

**Submission
No 46**

INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

Organisation: Chinese Australian Services Society (CASS)

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Chinese Australian Services Society Ltd

Submission to the NSW Legislative Council Select Committee on Social, Public and Affordable Housing Re: NSW Parliamentary Inquiry into Social, Public and Affordable Housing

1. Background Overview

Our organisation, the Chinese Australian Services Society (CASS) welcomes the initiative of the NSW Parliament for establishing a Select Committee to inquire into social, public and affordable housing in NSW. In light of the severe shortage of social housing stocks and the unparalleled high price of properties and private rentals in NSW, the inquiry led by the Parliament on housing affordability issue is very timely.

A huge number of recent studies indicate that Sydney has one of the least affordable housing markets in the world. The research report published by the McKell Institute estimates that by 2020, NSW will have a housing shortage of almost 190,000 homes and Sydney's housing costs are now higher than London and New York. The high housing cost against the *per capita* income has made housing affordability a real challenge and result in a particular high demand for social housing.

At present, New South Wales has the largest social housing portfolio in Australia, comprising over 150,000 dwellings. There are three ways social housing is provided in NSW, respectively public housing, community housing and Aboriginal housing. The majority of social housing stock is public housing, accounting for approximately 79 per cent, followed by community housing (18 per cent) and Aboriginal housing (3 per cent).

As evidenced by the NSW Auditor-General's report, over the past ten years, social housing as a proportion of overall NSW housing demonstrates a manifest decline. The shortfall between the supply of public housing and the demand from the community has been consistently increasing. According to the latest estimates, the overall number of public housing applications being processed and newly housed each year has almost halved over the past decade, from 10,024 in 2002-03 to 6,434 in 2011-12. In the meantime, the number of potential tenants is soaring. The waiting list is projected to grow by 60%, to more than 86,000 by 2016. This does not yet include many eligible cases which are not on the waiting list.

Another major issue in this sector relates to the inadequate maintenance of existing housing stocks. The NSW Land and Housing Corporation (LAHC) clearly indicates that there has been a continuing funding gap in what is needed to maintain the current number of properties in stock to reasonable standards over the long-term. As a result, the LAHC decides to implement measures such as selling properties and delaying some capital and maintenance expenditure. Understandably, this will impact adversely on the condition and level of stock, and is not financially sustainable in the long run.

In addition, the ageing of the population also poses major problem to the sector as there is a shortage of adequate and appropriate ageing facilities to accommodate an increasing number of seniors having social housing needs.

To meet these challenges, the NSW government resolves to initiate structural reforms to revitalise the social housing sector, and concrete measures include major investment in social housing, improvement of service delivery arrangements, and most importantly, substantive policy support to community housing providers. For instance, the NSW government has set aside \$49.8 million in funding for the Affordable Housing Innovations Fund (AHIF) to increase the supply of affordable housing. The AHIF consists of \$39.4 million for debt equity partnership projects with community housing organisations and \$10.4 million to provide 70 new rental properties for low-to-moderate income earners in St Marys in Western Sydney. This investment aims to encourage the growth of the community housing sector and enable community housing providers to attract private investment and financing, thus maximising the amount of affordable housing that can be provided. It is projected that community housing providers would manage 35% of the social housing by 2014.

The NSW government also plans to pilot the provision of long-term leases to community housing providers. Long-term leases of 35 years will raise private finance by providing certainty for lenders that borrowers have a long-term income stream with which they can service debt. The six hundred long-term leases which will be piloted are estimated to raise some \$11 million in secured private sector finance. These funds will then be used to purchase or develop affordable housing. The trend is already set in motion for the gradual transfer of housing stocks from the government to community housing providers and the increasing involvement of the private sector to finance these initiatives.

2. Our Response to the Parliamentary Inquiry into Social, Public and Affordable Housing

As one of the major community services providers from the culturally and linguistically diverse (CALD) background, our organisation, CASS, would like to contribute our comments on the broad issues of housing affordability in NSW, and in particular, the development of community housing sector as a key strategy to address the shortage in the supply of social housing.

It is important to understand the experience and standing of CASS in relation to the subject matter first. CASS is a well-established and respected non-profit community services provider with over 30 years of experience, providing a very comprehensive range of community services catering the needs of new born to seniors. Over the long period of history, it has acquired and possessed rich expertise in areas of child care, health, ageing and disability services and settlement services, covering a wide geographical areas of Metropolitan Sydney, including Inner West region, South Eastern region, South Western region and Northern region, as well as the City of Wollongong. More than 1,800 families

access our services and activities weekly, and our clients are not limited to people in the Chinese community, but also include people from other Asian groups, like Indonesian, Vietnamese and Korean. CASS is approved formally as a small housing manager, and is currently managing two group homes serving people with intellectual disability and is also constructing a 63-bed Residential Aged Care Facility (RACF) in Campsie on its owned land. The RACF being built will be in operation by early 2015. Our skills and ability to manage the wide range of community services and concrete experience in running residential services make us well positioned to provide informed views on the ways to develop community housing in NSW, especially in relation to catering the needs of the CALD communities.

We wish to raise the following three broad points for consideration:

Firstly, CASS has been providing settlement services with funding from the Department of Immigration since 1994, and for the last three years, it is the only organisation in the Chinese community in Sydney receiving funding to provide settlement services from the Department. Based on our extensive and long experience in providing settlement services, we confirm that there is a high demand for public housing among our clients, many of whom are elderly people with very little command of English, financially very vulnerable and disadvantaged and are living in social isolation. They may have arrived in Australia for a short period only, owing to family problems arising from generation gaps and settlement in a culturally different country, they become needing social housing desperately in order to resolve family situations. The waiting period for them to get public housing is about five to six years on average and could go up to ten years or more, especially if they have special requirements in health or physical conditions, location, facilities or community support.

The majority of people requiring social housing comes from older people, or those with significant disability, or low household income. The picture is reflected in the findings of the NSW Auditor-General report. It demonstrates the interconnectedness of a multiplicity of social issues, such as health, disability, ageing, poverty and cultural disadvantages, which correspond with different facets of the identity of those people seeking our settlement services. It implies that to resolve the needs, it calls for a whole-of-government approach in policy formulation and implementation.

For instance, as the tenants get older and suffer from health problems, or as the parents of disabled children pass away, new arrangements have to be made by the service providers to renovate the dwellings or upgrade the service package. Service providers are also expected to tackle legal issues of complex nature or provide emergency medical assistance for people with dementia or mental illness. With all these circumstances, it seems that while it is imperative to increase the overall social housing supply to meet the needs of the public, it is equally important to have service providers who have experiences and means to improve the coordination of different government agencies to develop holistic solutions to address the multifaceted needs of the people in the community. To achieve this aim, we suggest that the government should consider inviting the participation of service providers with experience in the provision of extensive range of services in the not-for-profit sector or private businesses.

Secondly, we are delighted to see that the Government is taking a vigorous approach in expanding the sector of community housing through initiating large-scale stock transfers from government agencies to community providers. Run by community providers familiar with the local conditions, community housing has a well-deserved reputation for innovation.

There should be emphasis on the “people-centred” approach, which places a strong requirement on involving tenants in the decision-making process about local housing issues. The growth of the community housing sector and the attraction of new private finance will stimulate the emergence of new business models of housing companies, both not-for-profit and for profit. Their goal will be to build a spectrum of affordable housing at sub-market rents, new private rental market, shared equity and homes for sale so as to avoid mono-tenure development, concentrations of disadvantages and the reproduction of the problems of public housing.

However, in order to unleash the market force and efficiently grow the capacity of the community housing sector, two major constraints need to be lifted.

- (a) The Government has to make a genuine effort in levelling the playing field between different types of community housing providers. At present, there are four classes of registration for housing providers, namely, growth provider (managing 400 or more properties), housing provider (managing 200 or more properties), housing manager (managing 30 or more properties) and small housing managers (managing less than 30 properties).

In the current policy environment, there is a virtual monopoly of large housing providers in the sector. Nearly all government assistance (funding, subsidies and low-interest loans) goes to established tier one and tier two large providers, and it is impossible for new players to enter the field and start from scratch. We believe that the monopoly is inimical to the expansion of the sector and goes against the much lauded spirit of free market competition. Indeed, under such ‘monopoly’ practices, the newly established small housing providers will never have the opportunity to grow and provide appropriate services to the needy ones. Small housing service providers need to be groomed to become strong and capable ones. As we could see, even ‘large’ organisations (be they housing service providers or other services) also started from scratch when they initially provided their services. They were able to become ‘large’ because they were given the chance and the support (financial and others) to actually operate and run the services.

Thus, we recommend that the Government should take an open and long-term view on the development of the community housing sector and give

certain policy support to newly established, small housing providers taking into account of their related service expertise and growth potential. For instance, past experiences in providing other types of community services (i.e. aged care, settlement, disability or residential services) could be a reliable indicator of the new player's corporate governance standards and management skills, which could be easily transferred to the area of community housing.

- (b) To boost competition and encourage innovation, the Government should reduce the level of intervention and allow community providers greater room to design their service packages and set the price. As past experience shows, in the process of stock transfer, community providers tend to receive those poorly maintained dwellings along with difficult clients of complex needs. Under the current pricing structure, it could be very hard for these providers to recover the cost, not to mention sustainable growth. While we are against the "pick and choose" approach, which potentially discriminates against clients with special needs, we do urge the Government to give the service providers more leverage in pricing-setting and service delivery. In the long run, it offers incentives to the service providers to develop "person-centred" service plans and is ultimately to the benefits of the clients.

Thirdly, in reviewing current Government reports and policy initiatives, we notice that the CALD communities are often neglected in the overall planning process. As mentioned above, in the projection of all housing needs by the Auditor-General report, the most disadvantaged groups are identified as older people (32 per cent), people with significant disability (23 per cent), and low-income households (30 per cent). Our practical experience as CALD service provider indicates that there should be a very high proportion of CALD community members in all these disadvantaged groupings. This is confirmed by many researches on the double disadvantages suffered by the elderly, disabled and poor people of CALD background, which result from linguistic barriers, cultural incommensurability, racial discrimination and unfamiliarity with local conditions. In line with the Ethnic Affairs Priorities Statement (EAPS) and in view of the practical difficulties suffered by CALD community members, we recommend that a special section should be created in all reporting systems to address the housing needs of CALD communities. Disaggregated data of the need of the elderly, disabled and newly arrived CALD members should be systematically collected and substantive policy measures be designed to alleviate their disadvantages with a whole-of-government approach.

Last but not the least, in reforming the social housing sector, while it is useful to refer to parallel policy measures of other developed Western countries such as United Kingdom and United States of America, it is also worthwhile to investigate relevant housing policies and experiences of certain countries with mature public housing system, for which Singapore is a good case in point. Such kind of reference, consisting of cross-cultural exchanges, offers

the potential for intellectual and policy enrichment and could possibly lead to fruitful inter-governmental and non-governmental partnerships and collaborations.

3. Conclusion

We strongly and respectfully urge the NSW Legislative Council Select Committee on Social, Public and Affordable Housing to take account of the special difficulties faced by CALD communities and smaller community housing providers. We are more than happy to have further discussions with the Committee on the viewpoints and suggestions we made above.

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