

**Submission
No 87**

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

Organisation: City of Sydney

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Committee on Community Services
By email: communityservices@parliament.nsw.gov.au

Dear Leon,

Submission to the inquiry into options to improve access to existing and alternate accommodation to address the social housing shortage

Thank you for the opportunity to comment on the terms of reference for the inquiry into options to improve access to existing and alternate accommodation to address the social housing shortage.

The City welcomes a Parliamentary Inquiry into this critical issue. The right proportion of social housing and affordable rental housing are essential social infrastructure necessary to support a diverse and well-functioning city.

In this submission, the terms below have the following meaning:

- **Social housing** – is an umbrella term that refers to the combination of public housing - housing that is managed by government (principally the Department of Communities and Justice, the NSW Land and Housing Corporation and the NSW Aboriginal Housing Office) and community housing – housing that is managed by Community Housing Providers (including Aboriginal Community Providers) – that is rented to very low households for an appropriate proportion of their income.
- **Community housing** – a component of social housing that is managed by a Community Housing Provider (CHP), or housing owned or leased by a CHP that is tenanted by households eligible for the social housing wait list.
- **Affordable rental housing** – housing that is owned and/or managed by a community housing provider (CHP) and rented to very low to moderate income households for no more than 30% of their income.
- **Crisis accommodation or Meanwhile uses** – short term accommodation, generally owned and/or managed by government or not-for-profit organisations.
- **Aboriginal and Torres Strait Islander housing or First Nations housing** – social or affordable housing that is provided specifically for Aboriginal and Torres Strait Islander households. Housing must be culturally appropriate for the end user and preferably owned and/or managed by an Aboriginal controlled CHP.
- **Supported housing** – an umbrella term that describes various approaches to providing social or affordable housing with support services. Models include residential aged care, group housing models for people with disability, and supported housing for people who have experienced homelessness or are at risk of homelessness.

Current context

The impact of Covid-19 and its variants will continue to be profound. The pandemic has further exposed the deep social and economic inequalities in our community, and this is most apparent in the impact it has had on housing. This is set to be exacerbated, with further increases in the cost of housing being forecast, with some media articles citing an expected 10% - 15% increase in median housing costs in Sydney over the next year.

The pandemic has had the most effect on lower income households, particularly those that rely on casual employment within key sectors such as those working in entertainment, food and drink services and recreation services. With waitlists in the tens of thousands for social and affordable housing, these households are at particular risk of entering homelessness should their housing situation decline through eviction or mortgage default.

People sleeping rough prior to the Covid-19 pandemic have also been disproportionately affected by the pandemic. The Sydney Rough Sleeping COVID-19 Taskforce was established by Department of Communities and Justice (DCJ) on 30 March 2020 to coordinate the response for people sleeping rough in Sydney. The City is an active member of the Taskforce alongside members from government and non-government agencies.

The Taskforce was responsible for the successful coordination and delivery of a coordinated response to rapidly assist rough sleepers into temporary accommodation and onwards to long term housing. It should be noted that only a small proportion of rough sleepers were placed in social housing, with the larger cohort placed in community housing lease arrangements via the Together Home program – highlighting the limited social housing stock available within the City of Sydney local area.

An urgent increase in the amount of social and affordable housing is required in all areas of Sydney especially the inner city, where there is good access to appropriate support services and public infrastructure.

Housing targets

The City has a target to increase the amount of social housing dwellings in the local area by 2,000 dwellings and affordable rental housing dwellings by almost 11,000 dwellings to 2036. The affordable and social housing targets are based on the Sustainable Sydney 2030 target that states in 2030, 7.5 per cent of all housing in the local area will be social housing and 7.5 per cent of all housing will be affordable rental housing.

Since the target for social housing and affordable housing was established in 2008, there has been a small increase in the proportion of affordable housing, however the proportion of social housing has decreased from almost 11.7 per cent of private dwelling stock to about 8.2 per cent in 2019. Without action from the NSW Government to methodically increase stock, this proportion will continue to decline as the number of homes in the city increases to over 155,000 dwellings.

The NSW Government's target of a 50 per cent reduction of rough sleeping by 2025, as part of the Premier's Priority, will hinge on an increase in social, affordable and

supported housing. The 2021 state wide street count found over 1,314 people sleeping rough, with 272 sleeping rough within the City of Sydney.

The City is concerned with the lack of any NSW Government targets or measures for increasing social and affordable housing or reducing the social housing wait list.

It is recommended the NSW Government establish targets for the delivery of social and affordable housing in NSW. Targets should be provided at the district level in response to available or planned infrastructure and services.

Social housing overview

The NSW Department of Communities and Justice (DCJ) reports there were 46,530 applicants on the NSW housing register at 30 June 2019, with 4,484 considered priority applicants. There is estimated to be 1,100 people on the list who have identified Sydney as a priority location for access to medical and social support. The average wait time is 10 years and even for those deemed high-risk many can wait a minimum of two years to access long term housing. It is also widely accepted these figures grossly under-represent the actual community need.

The City of Sydney has a long history of working with and advocating for the City's 15,000 social housing tenants to build resilient, safe, connected communities. The vision is for a future city for all, where high-quality social housing is available for those who need it. To support this vision the City also works collaboratively with the NSW Land and Housing Corporation (LAHC), DCJ and local service providers. The City greatly values these partnerships and our shared commitment to the wellbeing of social housing communities.

The City also employs a dedicated Social Housing Project Manager to work with residents and agencies to improve outcomes for social housing communities. The objective of this role is to implement a range of community development and capacity building programs, fund local initiatives through City grants and work closely at an operational level to implement collaborative responses to improve safety, amenity and maintenance of social housing areas in local area.

The lack of availability of social housing is a barrier to a diverse and equitable city. Safe, adequate, affordable and appropriate housing is critical to health, wellbeing and social and economic security, but many Australians cannot find housing in the private market, and the social housing system, incorporating public and community housing, is under-resourced and manifestly unable to meet demand.

Through the City's community consultation for its forthcoming community strategic plan, Sydney 2050, residents told us they value living in a neighbourhood that is home to people from all walks of life. They expressed concerns about being priced out of the city over time, thus losing their deep connections to place. This is particularly the case for local Aboriginal and Torres Strait Islander communities. People reported their concern about the impact of declining housing affordability and how this is undermining social diversity and forcing people to leave communities where they have always lived.

It is recommended the NSW Government address the critical shortage of social and supported housing. Those properties must be maintained to a high standard to enable people to continue to live in their neighbourhood and maintain social connections throughout their life.

Homelessness Overview

There is no place for homelessness in a prosperous, global city like Sydney. Homelessness is a complex problem with complex causes. It can reflect poverty inequality and a growing housing affordability crisis. Homelessness is a complex issue that requires a comprehensive and coordinated response – the February 2021 City of Sydney Street Count indicated that there currently 272 people still sleeping rough within the LGA.

Responding to the health and social needs of people who are homeless is primarily the responsibility of the NSW Government. The State's commitment to halving rough sleeping in 2025 and eliminating street homelessness in 2030, requires proper investment in social, affordable and supported accommodation properties. The current levels of housing pathways are inadequate and current levels of diversity and investment will see numbers of rough sleeping increase unless properly addressed.

The City has been taking action to address homelessness in the inner city for more than 30 years and invests more than \$2.2 million every year to reduce homelessness and its impacts. This includes funding a dedicated homelessness unit within the City of Sydney and also homeless outreach services, including Aboriginal and Youth specialist services. The Homelessness Assertive Outreach Response Team coordinated by the City and DCJ provides weekly patrols and place-based operations to ensure a coordinated approach to safe, supported long-term housing. The team has engaged with 2,212 people since March 2019 and 323 people have been housed since March 2017.

The City works collaboratively with other levels of government, non-government services, peak bodies and the community on a number of strategies to reduce homelessness. The focus is on innovative 'Housing First' approaches which combine long-term tenancies with targeted support services. The City supports the state government in reducing homelessness by facilitating the delivery of targeted housing solutions, investing in services that prevent homelessness and assist people to exit homelessness, supporting and engaging people who are sleeping rough, monitoring trends in inner city homelessness, and driving collaboration across sectors and services to ensure a coordinated and effective response.

It is recommended the NSW Government work with local government and CHPs to increase the stock of social and affordable housing in inner Sydney. This includes diversifying new stock to reflect the complex support needs that many people experiencing homelessness require, including, but not limited to, supported housing and sub-acute housing. These requirements should include, the needs of older people, people living with disability, Indigenous Australians, and people from culturally diverse backgrounds.

Affordable rental housing overview

The City uses its planning powers to facilitate the delivery of affordable rental housing. In addition to the 1,325 affordable rental housing dwellings that have already been facilitated through the planning framework, it is estimated an additional 1,925 will result from existing affordable rental housing contribution schemes.

In addition to using the planning framework, the City also materially supports the provision of affordable rental housing and has contributed approximately \$27.5 million over the last 10 years. This has included grants to non-government organisations, as well as granting or selling land below cost to CHPs.

The City continues to explore new ideas for how the amount of affordable housing can be achieved utilising innovative delivery approaches, for example, in 2019 the City launched the Affordable Housing Challenge. The Challenge called for new ideas to boost the diversity of housing across the city, with a focus on identifying and developing new models to increase affordable housing supply.

However, local government cannot address the chronic shortage of affordable rental housing alone. More support is required by the NSW Government, including the development of appropriate policy settings, as well as material support for CHPs to deliver affordable housing.

It is recommended the NSW Government work with local government and CHPs to increase the stock of affordable housing in inner Sydney.

Aboriginal and Torres Strait Islander housing overview

The City recognises the Aboriginal and Torres Strait Islander peoples as Australia's First People – the original custodians of the land we now call Sydney. We acknowledge the unique contribution of 60,000 years of Aboriginal and Torres Strait Islander living cultures by respecting our shared past and future.

Inner Sydney has strong historical and place associations relating to the patterns of urban migration of First Nations peoples and Redfern's legacy of fighting for Aboriginal and Torres Strait Islander self-determination and human rights. Redfern and Waterloo are home to Aboriginal medical, health, housing, employment, media, aged care, children's services, education, sporting and community organisations and legal services.

However, the proportion of Aboriginal and Torres Strait Islander people living in inner Sydney continues to decline. Based on the estimated resident population of the 2016 census, Aboriginal and Torres Strait Islander people make up 1.6% of the City of Sydney's population (3,509 out of 222,717). Aboriginal and Torres Strait Islander communities have expressed concern that gentrification and a lack of social and affordable housing are causing further displacement. They want to make sure that Aboriginal and Torres Strait Islander people with ties to the local community can maintain those links and stay in the area.

Aboriginal and Torres Strait Islander people's experience of mainstream housing is characterised by higher incidences of overcrowding, homelessness and housing

insecurity. Aboriginal and Torres Strait Islander people are 14 times more likely to experience homelessness than the wider community. To meet the needs of First Nations communities, housing must be culturally appropriate and designed to meet the specific needs of Aboriginal households. It should be provided by Aboriginal CHPs and led by Aboriginal people and organisations as a continued expression of self-determination.

When the Redfern-Waterloo development area was established in 2004, one of the objects of the legislation was to promote, support and respect the Aboriginal community in Redfern–Waterloo having regard to the importance of the area to the Aboriginal people.

The City supports the delivery of First Nations housing with grants, advocacy action and in its planning controls. In September 2020, Council resolved to support the Redfern Waterloo Housing Affordable Housing Campaign which seeks 10 per cent of all redevelopment on government land in Redfern/Waterloo to be Aboriginal affordable housing.

It is recommended the NSW Government establish targeted strategies and funding sources to increase the amount of First Nations housing in the inner city, and partner with the community to deliver culturally appropriate affordable and social housing dedicated to Aboriginal and Torres Strait Islander communities.

Options to better support 'meanwhile use' (temporary supportive accommodation), and the current major planning barriers to 'meanwhile use'

Those experiencing homelessness or require crisis accommodation are often living with significant and complex trauma. Stable and permanent housing is required to provide adequate support. 'Meanwhile use' is short to medium term solution and does not provide ongoing housing security. Furthermore, it requires an additional investment of services to ensure adequate wrap around support is provided.

Where 'meanwhile house' has merit, is when it provides a temporary housing solution for vulnerable populations that cannot access traditional housing. An example being those experiencing homelessness without residency status. Currently 19% of rough sleepers in the City of Sydney are non-residents and ineligible for NSW Housing support. 'Meanwhile use' could address this barrier but would also require additional funding (either private or public) for wrap around support services.

Overall, the City would consider meanwhile use viable in some instances if and there was adequate NSW Government funding to provide support (i.e. Mental Health, Post Crisis, Case Management) and there were robust plans for transition to permanent housing.

'Meanwhile use' is not a land-use identified in the planning framework. Notwithstanding that, where it is proposed to convert an existing building to a meanwhile use, a development application may be required to allow for a different use to what was originally approved in the existing development consent for the building. However, the

City does not perceive this as a 'planning barrier', rather it is necessary to ensure the existing building is safe and suitable for human occupation. An alternative approach may

be that the NSW Government explore exempt or complying development provisions for meanwhile uses where appropriate benchmarks can be demonstrated.

It is recommended the NSW Government ensure any delivery model developed for 'meanwhile' housing remains cognisant of the need to provide adequate support services for tenants and that any temporary housing is provided with a view to transition to permanent social or affordable housing.

Options for crisis, key worker, and other short-term accommodation models

The City has a strong record in using the land use planning framework to support the delivery of supported housing, affordable rental housing and other emerging social housing concepts. While the City can support these crucial housing initiatives, they require funding by the NSW Government, especially to cover the high cost of land.

Supported housing

The City supported a planning proposal to amend the LEP and DCP to support the Common Ground development in Camperdown, completed in 2011. Common Ground Sydney is based on a model of care for the chronically homeless which was successfully started in New York and is now considered best practice around the world. It adopts a 'street to home' approach providing stable, high quality permanent housing for the chronically homeless, as well as wrap around services including healthcare, education and a range of other social and support services.

In 2017, the City offered a subsidised parcel of land to facilitate a second Common Ground in Redfern, however this was unable to proceed as the NSW Government funding that this development relied on was unavailable.

It is recommended the NSW Government explore housing first delivery models, such as the Common Ground model, and identify funding streams and land to deliver it. This housing should also include housing for refugees who have been disproportionately affected during the COVID-19 pandemic.

Boarding houses

The City recognises the importance of boarding houses in contributing to the housing mix needed to support a diverse community, and supports their traditional role in providing low-cost, temporary and crisis accommodation. General boarding houses are generally privately owned and run and small to medium in size (ten beds or less). While affordable, there are gaps in their regulation, particularly relating to fire safety and tenancy security.

Bonuses in the NSW planning system have led to the increase in so called 'new generation' boarding houses. While this rooms provided new housing stock, with better safety standards than older boarding houses, rental costs of 'new generation' boarding houses far exceed the earnings of low-income households and are set at the market maximum. These types of boarding houses are not necessarily contributing to the supply of housing that is affordable for people on a low income. The City acknowledges and

supports the NSW Government's current proposal to ensure boarding houses which receive an incentive are genuinely affordable.

It is recommended the NSW Government pursue the proposed changes in the draft Housing State Environmental Planning Policy, and limit floor space bonuses to boarding houses that deliver genuine affordable housing outcomes.

Key worker housing (affordable rental housing)

As described above, in collaboration with the NSW Government, the City is a leader in the delivery of affordable rental housing for very low to moderate income households through subsidized land sales, grants, planning controls and sole purpose contributions. We rely on workers in these households for the efficient functioning of the City.

However, the delivery of affordable rental housing, particularly in the inner-city where land costs are so high, relies on a clear subsidy. This generally may be provided in the form of direct funding to CHPs or reduced land costs.

While there is no one solution for the increase of affordable rental housing, there is potential for the NSW Government to improve how the planning framework supports and encourages the provision of affordable rental housing.

The Region and District Plans include an affordable housing target of 5 to 10 per cent of new residential floor space, subject to viability. While welcome, this target should be increased substantially for government-owned land (all levels).

A large part of the City's forecast housing delivery to 2036 will be delivered on large urban renewal sites, many of which will be either owned or under the planning authority of the NSW Government. As much as 10 per cent of the City's area is under the planning control of the NSW Government rather than the City.

Renewal of NSW Government sites, such as Blackwattle Bay in Pyrmont, are an efficient and relatively low-cost opportunity to significantly increase the amount of social and affordable rental housing in inner Sydney. However, the City's experience has been one of strong resistance to including these housing types in state led urban renewal projects.

It is recommended the NSW Government establish targets for the provision of social and affordable rental housing in all NSW government owned urban renewal sites.

It is also recommended the NSW Government develop innovative planning policies and approaches to deliver more affordable rental housing for lower income earners.

Barriers to additional supply across NSW, including for smaller non-CHP housing providers

The fundamental barrier to additional supply of social and affordable housing across NSW is inadequate funding by the NSW and Federal governments and an over-reliance

on the redevelopment of existing social housing estates by private developers to subsidise the delivery of replacement or new social housing.

The NSW Government currently renews social housing sites under the Communities Plus program, which fast-tracks the redevelopment of sites owned by NSW Land and Housing Corporation (LAHC). It aims to renew social housing at no cost to the government by targeting a split of 70 per cent private and 30 per cent social housing through redevelopment of public land. Effectively, this requires that sites need to more than triple in density to maintain the same number of social housing dwellings.

The National Housing and Homelessness Agreement (NHHA) commenced on 1 July 2018 and provides around \$1.6 billion each year to states and territories to improve Australians' access to secure and affordable housing across the housing spectrum. The NSW bilateral agreement centres on the Communities Plus program that encourages renewal of social housing rather than setting ambitious targets for increased social housing supply.

The Communities Plus development model is a blunt, one size, fits all approach to renewing housing estates. It can lead to poor urban outcomes, particularly in higher density locations, where resulting high densities can lead to overdevelopment and strained local infrastructure that is not provided in conjunction with redevelopment. Moreover, in some instances, the strain on the urban environment is leading to only marginal increases in social housing.

The program has had more, though still limited, success out of the inner-city ring, generally because lower existing densities create more scope for increase. However, objectives of the program to increase the amount of social housing and to establish a private/public mix to deconcentrate social housing may be achieved on a site/estate scale but are questionable if the renewal entrenches funds for additional social housing in areas of disadvantage or poor transport.

There is also concern the program does not act to build and grow the capacity of the CHP sector to develop land, given it does not include any specific targets for the delivery of affordable housing (as distinguished from social housing).

It is the City's strong view that Communities Plus is not a sustainable development model as it involves the disposal of housing land assets. While it may provide a short-term outcome, densities cannot continue to be increased on land and suitable sites are finite. The reuse or public land towards housing needs to be guided by clear long-term public interest objectives. These sites represent the lowest cost opportunity for government to deliver social and affordable housing and, in the City's view, are not being used to their full potential to deliver this critical infrastructure.

In addition to Communities Plus program, the NSW Government's \$1.1 billion Social and Affordable Housing Fund (SAHF), introduced in 2015, when announced was intended to deliver 27,000 social and affordable homes over 10 years. This funding is invested in markets by the NSW Treasury to generate returns that are then applied to NSW Government contractual commitments. Most of the homes are to be built on land owned or acquired by non-government organisations. There have been two roll outs under the SAHF to date, including:

- in 2017, five CHPs were allocated funds to deliver 2,200 homes; and
- 2019, a further four CHPs were allocated funds to build a further 1,200 homes.

While the SAHF program has resulted in some social housing since it was introduced six years ago, it is clear that it is not having the success originally envisaged.

The NSW state funding commitment falls well short of that of other states, particularly the most comparable – Victoria. The Victorian Government, as part of its Covid-19 response, has announced a \$5.4bn program ‘Big Housing Build’. ‘Homes Victoria, a newly established government agency, is responsible for the delivery of more than 12,000 new dwellings over the next four years. Of this:

- 9,300 dwellings will be social housing (including replacement of 1,100 public housing dwellings); and
- 2,900 dwellings will be affordable and market housing, including housing for Aboriginal households, renters with a mental illness and victims and survivors of family violence.

Key elements of the program include:

- \$2.1 billion for “new opportunities” with the private sector and CHPs.
- \$1.4 billion for competitive capital grants for CHPs that will prioritise development that include social and affordable housing on leased non-government land;
- \$948 million for spot-purchase of built homes or housing in the development pipeline from the private sector.
- \$532 million for new homes on government owned land.

It is recommended the NSW Government recognise the limited ability of the market to deliver subsidised housing and acknowledge that, ultimately, social and affordable housing must be funded.

It is recommended the NSW Government review the Communities Plus model to:

- promote flexibility and recognise different conditions that exist in various locations;
- establish clear minimum targets within the model for the delivery of social and affordable housing;
- require involvement of CHPs;
- include minimum targets for First Nations housing;
- ensure there is commensurate delivery of local infrastructure, including parks and community facilities, to support growth, noting local government may not have the resources to deliver this infrastructure.

It is recommended the NSW Government identify new funding sources and programs that directly fund the delivery of social and affordable housing. New programs should look to other jurisdictions for successful models and be implemented only where there is clear evidence the reported outcomes can be conceivably achieved.

Support for and accountability of registered community housing providers

The City strongly supports the NSW government objective to grow the community housing sector.

With regards to the provision of affordable housing, CHPs play a significant role. It is critical the state government employ strategies to expand the capacity of CHPs to own and develop sites for more affordable housing. The end goal is a mature sector that can develop stock, as the private sector does, with ongoing moderate subsidy from government, be it in the form of funding or planning or tax incentives.

With regards to CHPs role in owning/managing social housing stock, the City is concerned the shifting of responsibility for the ownership and/or management may not build and grow capacity so much as it moves the financial burdens and risk of social housing properties onto a non-government entity. Where ongoing funding and tenant support is not secured, the maintenance and servicing of the properties remains as challenging for CHPs as it has apparently been for government over the last 30 years. Moreover, there is concern the voice of the tenant is muted.

Ensuring tenants voices are central to decision making and responses contributes to improved systems and services that benefit the whole community. The Lord Mayor Social Housing Forums held for over 13 years provide an opportunity for public housing tenants in the City of Sydney to have their concerns addressed by senior staff and political representatives.

The public housing Neighbourhood Advisory Boards are another example of critical social infrastructure creating opportunities for tenants' voices to be shared and heard. These local governance structures require ongoing funding and support to enable the meaningful participation of residents. These forums provide key feedback mechanisms for tenants to raise issues with government and non-government partners to improve social housing communities.

The effectiveness of these structures is ultimately reliant on the ability of escalation of systemic issues to elected officials and processes at local, state and federal levels. The outsourcing of management of social housing to CHPs undermines this escalation pathway.

Management of CHPs is through the National Regulatory System for Community Housing. Under this model complaints against providers are devolved at a state and territory level to Registrar's of Community Housing. The Registrar's role is to ensure compliance by registered providers with the National Regulatory Code.

However, the Registrar does not have the power to resolve disputes between individual tenants and their providers. Tenants who have concerns, such as about termination of their tenancy agreement, tenancy breaches – e.g. rent arrears, shared facilities charges, payment of debts, repairs and maintenance and rents and rent increases are forced to complain directly to their provider. If they are unable to get satisfaction, then they have to lodge complaints with the NSW Civil and Administrative Tribunal (NCAT) just like any tenant in the private rental market. This is a very complex, expensive, time consuming and legalistic process particularly for people with complex needs.

It is recommended the NSW Government establish a multi-pronged framework to invest in and grow the CHP sector.

If you wish to speak with a Council officer about this submission, please contact [REDACTED] on [REDACTED] or at [REDACTED]

Yours sincerely,

[REDACTED]

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