

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

**Organisation:** Leichardt Council

**Date received:** 27/02/2014

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27 February 2014

The Hon Paul Green MLC, Chair  
Select Committee on Social, Public and Affordable Housing  
Parliament House  
Macquarie St  
Sydney NSW 2000  
[socialhousing@parliament.nsw.gov.au](mailto:socialhousing@parliament.nsw.gov.au)

Dear Honourable Member,

**Submission: The NSW Select Committee Inquiry into Social, Public and Affordable Housing**

Security of housing tenure, and a place to call home, are reasonable expectations of every Australian. Leichhardt Council's submission to this inquiry reflects the community vision expressed in our strategic plan Leichhardt 2025+ *Community and Council will work together to promote and develop Leichhardt as a sustainable, liveable and connected community*

**1. That the Select Committee inquire into and report on demand for social, public and affordable housing and in particular:**

**a. Projections of future social, public and affordable housing supply and demand to 2020**

Sydney is the 3<sup>rd</sup> most expensive housing market in the world, following Hong Kong and Vancouver, owing to high levels of employment, accessibility and amenity. (1) Population growth and associated housing demand pushing up the costs of available housing makes home ownership out of reach for low income earners in inner Sydney. The NSW Centre for Affordable Housing notes that there is a direct relationship between lack of opportunity for home ownership and upward pressure on rents leading to increased demand among low and moderated income earners for financial housing assistance. (2)

Social and Public Housing

Public Housing is a key community resource, requiring strategic planning and investment, sound governance, and solid maintenance and operation. The NSW Auditor General's report *Making the Best Use of Public Housing* concludes that all social housing meets only 44% of need in NSW, and

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1 9<sup>th</sup> Demographia Housing Affordability Study, 2013.

2 Atlas of NSW – Housing, NSW Land & Property information, 10/1/2014

identifies significant pressure on the provision of physical assets, maintenance, and tenancy operations.

The waiting list for Public Housing in the Inner West (Leichhardt, Marrickville, Strathfield, Canada Bay, Burwood local government areas) is approximately 4,000 households.

The expected waiting time for Public Housing in Leichhardt /Marrickville local government area allocation zone for public housing, is 10 years plus, for 1, 2, 3 and 4 bedroom residences.

(<http://www.housingpathways.nsw.gov.au/How+to+Apply/Expected+Waiting+Times/Sydney+South+Eastern+Sydney+and+Northern+Sydney.htm>)

To guide the retention and investment in provision of public housing across the State, including inner city areas, clear, measurable targets would be most useful. Targets should outline the percentage of housing that is public housing. The City of Sydney's target of 7.5% public housing is a useful reference point.

**Recommendation 1.**

**That the State Government increase investment in provision of public housing stock in Sydney's inner west.**

**Recommendation 2.**

**That the State Government set targets for the retention and investment in provision of public housing across the State, including inner city areas.**

**Affordable housing**

Affordable housing is any housing that costs moderate-to-low income earners less than 30% of their net weekly income and therefore conveys the notion of "reasonable" housing costs in relation to income. Expenditure above this may result in housing stress. (3) In Leichhardt Lga in 2010-11, Mean Individual Income was \$76,990, and mean proportion of income spent on Housing was 50% for mortgages and 33% for people renting.

Weekly housing rental payment statistics indicate that Leichhardt residents who are renting pay significantly more in rent than Greater Sydney averages. For example, 2011 census data indicates 16.1% of Leichhardt residents who are renting paid \$550-\$649 per week compared to 7.1% of Greater Sydney residents. The percentages for weekly rental costs higher than \$550 were all higher for Leichhardt residents than Greater Sydney averages. It is expected that these costs will have increased significantly since the last data collection.

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3 Low income defined as less than \$633 pre-tax income per week by ABS 2011 Census.

In August 2013, Australians for Affordable Housing reported that in the Grayndler electorate 22.32% of people were experiencing housing stress, (based on the 2011 Census data) and that nationally rents rose by 8% between 2011 and 2013, much faster than incomes.

([http://housingstressed.org.au/wp-content/uploads/2013/08/DOC\\_130814\\_-\\_AAH-election-statement.pdf](http://housingstressed.org.au/wp-content/uploads/2013/08/DOC_130814_-_AAH-election-statement.pdf))

The increase in the number of households experiencing housing stress raises issues of the challenge of maintaining economic and social diversity in inner city neighbourhoods where housing affordability continues to decline.

It is important to note that in this policy context, Affordable Housing is not public housing, poor quality housing or shared accommodation. It is housing managed by a community housing provider, and rented out at below-market rates to eligible applicants in low and moderate income jobs including teachers, childcare workers, tradespeople, artists, technicians and council workers.

### **Recommendation 3.**

**That the State Government provide a clear legislative and planning framework to deliver affordable housing, including value capture mechanisms and inclusionary zoning schemes.**

- b. **Data regarding the link between the lack of appropriate social, public and affordable housing in New South Wales and indicators of social disadvantage.** Council cautions against a simplistic approach to disadvantage, as pockets of high need exist within the overall highly resourced population in the inner west. 20% of the Leichhardt population of 56,000 residents is affected by disability, a proportion of those affected (as carers, people with disability, and family members) live in the approximately 1,200 public and social housing residences in the LGA. Council has received representation from residents living in market accommodation affected by increasing cost of private rental, and facing relocation at considerable distance from existing family, friendship and social support networks at the end of leasing periods, due to high cost of rents.

### **Recommendation 4.**

**That the state government review rent subsidies available to people experiencing significant disadvantage in the high cost rental markets of inner Sydney, and increase the allowance for rental subsidy for eligible persons to enable existing residents to remain connected to support services and networks.**

- c. **Housing design approaches and social service integration necessary to support tenant livelihoods and wellbeing**

Leichhardt Council has incorporated objectives and controls in its new Development Control Plan 2013 which promote urban design that will support

a socially, environmentally and economically resilient community. Section C3.1 states that *“Residential buildings and related spaces and landscapes play a significant role in contributing to the character of a place and its setting and the extent to which people feel connected to place and to each other.”*

Council has been advised by members of the Leichhardt Housing Advisory Committee that residents with high needs particularly women, women with children, and youth who have experienced family violence and / or domestic violence are experiencing loss of services, through withdrawal of state and commonwealth funding of non-government organisations providing crisis and short term accommodation and support services in the local area.

**Recommendation 5.**

**That the State Government allocates effective resources to support tenants with high needs and ongoing support services requirements, and reviews recent changes to crisis accommodation funding, maintenance and rates soon to be charged to not for profit organisations that manage crisis housing.**

**d. Maintenance and capital improvement costs and delivery requirements**

Consultation with inner Sydney residents and service providers indicates that major investment in maintenance and capital programs is required. This is supported by the findings of the Auditor General's report. Strategic and quality maintenance of assets is required to return the public housing portfolio to a financially and social sustainable condition. Improvements in the delivery and management of public housing are required.

**e. Criteria for selecting and prioritising residential areas for affordable and social housing development**

In developing criteria for the selection and prioritisation of residential areas for affordable and social housing development the needs of the potential residential population should be taken into account. Places that have easy access to public transport, shops, community infrastructure such as libraries, health care, child care and schools provide more opportunities for people to feel and be connected to others and to the goods and services that they need and are preferred for affordable and social housing developments. Leichhardt Council is activating opportunities for affordable housing in the Leichhardt area, and has:

- Set aside funds for a feasibility study in to developing supported and affordable housing in Hays St Leichhardt above a Council carpark, within close proximity to medical, social support, transport, and community library services.

- Committed to jointly exploring with UnitingCare Ageing and the Leichhardt Congregation of the Uniting Church, the redevelopment of sites in Marion and Norton Streets Leichhardt to address the needs for supported and affordable housing for our older residents who want to age in their community, for residents with disabilities, students and for essential workers, who should have the right to live near their place of work.
- Set aside funds from a Voluntary Planning Agreement in Rozelle, to seed fund affordable housing development.

**f. The role of residential parks**

Planning for residential parks needs to respond to the diversity of housing choices that people make, and at the same time, ensure that purchasing and leasing arrangements protect the rights of individuals to security of tenure.

**g. Recommendations on State reform options that may increase social, public and affordable housing supply, improve social service integration and encourage more effective management of existing stock including, but not limited to:**

**(i) policy initiatives and legislative change**

The Auditor General proposes an overarching strategy, and alignment of property portfolio, tenancies, management practices and reporting, with the government's strategic objectives. One of the key recommendations in the Report is the development of a State Housing Policy that aligns tenancy management with emerging client need. Council is committed to enabling all Leichhardt residents to maintain community connections that support and enhance individual wellbeing and health. It is important that our most vulnerable residents in social housing are not geographically isolated from family members, friends, service providers and their familiar networks, under the development and implementation of the State Housing Policy. Council has made representation to the Minister for Family and Community Services (Refer Attachment 1 to this Submission) of the primary importance of social impact considerations and social support to tenants when developing the policy.

**Recommendation 6.**

**It is recommended**

- a) that the social impacts, including the adverse impacts of relocating tenants away from their communities, are considered in the development of the State Housing Policy**
- b) the Policy is developed and resources allocated to address tenants with high needs and ongoing support requirements.**

**(ii) planning law changes and reform**

In June 2013 Council made a submission to the NSW government in relation to *A New Planning System for NSW:White Paper*. Council noted that:

- the choice to apply inclusionary zoning provisions allowing for the accumulation of affordable housing funds from large development, be made available to all councils;
- councils retain the capacity to levy contributions for affordable housing as they see fit;
- councils retain the capacity to negotiate voluntary planning agreements to encourage the creation of affordable housing;

**(iii) social benefit bonds**

Leichhardt Council recognises investment in Affordable Housing is a subregional issue. Leichhardt Council proposed to Southern Sydney Regional Organisation of Councils(SSROC) an investigation into the feasibility of an Inner City Housing Bond, contrived to provide discounted investment capital to community housing providers undertaking affordable housing projects within the local government areas of participating councils, the cost of this research being shared by councils of the Forum.

**Recommendation 7.**

**That the State Government in partnership with the SSROC investigate the feasibility of an Inner City Housing Bond, contrived to provide discounted investment capital to community housing providers undertaking affordable housing projects within participating local government areas.**

**(iv) market mechanisms and incentives**

The above-mentioned submission to the NSW government in relation to *A New Planning System for NSW:White Paper* noted that:

- councils be authorised to assess the value uplift from rezoning and subdivision, and where there is resulting value uplift identified, levy a significant amount of that uplift for affordable housing;
- a target of 50% be set as the minimum ratio of affordable housing as a proportion of all new approved homes within new development to allow housing diversity and to enable planning mechanisms to attain this objective across all local government areas until affordable housing demand has been met;
- the NSW Planning Policies should indicate how the supply/delivery of affordable housing will be facilitated through subregional and local planning.

Council identified market mechanisms and incentives in its submission to the NSW Local Government Annual Conference in 2013, including extending the available means by which Councils can encourage the provision of affordable housing through

- collection of contribution fees proportionate to scale and /or value
- continued capacity for local governments to negotiate voluntary planning agreements to encourage affordable housing
- creation of a fund accessible by Councils to extend National Affordable Rental Scheme

**Recommendation 8.**

**In light of the scale of affordable housing need identified by the Australian Supply Council, that the State Government extend the available means by which Councils can encourage the provision of affordable housing through:**

- a. The collection of contribution fees proportionate to the scale of development or, where rezoning effects an uplift in land value, proportionate to the size of value uplift;**
- b. The maintenance of the capacity of councils to negotiate voluntary planning agreements to encourage affordable housing;**
- c. The establishment of a mandatory ratio of affordable housing as a proportion of all new housing approved within nominated areas/zones, following the planning model for affordable housing used by the Greater London Authority.**

**(v) ongoing funding partnerships with the Federal Government such as the National Affordable Housing Agreement** Initially rolled out in 2008, Round One of National Rental Affordability Scheme (NRAS) stimulated investment in affordable rental housing developments benefiting many Australians. NRAS has increased access to rental housing to eligible applicants at below 20% the market rate. Since the inception of the Scheme in 2008 over 1,858 dwellings have been delivered in NSW. In 2013, Council wrote to the Local Government and Shire Association requesting it to make representation to the Federal Government to call for a second roll out of NRAS beyond 2016 following the success of Rounds One to Four. Consideration of the long term benefit and equity of investment in affordable housing is required. Investment that provides for affordable housing in perpetuity is considered to be of greater benefit.

**Recommendation 9.**

- a. That the Select Committee advises the State Government of the benefits of NRAS to make representation to the Federal Government, and call for a second five year roll out of NRAS, following the success of Rounds One to Four.**
- b. The creation of a fund accessible by councils to support the continued roll out of the National Rental Affordability Scheme or**



**comparable housing intervention to be delivered by federal government.**

**(vi) ageing in place.**

Once people move into aged care facilities, they need to be able to age in place, with security of tenure, supported by appropriate medical and allied services care. To ensure optimum well-being outcomes, they should be able to remain within close proximity to networks of family, friends and preferred service providers.

Leichhardt Council is entering into an agreement with UnitedCare Ageing and the local congregation of the Uniting Church for redevelopment of aged care facilities in Leichhardt, with the intention that residents remain in the area, and age in place. However Council has received a pre-DA proposal for the redevelopment of the Sr Dorothea Village on Johnson St in Annandale which would see the closure of 31% aged care beds in the Lga, if the proposal proceeded. Policy attention at Federal level needs to be brought to bear, to ensure that accommodation suited for people ageing in place, close to the communities where they have lived, continues to be an option for older Australians.

**Recommendation 10.**

**That Ageing in Place policy and operational implementation of the policy seek to maintain connections between inner metropolitan residents and their existing support networks.**

**(h) Other matters**

Council has received representation from local residents and housing organisations through its Housing Advisory Committee, expressing concern related to

- Changes to the 2013/14 Budget allocation for supported living
- Implications of the Bedroom tax / penalty applied, if not all bedrooms are being used in public housing dwelling
- Reduction in crisis accommodation funding, maintenance and rates now being charged to not for profit organisations that manage crisis housing, and the impact on these changes for residents and the organisations that serve them in the inner west.

**Recommendation 11.**

**Council recommends that the State Government redresses reduction in funding for crisis accommodation services providers, and ensures that residents in need of emergency and short term housing are accommodated in the inner west.**

**In conclusion**

Leichhardt's community is committed to working with Council to achieve a sustainable, equitable and connected community. Social and Public housing is provided to ensure our most vulnerable community members have a place to call home, and the opportunity to participate fully in community life. Affordable rental housing in inner city can only be achieved by whole of government policy and planning initiatives. Council recognises that these outcomes require a whole of government approach, and we look forward to the Select Committee's response to the matters presented to the Inquiry.

Should you require further assistance in regard to this submission please contact Council's

Yours sincerely

Cr Darcy Byrne  
**Mayor of Leichhardt**

## Attachment 1 to Draft Submission



Contact: Erla Ronan  
Phone: 9367 9149

9 December 2013

The Hon. Pru Goward, MP  
Minister for Family and Community Services, and Minister for Women  
Level 34 Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

Dear Minister,

**Re: Development of State Housing Policy and implications of recent budget decisions**

Council has resolved that I write to you in your capacity as Minister responsible for Housing to request that the social impacts, including the relocation of tenants, are considered in the development of the State Housing Policy; and that the Policy is developed and resources allocated to address tenants with high needs and ongoing support requirements.

Council has further resolved that I invite you or your representative to present to Council's Housing Advisory Committee on the Auditor General's report and also address matters related to:

- a. Changes to the 2013/14 Budget allocation for supported living;
- b. Implications of the Bedroom tax / penalty applied, if not all bedrooms are being used in public housing dwelling; and
- c. Discussion of changes to Crisis accommodation funding, maintenance and rates now being charged to not for profit organisations that manage crisis housing.

Public Housing is a key community resource, requiring strategic planning and investment, sound governance, and solid maintenance and operation. The NSW Auditor General's report *Making the Best Use of Public Housing* concludes that all social housing meets only 44% of need in NSW, and identifies significant pressure on the provision of physical assets, maintenance, and tenancy operations.

The Auditor General proposes an overarching strategy, and alignment of property portfolio, tenancies, management practices and reporting, with the government's strategic objectives. One of the key recommendations in the Report is the development of a State Housing Policy that aligns tenancy management with emerging client need.

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WORKING WITH THE COMMUNITY

Leichhardt community members and representatives of Leichhardt Council's Housing Advisory Committee have reviewed the report and recommendations. The Committee particularly discussed the importance of all Leichhardt residents maintaining community connections that support and enhance individual wellbeing and health. It is important that our most vulnerable residents in social housing are not geographically isolated from family members, friends, service providers and their familiar networks, under the development and implementation of the State Housing Policy.

Leichhardt's community is committed to working with Council to achieve a sustainable, equitable and connected community. Public housing is provided to ensure our most vulnerable community members have a place to call home, and the opportunity to participate fully in community life. Council recognises that this requires a whole of government approach, and we look forward to your representative joining us at a future Housing Committee meeting to address these matters.

Council's Group Manager of Community and Cultural Services will be able to liaise with your office on an appropriate date in February or April 2014.

Yours sincerely 10

Cr Darcy Byrne  
**Mayor of Leichhardt**