

**Submission
No 189**

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

Organisation: The Greens NSW

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Select Committee on Social, Public and Affordable Housing
NSW Parliament House
Macquarie St
Sydney NSW 2000

Re: Inquiry into social, public and affordable housing

Thank you for the opportunity to make a submission into this important inquiry.

Much of New South Wales, and in particular Greater Sydney, is facing a severe housing affordability crisis.

Many families and individuals, even those on median incomes, struggle to afford housing that is suitable, safe and secure in areas close to their work and social contacts. Many others are struggling to find any affordable or suitable housing anywhere.

As you will no doubt hear from a range of community service providers NSW is suffering from a critical lack of public and social housing. This shortage stretches from crisis shelters to more permanent accommodation in public and social housing.

Addressing this requires far more direct government intervention and more creative approaches to delivering affordable and secure housing, than has occurred to date.

Serious structural flaws in the existing housing market, especially in Sydney, are such that the accommodation crisis cannot be resolved by simply building more housing in an existing dysfunctional market.

The Greens hope that this committee begins to tackle some of the big issues driving unaffordability including inappropriate tax concessions, inappropriate incentives for speculative investment in housing and the absence of a coherent set of State laws to encourage the delivery of affordable public and community housing.

The submission will highlight planning issues surrounding affordable housing within NSW, as well as concerns within the electorate of Balmain specifically.

Please do not hesitate to get in touch if you have any questions regarding the position outlined in this submission.

Regards,

David Shoebridge MLC

Greens NSW Spokesperson for Planning

Jamie Parker MP

Greens Member for Balmain

Part A. Housing stress and homelessness

Too many people in this State are either homeless, in substandard accommodation or are struggling to afford the mortgage for their family home.

Homelessness Australia reported that in 2013, 28,191 people were homeless in NSW.¹ For 20.5% of these people, the cause of their homelessness was identified as 'financial difficulty'. We are therefore seeing more than 5,770 people being made homeless simply through being unable to afford housing. The lack of access to appropriate housing is a cause of massive social disadvantage.

Even the most cursory study of this State's private property market will demonstrate that, especially in our major urban centres such as Sydney, Newcastle and Wollongong, the private property market is beyond the financial reach of many ordinary people.

It is broadly accepted that housing stress occurs when a household or individual spends 30% or more of their income on housing. Extreme housing stress occurs when this rises to 50% or more of a household or individual's income.

Using this measure, median income households (in Sydney) can afford to spend \$456.00 per week on a mortgage before experiencing housing stress. They will experience extreme housing stress when they spend \$760 or more a week on a mortgage.

Research conducted by the Greens² that looked at online listings of the new housing market indicated that almost no housing stock within Sydney is affordable to purchase as a median income household or individual without falling into housing stress. For all but a tiny minority of properties on Sydney's fringe, a single person on a median income could not afford to purchase a new property without falling into extreme housing stress.

This situation is simply not acceptable in the long term.

The research by the Greens is backed up by broader data indicating that housing stress is significantly felt within the private rental market. The latest census has revealed that in NSW 18.5% of all households in the private rental market experiencing housing stress, including 27% of those in the lowest income quintile.³

These figures do not include those households that try to avoid housing stress by finding cheaper housing long distances from their places of work, requiring significant daily commutes which result in a poor work-life balance and contribute to congestion on roads and public transport.

With close to one in five NSW households experiencing housing stress within the rental market, and the almost complete absence of affordable housing in the private property market, it is essential that the State ensure adequate, affordable and secure public and social housing.

The lack of affordable housing has led to significant housing stress for key workers in many parts of Sydney. The experience in the electorate of Balmain clearly demonstrates this.

¹ Homelessness Australia, Homelessness in NSW -

http://www.homelessnessnsw.org.au/uploads/50463/ufiles/Homelessness_in_New_South_Wales.pdf

² <http://davidshoebridge.org.au/2013/11/24/developer-driven-planning-laws-cant-fix-sydneys-unaffordable-housing-market/>

³ Australian Bureau of Statistics, Housing Occupancy and Costs 2011-12 -

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4130.02011-12?OpenDocument>

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Many of the police officers, teachers and nurses working within a 15 kilometer ring of Sydney's CBD are forced to reside outside the Sydney Metropolitan area and have significant travel times to get to and from their place of employment. This has unavoidable consequences on the work-life balance of these key workers and on the services when needing to call people in at short notice. It is imperative that affordable housing options are available to low-income workers.

But it is not just key workers facing this issue. A recent report by Australians for Affordable Housing Opening Doors to Employment⁴ has identified a lack of affordable housing in major employment hubs as a significant factor in hindering the return to work for some.

Adequate investment in affordable housing in areas close to the Sydney CBD and other job hubs in key urban centers such as Parramatta, Hurstville and Chatswood, where there is a high level of jobs attractive to jobseekers and good public transport, can potentially create savings on welfare and other social support costs.

At present the clear lack of public and affordable housing is causing significant disadvantage to low and even median income earners who are denied access to it.

Parts B to F of this submission will focus on public housing issues and recommendations for reform and improvements to improve and expand the existing system.

Parts H to I will address in more detail the structural barriers to the delivery of affordable housing in the private property market including appropriate planning responses.

Part B: Affordable housing and social disadvantage - public housing in practice

Public housing properties are increasingly being occupied by individuals with complex needs and allocations are often inappropriate. The Greens have received significant requests for assistance from constituents in Glebe and Balmain who are desperately trying to transfer into more accessible accommodation due to chronic or deteriorating medical conditions often leading to mobility issues as well as constituents who are elderly or living with a disability.

While Housing NSW staff make every effort to ensure that people are housed appropriately, limited available stock means there are very few options available.

There has also been a clear disconnect between client needs and appropriate available stock since the division of Housing NSW staff into Assets and Client Service teams. Client Services deal directly with the tenants and have an understanding of the requirements but have no authority with regards to allocation of funds for maintenance and/or modification of properties to ensure they remain appropriate to tenants' needs.

The most direct solution to these issues of social disadvantage and the levels of housing stress in the private market is to significantly increase funding to public housing so that Housing NSW has more appropriate options for housing those in need. In addition more authority needs to be provided to the Client Services teams to ensure allocation of appropriate housing.

⁴ Australians for Affordable Housing, Opening Doors to Employment <http://housingstressed.org.au/wp-content/uploads/2011/09/Opening-doors-to-employment-2013.pdf>

Part C: Housing design - ensuring public housing is flexible and fit for purpose

Over 60% of public housing tenants are currently over 60 years of age⁵ and that proportion is likely to rise over the coming years. Many long term tenants have built up significant networks of mutual support in the communities in which they live and these are invaluable in helping people meet their changing needs as they age.

It is essential that long term public housing tenants be able to 'age in place', a process that can be facilitated through adopting the principles of universal design in housing construction and renovation.

Universal design is the practice of building homes that can accommodate, with minimal modification, people with a wide range of needs and abilities.

The benefits of allowing residents to age in place are clear in terms of improved quality of life for tenants, who can remain within the communities that many have lived in for decades. However there are also significant benefits in terms of costs to government as people who have support in their communities will require less support from aged care services, freeing up resources to be allocated elsewhere.

Sustainable design is important from the perspective of intergenerational equity and is also important in helping low income residents reduce energy and water costs. Simple measures like insulation and double glazing can contribute to a reduction in energy use with the added benefit of noise insulation which reduces the incidents of disruption to neighbours' amenity.

Part D: Social services integration:

Public housing in NSW is home to a large number of people living with mental health disabilities, many of whom live without appropriate support, sometimes to the detriment of themselves and fellow tenants.

One of Housing NSW's criteria for housing eligibility is a client's need for support to live independently. In most cases this means Housing NSW is aware of a client's needs when a tenancy begins. This puts them in a unique position to make sure those needs are supported over time.

While it is not the responsibility of Housing NSW to monitor the mental health needs of their tenants the regular interaction they have with them, makes them well placed to notice if something is wrong and gives them some capacity to refer other agencies to assist people as soon as possible.

Ensuring there are clear lines of communication between Housing NSW and health and support services in the community is an important factor in keeping tenants healthy, well and able to support themselves in place.

Part E: Maintenance and capital improvement costs and delivery requirements

Much of the existing stock of public housing is in very poor repair. Residents can wait months for critical maintenance works essential for them to live safely and independently. This includes repairs

⁵ NSW Audit Office, Making the best use of Public Housing - <http://www.audit.nsw.gov.au/Publications/Performance-Audit-Reports/2013-Reports/Making-the-best-use-of-public-housing>

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to accessibility features of their homes and even Occupational Health & Safety issues at the property.

The Audit of public housing in NSW estimates, based on Land and Housing Corporation data, that the maintenance shortfall for public housing in the state is \$330 million. While this is a significant amount of money the shortfall will only increase unless a proactive maintenance program is established urgently.

The Audit also notes that the cost of constructing new public housing properties is significantly higher than the income that can be gained from selling existing properties. The poor maintenance regime applied to many public housing properties almost certainly contributes to lowering their value.

One particular type of maintenance work that is chronically under-managed and which has the biggest potential to impact on safety and property values is guttering. In the Glebe area particularly, this has resulted in significant water damage to many properties, making some structurally unstable. We have also seen impacts, across the electorate, of the lack of proper drainage which has resulted in numerous cases of mould infestation, often to the detriment of residents' health.

Delays in the treatment of infestations in Housing NSW properties have also seen significant damage and destruction of properties. Local Greens MP Jamie Parker has helped many local residents in Glebe seek assistance for rat and termite infestations which were going untreated, one constituent unable to use the electricity in her upper floor due to the termite damage. Housing NSW had disconnected the electricity to the upstairs rooms due to risk of electrocution yet she was expected to continue to live in the property and pay full rent while the damage remained unrepaired and the termite infestation continued to go untreated to the point that they were falling out of her ceiling.

The solution to addressing maintenance gaps in the long term is obviously to provide additional funding but there can also be major improvements in the efficiency of the maintenance systems.

Better communication between Housing NSW and the contractors who perform maintenance works is vital. The experience of one constituent of Forest Lodge who endured repeated visits from tradespeople without proper knowledge of the issue at hand and leaving the job partly or entirely incomplete because they don't have the appropriate skills or equipment to deal with the issue. This has been ongoing for nearly 6 months and is still not resolved. Whether Housing NSW is charged for these futile visits is unclear but it is certainly a waste of the time for both tenants and tradespeople.

Any discussion of maintenance must include Spotless, the company who has held the majority of maintenance and cleaning contracts with Housing NSW for many years. The performance and behavior of Spotless employees and sub-contractors has been one of the biggest sources of complaint over the period of my involvement with public housing issues. Many tenants complain of substandard work, cutting corners, failing to complete work within pre-established timeframes, violating Workplace Health and Safety rules (putting themselves and residents at risk) and displaying very poor levels of customer service.

The quality of service provided by Spotless, and the credentials of the sub-contractors this organisation uses, should be reviewed and consideration given to the value of Land and Housing Corporation employing in-house tradespeople capable of carrying out maintenance works commonly required by the properties in its portfolio.

In summary the maintenance backlog should be cleared as soon as possible by competent and skilled tradespeople employed by Housing NSW. While this may be costly in the short term, in the long term it would ensure properties maintain their value as well as reducing the broader health-related costs for Housing NSW tenants.

Part F: Criteria for selecting and prioritising residential areas for affordable and social housing development

It is important to maintain or increase public and social housing stock in NSW.

The experience of residents in Glebe and Balmain can illustrate the need for more social housing to be built in central locations that allow tenants to reside near to their social and health services. As allocations are tightened to those of the highest needs, i.e. the most vulnerable, there is a greater necessity for medical and mental health services and other support agencies to be close at hand.

It is also important tenants have access to employment and education opportunities. Being centrally located near social services, education facilities and workplaces also allows tenants to manage travel times and costs.

Priority must be given to completing existing projects as a matter of urgency. The Glebe Affordable Housing Project is an example of where a poorly planned project has decimated a community with no foreseeable gain. The public housing estate that was once located on the site was demolished in 2011 to make room for a major new development that included affordable and private dwellings and an additional 19 public housing properties. However this development was partly funded by the sale of 20 public housing properties in Millers Point and the bulk of the new public housing properties were significantly smaller than the ones they replaced.

Putting the deficit aside, three years after the estate's demolition the site is little more than a hole in the ground. Housing NSW appears to be struggling to find adequate private sector funding to proceed with the project, creating an even greater housing deficit in the area, and denying it of rental income, while it waits.

New public housing and affordable housing properties should be built in areas where their residents will have access to appropriate social services and jobs, whilst being mindful of maintaining cohesive established communities and not creating concentrated hubs of disadvantage.

Part G: What is driving unsustainable housing prices?

To date the Government's primary solution to unsustainable housing prices has been to increasingly relax planning controls to allow developers to build more developments on urban fringes, often away from the transport and services required to make these truly liveable neighbourhoods.

While the government has progressed large land releases on the urban fringe, it has also been pressing for more developer friendly planning laws across the board. To date these efforts have not met acceptance in either the community or the Parliament.

At the core of the argument put by developers and Planning and Infrastructure is that the solution to housing affordability in NSW is simply to build more housing stock. The line of argument is that if the law was changed to prevent communities from interfering in new developments, then more house would be built and the price would fall.

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The property industry estimates that in Sydney 32,000 new dwellings are required to meet the city's growing population needs, but this figure represents just 1.95% of the total housing stock. Housing starts in the last five years have averaged closer to 20,000 than 32,000 dwellings. However recent figures suggest that the last twelve months has seen a higher level of residential building activity and likely well in excess of 20,000 housing units being constructed.

An increase from the existing 20,000 thousand (or likely slightly above this) annual housing units to 32,000 is only marginal and is likely to only have the most minimal impact on housing prices. This additional 12,000 housing units represents approximately 5% of the housing units traded in any given year. It is not the answer to the affordability crisis.

To genuinely make housing affordable we need to remove the levers that are pushing house prices up across the whole market.

The past decades have seen enormous growth in housing prices with a median increase across NSW between June 1990 and June 2013 of a whopping 262 per cent. The baby boomer generation has overwhelmingly reaped the profits from this expansion, and now has a vested interest in prices staying high.

The numbers show that a large percentage of the Sydney housing market is made up of "investment properties". Those investing in property continue to have the support of Government to do so with strong incentive that lead to overinvestment. This includes concessional capital gains tax for residents, encouraging private superannuation funds to invest in residential property and a recent surge in foreign investment in the Sydney residential retail market – all of which are driving prices up.

There is no good reason why taxpayers should subsidise the investment choices of those who invest in property – particularly considering the impact this investment has in driving prices up.

We also need to protect our renters who currently pull the short straw in the Sydney housing market. Consideration should be given to improving security of tenancy for renters, giving renters greater rights and control over the properties they lease and creating lease to buy options for more people.

The property market in NSW is geared to generate "profits" from rising prices. Market interventions such as the "first home buyers grant" have utterly failed to alter this logic, and so prices have continued to rise. Giving free reign to developers has failed to alter this logic, and so prices have continued to rise. We need to consider something new – looking to increase affordability by addressing price levers themselves, not their symptoms.

Removing negative gearing should be the first step in the long journey towards housing affordability in NSW.

Part H: The Role of Planning Laws

Any new Planning Act needs to deliver for every resident in NSW, this means prioritizing affordable housing. Remarkably the only strategy the O'Farrell government has for delivering housing affordability is increased land releases on Sydney's fringe. \$500,000 house and land packages on Sydney's fringe are not an acceptable solution to housing affordability.

There are models in other jurisdictions that can be used to deliver affordable housing for NSW:

1. London, UK – 50% affordable housing target for all significant new developments.
2. Vancouver, Canada – 20% social/affordable housing target for units in major residential projects.
3. Melbourne, Victoria – 20% affordable or social housing target for all new housing.

NSW desperately needs a clear affordable housing target, supported by legislative requirements and planning laws, to ease the state's housing crisis.

Barangaroo, the state's largest development, could have finally been a chance to get affordable housing right, and set a precedent in requiring developments to set aside a fair, but fixed, percentage of new development as affordable housing.

The Barangaroo development instead exacerbates an already existent problem, with the development instead acting as a hub for businesses and the wealthy and allocating only a tiny 2.3% of developable FGA as affordable housing. This proportion is not only well below the standards set by other major cities, but also the City of Sydney's target that aims for social and affordable housing to account for 7.5% of all homes within the LGA.

The Greens propose that alongside realistic affordable housing targets set by the State Government, local councils are given the flexibility to ensure that all significant new housing developments across Sydney include affordable housing units for low and moderate income workers. This would be funded by a combination of developer levies and government investment.

Schemes such as this have had success in a wide range of international cities including London, Paris and New Jersey. Such a scheme also worked well on Sydney's doorstep with the City West Housing Development in Pyrmont.

The role of the State Government would then be to ensure that local councils, property developers and the not for profit sector are delivering on these affordable housing standards.

Part I: A Way Forward for Affordable Housing in NSW

The NSW Government needs to stop allowing developers and investors to control planning in NSW – and allow communities to work towards the kinds of liveable, walkable, sustainable neighbourhoods they need. Developers have a vested interest in property prices being as high as possible, as this will maximise their profits, and they can use this as support for their argument that they should be free from even the existing modest environmental and social controls in the planning system.

With the market failing so dramatically to provide housing that ordinary people can afford, what is required is direct intervention from the government with new planning laws that promote affordable housing. We need laws that allow local councils to require developers to set aside a fair, but fixed, percentage of new development as affordable housing. Urgent change is also needed to address the price levers that see investment in property driving house prices to levels where they are unaffordable for many workers.