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Answers
Australia Illawarra - received 28 May 2014
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The Director
Select Committee on Social, Public and Affordable Housing
Parliament House
Macquarie St
SYDNEY NSW 2000
23/5/2014

**Re: Answers to questions on notice
Regional Development Australia, Illawarra
Hearing: Wollongong, 1st May 2014.**

RDA Illawarra would like to thank the Committee for the opportunity to provide evidence at the Hearing held on Thursday 1st May 2014 in Wollongong. Thank you for the questions taken on notice. Our responses are detailed below following the copy of the highlighted transcript.

The Hon. MATTHEW MASON-COX: In your submission you recommend that the Committee consider "potential enablers", which is the way you phrase it, "of increasing housing security for low income residents". You identify incentives for private developers to create affordable housing stock. In particular on page 4 paragraph 1 (b) states:

Enablers for partnerships between private developers and Registered Community Housing Providers to utilise the affordable housing stock created as low cost rentals managed by the Community Housing Provider.

Can you expand on that? I am just wondering whether that is code for, "Hey, let's have a look at our stock and let's get some private developers in here in a partnership and renew that in a creative way to expand the base." Is that really what you are saying? What incentives do you have in mind, if that indeed is what you are saying?

Ms BACKHOUSE: I think it might have been code for something else, which is to do with the planning bill that is currently a bit stalled, I understand.

Mr MUSCIO: The planning system, right.

The Hon. MATTHEW MASON-COX: "A bit stalled"?

Ms BACKHOUSE: That is stalled, yes. There were some amendments that were introduced into that planning bill that might have more encouraged local government to be able to levy developers for affordable housing stock or enter into different types of partnerships. I do not think we want to specify what the details of that could be, but we do think there needs to be, within the legislative framework within the planning bill and within a whole range of messages that government sends to local government and to development, at least the opportunity to consider those things. I think that is probably a very general answer.

The other thing is that with social housing providers and community housing providers, there are a lot of partnership opportunities. I believe you may have been around with Southern Cross Community Housing yesterday and may have been made aware that there are opportunities. If the local council was encouraging a developer to have a certain amount of affordable housing, they also could perhaps facilitate a partnership between the developer and the community housing provider so that the ownership of the housing could be either as the community housing provider or as the private developer with the community housing provider doing the tenancy support and tenancy management in there. I think there is a range of options.

The Hon. MATTHEW MASON-COX: They are a few general ideas, but no doubt in time you will have more thoughts on it, and if you could provide some details, that would be useful.

We refer to the 'enablers' that have been suggested in the Legislative Council on the NSW Government's Planning Bill that passed through the Legislative Assembly late 2013. The amendments make provision for developers to make voluntary contributions under a planning agreement for the provision of affordable housing. The original Bill had the qualification that

the affordable housing must be identified in a strategic plan, narrowing the range of Council's options for these voluntary contributions.

An amendment recommended that local plans may include planning control provisions to provide, maintain and retain affordable housing and encourage housing choice.

The amended Bill also allows a consent authority to impose a condition on development approval in the form of a contribution for affordable housing (as a free dedication of part of the land or payment of money) if the development will, or is likely to, reduce the availability of affordable housing, create a new need for affordable housing or depends on amendments to the local plan.

If passed, such provisions encourage some greater flexibility for local councils or state-government agencies, as consent authorities, to promote affordable housing partnerships at a local level. It also encourages local environmental plans to contain affordable housing criteria. Such encouragement helps facilitate partnerships with social / community housing providers who are able to enter partnerships with developers to build affordable housing on any free dedication of part of the land being developed.

Housing insecurity for low income tenants in the private rental market can result from short-term leases and lack of controls on rental increases. Short term leases, as well as delivering insecurity of tenure, result in high costs for low income people in terms of moving and re-establishment costs as well as social impact costs. With vacancy rates in our region generally below 2%, the competition for affordable rental properties is high, increasing people's insecurity when leases expire. Reform in the Residential Tenancy Act could be a mechanism to drive longer term leases, (for example, of two years). Such reform could also introduce a moderate form of rent control, restricting the frequency and percentage of allowable rent increases.

The Hon. MATTHEW MASON-COX: Given you are a body that has Commonwealth and State funding and obviously this area has Commonwealth, State and local government responsibilities of sorts scattered through it, how do you think it should be rationalised in terms of each level of government and its role in providing or ensuring there is another social housing, affordable housing, welfare housing and whichever level, or whichever way you would like to look at it?

Ms BACKHOUSE: Right. You ask very "easy" questions. That is complicated.

The Hon. MATTHEW MASON-COX: You can perhaps just give me just your initial reaction to that, take it on notice and give me a detailed response.

There have been considerable changes in the understanding of Commonwealth, State and Local responsibilities since the inception of this Inquiry and the Hearing from which this question arose. The 2014 Federal Budget has redefined responsibilities and funding arrangements between levels of Government which may take time to assess the impacts and become operational. Previously, the Commonwealth has played a role in creating affordable rental accommodation through the National Rental Affordability Scheme which is to discontinue. Stimulus funding from the Commonwealth that built additional social housing stock was a time limited initiative. Commonwealth / State relationships, joint endeavours and

funding arrangements were negotiated in the National Affordable Housing Agreement and the National Partnership on Homelessness (NPAH). The Commonwealth has flagged a review of the Commonwealth's role in housing provision later this year that could bring changes to the NAHA. The NPAH has been extended by one year (2014/15) during which time negotiations will be held with the States and Territories.

As stated in our evidence at the Hearing, a central component of housing affordability is sufficient income to afford the housing, as well as housing prices. In this regard the Commonwealth has a greater responsibility in setting the income levels of very low income people (recipients of income support), and in the provision of Rent Assistance payments.

This NSW inquiry is being conducted simultaneously with a Commonwealth Senate Inquiry into Affordable Housing and combined, clarification of Commonwealth and State roles and responsibilities will become clearer. Having a national agenda for affordable housing that can co-ordinate and promote consistency vertically, up and down, the policy agendas of State and local government is crucial. Setting policy that includes targets for investment in social housing and targets for land use could assist in enabling all levels of government to promote affordable housing and provide leadership and resources to local councils that encourage affordable housing mixes.

On a regional level, the RDA structure has been successful in building regional strategies across government, non-government, business and community sectors. For example RDA Illawarra coordinates a regional digital strategy, energy efficiency program, tourism co-operation and other fields. With leadership from the Commonwealth and State governments on planning reforms that give weight to developer contributions and incentives for affordable housing, the RDA structure can be one useful mechanism to bring regional stakeholders together.

Of import to this Inquiry is the horizontal integration of State government policy, in particular the connections between affordable housing, transport, social, homelessness and mental health policies and program objectives. To illustrate further, within current social policy on homelessness, NSW has embarked on the reform of homelessness services, with guidelines and service packages that emphasise increasing transition of 'clients' to the private rental market. While the private rental market has the characteristics of low vacancy rates, low levels of affordable stock, short-term leases and rental increases at market rates, it is unlikely to be able to meet the need for transition from homelessness on a significant level.

Ms JAN BARHAM: I am interested in your submission where you refer to building capacity, particularly in disadvantaged areas. Can you expand on what potential areas for that to happen? I am also interested in whether or not you are a negotiator or a facilitator in encouragement of social benefit return from business to community?

Ms BACKHOUSE: At this stage, I have to say that Regional Development Australia has not embarked upon that field. By referring to a social return by the business community, are you talking about the social bonds type of investment?

Ms JAN BARHAM: Social bonds or any aspect of corporate social responsibility outcomes that many businesses like to promote, but in terms of real outcomes are they being negotiated into the right areas, or are

they more just positive benefits for the businesses rather than positive benefits for the people who are desperately in need?

Ms BACKHOUSE: I would like to provide you with more detail on that later.

Ms JAN BARHAM: Great.

Ms BACKHOUSE: I would also like to acknowledge that in the Illawarra we have some remarkable community-minded businesses and we have some remarkable social businesses. In fact, Regional Development Australia has tried to look into giving awards in this area to businesses because part of getting more real outcomes is acknowledging the great work that they do. I will source some more information for you on that.

Ms JAN BARHAM: I raise the point because your fourth dot point is about community capacity, particularly in disadvantaged suburbs. What we seem to be hearing across the State is that the approach to housing is in isolation with government operating in silos and not doing wraparound services to acknowledge that it is about building community, supporting the individual and, to use the word that we keep hearing and using, the uplifting opportunity that is there. It needs to be supported by government at all levels and by community groups and by business. It is a whole-of-society outcome. Your role seems to be a very good one to facilitate all of that.

Ms BACKHOUSE: Yes, it does.

Ms JAN BARHAM: If you could provide more on that, I would love to hear it because it is desperately needed.

Ms BACKHOUSE: Yes.

RDA Illawarra's reference to capacity is in reference to location of affordable and social/public housing. Affordability in this region is, like elsewhere in the state, tied to factors such as distance from transport nodes and amenities. Affordable housing policy is therefore closely tied to infrastructure, transport and other policy and planning at the state level. RDA Illawarra has provided input into plans such as the NSW Transport Master plan and has advocated for improvements in commuter corridors as well as strategies to facilitate public transport for people to travel around within the region, to access amenities, employment and transport nodes.

As you will be aware, building capacity and infrastructure in disadvantaged areas creates value uplift and in turn affects affordability. We understand from other submissions to this Inquiry that mechanisms for value capture have been proposed. Whilst we are not in a position to discuss the technicalities of value capture, we would support those submissions that present the case for government to 'capture' a share of the increase or uplift of the value of the land and utilise this source of revenue towards social or affordable housing development.

In regards to positive benefits to the community of corporate social responsibility endeavours, as stated, RDA Illawarra has not undertaken an audit as such of these arrangements in this region. However, there are many examples where business and corporate entities are actively involved in community contributions. These include:

- restaurants and catering firms implementing a form of social procurement and purchasing from social enterprise food growers;
- local businesses initiating employment plans to recruit and support disadvantaged young people;
- partnerships between community agencies and businesses that include release of business employees to engage in voluntary work with community agencies;

workplace giving arrangements, pro-bono legal, business case development and other specialist advice and services;

- planning businesses, architects and other such professional services providing reduced costs for Community Housing providers to support their development activities;
- Regular donations and fundraising events conducted by businesses with or for community organisations.

These arrangements are mutually beneficial, and at a regional level, businesses make significant contributions to support the work of community agencies.

CHAIR: Thank you. Unfortunately, we are running out of time. I have a question for you that perhaps you could take on notice. You talk in your submission about smaller lot sizes. Could you provide more clarification of exactly how you see it would be helpful in order for us to consider it further? You also mention providing incentives for developers and non-government organisations. If we were to form a recommendation along that line, it would be helpful to clarify exactly what that would look like.

In our submission we refer to the changing demography of the region which is seeing smaller household sizes. Planning for the future of social and public housing needs to match the stock to the changes in the target demography. This is a reference to redevelopment of any underutilised larger housing stock into units, townhouses and other more dense development. Stock transfer of public housing to community housing providers is one mechanism to achieve this.

Some of the incentives for developers and non-government organisations could be achieved through increasing the understanding and commitment in local councils for affordable housing. Enabling local councils greater flexibility in approval processes for affordable housing could be achieved through planning reforms. The state government has the ability to require certain plans from Councils, such as Community Strategic Plans. One recommendation could be mandating local councils to develop affordable housing strategies.

In reforming the planning legislation and introducing a requirement for local councils to develop affordable housing strategies, we would recommend a consistent approach to concessions to developers, particularly not-for-profit developers of social and affordable housing such as exemptions of Section 64 water levels and Section 94 contributions. Social housing is in itself a valuable social infrastructure provision.

Thank you for your consideration of these responses,

Yours sincerely,

David Muscio
Helen Backhouse

On behalf of: Regional Development Australia, Illawarra