

**Submission  
No 232**

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

**Organisation:** Western Sydney Regional Organisation of Councils  
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# SUBMISSION TO THE NSW UPPER HOUSE INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

## FEBRUARY 2014

*“We need a new definition of social housing – in fact it would be less trouble if we went back to the old definition. That’s because used to be just poor people - in the post-war era public housing was about providing affordable accommodation for working people not just those with multiple needs, or just out of jail. It’s no wonder that these days our estates are basket cases.”*

– Fairfield Council

**Western Sydney Regional Organisation of Councils Ltd**

Level 1, WSROC House, 49 Campbell Street

PO Box 63, Blacktown, NSW 2148

Tel (02) 9671 4333 Fax (02) 9621 7741

Email

Web [www.wsroc.com.au](http://www.wsroc.com.au)

Submission to the NSW Upper House Inquiry into social, public and affordable housing.

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

To Whom It May Concern,

Thank you for providing us the opportunity to make a submission to the NSW Upper House Inquiry into social, public and affordable housing.

The provision maintenance and supply of public and affordable housing is a key issue for local councils, especially in Western Sydney which has many areas of high social disadvantage. Councils are frequently at the front line of providing critical services and facilities to public housing providers, and are responsible for the provision and maintenance of associated services such as parks and community centres, local transport solutions and the management of environmental and community health issues.

A major area of concern is the potential impact on rate incomes created by the shift away from State Government provided housing towards private sector and non-government suppliers. In this case, many of these non-government suppliers are now claiming they should be regarded as Public Benevolent Institutions and as such, should be exempted from paying council rates. This is an unfeasible proposition which has the potential to seriously impact council incomes – in the case of some larger LGAs such as Parramatta and Fairfield, by up to \$5 million annually, and will place an unfair burden on other residents to support these public housing suppliers. WSROC, together with a number of other councils is seeking an urgent amendment to the Local Government Act to close this loophole and ensure that non-government housing suppliers are subject to the same rates and conditions as are currently applied to Housing NSW dwellings.

In response to the specific terms of reference WSROC notes the following:

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

Demand for social and affordable housing is expected to increase, particularly in Western Sydney which is usually the first port of call for new arrivals, immigrants and refugees.

In addition, our councils are seeing increasing numbers of families suffering from mortgage or housing stress due to rising rental costs, while the lack of housing affordability means low income earners are often priced out of the market altogether. As a result we are seeing a major increase in the “hidden homeless” with families staying with friends and relatives, young people couch surfing and others living in garages or sleeping rough. And while many areas in Western Sydney have housing that is regarded as more affordable when compared to other areas of Sydney, the average income levels in these areas are also lower.

These high levels of housing stress are expected to worsen over the next decade owing to the rising rates of unemployment and the reduction in the number of public housing dwellings available which means more people are reliant on private rentals which is highly insecure, especially in the current climate of rising rents.

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The shortage of public housing offered by Housing NSW and the rising demand means that priority is increasing given to those tenants with complex or multiple needs. In many cases being poor is no longer enough to qualify for public housing.

The aging population is also expected to increase the demand for public and affordable housing. One of the fastest growing groups of homeless is older women – due to a variety of factors including marriage breakdown, income inequality and lower superannuation.

So there are multiple drivers to the expected increase in demand for public and affordable housing – including high numbers of unemployed and migrant populations, an increasingly aging population and the gender imbalance in income - and all of them are heavily represented in Western Sydney. WSROC believes plans need to be made to urgently address these emerging problems with measures to promote increased investment in public housing from both the State and non-government sectors.

### **(b) Data regarding the link between the lack of appropriate social, public and affordable housing in New South Wales and indicators of social disadvantage**

The link between social disadvantage and lack of appropriate and affordable housing is clearly identified using the SEIFA scores as assessed from census data. Insecure housing arrangements directly impact on income and education levels, access to employment and training and to community services, all of which are clearly seen in those areas of Western Sydney which are identified as heavily dependent on public housing and government services. However to be most effective the data needs to be gathered on a micro-locational basis – by suburbs rather than averaged across the whole LGA as most of our member councils have pockets of relative wealth as well as areas of chronic disadvantage.

### **(c) Housing design approaches and social service integration necessary to support tenant livelihoods and wellbeing**

Using an integrated model of accommodation and service support is always advantageous to those who need access to a range of support services in addition to basic housing. WSROC would like to see universal design standards implemented in public and affordable housing developments to make them easily adaptable to a range of ages and or disabilities and to promote aging in place. They should provide additional parking for carers and allow for an extra bedroom to accommodate live-in carers and home support. Doors should be wider than average to cater for wheelchairs and other mobility issues, and walls reinforced to allow installation of handrails and supports when necessary. Levered taps can be managed by arthritis sufferers and low placed light switches and door handles are more accessible for those in wheelchairs. These are small things but they can make a significant difference to the viability of the property. There is some resistance to universal design from some quarters – especially the private sector developers because it costs more to implement but in the long run it saves time and money in costly later renovations and modifications and therefore makes the property more adaptable and sustainable in the long run.

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#### **(d) Maintenance and capital improvement costs and delivery requirements**

The issue of maintenance and long term sustainability of social and affordable housing properties is directly related to the efficacy of the original design (see above).

Currently delivery of these dwellings falls between the NSW Government (through Housing NSW) and private or not-for-profit organisations.

There is merit in transferring ownership of social housing capital to the non-government sector which allows them to raise funds to maintain and reinvest in these projects through banks and other private mechanisms.

However, a number of our member councils have recently raised concerns that they are being approached by non-government social and affordable housing providers who are attempting to claim rate exemptions on the basis that they should qualify as Public Benevolent Institutions (PBI's). (See introduction). This is a loophole in the Local Government Act which WSROC believes needs to be urgently clarified and closed. Currently the majority of social and public housing is still held by the Housing NSW who pay full council rates on all tenanted properties. However the shift to private ownership means that some councils stand to incur substantial losses – up to \$5 million in the case of larger councils such as Parramatta and Fairfield if this trend continues.

Not only is it unreasonable to exempt private and NFP sector providers from paying rates when they are still reliant on councils services, it places an unfair burden on existing ratepayers to subsidise these organisations – which are already receiving significant subsidies from State and Federal Governments.

This is an unintended outcome of the change in policy which needs to be addressed through legislative amendment as soon as possible.

#### **(e) Criteria for selecting and prioritising residential areas for affordable and social housing**

It is a well-established principle that social and affordable housing needs to be well integrated with other forms of housing to ensure that residents have access to the same levels of community standards as others and to avoid creating ghettos of disadvantage which tend to exacerbate the problems of individual residents.

This principle applies right across Sydney and NSW as housing for essential workers including cleaners, nurses and teachers must be located close to where they work to imposing problems associated with long commuting times on top of low incomes.

For example, many of these low-income jobs are in the service sectors, such as hospitality which is clustered in the City of Sydney and other expensive residential areas where those who work in those industries there cannot afford to live.

In the context of social housing, there needs to be a broader definition of eligibility to ensure that those on low-incomes are given equal access to housing as those with complex needs and disabilities. Current policies for determining priority and waiting lists, combined with the chronic shortfall to meet demand means that social housing is now almost solely the province of those with special and complex needs and/or disabilities which in turn creates a different type of ghetto and promotes the stigma associated with affordable housing in the minds of other residents.

Sydney is one of the most expensive cities in the world and the current definition of housing 'affordability' is that it comprises no more than 30% of household income. The reality for most Sydney residents is that housing takes up a great deal more than 30% of their income which makes the official market definition irrelevant.

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In western Sydney the problem is compounded by higher levels of disadvantage – in some areas 40% of children live in welfare-dependent homes so the housing is already sub-standard. It is important then to broaden and redefine the criteria for social housing to include those on low incomes – similar to the old post-war definitions when public housing was built and offered to those whose income did not allow them to buy or rent their own homes. The current emphasis on multiple needs cases, the disabled and those recently released from jail means that social housing estates are increasingly being seen as no-go areas, which in turn compounds the sense of isolation and disadvantage of those who live there.

#### **(f) The role of residential parks**

The role of residential parks – or permanent caravan parks - in Sydney's housing mix is unpleasant and yet critical. Frequently they are the last resort for those who are unable to get public housing or afford private rentals. As a result they become ghettos of the downtrodden and disadvantaged, the socially isolated, ex-criminals and social outcasts. While it is difficult to justify their existence on the grounds that they are often unsafe and the accommodation is below first-world standard, they provide a critical alternative to those who have been evicted from public housing or who would otherwise be on the streets.

In the inner west and other parts of Sydney this role is filled by boarding houses which are subject to regulations and are protected under NSW Planning Laws from redevelopment which would result in a net loss of public housing dwellings. In Western Sydney, this role is filled by residential parks. However, without similar protection, their continued existence is under threat from property developers who see them as potential land banks for future development opportunities. Managing the environmental and social issues often associated with residential parks is a major problem for councils and local police. However, they need to be recognised as providing a very important source of last resort housing. As such they need to be included in assessments and plans for providing social housing and offered some degree of protection from redevelopment – similar to those laws that govern boarding houses - until alternative and permanent solutions to the needs of their residents are found.

#### **g) Recommendations on State reform options that may increase social, public and affordable housing supply, improve social service integration and encourage more effective management of existing stock including, but not limited to:**

##### **(i) policy initiatives and legislative change**

Moving provision of community housing to the private and not-for profit sector has many advantages. Private operators are more efficient and effective than government bureaucracies and they can use the capital assets to raise funds for urgently needed maintenance and repair programs rather than relying on Treasury to provide funds. Professional operators like St George Community Housing and Mission Housing are offering care packages for residents to address a variety of special needs in a one-stop-shop arrangement.

However, the drive to produce more social and affordable housing – and protect that which is already there) still needs to come from government as market forces will never be able to justify the delivery of social housing. While it can deliver affordable housing which is cheaper in the short term

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(such as through the NRAS program) it does not provide long-term secure housing for low income families in areas which allow them to get equal access to transport, education and employment opportunities.

WSROC believes the councils and the NSW Government need to work together to develop a comprehensive strategic plan to address the needs of those less well-off in the community and the provision of secure affordable housing is critical to this goal.

To that end, the Government must consider a raft of policies and incentives which will encourage the private and NFP sector to take over the management of existing housing while at the same time sourcing new investment to increase the number of dwellings available and loosening the criteria for eligibility.

An urgent legislative amendment is also required to the Local Government Act to ensure that these non-government providers are still required to pay council rates for the essential services they are provided.

**(ii) planning law changes and reform**

The even distribution of affordable housing needs to be prioritised in regional and metropolitan strategic plans to ensure an even spread of access and opportunity for all members of the community and to promote social cohesion and avoid the creation of ghettos.

In addition residential parks need to be recognised as an important component of the overall housing picture and arrangements made to ensure their residents are properly and securely accommodated – either through protection laws such as those governing boarding houses, or through provision of suitable alternatives.

**(iii) social benefit bonds - NA**

**(iv) market mechanisms and incentives**

The issue of Section 94 contributions and other levies on developers remains of critical importance to councils who need to ensure they are able to supply essential services to new developments. This is particularly relevant to social and affordable housing schemes which may need additional facilities to cater to the needs of residents. The removal of Planning Agreements from the new Planning Laws also has the potential to curtail councils' ability to ensure the costs of extra services are covered by those who will benefit and not place additional financial burdens on existing ratepayers.

**(v) ongoing funding partnerships with the Federal Government such as the National Affordable Housing Agreement**

Increasing investment in social and affordable housing is critical and all incentives and initiatives which have the potential to encourage and sustain the supply of suitable dwellings should be considered.

The National Rental Affordability Scheme (NRAS) was a successful program which delivered good outcomes and should be continued.

**(vi) ageing in place**

The issue of ageing in place is particularly important in Western Sydney where it is expected that Housing NSW will be biggest provider of aged care homes for those who do not have the assets to get into privately run aged care homes. The presumption that most ageing people have assets and a home does not necessarily apply in Western Sydney especially for women who have been through

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divorces or have not been able to build an asset base on which to rely. This will continue too as the high cost of housing will see new generations coming through who have been permanently locked out of the housing market which means the whole model of funding aged care is about to fall over. Greater attention also needs to be paid to ensuring designs of aged care homes are suitable – while single level was always the convention councils are increasingly asked to approve multi-storey aged care developments. While these may be suitable in the short term they may not be practical to promote the concept of ageing in place. Assuring proper and long-sighted design will also be critical (see point C)

**(h) Any other related matter.**

Councils are at the frontline of providing essential services for many of those in our communities who are struggling on low incomes or with special needs. WSROC believes the role of councils as critical services providers needs to be considered in any recommendations designed to increase the supply of social and affordable housing to ensure that they are affordable and sustainable from a Local as well as State or Federal government perspective.

Tony Hadchiti,  
WSROC President