

## INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

**Organisation:** Committee of Residents Elected (CoRE) Millers Point, Dawes  
Point, The Rocks

**Date received:** 26/02/2014

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Partially Confidential

26<sup>th</sup> February, 2014

Committee of Residents Elected (CoRE)  
Millers Point, Dawes Point and The Rocks

The Director  
Select Committee on Social, Public and Affordable Housing  
Legislative Council  
Parliament House  
Macquarie Street  
Sydney NSW 2000

Dear Madam,

### **Recommendations**

CoRE (Committee of Residents Elected) request the Select Committee consider:

1. The retention of all social, public and affordable housing in the inner ring of the City of Sydney that can be made fit for purpose at reasonable cost.
2. The protection of existing communities in the inner ring of Sydney that have historic and ongoing social cohesion and a diverse social mix.
3. The growth of affordable housing to 15% by 2020 in line with the “Sustainable Sydney 2020 Strategy.”
4. Where appropriate and economically feasible, the continued growth of the community housing sector, in conjunction with the transfer of public housing stock on 35 year leases or transfer of full title.

This submission has been completed by CoRE, the committee representing the communities of Millers Point, Dawes Point, and The Rocks.

This submission addresses the Select Committee’s NSW scope but applies specifically to housing assets in the crucial areas of Sydney’s inner ring and the communities that live in them.

Supported by the attached report, “Millers Point, Dawes Point and The Rocks: Living Heritage,” CoRE recommends a two model solution allowing the NSW State Government to meet it’s fiscal requirements as well as it’s responsibility to protect the social values of each community.

CoRE's model 1 proposes the properties remain under Housing NSW management. This department would then commit to the repair, restoration and conservation of the properties.

CoRE's model 2 proposes the establishment of a Community Tenancy Association (CTA). Under this model the properties would be leased to a CTA that ensures the repair, restoration and conservation of the properties. The leases would be of a term sufficiently long (e.g. 35 years) to ensure the housing assets may be used as collateral for leverage of funds for new development. Any tenant who wishes, shall remain with Housing NSW and not be transferred to a CTA.

### **Terms of Reference**

CoRE makes the following responses to the Select Committee's terms of reference items 1(a), 1(c) and item 2.

#### **Item 1(a) – Projection of future social, public and affordable housing supply and demand to 2020.**

CoRE supports the growth of affordable housing to 15% by 2020 in line with the "Sustainable Sydney 2020 Strategy." At a time when the need for affordable housing is universally recognised, any decision made by Government that results in housing asset sell-offs in key areas of Sydney's inner ring of suburbs (e.g. Millers Point, Woolloomooloo, Redfern and Glebe), is an inappropriate and short sighted response to the current challenges.

#### **Item 1(c) – Housing design approaches and social service integration necessary to support tenant livelihood and wellbeing.**

Existing social, public and affordable housing in the inner ring of Sydney already benefits from a well established and comprehensive array of services. This ring of suburbs is well catered to by local, state and federal governments which provide social, health and transport services. This area also has excellent access to retail, sports and the arts amenities. For all communities it would make little sense to dismantle the community and re-distribute them to areas where there is reduced matching social services for these people.

#### **Item 2 – The NSW Auditor General's 30 July 2013 Report "Making the Best Use of Public Housing."**

CoRE concurs with the Auditor General's comment in his report that selling properties is not fully a financially viable strategy.

CoRE aligns its recommendations with the Auditor General's findings, specifically those detailing outsourcing trends, such as co-partnering with CTA's and Housing Co-ops, thus freeing up funds to alleviate the maintenance and administrative burden in managing public housing stock.

Additionally, CoRE prefers equity across all social housing groups concerning timely and efficient attendance to maintenance issues.

CoRE firmly believes that residents, regardless of who they pay their rent to, deserve to live in homes that are in good repair and in which the provision of quality maintenance is assured.

### **Request for meeting with the Select Committee**

CoRE was accorded the privilege of meeting with Family and Community Services Minister Pru Goward on the 31<sup>st</sup> October, 2013. This was a valuable opportunity to exchange meaningful ideas, answer questions and discuss solutions. The meeting provided insights for both parties.

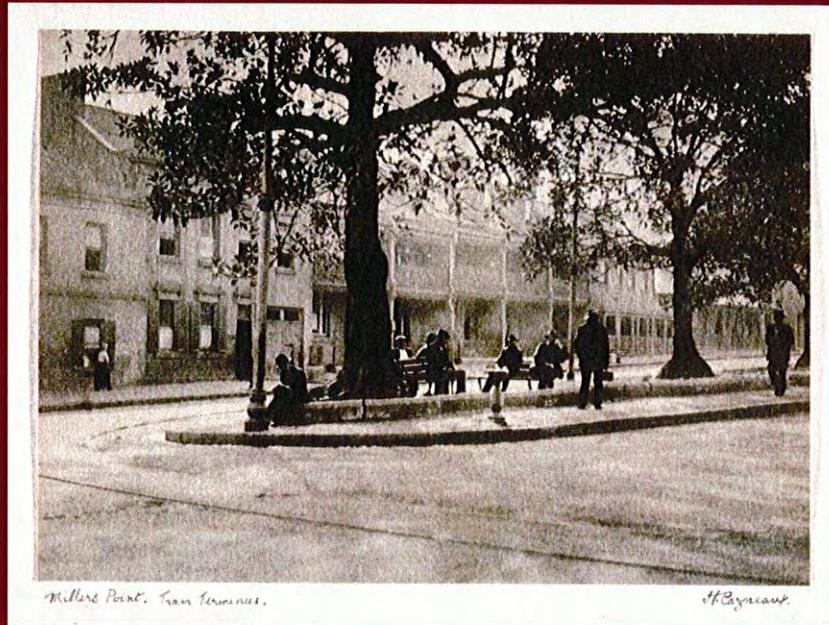
CoRE would be delighted to be afforded the further opportunity to present in person to the Select Committee to answer any questions that may arise from consideration of our submission, so as to ensure the Committee has everything it needs from CoRE for its deliberations.

Yours faithfully,

Beverley Sutton  
(on behalf of Committee of Residents Elected)

**CoRE**

**MILLERS POINT, DAWES POINT & THE  
ROCKS: LIVING HERITAGE**



By Freya Bunday

4 October 2013

This report was commissioned by the Committee of Residents Elected (CoRE), the action group elected to represent the communities of Millers Point, Dawes Point and The Rocks.

## EXECUTIVE SUMMARY

Dating back to the Victorian Era, Millers Point, Dawes Point and The Rocks form a precinct located on the Sydney harbour foreshore. The closely connected community is the oldest surviving continuous urban residential precinct in Australia's European settlement, and has provided a home to generations of local workers and public housing tenants. The ABC's *Hindsight* program described these suburbs as a "small and feisty Maritime community living at the foot of Sydney Harbour Bridge".

Millers Point has been listed on the State Heritage Register since 2003 as "a living cultural landscape greatly valued by both its local residents and the people of NSW".<sup>i</sup> The register recognises both the pristine physical geography of the area, and also the unique and intrinsic value of the community identity. Many of those living in the precinct are long-term residents, while others were born in the community and have a history of family connection to the place. As of 2011, almost half (47%) of the community were over 50 years old.<sup>ii</sup> The close bonds between community members, and the irreplaceable connection to place, have been fostered over years, if not generations.

It is this "locally-distinctive and self-sustaining" community, as recognised on the NSW Heritage Register,<sup>iii</sup> which is threatened by current proposals.

In 2012, the NSW state government Finance Department commissioned a review by the Land and Housing Corporation (LHC) into the possible sale of the 208 heritage-listed social housing dwellings in and around Millers Point. Former Minister for Finance Greg Pearce had attempted to outline the economic benefits of selling "underperforming" housing stock to address concerns of "long-term viability".<sup>iv</sup>

Such private sale of public housing would result in the dislocation of the approximately five hundred local residents, with severe social costs for the community at large. At stake is the intangible social cohesion and support provided through the local and informal networks, and the irreplaceable connection between 'point people' and the area.

The NSW state government recognises the heritage value of Millers Point, which protects the physical homes from demolition and destruction. It is imperative that this same logic be applied to the heritage value of the community to protect residents from dislocation. The argument that the heritage significance would be better preserved through private sales contradicts the integral part of the local community to the heritage listing. Indeed, Housing NSW's own Conservation Management Guidelines (2007) state its "vision and objective of maintaining this unique place and its residential community as a priceless asset of the people of New South Wales and Australia."

This document has been put together by the Committee of Residents Elected (CoRE), the committee elected to represent the communities of Millers Point, Dawes Point and The Rocks. In bringing community voices to the fore, the submission highlights the severe and long-term consequences of the current proposal, and articulates alternative solutions that meet the diverse interests of the different stakeholders.

CoRE proposes one or two or both of the following alternative models:

1. That the properties remain under the management of Housing NSW, which commits to the restoration and conservation of the properties.
2. That the properties be leased to a Community Tenancy Association (CTA), which ensures the restoration and conservation of the properties and that the leases be of a term long enough (e.g. 35 years minimum) so that the Community Tenancy Association can have enough control over the assets that they are able to be used as collateral for leverage of funds for new development and that any tenant who wishes that their tenancy not be transferred to a CTA has the option of remaining with Housing NSW.

CoRE is in principle opposed to the selling off of public housing, especially in light of the Auditor General's Report *'Making the Best Use of Public Housing'* which states that the selling of houses to fund new development is financially unviable. **CoRE is especially opposed to the sale of any 1, 2 or 3 bedroom dwellings as the Community regards them as fit for purpose regardless of the amount of backlog maintenance required.** CoRE is however open to the possible controlled sale of a specific number vacant dwellings where the cost of restoration is the greatest, the use to the Community is the lowest and the sale value the highest, with the proceeds of sales going directly towards the maintenance and restoration of the properties and that after the targeted dwellings have been sold to fund maintenance backlog further sales cease indefinitely.

Financial modelling undertaken for CoRE by the consulting company Sphere (based on LHC data) indicates that CoRE's models can be economically viable, with all sales and upgrades taking place within a five-year period

CoRE's alternative proposals provide a solution whereby the NSW State government can both meet its fiscal requirements and protect the intrinsic social value of the community. In line with the government's Conservation Management Guidelines and its commitment to the provision of public housing, these models preserve the mental health and physical wellbeing of the residents, the vibrancy of the community, and the precinct's historic architecture.

### **CoRE'S Values**

CoRE understands that there is currently a mix of social housing types existing in Dawes Point, Millers Point and the Rocks and that Housing NSW, Community Housing and Housing Co-operative tenants have been co-existing for numerous years without any difficulty or issue and that the reality is there is no competition for nor conflict surrounding seeking security of tenure regardless of social housing type.

**CoRE represents all tenants affected by the Land and Housing Corporation's review into the sell offs who wish to retain their tenancy and to be identified as members of the Millers Point Community.**

CoRE does not discriminate against any social housing model currently existing in the area. However we do recognise that the majority of residents affected are Housing NSW tenants and that unlike the other two housing models have been struggling with their Landlord Housing NSW for an unacceptable amount of time over what seems to be a systematic pattern of neglect in obtaining satisfactory outcomes in maintenance and restoration of their homes.

CoRE wants to see equity across all social housing types when it comes to the timely and efficient attendance to maintenance and the quality of repairs undertaken. CoRE believes with the greatest conviction that residents regardless of who they pay their rent to deserve to live in homes which are in

good repair and where the provision of maintenance is regarded with the highest importance by their respective Landlords.

It is for this reason that both alternatives put forward in our Proposal proffer solutions that address for good and all the maintenance issues of Housing NSW tenants by providing the funds necessary to return their homes to an acceptable standard at the soonest time and provide for ongoing maintenance into the future.

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## 1. A Community History: How did we get to this 'Point'?

### 1.1 A maritime history

Millers Point, Dawes Point and The Rocks are a unique remnant of Sydney's rich Maritime history. Sparsely populated until the 1830s, the streets and houses of these suburbs were gradually constructed through the 19<sup>th</sup> century on the harbour foreshore's sandstone outcrops.<sup>v</sup> In its earliest days the wharf-side housing largely supported the whaling and sealing industry, crucial to the struggling colonial settlement.

By the 1850s, these suburbs were established as a Maritime area, prospering until the 1890s recession and subsequent plague that characterised the turn of the century.<sup>vi</sup> Addressing the perceived insanitary conditions, the government resumed ownership of the wharves and housing, and handed the more than 800 properties to the Sydney Harbour Trust, subsequently the Maritime Services Board (MSB), which cleared some older 'slums' and developed the wharves ready for a modern export industry and built around Millers Point buildings to support a Community that was linked to the Wharves and *creating Australia's first social housing precinct*. With the arrangement formalised in 1909, the Trust/MSB managed the remaining housing until the 1980s.

During this period and under the MSB, Millers Point, Dawes Point and The Rocks were Maritime enclaves. They largely provided housing for the community of employees, and their families, who worked on the nearby waterfront. Descendants from this period describe it as an arrangement of de facto ownership,<sup>vii</sup> with informal and largely hereditary tenancy allocation and significant autonomy over the management of the properties. The MSB actively encouraged children of existing residents to remain in the community, and set up a system of internal registration that provided residents with certainty that they would (eventually) be offered a house.

Descendants from this period reflect that this arrangement fostered a strong sense of community and a subsequent sense of ownership and responsibility for preservation of the area. Teri Carter recalls, "I felt very rooted to the spot because my family were here so long... being in the area gives me a sense of connectedness".<sup>viii</sup> Residents also had significant connection to the local community. Historians Shirley Fitzgerald and Christopher Keating note that, while surnames signified maritime origins, the women were strongly tied to local society and greatly influenced the practise of traditional, particularly Irish, social customs.<sup>ix</sup>

In the 1980s, and with the decision to move major port activity to Botany Bay, a Public Service Board audit decreed that the MSB divest itself of all non-port related property. Factors such as private car ownership and an ageing residential population had already loosened the nexus between living in Millers Point and working on the wharves.<sup>x</sup>

During this period, The Rocks houses were initially threatened by the plans of the Sydney Cove Redevelopment Authority, and a number of properties were later sold to the private market. However, community pressure and economic slowdown in the 1970s delayed the plans, and by the 1980s the unique heritage significance of the properties, and the area as a whole, was widely recognised.<sup>xi</sup> From the 1970s, some of the buildin Millers Point, Dawes Point and The Rocks houses were initially threatened by the plans of the Sydney Cove Redevelopment Authority gs on the wharves themselves began to be used by various companies in the performing arts.

## 1.2 The 1980s and Public Housing

On 1 January 1986, the MSB handed over the administration of the remaining and majority of Millers Point houses to the NSW State government, falling under the management of the Housing Commission (now Housing NSW). Long-term residents were allowed to remain in their homes, but the previous informal tenancy arrangements were replaced with Housing Commission leases and new tenants were drawn from the Housing Commission waiting list.

City of Sydney historian Shirley Fitzgerald describes this period of the community's history as characterised by continual legal battles and public protests over the future of Millers Point and its residents.<sup>xii</sup> The local community formed alliances with other resident action groups and unions, protecting tenants from eviction, preventing the demolition of (now heritage listed) housing, and conserving many areas of public interest, such as Lance Kindergarten, from redevelopment. Beverley Sutton describes one such dispute over the rights of tenants during the handover: "*We entered into an eight-year battle with the Department to actually maintain our interest and our residency in the area... they couldn't believe that a bunch of little old ladies were fighting these big bureaucrats and winning.*"<sup>xiii</sup>

Notwithstanding the constant uncertainty, the Millers Point community continued to flourish during this 30-year period. The waterfront history has been preserved through the ongoing tenancy of many descendants of the maritime period, while opportunities for new groups of low-income earners to join and contribute to the close community have been provided. Those who have moved in from alternative areas of public housing discuss the "small country town solidarity" and the "unparalleled sense of belonging" fostered by the informal, inclusive and intergenerational support networks.<sup>xiv</sup> As Lord Mayor of Sydney Clover Moore has articulated:

The strength and cohesiveness of the community is demonstrated by the low rates of vacancy, tenancy breaches and disputes, as well as police reports of consistently low crime rates in the area across most offence categories.<sup>xv</sup>

Indeed, and notwithstanding the low income of most of the residents, the community continues to invest in the surrounding area with, for example, fundraisers for the local school. A strong sense of connection to the precinct has also been a continuing characteristic of the community, for both long-standing and more recent residents.

## 1.3 A period of Neglect:

It is a testament to the people of Millers Point, Dawes Point and The Rocks that such a strong sense of community identity and security remains, given the disregard for residents and neglect of heritage listed housing stock on the part of Housing Commission/Housing NSW.

In its initial stages, the 1980's transfer of ownership and management involved minimal consultation with those affected. Neither the MSB nor the Housing Commission disclosed to the residents information about the transfer, including details of the consequences of the transfer for the local community.<sup>xvi</sup> The consequences were particularly significant for the then dependents of residents, who would not be able to continue as adult tenants in their homes unless considered eligible for public housing. Moreover, all residents at the time were affected by increases in rents.<sup>xvii</sup> Residents were also not informed of the withholding of selling of a number of properties later be sold on the private market after during the transfer process.

This initial lack of information, access and accountability has continued to characterise Housing NSW's management of Millers Point. Long-term residents describe a marked difference from the mutually accountable relationship that is perceived to have existed with the MSB. Beverley Sutton, 72, whose grandfather moved to the area in the early 1900s and has herself lived in Millers Point for her entire life, describes that prior to the transfer of management:

... the properties were always in "good nic", as we would say. The MSB had a very good record of maintenance on the properties. We did not assume that we would be handed in terms of general improvements to the house you were in, most tenants were very happy to do their own maintenance/ improvements... but essential maintenance was always done quickly & efficiently. You would report it to the MSB or just let the rent collector know what the problem was.<sup>xviii</sup>

The heritage houses in Millers Point are no longer in "good nic", evidence of the routine neglect that have characterised the period since the transfer. The needed repair programs have been repeatedly not instigated and substantial damage has occurred. Sally Clough recorded in 2007 that:

As far as repairs are concerned I've been waiting 10 years for some of the problems in my bathroom to be sorted. They've told me that the money's available and that they'll be here to do it but I forgot to ask them which year they are coming.<sup>xix</sup>

Resident Susan O'Brien recalls that no repairs have been done to the exterior of her property despite an obvious need,<sup>xx</sup> and despite Housing NSW's policy statement that:

Housing NSW provides planned maintenance services to keep its properties in good condition and to ensure consistent maintenance standards ... (and that) Tenants can expect Housing NSW to provide them with a property that is in reasonable condition.<sup>xxi</sup>

A determining factor behind this neglect in landlord duties is the inaccessibility and unaccountability of Housing NSW to the concerns of their tenants. Residents recall that calls are rarely answered and messages are not responded to.<sup>xxii</sup> Again, this is despite Housing NSW's ethics statement that it is "committed to transparency in all of our business endeavours".<sup>xxiii</sup>

That houses in Millers Point, Dawes Point and The Rocks are in desperate need of considerable maintenance work is a point uncontested by all parties. However, this submission questions, firstly, the assumption, as stated by Former Minister for Finance and Services Greg Pearce, that the houses have "limited value as social housing";<sup>xxiv</sup> and secondly, the rationale that would force residents to bear the burden of Housing NSW's failure to meet its responsibilities. The next section elaborates on these issues, by outlining the inevitable severe and long-term consequences of the current proposal for local residents and the community at large.

## **2. The Government's Proposal: what is at stake?**

The NSW State government's proposal is to sell a large proportion of heritage listed housing. Up to 208 properties in Millers Point, Dawes Point and The Rocks are being considered for review.

This is not the first time that private sales have been proposed. In 2006, the NSW State government sold 16 houses on 99-year leases. At the time, residents were told that the proceeds of sale were going to be used for maintenance and restoration of the Millers Point properties. This has not occurred. The initial sale was followed by a further 20 properties in 2010. In both cases, government Ministers promised that these were 'one-off' sales, and would consist solely of vacant properties so that existing tenants would not be affected.<sup>xxv</sup> The second round of sales also came with the promise that the proceeds would fund public housing elsewhere. The government is yet to offer any hard evidence of this occurring.

To assess the consequences of the current proposal, former Minister for Finance Greg Pearce commissioned CRED Community Planning to prepare a Social Impact Assessment of: the potential social impacts that may result from the NSW Land and Housing Corporation's evaluation of social housing, and any further sales of social housing.<sup>xxvi</sup>

Such social impacts would be severe and long lasting, for both the local residents and the broader community.

Local residents are rightly concerned, and in some cases terrified, about the large-scale dislocation that is the inevitable consequence of this proposal. Of the 208 Public/Social Housing Households in Millers Point, over 50% pay less than \$100 weekly rent, indicative of the 50% of residents who have a weekly income of less than \$400.00.<sup>xxvii</sup> Residents talk about eviction for these tenants in terms of "life and death".<sup>xxviii</sup> This is particularly the case for the elderly, fragile and sick, who depend upon the unique community support that has been fostered over generations.

A number of different reports commissioned by the Australian Housing and Urban Research Institute (AHURI), confirm the legitimacy of the residents' sentiments. In a general investigation of the consequences of gentrification on low-income earners, Atkinson *et. al.* outline the "less viable, but socially and personally damaging consequences of displacement".<sup>xxix</sup> Their empirical studies expose the fact that dislocation results in "fractured social support systems and friendship networks", which "can affect psycho-social health, educational outcomes and household dissolution".<sup>xxx</sup> Particularly significant are the long term and severe emotional consequences of dislocation: "a palpable sense of fear and anxiety" and of "loss and misery".<sup>xxxi</sup> This is especially acute for residents who had lived in an area for a long time. Similarly, Bridge *et. al.* outline the health implications of social housing policy, concluding that "health is strongly associated with physical locale, housing quality, and social supports" and that "neighborhood deprivation" was a primary factor in determining the relationship between housing environs and health outcomes, particularly morbidity and mortality.<sup>xxxii</sup>

These are the real consequences that would be faced by residents if the NSW government were to continue with its proposal. These consequences would, as identified by the Community, be particularly dire for the elderly people who are mostly housebound and who have known no home other than Millers' Point. The particular consequences for the elderly are again reinforced by a report: 'The Effects of Residential Relocation on Morbidity and Mortality Among Elderly People'. The study indicated that the death rate among those who were evacuated or who moved permanently due to urban renewal was higher than among non-movers and among those who moved for other reasons.<sup>xxxiii</sup>

**Therefore CoRE opposes most strongly to the apparent late inclusion of Sirius Apartments in the review. With the average age of Sirius tenants at 60 years, the impact of forced removal would weigh most heavily on them. The Government has cited maintenance costs and unsuitability as the main drivers for the review. Sirius Apartments are no more or less expensive to maintain than any other multi story multiple occupancy Public Housing building and are extremely suitable for the needs of the tenants who live there. CoRE believes any move to relocate these tenants is unconscionable.**

The current uncertainty and lack of security is already taking its toll on the mental health and physical wellbeing of Millers Point residents. The City of Sydney Council notes reports of residents too afraid to report major repairs and maintenance because they worry it will result in eviction and loss of their home.<sup>xxxiv</sup>

The importance of maintaining such unique and cohesive communities is not solely for the health and wellbeing of the residents. Atkinson *et. al.* describe the “knock-on effect” of dislocation on relationships and social networks: “that people who are forced to move operate in a kind of mourning for the areas and lives they have left behind”.<sup>xxxv</sup> The loss of community and “dejection and resentment generated” shows up in other social indicators such as crime or anti-social behavior. In outlining the relationship between housing and ‘Community Viability and Cohesion’, Bridge *et. al.* state: a sense of community or lack thereof, may be partly responsible for the crime problems commonly associated with some public housing estates.<sup>xxxvi</sup>

Indeed, Lord Mayor Clover Moore notes the police reports of consistently low crime rates in the area across most offence categories.<sup>xxxvii</sup> She also notes the value of maintaining Millers Point as an area of low cost housing for the City of Sydney as a whole.

For the tranquillity and security of the community, and for the mental health and physical wellbeing of the residents, it is imperative that the people of Millers Point have the choice of remaining in their homes. CoRE trusts that the commissioned Social Impact Report into the current proposal would elucidate these severe and lasting impacts of future sales.

### 3. CoRE's Alternative

CoRE was formed to protect and enhance the quality of life of the tenants living in Millers Point, Dawes Point & The Rocks area, and to promote the interests of all residents. In such capacity, CoRE has developed the following set of conditions that must be met as a part of any proposed changes:

- No resident who wishes to remain in the area is to be dislocated
- No sale of one, two or three bedroom properties as these are of most use to the Community.
- No removal of tenants of any currently inhabited homes where a case can be made for staying (eg. long term residency, medical reasons, appropriate use of space/s).
- No housing should be sold unless proceeds are fully earmarked to go towards the maintenance and restoration of the Millers Point Housing NSW tenants' properties.
- Agreement is to be reached with the Community as to what constitutes 'unsuitable' housing
- Any 99 year leases sold should go to people who have an interest in conservation of the properties and inclusion in the local community and not to 'aspirationalists' who are interested solely in capital gain.
- No sale of 99 year leases to 'flippers' who purchase the lease, do minimal (usually bad) restorations with the aim of reselling it at a profit at the first opportunity.
- All potential sales of 99 year leases be paid in full at time of sale and that the practice of taking of a 5% deposit in lieu of maintenance to be carried out ceases or if 5% deposits are taken that there be a non negotiable and limited time frame set for the payment of the balance of no more than 2 months from the taking of the deposit.

CoRE therefore proposes two alternative models:

#### 1. Housing NSW:

*That the properties remain under the management of Housing NSW, which commits to the restoration and conservation of the properties.*

This model requires minimal transitional costs and allows for the retention of complete public ownership and maintenance of the properties. Its success would depend on improving the accessibility and accountability of Housing NSW to the local residents by the setting up of a mechanism to ensure funds do not go directly to consolidated revenue but are hived off at time of sale and can be tracked to specific maintenance and that none of the funds be used to pay for any bureaucracy that will administer the work.

#### 2. Community Tenancy Association:

*That the properties are leased to a Community Tenancy Association, which ensures the restoration and conservation of the properties and that the leases be of a term long enough (e.g. 35 years minimum) so that the Community Tenancy Association can have enough control over the assets that they are able to be used as collateral for leverage of funds for new development and that any tenant who wishes that their tenancy not be transferred to a CTA has the option of remaining with Housing NSW.*

Community Tenancy Associations Women's Housing and Bridge Housing already provide some Public housing in the precinct. Residents interviewed for this report reflect positively on these arrangements. For example, Susan O'Brien notes that whereas the exterior of her property is managed by Housing NSW (as outlined above), the interior of the property and repairs to plumbing are managed by Women's Housing. In relation to internal repairs and in contrast to

external requirements, Susan notes that internal maintenance "is completed within a week at the outside and with complete satisfaction". Susan also reflects that:

Another major difference between the Department of Housing and Women's Housing is that the people at the Women's Housing office know who you are when you phone or email them. You are not just a number or a faceless complainant as appears to be the case in the Department of Housing.<sup>xxxviii</sup>

Furthermore, leasing to a Community Tenancy Association is consistent with the NSW State government's current political agenda. In April this year, 1300 public housing properties had already been transferred to community groups to afford the not-for-profit providers greater capital in order to borrow money from the private sector and thus allow for more social housing.<sup>xxxix</sup>

### **Vacant Properties.**

According to CoRE's estimations there are currently 40 vacant dwellings in the area. We do not support the sale of any one, two or three bedroom dwellings in the area as these are of most use to the Community. Nor do we wish to endorse any move which would result in the forced removal of tenants from any property where a case can be made for staying (eg. long term residency, medical reasons, appropriate use of space/s). CoRE's Proposal is focused on the current lot of vacant homes which are larger and would be most costly to Government to renovate to convert to multiple occupancy dwellings. The disposal of these properties would then bring the average cost of backlog maintenance down for the remaining properties.

Both of these models allow for secure and maintained tenure to occur, preserving and enhancing the value of the Millers Point community and the properties.

There are also real savings to be made by taking up these options including avoiding the indirect cost of moving vulnerable people away from their networks of informal support (family and neighbours) and formal support (medical facilities and non-government support providers) as pointed out in the recent Auditor General's Report 'Making the Best Use of Public Housing'.

By taking up the Community Housing model the Government would be consistent with its moving away from the traditional government-provided public housing model. Since 1996, New South Wales has been transferring some property management to community housing providers, and more recently, title transfers. This facilitates the growth of the Community Housing sector. This outsourcing trend follows similar directions in other Australian States and Territories.

Furthermore tenants leased under Community Housing are eligible for Commonwealth Rent Assistance that goes directly to the tenant and is recouped by the Community Housing Provider, which helps them operate at a profit. This payment is not available to public housing tenants and so cannot be recouped.

In New South Wales, titles to 3,099 dwellings have been transferred to community housing providers. Title transfers to a further 2,921 properties are planned. The combined value of all these dwellings is reported to be almost \$1.5 billion. The New South Wales Commission of Audit reported in May 2012 that as part of the transfer the Community Housing Provider sector has committed to deliver 1,200 new social and affordable housing properties over ten years. This will be financed by leveraging the housing assets against borrowings.

This posits transfer of Housing NSW managed properties to Community Housing Providers as a robustly viable way forward that offers security of tenure as well as ensuring that maintenance and restoration of historic properties like those in Millers Point are done to a high professional standard and level of service as community Housing Providers must manage their properties in accordance with relevant legislation, regulation and policies developed by HNSW, but they have some additional flexibility including income mix, and matching clients to properties.

CoRE, despite its in principle opposition to the sale of public housing, is open to finding ways to assist the government in addressing its fiscal and policy responsibilities when implementing these models. In the event that funds are required, and *with the endorsement of the local community*, CoRE would consider the possible sale of some of the vacant dwellings (with the exception of all one, two or three bedroom properties) and/or dwellings where the cost of restoration is the greatest. The proceeds of these sales must go straight towards the maintenance and restoration of the properties, under one of the above models.

Furthermore it has been cited that one of the reasons for the proposed sale was to accumulate funds for new development which would take the pressure of the current waiting list. By Government taking up CoRE's second option and with the provision of 35 year leases to the Community Tenancy Associations who participate, the lease is of long enough duration for the dwellings to be considered assets from which CTA's could lever for private funding. With the average price of a dwelling being 1.3 million dollars a CTA who controlled the leases to 100 properties will have considerable collateral from which to borrow funds for new development which can be used to take people off the waiting list. The Government can't borrow off its assets but Community Housing Providers can. By taking up CoRE's second option Government can let Community Housing do the heavy lifting on providing new builds and avoid the considerable capital and administrative costs in providing new development.

The CTA Alternative was devised with the assistance of the NSW Federation of Housing Associations. To this end we have made initial contact with Bridge Housing, City West and St George Community Housing Associations. We believe they are open to discussion on how they might contribute to a Community Housing alternative in Millers Point and we encourage you to make contact with them. The officers we have contacted are Nahza Saad CEO of St George, Steven De Pasquale of City West and Alice Goldsmith of Bridge Housing.

The consulting company Sphere has undertaken financial modelling of CoRE's proposals, based on LAHC data (see subsequent section). Sphere's modelling demonstrates that with the sale of some housing, CoRE's models – including restoration and upgrades – can be economically viable over a five year period, and indeed preferable to the proposed sale of housing given the involved re-housing and administration costs. This model would allow for an initial substantial investment in renovation/restoration works, while the continuing rent revenues would fund ongoing operations.

CoRE's Proposal is timely as we understand that LAHC reports a budget shortfall of \$330,000,000 and that in order to make savings they have been reducing maintenance and upgrading of existing homes, reducing capital programs and selling properties. The Auditor General's Report 'Making the Best Use of Public Housing' asserts that these practices, **including the selling of properties are not not financially viable**".

Sphere's figures below show that there currently exists an average maintenance backlog per dwelling of \$310,000. Added to that is the reality that as they are heritage listed historic houses and further neglect

in maintenance will cause an exponential blow out in restoration costs as the building deteriorate at a more rapid rate due to their current state of neglect.

*CoRE's Proposal addresses the existing maintenance expense and the burgeoning expense into the future in a cost neutral way by allowing for the proceeds of sale to go directly to addressing the maintenance and bringing back the properties to a standard that ensures their viability into the future hence creating savings.*

#### 4. Millers Point: Financial Modelling



## Assumptions

- \* 206 Buildings / 448 Tenancies
- \* \$100 per week rental + \$35 per week CRA income
- \* \$6,096 costs per annum on maintenance, utilities
- \* Asset sales and upgrades spread over a 5 year period
- \* All unsold properties upgraded
- \* No rental income from properties during upgrade
- \* 95% occupancy rate
- \* All costs and revenues grow at 2.5% p.a.
- \* Upgrade costs and property values grow at 4% p.a.

## Base case

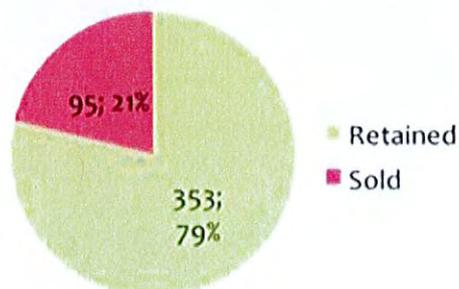
- \* \$1,300,000 sale price per dwelling
- \* \$60,000 infrastructure cost per sale
- \* \$310,000 upgrade cost per dwelling
- \* 9 month upgrade period



## Results – Base Case

- \* 9 sales per annum
- \* 44 total sales

### Tenancies



## Best Case/Worst Case

### Worst Case Scenario

- \* \$900,000 sale prices
- \* \$100,000 infrastructure costs on sale
- \* \$350,000 upgrade costs on retained properties
- \* 12 month upgrade period

### Best Case Scenario

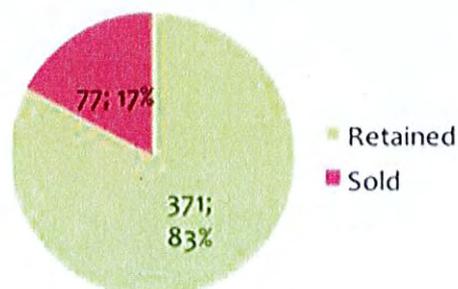
- \* \$1,500,000 sale prices
- \* \$40,000 infrastructure costs on sale
- \* \$280,000 upgrade costs on retained properties
- \* 6 month upgrade period



## Results – Best Case

- \* 7 sales per annum
- \* 35 total sales

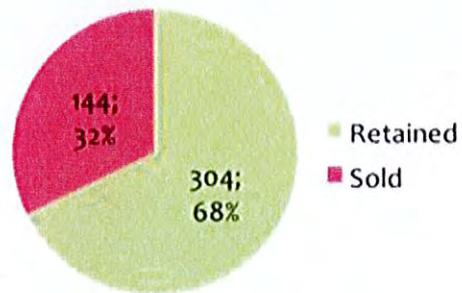
### Tenancies



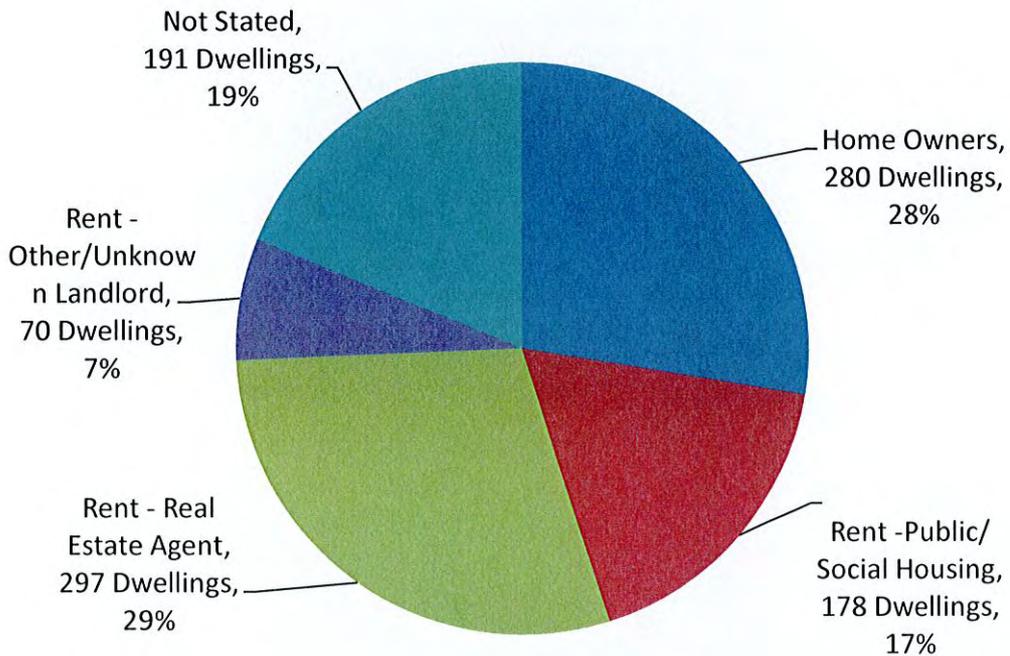
# Results – Worst Case

- \* 13 sales per annum
- \* 66 total sales

Tenancies

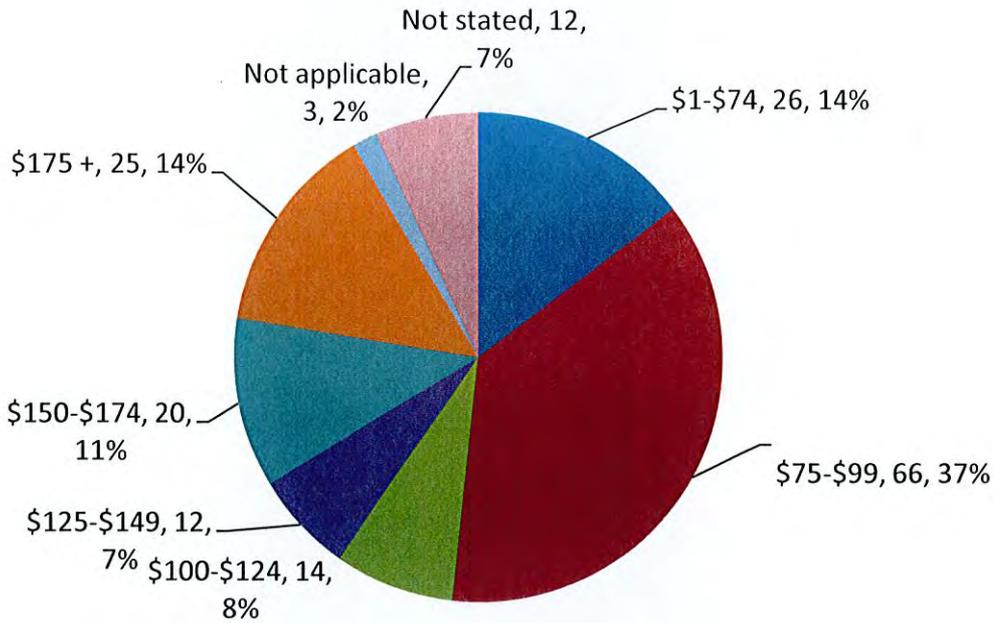


Millers Point Households By Tenure Type, Total: 1016



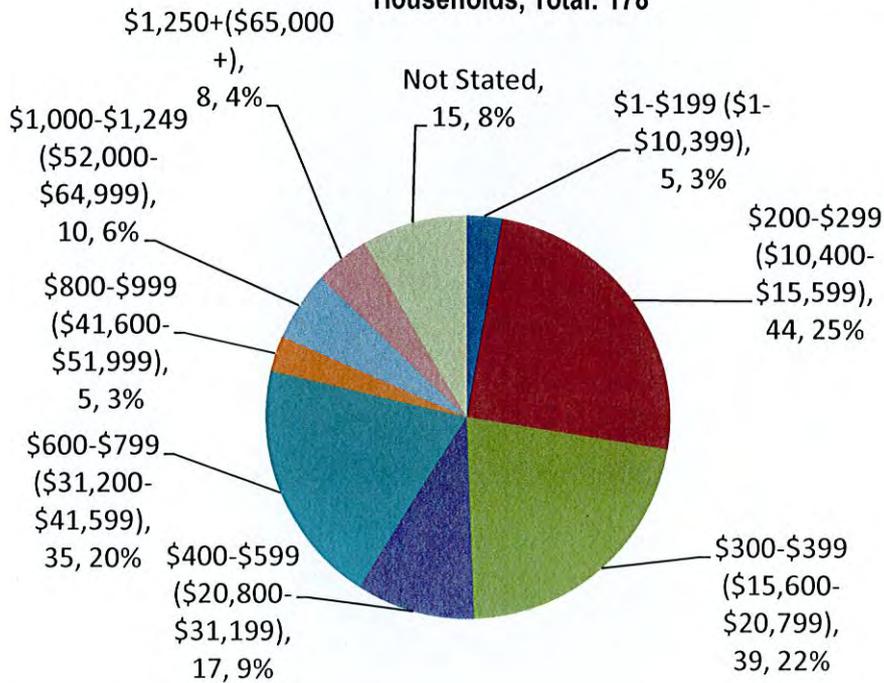
Source: 2011 ABS Census, households with tenure type "Not Applicable" have been excluded

**Millers Point Weekly Rent for Public/Social Housing Households, Total: 178**



Source: 2011 ABS Census, households with tenure type "Not Applicable" have been excluded.

**Millers Point Weekly (Annual) Income for Public/Social Housing Households, Total: 178**



Source: 2011 ABS Census, households with tenure type "Not Applicable" have been excluded.

### **More on Vacant Properties.**

According to CoRE's estimations there are currently 40 vacant dwellings in the area. This means that the Proposal for divestment of properties to provide backlog maintenance funds is viable without removing any tenant who wants to remain in the area. However there will need to be an investigation which includes Community representatives over which houses should be earmarked for sale as there are some houses currently vacant which would suit residents needs very well and which the Community would want to retain. CoRE opposes any sale of one, two or three bedroom properties as these are of most use to the Community and by their nature are fit for purpose regardless of maintenance backlog.

### **On the Question of Suitability as a Criteria for Removal of Tenants**

It has been cited in the media and that one of the reasons for the current review was that properties in Millers Point are unsuitable for Public Housing. There was concern within the Community that suitability was being used as a very broad criteria to justify the review and there was an inference that all dwellings in Millers Point are unsuitable without there being measured against any credible criteria. When CoRE asked for clarification on this matter it was purported in an email sent by Land and Housing representative July 26 that *'the dwellings in Millers Point do not meet current Building Code of Australia standards, including health and safety issues such as natural light (solar access) safety, natural ventilation and accessibility'*. We see this point as moot for several reasons. In realistic terms if this criteria for suitability was applied throughout Sydney there would be almost no home over 100 years old that would comply with the current building code. It also stands that anyone who purchased a property which is under review will have the same issues regarding compliance with the Building Code and will quickly come up against Heritage restrictions should they wish to perform major alterations to solve compliance issues.

According to information supplied by the Heritage Council of NSW, residential dwellings under the State Heritage Register, single occupancy dwellings (1,2 and 3 bedroom dwellings) there is no requirement to upgrade structures such as staircases in order to comply with the Building Code exemptions can be made to perform maintenance without having to apply for a Development Approval. There is also an acceptable level of latitude within heritage restrictions for the addition of solar access measures (ie. Skylights) which can be implemented with minimal cost and labour. This also applies to natural ventilation. With regard to accessibility we concede that this could be an issue for elderly or disabled residents but there are ample properties within Millers Point such as the ground floor properties in High St and Dalgety St which are highly adaptable for use by elderly residents.

As for Multiple occupancy dwellings in many cases there are minimal changes required in order to fit their 'deemed to satisfy' provisions and there is the scope to look at alternative solutions such as 2 hour fire retardant paint on all ceiling as an alternative to sprinkler systems etc.

CoRE believes that suitability of dwellings and decisions on what dwellings are 'fit for purpose' should be done on a case by case basis and not be used as a broad criteria to lever residents from their homes. In the majority of cases dwellings are realistically very suitable and there are many dwellings that can be adapted to be made suitable for little cost or labour. There are always practical solutions to most compliance issues. What is required from Government is the will to find them and the resolve to carry them out.

## Previous Sales in Millers Point.

CoRE notes that there have been two previous tranches of sales in Millers Point making a total of 36 properties but calculating the exact amount of funds collected from proceeds of sale has been difficult as we understand that only recently some buyers who have not paid anymore that the original 5% deposit for the properties and some of these are only now just settling. We also are led to believe that in some cases they were instructed that they cannot live in those properties until the balance was paid in full but that has not been the actuality. CoRE calculates that the combined interest from outstanding balances between deposit to settling would be over 2.6 million dollars which is enough to perform backlog maintenance on 8 properties in Millers Point.

Disturbingly the Auditor General's Report refers to 'leakage' during transactions and that ICAC discovered that there had been corrupt practices given the volume of funds in real estate transactions from the sale of properties.

CoRE has been informed by Officers representing the Land and Housing Corporation that all proceeds have gone to new builds but there never has been made available transparent costing to back up this assertion. Indeed the Auditor General's Report '*Making the Best Use of Public Housing*' indicates that some of this money has been used to cover routine administrative costs for the Department meaning that the Department has lost funds and thusly potential housing assets.

Given the lack of transparency over exactly how the funds from sale were spent and what transpired during the first two tranches of sales CoRE has misgivings about how any further tranches of sales would be carried out as its Proposal relies on the unencumbered funds being immediately utilised for maintenance and restoration. Furthermore should the worst case scenario for the Millers Point Community occur and all properties were to be sold, as the current Property Disposal Procedures developed by Housing NSW in 2007 have not been reviewed we believe the LAHC's ability and capacity to ensure transparency and accountability and inure itself from susceptibility to other than best practice to be in doubt. Some examples being:

1. Buyer sold for \$2.65m in September 2011. Paid 5% deposit on the night. Settled in September 2013 and was there after most of the renovation was done rent free from November 2012 until January 2013 and then pays around \$800 per week.
2. Buyer in Lower Fort St bought in mid-December 2011 for \$1.5m, paid 5% on the night and have not settled yet. They moved in and don't pay rent. Work largely completed.
3. Buyer bought 3 August 2011, settled 13 August 2013. The purchase price was \$1.2m. Paid 5% on the night, moved in December 2011 and paid rent (at settlement in August 2013) of \$850. No major work done, DA never applied for.

The Community is aware that dealings with the buyers from the last two tranches of sales have gone far from smoothly. It does beg the question that if the sales of 36 houses could have been arguably so difficult and with the Auditor-General referring to corrupt practices and 'leakage', could the sale of over 5 times as many properties using the same departmental capacity and processes go any better?

*CoRE believes that by Government, instead of going down this path, should take up one or both of the options presented in our Proposal and relieve itself of the administratively fraught process of a wholesale sell off and the scrutiny that would come to bear from it.*

## **The Previously Canvassed Option of a Co-op Model for Millers Point**

Common Equity NSW has already put in its own submission to the Social Impact Assessment for the Co-op which currently exists in Millers Point. Common Equity stated its openness to dialogue on how it might assist in the formation of a Community Housing solution to Millers Point notwithstanding issues of capital funding and income spread within the Community which needs to be fully canvassed. The existence of any Co-op would depend on its financial viability. Therefore the Co-op model was taken out as a full option from our Proposal. In any Co-op scenario Common Equity would only be interested in fully informed residents who would enthusiastically want to participate. Being a part of a Co-op or not is and has always been solely a matter of individual choice. We encourage you to talk to the CEO of Common Equity Robyn Cahoun

### **4. Conclusion:**

Lord Mayor Clover Moore reflects that in relation to Millers Point, Dawes Point and The Rocks: Successive NSW Governments have eroded the social heritage of the area by relocating existing tenants, long term neglect of property maintenance, selling 99 year leases for Millers Point social housing properties or leaving properties vacant for long periods of time, despite long waiting lists for social housing.<sup>xi</sup>

The current proposal would only entrench these problems, with severe and long-term consequences for the residents of Millers Point.

Alternatively, the models proposed by CoRE protect the mental health and physical wellbeing of the residents, preserve the heritage value of the precinct, and allow the government to meet its fiscal and policy commitments, including its commitment to public and social housing. CoRE has developed its proposal recognising that the State government is under increasing pressure to capitalise the value of its assets to maintain operations even as the Auditor General's Reports highlights that doing so results in a net loss of stock.

The Community Housing proposals also offer added value in that all future maintenance and restoration costs would not be incurred by the Land and Housing Corporation but by the Community Housing Provider. Furthermore, the five hundred tenants currently housed by Housing NSW will transfer to the Community Housing Provider, thereby alleviating all administrative responsibilities and associated costs for Housing NSW and the Department of Family and Community Services.

CoRE's Proposals in every respect are innovative, have financial and pragmatic integrity, are imminently doable and importantly, fall into line with the recommendations set out in the Auditor General's Report 'Making the Best Use of Public Housing'. They offer real solutions and alternatives to a Government that sees the stark realities and challenges for the provision of traditional public housing in the future and is searching for partnerships with Community Housing Providers who, armed with tenure of long term leases or even more bravely title of properties to lever for funds to fill the chronic shortages of public housing in NSW. All that is required is some bravery and vision. The tenants of Millers Point will do the rest. We give you that assurance.

Millers Point, Dawes Point and the Rocks was the first social housing precinct in New South Wales. It's maritime past ensured that it always carried a social mix of wealthy and working class. CoRE's proposal carries on that tradition of a mixed model where both classes exist comfortably among each other. There is no conflict in this. It is part of the area's DNA.

Fundamentally, CoRE's proposal avoids the devastating consequences of dislocation, and preserves the integrity of the living communities of Millers Point, Dawes Point and The Rocks. To quote resident Mara Barnes: "*Whilst we are here, the village continues, but once we're gone, it will be lost forever*".<sup>xli</sup>

Notes:

<sup>i</sup> See NSW State Heritage register, (2003):

<http://www.environment.nsw.gov.au/heritage/listings/stateheritageregister.htm>

<sup>ii</sup> See Australian Bureau of Statistics, (2011) census data:

<http://www.abs.gov.au/websitedbs/censushome.nsf/home/quickstats?opendocument&navpos=220>

<sup>iii</sup> <http://www.environment.nsw.gov.au/heritage/listings/stateheritageregister.htm>

<sup>iv</sup> See for example *The Australian*: Allen, Lisa and Morton, Rick, (2012) 'Libs eye riches in social housing' [Online]. *The Australian*, (October 25, 2012). Available from: <http://www.theaustralian.com.au/national-affairs/state-politics/lib-eyes-riches-in-social-housing/story-e6frgcx-1226502701976>

<sup>v</sup> For a detailed account of the History of the Millers Point precinct, see Fitzgerald, Shirley, (2008) 'Millers Point' [Online], *Dictionary of Sydney*. Available from: [www.dictionaryofsydney.org/entry/millers\\_point](http://www.dictionaryofsydney.org/entry/millers_point)

<sup>vi</sup> Fitzgerald, (2008).

<sup>vii</sup> Beverley Sutton, quoted in Bowyer-Pont, Susan, (2011) "*That's my point!*" *Urban gentrification and the value of community: A case study of Millers Point*, Honours Thesis, Department of Sociology, Macquarie University.

<sup>viii</sup> Teri Carter quoted in Heimans, Frank, (2007) *Millers Point Oral History Project: Summary Report*, Housing NSW, Ashfield, p. 11.

<sup>ix</sup> Fitzgerald, Shirley, & Keating, Christopher (1991) *Millers Point: The Urban Village*, Hale & Ironmonger, Sydney.

<sup>x</sup> Fitzgerald, (2008).

<sup>xi</sup> Fitzgerald, (2008).

<sup>xii</sup> Fitzgerald, (2008).

<sup>xiii</sup> Beverley Sutton quoted in Heimans, (2007), p. 34.

<sup>xiv</sup> Bowyer-Pont, (2011), p. 35.

<sup>xv</sup> Moore, Clover, (2013) personal communication by letter, May 7 2013.

<sup>xvi</sup> Bowyer-Pont, (2011), p. 47.

<sup>xvii</sup> Heimans, (2007), p. 29.

<sup>xviii</sup> Sutton, Beverley, (2013) personal communication by email, June 12 2013.

<sup>xix</sup> Sally Clough quoted in Heimans, (2007), p. 30.

<sup>xx</sup> O'Brien, Susan, (2013) personal communication by email, June 12 2013.

<sup>xxi</sup> Housing NSW, (2011), quoted in Bowyer-Pont, (2011), p. 46.

<sup>xxii</sup> Bowyer-Pont, (2011), p. 47.

<sup>xxiii</sup> Housing NSW, (2011), quoted in Bowyer-Pont, (2011), p. 47.

<sup>xxiv</sup> Allen & Morton, (2012)

<sup>xxv</sup> Bowyer-Pont, (2011), p. 21.

<sup>xxvi</sup> CRED Community Planning, (2013), *Millers Point Social Impact Assessment Methodology*, CRED Community Planning, p.1.

<sup>xxvii</sup> See Australian Bureau of Statistics, (2011) census data:

<http://www.abs.gov.au/websitedbs/censushome.nsf/home/quickstats?opendocument&navpos=220>

<sup>xxviii</sup> O'Brien, (2013)

<sup>xxix</sup> Atkinson, Rowland; Wulff, Maryann; Reynolds, Margaret & Spinney, Angela, (2011), *Gentrification and displacement: the household impacts of neighbourhood change*, Australian Housing and Urban Research Institute, Southern Research Centre & Swinburne-Monash Research Centre, p. 5.

<sup>xxx</sup> Atkinson *et. al.*, (2011), p. 5.

<sup>xxxi</sup> Atkinson *et. al.*, (2011), p. 26.

<sup>xxxii</sup> Bridge, Catherine; Flatau, Paul; Wood, Gavin & Yates, Judith, (2003), *Housing assistance and non-shelter outcomes*, Australian Housing and Urban Research Institute, Western Australia Research Centre & Sydney Research Centre, p. 6.

<sup>xxxiii</sup> Danermark, Berth; Ekstrom, Mats & Bodin, Lennart, (1995). 'The Effects of Residential Relocation on Morbidity and Mortality Among Elderly People' [Online] *European Journal of Public Health*, vol. 6, issues 3. Available from: <http://eurpub.oxfordjournals.org/content/6/3/212.short>

<sup>xxxiv</sup> Moore, (2013).

<sup>xxxv</sup> Atkinson *et. al.*, (2011), p. 45.

<sup>xxxvi</sup> Bridge *et. al.*, (2003).

<sup>xxxvii</sup> Moore, (2013).

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xxxviii O'Brien, Susan, (2013).

xxxix Patty, Anna, (2013) 'Community groups to take over running of 1300 homes' [Online]. *The Sydney Morning Herald* (April 22, 2013). Available from: <http://www.smh.com.au/opinion/political-news/community-groups-to-take-over-running-of-1300-homes-20130421-2i88v.html>

xl Moore, (2013).

xli Mara Barnes, quoted in Bowyer-Pont, (2011), p. 64.