



April 2022

Submission:

**Productivity Commission Review of the National Housing
and Homelessness Agreement**



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About Shelter WA

Shelter WA is the independent peak body in Western Australia that advocates for social and affordable housing and ending homelessness. Shelter WA takes a strategic leadership role, championing the development of an effective housing system and bringing all parts of the system together to achieve this. Shelter WA brings together a strong coalition committed to diverse and affordable housing choice for all, with a focus on housing for people on low to moderate incomes and groups that experience housing insecurity. Shelter WA undertakes research and policy development, engagement, and advocacy to drive solutions to build an effective housing system and alleviate housing-related poverty.

Our submission

Shelter WA welcomes the opportunity to provide a response to the Productivity Commission's review of the National Housing and Homelessness Agreement (NHHA). We support the submissions from national peak bodies National Shelter and the Community Housing Industry Association (CHIA). Our submission provides a Western Australian perspective on the operation of the NHHA and on housing and homelessness issues more broadly.

Key recommendations

- That the 2023 NHHA include sustained and increased investment from the Commonwealth to drive the supply of new social and affordable rental housing - facilitating the community housing sector to be a key delivery partner with government
- That the allocation of general funding under the 2023 NHHA be tied to science-based carbon emission reduction targets and that new and refurbished dwellings funded under the agreement be required to meet minimum energy efficiency and thermal comfort standards
- That Commonwealth general funding under the 2023 NHHA be separated into two streams:
 - A growth fund to be provided to State and Territory governments on a per capita basis to drive a net increase in social and affordable rental housing.
 - An operational fund paid on a per-dwelling basis to providers (State and Territory housing authorities and community housing providers)
- That both streams of Commonwealth general funding under the 2023 NHHA include loading based on the increased cost to deliver housing and services in regional and remote locations
- That the 2023 NHHA include sustained and increased homelessness funding appropriately indexed with Equal Remuneration Order costs built into base funding
- That the 2023 NHHA include a dedicated funding line for remote Aboriginal housing – this investment should be in addition to the general funding allocation
- That the 2023 NHHA require all Australian governments to adopt a principle of self-determination for Aboriginal housing
- That a Housing First approach be integrated as a core principle of the 2023 NHHA
- That the 2023 NHHA continue to require all jurisdictions to have housing and homelessness strategies

- That the 2023 NHHA be complemented by the development of a 10-year National Housing and Homelessness Strategy. The Strategy should:
 - Be led/overseen by a dedicated agency
 - Have clear targets for homeownership, rental housing and non-market social, affordable, and specialist housing
 - Ensure alignment of federal taxation and finance policy to deliver housing outcomes
 - Include Housing First as a fundamental principle and provide for the national roll out of Advance to Zero methodology
- That the term of the 2023 NHHA be no less than 5 years
- That the 2023 NHHA drive improved performance monitoring through the development of nationally consistent datasets and regular public reporting under outcomes
- That the Commonwealth Government drive the development of a specific national dataset to enable tracking of net dwelling additions/losses in each jurisdiction, based on a national audit or process to identify and track all social and affordable housing dwellings nationally and in each state (including the number and types of dwellings, vacancies and waitlists)

Introduction

Major reform of Australia's housing system is urgent and long overdue. Growing housing unaffordability across Australia requires action and leadership by the Commonwealth and State Governments. A new National Housing and Homelessness Agreement should be part of a comprehensive response to this issue.

Western Australia

The social and affordable housing system in Western Australia is under acute pressure and has been unable to meet existing and latent demand for a long time. The social housing waitlist rose steadily throughout 2021 to 18,738 households at the end of March 2022 (32,873 individuals), including 3,952 priority applicants (8,006 individuals).¹ According to the 2022 Productivity Commission Report on Government Services, the number of priority applicants in Western Australia has more than doubled since 2016.

Despite this demand, total social housing stock declined in WA over the last four years. According to the latest Report on Government Services (ROGS) there was a net loss of 1,956 social housing dwellings between 2017 and 2021 in Western Australia.²

The undersupply of social housing is evident in the regions as well as the metropolitan area. Ageing stock is also an issue, with more than 20 percent of State-owned public housing stock in Western Australia over 40 years old and 45 percent of metropolitan and 41 percent of regional housing assets between 20 and 40 years old.³ Older properties are more costly to maintain and are often less climate appropriate.

Social housing comprised only 3.8 percent of homes in Western Australia in June 2021, a drop from 4.1 percent in 2015, and significantly less than the national average of 4.3 percent (which is low already compared to international standards).⁴

Research by the University of New South Wales has identified a current unmet need of 39,200 social and 19,300 affordable homes across Western Australia.⁵ If we continue on the same trajectory, it has been estimated that by 2036 WA will have a shortage of 86,400 social homes and 32,000 affordable homes.⁶ Current targets in the WA Housing Strategy 2020-2030 (6 percent net growth in social housing by 2030 & 20 percent social and affordable housing inclusion in state projects) are inadequate to address current and projected demand.

¹ It is acknowledged that social housing waitlist data provides only a limited picture of need.

² Source: Productivity Commission (2022) Report on Government Services: Part G Housing and Homelessness. (Table 18.A3).

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[https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/8885a9f1b0bea5a4482588090022f80c/\\$FILE/C41+S1+20220315+p775b-775b.pdf](https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/8885a9f1b0bea5a4482588090022f80c/$FILE/C41+S1+20220315+p775b-775b.pdf)

⁴ Infrastructure WA Draft, p.205

⁵ UNSW City Futures Research Centre (2019). Estimating need and costs of social and affordable housing delivery.

https://cityfutures.be.unsw.edu.au/documents/522/Modelling_costs_of_housing_provision_FINAL.pdf

⁶ Ibid.

Housing supply in Western Australia is also not meeting the diverse needs of the community. This includes a lack of accessible and affordable homes for an ageing population, and for people with disability, people from different cultural backgrounds, single person households and families without children.⁷

“There's been an underinvestment in social housing nationally, not just in WA, but nationally over the last 15 years. The crisis is due to a lack of investment from the State and Federal governments. It simply requires a recurrent allocation of capital to invest in social housing.”
(Flatau et al., 2022)

Cost of inadequate supply of social and affordable rental housing

Inadequate social and affordable housing supply has economic implications. A new report estimates that the total current monetised social and economic cost of the affordable housing shortage in Western Australia is \$45.4 million per annum. This figure is predicted to rise to \$131 million per annum by 2036 if the current under-investment in social and affordable housing persists.⁸

The McGowan Government has committed welcome new investment to social housing. A \$875 million social housing investment in the 2021-22 State Budget included a dedicated \$750 million Social Housing Investment Fund, with total social housing investment funding up to 3,300 social housing homes over four years.⁹ Nonetheless, without further change and commitment to ongoing investment, including in the regions, there will be a continuing significant lack of social and affordable rental housing in Western Australia into the future.

Rental pressures

Since COVID-19, Western Australia's private rental market has experienced significant turbulence with vacancy rates reaching a 40-year low in Perth and across many of the regions.¹⁰ This led to a new wave of housing insecurity, homelessness and poverty with new people coming into contact with services, seeking housing support for the first time.

Rental stress continues to grow with the rental market tightening, rents increasing, and people being forced between choosing to overcommit financially or become homeless. Anglicare WA's rental affordability snapshot released in April 2022 found median rents had increased around \$50 per week since last year's Snapshot. Rent increases in different regions included 12% in the Perth metro area (to \$480 per week), 13.5% in the South West and Great Southern (to \$420 per week) and 9% in the North West (to \$600 per week). The Snapshot found less than 1% of available properties to be affordable for people on income support payments and nothing is affordable for people on JobSeeker anywhere in Western Australia— not even a room.

⁷ AHURI (2020). Policy evidence summary: improving the diversity of Australia's future housing stock. Retrieved from: https://www.ahuri.edu.au/_data/assets/pdf_file/0023/66137/PES-FR349-Improving-the-diversity-of-Australias-future-housing-stock.pdf

⁸ <https://www.communityhousing.com.au/wp-content/uploads/2022/04/CHIA-Everyones-Home-Wider-Benefits-Analysis-31.3.2022.pdf?x17686>

⁹ Media statement - [\\$875 million to significantly boost social housing in WA](#), 5 September 2021

¹⁰ REIWA (2020). Perth's residential vacancy rate equals lowest level ever recorded. Retrieved from: <https://reiwa.com.au/about-us/news/perth-s-residential-vacancy-rate-equals-lowest-level-ever-recorded/>

Availability continues to be a significant issue alongside affordability. Last year's snapshot saw a dramatic 50% drop in available private rentals across WA and the situation has not recovered in 2022.¹¹

The rental situation in Western Australia's regions is also dire. Many regional areas, including Albany, Margaret River and Broome, have had vacancy rates below one per cent for more than eighteen consecutive months.¹² At the same time, median rental prices continue to rise. For example, the median rental price in the Goldfields had risen 15.6 per cent in the year to April 2022, and by 17.3 per cent in the North of the state.¹³ This has impacted on economic growth with a lack of affordable housing for regional workforces.

Homelessness

On Census night 2016, 36.4 per 10,000 Western Australians reported they were experiencing homelessness and 23.4 per 10,000 reported that they were living in crowded dwellings.¹⁴ We anticipate that the 2021 Census homelessness data to be released in early to mid-2023 will report an increase in the number of people experiencing homelessness in Western Australia reflecting both increasing homelessness as well as better data collection.

Australian Institute of Health and Welfare data demonstrates that in 2020-21 one in 109 people in Western Australia (WA) received homelessness assistance (24,500 people). On any given day in Western Australia, 65 requests for assistance from specialist homelessness services are not met.¹⁵ The Zero Project By-Name List reports that over 1000 people were experiencing homelessness in Perth, Fremantle and the surrounds in February 2022, 499 of whom were sleeping rough. Up to 70% of the individuals on the By-Name List do not have a case worker.¹⁶

Homelessness service funding

There are significant gaps in the data around the funding and delivery of homelessness services across Western Australia. While the majority of funding into the homelessness services sector in Western Australia is from state and federal government funding sources, there are a range of important programs and services who do not receive government funding. These services and the need they meet is generally not captured in government datasets including through the Australian Institute of Health and Welfare and the Productivity Commission. These gaps have important implications for the transparency of our homelessness service system, both in terms of funding flows and in ascertaining levels of need and whether and how this need is met.

In an effort to address some of the gaps in the homelessness services evidence base, the Centre for Social Impact University of Western Australia (CSI UWA) undertook a detailed Australian Housing and Urban Research Institute (AHURI) Inquiry on funding and delivery of programs to reduce homelessness in Australia. The inquiry report, which was published in 2017, considered both government and non-government sources

¹¹ https://www.anglicarewa.org.au/docs/default-source/advocacy/anglicare-wa-rental-affordability-snapshot-2022.pdf?sfvrsn=de77d2cf_8

¹² According to the Real Estate Institute of Western Australia (REIWA) vacancy rates between 2.5 and 3.5 percent reflect a balanced rental market.

¹³ https://sqmresearch.com.au/graph_vacancy.php

¹⁴ <https://www.abs.gov.au/statistics/people/housing/census-population-and-housing-estimating-homelessness/2016>

¹⁵ <http://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services>

¹⁶ <https://zeroprojectwa.org.au/>

of funding for 2013-15.¹⁷ That inquiry delivered the first comprehensive examination and assessment of investment in services assisting those experiencing or at risk of homelessness.

The Inquiry found that service-specific recurrent government funding accounted for 84.6% of funding received by Specialist Homelessness Services and 60.6% of funding for non-SHSs and that funding levels were below that required to meet demand. Only about one third of surveyed services indicated they were able to meet 90 percent or more of client demand. The situation was worse for homelessness services not within the SHS sector, where only 28 percent of services were able to meet 76 per cent of demand or greater.

The Inquiry report identified that additional government funding was required for the sector to meet unmet needs and a broad range of outcome objectives, including adequate access to permanent housing, service innovation, client employment, financial stability of services and IT development. The report further identified funding stability as an issue and called for policy development across impact investment in affordable housing, early intervention and post-intervention strategies and 'integrated cross sectoral, inter-governmental and cross-departmental government funding packages of integrated service approaches to achieve greater efficiencies'.¹⁸

This data is now more than five years old. In December 2021 Shelter WA sought expressions of interest from organisations to undertake a research project to identify current funding to WA homelessness services from government, the sector and other sources and to extrapolate current unmet need for homelessness services by region and across identified cohorts. CSI UWA was awarded this work, and the report from this project is included as Attachment A.¹⁹

The 2022 research found funding levels are below that required to meet demand. Less than a half (45.2%) of services reported that they were able to meet 76% of demand or greater in 2020-21. Unmet demand was likely underreported as many services will try to provide some level of assistance to all clients that present at the service. Services also reported that service delivery is impacted by poor staff retention due to insecure funding, unreliable volunteers (exacerbated by COVID-19), and a severe shortage of public housing stock. The research report identifies that additional government funding is required for the sector to meet need. The report further identified funding stability as an issue and made the following recommendations from the evidence gathered to improve the homelessness funding landscape:

1. **Leadership and proactivity at the Australian Government level.** *There needs to be a creation of a national homelessness policy based on a strong evidence base, co-design and community input processes. A major boost to the Commonwealth commitment through NHHA for both social housing and homelessness services and a matching WA Government funding boost is required to reduce high levels of unmet need in Western Australia.*
2. **An increase in the supply of social and affordable housing.** *While new social housing investment specified in recent announcements by the Western Australian Government is of an historic*

¹⁷ Flatau, P., Zaretsky, K., valentine, k., McNelis, S., Spinney, A., Wood, L., MacKenzie, D. and Habibis, D. (2017) Inquiry into funding and delivery of programs to reduce homelessness, AHURI Final Report No. 279, Australian Housing and Urban Research Institute Limited, Melbourne, https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI_Final_Report_No279_Inquiry-into-funding-and-delivery-of-programs-to-reduce-homelessness.pdf

¹⁸ Flatau, P., Zaretsky, K., valentine, k., McNelis, S., Spinney, A., Wood, L., MacKenzie, D. and Habibis, D. (2017) Inquiry into funding and delivery of programs to reduce homelessness, AHURI Final Report No. 279, Australian Housing and Urban Research Institute Limited, Melbourne, https://www.ahuri.edu.au/sites/default/files/migration/documents/AHURI_Final_Report_No279_Inquiry-into-funding-and-delivery-of-programs-to-reduce-homelessness.pdf

¹⁹ Flatau P, Lester L, Callis Z, Kyron M. (2022). *Funding of Western Australian Homelessness Services*, Perth: The University of Western Australia.

magnitude and a fundamental part of an end homelessness agenda, the total number of dwellings specified do not fully meet underlying demand.

3. **Application of Housing First programs.** *Housing First recovery-oriented approaches are identified as a sound program foundation to address chronic homelessness and have yielded positive outcomes worldwide and in Australia to-date.*
4. **Diverse supportive housing models.** *A range of homelessness, housing, and complementary supports is needed to effectively work towards ending homelessness.*
5. **Increase the scale of Aboriginal and Torres Strait Islander controlled homelessness services.** *New and increased funding towards Aboriginal and Torres Strait Islander-controlled homelessness services is needed given the high rates of Aboriginal and Torres Strait Islander homelessness.*
6. **Targeted prevention and early intervention programs.** *Prevention and early intervention approaches seek to target homelessness drivers, to prevent entry or re-entry to homelessness, or facilitate rapid exit. Early intervention programs for children and young people experiencing the first early spells of homelessness are critical, with targeted responses required for clients involved in child protection care, and juvenile and adult justice systems.*
7. **Supportive systems and programs.** *Diverse service integration models, culturally safe and appropriate service delivery, and setting explicit end homelessness targets in the existing monitoring and evaluation systems are required for an end homelessness agenda.*
8. **The funding of homelessness services.** *Provision of social housing and other permanent housing options, exploring alternative methods of funding homelessness support, affordable housing, diverse housing options and the delivery of client-based housing programs need to be explored.*
9. **The impact of funding on the operations of homelessness services.** *The contract funding shortfalls relative to need, contract rollovers, short-term contracts, current State Government indexation policies, the flexibility of funding sources to meet the needs of clients, the lack of diversification in funding, and the length of time of confirmation of contract award have direct impacts on the operations of homelessness services and need to be improved.*
10. **Funding and client outcomes.** *A review into the current level of funding for homelessness services is warranted due to current funding not being adequate to cover the costs of programs and to meet the outcomes for specific cohorts of people experiencing homelessness.*
11. **Funding of agencies and enterprises that provide complementary services.** *Agencies are to be encouraged to diversify their funding base to cover the cost of services, meet client outcomes, and allow for qualified staff retention. Government and philanthropic programs are required to support agencies to expand their funding options.*
12. **Policy implications.** *Clarity is needed around operationalisation of the State Governments 10-year strategy and Action Plan. The lack of social housing and affordable housing available inhibits the support of The Housing First principle. Funding models need to be updated to reflect the complex needs of those at risk of homelessness and those who are experiencing homelessness. Funding for prevention and early intervention supports, looking at solutions outside of providing crisis accommodation, wraparound supports and education for those at risk of homelessness are options in supporting those who are at risk of homelessness.²⁰*

²⁰ Flatau P, Lester L, Callis Z, Kyron M. (2022). *Funding of Western Australian Homelessness Services*, Perth: The University of Western Australia.

COVID-19

The impact of COVID-19 on the social housing and homelessness services sectors in WA remains significant. As a result of the pandemic there has been increasing demand for services, challenges to service delivery and increased operational costs. Many of these costs are anticipated to be long-term including cleaning, personal protective equipment, Rapid Antigen Tests and increased staffing costs to cover isolation requirements. The majority of these costs have had to be absorbed within the existing funding envelope putting additional financial pressures on already stretched budgets. Services have worked tirelessly with governments and local communities to provide an appropriate response and to ensure continuity of delivery of essential services. Existing housing pressures have been exacerbated in the context of the pandemic.

The National Housing and Homelessness Agreement

Shelter WA acknowledges the important role the National Housing and Homelessness Agreement and its predecessor agreements have played facilitating Commonwealth and State and Territory cooperation and collaboration in housing and homelessness, and shaping Australia's social housing and homelessness responses. The Agreement's explicit acknowledgement that 'the Commonwealth and the States agree to be jointly responsible for: (a) housing, homelessness and housing affordability policy,' is important.²¹ However, worsening measures since the NHHA was first negotiated in 2018 indicate the Agreement has not delivered on its objective "... to contribute to improving access to affordable, safe and sustainable housing across the housing spectrum, including to prevent and address homelessness, and to support social and economic participation." The 2023 NHHA requires substantial change and, importantly, we believe that in order to be effective the Agreement must be situated within a comprehensive national approach to housing and homelessness.

Funding

One of the core weaknesses in the current NHHA is insufficient funding, and the inability of the Agreement to ensure funding is directed appropriately to meet need. Current funding under the NHHA is only sufficient to support maintenance of a baseline social housing and homelessness services, does not address escalating cost pressures, and is not enough to support the meaningful change necessary to increase social housing supply, provide wrap-around support to sustain social housing tenancies, increase housing affordability and to functionally end homelessness. We propose that the 2023 NHHA include reformed funding arrangements as follows.

²¹ NHHA 27(a)

Recommendation: That the 2023 NHHA include sustained and increased investment from the Commonwealth to drive the supply of new social and affordable rental housing - facilitating the community housing sector to be a key delivery partner with government

Recommendation: That Commonwealth general funding under the 2023 NHHA be separated into two streams:

1. A growth fund to be provided to State and Territory governments on a per capita basis to drive a net increase in social and affordable rental housing.
2. An operational fund paid on a per-dwelling basis to providers (State and Territory housing authorities and community housing providers) (structural maintenance and to ensure housing is fit for purpose)

Recommendation: That both streams of Commonwealth general funding under the 2023 NHHA include loading based on the increased cost to deliver housing and services in regional and remote locations

The 2023 NHHA should incentivise states to increase social housing supply. A challenge with population-based allocation of funding at the current levels is that it does not provide a mechanism for adequately responding to historical housing disadvantage or to increased costs of delivering housing in regional and remote locations, furthermore as noted by the Community Housing Industry Association, it can act as a disincentive for jurisdictions with higher proportions of social housing as it does not deliver increased funding to meet the higher service costs faced by these jurisdictions.

As National Shelter note, splitting the Agreement into a per dwelling component (equivalent to the existing general NHHA payment) and establishing a new per capita growth or capital payment which is conditional on state matching across a range of measures and indicators would remove the current per capita disincentive for states to have higher levels of social housing.

The cost of building and maintaining housing stock varies significantly between regions and states. For instance, Western Australia incurs substantially higher costs in servicing remote communities and more geographically dispersed populations. Housing and homelessness service providers have also raised with us significant concerns around increasing challenges and costs associated with finding and housing workers in regional and remote locations. As such, both NHHA general funding components should include loading based on the increased cost to deliver housing and services in regional and remote locations.

Community housing

The 2023 NHHA should also implement supply mechanisms that harness the ability for Community Housing Organisations to leverage resources from a range of sectors to deliver housing supply. Eighty three percent of social housing dwellings in Western Australia are public housing and 17 percent are managed by Community

Housing Organisations.²² While many other jurisdictions have actively grown supply via the community housing sector over the last decade via large-scale asset transfers of public housing, the proportion of community housing in WA has remained steady over many years.²³ This is despite the ability of Community Housing Organisations (CHOs) to access federal funds including Commonwealth Rent Assistance (CRA) and NHFIC financing options, that are not available for public housing. There is significant opportunity to facilitate the growth of supply by utilising the community housing sector to leverage investment into new social housing.

Recent modelling undertaken by Sphere Company on behalf of Shelter WA quantifies the significant economic benefits afforded when the management of social housing is transferred to community housing providers. The study found that transferring the management of 8,000 properties to community housing providers (with ownership remaining with the State Government) would inject between \$797 million and \$879 million of funding from Commonwealth Rent Assistance payments into the service system over 20 years. In addition, the stock transfer would facilitate housing stock growth ranging between 206 and 413 dwellings, and additional funding for backlog maintenance ranging between \$340 million and \$452 million, over 20 years. This provides a compelling argument for the State Government to use the community housing sector as a key partner in the delivery of social housing.

Net of asset transfers, there are other ways for government to support community housing to increase supply including access to land and/or capital grants, low or interest free debt and utilisation of building bonuses to facilitate social and affordable supply. Shelter WA, with support from the National Housing and Finance Investment Corporation is researching these options in a WA context.

Transferring public housing stock to community housing organisations is an important mechanism that can facilitate an overall increase in social housing and draw Commonwealth funding into the state. However, given the current dire lack of stock, asset transfers alone will not obviate the need for significant increases in Commonwealth and State Government investment to build social and affordable rental housing stock.

Homelessness

Under the current NHHA, states are required to allocate at least the Commonwealth's homelessness funding to homelessness services but may allocate additional funding from general Commonwealth NHHA funding to address homelessness.²⁴ The Western Australian Government expenditure on homelessness services in 2020/21 was \$94.7 million, of which \$48.6 million was State contribution and \$46.1 million Commonwealth contribution through the NHHA.

Australia needs a clear, consistent, and long-term national agenda on homelessness. Housing First is increasingly recognised as an important evidence-based approach to ending homelessness. For example, the Centre for Social Impact's recent homelessness policy deep dive identified as one of five key actions to address homelessness in Australia as: *Comprehensive application of Housing First programs linked to supportive housing for those entering permanent housing with long histories of homelessness and high health and other*

²²

[https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/8885a9f1b0bea5a4482588090022f80c/\\$FILE/C41+S1+20220315+p775b-775b.pdf](https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/8885a9f1b0bea5a4482588090022f80c/$FILE/C41+S1+20220315+p775b-775b.pdf)

²³ Community Housing Industry Association NSW (2020). Built to last: a 20-year plan for community housing in NSW, retrieved from: <https://communityhousing.org.au/wp-content/uploads/2020/10/CHIA-NSW-Housing-Strategy-Submission.pdf>

²⁴ NHHA p.49

needs.²⁵ *All Paths Lead to a Home - Western Australia's 10-Year Strategy on Homelessness 2020–2030* outlines the State Government's commitment to taking a Housing First approach to ending homelessness in WA.

Fidelity to a Housing First approach requires access to permanent housing and adequate wrap-around support. Too many people are cycling through the service system rather than moving into permanent housing.²⁶ Shelter WA believes that a Housing First evidence-based approach should underpin investment decisions by government across housing and homelessness and should be recognised as a fundamental principle of the 2023 NHHA.

Recommendation: That a Housing First approach be integrated as a core principle of the 2023 NHHA

States and territories and the community sector organisations funded via the NHHA need surety of funding. Terms of less than five years do not allow sufficient time for service sustainability which impacts on funding outcomes and effectiveness.

Recommendation: That the term of the 2023 NHHA be no less than 5 years

Shelter WA acknowledges state government concerns regarding fluctuations in population-based funding and the impact these changes can have on budget sustainability and forward planning. Consideration should be given to mechanisms that better enable surety of contracts and service provision. Baseline funding should be increased including to reflect higher wage costs arising from the Equal Remuneration Order – this funding increase should not be seen as a supplement going forward, but rather as core service funding. Indexation is also a concern. Wages across many housing and homelessness services have been growing at higher levels through Fair Work Australia's Annual Wage Review than reflected in the Consumer Price Index or Wage Price Index. Indexation under the 2023 NHHA must allow services to keep pace with rising costs.

Recommendation: That the 2023 NHHA include sustained and increased homelessness funding appropriately indexed with Equal Remuneration Order costs built into base funding

Data

Data collection and reporting is essential for transparency, accountability and to facilitate evidence-based responses. Access to robust, comprehensive, and timely data is not only essential for measuring outcomes, but is also instrumental to good service design, identifying need, and knowing where and how to target services. Our most complex problems like homelessness are our most urgent and require systems that can respond quickly and accurately to changing need and new challenges like the COVID-19 pandemic. The nature of homelessness varies across WA and understanding the characteristics of homelessness at the local level is critical to developing place-based responses.

²⁵ See for example Flatau, P., Lester, L., Seivwright, A., Teal, R., Dobrovic, J., Vallesi, S., Hartley, C. and Callis, Z. (2021). Ending homelessness in Australia: An evidence and policy deep dive. Perth: Centre for Social Impact, The University of Western Australia and the University of New South Wales. https://www.csi.edu.au/media/uploads/homelessness_deep_dive_full_report_.pdf

²⁶ Flatau, P., Lester, L., Seivwright, A., Teal, R., Dobrovic, J., Vallesi, S., Hartley, C. and Callis, Z. (2021). Ending homelessness in Australia: An evidence and policy deep dive. Perth: Centre for Social Impact, The University of Western Australia and the University of New South Wales. https://www.csi.edu.au/media/uploads/homelessness_deep_dive_full_report_.pdf

We acknowledge the need to build capacity across collection, reporting, analysis and application of data, across the community services sector as well as across agencies. We also need improved mechanisms to support the sharing of data between partners. Investment in systems to harmonise collection, including the development of shared definitions, and to facilitate access to data while ensuring protection of individual's privacy, is essential.

Opportunities to better integrate responses and share information and data must continue to be identified and leveraged. Contemporary contracts must incorporate the flexibility for services to tailor responses informed by real time data and identified need. The By-Name List is a crucial tool to understanding homelessness at the local community level and utilising real time data to inform targeted solutions.

There is duplication in current reporting requirements across different platforms for different contracts and funding sources. This causes significant administrative burden to service providers and hampers the establishment of a consistent and comprehensive evidence base for decision making. There is a lack of clarity around funding allocation at state-level, particularly around funding for the maintenance of public housing

The current National Housing and Homelessness Agreement is not well designed for accountability. Work is needed to improve transparency and across the development of shared definitions including, in particular, around definitions of affordable housing and affordable rental housing.

Western Australia still sits outside the National Regulatory System for Community Housing, the principal regulator for the community housing sector in Australia. Without a national regulatory or oversight system for community housing, the Commonwealth has little ability to monitor community housing stock, hindering a comprehensive understanding of social and affordable housing at the national level. Monitoring community housing would ideally be an important part of a framework for monitoring the impact of NHHA funding.²⁷

We need an audit of current social and affordable rental housing and a better indicator for demand given issues with waitlist data. Five yearly Census data estimates should be supplemented by place-based figures, including By-Name Lists, to build a stronger picture of the prevalence and nature of homelessness in our community, and to aid in the measurement of outcomes.

Recommendation: That the 2023 NHHA drive improved performance monitoring through the development of nationally consistent data sets and regular public reporting under outcomes

Recommendation: That the Commonwealth government drive the development of a national dataset to enable tracking of net dwelling additions/losses in each jurisdiction, based on a national audit or process to identify and track all social and affordable housing dwellings nationally and in each state (including the number and types of dwellings, vacancies and waitlists)

We support the intended development of a sustainability indicator to ensure social housing is future proofed for future generations including through consideration of environmental, social and economic sustainability.²⁸

²⁷ CHL submission https://www.pc.gov.au/data/assets/pdf_file/0011/336179/sub005-housing-homelessness.pdf

²⁸ <https://www.pc.gov.au/research/ongoing/report-on-government-services/2022/housing-and-homelessness/housing>

We also support the development of a system to record and report the deaths of people experiencing homelessness in order to better understand the extent of homeless deaths in Australia and inform how best to address this critical issue.

Housing and homelessness strategies

Recommendation: That the 2023 NHHA continue to require all jurisdictions to have housing and homelessness strategies

The economic and social costs of not fixing Australia's housing affordability crisis are unacceptable. Housing is well recognised as a complex problem; and improving Australia's housing system will require fundamental long-term actions. Shelter WA supports widespread calls for the Commonwealth Government to not only increase investment in social and affordable housing but to commit to developing a 10-year National Housing Strategy to tackle the supply and demand drivers of housing affordability in a coherent and coordinated way across all levels of government.

Recommendation: That the 2023 NHHA be complemented by the development of a 10-year National Housing and Homelessness Strategy. The Strategy should:

- Be led/overseen by a dedicated agency
- Have clear targets for homeownership, rental housing and non-market social, affordable, and specialist housing
- Ensure alignment of federal taxation and finance policy to deliver housing outcomes
- Include Housing First as a fundamental principle and provide for the national roll out of Advance to Zero methodology

Climate

The significant interaction between climate, housing, homelessness and health means it is essential that development of the 2023 NHHA is undertaken through a climate lens. 2023 NHHA funding allocations must align with climate risk projections and science-based emissions reduction targets, including ensuring capacity for robust homelessness responses around pandemics, extreme weather events and other national disasters. Housing delivered under the 2023 NHHA should be climate appropriate for the life of the building. This results in housing that is thermally comfortable and healthy, and reduces cost of living pressures for tenants. Retrofits must also be climate appropriate both now and for the future.

Recommendation: That the allocation of general funding under the 2023 NHHA be tied to science-based carbon emission reduction targets and that new and refurbished dwellings funded under the agreement be required to meet minimum energy efficiency and thermal comfort standards.

Alignment with Closing the Gap

While Aboriginal and Torres Strait Islander people represented 4.1% of the WA population in December 2020, they represented 64% of met demand for accommodation services, and 50.5% of Specialist Homelessness

Services (SHS) clients.²⁹ Of particular concern, the proportion of all clients of homelessness services with met need in WA who are Aboriginal and/or Torres Strait Islander has been growing, rising ten percentage points between 2016-17 and 2020-21.³⁰ It is essential the 2023 NHHA commit funding to addressing barriers faced by First Nations Peoples in accessing safe, secure and appropriate sustainable housing. The 2023 NHHA must drive investment in Aboriginal Community Controlled Organisations, including homelessness service providers and Aboriginal Community Housing Organisations.

Closing the Gap Agenda Target 9 aims that by 2031, 88 percent of Aboriginal and Torres Strait Islander people will be living in appropriately sized (not overcrowded) housing. In WA that figure was sitting at 75.2 percent in 2016, with significant regional variation.³¹ Shelter WA notes concerns that the broad nature of this target and increasing population and urbanisation of Aboriginal and Torres Strait Islander people mean it is unlikely to drive housing improvements in remote communities without specific mechanisms to do so. As Dillon notes in his submission to this review, reaching the target will still leave 125,000 people inadequately housed nationally including 75,000 people in remote communities.³²

Further attention needs to be targeted towards funding and policy commitment for remote housing. Remote communities and their residents are subjected to the most extreme housing disadvantage in the nation, and this is exacerbated by climate change. Ongoing costs of remote housing are significant and require long-term sustainable funding commitments from the Commonwealth. The National Partnership Agreement on Remote Indigenous Housing provided \$1.164 billion to WA over ten years. Loss of this funding has significant implications, and we believe the 2023 NHHA should include a dedicated funding stream to address this gap.

Recommendation: That the 2023 NHHA include a dedicated funding line for remote Aboriginal housing – this investment should be in addition to the general funding allocation

Recommendation: That the 2023 NHHA require all Australian governments to adopt a principle of self-determination for Aboriginal housing

Alignment with Disability Strategy

Feedback from Shelter WA members and findings from the Building Tenancy Skills Project we are currently undertaking in partnership with People with Disabilities WA (PWdWA) clearly demonstrate there are significant gaps in meeting the housing needs of people with disability. Accompanying this main submission is a co-submission from the Building Tenancy Skills Project Team highlighting the importance of considering the needs of people with disability more holistically and arguing that people with disability should be considered a priority cohort in the 2023 NHHA (**Attachment B**). While alignment with the National Disability Strategy is important, much more is needed to ensure NHHA funded services are fully accessible to the diverse needs of people with disability, including close consideration of legislation and policy other than the National Disability Strategy.

²⁹ 2022 Report on Government Services

³⁰ 2022 Report on Government Services

³¹ <https://www.pc.gov.au/closing-the-gap-data/dashboard/socioeconomic/outcome-area9>

³² Dillon, M. 2022 Remote Indigenous housing requires ongoing policy focus: Submission to the Review of the National Housing and Homelessness Agreement, https://www.pc.gov.au/_data/assets/pdf_file/0004/335911/sub004-housing-homelessness.pdf

Alignment with 2021 Australian Infrastructure Plan

Housing is increasingly understood to be critical infrastructure that is essential for the nation's economic and social wellbeing.³³ The 2023 NHHA should ensure alignment with the reform agenda set out in the 2021 Australian Infrastructure Plan and consider priority issues identified in state infrastructure plans. This is particularly relevant across regional Australia, with housing availability, diversity and affordability highlighted as a priority challenge for many regions according to a recent Regional Strengths and Infrastructure Gaps report by Infrastructure Australia.³⁴

Other related matters

Commonwealth Rent Assistance

Commonwealth Rent Assistance (CRA) while not part of the NHHA, is an important mechanism that deserves mention. CRA has not kept pace with increasing rents and household costs. In WA in 2021, 44.5% of CRA recipients spent more than 30% of their income on rental (definition of housing stress). This finding substantiates previous research by the Productivity Commission that showed that rental prices have grown faster than inflation rates which has led to CRA payments becoming increasingly insufficient over time.³⁵ Shelter WA supports the position of National Shelter that the Commonwealth Government should increase the maximum rate of CRA by 50% to address this gap.³⁶ Furthermore the CRA should be indexed to changes in rents typically paid by people receiving income support to reduce financial stress and poverty among poorer renters. Rental subsidies should also be available to more low-income earners experiencing rental stress.

Loss of NRAS

The National Rental Affordability Scheme (NRAS) sought to address the shortage of affordable rental housing by offering annual financial incentives for up to ten years to rent dwellings for eligible NRAS tenants at 80 per cent or less of the market value rent. The incentive is issued to housing providers ("approved participants") to provide affordable rental dwellings at least 20 per cent below market rates. The scheme, which commenced in 2008, is being discontinued with no further funding rounds or new allocations of NRAS incentives beyond those currently allocated. The end of the NRAS initiative is likely to have a significant impact on affordable housing supply. In Western Australia there are 4,847 NRAS allocations (dwellings) with subsidies ceasing from 2022-2026.³⁷ Addressing this gap should be seen as a priority. Shelter WA recommends the development of a replacement for the NRAS initiative to deliver a significant pipeline of affordable rental housing supply. Where the initial NRAS program incentivised private 'mum and dad' landlords to deliver below market rate rentals, a replacement scheme should instead partner with the community housing sector to deliver and/or manage the properties. Delivering the program in partnership with Community Housing Organisations would enable the dwellings to be delivered at below market rate *in perpetuity*. This would improve on the initial

³³ AHURI (2019) Reconceptualising social housing as infrastructure: policy evidence summary.

<https://www.ahuri.edu.au/sites/default/files/migration/documents/PES-309-Reconceptualising-social-housing-as-infrastructure.pdf>

³⁴ Infrastructure Australia (2022) Regional strengths and infrastructure priorities.

<https://www.infrastructureaustralia.gov.au/listing/media-release/landmark-report-highlights-regional-australias-strengths-and-opportunities-future-growth-and-investment>

³⁵ Productivity Commission (2019), Vulnerable private renters: evidence and options, research paper. Retrieved from:

<https://www.pc.gov.au/research/completed/renters/private-renters.pdf>

³⁶ National Shelter (2021) Policy positions. Retrieved from: <https://shelter.org.au/site/wp-content/uploads/National-Shelter-Policy-Positions-FINAL-3.pdf>

³⁷ https://www.dss.gov.au/sites/default/files/documents/01_2022/december-2021-nras-quarterly-performance-report_0.pdf, Table 3b

scheme which provided a time-limited 10-year subsidy to private investors leading to the eventual loss of the affordable product to the open market.

Housing boost aggregator

Shelter WA also supports calls, including from the Community Housing Industry Association, for a Housing Boost Aggregator or affordable housing infrastructure booster as an important mechanism to increase the supply of social and affordable housing. A housing boost aggregator would use Commonwealth tax subsidies and institutional investment to close the funding gap that prevents Community Housing Organisations from building new social and affordable housing supply.³⁸

Inclusionary zoning

Shelter WA believes there should be a nationally consistent approach to the use of inclusionary zoning to increase the supply of social and affordable housing.

Inclusionary zoning is a critical a land use planning intervention which has the potential to yield significant social and affordable housing supply by ensuring that a proportion of residential developments are set aside for affordable and social housing. It is widely used internationally and is a market-based cost-efficient mechanism for delivering an ongoing supply of social and affordable dwellings.³⁹

Conclusion

Thank you for the opportunity to provide this submission to the review of the National Housing and Homelessness Agreement. As noted earlier, major reform of Australia's housing system is urgent and long overdue. We believe the economic and social costs of the continued failure to prioritise this reform and to adequately fund housing and homelessness are unacceptable and we urge the Commission to recommend accordingly.

³⁸ See for example, The Constellation Project: Housing Boost Aggregator A solution to unlock private investment in social and affordable rental housing supply. Available at: <https://shelter.org.au/site/wp-content/uploads/Housing-Boost-Aggregator-v11final.pdf>

³⁹ Gurrán, N. et al. (2018), Supporting affordable housing supply: inclusionary planning in new and renewing communities: inquiry into increasing affordable housing supply: evidence-based principles and strategies for Australian policy and practice, AHURU report No. 297 retrieved from: https://www.ahuri.edu.au/_data/assets/pdf_file/0019/17272/AHURI_Final_Report_No297_Supporting_affordable_housing_supply_inclusionary_planning_in_new_and_renewing_communities.pdf

Attachment A – Flatau P, Lester L, Callis Z, Kyron M. (2022). *Funding of Western Australian Homelessness Services*, Perth: The University of Western Australia. (attached)

Attachment B – Challenges experienced by people with disability who are renting and recommendations to address these challenges as identified by members of the Building Tenancy Skills Project (attached)