

**Submission  
No 38**

**OPTIONS TO IMPROVE ACCESS TO EXISTING AND ALTERNATE  
ACCOMMODATION TO ADDRESS THE SOCIAL HOUSING SHORTAGE**

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# CONTENTS

1	The context .....	3
2	options to better support 'meanwhile use' (TEMPORARY SUPPORTIVE accommodation), and the current major planning barriers to 'meanwhile use' .....	4
3	options to improve access to existing accommodation to provide community housing; .....	5
4	options for crisis, key-worker and other short term accommodation models.....	6
5	barriers to additional supply across NSW, including for smaller non-CHP housing providers; .....	6
6	support for and accountability of registered community housing providers.....	7

# 1 THE CONTEXT

There is now widespread recognition of the acute shortage of social housing. National and local press carry daily accounts of the challenges faced by many communities in ensuring that there is housing for all who need it. The COVID-19 pandemic has highlighted the issue and the impact in regional areas is significant as increased outward migration from urban area to regional towns and cities has created additional pressures on an already broken system. Current waiting lists exceed supply and allocations are limited to those in 'greatest need'. In 2019-2020, 82% of community housing and 76% of public housing allocations were to tenants defined as in 'greatest need' (AIHW,2021). Based on current waiting lists the situation in NSW has reached a crisis point where even those with greatest needs can wait two years for accommodation and the remainder will wait for up to ten years, with many having no prospect of being housing in the social housing system.

**Table One: Social Housing supply shortfall in NSW: 2021**

State	Commitments	Shortfall for current waiting list	Additional dwellings to achieve 6% social housing	Overall shortfall to 2031
NSW	13,000	38,396	27,015	65,411

Source: Compass Housing Services Ltd 2021 (forthcoming).

The estimates in the above table are based on the combined increase in supply to house the current waiting lists and to provide sufficient social housing supply to meet population growth by returning to a 6% proportion of all housing, (the 1998 level.)

The Inquiry is seeking commentary on strategies to improve access to accommodation alternatives that will help address this shortfall. Whilst such measures can be useful to deliver short-term solutions, they will not meet the needs of this growing population of people requiring social housing support. The crisis can only be resolved by a comprehensive program of expansion of social housing. The extent of the problem is such that the state government cannot meet this challenge alone and the problem requires a comprehensive partnership between the federal government, state government, the private sector and the community housing sector. Key examples of successful programmes that combine the strengths of all parties to increase social housing supply exist historically, and are capable of delivering a relatively rapid solution to the existing shortfall of supply.

**The New South Wales government should explore the extension of the NHHA agreement with federal government to develop major increases of social housing supply by utilising the strengths of all parties able to contribute to meeting the excess demand that currently exists.**

This submission will continue by considering the direct terms of reference of this inquiry. Topics are covered under the headings identified in the Inquiry TOR.

## 2 OPTIONS TO BETTER SUPPORT 'MEANWHILE USE' (TEMPORARY SUPPORTIVE ACCOMMODATION), AND THE CURRENT MAJOR PLANNING BARRIERS TO 'MEANWHILE USE'

Meanwhile use in urban regeneration and urban development programmes usually refers to the temporary adaptation of an asset to a different and temporary usage from its original design. It is meanwhile in the sense that it is scheduled for demolition or renovation in the medium term. Meanwhile use is often employed in retail premises to activate urban precincts suffering decline. Its use to resolve housing shortage is untested at any significant scale. There are several examples of adaptation of office premises to short-term temporary accommodation. This option has been highlighted by the potential falling demand for CBD office space emanating from changing work practises enforced by the COVID crisis. Whilst a superficially attractive solution, there are significant barriers to its widespread application:

- i). Adapting office buildings for accommodation use requires major investment in redesign and reconfiguration of the building fabric. Significant alteration to sanitation services, water supply, electricity access and air conditioning services are required to satisfy basic adequacy of function as accommodation. Projects to date have tended simply to erect temporary partitioning that serves to divide large office space into individual rooms. Services tend to be communal and not necessarily meeting the needs of each individual occupant.
- ii). The CBD location of likely redundant office space will lack the support of service providers including mental and physical health, counselling, and general support services, for a population that is likely to have experienced trauma and a wide range of social and psychological issues. The experience of Housing First initiatives fully demonstrates that to successfully maintain accommodation options for the chronically homeless requires high levels of social support. Conversion of meanwhile use premises would also be required to be matched by investment in those support mechanisms.
- iii). CBD locations also generally some distance from the likely social support networks, kinship groups and family relationships that often underpin the quality of life of an individual struggling to find suitable accommodation.
- iv). Meanwhile use of existing buildings is also likely to encounter major planning issues associated with change of use and legislation that ensures quality of accommodation. There is little experience to inform what the planning barriers might be, but it is the case that the legislation and regulations are in place to protect individuals and families from a proliferation of inappropriate and unsuitable accommodation. The identification of protective legislation as a planning barrier rather than a protective device is a mistaken perspective. The vulnerability of the population likely to be housed in meanwhile use and temporary accommodation requires high standards to ensure that health and wellbeing is not prejudiced by poor quality and inadequate accommodation.
- v). Finally, the level of investment required to bring meanwhile uses into play is likely to be high and would be better placed in developing permanent accommodation solutions rather than

temporary fixes that become unavailable when the projected use for the building comes on stream.

**Investment in long-term Housing First informed solutions will provide the NSW government with better outcomes for its expenditure and in time reduce the recurring expenditure on an ineffective model.**

### 3 OPTIONS TO IMPROVE ACCESS TO EXISTING ACCOMMODATION TO PROVIDE COMMUNITY HOUSING;

Community Housing Providers have demonstrated considerable innovation in their approach to increasing social housing supply. They have demonstrated capacity and willingness to leverage borrowing on the basis of existing assets, in order to invest in new housing.

i). Of particular value in accessing existing accommodation for use as Community Housing, is the implementation of 'headlease' schemes. Previous programmes have funded Community Housing Providers to enter the market and lease privately rented properties. This has enabled expansion of social housing supply. Community Housing Providers are able to provide high value property management to the private sector, with security for rent payment, property protection and tenant management. However, the headlease approach requires subsidy by government to support the quality of service provided and underwrite potential damage and legal costs that can accumulate from non-compliant tenants.

ii). Community Housing providers also have the capacity to manage long term rental housing that can be purchased in the private 'for sale' market. Funding for this approach can deliver rapid expansion of supply and has an advantage of avoiding high concentrations of social housing given that purchases will tend to be scattered within the general housing distribution. This approach can also operate at scale. Purchase of apartment blocks can deliver mixed tenure solutions or specialist provision including Common Ground initiatives to provide permanent housing with support services available, usually on the premises. Common Ground is an example of a Housing First approach which sees secure and permanent housing, backed by support services, as the only viable method for resolving long-term and chronic homelessness.

iii). At the opposite end of the scale is the use of motel accommodation for temporary relief of housing need. This has no positive outcomes for the individual or for government. It is an expensive and inefficient remedy for expanding accommodation for those in need. Costs to government are significant and do not build any long-term service structure. For the individual, accommodation is temporary and does not incentivise commitment to support plans or personal development. The cramped accommodation without cooking facilities does not lend itself to improvement of precarious lifestyles and simply encourages the continuation of a cycle from temporary accommodation to homelessness to further temporary accommodation. Again, we stress here the value of Housing First approaches which are proven to be successful in breaking this cycle.

**A variety of ways exist for the NSW government to subsidise the development of additional social housing supply that will represent better value for money than existing temporary accommodation models that maintain clients in a state of precarious housing.**

## 4 OPTIONS FOR CRISIS, KEY-WORKER AND OTHER SHORT TERM ACCOMMODATION MODELS

Key worker accommodation is best addressed by affordable housing options located close to places of employment, including CBD and other inner-city locations. Affordable accommodation is usually defined as 75% of market rent. The National Rental Affordability Scheme (NRAS) provides an example of how this might be achieved. Introduced in 2010 to develop 50,000 new affordable rental homes, the number was capped by the Abbott government and will end in 2026 with no further registrations to the scheme. It currently provides 31,600 tenancies. The scheme has proved particularly effective at developing key worker housing.

The need for crisis accommodation is best met by sufficient supply of Housing First informed accommodation to provide permanent accommodation at the point of need. It is not effective to provide highly temporary responses to housing need. It discourages personal investment in health improvement, training and personal development that can help improve the precarity of shelter experienced by people with mental and physical health challenges or other behavioural triggers of loss of accommodation. The provision of stable accommodation with support provides a better investment model for government expenditure. For too long, not grasping the nettle has ensured that significant sums of money are expended, simply to maintain clients in a permanent cycle of homelessness.

**Investment in housing as part of the infrastructure of cities is the key to long-term solutions for the social housing crisis. Placing good quality social housing close to places of employment addresses significant disadvantages experienced by key workers and contributes to economic development, reduces travel related congestion and pollution and improves the quality of life for key workers and their clients.**

## 5 BARRIERS TO ADDITIONAL SUPPLY ACROSS NSW, INCLUDING FOR SMALLER NON-CHP HOUSING PROVIDERS;

Community Housing organisations provide a well-regulated and competent model for improving the supply of social housing. Many Community Housing organisations have engaged in significant borrowing to achieve this, and the federally funded NHFIC bond aggregator has improved the borrowing conditions for multiple Community Housing Providers. The capacity of smaller CHPs to borrow is limited and policy settings are not generally favourable to their growth and expansion. Promotion of acquisitions and mergers should be a key policy objective for the development of community housing capacity and the

improved supply that will result. The central challenge to increasing supply is the fundamental need for subsidy of social housing. By definition, those in 'greatest need' who qualify for social housing receive low incomes and have limited capacity to improve employment potential. Consequently, rent levels cannot support housing development and long-term maintenance costs or the costs of providing a value-added service that supports tenants to maintain their tenancy. Consequently, long-term subsidy is required.

The NSW government has engaged in programmes of management transfer to the Community Housing sector, and this has enabled Community Housing organisations to gain a sound financial footing that has supported borrowing for further housing development. However, in comparison to other jurisdictions the general policy settings do not favour expansion of CHP capacity. In comparison, in the UK, large scale housing stock transfer was with title, providing significant security for large scale borrowing. Further security was provided by the direct payment of housing benefits to the social landlord. This provided lenders with a high level of confidence in the sector to support borrowing requirements. The tendency of Australian management stock transfer recently to be for extended terms of up to 20 years has in part replicated this confidence but not to the extent that transfer with title would achieve.

**A NSW state Social Housing and Homelessness Strategy developed in partnership with major stakeholders could provide a collaborative basis that develops a model system from the ground up to develop innovative and relevant solution to conditions that exist now rather than maintaining a 50 year old model that is not fit for purpose.**

## 6 SUPPORT FOR AND ACCOUNTABILITY OF REGISTERED COMMUNITY HOUSING PROVIDERS.

A variety of support mechanisms can be developed to increase the capacity of community housing providers to contribute to improved supply of social housing. This has partly been addressed in response to the previous question through the setting of policy parameters that foster increased capacity. Support must also include adequate funding of peak bodies to ensure the development of training for the workforce, sharing of best practise and effective liaison with government. Peak bodies provide a central role in raising the professionalism and capabilities of Community Housing organisations.

Further support can be provided by adequate funding for the additional services that community housing providers tend to deliver to their clients. These include initiatives to support tenancies, to encourage community engagement, foster volunteerism and ultimately engagement in the labour market. This is currently generally funded from Commonwealth Rental Assistance but could also be funded in the contract management conditions of transferred stock. The SAHF programme is a good example of the potential partnership between the community housing provider and the NSW Government.

Community housing providers are generally accountable through their registration in the tiered system of the National Regulatory System for Community Housing (NRSCH). This scheme provides assurance of compliance with relevant standards, financial probity, competent governance and public accountability. Extension of this scheme to the remaining state governments could create a uniform regulatory structure to underpin the accountability of the community sector.



**Community housing providers welcome improved accountability based on the confidence of the quality of their service and the financial efficiency of the model. Enhanced accountability improves lender and investor confidence.**