

Community Housing Coalition of WA

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John Hawkins
Committee Secretary
Senate Select Committee on Housing Affordability in Australia
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Parliament House
CANBERRA ACT 2600

Dear Sir

Submission to the Senate Select Committee on Housing Affordability in Australia

Thank you for the opportunity to make a submission to the Senate Select Committee on Housing Affordability.

The current lack of affordable housing in the WA housing market is having a significant impact on the ability of our members to deliver low-cost housing services.

Daily our members have to turn people away who have been forced out of the private housing market because of the unaffordability of housing, putting a strain on our current resources.

The Community Housing Coalition of WA commends the Australian Government for appointing a Housing Minister who is displaying a leadership role in these issues. Encouraging also is the Federal Government's efforts to build a cooperative relationship with state, territory and local governments to address housing affordability.

Wherever possible, the Community Housing Coalition of WA is keen to work with the various government agencies, and the private sector in bringing about housing policies that give all Australians a roof, and a place in their community.

If you have any further queries on the submission feel free to contact me on (08) 9221 7933 or email eo@communityhousing.com.au

Yours sincerely

Colin McClughan
Executive officer
Community Housing Coalition of WA
21 April 2008



COMMUNITY HOUSING COALITION OF WA
SUBMISSION

SENATE SELECT COMMITTEE

ON HOUSING

AFFORDABILITY

APRIL 2008



INTRODUCTION

The Community Housing Coalition of WA is Western Australia's peak community housing organisation which is affiliated with the Community Housing Federation of Australia.

The Coalition represents 130 providers of community housing in Western Australia. These are rural, metropolitan and remote providers. The community housing sector in WA houses a diverse spectrum of people with a diversity of needs, and as a result community housing provides a broad range of housing options and is in a good position to meet emerging needs and trends in affordable rental housing. The diversity and flexibility of community housing offered by providers gives it its strength.

The Community Housing Coalition of WA believes that affordable, secure and appropriate housing for everyone is a right rather than a privilege and is committed to ensuring this is clearly acknowledged and understood by politicians, government departments, business people, community housing providers and everyone in the community.

Our role is to support the development of community housing in Western Australia, working with Federal, State and Local Governments to increase the provision of community housing, through assisting our members to eliminate homelessness and by providing a range of training and development opportunities designed to enhance an organisation's ability to deliver quality outcomes.

The Community Housing Coalition of WA strives to identify community housing needs that are currently not being met and to ensure there is ongoing promotion of the value and benefits of community housing and the need to continue to grow the sector.

The Community Housing Coalition of WA membership ensures individual housing providers can make a difference in shaping the political and social landscape in ways that best serve the needs of providers and tenants. In addition to providing a platform for discussing policy direction and best practice, CHCWA speaks with a strong and united voice for the sector and it is this voice which can influence issues that affect the whole sector.

On April 1, the Community Housing Coalition was invited by the Australian Senate Select Committee on Housing Affordability to make a submission detailing the organisation's views on housing affordability. On April 8, the Coalition appeared before the committee during its Perth hearing.

The Senate has asked the Committee to inquire into and report on the barriers to homeownership in Australia, including:

- a) the taxes and levies imposed by state and territory governments;
- b) the rate of release of new land by state and territory governments;

- c) proposed assistance for first home owners by state, territory and the Commonwealth governments and their effectiveness in the absence of increased supply;
- d) the role of all levels of government in facilitating affordable home ownership;
- e) the effect on the market of government intervention in the housing sector including planning and industrial relations laws;
- f) the role of financial institutions in home lending; and
- g) the contribution of home ownership to retirement incomes.

This submission sets out the problems our sector is facing in the face of the housing affordability problems. It also puts forward recommendations that we believe will provide better housing outcomes, particularly for those in the lower income range. The submission will, as far as practicable, also address the Terms of Reference of the Senate inquiry.

EXECUTIVE SUMMARY

The Community Housing Coalition of WA notes that the Committee's Terms of Reference focus on issues around home ownership, but our work in Western Australia, and the work of our partners and members, leads us to believe that the problem facing Australia is housing affordability as a whole, rental affordability in a private market being a major component of this problem.

The focus on homeownership rather than housing affordability in general has led to negative outcomes in the past. The cohort of homeowners who are now struggling to pay their mortgages attest to the need to now turn government's attention to the issue of rental affordability.

Furthermore, the large numbers of people arriving in Western Australia every week put further upward pressure on rental costs. Responding to this challenge would require a great deal of collaboration and innovation involving all tiers of government.

As has been acknowledged by the Federal Government, Community Housing organisations need to play a key role in the development of affordable housing. Their local knowledge and rental housing management capabilities, along with the tax benefits makes the sector well placed to develop partnerships with developers, financiers and state, federal and local government authorities.

In addition to the need for new capital investment, the Community Housing Coalition of WA would like to see a continuation of the stock-transfer of public state housing into the sector which will provide cost savings and increase the scope for more affordable dwellings.

For affordable housing strategies to be effective and inclusive for all Australians, the Government needs to ensure that restrictive building codes are reformed and that a mandated percentage of each development should have provisions for affordable low-rental housing, for the life of the asset.

Lastly, there needs to be a concerted effort to look at increasing the density of brown field sites, particularly around public transport nodes and in close proximity to social infrastructure. The continued use of greenfield sites, increasing the urban sprawl only marginalises further those who are already socially marginalised.

1. The taxes and levies imposed by state and territory governments

The community as a whole profits from Community Housing Providers being not-for-profit entities that often use the tax system to provide the community with more affordable housing. While we would naturally welcome any federal initiative that allowed our members to construct even more housing, the current tax system works well for us.

An area of concern, especially for providers who house people with disabilities or are in crisis is the council rates charged by local government authorities. It has been established by the State Administrative Tribunal that Community Housing Organisations should be exempt from Local Government Rates. This has not been put into practice with local councils granting rate exemptions on an ad hoc basis.

With the transfer of housing assets from the State and Federal governments to community housing providers, which we are supportive of, it is recognised by the Community Housing Coalition of WA that local councils who would normally collect rates from the State Department of Housing and works will forgo this revenue as community housing providers are not required to pay taxes. We see the levying of council rates as an impediment to community housing providers and their ability to provide low cost housing.

However, the Community Housing Coalition of WA also recognizes that some councils may need to be reimbursed for this loss of income particularly as community housing providers take over ownership and/or management of housing stock that was previously run by the State Government, and which was previously subject to taxes and council charges.

Recommendation 1: That a system of rates exemption be developed so that a range of community housing providers will continue to be treated as exempt from the payment of rates as stipulated by the WA Local Government Act Section 6.26(2)g, and penalties should exist for councils that continue to levy rates.

Recommendation 2: Community Housing Organisations should be exempt from paying council rates and that the revenue lost by the councils as a result of providing these exemptions is considered to be a “Community Service Obligation” and is reimbursed to the councils by the State Government. A similar process is already being operated in Western Australia by the Water Corporation and Western Power.

2. the rate of release of new land by state and territory governments;

The Community Housing Coalition of WA supports transport orientated development. We would encourage Local and State Government to speed up the development approvals process to allow for more higher-density development in existing urban areas which already have good access to infrastructure.

We do not support the creation of more isolated outer suburbs with little access to public transport, employment opportunities and schools. With the cost of petrol rising putting the most vulnerable in our society into such suburbs will not lead to positive social outcomes. The creation of low density housing puts an enormous strain on the environment and on infrastructure development. In addition, fringe suburbs can be socially isolating and often lack the community facilities and amenities that need the economies of scale to operate effectively.

The Commonwealth Governments funding allocation of \$30 million dollars to try and simplify building applications through *on line* applications should hopefully speed up the building of housing and is a welcome measure.

The Community Housing Coalition of WA would also like to see a requirement for Government to include affordable housing strategies as part of their planning schemes. We believe in inclusionary zoning, the concept that any new development contains a minimum percentage of affordable housing in all developments.

Recommendation 3: The Community Housing Coalition of WA supports the redevelopment of inner urban areas to increase the stock of affordable rental housing with decent access to transport and other social infrastructure.

Recommendation 4: The Community Housing Coalition of WA encourages the reform of the R code system to enable more innovation in housing in Western Australia.

Recommendation 5: Develop a forum where three tiers of Government work together with the Community Housing sector to create an Intergovernmental resource unit to educate, encourage and enable local government planners and community groups to apply less conservative interpretations of the R code system. Doing so would promote innovative design now while a broader based review of planning codes in WA took place. Such a group could also inform stakeholders of options for implementing any new, less restrictive system that replaced the current arrangements.

Recommendation 6: Mandatory levels of affordable rental housing which is offered to clients at 20 per cent below the market rate. Without mandating, an inclusive housing strategy will not be achieved through private markets.

3. proposed assistance for first home owners by state, territory and the Commonwealth governments and their effectiveness in the absence of increased supply;

The Community Housing Coalition of WA supports the two major initiatives proposed by the Commonwealth Government namely:

The National Rental Affordability Scheme, which could encourage developers to build up to 100,000 properties over a 10-year period. Community Housing providers are well placed to manage tenancies created by large institutional investors such as superannuation funds under this scheme.

CHCWA however would like to see a caveat placed on the scheme that properties involved must have access to public transport and infrastructure and be part of mix in housing stock to stop poor ghettos from emerging.

The Housing Affordability Fund, to assist 50,000 new home buyers over 5 years is an important initiative, but we believe the grants should be means tested and limited to those first home owners entering into contracts to buy properties who are on, or below, the average wage for the region and who are buying a property which does not exceed the average price range for the region.

The Community Housing Coalition of WA also welcomes the State Government's \$210 million investment in Community Housing. This investment will significantly strengthen the Social Housing sector in WA. Several new Community Housing projects are currently in the development stage thanks to this injection of money.

However, we are concerned with any approach that favours larger growth providers at the expense of small, special community housing providers. We feel there needs to be room within the grants system to make a case-by-case assessment for these specialist providers. Supporting bigger community housing providers causes concerns particularly in regional areas which have a good local support and volunteer base.

Recommendation 7: The Community Housing Coalition of WA supports a review of the first home owners grant scheme and introduces some means testing or capping.

Recommendation 8: The preservation of smaller community housing organisations, providing niche services to be maintained, encouraged and enhanced through financial and technical support.

Recommendation 9: Investigate tax incentives for the construction and management of private Boarding and Lodging Houses. There has been a sharp decline in the number of available beds in WA which needs to be addressed.

4. the role of all levels of government in facilitating affordable home ownership;

The Federal Government should ensure that its incentives to provide low rental houses and affordable homes is targeted at the right demographics and does not undermine objectives to reduce urban sprawl.

The Community Housing Coalition of WA believes in a number of approaches to facilitate the construction of more affordable housing in Western Australia. These approaches will require all levels of government to support innovative design rather than hinder it.

We believe partnerships between government bodies, community housing organisations, developers and financiers is crucial if Australia is to address the housing affordability issue.

State Government is able to support affordable housing by means of housing stock transfers to on-the-ground community housing organisations. In addition, the State Government, together with the Federal Government can increase spending in community housing, providing support to the diverse needs in the community.

Local Governments, together with the State Government needs to consider ways in which to remove the burden of council rates, in situations where they are still being levied.

All levels of government can also assist by looking at their landholdings to see what can be utilized for low-cost affordable housing.