

**Submission
No 180**

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

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

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Introduction

To the Select Committee on Social, Public and Affordable Housing

My name is Irene Doutney, I am a Councillor on City of Sydney Council currently serving in my second term. During my five years on Council and for many years before I have served as an advocate for the rights of public housing tenants and have been a public housing resident myself for the last 17 years.

I am very grateful that the Parliament of NSW has seen fit to conduct an enquiry into the important issue of social, public and affordable housing in this state. Housing is a basic human need, a need that is both physical, for obvious reasons, and psychological, because of the role that a house, as someone’s home, plays in their sense of security and identity. Yet it is a basic need that in modern day Australia is increasingly treated, and priced, like a luxury commodity.

While the prices of other necessities, such as food, are somewhat responsive to market forces which keep them at reasonable levels the same cannot be said for housing. Housing prices in Sydney over the last few decades have risen steadily, including a 15% jump in median established house prices since 2011¹, thanks to confidence by developers that

whatever prices are charged for housing, people will pay. This has significant flow on effects to the rest of society.

While the most obvious effect is on low-income households who find themselves forced into housing stress or living in inappropriate locations distant from their places of work or education this group is not the only victim. The displacement of workers in low-paid but important industries increases the cost of basic services, harming both businesses and consumers, and also contributes to congestion on roads and public transport as workers travel long distances from their homes to their places of employment.

Social housing was once the government's means of addressing this issue, providing affordable places to live for workers and their families in areas that the market would have excluded them from. However since the release in the 1980s of the Richmond Report (*Inquiry into Health Services for the Psychiatrically Ill and Developmentally Disabled* - [http://www.parliament.nsw.gov.au/prod/parlment/committee.nsf/0/7909bd5e019e335fca256b3b001f05fc/\\$FILE/Richmond%20Recommendations.pdf](http://www.parliament.nsw.gov.au/prod/parlment/committee.nsf/0/7909bd5e019e335fca256b3b001f05fc/$FILE/Richmond%20Recommendations.pdf)) the nature of public housing in NSW has changed to the point where now it is occupied mostly by retirees, people with disabilities, the long term unemployed and people prioritised due to their complex needs. People who support themselves financially through paid work now make up only around 5% of residents².

While it is essential that all these groups are provided with housing the unfortunate reality is that little has appeared to replace the old role of public housing in providing homes for low income workers. Affordable housing programs have been initiated in a piecemeal manner, by Councils and other groups, but there are a range of challenges facing these schemes and their small scale leaves them unable to adequately provide for all those who need them, as will be discussed further below.

With these opening statements in mind, I will now address most of the terms of reference for the inquiry individually below. The information contained here is derived both from published sources as well as from my first-hand experience working as a Councillor and housing advocate and from living in public housing myself.

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

Before discussing future demand for social, public and affordable housing it is worth reflecting on present demand for these services, with the government's own audit into the sector noting that 120 000 people (55 000 households) are currently on the waiting list for public housing in NSW². This amounts to a little over half the number of people that currently live in public housing. Thus, even without any growth in the waiting list, it is clear that there is a long way to go before the availability of public housing catches up with demand.

With the population of Australia increasing in the last decade faster than the production of new housing stock for the first time since World War II³ it seems reasonable to assume that

unmet demand for housing of all tenures will continue to increase. Steadily rising house prices will also increase demand for alternative forms of housing as more people find themselves unable to afford housing in the private market. The trend towards converting larger houses in central Sydney into boarding houses (a form of housing that is often discussed in conjunction with affordable housing but that is generally not affordable according to standard definitions, as discussed elsewhere in this submission) also has the effect of excluding families from this area, just as the demographics are changing to see more families with children living there.

Within discussion of housing supply and demand it is pertinent to include mention of public housing vacancies. According to Housing NSW's (HNSW) own statistics there are 35 000 vacant public housing bedrooms in NSW⁴. While HNSW has used this to justify the introduction of a 'vacant bedroom charge' the problem cannot be solved by this means alone. There are numerous public housing properties throughout the state that are currently entirely empty, including at least 40 in Millers Point, many of which have been vacant for months or years.

With the public housing waiting list as extensive as it is it is unacceptable that these properties are left vacant for so long. While the Millers Point properties in particular are likely being left vacant to allow the government time to decide whether or not to proceed with their sale (a matter discussed later in this submission) they should not be left empty while this happens. They could be used as crisis accommodation, temporary accommodation for homeless people or, ideally, the government could retain ownership of them and allow families in need to move in and be permanently housed there.

Recommendation

While I am not in a position to speculate as to what the level of increased demand for alternative housing will be in the future it is clear that demand over coming years will increase. Given that the current level of demand already exceeds supply by an unacceptably large margin action is necessary based on this, no matter what the magnitude of the demand increase may be between now and 2020. A significant investment must be made immediately into acquiring appropriate new housing stock and the loss of housing stock through sell-offs must end.

HNSW should ensure that no properties that are between tenants are left vacant for any longer than is absolutely necessary and should prioritise filling vacancies in order to minimise waiting times for prospective tenants.

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

Social disadvantage results from lack of appropriate social, public and affordable housing in three main ways. The first is experienced by those unable to access private or public housing, due to very low income and a lack of available alternative housing, resulting in homelessness. The second group are those who can only afford private housing by putting themselves into significant economic stress but who are unable to access public housing, once again due to undersupply. The third group is those in alternative housing that does not meet their needs. I will discuss all three of these issues separately below.

Homelessness

Homelessness Australia reported that in 2013, 28 191 people were homeless in NSW⁵. For 20.5% of these people, the cause of their homelessness was identified as ‘financial difficulty’. This group was separate from those identified as being homeless for other reasons, such as mental illness, domestic violence or substance abuse, and it can thus be assumed that 5779 people were homeless simply through being unable to afford housing. Homelessness is in many ways the most socially disadvantaged state that a person can possibly be in and thus it is clear that for an unacceptably large number of people lack of access to appropriate housing is a cause of massive social disadvantage.

Private renters in housing stress

Housing in Sydney is increasingly unaffordable for low income earners. The median rental price for a one bedroom property in greater Sydney is \$425, climbing to \$510 in the City of Sydney, the most expensive Local Government Area in the metropolitan region⁶. Given that the full time minimum wage in Australia is currently \$622 per week before tax, it is clear that without alternative housing options someone earning this rate will have very little to spend on other necessities after covering their weekly housing costs and thus be in a state of severe financial stress.

The Australian Bureau of Statistics defines a household as being in housing stress if it spends 30% or more of its gross weekly income on housing costs (rent or mortgage repayments)⁷. Data from the latest census reveals that in NSW 18.5% of all households experience housing stress, including 27% of those in the lowest income quintile⁷.

While these figures are unacceptably high by themselves they don’t cover those households that subject themselves to other types of stress to avoid housing stress, such as by finding cheaper housing long distances from their places of work, requiring significant daily commutes which result in a poor work-life balance and contribute to congestion on roads and public transport.

With close to one in five NSW households experiencing housing stress it is apparent the lack of public and affordable housing is causing significant disadvantage to those low income earners who are denied access to it. Possible future actions flagged by the federal government, such as tightening the requirements around receiving various forms of Centrelink benefits and charging an upfront fee or ‘co-payment’ on all visits to a medical centre are likely to impose further financial stresses on these low income earners.

Inappropriate alternative housing

As previously noted, public housing properties are being increasingly occupied by individuals with complex needs. Sadly, these needs are often not met by the public housing properties in which individuals are housed, sometimes with potentially life threatening consequences.

Over many years of serving as an advocate for the rights of public housing tenants I have seen numerous examples of highly inappropriate housing allocations. Some examples include:

*Numerous cases of frail elderly people and people with physical disabilities housed adjacent to men with known violent behavioural problems, including people with criminal convictions for violence and sex offences. This results in neighbours living in constant fear that they will fall victim to this behaviour themselves and often being cut off from family members who fear to visit them in their homes. (I am aware of examples of this having occurred in Newtown, Glebe, The Rocks, North Sydney and Crows Nest.)

*People with physical disabilities being housed in properties that they are unable to properly move around in, such as a legally blind and wheelchair bound woman being housed in a property accessible only via steps who had to ring the police or call out to passers-by on the street whenever she needed to get into or out of her home. There are also numerous cases of elderly people with limited mobility being housed in high-rise buildings where lifts are either absent, prone to faults or unsafe. (I am aware of examples of this having occurred in Glebe and Redfern.)

*People being housed in properties that, through lack of maintenance, pose a significant health or safety risk, such as properties with mouldy or termite ridden structural elements or that are infested with vermin. (I am aware of examples of this occurring in Millers Point, Erskineville, Redfern and Waterloo – see Image 1.)



Image 1 - A mould infested ceiling in a public housing property in Millers Point

These are just a few examples that have been brought to my attention over the years and while I’m not aware of anyone having died as a direct result of their inappropriate housing I fear that this is only a matter of time.

While Housing NSW staff go to significant efforts to make sure that people are housed in properties that are appropriate for them the limited stock available means there are very few options for housing those who are in dire need.

Recommendation

The only solution to these cases of social disadvantage is to significantly increase funding to public housing so that Housing NSW can house more people and has more options available to appropriately and sensitively house those in need.

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

Housing design

Over 60% of public housing tenants are currently over 60 years of age². With the changes to allocation policy introduced in recent decades and an aging population that proportion is likely to rise over the coming years. Many long term tenants have built up significant networks of mutual support in the communities in which they live and these are invaluable in helping people meet their changing needs as they age. Thus it is essential that long term public housing tenants be able to ‘age in place’ (discussed further below), a process that can be facilitated through adopting the principles of universal design in housing construction and renovation.

Universal design is the idea of building homes so that they can accommodate, with minimal modification, people with a wide range of needs and abilities. Most of the ideas it



encompasses are straightforward and require very little extra work to implement if they are part of a property’s original design – concepts like wider doors to accommodate wheelchairs, bathrooms that leave space for the installation of hand rails and cupboards and switches that are low enough to be accessed by people with limited mobility (see image 2). It is essential that all new public and affordable housing properties are built to comply with the basic concepts of universal design and that, where practical, properties that are left vacant for any length of time are modified to accommodate universal design principles.

Image 2: Examples of universal design (source: mobilitycorner.com)

The benefits of allowing residents to age in place are clear in terms of improved quality of life for tenants, who can remain within the communities that many

have lived in for decades. However there are also significant benefits in terms of costs to government as people who have support in their communities will require less support from aged care and other services, freeing up resources to be allocated elsewhere. Universal design is a simple idea but its benefits can be significant.

Another important consideration for the design of affordable housing is sustainability. While sustainable design is important from the perspective of intergenerational equity, it is also important in alternative housing to help low income residents reduce energy and water costs. Simple measures like insulation and double glazing can contribute to a reduction in energy use while water tanks can reduce residents' water bills. Insulation is also valuable to assist in soundproofing homes – as discussed above, many residents live in fear of neighbours with behavioural problems, the sound of whose activities can often be heard in adjacent properties. Routinely sound proofing new public housing properties can thus have a significant positive impact on the lives of residents.

The design of public housing properties can also have a big impact on how safe the properties are with regards to crime, and on whether or not residents are subjected to social stigma over the tenure of their homes. Future public housing properties need to be built around the principle of 'designing out crime', a concept that reduces opportunities for crime by making sure that landscapes remain open and subject to passive surveillance. The potential for criminal activity in common areas can also be reduced by creating spaces that are attractive to residents and/or the surrounding community, where crime is discouraged through the area's regular use.

Many older public housing buildings have also been designed in a 'brutalist' manner which offers poor amenity and makes them stick out very conspicuously as a public housing property. This contributes to the kinds of prejudices against public housing residents discussed elsewhere in this submission – estates come across as prisons for warehousing people rather than welcoming environments.

Social services integration

While the Richmond Report's recommendation that people with mental disabilities be 'de-institutionalised' and accommodated in public housing was taken up in earnest, the accompanying recommendations relating to providing support services for these people living in the community have mostly been ignored. Thus public housing in NSW is now home to a large number of people with mental disabilities, many of whom live without appropriate support, sometimes to the detriment of themselves and fellow tenants.

Through my work as a public housing advocate I have been exposed to numerous cases of public housing tenants who require significant support in managing their mental health but simply do not receive it. One of the main reasons these cases come to my attention is because of the impact they have on their neighbours, with numerous cases of abusive and violent tenants having come my way over the years.

While these cases are among the most serious they are likely only the tip of the iceberg as these are the ones that are most noticeable. What is much less noticeable is the presumably large number of individuals who suffer privately in their homes without anyone else becoming aware.

One of HNSW's criteria for housing eligibility is a client's need for support to live independently, thus HNSW is aware of a client's needs when a tenancy begins and this puts them in a unique position to make sure those needs are supported over time. While it is not the responsibility of HNSW to monitor the mental health needs of their tenants the regular interaction they have with them, through the act of collecting rent, makes them well placed to notice if something is wrong and gives them some capacity to refer other agencies to assist people as soon as possible.

HNSW's Client Services Officers also once regularly visited residents to ensure that their needs were being met and that their homes were in good condition. This practice seems to have stopped in recent years and has now been replaced by a much less adequate system whereby tenants over 60 years of age are occasionally sent SMS messages asking if they're ok and requesting that they reply with a simple Y or N.

HNSW should also work to help residents become more involved in their communities. In a connected community residents look after each other, meaning less direct involvement is required from HNSW staff. Programs such as Neighbourhood Advisory Boards, which currently operate in various locations in inner Sydney and elsewhere, help build communities both through their formal role in carrying out safety audits and informally through helping residents meet each other. Facilities such as community gardens can also help build a sense of community as residents work together on projects that benefit everyone and I would urge HNSW to help establish and support both these programs.

Recommendations

New public housing developments designed to a human scale and based on the principle of creating welcoming community spaces need to be prioritised over large scale high-rise developments in order to create an environment that discourages crime and helps residents live lives free of damaging social stigma.

Matters should not be left to progress to the point of being dangerous to other tenants before they are acted upon. HNSW should keep in regular contact with their vulnerable tenants. This needn't be extensive contact, however something more than an SMS requesting a one character response would be most helpful. Programs that encourage residents to interact and take on leadership roles within their community can also help to ensure that tenants look out for each other and vulnerable people are supported by their community.

(d) Maintenance and capital improvement costs and delivery requirements

It is plain to anyone involved with public housing in NSW that much of the existing stock is in very poor repair. While there was once a regular maintenance schedule, whereby ongoing maintenance was performed on properties every 7 years, this program appears to have been cancelled in recent years and no regular program of proactive maintenance has taken its place.

Maintenance appears to now only happen when a resident reports a problem to the maintenance hotline, and then the maintenance is often very slow to occur. It is not unheard of for residents to wait months for maintenance works essential for them to live independently, such as repairs to accessibility features of their homes. Repairs that are less



Image 3: Guttering on a public housing property in Copeland St, Erskineville, that had been completely non-functional for at least two years at the time of writing.

urgent but which can still impact on resident health and the long term safety of a building, such as leaking gutters, are sometimes never repaired despite repeated requests from residents (see Images 3 and 4).

The Audit of public housing in NSW² estimates, based on LAHC data, that the maintenance shortfall for public housing in the state is \$330 million. While this is a significant amount of money the shortfall will only increase if a proactive maintenance program is not re-established swiftly – the audit notes that maintenance programs have been scaled back to cut costs and that this is unsustainable.

The Audit also notes that the cost of constructing new public housing properties is significantly higher than the income that can be gained from selling existing properties. Whilst there are likely a range of factors contributing to this (discussed further elsewhere in this submission) the poor maintenance regime applied to many public housing properties almost certainly contributes to lowering their value.

One particular type of maintenance work that is chronically under-managed and which has the biggest potential to impact on safety and property values is guttering. I am aware of literally dozens of public housing properties in which guttering was built to, or allowed to degrade to, a sub-standard state. This has resulted in significant water damage to many properties, taking some to the point where they are so structurally unstable that they have been ruled unsafe for occupation and their tenants evicted. Even in properties where the

situation has not reached this level the lack of proper drainage has resulted in numerous



Image 4: Gutters blocked by the presence of plants, Copeland St, Erskineville.

cases of mould infestation, often to the detriment of residents' health. An investigation into this issue was carried out by the ABC's 7:30 NSW in 2013, the report on which can be viewed at <http://www.abc.net.au/news/2013-09-27/head-of-community-services-responds-to-public/4986280>.

A second type of maintenance work that should be addressed as a high priority is lighting in the common areas of apartment blocks. As discussed elsewhere in this submission, the presence of tenants with behavioural problems or histories of

criminal activity leads many residents to live in fear in their own homes. Ensuring that hallways, stairs and lifts are always well lit is a simple measure that can help improve this situation.

While part of the solution to addressing maintenance gaps in the long term is obviously to provide additional funding the money required could be minimised by improving the efficiency of the maintenance systems. I have had many residents inform me of massively inefficient maintenance practices that could easily be reformed through better communication between Housing NSW and the contractors who perform maintenance works. Examples include tradespeople repeatedly visiting a property without proper knowledge of the issue at hand and leaving a job partly or entirely incomplete because they don't have the appropriate skills or equipment to deal with the issue. I'm not aware of whether or not HNSW is charged for these abortive visits but in any case it is a waste of someone's time and money that could be avoided through better communication from the time an issue is reported to when tradespeople are dispatched.

HNSW should also take a more consistent and less restrictive approach to tenants performing their own maintenance. Many long term residents take much pride in their homes and invest significant amounts of time and money in making them liveable and amenable. While these works, which increase the value of HNSW's assets, are sometimes welcome at other times they are not and I am aware of cases of tenants being threatened with eviction or forced to undo important works that they've carried out. HNSW needs to take a consistent approach to tenant's performing their own maintenance and needs a simple process of approving these basic works, where the default assumption is that the works will be approved unless there is a specific reason for them not to be.

The discussion of maintenance would also not be complete without mention of Spotless, the company who has held the majority of maintenance and cleaning contracts with Housing NSW for many years. The performance and behaviour of Spotless employees and sub-

contractors has been one of the biggest sources of complaint over the period of my involvement with public housing issues. I have been repeatedly told by residents of the company doing substandard work, cutting corners, failing to complete work within pre-established timeframes, violating WHS rules (putting themselves and residents at risk) and displaying very poor levels of customer service.

I can see no good reason why this company should be repeatedly awarded these significant contracts other than the fact that they offer their services at a very low price. While they may be cheaper in the short term the substandard nature of their services means that over time the costs of redoing and rectifying their work add up and the use of this company may have contributed to the large maintenance backlog identified in the Audit.

I have been told by contacts familiar with HNSW's procurement processes that Spotless has repeatedly been given major contracts despite its poor performance by virtue of the fact that it is generally the only respondent to calls for tenders – it is the only company of its kind operating in NSW with the capacity to take on contracts of the size offered. While I am not in a position to know whether this claim is correct or not I would urge the inquiry to look into the matter further. If it is indeed the case that the contracts offered by HNSW are so large that the tender process becomes non-competitive then I would suggest that the way contracts are offered should be reviewed as the results of the current process are demonstrably unacceptable.

Recommendations

The maintenance backlog should be cleared as soon as possible, with priority given to guttering and lighting issues. While this may be costly in the short term, the outlay would be worth it in the long term due to properties not further degrading in value.

The quality of service provided by Spotless, and the credentials of the sub-contractors this organisation uses, should be reviewed. If it is found to not be up to acceptable standards an investigation should be carried out into why this company is repeatedly awarded major maintenance contracts and whether the way contracts are awarded needs to be changed so as to produce a more competitive market.

Consideration should be given to the value of LAHC employing in-house tradespeople capable of carrying out maintenance works commonly required by the properties in its portfolio. This would help reduce some of the problems identified above with double handling and poor communication between the department and maintenance contractors. Consideration should also be given to including apprenticeships within this program, possibly with a recruitment drive that proactively targets disadvantaged public housing residents as a way to both train quality tradespeople with a personal investment in the housing sector and help young people from disadvantaged backgrounds find employment. The use of public housing tenants in the Waterloo Green concierge program is an example of how such a scheme could work.

Warranties for works carried out on public housing properties should be extended to bring them in line with those provided to private clients.

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

An important factor in the consideration of locations for affordable and social housing is the cost to residents of living in that area. While the construction of alternative housing as part of greenfield developments is important, living in these locations is often expensive due to limited public transport options (resulting in high levels of car dependency) and often doesn't provide support for the many public housing residents who have complex needs, leaving these sites more suited to affordable housing than to social or public housing.

Ideally public housing should be located in areas close to health and social services and with good access to public transport – the costs of car ownership are prohibitive to most public housing tenants and many of them are unable to drive due to age or disabilities. It is also not desirable to create car dependent communities due to the effect that large amounts of car use has on carbon emissions and traffic. However proximity to public transport should not be used as an excuse for selling off existing public housing stock and breaking up communities - the public housing Audit has found conclusively that this is financially unsustainable, even if the issue of social disruption is put aside. Service integration is an important consideration in the development of new public housing estates but should not be a catalyst for the destruction of existing ones. Where high levels of public housing currently exist they should be retained and the experiences of other estates where communities were destroyed when the majority of public housing was sold off should not be repeated.

While affordable housing can be located in greenfield sites there is also significant demand for it in central locations where it can be used to house 'key workers'. Key workers include people in low paid but important jobs, such as police officers, cleaners, transport workers and retail and security staff. These people are essential to the functioning of society yet receive relatively low pay rates, meaning that they cannot afford to pay market rents in expensive areas like inner-Sydney, despite this area being a major hub for jobs in these fields. Affordable housing should be included as a component of any major 'brownfield' redevelopment that takes place in or close to a major centre like the Sydney CBD, Parramatta, Penrith or Wollongong town centres, as well as in new developments built along new public transport infrastructure, such as the North West Rail Link.

A recent report by Australians for Affordable Housing *Opening Doors to Employment* (<http://housingstressed.org.au/wp-content/uploads/2011/09/Opening-doors-to-employment-2013.pdf>) has identified lack of affordable housing in major employment hubs as a significant factor in hindering the return to work of people who are unemployed. Thus investment in affordable housing in areas like inner Sydney, which has a high level of jobs

attractive to people who are currently unemployed and good public transport, can potentially be returned in the form of savings on welfare and other social support costs.

Investment in public housing in these areas can also be beneficial to business. The fact that low paid workers must live far from centralised jobs has been identified as a factor holding back attempts by the City of Sydney to diversify its late night economy and move it away from the focus on alcohol that has resulted in significant violence over recent years. Many businesses outside the highly lucrative liquor industry worry about the safety of their low paid staff traveling home by public transport late at night, a factor which often contributes to earlier retail and business closing hours. These are further examples of how lack of affordable and public housing in the inner-city affects society as a whole, along with the matters discussed above in section (b).

Public housing development should also be carried out in a way that is mindful of the composition of the community that will live there. While the idea of ‘social mix’ is still somewhat contested new public housing should be developed in a way that produces mixed communities in order to avoid creating ‘ghettos’ that would be subject to significant social stigma.

Social mix should not, however, be used as a justification for the destruction of existing public housing communities. The Glebe Affordable Housing Project is an example of where the pursuit of social mix has destroyed a community for no appreciable gain. The public housing estate that was once located on the site was demolished in 2011 to make room for a major new development that included 90 affordable housing units, 250 private dwellings and 153 public housing units, an increase of just 19 additional public housing properties over what the site originally contained. This development was partly funded by the sale of 20 public housing properties in Millers Point and the bulk of the new public housing properties will be significantly smaller than the ones they replaced, leading to a net loss of public housing floor space.

If this loss at great expense weren’t problematic enough, three years after the estate’s demolition the site is little more than a hole in the ground. The LAHC have submitted a development application but nothing more has happened, and they appear to be struggling to find adequate private sector funding to proceed with the project, creating an even greater housing deficit in the area, and denying the State of rental income, while it waits.

Recommendation

New public housing and affordable housing properties should be built in areas where their residents will have access to appropriate social services and jobs, whilst being mindful of not creating concentrated hubs of disadvantage and social isolation. Whilst some older housing estates have not been built with these ideas in mind, the costs of destroying communities and uprooting residents outweigh any benefits that may be derived from relocating the estates to more appropriate areas and thus policies aimed towards this should not be pursued.

(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

First home buyers' grants

While not increasing the supply of affordable housing as such an easy step that the government could take to improve housing affordability generally would be to scrap the *First Home Owners Grant (new homes)* scheme. These schemes have added upward pressure to housing prices, cancelling out most of their benefit to those who receive them whilst making housing more expensive for the rest of the population³. They have also cost Australian governments around \$22.5 billion over their first 50 years of operation. These programs should be cancelled and the funds allocated to them invested in the acquisition and maintenance of public and affordable housing.

Negative gearing

As with first home buyers' grants, negative gearing is another means by which governments subsidise the purchase of property in a market distorting way which increases the cost of housing for the rest of the community. By allowing investors to offset short term losses through tax breaks whilst they wait to make an eventual profit off the sale of a property developers are able to demand prices that would otherwise be unrealistic in an undistorted market. This increases average housing prices, often excluding lower income earners from purchasing a home to live in and driving up rental prices to the benefit of already wealthy investors.

Rent to Purchase

'Rent to purchase' schemes, whereby tenants are able to buy their homes after several years of renting by contributing a proportion of their rental payments to the purchase cost, are popular in public housing in Europe and the USA. They benefit the tenants by facilitating home ownership amongst low income earners who would usually not be able to purchase their homes privately and benefit the housing providers by providing funds for the renewal of their housing stock – the funds received from the sale allow them to purchase new stock while older stock is taken off their hands. As far as I am aware no such schemes are run by public housing providers in Australia but their popularity overseas indicates that there may be value in adopting them here.

Recommendations

The inquiry should investigate the impact of first home buyers' grants and negative gearing on housing prices in NSW. At the time of writing the NSW Government is in the process of reviewing its planning laws, ostensibly in part to reduce the cost of housing in the state. I would suggest that the removal of these two mechanisms which distort the housing market at significant cost to the tax payer would be a simpler and less contentious way of bringing on an immediate reduction in housing prices that many of the currently proposed changes to planning law.

The inquiry should also investigate the costs and benefits of HNSW running 'rent to buy' schemes, as discussed above.

ii) planning law changes and reform

Planning laws have significant potential to positively impact the availability of affordable housing, however in recent years this potential has not been realised in NSW and state regulations have in fact held back attempts by local Councils to improve housing provision.

The main legislative instrument used by the Government to promote affordable housing development, the *State Environmental Planning Policy - Affordable Housing 2009* (SEPP) is highly inadequate.

This SEPP, along with similar provisions in the Federal National Rental Affordable Housing Scheme (NRAS – discussed elsewhere in this submission), allows new or expanded developments to exceed the floor space ratios that would normally be allowed by the relevant Local Environment Plan if the development includes certain prescribed amounts of affordable housing. However affordable housing built under this scheme is only required to be used this way for 10 years. After this time it reverts back to being private market housing, no longer providing any community benefit but remaining as a development that exceeds planning controls, placing a burden on surrounding infrastructure greater than would normally be allowed under the Local Environment Plan. Effectively the SEPP profits developers at the expense of the local community without providing much in the way of long term benefits.

A far better way of using planning laws to increase affordable housing supply would be to adopt a system whereby a proportion of the floor space of any land rezoned to become residential, or residential land upzoned to allow greater density, is required to be put aside as affordable housing in perpetuity. Willoughby City Council currently runs such a scheme, whereby 4% of floorspace produced in this way is vested in the Council as affordable housing in perpetuity. It thus owns numerous properties that are rented out to low income families at a rate that doesn't exceed 30% of their income, with all revenue received going towards the development or improvement of more affordable housing.

Such schemes could be implemented elsewhere and needn't follow identical models, but could provide housing in a range of different ways. They could fund the initial purchase of

land for a community land trust, where properties are sold to low income earners at below market rates with a covenant requiring that any future on-sale also be at specified low rates, with the funds forming part of a revolving fund that ensures a continual supply of new affordable housing. They could also fund the establishment of co-ops, where low income earners pay affordable rent for a property that forms part of a group and where, on moving in, they sign up to take on certain tasks related to the management of the group of properties, reducing overall management costs.

Another means by which planning laws can create additional affordable housing is through the concept of ‘inclusionary zoning’, used in many cities in the USA. This is similar to the contribution schemes discussed above however instead of taking a financial contribution to fund housing it works by simply requiring that a certain proportion of the properties within the zone be maintained as affordable, either in perpetuity or for a set period.

Recommendation

While the Willoughby scheme is demonstrably effective section 94F of the *Environmental Planning and Assessment Act* (EPA Act) allows such schemes to operate only within an area that is classified to be “in need of affordable housing”. Whilst I’m sure the inquiry will conclude that the majority of NSW is in need of affordable housing the EPA Act applies this classification only to the Willoughby, Leichhardt and City of Sydney Local Government Areas (in the latter case applying it only to Pyrmont and Greensquare). A simple way to improve the supply of affordable housing would be to introduce a state-wide version of the Willoughby scheme or, failing list, remove the restriction in the EPA Act that prevents Councils other than the allocated three from operating their own schemes of this kind.

The inquiry should also further investigate the potential costs and benefits of introducing provisions for inclusionary zoning into NSW planning law.

iii) social benefit bonds

Social benefit bonds could serve as an innovative way of encouraging private investors to finance public housing. In particular they could serve as an effective way of securing the capital to purchase premises able to serve as housing co-operatives. I would urge the enquiry to investigate the possibilities of these further.

iv) market mechanisms and incentives

Floor Space bonuses

Incentives for developers to incorporate public and affordable housing into their properties can be an effective way of creating additional housing stock. However the incentive must be proportional to the benefit produced. The current practice, discussed above in section (ii), of providing a floorspace bonus which produces profit for a developer in perpetuity in exchange for setting aside part of their development as affordable housing for 10 years is a system that is not in proportion.

Floor space ratios are, for the most part, set by Councils based on the level of development and population that they feel the infrastructure and services within the various sections of their Local Government Area can accommodate. They are set as part of the painstaking development of a Local Environment Plan which, in City of Sydney's case, took dozens of expert planning staff 6 years to put together. A lot of work goes into these plans and thus allowing their provisions to be waived is something that should happen only for very worthy reasons.

Recommendation

While most would agree that providing homes for low income households is worthy, the merit of the situation becomes much less clear when the housing will only last 10 years. The Council will have to deal with the oversized development in perpetuity so why not, as a default scenario, have the housing provided as a trade-off to this also remain in perpetuity?

Another cause that is potentially worthy of exemptions from normal floor space ratios is universal design. Universal design can include both permanent and temporary (easily removed) features. I would urge the inquiry to further investigate the value of providing modest floor space ratio bonuses to developments that include certain permanent universal design features.

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

The provision of affordable housing is a task for all levels of government and NSW should do all it can to partner with the Federal Government and ensure that schemes it runs to improve housing affordability remain in place. I will discuss both the National Affordable Housing Agreement and the National Rental Affordability Scheme below.

National Affordable Housing Agreement

The National Affordable Housing Agreement (NAHA) contains a number of positive ideas and the NSW Government should endeavour to adhere to these and to ensure the agreement is maintained in the long term. The rather general and aspirational nature of the

NAHA however limits its value and I would urge the enquiry to push for it to be given greater force so that its worthy goals are more likely to be realised.

National Rental Affordability Scheme

The National Rental Affordability Scheme (NRAS) is a scheme that has some problems, but on balance it is preferable to have the scheme than it would be to not have it. I would urge the enquiry to recommend that the NSW Government lobby their Federal counterparts for its continuation with a number of changes.

To begin with, the scheme is misnamed as it does not provide housing that is 'affordable' based on most definitions. Housing provided by NRAS is generally leased at 20% below market rent, while affordable housing should be rented to tenants at a level that does not exceed 30% of their household income. Some developments that have leveraged NRAS funding in recent years are set to host highly expensive properties that will be out of reach of most low to moderate income earners even with a 20% reduction in market rent. An example of this is the Central Park development in Broadway, where a typical one bedroom apartment currently rents for \$530 per week, which is not affordable by any definition even when discounted to \$424 per week by NRAS funding.

Three significant changes also need to be made to the selection criteria used to determine which applicants receive grants under NRAS, available at http://www.dss.gov.au/sites/default/files/documents/05_2013/assessment_tool_rd5_2.pdf.

Firstly, the scheme needs to provide for lower cost housing to exist in perpetuity. Criteria 2d notes that proposals that provide lower cost housing for greater than 10 years will be looked upon favourably, however this criterion is worth just 5 points out of a total of 160 possible points available across all selection criteria. For reasons discussed above, lower cost housing provided in perpetuity is much more preferable to housing that only remains affordable for 10 years. NRAS should be changed to only provide grants to housing projects held as low cost in perpetuity or, failing that, housing projects that remain low cost in perpetuity should be awarded much more than 5 points out of 160. I would urge the inquiry to recommend changes in this regard.

Secondly, the scheme needs to give much stronger support to universal design, an important concept discussed a number of times elsewhere in this submission. Whilst the selection criteria ask applicants to outline the accessibility and universal design features incorporated into their proposals this forms only part of two criteria (2c and 2e) which in total are worth just 10 points out of a possible 160. As with housing in perpetuity, universal design needs to be given a much higher weighting and I would urge the enquiry to also make recommendations in this regard.

Thirdly the scheme needs to encourage a diversity of housing types to be built. Currently, the experience in the City of Sydney is that developers often use the funding provided to

build units of the minimum size allowable on overdeveloped sites, resulting in huge personal profits. While small units have their value it is important that this program provides for a range of homes, including those suitable for families. This could be achieved by quarantining a certain proportion of the funds for properties of certain sizes.

Additionally, the scheme needs to be amended to give funding recipients more flexibility in the timing with which they deliver lower cost housing. Currently, housing produced under the scheme is generally required to be available within a two year period. This deadline can place pressure on Councils and other consent authorities to rush through approvals in order to avoid the loss of funding. Councils generally support the establishment of lower cost housing in their communities however rigid deadlines mean that they can sometimes be left with an unenviable choice – rush through a development application without properly addressing concerns that planners may have with it or lose the NRAS funded housing.

Recommendations

NRAS should provide a diverse range of housing that is genuinely affordable, is kept so in perpetuity and contains universal design features. The scheme should be amended so that delays outside the developer's control, such as in the approval process, do not jeopardise funding already allocated by NRAS.

vi) ageing in place

The concept of universal design has been discussed a number of times already in this submission. Without rehashing what has already been said I would like to reiterate that building and renovating housing in accordance with the principles of universal design is probably the single most important action that can be taken to allow people to age in place. It is especially important in public housing, where the majority of residents are already over 60 years of age, and will grow in importance as the population ages over coming decades.

The City of Sydney recently commissioned a study into the well-being of public housing residents which found that knowing one's neighbour played a large role in people feeling safe in their neighbourhoods. This finding, while intuitive, adds extra weight to the argument that allowing people to age in place should be a priority for the planning of public housing. With the productivity commission predicting that the government's total aged care expenditure will more than double by 2046 to become 2% of GDP⁸, it is clear that allowing people to age in place has the potential to produce significant savings in decades to come.

vii) Any other related matter.

Changes to ‘market rent’

The announcement by Minister Goward in September 2013 that HNSW tenants paying ‘market rent’ would be liable to have their rents increased to put them in line with private rental costs in their area is a poorly thought out idea that should be reversed.

The discount that is applied to the market rent for Housing NSW properties is a fair one as the majority of these properties are older and in poorer repair than their privately owned neighbours. They are also often located within housing estates that have a level of social problems higher than average for their suburb. All these factors likely contribute to the finding in the Audit of public housing that shows that selling public housing properties brings in less money than is required to purchase similar properties in similar areas – i.e. on the open market, public housing properties are worth less.



Image 5: Northcott housing estate, Surry Hills.

This finding is intuitively obvious when one considers a hypothetical example. If a two bedroom apartment in the Northcott Estate in Surry Hills (image 5) were to be rented on the private market, would it be able to bring in an amount of rent that approached the median rent for a two bedroom apartment in that suburb (\$700 per week at the time of writing, according to realestate.com.au)? The answer is almost certainly ‘no’, the Audit findings support this and should the inquiry choose to investigate this matter further I’m sure a similar conclusion will be reached.

Increasing market rents charged for public housing properties also has the potential to have negative social consequences. 11% of public housing tenants currently receive Newstart Allowance², implying that they are capable of supporting themselves financially but are struggling to find sufficient paid work. Should the cap on public housing rents rise to a level consistent with private market rentals many public housing tenants on Newstart may be discouraged from looking for work as large rent increases may mean there is little financial benefit to them if they do so.

The conditions found in most public housing properties and estates, discussed throughout this submission, mean that few people with the financial capacity to afford housing on the private market will choose to live in them if they have other options. This means that unemployed people with the capacity to work will generally move from this form of housing should they find stable employment - trying to force them out through higher rents is potentially counterproductive.

Should employed people wish to remain in public housing this should not be discouraged as the higher rents they pay can help fund more housing and they can set a positive example to their neighbours. For children in particular, living in a neighbourhood where unemployment is the norm can encourage the feeling that there are no other options – thus one of the virtues of social mix can be bought about through retaining working people in the community.

Recommendation

For all the reasons outlined above, the recent changes to ‘market rent’ in public housing should be reconsidered.

Boarding Houses

The discussion of affordable housing in NSW often makes mention of boarding houses, with a FACS position paper⁹ released prior to the exposure draft of *Boarding Houses Bill 2012* referring to them as affordable housing and documents from the Department of Planning and Infrastructure using similar terms¹⁰.

I would argue however that to classify accommodation as ‘affordable’ simply by virtue of the fact that it is within a general boarding house is inaccurate. A quick online search for boarding house accommodation in central Sydney reveals that accommodation within them can cost anywhere from \$275-500 per week for a single private room and shared facilities, a rate that is demonstrably not affordable.

HNSW’s Boarding House Financial Assistance Program

(<http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/Boarding+House+Financial+Assistance+Program/Funding+for+New+Projects/>) however allows boarding houses to be classified as ‘affordable’ even when they fail to meet normal definitions of this term. The program will pay the owner of a boarding house up to \$10 000 to construct new rooms as long as those rooms are kept ‘low cost’ for five years, low cost in this context being defined as a maximum rent of \$215 per week¹¹. Given that this rate equals 34.5% of the weekly earnings of someone on the full time minimum wage (placing them in housing stress) and a much larger proportion of the weekly income of people on government allowances and most students, it seems that boarding houses have a separate definition of affordable to any other type of property.

I am not aware of any evidence to justify this separate definition for boarding houses – the majority of general boarding houses are private commercial ventures designed to make money for their owners, they don’t exist to provide a service to the community and have no special benefit over more conventional forms of housing.

Recommendation

I would urge the inquiry to further investigate the boarding house industry in NSW, and particularly the value to the people of NSW of the *Boarding House Financial Assistance Program*. Should this program be retained I would suggest that, as a minimum, the threshold at which a room can be classified as affordable be dropped to 30% of the minimum wage (\$186.60 per week) and the period across which it is required to be kept at this rate extended beyond five years.

Social Impact Assessments for asset sales

While the inequity and unsustainability of selling public housing properties has been discussed elsewhere in this submission, the associated issue of Social Impact Assessments also needs to be addressed.

The carrying out of these assessments appears to be part of the government's *modus operandi* when considering the sale of public housing properties. Making these decisions in the most informed way possible is important, however there is a strong feeling in the community that these studies are not truly assessments and are rather instruments designed to 'rubber stamp' a pre-existing policy position of asset sales.

This perception is in part bought about by the lack of transparency that accompanies the process of carrying out these assessments, and Millers Point serves as a prime example of this. In the carrying out of this assessment, residents were presented with questionnaires on tablet computers owned by the researchers and required to fill them in then and there. This prevented questionnaires being scrutinised by non-residents and prevented residents from thinking about them for an extended period of time, making it harder for details to be recalled later. This lack of transparency represents an abuse of the good faith of residents in taking part in surveys that they generally assume are designed to help their communities.

Following the completion of the research the report was kept under wraps for an extended period of time. At the time of writing this submission (February 2014) the Millers Point Social Impact Assessment has not been made public, despite media reports stating that it was completed around six months earlier. This is creating significant uncertainty in the Millers Point community, which has a range of negative impacts. Not knowing whether or not you'll lose your home is bad for people psychologically whilst HNSW is responding to the uncertainty by not performing essential maintenance works and not assigning new tenants to properties that have become vacant, a very undesirable scenario given the size of the public housing waiting list.

Recommendation

I am of the strong belief that there are very few circumstances in which the sale of public housing properties is equitable or sustainable, a belief backed up by the findings of the Audit. However, should the Government give consideration to a sell off despite this it is important that the decision be made quickly and effectively and with maximum transparency. The secrecy and delays associated with Millers Point and with the consultation on the Built Environment Plan 2 in Redfern and Waterloo, which I understand are typical of sell off proposals carried out throughout the state, are socially and financially damaging and should not be allowed to occur.

Community views on public housing

There is a view within some sections of the community that public housing tenants as a whole are underserving and ungrateful of their subsidised homes with stories related to ‘dodgy housos’ being a popular staple of tabloid current affairs TV and pop culture. This stereotype creates a form of postcode prejudice which can be harmful to public housing tenants, creating a stigma that causes emotional hardship as well as potentially making it harder for adult tenants to find employment and resulting in children being subjected to bullying.

Sadly, these stereotypes are often tacitly supported by the government with regular ‘tough on public housing’ announcements, such as the call by Minister Goward in 2013 for people to “dob in public housing rorts”¹² that accompanied a campaign to report unauthorised occupants in public housing. I would urge the inquiry to look into the effect of government announcements of this sort and to recommend against them in the future if it becomes apparent that they have a negative effect on public perceptions.

Changes to ‘Going home, staying home’

The recent announcement that HNSW will be taking charge of a new centralised homelessness support service centre under changes from the ‘Going home, staying home’ program is cause for concern. As noted a number of times in other parts of this submission, HNSW currently has a very poor track record when it comes to customer service, which could have a significant negative impact on the many homeless people who have highly complex needs should it operate homelessness services in a similar manner.

The government’s own report outlining the reforms to *Going home, staying home* (<http://www.housing.nsw.gov.au/NR/rdonlyres/F015C82C-B9E7-490C-AB3A-75828BAED085/0/GoingHomeStayingHomeReformPlan.pdf>) highlights the issue of homeless people becoming disheartened and giving up on searching for accommodation and jobs due to the complexity of the current system. This same problem will be highly likely to occur if the customer service staff dealing with enquiries from homeless people do not display a much greater level of professionalism than currently exhibited by HNSW staff. It is quite common for HNSW staff to lose records, double handle issues and be generally

very slow to respond to urgent matters. While this is not acceptable in dealing with public housing tenants, it will be even more problematic when applied to even more vulnerable homeless people and checks and balances will need to be put in place to ensure standards are significantly improved before HNSW takes over this role.

The proposal to reallocate a proportion of homeless services away from the City also has concerning implications. The City of Sydney is home to around 2% of NSW's general population and recent street count data recorded a number of homeless people residing here that also equalled a little over 2% of the state's homeless population (726 out of a total of 28 191)^{5,13}. Given that, by Council's own estimations, the street count misses homeless people in a range of temporary forms of accommodation¹⁴, it is clear that the City of Sydney is home to a disproportionately large percentage of the state's homeless population.

I thus hope that the reallocation of funding will occur in a way that accurately reflects the needs of each area. If a genuine assessment of need across the state results in some resources being reallocated away from the City then that would be an appropriate outcome. However I am concerned that the government may attempt to use reallocation to disincentivise homeless people from coming to the City, an ideology that is bound to fail due to the fact that many homeless people are attracted to the City by the anonymity they can find there, not simply by the concentration of services. Reallocating services in the hope that it will result in homeless people moving elsewhere is likely to result simply in unmet demand on services in the City while services elsewhere are under-utilised.

Vestment of assets in community housing providers

Both HNSW Director General Mike Allen and former Housing Minister David Borger have previously stated publically that Housing NSW has a policy position of vesting all public housing properties it owns with community housing providers by 2025. While this policy position has not been as clearly articulated by the current administration they have taken no action to distance themselves from it and their actions in other regards have shown them to clearly support divestment of assets.

I would urge caution against embracing this policy too fully - while some tenants who live in community housing report improvements over public housing, such as quicker and more satisfactory maintenance, these benefits vary depending on the provider and are not consistent across all operators.

On the other hand, there are numerous downsides common to all community housing providers. Tenants have fewer options by which to appeal landlord decisions than they do in public housing (e.g. they can't access the ombudsman). There is also the possibility of being issued with a 'no cause eviction' under s85 of the *Residential Tenancies Act* – HNSW's Community Housing Access Policy

(<http://www.housing.nsw.gov.au/NR/rdonlyres/61C0EEA6-EDDF-4634-88A8-18199B0D8EEE/0/CommunityHousingAccessPolicy.pdf>) says that these evictions should not

occur routinely, but allows them to occur in undefined ‘exceptional circumstances’. The fact that loans by community housing providers are not guaranteed by the government also means that houses can be sold off as collateral should the provider become bankrupt, a risk that doesn’t exist in public housing.

In addition to these common downsides, there are also downsides particular to certain community housing providers. Many charge security bonds to new tenants, making it harder for genuinely needy people to begin a tenancy, and policies on matters such as pets are inconsistent between providers.

In light of these, it seems that on-balance the net effect on the community of the policy of divestment is negative. There is also limited evidence to suggest that the often cited ability of community housing providers to leverage private sector investment occurs to any great extent.

Recommendation

The government should pull back from the policy of vesting significant amounts of public housing in community housing providers for the reasons outlined above. If this does not occur, consideration should be given to, at the very least, changing the Community Housing Access Policy to prevent no-cause evictions of community housing tenants.

Allocations policy

As noted elsewhere in this submission, the quality of life of many public housing residents is negatively impacted upon by the behaviour of their neighbours. While the limited housing stock currently available plays a part in this by creating limited options for housing people, the lack of a coherent policy on tenancy allocation also makes a contribution to this. In my time working with public housing issues I have seen numerous cases of poor tenant allocations such as a male sex offender recently released from prison housed in an estate that was otherwise entirely populated by women and young people with histories of violent behaviour being housed in estates that were otherwise entirely populated by senior citizens.

Recommendation

HNSW needs to adopt an allocations policy that accounts for the needs of both existing and new residents and houses people accordingly. In particular, consideration should be given to creating dedicated estates for seniors which would allow communities to form that provide mutual support for people as their needs change while they age, a highly beneficial scenario discussed elsewhere in this submission.

Inefficiency of split department

The splitting of responsibility for housing related matters between the Land and Housing Corporation and the Department of Family and Community Services, which answer to two different Ministers, has created an extra layer of inefficacy since it was introduced in 2011. The system cuts off those who work on the ground with public housing residents, the Client Service Officers (CSOs) and other FACS employees, from those who are able to affect maintenance works – one of the biggest issues that CSOs regularly deal with.

This results in every maintenance issue requiring double handling, with FACS staff taking reports and dealing with a resident before passing that information on to LAHC, who will often then have to deal with the resident again before reports and referrals are passed back and forth between the two departments. The split also allows some CSOs to ‘pass the buck’ on maintenance issues, creating an excuse for inaction by virtue of the fact that maintenance is not the responsibility of the department they work for. The lack of a dedicated housing Minister has also seen the issue of housing lose prominence in the media and in political discourses.

The fact that houses are now dealt with by staff who only deal with bricks and mortar issues and who have very limited interaction with residents has also created a mindset where properties are seen merely as ‘assets’ and not for what they are i.e. someone’s home.

Recommendation

Responsibility for all matters related to public housing should be moved back into a single department, overseen by a dedicated Housing Minister.

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