


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

Organisation: Community Housing Industry Association NSW

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Submission:
Inquiry into options to
improve access to
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accommodation
to address the social
housing shortage

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About this submission

The Community Housing Industry Association NSW (CHIA NSW) welcomes the opportunity to provide a submission to the Committee on Community Services on options to improve access to existing and alternate accommodation to address the social housing shortage.

Safe, secure, and affordable housing is a basic human right. It is the foundation for individuals, families, and communities to experience positive social, health, wellbeing, and economic outcomes. When people and families are faced with insecure housing due to structural or individual factors, they are at greater risk of experiencing negative life outcomes, including homelessness, poorer mental and physical health, domestic and family violence, relationship breakdown, poverty, and disengagement from education, training, or employment.

This submission outlines a series of recommendations for addressing the critical shortage of social and affordable housing in NSW. It also provides examples of innovative housing models that could form part of the solution.

Although the consideration of a broad range of options is welcomed, it is critical that housing policy and options are primarily focused on the delivery of permanent social and affordable housing supply. The current shortage in NSW is primarily due to historic underinvestment in new, permanent supply of purpose-built housing. The provision of long-term, stable and high-quality accommodation is highly preferable to temporary measures or use of private market housing as this will provide lasting certainty and growth over the long-term.

The NSW Government's housing policies and interventions need to respond to changing and long-term structural trends in the Australian housing system, including falling rates of home ownership, an increase in private rental households, a decline in social housing supply, and a lack of affordable housing for low-income households. Without strong action, the urgent need for social and affordable housing will only increase even further.

A well-integrated and coordinated housing policy approach will ensure that people can access the housing, jobs, and infrastructure that they need in a timely way. Ensuring the NSW housing system delivers sufficient housing supply, diversity of housing types, affordability, and resilient housing is critical to re-building NSW's economy and robust communities across the state, in response to both the COVID-19 pandemic and historic undersupply of social and affordable housing. A dynamic housing system will integrate these outcomes by coordinating settings across policy areas to ensure the right types of housing are delivered in the right places and include specific interventions in the parts of the housing system where market-led delivery is not viable.

As a highly regulated sector with an established track record of nearly 40 years, community housing providers are well positioned to work alongside government and the private sector to build the social and affordable homes that NSW needs. Community housing providers have significant expertise in designing and delivering long-term housing outcomes, built through investing in communities across the state, and they have unique benefits that maximise public outcomes. Over the last decade, the community housing sector has significantly increased its development capacity and pipeline, thereby enabling more individuals and families to access safe, affordable, and appropriate housing. In the current uncertain economic environment, the community housing sector has significant capacity to create jobs in the construction industry, including regional employment opportunities.

A real commitment to providing more safe, secure, and affordable homes for people in NSW first needs the leadership of the NSW Government. Delivering on that leadership will take strong partnerships between Government, the private sector, CHPs, investors, and the community. The community housing sector stands ready to play its part.

Recommendations

Creating long-term social and affordable housing supply

- Establish a Social Housing Capital Fund to significantly increase the supply of long-term social and affordable housing in NSW, starting with shovel-ready projects. Community housing providers across NSW have shovel ready projects that can deliver thousands of new affordable rental homes across the state, provided they can secure capital funding or land from government.
- Increase the availability of government-owned land available for social and affordable housing projects led by community housing providers, including mixed-tenure developments.
- Review the Community Housing Leasing Program's 10-year funding guarantee to provide more CHPs with the opportunity to acquire and retain new and additional social housing in perpetuity.

Innovative accommodation models

- Continue to invest in Housing First programs to support the NSW Premier's Priority to reduce rough sleeping by 50 per cent by 2025. As a starting point, the NSW Government should consider funding the Together Home program on a permanent basis.
- Provide new and additional funding to establish core and cluster models across NSW to provide additional housing and support for domestic and family violence survivors. Funding for additional core and cluster models should complement existing funding arrangements for Specialist Homelessness Services in NSW.
- Provide new and additional funding for Youth Foyer and other supported accommodation models across NSW to provide more young people with access to housing and support services to facilitate their participation in education and training, and transition to independent living. Funding for additional youth housing models should complement, and not replace, existing funding arrangements for Youth Specialist Homelessness Services in NSW.

Planning

- Introduce a new or streamlined development approval pathway for CHPs to fast-track affordable housing projects and reduce costs of planning and delivery. This includes the use of a streamlined approvals process for meanwhile use housing.
- Streamline the process for implementing affordable housing contributions schemes and provide additional support to councils to ensure schemes are established in a timely manner and that opportunities for new supply are not missed.
- Commit to removing regulatory and planning barriers to innovative housing models, including for meanwhile use of land and buildings, to complement significant investment in long-term social and affordable housing supply.

Regulation

- Ensure that key reform options identified in the 2018 Review of the National Regulatory System for Community Housing (NRSCH) are progressed by government in a timely manner to support the operations of an already robust and highly regulated sector. These include: mandatory registration for all providers delivering community housing activities, increased coverage of tenant-focused outcomes, and streamlining reporting requirements and data sharing arrangements between key agencies to reduce regulatory burden for CHPs.
- Identify options to introduce a similar independent regulatory framework for state housing authorities involved in the delivery of public housing to ensure that all tenants live in high-quality,

well-maintained homes, regardless of whether they reside in public housing or community housing.

- Monitor the effectiveness of new regulation governing short-term lettings and introduce further incentives in regional areas, particularly higher cost markets in coastal areas, to ensure a sufficient supply of rental properties.

About CHIA NSW and community housing providers

CHIA NSW is the peak body representing 94 registered, not-for-profit community housing providers (CHPs) in NSW. Our members currently own or manage more than 51,000 homes across NSW for individuals and families who cannot afford to rent or purchase a home on the private market. Since 2012, CHPs have delivered more than 4,000 new homes across NSW, representing an investment of over \$1.5 billion. Critically, these are new homes that the private sector cannot – or will not – deliver in response to housing need.

The community housing sector supports the people of NSW, with tenants located in small and large communities, coming from a range of backgrounds, including:

- People on a disability or aged care pension.
- Those who have experienced family violence or homelessness.
- Aboriginal and Torres Strait Islander people.
- Key workers (such as health and childcare workers, retail and hospitality staff, and other essential service workers) who would otherwise be priced out of the area.

CHPs deliver housing with the needs of their future tenants in mind, tailoring projects to match the housing need in the local area and the profile of those on social housing waiting lists where relevant. CHPs retain most of their new housing stock for the long-term, meaning that they are focused on designing high-quality homes which are environmentally sustainable, require less maintenance because of innovative design, and deliver cost savings to their tenants.

Policy responses

A critical need for more long-term housing solutions

The Inquiry has a particular focus on the role that meanwhile use, existing accommodation and other alternative accommodation models could play in addressing the social housing shortage in NSW. Although these models can provide a time-limited solution to housing supply, it is important to note that the current social and affordable shortage in NSW is significant and primarily due to historic underinvestment in new, permanent, supply of purpose-built housing.

The NSW Government has acknowledged that investment in social housing has not kept pace with population growth and demand.¹ Although the NSW Government announced \$812 million in funding in the 2020-21 Budget for new and upgraded housing, this falls far short of the ongoing investment required to address the current and projected shortfall. No new and additional funding for social housing was included in the most recent 2021-21 Budget.

In NSW, 1.4 million people are experiencing housing stress.² The State has the largest social housing waiting list in Australia, with more than 51,000 households waiting to be housed.³ Without significant

¹ NSW Department of Planning, Industry and Environment (2020), *A Housing Strategy for NSW: Discussion Paper*, Department of Planning, Industry and Environment, Sydney.

² Australian Bureau of Statistics (2020), *Household financial resources September 2020*

³ NSW Department of Communities and Justice (2021) *Guide to waiting times for social housing* as at 30 June 2020, Department of Communities and Justice, Sydney.

investment in social and affordable housing, some people will be left waiting for 10 years or more to be housed, forcing people to remain in unsafe or unhealthy circumstances, pay unaffordable rents, live in substandard housing, or, at worst, into homelessness.

Homelessness is closely linked with a lack of affordable housing in the private rental market and high levels of demand for social housing. On any given night in NSW, an estimated 37,715 people are experiencing homelessness. Between 2011 and 2016, NSW had the highest rate of homelessness across Australia, with an increase of 37 per cent, compared to the national average of 14 per cent. The rate of homelessness is significant as this means that homelessness is rising faster than population growth.⁴

Investment in social and affordable rental housing is critical to tackling the housing crisis in NSW, noting that the COVID-19 pandemic has not eased affordability pressures for vulnerable households. Pre-COVID, modelling undertaken by the University of NSW (on behalf of CHIA NSW) showed that, across the State, an additional 317,000 social and affordable rental housing properties are needed by 2036 to meet current and future demand⁵. Within this context, the NSW Government must commit to systemic housing reform to deliver more social and affordable housing.

At a time of ongoing uncertainty, social and affordable housing is vital infrastructure for our state's economy. By investing in a long-term social housing infrastructure program, the NSW Government can continue to strengthen the state's economic position, whilst making a lasting difference to the lives of current and future generations of people in NSW.

Building social and affordable new homes will result in the creation of new jobs and deliver economic benefits to communities across NSW, including regional areas. With more social and affordable homes coming onto the market, more individuals and families can access the housing they need, and the opportunities giving them the best possible chance of experiencing positive housing, economic, health, and social outcomes.

A significant investment in new social housing will have a lasting impact for generations to come. Data analysis and modelling conducted by Equity Economics has shown that a construction program of 5,000 new social housing properties per year will deliver the following economic and social benefits⁶:

- \$5.2 billion in additional economic activity each year.
- Create 16,200 new jobs in the residential construction sector in NSW – including in regional areas.
- Prevent 750 people entering homelessness each year, saving \$13million every year in avoided costs, including increased health expenditure.
- Improved health, social, educational and employment outcomes, leading to long-term improvements in productivity that could equate to at least \$3,818 per households in Sydney and \$158 per household in regional NSW by 2049.

The critical role of the community housing sector

A focus of the Inquiry is “support for and accountability of registered community housing providers.”

The community housing sector is well positioned to work alongside government and the private sector to build the social and affordable homes that NSW needs. This is recognised in the NSW Government's

⁴ Ibid.

⁵ L. Troy, R. van den Nouwelant and B. Randolph (2019) *Estimating need and costs of social and affordable housing delivery*, City Futures Research Centre, University of NSW, Sydney.

⁶ Equity Economics (2021) *Maximising the Returns – The Role of Community Housing in Delivering NSW's Future Housing Needs*, Equity Economics, Melbourne

Housing 2041 Strategy, which identifies the community housing sector as a key partner in growing and changing social housing in NSW.

For nearly 40 years, the community housing sector has built an established track record in developing and managing social and affordable housing in perpetuity through key government delivery programs including the Social and Affordable Housing Fund (SAHF), Communities Plus, the Social Housing Initiative, and the National Rental Affordability Scheme (NRAS). A KPMG evaluation⁷ of the Social Housing Initiative noted that sector participation in the program had enhanced CHPs' capacity "to become commercially focused and work with banks, developers and builders in situations they might not have otherwise had the opportunity to work in."

Not-for-profit CHPs are a cost-effective way to deliver social housing. The sector's charitable status makes it exempt from GST, land tax and stamp duty, and enables the sector to attract philanthropic donations. In addition, the recognition of CHPs as private landlords enables tenants to receive Commonwealth Rent Assistance, thereby increasing CHPs' income stream and rent revenue.

When undertaking property development activities, CHPs with charitable status will redirect the value of their tax exemptions and their developer margins into additional housing supply. As a result, CHPs can potentially deliver between 25 and 30 per cent more social and affordable properties than would otherwise be available if the CHP or government purchased them from a private developer.

Recent modelling undertaken by Equity Economics found that delivering the additional social housing needed through CHPs would generate a return on investment over 50 percent higher compared to delivery through public housing and save the NSW Government between \$316 million to \$631 million per year.⁸

The community housing sector is highly regulated

The community housing sector is a credible, transparent, and highly regulated delivery partner. In NSW, CHPs are subject to an independent and robust regulatory system that ensures high standards of service is provided. This system is overseen by the NSW Registrar of Community Housing, which is responsible for ensuring CHPs maintain performance in accordance with the National Regulatory System for Community Housing (NRSCH).

The NRSCH exists to ensure that regulation of the community housing sector is proportionate, accountable, consistent, transparent, flexible, and targeted. The NRSCH sets out performance requirements that CHPs must comply with under national law. This includes tenant and housing services, governance, management, and financial viability. To demonstrate compliance, CHPs are required to regularly submit formal reports to the Registrar. Where necessary, the Registrar has powers to investigate and take enforcement action to protect tenants and the viability of the sector, including de-registration of non-compliant CHPs.

In addition to the NRSCH, DCJ and LAHC also set a range of policies that govern the operations of CHPs. For example, the NSW Community Housing Rent Policy sets out requirements for rent policies operated by CHPs providing social housing. Compliance is also enforced through contractual arrangements aligned with different housing supply or management programs funded by the NSW Government, which can vary significantly across program types.

Furthermore, CHPs who are also charitable organisations are subject to additional regulation and requirements, overseen by the Australian Charities and Not-for-profits Commission.

⁷ KPMG (2012) *Social Housing Initiative Review*, Housing Ministers' Advisory Committee, September 2012

⁸ Equity Economics (2021) *Maximising the Returns – The Role of Community Housing in Delivering NSW's Future Housing Needs*, Equity Economics, Melbourne

Under this regulatory framework, CHPs are committed to growing a sustainable and robust community housing sector. As not-for-profit charitable organisations, CHPs place tenants first, often providing services in addition to housing such as employment programs and education assistance scholarships. Tenant satisfaction surveys which are conducted independently on behalf of CHPs have consistently shown that community housing tenants are consistently more satisfied with their homes and are more likely to report better social, health and economic outcomes, compared to public housing tenants.

CHPs are also well placed to respond to tenant issues and complaints through a comprehensive complaint handling policy and process, which provides clear and transparent guidance on the CHP's approach to reviewing complaints and appeals, in accordance with the regulatory framework's requirements. This is further supported by an independent NSW Government agency, the Housing Appeals Committee, where, in certain circumstances, tenant appeals can be lodged if they are not satisfied with the outcome received.

By comparison, the performance of state housing authorities (including the NSW Land and Housing Corporation) is not monitored through an independent regulatory system. CHIA NSW considers that public housing should be subject to similar scrutiny to ensure that all tenants live in high-quality, well maintained homes, regardless of whether they reside in public housing or community housing.

Given the considerable regulatory framework that CHPs already operate under, CHIA NSW considers that an additional regulatory system is unnecessary and would severely hamper the ability of CHPs to grow and invest in much needed new supply and services. The 2018 NRSCH Review identified a range of reform options and improvements to the regulatory framework, which, if adopted, will enhance the operations of an already robust and well-regulated sector. Key reforms which are supported by CHIA NSW include:

- Making regulation mandatory for all providers delivering community housing activities
- Expanding NRSCH to cover an increased set of tenant-centred measures and outcomes
- Streamlining existing reporting requirements across multiple government agencies and programs to reduce regulatory burden for CHPs, coupled with improved data sharing arrangements between key agencies.

Instead, CHPs can best be supported through policy and funding mechanisms, including by improving access to land, further title transfers and continued reform of the planning system. The benefits of these measures are discussed further in the following section.

Overcoming barriers to additional supply across NSW

The Inquiry seeks feedback on barriers to additional supply across NSW, including for smaller non-CHP housing providers. As well as further direct investment in new supply, CHIA NSW has previously identified several other barriers to increasing supply. These are outlined below.

Access to capital funding

CHPs across NSW have shovel ready projects that can deliver thousands of new social and affordable homes across the state, provided they can secure capital funding or land from government.

There is a need to review existing funding mechanisms and operating subsidies for community housing, with the objective of identifying the most efficient and sustainable models to deliver social and affordable housing.

While CHPs potentially have access to finance through National Housing Finance and Investment Corporation (NHFIC) and other sources, borrowing capacity is both insufficient to cover the full costs of development and would be predicated on access to secure funding. Therefore, to kick start construction activity in the current environment, CHPs require access to a capital grant or equity

funding to unlock any financing options. Such a grant or equity program could be modelled as an upfront grant to enable a project to proceed, coupled with an annual income subsidy for very low and low-income households housed in the project.

In our 2021 Pre-Budget Submission CHIA NSW called on the NSW Government to establish a Social Housing Capital Fund to support a major housing construction program across NSW, starting with shovel-ready projects. Such a fund could initially prioritise the provision of permanent housing for people in temporary arrangements through:

- The identification and purchase of vacant, or soon-to-be-completed, developments for conversion to social housing.
- Identification of government properties for conversion to social housing.

The NSW Government can capitalise on historically low bond rates through a fiscal stimulus investment in housing and infrastructure projects that deliver long-term benefit to the economy and achieve a positive social outcome. This could be done in partnership with the Federal Government, through the next National Housing and Homelessness Agreement in 2023.

Making better use of Government-owned land

CHIA NSW welcomes the NSW Government's commitment to establishing a process for developers and the community housing sector to submit proposals for the use of government-owned land for housing, as outlined in *Housing 2041*.

Making Government-owned land available for social and affordable housing will support the feasibility of delivering new social housing, including mixed-tenure developments. Land represents a considerable cost that significantly impacts the viability of social and affordable housing development. Investing Government-owned land in this way directly impacts the demand for social and affordable housing, productivity of local economies, and the efficiency of the housing market.

While there is a role for meanwhile use of Government, to utilise land awaiting redevelopment, priority for the use of Government-owned land should be given to the delivery of permanent housing. Although the NSW Government has recently finalised two direct dealing policies to support CHP-led redevelopment projects, it is important that these policies are regularly reviewed and informed by sector feedback to ensure they can support the delivery of an increasing pipeline of financially viable social and affordable housing projects.

Improving the NSW planning system

Despite record high levels of housing completions in NSW in recent years, the proportion of housing supply that is affordable for lower-income households has not increased. The lower rates of return from housing that is genuinely affordable to lower income households, compared to the returns from build-to-sell market housing, mean the private sector cannot – or will not – deliver long-term affordable housing. As a result, planning interventions are required to deliver viable affordable housing projects and address the significant discrepancy between supply and need across NSW.

As outlined in CHIA NSW's submission to the NSW Housing Strategy Discussion Paper, the planning system provides numerous opportunities for the community housing sector, local governments, private developers, and financiers to deliver an increased supply of affordable housing. These include planning agreements, inclusionary zoning, and density bonuses, amongst others. Despite these initiatives, the NSW planning system has made a minimal contribution to the supply of affordable

housing. For example, voluntary incentive mechanisms contributed between 0.5 and 1 per cent of Sydney's total housing supply over an eight-year period⁹.

While recent NSW Government reforms and proposals aimed at improving the efficiency of the planning system are welcome, more can be done to support the delivery of social and affordable housing. This includes:

- Incorporating consideration of affordable housing requirements as part of the infrastructure planning processes to ensure contributions for affordable housing are assessed at the same time as other critical infrastructure. This should be undertaken through the preparation of a comprehensive plan that identifies how all levels of government will work collaboratively with the not-for-profit and private sectors to deliver the social and affordable housing that is needed.
- Ensuring precinct planning and new major projects identify the need for diverse housing options and include a target for diverse housing. Councils need to be supported in implementing affordable housing contributions schemes, and the process of establishing these schemes fast-tracked to avoid missed opportunities for the delivery of much needed housing.
- Providing incentives for social and affordable housing developments that create a public benefit, such as through density bonuses and reductions in car parking. Design controls also need to be adaptable to the specific needs of social and affordable housing tenants.
- Ensuring that where affordable housing is provided, this is required to be retained in perpetuity and managed by registered CHPs.
- Introducing a new or streamlined development approval pathway for community housing providers to fast-track affordable housing projects. Planning approval timeframes represent a significant cost for community housing developments, even though such proposals are largely approved with minor variations.

Supporting additional supply through title transfers

CHIA NSW strongly supports the transfer of ownership of social housing assets to CHPs, in preference to management transfers on long-term leases. Title transfers involve the ownership of public housing assets being transferred to a CHP for continued use as social housing. They provide maximum public value, as they increase capacity for CHPs to leverage private finance to provide additional low-cost housing.

CHIA NSW's submission to the NSW Housing Strategy Discussion Paper outlines significant international examples which highlight the long-term value of title transfers to the not-for-profit sector, most notably in the United Kingdom. In NSW, title transfers have occurred on a more modest scale. Despite this, where transfers have occurred, they have led to additional social housing being delivered. Most recently, the transfer of over 6,000 social housing properties to CHPs in 2009, enabled CHPs to deliver an additional 1,000 affordable homes.

In the current economic environment, the resumption of a title transfer program, as part of a social housing stimulus package, would have significant economic and social benefits for tenants, the broader community, and governments.

⁹ These measures primarily included density bonuses and concessions available under the Affordable Rental Housing State Environmental Planning Policy, and affordable housing negotiated through Voluntary Planning Agreements, between 2009 and 2017. Source: Gurran, N., Gilbert, G., Gibb, K., van den Nouwelant, R., James, A. and Phiibs, P. (2018) *Supporting affordable housing supply: inclusionary planning in new and renewing communities*, AHURI Final Report No. 297, Australian Housing and Urban Research Institute Limited, Melbourne.

A potential role for ‘meanwhile use’

Although meanwhile use housing should not be regarded as substitute for the delivery of new permanent social and affordable housing, such projects can potentially offer a temporary solution for the provision of transitional housing and respond to homelessness, albeit on a limited scale.

In NSW, meanwhile use projects have been successfully initiated by some CHPs and other charitable organisations, including Bridge Housing, Link Wentworth Housing, MyFoundations, and Womens Housing Company. These projects have increased access to safe, secure, and affordable housing for people who would otherwise not have suitable accommodation options. With the right support, meanwhile use housing can help people transition into long-term housing, noting that this must be available when the meanwhile use period ends.

Although meanwhile use housing can provide temporary accommodation solutions for some people who are homeless or at risk, it is important to note that the model is not suitable for all population groups who may require different accommodation solution and/or additional support to remain housed. Depending on project configuration, some meanwhile use projects may lack the existing infrastructure and design features to provide safe or appropriate accommodation for some population groups who are homeless or at risk; for example, women and children escaping from domestic and family violence.

Case study: Beecroft House

A partnership between Women’s Community Shelters, Link Wentworth, PAYCE Foundation and Twilight Aged Care (who donated the property rent free), Beecroft House was established in 2019 to provide safe and secure housing for women aged 55 years and above. Beecroft House provides secure housing to older women for up to two years, with follow-on support provided to identify permanent housing options at the end of their tenancy.

Formerly an aged care home, Beecroft House was refurbished as meanwhile use housing to offer studio-style accommodation for 20 women. This included fresh interiors, shared bathrooms, well-appointed communal kitchen facilities, three social rooms and car parking.

The property is located within walking distance to public transport and provides easy access to the Sydney CBD. Staff are available onsite or are on-call during working hours, with after-hours on-call support and other tailored support provided on an as-needs basis.

Case study: The Addison Project

A partnership between MyFoundations Youth Housing and developer Toga, the Addison Project saw the conversion of a vacant hotel into 42 fully furnished rooms of affordable accommodation for young people at risk of homelessness.

Opening in February 2017, the building was initially made available for a one-year term while the site awaited redevelopment approval. However, the meanwhile use was extended until late 2020.

The project was supported by a range of social enterprises. These included Orange Sky, who provided laundry and shower facilities, OzHarvest, who provided food through the OzHarvest Supermarket, which was located on-site, and Thread Together, who provided tenants with access to new clothes.

Approximately 900 young people were housed over the course of almost four years.

Meanwhile use projects also offer financial benefits to property owners and developers, reducing the holding costs associated with maintenance and management of the buildings which would otherwise sit empty. Despite these benefits, CHIA NSW has identified multiple barriers and issues that affect the delivery of meanwhile use projects. These include:

- **Building suitability:** Buildings that require significant adaptation to be made safe, secure, and comfortable are less likely to be feasible options for temporary housing. Buildings which were previously used for accommodation, such as former hotels or aged care housing, are generally more suitable for meanwhile use, providing that the utilities and building services have not been removed. It is also important to ensure buildings are located within proximity to public transport, services, and employment opportunities to support tenants' social and economic participation in their community.
- **Financial barriers:** Projects may be feasible if CHPs can secure low or no-cost vacant land or buildings which do not require significant work to convert into temporary accommodation, noting that projects need to be of sufficient duration to enable CHPs to recoup their initial investment associated with building or property modification. Meanwhile use projects have been successful where buildings have been offered to CHPs at 'peppercorn' rents. The savings made allow CHPs to fund building maintenance and additional support services to tenants to help them transition into long-term, stable housing.
- **Planning approvals:** Meanwhile use projects provide an opportunity to rapidly deliver accommodation. However, the ability to use empty buildings in a timely and cost-effective way can be hampered by planning approvals processes that are not tailored to facilitating meanwhile use. Despite certain types of housing being able to be fast-tracked through the complying development pathway, adapting an existing building into temporary accommodation typically requires a full development application. This can be a complex and time-consuming process, resulting in opportunity costs from buildings left vacant while approvals are secured – particularly where the current use closely aligns with the proposed temporary use and minimal adaptations are needed.

Other planning requirements can also act as a barrier to the deployment of meanwhile uses. Existing zoning controls may prohibit the use of a site (e.g. student accommodation) for residential accommodation. Current development standards are aligned to the requirements for permanent new build housing and may result in unintended negative outcomes, whereby meanwhile use projects are assessed by local councils using the same criteria for permanent housing.

- **Length of tenure:** Security of tenure is important for beneficial housing outcomes. As previously noted, meanwhile use housing should not be regarded as a permanent housing solution, as properties will need to be returned for intended use and tenants re-housed elsewhere. To reduce the likelihood of tenants experiencing ongoing housing insecurity, a sufficient length of tenure is needed to provide opportunities for tenants to transition into stable, long-term accommodation. For some client groups, such as young people who are homeless or at risk, the security of medium to long-term leases of up to five years in duration may be required. CHPs also require sufficient advanced notice of the lease end date to ensure they can successfully implement a transition strategy for remaining tenants.

Recommendations for overcoming barriers to delivery of meanwhile uses

To support the feasibility and timely delivery of meanwhile use housing projects, CHIA NSW recommends:

- Introducing a fast-track approvals process, tailored for meanwhile use housing projects, to reduce red-tape and maximise the time available to use vacant buildings for housing. This process should utilise the exempt and complying development approval pathways, supported by a set of clear development standards and safeguards to ensure accommodation provided is safe and secure.

Straightforward conversions, involving minor building works should be classified as exempt development, and not require development approval. Projects involving more substantive changes should be classified as complying development. The exempt and complying development provisions should apply to the conversion of existing buildings in residential and business zones, for periods of at least five years. These measures could be introduced as part of the new Housing State Environmental Planning Policy which is currently being finalised by the Department of Planning, Infrastructure and Environment.

- Exempting meanwhile use housing projects from land tax and council rates, or applying a discount rate (such as is available for build-to-rent properties). This would be an extension of the tax exemptions already available to not-for-profit CHPs. Given their temporary nature, it is also recommended that meanwhile use projects are exempted from the need to pay infrastructure contributions.
- Conducting an audit of government-owned vacant buildings and properties that are potentially appropriate for meanwhile use housing. This would make it easier for stakeholders to identify opportunities for new projects.
- Investigating opportunities to utilise vacant student accommodation across NSW to provide meanwhile use housing for young people in the form of affordable housing options and/or Foyer models.

Accessing existing accommodation

The Inquiry seeks feedback on options to improve access to existing accommodation to provide community housing. CHIA NSW is aware of several approaches which could be used to access existing housing that may be underutilised. Some examples are outlined below. Consistent with meanwhile uses, while these approaches can provide a source of short-term or transitional housing, they are not a substitute for investment in long-term supply of social and affordable housing.

The Community Housing Leasing Program has been funded by the NSW Government since 2000 and is designed to provide CHPs with increased flexibility to accommodate tenants in suitable housing, which is sourced from the private rental market, particularly in high-cost locations where the option of purchasing properties is more limited for government. The program involves the CHP taking on a head lease for the property and covering the shortfall between the rent paid by social housing tenants and the market rent for the property.

Although increased investment in programs such as the Community Housing Leasing Program will enable CHPs to secure more private rental accommodation for people in greatest need, the collective view of CHPs is that program outcomes are maximised when the CHP owns the property, rather than leasing properties from the private sector. Under the current program model, profits are transferred to private landlords in the form of full market rent. Using a property acquisition model, CHPs will use any profits secured to leverage the program's 10-year funding guarantee to acquire additional properties. A small but increasing number of CHPs have successfully used the funding guarantee to secure debt finance and acquire new properties, predominately in Greater Sydney and on the Central Coast.

By reviewing and amending the 10-year funding guarantee, the NSW Government can potentially support more CHPs to leverage the guarantee to acquire new and additional social and affordable housing properties. It is noted that programs with a focus on subsidising private rental accommodation

also have ongoing revenue costs for government, which, over the long-term, will be greater than upfront capital investment in new social and affordable housing supply.

Homeshare schemes

Homeshare schemes, also known as 'reciprocal housing', provides housing to an individual that resides permanently in the home of an older person or person living with a disability. In exchange for free or reduced rent, the lodger agrees to provide an agreed amount of their time each week (typically 10 hours) for social companionship or support to the householder; for example, assistance with housework or running errands.¹⁰ Homeshare schemes have achieved positive social outcomes in the United Kingdom, US, and Europe, and some jurisdictions in Australia. Local schemes have been less successful due to mismanagement and/or a lack of planning.

To be effective, these schemes need to be carefully managed to ensure lodgers are vetted and matched with householders in accordance with their individual needs and preferences, and to ensure that all participants have a clear understanding of their rights and responsibilities.

Relocatable homes

Caravans and manufactured homes, such as tiny houses, can be potentially deployed relatively quickly to provide an alternative source of accommodation. Tiny homes have been trialled in NSW by Pacific Link Housing and have been implemented by a small number of other CHPs and Specialist Homelessness Services elsewhere in Australia. Given their limited size and scope for onsite facilities, it is strongly recommended that relocatable homes are not considered as a long-term housing option. Instead, they could provide a temporary housing option while a more permanent housing solution is found. This could take the form of a meanwhile use of vacant land.

To support these uses, *Housing 2041* includes an action to reform the planning framework for alternative housing solutions such as caravan parks and manufactured home estates, which includes new controls and a simplified planning approval process.

Tourist and visitor accommodation

The Temporary Accommodation program is delivered jointly by the Department of Communities and Justice and CHPs designated as the lead housing agency in selected regions of NSW following the completion of the Social Housing Management Transfer Program. The Temporary Accommodation program provides people who are homeless or at risk with short-term accommodation in vacant rooms in hotels or motels, noting that the accommodation and amenities may not be appropriate for all household groups, such as families. More recently, Temporary Accommodation was occasionally used in the Together Home Program to rapidly re-house people experiencing homelessness while longer-term housing is secured.

However, the availability of suitable accommodation cannot always be guaranteed. Although vacancy rates amongst tourist and visitor accommodation were high at the outset of the COVID-19 pandemic, it is expected that they will normalise as domestic and international tourism recovers. In many regional areas, a concentration of second homes and holiday lettings can create barriers to CHPs finding affordable and appropriate accommodation. CHPs have also reported that negative perceptions of certain population groups amongst some accommodation operators can also create a barrier to accessing accommodation that is available. Consequently, Temporary Accommodation should not be regarded as a medium or long-term accommodation option.

Accessing homes from the private market

As previously noted, CHPs lease housing from the private rental market to provide additional social housing through the Community Housing Leasing Program. In addition to CHP-led initiatives (refer to

¹⁰ For more information, visit: <https://homeshare.org.au/about-homeshare/>

case study below), CHPs also lease housing from the private market to provide additional social housing under the Community Housing Leasing Program.

With the private rental sector increasingly providing long-term housing to a growing proportion of households in NSW, CHPs are proactively responding to these changes in the housing market by diversifying their service offerings to include affordable housing and market rent. This has involved the establishment of not-for-profit real estate agencies, which operates as a division of the CHP. Further information is provided in the case study below.

Case study: Not-for-profit real estate agencies

The private rental sector is increasingly providing long-term housing to a growing proportion of households in NSW. CHPs are proactively responding to these changes in the housing market by diversifying their service offerings to include affordable housing and private rental housing. Since 2015, some CHPs in Greater Sydney and regional NSW have established not-for-profit real estate agencies to provide developers and ethical landlords with access to a professional property management service. By securing access to an increased supply of rental housing, CHPs can then assist households who might otherwise struggle to secure housing from a mainstream real estate agency.

Under this social enterprise model, affordable housing properties are sourced from private developers who own mixed tenure developments, as well as philanthropic owners and investors who elect to offer their property at below market rents to secure a social outcome. Depending on the model, the not-for-profit real estate agency may also manage market rental properties and provide professional management services on a fee-for-service basis to state government, local councils, and other not-for-profit organisations. Profits earned from management fees are reinvested in the development of new social and affordable housing and/or to deliver housing and support services.

The above initiatives are only effective when there is a sufficient supply of vacant private rental housing. As noted above, an influx of investors and visitors in high-demand regional areas results in the distortion of local housing markets, as private rental housing is taken up as short-term holiday lets or second homes.

In our submission to the NSW Housing Strategy Discussion Paper, CHIA NSW recommended that the NSW Government review the regulation of short-term lettings in regional areas, particularly higher cost markets along the Coast, to ensure a sufficient supply of rental properties for residents. The NSW Government has since introduced new planning rules, which limit non-hosted short-term holiday lettings to 180 days a year in certain areas¹¹. The effectiveness of these new measures remains to be seen. Further incentives should be considered, such as additional land or property tax on second homes if they are left vacant for much of the year. For example, local councils in England can charge additional council tax on properties that are left empty.

Crisis and other innovative accommodation models

There is a need for more suitable and affordable accommodation for people experiencing homelessness or a temporary crisis or hardship, such as those experiencing domestic and family violence. The shortage of appropriate housing means that those who are in crisis or hardship have no other option than to stay in motels and caravan parks where they may not feel secure.

The inquiry seeks feedback on options for crisis and other short term accommodation models. The community housing sector has considerable experience in delivering innovative solutions for population groups, such as young people, people escaping from domestic and family violence, and

¹¹ For more information, refer to www.planning.nsw.gov.au/Policy-and-Legislation/Under-review-and-new-Policy-and-Legislation/Short-term-rental-accommodation

people who have experienced chronic and/or repeat homelessness. Examples of innovative models are outlined below.

At the core of these models is an outcomes-focused approach that aims to break the cycle of disadvantage and support people to transition to long-term independent housing. This is achieved through the provision of safe, secure and fit-for-purpose affordable housing, in combination with a strong focus on tailored wrap-around support.

Housing First

Housing First models provide a stable, independent home and intensive personalised support and case management for people experiencing homelessness with multiple and complex needs. Housing is seen as a human right by Housing First services, and there are no conditions around 'housing readiness' for an individual to be provided with, or to retain a home. Separating the housing management and support services is an important component of the model.

Successful CHP-led Housing First models in NSW include Common Ground Camperdown, STEP to Home, and Together Home. Housing First approaches can be applied in both metropolitan and regional locations, using existing housing, refurbished vacant buildings, or purpose-built accommodation. Further detail on these projects is provided below.

Ongoing government investment in Housing First programs is crucial to achieving the NSW Premier's Priority to reduce rough sleeping by 50 per cent by 2025. As a starting point, the NSW Government should consider funding the Together Home program on a long-term or permanent basis. Research has consistently shown that the provision of long-term housing and support can create significant savings from \$18,000 to \$44,000 per individual, every year, across the health and justice systems¹².

Case study: Common Ground Camperdown

Located in inner Sydney, Common Ground Camperdown integrates housing with dedicated on-site services for tenants that support their health and stability and maximise their ability to live independently. Based on the Common Ground model originating in New York, Common Ground Camperdown is one of several facilities operating in Australia.

Opening in November 2011, the project was delivered through a partnership between the NSW Government, Hassell and Grocon. Mission Australia Housing is responsible for property and tenancy management, while on-site support services are coordinated by Camperdown Community Services, which include a 24/7 concierge and on-site health services.

The purpose-built apartment building provides 104 secure self-contained dwellings in a secure, socially integrated housing complex. 52 apartments are reserved for vulnerable people who have experienced chronic homelessness. The remaining apartments are available for people on low to moderate incomes.

An evaluation of the Common Ground project found that almost 95 per cent of tenants sustained their tenancies for over 12 months. Prior to entering Common Ground, tenants had experienced homelessness for an average of 13 years.¹³

¹² K. Zaretsky and P. Flatau (2013) *The cost of homelessness and the net benefit of homelessness programs: a national study*, Australian Housing and Urban Research Institute, Melbourne.

¹³ Bullen, J., Whittaker, E., Schollar-Root, O., Burns, L., & Zmudzki, F. (2016) *In-Depth Evaluation of Camperdown Common Ground: Permanent housing for vulnerable long-term homeless people* (SPRC Report 03/16), Sydney, Social Policy Research Centre, UNSW Australia.

Case study: Together Home

Launched in 2020, Together Home aims to provide long-term housing and wrap-around support services to over 800 formerly homeless people, in response to the COVID-19 pandemic. The innovative program is being delivered as a partnership between the NSW Government, 19 CHPs, and the specialist homelessness services sector.

At June 2021, more than 400 people have been successfully housed through the program.

The \$122.1 million program is currently funded until June 2022, having received two additional funding the November 2020 and June 2021 State Budgets. This funding has been allocated to support an additional 400 people in the program, and to construct over 100 new dwellings for people requiring longer-term housing and support when the program ends.

Core and Cluster model

The Core and Cluster model (C&C model) is an innovative new service design for domestic and family violence (DFV) refuge models. The C&C model is similar to a retirement village model where people live independently in their own units and communal spaces with the support services onsite. It consists of the following elements:

- 'cluster' of individual units which are fully furnished and self-contained, with a kitchen, laundry, living room, bathroom and outdoor space; and
- 'core' which is a multipurpose building containing office space for support services and staff, and communal spaces where tenants can connect with each other.

The model provides DFV survivors with the space to re-establish their daily routines and a sense of normalcy. The 'core' component enables people to access important services without having to leave the refuge. These include health, mental health, drug and alcohol, counselling, children's services, and disability support.

Modern facilities are typically located in neighbourhoods and resemble normal houses; their locations are not a secret or inaccessible. Forgoing the 'secret' location facilitates community involvement and support for the tenants which allows them to feel part of a community to promote healing, especially for children.

Security is an important consideration of the core and cluster model, which is emphasised in the design and layout, placement of cameras, use of personal security devices, provision of safety training and safety planning for clients, and sessions to strengthen the physical safety of clients.

The model is emerging as the future model for DFV refuges with:

- Recommendation 15 of the report by the Royal Commission into Family Violence¹⁴, the Victorian Government committed to supporting service providers to phase out communal refuge models and replace them with core and cluster models. The Victorian Government made an investment of \$83.2 million for redevelopment of DFV refuges to core and cluster models and construction of two new Aboriginal refuges.¹⁵
- South Australia included the development of core and cluster models in their National Partnership Agreement on Homelessness.¹⁶
- The NSW Government committing up to \$4 million to increase the capacity of women's refuges in regional NSW by identifying up to four existing sites to trial the core and cluster

¹⁴ State of Victoria, *Royal Commission into Family Violence: Summary and recommendations*, Parl Paper No 132 (2014–16)

¹⁵ National Plan to Reduce Violence against Women and their Children, Fourth Action Plan actions, Victorian Government

¹⁶ National Partnership Agreement on Homelessness, South Australia Implementation Plan (2013)

model. The first of these sites – the Orchard - has been developed by Housing Plus in Orange and is outlined below.

It is recommended that the NSW Government commits new and additional funding for establish core and cluster models across NSW, to provide additional housing and support for domestic and family violence survivors. Funding for additional core and cluster models should complement existing funding arrangements for Specialist Homelessness Services in NSW.

Case Study: The Orchard

Housing Plus is a CHP and specialist homelessness and DFV service provider based in Central West and Western NSW. The Orchard is a purpose-built accommodation model which has been developed using a trauma informed design where security and safety is paramount. The design of the Orchard was undertaken in consultation with survivors, local stakeholders, and staff.

The Orchard provides six 2-bedroom units, arranged in duplexes. The design provides flexibility for larger families as the duplexes can be reconfigured into a one bedroom and three-bedroom apartment, or one large 4-bedroom apartment. Units have their own private backyard, and access to a large outdoors space, including a dedicated sensory playground for children.

Consistent with the core and cluster model, the 'core' component of the Orchard has been designed to meet all needs of women and children in residence. It includes consulting rooms, audio-visual equipment for court appearances, a wellness retreat, multifunctional counselling rooms, a study, crèche, kitchen with dual appliances for cookery demonstrations, overnight accommodation for staff, BBQ area and a healing room for Aboriginal and Torres Strait Islander women.

The model is embedded into the community to enable women and children to stay connected to their communities. Housing Plus has a bank of volunteers and community groups who contribute to the ongoing running of The Orchard. Their contributions may include running a wellness retreat, providing cookery demonstrations, leading exercise and meditation sessions, art classes, gardening or providing individual mentoring.

The Orchard is jointly funded by the Commonwealth Government and NSW Government and is supported with fundraising initiatives undertaken by community groups, businesses, schools, and individuals.

Youth Foyers

Foyers are service models that integrate stable accommodation with a focus on education and employment outcomes typically for young people aged 16-24 years who are at risk of homelessness and are unable to get the family support they need during these formative years. Foyers enable young people to exit in a sustainable way from welfare and service dependence. A Foyer model provides stable accommodation for up to two years in a congregate living environment, typically within a purpose-built building or a building renovated to meet the design requirements of a Foyer.¹⁷

Increased investment in the Youth Foyer model across NSW will provide young people with the housing and support services they need to successfully complete their education or training, enabling them to transition to independent living. Although Foyer models are an appropriate model for young people with low to moderate needs, it is noted that other supportive accommodation models may be more appropriate for young people with high needs and/or lower levels of readiness to engage in employment and education. Funding for additional Youth Foyers and other youth housing models should complement, and not replace, existing funding arrangements for Youth Specialist Homelessness Services in NSW.

¹⁷ For further information, refer to Foyer Foundation: <https://foyer.org.au/>

The case study below provides an overview of the Foyer model and examples of alternate supportive accommodation models for young people.

Case study: Wollongong Youth Foyer

Southern Youth and Family Services, a Wollongong-based CHP, operates the Illawarra Youth Foyer Project. The project is accredited and supports 60 young people aged 16-23 years who are engaged in, or are preparing to engage in education, training, preemployment, and employment support.

The project commenced in 2002 in a renovated NSW Government-owned building. It began as eight self-contained units and communal areas but has since expanded to include medium to long-term supported housing for young people across two sites in Wollongong and Shellharbour, as well as multiple self-contained units under a dispersed Foyer model. The project provides medium to long-term supported housing for young people who are homeless or at risk.

The project provides a range of different support services, including assistance with employment, education, and training; advocacy and referrals; and personal development and living skills programs.

Case study: Foyer Central

Opened in March 2021, Foyer Central is NSW's first purpose-built Foyer, and the first in the world to be funded by a social benefit bond. SGCH, a Sydney-based CHP, delivered the project in partnership with the City of Sydney, Department of Communities and Justice, NSW Office of Social Impact Investment, Uniting, and Social Ventures Australia.

Located in central Sydney, the Foyer provides 53 modern self-contained units and common areas for rent at an affordable rate. The project targets young people between 18-22 years who have exited from out-of-home-care. The site is staffed 24/7 by professionally trained staff who will support the young tenants with work, study and mentoring to help them build new skills and transition to independent living.

The development also provides 20 affordable housing units for low-income key workers.