

Second Reading

The Hon. MICHAEL VEITCH (Parliamentary Secretary) [2.44 p.m.], on behalf of the Hon. John Robertson: I move:

That this bill be now read a second time.

Today I bring before the House a bill to amend the Housing Act 2001. The New South Wales Government is currently delivering the largest housing program in decades; we are building 6,000 homes across the State under the Nation Building Economic Stimulus Plan. We are taking action to support the growth of the not-for-profit sector through this plan by transferring ownership on approximately 90 per cent of properties built and bought under stimulus to community housing providers. Traditionally, Housing New South Wales has transferred properties to community housing providers on lease arrangements. We have now taken the historic decision to transfer ownership. By transferring ownership of selected properties to community housing providers, we are laying the foundation for a viable and independent not-for-profit housing sector that is capable of growth and expansion. A lack of affordable housing puts people at risk in many ways. It puts more households at risk of homelessness, overcrowding or poor housing quality.

Without a wider choice of housing, people can become trapped in low-cost, low-amenity neighbourhoods, further limiting their choices and perpetuating disadvantage. Having housing that is affordable allows people adequate income for essential expenses such as food, clothing, health and education. A strong affordable housing market is also essential to a strong economy. In New South Wales and, indeed, Australia it is projected that there will be an increasing gap between the demand for housing and supply, and that is why the New South Wales Government is working in partnership with the Federal Government to deliver more homes to low and moderate income earners in New South Wales. We know that we need new ways of doing things if we are to meet the housing needs of the future, and that is why we are introducing this legislation.

We need to give the community housing sector a balance sheet to be able to borrow funds and expand its organisations to deliver more homes. In the past a key barrier to raising private sector finance for greater investment in affordable housing was that community housing organisations did not have a sufficient asset base to secure additional borrowings. Until now, community housing organisations have not owned the properties that they manage and to date have relied on a combination of government funding and their own limited equity to secure private sector finance to procure more housing. This legislation is a crucial and bold step in our strategy to increase housing options for people on low and moderate incomes. In simple terms, by transferring the ownership of our properties to the community housing sector, we give them the ability to borrow funds to build and buy more homes.

Then we create a multiplier effect on the supply of housing for lower and moderate income people in New South Wales. The more housing the providers own, the more they can borrow to develop or buy housing to improve housing affordability in New South Wales. The fact that they own the homes gives them greater leeway in securing private investment. In the United Kingdom, where this policy already exists, there has been a massive growth of social housing over the past 20 years, with more than £43 billion invested in social housing by community housing providers. In New South Wales we will transfer the title of more than 6,000 properties by the end of June 2012. We expect that this will help community housing organisations raise millions of dollars to build and buy more homes.

Based on independent analysis and subject to market conditions, community housing providers could borrow up to 50 per cent of the market value of each property. We are committed to helping the sector grow because it has a strong track record in managing social and other affordable housing with high levels of tenant satisfaction and can deliver more housing than any government can alone. Not only will the transfer of ownership provide an asset base against which community housing providers can borrow funds, it will also enable providers to better manage the stock to meet the needs of a diverse and changing client group. Providers will be able to redevelop sites to build a greater supply of housing and develop more adaptable housing types to better meet the housing needs of our community.

Social housing plays an important role in housing choice for those individuals and families on low and very-low incomes, especially those with additional challenges such as a disability or mental illness and frail older renters. The amendments introduce a range of new provisions to protect the Government's investment and ensure the homes continue to house people in need. These provisions are necessary measures to manage the risks of transferring ownership of government assets and to protect tenants of community housing. The current system requires community housing providers to be registered and meet the ongoing requirements of a regulatory code focused on ensuring tenants receive high-quality services, that assets are well maintained and that community housing providers are well managed and financially viable.

The bill provides important additional safeguards to manage the risks of providers holding title to government-

funded housing. Specifically, the bill will provide a means to transfer government-owned social housing to community housing providers. The Governor, by way of publishing a notice in the gazette, can vest land in a registered community housing provider. Under new provisions in the bill, this means government will be able to register an ongoing interest on the land title to the properties that have been vested to the ownership of a community housing provider, or for houses purchased with government funds. This registered interest restricts the community housing provider from selling, mortgaging or otherwise dealing in the land without consent.

The intent of these provisions is to not prevent the sale or mortgaging of assets, in fact consent will not be unreasonably refused, but to provide a review process to ensure that the dealings are in keeping with government requirements and priorities. The amendments will also provide additional measures for the Government to intervene in the event of provider failure. We recognise that there are risks involved in transferring ownership of government-funded housing to the ownership of community housing providers and that we need additional safeguards in the event an organisation is suffering from poor management or finds itself in financial difficulty.

Additional regulatory powers are being introduced that allow the independent regulator, the Registrar of Community Housing, to recommend the appointment of a Special Adviser to assist a community housing provider to improve their performance. The Special Adviser would be independent of the provider and tasked with helping the organisation to address outstanding issues of regulatory compliance in order to prevent the cancellation of registration. This approach provides for a staged process of intervention in circumstances where the issues facing the provider can be rectified before their registration is cancelled. Earlier intervention provides a greater opportunity to address poor performance and prevent provider failure. The bill also provides the Government with powers to intervene when the situation is serious, when a provider has their registration cancelled or is insolvent. If this situation were to occur, the Government can instruct a community housing provider to transfer the properties in which the Government has a registered interest to another registered community housing provider or to the New South Wales Land and Housing Corporation.

Tenants rights will continue to be protected under New South Wales residential tenancies legislation, and a range of other measures are in place to ensure tenants of community housing are treated fairly and have access to high-quality housing services. The introduction of this bill forms part of the New South Wales Government's commitment to introduce an appropriate structure before the ownership of government-funded social housing is transferred to community housing providers and the continuing use of the properties to house high priority public housing eligible tenants is achieved. These amendments get the balance right between giving providers autonomy and the financial security to expand as well as protecting tenants rights and government assets. I commend this bill to the House.