



Wednesday 28<sup>th</sup> May 2014

The Hon Paul Green MLC  
Chair  
Select Committee on Social, Public and Affordable Housing  
Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Mr Green,

Thank you for the opportunity to provide further information to the Select Committee on Social, Public and Affordable Housing.

I write on behalf of the Illawarra and South Coast Tenants Service to respond to questions on notice arising from hearings on 30<sup>th</sup> April 2014. The responses to these questions are provided below.

### **Supplementary questions**

**Question 1:** Can clarification be given regarding the number of tenants impacts on by the Vacant Bedroom issue and the Recognition as Tenant policy changes? Are there further case studies or details of impact that can be provided?

**Response:** HNSW states that since the vacant bedroom charge was implemented in September 2013, the department has approached approximately 1,000 households state wide. We are unable to ascertain how many tenants comprise these 1,000 households, but it is likely that the number of individuals impacted is significantly higher than 1,000. We are not aware of publicly available information that would clarify the number of tenants impacted by the Recognition as a Tenant policy changes.

Please see our response to question on notice 4 and 5 for further case studies in relation to impacts of the vacant bedroom charge and changes to the Recognition as a Tenant policy.

**Question 2:** Can further detailed be provided about the recommendation to discount market rent valuations? Are there any examples of alternate models or application of this?

**Response:** We suggest that a blanket discount be applied to Land and Housing Corporation properties on the basis that the premises are used for social housing. This was the manner in which properties were valued prior to last year, when for the first time, a directive was issued to valuers not to apply such a discount. Rather, valuers were instructed to determine the market rent of a property based on locality and property type, which fails to account for the austere standards that public

housing often is built to, the generally poor state of repair of the premises, and the fact that properties are often located in estates.

HNSW state that several factors are taken into account when determining the market rent of a property, including the property type, the number of bedrooms, and the location of the premises. We are not aware of other states applying a blanket discount, however Western Australia rely on the same considerations as HNSW, as well as the age of the dwelling and construction material. The age of the dwelling is a particularly pertinent consideration, and should be incorporated into valuation of Land and Housing Corporation properties whereby approximately 25% of the NSW public housing portfolio is over 40 years old, and only 10% of the portfolio has been constructed since 2000. With age comes poor disrepair, whereby at 2010-2011, between 30-40% of LAHC's properties not at its "well maintained" standard.

Until 2013, The Northern Territory Department of Housing limited market rent increases to an amount of no more than \$20 per week. We suggest that the discount be reintroduced, and be applied at the same rate as in previous years, as this will result in a market rent valuation that truly reflects the rental amount that the property would attract on the private rental market. Should the inherent discount not be introduced, we would suggest that a cap be placed on the amount that the rent can increase in one market rent increase.

Thank you for allowing us to clarify these matters with the Committee. We look forward to reading the Committee's report. Should you have any further questions, please do not hesitate to contact us.

Yours sincerely,

Warren Wheeler  
Tenants Team Leader  
Illawarra and South Coast Tenants Service