



The Hon Brad Hazzard MP
Minister for Family and Community Services
Minister for Social Housing

GFACS15/6959

Ms Madeleine Foley
Director
Legislative Council
Parliament of New South Wales
Macquarie Street
Sydney NSW 2000

Dear Ms Foley

We write in relation to the Legislative Council Select Committee's Inquiry Report entitled: *Social, Public and Affordable Housing*, tabled on 10 September 2014, during the previous Parliament.

Although the Government is not obliged to respond to committee inquiries from the previous Parliament, the attached is provided as advice as a courtesy rather than a formal government response to the Inquiry. The information provides advice on recent and planned reform activity relevant to the Inquiry's recommendations.

The Government is developing a comprehensive Social Housing Strategy and commends Select Committee's work on social, public and affordable housing, which continues to inform our work.

We trust the attached information will be of interest to you and to the many stakeholders that contributed to this Inquiry.

Should you have any further enquiries, please contact [redacted] Executive
Director, Strategic Policy 1, Strategic Reform and Policy on [redacted] or email [redacted]

Yours sincerely

BRAD HAZZARD MP
Minister for Family and Community Services
Minister for Social Housing

ROB STOKES MP
Minister for Planning

7/12/15

Attachment C

**The NSW Government's views on the recommendations of the Legislative
Council Select Committee Inquiry into Social, Public and Affordable Housing**

November 2015

Introduction

The Government thanks the Select Committee for its extensive and timely examination of the social housing system and the affordable housing market.

As the obligation on the Government to provide a response to recommendations in committee reports lapses when the Houses of Parliament are prorogued pending a general election, the information below is being provided to the Committee as a courtesy rather than a formal government response.

The Government recognises that the supply of social and affordable housing needs to be increased across the State. Since the release of the Select Committee's report it has announced that it will establish a Social and Affordable Housing Fund to facilitate up to \$1 billion in new housing. Recognising that non-government entities have a crucial role in getting better housing outcomes for vulnerable households, the Government has signed a memorandum of understanding with the NSW Council of Social Service and Infrastructure Partnerships Australia to work together in the development of the Fund. In parallel, the Government is assessing the many expressions of interest received in response to the Premier's Innovation Initiative for social housing.

The Government is also continuing to refine a new Social Housing Strategy (SHS). The development of the SHS has been informed by the major public consultation process that accompanied the release of the *Social Housing in NSW* Discussion Paper in November 2014 and a large forum convened by the Minister for Social Housing in May 2015 and co-chaired by The Hon Nick Greiner AC and The Hon Morris Iemma.

The Government envisages that the community housing sector, the private sector, and many others will have important roles in the forthcoming SHS.

NSW Government's views on the Select Committee's Recommendations

Recommendation 1

That the Department of Family and Community Services comprehensively review its housing related websites, in consultation with users, to improve transparency, accessibility and customer service outcomes.

Government view: Supported

The Government agrees that it is important that clients are readily able to access housing information. Upgrades to websites run by the Department of Family and Community Services (FACS), including those focused on social housing, are underway. The upgrades will improve the content, presentation and accessibility for all audiences, including readers using assistive technology or accessibility features.

Recommendation 2

That the NSW Government invest all proceeds from the sale of public housing properties in a dedicated fund for the purpose of creating new supply of social, public and affordable housing.

Government view: Supported-in-principle

The Government is committed to improving the economic and social outcomes of people in social housing and building additional supply of social and affordable housing. All proceeds from the sales of properties are reinvested into new social housing and maintenance programs of the Land and Housing Corporation (LAHC).

The sale of properties at Millers Point will generate an estimated \$500 million for reinvestment to provide around 1,500 new social homes for the homeless and people on the social housing waiting list. A separate bank account has been established for the Millers Point proceeds, which is quarantined for use in the construction of new social housing. The account will be reported in the LAHC financial statement. As a result of the sales, 100 new dwellings are either completed or nearing completion in the following suburbs: Condell Park, Lurnea, Padstow, Warilla, Mount Warrigal, Chester Hill, Yagoona, Gymea, Kingswood, Casula, Beverly Hills and Miranda. Developments will continue to occur in areas of identified need for more social housing.

Recommendation 3

That the NSW Government, when selling multi-unit properties in the Sydney area, include in the contract for sale a requirement that at least 10 per cent of all dwellings on that site be allocated as social, public and affordable housing.

Government view: Not Supported

The SHS will set out how the Government will work to increase the supply of social (public) and affordable housing. The proportion of social and affordable housing is likely to vary from site to site (for example, as between Government and privately owned sites). This will be further addressed in the SHS.

Recommendation 4

That Housing NSW ensure, where public housing properties are sold, priority is given to relocating tenants in their existing community, subject to consultation with the tenant.

Government view: Supported-in-principle

The Government recognises that relocation processes may be stressful for people. When the sale of a property becomes necessary, an assessment of the tenant household's needs is undertaken to ensure that their on-going housing and support needs are met. Tenants (and their advocates) are consulted during these processes. As far as possible, the people living in these dwellings are relocated according to their preferences.

When relocating tenants, FACS aims to meet people's preferences, including whether to remain in the same community, when it is possible to do so.

Recommendation 5

That the Department of Family and Community Services review its policies and processes for managing vacancies to minimise the amount of time public housing properties are left vacant.

Government view: Supported-in-principle

FACS recognises the need to minimise the amount of time that properties are vacant and continually reviews its practices and procedures to ensure the available stock of public housing is used to assist as many people as possible.

Recommendation 6

That the Department of Family and Community Services finalise the strategy for managing public housing estates, as recommended by the Auditor-General.

Government view: Under consideration

The Government acknowledges that public housing estates pose particular management challenges. The forthcoming SHS will address the issue of building safe, stable communities, including through place-based approaches.

The Government has passed new laws, with the enactment of the *Residential Tenancies and Housing Legislation Amendment (Public Housing Tenants) Act 2015* in October 2015, to deliver on its election commitment to implement a number of measures to tackle antisocial behaviour. This will improve quality-of-life in these communities, including through:

- a 'One Strike' policy in which the NSW Civil and Administrative Tribunal (NCAT) will be expected to terminate a tenancy where it is satisfied a tenant has committed a serious criminal offence, such as the manufacture of drugs or the storing of an unlicensed firearm
- a 'Three Strike' policy to enable a Notice of Termination to be issued if a tenant has received three strike notices within a 12 month period
- Confidential Neighbourhood Impact Statements, to be considered by the NCAT once a tenancy breach has been proven, to assist the Tribunal to understand the impact that antisocial behaviour has on neighbours and the community.

In addition, all new public housing tenancies, longer than two years, will incorporate a 12-month probationary lease period.

Recommendation 7

That the Department of Family and Community Services develop, as a priority, a strategy for improving access to social, public and affordable housing for vulnerable groups, including:

- women, including women with children
- young people
- people with a disability or mental illness
- veterans
- Aboriginal people
- victims of domestic or family violence
- asylum seekers, refugees and migrants
- older people

- key/essential workers.

Government view: Under consideration

The Government's current social housing allocations policy recognises the demand for social housing assistance from many of the groups identified by the Select Committee. For example, during 2013-2014 nearly 39 per cent of new public housing tenancies were allocated to people with a significant disability, 54 per cent to households headed by women, and 24 per cent to households from culturally and linguistically diverse backgrounds. It should be noted that the above groups can overlap and therefore do not add up to 100 per cent.

More generally, across social housing about one in eight new social housing tenancies were allocated to young people (that is, household heads aged 25 or younger) and Aboriginal households account for 12 per cent of social housing households, although comprising only 3 per cent of households in NSW. Further, it is estimated that approximately 19 per cent of households living in social housing are affected by mental illness compared with 8 per cent in the general NSW population.

The SHS will define social housing's role. This will inform future consideration about eligibility and prioritisation decision-making and how tenancies will be allocated in the future. Therefore, the development of a separate strategy at this time is not considered necessary.

Recommendation 8

That the NSW Government give priority to ensuring information is reviewed in relation to funding from the National Disability Insurance Agency to provide for housing for people with a disability.

Government view: Supported

The Government is keenly aware that a key success factor for NDIS participants will be access to suitable housing options. Lower economic resources and unique housing needs may, however, combine to make it difficult for many NDIS participants to access appropriate accommodation in the housing market. The Government is therefore engaging with the NDIA and other jurisdictions to ensure NDIS funding, policies, and procedures deliver the best housing outcomes possible for NDIS participants.

Recommendation 9

That the needs of people with a disability are prioritised in the social housing reform goals of the Department of Family and Community Services.

Government view: Under consideration

The forthcoming SHS will set out how the Government will ensure that people with complex needs, such as people with disabilities, receive appropriate housing assistance. In doing so, FACS will focus

on ensuring its services deliver high quality services that make a meaningful difference to people's lives.

Recommendation 10

That the Department of Family and Community Services immediately review its approach to placing priority social housing applicants in motels, hotels, residential parks and other forms of crisis accommodation, to ensure the accommodation is appropriate and safe.

Government view: Supported

There are often short periods where people have nowhere to stay while they are waiting for a social housing tenancy. Short stays in temporary accommodation (TA) are often the only option. Specialist homelessness service options are considered first, and hotels, et cetera are considered if there are no appropriate specialist homelessness service options available. Where FACS receives information which suggests that a particular facility is not appropriate, it will investigate and has on occasions ceased using such facilities and will continue to review its practices in that regard.

Recommendation 11

That the Department of Family and Community Services ensure there is no loss of specialist homelessness services under the Going Home, Staying Home reforms.

Government view: Supported

Under the reforms to the specialist homelessness services system, funding for the delivery of specialist homelessness services by non-government organisations increased from \$135 million in 2013–14 to \$148 million per annum.

More people will have access to homelessness services through the reforms. Across all specialist homelessness services in NSW, it is projected that over 54,500 people will be assisted each year, compared to 52,105 people assisted in 2011–12. This is an increase of approximately four per cent. This projection does not include clients being assisted through the SSF services.

Prior to 2014–2015, there were 336 specialist homelessness services delivered by 201 organisations. Following the 2014 tender process, there are now approximately 350 service outlets across the State, making up 158 service packages (contracts), delivered by 188 service providers (including lead providers and partners).

In addition, these services are complemented by 30 services that have been funded under the Service Support Fund (SSF) which provides organisations, who were not successful under the Going Home Staying Home tender process, the opportunity to deliver new activities that complement the new homelessness service system.

Services now offer a greater range of prevention, early intervention and support services, as well as crisis and transitional accommodation and support.

There are over 1,400 NSW Government-owned or funded Crisis Accommodation Program properties used to provide crisis or transition services, including refuges, across the State. This is an increase of over 100 properties from the previous system.

In addition, as part of the new specialist homelessness service contracts, providers have identified non-government or privately-owned properties for dedicated use in the delivery of specialist homelessness services. Over 200 privately-owned properties are contributed by the sector and dedicated for use in the delivery of specialist homelessness services to assist in the provision of crisis and transition responses.

The effectiveness of the new service system will be actively monitored through the Specialist Homelessness Service Evaluation Strategy which will measure outcomes for clients and the service system overall. A combination of monitoring and review priorities will be implemented over the next three years feeding into a cycle of continuous improvement.

At the national level, NSW has signed the 2015-2017 National Partnership Agreement on Homelessness (NPAH). Under the agreement, NSW will receive \$30.02 million each year for services to support people who are homeless or at risk of homelessness. The agreement prioritises support for women and children experiencing domestic and family violence, homeless youth, and homeless children. NSW is matching the Commonwealth's offer with a further \$30.02 million each year and 25 per cent of the total funding pool (\$60.04 million over two years) will be directed to services for these priority groups.

Recommendation 12

That the Department of Family and Community Services expand its support for innovative housing models that integrate services with housing, such as Common Ground and Youth Foyer models.

Government view: Supported-in-principle

The forthcoming SHS will reiterate the Government's commitment to improving outcomes for people through integrating housing assistance with other support services, including through designing services that build on the unique strengths of individuals and families. This has previously been demonstrated through the successful Start Safely program (for people escaping from domestic violence) and the Housing and Accommodation Support Initiative (for people with mental health issues).

In addition, the Government has engaged the private and non-government sectors through the Premier's Innovation Initiative in a contest of ideas to find innovative solutions to increase the supply of social housing, improve the social housing system and support clients.

Recommendation 13

That the Department of Family and Community Services investigate strategies to prevent applicants being removed from the social housing wait list if they do not update their details.

Government view: Supported

Demand for social housing significantly exceeds supply. It is therefore important that the Housing Register remains up to date so that it correctly records the details of vulnerable people who are eligible for social housing. FACS works with applicants regularly to ensure that their details are accurate but will also work to review how the system can be more client responsive.

Recommendation 14

That Housing NSW suspend the vacant bedroom charge and examine more effective ways to ensure a greater match between households and dwelling size.

Government view: Partially supported

The Government is committed to providing more social housing. This includes ensuring that the available stock of social housing is used efficiently to assist as many people in need as possible. To this end, measures to address under-occupancy in public housing, including the introduction of a Vacant Bedroom Charge, have already seen (as of June 2015) over 500 tenants relocated to smaller, more suitable dwellings, with those larger public housing properties released to house families from the Housing Register. However, FACS is also looking at a range of strategies to ensure better matching between the available stock and people's needs.

Recommendation 15

That Housing NSW review the eligibility criteria for recognition as a tenant, to prevent cases where applicants have been unsuccessful due to being granted a six month provisional lease.

Government view: Partially supported

The granting of a six month lease does not in any way preclude people from being recognised as a tenant and is a standard part of the recognition-as-a-tenant assessment. In demonstrating an urgent housing need, applicants are required to demonstrate that they have no housing options in the private rental market after the expiry of the six month lease. This helps ensure housing assistance is available to vulnerable clients. The Government will, however, further review the eligibility criteria.

Recommendation 16

That Housing NSW review their approach to managing tenants who cause damage to public housing properties, considering policies in other jurisdictions, including the Queensland Government's three strikes policy.

Government view: Supported

The Government is determined to build safe and stable communities. To this end, it has introduced the *Residential Tenancies and Housing Legislation Amendment (Public Housing – Antisocial Behaviour) Bill 2015* into Parliament to better manage the anti-social behaviour of a minority of tenants. The Government has considered the experiences of other jurisdictions, including Queensland's three strikes policy, in developing this legislation.

Recommendation 17

That the Department of Family and Community Services immediately commission an independent review of policies and systems related to maintenance of public housing properties, with a focus on:

- responsiveness to tenants' needs
- value for money
- use of local contractors
- timely service delivery
- quality assurance
- cyclical and preventative maintenance
- ICAC risk assessment
- complaints handling systems.

We recommend that the findings of this review inform consideration of future maintenance contracts.

Government view: Supported-in-principle

LAHC is currently implementing a major change to the delivery of maintenance services for public housing. This reform will achieve efficiencies in the administration and delivery of maintenance services which will address the recommendations outlined in the NSW Auditor General's 2013 Performance Report *Making the Best Use of Public Housing*.

As part of this reform, LAHC intends to implement a new maintenance contract by late-2015.

The effectiveness of the new arrangements will be assessed in due course and if necessary an independent review will be considered.

Recommendation 18

That the Land and Housing Corporation finalise the asset portfolio strategy, as recommended by the Auditor-General, by 1 September 2015.

Government view: Supported-in-principle

The SHS currently under development and the Asset Portfolio Strategy are linked. The Government intends to release the Asset Portfolio Strategy at an appropriate time.

Recommendation 19

That NSW Treasury publicly identify what funding is required to address the maintenance backlog for public housing properties.

Government view: Noted

The Auditor-General estimated there was a \$330m shortfall as at June 2011. In the Auditor General's Volume Nine 2014 Report to Parliament it was noted that the total backlog of maintenance for the FACS cluster was \$340 million as at 30 June 2014. Of this, the LAHC had \$315 million and FACS had \$25 million of backlog maintenance. The report noted that the value of backlog maintenance had remained stable for the past two years. It should be noted, however, that estimating the total value of backlog maintenance is difficult. This is because estimating backlog maintenance requires a determination around what acceptable asset standards are, and significant resources are required to undertake a thorough assessment of each property to identify works needed to bring them up to this standard.

The LAHC recognises that there is a need to direct additional funding to maintenance and upgrades in order to maintain properties at an acceptable standard. To this end, in 2014-15 LAHC significantly increased its investment in maintenance and upgrades to around \$500 million. This higher level of expenditure is maintained over the forward estimates.

Furthermore, the Portfolio Asset Framework that will support the forthcoming SHS directs significant expenditure to reinvigorating the public housing stock through new supply. This will improve the configuration of housing stock, while also reducing backlog maintenance associated with properties being replaced. This frees up maintenance expenditure previously allocated to these properties to improve property standards across the board.

In addition, a new maintenance contract expected to go live in the 2015-2016 financial year will incentivise contractors to provide more efficient and effective services so that maintenance work carried out is better targeted to increase and maintain the standard of public housing. To facilitate and monitor this process, LAHC has begun, and will continue, to undertake regular property assessment surveys of its portfolio.

Recommendation 20

That Housing NSW develop a strategy to enhance support for public housing tenants, focusing on the provision of holistic and localised services.

Government view: Noted

The Government recognises that holistic and localised services are important in helping people take up opportunities to get onto pathways towards greater independence. In this vein, FACS strives to engage clients in decisions affecting their lives, including the planning, design and delivery of services to public housing tenants. The forthcoming SHS will set out the broad parameters of how public housing tenants will be supported in the future. This will supplement existing strategies that support tenants, such as the Tenant Employment Initiative Scheme, which assists tenants who are starting work for the first time or who are re-entering the workforce after a break.

FACS also has a range of holistic district-based programs in place. This includes Redlink, a unique multi-services hub recently established in the heart of the Redfern public housing estate to improve the health and wellbeing of residents. Professional staff working in health, drug and alcohol abuse, domestic and family violence, social work, housing and the law will bring an integrated service model to the 2500 people living in the Redfern public housing estate; the most concentrated public housing estate in NSW.

Similarly, FACS recently opened a state-of-the-art One Place Service Centre in Coniston. The Centre provides an integrated place where the three FACS service streams (Housing Services, Community Services, and Ageing and Disability and Home Care), local non-government organisations and other government agencies work together for the best outcome for local clients. It is also the first front-line centre to trial a new concierge system, self-service kiosk, and phones that allow clients to independently navigate through the human service system.

On a state-wide level, FACS is working with State Training Services to assist with the roll out of the Smart and Skilled Fee-Free Scholarships program that commenced on 1 July 2015.

Through Smart and Skilled Fee-Free Scholarships, the NSW Government is providing 200,000 free training places over the next four years to help young people gain the qualifications they need to

secure a job. Scholarships are available to concession-eligible young people (aged 15-30) who receive benefits such as a Newstart Allowance or a Youth Allowance, or are the dependant of a Commonwealth welfare recipient.

The scholarship will allow eligible students to complete their qualification without paying a student fee. There are more than 500 certificate-level qualifications which can be undertaken as part of the Fee-Free Scholarship program. These qualifications, including those which support apprenticeships and traineeships, are linked to employment opportunities in expanding industries and in-demand entry-level skills to support job seekers.

Students who meet the Fee-Free Scholarship eligibility criteria and are living in, or are on the waitlist, for NSW social housing, are guaranteed a scholarship to start training even if the yearly limit of 50,000 scholarships is reached. This level of prioritisation is in recognition of the importance of assisting social housing clients to be work-ready and the benefits of collaboration between the two agencies (i.e. State Training Services and FACS).

As of 30 July 2015, over 4,300 disadvantaged young people have already taken advantage of the opportunity to enrol in a fee-free training place. Approximately 7 per cent of these students are social housing residents or waitlisted people. FACS and State Training Services have worked together to ensure there is an awareness of the availability of Fee-Free Scholarships among social housing communities. Communications have included text messages to clients, information distributed to FACS offices across the State, and Fee-Free Scholarship materials included on FACS social media platforms, websites and in newsletters and information bulletins.

Recommendation 21

That the NSW Government expedite the transfer of public housing properties to community housing providers via long term leases to:

- ensure future growth in the supply of social and affordable housing
- promote the expansion of 'wrap around' services.

That the NSW Government also review the target that the community housing sector comprise at least 35 per cent of all social housing and assess the performance of property title transfers and leveraging.

Government view: Noted

The forthcoming SHS will articulate the increased role that non-government entities, such as community housing providers, will play in the future of the State's social housing system, including in terms of growing the supply of social and affordable housing and creating better experiences and outcomes for tenants.

The Government is continuing to analyse the potential benefits and costs of specific options that this increased role might take. The Government is aware that long-term security is needed by lenders if the system's income streams or assets are to be leveraged to supply more dwellings. In doing so,

the Government's primary focus will be on delivering the best possible outcomes for social housing clients in the most cost-effective way.

Recommendation 22

That the NSW Government review residential parks legislation to ensure housing affordability is a relevant consideration that can be taken into account by the NSW Civil and Administrative Tribunal in matters relating to excessive fee increases.

Government view: Not supported

The Government recently completed a comprehensive review of the legislation governing residential parks in NSW. This review looked at the *Residential Parks Act 1998* and, following three years of consultation, resulted in the *Residential (Land Lease) Communities Act 2013* passing Parliament. An accompanying Regulation is currently being finalised, with the new laws to commence towards the end of this year.

Recommendation 23

That the NSW Government investigate innovative models of ownership and/or management of residential parks, including barriers that may prevent community housing providers from managing residential parks.

Government view: Supported

The Department of Planning and Environment (DPE) has now commenced a review of the *Local Government (Manufactured Home Estates, Caravan Parks, Camping Grounds and Moveable Dwellings) Regulation 2005* in conjunction with the Office of Local Government. *State Environmental Planning Policy No. 21 – Caravan Parks* and *State Environmental Planning Policy No. 36 – Manufactured Home Estates* will also be considered as part of this review.

As part of this review, DPE will be meeting with key stakeholders to discuss a range of issues including affordable housing in caravan parks and manufactured home estates. Further consideration will be given to ownership arrangements and the role of community housing providers.

Recommendation 24

That the Department of Family and Community Services immediately develop guidelines for the design of social housing, addressing:

- accessibility and adaptability
- sustainability and efficiency
- crime prevention

- integration with other forms of housing, including mixed tenure models.

Government view: Supported-in-principle

The Government agrees that the design of social housing is an important issue. FACS already has Design Standards in place for all new housing and major refurbishments of existing properties. The Design Standards are used as a guide for projects undertaken by the community housing sector and the Aboriginal Housing Office.

The Design Standards specifically address:

- accessibility and adaptability under Section B11.0 - Liveable Housing Features
- sustainability and efficiency under Section B10.0 - Energy and Water Sustainability
- crime prevention under Section B3.2d – Providing a sense of security for tenants.

Recommendation 25

That the NSW Government, when selling a public housing property as part of the redevelopment of an estate, consider reducing the covenant that the owner has to live in the property.

Government view: Not supported

The Government does not support ceasing the use of such covenants when renewing disadvantaged estates. Covenants requiring the purchaser of a public housing property to live in the property are an important strategy in the renewal of disadvantaged estates. The aim of the covenant is to support a change in the population of the estate which can provide traction for other components of the renewal strategy. Most covenants are time limited.

There is considerable evidence around Australia that without a covenant requiring owner occupation, the population of the estate does not change significantly. This is despite the sale of public housing properties potentially increasing the supply of available low cost private rental properties.

Recommendation 26

That the Department of Family and Community Services develop a strategy that identifies priority locations for new social housing development which are located close to employment opportunities, education, transport and 'wrap around' services.

Government view: Supported

The LAHC already applies a strategic framework to guide the management and reinvestment priorities of public housing assets. This includes giving consideration to factors such as access to transport and services when assessing locations for new social housing developments.

Recommendation 27

That the Department of Planning and Environment consider the extension of secondary dwellings in the State Environmental Planning Policy (Affordable Rental Housing) 2009 for rural areas and release a draft document for public exhibition.

Government view: Supported-in-principle

The planning controls in the AHSEPP for secondary dwellings were developed to account for environmental and amenity impacts associated with development in residential zones. It is noted that there can be vast differences in character and use of land in different rural zones.

While secondary dwellings are not mandated in rural zones in the AHSEPP, more than 70 councils already permit this type of development in certain rural zones. People wishing to build a secondary dwelling in these zones are able to lodge a development application with the council, which will consider each application on its merits having regard to rural planning issues including potential land use conflicts. The DPE will consider ways to extend secondary dwelling provisions for councils not already permitting these dwellings in rural zones, where appropriate.

Recommendation 28

That the Department of Planning and Environment review the Affordable Housing Taskforce's terms of reference in light of the recommendations of this report, and publish on its website information on the taskforce's work to date.

Government view: Supported

The Interim Report of the Affordable Housing Taskforce is available on the DPE's website.

Recommendation 29

That the Department of Planning and Environment co-ordinate and manage a review of state planning policies, regional plans and local environment plans, to ensure that they promote growth of social, public and affordable housing.

Government view: Supported

The provision and maintenance of affordable housing is a key objective of the NSW planning system. DPE is working to improve the operation of the planning system, including how it can better facilitate the delivery of affordable housing through strategic planning instruments.

State, regional and local planning instruments seek to ensure that the right type of housing is being delivered to meet local community needs now and into the future. It is also intended that the Greater Sydney Commission will work with councils and the community to develop sub-regional plans and local housing strategies that identify local housing needs and plan for its delivery.

Dealing with social, public and affordable housing at the strategic level allows the need to be assessed and met across a wider area, provides greater planning certainty and facilitates the undertaking of complementary activities, such as partnering with affordable housing providers.

Recommendation 30

That the Department of Planning and Environment ensure each local council has considered having an affordable housing strategy in place, including affordable housing targets, by 1 September 2016, and further, that they develop critical pathways to enable local councils to achieve these targets.

Government view: Supported-in-principle

A Plan for Growing Sydney (Action 2.3.1 requires local housing strategies to plan for a range of housing types) involves each council developing a Local Housing Strategy that considers affordable housing needs and strategies to provide its delivery. This work will inform local housing strategies across the greater metropolitan region. Regional Growth Plans will consider affordable housing outside the Sydney Metropolitan area.

The DPE will work closely with local councils and the community to develop guidelines for these housing strategies and local plans that account for housing needs now and into the future.

Local planning instruments will include planning controls that will seek to facilitate the delivery of the right type of housing in the right locations. Where there is an identified need, this will include affordable housing and other forms of specialist housing, such as housing for seniors and people with a disability and student accommodation.

Recommendation 31

That the Department of Planning and Environment set affordable housing targets at the state and regional level.

Government view: Noted

The Government is considering the range of planning mechanisms that can be applied to facilitate the delivery of affordable housing in the future. The DPE will consider this issue as part of this work.

The aim of the planning system is to facilitate the delivery of the right type of housing in the right location. Identifying housing needs at the sub-regional and local level will allow for the right planning controls to be put in place to facilitate the market delivery of affordable housing.

As per action 2.3.1 (Require local housing strategies to plan for a range of housing types) contained in *A Plan for Growing Sydney* the DPE will work closely with the Greater Sydney Commission, local councils and the community to develop guidelines for housing strategies and local plans that account for housing needs now and into the future.

Regional Growth Plans will consider affordable housing outside the Sydney Metropolitan area.

Recommendation 32

That the Department of Planning and Environment investigate planning mechanisms to promote growth in the supply of affordable housing, such as inclusionary zoning, voluntary planning agreements and developer levies.

Government view: Supported

The Government is considering the range of planning mechanisms that can be applied to facilitate the delivery of affordable housing in the future.

Recent changes to the *State Environmental Planning Policy (Sydney Region Growth Centres) 2006* will see more affordable forms of housing being delivered in the growth centres of Sydney.

State Environmental Planning Policy No 70 Affordable Housing (Revised Schemes) is an inclusionary zoning policy that has been operational since 2002. This policy has delivered affordable housing in several areas in Sydney.

Section 93 of the *Environmental Planning and Assessment Act 1979* allows councils to negotiate the provision of affordable housing through voluntary planning agreements.

Furthermore, the development of the forthcoming SHS will have regard to the role that affordable housing could play in providing some people with a 'stepping' stone out of social housing or diverting them from entering it.

Recommendation 33

That the Department of Family and Community Services finalise the social housing policy, as recommended by the Auditor-General, by 1 March 2015, considering:

- the need for clearer definitions of key terms
- lessons learnt from other jurisdictions to address the shortage of social housing
- consultation with stakeholders
- pressures in the broader housing system and the impact on social housing.

Government view: Supported-in-principle

The department is finalising the SHS which has drawn on very extensive consultation with stakeholders that occurred over the period November 2014 and May 2015. This included the release of the *Social Housing in NSW* Discussion Paper and a series of 25 subsequent public consultation sessions and targeted roundtable discussions with stakeholders. Over 900 submissions were received as a result of this process. This was followed by a large forum in May 2015 convened by the Minister for Social Housing to examine several issues in more detail.

More generally, FACS regularly undertakes analysis of the experiences of other jurisdictions and the relationship of social housing to the wider housing market. This analysis will also inform the development of the SHS.

Recommendation 34

That the NSW Government consider appointing a Minister for Housing, with responsibility for overseeing Housing NSW, the Aboriginal Housing Office and the Land and Housing Corporation

Government view: Supported

The ministerial portfolio arrangements announced in April 2015 included the appointment of a Minister for Social Housing.

Recommendation 35

That the NSW Government consider establishing an advisory council to report to the responsible Minister for social, public and affordable housing, involving representatives from key government agencies, not-for-profit organisations, industry bodies and associations, academics and other housing experts.

Government view: Supported

A Ministerial Advisory Committee has been established to provide advice and support to Government on options to reform the NSW social housing system.

The Committee members were carefully selected to offer strong independent, expert advice from representatives in the fields of housing economics, superannuation, finance, infrastructure and planning. The members also liaise more broadly with the government, not-for-profit and private sectors when considering options for reform.

The members are:

- Bruce Morgan, Chair
- Michael Coutts-Trotter, Secretary, Department of Family and Community Services
- Jim Betts, CEO, Infrastructure NSW
- Sam Haddad, Principal, SG Haddad Advisory
- Carrie Hamilton, Associate, Housing Action Network
- Scott Perkins, Director, Woolworths.

Recommendation 36

That the NSW Government immediately write to the Australian Government to urge them to continue the National Rental Affordability Scheme beyond 2015.

Government view: Noted

The NSW Government has already expressed disappointment to the Australian Government about the latter's decision to not proceed with Round 5 of the National Rental Affordability Scheme. It should be noted that the subsidies for affordable housing already provided for by the Scheme's previous funding rounds are not affected by the Australian Government's decision.

The Council of Australian Governments (COAG) Leaders' Retreat on 23 July 2015 recognised housing as a basic human need. It also agreed to work towards improving access to housing for vulnerable people and to streamline current Commonwealth revenue. NSW and Queensland are leading this work, which involves developing options to improve access around Australia to affordable and social housing. This work is also examining how supply can be increased and what this means for Commonwealth revenue sources and the need for long-term stability in funding for the States. COAG will consider these options in late-2015.

Recommendation 37

That the NSW Government commission a report on the potential for income from the monies held by the Rental Bond Board to be reinvested in the social housing system in order to increase social, public and affordable housing.

Government view: Not supported

The Rental Bond Board administers over 700,000 rental bonds in NSW. Interest earned on these bonds contributes to many support services for tenants and landlords, such as funding towards the administration of residential and social housing matters in the Consumer and Commercial Division of the NSW Civil and Administrative Tribunal. Funds can also be allocated on an ad hoc basis to help support tenants and landlords. The Rental Bond Board currently contributes \$2.5 million per annum to affordable and social housing initiatives, and has committed a total of \$63 million for affordable and social housing projects. Future requests for funding to support social, public and affordable housing can be considered on a case by case basis as the need arises. As such, it is not necessary to commission a report into this issue.

Recommendation 38

That the NSW Government trial the use of mechanisms to promote growth in the supply of social and affordable housing and improved housing affordability, including social benefit bonds, and report on trial outcomes by 1 September 2016.

Government view: Supported-in-principle

The forthcoming SHS will inform the Government's directions for the future financing of the social housing sector.

The release of the request for expressions of interest for the social housing component of the Premier's Innovation Initiative in November 2014, and the Memorandum of Understanding entered into with the NSW Council of Social Service and Infrastructure Partnerships Australia in March 2015, to establish the Social and Affordable Housing Fund, demonstrate the Government's encouragement of innovation in the sector's financing.

Similarly, the Office of Social Impact Investment (a joint initiative of the Department of Premier and Cabinet and NSW Treasury) recently conducted a request for proposals for new social impact investment transactions to support vulnerable young people, particularly out of home care leavers, to transition to independence. Any new transactions are likely to involve a component of social and affordable housing support.

Recommendation 39

That the NSW Government consider recognising social housing as a form of infrastructure, to enable proceeds from Waratah Bonds to fund new supply of social, public and affordable housing.

Government view: Noted

The forthcoming SHS will inform the Government's directions for the future financing of the social housing sector.

Recommendation 40

That the NSW Government investigate and report on a shared equity scheme, learning from interstate models, in consultation with the Shared Equity Scheme Working Group.

Government view: Noted

The forthcoming SHS will outline how the Government will support people to exit from social housing where this is an appropriate option.

Recommendation 41

That the NSW Government, through the responsible Minister, provide a reference to the Legislative Council Standing Committee on Social Issues to review the implementation of recommendations from this report, within two years from the date of government response.

Government view: Supported-in-principle

The Government supports this proposal for a review of the implementation of the Select Committee's recommendations, noting that implementation of the new SHS will likely take place over a number of years and that the SHS and its delivery will include various other evaluation initiatives.