

**Submission
No 69**

INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

Organisation: National Council of Women NSW Inc

Date received: 28/02/2014



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National Council of Women of New South Wales Inc

Patron: Her Excellency Professor Marie Bashir AC CVO

President
Nola Barkl

February 28, 2014

The Director
Select Committee on Social, Public and Affordable Housing
Legislative Council
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Sir,

Inquiry into social, public and affordable housing

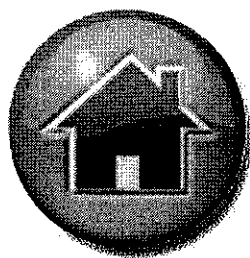
Further to correspondence relating to the above, I am pleased to forward the enclosed submission to the Inquiry.

Thank you for the opportunity to contribute. Our research reveals an obvious need to address the provision of such housing and we commend the Legislative Council on its action in establishing an inquiry.

Yours faithfully,

Nola Barkl
President

Encl.



NATIONAL COUNCIL OF WOMEN NSW Inc.

Sub-committee on Affordable Housing

Submission

To The

Inquiry into Social, Public and Affordable Housing

February 2014

Submission

Inquiry into Social, Public and Affordable Housing

Executive Summary

National Council of Women NSW Inc. is pleased to provide a submission to the Inquiry into Social, Public and Affordable Housing conducted by the NSW Legislative Council's Select Committee on Social, Public and Affordable Housing.

NCW NSW believes that the subject matter of this Inquiry is of prime importance to the Government and people of New South Wales.

Our submission will address the terms of reference to the best of our capability and resources.

It needs to be stated that in doing this submission NCW NSW drew heavily on two reports:

1. The New South Wales Auditor-General's Report – *Making the best use of public housing*¹ and
2. Anglicare's Report – *Rental Affordability Snapshot: April 2013 Greater Sydney and the Illawarra*².

There is an urgent need for increases in the supply of social, public and affordable housing - demand for this housing far exceeds supply.

Terms of Reference

1 (a) Projections of future social, public and affordable housing supply and demand to 2020.

People in NSW earning very low to moderate incomes are increasingly unable to access housing that is affordable. The characteristics of people requiring public housing have changed. Over the past decade there has been a significant increase in single person households, tenants with significant disabilities and elderly tenants. The type of dwellings needed to meet demand into the future is significantly different to the current stock profile. Current and projected eligibility for social housing exceeds current stock capacity in all housing locations.

1 (b) Data regarding the link between the lack of appropriate social, public and affordable housing in New South Wales and indicators of social disadvantage.

Research has shown there is a strong link between the lack of appropriate social, public and affordable housing in New South Wales and indicators of social disadvantage. Recent studies have shown that childhood experiences of housing insecurity and homelessness are associated with poorer educational, physical and mental health outcomes for children, and an increased likelihood of housing insecurity and homelessness as an adult.

1 (c) Housing design approaches and social service integration necessary to support tenant livelihoods and wellbeing.

Much of the public housing stock consists of larger properties while the greatest demand (and rising) is for smaller and accessible dwellings. There have been initiatives and resources directed towards reshaping the public housing asset base to better reflect the needs of today's tenants, but not enough to keep pace with the changing client profile. NCW NSW supports the aims of the State Environmental Planning Policy (Affordable Rental Housing) 2009.

1 (d) Maintenance and capital improvement costs and delivery requirements.

With constraints on rental and grant funding and existing assets requiring increasing maintenance expenditure, LAHC advised that to continue to operate within its means, it has implemented measures such as selling properties and delaying some capital and maintenance expenditure. This will impact the condition and level of stock, and is not financially sustainable long-term.

1 (e) Criteria for selecting and prioritising residential areas for affordable and social housing development.

The major criterion for selecting and prioritising residential areas for affordable and social housing development is that it must be where the population is expanding.

1 (f) The role of residential parks.

Residential parks provide a viable alternative to the problems facing social, public and affordable housing.

1 (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
- (ii) planning law changes and reform
- (iii) social benefit bonds
- (iv) market mechanisms and incentives
- (v) ongoing funding partnerships with the Federal Government such as the National Affordable Housing Agreement and
- (vi) ageing in place

See Summary of Recommendations.

1 (h) Any other related matter.

See Summary of Recommendations.

Corruption.

SUMMARY OF ABBREVIATIONS

| | |
|----------------|--|
| CTTT | Consumer, Trader and Tenancy Tribunal |
| FACS | Department of Family and Community Services |
| HARP | Housing Assistance Resourcing Plan |
| HNSW | Housing New South Wales |
| ICAC | Independent Commission Against Corruption |
| LAHC | New South Wales Land and Housing Corporation |
| LGA | Local Government Area |
| NCW NSW | National Council of Women NSW Inc. |
| NRAS | National Rental Affordability Scheme |

DEFINITIONS

Affordable Housing – includes private rental and public housing for people on low-moderate incomes.

Community Housing – provides affordable rental housing to people on low to moderate incomes. It is 'people centred' and approaches housing issues locally. There are three main types of community housing: housing associations, co-operatives and church owned housing.

Social Housing – includes public housing, community housing and aboriginal housing (a separate entity to general public housing).

It is with pleasure that National Council of Women NSW Inc. (NCW NSW) accepts the invitation to provide a submission to the Inquiry into social, public and affordable housing conducted by the NSW Legislative Council's Select Committee on Social, Public and Affordable Housing.

NCW NSW believes that the subject matter of this Inquiry is of prime importance to the Government and people of New South Wales.

Established in NSW in 1896, the National Council of Women is one of the oldest women's organizations in Australia. It is non-sectarian and non-party political in seeking to encourage the participation of women in all aspects of community life.

NCW NSW is the coordinating body in NSW for the efforts of affiliated organizations and individual members as they work to improve the status of and conditions for women and their families. It endeavours to inform and support women, assisting them to make informed decisions about matters that affect their daily lives. Through its membership base of more than 50 affiliated organizations as well as scores of individual members, it is representative of a broad cross section of women in the community. Opportunities for interaction with members are through monthly General Council Meetings; an e-News and a tri-monthly Newsletter.

State Councils of NCW have the benefit of linking with other States and the Territory of ACT through the National Council of Women Australia, established in 1931. A global perspective is gained through NCWA's membership of the International Council of Women, established in the USA in 1888, which has Category 1 consultative status in the Economic and Social Council of the United Nations

Low income rental affordability is considered one of the key measures related to national progress in Australia (ABS 2012). Having access to affordable and appropriate housing provides a solid foundation for the promotion of individual and family wellbeing. In many ways, suitable housing can be a safeguard against other aspects of disadvantage such as food insecurity, social exclusion and failure to meet developmental milestones among children. The private rental market in Australia has also been traditionally regarded as a stepping stone into home ownership, providing greater financial stability in later life. Unfortunately, shortages in social housing and the tight rental market compromises access to suitable housing for the most vulnerable people in society¹.

Our submission will address the terms of reference to the best of our capability and resources.

It needs to be stated that in doing this submission NCW NSW drew heavily on two reports:

1. The New South Wales Auditor-General's Report – *Making the best use of public housing*² and
2. Anglicare's Report – *Rental Affordability Snapshot: April 2013 Greater Sydney and the Illawarra*³.

Before we address the first term of reference an outline of the current situation will be stated.

The National Housing Supply Council (2011) observed that the rise of average earnings in New South Wales increased by 50 percent between 2001 and June 2011. During this period the Council observed that rents for two-bedroom units across Sydney increased by an average of 70 percent. Thus rent levels have clearly outpaced the rise of average earnings in New South Wales⁴.

According to the National Supply Council's Housing Supply and Affordability Key Indicators (2012), the current housing shortfall in NSW equals an estimated shortage of 89,000 dwellings. Between 2010 and 2011, it is estimated that the housing shortfall in NSW increased by 15,000 dwellings or about 20 percent. The report also found that NSW has the highest proportion of low income households under rental stress, with 62 percent spending thirty percent or more of income on rent. ... 28 percent of these households were spending 50 percent or more on rent. This supports earlier research by WULF et al (2011)⁵ which identifies that Sydney had the highest proportion of unmet affordable housing need. Based on an estimated shortfall of 44,500 private rental dwellings for Sydney renters with an annual household income of less than \$22,000 per annum, the research found that 93 percent of these very low income households would miss out on affordable rental housing⁶.

Housing New South Wales (HNSW) has published information on expected waiting times for those on social housing waiting lists – by 'allocation zones'. Waiting times are still exceptionally long. No allocation zones in Sydney have expected waiting times less than two years for any property type, with the majority of zones in central Sydney having waiting times of at least five years for all property types⁷.

State and federal policies want to grow the community housing sector (FaHCSIA,2010) through a national regulatory framework, thereby enhancing the sector's capacity to operate across multiple jurisdictions and to attract private investment.

There is an urgent need for the increases in the supply of social, public and affordable housing - demand for this housing far exceeds supply.

1(a) Projections of future social, public and affordable housing supply and demand to 2020

People in NSW earning very low to moderate incomes are increasingly unable to access housing that is affordable. During 2009/10, almost half (45.7%) of low to moderate income private renters in NSW were in housing stress, up from 39.9% during 2007/08. (Housing stress is defined as spending more than 30% of their gross household income on rent.) This was even more accentuated in the Sydney region, where over 50% of low to moderate income private renters were in rental stress, up from 41.4% in 2007/08. (A 2011 ABS Survey of Income and Housing.)

In 2013 there were 55,000 eligible applicants on the social housing waiting list, with some people waiting for more than ten years to get a house. The waiting list could be more than 86,000 by 2016 unless things change.

The characteristics of people requiring public housing have changed. Over the past decade there has been a significant increase in single person households, tenants with significant disabilities and elderly tenants⁸.

HNSW has projected that by 2021 over 50% of all social housing need will be by older people and those with a significant disability⁹.

While the housing stock reduces, the number of potential tenants increases. The waiting list is projected to grown by 60 per cent, to more than 86,000 by 2016¹⁰.

However, there are also many households eligible for social housing that are not on the waiting list. By 2016, it is estimated that 132,000 households will be in this position¹¹.

The type of dwellings needed to meet demand into the future is significantly different to the current stock profile. Current and projected eligibility for social housing exceeds current stock capacity in all housing locations¹².

Prior to the separation of HNSW and New South Wales Land and Housing Corporation (LAHC), HNSW projected that for social housing to continue to meet the same level of need (i.e. 44 per cent of need) in 2021 it would require an additional 2,500 social housing dwellings per annum and cost more than \$9 billion over 10 years. Although different circumstances prevailed when this projection was made, it is indicative of the scale of future portfolio and funding requirements¹³.

Housing difficulties also occur in other regional areas in New South Wales.

An issue that also needs to be considered when looking at the subject of this Inquiry is the plight of older single women with limited financial means.

1 (b) Data regarding the link between the lack of appropriate social, public and affordable housing in New South Wales and indicators of social disadvantage

Research has shown there is a strong link between the lack of appropriate social, public and affordable housing in New South Wales and indicators of social disadvantage.

It has been found that lack of suitable housing can lead to aspects of disadvantage such as food insecurity, social exclusion and failure to meet developmental milestones among children¹⁴.

Recent studies have shown that childhood experiences of housing insecurity and homelessness are associated with poorer educational, physical and mental health outcomes for children, and an increased likelihood of housing insecurity and homelessness as an adult¹⁵.

The current allocation process practiced by HNSW impacts upon social and economic outcomes.

Increases in the proportion of priority housing applicants have contributed to the concentration of disadvantaged households in public housing, compounding social problems associated with some large public housing estates. A June 2012 consultant's report for HNSW found that the cost impact to government for imprisonment and community correction for estates is more than twice the cost impact for the general New South Wales population. It is estimated at around \$80 million a year. More than one third of social housing dwellings are on estates¹⁶.

A number of renewal projects are in progress to reduce the concentrations of disadvantage within estates. LAHC reports show there are challenges with implementation of some including:

- Increased development costs and tender prices
- Public housing projects that have been planned have not been funded
- Limited market sector interest
- Approval issues¹⁷.

Length of waiting times for social housing in Sydney outlines the sense of hopelessness experienced by many people seeking social housing. The risk factors associated with these long waiting times are

wide ranging and include anxiety, depression, domestic violence, homelessness and lack of social connectedness (EACH 2010)¹⁸.

1 (c) Housing design approaches and social service integration necessary to support tenant livelihoods and wellbeing

NCW NSW does not believe it has the necessary expertise to answer this question to the level the Select Committee requires but it will make some comment.

Public housing is ageing and increasingly not fit for purpose. Changing tenants' needs and ageing stock are issues arising across Australian social housing systems

Much of the public housing stock consists of larger properties while the greatest demand (and rising) is for smaller and accessible dwellings.

There have been initiatives and resources directed towards reshaping the public housing asset base to better reflect the needs of today's tenants, but not enough to keep pace with the changing client profile.

Public housing is now supporting fewer people than ten years ago, and its use is becoming less efficient with 30 per cent of three or more bedroom public housing properties occupied by a single person or a couple¹⁹.

The existing housing stock profile was developed when the majority of public housing tenants were working families. It consists of many larger properties (three + bedrooms), and approximately 25 per cent of it is over 40 years old. There is now a disparity between the type of public housing stock that exists and the type of stock that would best match tenants' needs. There are fewer one or two bedroom properties than required, areas of demand have moved, and many homes require modification to meet existing tenants' needs. Only 67.6 per cent of public housing households match the size of the dwelling²⁰.

NCW NSW supports the aims of the State Environmental Planning Policy (Affordable Rental Housing) 2009 (last modified 20 December 2013):

- To provide a consistent planning regime for the provision of affordable rental housing.
- To facilitate the effective delivery of new affordable rental housing by providing incentives by way of expanded zoning permissibility, floor space ratio bonuses and non-discretionary development standards.
- To facilitate the retention and mitigate the loss of existing affordable rental housing.
- To support local business centres by providing affordable rental housing for workers close to places of work.
- To facilitate the development of housing for the homeless and other disadvantaged people who may require support services, including group homes and supportive accommodation.

NCW NSW also believes that social, public and affordable housing needs to be near public transport, jobs and schools.

1 (d) Maintenance and capital improvement costs and delivery requirements

With constraints on rental and grant funding and existing assets requiring increasing maintenance expenditure, LAHC advised that to continue to operate within its means, it has implemented measures such as selling properties and delaying some capital and maintenance expenditure. This will impact the condition and level of stock, and is not financially sustainable long-term²¹.

LAHC report that the existing assets require increasing maintenance expenditure. New construction costs are higher than funding received from the majority of individual asset sales, although some properties in desirable areas do have a high value²².

LAHC advised that the current operating model of maintaining dwelling numbers and property condition standards under current funding is not achievable. In 2012-13, LAHC reported it was about \$330 million short of maintaining the current number of properties at a reasonable standard²³.

LAHC advised that to prevent the shortfall and continue to operate within its means in 2012-13, it balanced its budget by reducing maintenance and upgrading of existing properties; capital programs and selling properties. This approach is not financially sustainable²⁴.

LAHC's forecast operating expenditure will exceed its anticipated revenue over the next five years. In addition to the LAHC's financial challenge in meeting its operating expenses, LAHC's capacity to upgrade its existing supply of housing and invest in its new supply program is limited. Without change, it is likely that public housing will either run down or be sold off²⁵.

The majority of dwellings (more than 60 per cent) in the social housing portfolio were constructed between 1970 and 2000. Over 36,000 dwellings (approximately 25 per cent of the portfolio) are over 40 years old, while just over 10 percent of the portfolio has been constructed since 2000²⁶.

LAHC has identified that at 2010-11 between 30 and 40 per cent of its properties are not at its "well-maintained" standard²⁷.

Asset sales are reported by LAHC as a major source of funding to support its capital programs. It has advised that asset sales have also been pursued to support operating costs. LAHC explained that sales of properties are the balancing lever that it has and is using to cover the annual funding gap²⁸.

LAHC advises that the money recovered from individual asset sales is rarely sufficient to build new housing of the same capacity. For example, it could sell an existing fibro home for about \$120,000, it would need to sell three of these homes to be able to build a new dwelling²⁹.

Where possible, LAHC say, it looks to redevelop existing sites with increased capacity, for example, by replacing two three-bedroom homes with four two-bedroom townhouses. Redeveloped dwelling costs are about \$300,000 per residence³⁰.

1 (e) Criteria for selecting and prioritising residential areas for affordable and social housing development

The major criterion for selecting and prioritising residential areas for affordable and social housing development is that it must be where the population is expanding.

It should also be stressed to the governing bodies that if land is being released for commercial and residential purposes, land should also be released for social housing. Servicing the development of these areas is also critical.

1 (f) The role of residential parks

Residential parks provide a viable alternative to the problems facing social, public and affordable housing.

Residential parks are certainly a viable alternative for single elderly people. They provide congeniality, a sense of community and people look after each other. They reduce social isolation which in turn saves a cost to government.

The major benefit of residential parks is that they are more affordable.

Providers of community housing should be encouraged to look at residential parks. Local government should also be encouraged to look at residential parks and kit homes.

1 (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:

Policy initiatives and Legislative Changes

Recommendation 1

As recommended in the New South Wales Auditor-General's Report *Making the best use of public housing* (Audit Report) the government should develop a clear direction for a sustainable social housing sector that can function within the available funding such that:

- The current challenges facing public housing and the fundamental question of what the role of public housing is are addressed. The direction should identify who is to be housed, and how funding and asset ownership will achieve a sustainable social housing sector, for the longer term.
- Clear strategic objectives are set to implement the direction agreed.
- The roles, responsibilities and relationship between LAHC and HNSW, and their accountability towards achieving their objectives, are clearly understood.

The government should review housing funding arrangements and flows such that:

- LAHC can make long-term decisions on its ownership and management within the public housing portfolio.
- HNSW can make long-term decisions on how best to meet its social and economic objectives³¹.

NCW NSW wants to ensure that FACS/HNSW has completed a social housing policy that aligns tenant management with emerging client need as stated that it would do so by December 2013, in the Audit Report. Once the policies and strategies are decided, these need to be translated into effective action³².

Recommendation 2

NCW NSW supports the recommendation in the Audit Report that HNSW and LAHC should, by June 2014, develop organisational plans that are clearly linked to these including:

- gap analysis
- objectives
- targets
- funding
- performance measures and progress reporting³³.

Recommendation 3

NCW NSW also supports the recommendations in the Audit Report that in developing organisational strategies, HNSW and LAHC should, by June 2014:

- Ensure that their multiple legislative objectives translate into clearly defined, balanced and sustainable internal objectives that are feasible within available funding. Where government policy dictates the elevation of a specific objective, this should be acknowledged and clearly reflected in internal objectives³⁴.
- Agree a review process to assess the impact of policies and procedures to identify those that limit the achievement of objectives.

NCW NSW also wants to ensure that LAHC in consultation with HNSW has finalised the government's long-term strategy for managing public housing estates to deliver a sustainable reduction in disadvantage on estates. This recommendation was to be completed by December 2013³⁵.

It was recommend in the Audit Report that FACS/HNSW and DFS/LAHC should, by January 2014, agree on the objects of the Housing Act 2001 against which they should be reporting. NCW NSW wants to be sure that this recommendation has been completed.

Recommendation 4

NCW NSW also supports the recommendations in the Audit Report that:

- HNSW and LAHC should, by June 2014, routinely assess and report, both publicly and internally, on their performance in achieving the objects of the relevant legislation, using appropriate measures and performance targets.

- HNSW and LAHC should, by June 2014, include in their reporting the efficient and effective use of the available supply of public housing. This should include property utilisation and property alignment to tenant needs³⁶.

NCW NSW supports the development of the Housing Assistance Resourcing Plan (HARP) by HNSW. This plan supports the broad objective of ensuring that people have access to affordable, safe and sustainable housing that contributes to social and economic participation.

The HARP sets out broad investment levels and outcomes in both asset and non-asset housing assistance reflecting NSW Government commitments and strategies. The HARP includes indicative resource allocations to guide long-term departmental program development and incorporates strategies for program delivery. It also shows program outputs for HNSW and LAHC.

NCW NSW has the following concerns over this plan:

- Although the HARP is intended to be a ten-year assistance plan, it is only fully detailed for the year 2012-13, and partially completed up to 2015-16.
- It is not clear how the agreement under the HARP will flow into the day-to-day operations of the agencies, how it will impact on the mix of public housing, and when it will emerge as a ten-year plan.
- While the key result for public housing is identified in the HARP and program responsibilities and budget are detailed for some periods, how that key result is to be achieved under the current public housing model is also unclear. There are fundamental questions about the future of public housing that need to be resolved so that appropriate, long-term strategic planning can be effective. These include:
 - with demand outstripping supply to such an extent, what are the priorities for housing people while remaining sustainable both financially and socially?
 - what is the appropriate model of ownership, LAHC or community housing providers or a mix, and if so, what is the best mix?
 - with costs growing and revenue declining, can revenue be increased?

Recommendation 5

That HNSW needs to work on the HARP plan so that it will more effective and achieve its objectives.

Planning law changes and reform

Recommendation 6

NCW NSW supports the recommendations made by Anglicare in 2013 that The Metropolitan Plan for Sydney 2031 (introduced by the O'Farrell Government) be revised to:

- Include targets for affordable housing developments catering for low and moderate-income groups in each Local Government Area. Such targets should reflect a range of tenure and housing types to enable greater housing choice for these groups³⁷.
- To incorporate a "one-for-one replenishment" policy, in order to protect existing public housing stock. This policy should apply to all future developments involving the revitalisation or renewal of social housing estates³⁸.

Recommendation 7

NCW NSW also supports the following recommendations regarding social housing waiting lists:

- That Housing NSW use the regional housing waiting lists to inform a needs analysis document for the planning and construction of new social housing dwellings and/or the revitalisation of existing estates in 'high demand' electoral areas³⁹.
- FACS/HNSW and LAHC emerging policies and strategies should be based upon evidence of the cost effectiveness of asset and non-asset interventions to meet the specific needs of public housing tenants⁴⁰.

It was stated in the Audit Report that LAHC should have completed and released by December 2013, an asset portfolio strategy that delivers housing at an appropriate standard and shows how future new supply housing will align with emerging client need. The strategy should have included short-term and long-term targets to enable effective monitoring and reporting on progress⁴¹. NCW NSW wants to be sure that this strategy has been completed and released.

Recommendation 8

NCW NSW also supports further recommendations made by Anglicare. They are as follows:

- Under the Metropolitan Plan for Sydney 2031, the State Government establish appropriate affordable housing targets to be achieved by each Local Government Area (LGA) in Sydney and other regional areas. Such targets should be measured regularly against outcomes for reporting back to State Government⁴².
- LGAs be required to ensure no net loss in public and social housing in their area, through the use of, and adjustment to, planning controls⁴³.
- LGAs engage with local stakeholders by developing and implementing community education campaigns to address local concerns about affordable housing developments, either at an individual council level or sub-regionally⁴⁴.

Social benefit bonds

The role of social benefit bonds is an exciting innovative way of financing public programs. NCW NSW understands why the current NSW Government is excited about this innovative means of financing government programs.

We note the development of these bonds in the United Kingdom and the United States for financing government programs.

Market mechanisms and incentives

Under-occupancy

Under-occupancy is a large problem in the NSW public housing system. This issue needs to be addressed if the NSW public housing system is going to become more effective and efficient.

Bedroom entitlements

Under HNSW's bedroom entitlements policy, a single person may be entitled to a studio or a one or two bedroom property, a couple to one or two bedrooms. HNSW will also match a household to a larger property than their standard entitlement if there is no exact match, and a larger property is available in that allocation area. This bedroom entitlement policy contributes to the under-utilisation of public housing and needs to be addressed⁴⁵.

Relocation of public housing tenants to an alternative property due to under-occupancy and/or changes in tenants circumstances

There are not enough properties within LAHC's portfolio to suit the needs of today's tenants. At 31 August 2012, 8,443 public housing tenants were waiting for relocation to an alternative property due to change of circumstances. Just over 50 per cent of existing tenants waiting for relocation are seeking it for medical reasons. There has been a consistent decline in the number of relocations since 2002-03⁴⁶.

HNSW has the means to relocate tenants to different properties as their needs change to maximise the use of the existing asset base. If necessary, HNSW can enforce this right through the Consumer, Trader and Tenancy Tribunal (CTTT)⁴⁷.

Without a general mandate to use the available tools to address under-occupancy, HNSW's overall strategy has been to encourage tenants to move to a smaller property where available and where they are willing to do so. There are limitations on the scale to which this can be achieved.

HNSW can offer tenants relatively little incentive to move. Many refuse to move. More needs to be done in this area, including considering financial disincentives for under-occupiers.

Since the audit commenced, HNSW is implementing an initiative to reduce under-occupancy by changing the current allocation process to raise the ranking of under-occupiers to be equivalent to the ranking of priority applicants. The justification for this change is that more actual people will be housed over time, although it may result in homeless people waiting on the Housing Register longer. As demand outstrips supply this remains an ongoing tension for allocation staff and HNSW generally.

NCW NSW supports the HNSW proposal to apply a financial disincentive to those tenants who are under-occupying public housing properties and have rejected two reasonable offers of alternative accommodation⁴⁸.

Succession of Tenancy

NCW NSW strongly supports the changes to the current 'Succession of Tenancy' policy introduced in March 2013. The change aims to free up properties occupied by people with lesser housing need and offering them to approved priority applicants on the waiting list. It aims to remove the ease of allowing adult children and other household members to inherit the public housing tenancy. Instead

they will be required to prove they meet the criteria for priority housing.

Rent policy

Tenants with the same income pay the same rent regardless of the size, location, condition or general amenity of the dwelling they occupy. At present, the person with a three bedroom house pays the same amount as the person in a studio if they have the same household income. The 1993 report by the Industry Commission identified that this can lead to inequity when public housing tenants in similar circumstances are allocated houses of significantly different amenity. Also tenants have little incentive to change their housing circumstances as their income or family composition change.

The 2009 Commonwealth Report *Australia's Future Tax System – Report to the Treasurer* also identified issues including:

- Public housing tenants currently receive a higher average level of assistance than private tenants, with assistance poorly targeted to need.
- The use of queues to ration public housing discourages workforce participation.
- Public housing rent-setting reduces incentives to work and can also contribute to inter-generational poverty traps.
- Setting rents with reference to tenant income means there are no effective price signals governing the allocation of public housing.

NCW NSW supports the fact that HNSW has implemented a number of initiatives to increase rental income since 2000 which it estimates increased rental income by \$160 million per year. However, NCW NSW also realises that increases in rent must also be balanced by considering social sustainability.

HNSW's analysis of the impact of rental increases shows that each one per cent increase in the percentage of assessable income charged as rent would increase rental revenue by approximately \$20.5 million. This analysis shows that increasing rent to 30 per cent of the income of a single tenant on a pension would leave the tenant only \$43 above the poverty line. It also shows that single tenants on Newstart are already below the poverty line at the current rent rate of 25 per cent, so any further rent increase would worsen their circumstances⁴⁹.

Renewing fixed-term leases for on-going eligibility of public housing tenants

NCW NSW supports the fact that HNSW issues two, five and ten year leases instead of continuous leases. Tenants on fixed-term leases are required to exit if the eligibility review towards the end of their lease finds they no longer meet the requirements⁵⁰.

Controls on public housing allocation and information on tenants

HNSW primarily relies on public housing tenants and applicants on the waiting list to advise HNSW if their situation changes. HNSW does not conduct a regular review of changes in circumstances once an applicant has made the waiting list or once a tenant has moved into public housing. Without

additional review points, there is increased risk of dwellings not being occupied by those most in need⁵¹.

HNSW tell us that there is no efficacy in further review points, as even if HNSW actively identified tenants whose current housing is no longer suitable, it cannot address these where there are no suitable properties to move them to. There are currently over 8,000 existing tenants in this situation⁵².

Although the above situation exists NCW NSW believes that HNSW should conduct further review points as it believes in the long term this will reduce the risk of dwellings not being occupied by those most in need.

Recommendation 9

NCW NSW supports the recommendations in the Audit Report that HNSW should, by June 2014, continue current initiatives and promote proposals to make the best use of existing public housing. They include:

- Aligning housing allocation with housing stock better, for example as is currently under consideration, by giving higher priority to rehousing tenants under-occupying.
- Introducing financial incentives and disincentives for people occupying properties larger than they need, taking into account the characteristics of the client group.
- Considering how local allocation strategies may be used to support the development of successful and sustainable communities.
- Reducing vacancy turnaround times.
- Consistently implementing policies for relocation and ensuring they are monitored and reported.
- Identifying and addressing current policies and practices that may act as disincentives to tenants to seek work.
- Considering other rent setting models.

Ongoing funding partnerships with the Federal Government such as the National Affordable Housing Agreement

The National Rental Affordability Scheme (NRAS) is a Commonwealth Government initiative delivered in partnership with the NSW Government to increase new affordable rental housing supply. NRAS incentives are allocated to private sector and not-for-profit organisations, including community housing providers.

The Commonwealth Government gives owners \$10,000 per year for maximum of 10 years, while letting to eligible renters. Private investors must let at 20 percent below the market rate.

The Scheme provides new affordable rental dwellings to eligible low and moderate-income households including those in employment⁵³.

Recommendation 10

NCW NSW supports the continuation of the NRAS.

Four funding rounds have been finalised to date with around 6,500 incentives being for NSW. There will be 500 more new dwellings coming on line in 2014⁵⁴.

Ageing in place

NCW NSW understands that an aged person, who has been living in social housing and is no longer able to look after themselves properly or independently, will have to be moved to suitable premises. This releases the social housing and makes it available to those in need. However it needs to be made clear to people going into social housing that this will occur.

1 (h) Any other related matter.

Recommendation 11

NCW NSW supports the following recommendations made by Anglicare in 2013:

- That the Federal Government increase the rate of Commonwealth Rental Assistance by \$25 per fortnight for all current recipients⁵⁵.
- That the Federal Government increase the Newstart Allowance by at least \$50 per week in the next Budget round, and that Parenting Payment Single and Youth Allowance also be increased to reflect rises in the cost of living⁵⁶.
- That the Federal Government repeal section 1 of the Social Security Amendment (Fair Incentives to Work) Bill 2012, which has removed access to the Parenting Payment (single) for single parents whose youngest child is 8 years old⁵⁷.
- That Housing NSW establishes an automatic notification system with Centrelink, similar to that of the Roads and Transit Authority and Australian Electoral Commission - Housing NSW would then automatically receive updated contact details for all social housing applicants⁵⁸.
- That Housing NSW restores Rentstart to its previous rate of assistance for the payment of rental bonds and advanced rent⁵⁹.
- That Housing NSW exempts all new Rentstart tenants from loan repayments for the first six months of their tenancy, in order to reduce their risk of immediate and/or repeat homelessness⁶⁰.

Corruption

Agencies that control or manage public resources for allocation to applicants or clients have been shown to be susceptible to corruption when demand for them exceeds supply. The Independent Commission Against Corruption (ICAC) has identified a number of corruption risks in the allocation of resources to clients⁶¹.

Since HNSW became a division of FACS in 2011, the Governance and Assurance Directorate of FACS has assumed department wide risk management. HNSW is now responsible for delivering specific 'Results Areas' and managing associated risks.

LAHC needs to be alert to corruption risks. Given the volume of funds in real estate transactions each year from the sale of properties, LAHC needs to be particularly vigilant that the asset base is protected from leakage during transactions and subject its procedures to risk assessment and audit.

In 2006, ICAC released a report on an investigation into the sale of surplus properties from two public housing schemes. ICAC found that there had been corrupt practices and made several corruption prevention recommendations to address weakness.

Recommendation 12

NCW NSW supports the strengthening of anti-corruption measures. It strongly supports the following recommendations made in the Audit Report:

- That HNSW should, by December 2014, implement the recommendations from ICAC and the internal HNSW review as part of a monitoring program.
- That LAHC should, by June 2014, audit the property disposal procedures as part of a regular internal audit and review process⁶².

NCW NSW would like to thank the NSW Legislative Council's Select Committee on Social, Public and Affordable Housing for giving us the opportunity to provide input into the Inquiry into Social, Public and Affordable Housing. NCW NSW hopes the content of our input will be of some use.

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Chair
Sub-committee on Affordable Housing
National Council of Women NSW Inc.

Principal Researcher
Noelene Rannard
Delegate to National Council of Women NSW Inc.

Summary of Recommendations

Recommendation 1

The Government should develop a clear direction for a sustainable social housing sector that can function within the available funding and should review housing funding arrangements and flows. (See Report for more detailed explanation – Pages 6-7)

Recommendation 2

Organisational plans that ensure a social housing policy which aligns tenant management with emerging client need should be developed. (See Report for more detailed explanation – Page 7)

Recommendation 3

In developing organisational strategies, Government should ensure that their multiple legislative objectives translate into clearly defined, balanced and sustainable internal objectives that are feasible within available funding. Also, Government should agree to a review process to assess the impact of policies and procedures to identify those that limit the achievement of these objectives. (See Report for more detailed explanation – Page 7)

Recommendation 4

HNSW and LAHC should routinely assess and report, both publicly and internally, on their performance in achieving the objects of the relevant legislation and include in their reporting the efficient and effective use of the available supply of public housing. (See Report for more detailed explanation – Pages 7-8)

Recommendation 5

That HNSW needs to work on the HARP plan so that it will more effective and achieve its objectives. (See Report for more detailed explanation – Page 8)

Recommendation 6

That The Metropolitan Plan for Sydney 2031 include targets for affordable housing developments catering for low and moderate-income groups in each Local Government Area and to incorporate a “one-for-one replenishment” policy, in order to protect existing public housing stock. (See Report for more detailed explanation – Pages 8-9)

Recommendation 7

NCW NSW also supports the recommendations regarding social housing waiting lists by Anglicare and the Report of the Audit Office of New South Wales.
(See Report for more detailed explanation – Page 9)

Recommendation 8

NCW NSW also supports further recommendations made by Anglicare re LGAs.
(See Report for more detailed explanation – Pages 9-12)

Recommendation 9

NCW NSW supports the recommendations in the Audit Report that HNSW should, by June 2014, continue current initiatives and promote proposals to make the best use of existing public housing.
(See Report for more detailed explanation – Page 12)

Recommendation 10

NCW NSW supports the continuation of the NRAS.

Recommendation 11

NCW NSW supports the following recommendations made by Anglicare in 2013 regarding Government financial support.
(See Report for more detailed explanation – Pages 13-14)

Recommendation 12

NCW NSW supports the strengthening of anti-corruption measures.
(See Report for more detailed explanation – Page 14)

FOOTNOTE DETAILS

Executive Summary

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