

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

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11 March 2009

Ms Rachel Simpson
Director
Standing Committee on Social Issues
Legislative Council
Parliament House
Macquarie St
Sydney NSW 2000
socialissues@parliament.nsw.gov.au

Dear Ms Simpson

Re: Inquiry into homelessness and low-cost rental accommodation

As the peak body for the state's non-government community services sector, NCOSS welcomes this opportunity to contribute to the Committee's inquiry into policies and programs to reduce homelessness and increase the availability of low cost rental housing.

Before turning to the specific terms of reference, we would first like to make some brief introductory comments on homelessness and housing stress in NSW, and one of our recent policy proposals to deal with them.

1. Homelessness and housing stress in NSW

Homelessness

NCOSS notes that there is a paucity of timely official data on the level, distribution and composition of homeless people in Australia, compared to the range of data that is available on that proportion of the homeless population who receive assistance from services funded under the Supported Accommodation Assistance Program (SAAP).

The ABS Census does generate good data on homeless people at the national level but the availability of state, regional and local data is far more limited. National and state data from the 2005 Census was released in September 2008¹ and revealed that:

- The overall number of homeless people in Australia was 104,676, up 4.8% on 2001. The majority were adults without accompanying children at 59,995 (up 10.4%), followed by families with children at 26,790 (up 16.8%), then young people aged 12-18 at 17,891 (down 20.8%).

¹ Chris Chamberlain & David Mackenzie: *Counting the Homeless Australia 2006*, Census Analytic Program, ABS. At the time of writing regional and local government area data from the 2005 Census had still not been released.

- The total *number* of homeless people in NSW was **27,374**, up 698 on 2001. This was broadly consistent with the national trend.
- The homelessness *rate* in NSW was 41.8 per 10,000 people, a slight fall from 42.2 in 2001. This compares to the national rate of 53 per 10,000. NSW and Victoria (41.6) had the lowest rate, with the Northern Territory (248) and Queensland (69) having the highest.
- Nationally 9.9% of the homeless were indigenous people.
- Of the total NSW homeless population the largest proportion were staying on Census night with friends/relatives (40%, compared to 47% nationally), followed by boarding houses (28%, compared to 27% nationally), SAAP services (19%, compared to 13% nationally) and improvised dwellings (13%, compared to 13% nationally).
- In addition to the homeless population, the ABS identified what they describe as marginal residents in caravan parks. Basically this covers people renting a caravan, not just a site, as their usual place of residence and with no one in the household being in full time work. In NSW there were 5,104 persons in 3,626 households in this category. These were overwhelmingly living in regional and rural areas.

Housing

There has been a wealth of data generated in recent years on the number of low to moderate income households who are experiencing 'housing stress', which is defined as spending more than 30% of gross household income on housing costs. All such studies have concluded that the highest numbers of households in housing stress are in private rental, following by home purchases. In contrast very few public and community housing tenants are considered to be in housing stress. Not surprisingly the level of housing stress experienced by low to moderate income households is highest in Sydney, compared to the rest of the State, but there are clear pressure points in particular regions and LGAs.

Rates of housing stress are influenced by changes in both the cost of housing and in household incomes. The most recent official data² shows that median rents increased by 10.3% for NSW as a whole, and by 15.2% in Sydney, over the year to September 2008. This was far in excess of any increase in household incomes.

2. NCOSS policy proposals on homelessness and housing

Homelessness

Attachment A sets out the homelessness elements of the NCOSS Pre Budget Submission for 2009-10³.

² Taken from *Rent and Sales report No. 85* (September quarter), Housing NSW, available online at <http://www.housing.nsw.gov.au/About+Us/Reports+Plans+and+Papers/Rent+and+Sales+Reports/Latest+Issue/>

³ Towards *Triple A Rated Community Services: social and economic priorities for a fair and sustainable community 2009-10 State Budget*, NCOSS, October 2008 p. 11-12, available online at <http://ncoss.org.au/resources/081015-2009pbs.pdf>

Our first proposal was that **the NSW Government should develop a comprehensive and integrated NSW Homelessness Strategy to ensure a better coordinated response to homelessness.** In this regard, a number of NSW Government agencies are currently drafting a NSW Homelessness Action Plan and have held some limited consultations with key non-government organisations, including NCOSS.

Our second proposal was that **the NSW Government should establish a \$30 million a year fund to develop new service models, fill identified gaps and place existing homeless services on a more sustainable footing.** This proposal has been overtaken by the National Partnership Agreement on Homelessness, recently signed by the Commonwealth, State and Territory governments under which \$800 million nationally is being invested into improving services for homeless people over the period 2009-10 to 2012-13.

Housing

Attachment B sets out the housing elements of the NCOSS Pre Budget Submission for 2009-10⁴.

Our first proposal was that the NSW Government, in partnership with the Federal Government, should develop and implement **a five year plan to provide an additional 25,000 units of community, public and intermediate rental housing dwellings across NSW by June 2014.** This plan should include 5,000 'high subsidy' dwellings over 5 years targeted at low income households seeking access to traditional community and public housing, and 20,000 'low subsidy' dwellings over 5 years drawing on a range of State contributions and partnership arrangements, targeted at a broader range of low to moderate income households seeking access to more affordable rental housing managed by non-profit housing providers.

The social housing element of the recent National Partnership Agreement on the Nation Building and Jobs Plan provides substantial additional Commonwealth funding that makes the NCOSS proposal eminently achievable, if accompanied for further action in the planning system. In fact the Agreement seems likely to provide for more 'high subsidy' dwellings than was sought in our proposal, and over a shorter time period. This is a truly significant advance in addressing the housing needs of low to moderate income households in NSW.

Our second proposal was for the NSW Government to develop **new sustainable models of partnerships delivering housing and support services to identified client groups,** building on the findings of the Shared Access Trials under the Housing and Human Services Accord. This proposal has implications for terms of reference 1(e) of the Committee's inquiry.

Our third proposal was for the NSW Government to develop **a shared equity scheme to assist social housing tenants with the financial means to sustain a modest mortgage into home purchase through the selective sale of government owned housing stock on larger housing estates,** with the NSW Government retaining at least a 25% equity share of all stock

⁴ Towards *Triple A Rated Community Services: social and economic priorities for a fair and sustainable community 2009-10 State Budget*, NCOSS, October 2008 p. 31-34, available online at <http://ncoss.org.au/resources/081015-2009pbs.pdf>

offered for sale under the scheme. This proposal has implications for terms of reference 1(e) of the Committee's inquiry.

3. Models of low cost rental housing outside of mainstream public housing, including but not limited to co-operative housing and community housing

Currently in NSW there are two main models of low cost rental housing outside of mainstream public housing.

Community housing provides secure long term affordable rental housing to low to moderate households with a housing need. Non-profit housing associations provide the main form of community housing. To be eligible for community housing you must generally be eligible for public housing.

As at 30 June 2008 the community housing sector managed some 15,397 dwellings, representing some 10.5% of the total social housing stock. Community housing dwelling numbers have been growing steadily in recent years, largely due to the stock transfer program, which involves the transfer of stock from public to community housing. This trend is likely to continue under *Planning for the Future*, the NSW Government's five year strategy for community housing launched in November 2007.

Two aspects of current community housing arrangements in NSW are frequently commented on.

The first is that housing associations generally have 'title' to relatively few properties, with most properties that they manage being owned by Housing NSW or are headleased from other government agencies or the private sector. This lack of title prevents housing associations from having an asset base against which they can borrow to expand. NCOSS **recommends** that the Government should implement a staged transfer of title to registered community housing providers of Housing NSW capital stock managed by such providers.

The second is that the current income eligibility requirements are quite restrictive. While it is undoubtedly true that the current income eligibility limits are reasonably low, there is no particular policy rationale for community housing having higher income eligibility limits than those that apply for public housing.

The other form of low cost rental accommodation is intermediate (or 'affordable') housing. This is housing that receives lesser government subsidies than community and public housing, and is open to a wider range of low to moderate income households.

To date most intermediate housing in NSW has been generated via the planning system under State Environmental Planning Policy (SEPP) 70: Affordable Housing (Revised Schemes). Housing provided under SEPP 70 is open to very low (less than 50% of the Sydney median household income), low (50-80%) and moderate (80-120%) income households.

The largest provider of intermediate (or 'affordable') housing is City West Housing, which currently provides 491 dwellings, housing some 935 people, in the Ultimo, Pyrmont and Green Square areas⁵.

⁵ From the Auditor General's Report to Parliament 2008 Volume Five p. 167.

NCOSS believes much more can be done to boost the provision of intermediate (or 'affordable') housing using the provisions of SEPP 70 and the Federal Government's National Rental Affordability Scheme (NRAS), which provides incentives to institutional investors in rental housing on the condition that dwellings are rented to eligible low and moderate income households at 20% below market rates.

As outlined in our Pre Budget Submission for 2009-10, NCOSS **recommends** that some 20,000 additional 'low subsidy' affordable housing dwellings should be established over the next 5 years by means of NRAS, SEPP 70, and other partnership arrangements.

4. Methods of fast tracking the capacity of providers to deliver low-cost rental accommodation in a short time frame

NCOSS makes no recommendations regarding this aspect of the inquiry's terms of reference.

5. Strategies to attract private sector investment in the provision of low cost rental accommodation

The Federal Government's new National Rental Affordability Scheme (NRAS) is designed to encourage private institutional investment in the provision of rental accommodation to eligible low and moderate income households at 20% below market rates.

NRAS is being implemented in two stages. The Establishment Phase runs from July 2008 to June 2010 and will provide for the allocation of 11,000 National Rental Incentives. The Expansion Phase will run from July 2010 to June 2012 and will provide for the allocation of a further 39,000 National Rental Incentives⁶. The Federal Government has allocated Commonwealth funding of \$95.7 million for the Establishment Phase of NRAS, and \$526.9 million for the Expansion Phase⁷.

NCOSS **recommends** that the State and Federal Governments should review the arrangements for NRAS at the conclusion of the current Establishment Phase and consider if further enhancements are required in order to meet the Scheme's original objectives.

6. Current barriers to growth in low cost rental housing

Until recently the biggest barrier to growth in low cost rental housing has been a shortage of government funding under the former Commonwealth State Housing Agreement (CSHA). NCOSS is pleased to welcome the substantial additional funding that has recently been provided under the terms of the National Partnership Agreement on the Nation Building and Jobs Plan, the National Partnership Agreement on Social Housing and the National Partnership Agreement on Remote Indigenous Housing. These Agreements involve additional Commonwealth funding for social housing in NSW of in excess of \$2.5 billion⁸.

⁶ *National Rental Affordability Scheme Draft Guidelines*, Department of Families, Housing, Community Services and Indigenous Affairs, July 2008 p. 6.

⁷ *National Rental Affordability Scheme Draft Guidelines*, Department of Families, Housing, Community Services and Indigenous Affairs, July 2008 p. 9.

⁸ At the time of writing we were awaiting confirmation of the final allocation to NSW under the social housing element of the National Partnership Agreement on the Nation Building and Jobs Plan.

In our view there are two priority areas requiring further action.

The first is in relation to the NSW Government's Affordable Housing Innovations Fund. Initially this Fund provided capital funding for a small number of debt/equity intermediate (or 'affordable') housing projects auspiced by community housing providers. Subsequent to the commencement of the National Rental Affordability Scheme (NRAS), the Fund has been used to provide capital funds for selected NRAS projects involving registered community housing providers (so-called NRAS A funding). NCOSS welcomes the melding together of these initiatives so as to generate successful intermediate (or 'affordable') housing projects in relatively high cost locations. The available funds will, however, soon be exhausted. To address this problem, NCOSS **recommends** that the NSW Government make a further injection into the Affordable Housing Innovations Fund so that the NRAS A arrangements successfully implemented in NRAS round 1 can continue in subsequent funding rounds.

The second is in relation to obtaining affordable housing contributions from developers via the planning system. In *City of Cities*, the Metropolitan Strategy released in December 2005, the NSW Government undertook to selectively use planning mechanisms to provide affordable housing in the following four ways:

- provide advice on the use of negotiated developer agreements,
- provide advice on the use of density bonus schemes,
- provide for inclusionary zoning which requires an affordable housing levy from development, and
- provide for affordable housing as part of the standard Local Environmental Plan (LEP).⁹

Follow up action on these matters been disappointingly slow. NCOSS **recommends** that action to implement them should be completed by the Department of Planning this year.

7. Strategies to avoid concentrations of disadvantage and grow cohesive communities

NCOSS has long been concerned about the problems faced by residents of large scale public housing estates in Sydney. We appreciate that a number of factors contribute to these problems, including an excessive concentration of people with multiple disadvantage in the one location; poor design, construction and maintenance; the location of estates on the urban fringe; failures to provide adequate public transport infrastructure; the failure of our education, training and welfare systems to provide disadvantaged groups such as sole parents with adequate pathways into employment opportunities; and insufficient investment in support services for people with multiple needs.

Given these multiple contributing factors, no single strategy is likely to produce improved outcomes. It is extremely difficult to distinguish, for example, between the problems caused by excessive concentrations of disadvantaged groups in the one location, and those caused by the particular location of public housing estates within the geography of Sydney.

NCOSS has actively and constructively engaged with Housing NSW over both its flagship estate redevelopment projects at Bonnyrigg and Minto, and its Building Stronger Communities strategy to make smaller changes in some 18 estates across the State.

⁹ *City of Cities: a plan for Sydney's future*, Department of Planning, December 2005, action items C4.3.1 to C4.3.4 pp 148-9.

We believe there are further opportunities to progress the estate redevelopment agenda in the context of the Commonwealth's recent investment in social housing growth and reform. Indeed we note that the Commonwealth requires all States and Territories to reduce "concentrations of disadvantage through appropriate redevelopment to create mixed communities that improve social inclusion" and to provide for "better social and economic participation by locating housing closer to transport, services and employment opportunities"¹⁰.

NCOSS notes that the Bonnyrigg and Minto redevelopments are both designed to achieve, by quite different means, an eventual outcome of 70:30 private:public housing. We would suggest that subsequent redevelopments should involve other target outcomes, to see what difference if any this makes to results.

There are two further measures that we believe could assist in producing better outcomes in the existing estates.

The first is the introduction of a shared equity scheme to enable existing social housing tenants, who have the financial means to sustain a modest mortgage, to purchase an existing public housing dwelling on a larger estate. Assisting better off public housing tenants into home purchase can contribute in a modest way to the deconcentration agenda. A shared equity route to home purchase enables purchasers to benefit from lower purchase, and thus mortgage, costs in exchange for sharing any appreciation in the value of their home with either an equity loan provider or a shared owner.

NCOSS **recommends** that the NSW Government develop such a scheme, with the NSW Government retaining at least a 25% equity share of all stock offered for sale under the scheme.

The second is improving the expanded provision of support services for public housing tenants on larger estates in order to assist in sustaining their tenancies and in reducing antisocial behaviour. This would address the problem that many public housing tenants have unmet support needs in relation to mental health issues, drug and alcohol dependence etc. This is one of the factors that contributes to current levels of disharmony on public housing estates.

Under the Housing and Human Services Accord, Housing NSW has partnered with nine other state government agencies to assist clients of human services agencies to gain priority access to social housing, and to assist social housing tenants with complex needs to receive the support services they need to live independently in the community.

While the HASI program predates the Accord, it is a clear example of an Accord-type model of joined up service delivery. To date the problem has been that HASI and smaller Accord trials have focused on assisting new social housing tenants. It is clearly understood by the agencies involved in the Accord that many existing social housing tenants have similar support needs but there are currently insufficient resources available to provide them with the assistance they need.

NCOSS **recommends** that the NSW Government develop a clear plan, with designated additional funding, to deliver necessary mental health, drug and alcohol and similar support

¹⁰ National Partnership Agreement on the Nation Building and Jobs Plan, clauses C7(d) and C7(b) p. 14.

services under the framework of the Housing and Human Services Accord to existing public housing tenants on larger estates who are jointly assessed as needing such support.

8. Conclusion

NCOSS would be happy to appear before the Committee to elaborate on these matters. In the meantime, if you require further clarification about the content of this submission, please do not hesitate to contact Mr Warren Gardiner, Senior Policy Officer, on 02 9211 2599 ext 112 or email warren@ncoss.org.au

Yours faithfully

A handwritten signature in cursive script that reads "Alison Peters".

Alison Peters
Director

Attachment A

NCOSS 2009-10 PBS extract

Department of Community Services & Housing NSW

Improving services for people who are homeless

Results

The development of a more integrated homelessness service system for NSW, including

- developing new service models,
- filling identified gaps, and
- placing existing crisis accommodation services on a more sustainable footing.

State Plan E6, F3, R2

NCOSS believes that improving outcomes for people who are homeless must become a separate priority item in the State Plan.

Evidence/Rationale

Currently there are three separate programs that deal with services for people who are homeless in NSW. The Supported Accommodation Assistance Program (SAAP) aims to assist people who are homeless or at risk of becoming homeless to achieve the maximum possible degree of self-reliance and independence by providing transitional supported accommodation and a range of related support services. The Partnership Against Homelessness (PAH) brings together 12 state government agencies with the aim of improving services for people who are homeless and funds some specialized services in the Inner City and Hunter regions. The Crisis Accommodation Program (CAP) provides funding for the acquisition of dwellings for accommodation services. The Department of Community Services (DOCS) manages SAAP while the Department of Housing (DOH) manages CAP and is the lead agency for the PAH.

Deficiencies in the existing current homelessness service system were identified in the national evaluation of SAAP IV, the 2007 report of the NSW Auditor General, the recent report of the National Youth Commission Inquiry into Youth Homelessness and the Federal Government's Green Paper.

The national evaluation of SAAP IV¹¹ said that if progress was to be made on expanding service capacity and implementing new ways of working, as well as sustaining service viability, then the level of additional funding required would be of the order of 35 to 40%. The resulting SAAP V agreement, which runs until June 2010, failed to provide for these requirements.

The Auditor General's report¹² concluded that it is difficult to determine how well the NSW Government is responding to homelessness state-wide because there are no performance measures or targets in place. It recommended that the Government develop a state-wide

¹¹ *National Evaluation of the Supported Accommodation Assistance Program (SAAP IV) final report*, Erebus Consulting Partners, May 2004.

¹² *Responding to Homelessness*, NSW Auditor General, May 2007.

framework that outlines its response to homelessness with a clear focus on the results it wants to achieve. It further recommended:

- linking this framework to the NSW State Plan,
- a public annual report of key activities and results,
- involving government agencies who are not members of the current Partnership Against Homelessness,
- the establishment of a means to benchmark the state's performance and spread best practice,
- changes to planning arrangements for homeless services and
- measures to improve access by homeless people to health and justice services.

The NSW Government has yet to finalise its response to these findings and recommendations.

The National Youth Commission¹³ concluded that youth homelessness is worse in 2008 than it was 20 years ago and proposed a roadmap of 10 essential strategic actions to overcome the problem.

The Federal Government's Green Paper¹⁴ argued that our response to homelessness needs to be improved, and that this required national commitment, strong leadership, and shared responsibility. Following consultations on the Green Paper, the Federal Government is expected to release its White Paper on Homelessness in late September 2008.

Actions

- (1) Develop a comprehensive and integrated NSW Homelessness Strategy to ensure a better coordinated response to homelessness.

Being homeless is a complex issue, created by the failure of a variety of service systems. Homeless people and those at risk of becoming homeless are affected by common themes that include social exclusion, an ineffective service system, lack of access to housing that is affordable to people on low incomes and a lack of support and supported accommodation services.

This range of factors means a multi-dimensional integrated response is required to homelessness. NCOSS has joined with the three NSW SAAP peaks¹⁵ to call for a ten year NSW Homelessness Strategy that would coordinate key Departmental and NGO partners in the development of an integrated approach to assisting homeless people and those at risk of becoming homeless. Such an approach would better ensure that the service system encompasses the full spectrum of required interventions, from prevention to early intervention to crisis support and post-crisis follow up. There would be a particular emphasis on strengthening links with necessary housing and support services provided by the mainstream service system.

¹³ *Australia's Homeless Youth: a Report of the National Youth Commission Inquiry into Youth Homelessness*, National Youth Commission, April 2008.

¹⁴ *Which Way Home? A new approach to homelessness*, Australian Government, May 2008.

¹⁵ The NSW SAAP peaks are Homelessness NSW, the Youth Accommodation Association and the Women's Refuge Resource Centre. The joint call for the strategy was first submitted to the NSW Government in September 2006 in response to the draft NSW State Plan.

- (2) Establish a fund to develop new service models, fill identified gaps and place existing services on a more sustainable footing

For the last few years base funding for homeless services has been static and there has been no real opportunity to fund new services or expand existing services. We have reached the stage where a business as usual approach can no longer be sustained. There are too many gaps in the service system, too few places to meet demand, and too many services are expected to operate year after year under inadequate funding formulae.

Additional resources must be provided to all funding streams to enable new service models to be developed, for identified service gaps for particular client groups and geographical areas to be addressed, and for services to be placed on a more sustainable financial basis. The Federal Government has signalled its interest in providing national leadership in combating homelessness. The NSW Government must seize the opportunity presented by this development to partner with the Commonwealth to improve the homelessness service system in this state.

Cost

\$30 million in 2009-10

Attachment B

**NCOSS 2009-10 PBS extract
HOUSING NSW**

Increased supply of affordable rental housing

Results

In partnership with the Federal Government, develop and implement a five year plan to provide an additional 25,000 units of community, public and intermediate rental housing dwellings across NSW by June 2014.

State Plan E6

Evidence/Rationale

There are 156,000 lower income households in NSW living in private rental who are experiencing housing stress¹⁶. 88,000 of these households are living in Sydney, and 68,000 in the remainder of the State. 60,000 of the lower income households in housing stress were families with children; 37,000 of these are living in Sydney and 23,000 in the remainder of the State.

The current five year Commonwealth State Housing Agreement (CSHA) comes to an end in December 2008. The Federal, State and Territory Governments have agreed that the CSHA will be replaced from 1 January 2009 with a more broadly based National Affordable Housing Agreement (NAHA), which is currently being negotiated under the auspices of the Council of Australian Governments (COAG)¹⁷.

During the life of the current CSHA the overall social housing system in NSW has not increased in size. Much of the available funding has been spent on the redevelopment of old dwellings that are no longer suitable or appropriate, and the growth of community housing has largely occurred through the transfer of stock from public housing. As a result while total social housing dwelling numbers have varied from year to year they have remained in a narrow band between 147,500 and 148,500 since June 2003.

Our proposals are also consistent with the Premier's undertaking in 2005 to develop a comprehensive NSW Affordable Housing Strategy, which has not yet been finalised.

Actions

Develop, in partnership with the Federal Government, a five year plan to expand the provision of affordable rental housing in NSW by 25,000 dwellings by June 2014. This should involve two separate growth streams as follows.

¹⁶ Data from Judith Yates and Michael Gabriel: *Housing affordability in Australia*, background report, AHURI, February 2006. Housing stress is defined as spending 30% or more of gross household income on housing costs.

¹⁷ See references to housing in the communiqués from the COAG meetings of 20 December 2007, 26 March 2008 and 3 July 2008, available online at

http://www.coag.gov.au/coag_meeting_outcomes/issues_by_subject.cfm

COAG is due to consider the draft NAHA text at its 2 October 2008 meeting in Perth and finalise the financial arrangements for the new intergovernmental agreement on financial relations at its December meeting.

(1) 5,000 'high subsidy' dwellings over 5 years targeted at low income households seeking access to traditional community and public housing.

While the new Federal Government has announced a range of welcome new housing initiatives¹⁸, to date the missing piece in the jigsaw has been any plan to expand the supply of community and public housing. NCOSS believes that there must be a designated target for additional community and public dwellings in NSW over the next 5 years. Given the number of low income households in housing stress, an appropriate target would be to expand the supply of social housing in NSW by 5,000 units over 5 years.

We do not yet know what will be the underlying financial arrangements for the new National Affordable Housing Agreement that is being negotiated via COAG. Pending clarification of this, NCOSS proposes that the NSW Government should agree to contribute one third of the capital cost of new community and public housing dwellings, with the Commonwealth contributing the remaining two thirds. This equates to a State contribution of around \$420 million over 5 years, or \$85 million a year.

(2) 20,000 'low subsidy' dwellings over 5 years drawing on a range of State contributions and partnership arrangements, targeted at a broader range of low to moderate income households seeking access to more affordable rental housing managed by non-profit housing providers.

A range of measures are available to the NSW Government to expand the supply of intermediate (or 'affordable') rental housing managed by non-profit housing providers. These include the remaining funds in the Government's own Affordable Housing Innovations Fund¹⁹, State recurrent subsidies of \$2,000 per dwelling per year under the Federal Government's new National Rental Affordability Scheme (NRAS), land and/or dwellings generated via the planning system²⁰ or as a result of the redevelopment of government-owned sites²¹, and targeted reductions or waivers of state taxes and charges for investors in rental housing²².

NCOSS believes that the best outcome can be reached by the judicious mixing and matching of these measures, in conjunction with the Federal Government's NRAS contribution of \$6,000 per dwelling per year and access by eligible tenants to Commonwealth Rent Assistance. A crucial factor in this process is the cost structure of the housing market in particular locations, and the availability of contributions from other partners, such as councils, landowners, developers and government development corporations²³.

What is needed from the NSW Government are three things:

¹⁸ These include the National Rental Affordability Scheme (NRAS), Home Saver Accounts, infrastructure funding and e-planning initiatives under the Housing Affordability Fund, and additional housing for the homeless under A Place to Call Home initiative.

¹⁹ Previously known as the Debt Equity Affordable Housing Program.

²⁰ There are already agreements or contributions in place for the former ADI site, Sydney Olympic Park, Redfern Waterloo strategic sites and the former CUB brewery sites. Other proposals are in the pipeline.

²¹ Such as Housing NSW owned land in Villawood (Kamira Court), North Riverwood and Glebe (jointly with Sydney City Council). NCOSS believes there are other potential projects of this kind that could be readily identified.

²² Such as the proposal NCOSS put forward in its earlier Pre Budget Submissions for the removal of stamp duty on the purchase price of investment rental properties where the purchaser agrees to lease the dwelling to a community housing association for a period of at least 10 years.

²³ Including Landcom, the Redfern Waterloo Authority, the Sydney Olympic Park Authority and the Sydney Harbour Foreshores Authority.

- An integrated affordable housing strategy, that meshes planning initiatives with housing-based funding programs,
- A guaranteed supply of NRAS state recurrent subsidies sufficient for NSW to secure 16,650 NRAS dwellings by June 2012²⁴, and
- A further injection of capital funding into the Affordable Housing Innovation Fund to assist registered community housing providers develop sustainable affordable housing projects.

Cost

- \$85 million per year over 5 years as the State's contribution to the expansion of community and public housing dwelling numbers,
- \$7.3 million in 2009-10 for up to 3,650 NRAS state subsidies, and a total of \$57.2 million over 3 years, and
- \$20 million capital injection for the Affordable Housing Innovations Fund in 2009-10, as part of a total injection of \$100 million over 5 years.

Better linking housing and support services

Results

To develop new sustainable models of partnerships delivering housing and support services to identified client groups, building on the findings of the Shared Access Trials under the Housing and Human Services Accord.

State Plan F2, F3, R2

Evidence/Rationale

Housing NSW has partnered with nine other State Government human service and justice agencies to develop the NSW Housing and Human Services Accord. The objective of the Accord is to assist social housing tenants with complex needs to receive the support services they need to live independently in the community and sustain their tenancies, and to assist clients of human service agencies to gain access to social housing.

Under the Accord target client groups include people who are homeless or at risk of homelessness; the frail elderly; people with a disability; young people under 20 years of age without family supports; families with children; and people on very low income, such as aged pensioners, the unemployed and very low paid workers²⁵.

Government agencies involved in the Accord have commissioned a series of Shared Access Trials to pilot joined up arrangements under which mutually agreed clients are provided with public or community housing while receiving a support package from a human service agency. The two most substantial trials have involved 11 young people leaving DOCS out of home care in the Hunter/Central Coast regions and 10 women leaving the Dillwynia Correctional Centre. These two trials have been evaluated but the final evaluation report is still being finalised. Further trials are underway involving people who are homeless and

²⁴ The Federal Government has undertaken to provide sufficient incentives to enable 50,000 NRAS dwellings to be funded by June 2012. It has said that a further 50,000 incentives will be available from 2012 if market demand remains strong. NCOSS calculations assume that NSW receives around one third of available NRAS incentives between now and June 2012. As incentives are provided via a competitive tender process, there is no guarantee that this will occur.

²⁵ Taken from *Shared Access Trials Monitoring and Evaluation Framework*, Department of Housing, April 2007 p. 4.

adults with an intellectual disability and other proposed trials are due to commence in the near future. A separate trial has been conducted in four locations of a proposed Client Information Sharing Agreement for Accord purposes.

NCOSS strongly supports the Shared Access Trials. They address longstanding holes in the safety net concerning vulnerable groups who need access to both secure affordable housing and ongoing support services. The problem is, however, that the trials are being self-funded by the agencies concerned as the NSW Government has said that Accord initiatives are to be funded within existing resources. While this might work for initial trials in defined geographical areas, once successfully models of joined up service delivery are demonstrated they need to be translated into more substantial and system-wide programs. The Government itself recognised this reality when it funded the highly successful Housing and Accommodation Support Initiative (HASI) to provide housing and support to people with a mental illness.

Actions

The NSW Government should allocate an initial amount of \$30.0 million for the state-wide implementation of successful Shared Access projects under the Housing and Human Services Accord. In accordance with the principle of joined up service delivery approaches, the distribution of this funding between specific support programs should be determined by the Human Services and Justice CEOs Forum, in consultation with the NGO sector, with Housing NSW as the lead agency.

Cost

\$30.0 million

Shared equity scheme for social housing tenants

Results

Develop a shared equity scheme to assist social housing tenants with the financial means to sustain a modest mortgage into home purchase through the selective sale of government owned housing stock on larger housing estates, with the NSW Government retaining at least a 25% equity share of all stock offered for sale under the scheme.

State Plan E6, R4

Evidence/Rationale

Over the past decade moderate income households have experienced increasing difficulties in accessing home ownership, as the cost of housing has been rising much more quickly than household incomes.

At the same time large public housing estates have become the most visible symbol of increased polarisation and concentration of disadvantage within our major urban centres. This has prompted consideration of a variety of strategies to achieve a more balanced social mix in public housing estates through the redevelopment of existing stock, dispersal of disadvantaged households and encouragement of private housing investment.

While NSW has a strong record on regeneration initiatives, to date it has not implemented any government-backed schemes to assist social housing tenants into home purchase

opportunities. This is in marked contrast to the situation overseas²⁶ and in other jurisdictions within Australia²⁷.

Shared equity schemes have frequently been identified as a key means of assisting specified households into home ownership. While there are different models available, they all involve some form of equity sharing where purchasers benefit from lower purchase and thus mortgage costs in exchange for sharing any appreciation in the value of their home with either an equity loan provider or a shared owner. By trading some future capital gains for lower upfront financing costs, home ownership can become more accessible to certain lower income households who have the means to sustain a modest mortgage²⁸.

Actions

Develop a shared equity scheme to assist social housing tenants with the financial means to sustain a modest mortgage into home purchase through the selective sale of government owned housing stock on larger housing estates, with the NSW Government retaining at least a 25% equity share of all stock offered for sale under the scheme.

There are a number of locations where the NSW Government is actively reducing the proportion of dwellings that are owned by Housing NSW, or developing major redevelopment plans for existing estates. These provide the most suitable locations for the initial implementation of a shared equity scheme for social housing tenants in NSW.

It is suggested that the NSW Government retain between 25% and 40% of the equity in the property, depending on the tenant's circumstances. The purchase of the tenant share would be funded solely by private resources or ordinary mortgages from private financial institutions. Potential purchasers would be offered access to independent financial and legal advice.

Cost

It is impossible for NCOSS to cost the budgetary impact of such a scheme. Essentially the Government would forego some revenue from the sale of stock by retaining an equity share for a set period or until certain events occurred.

²⁶ See Robert Mowbray and Nicholas Warren: *Shared equity home-ownership: welfare and consumer protection issues*, Shelter NSW, July 2007.

²⁷ For details of home purchase assistance measures in other States and Territories see *Home purchase assistance 2006-07: Commonwealth State Housing Agreement national data report*, Australian Institute of Health and Welfare, April 2008, table 2 p.11. During 2006-07 shared equity programs were operated by the Northern Territory, South Australian and Western Australian Governments. Other proposals have been announced but not yet commenced.

²⁸ See Robert Mowbray and Nicholas Warren: *Shared equity home-ownership: welfare and consumer protection issues*, Shelter NSW, July 2007.