

W E S T H I R N
WESTERN SYDNEY HOUSING INFORMATION AND
RESOURCE NETWORK

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SUBMISSION TO:

PRODUCTIVITY INQUIRY INTO
FIRST HOME OWNERSHIP

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INTRODUCTION

Western Sydney Housing Information and Resource Network (WESTHIRN) is a peak community sector housing body for Western Sydney. It is an advocacy and resourcing organization for housing organizations, accommodation services and low income people. Its membership also includes local government and it has close ties with other peak community organizations both in Western Sydney and more widely and close ties to a range of government agencies.

WESTHIRN was a co-sponsor of the Housing Costs / Housing Investment held in October 9th in Blacktown. A submission from Western Sydney Regional Organisations of Councils developed from that seminar is also being submitted to the Inquiry. WESTHIRN also has interest in that submission which it generally supports.

While WESTHIRN agrees that first home ownership is a key element of the housing market WESTHIRN also believes strongly that it cannot be separated out from other sectors of the market and any policy that is implemented will affect other parts of the market. This integration of the market means that any policy development needs to be integrated.

The main points we will be raising are:

- The flow on effects of policy development on first home ownership to the other sections of the market
- That these flow on effects are social as well as economic
- The need for awareness of regional markets in developing policy and also the need to acknowledge sub regions
- The relationship of housing to a range of other policy areas both social and economic and consequent need for housing policy to be integrated with other policy areas
- The need for active government involvement in housing to achieve the necessary social and economic goals

GREATER WESTERN SYDNEY: AN OVERVIEW

Definitions of Western Sydney are sometimes vague and loaded with meaning. The definition we are using of Greater Western Sydney is comprised of the following Local Government Areas:

- Auburn
- Bankstown
- Camden
- Campbelltown
- Baulkham Hills
- Blacktown
- Blue Mountains

- Fairfield
- Hawkesbury
- Holroyd
- Liverpool
- Parramatta
- Penrith.

According to the 2001 census there were 1.673 million people living in Greater Western Sydney. This is increase of 126,208 between 1996 and 2001. This represents 42% of the population of the Sydney Statistical Division and 27% of all persons in New South Wales. It is estimated that the population will grow by about 500,000 by 2020.

There are also vast differences across Local Government Areas in population, density, income levels, employment rates, amount of developing that is being carried out and availability of land for housing.

RELATIONSHIP TO THE WHOLE OF SYDNEY

One of the major features of the region is that it is part of the Greater Sydney Region and this has a number of impacts on the region.

Sydney as a whole is the most expensive housing market in Australia and this is one of the major drivers of the affordability problems in Western Sydney. Sydney is the also the favoured destination of migrants coming to Australia and this is one of the reasons for the population growth in Western Sydney. This also is obviously one of the factors in the diversity of the Western Sydney population discussed elsewhere in the submission.

Another major factor is the demand for new land for housing and infrastructure in a range to support this growth. This growth in housing demand and the consequent land needs, planning, infrastructure requirements and funding are major issues for Western Sydney.

DIVERSITY OF POPULATION

Western Sydney has a large indigenous population. It is concentrated though in the outer fringes of Western Sydney both in the west and south west. Indigenous people are often disadvantaged in their housing as they are in a range of other ways and while this widely acknowledged WESTHIRN believes that considering the size of the urban indigenous population, in Western Sydney in particular, that more attention needs to be done to assist urban indigenous populations.

There are also a large number of migrant communities in Western Sydney. Acknowledging the range of migrant experiences in settling in Australia, and of access to housing, there are large of migrant communities in Western Sydney who have problems accessing housing that is appropriate to their needs.

THE NEW SOUTH WALES DEPARTMENT OF HOUSING

The Department of Housing has a very strong presence in Western Sydney and owns approximately 48,000 properties. The department has a number of large estates, particularly in the Blacktown / Penrith area and in the South West.

Partly as a result of the lack of growth in the CSHA, discussed elsewhere, and other factors, the waiting time for a DOH property in Western Sydney is at least 10 years. The reality is that people are only being housed from priority waiting lists.

Some of the properties are quite old and the department needs to upgrade them and this is happening to single properties but is also one of the reasons for the department engaging in community renewal and estate redevelopment of various kinds.

The lack of access to departmental properties means that greater numbers of disadvantaged people are forced to use private rental.

HOUSING AFFORDABILITY IN WESTERN SYDNEY

PURCHASING

According to the Shifting Suburbs report ‘across Greater Western Sydney the minimum weekly household income needed to purchase an affordable non-strata dwelling (based on the median sales price) exceeded \$1000 in all Local Government Areas.’

The minimum to purchase a strata dwelling anywhere in the region was \$562 in Fairfield. Around 22 per cent of households (123,000) earn less than \$500 per week.

While these two figures are stark they are based on 2001 census figures and so are out of date and so people’s capacity to purchase housing in Western Sydney has declined markedly in the intervening period.

RENTING

In terms of the rental market in September 2002, the minimum weekly household income needed to obtain an affordable non-strata dwelling at the median rent ranged from \$667 in Campbelltown to \$1,000 in Baulkham Hills

At the first quartile level, an income of at least \$600 a week would be needed to rent property anywhere in the region without causing housing stress. Approximately 27% or 148,000 of the regions households earn less than this amount.

With strata dwellings, at the first quartile, an income of \$433 per week would be the minimum in Fairfield without undue housing stress. Approximately 17% or 92,000 households earn less than this amount.

(The figures here are quoted from the Shifting Suburbs report. Ref 1)

INTEGRATION WITH OTHER GOVERNMENT POLICY

WESTHIRN believes that home ownership and other policies relating to housing, need an all of government approach and needs to be integrated with other policy areas including taxation, welfare, transport, environment, regional development and economic development.

Housing is a key economic driver, a major element in the life outcomes of families and individuals, the largest financial investment for many people and the creator of intergenerational wealth.

Mullens and Western argue that while housing plays a part in improving social outcomes for disadvantaged people ‘our result highlights the importance of a whole of government approach. This approach would tackle housing problems together with other problems: those of health, education, crime, quality of life and so on.’ (Ref 2)

There are a number of developments that flow from the need to integrate housing with other policy development, which we discuss below.

REPRESENTATION AT THE HIGHEST POLITICAL LEVEL

It is clear that because of the wide impact of housing that it needs to be represented at the highest level of government and the best way to achieve this is to create Ministry of Housing and that the Minister should be at the Cabinet level.

As suggested above the development of housing needs to take into account the whole of the housing market, the effect on the broader economy and the financial and social impacts particularly for those who are disadvantaged.

NATIONAL HOUSING STRATEGY

WESTHIRN believes there needs to be a National Housing Strategy that addresses the various roles that housing plays in the lives of Australians. It needs to consider all forms of housing and to address issues of regional difference across the country.

The National Housing Strategy while establishing overall parameters would need to take into account regional differences. These would include the housing and other costs in particular markets as well as social, infrastructure and social structures in certain regions.

Housing also needs integrate policy and action at both a state and local government levels. All levels of government play important roles in housing and a National strategy needs to take this into account.

THE COMMONWEALTH HOUSING AGREEMENT

The CSHA is a crucial tool in the provision of affordable housing and housing for people on low incomes. As stated earlier Western Sydney has traditionally had both high levels of social housing and also been a region where people were able to purchase or rent affordable housing. As the figures quoted on affordability show it is becoming more difficult for people on not only low but even moderate incomes to rent or purchase appropriate and accessible housing.

WESTHIRN believes that there needs to be an increase in funding for State Housing Authorities through the CSHA.

In New South Wales the waiting list for Department of Housing tenancies is stuck at close to the 100,000. The list has increased every year from 94,797 (1996 – 97) to 101,561 (2000 – 01). (ref 3)

The level of funding for the CSHA has been decreasing in real terms for at least a decade. Funding to New South Wales has declined from:

- \$322.2m in 2001
- \$319.2m in 2002
- \$293.5m in 2003.

There is evidence that shows that the provision of social housing is more cost effective than other methods such as subsidies. This includes the Industry Commission Report on Public Housing in 1993 and more recently the 'Recapitalising Australian Cities' has talked about the need for a government role in housing and debt financing. (Ref 4)

COMMONWEALTH RENT ASSISTANCE

The Commonwealth Rental Assistance (CRA) program as it operates at the moment does not decrease housing affordability for many people. CRA funds are now substantially higher than the funds the government provides for social housing through the CSHA. There is also no evidence that it has not stimulated any growth in the provision of affordable housing.

33.1% of CRA recipients in November 2001 were still in housing stress after receiving the assistance. At the same time a larger number were not in housing stress before receiving the benefit.

There needs to be a restructure of the Commonwealth Rental Assistance to ensure that it is well targeted and has an effect on housing stress.

TENANCY LAW REFORM

Within increasing numbers of families staying in the private market for reasons outlined earlier it is important that the law provides appropriate protection to tenants.

WESTHIRN believes that needs to be uniform national legislation that incorporates the following elements;

- no eviction without good reason
- rent increases need to be properly proven and not arbitrary
- the legislation needs to cover groups who are not presently covered such as board and lodgers and residential park residents.

RECOMMENDATIONS

1. The creation of a Ministry of Housing with cabinet status.

The wide range of areas affected by housing and need for a whole of government approach means that housing needs to be taken into account in a greater range of decisions making.

2. The development of a National Housing Strategy

This is directly linked to recommendation 1 and is a necessary consequence of acknowledging the overall importance of housing.

3. Increased funding for the Commonwealth State Housing Agreement

WESTHIRN believes that funding of social housing provides the most efficient use of Government funds and provides greater equity.

4. Restructuring of the Commonwealth Rental Assistance

This is linked with the previous recommendation and is a founded on the need to ensure that government funding fulfills its aims.

5. Tenancy Law Reform

With home ownership out of the reach of more families and individuals there needs to be assurances that people are properly protected.

REFERENCES

1. 'Shifting Suburbs: Population Structure and Change in Greater Western Sydney' Professor Bill Randolph and Darren Holloway, May 2003, for WSCROC
2. Examining the Links Between Housing and Nine Key Socio-Cultural Factors, Patrick Mullins and John Western, Ahuri,
3. NCOSS newsletter, March 2003
4. 'Recapitalising Australian Cities' Allen Consulting for the Property Council of Australia, October 2003.