

POSITION PAPER HOUSING

JULY 2024

ABOUT THE KIMBERLEY REGIONAL GROUP

The Kimberley Regional Group (KRG) is an alliance of the four Kimberley Shires, being the Shire of Broome, the Shire of Derby West Kimberley, the Shire of Halls Creek and the Shire of Wyndham East Kimberley. Our Vision is to maintain and enhance the rich diversity and liveability of the Kimberley for its people and the world. Collaboratively the group seeks to drive positive impact across the region through improved social, economic and cultural outcomes. This paper is designed to highlight the issues as known to Local Government at the time of writing and the potential pathways that are supported.

CONTEXT

As noted in the Kimberley Development Commission Residential Housing and Land Snapshot, Kimberley housing pressures are part of a national trend. However, Kimberley housing markets are unique, characterised by limited investment in home purchase and skyrocketing demand for rentals with limited private investment on the supply side¹. A structural feature of Kimberley housing is the absence of housing markets in many areas². The housing pressures in our region are magnified by four structural challenges unique to the Kimberley economy. These separate, though interrelated, issues they paint a picture of market failure³.

- 1. Workforce patterns driving housing market distortions (high rents, low sale prices)**

Due to workforce characteristics, including very low labour force participation rates and a transitory workforce with no intention of staying in the region or purchasing a home, there is a preference to rent, often with employer-provided incentives.

2. A near total exit of bank finance due to low property values and other factors

The tightening of bank lending criteria in response to commercial and regulatory pressures is a disincentive to home purchase. Also, regional construction costs are higher than the market valuations for homes. Also, rapidly increasing insurance costs in response to crime and natural disasters make home insurance unaffordable. In the face of very little new individual or developer private investment, neither governments nor other employers have filled the gap⁴.

3. The absence of liquid markets across many parts of the region, and the high level of government and employer-provided housing

Across the region, about half of the total stock of housing is provided through non-market mechanisms; social housing or employer-provided housing.

4. Competition between housing for residents, temporary workers and visitors

The lack of homes leads to unstructured but real competition among accommodation segments for social housing residents, employer-provided housing (often for temporary workers), and tourists and other visitors.

In addition, housing is not designed for the Kimberley climate or Kimberley lifestyles, so it is expensive to run increasing cost of living pressures on residents. Also poorly maintained social housing is leading to poor health outcomes for tenants.

As a consequence -

- The severe housing shortage has led to long social housing waitlists, severe overcrowding, a lack of affordable rental homes and high rents.
- Housing is essential economic and social infrastructure, and the lack of homes is impeding

economic growth, business and industry development and community stability across the Kimberley.

- The lack of housing is impacting on the attraction and retention of staff across all industries.

Inconsistent land supply, high costs of living and development, more transient community members seeking access to rentals, limited investor pools and more difficult commercial project and purchaser lending criteria means government participation through land development activity, as well as other interventions such as through housing delivery and management programs is critical⁵.

HOUSING OBJECTIVES

- » Increase awareness of housing issues, challenges and opportunities.
- » Remove barriers and streamline policies and procedures to facilitate new, appropriate housing supply.
- » Increase housing investment in the Kimberley.

GUIDING PRINCIPLES

The following guiding principles should underpin housing in the Kimberley:

- Targeted government intervention and incentives to address market failure.
- Climate adaptive and responsive and designed to reduce cost of running a home and climate change impacts.
- Culturally appropriate housing designs.
- A range of housing products to meet current and future demand.
- Use of adaptive technologies that enable homes to be reconfigured in response to changing need.
- Homes that are accessible to people of all abilities.

POLICY PRIORITIES

1. Access to contemporary data to inform investment and maintain affordability through project pipelines to meet current and projected need.

- 1.1 That the Kimberley Development Commission continue to produce a Kimberley Residential Housing and Land Snapshot as a strong evidence base to inform policy.
- 1.2 That the WA Government undertake demand modelling on a Shire and town basis to quantify the type of housing required and the level of investment; and
- 1.3 That the WA Government In line with recommendations in the State Infrastructure Strategy facilitate as a priority;
 - a. A ten-year Kimberley Regional Housing Plan to improve long-term planning and inform infrastructure investment for social and affordable housing; and
 - b. Establish the principles, criteria and models for government housing intervention in the Kimberley to address market failure, informed by regional housing plan.
- 1.4 That the Department of Planning and Heritage provide funding to the Shires to review housing needs in each town.

2. Ensure land availability

- 2.1 That the Shires ensure that their Local Planning Strategies remain current and future focused with sufficient urban zoned or identified and to accommodation anticipated and potential development.
- 2.2 That Development WA works in partnership with the Shires to ensure residential land availability to respond quickly to spikes in demand and future needs.
- 2.3 That the WA Government review policy regarding the transfer of Crown Land to freehold for the provision of housing, with savings allocated for headworks or other activities to facilitate development.

3. Increased investment in social housing by leveraging assets and partnerships with government to unlock investment and create local jobs.

- 3.1 That the State and Federal Government invest in new social, affordable and transitional housing programs across the Kimberley.
- 3.2 That there is increased investment into the maintenance of social housing and a new model of maintenance in partnership with Aboriginal community-controlled organisations.
- 3.3 That the Department of Communities introduce an ancillary housing program utilizing prefabricated ancillary homes for eligible households in public housing to provide urgently needed supply and to reduce overcrowding.
- 3.4 That the Department of Communities and Development WA undertake an audit of under-utilized State Government land that could be used for social housing.
- 3.5 That an audit is undertaken by Local Government and the NGO sector of under-utilized land that could be leveraged for social and affordable housing.
- 3.6 That a list of Kimberley social and affordable housing projects is developed for investment partnerships with the State and Federal Government.
- 3.7 That the State Government develop and implement a plan to decarbonise social housing in the Kimberley including an energy audit for all existing stock, new investment in energy efficiency retrofit/ replacement and solar installation programme.
- 3.8 That the WA Government:
 - a. Introduce a Band B social housing product to the Kimberley in partnership with a registered Community Housing Provider; and
 - b. Reviews the maximum threshold a tenant is able to stay in their social home, with the support/rent settings adjusted and tailored according to that person's economic circumstances.

- 4. Better targeted Government Regional Officers Housing (GROH) policy to attract and retain a government and non-government community sector workforce.**
- 4.1 That the WA Government removes disincentives between GROH and Home Ownership Subsidy Scheme (HOSS) and incentives for tenants to purchase the GROH home, another home or to build a new home in the region. Incentives could:
- promote new builds.
 - be designed to have a counter-cyclical effect, to lessen the severity of future downturns in housing investment in the region.
 - take the form of subsidies, cash grants for new builds, shared equity schemes and stamp duty/other tax concessions.
- 4.2 That the Department of Communities, in partnership with other agencies that manage GROH housing (WA Country Health Service, WA Police and Main Roads WA) audit vacant GROH properties and make properties with limited demand available as social or key worker housing.
- 4.3 That the Department of Communities update the GROH policy to enable:
- Agencies to enter longer-term leases.
 - Shared housing arrangements.
 - Support 'hire local' in government recruitment, enabling access to housing amongst Kimberley recruits.
- 4.4 That the Department of Communities investigate innovative models for implementation that would provide high-quality regional officer and other key worker housing to diversify and increase investment into GROH housing, including the Defense Housing Australia model.
- 5. Targeted regional incentives to increase affordable housing supply, stimulate investor activity to increase the supply of rental homes for key workers, local businesses, and the non-government sector.**
- 5.1 That the eligibility for remote area housing salary sacrifice for rental and home ownership is reviewed to support staff attraction and retention.
- 5.2 That the mortgage interest for Kimberley owner occupied homes can be salary sacrificed with 100% FBT exemption.
- 5.3 That the government removes the GST provision to local governments who construct and provide housing.
- 5.4 That the State and Federal Government target housing investment programs to the Kimberley region.
- 5.5 The Federal Government considers a Regional New Home and major renovation guarantee as a measure to reduce barriers to finance.
- 5.6 That the State Government remove stamp duty on the purchase of homes in the Kimberley and/or introduce a stamp duty rebate for home purchase.
- 5.7 That the Kimberley Chambers of Commerce and Industry in partnership with local government and the Kimberley Development Commission advocate for changes to finance lending practices for home purchases including a review of loan-to-value ratio requirements for bank finance and other pressures on investment such as rapidly increasing insurance costs.
- 5.8 That the Commonwealth Government increase Commonwealth Rent Assistance by 50 percent.
- 5.9 That the State Government establish a rental affordability scheme to increase the supply of below market rental homes in the region.
- 5.10 That the State Government invest in expansion of private rental assistance programs to keep people in their homes.

ENDNOTES

- <https://www.kdc.wa.gov.au/wp-content/uploads/2023/11/Kimberley-Land-and-Housing-Snapshot-Final-Version.pdf>.
- Op cit*.
- Op cit*.
- Op cit*.
- The factors leading to failed housing markets in regional WA were acknowledged in Foundations for a Strong Tomorrow State Infrastructure Strategy, page 253.*