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Senate Standing Committees on Economics
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To whom it may concern,

Submission to the Senate Standing Committee on Economics Inquiry into Affordable Housing

The Youth Affairs Council of Western Australia (YACWA) is the peak non-government youth organisation in Western Australia. We operate primarily as a human rights organisation that seeks to ensure the inclusion of young people in a rapidly changing society.

Our vision for Western Australia is one that celebrates and engages young people in all aspects of the community. Our work comprises of engaging directly with our members, young Western Australians and evidence-based research. This enables us to provide a united, independent and active advocate for the non-government youth sector and young people that is both supported and respected by the sector and the wider community.

YACWA's current projects include those specialising in addressing the needs of young people regarding sexual health, suicide, homelessness, access to services, and mental health. We have also recently provided policy recommendations pertaining to the rights of young people in the areas of mental health, juvenile justice, homelessness, FIFO workforce practices, liquor control, criminal law amendments and education.

The Youth Affairs Council of Western Australia is thankful for the opportunity to submit to this inquiry. We strongly believe that housing affordability and social housing plays a critical role in ensuring that our communities are inclusive, accessible and flexible. However, with both affordable housing and social housing in extremely short supply, time is wearing thin to cooperate and coordinate a positive response.

Executive Summary

Our submission explores the issues of housing affordability and social housing in the context of its impact upon young people in Western Australia. As such, this submission discusses terms of reference *a, b, c, l, m and o*.

We believe that Australia is facing an affordable housing and social housing crisis. However these complex issues can be addressed by proactive policy and government intervention. We recommend the following:

- It is integral that that all levels of government cooperate and coordinate responses to what is a national concern. This will lead to consistent and confident service delivery and policy implementation.
- Public and social housing policy must focus upon increasing the supply of affordable housing, whilst providing ongoing assistance to those in need. Limited availability of public and social housing service and supply has negatively impacted housing affordability and increased homelessness.
- We must continue the significant pathways made into combatting homelessness in our communities, and look for further measures to effectively address this issue. The NPAH has allowed services to expand and ensure young people are assisted into employment and education, as well as care for their diverse needs.
- The experience from various international examples gives us great experience and guidance of what is needed to control housing affordability and increase social housing in Australia. Particularly, the experiences of Austria and Denmark should be used in developing future policies.
- It is integral that the community-sector is significantly involved in social and public housing policy development and service delivery. The sector's assistance provides a more holistic response in addressing young people's diverse needs.
- It is vitally important that we increase the supply of accessible and adaptable housing that is culturally appropriate. This will provide young people with the best possible opportunities, support and assistance in accessing affordable housing.
- The impact of not having a long-term, national affordable housing plan will be disastrous to the future of a generation of young Australians. Schemes such as the National Affordable Housing Agreement must be continued and developed to ensure that young people do not experience high levels of housing stress, which may have detrimental impacts on their future.

Terms of reference

(A)

All levels of government must cooperate and coordinate responses to facilitate affordable home ownership and affordable private rental. During the last 25 years, we have seen housing prices increase vastly as policies have been largely short-term and ineffective. However, there have been instances of policy that has positively influenced housing affordability, and as such it is integral that we continue and build upon current nationally coordinated initiatives.

Legally, all people (including young people) have an internationally recognised right to adequate housing,¹ which extends to affordability and appropriateness.² Further protection is given for people with disabilities, children and indigenous people. The Committee on the Rights of the Child in their 2012 Concluding Observations noted the increasing rates of child and youth homelessness in Australia, whilst also recommending developing specific strategies for Aboriginal children and other at-risk young people.

The National Affordable Housing Agreement (NAHA) has increased the supply of affordable housing across Australia, and has allowed many young people to enter the housing market.

¹ UN General Assembly, *Universal Declaration of Human Rights*, 10 December 1948, United Nations, 217A(III), Article 25, available at: <http://www.refworld.org/docid/3ae6b3712c.html> [accessed 21 March 2014]

² UN Committee on ESCR

The success and impact of this agreement strengthens the need to ensure that we must have a nationally coordinated approach. However, the agreement ends in 2014 and without renewal, there will be no formal agreement between state and Commonwealth governments to address housing affordability.

This is extremely concerning, as research undertaken by NATSEM for Australians for Affordable Housing indicates that one in five young people aged 15-24 are currently in a state of housing stress.³ Housing stress occurs where households in the bottom 40% of income distribution, spend at least 30% of their income on rent or mortgages. The majority of young people live in private accommodation, and housing stress is prevalent due to low incomes, high rental costs, shortages of available properties, and a high proportion of that income being spent on rent or mortgages.⁴ Specifically for young people on government support studying or looking for work, Anglicare Australia's 'Rental Affordability Snapshot' for Western Australia provides that out of 4272 private rental listings available in Western Australia, no properties were affordable for young people on Newstart or Youth Allowance.⁵ To avoid this situation worsening, we must work together to continue and build upon a nationally coordinated approach to affordable home ownership and private rental.

YACWA recommends that all levels of government work cooperatively and collaboratively to ensure that housing affordability and private rental property prices are addressed immediately. This should be done by increasing the supply of affordable housing and by providing more support to young people who are studying and/or looking for work, in line with increases in housing and living costs.

(B)

It is clear that a causal connection between housing affordability and homelessness exists, with the 2008 White Paper, 'The Road Home: A National Approach to Reducing Homelessness' recognising that the shortage of affordable housing was one of the key structural drivers of homelessness in Australia. Unfortunately, the impact of recent public and social housing policies has not sufficiently addressed the issue of housing affordability amongst young people, and more generally the wider population.

As many submissions will duly note, the growth in demand for housing in Australia has vastly outnumbered the growth in supply of housing. Reduced investment in public housing has contributed to a reduced supply of low-cost housing. Despite increased demand, the supply of government housing is said to be at least 100,000 lower than if it comprised the same share of total housing stock a decade ago.⁶ Due to this lack of supply, very few young people can obtain public housing assistance and many are excluded from access unless their incomes are extremely low and/or other major problems become prevalent.

³ <https://housingstressed.org.au/category/young-people/>

⁴ Australians for Affordable Housing, *High housing costs put one in five young people at risk* (2012) <<https://housingstressed.org.au/category/young-people/>>.

⁵ Anglicare Australia, *Snapshot: Anglicare WA, Western Australia* (2013) <<http://www.anglicarewa.org.au/theme/anglicarewaorgau/assets/public/File/Rental%20Affordability%20Snapshot/Anglicare%20WA%20Rental%20Affordability%20Snapshot%202013.pdf>>.

⁶ Julian Disney, *Affordable Housing in Australia: Some Key Problems and Priorities for Action* (19 April 2007) <http://www.ahuri.edu.au/downloads/2007_Events/AHURI_Conf/Julian_Disney.pdf>.

It has also been suggested that initiatives such as the 'First Homeowner's scheme' and fiscal policies such as negative gearing have negatively impacted housing affordability.⁷ It has been estimated that Governments have spent at least \$22 billion on cash grants to first homebuyers over the past 50 years, however homeownership has never been higher than it was in 1961.⁸ Similarly, negative gearing, which is said to only benefit those with existing interests in the property market is estimated to cost our economy over \$5 billion each year.⁹ Redirecting these expenditures to directly increase housing supply and investment into social and public housing should be a priority for all levels of government.

YACWA recommends that public and social housing policy must focus upon increasing the supply of affordable housing, whilst providing ongoing assistance to those in need. Limited availability of public and social housing service and supply has negatively impacted housing affordability and increased homelessness.

(C)

Homelessness is a significant issue for young Australians, with young people disproportionately making up around 50 per cent of those seeking assistance from homelessness services each night.¹⁰ Despite programs both at state and Commonwealth level, homelessness statistics continue to be high, with over 100,000 people homeless every night.¹¹ It is thus imperative that we address homelessness in our communities urgently.

Many complex factors contribute to homelessness, but the lack of affordable housing and rental options significantly add to both homelessness and a young person's ability to get out of it.¹² Statistics released by the St. Vincent De Paul Society indicate that nearly 50% of homeless people seeking assistance are people who were unable to maintain payments in the private rental market.¹³ Further, emergency accommodation service providers are experiencing extended wait times for young people needing crisis accommodation, with many often turned away.¹⁴ The consequences of this are that these already vulnerable young people are only exposed to more dangers, and research suggests that they are more likely to experience persistent homelessness later in life.¹⁵ Mental health problems, early contact with the justice system, disengagement with education and employment, exclusion from their communities,

⁷ Nicola Trotman, *Should negative gearing be abolished? Experts weigh in* (29 October 2013) <<http://www.crikey.com.au/2013/10/29/should-negative-gearing-be-abolished-experts-weigh-in/>>.

⁸ Advisory Council for Intergovernmental Relations, *Australian Housing Policy and Intergovernmental Relations*, Discussion Paper No. 14 (1982).

⁹ Greg Brown, 'First-home grants keep young off property ladder' *The Australian*, 21 January 2014, <<http://www.theaustralian.com.au/business/property/firsthome-grants-keep-young-off-property-ladder/story-fniz9vg9-1226806291907#>>.

¹⁰ Australians for Affordable Housing, *High housing costs put one in five young people at risk* (2012) <<https://housingstressed.org.au/category/young-people/>>.

¹¹ Homelessness Australia, *Homelessness in Australia* (2013) <http://www.homelessnessaustralia.org.au/images/publications/Fact_Sheets/Homelessness_in_Australia_v2.pdf>.

¹² Above n 3.

¹³ Homelessness Australia, *Homelessness and Affordable Housing* (2012) <[http://www.homelessnessaustralia.org.au/UserFiles/File/Fact%20sheets/Fact%20Sheets%202011-12/Homelessness%20&%20Affordable%20Housing%202011-12\(3\).pdf](http://www.homelessnessaustralia.org.au/UserFiles/File/Fact%20sheets/Fact%20Sheets%202011-12/Homelessness%20&%20Affordable%20Housing%202011-12(3).pdf)>.

¹⁴ Australian Council of Social Service, *Australia Community Sector Survey 2012: National Report* (2012) <http://www.acoss.org.au/images/uploads/ACOSS_ACSS2012_FINAL.pdf>.

¹⁵ Schutella et al, *Journeys Home Research Report: Wave 1 findings* (2012).

and breakdown of family relationships are only going to result in higher social costs down the line.¹⁶

If the Commonwealth Government does proactively address homelessness, savings to their net spend have been estimated by the *Australian Housing & Urban Research Institute* to be up to \$3685 per client per year.¹⁷ This needs to be used as motivation to implement proactive policies that will address current inequities in housing affordability and public housing policy.

With the National Partnership Agreement on Homelessness ('NPAH') expiring at the end of June 2014, service providers require certainty over whether it will continue or be replaced. YACWA believes that it is vital that funding is continued, and that Australia maintains our commitment to reduce homelessness by half in the next four years.¹⁸ In Western Australia, the NPAH has allowed specialist homelessness services to support thousands of people in need. *Shelter WA*, the peak body for affordable housing and homelessness in Western Australia, reported that between 2012-2013 these services assisted 21,409 people.¹⁹

YACWA recommends that state and Commonwealth governments continue to support homelessness initiatives and services, whilst looking at further initiatives to alleviate this problem. It is important for these to be implemented for a sustained period, and in line with international obligations.

(L)

There are many policy initiatives that have been implemented to great success abroad, and these positive experiences should be utilised by our state and Commonwealth governments. These systems have encouraged and implemented successful affordable housing and public housing policies that have allowed the domestic market to prosper and reduce stigma, whilst fostering inclusion and support for those experiencing disadvantage.

First, these jurisdictions most commonly use a mix of public and private funding, which researchers believe has led to the creation and sustainment of a diversified housing delivery system.²⁰ They also often use non-profit housing organisations as their main service providers. The benefits of this include the community sector's ability to quickly react to the complex needs of young people in our community, and to provide their employees with high quality training.²¹

In terms of the financial market, successful systems abroad predominantly do not link social housing rental prices to the general market; instead most are commonly based on historical prices (such as in Denmark, England and Scotland) or income (such as in France and

¹⁶ Above.

¹⁷ Zaretsky K and Flatau P, *The cost of homelessness and the net benefit of homelessness programs: a national study*, Final Report 218 (Australian Housing & Urban Research Institute, 2013).

¹⁸ Department of Social Services (Cth), *The Road Home: A National Approach to Reducing Homelessness* (2012) <http://www.dss.gov.au/sites/default/files/documents/05_2012/the_road_home.pdf>.

¹⁹ Shelter WA, Shelter WA Media Release – NPAH Funding (2014) <<http://www.shelterwa.org.au/news/shelter-wa-media-release-npah-funding/>>.

²⁰ Julie Lawson, Tony Gilmour and Vivienne Milligan, *International Measures to Channel Investment Towards Affordable Rental Housing* (May 2010), Australian Housing and Urban Research Institute <[http://apo.org.au/sites/default/files/AHURI_Research_Paper_International_measures_to_channel_investment_towards_affordable_rental_housing%20\(1\).pdf](http://apo.org.au/sites/default/files/AHURI_Research_Paper_International_measures_to_channel_investment_towards_affordable_rental_housing%20(1).pdf)>.

²¹ Nancy Rase and Paul Weech, *Growing a Stronger Nonprofit Housing Sector* (2013) *The Journal of Affordable Housing and Community Building*, <http://www.shelterforce.org/article/3341/growing_a_stronger_nonprofit_housing_sector>.

Germany).²² Other countries have directly stimulated demand in social and public housing by promoting private engagement. This can be done with protected savings and loan circuits (France), guaranteed housing association loans (Netherlands), providing tax incentives to investors of special purpose bonds (Austria) and via low-income housing tax credits (US).²³

Austria has provided substantial supply side subsidies supporting the production of around 15,000 dwellings per year.²⁴ Similarly, Denmark's social housing is often owned by tenants and largely privately financed with an increasing contribution from local government.²⁵ Denmark also promotes the engagement of voluntary social organisations, where the public sector has the primary responsibility for service delivery regarding children, youth and adults with social problems. In this system, local authorities are legally required to cooperate with these organisations and to financially support their work.

With regards to eradicating the stigma attached to social and public housing, encouraging a greater mix of income levels and family types into public housing will avoid clustering of those experiencing disadvantage. An example of successful policy in combating stigma has occurred in Austria, where affordable housing is seen as 'a stepping stone, oasis and launch pad for a chain of housing moves.'²⁶ Further, by providing social and public housing in small sections spread diversely through metropolitan and regional areas, greater integration into the wider community will occur.²⁷

Initial investment into social and public housing will be high, however YACWA recommends that this must occur immediately as to reduce costs over time. Policies must be financially diverse and flexible, whilst being understanding of the specific needs of young people requiring assistance. The experience abroad suggests that this will foster social inclusion and provide a much more secure, consistent and compassionate system.

(M)

YACWA believes that the community-housing sector provides an integral role in delivering social and affordable rental housing to young people and the wider community in Western Australia. Whilst providing a stable basis from which people can live independently and securely, increasing supply of social and affordable rental housing will not necessarily resolve the issues that cause homelessness. It is extremely important that once housed, a young person has adequate follow-up support to ensure that they do not return to their past living situation. A successful social and public housing system requires long-term support that understands the specific needs of its client.

We believe that the community-housing sector provides a more holistic response in addressing a person's needs, with the flexibility and skillsets to provide a varied range of services. For

²²Hal Pawson, Julie Lawson and Vivienne Milligan, *Social Housing Strategies, financial mechanisms and outcomes: an international review and update of key post-2007 policy developments* (University of New South Wales, December 2012) 10.

²³ Above, 15.

²⁴ Above n 2, 15.

²⁵ Above, n 3, 22.

²⁶ Edwin Deutsch and Julie Lawson, *International measures to channel investment towards affordable rental housing: Austrian case study* (10 May 2013) Australian Housing and Urban Research Institute <<http://www.ahuri.edu.au/publications/projects/p30440>>.

²⁷Parliament of Australia (Cth), *Public Rental Housing Policy: Learning Lessons from Overseas* (1997-98) Research Paper 6.

example, the state government in Western Australia has engaged directly with *Anglicare WA, Foundation Housing Ltd and the Central Institute of Technology*, to address the lack of availability of accommodation and housing for young people with its Foyer Oxford project. This creative solution provides a strong collaborative effort to provide at-risk young people with supported accommodation and case management to break their cycle of homelessness, and transition to sustainable independent living.

However, with increasing uncertainty in the sector relating to the continuation of funding beyond 2014 under the NHPA and a lack of available social and public housing, the requirements and needs of the majority of young people are still often unable to be met. The impact of this is that young people risk being further excluded from our community and will result, as previously mentioned, in higher costs in the future.

YACWA believes that it is essential for the community-housing sector to be significantly involved in social and public housing policy development and service delivery. The experience from Western Australia has been extremely positive, and this model should be encouraged and expanded. This will ensure that young people's diverse needs are ensured and enhanced through their experiences with social and public housing not just in Western Australia, but Australia wide.

(N)

The need to increase the supply of accessible and adaptable housing, and housing that is culturally appropriate must be a priority for all levels of government. Young people have many diverse needs in relation to social and public housing policy and affordable housing supply. It is thus vital that these needs are adequately considered and ensured in all areas of housing policy.

Data collected by YACWA (retrieved from a survey distributed to our membership base), provided that currently young people often have a low priority for state-sponsored housing. With many transitioning from school into employment, study and other pursuits, young people are extremely vulnerable to experiencing some sort of disadvantage. It is imperative that young people are considered and prioritised more significantly in social housing policy, specifically in relation to the high number of young people in need of these services.

There is a tendency by policy makers to promote land areas on the urban fringe, however this should be avoided. Education institutions, employment opportunities, public transport, community activity and health services are limited and also difficult to access in these areas. Research provides that a young person's physical and mental health can deteriorate if these services are not within a reasonable distance from where the young person lives.²⁸ The experience from solutions abroad provides that affordable and social housing should be developed in small developments that will easily integrate into the broader community.²⁹ The added cost of transport in these areas can also reasonably be seen to decrease a young person's potential savings, increasing financial hardship and related stress.

²⁸ Guy Johnson, *Improving Housing Outcomes for Young People Leaving State Out of Home Care* (2008) Australian Housing and Urban Research Institute, AHURI Positioning Paper No. 117.

²⁹ Parliament of Australia (Cth), *Public Rental Housing Policy: Learning Lessons from Overseas* (1997-98) Research Paper 6.

YACWA is of the position that supply must be increased with regards to accessible and adaptable housing. Further, any policies or services regarding this supply must be actively required to consider and ensure that a young person's needs are identified and addressed. These should include consideration of ease of access to education, employment, health and transport service providers. With regards to social housing, support services should be required to continue as long as necessary to minimise the likelihood of continuing or experiencing further disadvantage after assistance.

(O)

It is imperative that any national or state-based affordable housing plan is implemented for as long as necessary to ensure that our system is equitable, accessible and not unreasonably inflated. The current outlook is extremely dire with regards to young peoples chances of entering both the private rental and housing market. We need to expand current initiatives and introduce broader support or the result could result in a raft of consequences, both socially and financially.

Currently, The National Affordable Housing Agreement has made significant strides into addressing affordable housing in Australia, and has provided a pathway into home ownership for many young people. However, service providers have expressed concern that if the current scheme ceases in funding, and a new scheme introduced after 2014, funding would be inefficiently used to develop new policies and re-train staff.

Without a long-term plan, we are risking robbing an entire generation of young people of the ability to own their homes. Currently, our housing market is said to as much as 45 percent overvalued based on current rental yields.³⁰ AMP Chief Economist, Shane Oliver, has warned that

"We need to be conscious that if first home buyers are squeezed out of the market or find it harder to get into, that will change the social dynamic in Australia."³¹

Further, young people will continue to experience significant levels of housing stress. The impact and consequences of housing stress are widespread, and will likely to lead increased dependence by those experiencing it on mental health and income support services, whilst significantly diminishing the quality of life of those it affects.³² We will also continue to see increases in the amount of young people experiencing homelessness.

YACWA recommends that any national housing affordability plan must be implemented for an extended time period, to ensure that this increasing problem within our communities is brought under control and fosters access to all Australian's regardless of age and/or wealth. This will also ensure that organisations providing services in this area can provide consistency and confidence to their clients, leading to a more efficient housing sector.

³⁰ Michael Janda, *Homebuyer beware: the illusion of affordable housing* (15 January 2014) <<http://www.abc.net.au/news/2014-01-15/janda-the-illusion-of-housing-affordability/5200706>>.

³¹ Stefanie Garber, *Housing affordability threatens 'Aussie dream'* (19 November 2013) <<http://spionline.com.au/home/12387-housing-affordability-threatens-aussie-dream>>.

³² Bentley, R., Baker, E., Mason, K., Subramanian, S.V. and Kavanagh, A. *Association Between Housing Affordability and Mental Health: A Longitudinal Analysis of a Nationally Representative Household Survey in Australia* (2011) *American Journal of Epidemiology* 174(7), 753-760.

Conclusion

In conclusion, it is vital that we ensure all young Australians have a house to call their home, and specific support in achieving this. YACWA believes that the current issues as discussed in this submission can be effectively addressed and resolved. We are a country that prides itself on home ownership being the great Australian dream, but it is difficult to see that dream become a reality for many young people unless we act now.

Kind regards,

Craig Comrie
CEO

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