

**Submission  
No 23**

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

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SUBMISSION TO INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING  
from  
Laurence Toltz

**HOW SECONDARY HOUSING DWELLINGS COULD PROVIDE TENS OF THOUSANDS OF  
LOW COST DWELLINGS FOR SOCIAL, PUBLIC AND AFFORDABLE HOUSING  
APPLICANTS ON WAITING LISTS**

This submission applies to sections 1 (d) and 1(v) of your inquiry

*1(d) Recommendations on state reform options that may increase social, public and affordable housing supply – and encourage more effective management of existing stock.*

*1(v) Ongoing funding partnerships with the Federal Government such as the National Affordability Housing Agreement.*

This submission suggests secondary housing dwellings in the backyard of existing Housing Department and Local Community Housing Associations stock, and also in the backyard of owner occupied homes could provide tens of thousands of low cost dwellings for social, public and affordable housing applicants on waiting lists. Many houses in older suburbs have generous backyards suitable for a secondary dwelling.

An experienced builder advised the lowest cost form of secondary housing and the simplest to build and assemble is a separate dwelling in the backyard as the only variable costs would be foundation costs and ease of access.

This submission suggests quality secondary dwellings including prefabricated relocatable secondary dwellings designed to be able of being moved in sections to a new site offer a low cost opportunity worthy of serious consideration. It is suggest these dwellings incorporate the latest energy efficient designs and materials.

This secondary dwelling social housing model could especially help meet the growing need for social, public and affordable housing for older single women with the added possibility of sharing with a close friend.

**This submission suggests four secondary housing options.**

**Option 1.**

The secondary dwelling to be in the backyard of existing Housing Department and Local Community Housing Associations stock. The secondary dwelling to be financed with hopefully 50% grant assistance from the Commonwealth Government (as part of a continued Affordability Housing Agreement) with the balance covered by a low interest loan to be repaid over say 10 years.

**Options 2 & 3** offer a business model designed to solve three major problems at the same time.

The first is providing potentially tens of thousands of low cost secondary dwellings for social, public and affordable housing applicants on waiting lists.

The second is providing a massive boost to the building and manufacturing industries and creating many long term jobs.

The third is offering home owners who are underfunded for their retirement, the opportunity to create an additional guaranteed income from a secondary dwelling in their backyard that would continue throughout their retirement years for as long as they lived in their home. The special benefit is that income from the secondary dwelling added to their pension would make it possible to maintain a reasonable quality of life in their retirement after their limited superannuation/pension is exhausted.

This option should be highly attractive to underfunded retirees worried about their future and with carefully targeted incentives and conditions, result in a massive increase in the supply of low rent social, public and affordable housing.

There are already major tax breaks for property investors. It is suggested this model be only offered to home owners prepared to allow a secondary dwelling in the backyard of their principal place of residence.

**Option 2.** The secondary dwelling to be a prefabricated relocatable secondary dwelling on leased land in the backyard of owner occupied homes. The secondary dwelling to be 100% owned and financed by the Local Community Housing Association with 50% grant assistance from the Commonwealth Government (as part of a continued Affordability Housing Agreement) with the balance covered by a low interest loan funding to be repaid over say 10 years. This option could ensure a growing supply of low rent social, public and affordable housing and offer home owners an additional secure source of income source.

**Option 3.**

The secondary dwelling to be purchased by the home owner with a suggested \$10,000 to \$20,000 secondary housing grant from the NSW and Federal Government and as part of a continued Affordability Housing Agreement with the home owner choosing to lease the secondary housing dwelling to the Local Community Housing Association. The advantage to the home owner is that the annual rent would be guaranteed with no extra expenses because the outgoings such as management and maintenance would be paid by the Local Community Housing Association.

**The key components for options 1, 2 & 3**

1. Involve Local Community Housing Associations as the key partner in this affordable social housing model with authority to enter into a headlease arrangement involving two leases – one with the home owner and the other with the tenant. (refer Headleasing Policy – Housing NSW)

It is important to have a leasing arrangement in place that makes it possible to remove any problem tenants with any health, mental, drinking, drugs or any other problem and leasing to tenants under a Headleasing Arrangement makes removing problem tenants easier.

To ensure home owner's peace of mind and continued support for this social housing model, it is suggested potential tenants be carefully screened and meet the home owner before being accepted. If the home owner is not comfortable sharing their property with a potential tenant, meetings with other potential tenants should be arranged.

2. The secondary dwelling to be managed by the Local Community Housing Association with the responsibility to select the tenant/s, determine the rental, manage the leasing, collect the rent, determine the land lease or secondary dwelling rental payments to the home owner, pay landlord insurance, and also be responsible for maintenance.

**Option 4.** The secondary dwelling to be purchased by the home owner with a suggested \$10,000 to \$20,000 secondary housing grant from the NSW Government and as part of a continued Affordability Housing Agreement) with the home owner choosing the tenants and the rent being affordable under the same terms and conditions as the Affordable Housing Agreement.

Following is a list of possible benefits to the home owner.

1. Allowing single parents with children to move into a secondary dwelling on their parent's property with the possible bonus of family assistance with childcare and savings to Government of child-care subsidies.

2. Allowing grown up children to be able to rent a low cost secondary home in their parents property and allowing them to save for a future home for themselves.
3. Married children starting life in a dwelling/unit in a parent's backyard with the bonus of assistance with childcare.
4. Moving elderly parent or parents into a secondary dwelling on a child's property.
5. Allowing a parent access to a family carer until health needs require moving to a nursing home
6. Parent or parents moving into a new secondary dwelling in their backyards and allowing a child's family to occupy their old home.
7. Providing low cost accommodation short or long term to friends.
8. Any balance owing on the mortgage could be repaid out of superannuation benefits on retirement.

#### Additional Benefits.

##### First home buyers

With most first home buyers now squeezed out of the market, this model would allow friends the opportunity to buy a property together and build a secondary dwelling in the backyard. Then using their combined incomes work to repay the mortgage over as short a period as possible.

##### Benefit to the Government.

The Government would benefit as many people would move out of rented accommodation into rented secondary dwellings reducing the demand pressure and hopefully slowing down rental rises.

##### Additional Possibility.

Could this model be also considered for a shared ownership scheme as provided in the UK?

The major advantage is that a secondary dwelling would provide additional income to support mortgage repayments. This could be considered as a variation of Option 3 involving the Local Community Housing Association.

Refer [Shared ownership schemes - Gov.uk](#)

#### **Suggestions on how this model could work.**

##### **Option 2.**

- a. The Local Community Housing Association to enter into a leasing arrangement with the home owner for a specific part of their backyard for the secondary dwelling for an initial lease period of possibly five to seven years.
- b. The land lease income to be paid to the home owners to be worked out by the Local Community Housing Association taking into consideration the rent to be paid by the tenant, Commonwealth Government housing subsidies, State Government rental assistance for those on low incomes, the loan repayment for the secondary dwelling depending and normal outgoings such as rates, water and maintenance.
- c. The land lease income to be guaranteed by the Local Community Housing Association and be paid to the home owner on a fortnightly basis. It is suggested the lease income increase by a small percentage each year to cover inflation and also as an incentive to retain this social housing unit under the control of the Local Community Housing Association.
- d. Local Community Housing Association to select a pre-approved prefabricated relocatable secondary dwelling, lodge any required applications and select certified builders to build the foundations, connect services and erect the dwellings.

e. The Local Community Housing Association to initially offer tenants short term trial period three month lease with strict conditions on the tenant that if breached would allow problem tenants to be removed or evicted within a short time. It is also worth considering whether to allow the home owner the right to have a tenant they are not happy sharing their backyard with removed by their Local Community Housing Association after three months and replaced with a new tenant/s if the tenant problem cannot be resolved to the home owner's satisfaction.

f. If home owner wished to terminate the lease agreement early, then the Local Housing Association could arrange for the secondary home to be dismantled and moved and re-assembled in the backyard of another local home owner prepared to enter into an arrangement with the Local Community Housing Association. The cost of the removal before the end of the lease period to be on a sliding scale and specified in the original lease.

### **Option 3.**

a. The Local Community Housing Association to enter into a leasing arrangement with the home owner for the secondary dwelling for an initial lease period of possibly three to five years.

b. The lease income to be paid to the home owners to be worked out by the Local Community Housing Association taking into consideration the rent to be paid by the tenant, Commonwealth Government housing subsidies, State Government rental assistance for those on low incomes, the loan repayment for the secondary dwelling depending and normal outgoings such as rates, water and maintenance.

c. The lease income to be guaranteed by the Local Community Housing Association and be paid to the home owner on a fortnightly basis. It is suggested the lease income increase by a small percentage each year to cover inflation and also as an incentive to retain this social housing unit under the control of the Local Community Housing Association.

d. Local Community Housing Association to assist the home owner to select a pre-approved prefabricated secondary dwelling, lodge any required applications and select certified builders to build the foundations, connect services and erect the dwellings.

e. The Local Community Housing Association to initially offer tenants short term trial period three month lease with strict conditions on the tenant that if breached would allow problem tenants to be removed or evicted within a short time. It is also worth considering whether to allow the home owner the right to have a tenant they are not happy sharing their backyard with removed by their Local Community Housing Association after three months and replaced with a new tenant/s if the tenant problem cannot be resolved to the home owner's satisfaction.

f. The Local Community Housing Association to offer tenants leases with a clause that the lease can be terminated with three notice if the property is sold.

f. If the property is sold, the leasing arrangement with the Local Community Housing Association can continue to the end of the lease period with the new owner. If the new home owner wishes the tenant in secondary dwelling to vacate, then the Local Community Housing Association is responsible for terminating the lease of their tenant.