

**Submission
No 116**

INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

Organisation: Illawarra & South Coast Tenants Service

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28 February 2014

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

To The Director,

RE: The select committee inquiry into social, public and affordable housing

About the Illawarra and South Coast Tenants Service

Thank you for providing the Illawarra & South Coast Tenants Advice and Advocacy Service ('ISCTAAS') with the opportunity to contribute a submission as part of the inquiry into social, public and affordable housing. ISCTAAS is auspiced by the Illawarra Legal Centre, and is funded by NSW Fair Trading to provide information, advice and advocacy to tenants, with a focus on tenants in social housing. We service the Wollongong, Shellharbour, Kiama, Wingecarribee, Shoalhaven, Eurobodalla, and Bega Valley regions. A large portion of our work comprises assisting individuals and families in social housing to sustain their tenancies.

Introduction

Our submission specifically focuses on the increasing demand for affordable and social housing, issues around maintenance and capital improvement costs, the role of residential parks as an alternative to social housing, and the impact of the current system on tenants already in public housing. Throughout the submission we pose broad recommendations to further ensure those most in need have their right to adequate shelter upheld. A summary of recommendations can be found at the end of our submission.

The concept of public housing was first implemented in Sydney in the early 1900's, however it wasn't until the 1940's that the Housing Commission of NSW ('the Commission') was first established under the Commonwealth State Housing

Agreement. The role of public housing has changed significantly throughout the past 70 years. The model was initially designed to assist low-income families into affordable accommodation, however shifting government priorities and changing community attitudes has seen public housing being perceived as a last resort housing option for those most in need.

When the Commission was first established, there were 80,000 families in urgent need of housing. According to the Auditor-General's 2013 report, *Making the best use of public housing* ('The Auditor-General's report') that figure is currently around the 55,000 mark, but the report warns that without better use of this vital public asset, we could again be looking at numbers over the 80,000 mark within another two years.¹

In 2001, the *Housing Act (NSW)* was introduced with the view of maximising "the opportunities for all people in New South Wales to have access to secure, appropriate and affordable housing".²

In 2005 the then Department of Housing announced its *Reshaping Public Housing* plan. These reforms sought to place more responsibility upon public housing tenants – such as requiring tenants to pay for water usage, increasing tenants rent to up to 30% of the household income, and introducing fixed-term agreements. This was done with the vision that these changes would encourage tenants to avail themselves of housing options in the private rental market, thus making stock available for those on the waiting list, in turn reducing homelessness.

Reshaping Public Housing was promoted as a plan to facilitate a more effective and efficient use of public housing. Opponents of the reforms saw the changes as a means for the State to shift the responsibility of creating vacancies away from itself and onto its tenants. The lack of housing then becomes the fault of tenants who, through their perceived inaction, prevent others from accessing of a scarce resource.

Focusing exclusively on providing housing for those most in need however comes at a cost. More often than not, those "most in need" rely on a Centrelink benefit,³ and

¹ NSW Auditor-General, 'Making the best use of public housing' (2013) *New South Wales Auditor-General's Report*, 45.

² *Housing Act 2001 (NSW)*, s5.

³ NSW Auditor-General, above n 1, 20.

those that do gain employment are often under-employed, gaining casual shifts on an ad hoc basis. Less income results in less rent paid. Less rent collected results in less development and, of equal importance, less maintenance on existing stock.⁴ One could argue that the *Reshaping Public Housing* reforms have been a failure, creating a system that is unsustainable; the victims of which are those identified as amongst the most vulnerable in our society.

Furthermore, a system that relies on a household's income to determine the rent payable creates work disincentives. If the more money that a household earns the higher the rent becomes, people are less inclined to seek and secure employment. This further entrenches dependency on the system.

The *Residential Tenancies Act 2010* (NSW) undermines any security a tenant may have in the private market by allowing the Tribunal to end tenancies upon request of a landlord even after it has found that the landlord is seeking termination solely in retaliation to the tenant asserting their rights. Without secure, appropriate and affordable housing in the private rental market the Government needs to increase the supply of affordable housing and public housing in order to meet its' objectives under the *Housing Act (NSW)*. Under the current structure, this goal is simply not achievable.

Terms of Reference

1. (a) Projections of future social, public and affordable housing supply and demand to 2020

ISCTAAS has provided tenancy services to social housing tenants since the early 1990's. Over this time, the service has seen a drastic increase in demand for social housing, and believe this demand will only continue to rise. This contention is supported by the Auditor-General's report, which found that while there are 214,000 people living in public housing, there are nearly 120,000 people, comprising 55,000 eligible households on the waiting list.⁵ This means that current social housing stock meets only 44% of demand. The report also notes that the waiting list is expected to grow by 60% by 2016.⁶

⁴ Ibid, 22.

⁵ NSW Auditor-General, above n 1, 2.

⁶ NSW Auditor-General, above n 1, 14.

5,000 of the 120,000 individual applicants on the waiting list are listed as 'priority'⁷ meaning that they are experiencing either unstable housing circumstances, are at risk of harm, or are residing in accommodation that fails to meet their basic housing requirements. This figure is particularly concerning, and indicates that the current social housing system is failing to meet the housing needs of those who are most vulnerable.

We predict that the current shortfall in public, social and affordable housing stock will only increase due to the composition of the private rental market, general housing unaffordability, the declining number of tenants leaving public housing properties, the introduction of policies increasing homelessness, and the selling off of social housing stock and failure to invest in new stock.

i. Properties in the private rental market

A report by the Australian Housing and Urban Research Institute ('AHURI') notes that between 2001 and 2006 there was an increase in the number of private rentals available throughout Australia.⁸ However, this growth has largely been at the moderate to high-end of the housing market and stock in the lower rent categories declined during this same period.⁹ The lack of private rentals available for lower income earners places pressure on alternative housing sources such as affordable and social housing.

ii. General housing affordability

Approximately 28% of lower-income households expend more than 30% of household income on housing costs,¹⁰ meaning that they are experiencing a phenomenon known as housing stress.¹¹ Further, recent data from the Australian Institute of Health and Welfare confirms that 19.5% of all households in NSW are in housing stress.¹² It is our experience that people experiencing housing stress often go without other necessities such as health care, necessary schooling expenses, and

⁷ Ibid.

⁸ Australian Housing and Urban Research Institute, 'How great is the shortage of affordable housing in Australia's private rental market?' (2011) *AHURI Research & Policy Bulletin* 144, 1.

⁹ Ibid, 2.

¹⁰ Judith Yates et al, 'Housing affordability for lower-income Australians: plan' (2004) National Research Venture 3: Housing Affordability for Lower Income Australians Research Paper 3, *Australian Housing and Urban Research Institute*, 2.

¹¹ Ibid.

¹² Housing assistance in Australia 2013, Australian Institute of Health and Welfare, 100.

adequate nutrition, which further perpetuates inequalities.

Our service has witnessed an increasing trend in tenants in the private rental market experiencing rental arrears due to issues of rental affordability. These tenants often find themselves in multiple short-term tenancies that have ended due to rental arrears. The lack of affordable, secure and adequate properties in the private rental market places increased demand on social housing, where rent is capped at between 25-30% of household income.

iii. Decreasing number of tenants leaving social housing

Our service has observed a decrease in the number of people leaving social housing voluntarily. Reasons for this includes those put forward in the Auditor-General's report which notes that "an increasing proportion of public housing tenants are vulnerable clients for whom the private market presents extreme challenges" and also that there is "an increasing shortage of affordable housing options in the private market".¹³ The declining number of tenants departing social housing contributes to the scarcity of the vital public asset and suggests that further investment is imperative in order to meet increasing demand.

iv. Policies increasing homelessness

Changes to Housing NSW ('HNSW') policies such as the Recognition as a Tenant Policy, which prescribes who can succeed a public housing tenancy, and changes to the way market rent for social housing properties is valued will result in a small number of tenants being forced out of public housing. If these tenants are able to secure private rental, they will likely only experience a short stint in this market as general rental unaffordability means tenants will likely fall into arrears and find themselves homeless, requiring them to reapply for public housing and further placing strain on what is an already overloaded waiting list.

v. Sale of social housing stock and lack of investment

As a portion of overall housing in New South Wales ('NSW'), social housing has declined in the last 10 years.¹⁴ In this period, the Land and Housing Corporation ('LAHC'), which is responsible for managing public housing stock, has been disposing of more properties than it has added in recent years.¹⁵ To further compound this, the LAHC projects it will dispose of more than double the number of

¹³ NSW Auditor-General, above n 1, 16.

¹⁴ Ibid.

¹⁵ NSW Auditor-General, above n 1, 11.

properties it builds over the next four years.¹⁶

Summary:

- There is a drastic shortfall in the number of social housing properties and this shortfall will only continue to increase.

Recommendations:

- Increase investment in social and affordable housing stock.
- Where public housing stock is sold, funds from the sale should be reinvested into the creation of social housing stock or into maintaining existing properties in a reasonable state of repair.

1. (d) Maintenance and capital improvement costs and delivery requirements

It is a stated objective under the *Housing Act* “to ensure that public housing and community housing reflects the housing standards of the general community and is designed to cater for the ongoing needs of consumers”.¹⁷ NSW public housing is currently failing to meet this objective, with a recent Productivity Commission *Report on Government Services* revealing that 32.3% of public housing households in NSW were living in dwellings of an unacceptable standard in 2012.¹⁸

The majority of public housing in NSW is ageing housing stock and is poorly maintained. The Auditor General’s report notes that approximately 25% of dwellings in LAHC’s portfolio are over 40 years old.¹⁹ It is further noted that for the period between 2010-2011, 30-40% of properties did not meet LAHC’s own standard of being “well maintained.”²⁰

Despite an ageing portfolio requiring increasing maintenance and repairs, LAHC has allocated less of its budget to property maintenance in recent years. The Auditor General’s report notes that annual maintenance expenditure has dropped over the last decade, creating an estimated \$302 million shortfall in funding to meet the

¹⁶ Ibid.

¹⁷ *Housing Act 2001* (NSW), s5.

¹⁸ Australian Government Productivity Commission *Report on Government* Chapter 16, Table 16A.15

¹⁹ NSW Auditor-General, above n 1, p22.

²⁰ Ibid.

minimum maintenance requirement.²¹

ISCTAAS has worked with many public housing tenants who are experiencing difficulty getting their homes repaired. Public housing tenants face unnecessary delays in getting repairs done, a confusing and complicated process to request repairs and often the repairs themselves are done poorly – if it all. It is our experience that HNSW will not perform requested repairs until ordered by the Tribunal at a formal hearing. This process often takes months from when the tenant first reports a repair request – and in the process, unnecessarily diverts time and resources from HNSW, tenants services, the Tribunal and tenants themselves.

LAHC maintenance work is undertaken by private contractors, which raises issues around quality control and accountability. In 2010 – 2012 Housing NSW had to recall 39,142 work orders issued to contractors for failing to complete their work orders, an average of 53 per day.²²

Case Study 1

Sergei* lived in a property with crumbling chipboard cupboards in the kitchen, which were impossible to keep clean. They had become infested with cockroaches. The guttering and downpipes were rusting and crumbling, and there was internal damp in the ceilings and walls. An infestation of mould had broken out, and was unresponsive to Sergei's attempts to clean it. LAHC said they would not repair the property because it was in line for scheduled repairs and upgrading sometime in the next few years. Sergei applied to the Tribunal, where HNSW argued that he was not looking after the property. The matter was adjourned for a formal hearing – Sergei sent his evidence to HNSW but they did not provide any on behalf of LAHC. Prior to the formal hearing, HNSW agreed to replace the kitchen and guttering, and to paint the property internally. The Tribunal indicated that similar orders would have been made if a hearing had gone ahead.

The *Residential Tenancies Act 2010* imposes a strict obligation on landlords to provide and maintain properties in a 'reasonable state of repair'. The Act does not make exceptions for Government departments with limited budgets or planned

²¹ Ibid.

²² Get it Fixed, *End the wait for repairs in public housing* (2013) <http://getitfixednsw.com/the-problem/>

schedules of maintenance works. LAHC should be forthcoming in their legislative obligations and not attempt to circumvent them by forcing tenants to pursue HNSW to the full extent of the law in order to have their maintenance requests honoured.

Summary:

- NSW public housing is not currently of an acceptable community standard due to widespread disrepair – contrary to obligations under the *Residential Tenancies Act 2010* (NSW) and the objectives of the *Housing Act 2001* (NSW).
- Public housing tenants face unnecessary delays and complexities in getting their homes repaired because LAHC are failing to prioritise these obligations.

Recommendations:

- Increase funding for LAHC repairs and maintenance. Extra funding is needed to address the \$302 million backlog required to bring public housing properties up to a reasonable standard.
- A review and replacement of the current system for reporting LAHC maintenance requests to avoid the need for multiple requests and eventual applications to the Tribunal.
- An audit of the private maintenance contracting arrangements to identify inefficiencies and prioritise quality and timely repairs.

1(f) The role of residential parks

ISCTAAS does not support the use of caravan parks as an alternative to social or affordable housing in NSW. The social composition and existing community disadvantage within parks, along with decentralised locations and physical features make residential parks unsuitable substitutes for long-term affordable housing.

i. Composition of parks

The research and evidence suggests that those who live in residential parks as a last resort are often a vulnerable group in the community who are materially and socially disadvantaged individuals and families including:

- Those on a low income;
- Ex-care leavers and other vulnerable young people;
- People with disabilities who once lived in institutions;

- People exiting prison;
- Women and children escaping domestic violence;
- Itinerant workers or unemployed people looking for work, especially young men;
- People suffering from mental illness; and
- People with substance abuse issues²³

This composition results in a phenomenon known as “community disadvantage” which refers to the cluster of factors that make it difficult for people living in certain areas to achieve positive life outcomes.²⁴ Further, because residential park accommodation is different to, and in some ways inferior to conventional housing, a certain stigma has attached itself to people living in such housing. This can lead to discrimination and reinforces the physical and social isolation of many park residents from other residential areas and communities.²⁵ As such, the use of residential parks for social housing will create a greater concentration of disadvantage and perpetuate inequality.

The close proximity of park dwellings to each other further emphasises the inappropriateness of residential parks as an alternative to social housing. Dwelling walls are often very thin and offer no sound proofing against raised voices, loud music or other noisy disturbances. This often means that occupants have very limited privacy and can lead to neighbour disputes, particularly for people with challenging psychiatric conditions or drug and alcohol abuse issues, and results in people being readily evicted for disturbing the peace.

A major characteristic of residential park tenancies is that, because of shared facilities, there is a high level of control by park management over the conditions and daily activities of tenants compared with tenants in private rental or social housing, whose rights include privacy from landlords, rental managers and other residents.

ii. Location of parks

The location of parks in metropolitan, rural and coastal areas also impact on their unsuitability to house social housing applicants. In coastal areas, parks have often

²³ Australian Housing and Urban Research Institute, ‘On the margins? Housing risk among caravan park residents’ (2004), *AHURI Research & Policy Bulletin 40*.

²⁴ Price-Robertson, ‘What is community disadvantage? Understanding the issues, overcoming the problem, (2011) *Australian Institute of Family Studies*.

²⁵ Wedgewood, ‘Destined for Closure: The Role and Demise of Urban Caravan Parks’ (2006).

been located with little relationship to the day-to-day needs of long-term residents, but rather according to the attraction of the beach or other natural features. Conversely, parks may be located in industrial areas or on flood prone land. Residential parks found in metropolitan areas are often located on the urban-rural fringe or situated within already disadvantaged suburbs.

iii. Impact on the development of children

A report prepared by HomeGround Services entitled “*Let’s Find Another Place - The experiences of homeless families using caravan parks as crisis housing*” indicates the following:

- Caravans and cabins are small spaces which restrict children’s play and development opportunities;
- Opportunities for recreation are severely limited in residential caravan parks;
- Residents have reported management restrictions on children’s outside play;
- Intimidation tactics from park management and fear of eviction from a “last resort” option often means parents will keep their children inside the cabin if there is a risk of them being perceived as “troublemakers”; and
- Residential parks often have a percentage of residents with significant social and support needs, which may or may not be met.²⁶

This further lends support to our contention that residential parks are not a suitable alternative to public housing. Broadly, ISCTAAS is also concerned that the soon to be implemented *Residential (Land Lease) Communities Act (NSW) 2013* does not adequately protect the rights of park residents, nor encourage people to consider parks as an alternative housing option.

Summary:

- The composition of residential parks works to perpetuate disadvantage.
- The location of parks does not make park accommodation suitable for residents with high dependence on social services.
- Parks are not ideal environments to raise children.

Recommendations:

²⁶Hunt, ‘Let’s find another place: The experiences of homeless families using caravan parks as crisis housing’ (2005) 18(5), *Parity*, 19.

- Consideration should not be given to relying on residential parks as an alternative to social housing.
- Legislative protection for park residents should be improved if people are to be encouraged to consider caravan parks as an alternative to social housing.

1(g)(i) Policy initiatives and legislative change

ISCTAAS submits that current policy initiatives are not effectively reducing the demand for social housing. Over the last 12 months, HNSW, under the direction of The Honourable Pru Goward MP has implemented a number of policy changes in an attempt to increase the supply and reduce the demand for public housing. We strongly object to these policies, specifically the implementation of the Vacant Bedroom Charge, restrictions on who can succeed a tenancy, and changes to the way market rent is valued. These policies do little to address the structural issues within the public housing system and have significant detrimental impacts on the tenants affected by them. ISCTAAS submits that these policies only work to shift demand as opposed to reduce it, and are a superficial response to create the impression that the government is doing something to address the public housing crisis facing the State. Below we explore the impacts of the policy, and draw upon case studies based on tenants whom we have assisted.

i. Vacant Bedroom Charge

In September 2013, we saw the introduction of the Vacant Bedroom Charge, which compels HNSW tenants to pay either a social or financial cost to remain housed. Under the policy, tenants with vacant bedrooms are being asked to transfer to smaller properties within a broad allocation zone, and if they refuse are required to pay increased rent. The United Nations Special Rapporteur on adequate housing noted that a similar policy applied in the United Kingdom has been particularly detrimental for “persons with physical and mental disabilities who have felt targeted instead of protected” and recommended that the scheme be “suspended immediately and be fully re-evaluated in light of the evidence of its impacts on the right to adequate housing and general well-being of many vulnerable individuals.”²⁷

²⁷ Rolnik, ‘Press Statement by the United Nations Special Rapporteur on adequate housing: End mission to the United Kingdom of Great Britain and Northern Ireland, 29 August to 11 September 2013’, 11 September 2013.

ISCTAAS supports the above comments by the Special Rapporteur, and has concerns about the impact of the policy on tenants who have resided in the property for a number of years and consider the property to be their family home. Such individuals are likely to have an affinity with the local area and strong social and community ties that may not be easily re-established, particularly for older people. To sustain these ties, tenants will likely pay the charge. This will place individuals who are already living in or on the margins of poverty in a position of financial hardship, and in turn create homelessness, as tenants will struggle to meet rent payments and fall into arrears.

Our service notes the practical barriers to the effective realisation of the policy, with the Auditor-General's report finding that the "greatest demand...is for smaller and accessible dwellings."²⁸ This is contrary to the rationale behind the Vacant Bedroom Charge whereby a lack of available smaller properties means that a tenant who does not elect to move or refuses two reasonable offers of alternative accommodation will be subject to the charge despite there not being a smaller property available to move into. We believe the below case study exemplifies some of our concerns about the policy.

Case study 2

Audrey* is an elderly pensioner who has resided in her HNSW property for over twenty years. Her husband passed away in early 2013, and she currently lives with her adult son. Audrey lives in a four-bedroom house and would be classified as under occupying the property as she has two spare bedrooms. Audrey uses her spare bedrooms for valuable purposes, relying on them to accommodate family when they visit from interstate.

One spare bedroom is when my children come in. I have four children and six grandchildren. When they come in, I need my rooms. They come every four and five weeks because my husband passed away four months ago and they are very worried about me. One of my grandsons is coming to the University of Wollongong. So I need my house for him too, I need this bedroom for him.

²⁸ NSW Auditor-General, above n 1, 3.

Audrey has strong attachments to the local area, and her support services, which are integral to her wellbeing, are located nearby.

Thirty-three years I have lived in the same house. This is my life. My neighbours are my friends, they are my family. All my friends they live in here for more than 20 years. My doctor is nearby, my community group.

Audrey would pay the additional charge if asked to relocate to a smaller property, even though this would place her in a position of significant financial hardship. The tenant's willingness to pay the extra charge is indicative of her level of attachment to her home. Audrey has limited capacity to pay the additional charge and would have to reduce her expenditure on other necessities such as electricity and food.

I prefer to pay the tax because the extra bedrooms are so important to me. If the worst comes to the worst, I have to pay an extra \$20 and then at the end of the year it is an extra \$1000 of my rent.

Audrey has concerns that she will require the assistance of a personal carer to assist her with daily tasks as she ages and would need to accommodate them in a separate bedroom in her home.

The only thing I want to say is I will only last another two years. Because myself I'm not very well. I am not young any more. If something happens, my daughter has to stay with me.

Summary:

- The Vacant Bedroom Charge is having serious negative financial, mental and social implications for tenants, but has little impact on increasing the supply of public housing.

Recommendation:

- Repeal the Vacant Bedroom Charge policy.

ii. Changes to the Recognition as a Tenant policy

In March 2013, HNSW implemented changes to the Recognition as a Tenant policy, which limits the eligibility of authorised occupants to succeed a tenancy after what is

often a traumatic life event such as the death, imprisonment or departure of the tenant from the premises for health reasons. We have seen the policy disproportionately affect live-in carers, authorised occupants who are the spouse or de facto partner of the tenant but are not yet 55 years old, adult children and siblings.

Under the policy, household members who do not fall within the overly specific criteria to be recognised as a tenant must demonstrate they are eligible for priority housing. This is a very high benchmark for a person to establish, requiring them to not only prove their eligibility for social housing, but that they have an urgent housing need that cannot be resolved in the private rental market. The fallibility of the policy is evidenced in a Housing Appeals Committee report that followed the appeal of a tenant who was denied recognition as a tenant under the new policy. The report found that the tenant could not establish her eligibility for priority housing on the basis that she could not demonstrate her unmet housing need as she had been granted a six month provisional lease by HNSW, in line with their policy, while her application for recognition as a tenant was being assessed.

We submit that the policy is only effective in keeping numbers fluid, but does not work to impact on demand or supply whereby the person found ineligible to succeed the tenancy is removed from the property, but is otherwise eligible for public housing and so is added to the waiting list. Being denied recognition as a tenant will have the consequence of removing tenants from their local community, which can have serious wellbeing, safety and mental health implications. We believe the below case study demonstrates some of the various negative consequences of the policy.

Case study 3

Leanne* is in her late 20's and has lived in her HNSW property with her sister and father, who moved into the property over twenty years ago to escape a domestic violence situation. Leanne considers the property to be her family home.

I've never left the home. All the kids learnt to walk and talk in the house.

Leanne has found herself in a position where she has been denied the right to continue to live in her home as she is not the over 55 year old spouse of the tenant and was found ineligible for priority housing.

Leanne had minimal housing options, but was not able to establish her eligibility for priority housing as she was not found to be able to demonstrate her urgent housing need given she had been granted a six month provisional lease from HNSW. Her low income coupled with ongoing expenses related to her father's funeral and her lack of private rental history makes it near impossible to rent privately, and she has no family members who are able to permanently accommodate her.

I'm on Newstart. Look at what I get direct debited. Part gets paid to the funeral fund. I wouldn't even be able to rent a dog kennel in the backyard. All together I've applied for 37 properties. I did 15 in one day.

We got that house to move away from her and HNSW are asking me to move with my mum in her one bedroom home. I've got one uncle in Queensland. I don't have family I can live with, my dad is from Queensland.

The HNSW property is her family home, and she has strong ties to the area, having been raised there from childhood. The home was used as a central meeting place for the small number of family members Leanne had.

My sister has three kids. Before my dad died we had them visit at my dad's house. We've lost pop and the kids think we can stay in the house. We've been there our whole life.

Leanne acted as a full time carer for her father before he passed away. Dealing with the trauma of losing a parent, Leanne believes the six-week time frame to submit an application for recognition as a tenant is too short.

I've just lost my dad, that's like losing my mum and my dad to me.

If the funeral was already arranged then maybe it might have been easier, but with having to arrange his funeral and put his body in the morgue, it made it hard to even think about those things.

Had Leanne's father passed away just weeks earlier, she would have been eligible to succeed the tenancy.

It feels like a kick in the face, with everything we are going through, all we keep hearing is that 'if dad had passed 12 months ago you would have had a house. It's hard to understand that if 3 weeks earlier he had died he would have fitted into the policy. It's not very compassionate.

Summary:

- The Recognition as a Tenant policy has significant implications for those who do not fit within the narrow criteria it establishes for succession of tenancy and does not impact on the actual supply and demand for public housing.

Recommendations:

- The Recognition as a Tenant policy should be broadened to allow any spouse of the tenant, regardless of their age, and any children of the tenant or approved occupant to succeed a tenancy.
- The Recognition as a Tenant policy should be amended to lengthen the timeframe to apply for recognition as a tenant from six weeks to ten weeks, as per the policy pre amendments.

iii. Market rent increase

Market rent is paid by approximately 9%²⁹ of public housing tenants whose income, usually from casual or part time employment, means they are not eligible for a rental rebate. In 2013, for the first time, a directive was issued by the Minister for Housing not to apply an inherent rental discount to the market rent of HNSW properties on the basis that the property is being used for public housing. This resulted in significant rent increases for affected tenants, of amounts up to \$150 per week. ISCTAAS believes that the practical effect of this directive is that it will encourage those who are paying market rent to relinquish employment and return to complete reliance on government benefits. This is contrary to the Government's rationale behind the various policy changes – being to break patterns of intergenerational welfare dependence and disadvantage.³⁰

We have assisted a number of tenants challenge the market rent increase in the Tribunal on the basis that they are excessive. In the vast majority of these matters, market valuations have found that the actual market rent of the property is significantly less than that being charged by HNSW. Placing the onus on tenants to

²⁹Goward, Review results in fairer public housing rents (2013)

³⁰ Longley, Response from HNSW to the NSW Auditor General's Report, (2013)

challenge what are disproportionately large rent increases is not an effective use of resources by the tenant, tenancy services, the Tribunal or HNSW. The below case study demonstrates some of our concerns with the market rent increases.

Case study 4

Heather* is a casual employee who lives in her HNSW property with her four young children. She previously received a rent subsidy, but since taking up casual work she has been required to pay the market rent for her property. Prior to the market rent increase, Heather was paying \$345 per week. Her market rent increased \$110 per week to \$455. Heather does not believe she will be able to afford the increase along with regular bills and the care of her children.

We already struggle to pay our rent – we live week to week. I also have to care for my four children so it is just going to get worse. Bills are going to back up. I already have to go without with the rent I have to pay. I cannot afford to do anything else as it is. I am in Department of Housing for a reason.

Heather believes that she is being unfairly penalised because she has obtained casual work. She feels that her only option is to return to Centrelink benefits, as she cannot afford to pay the significant increase to her rent. Moving into private rental is neither an affordable or practical solution for Heather as her casual wage would not be sufficient and she hopes to maintain stability for her children by remaining in the same property.

I have lived in 11 places over the past 10 years renting privately. I will never go private again. For my children's stability, I cannot do it.

The only alternative for me is to not work and go on Centrelink benefits because then everything will get cheaper. The government is just pushing us on to benefits. I do not want to live off the system – I want to work. But now there is just no benefit to that. I am paying more now than when I did not work. I sacrifice my time to go and work for nothing. They want us to work, but they are just making it harder for us to live.

Summary:

- The market rent increase directive acts as a disincentive for tenants to seek work, and punishes those who have.
- The market rent increase is encouraging tenants to relinquish employment and return to complete dependence on government welfare in order to be eligible for a rental rebate.
- The market rent increase is doing little to free up public housing stock.

Recommendation:

- Apply a discount to the property when undertaking market rent valuations on the basis the property is used for public housing.
- Simplify the form that tenants are required to complete when advising HNSW of changes to household income, as the onerous form acts as a disincentive to maintain part time or casual work.

Flow on costs of the current approach taken by HNSW

The failure of the above policies indicates the need to address systemic issues within the public housing system. The impact of omitting to do so will result in significantly larger costs for the State whereby the cost of investing in social housing stock and maintaining existing levels of stock is less than the flow on costs to government and non-government services once someone becomes homeless. An AHRU report found that “persons at risk of homelessness are heavy users of health, justice and welfare services, as well as being more likely to have children placed in out-of-home care and experience eviction from a public tenancy. This higher use of non-homelessness services represents both a cost to government and potential cost savings to government where support is provided to prevent homelessness.”³¹ The same report found that “the potential annual cost offset per client if health, justice, welfare, children in care and eviction rates were to be reduced to population averages, ranges from \$14 712 per client/year for street-to-home services to \$44 137 per client/year for single men.”³² We would implore the government to consider the potential cost savings of sustaining social housing tenancies and assisting those who are homeless get housed through the social housing system in order to reduce costs to homeless and non-homelessness services.

³¹ Burns et al, Australian Housing and Urban Research Institute *‘The cost of homelessness and the net benefit of homelessness programs: a national study’* (2013), 7.

³² Ibid, 117.

Summary:

- Recent policy changes will work to increase reliance on homelessness and non-homelessness services, which in turn will be costly to government.

Recommendation:

- Rather than defer the cost to homelessness related services, the government should invest in more social housing to ensure those in need of housing are housed and those in public housing remain housed.

Overall recommendations

Our service does not purport to have the solution to the public housing crisis, however we would encourage the government to consider the below.

- Broaden the conception of the role of public housing*

The Auditor-General's report notes "the government should develop a clear direction for a social housing sector ...such that the current challenges facing public housing and the fundamental question of what the role of public housing is are addressed." The current government conception of the role of public housing needs to shift from existing exclusively for those most in need to meeting the needs of all those who require it, including those already housed. The report goes on to say that "the application of some HNSW policies focus on the urgent needs of priority clients, elevating the achievement of one legislative objective."³³ Under the current model, the focus on those "in need" is being narrowly construed as those on the waiting list, at the expense of existing tenants who are being forced out of their homes and back onto the waiting list.

Recommendations:

- Define the role of public housing in a way that results in an increased balance between the rights of existing tenants with those on the waiting list.
- Ensure an even balance between the objectives of the *Housing Act 2001* (NSW).

³³ NSW Auditor-General, above n 1, 4.

ii. Broaden eligibility criteria for public housing

The Auditor-General report notes that there is a widening gap between public housing rent and market rent.³⁴ Over 90% of social housing tenants are in receipt of a rental subsidy, which limits the rent they pay to 25-30% of their household income. This restricts the financial viability of the system. However, we submit that there is potential for greater financial viability by broadening eligibility criteria to higher-income earners in order to generate income. This would also be in line with object (c) of the *Housing Act 2001*, being “to ensure that public housing is developed as a viable and diversified form of housing choice” and (i) “to encourage social mix and the integration of different housing forms in existing and new communities”.

Summary:

- The narrow eligibility criteria for public housing limits the financial viability of the public housing system.

Recommendation:

- LAHC and HNSW should develop internal objectives relating to encouraging social mix and incorporate the broadening of eligibility criteria to generate income in order to reinvest in more social and affordable housing stock.

iii. Transfer existing social housing stock to affordable housing

Affordable housing is open to a broader range of household incomes than social housing, and provides rent to be calculated according to a portion of household income or by applying a discount on the market rent for an area, usually 20-25%. This provides the potential for increased generation of income, which in turn can be used to maintain and invest in new social housing stock.

Recommendation:

- Transfer a portion of existing social housing stock to affordable housing.

³⁴ Ibid, 21.

iv. Reduce the sale of existing public housing stock

ISCTAAS has advised a number of tenants affected by the sale of public housing stock. Not only does this remove tenants from their home, but is not financially prudent, whereby “the money recovered from individual asset sales is rarely sufficient to build new housing of the same capacity. For example, it could sell an existing fibro home for about \$120,000, it would need to sell three of these homes to be able to build a new dwelling.”³⁵

Recommendation:

- Public housing stock should only be sold off where the expenditure on maintaining the property in a reasonable state of repair exceeds the rental income for the property.
- Funds from sale of public housing stock should be reinvested in new stock or maintaining existing stock.

Conclusion

Broadly, we implore the government to recognise that “the right to housing is not about a roof anywhere, at any cost, without any social ties. It is not about reshuffling people according to a snapshot of the number of bedrooms at a given night. It is about enabling environments for people to maintain their family and community bonds, their local schools, work places and health services allowing them to exercise all other rights, like education, work, food or health.”³⁶

ISCTAAS thanks the Committee for the opportunity to provide a submission to the inquiry into social, public and affordable housing and is willing to give evidence to expand on our submission.

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³⁵ NSW Auditor-General, above n 1, 22.

³⁶ Ibid, 20.

Summary of Recommendations

- Increase investment in more social and affordable housing stock.
- Where public housing stock is sold, ensure funds from the sale are reinvested into the creation of social housing stock or into maintaining existing properties in a reasonable state of repair.
- Increase funding for LAHC repairs and maintenance. Extra funding is needed to address the \$302 million backlog required to bring public housing properties up to a reasonable standard.
- A review and replacement of the current system for reporting LAHC maintenance requests to avoid the need for multiple requests and eventual applications to the Tribunal.
- An audit of the private maintenance contracting arrangements to identify inefficiencies and prioritise quality and timely repairs.
- Consideration should not be given to relying on residential parks as an alternative to social housing.
- Legislative protection for park residents should be improved if people are to be encouraged to consider caravan parks as an alternative to social housing.
- Repeal the Vacant Bedroom Charge policy.
- The Recognition as a Tenant policy should be broadened to allow any spouse of the tenant, regardless of their age, and any children of the tenant or approved occupant to succeed a tenancy.
- The Recognition as a Tenant policy should be amended to lengthen the timeframe to apply for recognition as a tenant from six weeks to ten weeks, as per the policy pre amendments.
- Apply a discount to the property when undertaking market rent valuations on the basis the property is used for public housing.
- Simplify the form that tenants are required to complete when advising HNSW of changes to household income, as the onerous form acts as a disincentive to maintain part time or casual work.
- Rather than defer the cost to homelessness related services, the government should invest in more social housing to ensure those in need of housing are housed and those in public housing remain housed.
- Define the role of public housing in a way that results in increased focus on balancing the rights of existing tenants with those on the waiting list.
- Ensure an even balance between the objectives of the *Housing Act 2001* (NSW).

- LAHC and HNSW should develop internal objectives relating to encouraging social mix and incorporate the broadening of eligibility criteria to generate income to reinvest in more social and affordable housing stock.
- Transfer a portion of existing social housing stock to affordable housing.
- Public housing stock should only be sold off where the expenditure on maintaining the property in a reasonable state of repair exceeds the rental income for the property.
- Funds from sale of public housing stock should be reinvested in new stock or maintaining existing stock.