Market present 2006.

<sup>4</sup> ACOSS Community Sector Survey 2006

**ii) Extract from Discussion Paper**

***Review of Housing Service Delivery: Ways Forward (Discussion Paper),  
Kunnen N & DHW Review & Rebuild, March 2007, Department of  
Housing & Works and Curtin University. (pages 1-10)***

The Review received input from regional/remote stakeholders indicating that a wider range of affordable housing options were required across all types of housing tenures. As the two following extracts indicate, the Department of Housing & Works (WA) as the key provider of social housing and related support services was clearly identified as having responsibility to provide a wider range of affordable housing services, most particularly and urgently to people with identified housing need.

**Extract 1:**

Input to the Review to date raises questions about DHWs overarching role as a provider of housing services in Western Australia.

Participants stated that emergency, crisis, transitional or transient accommodations options are required. Specific regional, cultural and geographic considerations were cited as contributing reasons why this accommodation was required.

- a. Is DHWs role to provide and/or resource crisis or transitional housing services?
- b. If so, is the provision of additional crisis, transitional or transient accommodation services an effective direction to adopt in the context of DHWs delivery of housing services?

In discussing effective and relevant homeless and housing advice services, stakeholders identified DHW as having a broad mandate and role to expand its range of housing services in relation to making private rental a more secure, accessible and affordable housing option for DHW consumers. Specific options proposed included:

- Providing locally based housing advice services, that provided current information about housing options at regional level
- Identifying and initiating services to sustain private tenancies.

Discussion points arising from these suggestions are:

- c. Who should fund such services? Is it DHW or DCD's role to support people in private rentals?
- d. Does DHW also have a role, in collaboration with other (social and private) housing providers, to benchmark and promote best practice in tenancy management across all rental markets (public, private, community)?

## **Extract 2:**

### **Topic 2: DHW should also continue to house people who are not in 'greatest' housing need.**

Input indicated that DHW should continue to accommodate people who are not in 'greatest housing need'. At the same time, input to the Review suggested that one option was to adopt *limited term tenancies* when allocating housing to people/households in this category. What would be the implications of this direction?

The following guiding principles were proposed in conjunction with this view:

- a. Limited term tenancies only be considered a feasible option for a proportion of DHW consumers. For example, this option was not supported for Seniors, people requiring support for long or indefinite periods of time, or people for whom a lengthy period of secure tenancy was important in re-establishing stability.
- b. People for whom this option was least likely to be feasible include: people in transition from periods of crisis or homelessness; CALD groups; Indigenous People.
- c. Limited term tenancies will only be feasible where alternative housing options are available and stock is adequate and appropriate. Remote areas are unlikely to offer the necessary range of affordable housing options now and in the near future.
- d. Pre-entry planning and allocation consider the suitability of limited term tenancies for consumers in this category with the aim of on achieving positive exits from DHW stock into alternative appropriate and affordable housing options.
- e. Limited term tenancies should be subject to review during tenancy and planning for positive exit should begin prior to allocation of housing.
- f. Where planned positive exit strategies are feasible DHWs tenancy management staff should work collaboratively with DHW consumers to identify and regularly review a timeframe for exit from DHW accommodation.
- g. Planning for positive exits from DHW stock includes exploring consumers preferred housing options, and ensuring that adequate and appropriate information is provided to consumers.
- h. Local protocols to inform allocations of limited term tenancies should be developed with input from DHW consumers, referral/support agencies, and DHW staff (Head and Regional Offices).

## **The end of the 'Great Australian Dream'? The attitudes of Perth 18-30 year olds towards home ownership**

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### **ABSTRACT**

This paper examines the effect of generational changes and the increasing issue of affordability in the Perth metropolitan area, to assess the attitudes of 18-30 year olds towards home ownership. A major component of this work is a comprehensive literature review on the history of home ownership in Australia, decreasing affordability in the Perth metropolitan region and the generational trends (lifestyle characteristics) that define 18 -30 year olds. Such characteristics and values may be linked to housing aspirations, in particular attitudes towards home ownership.

Findings show that the majority of 18 – 30 year olds still plan to own a home, however lifestyle factors and affordability constraints are affecting a smooth transition into home ownership. The dissertation also identifies the compromises 18 -30 year olds are willing to make in order to own, and their attitudes towards long-term financial security.

Housing affordability, or rather unaffordability, in Australia over the last decade has reached unprecedented levels due to a variety of factors including increased net overseas migration and natural increase (Australian Bureau of Statistics 2008), a strong economy while the Asian and United States economies have experienced down turns, sharp increases in world prices for the commodities Australia exports in large quantities and inadequate land supply (Beer 2007; Residential Development Council 2007; Urban Development Institute of Australia 2007; Yates et al. 2007). While incomes have, on average, doubled since 1985, housing prices have increased 400 per cent (AMP-NATSEM 2008).

Home ownership for first time home aspirants has become increasingly unattainable. This is particularly the case in Western Australia where the cost of housing has escalated over the last five years and is now on a par with that of Sydney (Demographia 2008; Urban Development Institute of Australia 2007).

Overall consensus amongst 18-30 year olds is that home ownership is still a strong housing goal (90 per cent of non-home owners are would like to own a home), mostly based on the financial benefits this tenure type can achieve. In

spite of this aspiration, young people are choosing to delay entry into home ownership for affordability and mobility reasons. Many believe they will purchase when they are ready to commit to the responsibilities of servicing a mortgage.

**The goal for home ownership is still alive, though it is harder to achieve.**

The research has revealed a strong response from participants that 18-30 year olds want to own a home at some time in their lives. This is reflected in the survey response where respondents were asked at what age they thought they would own. Of non-home owners a small percentage (10 per cent) have indicated that they do not believe they will ever own a home. The remaining 90 per cent believe they will own a home by the age of 25 to 29 (50 per cent) or by the age of 30 to 39 (40 per cent).

This data builds on the research undertaken on a national level by AMP-NATSEM (2007) which shows a high number of respondents believe they will own a home at some time in their life (94 per cent). Interestingly, AMP-NATSEM results show 18-30 year olds generally thought they would own a home earlier than the quantitative survey has found. AMP-NATSEM reports 36 per cent believed they would own a home by age 25, and the majority of respondents (48 per cent) suggest that they would own by 30. Mortgage Choice identified similar trends with 40 per cent thinking they will own between 20 – 25 years, 49 per cent believing they will own between 26 – 30, and a significant drop to just over 8 per cent believing they would own between 31 – 35 years of age.

The national results (AMP-NATSEM 2007; Mortgage Choice 2007) may reflect markets where 18-30 year olds are more confident with the prospect of owning earlier in life as they may have not been exposed to such sudden market movements as was seen in the exponential growth of Perth's property prices from 2002 onwards. The results gained from the quantitative survey may indicate Perth's young people are delaying home ownership based on affordability as the long standing assumption that there would always be a suitable home available for purchase on a single median wage has been quashed.

Further analysis of the survey data shows that of the respondents who do not currently own a home, all cite 'can't afford it' as a reason why they have not purchased. Twenty per cent of these respondents qualified their response indicating it is the single most important reason why they haven't purchased a home. This builds on AMP-NATSEM (2007) and Sheahan's (2005) findings that



18-30 year olds are increasingly susceptible to HECS, credit card and personal loan debts, all of which will affect lending criteria for entry into home ownership.

The issue of affordability was supported by the focus group sessions. Most of the respondents who aspired to enter into home ownership, but were unable to afford it, made the following comments:

- "I cannot afford to think of home ownership at the moment, so I have brought myself a car instead".
- "I am on quite a good wage for a graduate, though I cant find anything [that I can afford]. Smaller apartments are in the expensive areas and affordable suburbs only have large houses to choose from".

**Generation Y think the current market has levelled, they are not confident it will continue to increase in performance.**

Recent statistics (Commonwealth Bank 2007; Housing Institute of Australia 2007) suggest the property market in Perth has levelled, as affordability in the Perth metropolitan area has improved slightly and median house prices have remained steady in the 3-month period from July - September 2007.

The surveyed respondents have reacted to these changes, as 60 per cent of respondents who haven't bought a home cite a reason as 'they are not confident with the current market'. Focus group data builds on this trend, suggesting that respondents came to a consensus that market performance affects their choices.

- "The boom is over, prices have stagnated. I don't think they will fall drastically, but I am cautious".
- "I am nervous by [sic] the property market, I feel pressured by the media to purchase or I wont get a chance because prices keep going up. I know the bank would never give me the loan I need to purchase anywhere in Perth".

As Merlo and McDonald (2002) have indicated, home ownership gives 'exchange value' whereby owning or buying is an investment and source of wealth. If housing is more than just a place to live (i.e. is an asset and investment), then any scepticism surrounding how the market will perform will undoubtedly have an affect on one's decision to buy. Of the 60 per cent who cited their concern with the current market, just under half have indicated they are not purchasing at this time, suggesting market performance is a clear factor in the decision-making of 18-30 year olds. This follows trends as illustrated in Mortgage Choice (2007),

whereby a the question “What is the main reason you haven’t bought a home yet?” was asked. Ten per cent of respondents in the national sample citing “waiting to see what the market does” whilst the same survey’s Western Australian-only sample cited a much higher percentage in answering this question (almost double at 19 per cent).

It is obvious that the performance of the Western Australian property market has had an effect on 18-30 year olds attitudes towards home ownership and that this group is still motivated by the idea of home ownership for ‘exchange value’, as has been the case for previous generations (Kemeny 1983). Though it should be noted this is a short term reason for not wanting to buy, not long term (associated with generational lifestyle characteristics).

**Generation Y think about long term financial security, and just like their parents they want to own a home to achieve this goal.**

Building on the strong correlation between Generation Y and the benefits of ‘exchange value’, when respondents were asked if they thought about long-term investment an 85 per cent majority said they did. Further to this respondents were asked what form of investment(s) would help them reach their goal towards financial security. A majority cited property and housing as the most secure form (above stocks/shared and superannuation). Of these respondents 57 per cent believe property and housing is the single most important form of investment that will help them reach financial security.

When asked what “would your motivation be for buying a home” an overwhelming majority cited financial security and investment as reasons to purchase a home. Of existing homeowners 80 per cent said that financial security was a factor in purchasing a home, and 70 per cent also cited investment purposes as a reason. Of the non-homeowner cohort, 83 per cent said that financial reasons would be a consideration when purchasing a home.

Focus group responses support findings of the survey, with five of seven respondents commenting that they have purchased / would purchase for financial security. To illustrate this point one respondent commented that on renting as “dead-end money, because you are paying somebody else’s mortgage”, the respondent implied that home ownership was the natural choice for this reason.

This research helps to reaffirm the importance of home ownership to Generation Y. Despite their desire for less commitment in the short term (to remain mobile and free from the responsibilities of a mortgage), AMP-NATSEM (2007) and Sheahan (2005) have demonstrated the high commitment of this group towards long term saving for a house deposit.

The reasons for home ownership are mirrored in the literature, with Badcock and Beer (2000) suggesting the major reason why home ownership in the country is so high is because of generous tax breaks as guided by Federal Government policy. It likely this generation will grow up with the same value placed on housing, probably educated by their parents regarding the wisdom of property investment. It is argued this will contribute to the continued commitment to realise the 'Great Australian Dream'.

### **Generation Y is delaying home ownership to be more mobile.**

A recurring theme in the literature and quantitative and qualitative research is that commitment and mobility affect one's decision to enter into home ownership. From the survey results 65 per cent of respondents who do not own a home cite 'I don't want to commit' as a reason for not purchasing. This definition of committing is not 'being in the same house for years' as was defined in another survey question; it is linked to the idea of mobility for lifestyle and employment opportunities. It was hypothesised that a strong correlation would exist between those who seek mobility (no commitment) and the younger age group as defined in the survey (18-24) though no such correlation exists, showing that the choice of no commitment is as prevalent in older respondents of this survey. Focus group data supported the trends discovered in the survey, as the following points were raised:

- "It is my lifestyle that I am choosing at the moment, over housing [travelling to Europe]. That is what a lot of young people are doing today. Though in five years time I know I will have the travel bug out of my system."
- "I don't think anything will happen to put me in a position to buy a home in the next five years, I still want to travel before I settle into a mortgage."
- "I am trying to find a friend who will go halves with me in a house, though I can't find someone who wants to commit at the moment."

This builds on the consensus in the literature (AMP-NATSEM 2007; Salt 2006; Sheahan 2005) that Generation Y is a mobile generation, experiencing a longer transition phase from child to adulthood. AMP-NATSEM (2007) also identifies that Generation Y are having children later and also travelling a lot more than previous generations of the same age.

As to the social effect these trends will have on 18-30 year olds, Jones (1995) comments that the increased mobility and incidence of young people returning home after moving out of home can lead to a cycle of dependence. In the survey data, of those who had left the family home, 44 per cent experienced some strain in their current arrangements: the majority for the reason they 'find it hard to meet housing costs'. Jones (1995) shows there is a high rate of young people returning to the family home based on financial reasons. Building on this, the qualitative responses to 'would you feel comfortable moving back with family if you were stuck' was overwhelmingly 'yes'. Though one respondent was concerned with the prospect:

- "I'd feel comfortable moving home, but I don't want to. My parents should not have to look after a 25 year old."

Overall it is noted that increased mobility and lack of short-term commitment are driving factors delaying Generation Y's decision to enter home ownership. With this increased mobility it is becoming more common for an individual to move back into the family home after some time away (for example after studying or travelling).

### **The 'use value' home ownership brings will motivate Generation Y to own a home.**

Merlo and McDonald (2002) describe 'Use Value' as the ability of home ownership to afford the owner to 'do what they want' and create their own environment. It is argued this is intrinsically linked with our idea of freedom as an adult in Western society where formal celebrations of adulthood are mostly absent (Jones 1995). 'Use Value' will help the individual to gain independence, not to be under the control of a landlord, have the ability to renovate and customise (Merlo and McDonald 2002). This is a major motivator for Generation Y to enter into home ownership.

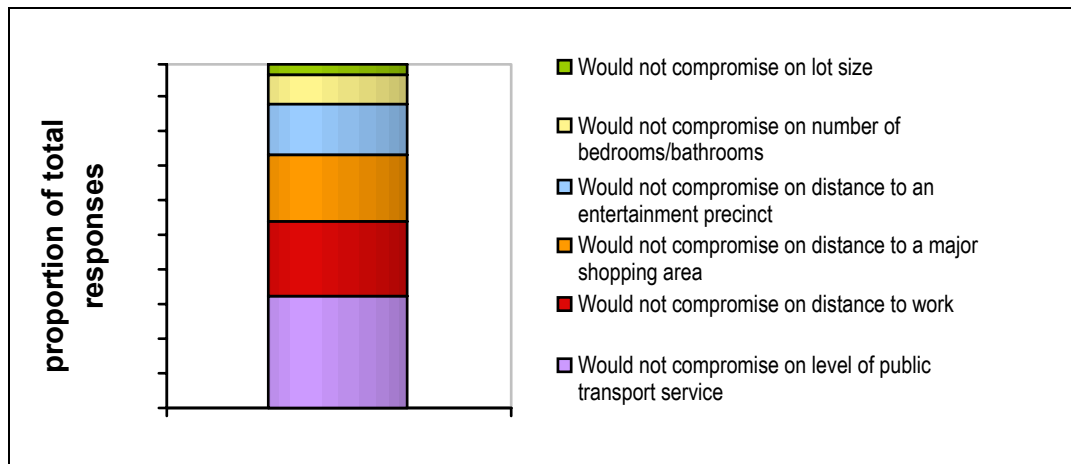
Amongst non-homeowners an overwhelming desire for owning a home is associated with the freedom to “choose how I live” and “customise the home”. All but 3 per cent of the respondents said it was a factor in their decision for wanting to purchase, with 40 per cent qualifying this result citing it would be their most important driver for buying a home. It should be noted that of these high levels of non-home owners who commented just over 30 per cent of them live at home, possibly restricted, in some respects, of living independently.

The high response to ‘use value’ does not necessarily imply that renters are overly constricted in the use of their home. However, it does show what type of relationship Generation Y want to have with their homes once they have settled down. The idea of home improvements and customising the home was apparent amongst some of the respondents in the focus groups. One participant was currently renovating a home with her fiancé: this is something they had always dreamed of doing and home ownership has allowed them this freedom, supporting Kemeny’s (1983) claim that Australian’s have embraced a D.I.Y culture. Another respondent was happy that owning a property would allow her to build a home, which is customised to the needs of her family.

**In order to own, Generation Y would compromise on size, not location.**

An integral part of this research is to understand what aspects of a house Generation Y would be willing to compromise, in order to enter into home ownership. Trends identified they can assist in guiding planning policy and housing strategies for the Perth metropolitan area. Survey responses and focus group responses confirmed that Generation Y is much more willing to compromise on block size and house size in order to own near work, public transport, entertainment or shopping, as illustrated in the Figure below.

**Housing characteristics 18-30 year olds will not compromise on in order to own a home**



(Source: Temov 2007, Survey Responses)

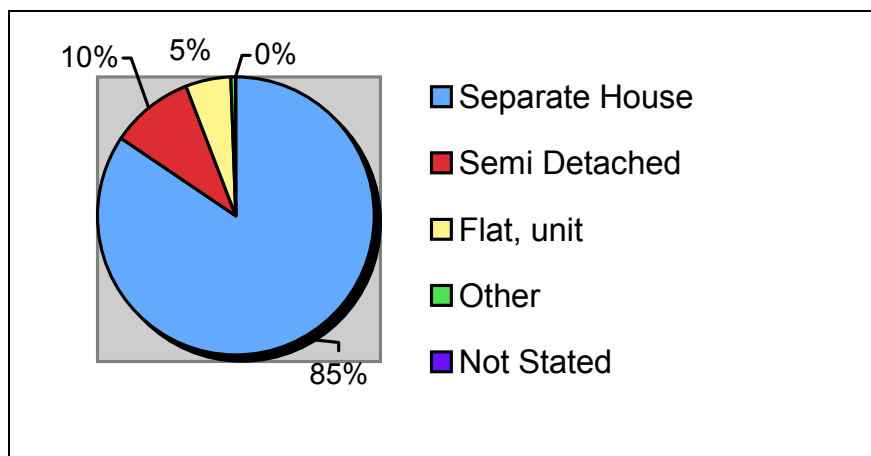
This is in line with the ABS statistics (Australian Bureau of Statistics 2001) that suggest younger people<sup>5</sup> are in high percentages in collection districts within close proximity of established commercial and entertainment districts, close to education facilities and public transport nodes, and in areas where property prices are of the most 'affordable' in the Perth metropolitan area yet close to such facilities, such as the middle northern suburbs of Perth (Real Estate Institute of Western Australia 2007). Focus group responses also supported the survey data trends:

- A participant who lives in Osborne Park commented, "I do not want to live further from the city because I am used having everything close by."
- "I don't like driving so living further from the city would make things more" difficult. I am always going out with my friends to Leederville and Mt Lawley, so living closer to these areas would make things a lot easier."

From these findings we gain more of an insight into what younger people value in their accommodation. ABS (2001) statistics show Perth's dwelling structure is dominated by separate dwellings as illustrated in Figure 2. Semi-detached, flats, townhouses and units which are traditionally associated with higher density areas of mixed-use are underrepresented (Forster 2004), and the lack of dwelling choice to meet younger generations lifestyle characteristics needs to be addressed in urban planning and housing policy.

<sup>5</sup> It is to be noted that the age cohort used by ABS does not match the defined age limits of Generation Y for this dissertation as it includes 15-17 year olds and doesn't include 25-30 year olds. This is a limitation of the data available and therefore weakens the analysis.

**Figure 1: Count of occupied private dwellings in the Perth metropolitan area, 2006**



(Source: Australian Bureau of Statistics 2006)

Smaller dwellings are traditionally cheaper than larger, single detached properties – and provide more choice for singles and couples which may lead to increased affordability for this group to enter into the housing market<sup>6</sup>.

In summary the main finding from the research (survey instrument and qualitative focus groups) highlighted the continued aspiration of home ownership. Other important trends noted included:

- Majority of the respondents believe they will own before 39. This is later than the national studies undertaken in other literature (AMP-NATSEM 2007; Mortgage Choice 2007).
- The respondents are delaying home ownership in order to remain mobile and because they don't want to commit to a mortgage at this stage.
- Many are saving for a deposit.
- They are conscious of the market, and cite a main reason they would buy a home is for investment and or financial security (majority of respondents think about their long term financial security).

<sup>6</sup> DHW (1997) comments that due to the dominance of the single detached dwelling in Perth, many singles and couples are paying for excess housing capacity, space they do not need.

- For those not living in the family home, most would feel comfortable moving back to the family home if they needed to.
- Majority of respondents would purchase a home for 'Use Value'; giving them the ability to live the way they want and customise their house without any restrictions.
- In order to purchase a home, most would compromise lot size and house size in order to live in a prominent, accessible location.
- Most cite their decision to buy a home would not be influenced by friends, family and colleagues, though focus group data suggests an indicative link between family background (in particular ethnic background) and the decision to purchase a home).

## **Conclusions and Recommendations**

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This paper aims to summarise findings of the research and give recommendations on how planning instruments (policies, controls, institutions) can assist in providing an opportunity for this group to achieve their housing goals. Opportunities for further research are also discussed.

### ***Conclusions***

A significant proportion (18.4 per cent) (Australian Bureau of Statistics 2006) of Perth's population is represented by 18 – 30 year olds, highlighting the importance of the research and findings of this dissertation.

As the findings show, 18-30 year olds still hold the same aspirations towards home ownership as older generations. This group is committed to home ownership, though only when the time is right. The research and literature review have revealed respondents of all ages within the target group are delaying home ownership because of the financial commitment involved and the perceived need to forego other life opportunities if home ownership is taken on. In addition, the effects of declining affordability in the Perth metropolitan area has been cited as another reason for the target group's delayed entry into home ownership. They remain aware of the property market performance and are most likely to, when they do get around to purchasing a home, be driven by the benefit of future financial security.



In order to purchase housing, some compromises may have to be made to meet mortgage costs. As the research suggests, 18 – 30 year olds are more inclined to compromise on lot and building size, in order to maintain location, in particular proximity to town centres, education precincts and well-serviced public transport.

Based on these findings, this paper suggests recommendations for policy makers in both local and state government. These recommendations are underpinned by the theory of equity for underrepresented groups in the planning sphere, through: minimising exclusion, increasing diversity in population and access to ownership of suitable housing.

### ***Recommendations.***

#### **Requirement for local governments to adopt local housing strategies.**

Local governments in the Perth metropolitan area vary in population size and type; therefore their housing circumstances will differ. As a result of the findings in this dissertation, trends have been highlighted which show 18 – 30 year olds are willing to compromise on the size of their home if it allows for a more central location, close to town centres, education facilities and public transport services. This is no doubt having implications on housing demand in inner city local government areas.

Local housing strategies can provide guidance for decision making within local government, achieving certain housing goals within each jurisdiction. They have the potential to set a clear direction on how local government can mitigate the effect of declining affordability, in order to spread the demographic load (including age), whilst reducing exclusion. It is imperative that inner city local governments play a leading role in adoption of such strategies.

#### **Encourage inclusionary zoning in local planning strategies.**

Inclusionary zoning aims to encouraging development of affordable housing (below market price) through density bonus offered through local government planning mechanisms. It is of concern that such policies remain underdeveloped in Western Australia. With decreasing affordability in the Perth metropolitan region it is argued the planning system must provide for groups within the community who remain underrepresented and are being priced out of certain areas (such as 18-30 year olds). It is recommended that mandatory inclusionary zoning policies be introduced in areas of high accessibility and dwelling mix. Such

policies could be introduced at the local government level, and mandated through state planning policy.

**Collaboration or partnerships between local governments and the State Government (or the private sector) on implementing place based shared equity schemes.**

Increasing affordability to young people may be achieved through location specific shared equity schemes. A shared equity loan scheme is based on the idea of share of the open market property (e.g. 50%) being paid by the borrower, the other share is a 'silent investment' from a government or private source.

A recommendation to explore is potential partnership between local governments and the Department of Housing and Works (with it's existing 'First Start' shared equity framework) or private sector to provide targeted response to affordability in areas of high accessibility (including TODs). Transit orientated development policy that includes a strategy for affordable housing can reduce exclusion of young people to areas that would like to reside in (for lifestyle and economic reasons).

Recommendations for further research may be able to clarify some of the following findings of this dissertation:

*Investigation of the effects of ethnicity and home ownership rates in the Perth metropolitan area*

Focus group sessions have raised some important findings, illustrating a perceived high level of expectation to enter home ownership for children raised in an ethnic family. Of the participants there was a clear divide between ethnicity and home ownership aspirations. It should be noted, however, these findings were indicative. Given the high ethnic populations residing in the Perth metropolitan area (Hillier 1992), it is assumed a separate, more comprehensive research project on this aspect of home ownership would provide useful results.

*Investigation of intergenerational housing reliance and the changing attitudes of older Australians*

Housing and social policy that fails to recognise the increasing reliance of the family home (as a place for safe place for young people to 'fall back on if all else fails') will need to be addressed as affordability becomes an increasing issue. As Jones (1995, 72) comments "there is no legal obligation for parents to provide

their children with a home [to return to]" and trends cited by Olsberg and Winters (2005, vii) suggest this is more apparent today with "aspirations by older Australians for independence, flexibility, consumer and lifestyle choices [taking] precedence, challenging traditional notions of old age and family obligation". There remains an opportunity to further investigate the effects of intergenerational housing arrangements and housing transfers in a time of decreasing affordability.