



## Response to questions on notice

### NSW Federation of Housing Associations (Submission 11)

***1. Please define your understanding of the term ‘social housing’. - What do you see as the essential elements?***

The term ‘social housing’ was introduced into Australian housing discourse in the early 1990s<sup>1</sup>. It was in common usage in Europe, where it was used widely to cover all housing which involved specific subsidies or interventions to meet social objectives. The aim at the time in Australia was to break down the distinction between public and community housing responses, and so it was used to mean either public or community housing.

Recently, however, it has been used to distinguish housing targeted to households with very low incomes or very complex needs, from “affordable housing”. Affordable housing (in such discussions) is taken to mean housing targeted to low and moderate income households – particularly where such households are likely to be unable to afford market rent housing in a location or to be in housing stress if they do rent there.

The difficulty of such usage is deciding what counts as very low income. In practice, the term has come to mean, households that would be eligible for public housing. This extremely narrow meaning is not particularly helpful in discussion. It is worth noting that until the late 80s the eligibility and targeting for public housing was pretty much the same as that now used for “affordable housing”. Australia is unusual amongst advanced economies in the very narrow targeting and rationing of social housing. It is also important to note that responding to what still remains a structural crisis of housing affordability will require systemic public policy responses across at least three dimensions – responses for people with very high support needs, responses for people at risk of homelessness including very low income, responses for low to moderate income working households who cannot access rental housing with reasonable access to their work without experiencing housing stress.

Each of these has been driven by separate public policy failures over the past 20-30 years: deinstitutionalization that was not matched by appropriate housing responses; the collapse in funding of public housing coupled to an unsustainable rental model; and the suite of drivers of

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<sup>1</sup> The then Deputy Prime Minister and Minister for Housing, Brian Howe, was principally responsible for promoting this change through the National Housing Strategy.

the house price bubble and underlying structural problems – financial deregulation, unregulated land prices, and tax incentives which drove rental housing investment to the top of the market and saw a loss of low cost rental.

The mission of community housing providers has consistently been to respond to the spectrum of housing needs: sustaining housing for people with complex needs, delivering low cost rental for very low income households, and providing housing that is affordable for low and moderate income working households where the market fails to do so.

For this reason, we would prefer to use the term ‘affordable housing’ as a term that covers all supply to provide housing for all these groups. The public policy focus should then be on matching the depth of subsidy needed to provide sustainable, affordable tenancies for different target groups.

While the term “social housing” is still being used, we believe its importance is to make clear:

- that community housing providers share a common task and work in partnership with public housing providers to provide sustainable tenancies for very low income households and those with high support needs; and
- that providing housing that is affordable and sustainable for most very low, low and moderate income households requires public support and investment.

## **2. Please describe the role of the housing associations and the Federation in the provision of low-cost rental accommodation in NSW.**

‘Housing associations’ are non-government organizations which operate specifically to deliver professional housing management and development not adequately provided by the housing market. The term is usually used of not-for-profit providers.

They therefore differ from both for-profit housing services and from other community organisations that deliver housing as an adjunct to their main business.

As noted above, the important characteristic of housing associations is that (as a sector) they are not limited to a particular government priority group, but rather will aim to provide the full range of housing opportunities and products needed to provide affordable and sustainable housing in the communities they operate in. Some will specialize (for example in providing housing for single women) and most will work with government programs to respond to groups particularly targeted by government policies from time to time.

The other crucial aspect of housing associations (and community housing broadly) is that they will use the provision of sustainable housing as a basis for the provision of a wider range of

services needed to low income households in the communities in which they operate. This is because of the central role that appropriate housing plays in social and economic participation, and conversely, because the ability to sustain housing will depend on access to a wider range of social and economic services or opportunities. Because of this, housing associations establish a very wider range of partnerships with other service providers to ensure that support is available to their tenants. However, they will also take a lead role in community strengthening activities. In the UK or in the US, housing associations will also often become social enterprises and establish other key services such as micro-financing, preschools and education.

(For the number and scale of housing associations in NSW, please see our submission)

The NSW Federation of Housing Associations is the industry body that represents the interests of the sector to government and other stakeholders. It is also a key part of the industry development 'infrastructure'. In NSW we do this in close partnership with government. Currently, we are developing the workforce strategy to support the workforce needs of a rapidly growing and changing industry. But we also provide specific services to support the sector. The Federation is a Registered Training Organisation, and the leading provider in Australia of social housing qualifications to both non-government and government social housing workers. We provide business consultancy services to our members. And we provide information – such as a recent publication on approaches to raising finance, prepared with advice from leading financial institutions.

(For more information on the Federation, please see our submission)

### **3. What proportion of social housing is currently provided through housing associations? What is the level of need for growth within the industry?**

Currently 12.5% of social and affordable housing is managed by housing associations.

The industry has been growing steadily over the past 15 or so years. NSW is fortunate that over 25 years ago a comprehensive network of housing associations was established in communities across the state. Although there has been considerable consolidation since then, the coverage and robustness of these organisations means NSW is particularly well served. However, now far greater growth is needed. There are three reasons for this:

- The first is to build the scale of operations that will enable organizations to cost-effectively develop the range of capabilities needed to fulfil the role described above, and to have the financial strength required to enter into partnerships and prudently manage the businesses risks of developing and managing housing.
- The second is to have sufficient asset base to responsibly manage a steady pipeline of new housing development financed in part through private finance.

- The third is that NSW urgently needs to dramatically increase the supply of affordable rental housing. As noted in our submission. The National Supply Council has identified a shortfall of 250,000 affordable rental dwellings nationally. In NSW this is at least 85,000.

Until the current social housing stimulus package from the Commonwealth Government, there has been no increase in public housing supply for many years. While we now have the unprecedented growth provided by the stimulus, this will increase social housing supply in NSW by only 6,500. The Commonwealth has also introduced tax subsidies (or direct subsidies for non-profits) to encourage privately financed investment in up to 50,000 new affordable rental dwellings – possibly 16,500 in NSW. The existence of strong and growing housing associations sector is the best way to ensure that these incentives are most effectively taken up to increase supply. But even with this, a very substantial supply gap remains. It will take a new sector, operating to increase supply, access and sustainable tenancies in the bottom half of the market to increase our opportunity to respond to this gap.

**4. How do you see housing associations contributing to the stock of low-cost rental housing? What is needed to achieve these objectives?**

The question of what is needed to achieve these objectives is dealt with at length in our submission. The way that housing associations can contribute to these objectives are Threefold:

- They can provide tenancy management services that are more likely to sustain tenants in their housing and hence set them up to improve participation in employment, training and the community. This is particularly important for children (whose future life chances depend on stable education) and people with higher support needs. The Housing & Support Initiative (HASI) has shown how dramatically stable housing improves the outcomes for people with a mental illness.
- Housing associations have a strong engagement with their local communities. This means they have very good knowledge of opportunities in their local markets. In particular, they are very well placed to work with local government to attract local government support for increased affordability. In a number of locations, local government has brought land to a development, thus significantly reducing the cost.
- Housing associations can raise private finance to leverage public investment. The scale of the undersupply is unlikely to ever be solely met by public expenditure and so the ability to raise private finance is crucial. There are also a number of cost savings related to being a public benevolent institution – in particular, exemption from GST on development.

**5. What do you regard as the biggest barriers to:**

- a. growth in the number of low-cost rental accommodation properties and**
- b. the speed of delivery of new low-cost rental properties?**
- c. How can these be addressed?**

The growth of low cost rental properties is dependent on government interventions. Low cost housing does not provide the level of return required to attract investment (other than 'accidental' investment by 'mums and dads'). The interventions could be:

- In the price of land (by, for example, preventing windfall gains through betterment taxes). However, calls for government to release land at a faster rate are misplaced since there are environmental and infrastructure limits to faster release, and delays in bringing land and housing packages to market do not relate to the amount of land released.
- In planning measures to provide incentives for or require levels of affordable housing in all new developments. NSW still doesn't have the affordable housing SEPP expected for some time.
- In public investment in low cost housing. Until the recent Commonwealth stimulus funding, the vast majority of expenditure on social housing has gone to subsidise the current operations or meet current liabilities. It is crucial that after the one-off stimulus expenditure, both Commonwealth and State government provide an ongoing stream of direct investment in low cost housing. It is also essential that such investment is used to leverage additional private investment.
- In tax or other incentives to attract investment into low cost housing. Existing tax exemptions have pushed investment in rental housing to the top end of the market. The new NRAS incentives have been introduced to redirect investment to the bottom end. However, these are less effective in high cost markets like Sydney and so more needs to be done to ensure that there is increased supply in those markets. Moreover, the State has not yet committed to continue its matching requirements for the expansion phase of the scheme – which is about to start.

The barriers to effectively increasing the supply of low cost housing have been addressed in our submission.

There are two potential barriers that specifically relate to the speed of increasing supply.

- Delays in planning permissions, particularly in the light of community resistance to development of rental housing for social tenants. Two measures can go some of the way to addressing this. The first is to increase the provision of housing by housing associations (which attract less stigma than public housing) and to mix developments of 'social' housing with other 'affordable' and market product. The second is to introduce

an affordable housing SEPP which will provide a clear framework for local authorities to plan for affordable housing within their communities.

- The rate of loss of existing low cost housing. The speed of increasing the supply of new low cost housing will be seriously undercut by the ongoing loss of existing low cost rental housing.

**6. What role do you think local government should play in the provision of low-cost accommodation? What could the NSW Government do to assist local governments in working with providers and managers of low-cost rental accommodation?**

The key roles for local government are in planning, taxes and charges, and in using their resources to enter into joint ventures with providers. I have already noted the need for local government to have a clear government planning framework and explicit affordable housing planning powers to ensure that the supply of low cost housing is an objective local plans and to provide incentives and requirements for developers to include low cost housing. Local government can also assist by reducing rates and other charges for affordable housing managed by housing associations. Finally, local government can increase access to land for affordable housing developments by utilising local government owned land – as a grant or as a joint venture partner.

**7. What would you like Government, state and local, to do to assist the growth of housing association accommodation?**

The NSW Government and, more recently, the Commonwealth, have explicitly committed to a very significant level of growth in the sector. A number of the key ways that this can be supported by government have been discussed above – including ongoing public investment once the stimulus funding has washed through; and a commitment to maintain the required state matching for NRAS incentives. In our submission we also point to the significant benefit in reducing the cost of funds that would be provided by a government guarantee.

The two other contributions are:

- To unlock the potential value of the existing public housing asset. The recent decision to transfer title on some of these assets will begin to enable associations to leverage additional investment and to plan for future reconfiguration. It will be highly desirable to complete the transfer of the assets currently managed by housing associations.
- To facilitate industry development. This is a role shared between the industry itself through its industry body and government. The Federation is part of a working group with the Community Housing Division developing an industry development framework which will also guide priorities for government assistance. However there are four key areas of government facilitation.
  - The first is to contribute to the professional development of the industry by continuing and expanding the current scholarship program.
  - The second is to work support the practical development of expertise and procedures relating to property development.

- The third is to support the development of the next generation of business IT systems for housing associations management. This is a key transitional need while the sector increases in scale. The ongoing costs of licensing would, of course, be part of the providers' costs.
- The fourth is to provide the regulatory oversight that will provide (a) assurance to all stakeholders that performance is at a high level and emerging risks are all being managed; and (b) robust public information about the performance and financial structure of the industry so that investors can begin to understand the real risk profile of the industry and establish a recognised asset class.

### **8. What are the eligibility requirements for a place within the housing association properties?**

Housing associations are largely required to meet government policy on eligibility. The Community Housing Division is currently updating the current eligibility policy. Broadly, eligibility falls into three groups:

- Applicants for housing provided by Housing NSW. In these cases the same eligibility as for public housing obtains.
- Applicants for specific 'affordable housing'. While there is some variation, most affordable housing eligibility is determined by the policy of the Centre for Affordable Housing in Housing NSW.
- About 10% of tenancies managed by housing associations are managed on behalf of another agency. In these cases, the other agency may determine the eligibility of such tenants. These may be particular target groups such as people leaving crisis accommodation.

### **9. How is housing provided through housing associations distinct from other forms of social housing? What are the key advantages of this model over other forms of social housing?**

The three main differences are:

- As discussed above, there is likely to be a wider range of household types housed, ranging from households with very high support needs, through very low income households, to moderate income working households. This means that there can be a better social mix in allocations which improves the sustainability of the tenancy and reduces stigma associated with public tenancies. This also provides for a more viable income stream, avoiding the financial problems that have undermined state housing authorities around the country.



- Housing associations providers provide a very strong focus on sustaining tenancies and engaging with tenants. This ranges from effective allocations, more flexibility in management, a more supportive approach which involves early awareness of emerging problems and brokerage of access to services, a strong expertise in managing housing for tenants with high support needs through a range of support partnerships, and providing a range of extra services for tenants to strengthen their participation such as micro-finance, scholarships and the like.
- Housing associations have strong local connections and are able to participate more widely in, and contribute to the local community and economy.

**10. What governance structures are currently in place within the housing association sector? Are they effective? What transparency and accountability mechanisms are in place? Are they enough to provide assurance to lenders that investment in the sector is sound? Do you think NSW would benefit from the type of regulation that is in existence in the UK? Please elaborate.**

All housing associations are governed by boards of directors. Increasingly, such boards draw on very skilled and experienced people from the business community. The sector has for some years had access to governance training (brokered by the NSW Federation of Housing Associations from the Australian Institute of Company Directors). A number of years ago the Federation produced a comprehensive Governance Good Practice Guide that has helped members achieve very high standards of governance practice, including regular skills audits, reviews of performance, clear governance calendars, and terms of reference for key committees such as audit committees.

Larger associations are increasingly being incorporated as companies limited by guarantee with the increased scrutiny by ASIC that this entails. The majority of associations also undertake quality assurance evaluations under the National Community Housing Standards and receive external accreditation. Governance has also been a key outcome of the regulatory Code for registration under the previous administratively based Performance Based Registration System and the new statutory Code which has just come into force.

These measures will go a long way to assure lenders and investors that associations are sound. However, there is still a way to go in (a) promoting understanding of the regulatory assurance amongst lenders, making the detailed industry data developed through the regulation available to build wider understanding of the industry's risk profile; and (b) building far greater understanding nationally by establishing a nationally consistent regulatory framework.

The approach to regulation taken in NSW has been informed by the regulatory system that has evolved in the UK. In the UK the system has moved away from black letter regulation to a more risk based approach. That is the approach adopted in NSW, and we are supportive of the

regulatory system in place.

The two elements of the UK system that we could benefit from in Australia relate to the form of government intervention and the related benefits for investors. The key to the success of the UK model is that regulation has been able to identify any emerging risks and to intervene to ensure that the financing and tenancies are not put at risk. This includes the power to require fundamental restructuring of the business in the last resort. The other important corollary of being a registered social landlord (RSL), is that lenders have a lower required deposit ratio for loans to RSLs because of the lower risk of lending to such a well regulated sector.

**11. In your submission you mention that in most other jurisdictions housing associations undertake procurement, development and management of properties but this is not the case in NSW. Why do you think this is the case? Should this be facilitated? If yes, please tell the Committee how and why? What are the advantages to both the tenants and to government?**

There have been three reasons that housing associations in NSW have not undertaken development.

- government has decided to undertake all procurement of new housing supply for the sector itself
- housing associations have not owned the assets and so have not been able to secure loans against these assets
- the income streams have been too low to support the cost of finance for development, and for a considerable period government clawed back any surpluses generated (through a 'capital contribution') and prohibited the use of any surpluses that may have been generated as deposits on new properties.

All of these have now changed.

- It now seems likely that, as well as affordable housing programs such as NRAS or AHIF, the Community Housing Division will allow funding for new supply to be used to undertake development. The limitation here is, however, that there are very few funds for new supply other than the stimulus package, procurement through which is still being entirely undertaken by housing NSW.
- A first tranche of title transfer (up to 7,000 properties) has just been approved by Cabinet. However, the establishment of a spread of 'developing associations' across the state will still be limited until title to the remaining properties under management has been transferred.

- The policy decision to allow rents to be set at levels that maintain the after housing income of tenants at the same level as public tenants when the optimum receipt of Commonwealth Rent Assistance (CRA) is taken into account, has enabled rents to be increased to a level that generates enough income to support increased borrowing to fund development. However, the effectiveness of CRA as a subsidy is limited in high cost areas by the ceiling on CRA payments, while in many regional areas, the low market rents mean that housing providers will still not be able to generate a strong enough income stream to support new development, without substantial direct government investment.

The advantage to both tenants and government of housing associations undertaking development is that developments can be undertaken which better meet local tenant needs, finance can be raised for such development, and the cost of development is reduced due to the GST and other exemptions available to housing associations.

**12. What effect would the transfer of title of public housing properties to the housing association sector have on the provision of low-cost rental accommodation in NSW?**

As noted above, there are two benefits from transferring title to housing associations.

- The asset base can be used to secure finance for further supply,
- Housing associations can actively manage their portfolio to meet the changing needs of the tenants and applicants.

Without this the sector will stagnate or grow at a trickle as a dependent adjunct of public housing. Most important, if this is the case, the social and affordable housing sector as a whole will stagnate or continue to decline as they have done across the country over the past 20 years.

**13. Your submission mentions that public interests in other jurisdictions are protected by 'government charge and through registration and regulation of approved providers'. Please elaborate and state whether you think this would be applicable to the situation in NSW.**

While housing associations may hold title to assets that have been acquired using at least a portion of public investment, the public interest would be secured by a caveat, or charge or second mortgage on the assets.

The effect of this is to enable government to refuse permission to dispose of an asset or redevelop it if this would not be in the public interest or if it would cease to be used to meet housing need. Just as important, the regulatory system ensures (a) that the assets are being

effectively maintained, (b) that they are being effectively used to meet housing need, and (c) that they are being prudently, but actively, used to leverage further growth in supply.

It is important that government take a second position, to ensure that lenders can still hold a first mortgage over the properties as this is a precondition for attracting finance.

It is also important for the government to make the establishment of such a charge and of approval for disposal or redevelopment to be as efficient as possible and to be as clear as possible to potential lenders. The use of a 'statutory charge' – that is one which is established as part of the community housing legislation – may be a more predictable and streamlined way of securing the government interest.

**14. How has the current climate affected the social housing market, both on the side of demand and supply?**

The answer to this question has significantly changed with the announcement of the social housing component of the Commonwealth economic stimulus package. However, it is important to remember that this is a one off and that the undersupply of affordable housing remains critical.

The following comments are opinion only, and we are not aware of any detailed analysis of the impacts of the global financial crisis. The recent National Housing Supply Council report notes that it has, in a preliminary way, factored in likely effects of the financial crisis.

That being said, on the demand side the increases in rents that have flowed from the collapse of investment in rental housing are likely to have increased demand for the limited amount of low cost housing and will have increased the demand for low cost housing that is specifically targeted to low and moderate income households. Similarly, the increase in unemployment that has already begun will also increase demand (and homelessness).

On the supply side, there have been countervailing pressures. The lack of access to credit had seriously stalled investment in rental housing generally. However, the boost to the first home owners grant and the likely boost arising from the social housing stimulus, may have improved access to credit. However, despite this, levels of investment appear to still be declining.

In terms of specific social housing projects, the decline in prices as developers projects ran into trouble did provide an opportunity to purchase new developments at very favourable prices. This has helped supply of social and affordable housing in a small way. It seems likely, however, that the increased demand government arising from the stimulus package will push prices back up again. Indeed, in the first home owners market, this has already taken place.

**15. The United Kingdom is working towards a fixed rental system where all tenants pay the same rent regardless of income and housing associations are paid a subsidy to make up the shortfall. How do you think a similar system would work here? What do you see as the pros and cons of such an arrangement?**

We are not certain that the above question accurately describes the situation in the UK.

Our understanding is that in the UK there has been increased regulation of social housing rents. This replaces the previous approach in which rents were based on the full cost of the housing provided. During the most competitive period, associations reduced the amount of grant funding they sought and increased the level of debt, thus increasing the overall cost. The result was to

increase rents above the private rental sector in some instances. For most tenants, Housing Benefit covered the full gap between the actual rent charged and an affordable rent.

The increased regulation of social rents, however, does not mean all tenants pay the same rent. The rents are regulated based on a formula that relates to local market, cost of borrowing, housing need and the like. Housing benefit, which is paid en bloc to the providers rather than to each individual tenant, still makes up the difference between an affordable rent and the ceiling rent for those who are eligible.

In NSW we have now moved to adopt the main elements of this system. A rent is set that is limited by the local market rent or the maximum rent that could be charged while maintaining the after housing income at the same level as the after housing income of public tenants, on the assumption that the tenant also receives the maximum CRA that they are entitled to.

The differences are that the CRA is paid directly to the tenant thus increasing the risk of arrears, and highest rent that can be set consistent with the ceiling for CRA, is likely to still be lower than the level of ceiling rents set in the UK. Finally, the affordability benchmark is still based on the public housing affordability benchmark of approximately 25% of household income. This ratio benchmark has the two major disadvantages that it rises and falls with household income (a feature that has undermined the income of state housing authorities as incomes fall in line with tighter rationing), and that it leaves very low income households with less after housing income than higher income ones, leaving a significant number of public tenants in after housing poverty.

Nonetheless, while the UK system would provide a better fit between costs, the income required to meet them, and affordability for low income households, the current NSW hybrid is a significant improvement over the simple ratio approach applied in public housing, which is unsustainable.

**16. What do you regard as necessary elements for the creation and maintenance of cohesive communities? What needs to be done to sponsor these?**

There are two aspects to the answer.

The first is to reduce isolation and help people engage with their immediate community. In the first instance, this may involve accessing basic personal support services and safety that are a precondition of wider engagement within a community. This is likely to lead to a range of mutual support activities such as shopping clubs, shared child care, community gardens, through to neighbourhood watch. Housing providers can play very significant role in facilitating this sort of cohesion. Perhaps the most direct way is through tenant participation activities. But they can also support and encourage accesses to other community agencies such as church or cultural groups.

The second is to link the local community into wider social engagement to avoid concentration of disadvantage. This is partly what is meant by bridging social capital. This can be supported by bringing the services and activities taken for granted by society at large within reach of disadvantaged communities. At the most basic these can be local government or other infrastructure services – garbage collection, street lighting, bus services. They can also be better access to shopping, child care, health etc. At the most important end of the spectrum, this involves access to employment, and in particular, the generation of jobs within the local area. This is at least partly why housing providers have a role to play in supporting the development of local economies.

It is very important that housing providers provide the range of ‘housing plus’ services that achieve many of these services as well as working in partnership with other service providers in the area.

**17. Do you think it is possible to provide sufficient low-cost rental accommodation without creating ‘pockets of disadvantage’? If so, how?**

Yes. There are a number of levels of response needed to achieve this. It is important to house a mix of low income working families as well as those who are unemployed or have other higher support needs. This allows a balance to be struck between some density of development (needed to maximise yield on scarce land) and balanced and sustainable tenancies. New housing provision should be dispersed throughout the community, rather than concentrated in single estates. This shifts the responsibility for planning sufficient supply from large government agencies like the old housing commissions which planned and built estates, to local government through residential planning that includes a strong focus on affordable housing, in partnership with dispersed housing providers and developers with a focus on the low cost end of the local market – housing associations. Finally, it is important to actively strengthen the participation of low income tenants and to help ensure that disadvantage is not perpetuated within the community.

**18. Your submission states that there is a ‘clear distinction between crisis accommodation and medium to long-term tenancy management provided by community housing providers’. However, community housing associations also cater for special needs groups such as those groups who often find themselves homeless, for example, those in need of mental health services and family support services. a. Is this enough to contribute to a reduction in the homeless population? b. Is this a role that should be taken on by housing associations? c. What do you think should be done to reduce the numbers of homeless people in the long term?**

Crisis accommodation has a critical role at the most extreme moments in the housing career of people at risk of homelessness. These services co-locate intensive support with housing. This is a very specialised homelessness service. However, there is a fundamental role for housing

associations to provide supportive and often supported housing to meet the longer term housing needs of people who are homeless or at risk of homelessness. We support the 'housing first' approach to both homelessness and responses for people with complex needs such as mental illness. This approach means accessing long term secure housing and wrapping the required supports around it.

It is clear that a significantly increased supply of low cost housing is a precondition for reducing homelessness. The undersupply identified by the National Supply Council included the known level of homelessness, and unless that supply gap is filled, homelessness will not be significantly reduced. However, housing alone is not a solution. The NSW Homelessness Action Plan makes it clear that what is needed is a suite of interventions to prevent the events that can precipitate a person onto a homelessness pathway; a suite of services needed once a person is homeless, and ongoing support to sustain people who have become housed for as long as they are needed. Two fundamental problems are that our institutions such as prisons, health, income support and social housing all too often exit people into homelessness; and that the support services needed once a person is homeless simply do not exist where they are needed and/or are not accessible to homeless people.

**19. What proportion of housing association accommodation, if any, is currently accessible to key workers e.g teachers, health-care workers, police officers, fire-fighters, hospitality workers. a. Do you think this is ideal/appropriate? b. Are there any plans to change the current arrangements? c. Is this accommodation located geographically in high cost areas where key workers are needed but are unable to afford to live?**

Only a very tiny proportion of housing association tenants could be described as key workers. The group most likely to meet this description are tenants of City West Housing who are housed because they met the moderate income criterion and the local attachment criterion of working in Pymont Ultimo. It is likely that most of these are entertainment/ hospitality workers. There is no significant number of 'key worker' in the sense used in the UK – mainly key government workers such as police. In Australia, studies have suggested that the 'key workers' experiencing serious affordability constraints in being housed near where they are needed are care workers such as personal support workers or service industry workers.

While we strongly believe that there should be an increased supply of low cost rental that is accessible and affordable to low and moderate income working households, we do not believe that this should be specifically targeted to particular employment types or workforces. The 'tied cottage' model of accommodation is both inflexible and leaves those housed vulnerable to losing their housing if they lose their jobs.

**20. In your submission you mentioned the need for low and moderate income working households to trade off travel costs and travel time for more affordable housing as well as the rigidities that this creates in the labour market. Can you please elaborate?**



This was simply intended to make the points that:

- There are workers who because of the interaction of low wages and high housing costs cannot live within a reasonable distance of where the jobs are available.
- This has the effect of constraining the supply of labour for some jobs. The example of councils in North Sydney having to buss in workers from the Central Coasts is an indication of the additional cost this may impose of employers; but the other is the unavailability of workers in some key areas and sectors (eg personal care workers on the North Shore)
- On the other side of the equation, such workers are faced with the dilemma (or trade off) of choosing between higher housing costs or significantly higher transport costs and travel time.

We would argue that these are serious costs to both the local economy, employers and to workers and their families. It is important to note that when workers are constrained in these ways, there is a high chance that the effects will widen into family stress, ultimately risking family breakdown with its associated social costs – including increased risk of homelessness.

**21. Explain what you think is required to ensure that investment in affordable rental properties becomes an acceptable form of investment, resulting in a sustainable approach to the provision of low cost rental accommodation.**

The main elements are:

- Robust industry information becomes available to allow better pricing of risk and understanding by investors.
- Clear, well known, policy objectives to support growth.
- Strong balance sheets and an asset base to secure finance.
- Government assurance around risk – this includes: robust regulation; possible reduced required deposits by lenders, as in the UK; and government, industry or shared guarantee funds.
- Ongoing government investment and incentives as a base from which to leverage private investment