



Housing and Urban Research Institute Western Australia

Who Needs Housing Assistance in Western Australia?

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March 2006

EXECUTIVE SUMMARY

Over the last five years Western Australia has seen a rapid escalation in median house prices and increases in private rental costs. This has occurred during a period in which there has been a reduction in funding for public housing through the Commonwealth State Housing Agreement [CSHA]. Traditionally public housing has been the main form of affordable housing assistance for low-income households. This is now changing. The 2003-2008 CSHA requires State Housing Authorities to:

Develop and deliver affordable, appropriate, flexible and diverse housing assistance responses that provide people with choice and are tailored to their needs, local conditions and opportunities [p.4]

To do this the Western Australian State Housing Authority has to find out how many households are in need of housing assistance and to ensure that the housing assistance schemes are tailored to meet the needs of its diverse clientele. This AHURI report documents and evaluates who needs housing assistance in Western Australia.

Policy context

Public housing stock has undergone a significant decline in Australia over the last 15 years. In 1994 public housing represented 6.2 % of the national stock, reducing to 4.9% in 2003. In addition funding for public housing through the CSHA has reduced by 20% over the last decade, whilst funding for Commonwealth Rental Assistance [CRA] has increased by 66%. In 1996 CRA replaced the CSHA as the main housing assistance programme for low-income households in Australia. These figures are indicative of National and State housing policies, which have been historically committed to promoting widespread homeownership, instead of attempting to promote a more diverse housing system. The ongoing reduction in funds through the CSHA has forced public housing authorities to focus on stock consolidation as opposed to expansionary programmes and to develop efficient targeting programmes. Thus the new housing policy regime in Australia appears to be on the threshold of adopting more flexible and responsive housing assistance programmes. This research aimed to develop a methodology which the DHW could use to enable housing assistance programmes better match customer needs.

Research objectives and aims

The overall objectives of the research were to:

- Provide an estimate of the number of households who need housing assistance in Western Australia; and
- Develop a methodology for the Department of Housing and Works to apply for setting eligibility criteria for its diverse group of customers to access different forms of housing assistance, which better suits their needs;

The main aims sought to:

- Find out some key household characteristics of public housing recipients and applicants that are in need of public housing assistance;
- Gather these key features and use them to separate out those households which may have the capacity to access alternative forms of housing assistance, from those which are reliant on public housing;
- Identify households which have the capacity to transfer to private rental and to identify households which may have the means to transfer to Keystart homeownership schemes;
- Identify some key household and income characteristics which have underpinned the increase in demand for the Department of Housing Works housing assistance schemes;
- Identify groups that are in receipt of CRA and pay more than 30% of their income in housing costs in the private market;
- Gain an understanding of some key household characteristics of the homeless population in WA so that this information can be used to inform the development of housing assistance programmes tailored to meet the needs of the homeless population and to find out if there are homelessness issues that are not being addressed within the existing housing assistance framework;
- Evaluate the potential advantages and disadvantages of introducing a segmented waiting list for housing assistance programmes and;
- Develop an eligibility criteria framework so that the DHW can control access to the different forms of housing assistance.

Study methods

The research methodology consisted of a quantitative analysis - aided by a considerable amount of housing statistics provided by the Department of Housing and Works. The statistical analysis was supported by a qualitative component, which focused on previous research into housing assistance schemes and behavioural aspects related to households' motivations in terms of choosing to rent in the public and private housing sectors. The research also conducted a comparative review of public housing policies used in various Australian jurisdictions.

In Chapter 4 and Chapter 5 the research applied a methodological approach, underpinned by several assumptions, which enabled an estimation of the number of public housing tenancies, and applicants that may have the financial capacity to move through the public rental system and access private rental and homeownership.

Research structure and content

Chapter 2 provides an overview of the public housing system in Australia. It starts with a brief historical exploration, and moves on to provide a short comparative analysis with

some overseas housing systems. The Chapter closes with a discussion on what role public housing plays in the current Western Australia housing system. Chapter 3 examines public housing assistance, with an emphasis on households that access the tenure and their various household and income characteristics. The Chapter closes with an evaluation of the State Owned and Managed Indigenous Housing programme [SOMIH] and some further comments on Indigenous housing issues.

Chapter 4 provides a comprehensive analysis of private rental options for public housing tenancies and applicants. This Chapter also provides a literature review of some recent research, which surveyed public housing and CRA recipients and sought to find out why households do not apply for public rental even although they are eligible. Chapter 5 conducts a similar approach as Chapter 4 but in this instance turns to exploring homeownership opportunities for public housing customers. Chapter 6 looks in detail at the range of housing assistance schemes on offer by the Department of Housing and Works for low-income households. Chapter 7 provides an examination of housing stress and affordable housing in the private rental market in Western Australia. A comprehensive review of the many features of the homeless population is undertaken in Chapter 8. The growing demands for the popular community housing programmes are reviewed in Chapter 9. Chapter 10 provides a comparative review and analysis of the segmented waiting lists used in some Australian jurisdictions. And Chapter 11 presents the key findings and recommendations. Some of the key research findings and policy recommendations are listed below

Key Findings

Chapter 3 examined some household characteristics of the mainstream public housing tenancies and applicants and the State Owned and Managed Indigenous Housing Programme [SOMIH]. It revealed that:

- Approximately 81% of public housing tenancies receive an income of \$499 or less per week, and over two thirds are in receipt of \$399 or less per week;
- Only 5% of public tenancies [estimated by households and not persons] receive income from employment in the Perth metropolitan region. In regional locations households receiving income from wages ranged from a high of 24% in the Kimberley to a low of 5% in the Great Southern, the average across the regions was estimated at 11%; and
- Single households occupy a much higher proportion of current tenancies, whereas single plus one dependent and single plus two dependents represent a significant proportion of households on the waiting list. SOMIH applicants diverged from mainstream applicants in that they had greater proportion of single plus three and four dependents seeking public housing.

Chapter 4 sought to identify which public housing tenancies and applicants may have the capacity to transfer to private rental, and therefore may only need short-term public housing assistance. The key finding revealed that:

- A significant proportion, four out of five [82%] of single and couple households with no dependents would experience post CRA housing stress if accessing private rental in the metropolitan regions;

- Nearly all single households with 1-2 dependents and 2 plus dependents that would face post CRA housing stress if renting in the private market in regional WA are located in the lowest two income quintiles and;
- Four out of five metropolitan based public housing tenancies and applicants [26,124] would face post CRA housing stress if renting in the private market. Only one in five households [6,000] have the income capacity to access private rental. A slightly different picture emerged in regional WA where the research predicted that approximately half [6,361 households] would encounter post CRA stress. However, this result was tempered by the fact that many regional areas currently experience scarcity of supply of private rental;

Chapter 5 used a similar methodology to Chapter 4. In this case it was applied to identify households, which may have the capacity to transfer to Department of Housing and Works Keystart homeownership schemes. The research found that:

- The maximum borrowing capacity for the public housing tenancies and applicants positioned in the top income quintile [median weekly income \$899] was \$165,000. There were only six suburbs in the metropolitan region where these households could afford to purchase housing. A very small number of metropolitan public housing customers [1,433] or [4%] have the borrowing capacity to purchase a house and;
- In regional WA nearly all the tenancies and applicants [11, 878], or [92%] have the borrowing capacity to purchase housing. This is because there was some huge differences in housing prices across regional boundaries. However, the research found that many of the regions only sold a minute number of housing within the affordable price range, which indicate supply issues and the research also notes that there was an acute lack of appropriate sized housing on offer in 2005 in most regional towns.

Chapter 7 aimed to find out the number of CRA recipients, which pay more than 30% of their income in the private rental market. It also aimed to provide a regional perspective to housing stress in WA. The research demonstrated that:

- One third of metropolitan CRA recipients [17,342 households] experience post CRA housing stress. A significant proportion of these households pay more than 40% and in some cases 50% of their income on rent, post CRA. More than three out of four of these households [85%] comprised of single share and single parent with 1-2 dependents. Approximately one in five regional households [3,492 households] encounter post CRA housing stress and;
- The Peel region and the Southwest region contain over half [53%] of all regional households experiencing post CRA housing stress.

Chapter 8 analysed some key household characteristics of the homeless population in WA so that the research could use this to promote the development of housing assistance programmes tailored to meet the needs of homeless households. It found that:

- There are a lack of exit points strategies within the current social housing system and this could be having significant impacts on recurrent homelessness in WA;
- A common social housing waiting list could enable the DHW and Support Accommodation Assistance Programmes to address the exit point issue;

- The homeless population show similar household characteristics to public housing customers [i.e. a high proportion of single persons both male and female];
- The homeless population in WA - based on the 2001 Australian Bureau of Statistics homeless census is approximately 12,000 households and;
- There are specific urban and regional areas with high rates of homelessness.

Chapter 10 aimed to evaluate the potential advantages and disadvantages of introducing a segmented waiting list for housing assistance programmes in WA and to develop an eligibility framework so the DHW can control access to the different forms of housing assistance. Some of the key findings were:

- The South Australian Housing Trust has the most flexible segmented system – catering for greatest need in segment 1 with low-income households receiving some form of paid income stationed in segment 5. Victoria has been very successful in using its priority segment 1 to alleviate homelessness, doubling its allocations in the first two years in operation. It is effectively been used as a homelessness housing assistance programme. The downside to this is that segment 1 has contributed to households in greatest need being allocated the greatest proportion of public housing allocations and the impacts of this appear to be that there is an emergence of public housing estates showing some signs of social disadvantage in Victoria;
- The South Australia Housing Trust aim to use its segmented list to transfer households not in greatest need of housing assistance to access home ownership and other affordable housing programmes;
- Some State Housing Authorities experiences of applying segmented lists indicate that there are some issues which need to be addressed. For example, some SHAs have found that if a segment is defined to generally - it can be confusing for both applicants and housing officers. The research also concluded that there were problems associated with the use of fixed segments. In some cases there was no clear definition of which households could gain access to housing through the primary segment. The use of quotas may help to reduce the problems in this area, but most jurisdictions, with the exception of South Australia, have not yet introduced public housing quotas.
- The Western Australia priority, date order system has proved successful in providing housing for households in greatest need whilst ensuring that households on the waiting list also receive an offer of public housing assistance. Compared to the other Australian jurisdictions in this study - the Western Australia system had the highest number of public housing allocations in 2002-2003.

Policy recommendations

The research developed several policy recommendations aimed at addressing the key findings. These were:

Recommendation 1: That the Department of Housing and Works regularly records and updates information on key household and income characteristics of households applying for public housing.

Recommendation 2: That the Department of Housing and Works develop a 10-year public housing initiative with the aim of clearing the current waiting list which currently stands at 13,233 applicants. This would mean an increase of 10% on the stock constructed in 2004/05 [i.e. up from 1,203 to 1,323 new build per annum].

Recommendation 3: The Department of Housing and Works develop some strategic public housing planning with the aim of increasing supply to the regions where households awaiting public housing are most affected by post CRA housing stress.

Recommendation 4: The Department of Housing and Works carries out research into the cost and benefits of paying a State funded Rental Assistance supplement on top of CRA as part of an alternative housing assistance initiative.

Recommendation 5: The Department of Housing and Works to increase Bond Assistance to reflect the actual cost of the private lease [i.e. 4 week Bond plus 2 week rent in advance] and other associated relocation costs.

Recommendation 6: The Department of Housing and Works to push for the State government to set aside 15 % of all new development for affordable housing [i.e. within the borrowing capacity of public housing recipients located in the third quintile upwards]

Recommendation 7: The Department of Housing and Works to channel resources from its Keystart homeownership schemes into the regions where the research has highlighted the greater demand for low cost homeownership exists.

Recommendation 8: The Department of Housing and Works to work with other government agencies to develop the concept of Housing Incentive Taxation Zones into practical policy measures aimed at enabling the provision of affordable and appropriate sized housing.

Recommendation 9: The Department of Housing and Works to develop new methods to ensure data is documented and updated in regards to the number, income range, family composition and location of households accessing the Goodstart, Access and Indigenous homeownership schemes.

Recommendation 10: The Department of Housing and Works to work with Indigenous organisations to develop an Indigenous Bond Assistance Scheme which takes account of the unique disadvantages Indigenous households face in accessing private rental.

Recommendation 11: That the Department of Housing and Works seek the co-operation of the Department of Consumer and Employment Protection Bond Administrator to develop methods of reporting on the rental affordability of CRA and non-CRA private renters.

Recommendation 12: That the Department of Housing and Works carry out research into the costs and benefits of using subsidies and/or taxation incentives to attract investors to increase the supply of private rental to the low cost end of the market.

Recommendation 13: That the Department of Housing and Works develop housing assistance programmes that are explicitly targeted at the homeless population.

Recommendation 14: That the Department of Housing and Works set up a working group involving representatives from community housing, SAAP and Boarding houses, with the aim of developing a common social housing waiting list.

Recommendation 15: The Department of Housing and Works to increase SAAP funding and public housing provision to the metropolitan and regional areas with high rates of homelessness. This recommendation could be used as an adjunct to Recommendation 3

Recommendation 16: That the Department of Housing and Works provide some assistance and resources to the community housing sector to help establish a shared data collection methodology, a centralised referral system, and accountable reporting methods.

Recommendation 17: That the Department of Housing and Works move towards developing a segmented waiting list combining aspects of the Victorian model and the South Australia model to control access to different forms of housing assistance [i.e. segment 1 can be used to deliver housing assistance to homeless households and segment 5 to deliver public housing assistance to wage earners, and could also include offers of alternative housing assistance schemes].

Recommendation 18: That the Department of Housing and Works increase the income limits for single households with no dependents in line with the Federal Minimum Wage, which was \$484.40 as at June 2005.

Recommendation 19: The Department of Housing and Works implement its new proposed interim income limits for all household types accessing public housing in WA.