

**Submission
No 85**

INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

Organisation: Mercy Foundation

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NSW LEGISLATIVE COUNCIL – SELECT COMMITTEE ON SOCIAL, PUBLIC AND AFFORDABLE HOUSING

MERCY FOUNDATION SUBMISSION TO THE INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

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BACKGROUND

The Mercy Foundation is an organisation committed to social justice and structural changes to create greater social equity and inclusion in the Australian community.

The Mercy Foundation has a focus on ending homelessness and is interested in addressing its related causes and consequences. These include: affordable housing, poverty, family violence, social exclusion, mental illness, disability, addictions and brain injury.

Whilst the Foundation makes this submission in response to all questions being asked by the Inquiry, we have a particular interest in preventing and ending homelessness and so the focus of this submission is on housing policies and initiatives that increase supply and service integration and address homelessness.

RESPONSE TO THE TERMS OF REFERENCE

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

It is well known that housing affordability in Australia, particularly in Sydney, is worsening. The Select Committee on Social, Public and Affordable Housing has, no doubt, accessed the NSW Parliamentary Research Service's Briefing Paper 'Housing prices, ownership and affordability: Trends in NSW, 1/2014. This paper highlights the housing affordability in NSW and it is unnecessary to repeat that information in this submission.

However, the conclusion in that paper that "there is an underlying structural affordability problem in Australia" is of serious concern. If this underlying structural problem cannot be adequately addressed by government land release, development and supply policies we will continue to see a larger proportion of our population permanently excluded from the long term security of housing.

A problem also linked to affordable housing supply available for owner occupiers is the issue of people who may never be in a position to purchase their own housing. Although the government has taken some positive steps

in recent years, NSW continues to have residential rental leases which don't afford long term security of tenure. Unlike other countries where long term leases are more common, a lease in NSW is often for 6 or 12 months. Whilst this affords both owner and renter greater flexibility it does little to engender housing security and attachment to a community for the growing population of people locked out of housing ownership.

In specific reference to people that we know are currently locked out of housing in NSW, eg. those currently counted as homeless, the ABS reports 28,192 people in NSW were counted as homeless (2012, Census 2011). Based on this and noting that 22% (or 6,202) are children aged under 18 it could be reasonable to assert that we already know that NSW has an under supply of about 22,000 affordable or social housing homes.

Whilst acknowledging that the above is a very blunt analysis and doesn't take account of many other factors, including unaffordable or vacant dwellings, the number of people counted as homeless should not be ignored in assessing demand for housing supply. The majority of people who experience homelessness and inadequate housing simply need an affordable place to live.

Homelessness has become increasingly misunderstood as a condition that requires multiple other interventions, such as case management or health care etc. In some instances this is correct, those interventions and ongoing support will be necessary to help someone through a crisis and/or sustain some people in permanent housing. However, that is a small group of people. The majority are living in poverty and cannot afford housing in Sydney and some other places in NSW on a single wage or Centrelink benefit.

Meeting the housing and support needs of the smaller group of homeless people with additional needs is discussed in more detail elsewhere in this submission.

It should be noted that those families and individuals who are currently counted as homeless and who only need a housing solution are already costing the community money. Being homeless doesn't always come cheap. Apart from the specialist homelessness services budget, the State government is also currently paying for accommodation for some families and individuals in motels through the Temporary Accommodation (TA) program. Whilst this program is an important one, crises will always happen – it becomes more problematic when in some instances funds could more effectively be spent on rapidly re-housing families and individuals and, if necessary, subsidising that re-housing for a period.

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

We know that NSW has a serious shortage of affordable housing. For many years NSW has also not been able to keep up with demand for public and community housing (housing which is set at less than 30% of tenant

income). Key workers, such as services workers, teachers and emergency workers have also been steadily priced out of the housing market (both ownership and rental) in areas in closer proximity to inner Sydney and regions where their jobs may be located. This creates other problems, such as increased demand on transport services as well as longer transport commutes.

People who are living long term on government income support – for example disability support or unemployment benefits have very limited housing options in Sydney. If they are waiting for or unable to access public housing, they cannot afford private rentals in most areas. The median rent in Greater Sydney represents more than 100% of the Newstart benefit and almost 100% of the Disability pension. This can lead to severe overcrowding in available housing, as families and friends attempt to share housing costs. Needless to say, this also creates homelessness.

The government must implement new policies to create additional affordable housing supply as well as public/community housing supply. Sydney cannot continue to consign unemployed people to homelessness or key workers to living on the outskirts of the city, hours away from their jobs. Consideration must be given to ways by which land and housing supply can be increased – through re-zoning; the ability to appeal against re-zoning decisions made by local councils; higher densities; mechanisms that make it easier to develop new housing; % quotas and increased incentives for including affordable and social housing in new developments.

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

Everyone needs access to safe, affordable and appropriate housing in suitable proximity to community services. That includes the majority of people who experience homelessness. In most instances, suitable housing will resolve their homelessness and they will have no other special needs.

There are, however, a small number of people who experience homelessness and who will need ongoing supportive services to help them sustain long term housing. These individuals and families will not only require access to affordable housing but will also need wrap-around support services. Some for a specific period of time and indefinitely for others.

This small group of people are not only living in poverty, but they may also have other serious problems; mental illness, serious physical health problems, disability, brain injury or addictions. There are a number of housing models that may be suitable for this group. There is also compelling evidence that they work to keep people in housing. Not only does permanent housing with ongoing support work for formerly homeless people, it works for the government and NSW tax payers. When people are chronically homeless all their basic needs, health care and other support needs, must be met by more expensive crisis and emergency services. For example, when people are housed they are better able to access primary and preventative health care, rather than regularly attend emergency

departments. They don't need expensive temporary accommodation and are less likely to be an issue for ambulance and police services.

The Mercy Foundation in partnership with other organisations in Australia have implemented and supported 'Registry Week' in 7 cities/regions. The purpose of these projects has been to identify and survey people who are chronically street homeless, using the 'Vulnerability Index'. The VI is based on 8 health issues that place people who are homeless at greater risk of death compared to people who are housed. The purpose of the project is to identify the most vulnerable and work to link them with permanent housing and support as quickly as possible. In fact, since late 2010 when Registry Week was done in inner Sydney, the Way2Home team have housed and supported 102 people from the VI register (they have housed over 200 people in total). This represents 20% of the 262 originally surveyed in November 2010.

These VI projects have also resulted in a better understanding of the numbers and needs of the relatively small number of people who are chronically homeless. In NSW, the project has been done in inner city Sydney and in western Sydney. The following is some summary data from inner Sydney following Registry Week in 2010.

- 262 street homeless people surveyed
- 139 identified as vulnerable (53%)
- 11 years average length of time homeless (those who were vulnerable)
- 44% victims of attack since being homeless
- 23% had been in foster care/institutions as children
- 35% had attended the emergency department or hospital in past year
- 55% tri-morbid (that is they self reported mental illness, substance misuse and at least one physical illness).
- 63% reported any serious medical condition
- 29% reported a brain injury

The above summary information clearly points to the need for models which can get a relatively small number of people into permanent housing and support them to sustain that housing. It is clear that some homeless people have ongoing problems that will not be resolved by crisis or transitional services and will require long term support once housed.

This type of project also points to the fact that chronically homeless people can be found housing and when supported appropriately can sustain that housing. Way2Home were able to find appropriate housing through the usual public and community housing options as well as two new permanent supportive housing projects in inner Sydney. These were Common Ground and Platform 70.

Common Ground is a model of permanent supportive housing (PSH) that is an apartment building with on-site support services. It has mixed tenure, offering housing to formerly homeless people as well as people on low incomes. Each person has their own rented self contained unit and lives

independently, but support is available if needed. Platform 70 is also a PSH model which uses scatter site dwellings and ensures people receive ongoing support as needed.

Whilst Platform 70 uses existing stock and so didn't add to overall housing supply, Common Ground was a new development that added to the supply of not only low income housing, but housing which is permanently attached to support.

The NSW government has already shown in recent years that chronic homelessness can be solved through supporting projects such as Platform 70 and Common Ground. Several additional projects of this kind will end chronic homelessness in inner Sydney. Already, there is clear evidence (see Street Counts <http://www.cityofsydney.nsw.gov.au/community/community-support/homelessness/street-count>) of a downward trend in rough sleeping in the inner city.

Another integrated housing model, but one which is for young people (16-25) is the Foyer Model. This type of development has a focus on ensuring that young people are securely housed whilst they are concentrating on completing apprenticeships, training programs or higher education.

Whilst the secure housing is essential, that is not the primary focus. It is not unlike residential colleges at universities. The primary goal is completing the education program. Like the Common Ground model for adults with a history of long term homelessness, it is also not a place where only people with 'high needs' can live and therefore doesn't concentrate disadvantage. It has a mixed group of young people living in the building and being supported (as needed) to meet their educational or training goals.

This model has already been implemented in several States in Australia. The NSW government could encourage partnerships between TAFES and suitable community housing organisations as well as a capital funding program to develop a number of Foyers in Sydney and regional centres of NSW.

(d) Maintenance and capital improvement costs and delivery requirements

No comment.

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

As previously noted, housing supply cannot continue to drift to the outskirts of Sydney indefinitely. Land needs to be identified within the Sydney metropolitan area, with land not currently zoned residential or for higher density residential, considered for re-zoning. Quotas for affordable and social housing should also be set. Within those quotas should be a smaller % for permanent supportive housing. It may also be possible to use some % of developer or other contributions to develop a fund that finances ongoing support services.

(f) The role of residential parks

The Mercy Foundation has no expertise on how residential parks operate. However, it is aware that some residential parks in NSW continue to be a cheaper housing option for people living on limited and low incomes. Whilst this option should remain available, high quality management and protections for operators and residents need to continue to be available and monitored. The quality and suitability of the housing should also be assessed.

The problems that can be caused by a concentration of people living with unemployment, disability and health problems on low incomes should also be considered in relation to residential parks – ensuring that appropriate services are available nearby. Consideration could also be given to mechanisms that avoid such high concentrations. Perhaps a higher number of smaller parks in suitable locations rather than a small number of parks in undesirable locations, away from transport and services with high concentrations of people who need access to community services.

(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

Tenancy laws that encourage longer leases and give greater security to tenants who have lived in properties longer than 5 years, whilst also keeping rental increases in check.

Consideration of a percentage of stamp duty to fund additional affordable and/or social housing.

To resolve homelessness as quickly as possible, the government needs to implement policies and programs which support rapid re-housing for those in a homelessness crisis. For those who experience longer term homelessness, the Housing First approach combined with permanent supportive housing developments should be encouraged and articulated in policy.

Policy support for private and community joint ventures which increase housing supply for market, affordable and social housing in mixed developments.

(ii) planning law changes and reform

Higher density housing in Sydney must be implemented through planning reforms. This will involve re-zoning and streamlined development processes.

(iii) social benefit bonds

This could be a suitable mechanism to fund permanent supportive housing developments that may bring a social benefit to the community. However, such mechanisms work better in addressing social problems where the evidence is not yet clear about their benefit to the community. There is already adequate evidence to support government investment in a range of supportive housing models that prevent homelessness and help sustain people in long term housing (for example, the HASI program for housing and supporting people with mental illness).

(iv) market mechanisms and incentives

The government could consider increasing incentives to developers (including community housing organisations) to create additional affordable and social housing.

It has been recently reported in Britain that superannuation (or pension) funds are increasingly looking to partner with community housing organisations to create affordable housing. These funds are an excellent source of capital and housing is seen as a solid investment. Community housing organisations don't always have the large scale developments that make it possible for them to approach capital markets. Mechanisms that could encourage this type of investment in smaller scale community housing projects should also be investigated.

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

The NSW government should continue to partner with the Federal government on the NAHA (or equivalent). It is essential that there continue to be a crisis response for people in a homelessness crisis. It is also essential that some of the newer Housing First and permanent supportive housing programs, introduced in recent years through the NAHA, have long term support and viability.

The 'A place to call Home' partnership program is a particularly effective one, with the Federal government funding capital development and the State government funding ongoing support services – for the small group of formerly homeless people who will need ongoing support.

The National Affordability Rental Scheme (NRAS) has also been a useful contribution to encouraging the development of affordable housing (\$10,000 contribution over 10 years). However, when 'affordable housing' is classed as 75% of market rent in an unaffordable city like Sydney, these dwellings can remain unaffordable for many. The NSW government might consider supplementing this Federal program to ensure affordability in Sydney (eg. rent is not more than 30% of income).

(vi) ageing in place

The government should consider the problem of 'over-housing'. This refers to those home owners in the community who may be older and live alone in larger family sized properties. Understandably they would like to stay living in their own home and their own community. However, making it easier for them to develop a secondary dwelling that could be rented will also contribute to increased supply. Australia terms these units 'Granny Flats'. The NSW Government is already encouraging such developments through its Affordable Rental Housing SEPP. However, further encouragement, perhaps through no interest loans to people who may be property rich but cash poor and practical assistance with plans and development consents could take this policy further.

In Canada Granny Flats are referred to as Secondary Suites and the following has been reported in the media: "*Secondary suites make up close to a fifth of the rental stock in many major cities. The CMHC has found the rent for secondary suites is, on average, lower than that for apartments, and that secondary suites provide relatively affordable housing in a neighbourhood setting without major government assistance.*" (Beattie, 2008).

(h) Any other related matter

The Mercy Foundation congratulates the Legislative Council in undertaking this essential Inquiry. Unaffordable housing in NSW impacts on our community in many ways – ways already outlined in this submission. A range of practical policy and program initiatives led by the State Government has the potential address this situation, improve housing supply, reduce homelessness and foster greater social inclusion and wellbeing.

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