

#### **14. What is the profile of the low cost rental market in NSW? What is the market share for each different type of provider?**

There are two possible sources of data to answer this question. The first is the work of Prof. Judy Yates and the second is rental bond board data collected by Housing NSW.

The limitation of the second source is that, while it is current, it does not link rents to the income groups who could afford such rents. Judy Yates data, which specifically links supply data to demand and affordability, is presented in the AHURI in the report *Supply & Demand in the Low Rent Private Market*. Its limitation is that the rental data is drawn from the 2001 census.

The Yates report shows that in 2001 there were 160,000 rental properties at prices that would be affordable to households renting privately in the bottom third of household incomes (classified by Yates as 'low-moderate'). The distribution of these is crucial. There were only 48,000 in metropolitan NSW (15% of metro private rental stock) and 112,000 in non-metropolitan NSW (71% of non-metro private rental stock). The numbers of households who required access to such housing were 75,000 in metropolitan NSW and 76,000 in non-metropolitan NSW. The other crucial information is that nationally 60% of low rent dwellings were occupied by households who could afford to pay more, thus squeezing out access for low income households. Sydney had the lowest access to low rent dwellings by low income households of any capital city – around 11% compared to an average of 27% for all capital cities.

If we assume that all social housing provision is classified as low-moderate, then we can summarise the shares of provision in the low rent market in 2001 as follows:

Public housing	131,000	42.7%
Community housing	10,500	3.4%
Aboriginal housing	5,300	1.7%
Private rental	160,000	52.2%
<b>Total</b>	<b>306,800</b>	

It should be stressed that over the past few years, rents have increased considerably and the supply of low rent housing on the private market has declined.

While we are unable to provide data on the overall supply of low cost private rental, in 2009 the supply of social housing has fallen slightly, and the relative proportion of social housing (public and community housing) managed by community housing providers has increased from 7.4% to 12%. Housing associations also have increased the number of tenancies they manage on behalf of other agencies, suggesting that they may now manage 5-6% of low cost rental housing.

## **15. What are the various types of low cost rental in NSW**

For these purposes we should probably exclude specific housing. People temporarily housed in crisis accommodation are still classified as homeless.

In the private rental market it can be useful to distinguish:

- low cost private rental generally, and
- the specific very low segment of the market. The latter includes boarding houses, rooms in pubs and caravan parks. The appropriateness of this type of low cost housing has been frequently questioned; nonetheless, it has traditionally provided an important very low cost response. The supply of such accommodation has steadily declined over the past 2 to 3 decades.

Within low cost rental generally, it may be worth distinguishing:

- General low cost rental – this is almost all comprised of housing owned by small scale ‘accidental investors’
- Emerging affordable housing private rental, supported by public subsidies, particularly NRAS.

The social and affordable housing sector includes:

- Public housing
- Community housing – this includes ‘social housing’ targeted to very low income households, and ‘affordable housing’ targeted to low/ moderate income household. It is worth noting that there are a range of different management models. While the vast majority is managed by housing associations, there are also tenant managed co-ops and housing provided in very small numbers by church groups and other community organisations.
- Aboriginal housing
- Special purpose housing – this will include disability housing, but the largest segment will be aged care targeted to low income older people, in particular, independent living units.

## **16. How can the State Government expand the role of community housing providers in the low cost rental market?**

The state government has a number of policy levers to help achieve this. However, it should be stressed that this will not be achieved by the State Government alone. Most of these have been mentioned in other responses or the submission.

The State Government can:

- Commit to providing matching for NRAS affordable housing investment incentives
- Provide (or contribute to) a government guarantee for affordable housing investment
- Set clear targets for affordable housing at a state and regional level (See the recommendations of the 1998 report of the Ministerial Task Force on Affordable Housing) which are then supported by an Affordable Housing SEPP that empowers and encourages local government to introduce planning incentives and requirements for affordable housing
- Provide access to State owned land for affordable housing development by housing associations
- Provide direct investment in affordable housing supply, to be leveraged by housing associations
- Work with the Commonwealth, through COAG and the National Affordable Housing Agreement to broaden the scope of housing associations and to ensure that the Commonwealth policies encourage further growth

The Commonwealth must also introduce a number of measures.

- The first is to ensure that housing associations can continue to receive charitable tax treatment while providing a wider range of housing services – from ‘social housing’ to full market housing.
- The second is to provide ongoing capital growth funding through the NAHA.
- Significant funding of urban regeneration projects.

**17. What types of quality assurance mechanisms are in place? Has the industry developed its own quality standards?**

This has been partly covered in the response to question 10 of our previous response.

The National Community Housing Standards are used to provide quality assurance and to externally accredit community housing providers. This quality system was developed in NSW in 1997 and extended to a national set of quality standards. The standards were revised in 2003 and are currently being reviewed and revised again to reflect recent changes.

Until last year, accreditation evaluations and awards were provided free by the NSW Department of Housing through a semi-independent unit. This year, government has ceased providing this service which is now available from a private provider at a cost. Housing associations have

shown that they value this quality assurance by continuing to seek evaluation and accreditation, despite the cost of such a service.

While the standards have been developed with government funding, the standards are industry 'owned' having been developed in partnership with the sector. The NSW Federation of Housing Associations specifically advocated for the establishment of this QA system and was active in its development. This was preceded by an industry self-regulatory initiative – the Code of Practice – administered by the Federation.

**18. Are the privacy laws impacting on the way community housing providers deliver their services?**

The main issue arising from current applications of the privacy laws is that, while public housing has access to a Memorandum of Understanding with the police which allows the police to provide Housing NSW with information about known risks to community safety, this is not available to community housing providers. This is now particularly important as whole areas of public housing are being transferred to community housing management, without access to the same information available to public managers about known drug dealer or other risks.

**19. Do caravan parks or cabin parks have a role to play in meeting some needs for low cost accommodation?**

Potentially. However there are some important qualifications. The first is that residents should actively choose this form of accommodation, rather than it being the only available option. The second is that there must be exit options for residents – particularly as they age. Thirdly, there is an increased risk of abuse management in tenure forms where tenants are particularly vulnerable or dependent. There must be increased rights and protections for such residents.

**20. Are there currently strategies in place to grow the NFP involvement in low cost rental markets?**

Yes. The current Government strategy, *Planning for the Future (PFF)*, projects an expansion from 13,000 to 30,000 properties under management. However, this strategy has been overtaken by the pace of growth that will flow from large the social housing stimulus package. It is also somewhat limited in its vision for community housing, in that it sees it as mainly mirroring public housing roles, rather than providing a wider range of housing products.

The Community Housing Division of Housing NSW is now also developing an industry development framework, together with industry representatives. This will provide an opportunity to further develop the vision and approaches in PFF.

However, the major gap in Government strategic directions is the lack of an affordable housing strategy – something which was promised by the previous Premier. The future role played by housing associations needs to be framed within such a wider strategy. The current State Plan makes housing affordability a state priority, but the targets, measures and actions to achieve this are entirely inadequate.

## **21. What new strategies need to be put in place?**

See 16 and 20 above.

But there is one other major change that could be implemented. That is to devolve the vast majority of the existing public housing portfolio to local management through a mix of transfer to existing NFPs and by creating independent business from existing public housing management teams. In effect, they would become housing associations. While this will not of itself increase supply, it will free up the portfolio for leveraging, and crucially for innovative initiatives designed to respond to needs in local housing markets.