

**Submission
No 212**

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

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Submission to Social, Public and Affordable Housing Inquiry

It was with some surprise and a sense of relief when I first heard about the National Rental Affordable Scheme (NRAS) in 2009. With our combined income, my daughter and I qualified as eligible applicants for the Scheme. At the time, the NRAS seemed like a humane solution for those on low to medium incomes, struggling with unaffordable rents, to stay in their communities where they work and live, through the provision of reduced rents. It provides the opportunity for saving a deposit for home purchase since the rent is set at 20% less than market value.

My daughter and I moved into our Affordable Housing unit in November 2010 after signing a Residential Tenancy Agreement with a fixed term of 3 years. There were no specific conditions written into the RTA relating to Affordable Housing. I understood at the time of signing that it would be for a 5 year tenure and unwisely assumed that after the 3 year fixed term we would be on a continuing lease as this had been the case with previous tenancies.

Our block of units is sublet to us through our community housing provider who in turn leases the property from the State Government and this is where it got complicated.

So what went wrong?

In early December last year, to our shock we received a Notice of Termination in the post that has caused us distress ever since. With the help of a tenants advisor from a local service we persisted in asking for a copy of the documentation where the maximum 3 year tenure is cited only to be informed that it is a **commercial in confidence** agreement between our housing provider and the NSW Government. Eventually they provided us with the relevant scanned excerpt from the agreement. Despite a policy of providing transparent processes and information, the maximum 3 year tenure did not appear in the Residential Tenancy Agreement we signed.

Despite my twenty-something daughter's diligent effort to save (she put away \$20,000 dollars last year), our experience confirms that it is not possible to save for a first home (especially in Sydney), within a 3 year tenure. In reality, 3 years allows for little more than a brief rental respite. It does not enable low income people to genuinely resolve their own housing needs.

My daughter is a low-waged public servant who eschewed new clothes and eating out to save money for a deposit for home purchase. She is living proof that the 3 year maximum tenure sets people up for failure. She was making progress with her savings, but now that our lease has expired we have little option but to return to private rental which will neutralise those efforts.

The powers that be in the NSW Government do not appear to understand the main purpose of the NRAS. They are at odds with their own Affordable Housing Priorities (April 2013) which includes "Proposals that deliver long term housing outcomes"...and that "Preference will be for proposals that deliver housing outcomes beyond the 10 year period of the Scheme"!

We lodged an internal appeal to extend our lease with our housing provider, based on their community

housing provider's policies and procedures, which were not followed correctly in the relevant sections to our tenancy. We were granted a 3 month extension but were told that the funding simply was not there for the additional 2 years we had requested.

Given our experience, I can only conclude that, as a society, we are heading towards passive acceptance of extreme inequality in terms of access to housing. This disparity resembles a master/slave relationship, in the sense that an increasing number of renters are helping to pay the mortgages of homeowners that they will never join.

Intergenerational living is becoming the new normal for many young people whose parents are fortunate enough to own their own home. These arrangements are reminiscent of the Depression era. Surely young people would prefer independence, but given the exorbitant rental cost, they are choosing to live with their parents for as long as possible.

SOLUTIONS TO CONSIDER FOR A FAIRER HOUSING POLICY

The NRAS is a missed opportunity to break this cycle and give low to medium income people a chance to obtain secure housing. Since funding issues have been named as the problem, pressure should be put on the Federal Government to redirect some of the \$17 billion on super tax concessions which go to the top 10% of income earners, and some of the \$8 billion per year given as concessional treatment to capital gains earnings. It is widely acknowledged in the business sector that negative gearing is a failure that does not improve availability of rental properties. Its restriction or abolition would redirect funding to the areas most in need.

The appointment of a NSW Minister for Housing (just as there are specific portfolios for Health and Education) who has a long term vision and a plan to alleviate the unaffordability of housing is imperative. For students, unemployed and very low income earners, reducing social housing waiting lists, homelessness and illegal hot-bunking, subletting and flat-cramming in NSW must be addressed by increasing the number of dwellings, and providing proper care and maintenance of existing stock for current tenants. Creating ghettos of low income and disadvantaged people in areas of housing affordability can only exacerbate social disharmony which is in no one's interest.

It is worth noting that low income people sometimes occupy the most undervalued, but essential, positions in the workforce. It should be built into the NRAS vision that low-income workers require support to continue their important work without the extreme housing stress caused by rents of \$400.00 per person per week, for example.

In our case, we would like to see NRAS restored to at least a 5 to 10 year tenure. The Scheme needs to be realistic about how much it actually costs to buy property in Sydney, and how long it might take to save a 20% deposit for a Sydney property. To assist with this process, not-for-profit financial advisors could be engaged, to ensure that tenants are reaching their goals.