

**Submission  
No 33**

**INQUIRY INTO HOMELESSNESS AND LOW-COST  
RENTAL ACCOMMODATION**

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13 March 2009

The Hon Ian West MLC  
Chairperson, Standing Committee on Social Issues  
Parliament House  
Macquarie St  
Sydney NSW 2000

Dear Ian

## Homelessness & Low Cost Rental Accommodation Inquiry

Submission from Clover Moore MP, Member for Sydney

I make this submission as the Member for Sydney, an inner city electorate that I have represented for 21 years and which is very densely populated with a significant homeless population. The Electorate of Sydney has a significant concentration of public housing, with long waiting lists due to the need to house people close to infrastructure and essential services.

My electorate also has a significant amount of rental accommodation, with the highest number of rented dwellings in NSW in 2001 and the lowest number of dwellings owned or being purchased. Housing affordability and escalating living costs are major concerns for my constituents, particularly for those living on lower incomes. An increasing number of constituents tell me that they can no longer afford to live in the inner city as rents escalate and lower cost options such as boarding houses diminish.

Failure to act to increase affordable housing will lock essential low income workers out of the City as housing prices and rents become increasingly unaffordable. I welcome initiatives to provide low cost housing that addresses homelessness and social disadvantage, ensures "key workers" and other low wage workers can continue to live in the inner city and maintains longstanding inner city social diversity.

***My submission argues that a cooperative approach is needed to combat homelessness and that expanded secure, affordable housing is an integral part of the solution.***

### Maintaining Public Housing Stock

Housing NSW's stock transfer programs have led some public housing tenants to worry about the security of their tenure, with rumours that they may be forced to move away from their homes and established communities.

Public housing still provides the greatest support to the most needy over the longest period, and I welcome recent joint Commonwealth and NSW Government commitments to fund additional public housing, which will result in a real increase in the number of homes for those people most in need.

(2)

The allocation of funds to repair and maintain current stock will increase property longevity and provide security for current tenants.

***I believe that the Government must maintain a commitment to public housing as part of the social mix, and I oppose any move for Housing NSW to no longer act as landlord.***

## Expanding Community Housing

The expansion of community housing is an opportunity to provide greater flexibility and choice, encourage socially diverse communities and move away from the high-density concentrations that have led to social stigmatisation. The *Impacts of Housing Stock Transfers in Urban Britain* study (February 2009) findings show that less bureaucratic and more responsive, customer-focused housing providers can increase tenant participation in decisions and help community regeneration.

It is vital that tenants, investors and the community have confidence in the governance and management of community housing organisations, and I support an accreditation system for these organisations.

The Australian Housing and Urban Research Institute report *Operating deficits and community housing: policy options for reversing the trend* (January 2009) shows that operating costs for community housing are usually understated, as they do not include volunteers, concessions and subsidies. Community Housing providers should be funded for the actual costs of operating and managing housing, particularly when tenants have complex needs and require health and welfare support.

### ***I recommend:***

- ***Increased investment in social housing to expand housing stock, carry out essential maintenance and provide good governance and management;***
- ***A Community Housing Sector accreditation system; and***
- ***Resources and opportunities to encourage tenant participation.***

The Commonwealth Government's National Rental Affordability Scheme (NRAS) involves sub-leasing arrangements for people on moderate incomes to pay a proportion of a capped market rent for a specified (long-term) period. The NSW Government should examine measures to provide similar incentives for investment in low cost rental and social housing.

***I recommend that the Government to provide incentives to investors to secure low cost rental accommodation.***

I understand that no inner city affordable housing projects have yet been funded through the National Rental Affordability Scheme, and I share concern that the current NRAS model does not factor in high inner city land values, despite the economic risks with loss of key workers and social diversity.

***I recommend the NSW Government advocate for changes to the NRAS scheme to encourage investment in affordable housing properties in inner Sydney.***

## Boarding Houses

There has been a steady decrease in the low cost rental accommodation, such as boarding and rooming houses, and new stock is usually constructed as Serviced Apartments and targeted at people with higher incomes. Boarding houses are a vital stop against homelessness, and it is essential that they remain available as an option.

I have been successful in obtaining tax benefits for Boarding Houses close to the CBD, and have repeatedly asked the Government to support incentives that would help reduce operating costs and therefore retain low cost accommodation.

***I urge the Government to review measures to provide financial incentives and practical help for boarding house operators.***

Boarding House residents in NSW currently have no tenancy rights and no protection against unfair eviction from unscrupulous landlords. Residents can be told to leave, and their possessions put onto the street with little or no notice. They require tenancy protection appropriate to this type of accommodation, and I have supported legislation to provide this.

***I recommend that the Government legislate to protect boarding house residents.***

## City of Sydney draft Affordable Rental Housing Strategy

The City of Sydney has developed a draft *Affordable Rental Housing Strategy* based on new research that identifies context and options for the inner city. The City of Sydney is making a separate submission that spells out this research and specific strategies.

This research identifies:

- Loss of key workers from the city;
- Loss of housing diversity in the city;
- Loss of low cost rental accommodation;
- Complex housing issues that require whole-of-Government cooperation; and
- A reducing proportion of affordable rental and social housing in overall housing stocks.

The City of Sydney draft *Affordable Rental Housing Strategy* aims to increase the supply of affordable rental housing from the current one per cent to seven and a half per cent of total housing by 2030. Most action that Councils can take requires approval and cooperation from the NSW Government.

The City of Sydney draft *Affordable Rental Housing Strategy* proposes:

- Using planning tools such as levies, incentives and controls to reduce impact;
- Strategic partnerships, such as the Glebe Affordable Housing Demonstration Project where the City will provide land worth \$40 million for affordable housing in partnership with Housing NSW;
- Financial incentives, with funds allocated to facilitate additional affordable housing; and
- Leadership and advocacy to other levels of Government for increased affordable housing.

An affordable housing development levy would set aside a proportion of development for affordable housing, either as a financial contribution or as new housing. The City of Sydney has a limited affordable housing levy in Green Square and Pyrmont/Ultimo, providing funds for the successful City West housing company. Council's research identifies that a City-wide levy would have minimal impact on the cost and supply of commercial and residential development in the City between now and 2030.

The Strategy also suggests capturing the increased land value when site zonings are changed so that part of any windfall from a change in planning controls is captured to provide public benefit. This would require Council to work with the Department of Planning on opportunities to increase developer contributions towards affordable housing on sites where owners benefit from increased land value through changes in zoning.

(4)

***I recommend that the NSW Government provide for an Affordable Housing Development Levy and capture windfall benefit through changes to zoning for community benefit through affordable housing.***

***I recommend that the State Government work with the City of Sydney to develop and legislate a suite of planning controls to ensure the provision of affordable housing in the inner city.***

## Rent Assistance Scheme

New tenants face high costs when they are setting up home under a new lease. Housing NSW operates Rentstart funds to help low income tenants, with limited funds towards these costs. This scheme could be expanded to cover the costs for which new tenants are liable.

I understand that Rent Assistance has been reduced to covering the cost of bond and two weeks' rent in advance, which is valuable, but does not cover the significant rental set up costs in inner Sydney, particularly for leases that require payment of monthly rent in advance. The scheme should be reviewed to ensure it provides adequate support to help people establish a new tenancy.

Tenants threatened with eviction or loss of utilities and services would also benefit from financial support to address temporary financial difficulties so that they can retain their tenancy. A scheme similar to the Mortgage Assistance Scheme could be used to prevent homelessness by helping with rent arrears and/or utility debts for people who can normally maintain a tenancy but face short term financial crisis.

***I recommend that the Government review the set up costs covered by Rentstart, and increase funds and subsidies to prevent people being evicted due to financial difficulty.***

## Shared Equity Schemes

Australia has one of the highest rates of home ownership in the world, and this status has been shown to increase security, build social capital and engender pride and a sense of responsibility that is less common in short-term rental accommodation. However, home ownership is inconceivable for many Australians, particularly those on lower incomes.

Shared equity schemes have been proposed as a way for tenants on a moderate income to be able to enter the housing market. These no-interest schemes use financial backing from Government or not-for-profit organisations as equity. It is suggested that the NSW Government could retain 25-40 per cent of the equity in the property, depending on the tenants' circumstances.

***I recommend that the State Government investigate shared equity schemes to help moderate-income tenants into home ownership, and provide support for not-for-profit organisations to operate shared equity schemes.***

## Housing with Social Support

There is mounting evidence that many people who are homeless or need stable accommodation can be helped off the street and successfully maintain accommodation when they receive health and welfare support packaged with accommodation. *Housing First* and *Common Ground* are the best known of these approaches, providing a supportive foundation in long-term independent housing with tailored support services, these offer a holistic solution to homelessness and welfare dependence.

(5)

*Common Ground* began in New York and projects modelled on it have been set up in Adelaide, Melbourne and Hobart. A partnership involving philanthropic bodies, businesses, Commonwealth and State Government and the City of Sydney is working on a similar project in Sydney.

The NSW Government's Housing and Support Initiative (HASI), while small and limited in scope, has shown that similar approaches work, and I strongly support expansion of these projects.

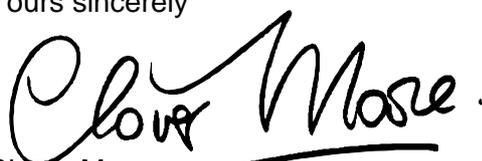
In order for a housing strategy to be effective, ongoing support from allied health, welfare, particularly for chronically homeless people and those with complex needs is vital.

***I urge the NSW Government immediately invest in Common Ground, Housing First and HASI projects that provide a holistic approach to stable accommodation.***

***I call on the NSW Government to:***

- ***Maintain a commitment to public housing as part of the social mix, and continue to act as landlord through Housing NSW;***
- ***Expand and develop the community housing sector;***
- ***Provide resources and opportunities to encourage tenant participation;***
- ***Review measures to provide incentives and help for boarding house operators and provide boarding house residents with appropriate tenancy rights;***
- ***Advocate for changes to the NRAS scheme to encourage investment in affordable housing properties in inner Sydney;***
- ***Provide for an Affordable Housing Development Levy and capture windfall benefit through changes to zoning for community benefit through affordable housing;***
- ***Work with the City of Sydney to develop and legislate for a suite of planning controls to ensure the provision of affordable housing in the inner city;***
- ***Offer incentives to investors to provide low cost rental accommodation without permitting unacceptable impact on residential amenity, public domain, design standards and sustainability;***
- ***Review the lease set up costs covered by Rentstart, and provide funds to prevent people being evicted due to financial difficulty;***
- ***Investigate shared equity schemes to help moderate-income tenants into home ownership, and provide support for not-for-profit organisations to operate shared equity schemes;***
- ***Invest in Housing First, Common Ground and HASI projects that provide a holistic approach to stable accommodation.***

Yours sincerely



Clover Moore  
Member for Sydney