

AFFORDABLE HOUSING – WA PERSPECTIVE

Australasian Housing Institute

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AFFORDABILITY IN AUSTRALIA

- Not a new issue, but exacerbated
- Not just the outcome of the current economic conditions
- Since 1995 – 1m households in stress
- In WA est 88,000 households in 2002-3

AFFORDABILITY IN AUSTRALIA

- One-third in stress 2+ years
- Urban problem - now regional centres
- 400,000 (40%)- working
- 460,000 (54%) – private rental
- < 65 years
- Singles, couples with kids, sole parents

WHY IT PERSISTS

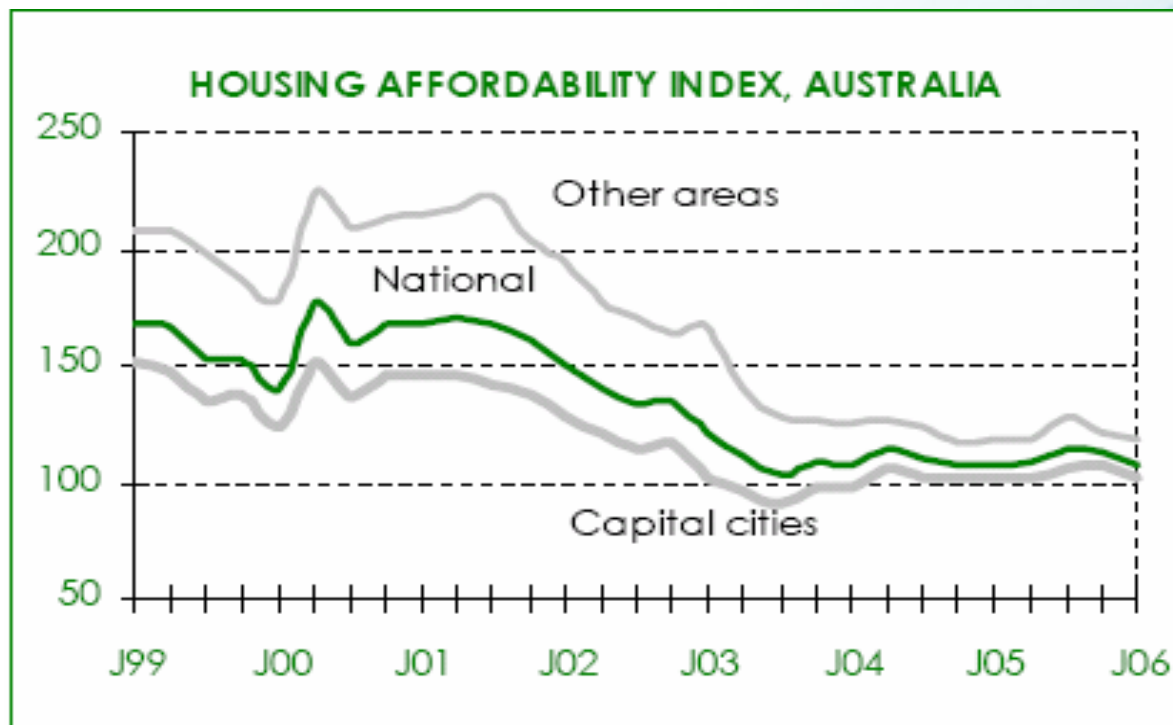
- Real housing costs have increased
- Fall in supply of low cost housing
- Polarisation of real incomes – smaller households with fewer income earners
- Industry capacity unable to meet demand



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AFFORDABILITY IN AUSTRALIA

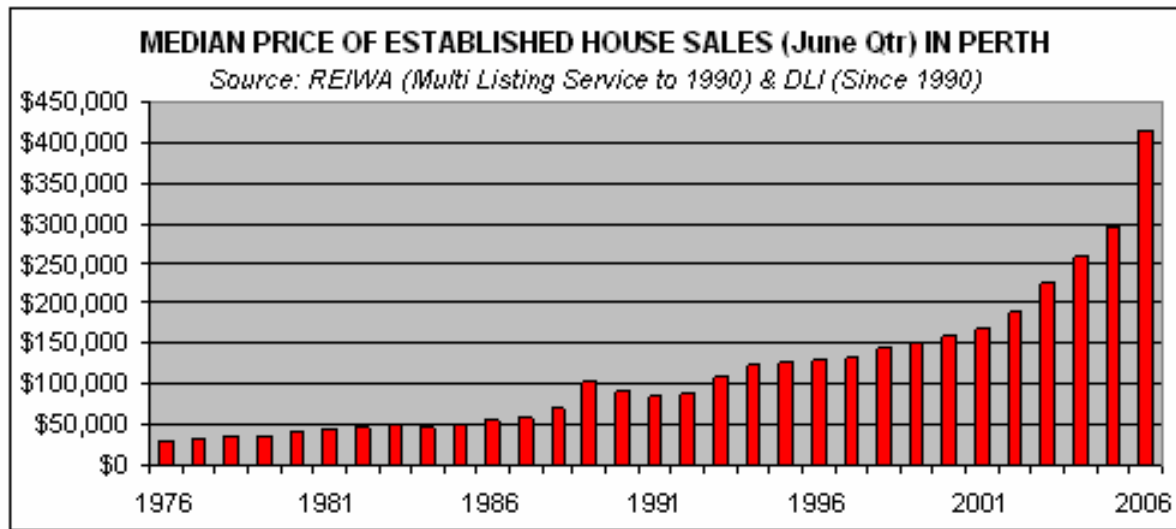




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HOUSING AFFORDABILITY WA



HOUSING AFFORDABILITY WA

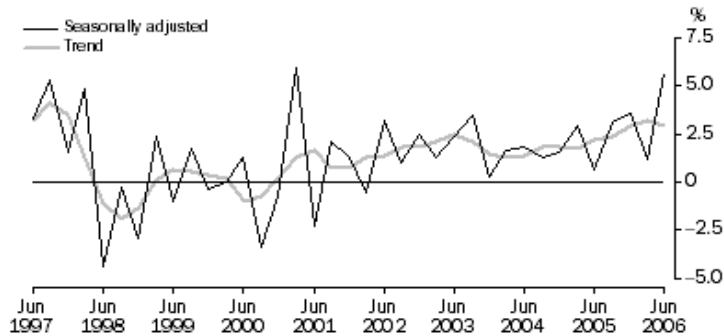
| <u>Year</u> | <u>Perth Median Price</u> |
|-------------|--|
| 2001 | \$165,700 |
| 2002 | \$185,700 |
| 2003 | \$210,200 |
| 2004 | \$240,400 |
| 2005 | \$297,000 |
| 2006 | \$395,000 * Source:REIWA (*revised to \$450,000 Sept) |



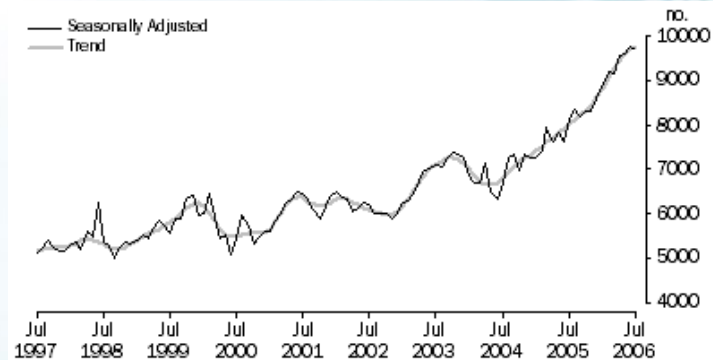
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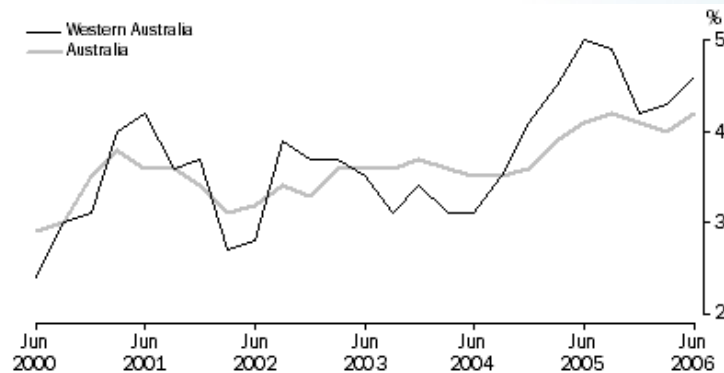
HOMEBUYER AFFORDABILITY WA



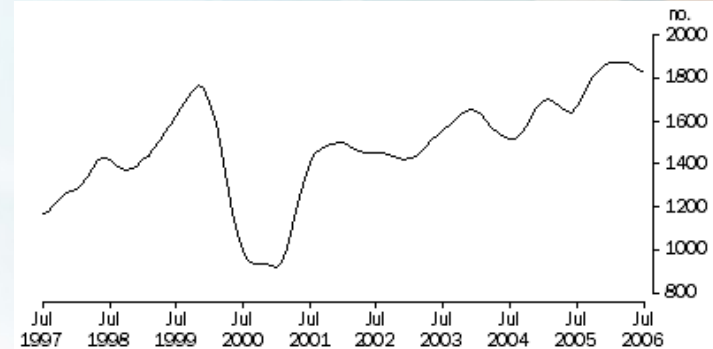
Source: Australian National Accounts: National Income, Expenditure and Product, cat. no. 5206.0.



Source: Housing Finance, Australia, cat. no. 5609.0.



Source: Labour Price Index, Australia, cat. no. 6345.0.



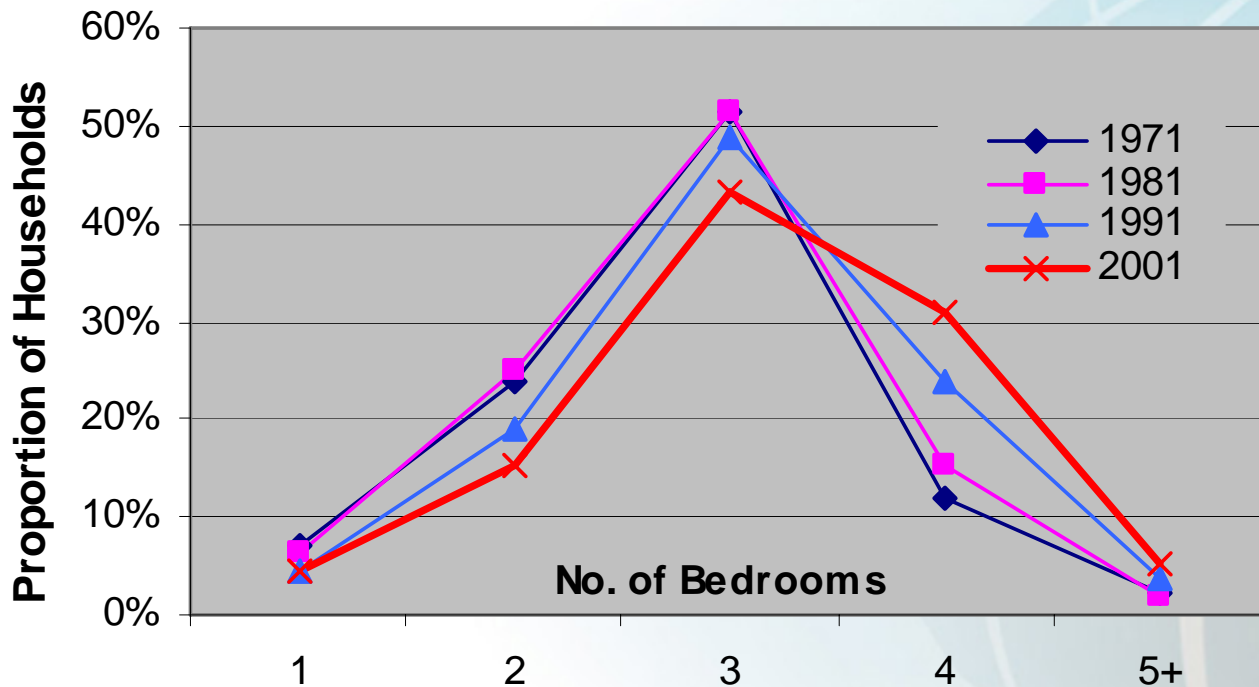
Source: Building Approvals, Australia, cat. no. 8731.0.



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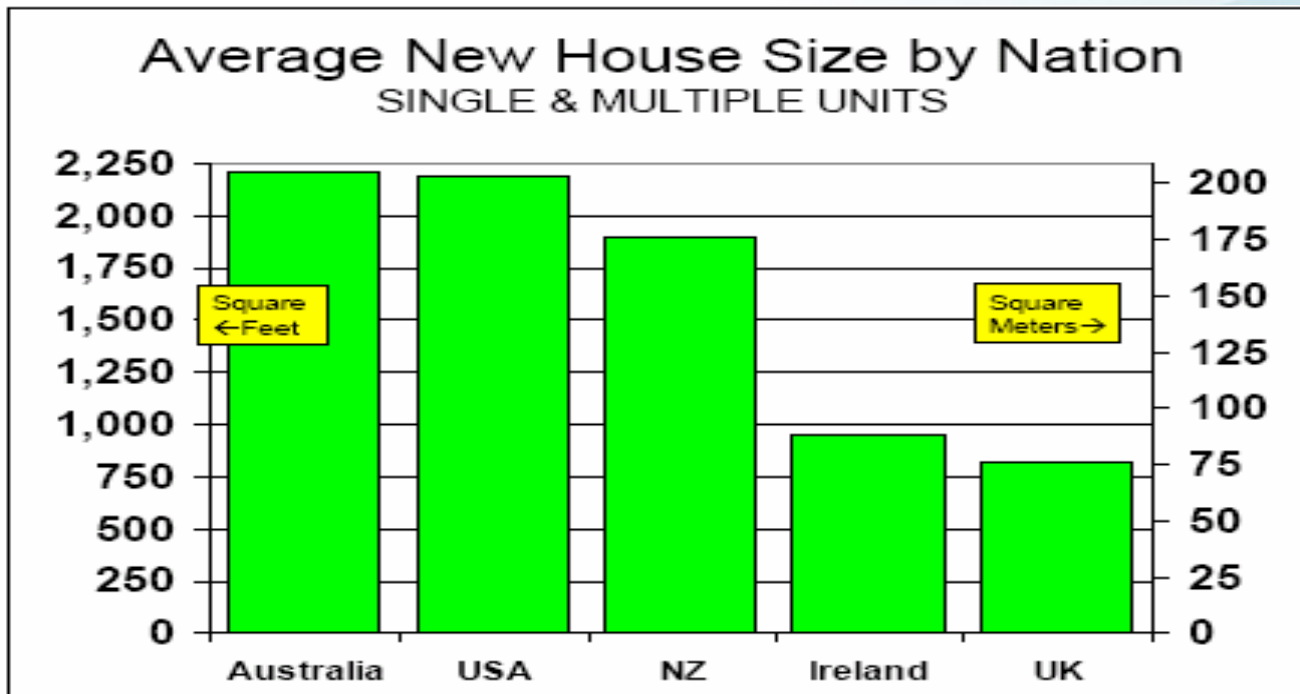




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HOUSING AFFORDABILITY IN WA



RENTAL AFFORDABILITY WA

- Tenures 2002/03:

Without a mortgage: 34.1%

With a mortgage: 37.1%

DHW (public rental): 4.7%

Private landlord: 20.1%

PRIVATE RENTAL AFFORDABILITY – No.1

| Year | Price | Vacancy |
|-------------|--------------|----------------|
| 2001 | \$142 | 4.2% |
| 2002 | \$155 | 4.5% |
| 2003 | \$157 | 4.5% |
| 2004 | \$164 | 3.3% |
| 2005 | \$189 | 2.5% |
| 2006 | \$250 | 1.8%* |

*** IMMEDIATE CONCERN DUE TO INCOME & AVAILABILITY OF APPROPRIATE STOCK**

RENTAL AFFORDABILITY WA

Housing stress (2001 Census):

Lower two income quintiles – 62% of people in private rental paying >30% on rent (metro); 52 % (regions);

Eastern, south-eastern, south western sector (67% receiving CRA).

RENTAL AFFORDABILITY WA

- Findings (2001) - Private Renters
 - ~53% of renters accessing CRA in 2001
 - CRA recipients represent 9-10% of WA's HH
 - 95% eligible for public housing
 - Pre CRA payment (70% paying >30% Income)
 - Post CRA (32% still paying >30%)
 - 50% singles (87% pre CRA, 47% post CRA)
 - 27% single parent (60% pre, 17% post)
 - 20% are aged 15-24 (67% singles)&(45% post)

SUMMARY

- Real estate value growing faster than wages
- Falling entry into home ownership – 13% of purchases by first homebuyers (lowest since 1991)
- Declining public sector housing investment
- Rising private rents
- Rising public housing waiting lists

NATIONAL RESPONSES

- Framework for National Action on Affordable Housing:
 - Approved by Housing, Planning and Local Government Ministers in August 2005
 - Work program to explore collaborative action between governments to improve housing affordability
 - Buy-in through State Cabinets.
- CSHA renegotiation – for July 2008



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FRAMEWORK FOR NATIONAL ACTION

- 4 work streams:
 - Not-for-profit sector work plan
 - Support for affordable housing through the planning system
 - Evaluation of subsidy streams and potential for more effective use
 - Evaluation of policy options across governments & portfolios

STATE ACHIEVEMENTS

- 66,800 people in DHW accommodation
- 34,500 rental properties, 880 bought or built
- > 9,400 received bond assistance
- > 4,100 low-deposit Keystart home loans issued
- 500th Aboriginal home loan
- > 2,900 lots sold (49% in lowest quartile)
- Increasing DHW rental & bonds income-eligibility criteria

STATE RESPONSES

DHW Review and Reform

Strategic direction

- More people in houses
- Improving Aboriginal communities
- Improving building and infrastructure

Reviews

- Sustaining public housing
- Service delivery
- Community housing

STATE RESPONSES

Housing Strategy WA Discussion Draft:

- Final draft – late 2006 to Government
- Affordability, sustainability and equity
- Priority planning for better housing around home ownership, private rental, public housing, community housing, supported housing.
- Key groups – Indigenous people, migrants, people with disabilities, seniors, youth.

STATE RESPONSES

Current initiatives under development:

- Review of public housing service levels and standards;
- Development of low-cost housing products and finance products;
- Development of positive exits
- Build capacity of community housing sector

STATE RESPONSES

- Improve current assessment and allocation model
- Increase access to private rental sector
- Improve stock match to customers
- Review housing design and materials
- Improve housing asset management