Tenancy Management in Social Housing

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Department of Family and Community Services Submission to the Public Accounts Committee Inquiry into Tenancy Management in Social Housing

Contents

1 Structure of this submission and key definitions

This submission provides information relevant to the terms of reference for the Public Accounts Committee's Inquiry into Tenancy Management in Social Housing.

A brief introduction is provided in Chapter 2 outlining the Department of Family and Community Services' strategic approach in relation to social housing.

Chapters 3 and 4 outline current tenancy management arrangements and issues in public housing, Aboriginal Housing and community housing. These arrangements are contrasted with tenancy management arrangements provided in the private residential rental market.

Chapter 5 provides a general overview of the context of social housing tenancy management in NSW. This includes legislative and administrative arrangements and the characteristics of public housing, community housing and Aboriginal housing.

The submission ends with a brief conclusion.

Key Definitions

Several terms are used with particular definitions within this submission.

Social housing is an umbrella term covering tenancies in public housing, community housing and Aboriginal housing. This encompasses properties owned or managed by FACS, community housing providers, or Aboriginal community housing providers. People receiving social housing are provided with a dwelling to live in under a tenancy agreement. Some assistance is also provided to enable disadvantaged people to access and sustain housing in the private rental market.

Public housing is NSW Government-owned or managed social housing (excluding housing provided specifically for the Aboriginal community) delivered by FACS. These properties are either owned by the Land and Housing Corporation, or they are leased from the private rental market.

Community housing providers manage community housing properties, including crisis and transitional housing, affordable housing (under schemes such as the National Rental Affordability Scheme), as well as other forms of social housing. These properties can be owned by the provider, the NSW Government, or leased from the private rental market. Some providers also manage properties on behalf of other organisations (for example, local councils) under a fee for service arrangement.

Social housing managed by community housing providers is managed under similar tenancy conditions to those applying to public or Aboriginal housing tenants. Community housing providers are registered under a statutory regulatory scheme and are not-for-profit non-government organisations. These range from small, very locally-based organisations (often focussed on addressing homelessness) to multi-jurisdictional providers with large portfolios and experience in property development, who may deliver housing solutions as part of a diverse suite of social and community services.

Aboriginal housing is housing owned by the Aboriginal Housing Office (AHO) within FACS or the Aboriginal community housing sector. FACS, Aboriginal community housing providers or community housing providers manage Aboriginal housing on behalf of the AHO. FACS manages

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most properties with tenancy conditions similar to those of public housing. Applicants for social housing who are Aboriginal or have an Aboriginal person living in their household can apply for Aboriginal housing.

<u>Tenancy management</u> also requires definition. Tenancies are relationships between the owners and occupiers of dwellings. While tenancies and their management may usually be thought of as being based on contracts setting out the legal terms by which a household may occupy a dwelling[1], within NSW social housing tenancy management can also incorporate other dimensions, including the provision of social services to people in support of FACS' objective to break disadvantage. Therefore, tenancy management activities in the public sphere can look very different from the activities undertaken in the private market.

2 Introduction

As the NSW Government's lead agency for social housing, the Department of Family and Community Services (FACS) welcomes this Inquiry. NSW has the largest social housing system in Australia, with around 153,000 dwellings and which house about 279,000 people. These dwellings are used to provide assistance to some of the most disadvantaged and vulnerable people in the community.

NSW 2021: A Plan to Make NSW Number One commits the Government to working together with business and the community to respond to the challenges that the State faces. The potential reform of social housing tenancy management provides a significant opportunity for the Government to work with others to achieve better social and economic outcomes given the significant number of people living in social housing in NSW, the size of the Government's investment in social housing dwellings[2], and the scale of its support for community housing and Aboriginal housing providers.

As outlined in FACS' Strategic Statement, FACS seeks to strategically manage social housing in accordance with its vision that 'all people are empowered to live fulfilling lives and achieve their potential in inclusive communities'. FACS works by:

- putting people first
- creating local solutions tailored to meet local needs
- working with government, non-government and community partners to reach more people with better services
- acting as an agile and cohesive department that leads and delivers social policy reform.

More specifically, in relation to social housing, FACS' current objective is to use social housing assistance to break disadvantage by:

- improving the economic and social outcomes of people in social housing and using other forms of housing assistance
- reducing the rate of people experiencing homelessness

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[1] See the definition of 'tenancy' in the *Residential Tenancies Act 2010*.

[2] At 30 June 2013, the NSW Government's Land and Housing Corporation's stock of residential properties was valued at $33.319 billion.

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- improving the financial position of the social housing portfolio.

FACS's Strategic Statement and approach aligns with the Government's *NSW 2021* plan goals to:

- better protect the most vulnerable members of our community and break the cycle of disadvantage (NSW 2021 Goal 13)
- increase opportunities for people with a disability by providing supports that meet their individual needs and realise their potential (NSW 2021 Goal 14).

FACS' approach also supports the *NSW 2021* plan's emphases on the public sector engaging with the private and community sectors to harness industry expertise and boost opportunities for innovative ideas and solutions. The plan identifies that some of the most complex customer needs are the responsibility of government, often without a choice of service. The plan commits the Government to acting with transparency in its operations and where there is a better way of delivering a service or program, which maintains or exceeds appropriate standards, delivers results and defends public value, to consider it.

In line with this commitment FACS has opened aspects of its business to other sectors and will continue to identify opportunities for collaborative work with the private and community sectors, one such area is that of tenancy management.

In relation to Goal 13, FACS recognises the important role of social housing in reducing homelessness in combination with comprehensive and integrated mental health, drug and alcohol and domestic violence services.[3] With social housing having become increasingly a form of housing for the most vulnerable and disadvantaged, the nature of the support that social housing tenancies provide has become more intensive.

Contemporary social housing tenancy management thus goes well beyond the generic tenancy management services undertaken in the private residential market. It often incorporates specialised activities directed at supporting vulnerable people with complex and distinct needs. Given these needs, even basic tenancy management activities are frequently qualitatively different to private residential market tenancy management activities. Further, the concentration of many social housing dwellings on large estates with substantial disadvantaged populations also poses unique tenancy management challenges.[4]

3 Tenancy Management of Public Housing

This chapter describes how tenancy management currently takes place in NSW public housing. Tenancy management within the Aboriginal housing sector is also outlined for the purpose of comparison, while tenancy management within community housing (and particularly key points of difference in relation to public housing) is addressed in the following chapter.

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[3] See NSW Government (2011) *NSW 2021: A Plan to Make NSW Number One*, p. 28.

[4] The characteristics of estates and their residents are discussed in more detail in Section 5.6 of this submission.

Tenancy management in public housing includes a range of functions. These functions help support the people living in public housing as well as helping achieve the Government's goals for the public housing property portfolio.

Tenancy management in public housing is fundamentally different to its private sector equivalent. In a public housing context, people are selected on the basis of factors which serve as proxies for their level of need. In contrast, the private rental market, via competitive processes, gives preference to people with higher incomes and secure employment and tenancy histories. In effect, the public housing system allocates properties to people who cannot typically secure accommodation in the private rental market because of their circumstances.

As outlined in the discussion below, many social housing tenancy management activities are not normally part of tenancy management in the private residential rental market. They are conducted in public housing (and often elsewhere in the social housing sector) due to the complex nature of its client base or because of obligations around fairness and transparency in the Government's operations. Public housing tenancy management activities can therefore be thought of as a spectrum that runs through:

- <u>activities which are broadly similar to tenancy management practice in the private residential rental market</u> (although differences may arise due to the particular needs of people living in public housing). For example, the signing of a written tenancy agreement is common to any tenancy; however, a public housing tenancy manager might give particular assistance to a person with low literacy skills or mental health issues.

- <u>activities which have parallels with tenancy management practice in the private residential rental market but which are conducted in a substantially different way</u> (often due to the particular needs of people living in public housing). For example, application and tenant selection processes substantially differ between public housing and the private sector. While prospective public housing tenants must be able to provide identification and evidence of their income in applying for a tenancy as they would if they were applying for a private rental property, additional information must also be provided.

  This information is used to:

  - inform priority assistance status
  - reveal unmet support needs or the presence of special housing requirements that may put the tenancy at risk, and which therefore, may require engagement and referral to a range of government and non-government support providers
  - satisfy Commonwealth reporting requirements.

- <u>activities which are not typically conducted within tenancy management practice in the private residential rental market</u>. These activities tend to be a result of government requirements (for example, transparency of process) and government objectives for social housing (for example, the coordination of community development, capacity building, and involvement in decision-making among people living in public housing estates).

3.1 How public housing tenancies are managed: from commencement to conclusion

FACS largely undertakes the management of public housing tenancies internally.

Households are selected through the operation of the *Housing Pathways* system and associated *Housing Register* waiting list.[5] First priority is given to households meeting certain risk criteria. People applying for public housing, and social housing more broadly, are assessed against eligibility criteria relating to income and assets, age and residency. These criteria are intended to ensure the optimal rationing of a scarce public resource to those most in need. If eligible, people are placed on the *Housing Register* - either the priority wait turn or general wait turn components of the waiting list.

The administrative process that occurs in the public housing context to match properties to clients' needs, and avoid inappropriate allocations, is more complex than in the private sector, where the applicant generally does the matching.

Once FACS has selected a person or household to potentially occupy a suitable dwelling, a tenancy is established via a written residential tenancy agreement.[6] This involves decisions about the level of rent rebate to be applied to the tenancy and its duration (that is, whether it will be a two year, five year, or ten year term, or in limited circumstances, a continuous basis). Before a particular property is offered, special consideration is given to its suitability in terms of the household's needs in terms of location and design (such as, for example, the presence or absence of stairs) with a view to ensuring that the tenancy will be sustainable. If necessary, referrals may also be made to support agencies when a tenancy is established.

As in the private sector, rent will be regularly collected and the dwelling inspected throughout the tenancy.[7] However, unlike in the private rental market, rent review decisions will be made in terms of a household's financial circumstances. Additionally, FACS will give consideration as to whether the dwelling is underutilised (and potentially apply additional charges where this is the case).

As is done by real estate agents in the private sector, FACS coordinates responses to requests for repairs and maintenance. This is undertaken in consultation with the LAHC, consistent with prescribed liaison and approval processes applying to public housing tenancy management.[8]

If necessary, steps will be taken to manage rent arrears. Within a social housing context this can require particular sensitivity if members of the household are, for example, living with mental

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[5] FACS and 26 community housing providers across the State operate a single housing application system known as *Housing Pathways* (with an associated waiting list – the *Housing Register*) to make applying for housing assistance easier, simpler and fairer for clients, reduce duplication and create efficiencies from shared systems. Applicants fill out a single form to apply for properties managed by FACS or participating community housing providers. They can choose either public or community housing but can maximise their opportunities for an offer of housing if they register interest in both public and community housing.

[6] The *Residential Tenancies Act 2010* also applies to social housing tenancies. FACS' tenancy agreements and tenancy management policies are required to comply with this Act. Part 7 of the Act contains provisions that apply solely to social housing tenancy agreements.

[7] In contrast to the private sector some regular inspections ('Client Service Visits'), will also assess people's well-being.

[8] However, repair and maintenance arrangements will change significantly with the introduction of new maintenance contracts from mid-2015.

illness (including severe substance abuse disorders). Unlike in the private residential rental market, people living in public housing may pursue disputes with FACS through certain processes specific to social housing, including through requesting that FACS internally review a decision or via the independent Housing Appeals Committee.

While addressing nuisance and annoyance caused by people renting dwellings is also undertaken in the private sector, responding to anti-social behaviour or other breaches of tenancy agreements is a significant aspect of FACS' (and other social housing providers') tenancy management service delivery. There is also a greater expectation of FACS to manage nuisance and annoyance that impacts on neighbours and local communities. Tenancy agreements typically require people living in public housing to:

- keep their premises reasonably clean
- not intentionally or negligently cause or permit any damage to the premises;
- not use their premises for an illegal purpose
- not cause or allow a nuisance, or interfere with the peace, comfort or privacy of neighbours
- not seriously or persistently threaten or abuse any member of staff of Housing NSW
- not intentionally engage in conduct in relation to any such member of staff that would be reasonably likely to cause the member of staff to be intimidated or harassed (whether or not any abusive language or threat has been directed to the member of staff).

The issues that most commonly arise include failure to pay rent on time, failure to keep properties tidy, excessive noise, the keeping of problematic pets, smoking in common areas, and the inappropriate parking of cars on tenancies or within common areas. Violent and threatening behaviours, wilful property damage, or the use of properties for illegal purposes also occurs. Given the socio-economic characteristics and level of disadvantage among people living in social housing, these matters tend to occur more often than in the private rental market.

Issues may be addressed through informal negotiation or can be escalated, and again sensitivity will be shown to the household's circumstances and vulnerabilities. Ultimately, where it is believed that a person is in breach of their tenancy agreement and other resolution approaches have failed (or would be inappropriate), remedy may be sought through the NSW Civil and Administrative Tribunal (NCAT). The NCAT operates a specialised social housing list distinct from the list for tenancy matters involving private sector landlords.

Tenancies can end in a number of ways, whether at the initiation of the tenant, or in some circumstances, through FACS' instigation. In addition to those circumstances where a private sector tenancy may be terminated, the *Residential Tenancies Act 2010* also contains provisions specific to the termination of social housing tenancies. For example, special processes apply where a tenant is believed to be no longer eligible to reside in social housing or where a tenant has declined alternative social housing.

Section 152 of the Act provides additional criteria to those applying in the private sector in relation to the potential termination of a social housing tenancy on the basis of a breach of a tenancy agreement. Generally, termination processes require the issuance of a 'Notice of Termination'

and the tenant will be given a period of time in which to vacate the dwelling.[9] Where a termination process is contested, tenants or FACS may pursue the matter through the NCAT.

The former Consumer, Trader and Tenancy Tribunal's annual reports for recent years relate a substantial increase in social housing matters heard between 2010-11 (12,192 matters) and 2012-13 (17,725 matters).[10] In 2012-13 (and previously) the overwhelming majority of matters (67%) were initiated by FACS (while community housing providers and Aboriginal housing organisations initiated a further 21% and 7% of matters respectively). Most applications (54%) sought the termination of tenancies due to the non-payment of rent. Tenants and occupants made 813 applications to the Tribunal in 2012-13, 833 applications in 2011-12, and 578 applications in 2010-11.[11]

3.2 Integration of additional support services as part of tenancy management

Beyond the activities discussed above, the management of public housing tenancies also involves the provision of support services that do not typically accompany tenancies in the private sector. In general, the extent of disadvantage among the public housing client base tends to increase the level of everyday interactions with people living in public housing. For example, while respecting relevant privacy laws, FACS staff involved in public housing tenancy management are expected to refer issues that they become aware of in the course of their work such as, for example, children at risk of harm, to other relevant agencies.[12]

While still reasonably small scale, the Housing and Accommodation Support Initiative (HASI) is probably the NSW Government's best known and most successful program to link tenancy management with the provision of other services to improve outcomes for vulnerable people. The HASI is a partnership between FACS, NSW Health, community sector Accommodation Support Providers, and Community Housing Providers (CHPs), which commenced in 2002. HASI provides several hundred support packages to persons experiencing mental health issues through linking clinical care, public or community housing tenancy management, and other care provision. These integrated packages are designed to achieve the following interlinked outcomes:

- to provide people with mental illness with ongoing clinical mental health services and rehabilitation within a recovery framework
- to support people with mental illness to participate in community life and to improve their quality of life
- to support people with mental illness to access and maintain stable and secure housing
- to establish, maintain and strengthen housing and support partnerships in the community.

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[9] While termination processes are generally governed by the provisions of the *Residential Tenancies Act 2010*, a separate process may be used for terminating the tenancies of persons convicted of offences against children in accordance with certain provisions within Part 7A of the *Housing Act 2001*.

[10] The functions of the Consumer Trader and Tenancy Tribunal were consolidated into the NCAT on 1 January 2014.

[11] See the 2010-11, 2011-12, and 2012-13 Consumer Trader and Tenancy Tribunal Annual Reports. Available from: http://www.ncat.nsw.gov.au/ncat/publications_and_resources/annual_reports.html (accessed 1 August 2014).

[12] Internal FACS policies.

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An independent 2012 evaluation found that the program had led to positive outcomes for its participants in terms of hospital admissions, mental health, stable tenancies, independence in daily living, social participation and involvement in education and voluntary or paid work.[13] The program demonstrates the benefits that accrue to vulnerable people when government agencies work collaboratively together along with the non-government sector. Effective tenancy management among highly vulnerable people can also reduce the need for more costly subsequent interventions by other parts of the government.[14] More generally, the evaluation implicitly highlights the often different nature of managing social housing tenancies compared with in the private rental market.

The success of the program has led to FACS' recent roll-out of the Disability Housing and Support Initiative (DHASI) which will similarly deliver 125 priority housing and support packages to people with disabilities by 2015-16.

As part of the Government's efforts to reduce homelessness through the *Going Home, Staying Home* reforms, emphasis is also being given to sustaining the existing tenancies of people at risk of becoming homeless. Complementing this focus is an initiative within the *Staying Home Leaving Violence* program which (among various other actions) involves the provision of security upgrades to the public housing dwellings of women and children at risk of domestic violence.

3.3 Managing public housing communities

On estates and other areas where public housing is concentrated, effective tenancy management can focus on people living in public housing collectively as well as individuals or households. In addition to programs designed to improve the physical environment of estates and other public housing properties, FACS involves people living in estates in decision-making about their communities.

For example, grants are made through the Housing Communities Program (HCP) to community organisations to work with people living in public housing and other stakeholders to:

- provide opportunities to be consulted about their communities and opportunities to input into their communities' future
- provide opportunities to improve the quality and strength of their relationships and connections to one another
- increase stakeholders' level of involvement and participation in organised and informal community activities
- support new initiatives or projects that reflect community needs and improve local social, physical and economic wellbeing.

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[13] Bruce. J., McDermott, S., Ramia, I., Bullen, J. and Fisher K.R. (2012) *Evaluation of the Housing and Accommodation Support Initiative – Final Report.* Social Policy Research Centre, University of New South Wales, Sydney.

[14] The 2012 evaluation of the HASI estimated that the program potentially avoided the provision of approximately $30 million annually in hospital care costs that might have otherwise been associated with program participants. See Bruce. J. *et al* (2012) *Evaluation of the Housing and Accommodation Support Initiative – Final Report.* Social Policy Research Centre, University of New South Wales, Sydney, p. 48.

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3.4 System performance

The current system of tenancy management within NSW public housing seeks to achieve many outcomes but can be complicated by inherent tensions between competing imperatives. For example, in cases of rental arrears FACS will go to greater lengths to try and address underlying causes in order to help disadvantaged people sustain their tenancies and, thereby, avoid homelessness. This is in contrast to pursing a purely commercial course of action that may deliver better financial outcomes for the public housing system.

Against this background, FACS' tenancy management has performed well in effectively balancing the outcomes expected of public housing and in continuing to provide housing assistance to a very large number of often highly disadvantaged people in spite of ongoing systemic financial challenges. Moreover, FACS has continued to successfully innovate to pursue better outcomes for people – as evidenced by the HASI and DHASI programs.

Notwithstanding data comparability issues across jurisdictions, the Council of Australian Governments (COAG) Steering Committee for the Review of Government Services compares Australia's states and territories across various measures associated with public housing tenancy management.

In terms of the provision of access to public housing, the Steering Committee's 2014 report indicates that NSW sits above the national average in allocating tenancies to people with special needs (that is, 70% of new tenancies in NSW are allocated to people with special needs compared with a national average of 63%). However, NSW sits below the national average in terms of allocating tenancies to people in greatest need (66% versus 77%).[15] NSW's performance in terms of the affordability of dwellings, time taken to re-let vacant dwellings, the prevalence of over-crowding, and the collection of rent, all sit around the relevant national averages. The proportion of people living in public housing who expressed a view that they are 'very satisfied' or 'satisfied' with the housing services they are provided with is 56% in NSW compared with a national average figure of 65%.[16]

Responsiveness to requests for repairs is another relevant measure of tenancy management performance. In 2012-13, FACS exceeded its relevant performance targets. Specifically, 73% of maintenance calls were answered within three minutes (against a target of 65%), and 89% of responsive repairs were conducted by their target date and time (against a target of 85%).[17]

Looking forwards, and in accordance with the *NSW 2021* plan, judiciously involving non-government entities with strong service delivery records in the future tenancy management of public housing may provide opportunities to improve upon current performance.

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[15] Following on from the caveat noted above around data comparability, this result may possibly be explained by different classification approaches across jurisdictions.

[16] Steering Committee for the Review of Government Services (2014) *Report on Government Service 2014 – Volume G: Housing and Homelessness.* Canberra: Productivity Commission. G21-G23.

[17] NSW Land and Housing Corporation (2013) *Annual Report 2012-13.* Page 7.

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3.5 Aboriginal housing and tenancy management

Tenancy management in Aboriginal housing is delivered through FACS, Aboriginal community housing providers, and some mainstream community housing providers. While these services do not fall within the definition of public housing tenancy management as such, the following brief discussion may be of comparative interest to the Inquiry.

While there are many commonalities in tenancy management with public housing and non-Aboriginal focused community housing, programs are also run by the Aboriginal Housing Office (AHO) that focus on the particular needs of people living in Aboriginal housing.

For example, the AHO recently implemented the comprehensive *Tenant Support and Education* program across remote areas of NSW. The initiative aims to assist approved housing providers to better support people in complex tenancy situations through:

- facilitated workshops on budgeting, home maintenance and tenant rights and responsibilities
- innovation funding
- investment in ongoing literacy strategies
- funding of Aboriginal support positions with providers
- comics with tenant stories to promote key messages about overcrowding, rents and tenancy changes.

The AHO's Employment Related Accommodation program also provides shared or family accommodation for Aboriginal people with a connection to remote NSW who want to move to a regional centre to take up work or study.[18]

To achieve registration as Approved Providers, Aboriginal community housing providers seeking registration must show that they have appropriate tenancy management processes in place. For example, under the AHO's Provider Assessment and Registration System (PARS) potential providers must be able to document that they:

- have fair and transparent processes in dealing with tenants
- maintain an overall level of tenant satisfaction that is satisfactory in the opinion of the AHO
- ensure appropriate support services are provided to tenants who need support to maintain their tenancies
- engage with their local communities.[19]

Some of these functions (that is, coordinating the provision of support services and engagement with local communities) are not typically part of tenancy management in the private rental market and reflect the complex nature of social housing's client base previously outlined in this

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[18] For more details, see *AHO Community Housing News – Autumn 2014.* Page 2. Available at: http://www.aho.nsw.gov.au/media-pub/pubs/newsletters (accessed 5 August 2014).

[19] See the 'PARS Evidence Guide' available at: http://www.aho.nsw.gov.au/media-pub/pubs/fact-sheets/pars-fact-sheets (accessed 6 August 2014). The performance areas listed above are specifically related to 'Performance Area 1: Fairness and Tenant Satisfaction' and 'Performance Area 2: Sustainable Tenancies and Communities'.

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submission. Similarly, the AHO's policy for establishing the eligibility of an organisation to become registered as an Approved Provider outlines a range of generic tenancy management activities that potential providers either directly deliver or coordinate. However, it should be noted that many of these activities typically involve a higher level of interaction with, and support for, clients than in the private rental market. Specifically, a potential provider:

'…must demonstrate that they are making decisions relating to client entitlements or obligations that include but are not limited to:

- determining applicant eligibility
- allocating properties
- determining tenure and rent setting
- determining the arrears escalation actions
- determining actions relating to tenancy breaches and terminating leases
- determining actions relating to the CTTT
- determining eligibility for transfer
- responding to complaints and appeals
- approving repairs and maintenance requests
- determining priority of repairs and maintenance.'

This policy does allow for providers to:

'…outsource transactional activities. Transactional activities are those that happen routinely on a daily, weekly or monthly basis to enable housing management to operate smoothly. They generally do not require a decision by the Approved Provider for the action to occur. Rather they are actions that give effect to provider decisions about client entitlements or obligations. Examples include but are not limited to:

- managing day to day contact with tenants
- receiving requests, complaints and appeals
- managing collection of rent
- arranging tradespeople for repairs and maintenance that have been approved
- appearing at the CTTT on behalf of the Approved Provider
- issue of standard arrears letters.'[20]

3.6 Sector performance

In terms of performance, the 2014 report of the COAG Steering Committee for the Review of Government Services found that Government owned and managed Aboriginal housing in NSW generally performed comparably to the national averages for most tenancy management related measures, apart from the provision of new tenancies to households in greatest need and tenant

[20] Aboriginal Housing Office (2011) *PARS Eligibility Criteria Regarding Housing or Housing Related Services.* Available from: http://www.aho.nsw.gov.au/housing-providers/build-grow/pars/overview (accessed 6 August 2014).

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satisfaction (where NSW's performance was below the national average).[21] However, in contrast, a recent survey commissioned by the AHO reported a tenant satisfaction rate comparable to the national average reported by the COAG Steering Committee (that is, 57% of people living in Aboriginal community housing expressed overall satisfaction with the housing services they received).[22]

4 Tenancy Management of Community Housing

The tenancy management activity of community housing providers (CHPs) has many parallels with practices within public housing. For example, CHPs co-administer the NSW social housing access scheme (*Housing Pathways*) with FACS, community housing tenancies may also be integrated with other support services (as within the HASI program), and people living in community housing are also able to take disputes to the Housing Appeals Committee or the social housing stream of the NCAT. The purpose of this chapter is therefore to note the community housing sector's key points of difference.

As independent organisations, CHPs exercise a high level of autonomy. While CHPs have to comply with a limited number of high-level policies on matters such as rent, eligibility, access, and asset management, the Government's direct influence over the community housing sector is intentionally limited through its contractual arrangements.

This allows individual providers to determine the most effective way to deliver outcomes within the contexts in which they operate. As community-based organisations, the tenancy management practices of providers are flexibly integrated with other local community and private market support services.

CHPs that receive assistance from the Government must be registered under the National Regulatory System for Community Housing (NRSCH). Under this system, the National Regulatory Code (NRC) sets out a number of performance requirements (that do not apply to the management of public housing), including in relation to tenancy management.[23] Specifically, the general performance requirements in relation to 'tenant and housing services' are that:

> 'The community housing provider is fair, transparent and responsive in delivering housing assistance to tenants, residents and other clients particularly in relation to the following:
>
> > a. determining and managing eligibility, allocation, and termination of housing assistance
> >
> > b. determining and managing rents
> >
> > c. setting and meeting relevant housing service standards

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[21] Steering Committee for the Review of Government Services (2014) *Report on Government Service 2014 – Volume G: Housing and Homelessness. Canberra: Productivity Commission.* G21-G23.

[22] Roy Morgan Research (2013) *NSW Aboriginal Housing Tenant Satisfaction Survey.* Report prepared for the Aboriginal Housing Office.

[23] The NRC and associated documents are available at: http://www.nrsch.gov.au/publications (accessed 30 July 2014). The NRSCH is administered in NSW by the Registrar of Community Housing. These arrangements are outlined in more detail in Chapter 5 of this submission.

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d. supporting tenant and resident engagement

e. facilitating access to support for social housing applicants and tenants with complex needs

f. managing and addressing complaints and appeals relating to the provision of housing services

g. maintaining satisfaction with the overall quality of housing services.'

These requirements for transparency, responsiveness, and fairness do not generally apply in the private rental market as such and entail additional costs. The NRC's requirement of CHPs to coordinate the provision of support services and to undertake engagement activities reflective of the particular needs of people living in community housing also distinguish CHPs from standard private rental market tenancy managers.

Specific details of how providers may demonstrate compliance in terms of these requirements are set out in the NRSCH's associated operational 'Evidence Guidelines'. For example, in relation to requirement 'g' (i.e. 'maintaining satisfaction with the overall quality of housing services'), CHPs should conduct tenant surveys at least every two years; the satisfaction of residents with the quality of services should be 75% or greater; and CHPs should be able to provide appropriate supporting documentation.

4.1 Sector Performance

Before the introduction of the NRSCH, the Registrar of Community Housing reported that NSW's community housing providers were generally performing well against the State's previous Regulatory Code in relation to tenancy management issues. Overall, in 2013 the Registrar noted a resident satisfaction rate of 89%.[24] During the same year, the Registrar investigated 43 complaints in relation to CHPs with a number of these relating to tenant satisfaction issues.[25] The Registrar also found that most providers were meeting accepted benchmarks for the timely re-tenanting of vacant properties and the collection of rent (that is, managing rent arrears).[26]

The 2014 COAG Steering Committee for the Review of Government Services similarly found that NSW community housing providers' performance often exceeded or sat close to the national averages across various tenancy management-related measures. Specifically, NSW CHPs provided greater access to new tenancies to households with special needs (70%) or in greatest need (78%) relative to the national averages for those measures (63% and 77%) respectively. NSW CHPs also exceeded the national average in terms of rent collection and occupancy performance. In terms of tenant satisfaction, 70% of people living in NSW community housing were reported as indicating that they are 'very satisfied' or 'satisfied' with the service they receive from their CHPs (compared to a national average for community housing of 74%).[27]

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[24] Registrar of Community Housing (2013) *Annual Statement of Performance 2013*, p. 7. Consider using Ibid

[25] Registrar of Community Housing (2013) *Annual Statement of Performance 2013*, p. 50.

[26] Registrar of Community Housing (2013) *Annual Statement of Performance 2013*, p. 44-45.

[27] Steering Committee for the Review of Government Services (2014) Report on Government Service 2014 – Volume G: Housing and

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5 The Context of Social Housing Tenancy Management in NSW

As context to the preceding examination of tenancy management practices and issues, this chapter outlines the broader nature of contemporary social housing in NSW, including the people it supports, its scale, legislative and administrative frameworks, and other key features. While much social housing is currently provided directly by the Government it is envisaged that, in accordance with the direction set by the *NSW 2021* plan, there is potential for non-government and private entities to play a greater role in the future of NSW social housing, including in relation to tenancy management.

5.1 People supported by social housing – supporting the vulnerable

It is estimated that 279,400 people are housed within social housing dwellings in NSW.[28] This compares with about 160,000 people living in social housing in Victoria, which is the state with the next biggest social housing system.[29] The majority of social housing tenancies involve single person households (that is, 52.1% of all tenancies), and older people form a significant proportion of residents (approximately 33% of people living social housing are aged 55+). [30]

Social housing is one of the major ways governments support disadvantaged and vulnerable people, many of which have complex needs, and indeed people living in social housing represent over a fifth of all those who are deeply and persistently disadvantaged in Australia.[31] Australian research indicates that in a range of areas, including health, education, employment, mental health, crime and feeling safe, people living in social housing are often significantly worse off than the broader population.[32]

- *High levels of unemployment* – More than half of all working age tenants in social housing do not work and have a low level of education, compared with 17 per cent of people not in social housing.[33] People with low educational attainment are at greater risk of experiencing persistent unemployment and welfare dependency.[34]
- *Poorer health* – 24 per cent of people living in public housing nationally rate their health as excellent or good, compared with 56 per cent living in private rental or 58 per cent in their own home. Further, 50 per cent of people in public housing rate their health as fair or poor compared to 16 per cent in private rental or 11 per cent in their own home.[35]

Homelessness. Canberra: Productivity Commission. G21-G23.

[28] Estimate based on FACS data 2012-13.

[29] Victorian Government (2014) *New Directions for Social Housing: A Framework for a Strong and Sustainable Future.* p 5. Available from: http://www.dhs.vic.gov.au/about-the-department/plans,-programs-and-projects/plans-and-strategies/housing-and-community-building/new-directions-for-social-housing (accessed 9 August 2014).

[30] Estimate based on FACS data (201213).

[31] R McLachlan, G Gilfillan, and J Gordon, *Deep and Persistent Disadvantage in Australia*, Productivity Commission Staff Working Paper, Canberra, 2013.

[32] To be clear, social housing does not typically cause these forms of disadvantage as such, rather, these forms of disadvantage reflect other issues in the lives of people who happen to live in social housing.

[33] FACS and PricewaterhouseCoopers, *Supply and Demand Modelling*, (unpublished), 2013.

[34] R McLachlan, G Gilfillan and J Gordon, Deep and Persistent Disadvantage in Australia, Productivity Commission Staff Working Paper, Canberra, 2013, pp.11 and 84.

[35] Australian Bureau of Statistics, *General Social Survey*, ABS, Canberra, 2011.

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- *Higher rates of mental illness* – People living with mental illness or directly affected by mental illness represent more than one in five people living in public housing. More generally, people in social housing are 2.4 times more likely to have at least one person in their household subject to a severe mental illness than the rest of the NSW population. [36]
- *More likely to be victims of violence* – People in public housing are 3.6 times more likely to be victims of domestic violence and 2.5 times more likely to experience other types of assaults. They also report feeling unsafe or having experienced property crime at much higher rates than people living in private rental or their own home. [37]
- *High cost of intergenerational disadvantage* – income support for unemployed people in public housing is estimated at two to four times higher than the general population. [38]

Furthermore, many people living in social housing experience multiple forms of disadvantage, including high financial stress, disability and severe mental illness. Supporting people experiencing multiple forms of disadvantage or otherwise with complex needs requires particular skills and sensitivity from social housing tenancy managers. This entails additional resources and costs above and beyond those typically required in private rental tenancy management. For example, more than 15% of people living in social housing have both a disability and severe mental illness, or experience high financial stress and disability. [39]

The high proportion of FACS clients affected by mental illness living in social housing is particularly relevant, as they are more likely to require intensive support. The average cost to FACS of a client affected by mental health issues is 1.7 times the cost of a client not affected. They are also three times more likely to use multiple FACS services. [40] Given its limited resources, where possible, FACS actively works to help link people with specialist supports provided by other government agencies and non-government service providers.

The level of disadvantage and vulnerability among many people living in social housing introduces unique challenges for providers of social housing. As previously noted, this means that even core tenancy management functions, like signing a lease, need to be undertaken in a way that responds to the particular needs of people living in social housing to help sustain their tenancies. This often includes helping people access the supports they need to maintain their accommodation so that they are in a position to participate more fully in social and economic life.

5.2 Size of the NSW social housing system

As Table 1 outlines, NSW has about 35 per cent of all social housing dwellings across the country with almost 6 per cent of NSW households living in social housing.

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[36] FACS and PricewaterhouseCoopers, *Supply and Demand Modeling*, (unpublished), 2013.

[37] Department of Attorney General and Justice, *Overrepresentation of Crime in Public Housing*, (unpublished), 2011.

[38] PricewaterhouseCoopers and FACS, *Analysis of pathways for people in estates*, (unpublished), June 2012.

[39] FACS and PricewaterhouseCoopers, *Supply and Demand Modelling*, (unpublished), 2013

[40] PricewaterhouseCoopers *Impact of mental illness/drug and alcohol abuse on FACS clients*, (unpublished 2013)

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NSW also provides significantly more social housing dwellings as a proportion of its total dwelling stock relative to any of the other states with large populations (i.e. Victoria and Queensland) (see Table 2).[41]

Table 1: Number of social housing dwellings across Australian jurisdictions - 2012/13								
NSW[42]	VIC	QLD	WA	SA	TAS	ACT	NT	Aus
146,815	77,706	71,135	42,324	49,484	13,606	11,554	7,435	420,059
35% of the national total	18%	17%	10%	12%	3%	3%	2%	100%

Table 2: Social housing stock as a proportion of all dwellings – 2011/12								
NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Aus
5.0%	3.3%	3.6%	4.1%	6.7%	5.8%	7.9%	6.6%	4.4%

Demand for social housing tenancies remains strong – the number of households on the *Housing Register* at December 2013 was 58,200.

In June 2013 (that is, the most recent date for which there is consolidated data), there were 153,210 social housing dwellings in NSW.[43]   Table 3 below shows the distribution of social housing dwellings by the major provider categories:

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[41] In making inter-state comparisons, it is notable that there is a significant shortage of private rental housing in NSW that are affordable to low and moderate income private renters and Commonwealth Rent Assistance (CRA) payments are largely insufficient to ensure housing affordability. For example, the 2014 *Report on Government Services* found that in Sydney in June 2013 49 per cent (110,600 households) of the low income households receiving CRA were still in housing stress. Despite its inadequacies, CRA is important to low to moderate income earners in the rental market because it acts to boost the income available for meeting housing costs. It is also available to social housing renters who rent from community housing providers or the AHO, and therefore acts to support the viability of those social housing providers. However, it is not available to people living in public housing.

[42] The number of social housing dwellings in NSW noted in this table is less than the number reported elsewhere in this submission. This is because this comparative data is based on national counting definitions and standards, which differ from NSW's usual definitions and standards.

[43] Estimate based on FACS data.

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Table 3: Breakdown of Social Housing Dwellings in NSW by Provider Category at June 2013						
Public Housing		**Community Housing**			**Aboriginal Housing**	
Owned and managed by FACS	Leased from Private market	Owned by FACS, managed by Community Housing providers (CHPs)	Owned by CHPs	Leased from Private market	Owned by AHO, managed by FACS and maintained by FACS	Owned and/or managed by Aboriginal CHP
114,745	3,053	17,234[44]	3,099[45]	5,621	4,724	4,734
117,798		25,954			9,458	
Overall total: 153,210						

5.3 Legislative framework

Social housing in NSW is governed by a number of pieces of state legislation.

The *Housing Act 2001* has a range of objects, including the following universal objectives:

- to maximise the opportunities for all people in NSW to have access to secure, appropriate and affordable housing
- to ensure that housing opportunities and assistance are available to all sections of the community with housing needs.

Among its various functions, the Act establishes the Land and Housing Corporation (LAHC) with responsibility for asset management of the Government's stock of social housing dwellings and provides for the provision of subsidies to people living in public housing through rental rebates.

The *Aboriginal Housing Act 1998* similarly establishes the Aboriginal Housing Office (AHO) and tasks it with the delivery of programs and services to assist Aboriginal and Torres Strait Islander people to meet their housing needs (including through providing dwellings itself, and regulating and working with registered Aboriginal community housing organisations).

The community housing sector is regulated through the National Regulatory System for Community Housing (NRSCH) which is enacted in NSW through the *Community Housing Providers (Adoption of National Law) Act 2012* and which also establishes the Registrar of Community Housing as an independent regulator.[46]

As noted earlier, the *Residential Tenancies Act 2010* also applies to social housing tenancies.

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[44] The titles to a number of these dwellings have been vested with CHPs since June 2013. Accordingly, it is expected that the next stock count will report a substantially lower figure.

[45] CHPs have received the titles to a number of previously Government-owned dwellings since June 2013. Accordingly, it expected that the next stock count will report a substantially higher figure.

[46] Prior to the enactment of the *Community Housing Providers (Adoption of National Law) Act 2012,* the Registrar of Community Housing was established through the *Housing Act 2001*.

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5.4 Administrative arrangements

Within the NSW Government, the LAHC and AHO administratively sit within the FACS cluster and are responsible to the Minister for Family and Community Services.

A number of other units within FACS also have functions in relation to social housing, ranging from strategic policy development, through to contracting with community housing organisations, developing sector-specific policy, providing industry support for the community housing sector, the delivery of public housing tenancy management services, and support for people to sustain private market rental accommodation.

The Registrar of Community Housing is accountable to the Minister for Family and Community Services (although individual regulatory decisions are not subject to ministerial review).

Separately, the Registrar also undertakes assessments of Aboriginal community housing providers for the Aboriginal Housing Office (as part of the AHO's administrative Provider and Assessment Registration System).

The NSW Housing Appeals Committee (HAC) is an independent NSW agency which deals with appeals from people who are unhappy with decisions made by social housing providers. Social housing clients that are unhappy with a decision made by FACS or community housing providers can apply, free of charge, to the HAC to have the decision reviewed.

5.5 Public housing: people and dwellings

The majority of social housing tenancies are public housing tenancies.

As Figures 1 and 2 show below, there have been very significant shifts in the household and socio-economic characteristics of people living in public housing over recent decades. Single people and people in receipt of income support are now the main clients of the NSW public housing system.

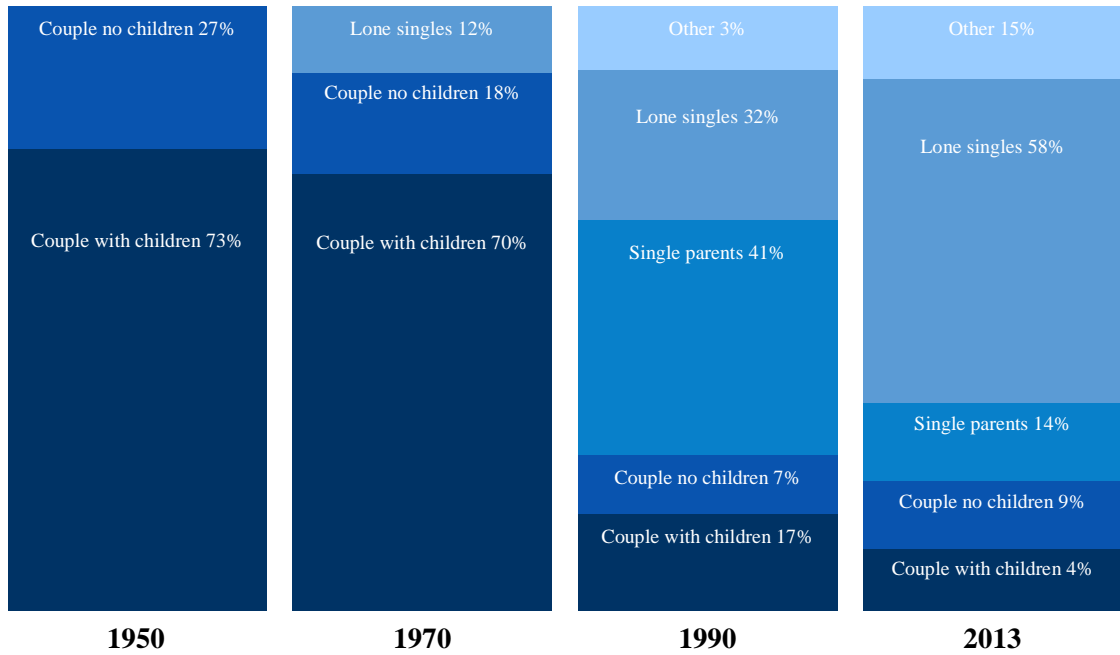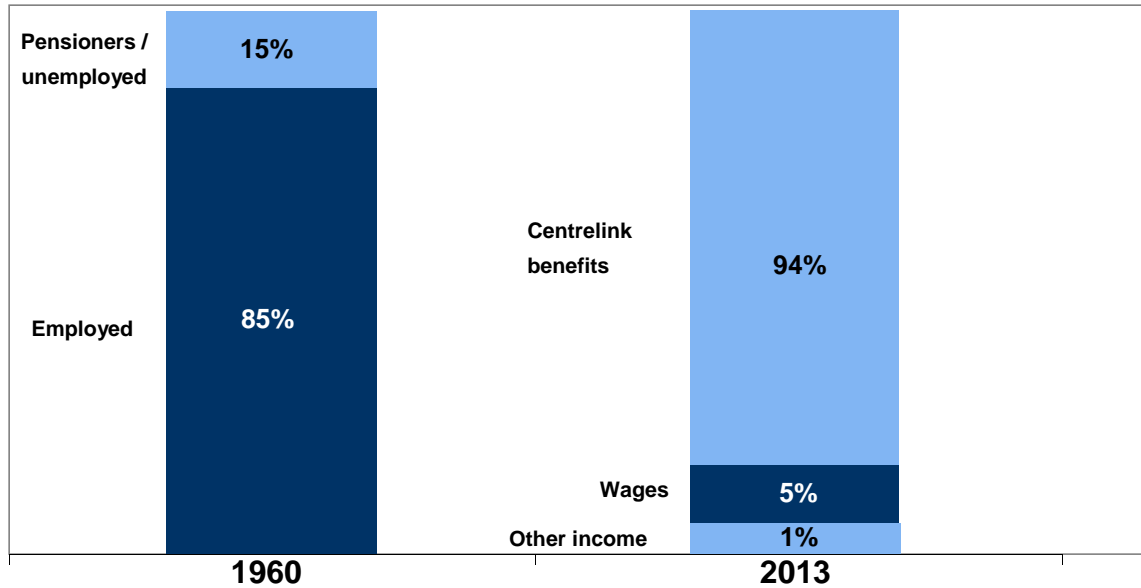Figure 1:Household form of people living in NSW public housing: 1950-2013

Couple no children 27%	Lone singles 12%	Other 3%	Other 15%
	Couple no children 18%	Lone singles 32%	Lone singles 58%
Couple with children 73%	Couple with children 70%	Single parents 41%	
		Couple no children 7%	Single parents 14%
		Couple with children 17%	Couple no children 9%
			Couple with children 4%
1950	**1970**	**1990**	**2013**

Figure 2: Primary income sources of people living in NSW public housing: 1960 and 2013

Pensioners / unemployed	**15%**	Centrelink benefits **94%**
Employed	**85%**	
		Wages **5%**
		Other income **1%**
	1960	**2013**

These transitions have occurred for several reasons. Firstly, the role and focus of social housing assistance has changed dramatically over time. Historically, social housing was focused on

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providing housing for low income working families, often as a pathway to home ownership. However, in more recent times, and as noted earlier in this submission, social housing assistance in NSW, and across Australia, has become increasingly targeted to highly vulnerable people. Essentially, it has become a form of welfare support for people reliant on income support.

In parallel, the most disadvantaged households are less likely to participate within the labour market than was the case historically - the prevailing rate of unemployment in the Australian economy has increased from the 1960s when it was approximately 2%.[47]

Public housing dwellings take a range of forms, from standalone houses, through to units within high-rise apartment buildings. The majority of public housing dwellings were constructed between 1970 and 2000 and about 25% are over 40 years old.

5.6 Housing estates[48]

A further notable characteristic of the Government's public housing dwelling stock is that about one third of it is concentrated on 95 estates across the State. Estates are areas with a high number (median = 335 dwellings) and high proportion of social housing dwellings (median = 55%) in a defined geographical location (see Figure 3).

Estates are a legacy of historic policies that concentrated public housing stock in single locations. Reflecting the scarcity of large parcels of vacant land suitable for new estates, these locations were often located distant from transport and services in metropolitan areas, or on the edges of regional towns with limited access in and out.

An estimated 240,000 people in NSW live on estates. This includes an estimated 81,000 people living in public housing and AHO properties (including an estimated 28,000 children). [49]

Estates have high proportions of single parent families (54 per cent compared to 16.1 per cent within the wider NSW population) and Aboriginal households (13.5 per cent compared to 2.1 within the NSW population). Some 22.6 per cent of their residents were born overseas.

Estates are among some of the most disadvantaged locations across NSW:

- 17 estates have Australian Bureau of Statistics Socio-Economic Indexes for Areas (SEIFA) scores that are within the bottom one per cent of the most disadvantaged areas

- 55 estates have SEIFA scores equivalent to the 1 to 4.99 per cent next most disadvantaged areas

- 21 estates have SEIFA scores equivalent to the 5 to 19.99 per cent next most disadvantaged areas

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[47] Australian Bureau of Statistics (2001) *Australian Social Trends* (4102.0), p. 137-141. While there are fluctuations with the economic cycle (and despite currently having the second lowest unemployment rate among the states), New South Wales' unemployment rate has recently sat generally between 5% and 6%.

[48] While most estates are managed by FACS as public housing, some properties on estates are managed by community housing providers.

[49] Estimates based on FACS internal data.

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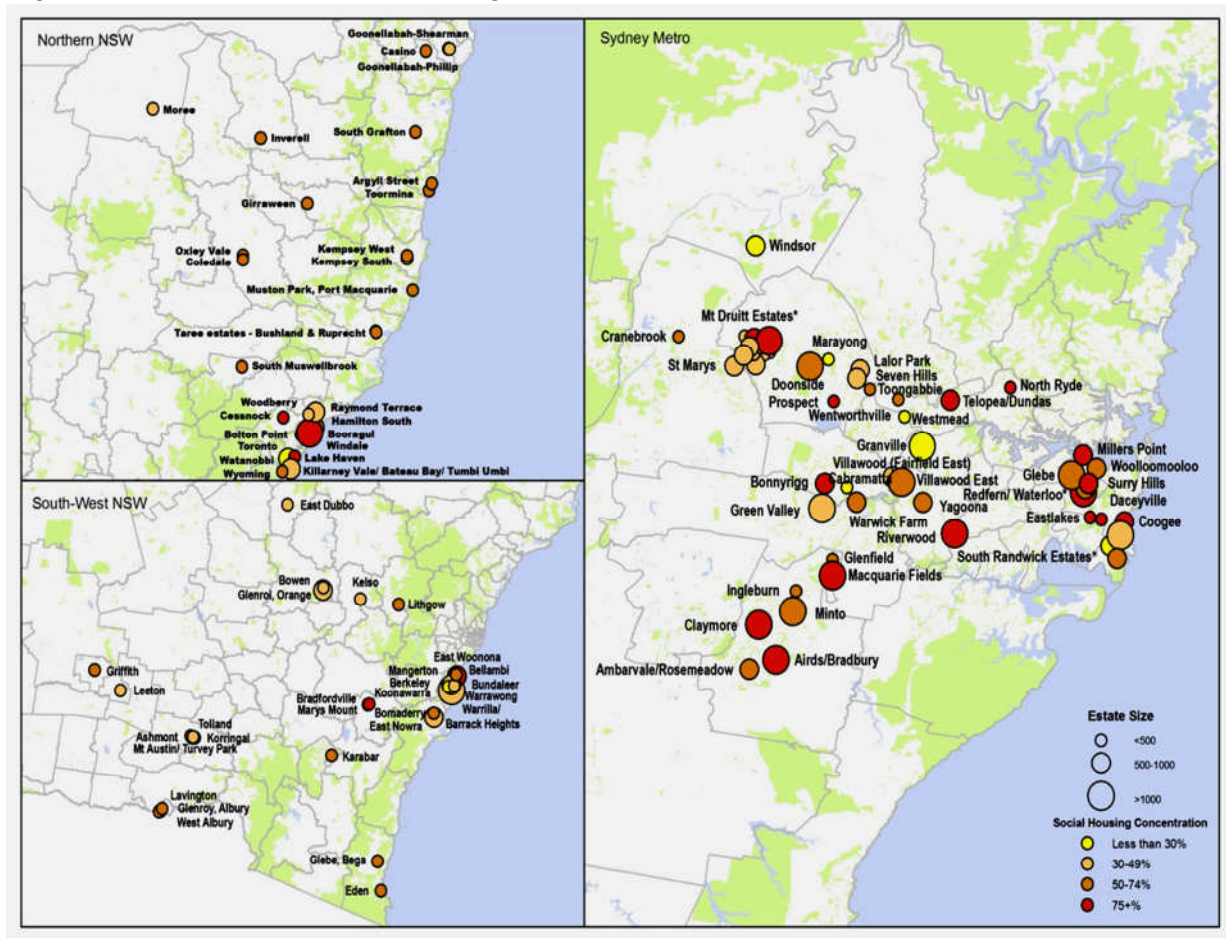- Four estates have SEIFA scores equivalent to the 20 to 49.99 per cent next most disadvantaged areas.

Approximately 94 per cent of households on estates receive Centrelink benefits as their main source of income – compared to 26 per cent of households within NSW as a whole. Over a quarter (28 per cent) of estate residents are unemployed, compared to approximately 6 per cent of people across NSW. The average rate of crime on estates (113/1000 population) is more than double that for NSW in general (47/1000 population).[50]

These statistics demonstrate the concentrated disadvantage that can occur among people living in estates and highlight the challenges of managing public housing in these locations. FACS has adopted a range of strategies to help break disadvantage, improve the quality of assets, and build more socially mixed communities. These include strategies focused on community development and capacity building so residents can increase their level of social and economic participation; involving residents in decision making affecting their communities; and improving the physical environments of estates.

The level of disadvantage that occurs on estates highlights another important distinction between the challenges faced by public housing and private residential market tenancy managers.

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[50] NSW Bureau of Crime Statistics and Research data, 2012.

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Figure 3: Location and size of housing estates across NSW

5.7 The public housing system's financial challenges

Like most other Australian states, the NSW public housing system has faced restrained growth in rental income for quite some time. This has impacted operations and is due to a combination of factors.

Under the current income-based rent model, clients accessing income support pay the lowest rents. Over time, the proportion of people living in public housing who are in paid employment has significantly decreased. By 2013, 94 per cent of subsidised public housing residents relied on welfare benefits and only five per cent had wages as their main source of income. This is almost a complete reversal of the public housing tenant profile of the 1960s.

Around 90% of people now living in public housing receive a rebate from the market-level rent they would otherwise pay. In 2013, nearly $900 million in rental revenue was forgone through rental rebates. [51] This is the difference between market rent and the rebated rent paid by tenants. While discounted rents assist households and support FACS' operational expenditure

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[51] Estimate based on FACS data, 2012-13.

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they are in aggregate inadequate to support the cost of capital programs such as upgrading and redeveloping public housing stock (see Figure 4).

The various changes in the household and socio-economic characteristics of people living in social housing noted above have, in parallel, increased FACS' public housing tenancy management costs. This is because more people now living in social housing require resource intensive tenancy management responses or specialist supports, in order to:

- assist highly disadvantaged and vulnerable clients
- respond to elevated levels of anti-social behaviour in some cases.

The first of these is not typically part of tenancy management costs in the private rental market whilst the second is unlikely to occur to the same extent.

In addition, repairs and maintenance costs are growing. This reflects three main factors:

- the increasing age of the public housing system's stock of properties
- the costs of modifying dwellings to address higher levels of disability among people living in public housing. For example, in 2012-13, it was estimated that 42% of people newly offered public housing tenancies were people with significant disabilities, compared with 28% ten years earlier[52]
- higher rates of property damage among some residents, requiring rectification work.

In summary, public housing's changed client base has had two major financial impacts:

- slower income growth for the system
- increased operational costs.

A decline in Commonwealth co-funding for housing and homelessness activities, of about a third in real terms over recent decades, has further weakened the system's financial position (see Figure 5).

FACS has previously responded through deferring maintenance and capital expenditure, whilst also selling properties to raise income. The Audit Office has stated that 'this approach is not financially sustainable'. [53]

However, significant steps have been taken to address these challenges and turn the situation around, including:

- increasing the focus on public housing asset management by creating separate ownership of the public housing portfolio and splitting assets from tenancy management
- improving the financial management of public housing assets to enable an increase in new supply and maintenance in 2014-2015 and an increase in public housing supply over the forward estimates for the first time in nearly ten years

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[52] Internal FACS data 2012-13.

[53] Audit Office of NSW(2013) *Making the best use of public housing - performance audit.* p 18.

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- expanding the role of community housing providers through the transfer of $1.5 billion of property titles to the community housing sector, as they are able to attract subsidies and tax concessions not available to the public housing sector.

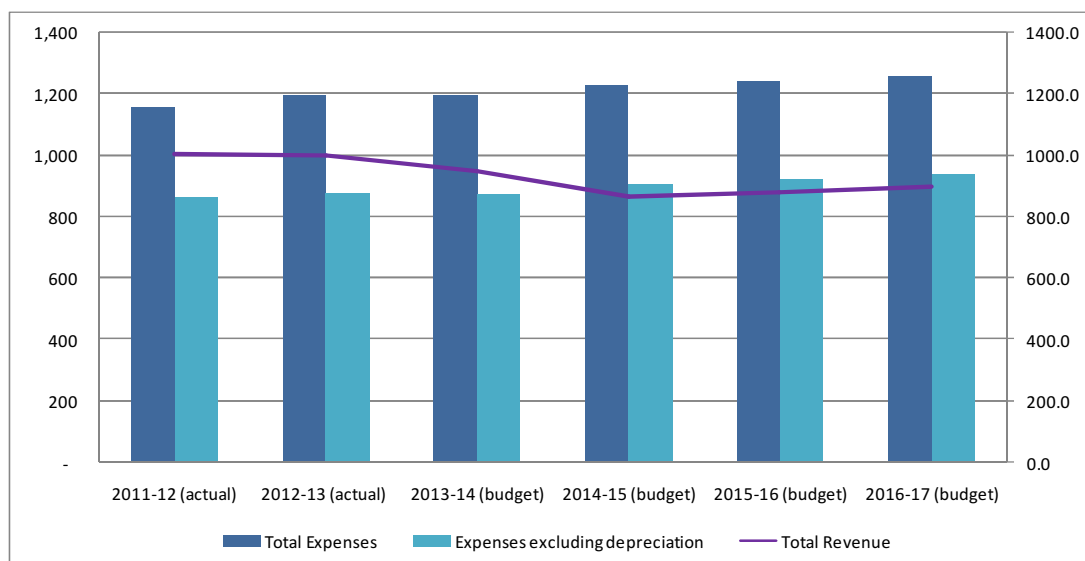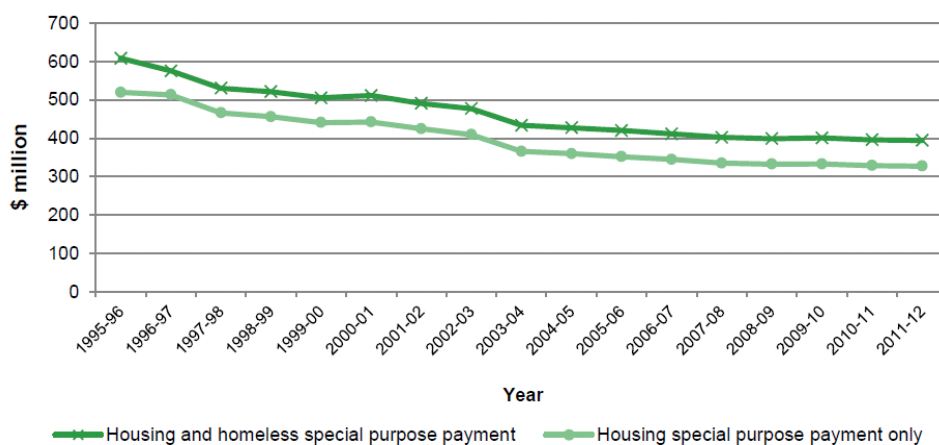Figure 4: LAHC expenses and revenue: 2011-2017

Figure 5 Commonwealth Special Purpose Payments to NSW for housing and homelessness activities (constant 2011-12 Dollars): 1995-2012

Source: HNSW March 2013. Note: Excludes State funding

5.8 Community housing

Community housing is a growing component of social housing provision in NSW. In 2013, there were 230 registered community housing providers (CHPs). Between 2006 and 2013, the number

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of properties under community housing management more than doubled. At 30 June 2013, CHPs reported managing a total of 34,000 properties,[54] collectively generating rental income of $301 million. Some 26,900 community housing properties are managed by the 32 largest providers, with the 10 largest providers managing 17,500 properties.

Of the sector's 34,000 properties, around 27,500 – including 26,000 general social housing properties plus around 1,500 crisis and transitional properties – are either leased by the NSW Government to CHPs to manage, or have had their ownership transferred to CHPs by the Government.

In 2009, the Government agreed to the transfer of ownership of a total of 6,020 properties to CHPs, with assignees initially selected through a competitive tender process.[55]   As of June 2014, the titles to 5,818 properties have been vested.

CHPs have access to cost savings related to GST and payroll tax which are not available to public housing. Community housing providers can also access additional rental income via Commonwealth Rental Assistance. This means that CHPs meet all operational costs from rental income and require no additional subsidy (except where properties are leased from the private market, and in relation to the small crisis and transitional housing portfolio managed by CHPs). Indeed, the larger CHPs generate surpluses which are used to provide additional housing assistance, including provision of additional affordable housing for people on the *Housing Register*.

CHPs receiving assistance from the NSW Government have been regulated by the Registrar of Community Housing since 2009. This system provides assurance for people living in community housing, communities, and investors - both private and public – that CHPs are well governed, efficiently managed, and are meeting a range of other desired outcomes.

On 1 January 2014 new legislation came into force, the *Community Housing Providers (Adoption of National Law) Act 2012.* This Act provides the legislative basis for the National Regulatory System for Community Housing (NRSCH). The NRSCH provides a nationally consistent regulatory environment to support the growth and development of the community housing sector. The NRSCH utilises a contemporary, risk-based approach to regulation, and is underpinned by principles of good regulation. This helps reduce the regulatory burden on housing providers working across jurisdictions and is intended to facilitate capacity building and the growth of the industry. The introduction of this national regime was led by NSW and is based on the previous NSW regulatory system.

While the NRSCH currently regulates not-for-profit providers of community housing, the system was designed to allow expansion to cover for-profit providers, should government policy change in the future. The changes required to enable such an expansion are minimal and further information on this issue can be provided should the inquiry wish.

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[54] In contrast to the data in Table 3, this number includes other (non-social housing) assets owned or managed by community housing providers such as dwellings providing affordable housing for people on low to moderate incomes, including properties managed on a fee-for-service basis on behalf of for-profit organisations, most commonly National Rental Affordability Scheme Housing properties.

[55] Note, the tender process does not include the cost of tenancy management. CHPs generate a surplus of income over costs and they are free to decide how much of that surplus is spent on staff, management, overheads or reinvested into social housing.

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The *Community Housing Providers (Adoption of National Law) Act 2012* also provides a legislative basis for entering into contractual agreements known as Community Housing Agreements (CHAs) with community housing providers. The general purpose of these CHAs is to:

- establish a legal basis for issuing funding or properties ('assistance') to providers
- set standards and targets for providers to ensure accountability
- provide a basis for monitoring compliance with those standards and targets.

A set of contracts reflecting those functions are in place with a number of providers.

The Community Housing Leasing Program (CHLP) provides subsidies to community housing providers to head-lease properties from the private real estate market to house eligible clients from the *Housing Register*. The program is designed to give community housing providers increased flexibility in accommodating vulnerable people in housing that is suited to their needs, particularly in locations where purchasing properties is more expensive. At the end of June 2013, the CHLP funded 5,608 leases managed by 26 CHPs, and 208 leases managed by 32 providers for crisis and transitional housing. Most of the leases are located in the greater Sydney metropolitan region (approximately 3,980 or 71%) due to high unmet demand.

While the Registrar of Community Housing does not collect comprehensive demographic data for people living in NSW community housing, a previous (Australia-wide) Australian Institute of Health and Welfare study found that the profile of community housing residents largely mirrors public housing's profile (for example, single person households and households requiring income support are again the most common forms of household).[56]

The financial position of community housing in NSW is strong. In the 2012 financial year, the State's community housing providers collectively reported a net operating surplus of $94 million (from total operating revenue of $1.632 billion) and a net asset base of $2.883 billion.[57]

5.9 Aboriginal housing

Aboriginal housing is delivered under the *Aboriginal Housing Act 1998* and is overseen by the AHO with the *Build and Grow Aboriginal Community Housing Strategy* providing overarching direction.

The *Build and Grow* strategy notes the importance of social housing to the Aboriginal community (estimating that around 33 per cent of Aboriginal people live in some form of social housing) and is intended to improve the financial sustainability of providers whilst improving their performance and accountability. These goals are being pursued through a number of mechanisms, including:

- the operation of improved regulatory arrangements – that is, through the introduction of a performance based regulatory regime for providers, primarily delivered through the Provider Assessment and Registration System (PARS) operated by the AHO

[56] Australian Institute of Health and Welfare (2010) *A profile of social housing in Australia*, p. 5.

[57] Registrar of Community Housing (2013) *Annual Statement of Performance 2013*, p. 42.

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- the AHO head-leasing dwellings from providers who are unable to achieve registration (or choose not to become registered) and with those dwellings then being sub-leased through registered providers
- funding repairs and maintenance in association with the National Partnership Agreement on Remote Indigenous Housing (NPARIH)
- the provision of (time-limited) operating subsidies to certain providers [58]
- reforming rent policy to increase revenue raised and supporting providers to collect Commonwealth Rent Assistance
- capacity building and business development assistance.[59]

At 30 June 2014, 46 Aboriginal community housing providers have been registered by the AHO as Approved Providers having successfully achieved performance based registration. There are opportunities under the *Build and Grow* strategy for Aboriginal community housing providers to achieve greater economies of scale. In 2012-13, the sector's dwelling stock grew by 42 properties funded by the NPARIH, 30 properties funded through the AHO's capital works program, and 92 homes occupied by Aboriginal people transferred through from the LAHC. It should be noted that many Aboriginal people also live in mainstream social housing.

Aboriginal housing faces its own particular challenges in terms of the socio-economic profile of its client base.

A significant proportion of people living in Aboriginal housing are disadvantaged. For example, 39% of households living in Aboriginal housing have a member with a disability. Disability pensions, Newstart allowances, and parenting payments, collectively, are the main income sources for 68% of households living in Aboriginal housing. While the overcrowding of dwellings occupied by Aboriginal households has decreased over the last two decades, 9.1% of households in NSW with Aboriginal members nonetheless live in dwellings that require at least one extra bedroom (the equivalent figure for the wider population is 4.3%).[60]

Demographically, Aboriginal households in NSW tend to have more members (3.1 people) in comparison with the wider population (2.6 people). In notable contrast to public housing, only 25% of households living in Aboriginal housing are single person households.[61]

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[58] The AHO recognises that ongoing operating subsidies are necessary for the management of properties in remote and very remote areas.

[59] Aboriginal Housing Office (2010) *The Build and Grow Aboriginal Community Housing Strategy*. Available from: http://www.aho.nsw.gov.au/housing-providers/build-grow (accessed 6 August 2014).

[60] AHO estimate based on 2011 Census data.

[61] AHO estimate.

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6 Conclusions

Tenancy management practices are a key element of any social housing system and it is vital that these arrangements are as effective and efficient as possible.

Tenancy management in a social housing context involves some activities that are similar to those carried out in the private rental market along with practices which are quite different. The latter reflect the unique and often complex support needs of vulnerable and disadvantaged people living in social housing along with obligations for transparency and fairness in the delivery of publicly-supported services that do not generally apply to private rental market tenancies.

FACS is committed to delivering on the *NSW 2021* plan's ambition of building linkages between the Government and other entities to achieve better outcomes for people and the State. For example, a significant proportion of the delivery of out-of-home care services for vulnerable children has recently been successfully transitioned to non-government providers. In this vein, FACS is likewise open to considering the feasibility, benefits and costs of introducing contestability to aspects of tenancy management, as informed by market testing.

To this end, FACS notes that the Inquiry process involves substantial consultation and input from a variety of sources. The Committee will be privy to a vast range of information, research and evidence in relation to tenancy management that may be beneficial for FACS to consider.

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