

Dear Sir / Madam,

Shelter WA is Western Australia's peak housing policy and research body, and provides a voice for low income housing consumers. Shelter WA supports the submission by National Shelter to the Productivity Commission's Inquiry into First Home Ownership, including all of its recommendations.

In addition to the information provided in National Shelter's submission, Shelter WA wishes to provide the following report to the Inquiry, which is available from [www.shelterwa.org.au](http://www.shelterwa.org.au) (papers & reports) or by clicking on either of the links below:

a.. Word version (3.1Mb): The State of Affordable Housing in WA 2003: Shelter WA Occasional Paper 2003-2

b.. PDF version (0.3Mb): The State of Affordable Housing in WA 2003: Shelter WA Occasional Paper 2003-2

The State of Affordable Housing in WA 2003 is the current edition of Shelter WA's annual overview of the extent to which West Australians are able to access affordable housing. The paper focuses on families in the bottom half of the income range and includes a map of affordable Perth suburbs as well as a range of key housing indicators.

Last year, Shelter WA identified affordability as the most significant barrier for low income families to access appropriate housing. This year's edition of the paper indicates that housing affordability in Western Australia has declined sharply, particularly with regard to purchasing. The paper's findings include:

In June 2003, a Perth family required an income of \$80,643 to affordably purchase a median priced home. This compares to \$68,388 in June 2002 and \$49,357 in June 1998.

a.. While family incomes have risen, the increase has not kept pace with house price rises. In June 1998 a median income family would need to increase its income by 8.8% in order to affordably purchase a median priced house in Perth. By June 2003 this 'affordability gap' was nearly six times greater at 52.3%.

b.. The group most severely affected by the fall in housing affordability was low to middle income families. In June 2001 there were 49 suburbs where a family earning at the top of the second income quintile (currently around \$45,795) could afford to buy a median priced house. By June 2003 the same family could only afford to purchase a median priced house in 24 Perth suburbs.

c.. A 1% rise in interest rates would put 5 of these 24 suburbs out of the reach of low to middle income families. A combined 1% interest rate rise and 10% house price rise would leave only 8 suburbs affordable to these families.

Yours sincerely,

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