

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

Organisation: Bridge Housing

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**Legislative Committee on Community Affairs
NSW Parliament House
6 Macquarie Street Sydney NSW 2000**

To whom it may concern

RE: NSW Parliamentary Inquiry Submission – Bridge Housing

Bridge Housing welcomes the opportunity to provide comment on the NSW Parliamentary Inquiry into options to improve access to existing and alternate accommodation in order to help address the social housing shortage in NSW.

If you require any further information please do not hesitate to contact [REDACTED]
[REDACTED].

Yours sincerely

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About Bridge Housing

Bridge Housing is a Tier 1 Community Housing Provider (CHP) registered under the National Regulatory System for Community Housing (NRSCH). Our vision is to improve lives through affordable homes and quality services, which we provide to people on low to moderate incomes. Our vision is to be a dynamic organisation, recognised for excellence in meeting housing need, improving resident wellbeing and governing responsibly. We operate in areas most in need across Greater Sydney, which are characterised by high demand for social housing and private rental markets that are increasingly unaffordable.

Bridge Housing has been delivering high quality social and affordable housing services in Sydney for over 30 years. We provide safe and secure housing for 5,600 people through 3,500 properties we own or manage approximately across 20 LGAs in Greater Sydney – from Waverley in the east to Blacktown in the West and Northern Beaches.

Further information on Bridge Housing's scope, expertise and approach to the management and delivery of social and affordable housing can be found in our latest [Annual Report 2020](#).

The social housing shortage in NSW

There is an acute need for affordable housing across NSW and particularly in Sydney, where we operate. Research by the City Futures Research Centre at UNSW estimates a current shortfall of around 125,000 homes which are affordable to households in the bottom two income quintiles (Troy et al: UNSW: 2019). The analysis shows that, to meet our growing population and changing demography, we will need around a further 75,000 affordable homes and 200,000 social homes to meet existing and projected need by 2036. Addressing this shortfall requires significant long term investment from the NSW and Commonwealth Governments.

It is our view that meanwhile use properties, while useful, are primarily a short term and temporary accommodation option. By design meanwhile use will not meet the overall demand for long term affordable accommodation across the state. At its best it provides an innovative model to support the existing transitional housing options available to support people transitioning from crisis homelessness.

Long term investment is required to address the lack of affordable housing supply. Community housing providers are well placed to work with government to develop this new housing supply. Our access to low cost finance, taxation and lower development margins, makes us the best choice for government in order to maximise the amount of social and affordable housing that can be built for people in need.

Options to support 'meanwhile use' models

Bridge Housing has experience delivering meanwhile use projects in partnership with both private sector developers and the NSW Government. Two examples of this are our Pathways Home Project in partnership with Women's Community Shelters and Payce and our partnership with the NSW Land and Housing Corporation on their sites earmarked for redevelopment. These examples are outlined below.

Case Study 1: Pathways Home – a private sector partnership

[Pathways Home](#) – our partnership with Payce and Women's Community Shelters – was one of the first meanwhile use programs in NSW. The initiative is targeted at women and children leaving violence. Women are offered housing and support services for up to 18 months, including assistance to find appropriate permanent housing at the end of the period. Women's Community Shelters provides case management, with a focus on the development of skills required to independently sustain housing.

Payce provided 5 properties earmarked for redevelopment in North West Sydney as an in kind contribution and undertook the modifications required to ensure that they were fit for purpose. The Payce Foundation, which is the company's philanthropic arm, also provided seed funding to the project to support responsive maintenance and other costs. Bridge Housing delivered tenancy management and undertook responsive maintenance.

The initiative has delivered transitional housing and wrap around support services to 27 women and their children escaping domestic violence since November 2017. This includes 5% Aboriginal clients and 50% clients of culturally and linguistically diverse backgrounds.

Case Study 2: Cowper Street Glebe – a NSW Government partnership

In 2018, Bridge Housing was allocated 15 units identified for redevelopment at 31 Cowper St, Glebe by the NSW Land and Housing Corporation under a short term leasing arrangement to facilitate a meanwhile use housing option until the properties were redeveloped.

Bridge Housing identified young people as a suitable cohort to target based on the property's proximity to educational and employment opportunities and our strong partnerships with Specialist Youth Homelessness Services. Our service partners Options Youth Housing, Family Spirit (a joint program run by Catholic Care and Mission Australia) and Launchpad Youth Community Inc. provide wrap-around support services for young people ages 16-15, with a focus on supporting pathways to independence.

Bridge Housing provides tenancy management and responsive maintenance services, as well as access to our broader programs and initiatives including the Bridge To Work program. To date, four tenants have taken advantage of the Start Work Incentive rent freeze initiative when commencing new employment.

Since October 2018, the partnership has delivered housing and support services to 33 young people, with an average age of 21. Demographics include:

- 74% of tenants are female and 23% male
- 32% of tenants identify as Aboriginal or Torres Strait Islander
- 52% of tenants are culturally and linguistically diverse
- 24% of tenants have a disability

Through our experience, we have identified a number of key learnings about the model including strategies that the NSW Government could implement to support the expansion of the model as a systemic housing response to particular cohorts of people.

Understanding the true costs of meanwhile use models

Meanwhile use promotes the innovative use of underutilised assets to address the shortage of social housing. The model requires funding to ensure that the underutilised assets are upgraded to a suitable standard that can be used for temporary housing. Careful consideration must be made to understand the costs of upgrading, length of term the assets can be used for and the rental income that can be expected. Careful financial analysis will ensure that there is not over-investment for an asset that will not be used over the long term.

The provision of wrap around support services is a key feature of the meanwhile use model and is critical in supporting clients to develop the skills required to sustain housing independently and to identify suitable housing pathways.

When Bridge Housing partnered with Payce and Women's Community Shelters, this funding gap was met via philanthropic funding through Payce. This included fully funding the wrap around support services delivered by Women's Community Shelters, all maintenance costs as well as seed funding to assist in establishing the partnership and ongoing project management. At Cowper Street, the NSW Government funded the support packages delivered by specialist homelessness services.

Without dedicated funding to deliver support as part of meanwhile use initiatives, community housing providers and our support partners are reliant on philanthropic contributions from the private sector. As a result, meanwhile use initiatives in NSW to date have been largely one off. The NSW Government can support the meanwhile use model as part of a systemic response to addressing housing need by providing a dedicated funding stream for support.

Maintenance costs

Depending on the site, meanwhile use projects can involve significant upfront and ongoing maintenance costs. Generally, some initial work will be required to configure the building for its intended use. If the building has not previously been used for residential purposes, these costs can be significant. In addition to the upfront costs, meanwhile use projects generally utilise buildings that are coming to the end of their life that have much higher maintenance costs compared to newer builds which must be factored in.

Selecting buildings that have previously been used to provide residential accommodation particularly social housing can help to reduce these costs by minimising the work required to ensure the building is fit for purpose. This also helps to reduce compliance costs, as the property will generally already meet fire and other safety compliance requirements so retro fitting in order to bring it in line with the relevant standards is not necessary.

Understanding the client cohort

While meanwhile use is an innovative model, we have found it is primarily suited to cohorts like young people or women leaving violence who are in a period of transition in their housing trajectory and have the capacity to move to alternative less subsidised accommodation options in the future. Meanwhile use initiatives are not appropriate for cohorts that are likely to require long term support and social housing, including people with complex needs and those with a history of rough sleeping, with an extensive evidence-base highlighting the Housing First model as best practice when working with these more complex cohorts.

Location and amenity

Given the target cohorts suited to the meanwhile use model, sites must be well located in close proximity to education, transport and employment hubs. This is critical as obtaining stable

employment can be a key factor in ensuring a client's transition to unsubsidised housing at the end of their time in the program.

Based on these learnings, the NSW Government could establish a meanwhile use program to support the expansion of the model as a systemic housing response for particular cohorts of people. This program should include:

- A dedicated stream of funding for wrap around support services
- Access to capital grants to support maintenance costs
- An audit of NSW Government land holdings to identify appropriate sites for meanwhile use projects
- Appropriate targeting to cohorts who are in a period of transition in their housing trajectory
- Appropriate site selection in proximity to education and employment opportunities

Options to improve access to existing accommodation to provide community housing

Bridge Housing has identified a number of opportunities to support access to existing accommodation and land holdings to support not only meanwhile use but the overall supply of long term social housing.

Review NSW Government land holdings

Across its agencies and departments, the NSW Government has significant land and residential asset holdings that could be leveraged to address the social housing shortage. An audit of these government land holdings is key in ensuring that these public assets are optimally used to benefit the people of NSW, particularly those in housing need.

The NSW Government can partner with Bridge Housing and other community housing providers by providing land at a discounted price where it will be used to develop social and affordable housing. This can also be achieved through planning system reform to mandate inclusionary zoning targets that at least 30% of housing delivered by private sector developers on land owned by the NSW Government is dedicated as social and affordable housing to be managed by a registered community housing provider.

NSW Government agencies responsible for delivering major infrastructure projects, in particular Transport for NSW, have significant land holdings that could be made available to facilitate the delivery of social and affordable housing. This includes compulsorily acquired properties and land as well as NSW Government land that is earmarked for major projects that often sits vacant for years.

The [Harris Transportable Housing](#) initiative in Victoria utilised land held by VicRoads and funding from the Victorian Property Fund as well as philanthropic donations to deliver 57 tiny homes managed by Launch Housing. This is an innovative example of how government agencies with land holdings can contribute to increasing the supply of community housing.

When designing similar initiatives, it is critical that the NSW Government consider the target groups as they cannot deliver permanent social housing and therefore are less suited to cohorts that are likely to require long term housing.

Expand the Community Housing Innovation Fund

The Community Housing Innovation Fund recently delivered a round of grant funding to support the sector to develop social and affordable housing in combination with other subsidies available through the Commonwealth and Local Governments. The Fund provides an efficient model for delivering grant funding to the sector through the pre-qualification approach and could be expanded, with future rounds potentially targeted at specific initiatives or small scale projects. For

example community housing providers may have underutilised community rooms or common areas that could be converted to units of social housing, or free standing houses on large blocks that could be subdivided to deliver secondary dwellings.

Promote not for profit real estate management of NSW Government properties

Bridge Housing's not for profit real estate arm, HomeGround Real Estate Sydney provides specialised property management services for 260 private market and affordable housing properties. We have obtained a tax ruling from the Australian Taxation Office that enables landlords who lease their properties at affordable housing rents to claim the rent foregone as a charitable deduction. All profits generated by HomeGround are reinvested into the delivery of social and affordable housing via Bridge Housing.

The NSW Government could support the use of for-purpose real estate agencies like HomeGround by mandating that NSW Government owned residential properties are managed via a not for profit agent. Our modelling suggests that if just one per cent of private rental properties in NSW were leased through for-purpose real estate agencies like HomeGround, we could generate \$11.2 million per year towards more housing and better services for people in housing need.

Improve tax settings

Simple changes could be made to current land tax policy settings to provide land tax exemptions for private landlords to use their properties for affordable housing. This could be achieved through the review of the current land tax exemption – Section 10Q of Land Tax Management Act 1956 – Ruling LT 105 – for low cost accommodation to extend the geographical reach across metropolitan Sydney and align the rent setting and eligibility requirements with the NSW Government's Affordable Housing Guidelines. This tax exemption, in combination with the existing ATO tax ruling, would create a lucrative incentive for private landlords to contribute to the supply of affordable housing by leasing their properties below market rates.

The HomeGround model provides an innovative model for delivering additional social and affordable housing, which could be further supported by the NSW Government through minor land tax changes and encouraging agencies to lease any residential properties via a not for profit real estate agency.

Supporting the delivery of more housing through registered community housing providers

Community housing providers are tightly regulated and have a strong history, particularly in NSW, of partnering with Government to deliver social and affordable housing that meets the needs of local communities. NSW Government support for Bridge Housing and the community housing sector more broadly provides an efficient and effective model to deliver the supply of social and affordable housing required to meet growing need over the next 20 years.

Since 2012, the NSW community housing sector has invested over \$1.2 billion to deliver new social and affordable housing across the state, demonstrating our role as key players in delivering the supply of additional social and affordable housing required over the next 20 years(CHIA NSW Sector Snapshot 2020: communityhousing.org.au). This investment has delivered close to 1,700 new social and affordable homes across NSW.

The sector is subject to a number of regulatory and performance obligations. These include, the National Regulatory Scheme for Community Housing (NRSCH), contracts with Government authorities, reporting requirements to the Australian Securities and Investments Commission (ASIC) and Australian Charities & Not-for-profits Commission (ACNC), as well as bank and NHFIC credit requirements. In combination, these provide assurance to both government and investors that the

community housing sector is well governed, well managed, financially sustainable and provides quality housing for our tenants.

As a registered charity and non-government organisation, Bridge Housing can access a range of funding sources, subsidies and programs across federal, state, and local governments, as well as a range of tax exemptions and concessions. We also have the capacity to partner with and engage with private sector developers and construction companies to minimise costs and maximise social outcomes in the delivery of new social and affordable housing.

Bridging the subsidy gap

NSW community housing providers house people on very low to low incomes in line with the state housing authority in NSW. Therefore even with these incentives, the NSW Government will need to consider how to meet the subsidy gap to support the development of social housing required to address the shortfall in the long term.

The NSW Government could maximise the outcomes of its investment by layering its own contributions, for example, by using a subsidy that is linked to redevelopment of existing social housing dwellings that are no longer fit for purpose or where there is potential to provide uplift on the social housing site. Further, given the extent of the affordable housing supply shortage, we believe that the NSW Government should seriously consider vesting of current social housing assets under management by community housing providers to ensure an adequate capital base to deliver more social and affordable housing to the people of NSW.

Vesting to the community housing sector

The NSW Government can vest social housing assets to the community housing sector as a strategy to build the capacity of the sector to deliver new social and affordable housing. The provider can then borrow against the asset in order to develop additional social and affordable housing, which serves to increase supply at minimal cost to Government. The NSW Government can be assured that these assets will be used as social housing in perpetuity for future generations and can expect the community housing sector to deliver on ambitious leveraging targets based on historical experience of vesting to the sector.

The Community Housing Assistance Agreement: Vesting of Capital Properties – developed to facilitate vesting under the Social Housing Initiative Program – secures and protects the NSW Government's interests through clauses that bind the provider to meet obligations under the NSW Housing Act, recognises the Land and Housing Corporation's interest in the vested property and ensures that the property is used for the purpose of social and affordable housing into perpetuity. Community housing providers who were vested properties under the Social Housing Initiative Program have met the leveraging targets to deliver more social housing supply in NSW and have also

ensured that all properties have been maintained to the appropriate standard. Bridge Housing's experience meeting leverage targets is outlined below.

Case study 3: Levering vested properties to deliver new supply – Bunya Estate

Our development of 65 new two and three bedroom villa homes on the Bunya Estate in Bungarribee, Western Sydney was delivered under leverage targets. This development utilised a range of incentives and funding sources to deliver new affordable housing supply. The estate is now home to 250 people, including 150 children.

Based on a joint venture partnership with Lindsay Bennelong Developments, the estate was financed through a mix of debt and equity, with support from state and commonwealth governments via the National Rental Affordability Scheme (NRAS), the Housing Affordability Fund, and subsidised land from Urban Growth NSW. Of the 65 properties, 34 were sold to investors as affordable rentals for 10 years – these are currently managed by HomeGround Real Estate, our not for profit real estate agency. The remaining 31 were retained by Bridge Housing.

Conclusion

Bridge Housing looks forward to working in partnership with the NSW Government to address the shortage of social housing, including through initiatives that improve access to existing and alternate accommodation. The key recommendations we have identified in our response include:

- Expand the meanwhile use model as a systemic housing response for particular cohorts through the provision of grant funding for support services and maintenance.
- Review NSW Government land holdings across all agencies and departments to identify potential sites for meanwhile use projects.
- Leverage the planning system to expand affordable housing levies to at least 30% on NSW Government land.
- Expand the Community Housing Innovation Fund to provide grant funding for projects that will increase the supply of social and affordable housing.
- Review NSW Government residential property holdings across all agencies and departments and mandate their management through not for profit real estate agencies.
- Review the land tax policy settings to provide exemptions to landlords who lease their properties as affordable housing in line with the NSW Affordable Housing Guidelines.
- Build the capacity of the community housing sector to develop additional social and affordable housing by vesting NSW Government social housing assets to providers.

While the meanwhile use model offers an innovative strategy to deliver a housing option suited to particular cohorts, it is by design a temporary housing offering and therefore not suitable for cohorts with complex needs, including rough sleepers, who are likely to require long term housing support. Dedicated funding to cover the cost of wrap around support services and maintenance is required to support the expansion of the model as a systemic housing response. However these costs must be balanced with the short term nature of the projects delivered to ensure the investment represents value for money.

In addition to expanding the meanwhile use model, the NSW Government can implement a range of strategies to build the capacity of the community housing sector to deliver additional social and affordable housing, which is an economically efficient model for increasing supply. These strategies include the vesting of social housing assets to community housing providers and the provision of funding to support providers to deliver projects that layer subsidies from Commonwealth and Local Governments.