

**Submission
No 163**

**INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE
HOUSING**

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

**Submission to the
Social, Public and Affordable Housing Committee**

Dear Committee Chair,

Thank you for the opportunity to make a submission on this vital social issue.

The submission I present is based in two parts. The first element of the submission responds to the inquiry terms of reference and incorporates my observations and experiences having worked with and represented tenants since 1994. The second reflects my strong recommendations for reforms both in the operations of public and social housing as well as the essential changes in the overarching policy objectives.

My submission has been developed following extensive work on behalf of tenants and applicants over the past 20 years, as well as consultation with a range of local service providers including community-based workers, public servants and housing advocates.

I am available if requested to present any element of my submission to the inquiry's public hearings and am willing to provide additional information if requested.

I wish the committee every success in advancing the essential reforms needed to strengthen the supply and provision of housing services in NSW.

Yours sincerely,

Robert Furolo MP
Member for Lakemba

Submission to the Social, Public and Affordable Housing Committee

*Robert Furolo MP
Member for Lakemba*

Background:

This submission primarily focuses on tenants and applicants in the Canterbury Local Government Area and the Lakemba Electorate. Unless otherwise indicated, the data provided has been sourced from the Australian Bureau of Statistics (2011) for the Canterbury LGA.

Overview:

Housing supply and affordability, both in the public/social housing sector and for private rental in the Canterbury LGA is a critical issue which has significant impacts on a wide-range of social factors for local residents.

There are a range of factors that contribute to the difficulties experienced by tenants and applicants – both in private housing and those in or waiting for public/social housing. Income statistics for the area highlight the challenges faced by many local residents and applicants.

Income data and Housing Stress:

More than $\frac{1}{4}$ of **households (25.4%)** have a combined weekly income of less than \$600 per week which compares to just over 1/5 or 21.7% for the Sydney average. This significantly higher proportion of low and very low income families is a factor in the disproportionately high number of families in Housing Stress. In fact, nearly $\frac{1}{4}$ of people in Canterbury are experiencing housing stress making the **Canterbury LGA the 3rd worst for housing Stress in NSW¹.**

¹ Australians for Affordable Housing (AAH) press release: 'Sydney housing stress sours. Top 5 housing stress suburbs revealed', November 23, 2011

The figures for Housing Stress are worse for those in private rental. **In the Canterbury LGA, 46% of people are experiencing Housing Stress** in the private rental market².

Combining with low income, the chronic and critical shortage of affordable private rental properties as well as public and social housing properties is exacerbating housing stress for local families.

Data from *Anglicare's Rental Affordability Snapshot 2013* confirms that in the Inner South West Statistical area, **only 3 properties were found that were affordable** for those living on Centrelink payments. Further, of the 931 available properties in the study, only 81 were affordable for those earning the minimum wage.

Household sizes:

Compounding the challenges for many local families living is the number of people per household in the local area. The **Canterbury LGA has 31.8% (14,583) of households with 4 or more people** compared to 29.5% for the Sydney average. Larger households combined with low income, and very few private rental properties that are affordable combine to multiply the challenges for local families to avoid chronic and ongoing poverty and housing stress.

Public Housing Waiting lists:

The inability of many of these families to meet their needs in the private rental market is the key factor in the large and long waiting lists for public/social housing. Data from the *Department of Family and Community Services* indicates that for all of the Marrickville/Leichhardt, Canterbury, Inner West, Riverwood and Bankstown zones, the **waiting periods for all accommodation exceeds 10 years** (except 1 bedroom accommodation in Riverwood and Bankstown which is 5 – 10 years).

In fact, within the Canterbury, Riverwood, St George and Bankstown allocation zones, there are 13,582 properties, with 6,566 applicants on the waiting list and in the last 12 months, only 546 applicants have been housed. These figures indicate that **only 8.3% of applicants on the waiting list were housed in the last 12 months**.

Social Impact of Income, Household sizes, Housing Supply and Affordability:

Large household sizes, combined with low household income, extremely limited supply of affordable private rental properties and long waiting lists for public/social housing are factors that combined, are contributing to inter-generational poverty and disadvantage. Households that live with insecurity in the provision of the most basic human requirement

² Australians for Affordable Housing (AAH) press release: 'Sydney housing stress sours. Top 5 housing stress suburbs revealed', November 23, 2011

of shelter are likely to struggle with secure employment, general good health and their children are more likely to experience difficulties in education.

This cycle of poverty is a social catastrophe in the making with another generation of citizens becoming excluded from financial security and the benefits of education. It will have impacts for our health and mental health services, employment and economic development, the need for social interventions and our criminal justice system.

The Inquiry's Terms of Reference seek to establish the data link between the lack of appropriate social, public and affordable housing and indicators of social disadvantage. With a Socio-Economic Index for Areas (SEIFA) score of 922, Canterbury LGA is ranked 132 out of 153 Local Government areas, and is only ahead of Fairfield and Auburn as metropolitan councils on the list. The nexus between these two data sets is clear - **there is an unequivocal link between the lack of affordable housing (private rental, public/social housing and long waiting lists) and social disadvantage.**

Reforms:

There are a range of factors which have contributed to the critical housing supply shortfall. Data from the **National Housing Supply Council's Housing Supply and Affordability Key Indicators 2012** indicate the current housing shortfall in NSW equates to an estimated 89,000 dwellings. Between 2010 and 2011, the shortfall increased by 15,000 dwellings, or 20 %. *(NB: the National Housing Supply Council has been dissolved by the Abbott Federal Government – proper policy responses to the challenges of housing supply and affordability is only achievable with reliable and consistent data. The abolition of this Council will add to the difficulty of quality decision making in the area of housing supply and affordability).*

Reforms that can address this shortfall are complex and are not likely to be universally supported. The repeal of the former NSW Government's Affordable Housing SEPP was seen as a victory for some communities who were opposed to additional density for projects that included social or affordable housing components. However, the decline in the provision of properties in this category suggests the laws' repeal has set back the plight of families seeking affordable housing by years.

Supply remains a key issue for affordability. With a year on year shortage of new dwellings coming on the market, the competition for scarce limited properties has an inflationary impact on prices and rent.

However, while this shortage exacerbates affordability issues, increased supply on its own is unlikely to address housing prices sufficiently to address affordability overall. There is and will remain a need for government intervention in the provision of subsidies to make housing affordable for many families.

Notwithstanding the above, reforms to the planning policies that provide for and encourage private supply of affordable housing is critical. Regardless of the intentions and efforts of

governments, both State and Federal, it is unlikely that publicly funded affordable housing will ever be able to match demand. Given this, government policy needs to be strengthened to accommodate and provide incentives to private entities to supply affordable housing.

Further, planning approval for affordable housing should be excised from local consent authorities (Councils) and instead be determined by an independent panel in the model of a Joint Regional Planning Panel. Local Councils have demonstrated an inability to manage the conflict between proponents of affordable housing projects and residents who are opposed to them. This conflict also reflects a failure of governments, both state and federal to adequately promote the critical social need and benefit of affordable housing, particularly in established metropolitan areas.

In reference to the Terms of Reference dealing with the criteria for selecting and prioritising residential areas for affordable and social housing, this should be quite simple. Any residential area should be able to accommodate affordable and social housing. However, additional density concessions or bonuses should be provided to encourage development in areas within close proximity to established transport services.

Higher density concessions should be provided for sites closer to fixed transport infrastructure (heavy and light rail, transport interchanges) and lower concessions for sites close to variable transport services such as bus routes. Sites not within 200 metres of either of these features should not get any density bonuses, but should be permitted nonetheless.

Housing NSW assets:

Housing NSW manages in excess of 130,000 properties for families and individuals approved for public housing. This asset base includes a significant number of properties that were built 30, 40 and in some cases more than 50 years ago. A number of these properties have a significant and ongoing maintenance obligation for the agency and the costs of this result in less funds for the provision of much-needed new accommodation.

Further, a significant number of these older dwellings substantially under-utilise the available density provisions of the land they are sited on, particularly in metropolitan Sydney. Housing NSW must have a comprehensive review of their asset base to determine the capacity of the sites under their management. Where significant under-utilisation of density exists, Housing NSW should enter negotiations with construction proponents to use the land to fund new developments that replace existing stock with new, purpose built and designed public/social housing while also better utilising the site with new housing stock to address the critical housing supply shortage.

Such a program would result in two outcomes. The first is the reduction in maintenance liabilities of Housing NSW by replacing old stock with new, purpose designed dwellings, while also facilitating new private housing stock for sale or rent to address supply issues.

A side benefit of such a program would be the 'salt and peppering' of public/social housing properties. That is, it would provide more sites where public housing tenants and private owners/renters would be able to live side by side. This model is the preferred model for housing as it avoids large scale 'welfare' housing communities and can improve social outcomes for all.

Recommendations:

- 1) Household Size** – When decisions within Housing NSW are being made about the size (bedroom count) of proposed new dwellings, construction of new dwellings should take into account and reflect the needs of tenants on the waiting list. That is, if 30% of applicants in a particular area are waiting for 3 bedroom accommodation, then 30% of new dwellings in that area should be 3 bedrooms.
- 2) Waiting Lists** - Decisions on the allocation of new public housing projects should be weighted based on the waiting list numbers and times for particular areas. That is, priority for construction of new dwellings should be given to areas with larger waiting lists and longer waiting times.
- 3) Private Rental Properties** – Where applicants on the waiting list for public housing have been approved for Priority Housing, and their housing needs have not been met within 6 months, Housing NSW should lease a suitable property on behalf of the applicant and guarantee the rental under the terms of a regular Housing NSW tenancy.
- 4) Asset Review and New Construction Program** – A review of all Housing NSW properties in urban areas should be undertaken to determine where existing properties under utilise the available development potential of the site. Where economically feasible, Housing NSW should enter arrangements to utilise this land to provide new private accommodation and replace existing aged stock with new stock.
- 5) Planning Law Incentives for Affordable Housing** – State Planning Policies that provide density bonuses sufficient to generate additional affordable housing stock need to be introduced. Bonuses should reflect the relative amenity of the site, with higher density bonuses for sites in town centres, adjacent or very close to fixed transport infrastructure such as railways.
- 6) Objective Decision making for Affordable Housing Applications** – Authority for decision making on affordable housing projects should rest with independent panels such as Joint Regional Planning Panels. Decisions should be taken with respect to whole-of-government objectives for affordable housing rather than parochial issues.

Public and Social Housing in NSW – Where to?

The inquiry Terms of Reference will be very effective in identifying a range of current challenges and solutions to the housing affordability and supply challenges in NSW. However, I would like to add some issues for consideration.

As someone who has worked with and assisted applicants and tenants for the past 20 years, I have gained an understanding of some of the unintended consequences of the current housing model.

Housing NSW and to a slightly lesser extent, the social housing providers operate their property portfolio as a landlord, rather than as agents for social inclusion. The data relating to income and social disadvantage of housing applicants and tenants highlights that access to affordable accommodation is a critical issue. However, the need for housing assistance is a function of a range of socio-economic factors that the provision of housing alone will not solve.

Housing – a perverse incentive:

For many applicants on the waiting list, the offer of and acceptance of subsidised housing is their destination. I know from talking with many current tenants and applicants that they see public housing as 'winning lotto' and which will ensure their future quality of life. However, my experience indicates that public housing addresses only one element of their multi-faceted social disadvantage and can inadvertently become a trap.

In order to remain in public housing without paying market rates of rent, tenants need to remain out of the workforce and earning an income no higher than the threshold for tenancy. This is an incentive for tenants to not seek educational or training opportunities or to find work. This in turn denies their family, particularly their children the opportunity to see them in the workforce and providing for their own needs.

The provision of public and social housing in NSW should not be a final destination for the vast majority of applicants and tenants. There are of course a great number of people for whom public housing will be the only solution to their housing needs. For a great many of the rest, society will have failed them if they succeed in obtaining public housing but never move beyond it.

Through a coordinated and carefully managed program of whole-of-government service provision and care, public and social housing can become a spring-board into independent living and self-determination, rather than a destination with no hope of leaving.

Such a program would require a reallocation of resources from within a range of agencies and departments but would ultimately achieve a more connected, better educated, healthier community with lower unemployment and less demand for public housing.

Evidence exists of the inter-generational poverty within housing estates where the children of tenants rarely move beyond their parents' welfare existence. Data on the nexus between social disadvantage and chronic housing stress also exists and has been highlighted in this submission.

Programs that move Housing NSW and the social housing sector beyond merely being a landlord collecting the rent and evicting difficult tenants is essential to provide a lasting solution to the housing challenges in NSW.

The absence of such a program will mean that a small number of extremely disadvantaged families will have access to public and social housing, while the balance of applicants whose circumstances are no better will be forced to live in chronic housing stress in private rental accommodation. This is not a fair or equitable solution.

Such a program would need to bring the various agencies of government together with case-managed care for tenants and would include:

- Education;
- Health and in particular Mental Health;
- Attorney General and Justice;
- Police;
- Community Services;

By providing a whole-of-government, case-managed service for tenants, opportunities would exist to allow people to access training and development opportunities, improve their health prospects and have any mental health issues managed. Programs could be overseen to support children in these households that might have difficulties with their school work.

By dealing with and supporting tenants to address the underlying issues that warranted subsidised housing, the opportunity exists to help these families move into self-funded housing solutions.

Social Housing Providers:

Social Housing operators provide a critical service in the housing sector. This has been recognised in the transfer of thousands of publicly-owned properties to social housing operators. The capacity of these providers to be a service beyond merely a tenancy service is also one of the key benefits of their participation. However, anecdotal evidence from

tenants within the social housing sector indicates that as these service providers get larger, the quality of individual care and attention for tenants decreases.

Access to dwellings previously owned and managed by Housing NSW should be governed by a strict Service Level Agreement requiring adherence to Key Performance Indicators. Such KPIs should include assisting tenants transition from housing dependency to independent housing.

Social Housing providers are uniquely placed to provide links within the community to support services, health referrals and therapy, English language training and employment skills development. The services should be extended to the families and children of tenants to ensure a holistic service that all members of the tenancy will benefit from.

Recommendations:

- 1) **Case Managed Tenancies:** Each tenant should have a Case Manager that meets with the tenant (and their family) and prepares a case management plan based on need and opportunity. The Case Manager should have qualifications/experience in social work.
- 2) **Co-ordinated, Whole of Government Model:** Case Managers should have links to and regular contact with other agencies including; mental health, education, and community services to ensure tenants have access to every program and service needed to help them with a possible transition to greater independence. It should be a condition of tenancy that Housing NSW can share information with other government service providers.
- 3) **Renewable Tenancy Terms:** Tenancies for all successful applicants should be reviewed every 5 years to ensure the tenant continues to meet the requirements for public housing. Such reviews should not include tenants who have reached the age of 55 years or are recipients of Disability Support Pensions or equivalent.
- 4) **Social Housing Provider Service Level Agreements:** Strict contractual agreements that detail the obligations of Community Social Housing providers need to be established. These contracts need to make the provision of case-managed support and care for tenants a key performance indicator of ongoing accreditation and access to public housing stock.