



Government of **Western Australia**  
Department of **Housing**

**Affordable Housing Strategy 2010-2020**  
**Opening Doors to Affordable Housing**





**Vision**

*An affordable housing system that provides real opportunity for people on low-to-moderate incomes*

**December 2010**

A larger font size version is available at [www.housing.wa.gov.au](http://www.housing.wa.gov.au)



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## Message from the Minister

5

The Liberal-National Government is committed to increasing the availability of affordable housing for all Western Australians, particularly those on low-to-moderate incomes. Substantial increases in the cost of land and housing over the past decade has affected a growing section of our community including people on moderate incomes who were previously able to access housing without government assistance.

The social costs of this situation are too high for us to continue as is. The impact is felt across the board from young people wanting to leave their parents' home, to couples searching for a house in which to raise a family, to seniors coping with increased rents. From an economic perspective, the ongoing development and productivity of our State relies heavily upon our ability to provide affordable housing for people pursuing employment opportunities.

The Social Housing Taskforce, in its 2009 report *More than a Roof and Four Walls*, recognised the scale of the problem and highlighted that the affordable housing challenge was too great for government to tackle on its own. Therefore, the

Government will lead the way by partnering with the private and not-for-profit sectors to finance, develop and deliver long term affordable housing solutions for people on low-to-moderate incomes.

The Government will 'open doors' to increase the supply and diversity of affordable housing across Western Australia by taking bold, practical measures to generate at least 20,000 additional affordable homes by 2020.

An across government approach will be taken to help ensure that more options are available – ranging from crisis accommodation to home ownership.

New initiatives such as private rental brokerage schemes, community land trusts, innovative public-private partnerships and key worker housing in regional locations will be investigated and trialled. The Government will also fast track affordable land and housing developments in areas of high demand and expand successful schemes such as shared equity home loans and assistance for low deposit home buyers through Keystart.

The creation of more options, combined with a better assessment

of need and targeting of assistance, will help ensure that more people on low-to-moderate incomes can access housing that is affordable, appropriate to their needs, and available for the duration of their need. It also signals a change in the primary role of the Department of Housing from building and managing public housing to enabling access to a broader range of affordable housing solutions.

The directions outlined in this Strategy are just the beginning. Much more will be done over the 10 years to 2020.

I wish to thank all of those who have contributed to the development of this Strategy, especially the members of the Social Housing Taskforce.



**Hon Troy Buswell BEc MLA**

*Minister for Housing*



### *Affordable housing is a pathway to opportunity.*

Apart from providing shelter, for most people affordable housing is the foundation for life's opportunities and a doorway to success. But many Western Australian households are finding this goal difficult to secure, with the problem most acute amongst those on low-to-moderate incomes.

This comes on top of a long-term decline in affordability, an emerging gap between supply and demand at the low cost end of the market, and an overstretched public housing system.

If left unattended, an enduring shortage of affordable housing will limit the opportunities for aspiring households and lead to growing levels of financial and personal stress and significant societal costs in terms of social dysfunction and economic underachievement.

This 10-year Strategy aims to tackle this challenge head-on, with a particular focus on opening doors for those on low-to-moderate incomes through partnerships with private and community sectors. It does this by identifying actions that will address the decline in affordable

entry points, boost the supply and diversity of housing options, and strengthen the social housing system. In doing so, it signals a reshaping of the Government's role in housing, away from an over-concentration on public rentals as the main solution, to working more widely with partners and markets to increase the range of housing options and solutions that are:

- **Available** (as and when needed).
- **Affordable** (within the means of low-to-moderate income households).
- **Appropriate** (meets the needs of individual circumstances).

On the economic front, the Strategy is an important proactive response that will help to prevent the State's performance from being held back by critical shortages of affordable housing. Collectively, the intended measures will see a significant repositioning of Government effort based on:

- Working with markets and market mechanisms to help address the social and affordable housing needs of lower income households.
- Sharing the 'doing' with the not-for-profit community sector and establishing a wider market for future public resources.

- Re-establishing social housing as a pathway rather than a destination for capable tenants by implementing a 'duration of need' approach to housing assistance.
- Creating more options and support for both tenants and applicants to help them achieve mainstream housing solutions.

The Strategy also relies on implementing land supply and planning reforms to deliver new forms of affordable housing outside the social system, along with wider initiatives for key worker accommodation in high cost locations.

This Strategy sets a target of 20,000 additional affordable homes by 2020. Getting there will involve setting a new direction based largely on achieving four system-changing outcomes:

**1. A stronger, social housing sector** with coordinated service delivery between the public and not-for-profit systems. This means improving services and outcomes for clients by allocating public resources and opportunities to those providers most able to deliver the best and most efficient outcomes.

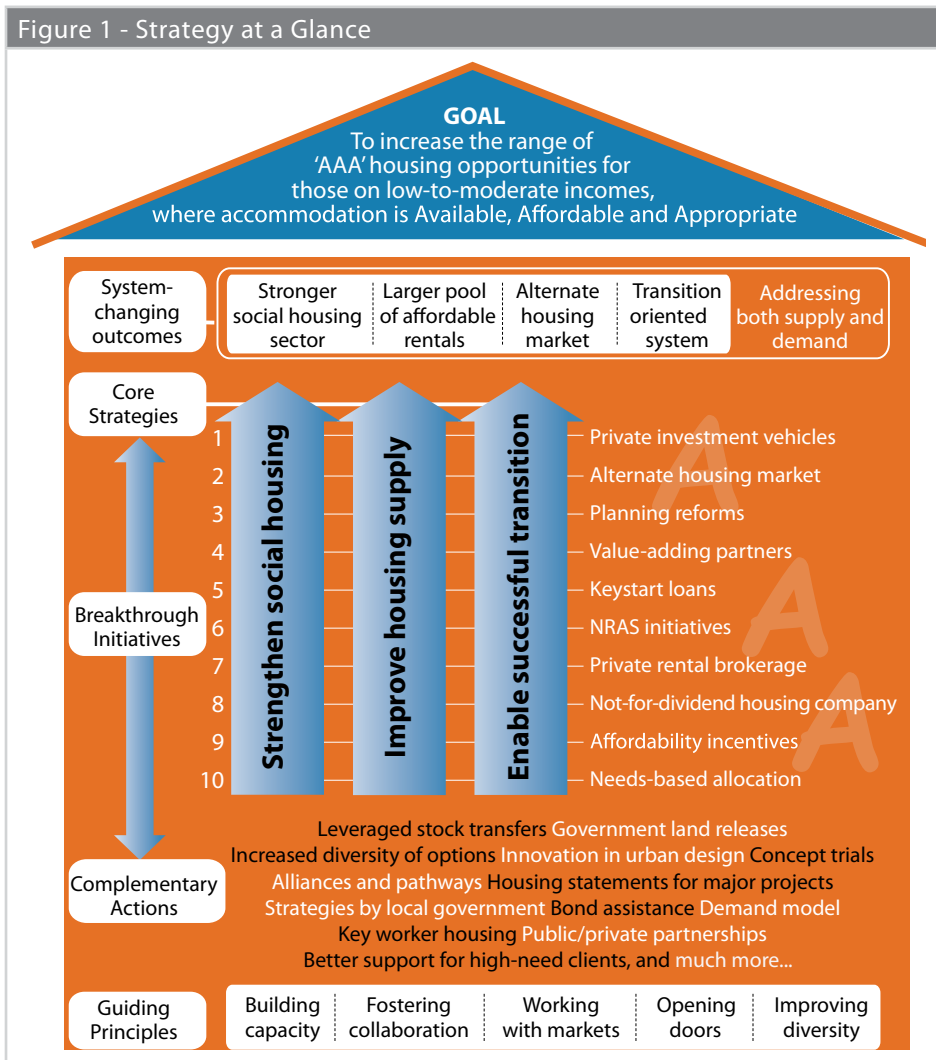
2. A larger and more diverse pool of affordable private rentals to broaden the opportunities for those on low-to-moderate incomes. This means developing mechanisms to facilitate greater private investment in the area.

3. An alternate housing market for new types of affordable accommodation that operate at an ongoing discount to regular housing. This means increasing affordable entry point housing options and mid-way solutions between traditional rental and unencumbered home ownership for those households who want them.

4. A more dynamic transition-oriented housing continuum with tailored interventions to encourage and support the mobility of low-to-moderate income households. This means actively facilitating the transition process to achieve the best housing outcome for particular households over time, relative to their circumstances.

Achieving these outcomes will involve a raft of changes and actions to realise successful partnerships, trial new design and accommodation solutions, and realign existing incentives and arrangements to better assist more people with the available resources.

Figure 1 illustrates the overall strategy.



## Ten breakthrough initiatives

At the forefront of these changes are ten systemic initiatives:

1. *Creating affordable housing investment* vehicles to facilitate market-based and/or institutional investment in the sector.
2. *Establishing an alternate housing product and market* for new types of affordable accommodation based largely around different land tenure models. Examples would include community land trust and leasehold strata arrangements, perpetual shared-equity products and wider use of park homes and affordable lifestyle village concepts.
3. *Pursuing key planning reforms* such as optimising the appropriate use of ancillary dwellings, introducing planning codes that facilitate medium density mixed-use or multi-unit developments and trialling zoning requirements and incentives for affordable housing.
4. *Developing a multi-provider social housing system by collaborating with value-adding partners* who can bring a unique contribution or benefit to complement or improve existing services. This involves growing the role of the community housing sector and teaming up with effective private partners and providers where possible.
5. *Increasing the volume of Keystart assistance for low-to-moderate income households* by increasing the turnover of loans through its portfolio and increasing the number of shared-equity loan opportunities for disadvantaged groups within a risk-managed portfolio.
6. *Maximising involvement in the National Rental Affordability Scheme (NRAS)* and actively promoting incentive opportunities to interested investors.
7. *Piloting a private rental brokerage scheme* to widen opportunities in the private market for those on low-to-moderate incomes.
8. *Establishing a dedicated not-for-dividend housing company* to actively drive strategic commercial innovations and trials, and pursue specific outcomes for particular types of client (e.g. those transitioning out of social housing).
9. *Implementing appropriate affordability incentives* to encourage the wider availability of affordable land and housing within commercial developments, along with formal quotas for the development of surplus government land and government land development agencies.





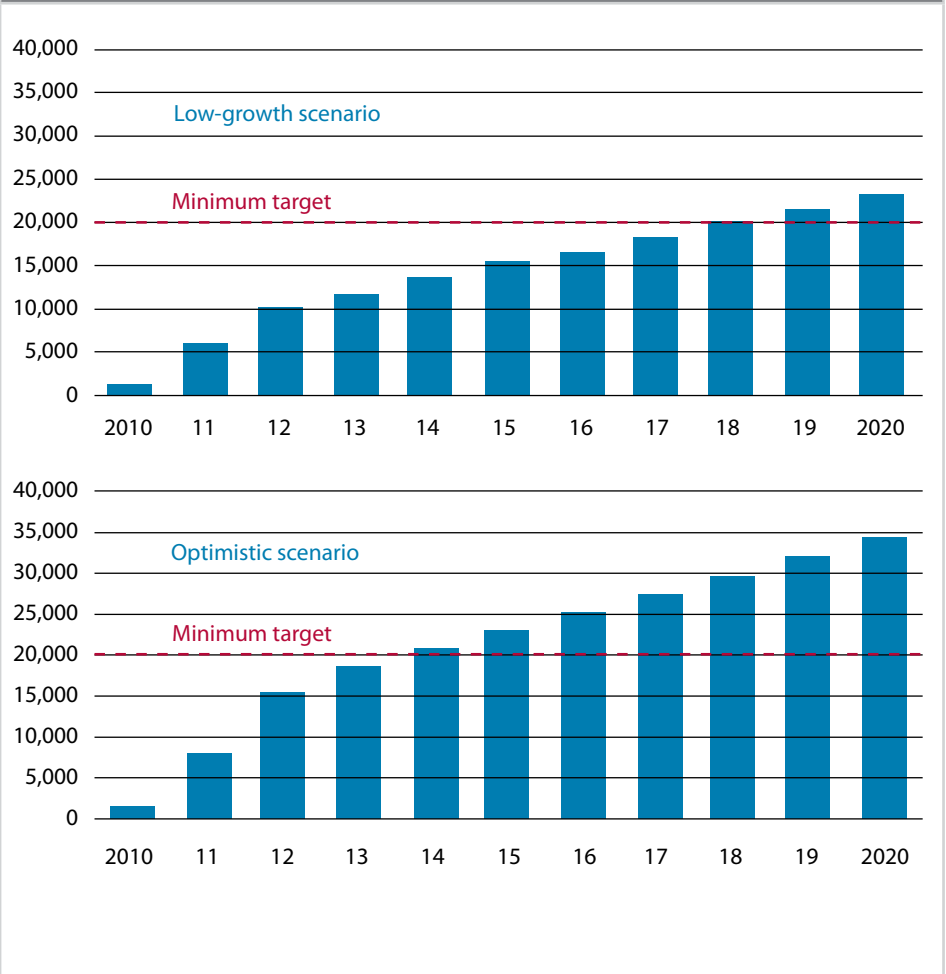


**10. Introducing a Housing Needs Register** for the wider social housing system to improve information, coordination and matching of client needs with appropriate short and longer-term solutions and pathways.

Going forward, success will be actively monitored and measured against a range of lead indicators tied to critical activities. Central amongst them will be the achievement of a minimum **20,000** additional dwellings **by 2020** for households on low-to-moderate incomes.

**Figure 2** highlights the intended progress over the 10 years of the strategy under both a low-growth and optimistic scenario.

Figure 2 - Key Result Area - Indicative Affordable Housing Stock Growth



## Initial Government Actions

As an initial commitment under the Strategy, the Government will *Open Doors* to more affordable land and housing by:

- **Trialling new Public/Private Partnerships (PPPs)** by using Government land to attract private sector capital, as demonstrated through inner city projects including Pier Street in Northbridge and Campbell Street in West Perth – and soon to be released expressions of interest in suburban locations.
- **Providing an initial 120 subsidised rental opportunities** through a private rental brokerage scheme and examining the feasibility of the use of vouchers by tenants to pay rent.
- **Transferring further public housing to Community Housing Growth Providers** to assist them to borrow funds to build more social and affordable housing stock. Further investment will see an additional 1,000 homes created by 2020.
  - **Placing a minimum 15% affordable housing quota on all government land and housing developments** to be targeted to low-to-moderate income households.
- **Expediting affordable land subdivisions through the Department of Housing of which 80% will be below the median land price** to provide housing lots to accommodate a further 32,000 dwellings by 2020. Action has already been undertaken to fast-track housing lots in Henley Brook, Hammond Park and Golden Bay.
- **Introducing key planning reforms** through the implementation of *Planning Makes It Happen: A Blueprint for Planning Reform*, which will facilitate more affordable housing opportunities across the State.
- **Supporting the Office of Land and Housing Supply** to fast-track approvals in priority areas, including those which will increase affordable housing supply.
- **Providing affordable housing for key workers in high-cost regional centres**, for example the release of land to not-for-profit organisations in South Hedland under the *Royalties for Regions* and *Pilbara Cities Program*.
- **Strengthening the Housing Industry Forecasting Group** to ensure accurate, authoritative and timely data about land and housing supply.
- **Providing additional home loans through Keystart**, with an extra 8,000 home loans for low-to-moderate income earners to be provided by 2020.
- **Increasing the supply of social housing** by building a minimum of an additional 3,500 social housing dwellings by mid 2013.

These initial actions are designed to influence the supply, range and diversity of affordable housing as well as the activities of markets, governments and consumers. The Government is committed to ensuring that Western Australia is an affordable place to live and work for all people – and within the directions set by the Strategy, will investigate, trial and support further social and affordable housing initiatives over and above those listed above.





## 1. Introduction

*After food and water, housing is the core ingredient for a successful life.*

And yet despite its importance, satisfying that requirement is becoming increasingly difficult for many households, both in terms of basic affordability and the ongoing adequacy of supply at lower price points.

In this respect, affordable housing refers to dwellings which households on low-to-moderate incomes can afford, while meeting other essential living costs.

### Nature of the Problem

Over the past 30 years, Western Australia has experienced a growing decline in housing affordability. In addition, the past decade has seen the cheaper entry-level housing relied on by low income households effectively removed from the market. High demand and increasing expenditure on home renovations nationally<sup>1</sup>, coupled with the closing gap between the prices of low cost Perth apartments versus houses<sup>2</sup>, has resulted in reduced opportunities at the lower price points more than ever before. The escalating price is demonstrated in **Figure 3** on the following page.

Even during the high economic growth of the last decade, increases in property prices have consistently outstripped the rise in incomes. In May 2000, a family in Perth on the median income of \$40,700 p.a. could buy a home for 3.9 times their annual income, whereas in September 2010 the same family on the median income of \$73,300 p.a. needed at least 6.5 times their annual income to purchase a similar property<sup>3</sup>.

Affordable housing, as measured by the Housing Loan Affordability Indicator<sup>4</sup>, has now declined to the point where average home loan repayments are now 40% less affordable (in trend terms) than they were in 1980.

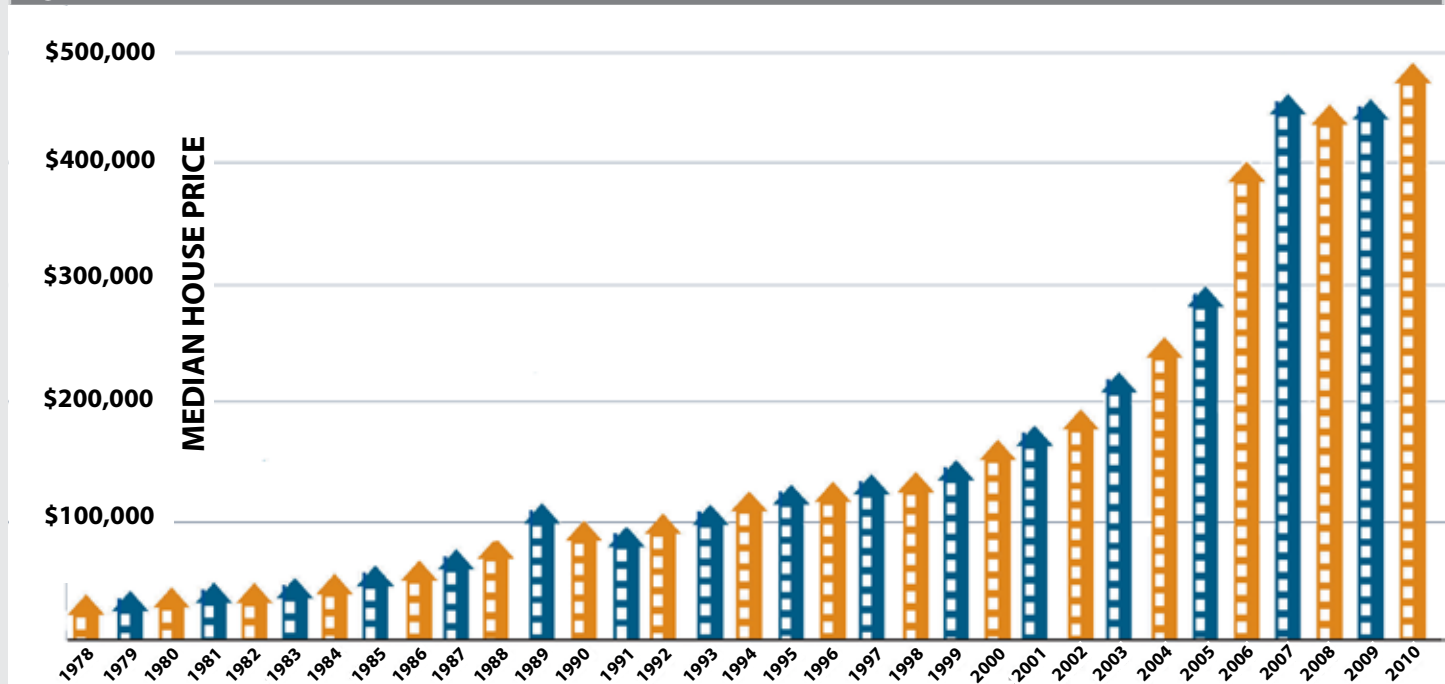


In part, this has been aggravated by an increase in the size of Australian homes to the point where they are now amongst the largest in the world (with an average of 215 square metres). By comparison, the average house in the United States is 202 square metres, in France 113 square metres and in Britain 76 square metres<sup>5</sup>.

Over the same period, private sector rents in Perth have also moved out of reach of households on low-to-moderate incomes. Rents increased from 19% of the median income in 2000 (i.e. \$149 rent per week) to 26% of income in September 2010 (i.e. \$370 per week)<sup>6</sup>.

**Figure 4** shows the impact of this on households with a low income of just over \$700 per week or \$36,400 per annum.

Figure 3 - Perth House Prices 1978-2010 (Source: REIWA)



For the first half of the decade the difference between the affordable rent and median rent was only about \$30 per week, resulting in a reasonable choice of properties for low income households. However, falling vacancy rates (shown by the dotted line in the chart) since 2005 have pushed up the median rent, such that there is now a \$160 per week gap between median rent and affordable rent. The result is a reduction in available properties for low income households (for which they compete with people on higher incomes) and increased pressure on the public housing system.

<sup>1</sup>Battelinno R (Ric), December 2009, *Housing and the Economy*, Bulletin, Reserve Bank of Australia

<sup>2</sup>Real Estate Institute of Western Australia (REIWA) data

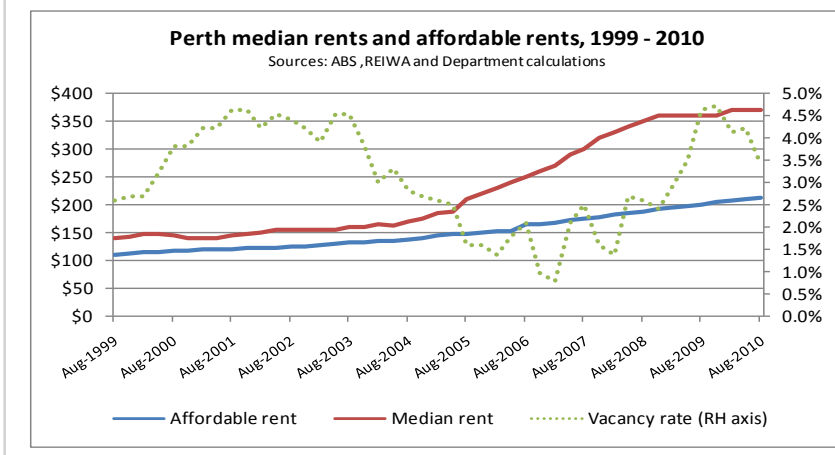
<sup>3</sup>Sources: Australian Bureau of Statistics and REIWA

<sup>4</sup>Real Estate Institute of Australia Affordability Indicator is a ratio of median family income to average loan payments

<sup>5</sup>Lutton, L (Linley), August 2010, *Affordability Through Modesty*, Australian Institute of Urban Studies

<sup>6</sup>Market Update, REIWA

Figure 4 - Perth Median Rents and Affordable Rents 1999-2010





In addition, the National Housing Supply Council estimates that current demand for housing outstrips supply by 30,200 houses state-wide<sup>7</sup>, albeit the Real Estate Institute of Western Australia (REIWA) has a contrary perspective<sup>8</sup>.

All this mounting pressure has seen house prices and rents grow beyond the reach of many households, particularly those on low-to-moderate incomes.

As a result, the waitlist for public housing has swollen to some 24,600 applications<sup>9</sup>, with an estimated 34,000 households in silent stress within the private rental market<sup>10</sup>. In addition, the rate of homelessness continues to increase, particularly amongst young people<sup>11</sup>.

Looking forward, the affordability gap is set to widen further as Perth's population grows from 1.65 million to over 2.2 million by 2031<sup>12</sup> and 4.3 million by 2056<sup>13</sup>. This growth will be exacerbated by an ageing population that will see the cohort aged over 65 double nationwide by 2056 and those above 85 quadruple<sup>14</sup>. Shorter term

demographic trends already show a structural supply shortfall averaging 14% p.a. over the next decade<sup>15</sup>.

This problem will be amplified by a resurgent economy and tighter (short-term) credit environment resulting from the recent contraction of the second tier lenders, higher interest rates, withdrawal of 'no deposit' and 'low-doc' loans, lower loan-to-valuation limits and deposit requirements now universal amongst major lenders<sup>16</sup>.

In addition, preliminary findings from the Department of Housing's emerging demand model highlight not only increasing aggregate demand from low-to-moderate income households, but a disproportionate increase in regional areas as the State develops. Over the next five years, the regional share of that increased unmet demand state-wide is tipped to rise from 27% of the total to around 40%.

Collectively, this mounting pressure has been borne disproportionately by those on low-to-moderate incomes, including many key workers in the non-resource economy.

While rising house prices are a symptom of the State's broad

economic success, it remains critical to ensure that housing is available to as many people as possible, and on terms that are both affordable and appropriate to their needs.

<sup>7</sup>National Housing Supply Council, 2010, *State of Supply Report*

<sup>8</sup>REIWA, Darby, S (Stewart), June 2010, *Latest Household Projections put WA Housing Shortage in Doubt*

<sup>9</sup>24,586 as at 31 December 2010

<sup>10</sup>Productivity Commission *Report on Government Services* 2010

<sup>11</sup>Chamberlain C and Mackenzie D, 2009, *Counting the Homeless 2006: Western Australia*, Australian Institute of Health and Welfare

<sup>12</sup>*Directions 2031 and Beyond: Metropolitan Planning Beyond The Horizon*, August 2010, Western Australian Planning Commission

<sup>13</sup>Population Projections, Australia, 2006 – 2101, Series A, ABS Cat No 3222.0

<sup>14</sup>Population Projections, Australia, 2006 – 2101, Series A, ABS Cat No 3222.0

<sup>15</sup>National Housing Supply Council, 2010, *State of Supply Report*

<sup>16</sup>Scott, JC (John), (Business Consultant), 2010, *Home Lending Environment in WA – A Report for Keystart Home Loans*





## State-Commonwealth Reforms

The need for action has already been recognised and early steps commenced. Key State and Commonwealth initiatives are underway that will have a significant impact on housing and housing affordability over the next decade. These include:

- The final report of the Economic Audit Committee, entitled *Putting the Public First: Partnering with the Community and Business to Deliver Outcomes*. This report, released by the Premier in December 2009, calls for better coordination between government agencies in the provision of services and foreshadows a greater role for the community sector in the delivery of human services such as housing.
- The establishment of a dedicated Office of Land and Housing Supply within the State Department of Planning to provide strategic advice on land availability issues and oversee actions and initiatives to address potential blockages in the land and housing system.
- The 2008 Council of Australian Governments' (COAG) *National Affordable Housing Agreement* and its associated *National Partnership Agreements*. These include major

reforms to the provision of social housing, as well as specific funding in areas such as homelessness, remote Indigenous housing and social housing.

- The development of a housing supply and affordability reform agenda led by Treasurers through the COAG Ministerial Council on Federal Financial Relations. This will examine the impact of macro economic settings on housing supply and affordability, set against the broader operations of the housing market and the agreed role for governments.
- The COAG reform agenda for planning and capital cities, together with the Commonwealth's Housing Affordability Fund. These measures are aimed at reducing the cost of developed residential land and speeding up its delivery to the market.
- *Australia's Future Tax System Review* (Final Report)<sup>17</sup>, which was published on 2 May 2010. The tax system is an important underpinning to the level of housing investment in Australia. While the Commonwealth Government's initial response to the Henry Review has ruled out any changes to negative gearing,

other recommendations about housing assistance have been effectively deferred for subsequent consideration. Canberra's ultimate response to the full report will potentially have a significant impact on the supply of social and affordable housing in this State.

These initiatives provide a critical context and impetus for the development of wider systemic measures over the following decade. Importantly, they underpin the urgent need to re-establish an effective affordable housing continuum.

<sup>17</sup>Refers to the 2008-09 review of the Australian Tax System chaired by Dr Ken Henry AC, Secretary to the Treasury



## Affordable Housing Continuum

**Figure 5 illustrates the affordable housing continuum.**

It demonstrates the interconnected options at play across the wider housing system, ranging from crisis accommodation at one end to full home ownership at the other. Depending on circumstances, different people have different capacities and aspirations, and need varying entry points along the housing continuum. For many, the final destination will be full home ownership while for others (e.g. those on lower incomes) it will likely be suitable rental accommodation in either the private or social housing sectors.<sup>18</sup>

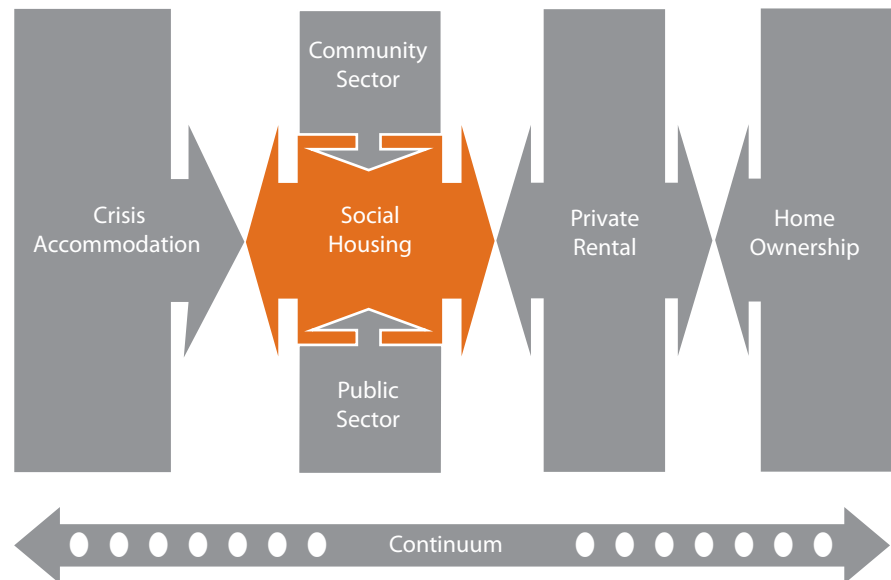
A healthy affordable housing continuum will necessarily have sufficient supply at all points to accommodate changing demand and facilitate transition between options as needed. Its vitality is crucial to the efficient release of social housing opportunities to the most vulnerable.

A healthy continuum will also be effective at accommodating

individual circumstances to help as many as possible reach their optimum point within the overall system. At the same time it will provide the right type of assistance for those who slip back and need to restart their journey.

<sup>18</sup>67.8% of households typically own or are in the process of buying their own home, with 29.5% renting and 2.7% in other tenures. Table 16A, Household Income and Income Distribution, 2007-08, ABS Cat No 6523.0

Figure 5 - Affordable Housing Continuum



## Key Challenges

In addressing the emerging situation, it will be critical to successfully confront a number of key challenges, including the need to:

**1. Develop an effective, integrated system to respond to and reduce homelessness.** This is the major focus of the housing policy reforms required under the *National Affordable Housing Agreement* and associated *National Partnership Agreements*.

**2. Address blockages in the housing continuum** to encourage the transition of households towards options better suited to their needs and circumstances.

**3. Ensure viable options exist for all categories of need across the housing continuum.** This will involve practical solutions and entry-level opportunities across the three broad groupings of clients (Bands A, B and C), as shown in **Figure 6**.

**4. Improve the supply and ongoing viability of social housing** to ensure that services continue to be available to people in need.

**5. Increase the supply of affordable private rentals** so that low-to-moderate income households can access private housing opportunities, freeing-up the social system to help others.

**6. Recognise the different needs of regional Western Australia** and provide solutions that support the growth and sustainability of regional communities.

**7. Ensure that support services are available** to help people with specific needs establish and sustain viable tenancies and where possible transition along the housing continuum.

**8. Improve the information base for social and affordable housing** to better understand future demand, improve the matching of clients with appropriate solutions and services, provide more value-added advice to key stakeholders and actively drive better decision-making.

Figure 6 - Broad Target Groups Under the Strategy

Group	Characteristics	Primary Need
<b>Band A</b>	People with very low incomes (less than \$36,000 p.a. as at August 2010*) and other physical or social disadvantages (e.g. disability, homelessness) that impede their ability to secure private housing	Suitable Social Housing (rents below 30% of income)
<b>Band B</b>	People with low incomes (\$36,000–\$57,000 p.a. as at August 2010*) but who are not otherwise disadvantaged	Affordable Private Rentals (rents 20% below market levels)
<b>Band C</b>	People on moderate incomes (\$57,000–\$86,000 p.a. as at August 2010*) who are unable to access affordable housing in the standard housing market	Affordable Private Rentals and/or Home Ownership

\* See Glossary for definitions of very low, low and moderate income households





### Value for Money Solutions

*Traditionally, the State has offered a limited variety of housing solutions for those in need, ranging from homelessness services and crisis accommodation through to public rentals and home ownership loans through Keystart.*

In doing so, the focus has mostly been on public rentals aimed at those on low incomes. While this approach provides important support and will remain part of the social solution, it is nevertheless expensive both in terms of upfront capital investment (i.e. buying or building houses) and recurrent operational costs (i.e. ongoing rental subsidies and maintenance).

A continuing over-reliance on this option as the primary response will limit the ability of the system to address the growing demand and the number of households that can be assisted.

Other options along the affordable housing continuum can be just as effective and often come at a lower direct cost, as highlighted at **Figure 7**. Appendix 1 records the underlying assumptions associated with this modelling.

By mixing and matching the varying solutions, benefits and cost profiles of particular options to those in need, more opportunities can be provided more effectively from the available resources.

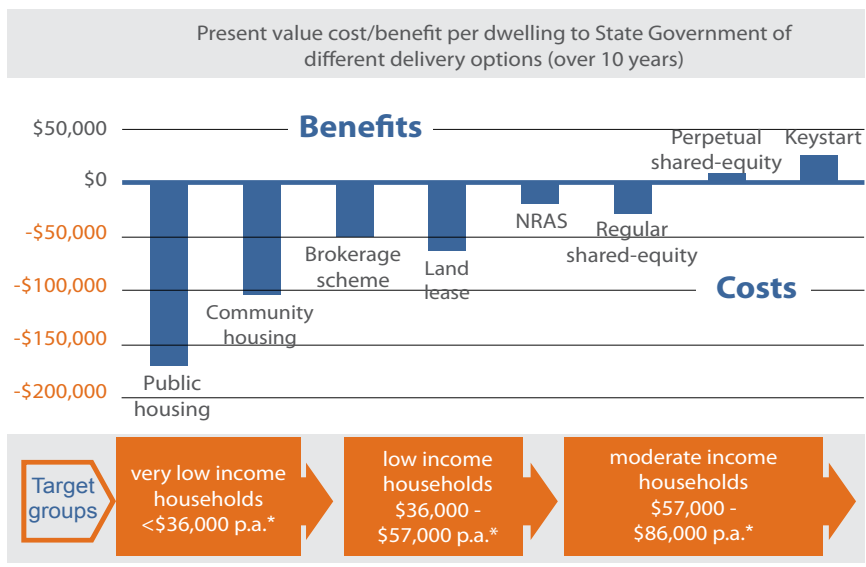
To this end, the aim will be to deploy a broader mix of more effective solutions, better coordinated and targeted to those in need, and delivered with greater cost efficiency.







Figure 7 - Indicative Cost of Various Housing Options



\* See Glossary for definitions of very low, low and moderate income households



## 2. Getting There

*Responding effectively to the affordable housing challenge will mean focusing on an achievable goal and being very specific about how to get there.*

Importantly, it will require clarity about the critical changes needed, along with a sharp focus on delivering fundamental system-changing outcomes.

In turn, the manner in which these outcomes are achieved will also be important, as will agreement around the roles and responsibilities of the various parties.

In this respect, housing is effectively a physical and social commodity that involves not just developers and builders, or government policy bodies. It involves a range of parties that include potential buyers, land and planning agencies, local

government authorities, financiers, investors, community organisations, social service providers, landlords, tenants, homeowners and the wider community.

To be effective in achieving affordability, everyone from the developer forward needs to play a value-added role.

### Goal

The overall goal of the strategy is to increase the range of 'AAA' housing opportunities for those on low-to-moderate incomes, where accommodation is:

**Available** (*as and when needed*);

**Affordable** (*within the means of low-to-moderate income households*); and

**Appropriate** (*meets the needs of individual circumstances*).

Within this, a specific objective will be to facilitate a minimum 20,000 additional affordable dwellings by 2020 for households on low-to-moderate incomes (largely outside the public system). Other objectives will support this challenge and promote wider complementary reforms. A full list of specific objectives and related performance measures is shown at **Section 7:**

**Monitoring Progress.**

Achieving these objectives will mean realigning operations and effort with the new strategic direction shown at **Figure 8.**

### System-changing Outcomes

Spearheading this change will in turn mean concentrating on achieving four system-changing outcomes, namely:

*1. A stronger, better, deeper social housing sector* with coordinated service delivery between the public and not-for-profit systems. This means improving services and outcomes for clients by allocating public resources and opportunities to those providers most able to deliver the best outcomes and efficiency. This will involve working collaboratively with not-for-profit (and private) housing providers to achieve better services and outcomes by opening-up the public system and establishing a contestable environment for future resource allocation. It also means raising standards and establishing the right structures and arrangements for particular functions and activities.

*2. A larger more diverse pool of affordable private rentals* to broaden the opportunities for those on low-to-moderate incomes. This

means developing market-based mechanisms (or instruments) to facilitate greater private sector and large-scale institutional investment into the area, to the benefit of lower-income households. In turn, this means developing new financing structures and products (e.g. housing bonds, tradeable instruments) that appeal to investors and complement existing investment schemes and options.

**3. An alternate housing market** for new types of affordable accommodation that operate at an ongoing discount to regular housing. This means working with industry and community stakeholders to rediscover the primary role of housing as shelter (rather than wealth creation opportunities) and developing a range of mid-way solutions between traditional rental and freehold (unencumbered) home ownership for those households who want them. Options could include community land trust and leasehold strata arrangements, perpetual shared-equity products and wider use of park homes and affordable lifestyle village concepts.

**4. A more dynamic transition-oriented housing continuum** with tailored interventions to encourage and support the mobility of low-to-moderate income households towards improved opportunity and (where possible) self-reliance. This means actively facilitating the transition process to achieve the best accommodation outcome for particular households over time, relative to their circumstances.

Achieving these outcomes will involve three core strategies centred on strengthening the social housing system, improving the supply of affordable housing and enabling successful transitions along the housing continuum. The specific actions intended in each area are detailed in **Sections 3, 4 and 5**.

Figure 8 - Strategic Direction

From	→	To
Managing demand	→	Increasing supply
Rationing public rentals	→	Growing affordable opportunities
Silo-based efforts	→	Joined-up partnerships
Criteria-based allocations	→	Needs-based assistance
Public house for life	→	Duration of need support



### Guiding Principles

*To get there, change will be guided by five key principles, namely:*

**1. Building capacity** – The capacity of private and not-for-profit housing providers will be increased to help grow their role in the social and affordable housing sector alongside government. A renewed focus will be placed on helping individuals and households to sustain tenancies in the non-government sectors, and increase their ability to transition along the housing continuum.

**2. Collaborating with clients and partners** – Government agencies will work collaboratively with one another and partners from the private and not-for-profit sectors to deliver a greater number (and wider range) of effective affordable housing solutions. Relevant housing providers will collaborate with one another, tenants and applicants to better match clients with services that meet their needs.

**3. Working with markets to deliver effective solutions** – Attracting greater involvement and investment from the private and not-for-profit sectors will mean working with (rather than against) market mechanisms and incentives. It will also mean working in collaboration with independent organisations, rather than focusing simply on government funding and public sector service provision.

**4. Opening doors** – Housing providers will provide a more diverse range of viable transition pathways for people to move through various stages of the housing continuum to long-term accommodation and (where possible) self-reliance.

**5. Improving diversity** – The social and wider affordable housing sectors will have a greater number of major providers from the government, not-for-profit and private sectors. The range and diversity of housing products and services on offer (in terms of size, nature and design) will also be expanded where possible. The aim will be to improve the choice of cost-effective solutions across the housing continuum.





## Complementary Roles

Being successful will require collaborative effort, with all parties playing relevant value-adding roles.

This will involve an increased level of coordination, with new complementary roles (where possible) for government, not-for-profit organisations, the private sector and tenants. **Figure 9** identifies the proposed model.

In this respect, it is proposed that:

- **The Department of Housing** will oversee the implementation of this strategy and facilitate partnership opportunities with housing providers from other sectors. Over time, this will likely see a diversification of its role as the primary provider of social housing as other not-for-profit, private and community stakeholders increase their presence.
- **Other government agencies** will pursue the intended planning reforms (i.e. Department of Planning, local government authorities), provide appropriate support services for clients with specific needs (i.e. Departments for Child Protection, Communities, Indigenous Affairs and Corrective Services, and the Mental Health and Disability Services Commissions), and manage homelessness and

crisis support services (Department for Child Protection).

- **The not-for-profit sector** will be invited to help grow and strengthen the social housing system. This will mean playing to their particular strength, managing and growing housing portfolios (with appropriate support) and providing a wider diversity of accommodation and transition options for those in need.
- **The private sector** will be invited to help grow the supply of affordable housing and participate in investment and development opportunities as appropriate. This will mean participating in trials on commercial terms and offering innovative market-based solutions where possible, with greater emphasis on more diversity in the size and nature of dwellings and more affordable entry points for consumers.
- **Housing clients and tenants** will be expected to meet their financial and other obligations, be good neighbours and look after their tenancies. In addition, social rental tenants will be expected to help themselves where they can to transition through the social housing system to make way for others on the waitlist.

Figure 9 - Proposed Collaborative Model





### 3. Strategy One - Strengthen Social Housing



Creating a wider, more diverse social housing system will break down unnecessary barriers between the public and not-for-profit sectors and provide more opportunities for more clients. This will mean opening-up the public system and targeting resources and opportunities to those providers most able to deliver the best outcomes and efficiency.

In addition, the social housing option will be seen as one of many possible interventions aimed at helping those in need access affordable housing.

#### Key Reform Areas

Strengthening the social housing system will involve four key reform areas as outlined in **Figure 10**.

#### 1. Grow the Not-for-profit Sector

In Western Australia, not-for-profit housing organisations currently provide access to around 5,500<sup>19</sup> homes, equivalent to approximately 14% of the State's social housing stock. In addition, the sector enjoys a number of tax and financial advantages over government in the provision of social and affordable housing, which allows it to operate in a more cost effective manner.

As a result, the sector is going through a period of consolidation and growth in line with State and Commonwealth objectives aimed at helping it develop

nationwide to provide up to 35% of the social housing stock by 2014. The intention is to assist this growth by transferring and/or leasing public housing assets which (with the right profiles) could then be leveraged to secure private finance to construct even more social housing stock.

For this reason, a number of not-for-profit housing organisations have already been identified as 'Growth Providers' to potentially benefit from the State's transfer, leasing and capital grants programs over the next decade to help the sector grow. This assistance will occur within a contestable process with the aim of identifying:

- *Viable partners who can add real value* by bringing a unique contribution or benefit to complement (or improve) existing services.
- *Companion providers offering efficient and effective pathways* from the public and social housing systems into other forms of accommodation.

Getting there will involve implementing a robust regulatory framework for the community housing sector in order to support its development and provide the necessary governance infrastructure and assurance for potential investors.

Growing the sector will also

involve developing the capacity of appropriate providers to support higher-need clients, along with the establishment of a complementary not-for-dividend housing company, as signalled by the Social Housing Taskforce<sup>20</sup>. Other jurisdictions use special purpose vehicles of this nature<sup>21</sup> to work with stakeholders to actively drive new strategic commercial developments, sponsor innovations and trials, and achieve specific tenancy outcomes and volume in key areas (particularly affordable rentals). It is proposed that any not-for-dividend company will work with the community housing sector and facilitate participation by interested local government authorities.

#### 2. Reposition Public Housing

Traditionally, subsidised public housing has been the principal response offered to low-income and disadvantaged groups seeking accommodation assistance. However, the high cost of rental assets, coupled with declining turnover rates, has led to a limited public system congested with long-stay clients. This in turn has blunted its ability to accommodate the growing waitlist, necessitating the ever-tighter rationing of available opportunities.

As future growth strategies take effect and partner organisations

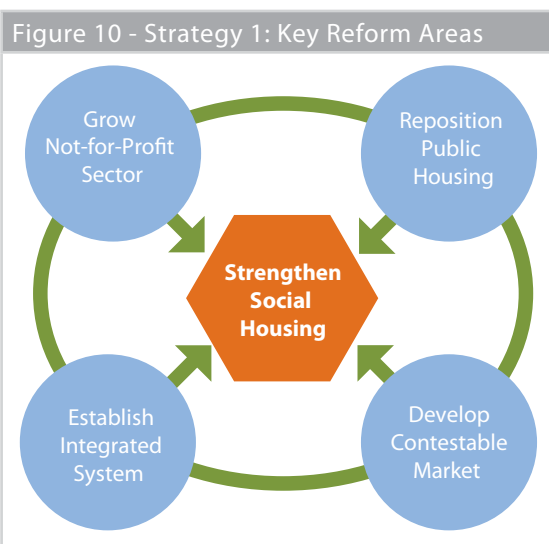
increase the volume of opportunities for low-to-moderate income households, the focus of government-provided public housing will necessarily change. In order to maximise the number of households that can be helped with the available resources, the public system and partnered 'Growth Providers' will need to focus primarily on those in greatest need, while moving towards more limited-term interventions where possible.

To do this:

- *Eligibility for priority social housing will be strengthened* to include an aged or disadvantaged element, in addition to a sustained low-income status.
- *Assistance will reflect a 'duration of need' approach* rather than being seen as a long-term solution for the life of each applicant. Where possible, working-age tenants will be supported and encouraged to improve their capacity to engage with the economy and prepare for future transition into other housing options.

The existing public housing business will also need to adopt more effective corporate structures that maximise efficiency, transparency and tenant outcomes, and better reflect its future role within a changing social housing market. The Department of Housing

will become an arms-length enabler and broader policy resource on housing issues rather than the sole provider of subsidised public rentals. Housing stock will also be better aligned to reduce under-occupancy, ensure that tenants' needs are met and help the system better respond to changing demand.



<sup>19</sup>5,509 'owned' or managed' dwellings as at June 30 2010. Source: *Housing Authority Annual Report 2009-10*

<sup>20</sup>Refers to the joint government, community and private sector taskforce established by the Minister for Housing in December 2008 to advise on contemporary thinking and strategies to expand the supply of social housing

<sup>21</sup>Other jurisdictions such as Queensland, New South Wales and the Australian Capital Territory all have dedicated state-owned or funded housing companies such as the Brisbane Housing Company Ltd, Sunshine Coast Housing Company, City West Housing Pty Ltd and Community Housing Canberra

*In growing the not-for-profit sector and repositioning the role of public housing, the overriding objective is to establish an efficient multi-faceted market.*

### **3. Develop a Contestable Market**

A contestable market will allow more assistance to be made available to more people more effectively.

Such a market will encourage co-production and see governments at all levels offering future social housing opportunities and resources to those organisations best positioned to provide the required services and outcomes as efficiently and effectively as possible. Different providers will be recognised for their core competency, operational focus and/or competitive advantage.

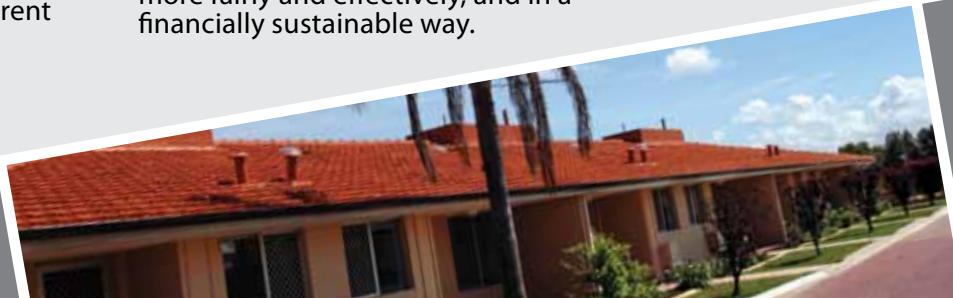
A useful platform for doing this is the suggested neutralisation of market distortions or unwarranted advantages enjoyed by different providers.

*Australia's Future Tax System*<sup>22</sup> recommends a number of changes to the way that social housing is funded, with the aim of creating a more client-focused, dynamic market that is no longer reliant on the existing system of grants. It also advocates higher rates of assistance to private renters which will enhance affordability and help reduce the disparity in support between public housing tenants and low income households in the private rental market. The State Government values improvements to the current system and looks forward to more effective Commonwealth arrangements (supported by capital and recurrent funding streams) that encourage all providers to deliver services more fairly and effectively, and in a financially sustainable way.

### **4. Establish an Integrated System**

The future social housing system will be characterised by a range of more effective housing providers, offering differing pathways and options<sup>23</sup> for more people in line with their unique needs and circumstances. Varying alternatives will provide new entry points for clients, as well as evolving options that support their transition along the housing continuum as their circumstances improve.

The future multi-provider, multi-option system will be integrated to ensure it operates in a coordinated manner, providing better outcomes for clients. To do this:





- *A common Housing Needs Register will be introduced to replace existing waitlists.* This common user facility will include an up-front assessment of applicants' circumstances and needs to better match them with a wider range of housing solutions across the broader sector. The common Register will also serve as an important mechanism to link social and affordable housing services and offer clients a single contact point when registering for assistance.
- *The policy settings of the various housing providers will support their focus and positioning* within the integrated housing system. At the same time, providers will offer appropriate assistance and support to help tenants establish viable tenancies and encourage their transition into housing options that better suit their needs as their circumstances change.
- *Provision of different housing services will reflect the role and core competency of different providers.* The proposed multi-faceted system will see the Government public and 'growth' community housing providers focus on disadvantaged clients, while other providers may cater for specific client needs, or to households facing economic difficulties.
- *Providers will establish different rent-setting policies and arrangements* relative to their client groups and positioning along the housing continuum. These will provide tenants not only with appropriate financial assistance but also support and encouragement to enter the workforce or undertake training where they have the capacity to do so. Rent-setting policies may also include market mechanisms such as amenity-based rental arrangements that provide opportunities for choice and trade-offs between differentiated rental options. This will help increase mobility and re-establish social housing as an enabler of opportunities, rather than a welfare destination.
- *Social housing providers will offer appropriate limited-term tenancies* to those with the capacity to move into other housing options in the future. The concept of a 'social house for life' for all tenants is not financially sustainable and disadvantages those on waitlists and in private rental stress. Social housing providers may therefore introduce tenancy arrangements that reflect the needs of their clients while offering effective defined-term support that takes account of others in similar situations.
- *Alliances and pathways between different providers will be encouraged* to help tenants transition between different options as their circumstances change. For example, aged care providers may partner with social housing organisations to ensure that older tenants can move into secure accommodation that suits their needs as they age, while at the same time freeing-up larger social housing units to cater for others on the waitlist.

<sup>22</sup>May 2010, Australia's Future Tax System, Report to the Treasurer, December 2009, Commonwealth of Australia

<sup>23</sup>Examples include social housing, income-based or amenity-based rents, discount-to-market rents, land lease and land rent home ownership options, shared-equity products etc as discussed later



## Breakthrough Initiatives

*Collaborating with value-adding partners* who can bring a unique contribution or benefit to *complement* or improve existing services.

This involves growing the role of the community housing sector in terms of growth and support service partners offering wider opportunities to open doors along the housing continuum. It also involves teaming up with value-added private partners and providers where possible.

- *Establishing a dedicated not-for-dividend housing company* to actively drive strategic commercial projects, sponsor innovations and trials, and pursue specific tenancy outcomes for particular types of client (e.g. those transitioning out of social housing), in collaboration with the community housing sector.
- *Introducing a Housing Needs Register* for the wider social housing system to improve collective information, coordination and matching of client needs with appropriate short and longer-term solutions and pathways.



### Key Complementary Actions

- *Establish a robust regulatory framework for the community housing sector* to support its development and provide appropriate assurance to potential investors.
- *Transfer or lease appropriate public housing units to not-for-profit community housing providers* to achieve leveraged growth of an additional 1,000 social and affordable housing units by 2020. The aim will be to boost the base capacity of the sector with asset transfers and head leases, requiring them to leverage the expanded portfolio into the additional 1,000 assets reflected in the target.
- *Establishing appropriate corporate structures for public housing* that maximise efficiency, transparency and tenant outcomes for clients. This will involve placing the residual public housing business (following the transfer of stock to the not-for-profit sector) within suitable corporate or trust structures to operate at arms-length from the Department of Housing.
- *Encourage alliances and pathways between different providers* to help tenants transition between different options as their circumstances change.
- *Continue to work with the Commonwealth (and other jurisdictions) to address workforce disincentives.* This will include the development of specific incentives for social housing tenants to take up employment opportunities within the broader employment framework<sup>24</sup>.
- *Introduce new rent-setting policies and models for public and not-for-profit social housing partners* to maintain affordability while encouraging workforce participation, improving the financial viability of social housing providers and providing smooth transition for appropriate tenants into other housing tenures.
- *Reduce under-occupancy of public housing stock* to free-up opportunities for others on the waitlist while providing tenants with dwellings that better match their needs.

<sup>24</sup>In line with agreed policy actions under Clause 20(h) of the 2008 National Affordable Housing Agreement





## 4. Strategy Two - Improve Housing Supply

*Improving the supply of affordable dwellings outside the social housing system will broaden the options available for those on low-to-moderate incomes.*

It will also help address growing demand while making an important contribution to strengthening the operation and fluidity of the wider housing continuum.

Improving the supply of affordable housing, particularly in the private rental market, will also provide alternatives for waitlist applicants and open doors for those in social housing to transition into the private market, where possible.

### **Key Reform Areas**

Improving the supply of affordable housing will involve four key reform areas as outlined in **Figure 11**.

### **1. Implement Planning Reforms**

The effective use of the planning system is a critical enabler of housing supply while playing an important role in ensuring developments support positive social, physical (i.e. built-form) and commercial goals. To do this better:

- *Appropriate reforms to the planning system will be undertaken.* The Department of Planning is currently undertaking a series of intended adjustments to the planning system to facilitate better management of the State's economic growth. The reform plan entitled, *Planning Makes It Happen: A Blueprint for Planning Reform* outlines 11 strategic priorities to achieve this goal, while helping to tackle major issues such as timely land supply, efficient development assessment processes, climate change and regional development. These reforms will be progressed, along with the introduction of form-based assessment for multi-unit developments and the relaxation of restrictions on ancillary dwellings to encourage the development of smaller, affordable housing options in appropriate areas.

- *Greater emphasis will be given to encouraging more diversity in the size, nature and choice of dwellings offered in the marketplace.* Large homes in sprawling suburbs are not always affordable and often unsuited to the growing number of single-person households and childless couples. By providing more choice, better aligned to the needs of smaller households, the number of affordable entry points (and affordable living opportunities) can be increased for those on lower incomes. The government will therefore work with industry and local government to facilitate demonstration trials and offer more choice in local housing solutions and alternatives.

- *Housing strategies will be developed by local government authorities and regional bodies* to identify current and future housing needs. This will require Local Planning Schemes to include provisions that facilitate the development of affordable housing to meet the current and future needs of communities. Local governments will be encouraged to incorporate requirements and voluntary incentives for developers to include wider affordable housing components in developments above a specified size, offset by

appropriate concessions and/or plot ratio bonuses. Formal inclusionary zoning<sup>25</sup> will not be supported.

- *The Departments of Planning and Housing will collectively develop model planning policies for the provision of affordable housing in major developments.* These will include model provisions for incorporating innovative affordable housing solutions supported by project-specific or holistic development incentives and offsets, considered as part of the intended review of the Residential Design Codes. The proposed policies will be used by local government authorities and State agencies in areas of high need, transit-oriented locations or other strategic applications. The *Affordable and Diverse Housing Policy* maintained by East Perth Redevelopment Authority (EPRA) provides an example of how such policies may look.

- *Housing impact statements will be required for major projects submitted for Cabinet approval.* Major development and infrastructure projects can have a significant impact on housing demand, potentially leading to significant supply shortages or pressures, particularly in regional

areas. The preparation of housing impact statements will help identify potential measures to alleviate expected impacts and market distortions that may accompany significant projects.

- *A best practice model for local government development approvals will be explored for projects not covered by Development Assessment Panels.* The aim will be to promote consistently high system-wide performance and efficiency in local government approvals wherever possible. At present, the disparity in assessment times between different authorities unnecessarily increases commercial risk and adds to the administrative and holding costs of housing projects. A best practice model will provide useful guidance, ideas and process benchmarks to allow local government authorities to set informed standards and track their performance.

Figure 11 - Strategy 2: Key Reform Areas



<sup>25</sup>Refers to mandatory quotas implemented through the zoning system





## 2. Leverage the Private Sector

*Improving the supply of affordable housing presents a significant challenge for all parties.*

On their own, traditional solutions and over-reliance on limited government funding are not enough to deliver the range or volume required. New initiatives with new ways of doing business will be needed to attract the necessary investment into activities that better leverage existing assets and resources.

To do this:

- *Market-based investment options will be explored to help attract institutional finance into the social and affordable housing sector.* Large financial institutions and ethical investors have traditionally been reluctant to invest in direct (and often illiquid) residential housing programs. The challenge for governments at all levels is to create investment opportunities that meet the requirements of these investors while supporting the large-scale delivery of affordable housing projects.
- *Support will be maintained and where possible expanded for programs such as the NRAS.* This will help drive new housing supply while providing longer-term, below-market rental opportunities for those on moderate incomes.
- *The Department of Housing will use its land resources to undertake innovative trials in partnership with the private sector.* The aim will be to promote public/private partnerships and innovative projects (built to affordable price points) that trial pioneering designs and new approaches to construction techniques and use of materials. This will harness the combined creativity, resources

and expertise of all parties to showcase new affordable housing and affordable living outcomes in commercially viable developments.

- *Keystart will continue encouraging the supply of affordable housing* by making finance available for purchases below the median house price on terms that are affordable for those on low-to-moderate incomes. An increased emphasis will also be given to lending for new constructions where possible as a way of simultaneously boosting aggregate supply in the marketplace. Since 2000, the organisation has financed over 40,000 loans, a quarter of which have been for the construction of new dwellings. This level of activity has helped low-to-moderate income households enter home ownership while making an important contribution to improving the supply of affordable housing stock and shaping first homebuyer options and choices in the marketplace. Going forward, Keystart will also explore the possibility of financing credit-worthy projects undertaken by not-for-profit housing organisations and private developers where funds for social and affordable housing projects are not otherwise available through commercial sources.



### 3. Leverage Government Development Activities

The State Government will use its role as a direct provider and developer of land to improve the supply of affordable land and diversity of housing options throughout the State.

LandCorp and the Department of Housing will continue to develop land and housing with an increased focus on affordable housing and affordable living outcomes. While operating under commercial principles, both organisations will also demonstrate new innovative land and housing options to consumers and the wider market, in line with government objectives. The aim will be to promote appropriate product mix and diversity of housing options within creative built-form projects that are commercially viable and lead to more affordable entry points and solutions for consumers. An example of this is LandCorp's recent 100-dwelling service worker accommodation project in Karratha.

To be effective in meeting the affordable housing challenge, government land and housing developments, including those in partnership with the private sector, will:

- *Clearly define their affordable housing objectives* and dedicate at least 15% of their land and housing supply to affordable housing outcomes for those on low-to-moderate incomes.
- *Focus on genuinely affordable outcomes* by developing land that supports the construction of innovative and diverse end-product housing that is affordable in its own right for moderate income earners.
- *Develop and encourage affordable housing designs* that meet diverse needs (including universal or accessible design standards<sup>26</sup>) and offer greater variety in the size and nature of dwellings available. These designs will also aim to accommodate changing needs, reduce ongoing living costs and enable new forms of affordable housing to blend in with the surrounding built environment.
- *Undertake joint projects with the private sector* that trial new approaches to affordable housing and/or de-risk pioneering developments.
- *Assist government to maximise the social and economic outcomes* from the development of its landholdings.

More broadly, the Government will identify and release any surplus or under-utilised property owned by agencies that may be suitable for residential development in areas of high demand. All released land (including surplus or under-utilised property) will include provisions for social and/or affordable housing, unless it can be demonstrated it is not needed. In addition, the Department of Housing will pursue partnership opportunities with local government authorities seeking to improve the level of social and affordable housing provided in their communities. Priority will be given to those authorities willing to contribute resources and/or facilitate planning for that purpose.

The Office of Land and Housing Supply will work with relevant agencies to ensure that priority supply projects are delivered on time and any obstacles satisfactorily addressed.

<sup>26</sup>Refers to housing design and fittings that are usable and effective for everyone, not just able bodied consumers





#### 4. Develop Alternative Tenures

*Increasing affordable housing is as much about expanding the range of entry options that address the high underlying cost of land, as it is about boosting overall supply.*

Government will therefore work with industry and community stakeholders to explore development options that facilitate new types of housing for people currently underserved in the traditional market.

To do this:

- *Alternative tenure arrangements will be explored* to provide security of tenure and/or home ownership to households, while retaining Crown or community ownership of the underlying land. LandCorp's proposed 'Land Rent' project in Broome is one example of how such housing could be provided. These arrangements may be of particular use in regional areas, or where land is collectively owned by traditional owners or community groups.
- *Expansion of existing options such as park homes and affordable lifestyle/retirement village concepts, or new community land trust arrangements, will be examined.* This will be complemented by the leasehold strata title reforms currently under way<sup>27</sup>. Affordable park homes, well-located lifestyle villages (based on leasehold land) and more recently community land trust and leasehold strata arrangements all offer targeted alternatives to the high cost of conventional land and housing solutions. Community land trusts particularly, are widely used in other countries and more recently in New South Wales<sup>28</sup>. At the same time, appropriate legislation such as the *Residential Tenancies Act 1987* will be examined to ensure that adequate protection is provided to owners and residents of these developments.

- *Controlled housing options that operate at an ongoing discount to regular housing will also be explored.* The aim will be to expand the range of tradeable housing solutions where in-built affordability is retained in perpetuity for future residents and purchasers. EPRA's key worker perpetual shared-equity product<sup>29</sup> is one example of such housing.

<sup>27</sup>Refers to the current review of tenure legislation to facilitate community title strata arrangements on leasehold land – see *Schemes within Schemes, Leasehold Strata and other Reforms to Strata Titles Legislation in WA*, July 2010, [www.landgate.wa.gov.au](http://www.landgate.wa.gov.au)

<sup>28</sup>There are currently over 200 community land trusts in the United States (US) and United Kingdom (UK) alone. Examples around the world include Burlington Community Land Trust (US), Portland Community Land Trust (US), North Shore Community Land Trust (US), Cornwall Community Land Trust (UK), Stonesfield Community Trust (UK), Isle of Ghiga Heritage Trust (UK) and, more recently, the Waratah Community Land Trust Association (NSW)

<sup>29</sup>Refers to current agreements for the Housing Authority to acquire a number of shared-equity dwellings for on-sale to key workers where the minority equity holding remains in perpetuity with the Housing Authority





## Breakthrough Initiatives

- *Pursuing key planning reforms* aimed at increasing the affordable housing opportunities within the private market. This will include optimising the appropriate use of ancillary dwellings, introducing planning codes that facilitate medium density mixed-use or multi-unit developments and trialling zoning requirements and incentives for affordable housing. It will also require the formulation of model development assessment policies that facilitate affordable housing with appropriate incentives and offsets. The Model Scheme Text, Local Planning Manual and other relevant State planning documents will all be used to inform the development of local planning schemes and policies to ensure affordable housing is available in appropriate areas and developments.
- *Creation of an affordable housing investment vehicle* to facilitate market-based and/or institutional investment in the sector. This could involve a project-by-project approach to capital raising or a dedicated rental property trust with a matching bond raising and/or securitisation program, to support affordable housing arrangements.
- *Maximising involvement in the NRAS* by actively promoting incentive opportunities to interested investors and incorporating NRAS subsidies (and potential enhancements) into investor incentive packages to increase the supply of affordable housing in high demand locations such as the North West.
- *Implementing appropriate affordability incentives* to encourage the wider availability of affordable land and housing within commercial developments, along with formal quotas for the development of surplus government land and government land development agencies. Government land and housing development agencies will dedicate a minimum of 15% of project yields to affordable price points, targeted to low-to-moderate income households.
- *Establishing an alternate housing product and market* for new types of affordable housing that operate (with special titles) at an ongoing discount to regular housing. The aim will be to create a range of new solutions that are more affordable in terms of establishment and entry costs, and which trade within a largely self-regulating secondary market. Options to be investigated will include community land trust and leasehold strata arrangements, perpetual shared-equity products and wider use of park homes and affordable lifestyle village concepts.



### Key Complementary Actions

- *Work with industry and local government to encourage more diversity in the size, nature and choice of dwellings offered in the marketplace*, in large part through demonstration trials and wider choice in local housing strategies.
- *Require local housing strategies and Local Planning Schemes to include targets for affordable and diverse housing*, which take account of demand forecasts by the Department of Housing and the Housing Industry Forecasting Group.
- *Require the approval of major State projects to include a housing impact assessment* to enable government and other sectors to prepare for potential housing requirements (and impacts) in advance.
- *Explore a best practice model for local government development approvals* for projects not covered by Development Assessment Panels.
- *Undertake appropriate demonstration projects* with not-for-profit and private sector organisations to develop new and alternative housing options that open doors for people moving through the housing continuum.
- *Use public/private partnerships* to leverage government assets, attract private investment and trial innovative developments.
- *Investigate the use of Keystart loans* to increase the emphasis on new constructions and support credit-worthy projects, undertaken by not-for-profit housing organisations and private developers, where funds for social and affordable housing projects are not otherwise available through commercial sources.
- *Conduct periodic audits of surplus and under-utilised government land* for potential residential development in areas of high demand, dedicating a minimum of 15% of the project yield to affordable housing.
- *Review the Asset Disposal Policy* to require surplus government land disposed of through the Property Asset Clearing House to take account of government affordable housing objectives.
- *Government land agencies to undertake appropriate market demonstration housing projects* involving medium density mixed-use affordable price points and alternative tenure initiatives.
- *Establish strategic alliances* with development partners and local government authorities on key affordable housing projects.



## 5. Strategy Three - Enable Successful Transition

### Increasing transitions through the social housing system and wider continuum will help relevant households

get ahead by securing solutions better suited to their longer-term needs and circumstances. Doing so will also provide backfill opportunities, bolstering capacity to help more people with the available resources. This in turn will help ensure that assistance is targeted on an ongoing basis to those who need it most.

The aim will be to improve the mobility of capable households through the housing continuum towards improved opportunity and self-reliance. This will mean tailoring interventions and actively facilitating the transition process to achieve the best accommodation outcome for particular households over time, relative to their circumstances.

#### Key Reform Areas

Enabling successful transition through the housing continuum will involve four key reform areas as outlined in **Figure 12**.

#### 1. Transition from Crisis

In developing effective transition services, the ultimate test will be the extent to which those in crisis accommodation can move into more permanent arrangements. Those affected should be able to transition into social housing and/or other options as soon as they are able, in part to free-up limited opportunities for others in need.

To help do this, the COAG *National Partnership Agreement on Homelessness* (including the *A Place to Call Home* initiative) has introduced new funding and reforms to the State system, with the Department for Child Protection leading the delivery process in cooperation with the Department of Housing and other key government and non-government agencies. The foremost aim is to improve the prevention of homelessness and create a better connected service delivery system to achieve a long-term reduction in the number of homeless people than would otherwise be the case.

Figure 12 - Strategy 3: Key Reform Areas





In keeping with this new approach, Western Australia will continue to explore opportunities to improve services for people at risk of homelessness, rather than focusing solely on after-the-event crisis care. To this end, a dedicated State Plan has been developed under the guidance of the Western Australian Council on Homelessness and the Department for Child Protection.

In the right circumstances, this renewed approach will help affected individuals reintegrate into mainstream housing markets more effectively, and earlier, while at the same time relieving pressure on overburdened crisis services.

## 2. Widen Affordable Housing Options

In order to increase the number of low-to-moderate income transitions through the housing system, government agencies and their partners will collectively focus on increasing the range of affordable housing solutions and options outside the social system. To do this:

- *The Department of Housing will trial a private rental brokerage scheme* to encourage homeowners to lease rental properties to social housing providers on competitive terms. The Department will also widen current engagement with real estate agents to help overcome discrimination and better link low income households and disadvantaged groups with supported accommodation in the private rental market where possible.
- *Financial assistance will be provided to low-to-moderate income households* entering private rental accommodation. Initiatives such as the Bond Loan Assistance Scheme<sup>30</sup> or similar programs will be revamped and extended where possible.
- *First homebuyer assistance will continue as needed.* Entry costs remain one of the major barriers faced by modest income households aspiring to home ownership. To address this problem, Government will continue to help first homebuyers by providing incentives such as the First Home Owner Grant, stamp duty exemptions, and potentially other measures where market conditions require it.
- *Keystart will increase the volume of low deposit loans to modest income households.* This will be achieved by the better targeting and use of the available resources. Targeted shared-equity programs will also be expanded to overcome particular barriers that prevent marginalised groups from entering the home ownership market.
- *The State Government will also seek to remove barriers that prevent first homebuyers from accessing standard grants and exemptions* when they enter into shared-equity arrangements with not-for-profit housing providers. This will help to improve the range of services that not-for-profit housing providers can offer their clients along the housing continuum.

<sup>30</sup>Refers to the Housing Authority's program of providing bond assistance (and in future, possible bond guarantees) to eligible applicants





### 3. Improve Consumer Information

*The current affordable housing market is characterised by gaps in the quality of information available for low-to-moderate income housing consumers.*

There is also a lack of effective demand data and informed understanding of the locational needs and preferences of these consumers.

The result is that many households are neither aware of the services available to them nor able to make informed choices in the wider housing market. At the same time, the absence of critical analytical demand information is hampering the effectiveness of the system intended to help them. To address these problems:

- *The Department of Housing and Office of Land and Housing Supply will work to establish a single authoritative source of reliable information on the affordable housing market in Western Australia.* This will involve finalising an affordable housing demand model and elevating the work and profile of the Housing Industry Forecasting Group, with the aim of providing regular updates on the extent of housing demand and characteristics in different areas and niche markets. In particular, it will involve better information about possible supply targets for local government authorities, as well as regular data about lower-quartile price movements, the most commonly paid price in different submarkets and the ongoing affordability of different options. In turn, this will help local government planners, housing consumers and suppliers make

better decisions and improve the overall effectiveness and efficiency of the housing market.

- *Improved information and referral services will also be provided through the Department of Housing's regional offices.* This will involve more extensive information on local rental options, homeownership products and housing services in the private and not-for-profit sectors. Information and advice will be tailored where possible to meet the needs of local residents, including Indigenous people and those from Culturally and Linguistically Diverse (CALD) backgrounds.

#### 4. Support Specific Groups

*While the shortage of affordable housing has a major impact on a wide range of low-to-moderate income households, specific groups face particular disadvantages and/or marginalisation.*

To address the problem, key groups will need dedicated responses while others require existing solutions to be tailored or better targeted to changing needs. This includes but is not limited to the following:

- **Homeless people** face a major challenge in accessing urgent accommodation and successfully transitioning through crisis services into longer-term housing arrangements. For this reason

they will remain a priority in line with COAG<sup>31</sup> and related *National Partnership Agreements*, with more work being undertaken at both the preventative and management levels.

- **Indigenous people** represent one of the largest single client groups in the public housing system, comprising more than 20% of public housing tenants and 25% of applicants on the waitlist. In addition, homelessness amongst Indigenous people is 35% higher in this State than the national average (i.e. 70 per 10,000 Indigenous persons versus 52 per 10,000 nationally)<sup>32</sup>.

The legacy of social and economic disadvantage has meant that many Indigenous people face significant barriers which limit their ability to access appropriate, affordable housing. These barriers exist across the State, from the South West through to the Kimberley, but take on different forms in different locations and are strongly linked to high rates of unemployment.

The State is committed to ensuring that Indigenous people have the same life opportunities as other Australians and recognises the importance of housing in 'closing the gap' on Indigenous life

expectancy and disadvantage. Future housing policies and procedures will recognise and seek to respond to the different needs of Indigenous people across the State to ensure they are adequately supported through the housing continuum.

This will complement current work under the *National Partnership Agreement on Remote Indigenous Housing* to improve community owned stock and introduce regular housing management practices. Potential initiatives could include new community-based tenure arrangements on Aboriginal land (i.e. similar to leasehold lifestyle villages), more diverse accommodation solutions for interested communities or individuals and greater emphasis on creative employment-linked home ownership opportunities.

<sup>31</sup>Council of Australian Governments

<sup>32</sup>COAG, April 2010, National Affordable Housing Agreement: Baseline performance report for 2008-09, Report to the Council of Australian Governments



- **High-need clients** come with complex needs requiring adequate (and often diverse) support to complement accommodation arrangements. This includes clients with CALD backgrounds, humanitarian migrants (including survivors of trauma and torture), people with disabilities, prisoners exiting the justice system and those with enduring drug or alcohol dependencies. Dedicated support (including adequate post settlement services for new migrants) will help ensure all high-need clients are given the best possible chance to live successfully in the community, rather than being set up to fail or endure excessive periods of welfare dependency. To achieve better outcomes, adequate support for high-need clients will remain a key focus, with referring agencies arranging appropriate support services before a house is allocated. Placement priority will then be given to those eligible clients who come with adequate support to help sustain their tenancy and address underlying issues.
- **Seniors** currently occupy more than 30% of the public housing stock, with demand expected to increase dramatically over the next decade as the population ages. This will bring with it a need for greater and more diverse supply responses than ever before. In this respect, public/private partnerships with retirement village operators and aged-care providers have the potential to offer wider, more suitable housing options for more seniors, as their circumstances change. At the same time, dedicated options for this segment of the social housing market will help free-up opportunities for others on the waitlist. As a result, the Department of Housing will work to encourage and support the owners and operators of park homes, affordable lifestyle and retirement villages, and aged-care facilities to provide wider, secure, affordable housing options especially tailored for seniors.
- **Key workers** are those who deliver the basic and essential services required for thriving communities. Many are modestly paid with the lack of affordable housing having a disproportionate impact in high-growth locations as critical workers are forced to leave. In turn, this causes a reduction in normal services and growing constraints on local economies as organisations and sectors are forced to operate below capacity. This problem of sub-market failure requires targeted solutions and actions on a case-by-case basis. The scope of the problem and possible solutions are specifically canvassed in **\*Section 6: Meeting the Needs of Key Workers**.







## Breakthrough Initiatives

- *Increasing the volume of Keystart assistance for low-to-moderate income households* by tightening its client focus, optimising the velocity of loans (turnover) through its portfolio and increasing the number of shared-equity loan opportunities for disadvantaged groups within a risk-managed portfolio. This may involve encouraging the speedy migration of borrowers to other mainstream lenders, increasing loan volumes through a targeted securitisation program and exploring the establishment of non-government shared-equity options with interested parties such as not-for-profit housing organisations, Aboriginal corporations, local government authorities and possibly interested mining companies.
- *Exploring a private rental brokerage scheme* to widen opportunities in the private market for those on low-to-moderate incomes, as an alternative or pathway from social housing.

## Key Complementary Actions

- *Examine opportunities to expand accommodation services for people at risk of homelessness*, rather than focusing solely on after-the-event crisis accommodation.
  - *Review and where possible expand the Bond Loan Assistance Scheme or similar initiatives* (including promotion of related rental leases longer than the current market norm of six months) to assist low-to-moderate income households enter the private rental market.
  - *Maintain First Home Owner Grant and Stamp Duty Concessions* for first homebuyers, with other potential measures as required.
  - *Review eligibility for the First Home Owner Grant and exemptions* to consider relaxing criteria for disadvantaged applicants who enter into shared-equity arrangements with not-for-profit housing providers or who have not owned property for ten years or more.
- *Develop an affordable housing demand model and improved information and referral service* for suppliers and consumers.
  - *Liaise with real estate agents to build alliances and wider pathways* for low-to-moderate income households and (where possible) address local barriers faced by Indigenous and CALD households attempting to enter the private rental market.
  - *Continue to provide and expand shared-equity loan opportunities* for disadvantaged groups accessing home ownership.
  - *Explore opportunities to encourage dedicated community-based tenure arrangements and more diverse accommodation* for interested Indigenous communities or individuals.
  - *Give priority to clients who come with adequate support* when considering the allocation of high-need housing opportunities.



## 6. Meeting the Needs of Key Workers



*One of the significant consequences of the growing gap in affordable housing has been the difficulty encountered in attracting and retaining key workers in the non-resource economy.*

These modestly paid workers provide many of the basic (and often essential) services in local communities, with the shortage of affordable housing impacting their capacity to do so, particularly in high-cost regional locations.

In many ways key workers are the backbone of the local economy; they include police, teachers, nurses, not-for-profit community workers, carers, cleaners, providers of everyday services (such as retail) and tradespeople like hairdressers and butchers.

Most key workers employed outside the resource economy earn only moderate incomes and need access to affordable housing in order to live, work and provide the services needed by the community.

The lack of affordable housing, particularly in high-cost locations affected by the resources boom, is forcing many workers to leave, and making it increasingly difficult for employers to attract and retain staff. The result is a shortage of workers in a range of sectors, often leading to a decline in services and a deterioration in the strength and vitality of local communities.

Key workers employed by the State Government are provided with subsidised housing by their agencies or through the Government Regional Officers' Housing program. However, the current situation calls for a broader response to assist those employed outside the Government sector, particularly in regional areas.

To help address the situation, the State Government will actively drive initiatives to increase the availability of affordable housing where particular difficulties arise.

In regional areas, the *Royalties for Regions* program may be used where appropriate to develop suitable partnerships to jointly fund

and deliver key worker housing. Incentive packages could be developed around NRAS subsidies to promote investor involvement in supplying key worker rental housing, particularly in high demand locations such as the North West. In the metropolitan area, collaborative projects with redevelopment authorities will be encouraged where appropriate. LandCorp's Service Worker Accommodation project in Karratha is but one example of how strategic partnership arrangements can be used to deliver required outcomes.

Going forward, a range of approaches and partnership delivery models will be examined to meet particular needs and circumstances. The Department of Housing may undertake a lead role in progressing initiatives in instances where:

- **Sustained market failure occurs** resulting in critical housing shortages that have a serious detrimental affect on the State and local economies.
- **Partners are available** to help undertake and co-fund suitable initiatives. In this respect, developments will typically require the support and assistance from local parties such as employers, employees, community groups, and local government authorities as appropriate.

In undertaking this role, the Department of Housing will draw on its historic experience as a Workers' Homes Board<sup>33</sup> but only on an approved case-by-case basis. The existing Country Housing Authority<sup>34</sup> may also assist in undertaking (or financing) particular projects.

### Proposed Initiatives

To address the situation it is proposed to undertake the following initiatives:

- *Progress and/or oversee agreed key worker developments* as required in collaboration with other stakeholders.
- *Work with industry and the resources sector to develop collaborative partnerships* where possible to develop and fund regional initiatives.
- *Encourage not-for-profit housing organisations to establish an appropriate presence* in high-need locations.
- *Incorporate the requirements of other parties* and undertake expanded worker housing projects where possible.
- *Consider initiatives and/or formal case-by-case adjustments to social rental criteria* in outlying locations where inadequate or insufficient private rentals exist.
- *Consider the potential expansion of the Government Regional Officers' Housing program* or similar to cover the needs of other parties such as local government, where suitable funding arrangements can be agreed.
- *Consider and expand key worker initiatives with metropolitan redevelopment authorities* as required.
- *Engage with the Commonwealth to explore effective incentive packages to increase the supply of affordable housing for key workers in high-need regional locations.* These packages could ideally include enhanced NRAS subsidies or other supplementary incentives as required.
- *Work with the Department of Training and Workforce Development to undertake key priority actions in the Workforce Development Plan* that aim to attract and retain workers in regional areas.

<sup>33</sup>Refers to an early predecessor of the current Housing Authority established under the *Workers' Homes Act 1912* to "erect and dispose of workers' dwellings, and to make advances to people of limited means to provide homes for themselves"

<sup>34</sup>Refers to the Statutory Authority established under the *Country Housing Act 1998*



## 7. Monitoring Progress

*Performance and progress will be actively monitored throughout the implementation process.*

The key measure will involve the ongoing review of progress towards the specific objective of facilitating a minimum 20,000 additional dwellings by 2020 for households on low-to-moderate incomes. This increase in affordable accommodation is intended to occur largely outside the public system.

**Figure 13** highlights the intended progress over the 10 years of the Strategy, under both a low-growth and optimistic scenario. Collectively, it represents the key result area, where the aim will be to exceed the minimum volume where possible.

**Figure 14** identifies the broader indicative Key Performance Indicators and milestones that will be used to keep the overall Strategy on track.

Figure 13 - Key Result Area - Indicative Affordable Housing Stock Growth

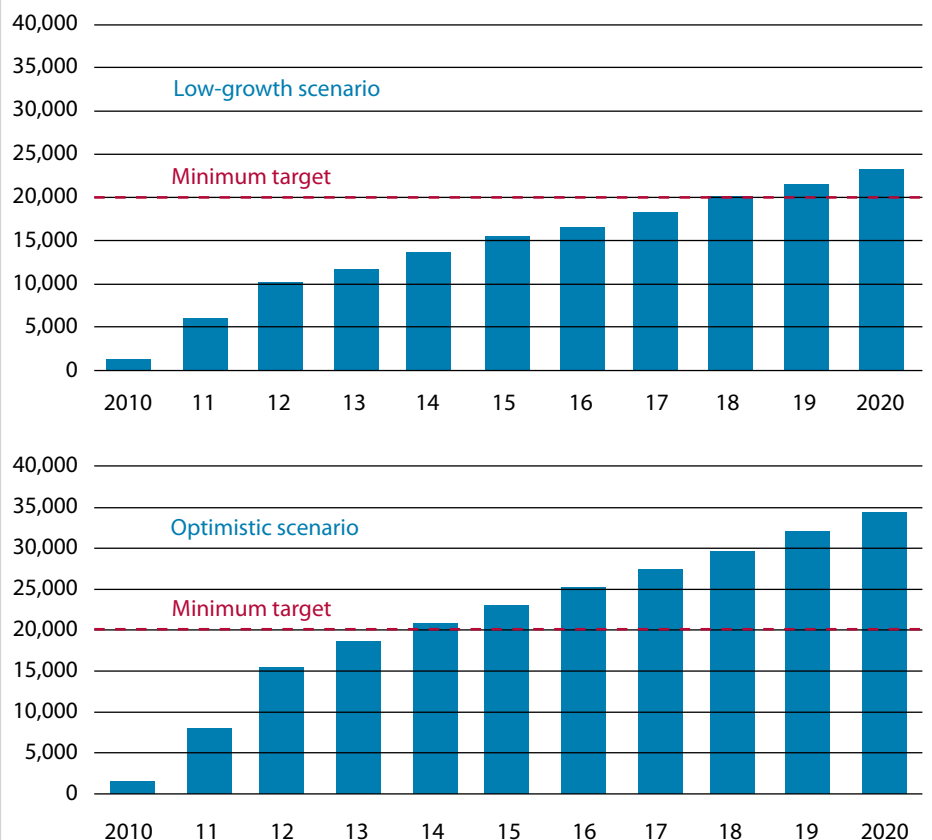






Figure 14 - Indicative Key Performance Indicators

Strategy	Specific Objectives	Performance Indicators
Strengthen Social Housing	Eligible people can access social housing in a timely manner	Implementation of a housing demand model that provides a detailed breakdown of future housing demand by household type and location
		New Housing Needs Register introduced
		Median waiting time for priority and other eligible applicants to access social housing
	Public housing stock aligns with the needs of tenants and applicants	Number of dwellings under-occupied by 2 bedrooms or more
		Percentage of 1-2 bedroom and 4+ bedroom dwellings
	Achieve targets under the <i>National Partnership Agreement on Remote Indigenous Housing</i>	Number of newly constructed dwellings in remote Aboriginal communities
		Number of refurbished dwellings in remote Aboriginal communities
	Leveraging social housing and affordable dwellings from value-added partners in the community housing sector	Number of new social housing and affordable dwellings leveraged by sector
	Double the number of social housing dwellings under management by the community housing sector	Number of dwellings under management by the community housing sector

	Baseline (30 June 2009) <sup>35</sup>	Targets and Milestones
	Nil	Sophisticated demand model in place in July 2011 to better target stock to location and type of demand
	Nil	Housing Needs Register and segmented allocation process in place for public and not-for-profit rental housing in June 2012
	Priority: 31 weeks Eligible: 73 weeks	Median waiting time for priority and eligible applicants reduced to 28 and 65 weeks respectively in June 2015 and to 26 and 52 weeks respectively in June 2020
	4,058 <sup>36</sup>	2,000 in June 2015 1,000 in June 2020
	1-2 bed: 54% 4+ bed: 10%	1-2 bed: 60% (subject to demand model) in 2020 4+ bed: 15% <sup>37</sup> (subject to demand model) in 2020
	Nil	295 in June 2013
	Nil	1,288 in June 2014
	Nil	500 additional dwellings in June 2015 1,000 additional dwellings in June 2020
	5,509 <sup>38</sup>	8,000 in June 2013 12,000 in 2020

<sup>35</sup>Reflects the date of the Final Report of the Social Housing Taskforce on which this Strategy is based and when work on the various initiatives commenced

<sup>36</sup>Department of Housing data (*dwellings leased to other organisations have been excluded: figure determined by basing 1 bedroom required for couples and 1 bedroom for all other occupants*)

<sup>37</sup>Target is in line with preliminary findings from the Department of Housing's emerging demand model which highlights a growing move in regional areas for in-house care of the elderly by family members and generally larger Indigenous families, both requiring larger accommodation

<sup>38</sup>Source: *Housing Authority Annual Report 2008-2009*

Figure 14 - Indicative Key Performance Indicators continued

Strategy	Specific Objectives	Performance Indicators
Improve the Supply of Affordable Housing	20,000 additional affordable housing opportunities for households on low-to-moderate incomes	Increase in the number of Government-assisted affordable housing opportunities
	Establishment of investment vehicles and arrangements to attract private capital	Amount of private capital attracted into affordable housing
	Use Public/Private Partnerships to leverage government assets for affordable housing	Number of additional affordable and social dwellings
	Investigate establishment of a community land trust system for Western Australia	Completion of investigation into the community land trust concept and possible development of a pilot scheme
	Government land and housing agencies to dedicate minimum 15% of land project yields to affordable land and housing for low-to-moderate income households	Percentage of annual lot production sold at or below price points affordable to low-to-moderate income households by agency
	A planning system that facilitates an increase in the number of affordable housing opportunities	Introduction of key planning reforms and actions

Baseline (30 June 2009)	Targets and Milestones
48,756 <sup>39</sup>	8,000 additional gross housing solutions in June 2015 20,000 additional gross housing solutions in June 2020
Nil	\$50 million in 2013 \$500 million in 2020
Nil	500 additional dwellings in June 2015 1,000 additional dwellings in 2020
Nil	Investigation completed in June 2011 If positive, one pilot community land trust in place in 2014
–	15% of lots sold by government land and housing agencies at or below affordable price points to low-to-moderate income households in 2011-12
Nil	Planning approval processes streamlined according to the <i>Planning Makes it Happen</i> Blueprint
Nil	Regional and local affordable housing demand data published for Local Government Areas in 2011
Nil	Approvals for priority residential projects <sup>40</sup> accelerated by the Office of Land and Housing Supply
Nil	Examine the introduction of density bonuses to developers for the provision of affordable housing in June 2012
Nil	Residential Design Codes amended to incorporate Multi Unit Housing Codes by December 2010
Nil	Examine the occupation of ancillary housing by non-family members as part of the review of the Residential Design Codes in June 2012

<sup>39</sup>Comprises 39,627 social housing dwellings, 3,965 Aboriginal houses (includes 2,398 under management arrangements) and 5,164 GROH houses – Source: *Housing Authority Annual Report 2008-2009*

<sup>40</sup>Refers to Alkimos and Banksia Grove in the North West corridor; Albion/Henley Brook and Ellenbrook/Aveley in the City of Swan; Harrisdale/Forrestdale, the Armadale Redevelopment Areas in Brookdale and Byford in the South East corridor; Wandi and Golden Bay/Keralup in the South West corridor; Lakelands/Meadow Springs and Pinjarra in Peel and Brownlie Precinct in the City of Canning



Figure 14 - Indicative Key Performance Indicators continued

Strategy	Specific Objectives	Performance Indicators
<b>Enable Successful Transition</b>	Greater transitions through social rental housing	Percentage of social housing rental properties occupied by new tenants each year Reduction in the number of ineligible tenants in public housing
	Greater number of low and moderate income households assisted to access private rental housing	Number of low and moderate income households helped to enter private rental housing each year
	Greater number of low and moderate income households assisted to access home ownership	Number of households assisted into first home ownership each year with low deposit, full or shared-equity home loans or First Home Owner Grant
	Improved supply and demand data and consumer information	Introduction of quality information products for stakeholders and consumers of housing services

Baseline (30 June 2009)	Targets and Milestones
8.9%	12% in 2015 15% in 2020
1,875 (as at 30 June 2010)	25% reduction in June 2015 Further 25% reduction in June 2020
9,853 p.a. <sup>41</sup>	12,000 per annum in 2015
17,714 <sup>42</sup>	20,000 per annum in 2015
Nil	Completion of a housing demand model in July 2011
Nil	Publication of annual updates on housing demand for social and affordable housing in Perth and the regions, commencing in 2011
Nil	Elevate the work and profile of the Housing Industry Forecasting Group in 2011 to enable timely forecasts of residential land and housing demand across WA to government and industry
Nil	Publication of quarterly information on house and land prices, including lower quartile and most commonly paid prices for different market segments commencing in 2011

<sup>41</sup>Number of new bond loans provided in 2008-09

<sup>42</sup>Reflects the long-term annual average of First Home Owner Grants between July 2000-June 2009 (i.e. 16,812), plus the number of additional Keystart borrowers in 2008-09 who were ineligible for First Home Owner Grant (i.e. 902)

## 8. Communicating the Change



### *Communication is essential for effective change management.*

In delivering this strategy, it will be vital to keep all stakeholders appropriately informed on the change process and ongoing achievements.

In addition, explaining the reasons for specific actions and objectives, and the nature of the intended change process, will be important information for all affected parties.

Ongoing communication will also help sustain interest and momentum over the ten years of the Strategy while promoting a wider awareness of the opportunities and accomplishments.

To do all this, the Department of Housing will endeavour to:

- *Work collaboratively* with all stakeholders.
- *Conduct appropriate implementation forums or conferences* as required.
- *Undertake briefing sessions* for interested parties.
- *Arrange regular electronic newsletters* and internet articles.
- *Celebrate key successes* and milestones with the parties involved.
- *Provide periodic reports* to community and industry stakeholders.
- *Identify problem areas early* and take effective action.
- *Formally report on progress* in its Annual Reports.

**AAA Housing** reflects housing that is **A**vailable (as and when needed), **A**ffordable (within the means of low-to-moderate income households) and **A**ppropriate (meets the needs of individual circumstances).

**Affordable Home Loans** include standard home loans provided to households with below-median incomes, as well as loans provided through shared-equity schemes, which are targeted at particular at-need groups.

**Affordable Housing** refers to dwellings which households on low-to-moderate incomes can afford, while meeting other essential living costs. It includes public housing, not-for-profit housing, other subsidised housing under the National Rental Affordability Scheme together with private rental and home ownership options for those immediately outside the subsidised social housing system.

**Affordable Living** considers the total cost of living in a home, rather than focusing solely on rent or mortgage payments. Other costs considered include energy and water consumption (which are impacted by building design), the price of transport to access employment and essential services (such as health and education), and other daily needs impacted by location.

**Community Land Trusts** are special purpose vehicles for facilitating land lease arrangements administered by community organisations.

**Crisis Accommodation** is accommodation provided to people at risk of homelessness because of a personal crisis. Examples include

shelters, domestic violence refuges and hostels.

**Growth Providers** refers to large sized not-for-profit community housing organisations owning and/or managing 500 or more properties and are registered with the Department of Housing.

**Housing Industry Forecasting Group** refers to the joint industry/government forecasting group established by Cabinet to provide stakeholders with short-term Western Australian forecasts of macro land and housing needs.

**Keystart** is the State's low entry-cost home loan scheme provider established under Corporations law with the Housing Authority as the sole shareholder.

**Key Workers** are those modestly paid workers in the non-resource economy who provide many of the basic and essential services in local communities.

**Low Income Households** refers to households with incomes between 50% and 80% of the median household income (i.e. \$36,000–\$57,000 p.a. for WA, as at August 2010).

**Median Income** refers to the middle income in the range of household incomes such that 50% of households have an income less than the median figure and 50% have a higher income.

**Moderate Income Households** refers to households with incomes between 80% and 120% of the median household income (i.e. \$57,000–\$86,000 p.a. for WA, as at August 2010).

**National Rental Affordability Scheme (NRAS)** is a Commonwealth initiative –

supported and co-funded by the State Government – which offers incentives to investors who develop affordable rental housing for low and moderate income households. Rents typically reflect 80% of the market rate.

**Not-for-profit Housing** is housing that is owned and/or managed by tax-exempt organisations which can be private, community-based or charitable bodies. Surpluses generated from this type of housing are returned to the organisation to help fund other activities and growth, rather than being distributed as profits or dividends to shareholders.

**Public Housing** is subsidised housing that is owned and operated by the Department of Housing. It is only available to people on low incomes with rents currently set to ensure payments are no more than 25% of a tenant's gross income.

**Social Housing** is an umbrella term that refers to all housing that is targeted towards low income households and provides a subsidy that ensures tenants pay no more than 30% of their income on rent. It is generally used to describe public and community housing as one sector.

**Under-occupancy** refers to situations where existing households occupy premises with bedroom capacity significantly in excess of their needs - this typically occurs as households age and children leave home.

**Very Low Income Households** refers to households with incomes less than 50% of the median household income (i.e. less than \$36,000 p.a. for WA, as at August 2010).





*Underlying assumptions involved in the modelling of indicative cost of various housing options – Figure 7.*

**General Assumptions:**

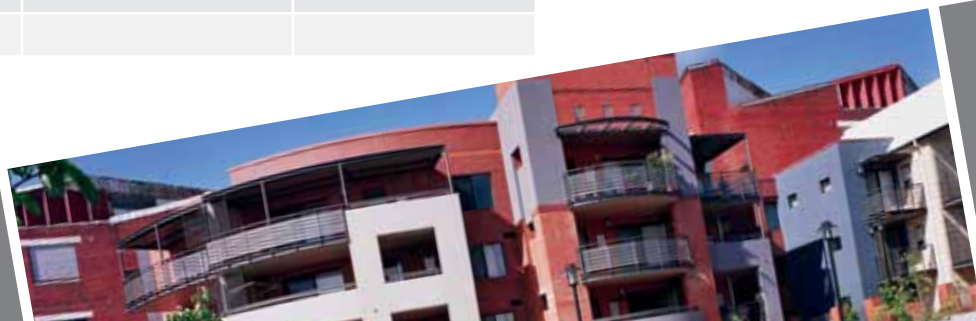
1. Modelling based on an investment analysis approach.
2. Present value of costs and benefits are calculated over 10 years at a discount rate of 4.98% (i.e. 10-year Australian Government bond rate as at August 2010).
3. A conservative position has been taken regarding asset values, namely that there is no growth in values over the 10-year period.
4. Value of individual properties is assumed to be \$350,000 across all options.
5. GST saved by community housing providers is assumed to be recovered by the Department of Housing.

**Assumptions on the Different Delivery Options:**

Public housing:	All revenue and expenses are taken from the public rental data for 2009/10.
Community housing:	All rental revenue and expenses are the responsibility of the organisation.
Brokerage scheme:	Based on a pilot scheme with an annual payment starting at \$1,900 per tenant to the scheme operator and a rental subsidy of \$70 per week.
NRAS:	Expenses limited to the cost of the State subsidy plus a small administrative charge by the Department of Housing.
Shared-equity:	Department's equity is based on \$100,000 of borrowings per dwelling (at an interest rate of 5.5%) with the eligible borrower obtaining a Keystart loan.

Perpetual shared-equity:	Based on the East Perth Redevelopment Authority (EPRA) model where the Department of Housing acquires its equity free and the borrower obtains a Keystart loan.
Land lease scheme:	Based on a conceptual trial involving a gift of Crown land with development costs of \$75,000 per lot and market value of \$195,000. The Scheme would be operated by a community housing organisation with lots leased by them to eligible borrowers who are assumed to build a \$155,000 home with a Keystart loan of \$151,900 and a deposit of \$3,100.
Keystart loan:	Standard Keystart loan with 6% deposit on property valued at \$350,000.

Indexation Rates Used:		Other Assumptions:	
Corporate overheads:	4.50%	Bad debts:	1.70%
Consumer Price Index (CPI):	3.77%	Depreciation:	2.00%
Insurance:	6.59%	Insurance:	0.20%
Maintenance:	3.90%	Interest rate:	5.50%
Rates:	5.90%	Keystart rate:	7.37%
Rent (equal to CPI):	3.77%	Vacancies:	3.00%
Tenancy management:	4.50%		
Upgrades:	6.40%		
Water:	4.00%		





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