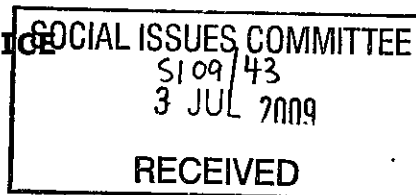


MERCY FOUNDATION QUESTIONS TAKEN ON NOTICE

WEDNESDAY 8 APRIL

**Felicity Reynolds,
CEO, Mercy Foundation**



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

The Mercy Foundation's main area of expertise is on homelessness and evidence based practices that assist people to end their homelessness. We do not claim expertise on the current economic climate and its impact on the housing market. However, the following comments are made:

- The Sydney private rental market needs to be acknowledged as largely unaffordable for people on low incomes; especially those who must only rely on Government income support. Those cheaper forms of private rental (such as Boarding Houses) currently have limited tenancy security.
- The Federal Government's recent stimulus package which is funding increased social housing in NSW is a welcome initiative. It is hoped that this injection of funds into social housing will increase the stock and the quality of stock over the next few years.
- There is clearly a significant under supply of secure, long term and affordable housing for people on low incomes – as exemplified by the numbers of people currently experiencing primary and secondary homelessness in Sydney.

2. Other than Common Ground, what other models of providing low-cost rental accommodation and the necessary support services do you regard as having value within the context of NSW?

Common Ground is a permanent supportive housing model best suited to urban areas and targeted to people who have experienced chronic homelessness as well as others on low incomes. However, there are a number of other models that would be suitable for implementation in both urban and regional areas.

Pathways to Housing is another model of permanent supportive housing which has a significant evidence base for its effectiveness. Dr Sam Tsemberis established Pathways to Housing in the early 1990s in New York City. It uses a range of housing (often private rental) and provides outreach support (mental health, addictions, living skills etc) to people living in that housing. They utilise a 'Housing First' approach. This means that housing is offered to people directly from the street or homeless shelter. There are no pre-requisites for access to the housing, apart from the person's willingness to accept visits by the client support workers.

The Pathways to Housing model may be a more appropriate model for regional and rural areas than Common Ground, which uses 'on-site' support. Using a support team that can visit people's homes may be the best way of providing support in regional areas.

'Street to Home' – this is a model being used in a number of places, including Toronto in Canada. Outreach workers make direct contact with rough sleepers and offer them housing. Utilising both private and public affordable housing options, the team works to get the person into housing within a very short time frame (sometimes, less than 2 weeks) and to ensure that ongoing support and community connections are made and sustained.

The Housing and Support Initiative (HASI) in NSW is a very good example of permanent supportive housing for people with a mental illness. Having clearly shown its effectiveness (and significant cost savings in reduced crisis and acute mental health care), this type of model should be made available to a wider group of people who experience homelessness.

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

Yes, not only is it possible but it is essential that we do not create 'pockets of disadvantage'. This is best done by creating housing and support initiatives in areas throughout cities and regional areas and not in one or two specific locations. The scale of the buildings should also suit the neighbourhoods in which they are placed.

There is also a need to create social enterprise and training and job opportunities in conjunction with or within proximity to housing initiatives. This helps to create pathways out of poverty and disadvantage.

There is also evidence that suggests that people who have experienced homelessness and have successfully exited homelessness do not necessarily remain disadvantaged if they are able to retain affordable and secure housing, continue to receive any needed support services and join or re-join the workforce.

4. 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.

a. How do you think a similar system would work here?

b. What do you see as the pros and cons of such an arrangement?

This approach may have merit, but might have some unintended consequences. If central funding subsidies became capped in the future, there could be an incentive for housing associations to give preference to tenants who are better positioned to pay the full rent. Any system of this type would need to ensure that this type of unintended consequence did not occur.

If private rental options were used by housing associations (rather than public stock) it could also have the unintended result of artificially inflating rents.

Also, if the actual rents (before subsidy) were tied to local market rents, it could result in housing only available in areas where the market rents are lower. This would definitely create 'pockets of disadvantage'.

It is unclear how people could be charged a fixed rent for a range of housing options (studios, one/two/three bedrooms or units or houses). Presumably a greater subsidy would be needed for larger housing options and this could then have other unintended consequences on the type and range of housing stock offered through housing associations.

5. Do you see a place for shared equity home ownership within the social housing sector?

What do you regard as the advantages / disadvantages of such a model?

Yes there is a place for this type of model as it provides an opportunity for people to secure housing long term and make lasting community connections. However, it also has the potential to impact on house prices and still keep very disadvantaged people out of this market.

6. 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.

We must improve housing policy across all types of housing options in Australia. At present, tax breaks and other incentives favour owners over renters. There is also limited security offered to people in the private rental market (short leases still being the norm in Australia).

Tax breaks and other incentives could be implemented to encourage greater investment in both low cost and affordable housing options. Although income tax is a Federal responsibility, the NSW government could make recommendations to the Commonwealth.

The tax incentive program in the USA which saw Rosanne Haggerty able to access significant investment funds to retro-fit old and build new buildings for use by Common Ground has been highly effective. I would encourage the Committee to seek more information about this program, but it is understood that the 'Low income housing tax credit program' is provided by the US Federal government and administered through each State. It offers a 10 year tax credit for developing low income housing. It has been in place since 1986.