

CPSA



**COMBINED PENSIONERS
& SUPERANNUANTS
ASSOCIATION OF NSW INC**

**Submission to Family and Community Services
(FACS)**

Social Housing in NSW

20 February 2015

CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA has 130 branches and affiliated organisations with a combined membership of over 30,000 people living throughout NSW. CPSA's aim is to improve the standard of living and well-being of its members and constituents.

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CPSA welcomes the opportunity to be part of the consultation process on the discussion paper *Social Housing in NSW* both through this submission and the 'Meeting the needs of ageing clients' roundtable.

CPSA agrees with the discussion paper's findings that a crisis exists in social and affordable housing, however we disagree with the focus on leveraging the existing funding envelope to deliver better outcomes for more clients¹; and the shift in emphasis of the social housing system from 'maximising opportunities for all' to prioritising those most in need.²

CPSA believes prioritising those most in need is a short-term, reactive response and mimics reforms introduced in 2006 which have led to the much larger problem we now face. NSW now has far greater systematic problems in terms of affordable housing supply and interventions must address these to ensure social and affordable housing remain viable in the very long term. This will also ensure social housing does not become the short term and emergency accommodation provider of the future. Social housing is essential infrastructure and needs to be dealt with as such.

The dire situation of affordable housing and social housing

In this submission we refer to the 'housing continuum'. It is a concept devised by St George Community Housing.³



There are inter-connected stages in the housing system from homelessness to home ownership and the problems with social housing cannot be considered in isolation. CPSA is concerned that the discussion paper does not adequately look at the wider housing system. A well-functioning housing continuum requires enough homes at all points to meet demand.

Eligibility for affordable housing for owners and tenants is based on guidelines for the National Rental Affordability Scheme (NRAS) or NSW Affordable Housing Guidelines. NRAS commenced in 2008 and was a partnership between the Australian Government and the States and Territories. It offered financial incentives for dwellings to be built and rented to low and moderate income households for up to 80% of the market rent for 10 years. At June 2013 over 38,000

¹ FACS (November 2014) *Social Housing in NSW*, p. 10.

² FACS (November 2014) *Social Housing in NSW*, p. 12.

³ NSW Parliament (September 2014) Legislative Council, Select Committee on Social, Public and Affordable Housing, September 2014, pp.64-65.

<https://www.parliament.nsw.gov.au/prod/parliament/committee.nsf/0/12B4DA4578015782CA257D4D00120FFE?open&refnavid=x>

NRAS incentives had been awarded with 61% going to endorsed organisations.⁴ Disappointingly, the Australian Government announced in the 2014 Federal Budget that it would not proceed with Round 5 of NRAS. Properties allocated in previous rounds will be built until 30 June 2018. The Australian Government has narrowed its support for low income renters to Commonwealth Rent Assistance (CRA) and provides CRA to 420,000 NSW households.⁵

CRA is poorly targeted and fails to prevent housing stress for most private renters, particularly those living in metropolitan areas. Despite eligibility for this payment being slanted in favour of lower income households, it represents just 6% of the total housing benefits Governments provide.⁶ The payment rate and indexation of Rent Assistance are inadequate. CRA is indexed to CPI but market rents have been rising at a higher rate, making CRA increasingly less effective at reducing housing stress for private renters. As noted in the McClure Interim Report, while maximum rates of CRA have increased by 40% between 2001 and 2013, median rents for CRA recipients have increased by between 65% and 100%.⁷

It is estimated that there are 35,000 low to moderate income, over-65, renter households in housing stress in NSW and this is projected to double by 2036. There are virtually no areas in Sydney where a small, one-bedroom unit is affordable for a single or couple pensioner household in receipt of the full-rate pension. In rural and regional areas, there is a lack of diverse housing stock, so there are fewer smaller dwellings which would otherwise be affordable.⁸

CRA should be topped up by between \$63 to \$215 per week in the Sydney and equivalent metropolitan regions to prevent housing stress for singles and couples living in a small unit. CRA does prevent housing stress in places like Dubbo, Shoalhaven and Kempsey *when* smaller stock is available.⁹ If CRA was increased to the maximum amount as mentioned above (approximately \$275 per week), the annual cost to the Australian Government would be \$14,300 per annum, per tenancy. By contrast, the average cost of a social housing dwelling is \$26,000 per annum, per tenancy in NSW. Lifting the rate of CRA could help make housing affordable for a large number of low-income renters and would involve a smaller outlay than funding sufficient social housing stock to meet demand.¹⁰

Recommendation: That the NSW Government lobbies the Federal Government for an increase to the rate of CRA.

While the Centre for Affordable Housing lists affordable housing providers across NSW (under

⁴ NSW Parliament (September 2014) Legislative Council, Select Committee on Social, Public and Affordable Housing, September 2014, p.215.

⁵ FACS (November 2014) *Social Housing in NSW*, p. 6.

⁶ Kelly, JF (October 2013) *Renovating Housing Policy*, Grattan Institute, p. 28.

⁷ Commonwealth of Australia (2014) 'Interim report of the Reference Group on Welfare Reform to the Minister for Social Services', *A new system for better employment and social outcomes*, p.69.

https://www.dss.gov.au/sites/default/files/documents/06_2014/dss001_14_full_report_27_june_tagged.pdf

⁸ Judith Stubbs and Associates (2014).

⁹ Ibid.

¹⁰ Ibid.

NRAS and Affordable Housing Guidelines)¹¹ it does not provide publicly accessible statistics on the quantity of affordable housing. It states, rather, 'demand for affordable housing far exceeds supply even in suburbs experiencing an overall increase in supply of rental properties.' It lists the NSW Local Government areas having a high to moderate need for affordable housing.

CPSA through its Older Persons Tenants Service (OPTS) is aware of affordable housing provided by local councils, community organisations, and private companies across NSW that are not under NRAS or the NSW Affordable Housing Guidelines. Examples include Yass Apex Homes and the Vasey Housing Association. There is no system available to easily identify such housing. NSW policymakers need to determine the quantity of affordable housing in NSW. The Affordable Housing Taskforce is well placed to conduct such a study. A directive should be issued to all NSW Local Councils for information on all affordable housing in their Local Government area and the demand and sustainability of that affordable housing in the future. Councils can determine future demand and sustainability by applying the Local Government Housing Kit.

Recommendation: That the Affordable Housing Taskforce conducts a study to determine the true quantity of affordable housing in NSW and its demand and sustainability in the future.

Pillar 1: A social housing system that provides opportunity and pathways for client independence

The discussion paper infers that a sustainable social housing system houses the most disadvantaged, supports them for a limited period of time until their disadvantage is overcome and then has them exit social housing to commence their journey on the housing continuum. CPSA is concerned that the paper signifies that the private rental market is a viable option for many existing social housing tenants. This is simply not the case. More perplexing is that the paper makes this assertion but does not look into the limitations of the private rental market for low income people nor spell out what specific opportunities it provides. CPSA is concerned that private rental is at the forefront of the paper's approach yet there is very limited discussion about how the private rental market excludes low income people and those with complex needs.

CPSA does not agree that the social housing system has few expectations of tenants. The residential tenancy agreement, *Residential Tenancies Act 2010*, *Housing Act 2001*, Housing NSW and Housing Pathways policies provide more obligations on social housing tenants than tenants renting privately.

Private rental market

There must be stronger protections for renters under the *Residential Tenancies Act 2010*. NSW has extremely poor tenant protections in terms of security of tenure and unaffordable rent increases. Tenants can be evicted from their homes with just 30 days' notice, and there is a range of provisions in the Act which allow for no-grounds evictions. There is no legislation against unaffordable rent increases. The only avenue open to tenants to dispute rent increases

¹¹<http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/For+Renters+of+Affordable+Housing/Contact+list+for+managers+of+affordable+housing.htm>

is to challenge the rise through the NSW Civil and Administrative Tribunal (NCAT), where the tenant must provide the onus of proof that the rent is unaffordable. The lack of safeguards for tenants means that tenancies are very insecure, particularly in strong housing markets. It has also produced an environment where rent increases are well above CPI, pricing out renters living on income support payments in most housing markets because their income has not maintained pace with the cost of private rental.

The Act should be amended to better facilitate long-term leases (for example, five years). Although this is possible under the existing Act, it rarely occurs, with six to 12-month leases being the norm. This has considerable implications for people outside the workforce; for example, older people and people with a disability, who have limited capacity to move. The NSW Government should consider providing land tax exemptions to private landlords who provide long-term leases and affordable rents for tenants.

Recommendation: Amend the *Residential Tenancies Act 2010* to encourage long-term leases (for example, five years) thus minimising unaffordable rent increases. The NSW Government should also consider providing land tax exemptions to private landlords who provide long-term leases and affordable rents for tenants.

Tenants exiting social housing

CPSA is strongly against any suggestion to remove continuous tenancies.

CPSA agrees that the two key disincentives for public housing tenants to transition into the private housing market are low incomes and the lack of affordable housing. It appears that CHPs also have low exit rates from their social housing, including tenants paying market rent. CHPs have advised there is no exit policy, transitional policy or purchasing the premises policy.¹² It's logical that a public housing tenant would choose the security of tenure of their current housing over the insecurity of renting privately. If not on a continuous lease, tenants are likely to forgo employment (if job ready) to remain under the income threshold.

The discussion paper states that tenants exiting public housing has decreased and in 2012-13 stood at 6.9% (8,000 tenancies). CPSA suggests that HNSW conduct an analysis of those who exited during 2012-13. It must cover both tenants exiting due to breach of their tenancy and due to the expiration of a fixed term lease as well as those who elect to move. Their progress in the private rental market must guide any social housing exit policy (if that is being considered).

Numerous studies have noted the unstable housing and homelessness experiences among a substantial proportion of exiting tenants in Australia, with roughly 30% of households exiting from public housing while remaining on income support subsequently reapplying for social housing.¹³ Such a scenario is not good for tenants, or the social housing system as a whole. A more effective approach to avoid this 'revolving door' scenario could be to offer priority access to

¹² Legislative Assembly (November 2014, Public Accounts Committee, Inquiry into tenancy management in social housing, p. 65.

¹³ Seelig et al (2008), Birmingham and Park (2008) in Wiesel, I, Pawson, H, Stone, W, Herath, S and McNelis, S (October 2014) *Social housing exits: incidence, motivations and consequences*, Australian Housing and Urban Research Institute, Report No. 229, p. 7.

CHP-managed affordable housing properties. This would alleviate the two main barriers to exiting social housing: affordability and security of occupancy.¹⁴ Given that no further funds have been allocated to NRAS, the expansion of this form of housing tenure is unlikely but nevertheless should be explored as an option.

The exit of current tenants, particularly those in paid employment may have major financial implications for Housing NSW (HNSW) and other social housing landlords due to the loss in rental revenue. The revenue saved through retention of tenants paying full market rent versus encouraging or requiring their exit could potentially be re-allocated to assist other households in greater need. This would minimise displacement of current tenants and eliminate the potential disincentive for tenants to seek employment if this could risk their eligibility to remain in social housing.¹⁵ Such a disincentive is important to consider for people who may be offered insecure employment or may be unsure whether they will be able to sustain employment over the longer term.

Recommendations: Housing NSW should monitor people who move out of a public housing property to determine the outcome over the long term.

Exiting social housing tenants should be given priority access to affordable housing properties.

The NSW Government should model the economic benefit of housing tenants who pay market rent in the public housing system.

Tenant support, employment, education and training

The discussion paper refers to strengthening partnerships with other Government agencies to improve employment, education and training. Such an approach is inappropriate for the 20% of tenants who are of retirement age as well as those with complex disabilities. For those approaching retirement age (15% of tenants) such an approach is extremely unlikely to provide positive results. CPSA is worried that the current focus on assistance with sustaining a tenancy may be lost under the new focus on moving tenants out of social housing. It is important that tenants are provided with additional assistance to maintain tenancies as well support for gaining employment if appropriate.

FACS should investigate fee for service provision with TAFE and other not for profit training providers. We note FACS has an arrangement with The Smith Family to provide its Learning for Life program¹⁶ to school aged and post-secondary students living in public housing. CHPs are also partnering with training providers, for example Hume Housing partnering with TAFE Outreach to deliver computer skills at Hume's newly constructed Telopea complex.¹⁷

¹⁴ Wiesel, I, Pawson, H, Stone, W, Herath, S and McNelis, S (October 2014) *Social housing exits: incidence, motivations and consequences*, Australian Housing and Urban Research Institute, Report No. 229, p. 52.

¹⁵ Ibid. p. 3.

¹⁶ FACS, *Family & Community Services Annual Report 2013-14*, Volume 3: Grant and subsidies payments including funding to non-government organisations, p.31.

¹⁷ Legislative Assembly (November 2014), Public Accounts Committee, Inquiry into tenancy management in social housing, p. 55.

Models used by St George and Wentworth Community Housing Providers (CHPs) should be investigated. St George Community Housing provides its Entry Steps to Employment program where its contractors offer tenants training and employment opportunities. Wentworth Community Housing provides its Sustainable Procurement Commitment where tenders for grounds maintenance include a commitment to employ its tenants.

CPSA is concerned however about requirements on training being part of a person's tenancy agreement. While CPSA sees training opportunities and support services as very important, it is wary of the landlord directly managing such supports. CPSA considers that the best approach is to provide links to supports rather than the supports being directly provided by HNSW.

Tenants in CHPs appear to receive greater support for their non-housing issues because CHPs believe they directly impact on sustainability of its tenancies. It appears the 'wrap around' service model has become the accepted practice of CHPs especially in assisting tenants with complex needs, including people with disabilities, mental illness, substance abuse problems, history of domestic and family violence, lack of education and the unemployed. It is the model to be adopted by specialist homeless services under the FACS *Going Home Staying Home* reforms.

Such support requires case management that is client-centred, strengths based (focuses on developing clients' current strengths to overcome a situation and not revert to past behaviour) and works in partnership with other services to meet clients' needs to become self-sufficient. Its success depends on the case manager's skills, experience, time (it is not time based, it may take 6 months to obtain a person's trust), flexibility (the person's needs change over time) and ability to form partnerships with other specialist services (trauma counselling services, mental health, legal services etc.). It also requires attendance alongside the client at case conferences with those services. When the person has dealt with their complex issues they are then able to focus on community engagement, education, training and employment.

In contrast, the ad hoc reactive delivery of non-housing services by HNSW (those not directly related to the residential tenancy agreement) has resulted in issues becoming well entrenched requiring intensive support from many services. HNSW includes sustaining tenancies as a primary performance indicator and CPSA understands this to mean tenants not breaching their residential tenancy agreement and in particular not falling into rent arrears. It appears when a tenant is in rent arrears, HNSW intervenes by contacting the tenant to arrange a repayment plan. If that fails, it seeks a specific performance order at the Tenancy Tribunal. This is when other issues are discovered, for example a person with significant disabilities whose partner died was struggling to maintain the tenancy because the partner paid the rent at the Post Office. The death of the partner should have been a major indicator to HNSW to intervene earlier with HNSW providing additional support or referrals to appropriate services.

CPSA does not believe HNSW presently has enough staff with specialised skills required to deliver such intensive interventions. Because of its large scale and emphasis on delivering the same service in each of its districts, flexibility and responsiveness to deliver the model on an

individual basis is difficult. CPSA cannot see how tenants with complex needs can be assisted by HNSW unless it is prepared to make a substantial financial investment. It could consider trialling a pilot project funding CHPs to deliver their service model to HNSW tenants in districts where the two services operate. The trial would have to be long-term, for example three years, and independently assessed by experts.

Recommendation: That HNSW trial a 3 year pilot project, funding CHPs to deliver their non-housing service model to HNSW tenants in districts where the two services operate. The trial should be independently assessed and evaluated by experts.

Shared equity an alternative to tenants exiting public housing

CPSA believes the NSW Government should investigate a shared equity scheme as a means of potentially exiting tenants from social housing. It can give social housing tenants some form of home ownership. It can also overcome some of the challenges of maintenance and repair costs in public housing. CPSA is proposing a shared equity scheme be trialed to those tenants in public housing who pay market rent (due to employment) and live in free-standing premises. The tenant's equity would be funded by a housing loan (for house and land) to the maximum amount they can obtain. We assume this will be less than 50% of the property value. The Government's equity covers the balance to enable the tenant to obtain the loan. The Government's equity would be funded from the interest of the Rental Bond Board. The tenant's usual market rent would be paid to the loan. The tenant would be responsible for all of the usual housing costs (repairs, maintenance and rates). The total amount available for the government's equity will be dependent on available funds from the Rental Bond Board. The allocation of funds to eligible tenants will require a fair process, for example, via a ballot.

The Regional Development Australia, Sydney's housing affordability workshop has a model of a shared equity scheme for low to moderate income earners in NSW. They advise shared equity is most likely to succeed where the household's annual income is \$70,000 to \$100,000, the property is valued at under \$400,000 and there is a 50% split in ownership between tenant and equity provider. The tenant would pay a rent equivalent to all the housing costs including loan repayment.¹⁸ These criteria could form the basis of tenant eligibility to the scheme. Such a scheme may only be beneficial to fewer than the 5% of working tenants in public housing (fewer than 5526 properties).¹⁹ However, if introduced into social housing it may have a much larger impact. It may also have an impact of encouraging other tenants who currently see no option other than remaining in social housing.

Recommendation: CPSA recommends that the NSW Government investigate a shared equity scheme to give employed social housing tenants some form of home ownership.

Anti-social behaviour as a means of exiting public housing tenants

The discussion paper refers to anti-social tenant behaviour in general but focuses on housing estates. It is obvious that those areas with the greatest concentration of social disadvantage will have the greatest issues.

¹⁸ NSW Parliament (2014), Legislative Council, Select Committee on Social, Public and Affordable Housing, September, p. 229.

¹⁹ 1 at 62

CPSA does not agree with a 'three strikes and you are out' policy. We can see many grounds of procedural error being made by HNSW in accepting complaints from neighbouring tenants based on their subjective reasons. HNSW currently has a lot of power under the *Residential Tenancy Act 2010* to deal with anti-social behaviour using the NSW Civil and Administrative Tribunal (NCAT) as an independent arbitrator. If the policy is introduced, HNSW will be shifting the exited tenant's issues to homelessness services rather than dealing with the root cause of the issue when it occurs, for example, a tenant's undiagnosed psychiatric issues.

CPSA is aware that HNSW has an internal local allocation policy when allocating a property in an estate. It can decide not to allocate a property to a prospective tenant in a particular area because if allocated there may be consequences to the estate as a whole. We suggest HNSW should make this policy public and apply it in its allocations policy to its purpose built complexes as well as estates, for example seniors' complexes.

Estate management

The discussion paper states there are 100 housing estates in NSW containing 40,000 properties (i.e. one third of public housing stock). However, CPSA notes that the majority of estates are located in areas of social disadvantage, for example those in the Campbelltown area have limited access to shops, public transport, education and jobs.

According to the Socio Economic Index for Areas (SEIFA), social housing estates are some of the most disadvantaged areas with 17 estates in the bottom 1% and 55 in the bottom 5% of the most disadvantaged areas in NSW.²⁰ The discussion paper compares crime rates in estates with the NSW average which is misleading. It should compare crime rates in estates with crime rates in the police crime command area to determine if it is a major problem.

Pillar 2: How a social housing system may deliver to most people in need based on equity and fairness

The discussion paper states, 'a fair social housing system supports people by prioritising those who need it most' and then goes on to say, 'social housing has increasingly been used as a support for people who cannot access low cost housing in the private rental market'.²¹ CPSA agrees on prioritising social housing for those who need it most, yet is concerned with the inference that social housing should not be used for people who cannot find low cost private rentals. Many people low incomes have difficulty renting privately and comprise much of the 44% of unmet need. To ensure that people on low incomes do not move further into crisis (and consequently require other supports, including homelessness, health and welfare services) it is imperative that these households have access to social housing.

The eligibility for social housing from 1 July 2005 included people with complex needs in urgent need for housing AND people unable to resolve their housing need in the private rental market due to their low income. This policy defines affordable private rental housing as a dwelling where

²⁰ NSW Parliament (2014), Legislative Council, Select Committee on Social, Public and Affordable Housing, September, p.72.

²¹ FACS (November 2014) *Social Housing in NSW*, p. 21.

the rent does not exceed 50% of the household's total gross weekly income, including CRA.²² That is a much higher than the accepted affordable housing definition of rent being no more than 30% of a households disposable income. The base single rate of the pension is \$388.35 per week²³ and, combined with the maximum rate of CRA (\$63.80 per week) leaves an individual with \$257.97 determined as their affordable weekly rent. The policy does not factor in any reduction of income due to personal debts, for example, and the person has to prove their inability to rent privately.

To illustrate the urgent need for more affordable housing dwellings, the following table details the regions in NSW where there is currently greatest need for affordable housing for low-income people aged 65 and over as well as the projected need for this group by 2036.

Indicative targets by region for affordable rental housing

	2011 AH indicative target 65+ years (households)	2036 AH indicative target 65+ years (households)
Sydney - South West	1,766	5,545
Sydney - Inner South West	2,906	4,453
Central Coast	2,220	4,219
Sydney - Parramatta	1,948	3,992
Sydney - City and Inner South	1,667	3,920
Richmond - Tweed	1,722	3,546
Mid North Coast	1,663	3,196
Sydney - Blacktown	1,076	2,996
Illawarra	1,640	2,852
Newcastle and Lake Macquarie	1,703	2,714
Sydney - North Sydney and Hornsby	1,413	2,411
Sydney - Inner West	1,282	2,386
Sydney - Outer West and Blue Mountains	1,322	2,250
Hunter Valley excl. Newcastle	1,143	2,242
Sydney - Outer South West	781	2,214

²²FACS (August 2014) Housing Pathways, Eligibility for Social Housing Policy

<http://www.housingpathways.nsw.gov.au/Ways+we+can+Help/Social+Housing/Social+Housing+Eligibility+and+Allocations+Policy+Supplement.htm#ftmidtrp>

²³Current rate as of February 2015, excludes the Pension Supplement and Energy Supplement

<http://www.humanservices.gov.au/customer/enablers/centrelink/age-pension/payment-rates-for-age-pension>

	2011 AH indicative target 65+ years (households)	2036 AH indicative target 65+ years (households)
Capital Region	1,084	2,203
Central West	1,049	2,102
Sydney - Eastern Suburbs	1,440	2,063
Coffs Harbour - Grafton	988	2,044
Southern Highlands and Shoalhaven	888	1,789
New England and North West	1,029	1,656
Sydney - Northern Beaches	855	1,402
Riverina	690	1,379
Sydney - Ryde	815	1,340
Murray	688	1,226
Sydney - Sutherland	671	1,014
Far West and Orana	511	799
Sydney - Baulkham Hills and Hawkesbury	341	761
TOTAL	35,301	67,625

Source: Judith Stubbs & Associates 2013, derived from ABS 2011²⁴

There is clearly a larger need than what these targets show for affordable rentals for the total low-income population. These targets illustrate the difficulty social housing tenants face finding an affordable rental in the private market, particularly those in Sydney, Newcastle, Illawarra and North Coast regions.

CPSA is very concerned about the shift in understandings of fairness in the social housing system. Current tenants are increasingly being blamed for the lack of social housing properties both in HNSW policy (particularly the vacant bedroom charge and the succession of tenancy changes) and the media. Current tenants are not responsible for the blowout in the wait list and should not be portrayed as such.

The 2005 Reshaping Public Housing reforms gave greater priority in allocating public housing to those most in need. The number of priority applicants housed in public housing has increased from 37.6% in 2002-03 to 55.7% in 2011-12.²⁵ CPSA believes the Housing Pathways eligibility policy has been developed over considerable time and has introduced fairness into eligibility for social housing. Social Housing's current eligibility should not be tampered with. It is HNSW's

²⁴ CPSA (2014) *Affordable housing for older people and people with a disability in NSW* pp.9-10

²⁵ NSW Auditor General's Report (2013) 'Performance Audit: Making the best use of public housing', Housing NSW and NSW Land and Housing Corporation, July, p. 16

performance in implementing its policies correctly which should be the focus of the NSW Government.

Alternative models

The New York model proposed in the discussion paper is similar to public housing before the 2005 HNSW reforms made in response to the then very high waiting list. Given the current economic constraints it is unlikely that the public housing system would return to that model although it does have merits both in terms of sustainability of the social housing system and fairness.

Some national and international models which CPSA believes would be worth exploring include:

- Apartments for Life, Netherlands

Apartments for Life by Humanitas provides central, high density, accessible housing. Residents can buy or rent under a variety of arrangements, from affordable social housing rental, through to renting or buying apartments of varying sizes at market prices. There is a deliberate mixing of residents, in terms of health and socio-economic status. Apartments are designed to be 'age-proof' through universal design, that is, to be liveable for people of any age. Where possible, apartments are configured or adapted to the needs and preferences of individual residents. The concept was first put into practice in 1995, offering small three room apartments on a rental basis. By 2008, Humanitas had built 15 Apartments for Life complexes with some 1,700 apartments housing over 2,500 people. Each complex has a 'village square' which is publicly accessible and a range of services and facilities such as an ATM; a fitness centre, hairdresser, beauty salon; a physiotherapist; a medical centre; gardens; a supermarket or store. There is an average of 240 apartments in each complex, all of which are high density because of space constraints the Netherlands.

- James and Jessie Brown cottages, Mansfield Park

The James Brown Memorial Trust's (JBMT) James and Jessie Brown cottages at Mansfield Park provide 20 low cost single bedroom units to people who are, or are at risk of becoming, homeless. Units are rented out at an affordable rent and tenants are sourced from support agencies who are then contracted to remain engaged with the tenant for any emotional, health or other support through the period of the tenancy agreement. At a cost of \$140,800 per unit for construction and fit-out, the NRAS made the cottages affordable to develop by supplying a guaranteed revenue stream for 10 years. An additional grant from the South Australian Government's Affordable Housing Innovation Fund was also used in their development.

- The Seniors Central Living development, Fairfield

Smart Street targets older people with medium to low incomes and is a social housing development which aims to promote socio-economic and other diversity among residents. The project will consist of 44 two bedroom units, one retail unit, two common rooms, 31 car parking spaces and open and landscaped areas. Units will be designed for older residents with grab rails and other adaptable features. The service model will include a concierge to undertake a monitoring function, service coordination and referral to formal services. On-site support facilities will also include a café, possibly run as a social enterprise with a tenant volunteering program.

- Silver and Wild Sage Villages, Colorado

Silver Sage Village is a co-housing community designed to support people to age in place. The village consists of 16 units for older people, a community centre and a common green with internal sidewalks and landscaping. Six of the 16 units are permanently affordable homes available to those who qualify with the City of Boulder. Prices and income guidelines are set for this program and annual appreciation is limited to 2%. Located across the street is Wild Sage, an intergenerational co-housing community made up of 34 attached townhouses with a common house and outdoor common space close to schools, public transport and shops.

- Harmony Village, Dandenong

Harmony Village Dandenong includes both a co-operative rental model of housing as well as units available for purchase in a retirement village. The units are for people on low incomes (the majority are on the Age Pension). Harmony Village provides a mixed use outcome for older people by combining funding from a State Government social housing scheme (Strategy for Growth in Housing for Low Income Victorians) with the Australian Government's NRAS funding, and a retirement village life lease sales model. It is also an example of a partnership between an aged service provider and a community housing association.

Rent models based on location and new premises

The discussion paper refers to social housing applicants having a choice of area they wish to live but having limited choice in the location and dwelling type within that area.²⁶ The comparison to the private rental market is misguided - only those on higher incomes have greater choice of property location and type in the private rental market. Those on a low income have very limited choice because their decision is purely based on affordability.

It is implied that public housing rents should be set at a higher rate for properties in high demand locations and for new dwellings rather than the current income based rent model. CPSA is perplexed how those on a Centrelink or DVA payment (94% of tenants), could afford a rent of more than 25% to 30% of their income.

Recommendation: The existing income based rent model must continue to guarantee affordability for those in receipt of a Centrelink or DVA payment.

While tiered rental models may be appropriate for investigation for certain groups in certain housing tenures, such as those in transitional housing, CPSA is very concerned about this model being rolled out across the board. CPSA notes that a tiered model is being implemented under Transitional Housing Plus for young people and those escaping domestic violence²⁷. This tiering is a slow move up to market rent to enable people to re-enter the private housing space more easily. Importantly, the market rent is set at the time the person moves into the property so there is certainty about what they will be paying in the future and they are not at the mercy of the private rental market. The outcome of this model should be monitored and made publicly available.

²⁶ FACS (November 2014) *Social Housing in NSW*, p. 27.

²⁷ FACS (2014) 'Housing Companies and Transitional Housing Plus' slideshow presented at NGO Housing Partners Reference Group Meeting, October.

Recommendation: Tiered rental models such as that under Transitional Housing Plus should be evaluated and the results made publicly available.

Pillar 3: How a sustainable social housing system may be achieved

The overarching premise of the discussion paper is a financially sustainable social housing system based on existing Government funding. Such an approach leaves NSW Land and Housing Corporation (LAHC) in a position where it will need to continue selling its properties in order to remain viable, to the detriment of the social housing system and private renters in need.

The Auditor General's Report states 'LAHC will be disposing of more than double the number of properties it builds over the next four years'²⁸ which is not financially sustainable. It goes on to note that the 'sales of properties are the balancing lever that it [LAHC] has and is using to cover the annual funding gap'²⁹.

A sustainable social housing system (requiring additional premises but within financial constraints) requires a whole of Government approach and transparent reporting on social housing.

Modification of LAHC financial reporting

The LAHC financial report ending 30 June 2014³⁰ shows a loss of \$626,884,000. CPSA believes LAHC financial reporting should give a true reflection of its financial situation. This includes removing rental subsidies from total rental income received. There is an emphasis on LAHC receiving market rent.³¹ CPSA believes this is futile given the values and aims of public housing are to, 'help build a stronger community by providing housing solutions for people in need'.³²

The expectation of obtaining market rent (by deducting notional rent subsidies from rent received) is aspirational in the extreme sense. The Government is not actually paying it; 20% of properties are over 50 years old and unlikely to obtain market rent and 40,000 public housing properties are in housing estates and unlikely to obtain market rent due to the "estate effect". Ceasing to deduct rent subsidies from rents received would produce a surplus of \$348,155,000.

Recommendations: Remove notional rental subsidies (other than rent subsidies paid for private rental subsidy schemes) from total rental income received in the financial report.

Revenue received from the sale of LAHC properties should be transparent in the financial report by being separately identified.

²⁸ NSW Auditor General's Report (2013) 'Performance Audit: Making the best use of public housing', Housing NSW and NSW Land and Housing Corporation, July, p.11.

²⁹ NSW Auditor General's Report (2013) 'Performance Audit: Making the best use of public housing', Housing NSW and NSW Land and Housing Corporation, July, p.22.

³⁰ FACS, *Family & Community Services Annual Report 2013-14*, Volume 2: Audited Consolidated Financial Statements, pp.215-269.

³¹ NSW Family & Community Services, *Social Housing in NSW: Discussion paper*, November 2014, p.34

³² FACS (2013) 'Purpose and values' <http://www.housing.nsw.gov.au/About+Us/Purpose+and+Values.htm>

Proceeds from sale of property by LAHC should be invested into a dedicated fund as per the recommendation of the Legislative Council, Select Committee on Social, Public and Affordable housing (Select Committee).³³

CPSA believes there are many more items which require investigation in the financial report to give a true picture of the bottom line. An independent body, for example the Australian Housing and Urban Research Institute or the National Centre for Social and Economic Modelling should investigate this and develop a breakeven financial reporting model that satisfies the Auditor General's regulatory auditing practice.

CPSA recommends that an independent body be engaged by LAHC to investigate the feasibility of developing a breakeven LAHC financial reporting model.

Federal Funding for social and affordable housing

NSW Government should strongly advocate for the renewal of NRAS and other social housing initiatives, including future funding for homelessness services, particularly given that the Transitional National Partnership Agreement on Homelessness (NPAH) agreement is set to expire in June 2015.

It is hugely inequitable that Australian taxpayers are supporting residential investors through negative gearing, while private renters, by contrast, receive very limited support through the tax and welfare system. As noted by the Grattan Institute, existing home owners and investors are the big winners from Australia's housing policy: tax concessions for residential property investors are worth \$9,200 per year for households in the highest income quintile compared to \$3,600 per year for those in the lowest income quintile.³⁴ In 2013, in addition to the \$7 billion which went to investors for negative gearing, 36% of tax concessions went to subsidising those who own investment property. In this period, low income tenants received only \$3 billion in rental support.³⁵

The NSW Government should advocate for changes to negative gearing as it distorts the housing market, pushing up prices and doing little to increase supply. It has a detrimental impact on renters, locking people out from being able to purchase a home and creating short term tenancies. The NSW Government should advocate for negative gearing to be tapered to encourage affordable housing. For example, if the rent charged is 70% of market rent the investor is entitled to negative gearing, tapering to 0% of those charging market rent.

We concur with the discussion paper that CHPs (despite making surpluses) are unable to fully operate without Government grants.³⁶ The number of social and affordable housing properties purchased or built by CHPs to date needs to be transparent to be of any assistance in this inquiry. This will determine CHPs' ability to leverage their assets.

³³ NSW Parliament (September 2014), Legislative Council, Select Committee on Social, Public and Affordable Housing, p.66.

³⁴ Kelly, JF (October 2013), *Renovating Housing Policy*, Grattan Institute, p. 27.

³⁵ Ibid.

³⁶ FACS (November 2014) *Social Housing in NSW*, p.37

Recommendation: NSW Government strongly advocate to the Federal Government for negative gearing of investment properties based on the NRAS model to encourage more affordable housing.

Allocation of public housing

The allocation of the next available public housing property to the next eligible person is described in the discussion paper³⁷. CPSA's OPTS assisted many older HNSW tenants wishing to transfer who were priority housing applicants. They had an urgent need for housing because they were homeless or at risk of being homeless. The priority housing applicant is advised when offered a property by HNSW that it is the only offer and they must accept it (the policy provides for two offers). Housed in inappropriate premises (typically under-occupying) they cannot be transferred because of a lack of suitable properties. It appears HNSW allocates the next available property to the person highest on the waiting list without considering the best use of available housing stock. It is preferable when HNSW offers a property it follows its policy by applying the size of household. Where the person is homeless, temporary emergency accommodation may be needed. However, more strategic allocation of dwellings would be more sustainable in the longer term and facilitate appropriate matching of housing and tenants.

Recommendation:

CPSA recommends that HNSW apply the Matching and Offering a Property to a Client policy correctly using household size as the primary criterion to make the best use of available housing stock.

Transfer for under-occupancy

Approximately 16% of public housing householders under-occupied their dwelling in 2011-12. A single person or a couple occupied 30% of three or more bedroom public housing properties (15,600 properties) in 2013. The worst-performing areas are Greater Western Sydney (6677 properties), Northern NSW region (3250 properties) and Southern/Western NSW regions (3450 properties). HNSW estimated at 30 June 2012 a rent loss of \$25.6 million per year from under-occupancy.³⁸ In March 2013, HNSW commenced its vacant bedroom charge. As at 2014, 1500 tenants had been approached by HNSW to relocate, 216 tenants approached HNSW themselves, 217 tenants had relocated and 59% of tenants elected to pay the vacant bedroom charge.³⁹

When HNSW first released the vacant bedroom charge, CPSA advocated that a financial inducement be provided to affected tenants to transfer to cover removal costs. Indeed, HNSW's policy was to cover tenants' moving costs. HNSW has not implemented this in its policy and CPSA believes that this is a factor in the poor uptake of transfers. CPSA has found HNSW uses discretion regarding covering tenants' moving costs, with 16 HNSW offices refusing to pay it.

Recommendation:

CPSA recommends that HNSW put in its vacant bedroom charge policy that tenants transferred for under-occupying are entitled to removal costs and other indirect costs as prescribed in the Transfer for management policy.

³⁷ NSW Family & Community Services, *Social Housing in NSW: Discussion paper*, November 2014, p.24.

³⁸ 17 at 18-20

³⁹ 8 at 129

Other options to increase social and affordable housing stock

An option to expand stock within the current funding envelope is the transfer of residential properties owned by other Government entities to LAHC (with the option to lease surplus properties to CHPs). CPSA's tenancy service OPTS is aware of tenants living in residential properties owned by Road and Maritime Services, Sydney Trains, Sydney Harbour Foreshore Authority and Teachers Housing Authority. There are likely to be many other Government Departments and Agencies leasing their surplus residential properties in the private rental market.

Recommendation: Government Property NSW investigates the number of residential properties owned by government agencies and the feasibility of being transferred by title or lease to LAHC.

CPSA is not suggesting that current tenants of these properties be evicted and replaced, we suggest that the NSW Government seriously consider the proposal and undertake a feasibility study and provide public access to it.