



BLUESALT
Consulting

National Housing and Homelessness Plan

Department of Social Services

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We do not require our submission to remain anonymous.

Response to Issues Paper: National Housing and Homelessness Plan

BlueSalt Consulting is pleased to have the opportunity to make a submission on the issues paper for a 10-year plan that aims to help more Australians access safe and affordable housing.

Established in 2016, BlueSalt Consulting is made up of a team of professionals based across Western Australia's South West and Perth regions. Having lived and worked across regional Australia, we have a strong understanding of the regional context and a genuine commitment to supporting sustainable regional development.

Our team has worked extensively in, and with, government organisations and we're trusted to provide insightful research and advice to guide critical decision-making. Our work with the business sector allows us to bring these insights back to government decision-makers to help them better understand the needs of Western Australian businesses and communities.

In developing this submission, we were pleased to partner with Goldfields Indigenous Housing Organisation (GIHO), particularly on aspects related to Aboriginal housing. GIHO was incorporated in June 2002 and is a not-for-profit Aboriginal Community Housing Organisation (ACHO) that manages housing for around 40 urban households in the Goldfields region of Western Australia. We thank the GIHO CEO and Board for their input.

Our joint submission focuses on regional topics, and includes comments on the following areas:

- Proposed timeframe of the Plan.
- Housing for First Nations Australians and its role in the Plan.
- Supporting diversity in regional housing stock.
- Entrenched disadvantage and regional housing mobility.
- Climate change and sustainable regional housing stock.

Our response

Proposed timeframe of the Plan

We welcome a coordinated national plan and believe that to maximise the opportunity this presents the 10-year timeframe mentioned in the Issues Paper should be reviewed as it does not provide enough certainty in the context of housing.

A weakness of social housing planning and delivery in Australia for some time has been its reliance on election cycles, grant rounds and a lack of long-term certainty. In the private market also, development is driven by profit and certainty, and a 10-year policy horizon is too short-term.

Delivering housing relies on the construction sector (amongst others), where labour shortages are currently prevalent. While the cause of this is multi-faceted, greater long-term consistency in the ongoing delivery of housing would be beneficial to confidence and longer-term planning in the sector.¹ Addressing skills shortages also takes time, with the delivery of training over a four-year apprenticeship just one consideration.

Investment horizons in housing are beyond 10 years - the tenure of a typical mortgage is 25 to 30 years and the term of depreciation for a dwelling is 40 years. In addition, the WA Government has proposed preparing regional housing plans for each WA region with a 10+ year horizon, with a refresh at least every five years. A longer-term national strategy would provide greater direction and cohesion for more localised work such as this.

For these reasons, consideration should be given to a generational housing and homelessness plan or overarching strategy, with required minor and/or major review periods and no significant change to policy without engagement.

Precedence for this includes other plans currently under development by the Australian Government, such as the Aviation White Paper, which aims to set a policy direction for the aviation sector out to 2050, or 27 years.

Housing for First Nations Australians and its role in the Plan

In Western Australia, 58.2% of Aboriginal and Torres Strait Islander Australians rent their homes and 19.2% rent state-owned public housing.² In Kalgoorlie-Boulder Aboriginal and Torres Strait Islander households make up around 26% of social houses occupied.³

While the Issues Paper addresses low rates of home ownership and overcrowding, it makes only a brief mention of 'cultural values' in relation to housing. The firsthand experience of GIHO is that cultural considerations are place-based and central to tenancy, and therefore central to their operating model.

Aboriginal and Torres Strait Islander Australia is made up of many different and distinct groups, each with their own culture, customs, language and laws.⁴ This unique and localised cultural context must be understood in order to develop practical operating and funding models. Whilst Aboriginal and Torres Strait Islander housing must be covered in the National Plan, we believe any detail on implementation must be covered in a separate, specialised plan.

Aboriginal and Torres Strait Islander Community Controlled Housing Organisations (ATSICCHO) or Aboriginal Controlled Housing Organisations (ACHO) such as GIHO are the preferred housing service for many Aboriginal and Torres Strait Islander Australians due to their holistic, culturally appropriate services. However, they also face unique challenges to their viability, which are directly tied to the cultural context that they operate within.

For example, generalised statements about Aboriginal and Torres Strait Islander Australians having high mobility are not in keeping with GIHO's experience in the Goldfields region. This is an example of the different approaches needed, as well as localised opportunities to support greater home ownership, backed by targets. Cultural practices such as bereavement protocols also differ, and their flow-on effect to the availability of housing, especially in a non-government-funded environment, is not fully appreciated.

Ideally, housing typology would also be directly influenced by cultural context. While successes have been made in this area under the North West Housing Fund⁵, communities in the Goldfields and other regions could benefit from similar funding.

Sector-specific issues that could also be addressed in a separate plan include the effectiveness of current approaches to funding and operating ACHO in regional areas (as opposed to metro). For GIHO, their classification as urban indigenous, with remote townsites directly adjacent but under different funding arrangements, causes confusion in the communities they service and should be reviewed, given the nearest major regional centre (Northam) is 500km away and the capital city (Perth) 600kms away.

At present, WA ACHOs are not registered under the National system (necessary for any significant funding) and this process has not been viable without additional resourcing. The draft WA ATSICCHO 2023-2033 Strategy for Capacity Building and Growth Discussion Paper also outlines a priority for ATSICCHO to develop 'new local and customised, culturally appropriate services'⁶ and the Department of Communities Aboriginal Housing Manual acknowledges the 'unique circumstances encountered by clients living in remote and town based Aboriginal communities'.⁷ The preference in WA from the four participants in the ACHO Sector Strengthening project (which includes GIHO) is to be represented by a WA Aboriginal and Torres Strait Islander Housing Peak Body.⁸

Supporting diversity in regional housing stock

Diverse housing stock is not a key topic in the Issues Paper, but a national plan can set guidance and a roadmap for more localised planning strategies as well as housing targets. Housing that is inappropriate for community demographics, combined with current barriers to housing mobility and new builds, severely hamper effective utilisation of current housing stock in regional areas.

Many WA regional communities that we work with have a severe lack of diverse housing. In regional WA standalone homes (often three or more bedrooms) make up the bulk of housing, despite the proportion of lone person households rising.

For example, in the Shire of West Arthur 97% of dwellings are separate homes, while 87.7% of homes have bedrooms spare and lone person households are the fastest growing household type. Even in

the comparatively large City of Albany, 90% of dwellings are standalone while 85% have one or more bedrooms spare.

In WA around 46% of regional state-owned housing stock is 20 to 40 years old⁹ and just over 70% of public housing in Kalgoorlie-Boulder was built prior to 2000.¹⁰ Private housing stock would be similar in many regional areas.

One reason for the lack of activity has been the cost of building in regional areas. While land is usually comparatively cheaper than metropolitan equivalents, additional costs are borne across all aspects of housing delivery – trades, construction materials, transportation, insurance and finance. Building activity in August 2023¹¹ showed some improvement but most activity was concentrated in the Perth metro area and South West coastal LGAs, with other regional LGAs experiencing nil or single digit housing approvals.

There is no incentive to build new stock when the finished product is valued at less than construction cost and this is a common market failure in smaller regional areas. Lenders cite higher risks in regional areas (due to more volatile markets), and new builds have their valuation weighted down in low volume markets, leading to more restricted and less competitive finance opportunities. Lack of housing infrastructure is also an issue in some regional locations. All these factors have contributed over many years to the current regional housing shortage¹² and without being addressed, housing supply will not rebound in regional areas.

Possible ways to stimulate regional markets include institutionally backed build to rent, currently in its infancy in WA, new finance models specific to small and low volume regional markets, and targeted programs under the new Housing Australia (as of 2020-21 only 4% of NHFIC's bonds to support social and affordable housing across Australia had been allocated to WA CHOs).¹³

Major projects and resources also distort markets in regional areas, and while they may bring other economic benefits, they have large impacts on infrastructure such as housing. Regional areas would benefit from greater coordination between all levels of government, a longer planning horizon on major projects and agreements with proponents to deliver tangible benefits to their host communities such as upgrades to existing dwellings, new dwelling targets or philanthropic support.

For those managing housing, like GIHO, additional costs include hours of time and wear and tear of travelling to properties, an inability to access trades or paying remote mining rates for trades, lack of funding for non-registered ACHO and lack of operational funding to seek and maintain registration. An inconsistent approach to caveats over properties in regional areas has also prevented opportunities to maximise returns, deliver more diversity in housing and leverage capital (a reason often cited for the efficiency of the community housing sector). This leads to a cycle where depreciated assets cannot be sold to finance new dwellings and vacant blocks cannot be developed. Operating and maintenance costs are estimated at three times greater for remote housing than in capital cities¹⁴ and current funding models do not effectively account for increased costs of service delivery faced by regional providers such as GIHO.

Entrenched disadvantage and regional housing mobility

According to the Dropping off the Edge Report 2021, with research led by Professor Robert Tanton, communities experiencing entrenched disadvantage are overwhelmingly regional and remote. This

was evident across Australia, and in Western Australia all but one of the top 10 most disadvantaged areas was regional, despite the regions accounting for only around 20% of the WA population.¹⁵

Even for those who manage a path to regional home ownership, disadvantage continues to play out with additional burdens and barriers. For those who can't save a large enough deposit (or have access to family or guarantors) they will pay the addition of Lender Mortgage Insurance (sometimes simply because their deposit has been swallowed up by stamp duty) as well as a higher interest rate on their loan, which can add up significantly across the life of the loan. They will also be more likely to be 'trapped' in their mortgage with little to no equity, and potentially in a more volatile regional market. This volatility, particularly in resource dependent regional economies, also brings increased requirements from lenders. Insurance costs are also increasing, for example in the Gascoyne and Mid West regions following Cyclone Seroja, and in some cases are prohibitive in regional areas exposed to cyclones and flooding, such as the Pilbara and Kimberley. This topic is also linked to climate change and will become an increasing issue for housing.

Where options do exist, they appear to be relatively unknown. In Western Australia the Country Housing Authority state that their offering is 'unique' – a housing and home improvement funding option for farmers, pastoralists and employers of rural and remote Western Australia that are unavailable or have limited availability from the major lenders. However, they also report ongoing 'limited demand' with just one loan approved in FY2023, six in FY2022 and four in FY 2021.¹⁶

A change in job opportunities or circumstances (including health) when living regionally can necessitate a move several hundred (or thousand) kilometres to another centre, not a simple added commute to another part of the city. Measures that support housing mobility are crucial to functioning regional housing markets and enabling people to better their economic circumstances or access specialised care.

Whilst relaxed measures have been introduced for first home buyers, they do not help those needing to relocate their principal place of residence but unable to as they are 'trapped' in a mortgage with no equity, exacerbated by the large upfront cost of stamp duty. Stamp duty hampers mobility in housing and Treasury modelling of the major taxes in Australia suggests stamp duty is the tax with the highest long-term costs for living standards, a 'very high' economic cost for Australia.¹⁷

Climate change and sustainable regional housing

Climate change projections for Australia show that national and global temperatures will continue to rise, sea levels will rise, there will be more heatwaves, a longer fire season, fewer tropical cyclones but more high-intensity storms, cool season rainfall decline in some parts and increased extreme rainfall.

The effects are already happening. Observed trends include an increase in extreme heat events, associated with the warming that has taken place since 1910 (the majority since the 1950s), climate change contributing to changes in fire weather through its impacts on temperature and relative humidity, and heavy rainfall events becoming more intense.¹⁸

We also know that the current and projected effects of climate change will be disproportionately felt in regional areas. At the time of writing, 40 natural disasters had been declared in Australia since July 2022 (flood, storm, storm surge, cyclone and bushfire) and all 40 have impacted regional local

government areas. Only one also incorporated a capital city.¹⁹ As part of its coordinated planning for housing, the Australian Government needs to quantify the number of households which will be displaced per decade based on the available projections and commence planning and action now.

Given the significant existing housing stock, retrofitting for sustainability (across the housing continuum) is also an imperative to address in the national plan. This is not only important in driving down emissions, but in adapting to 'locked in' emissions and ensuring quality of life for occupants. This includes addressing the retrofitting challenge of private housing.

As of June 2022, there were 442,700 social housing dwellings in Australia²⁰ and in WA 46% of regional state-owned housing stock is 20 to 40 years old.²¹ An equitable path to sustainable housing will be a huge undertaking, especially in this aged stock. Immediate health measures such as access to cooling and heating are also more complex, where aged stock has poor orientation and lack of insulation.

Past iterations of Make Good Reforms involved removing air conditioners (replacing with ceiling fans) and pot belly stoves for liability reasons (while the latter is understandable for health reasons, heating is still required). In locations such as the Goldfields, temperatures over 40C in summer occur frequently, as do temperatures of around 5°C in winter, occasionally falling below freezing at night.²² For the elderly and those on certain medications, use of only a fan can lead to heatstroke in high heat and low humidity conditions, such as the Goldfields.²³

Addressing heat is not a requirement in social housing and other regional locations face similar extreme temperatures. Commonly social housing tenants are expected to supply their own air conditioning unit on the assumption they will remove it at the end of their lease. This often leads to unsafe installations as well as the costs of running air conditioning in a poorly designed and energy inefficient house disproportionately borne by low-income households. The findings of a study into the impact of this, carried out by Kimberley Community Legal Service, can be found [here](#).²⁴

All levels of government have a responsibility to lead by example and promote and deliver quality infill, increasing housing delivery and diversity in a way that doesn't contribute to urban heat island effect, retains mature vegetation, and is designed to climate.

Contact

Once again, thank you for the opportunity to make a response to the issues paper on a National Housing and Homelessness Plan. We look forward to updates on this consultation. For any queries related to this submission please contact us at team@bluesaltconsulting.com.au

Your sincerely

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