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REPORT OF PROCEEDINGS BEFORE

STANDING COMMITTEE ON SOCIAL ISSUES

**INQUIRY INTO HOMELESSNESS AND LOW-COST RENTAL
ACCOMMODATION**

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At Sydney on Friday 19 June 2009

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The Committee met at 10.00 a.m.

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PRESENT

The Hon. I. W. West (Chair)

The Hon. G. J. Donnelly

The Hon. M. A. Ficarra

Dr J. Kaye

The Hon. T. J. Khan

The Hon. M. S. Veitch

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CHAIR: Welcome to the fifth public hearing of the Standing Committee on Social Issues inquiry into homelessness and low-cost rental accommodation. Today the Committee will be hearing from several local councils, community housing providers and Landcom. The Committee will hold its final public hearing on Tuesday 30 June 2009, and details of that hearing will be made available on the inquiry's website as they are finalised. I would now like to make some comments about procedural matters.

In accordance with the Legislative Council guidelines for the broadcast of proceedings only Committee members and witnesses may be filmed or recorded. People in the public gallery are not to be the prime focus of any filming or photographs. In reporting the proceedings of this Committee, the media must take responsibility for what they publish and what interpretation is placed on anything that is said before the Committee. The guidelines for the broadcast of proceedings are available on the table by the door. I remind everyone that any messages for Committee members or witnesses must be delivered through the Chamber and support staff or committee clerks. Please turn off your mobile phones.

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CLOVER MOORE, member for Sydney, examined:

ROY BISHOP, Electorate Officer for Ms Clover Moore, member for Sydney,

ELIZABETH GILES, Manager, Homelessness Unit, City of Sydney Council,

MONICA BARONE, Chief Executive Officer, City of Sydney Council,

TAMARA BRUCKSHAW, Strategic Planner, City Plan Development Unit, City of Sydney Council, and

TYE McMAHON, Planner, Social and Affordable Housing, City of Sydney Council affirmed and examined:

CHAIR: If at any stage any of you should consider that certain evidence you wish to give or documents you may wish to tender should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. As well as any questions you may take on notice today there may be additional questions forwarded to you and the Committee would appreciate your response to those questions within 21 days. Before proceeding to questioning, would you like to make an opening statement?

Ms CLOVER MOORE: Yes, I would like to make a statement on behalf of the City of Sydney Council and also in my capacity as the local member for Sydney. I will provide some background facts about homelessness and housing affordability in both the city and my electorate, and propose specific recommendations for action based on our experience of what works and what new models will provide clear opportunities for the future.

The inner-city statistical area covers Sydney, Leichhardt, Marrickville and Botany Bay local government areas. At the time of the 2001 Census the area included 7 per cent of the New South Wales population and 30 per cent of the State's homeless people. In February 2009, the City of Sydney's second annual street count identified 340 people sleeping rough in our local government area. That night it poured with rain and the numbers were down slightly on the previous year's count. That count also does not include homeless people in refuges, cars or staying temporarily with friends or family. We identified at least 27 homeless people in hospital beds and at least 420 in shelters on that night.

Anecdotal data from the City of Sydney's statewide Homeless Persons Information Centre [HPIC] indicates that more families are in need of crisis accommodation, and in the last two years inability to pay the rent or mortgage has become the most commonly reported reason for homelessness—it was previously family breakdown or substance abuse. Historically rough sleepers have congregated in inner-city areas. In Woolloomooloo the number of rough sleepers periodically increases to the level where it makes unacceptable impacts on the public domain, there is criminal and antisocial activities and conflict between rough sleepers and local public housing tenants. Overwhelming evidence indicates that accommodation linked with ongoing support is cost-effective and the most effective way of getting homeless people off the street and back on to their feet. Research by the City of Sydney in 2006 found keeping homeless people homeless costs \$34,000 per person per year. Over a two-year period the 20 people studied used 68 different services, including temporary accommodation, outreach services, refuge accommodation, and legal and detoxification services on 2,491 occasions.

Homeless people need long-term help, instead of being left on the treadmill. The problems involve more than the lack of a house or even an affordable house. It is a lack of family, a lack of connectedness, a lack of support. Homeless people are marginalised and often do not trust those who try to help. We need consistent action with prompt follow-up to demonstrate that there is a way out. A large proportion of inner-city residents live in social, public or community housing. This represented 11 per cent of households in the 2006 census, down from 14 per cent in 2001. There are significant concentrations of public housing in Woolloomooloo, Surry Hills, Redfern, Waterloo, Glebe, Erskineville, Pyrmont, Ultimo and Millers Point.

There are also long waiting lists for public housing in the inner city. There is a high demand for new tenancies and transfers from other areas. In this context, the growing trend for Housing New South Wales to sell, long-term lease or rent properties on the private market is very concerning and very worrying for tenants. I am concerned about the long-term decline of public housing and I welcome the recent funding commitments for social housing to address the substantial maintenance backlog. This needs to be an ongoing, coordinated program, rather than ad hoc funding. Fifty-two per cent of City of Sydney households rent on the private market and one-third own or are paying off their homes. In 2001 my electorate of Sydney had the highest proportion of

rented dwellings of any electorate and the lowest level of homes owned or being purchased. This reflects growing crisis in housing affordability in inner Sydney.

According to the Centre for Affordable Housing, a significant proportion of renting households in the City of Sydney experience housing stress—that is, paying more than 30 per cent of gross income in rent. In the city, housing stress affects 95 per cent of very low-income households, 76 per cent of households on low incomes, and 44 per cent of households on moderate incomes. These are higher proportions than for the rest of the Sydney metropolitan area and much higher than for the rest of New South Wales. The city's research shows a sustained loss of low- to moderate-income households over the last decade, although the trend began before that. This loss primarily impacts on key workers in the service industry, hospitality and retail sectors, as well as public sector front-line employees, including teachers, police officers and clerical workers. The loss of these households is more than a social problem; it poses a direct threat to the city's economy and, by extension, to the New South Wales economy.

The City of Sydney local government area is responsible for 25 per cent of the State's gross domestic product [GDP] and 12 per cent of Australia's GDP. Inner Sydney will lose its competitive edge if companies cannot access a local skilled workforce because of housing affordability. As workers travel longer distances, the burden increases on congested public transport and roads, increasing greenhouse gas emissions. Without corrective action, the city could become increasingly polarised with only high-income and very low-income households. Our research identifies a loss of housing diversity, with a trend towards one and two-bedroom dwellings, losing housing supply for families and shared households.

The city's research also demonstrates a sustained loss of boarding houses. Boarding houses provide an essential stopgap between homelessness and other forms of low-income rental accommodation. This loss has a profound effect on people at the bottom of the housing ladder, making homelessness more likely. Boarders and lodgers have no appropriate tenancy protection and can be evicted at any time. Once people are homeless it is much harder for them to access support services or get long-term accommodation. This vital low-income accommodation sector needs State support beyond the existing loan scheme for fire safety upgrades and the land tax exemptions that I was able to achieve through a private member's bill for boarding houses close to the CBD. The Newtown Neighbourhood Centre boarding house project is a working model for providing practical help to boarding house operators and residents. This project has provided model occupancy agreements, information sessions for boarding house operators and professional help with residents' health and welfare concerns.

While homelessness and housing are primarily State and Commonwealth responsibilities, the city has taken an outstanding leadership role, allocating more funds to address homelessness than any other council in Australia. Our policies, strategies, projects and programs are outlined in our Homelessness Strategy 2007-12, adopted unanimously by council in 2007. Since 1983 the city has operated the Homeless Persons Information Centre [HPIC]. It is a telephone information and referral service for people who are homeless or at risk of homelessness. In 2008 the HPIC received approximately 53,000 calls from people who are homeless. The HPIC receives funding from the New South Wales Department of Community Services and some funds from Housing New South Wales.

In partnership with Housing New South Wales and the New South Wales Department of Community Services, the city provides funding to Mission Australia and the Haymarket Foundation to operate the Inner-City Homelessness Outreach and Support Service, which we call I-CHOSS. I-CHOSS has three components. It has an outreach team to provide services to clients who are homeless in the inner city, with a focus on rough sleepers. It provides a support team that provides services to clients referred by the outreach team who are ready to receive ongoing support and accommodation and a specialist team to provide medical and drug and alcohol services through the Haymarket Foundation. This service works with marginalised people living on the street by building relationships with them and supporting them into accommodation. The service needs to have access to accommodation and ongoing support for homeless people once they are housed so that I-CHOSS can take on new clients.

The city's Homelessness Brokerage Program, with funding from the city and Housing New South Wales, focuses on intervening earlier when people become homeless to help them get out of the homelessness system as quickly as possible. It assists people who are homeless to secure long-term accommodation and, where necessary, offers support services to enable them to live independently.

The Complex Needs Coordination Project is a recent innovation that provides intensive help to chronically homeless people within the City of Sydney who have complex needs. The project is led by the City

in partnership with the Department of Community Services and the participation of a range of government and non-government agencies. The project aims to reduce the number of people who are chronically homeless throughout inner Sydney. This approach is vital to up to 90 per cent of those on the street who have a mental illness, disability, alcohol or drug problem or other health conditions such as diabetes, emphysema and asthma.

Extensive community consultation for Sustainable Sydney 2030 identified that people in the city want our city to be affordable, they want it to be inclusive and they want it to be accessible. Housing diversity is a key goal of 2030, and the plan sets out an ambitious target of 15 per cent low-income housing comprising 7.5 per cent social housing and 7.5 per cent affordable housing delivered by not-for-profit or other providers. Achieving this target depends on the policies of State and Commonwealth governments to increase the capacity of the not-for-profit sector and encourage private sector investment in affordable housing.

In February 2009 the council endorsed for public exhibition our Draft Affordable Rental Housing Strategy. The 44 actions proposed in the draft strategy are grouped under six objectives. Firstly, increasing the amount of affordable housing, including investigating the feasibility of using an affordable housing levy more generally across the city and reviewing potential planning barriers to the timely provision of affordable housing. Secondly, protecting the existing stock of low-cost rental accommodation, including work with the State Government or better use of SEPP 10 and supporting the rights of boarding house tenants. Thirdly, encouraging a diverse range of housing in the city, including reviewing planning mechanisms to guide the mix of housing sizes and cultural appropriateness. Fourthly, collaborating with other inner-Sydney councils to address affordable housing as a rental issue, including taking a lead on coordinating research projects and policies. Fifthly, advocating for the protection and provision of affordable housing, including community education and liaison with the public and private sectors.

An important component of our strategy is the demonstration project in partnership with other levels of government and the private sector and the not-for-profit sector. In April 2008 the city and the State Government signed a memorandum of understanding to work together to investigate the feasibility of providing social and affordable housing on a 3.6-hectare site in the Glebe-Ultimo area, which includes a significant area of council land.

City West Housing is a not-for-profit housing provider established in 1994 to develop and manage affordable housing in Pyrmont and Ultimo. In 1998 its scope was extended to cover Green Square.

City West was established with a \$50 million capital grant from the Commonwealth Government and is funded from 4 per cent of the proceeds of the sale of State Government land in the redevelopment areas, development contributions from all non-exempt development in the redevelopment areas which are acquired under the relevant planning controls, and rental income from built units. City West has provided 446 units in Pyrmont-Ultimo, housing over 930 people, and 45 units in the Green Square area, housing 90 people. City West expects to provide 220 units in the Green Square area. City West units are rented to a mixed group of households on very low to moderate incomes to ensure a healthy social mix in the community and maintain a rental income.

To conclude, based on my experiences as a State member of Parliament and my work in the City of Sydney I would like to make the following recommendations. I encourage the Committee to, first, focus on housing models to provide immediate housing and ongoing coordinated support for people who are homeless, such as the proven housing accommodation support initiative [HASI] for people with a mental illness. Secondly, the I-CHOSS outreach program is effective and needs to be expanded and supported to ensure it can fast-track homeless people into housing and provide ongoing support for those who are long-term homeless with complex needs.

Thirdly, local government must be included in developing and implementing housing solutions, particularly through councils coordinating at a regional level. Targeted planning controls, such as developer levies, is an opportunity or a mechanism to capture public benefit from increased land values when zonings change.

Fourthly, I recommend you look closely at some established and emerging international models that could provide solutions for New South Wales, including the Singapore model, which provides subsidies for people to own their own home; New Orleans, which is pursuing a strategy of diverse mixed communities in its post-Katrina redevelopment; London, which is achieving significant affordable housing increases through high

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developer contributions; and Vancouver, which has a 20 per cent social housing provision in major residential development.

Fifthly, mechanisms to fast-track affordable housing must not compromise planning processes or community input. It must ensure public domain benefits, sustainability, design excellence and high-quality construction. Compromises in the planning process inevitably risk low-quality housing and future ghettos.

Sixthly, the State Government must maintain a commitment to public housing as part of the social mix in the inner city and continue to act as landlord through Housing NSW and implement measures to increase tenant participation.

The community housing sector is an essential part of the affordable housing mix. Community housing providers such as City West need increased opportunities to develop new affordable rental housing. Boarding houses are an essential part of the mix.

Boarding house operators need support to remain viable in the inner city. State and Federal governments must also test innovative boarding house models, with the State Government reviewing legislation to provide residents with appropriate tenancy rights.

Guidelines for the Commonwealth National Rental Affordability Scheme and the Housing Affordability Fund need to enable investment in affordable housing properties in the inner city, particularly to ensure adequate low-income key-worker housing. Inner city land values are high and redevelopment generally involves complex contamination or infrastructure problems.

Finally, Australia needs to develop shared equity models to help moderate-income tenants into home ownership with support to enable not-for-profit organisations to operate shared equity schemes. As you said at the outset, Mr Chair, Monica Barone, our CEO is here, and Tye McMahon, who is our Planner-Social Affordable Housing, and Liz Giles, Manager of Homelessness, and Tamara Bruckshaw, our strategic planner. They have done a lot of work in the specific areas I have referred to. Roy has also taken carriage of this in my electorate. You will appreciate this has been a very big issue for me for the 21 years I have been the member for Bligh and Sydney, so I am going to call upon them to respond to some of your questions while I get my breath back.

CHAIR: Thank you very much for that. It is extremely comprehensive and it is obvious that the council and you have done a lot of work in this area and it is greatly appreciated. You have probably covered most of the questions I wanted to ask, but can I ask a question in a more general sense as an opening question before we go to committee members?

There are a number of rather emotive, nebulous, all-encompassing adjectives that are used when we talk about these issues, such as partnerships, capacity-building, barriers, collaborating, coordinating, advocating and commitment. Although those are very important words they conjure up all sorts of things in our minds. I am trying to come to grips with the issue of leadership, the issue of driving, the issue of how the partnership actually gets from the piece of paper to being meaningfully implemented. I would be interested to get some information from you in regard to the partnership that you referred to, I-CHOSS, and to get some micromanagement information, if you like, on how that physically got off the ground, who is driving it and what is happening from a micromanagement point of view.

Ms CLOVER MOORE: I might speak very briefly about how it got off the ground and then perhaps ask Monica and Liz to respond. Homelessness has been a very big issue in my electorate and there has been particular conflict down in Woolloomooloo, where the majority of people are public housing tenants, and because of the location of Matthew Talbot hostel and services in that area, clearly a lot of homeless people are attracted to it. Currently there are about 80 people sleeping rough in the one square in front of the only local shop in Woolloomooloo and in the local parks. So the public housing tenants have to negotiate this as they go to their only local shop, and there are some real conflicts there. It is an on-the-ground issue for us.

That has been going on for some time and it has gone in peaks and troughs. At one time, probably about a decade ago now, and I think it was when Jennifer Westacott became director-general of Housing and I was the local member, work occurred between my office, South Sydney Council, the City and the Department of Housing to finally get this support service off the ground. It is a team of people who work with people

sleeping rough. The aim is to get them into housing that has support. Of course, the team also works with people who are still living on the street.

As a local member I know that the majority of people living on the street do not want to be there. In my experience, only a tiny percentage do want to stay there. They are there for the reasons I outlined. It was a heroic effort to get that partnership off the ground at the time. Frank Sartor was the Lord Mayor of Sydney and he did not want the city to work with the Department of Housing. It was extraordinary. It was driven by the city. With the amalgamation of the City of Sydney and the South Sydney Council it has become a more seamless working environment.

CHAIR: I am interested in that important issue of the catalyst—the people. It is usually a person who drives something; it does not just magically happen, even with all the good words. Is there some magical catalyst?

Ms BARONE: You mentioned a lot of words, but not the words "policy" or "planning". However, you did mention the word "leadership". We see things changing and being achieved when there is leadership, a clear policy and clear planning. What we lack is a cohesive State policy position on housing in Sydney and in the State that is shared across State Government and local government. What we lack are clear targets for achieving that and clear planning mechanisms for achieving it. There are lots of fabulous community providers and local governments who desperately want to do the right thing, but the overarching framework is not coherent. That is what we need.

By way of example, the City of Sydney did that when we developed our affordable housing strategy. Members have a copy of it. We did more than say, "We believe in affordable housing." We do the analysis and ask what sort of numbers we have and what is our target. We then break it down into what we call our Waterfall Chart to determine the type of housing required. We analyse the extent of the problem, the people in our community, what is there and what is not there and then break it down. We therefore know that we need this much of this type of housing and this much of that type of housing. We therefore arrive at a clear policy position about wanting to provide housing and housing choice. We then do the analysis and set the targets and deliver the mechanism to enable each step to occur.

It cannot happen from the bottom up. There are many fabulous people working in the community, knocking at the door of government saying, "Please be clear about your policy and targets and please work with us around those mechanisms." The Lord Mayor has mentioned a number of mechanisms which are proven and which she has worked with over the years that have been successful. However, the overarching framework is missing. The metropolitan strategy and the subregional strategies all mention affordable housing, but they do not have targets or mechanisms. We do not know what we are supposed to do.

The Hon. MICHAEL VEITCH: Ms Moore, during your opening statement you mentioned a number of international models. As you are aware, one of the Committee's terms of reference relates to international models. If you had to pick one that would be best suited to New South Wales, which would it be? Picking one model might not be what we need. Perhaps we need to cherry-pick the best bits out of each model and then develop a New South Wales model. Can you drill down on the benefits of the models you mentioned?

Ms CLOVER MOORE: The benefit of the models is that they produce affordable housing for people. That is a great advantage. The one I would like to speak about particularly is the Singapore housing model. I was in Singapore a couple of weeks ago and I met representatives of the Housing and Development Board. Its approach is based on government policy which says that government should help all its citizens to own their own home. The result of that is that 82 per cent of Singapore residents own or are purchasing their own home. Of them, 80 per cent are owner occupied and 2 per cent are rented.

The Housing and Development Board of Singapore has been responsible for providing a million housing units. Of them, 91 per cent have been sold, 5 per cent are rented and 3 per cent have industrial/commercial uses. The eligibility is being a citizen, total household income under \$8,000 a month—which is approximately \$100,000 per annum Australian—and the applicant must not own any private residential property. They call it their public housing policy. It is different from ours because it is about helping people to own their own home, and they are asked to pay only 20 per cent of their income to do so. Of course, it is subsidised by government because the Government is committed to this policy.

I visited one of the apartments with the representatives of the board and met the family. The unit was similar to our public housing apartments. However, there was a tremendous sense of ownership, pride and security. What really impressed me about the housing developments was that they all had sporting ovals, schools and child-care facilities and they were all on metro and light rail routes. Clearly there was a policy of providing excellent housing. The other interesting thing was that they have a very low crime rate.

Altogether, if you are looking at a housing policy that respects people and helps them into housing, it is a very interesting model. Clearly it is subsidised by the Government and clearly the Government has to pay less to support those areas than other countries do. It is probably paying much less for prisons, to address juvenile delinquency and all those other things that go with people living in poverty and not having home ownership. That is a really interesting model. The London model is also interesting. Its levy is up to 50 per cent. I mentioned the Singapore model because it was presented to me only two weeks ago. It is really impressive.

Mr McMAHON: The Lord Mayor mentioned the London model, which involves up to a 50 per cent levy. They have developed economic feasibility tools for developers called the Three Dragons Model. Developers can plug into a system and look at the feasibility of projects. Anywhere up to 50 per cent of the housing needs to be affordable. They have included a split between affordable housing and social housing and made a link to key worker accommodation.

London operates under the Greater London Authority, which has a number of boroughs. It is different from the way local government works in Sydney. The Greater London Authority has established some ambitious targets in relation to the provision of affordable housing. It has similar concerns to ours about the way the city needs to function and the housing it needs to provide. It has set a target of 20,000 units per annum being brought on board as affordable housing. It is achieving that through levies on development and providing some density bonuses. The goal is that up to 50 per cent of housing in each new unit development in the various local government areas will be affordable. It has also developed some economic feasibility model tools for developers. It is achieving some good results on the ground. However, it has also been affected by the changes in the housing market over the past 12 months as a result of the economic downturn.

Ms BARONE: One of the best models we know of is right here; that is, City West. It is outstanding. We are very lucky because City West is our affordable housing provider. The City of Sydney has two geographic areas in which we can apply levies for affordable housing on new development, much like London. That money goes into a pool and the Department of Planning chooses an affordable housing provider. In this case City West was chosen. They use that money to build affordable housing and to manage it.

It does not have to come from levies. That just happens to be the mechanism in this case. City West, I imagine, could raise money in other ways. I am not sure in London how the housing is managed, but the beauty of City West is that it has a fabulous model for developing property, it has a fabulous asset management model so it keeps its property renewed, and that is because of the range of incomes and rents paid, and we just think it is terrific. One of the things we would love to see, and I believe this is happening, is that the area that City West is allowed to operate in is expanded. I believe that is being looked into, because if it could be expanded to be the whole of the City of Sydney area or beyond, that would be fantastic. Of course, then comes the question of how we get an income to be able to provide. So, one of the very best models is the one developed right here.

The Hon. MICHAEL VEITCH: We have had the opportunity to see City West and we have had evidence from them as well.

Ms BARONE: Yes.

Ms CLOVER MOORE: We will give you details of those other cities.

The Hon. MICHAEL VEITCH: That would be good. The other thing that strikes me is the way the City of Sydney is obviously heavily involved in creating or providing the mechanisms to create low-cost affordable accommodation. That begs the question: We have heard a degree of varying views here about whether local government should be involved in that process. Do you think local government has a role to play in providing or providing the mechanisms to create—not necessarily being the provider but providing the mechanisms—low-cost affordable accommodation?

Ms CLOVER MOORE: I might get Monica to speak on that but clearly Commonwealth and State governments collect taxes to provide housing. That is a key role of Commonwealth and State governments. It is

one of those areas where there can be enormous benefits in those two governments working cooperatively with local government and using those mechanisms that are available to us. I will get Monica to talk about that.

Ms BARONE: I think local government definitely has to have a role. I do not know that we necessarily want to be the owners and managers of housing. There are departments and organisations set up to do that, and do that much better than we do. We do not necessarily want to be in that space. Of course, we want to enable it. Again, let us remember how planning is structured here. The metropolitan strategy sits over the top, determines largely what land use is, determines largely what the targets ought to be for people, population growth, jobs. Local government drills down and then does the specifics of that and says, "If we are going to have housing, let us have housing diversity so let us put the detail on this." It does have zones that encourage this and zones that encourage that, and the right combination of zones in order to achieve the overarching policy.

The problem is if the overarching policy is absent. So, if there is not the policy at the top that provides the targets and the mechanisms in relation to affordable housing—remember, we can only enact what State policy determines we can enact, and that has not been done. I have been in local government for 13 years, and for the entire time I have been waiting for the revision of the affordable housing State environmental planning policy—the entire time. They are telling me it is coming. So, that is a real problem.

CHAIR: That is State environment planning policy 10, is it?

Ms BARONE: No, State environment planning policy 70. That is the affordable housing one that enables us to levy. That is the first thing, but remember levy is only one mechanism. Just putting the impost entirely on developers is not an acceptable solution. City West started because it was given a \$50 million upfront start.

Ms CLOVER MOORE: By the Commonwealth Government.

Ms BARONE: So we should be—and I am sure this is what you will be doing—investigating all those different things you can put in. What is the toolkit going to be to enable this? But the local government role is very much to plan for that finer grain, for the right mix of people, the right infrastructure so that those people can live harmoniously and sustainably. That is very much our role. Lots of local governments have land they would like to get multiple outcomes out of, not just money. We would like to see the kinds of results that the community wants. Therefore, there is value in having a partnership and a discussion and involvement of local government.

Ms CLOVER MOORE: Historically the City of Sydney owned a lot of social housing, public housing, which it virtually handed to the Department of Housing.

Dr JOHN KAYE: For nothing.

Ms CLOVER MOORE: For nothing, because that is the Department of Housing's role. It is not our intention to take over that role again but to work with those other tiers of government to enable it to happen.

The Hon. TREVOR KHAN: What has been said so far raises a series of questions for me but firstly, you raised the Singapore model, which is a home ownership model, but then, Monica, you promoted the City West model, which is a rental model. I am interested essentially in both models. Can I throw this up? One of the things that struck me about the City West model, which I would not criticise because it seems to work really well, is that the form of tenancy, if I can describe it that way, is purely rental. Are we better off looking at a model where it is mixed so that you have some component of rental and some component of home ownership rather than, as I think we have in the City West model, having one that is strictly defined in one direction?

Ms CLOVER MOORE: When we went to meet the Singapore Housing and Development Board I was fully expecting to be briefed on the sort of housing that is provided here as public housing. I was quite amazed to find that their public housing definition is helping people to buy their homes. That has to be government policy and that has to be heavily subsidised by government. If that is not going to happen, clearly you have to work with the City West model.

The Hon. TREVOR KHAN: Which has to be subsidised by government as well?

Ms CLOVER MOORE: It does, but not to the same extent.

Ms BARONE: I would not want you to think we are promoting one or another model. If you want to deliver housing choice you have to have a variety of models. For a long time there has not been a discussion about things that enable people to have home ownership and, as the Lord Mayor has pointed out, there is something very special and important about home ownership. There is a pride that comes, there is a commitment to your place; a whole lot of things come with home ownership. Any housing policy ought to have home ownership, and enabling people to own homes as part of a range of mechanisms to address housing affordability.

City West takes care of another piece. City West takes care of the piece that comes between social housing, which is housing for people with needs, and market housing, which is for people who can afford to buy or rent on the open market. City West occupies that space. That is why I keep drawing you back to the way we have done this work. There is not one type of housing; there are many types of housing because there are many types of people. In here we have Aboriginal housing, boarding housing, student housing. We need housing choice and we need home ownership as part of it—rental, affordable, social for people with need, and the full spectrum.

CHAIR: You are putting a different definition of social housing than I have heard before.

Ms BARONE: Okay. We are working with the definitions as we—

CHAIR: City West, I understood, was always part of social housing?

Ms BARONE: Yes, but the reason we call it affordable housing is because it is the affordable housing State environmental planning policy. So, the policy is called affordable housing, and it enables the levying of money towards housing that is rental housing for people of a particular income level. The reason we differentiate between social and affordable is largely the criteria used for selecting the tenants, just so we can make the difference. So, in public housing at the moment—it has not always been like this—because of those waiting lists, priority has been given largely to people with high needs. That is one of the reasons you do not have social mix in those estates, because priority has had to be given to people with high needs. So, the selection criteria have been around needs. In the City of Sydney we have lots of that, and that is why our strategy does not suggest increasing that component much.

Then we have the other extreme: expensive houses for people to buy. What we do not have is lots of the middle and that is why our strategy is an affordable rental housing strategy. That is the piece in the middle that is most missing and City West provides that because the criteria that is used for people to be selected to go into that housing is about where they work, the kind of work they do and their incomes. It is not on other social needs.

CHAIR: My understanding is that they have three categories.

Ms BARONE: I think that is right; they have got a range.

CHAIR: They have the homeless, they have the affordable and they have the medium for the key workers.

Ms BRUCKSHAW: They do not have it for the homeless; they have it for social housing; people who are eligible for social housing.

Ms CLOVER MOORE: Social housing is what we always called public housing that the Department of Housing ran.

CHAIR: Sorry, it was a bad choice of words.

Ms BARONE: We have just broken it up like that to differentiate, for the purposes of the council and the community, that we are very concerned about that middle bit, the affordable private rental for people who work versus people who need to work in the city.

Ms CLOVER MOORE: The people we are talking about in terms of affordable are the key workers that I mentioned when I was speaking. If we cannot provide housing for our police, teachers, cleaners, bus

drivers or rail drivers and they have to travel from Gosford or the Blue Mountains—a police officer, after doing a 12 hour shift, then having to travel to Gosford is a really unacceptable situation so they get a transfer as soon as they can and the key services that you need for a global city are really affected. Roy just wanted to add something about the Singapore housing model.

Mr BISHOP: My understanding is that they have in Singapore the equivalent to superannuation, the Central Provident Fund, where people can actually borrow against that to buy their houses.

The Hon. TREVOR KHAN: Yes, they can.

Mr BISHOP: So access to buying the house is in a different context to this country. That might be one of the things that the Committee would want to look at.

The Hon. TREVOR KHAN: Imagine getting the Federal Government to agree to that.

Ms CLOVER MOORE: You are looking at solutions and it is interesting to see different solutions. It would be interesting to get information about other aspects of life there where the government is not having to contribute because people are housed securely and are able to get on with their lives.

The Hon. TREVOR KHAN: Can I ask briefly about boarding houses? We heard evidence earlier where private boarding accommodation was damned—I think you could essentially say—in terms of the perception of those witnesses. What is the role that boarding house accommodation plays and what is necessary to change the way boarding house accommodation is provided to make it more acceptable?

Ms CLOVER MOORE: As the local member for a very long time, I have been a very strong supporter of boarding houses and of protection for people living in boarding houses. I see it as a really important form of housing, especially for single men, who otherwise might not have housing options. It is a sort of housing that suits them too, not living on their own but living in a community. It has been an historic thing in the city and it is incredibly important to sustain and protect. Roy, do you want to add some things on that because we have done a lot of work in the electorate on this?

CHAIR: I acknowledge the amount of work that is being done there is fairly well accepted and that is appreciated.

The Hon. TREVOR KHAN: I want it on the transcript, Chair.

Mr BISHOP: One thing that Clover has previously identified is that there are probably four types of boarding houses. Firstly, there is accommodation for professional workers, the sorts of things that approach serviced apartments and that is clearly not the sort of focus that has been Clover's work over the last 20 years. Secondly, there is accommodation for students; thirdly, low-income workers; and, fourthly, the group that would be more traditionally seen as boarding house residents and they are more likely to be retired, single males, aged pensioners, people on disability support pensions, people with a lower level of mental illness or alcohol and drug problems.

The realities are that groups three and four are the groups that have least access to other options and I think that has been the focus of Clover's work on trying to make sure that there is a choice for people to have that type of accommodation. It is most often the case that it is stopgap, short-term accommodation rather than long term. The reality in my experience is that people who have been there long term are in there long term because there is no other choice; it is the end of the line and it is the equivalent of what Monica was just talking about with public housing having become housing of last resort and boarding houses are often housing of last resort for people who do not meet the higher criteria for public housing or for supported accommodation in something like a licensed boarding house.

Ms BARONE: I would like to comment on that because that is the issue. We see boarding houses as part of the housing mix and ought to be there. The problem is that in the inner city, given the cost of land and other costs, it is very hard to run a commercial boarding house and run it effectively. That is the issue. That is why you hear the terrible stories about boarding houses and that is why anyone who owns a boarding house desperately tries to get out of the business because they can sell that land and make an awful lot more money by putting flats on it. This is an area where, if we want boarding houses in that range of housing in the inner city,

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there actually probably needs to be support. It is going to be very difficult to run commercially viable models of boarding houses.

The Hon. TREVOR KHAN: Thank you, Monica. That is where I was going. There needs to be some sort of public funding.

Ms CLOVER MOORE: Now, since about 1988 with the bicentenary we saw significant loss of boarding houses and it has continued. It happened with the Olympics too.

Mr McMAHON: Can I just add one comment? We have talked about some international examples. In New York there is an alternative model that does not focus on boarding houses but focuses on rent-control apartments where the government there has actually intervened and offered operators of those rent-control buildings that are coming off rent control incentives to upgrade the building to meet fire standards, to provide a better level of amenity to attract people; to get them enough incentive to remain in a market by providing that rent control. That is something the State Government could look at, providing upgrades to buildings and things that give incentives for owners to remain in the market as a boarding house and not see the incentive to get out as stronger.

Ms BARONE: I want to reiterate a point that the Lord Mayor made in her speech, and that is the research that we did about how much it costs to support a person who is homeless. Every time we have a discussion that the Government should put some money here or some support there, the research shows—can you remind me of the figure?

Ms CLOVER MOORE: Just keep thinking that it costs \$34,000 per person per year to support a person who lives on the streets.

Ms BARONE: And that study did not count every intervention or every service because there were things that we could not measure and services that those people would have come into contact with, which is a cost. That is the approach that has been taken in countries that have been progressive around this. They have finally understood that they are spending way more money, clogging up the health system and police are spending time taking people to psychiatric services instead of doing other jobs. You could be supporting people in accommodation for less than that.

The Hon. TREVOR KHAN: I want to ask one final question that is really simple. Monica, you told us that you have been waiting 13 years for SEPP 70 to evolve.

Ms BARONE: Maybe I exaggerated.

The Hon. TREVOR KHAN: I am not being critical in any way. Apart from waiting for it, what do you see as the necessary changes or amendments to SEPP 70 to make it more appropriate?

Ms BARONE: SEPP 70 enables councils or the Government to levy developers to put some money towards affordable housing. Having it only in a few pockets is a bit silly. We have already done the work that suggests that if we applied it across the entire local government area at 4 per cent, we could yield 2,000 more affordable housing units that City West could manage on our behalf.

The Hon. TREVOR KHAN: Or some other?

Ms BARONE: Or someone else. City West just happens to be the provider that was chosen by the State Government for us, but, that is right; there are other affordable housing providers. I understand why there is hesitation to do that—because you cannot be asking the developer to do affordable housing. In Green Square they have to provide large amounts of the infrastructure. They are now being asked to provide for the cost of road realignments. At some point there has to be a decision about what infrastructure is provided by the State and what infrastructure is provided by the developer. You cannot just keep loading the developers up either.

We think that it is okay for the developer to make some contribution because we think that you will get better communities if you have got communities with housing diversity and that is better for them; it is better for the value of their property and it is better for the places that eventuate as a consequence of development. So it is okay for the developer to make some contribution but you have to see that. And that is a problem; that is why it

never happens. Because when you add that to all the other contributions, then it starts to be quite an impost and that has to be considered.

The Hon. TREVOR KHAN: What is "some contribution"?

Ms BARONE: Well, 3 per cent has worked very well in the city of Sydney. We are talking of getting it up to around 4 per cent and we have done the study to indicate—and we could certainly provide that for you but we do not think that that will have a significant impact. It is unfortunate that that did not happen a number of years ago, because there has been a lot of development and we could have been yielding a lot of housing in the time that that SEPP was not there.

Dr JOHN KAYE: If I may seek clarification. Is that 3 per cent and 4 per cent of gross floor area?

Ms BRUCKSHAW: Gross floor area, that is correct.

Dr JOHN KAYE: Not a total cost of the unit?

Ms BRUCKSHAW: No, it is 4 per cent of gross floor area of the development. Then they could choose to make a monetary contribution instead, which is around \$185 per metre square of the whole development.

Ms BARONE: I do not want to sound like we are advocating that developer contributions is the be-all and end-all. It is part of the suite of things you would do if you had a target and you then said, as we have done: A levy will give you this much. With other types of projects and other types of funding—if you put all those things together, you can get there.

CHAIR: Is there any way that the developers can be involved in the process other than through their hip pocket? Have there been any discussions about having the developers involved to the point where they actually feel comfortable with donating the money?

Ms CLOVER MOORE: I think you know the answer to that.

CHAIR: Have they been involved in the planning process?

Ms CLOVER MOORE: Liz Giles might make a comment on that.

Ms GILES: One of the projects that the City of Sydney is working with at the moment is the common ground model. That sits a little bit outside the scope of your question in terms of getting developers to voluntarily come forward with cash, but I guess it is another way of engaging developers in affordable and low-cost housing projects by enabling them to contribute in kind. The common ground model we are working with at the moment in Sydney is with Grocon developers. Grocon has agreed—once the State Government comes up with a site—to build the building at cost. They are also doing this in Melbourne, and I understand they are exploring the same opportunities in Brisbane.

Mr McMAHON: May I add a comment about levies. There has been much debate and much discussion about the impact of levies and how they affect the market, and there has also been much debate in the last 12 months to two years about the impost of cost on developers. I think the study we have provided to the Committee, which we will table, says that the inner city is different. So the blanket approach to the idea of levies across the State ignores the fact that different areas, like the inner city, can be looked at separately. There is economic analysis data to say that the levy in the City of Sydney could be supported with minimal impact on the actual functioning of the market. What you might do in the city and what you might do in Camden, for example, are two very different things. So there is a danger of being caught up with that blanket analysis.

Ms BARONE: When we did Sustainable Sydney 2030 we engaged with the property market an awful lot. They are very understanding that you need to have a range of housing. I mean, what is the point of having a fabulous six-star building in the CBD if you cannot get anyone to come in and run the cafe, or clean it, or you do not have cleaning services? They absolutely understand that functioning cities have to have that diversity. The question is, how it needs to be delivered. I guess, like us, if they saw that there were a range of measures and theirs was one of them, that would be a bit different to: the only solution always being put forward is that it is developer contributions.

The Hon. GREG DONNELLY: I refer to page 19 of the Council of the City of Sydney submission, with specific reference to the Brisbane Housing Company Limited. We have heard from witnesses who have appeared before the inquiry favourable comments and reflections on that project. The comment that resonates in my mind is how the project started from scratch and has grown so quickly. I think I recall that over 600 units or apartments were available, which is a rather rapid growth over a short period of time. We understand that the quality is quite good as well. Do any of you have any insight into that project? Does it offer as an example anything to Sydney?

Ms CLOVER MOORE: I will ask Tamara Bruckshaw to talk about that.

Ms BRUCKSHAW: The Brisbane Housing Company was established in about 2002, so it has been operating for about seven years. Like City West, it started with some significant seed funding from its State Government. There was also, I believe, some investment from Brisbane council, which of course is different from Sydney council; it is much bigger. They are able to be a little more speculative than, say, the City West housing model, which has to operate inside very tight guidelines. So they have been able to take commercial advantage of land, and there is more opportunity for them to grow as an independent company. Their target tenants are people who are on their Department of Housing list, so it is again social housing people who are able to go into that boarding house style accommodation. They do build some two and three-bedroom units, but it is mostly—

The Hon. GREG DONNELLY: The majority of the units are one bedroom?

Ms BRUCKSHAW: That is correct. They are also free to operate with some flexibility in the planning system with Brisbane council, which entered into agreements with them to have some flexibility around that social housing mix size—for example, in the city where you require a certain amount of housing, whether they be two, three or one-bedders. So there is some flexibility around the planning controls, so that Brisbane Housing Company has an opportunity to maximise its gain in those areas, or maximise the number of dwellings it is able to provide.

The Hon. GREG DONNELLY: The way the company is set up obviously provides greater flexibility than the City West project at Green Square. I think that project has about 600 units, which have been built up over a much longer period. Do you think the Brisbane model is something that we should be at least looking at in a little more detail?

Ms BRUCKSHAW: Absolutely. It is a wonderful model, not only for affordable housing but for that lower end of the market, the boarding house market. It has certainly been very, very successful. I believe an independent valuation by KPMG ticked it off as being totally self-sustainable. Although, from my understanding it does enjoy some form of ongoing subsidy. Also, the developers are now able to access National Rental Affordability Scheme money. A few more streams of income are now coming from the Federal Government, so not only the not-for-profit organisations but also the private sector are able to access a bit more subsidy.

Ms BARONE: If I could pick up on that point. By working with State and local government, you are able to solve some of the other problems. There are lots of things that impact on housing affordability, and this comes to the question of developers. If you work in a creative way and in partnership, you can look at things like—and we are doing this sort of thing—the cost of a parking space and what that adds to the cost of a unit. You ask: Do you really need it sometimes? There are some standards around—and we still want the highest standard, but you can get—and that is what City West is doing—a very high standard, very sustainable property, but still get it built for reasonable rates. So those sorts of considerations also need to come into the mix. There are lots of things we can do to reduce the cost of housing, or the cost of developing housing, so that it is easier for a developer to put a contribution towards a levy or so that home ownership can become more available. You have to look at this housing issue in its entirety.

Ms CLOVER MOORE: May I add to that. The cost of a parking space can be up to \$70,000. If you do not have that in a development in the city, it can bring the cost down. Of course, with a development in the city, particularly if it is on good public transport and cycle routes and it is close to stations, you do not need a car. The other thing we have been promoting at the City of Sydney is car share. For those who need to use a car at the weekend to take their children to school, to buy bulky goods, or whatever, they can belong to a car share and use that. We are promoting those two things, and we are doing that not only from the housing affordability

perspective but also from the perspective of sustainability and reducing emissions. As Monica said, there are a range of things in which the City of Sydney is involved where we can work cooperatively to get a better outcome in a holistic way.

The Hon. GREG DONNELLY: My next question is about homelessness with respect to young people and children and how that fits into the overall consideration of dealing with this issue. Obviously those people are in very difficult circumstances and often they do not have much income at all to be able to afford accommodation.

Ms CLOVER MOORE: I will ask Liz Giles to respond to that.

Ms GILES: The issue of youth homelessness and housing is particularly challenging. It is certainly different to adult homelessness by the nature of the age and the vulnerability of the target group in question, and also because the youth homeless target group tends to be a more transient group that will move in and out of homelessness. It is not as straightforward as saying that finding them homes will end homelessness, for young people who are coming in and out of homelessness often at a very fluid rate. One of the models promoted as a solution for youth homelessness is the Foyer model: a form of supported accommodation that gives young people their own independent accommodation but with a significant amount of support attached that is very directly linked to employment and training opportunities, encouraging young people to reconnect with their families or return to education, et cetera. For young people it is a very specific model that needs to be looked at in terms of youth accommodation. At the moment what we have in Australia tends to focus more on crisis accommodation, which is not proving to be very effective in doing anything but managing crisis.

The Hon. GREG DONNELLY: How young are the people who are considered for the model you have just described?

Ms GILES: The Foyer model tends to target young people from the age of around 18 to 24 with a little bit of flexibility around both ends of that market, but it is mainly the young adult market. Trying to also meet the needs of young people who perhaps are not ready to move into the adult side of the service system. There are some people who are experiencing homelessness that it is really not appropriate to put in to the service system with older people because sometimes that can entrench that experience of homelessness, rather than acting to intervene very quickly and trying to divert people away from that period of homelessness. Because the longer you spend in homelessness the longer you stay there.

Mr BISHOP: Perhaps if I could add something? The Kings Cross Youth at Risk project is a working model—I think the funding runs out in two weeks?

Ms CLOVER MOORE: Yes.

Mr BISHOP: At the end of this month, in fact?

Ms CLOVER MOORE: Yes, it needs ongoing funding.

Mr BISHOP: It is a project from the Community Solutions Program, so it is a whole-of-government approach, which involves—

The Hon. TREVOR KHAN: Which level of government was funding?

Mr BISHOP: The New South Wales Government—it came from the Premier's Department under the Community Solutions Program. Essentially it got a whole lot of service providers together to identify, make contact with and tackle the people who were on the street at risk of drug use, street-sex work, and the whole gamut of things you would normally expect to go with that, and try to divert them from that immediately. So instead of becoming entrenched in that lifestyle people are reconnected with other family or the people back home, so they are trying to link them back—in the way that Liz is talking about—in that fluid process, but it is also identifying things such as getting them onto the waiting list for public housing or whatever right now, so it may mean they are not entrenched in the street-sex work, drug use and dealing on the streets.

Ms GILES: It is certainly an excellent model of partnership with Kings Cross Youth at Risk project, because it brings together a whole range of agencies that are already working in the area and encourages them to

work as a combined resource rather than as separate and individual programs. So as a model of best practice it is a very strong one.

The Hon. TREVOR KHAN: How much accommodation is provided?

Ms GILES: The Youth at Risk project focuses more on a brokerage model, so rather than actually providing accommodation, what they have is brokerage that will either pay for accommodation, pay for transportation back to family, pay for counselling services, pay for health services or pay for whatever is needed to really link people back into that accommodation, or link them with other services that provide accommodation rather than providing accommodation directly through the project.

CHAIR: The Committee is embarrassed by the time. There are so many more questions that need to be asked and there will be a number of questions on notice. Before concluding, the Hon. Marie Ficarra has one very important question she wishes to ask.

The Hon. MARIE FICARRA: I apologise for being late. I have to congratulate you, Clover, and the council, because I have read the submissions and I know the projects that are being done and the innovation that is being shown in thinking outside the paradigms in the economic situations, the social situations, the constraints of the property developers and the outcomes that you want, looking at other models such as Brisbane—

The Hon. TREVOR KHAN: What is the question?

The Hon. MARIE FICARRA: Thank you. You have had the written questions provided to you. I know we are running out of time but will you address question no. 7: the initiatives undertaken by the Australian Government under the Nation Building—Economic Stimulus Plan including, but not limited to, the National Rental Affordability Scheme, at (a), (b) and (c). Do you think the measures address the housing shortfall? Do you think the needs of low to moderate income earners will be met? How can these be enhanced into the future? I know it is a big question but I want it on record?

Ms BARONE: Obviously we welcome any resources going into housing. So we are thrilled to see there is an enormous amount of resource going into the development of housing—that is fantastic. I am just going to refer to the National Rental Affordability Scheme [NRAS] to start with. The issue we have with NRAS—and we put this very clearly in our submission to the Federal Government—is that it does not really work in inner cities because of the cost of land. The Lord Mayor went to the Federal Government shortly after the election and clearly put to it them that they need to develop a city's policy and they need to understand urban policy, because if you do not understand the particularities of a place, you cannot get that policy right. Unfortunately the first policy that came out was the white or green paper on this rental affordable housing scheme and we immediately wrote back and said it would not work here because of the cost of land. Remember, in the inner city it is not just the cost of land but the contamination of land—most inner city land is contaminated. So the costs of getting started are really high, the cost per unit is really high, and the difference between what needs to be charged for rent and the amount that the NRAS recipient gets is too great to make it viable—we put that forward.

Since then we have gone back with the inner city mayors to the Federal Government and again restated that and shown them demonstration projects where, for instance, with Glebe we did that research in order to demonstrate what could and could not work. I have to say we are getting some very positive signs that they are tweaking NRAS because they have understood that it has to be slightly different for different areas. If they want affordable housing in inner city areas, they need to tweak that.

The other issue—and it keeps coming back to not having clear policy framework and not having a city's policy—is that when you develop your housing policy the other question is about where you want that housing. Yes, it is more expensive in the inner city in some ways but it is less expensive in other ways because you are putting housing where you have already got infrastructure. That does not mean you need no more infrastructure. If you add people you have to add infrastructure. You have to add a childcare centre if you have another block of flats. You have to upgrade the roads. You have to put in stormwater. You have to put in infrastructure. But it is not the same as rolling out the full range of infrastructure outside of the city on the city boundaries where the land is cheaper but the infrastructure does not exist.

From a sustainability point of view, from making the very best of infrastructure that we already have, there are real reasons to be looking at your inner city areas but the policies have to work for it. I think they are

very serious. They have certainly engaged with us. They have come to meet with the inner city mayors about working with us to understand what comes next and how those policies need to be tweaked.

Ms CLOVER MOORE: I just want to add to what Monica has said. The argument that we put to Minister Plibersek really related to sustainability and economy and support for the global city—this is the argument I have put in Canberra too. The City of Sydney is so important to the national economy, it is so important to the State economy, and we need to have workers living in the city. Clearly the cost of having people living way outside of the city, because that is where they can afford the housing, and then having to travel in, the costs of travel, the social costs, the environment costs and the economic costs are significant, and they need to be addressed by the Commonwealth and State governments in terms of ensuring that the global city is supported and sustained.

CHAIR: Would you want to write a report for us?

Ms CLOVER MOORE: We would not mind. We might take that offer seriously.

Ms BARONE: We will help you in any way we can. We have spent an awful lot of time and effort on this. We will certainly provide you with any documents and any support you need.

Ms CLOVER MOORE: The capital city lord mayors hold a Council of Capital Cities Lord Mayors forum, and we have gone to Canberra to both the Government and the Opposition to talk about the importance of cities, the fact that the majority of Australians live in our cities and how our cities are the economic engines of our nation. This very much relates to the issue of providing appropriate and adequate housing for a range of people to run the cities. That is something that is just not on the agenda enough. We have just been hearing about the budget this week. It was not really discussed. If you do not look after the global city of Sydney, the flow-on economic impacts to the rest of the metropolitan area and the rest of the State are significant. This again relates very much to the issue that you are dealing with of appropriate housing for people.

The Hon. TREVOR KHAN: I actually agree with that.

CHAIR: I sense that we will need to come back to you. It is obvious you have a great deal of expertise and have put a lot of thought into this area and your evidence will help us in our deliberations. Monica, you mentioned two reports that you have submitted to the Federal Government. Could you tender those reports?

Ms BARONE: Yes, that is the work we have done with the Council of Capital Cities Lord Mayors on the paper we did on affordable housing in relation to the National Rental Affordability Scheme [NRAS].

Ms CLOVER MOORE: The Council of Capital Cities Lord Mayors forum has done a paper for the Federal Government on the NRAS.

Ms BARONE: And our submission to the Federal Government.

Ms CLOVER MOORE: There is a lot of work that has been done. Each of the cities is making these submissions to the Federal Government. They are the same issues in each of our cities.

Ms BARONE: One of the things we also have been doing is working with all the inner-city councils. This is not a council-by-council issue. You cannot do it that way. One of the things we have said to the inner-city councils is when you really look at it we are all placed to contribute to parts of that housing mix differently. The City of Sydney should provide lots of student housing because that is where the universities are. Other areas might be better placed and economically might be more suited for boarding houses or different types of housing. We need to do this regionally. We are working with the inner-city councils on a version of this that is for all of us. We are auditing what we have all got and what lands we have so that we can have a more inner-city approach. We have particular global city needs, but they need to be supported by regional needs.

Ms CLOVER MOORE: We have regional needs too.

The Hon. TREVOR KHAN: What do you define as the inner-city councils?

Ms BARONE: The ones all around us.

Ms CLOVER MOORE: The councils that surround us—North Sydney.

Ms BARONE: Randwick, Marrickville, Leichhardt, Woollahra, Waverley, Canada Bay.

Ms CLOVER MOORE: We go as far as Canada Bay, Ashfield, Willoughby. We work together with them on transport and housing. We have put a joint submission to the Federal Government's infrastructure proposal on an inner-city cycling plan.

The Hon. TREVOR KHAN: Can we have a look at that cycling plan as well?

Ms CLOVER MOORE: Yes, indeed.

Ms BARONE: Sure. Would you like the environmental submissions? We have got a lot to say about that.

CHAIR: The secretariat will be in touch with you.

Ms CLOVER MOORE: What is your time frame? At the moment all of our staff of the inner regional councils are working together to put together a proposal on housing.

CHAIR: Our timetable is to report by the end of September.

Ms CLOVER MOORE: We will come back to you with a range of reports.

CHAIR: In relation to the inner-city councils working together, who is the driver? Who is the lead? Is it Monica Barone or Clover Moore?

Ms CLOVER MOORE: You can contact me or Monica.

CHAIR: Who is the lead in the inner-city councils working together?

Ms BARONE: That is led by the Lord Mayor. The mayors' meeting was led by the Lord Mayor.

Ms CLOVER MOORE: We met in the city.

CHAIR: Thank you very much for your attendance. Your evidence is greatly appreciated. You obviously have put in a lot of time and effort.

Ms CLOVER MOORE: We are very pleased the Committee is doing this work and we hope there will be positive outcomes. I am sure you are getting that message from many people.

CHAIR: We are feeling the pressure.

(The witnesses withdrew)

SHARON RUTH FINGLAND, Assistant Director, Western Sydney Regional Organisation of Councils, P. O. Box 63, Blacktown, affirmed and examined:

CHAIR: If you consider at any stage that any evidence you give or any documents you may wish to tender should be heard or seen only by the Committee, please advise us and we will consider your request. If there are any questions on notice at the end of your evidence, could you return answers within 21 days?

Ms FINGLAND: Yes.

CHAIR: Before we go to questions, would you like to make some brief opening comment?

Ms FINGLAND: Thank you very much for the opportunity that has been granted to the Western Regional Organisation of Councils [WSROC] to present to this Committee. I would like to stress that our president, Alison McLaren, and I gave evidence at the other inquiry on Monday this week, so we have not made a submission to this inquiry. In fact, I was overseas when the call came out. But we have presented evidence and sent it to previous Federal Government inquiries on the issues of both homelessness and affordable housing, and they are two issues that are very much of relevance to our region. Alison sends her apologies; she could not be here today because she is interstate for work purposes.

In the intervening few days I have put together a short summary of some of the submissions that we have made, particularly to the Federal Government, on the issues of both homelessness and low-cost rental accommodation, and I have attempted to tailor those to the particular requirements of this Committee, but I do not imagine that you have probably had the chance to read them yet. I hope they will provide some help. As I said, it had to be done in rather a hurry, but if you need further information, I would be only too happy to supply that.

Western Sydney is a region that is often considered an area of cheaper housing, and whilst in cost terms housing may be cheaper there, it is not cheap for the people who live there. The reason for that is, in addition to having high concentrations of people on quite low incomes we also have the tyranny of locational disadvantage. Obviously, western Sydney has grown over the years from a series of small towns located along railway lines with transport infrastructure to now huge areas and vast tracts of land that are highly car-dependent, located well away from transport facilities and services and also community facilities and the support those provide.

So we now have a situation where people in western Sydney are suffering housing stress. But housing stress in western Sydney is not just the cost of housing; it is the cost of living in that area. Locational disadvantage is enormous. It is the cost and the fact that with the increasing congestion, travel times are longer. Research has shown that our region has some of the most vulnerable populations when it comes to increasing oil prices. So all those things combine to make living in western Sydney expensive for everybody who lives there, and, particularly for the poor, it is becoming a real issue. We have increasing proportions of people in western Sydney, particularly in the public rental market, who are suffering housing stress as a result of this.

The other point I should probably make is that, having heard a little bit of the end of the previous presentation I think I can only agree that this whole issue has to be looked at from the different points of different areas. As in some of the discussion we have just been having, obviously, central Sydney and the inner city areas have a very different set of problems from the ones that we suffer, and yet western Sydney is the third largest economy in Australia—1 in 11 of the population lives there. So I would argue equally that whilst the centre of Sydney and the inner-city areas have an incredibly important role in the global city, western Sydney and the region should not be forgotten in the role that it plays too.

The Hon. MICHAEL VEITCH: I am also a member of the Standing Committee on State Development, which is looking into planning reform. I was not at the inquiry on Monday for personal reasons but I just want to ask you a question that relates to that inquiry and this inquiry. In your submission to the Standing Committee on State Development Inquiry into the New South Wales Planning Framework you suggest that "a more diverse range of housing and a greater social mix should be encouraged in both new release areas and older areas undergoing urban revitalisation, to ensure that new developments cater for as wide a range as possible of different socioeconomic groups", and, accordingly, the provision of appropriate support services.

This is a two-part question. Do you think it is possible to provide sufficient low-cost rental accommodation without creating pockets of disadvantage, and what do you regard as the necessary elements for the creation and maintenance of a cohesive community?

Ms FINGLAND: I think it is possible. It takes a little bit more planning than has taken place in the last decades in Sydney. You can probably tell from my accent that I come from the UK. I have a somewhat different approach to planning in that planning in the UK has never differentiated between the social aspects of planning and the physical aspects of planning. There is a connection between the urban form and that demography that you get in certain areas, and unless that is recognised—I can point to a number of examples in western Sydney where for decades we have tended to go along with the prevailing market forces for development in particular areas. We have said that certain areas should be developed for certain types of housing. We have developed sort of mono-cultural areas, whether it is high areas of disadvantage with 89,000 people in low-income housing in western Sydney in the sixties or seventies or new urban development at the urban fringe, which is now attracting higher income families and is no longer providing for first home buyers.

The housing markets that are developing in western Sydney in particular are certainly not homogeneous and they are certainly concentrating disadvantage or advantage at one end and at the other end of the spectrum. As a planner I believe that this is unacceptable. For example, I worked for 10 years for Baulkham Hills council in the early nineties and the development industry argued that the market for housing in Baulkham Hills was for large family homes with two or three cars. I worked on the Rouse Hill development area and the Rouse Hill town centre and we developed a housing strategy there that attempted to address this issue of lack of housing choice, because we were being approached by people in our community, particularly as they were getting older, who were saying, "There is no appropriate housing in this area for us. We no longer want this large family home", and, of course, the development industry was saying, "All the market research shows us is that this is the market that will sell in Baulkham Hills and if you provide anything different, there is no market for it". That is a sort of chicken and egg situation, in our view.

What we did in Baulkham Hills was instigate density controls, which forced the developers to provide a range of housing choice simply by making sure that in order to build to the densities that were required they had to provide a different form of housing than just the separate family home, and we have achieved a mix in that area. The north-west sector has a lot of problems but that is one thing I am reasonably proud of. This is an approach I think we need to take. It is more complicated for the older established areas to get urban renewal effectively there and get a housing mix. It is very difficult, and it is very difficult to local government because local government has no control on land amalgamation in those areas to be able to do effective large-scale development.

So what is happening at the moment is ad-hoc in-fill development, which can range from a street of fibro dwellings where you are getting change with a villa development next to a McMansion type of development next to a terrace, for example. It is very ad hoc and it is not providing a decent urban form, and the communities are reacting very badly against it. There is a backlash about that sort of development. But to get the mix in I believe is very important.

Dr JOHN KAYE: I want to pick up on a conversation we had with the Lord Mayor of Sydney about who pays for all of this and developer contributions and developer levies and changes to developer levies. In the first instance can you give us a broad-brush overview of what the opinions of WSROC are in terms of what exactly are developer obligations and what you think developer obligations ought to be to provide affordable housing?

Ms FINGLAND: I suppose the first thing I should say is that from WSROC's point of view the recent decision to cap section 94 is a very retrograde step. We believe that the development of new communities is more than just a matter of providing housing, roads and access for cars. A viable new community requires a range of facilities and services. We are very concerned that attempting to cap the section 94 contributions, particularly in outer urban areas, will take us back to the 1950s and 1960s, when we had isolated pocket parks, fragmented location of community facilities and very poor opportunities to plan properly to provide facilities and services in areas that are accessible and more sustainable. From WSROC's point of view that sort of cap is considered very retrograde.

It is very difficult for councils, particularly as development takes place on a fragmented number of fronts. You can end up with a situation where a number of small, unconnected communities are developing at the same time, all with the same level of basic needs, such as a primary school, childcare facilities or a local

park. That happened in the north-west sector. By capping the contribution there is a risk that there will be an even greater inability to provide the required facilities, even in an economic sense.

There seems to have been an assumption that new communities can tap into existing infrastructure in existing urban areas. That is often not the case. In western Sydney, the infrastructure—particularly the social infrastructure—just is not there. Development is being driven by the sites that are being opened up, particularly in the growth centres. They have the largest development sites, but they might be the furthest away from existing infrastructure. There is a real issue and cost involved in doing that. A normal development process would involve an incremental progression out from the existing urban area. However, this is going to the outer limits and then coming back in again. There is a host of issues associated with that.

It is also not clear who will pick up the funding shortfall for the section 94 contributions. Councils in western Sydney, and particularly the larger councils with the larger release areas, have worked out that to pay for the basic community facilities that we have grown to expect the impost on the rates would be absolutely enormous. Blacktown City Council has worked out that if it were to levy extra rates just for the new areas, there would be a 100 per cent increase. Even if it were spread over the whole local government area, it would mean a rate increase of about 64 per cent.

The Hon. TREVOR KHAN: What does that mean in dollar terms?

Ms FINGLAND: It would be substantial, but I cannot tell you the figure now. I can get it.

The Hon. TREVOR KHAN: That would be interesting. I am also interested in seeing the research, if it is available.

Ms FINGLAND: I can certainly contact Blacktown City Council and get that information.

The Hon. TREVOR KHAN: Thank you.

Dr JOHN KAYE: We heard from the Property Council that attempts to make developers pay for or contribute excessively to affordable housing would just add to the cost of housing for everybody else. Of course, there was a debate about the issue of developer profits. Can you comment on that? Do you feel that requiring developers to make a substantial contribution towards the cost of providing affordable housing would add to the cost for everybody else?

Ms FINGLAND: There are two answers to that question. First, under the legislation there appears to be no mechanism that prevents the extra cost being passed on to the buyer at the end. That is of concern. Secondly, I think even the development industry would recognise that if you do not provide the basic facilities and services—whether it be a local park, footpaths, cycleways and so on—housing will not command the expected price. You are not developing communities simply by providing housing. The better developers understand that.

In my experience, particularly from my work in the north-west sector, we were able to negotiate some really good outcomes between the council and developers. For example, we did a lot of work with open space provision and on the importance of local parks. Section 94 contributions come to councils in an ad-hoc manner. They cannot project when they will get them because they cannot project the development rates. We argued with the development industry that it would gain an advantage if it developed the parks to encourage people to buy housing in that area.

Dr JOHN KAYE: It is true of parks, but it is far less true of affordable housing units.

Ms FINGLAND: As I touched on earlier, there is a lack of understanding about the range of people who need housing and the different housing markets. If you concentrate on one particular segment, which might be the McMansion market, you rule out a lot of other people who might buy in the area. I used to get phone calls, particularly from elderly people, saying, "I have lived in Baulkham Hills all my life. The new housing that is being developed is far bigger than I want. I want to downsize. But I don't want to move out of the area because I would be moving away from my family and support services."

Dr JOHN KAYE: Perhaps I am not making myself clear. You are talking about market segmentation.

Ms FINGLAND: Yes.

Dr JOHN KAYE: I am talking about the provision of social housing.

Ms FINGLAND: I think there has been a problem in that years ago when we had the Housing Commission it provided a much wider range of housing that was still considered to be social housing. Now we are providing social welfare housing in great concentrations. That is proving to be a problem because there is too much concentration of disadvantage. I am not necessarily saying that all areas of Sydney should have the very rich and the very poor. However, we have concentrated the disadvantage in ways that is certainly not acceptable. From the development industry point of view, when we have over-concentrations of disadvantage, poor communities and poor environmental outcomes, people do not want to live there. You are left with people with no housing choice. That will not help the developers either.

The Hon. MARIE FICARRA: In talking about new part 5B of the Environmental Planning and Assessment Act—the affordable housing changes—you have discussed the section 94 contributions. Have you seen a decline or a projected decline in development because of these changes, given that you have cheap land but very expensive development of infrastructure and transport challenges? Do you see any decline in the attractiveness of further developments in western Sydney?

Ms FINGLAND: What is happening in the housing market, particularly in south-west Sydney and the south-west growth centres, is testament to that. I believe the community is concerned about increasing oil prices, the increasing cost of travel, the lack of public transport and our dependency on the car. I believe that that is one of the reasons the housing market in south-west Sydney has collapsed.

The Hon. MARIE FICARRA: How do you think this new part 5B will impact on affordable housing in western Sydney? Is it workable? Does WSROC support it?

Ms FINGLAND: The Western Sydney Regional Organisation of Councils has always been supportive of a range of housing to suit people's needs, particularly given the region we represent, which has a high proportion of lower income people. We are very concerned that they are adequately housed. One of the studies we have undertaken, four of our member councils have worked with the University of New South Wales on a project funded by the Australian Research Council on socially sustainable urban renewal. For two years this study looked at how you could get effective urban renewal happening in the older parts of western Sydney. These are the older suburbs, which basically, I would argue, have been forgotten in the planning process. They are the areas that are now targeted for urban renewal. They are not the areas that have gentrified, but the areas where the housing stock is coming to the end of its natural life. It is often described as fibroland, or the other areas of three-storey walk-ups that were built in the 1950s and 1960s around centres in western Sydney.

The Hon. TREVOR KHAN: These suburbs are, by way of example?

Ms FINGLAND: Parts of Fairfield, parts of Auburn, Bankstown, parts of Penrith, Parramatta, Liverpool—quite extensive. In many ways, particularly the fibroland areas, they are areas that have quite large areas of land in association with the size of the houses, and the housing stock is coming to the end of its life. Research has shown that if you go west of about Strathfield there is really no demand for renewal in those areas other than on a very ad hoc basis. This is causing huge problems in western Sydney. I spoke earlier about the poor urban form that is happening as a result of this.

Part of the reason for that is that the major developers who work either in the Sydney central business district, inner Sydney or at the urban fringe do not operate in these parts of Sydney. The developers are small-scale builders, often with limited language skills, who finance their developments by buying up, say, two or three allotments, building either a duplex or triplex, and selling that in order to finance the next development. So, we are getting very poor urban renewal; very ad hoc urban renewal. In relation to the number of houses that are required to be developed in those areas and the number of affordable housing units that are required, we are getting some higher-income people moving in there but we are displacing the people in most need as a result. Those from the poorest areas of Sydney, where do they go when they have been displaced from the lowest-cost accommodation and they do not have an alternative? That is what our study has been looking at, how to deal with that issue and to come up with different methods of providing affordable housing. One of the conclusions we came to was that we almost needed the equivalent of a growth centres commission, but for these inner-city areas, to undertake urban renewal. It is not something that local government, with its powers, can control.

The Hon. MARIE FICARRA: Given that the demand for developments is low—that was my point with developer contributions now with part 5B—I cannot imagine that western Sydney is going to be seen as attractive. If they have to provide affordable housing in a big development, will they go out to western Sydney with all these constraints, or will they go for the inner-city? I just do not know how well it works out in western Sydney, part 5B?

Ms FINGLAND: You are probably right, that it does not.

The Hon. MARIE FICARRA: It is not attractive.

Ms FINGLAND: It is not attractive. The other thing in western Sydney is it that an increasing socioeconomic polarisation is occurring. For example, in the older suburbs I am talking about a lot of the people who have done reasonably well in the good economic times have been moving—they are sort of aspirational voters—to the urban fringe. But that has left behind people who have basically no choice in housing, in their employment opportunities, often their tertiary education opportunities, all of these things. So, we are getting a hugely increased divide between the haves and have-nots in our region. This is where committees like this are so important, to think about that issue.

The Hon. TREVOR KHAN: Your study into urban renewal that you have been speaking about, is that a document that is available?

Ms FINGLAND: Yes, it is. I can make it available for you.

The Hon. TREVOR KHAN: Can I ask you about caravan park residents? We have heard a little bit of evidence on this issue. What has been happening with caravan parks in your area?

Ms FINGLAND: In western Sydney over the past 10 to 15 years, because of the price of land being so high and the housing demand over that period, until recently, being so high, a number of existing caravan parks have been sold for standard housing development. This has happened in both Blacktown—in the Parklea caravan park area where there were relocatable homes—and Lansvale in Fairfield. These are two cases I know of. People in the caravan parks, particularly people in the relocatable homes parks, leased their land and owned their houses. It was a sad situation in Parklea when the people who lived there were told they had to relocate their homes because the land was going to be developed for standard urban development.

They were encouraged to move to Lansdowne in Fairfield, but the developers at the same time were approaching Fairfield council because they also wanted to redevelop their land, so these people were left in dire circumstances. Fairfield council certainly called for a social impact assessment and tried to fight the issue so as to preserve this type of housing in its area, because in addition to people buying their homes in those areas, the Department of Housing used quite a lot of accommodation in those areas for emergency accommodation. So, it was providing for a wider range of need at the lower end of the income scale.

The other thing that is really poor about this is that a lot of people living in those areas were people who had been displaced from institutions, particularly mental institutions, and they have been finding it almost impossible to find suitable accommodation other than in some of these caravan parks. It is also the case on the coast that a lot of caravan parks have been lost, but in western Sydney in particular it has caused a huge social issue.

The Hon. TREVOR KHAN: Has the Western Regional Organisation of Councils done any investigation that identifies the location of caravan parks in its area? Do we know the number of people who are in these parts in western Sydney?

Ms FINGLAND: Yes. I am not aware that the Western Regional Organisation of Councils has done a specific study on it but when Fairfield council asked for the social impact assessment, I think it did some research on the number of places at that time, which would have been about five years ago. So, the information is probably a bit out of date now and certainly the number of parks has been reduced.

The Hon. TREVOR KHAN: It is better than none.

Ms FINGLAND: It is better than none, yes.

The Hon. TREVOR KHAN: Would we be able to get a copy of that social impact statement?

Ms FINGLAND: I can certainly approach Fairfield council and see if we can get it for you, yes.

The Hon. TREVOR KHAN: This is not meant as a Dorothy Dixier, but one of the issues that really has arisen for us is whether we should look at caravan park accommodation as part of the solution for affordable housing. Do you have a view in that regard?

Ms FINGLAND: I certainly think in times of housing difficulty, while some people would not think they are the most ideal form of housing, they have provided housing that many of the people who live there find acceptable. It certainly is another form of housing that maybe should be considered. I am not sure that it is necessarily terribly appropriate to use it though for housing for people in crisis accommodation. I think that is probably inappropriate, but obviously a roof over your head is better than nothing. I believe the Committee should look at any form of housing that is available, because it is all catering for a range of different needs. From the research we have done into homelessness we believe that the extent of homelessness is incredibly underestimated. We said as much in a submission to the Commonwealth Government on homelessness.

The Hon. TREVOR KHAN: My final question is: Do we have a copy of your submission to the Commonwealth Government in regard to homelessness? If not, can we get it?

Ms FINGLAND: No, you do not have it. I have included some of the arguments in the paper that I have given to you. I can give you the whole paper.

The Hon. TREVOR KHAN: Excellent.

The Hon. GREG DONNELLY: My question relates to young people and homelessness and how that can be better dealt with than perhaps we do at the moment. Have you any reflections on that? We have had evidence that homelessness of young people is an issue, perhaps more so in some parts of the city and the State than in other parts. What are your thoughts on young people and homelessness and how that fits into consideration of the whole homelessness problem?

Ms FINGLAND: I certainly believe it is a growing problem. In western Sydney—and in the paper that I sent you yesterday I have talked about some studies done in Parramatta, for example, where there seems to be a concentration of homeless young people—it is often thought that that has occurred for a number of different reasons. One reason is that when people look at homelessness, they tend to think about people who are only living on the streets or in parks or whatever. We would argue that the homelessness problem is much bigger than that. We need to look at the issue of squatting, which is quite prevalent in Parramatta. We need to look at the issue of young people who are perhaps living at home in inadequate accommodation because it is overcrowded, who would normally move out if they could. There are a whole host of different people who could technically be called homeless even though the statistics are not picking up on those.

The Hon. GREG DONNELLY: Even people who move from house to house, maybe on a nightly basis, and sleep on the lounge?

Ms FINGLAND: Absolutely, that is right—living with friends or living longer with a family; there is overcrowding with families and these sorts of issues. It is a huge problem. In the case of Parramatta, there were studies done by the University of Western Sydney that looked at the issue of homelessness there—I cannot remember the date but it was probably about five years ago—which showed at least 100 homeless people a night just in the Parramatta central business district itself. Part of the reason for that is that a lot of them were obviously on the Department of Housing waiting list and on waiting lists for supported accommodation and all these other things.

They tended to stay around Parramatta because of the support services that were provided there. In areas that actually provide these other support services—whether it is to do with mental health, alcohol prevention, drugs or whatever—you need to look at those sorts of issues as well as the homelessness issue to understand how the homelessness problem is being distributed. I also understand that there are large proportions of the homeless living in the Hornsby shire in the rural parts, which was quite some surprise to me, so there are some issues there.

The Hon. GREG DONNELLY: Do you believe that there is a growth in homelessness with young people?

Ms FINGLAND: Yes.

The Hon. GREG DONNELLY: And is that a problem we need to turn our minds to?

Ms FINGLAND: Absolutely I think it is, and I would say not just young people. Another group who have actually been disadvantaged when it comes to support for the homeless are single women. Apparently a lot of the Supported Accommodation Assistance Program [SAAP] is very much targeted towards families with children—quite rightly so. This is an issue, but apparently of all the groups who have grown in recent years, single women who are homeless are a group who have been ignored and get the least amount of support through the system. I think they get the least amount of support through any sort of rental assistance and things like that. That is another group, in addition to young people.

The other issue in western Sydney is refugees—and I put some more information in the paper about that—particularly when people are on temporary visa protection. That is an appalling issue for people living in western Sydney without getting the support. I have provided information on particular issues that they have. Certainly down the other end of the spectrum is the increasing proportion of the aged who are now becoming homeless. Many of them have been long-term homeless and often the statistics do not pick up on them particularly well either.

Obviously with an ageing population, with other issues like climate change and all these other things that are happening, there could be more disasters, and more people made homeless. The other issue in western Sydney about an increase in the homeless particularly that affects young people is the increased number of people now defaulting on their mortgages and becoming a whole section of, not the lowest income people but people in the lower to middle incomes who are now, particularly those with families, becoming homeless who are in pretty dire straits in western Sydney.

CHAIR: The Committee will send you a number of questions on notice. One of the questions on notice relates to questions 6 and 7 that we sent to you, which relate to the Federal Government's initiatives in regard to the National Rental Affordability Scheme [NRAS] and the national regulatory system. Could you make some general comments about those two questions and elaborate further when answering the questions on notice?

Ms FINGLAND: In relation to NRAS, it certainly assists, and it should assist more as rental units return to normal levels, but I make the point that private rental is highly vulnerable to investor sentiment and volatility. That is a problem for our region. Most low-income renters do not actually get Commonwealth rent assistance, so that is a bit of a problem. In terms of the national building economic stimulus plan, we have been concerned that whilst we certainly welcome—and we say it was long overdue that these issues are being addressed—the rate of rollout of this assistance program is of concern to us in western Sydney.

Part of the reason for that is that it is not always understood, but many of the low-income people living in western Sydney are not in Department of Housing estates; the greater concentrations of disadvantage are actually in the private rental schemes, and that is the difference between western Sydney and the inner Sydney where most of the disadvantage is in Department of Housing estates. In western Sydney we have vast areas of private rental where the demography of those areas is virtually identical to the Department of Housing. They are all the people who are on the Department of Housing waiting list. And in some respects, they are worse off than the people in the Department of Housing because they have not got the welfare support they would get by living in Department of Housing areas.

We also know that because of the rate of development that is required—this huge national impetus to build housing, that a lot is going to be concentrated in the areas of government-owned land and there is a risk in western Sydney that we could end up with situations similar to what happened in the 1960s and 1970s when we had large concentrations of low-income people all lumped together—89,000 people in Mount Druitt and St Marys and whatever. We are conscious of the fact that that was a mistake. We are trying to break up those estates, but by doing all this in such a hurry, and by using government land where it is, we could be adding to the concentrations of disadvantage.

Of course, one does not want to turn around and say, "No, don't build more housing." We desperately need it, but some of the social impacts of what we are doing need to be taken into account and that is why

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I think WSROC has made such a point over the years to talk about housing, not just in terms of affordable housing but locational disadvantage, and the other things that need to be provided in tandem with that, which is decent access to transport, education and employment.

The Hon. MICHAEL VEITCH: Is that why in your submission—you the listed recommendations at the end—recommendation No. 8 specifically suggests that "NRAS should be targeted to the development of new affordable rental housing in areas of greatest need"? Is that the basis upon which you make that recommendation?

Ms FINGLAND: Yes.

The Hon. TREVOR KHAN: We heard from the City of Sydney that it had made a submission to the Commonwealth Government relating to NRAS on similar issues to those we are now discussing. Did WSROC send a submission to the Commonwealth Government?

Ms FINGLAND: Yes, we did. I can let you have that.

The Hon. TREVOR KHAN: Excellent.

CHAIR: Thank you for your evidence. It has been very enlightening and is very much appreciated. We may need to come back to you for further advice. Thank you very much coming in.

Ms FINGLAND: Thank you very much, Mr Chair. Thank you for allowing WSROC to present. We really appreciate it.

(The witness withdrew)

(Luncheon adjournment)

CORRECTED

NAZHA SAAD, Chief Executive Officer, St George Community Housing, Level 3, 8 Crofts Avenue, Hurstville, affirmed and examined:

SALLY MANNERING, Senior Housing Manager, George Community Housing, Level 3, 8 Crofts Avenue, Hurstville, and

JOHN ENGELER, Commercial Program Manager, St George Community Housing, Level 3, 8 Crofts Avenue, Hurstville, sworn and examined:

CHAIR: Would you like to deliver your presentation?

Ms SAAD: Yes. Thank you very much for inviting me, as the Chief Executive Officer of St George Community Housing, and my colleagues here today. I wish to begin by acknowledging the traditional owners of the land on which we meet today. I am well aware that you have had a long line of very experienced, knowledgeable and passionate people who either work in the sector or are associated with the housing industry. I will begin with a short visual aid presentation, which I think will provide you with a good context with regard to your terms of reference, from which you can then ask questions.

St George Community Housing was established in 1985—like many other community housing organisations at that time, with seed funding from the Government. Its roots were in the St George-Sutherland area. Since then we have grown to cover over 23 local government areas, mainly south of the Harbour Bridge, in the inner city, and in the south and south-west part of Sydney. We have over 2,600 properties, housing over 6,000 tenants. We are the largest community housing organisation, certainly in New South Wales and arguably in Australia. We are a company limited by guarantee; we became that in, I think, October last year. That was a pre-requisite to becoming a growth provider in New South Wales. We are governed by a board of directors, and they are responsible to the membership. We still retain our public benevolent institution [PBI] status.

These two diagrams give you a bit of a snapshot of the stock we have and the responses we make in terms of the housing problems that are out there. Forty-four per cent of our stock is capital properties. That means it is provided to us by the Community Housing Division, which is part of Housing NSW. The next largest tranche of stock we have is estate management stock. That is at Bonnyrigg, which is in the south-western part of Sydney. Twenty per cent of our stock is referred to as leasehold, which means we lease that stock from the private market for use by our tenants. Four per cent of our stock, we are really pleased to say, is owned by us, and it is growing. One per cent of our stock we manage on behalf of other entities, such as councils.

In terms of the housing response there, the greater part of our housing stock is used for general housing, for people who are on family benefits or some sort of statutory-type income. The next largest tranche of stock is the estate management stock at Bonnyrigg, which is primarily public housing. Eighteen per cent of our stock is supported housing, where we work with support providers to sustain the family's ability to live in the community. Finally, 4 per cent of our stock is in the area of affordable housing. That gives you a breakdown in terms of our housing responses.

We built our reputation on supported housing. The Port Jackson Supported Housing Program is mainly an inner-Sydney program where we work with 26 support partners, such as the Salvation Army, Neami or the Richmond Fellowship, to support individuals who have been homeless—in fact, most of them have been long-term homeless people—in being able to live in the community. That has been a very successful program. That is primarily how we built our reputation, and continue to maintain our reputation. The other flagship program we have is Bonnyrigg—or, as it is now been branded, Newleaf Communities—which is in south-western Sydney. That is the first publicly-privately financed social housing project in Australia.

It is a community renewal program. It is 18 stages over 15 years, and it is on 81 hectares. The mix of housing will change. It is currently 90 per cent public housing and 10 per cent social housing but that will change to become 30 per cent public housing and 70 per cent private housing. We will be, and we are, the custodians of public housing there for over 30 years. In total, we manage about 20 per cent of the homes in community housing and our turnover this year will be \$24 million.

Today's approach is not going to be theory or history, and it is not going to be about problems, but it will be about some practical, current solutions that we believe cover the terms of reference of the Committee and hopefully give you a bit more insight into the whole issue of homelessness and low-cost accommodation.

CHAIR: Thank you. That is greatly appreciated.

Ms SAAD: The diagram here—I do not know if you have seen this diagram before, but it is worth showing again—is referred to as the housing continuum diagram and is used in the industry quite often. It shows that the response goes from fully subsidised, for those that are homelessness or transitional, all the way to private. St George does not operate in each of those areas. We are growing and developing our organisation so that we can operate particularly in the areas around affordable housing, and we also want to look at shared equity models and assisted home ownership—moving people through that. At the moment the model is quite static. If you come in through supported housing it is often very difficult, and there are a number of disincentives for you to be able to move into general housing or even the private rental market, let alone the private ownership market.

There are three case studies I want to talk about: Bankstown, Allawah and Canada Bay. Bankstown is a current project that we have at the moment where we acquired 50 units in a complex that is close to transport and amenities. It is being used for affordable housing and is being made viable by the National Rental Affordable Scheme [NRAS]. Allawah, the second case study, is about a targeted program for indigenous people with dual diagnosis who have had a history of having been homeless. The last case study is Canada Bay, which is an emerging one, and we think that is where the trends will go. That is where the three levels of government have been involved in bringing together affordable housing in that local government area via a community-housing organisation. As you can see, Bankstown is a large complex of 150 units, and we have 50 of those units. You can see there is no difference. You would not know which units we have versus what the private owners have—that is the intent, of course.

CHAIR: One-third?

Ms SAAD: Yes. Bankstown is what we need more of. It is close to transport, shops, schools and services and when I say "close" it is within 200 metres, so it is within walking distance for the people that live there. The State Government, or Housing New South Wales, contributed 40 per cent of that, enabling us to then leverage the purchase of the 50 units valued at \$15 million. Combined with the other units that we have recently acquired in another part of south-western Sydney, that enabled acquisitions of a total of \$25 million. So for the State Government contribution of \$10 million we have been able to acquire 100 units that are being used for affordable housing using our own abilities to raise debt and our own equity to do that—so an extra \$15 million. You can see that it demonstrates the community housing sector's capacity to get better value and to leverage from government funds. Another really interesting benchmark is that 98.5 per cent of the total spend went totally to bricks and mortar. It did not go on holding costs, management costs or legal costs, but straight to the purchase of the asset.

CHAIR: What is the date of the valuation of your portfolio—the \$25 million?

Ms SAAD: At today's date.

Mr ENGELER: At today's date. They have both been recently valued and we are hoping that they are going to increase in value.

The Hon. MARIE FICARRA: Without wishing to interrupt your presentation, how has the social mix bedded down over time socially with the rest of the 100 unit owners or occupiers?

Ms SAAD: It is new—I might hand over to Sally to talk about it. Sally is the Senior Housing Manager that manages that area. It is going well, but Sally can tell you a few stories.

Ms MANNERING: What we did when we got Bankstown ready was to move people in quite quickly. We needed to pay our bills so we moved people in over two weeks. So people knew who was moving in. The only real teething problem we had was people trying to get up the stairs with their furniture or into the lifts with their couches all at once. Other than that there have been virtually no problems. They have been in there now for two weeks.

The Hon. MARIE FICARRA: This is really early?

Ms MANNERING: Yes.

The Hon. TREVOR KHAN: Do the other residents even know?

The Hon. MARIE FICARRA: Where they were coming from?

Ms MANNERING: Not really.

Ms SAAD: No, they would not know. We have another one, Leumeah, which is now six months. That is also a complex of 174 and we bought 50 units there. Except for one resident who decided that they would use the amenities outside of the normal hours they are allowed to use them there, we have had no problems whatsoever.

The Hon. MARIE FICARRA: That happens everywhere.

Ms MANNERING: We moved them in at Christmas so there were a few parties.

Ms SAAD: The next one is Allawah. Allawah is not the suburb but the name of the program in the Redfern area—it is supported housing. As I mentioned earlier, it is indigenous people with mental health and addiction problems who have been long-term homeless.

The program is not a big program but it is a quality program in that the people there have been able to maintain their tenancies since they moved in, that is, two years ago. The reason for that is we have been able to work very closely with the support partners. They are the Inner-City Homelessness Outreach and Support Services and the Redfern Aboriginal Medical Services. The program recognises not only the cultural issues but also the medical issues. The health and wellbeing of the people there have improved and stabilised. For example, one of the tenants there is 48 years old, has been a heroin addict since she was 16, kept losing keys and trashing and doing all sorts of things when she first moved in. Two years later it is a very, very different story.

It works well because we have a partnership agreement. We are really clear about the support partners' role and our role. We play the tough guy, in a sense, and they play the soft guys and provide the support. We are very clear that we are working together to sustain the person living in the community. We are aware that our role sometimes is to be much tougher than the support partner needs to be. We are happy to take on that role if it means that we are able to keep that person in the community.

CHAIR: Can you tell me how many people are involved in the program?

Ms SAAD: It is only small; it is only six dwellings. Our other programs are much larger, like Port Jackson where we have 211 dwellings.

CHAIR: There is a famous song about from small things big things grow.

The Hon. MARIE FICARRA: Financially are you able to keep your head above water with Allawah and Port Jackson? Do you need government funding?

Ms SAAD: We need government funding. It is an income-based model and the income that we get is a maximum 25 per cent of their statutory entitlements. It does not come very close to being able to cover the asset costs, the life-cycle cost of the asset. But we are able to do it and we have been able to do it—which was not able to be done in the past—within the funding constraints. That is new. That is why originally they did not think the program would be successful. Port Jackson had been a failed program before we got it. But we are able to maintain it within the funding constraints. We do get subsidy. The reality is that community housing does need to be subsidised.

Canada Bay is a really great one whereby the council, through its planning bonus incentive, was able to work with the developer to build 16 units of affordable housing. The council now has National Rental Affordability Scheme [NRAS] funding, so it has State and Federal funding. It is the three levels of government coming together and we now provide the property management and the tenancy management of those units of affordable housing. The challenge here is that the local government social plans were very much geared around those homes being used for nurses, teachers and police that live in the Canada Bay area. However, the NRAS eligibility is such that they are not eligible, their income is above what would be appropriate for affordable housing in that local government area. However, the good thing is that we have targeted the allied health

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workers, as we call them, the childcare and disability workers, the ancillary workers in schools, the domestic workers, and the retail and hospitality workers in that area.

The Hon. MARIE FICARRA: Did Canada Bay council do this voluntarily? Did they have their own social housing? How did it come about that they were so proactive?

Ms SAAD: Sally can probably talk about it better than I can but, yes, they did. They have made it a focus of their local government area. It would be good if more councils did that.

The Hon. MARIE FICARRA: How do you think the latest State environmental planning policy, I think it is SEPP 5B, will impact on local government delivering affordable housing, given that section 94 contributions have been cut and the current economic climate? Have you had much feedback from councils on the new planning SEPP?

Ms SAAD: We hope that it will have a positive impact. John has recently met with a couple of councils over that.

Mr ENGELER: At this stage we are yet to see the on-ground implication of those otherwise very good policy initiatives. They have certainly moved on from the otherwise ad hoc or very disparate approaches that the various councils have had. There was quite a range of approaches previously. Canada Bay is an example of a voluntary planning initiative. We are certainly looking forward to the practical implications of those. We are very available to work with councils. I met with one yesterday to talk about certain initiatives we might be able to build on. Even the existing SEPP or the previous SEPP infrastructure was able to be used where we hold a small amount of funds that were given to us for use in this type of thing, to do with the retention of low-cost housing.

CHAIR: Are they part of WSROC?

Mr ENGELER: I am not sure.

Ms SAAD: I think Canada Bay is part of IMROC, the Inner Metropolitan Regional Organisation of Councils.

CHAIR: Is this particular development of 16 units of affordable housing at Strathfield triangle? Has it been going for a while?

Ms SAAD: No, it is a new development.

CHAIR: Is there any involvement by Concord Hospital?

Ms SAAD: Yes.

CHAIR: What is their involvement?

Ms MANNERING: Concord Hospital partnered with Canada Bay Council years and years ago. In the social plan, they are one of the businesses that needs to be assisted to house their workers. So six of the 16 units that we have currently are to be allocated to employees of Concord Hospital.

CHAIR: Are you managing it?

Ms MANNERING: Yes.

CHAIR: I was of the belief that Concord Hospital managed it. You are managing it and there are six people housed there who work at Concord Hospital?

Ms SAAD: That is correct. I will make some concluding comments before we get into any more questions. What we found is that, practically, NRAS works. However, it does need to be enhanced to capture high moderate-income earners, such as nurses, teachers, police who are key workers and are experiencing household stress. For us to continue to make a contribution we need a balance sheet and we need access to funds. As you can see from that one example earlier, to get 100 units in south-western Sydney with government

funds of \$10 million, we were able to finance the balance. Those funds came through the State Government, Housing New South Wales, the Centre of Affordable Housing, and rental bonds. So there are mechanisms to provide the funding. In other States of Australia community housing organisations like us have access to revolving funds that they are able to invest in developing, constructing and acquiring more stock and using that for community housing tenants.

The last point I want to make is that we have a number of different funding agreements. I think at last count it was 23 or 25, something like that. With each of these funding agreements the properties are tied to those agreements. If you go back to that continuum I talked about, if they come in through, say, the supported housing program and they live in Burwood, for example, through the support they are provided with they are able to get work and they are able to improve their health and medical situation, so that they can then move into the general housing part of the housing services. However, the difficult thing for us to do with the way the programming and funding is approached is to keep them in that house and just move the funding.

In a sense, we actually have to move them out of that house because that is tied to a supported housing program, even though that is the house they have grown to love—they have stability, it is close to schools et cetera. We are seeking more a portfolio approach to being able to manage the properties that we have. I know that Housing New South Wales is aware and wishing to do something also about that. If and when community housing gets title transfer, then we are able to take that portfolio-approach so that we are able to keep the property with the person as opposed to, at the moment, actually being hamstrung because we need to transfer them. So the exit and pathway strategies for people become even more difficult for us to manage. They are the three key points I wanted to make. I thank you for your time and attention. We are more than happy to take any questions. Anything we cannot answer we will take on notice.

CHAIR: Ms Mannering, you manage tenants on a daily basis?

Ms MANNERING: That is right.

CHAIR: Can you indicate your thoughts on the optimum capacity to manage tenants compassionately so that you are dealing with all their needs and aspirations?

Ms MANNERING: I am sorry, within my organisation or my teams or a complex?

CHAIR: Just your thoughts as to geography that you as an individual or a person, whoever that may be, can deal with a maximum number of tenants. Is there a maximum number or can you look after the whole of Australia?

Ms MANNERING: No, I cannot look after the whole of Australia, certainly not from Hurstville.

Ms SAAD: One individual, no.

Ms MANNERING: We have two offices. We have one at Bonnyrigg and one at Hurstville. In Hurstville in our general program we ask housing managers to manage 250 tenants each, which is significantly lower than the portfolio size their colleagues in Housing New South Wales manage. We do that for a number of reasons. As Nazha said, we have different programs. The complexities of each program takes up a little bit more time than an average tenant. Within the supported housing, and I think most of the managers at Bonnyrigg take up to 100—

Ms SAAD: They have 160 tenants.

Ms MANNERING: That is so they have more time to respond to the particular needs of those tenants. In Bonnyrigg that is about the community renewal ventures, because we are working with those tenants to relocate them while the estate is rebuilt. In our own support programs within Port Jackson, for example, it is to give the managers time to work very closely with the support partners.

Ms SAAD: In terms of optimal size for organisations, if I could respond to that part of the question, we are currently 2,600 properties and our direction, our growth, our objective is to get to at least 5,000—anywhere between 5,000 and 10,000. That is significantly less than anything that occurs anywhere overseas. We believe that structurally we can do that. We believe that in terms of being able to have the coverage that we need, even

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just in the 23 LGAs that we are currently in, that is an appropriate number of properties to have. It also means that at that size we are still less than any State Government or Territory.

CHAIR: What criteria did you use to get the magical figure of 5,000? There is a big difference between 5,000 and 10,000.

Ms SAAD: It is about scale. We are at the size now where I cannot employ an HR manager or an IT manager or any of those sorts of things. That is partly it. It is about good organisational capability. It is also about the demand. We have a waiting list of 1,600 people and the waiting list is six to eight years. There is a huge demand out there. We were able to transition 833 public housing tenants in two months out at Bonnyrigg from public housing to community housing. That has not been done before at that scale. We have got the capability to do it. It is also about, as I said, the demand; it is about the waiting list; it is about optimal sizes.

CHAIR: Is any discussion taking place about whether satisfying the demand might conflict with the compassionate way you deal with your tenants?

Ms SAAD: No. It is about values; it is about staff you employ. We have a very rigorous recruitment process. We focus on values. We might employ people that have not had experience in tenancy management or housing management, but they are the values that we want to continue to develop and grow in our organisation. Size is irrelevant. It really is about the people that you have working in your organisation and it is about the leadership that is shown not only by the CEO but by the senior management team.

CHAIR: So the criticisms of public housing or the Department of Housing being big, cold and impersonal has got to do, you say, not with being big?

Ms SAAD: I think that is a different question. I think you are talking about 150,000 properties there compared with what we have, which is 2,700 and I am 600, and I am only talking about 5,000 to 10,000. I think you are talking about a government agency versus a community organisation, and they are different. They are different beasts; they are different entities; they are governed differently. I do not think you can really compare that way.

The Hon. MARIE FICARRA: With respect to public housing versus community housing and you shifting people out, have you had time to do surveys about their satisfaction and how things are proceeding?

Ms SAAD: Yes. We do that every year as part of our governance requirements. Our tenant satisfaction level for the St George part of the business—not the Bonnyrigg public estate part of the business—was 91 per cent. The benchmark in community housing is 85 per cent; ours was 91 per cent—a record achievement in tenant satisfaction. We had a response I think of about 30 per cent, something like that. So it is pretty high. At Bonnyrigg, new leaf communities now, we also undertook a tenant satisfaction survey. Housing New South Wales benchmark for us there was 65 per cent. We got 85 per cent in the first year. There are certainly some positives that come through a community-housing organisation.

The Hon. MARIE FICARRA: When you say "new leaf" I can see that it is a really positive glow. Is that where you want it to move? Is it practical that it will move that way?

Ms SAAD: Oh, I think so.

Ms MANNERING: A number of people do seem to return.

Ms SAAD: When you look at the choice, people have the choice of staying or leaving. Many are choosing to stay. As I said, the renewal program is over 15 years. It is 18 stages, but the first houses will be completed in August. They are already starting to see there is a real emphasis on working and participating with the community there. The private-sector partners together with us are quite aligned in terms of the values and in terms of the vision that we have for new leaf communities.

The Hon. MICHAEL VEITCH: In the presentation you spoke about the transfer of title. I think your comment was "if and when". How important is the transfer of title to your organisation?

Ms SAAD: At one level it is critical because it is one way of being able to build our balance sheet. At the moment I think my equity is about \$4 million or \$5 million.

Mr ENGELER: Tops.

Ms SAAD: Tops. It is very hard for me to go to the bank and to put any sort of real deal together with them with that, whereas if I have ownership I can actually leverage off that ownership in order to then create more stock, build more stock, acquire more stock. So it is important because I am not sure what other mechanism is out there for the community housing sector to grow its balance sheet.

The Hon. MICHAEL VEITCH: I am interested in how you set the rental rates for your tenants, the formula you use. Do you apply the same formula for everyone or are there different formulas for different—

Ms SAAD: There are different formulas. There is the income-based formula, which is capped at 25 per cent of income, and then there is the affordable housing, which is a discount-to-market rate approach, which cannot be greater than 30 per cent of the household income. At Port Jackson we have a different process that Sally can also talk about, and we also have those tenants who have come through Housing NSW that are on the old system where it is capped at 18 per cent. Sally can talk a bit more about that, I think.

Ms MANNERING: The different rent models make that part of our job quite complex. Port Jackson have an agreement that incorporates their utilities. The youth programs, for example, that are run out of Francis Street in the city are in an old motel-style building. We could not connect separate utilities to those apartments so that is the deal we came up with with them.

Ms SAAD: And we provide them with furniture and TVs and all those sorts of things.

Ms MANNERING: A common room.

Ms SAAD: A common room. That is covered in the increase in what we charge for the rent.

The Hon. MICHAEL VEITCH: During the presentation, in response to one of the questions the Chair asked you spoke about the Canada Bay facility and the workers at Concord having tenancies there. Is that local work arrangement a requirement for your organisation? Do the key workers have to live near where they are working?

Ms SAAD: It is desirable. In the case of Canada Bay they have their rules.

Ms MANNERING: That is Canada Bay's policy. That is why they instigated their program, because, obviously, to live in Canada Bay, for example, to rent a fairly ordinary two-bedroom unit you are looking at about \$450 a week. So for an enrolled nurse working at the hospital or someone on the council ground staff that was not an option at all and they found that their workers were travelling enormous distances each day to get to work, leaving their kids in child care for a long time, spending a lot of money on fuel and so not really seeing the benefit of coming to a reasonably modestly paid job.

The Hon. MICHAEL VEITCH: If one of the individuals who is working at Concord were to leave his or her employment, does that then terminate his or her tenancy with you?

Ms MANNERING: No. Obviously we would need to consult with council but, generally, our policies say that we can support them in that accommodation for 12 months and at the end of that 12 months then we have another conversation about if they have got back into work. Generally, people have found other employment, or they come into another program. We only have affordable housing in areas where we have general housing, so most of the time we are able to transfer that person into a property and put them on a subsidised rent, either short term or long term.

The Hon. GREG DONNELLY: We have had the opportunity to be given quite a detailed briefing by the City West people on the project that they operate, which you would be familiar with. What are the comparisons—if there are any—between what they are doing with their major site in Ultimo and the new work at Green Square with what you are doing in terms of the basic model of affordable housing?

Ms SAAD: We would love to have access to their balance sheet. I think there are probably some real similarities in terms of where we want to go. We are more interested in social mixes though. We are more interested in mixed tenure. For example, out at Leumeah we have the 50 units there for affordable housing but

we were able to structure our model financially so that we have five of those people that are at quite the lowest income level and would normally be in public housing because of their income levels. City West does not do that; it does not have the mixed tenure. We also want to ensure that there is private sector as well that are living in the complexes and the environments. If I understand it correctly, City West tends to have blocks and they are all full of affordable housing people, whereas we would want a mixture of a whole range—private owners as well as affordable housing.

The Hon. GREG DONNELLY: With the couple of examples you have given, you go for about one-third of the tenants inside a single property—that is your ratio?

Ms SAAD: Yes. Out at Bonnyrigg it is 70:30 per cent, and it seems to work. From what we understand from overseas it seems to work. You do not end up with the social problems that you otherwise would. I am not sure if that answers your question enough.

The Hon. GREG DONNELLY: We had the opportunity to speak to some of the people who stay in the City West property in Ultimo and one of the things that struck me was the way in which they spoke about the nature of the relationship between themselves as tenants and the landlord, that it was very different from that in public housing. Also with respect to City West, they were not apologetic about saying they were pretty strict in the way in which they expect people to keep places to a standard, and that was reciprocated by what seem to be remarkably efficient response times to maintenance issues and things like that. How do you see the nature of your relationship with your tenants? I think you used an example a bit earlier about being strict or being prepared to be strict. You set the bar high, do you, or reasonably high, and you expect people to understand that relationship?

Ms SAAD: Yes, we do, and we use the CTTT as we need to, often as a warning more than anything else.

The Hon. GREG DONNELLY: Does that happen very often?

Ms SAAD: Yes. I think my staff would be at the tribunal on a weekly if not daily basis, where we go to get specific performance orders either for rent arrears or for noise and nuisance, or any of those sorts of things. So, yes, we do. There is a dual responsibility and we make that very, very clear. I suppose the difference between our model and maybe City West's model is that for us the last resort would be eviction, and what we would do is ensure that we brought support partners in and worked with the local support agencies to look at the problem. For us, if there is a rent arrear problem it is a flag. It is saying that this person either has gone off their medication or they are back on drugs, or the husband has returned and domestic violence has started all over again. For us it is a red rag. It is something for us to then investigate further, and we do that. That is the model that we perpetuate.

The Hon. GREG DONNELLY: In relation to the issue of rent, is rent reviewed on a regular basis?

Ms SAAD: Yes. It is done on an annual basis.

CHAIR: The Consumer, Trader and Tenancy Tribunal is a specialised court, but you are talking about an area that is probably even more specialised. Do you see any advantage in the Consumer, Trader and Tenancy Tribunal having a special unit? You have money and rent issues, but you also have a list of compassionate issues to which you have just referred. Would it be helpful to have specialist tribunal members within the Consumer, Trader and Tenancy Tribunal?

Ms MANNERING: I think so, yes.

Ms SAAD: I would say so, yes.

The Hon. TREVOR KHAN: I have just a couple of qualitative and quantitative issues. I take an inference from what you say, and you can tell me if I am wrong, that your model would allow for an increase in the availability of affordable housing stock compared to using the public housing model. Is that what you are saying?

Mr ENGELER: Yes.

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Ms SAAD: Yes. Public housing cannot borrow the way we can. They cannot finance together with the private sector to do what we can do.

The Hon. TREVOR KHAN: I understand that part of the equation, but once you have borrowed, you have a debt to service, have you not?

Ms SAAD: Yes.

The Hon. TREVOR KHAN: You service that debt by using the rental income?

Ms SAAD: Yes.

The Hon. TREVOR KHAN: How do I deal with an argument that public housing does not have the financing costs, and therefore they can use the rental income to build the housing stock?

Mr ENGELER: It is a very interesting question. Indeed, the way in which we have been able to finance the debt, for example, on our 100 properties that we have purchased—you are right, the interest on approximately \$12.5 million is the current rate.

The Hon. TREVOR KHAN: And it is not insubstantial.

Mr ENGELER: Indeed, yes. It otherwise matches, at the moment, the annual National Rental Affordability Scheme [NRAS] payments that we will be getting for at least 10 years. While we are talking about years one to 10 under the NRAS scheme, where we combine that with some State funding as well—in this case, it is 40 per cent—we are able to service the debt. The problem for us would otherwise be—and it reverts back to a similar argument to what you were suggesting about the public housing model that you use—that in year 11, how do we service the debt if we are not getting NRAS funding, for example?

But it is nevertheless a good question, and possibly one in which, we would suggest, there would be room to investigate other non-commercial funding options—interest-free loans, or low interest loans or some other ways—which would be more akin to the traditional ways that grants are put through State, Federal and local housing authorities to return the same stock. At the end of the day, we are paying commercial rates for that interest and the servicing of that loan. But for the rent that we are able to leverage and the NRAS payments, we would be in a difficult position retaining the ownership of our 100 properties at the end of year 10.

The Hon. TREVOR KHAN: I am not being critical.

Ms SAAD: No, I know.

Mr ENGELER: No. It is a good point. Just to reaffirm Nazha's point, we do have some advantages, such as being able to borrow money commercially, but it is different from the way that you, as a Government, would allocate funds to that thing. At the end of the day, we are paying it back another way.

The Hon. TREVOR KHAN: Good. I am very satisfied with that answer. I might go on with a qualitative issue. I get a feeling that you say your model is a better model—we will not quibble about precise terms—than is the public housing model in the sense that it is more responsive. Is that right?

Ms SAAD: Our tenant satisfaction results would probably indicate that. But we are more local. I think that is what helps. The relationships we have are the key attribute. Perhaps other government agencies do not have the ability to develop that in quite the same way.

The Hon. TREVOR KHAN: You showed us as part of the Bankstown model a flash diagram of the building. Again, I am not being in any way cynical about it.

Mr ENGELER: That is okay.

The Hon. TREVOR KHAN: Were you involved in negotiations with the property developer before the building was constructed?

Ms SAAD: No.

The Hon. TREVOR KHAN: And I was not being critical, either.

Ms SAAD: No, no.

Mr ENGELER: It is a good question.

Ms SAAD: No, we were not. We were lucky in that there was an economic downturn at the time, which meant that there was—

The Hon. TREVOR KHAN: A frantic developer?

Ms SAAD: Yes.

The Hon. MICHAEL VEITCH: I would like to follow up that point. It is an interesting matter. You actually had no input into the design. Do you have set criteria you are looking for when you purchase? What sort of things are you looking for?

Mr ENGELER: That is good question in that not only were we required to fulfil one requirement of a level of government, which was the State Government because it attracted what were previously affordable housing innovation funds as a percentage of the product, but also the NRAS eligibility criteria that had similar but just as prescriptive criteria that we have to satisfy. So there were two levels. As it turns out, we were able to find a product that met those criteria without having to work hand in hand with the builder. In this particular case, we were fortunate in that a turnkey development—that is the term that means that we were not putting any equity or capital into the project until reaching the point at which we are about to exchange—acted in a commercial way. We are very aware that there were other people who were starting to realise that such a project would be financially viable, given that interest rates were starting to drop.

The developer themselves came very close to suggesting that perhaps they were not as distressed as they might have otherwise been when we first started because, as interest rates dropped, they had the option of still being able to rent some or all of the properties privately. That could pretty much meet all their holding costs at least in the short term. We found that it was a very fortuitous lining up of the planets, as it were, where we acted at a particular time and were able to take advantage of what was otherwise not an everyday occurrence. It is not every day that there is an amount of 50 units that otherwise meet our criteria and those of the State and Federal governments, our funders, that would be available and for which we have a ready vendor who is wanting to do a deal with us.

The Hon. TREVOR KHAN: Do you envisage opportunities of working with developers as essentially providing a baseline level of presales that then allows the developer to fund his development?

Mr ENGELER: That is our express hope. I know that Nazha is passionate about this area as well. It is certainly our hope. It is about getting the balance right in terms of saying that we do not want you to deliver to us—which might touch on the City West model as well—anything that is discernibly different from that which the private sector would otherwise produce, or that any other private tenant would want to enjoy. However, we do recognise that there are well-documented economies that can be gained in some of the internal designs, some of the layouts and the quality of finishes. We do not always necessarily always need an ensuite in every two-bedroom unit. We have seen a great design recently.

The Hon. TREVOR KHAN: Or stoneware benchtops?

Mr ENGELER: Indeed, absolutely. It is about getting the balance right. We are working with the developer. There are two things: It gives us the certainty whereby we are not having to worry about whether we are going to get gazumped, as it were, or pipped at the post just beforehand by another entity. But hopefully we should be able to see that translate into a lower purchase product cost for us because we, through our precommitment of up to a third, have been able to allow them to secure money at a lower rate than would otherwise have applied, and will feel some sort of comfort in terms of the project. We believe that one-third seems to be—and there is no magic in that number—a big enough trading bloc to be able to be not ignored by developers, builders and banks, but certainly not so much so that it ends up being a difficult to manage product. Particularly in affordable housing, it seems to work. It is certainly enough for us to be able to leverage a better product, or a better price of product.

The Hon. TREVOR KHAN: I have two final questions. The answer to one will be yes, I think. I take it that you see your ability to do these sorts of things in a qualitative sense as being something that the Department of Housing would be just incapable of doing?

Ms SAAD: No, I would never say that it is incapable of doing it. We have worked very closely with the Centre for Affordable Housing, and it has supported us in being able to do this. The focus is different. It sets the policy, ground rules and guidelines.

The Hon. TREVOR KHAN: And you follow through.

Ms SAAD: Yes, and we will influence where we can.

CHAIR: Your organisation owns 50 units out of 150 units. What is the name on the title deed?

Mr ENGELER: We are very happy to say that the name on the title of these particular properties is St George Community Housing Limited, as opposed to the New South Wales Land and Housing Corporation.

CHAIR: Is it in the name of the chief executive officer?

Ms SAAD: No.

Mr ENGELER: It is owned by our organisation—the corporate entity—which has moved to being a company limited by guarantee from otherwise having been a cooperative. With that, we have all the responsibility and governance that comes under the Corporations Act.

The Hon. MICHAEL VEITCH: Did you make that move so that you could become a growth provider?

Mr ENGELER: Yes.

The Hon. TREVOR KHAN: Is any caveat applied to the property by any government agency?

Mr ENGELER: I think the Committee has previously heard from Leonie King and others from Housing NSW. Housing NSW or the New South Wales Land and Housing Corporation's interests are definitely registered for those particular properties. It holds a second mortgage over them. There are other formal mechanisms by which the ownership is retained in perpetuity for social housing. Should anything happen to our organisation, our constitution and other framework agreements that we have signed up to would ensure that the housing was always retained in the ownership of an organisation with a similar objective in terms of providing housing.

The Hon. TREVOR KHAN: Do you envisage the tenants having the opportunity to purchase the properties?

Mr ENGELER: We do not have such a model.

Ms SAAD: But we would love a model like that and we would wish to work towards one.

The Hon. TREVOR KHAN: But you do not have anything in mind.

Ms SAAD: Counterparts of ours are doing it in other States. It is not a difficult model to replicate.

Mr ENGELER: NRAS is a good example of a policy that envisages the possibility of portfolio transportation. This project attracts NRAS incentives. If we found that we needed to sell two properties for whatever reason, we would be able to substitute two like properties. The State Government is obviously aware of that and is in agreement. There is a 40-year agreement in terms of the value of the money that the State Government has provided and NRAS is for 10 years. However, we are able to substitute properties should that situation arise.

CHAIR: Does the NRAS money equate to the mortgage payments?

Mr ENGELER: Yes.

CHAIR: Is that a coincidence or is there some reason for that?

Mr ENGELER: It is a coincidence. We have been very appreciative of the NRAS incentives that have been won for these units. However, in terms the amount of money it translates to on the ground, it is \$6,000 per property per year for 10 years from the Federal Government. That is probably better understood as compensation for lost rent and contribution towards interest having to be sustained. We are very fortunate to have had the State Government contribute 40 per cent of the total project costs.

CHAIR: Do you wish to make any final comments?

Ms SAAD: I do not have any final comments. I am really pleased this inquiry is occurring and that we have been invited. Thank you very much for your time.

CHAIR: Thank you.

The Hon. MARIE FICARRA: Can we get a copy of the presentation?

Mr ENGELER: Yes.

The Hon. MICHAEL VEITCH: Thank you very much. That was great.

(The witnesses withdrew)

LARRY WHIPPER, Councillor, Wingecarribee Shire Council, PO Box 3141, Robertson 2577,
and

MARGO JOAN McCLELLAND, Social Planner, Wingecarribee Shire Council, PO Box 141,
Moss Vale 2477, sworn and examined:

CHAIR: If you should consider at any stage that certain evidence you wish to give or documents you may wish to tender should be heard or seen only by the Committee, please indicate that fact and we will consider that request. There may be a number of questions on notice after you give evidence this afternoon. We ask that answers to those questions on notice be forwarded to the Committee within 21 days.

Mr WHIPPER: Yes.

CHAIR: Before we start questions, would you like to make a brief opening statement?

Mr WHIPPER: I have a written opening comment, if it is okay to read that. Before I start I acknowledge the traditional owners of the land and pay my respects to the elders, past, present and future. On behalf of Wingecarribee Shire Council we would like to thank the Standing Committee on Social Issues for this invitation and the ability to contribute to your inquiry into homelessness and low-cost rental accommodation. We appreciate that the Committee is seeking solutions. Our experience and endeavours, we hope, will assist your deliberations about how best regional and rural communities may be empowered to reduce homelessness and increase availability of affordable accommodation. Council's planning instruments influence housing type and availability, and hence affordability, and as a gesture of support we have contributed to community housing and other local programs for persons experiencing homelessness. In doing so, we have gained some insight as to problems, gaps and also remedies.

Compared to metropolitan localities, Wingecarribee shire has a small population of just over 44,000 persons and is rural in character. Notwithstanding the lifestyle advantages, housing affordability is problematic, contributing to housing stress and homelessness, which affects families and wellbeing within the community, and also the prospects of very vulnerable youth, particularly in an isolated sense. The labour force and the diversity of community, and the wellbeing of that community, also suffer due to housing stress. While the shire has a similar number of households receiving Centrelink rental assistance at 12 per cent, compared to outer western Sydney region, which is 12.3 per cent, and Sydney with 12.9 per cent, proportions of low-income households in rent and mortgage stress are slightly higher.

Low-income households in stress represent 26 per cent of privately rented dwellings and 10 per cent of mortgaged dwellings. This compares to around 26 per cent and 10 per cent for outer south-west Sydney and 23 per cent and 9 per cent for Sydney. Lack of diversity in our housing stocks is a contributing factor, with increasing couple-only and lone-person households. Our supply of private rental housing at 21 per cent of occupied housing is also low, as is supply of social housing, particularly for smaller households. By 2011 more than 80 per cent of local housing need will be for one- and two-bedroom dwellings. Public housing, typically three-bedroom dwellings, represents only 2.6 per cent of local housing stock, well below an average of 5 per cent for both New South Wales and Sydney metropolitan region.

The new shire local environment plan will promote housing diversity and affordability through residential release areas, greater medium-density housing into town centres and provisions for group homes, dual occupancy or a secondary dwelling on residential lots. Depending upon uptake, this latter option has potential to increase supply of low-cost rental accommodation and to encourage new types of family housing as well. Other means to increasing supply of low-cost rental accommodation could include community housing development and redevelopment of existing public housing stock if council could participate in national and State affordable housing schemes. Local community service providers describe increasing demand for crisis assistance due to homelessness.

Brokerage services that can respond flexibly to individual need have capacity for early intervention when persons or families are at risk of homelessness but only if there is access to temporary accommodation during crisis and longer-term accommodation possibilities made available as well. This is a problem for the shire. It is an increasing problem, particularly in a rural context. I think it varies largely from a metropolitan situation, and we are hoping that today we can bring more of a rural context to the table for debate and

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consideration. Again, thank you for the opportunity and again convey our appreciation to you for your invitation today and the opportunity to address you.

The Hon. MICHAEL VEITCH: On page two of the submission provided by Wingecarribee you make the comment that NRAS is similarly dependent upon economy of scale and big investment. You comment:

As a small regional locality, Wingecarribee Shire requires discrete, local solutions to address housing affordability and homelessness.

Can you explain why NRAS is not suitable to the Wingecarribee locality?

Ms McCLELLAND: It can be applied. In fact, our local community housing provider, which is Argyle Housing—we have quite a close relationship with Argyle Housing—has advised us that they could include us in a mix of dwellings under the NRA scheme; they could apply X amount to Campbelltown, X amount to Wingecarribee and X amount to Goulburn across their region. But it is dependent on land availability. We do not have the land availability. Councillor Whipper might like to explain what we have been through recently in a community referendum about converting community land to operational land. The community was very opposed.

Mr WHIPPER: Very opposed, yes. There was, I suppose, a move towards selling off some community land, reclassifying and selling off that land. A large proportion of the community—I think it was 80 per cent of the community—said that they did not want any sale of land. So that is a very passionate issue within the shire. Again, because of those constraints on us in terms of not having that stock available, it does limit us to some degree.

The Hon. MICHAEL VEITCH: I am from a small country town. We heard this morning from the city of Sydney and they run some wonderful programs aimed at both addressing homelessness and also providing low-cost affordable rental accommodation. In terms of the difference between what the city of Sydney is able to do and what Wingecarribee shire council is able to do, what are you able to do? Should local government be involved?

Mr WHIPPER: I think there are probably a couple of answers for that. From a councillor perspective, knowing the constraints and the resource constraints on local government, I would say we are in a very limited position to be able to provide anything other than advocacy and general support. I think there is an expectation within the community for State and Federal to probably be kicking the can and relying more on local government to provide, I suppose, as I say, that stimulus, that advocacy and that line of communication to those other spheres of government. As you would all know, local government is a very diverse umbrella under which we huddle and our resources are being stretched, I think, more and more all the time. So in terms of just providing basic infrastructure, I think we are being exhausted at the moment. So I think we are very limited in terms of our capacity to provide housing in that sense.

The Hon. MICHAEL VEITCH: That is a different position to that of the City of Sydney. They were aiming more at enablement as opposed to ownership. Can I ask for a rural or smaller community perspective on boarding houses. Do you have any boarding houses in your shire? Do you think there is a place for them?

Mr WHIPPER: We do but not as many as we used to have.

Ms McCLELLAND: We have two old, traditional boarding houses. They are quite large and they provide accommodation for people with significant intellectual disabilities so they are licensed through the Department of Ageing, Disability and Home Care. We would love to see more boarding houses in Wingecarribee shire, and the new local environment plan that council and our strategic planners have been working on for some years—it is nearing gazettal—does make provision for group homes in any zoning and for boarding houses in proximity to business districts and so forth. But it is whether people actually would take that up as a development option—I just cannot see it myself. I guess with the large boarding houses, which you probably need to look at to get that economy of scale to sort of make it work as a business, I would expect neighbourhoods would have a very strong reaction.

I am pleased that the new local environment plan has provision for what is referred to as secondary housing on small residential lots. When I raised previously ideas about accommodating family housing through our planning instruments there was a feeling that certain neighbourhoods would be very opposed to that; it

would change the nature of the neighbourhoods. They are the real sorts of considerations that councils must face in implementing planning instruments. The thing that is allowing us to include secondary dwellings on small residential lots has come through the Department of Planning template, from memory. It is a requirement, and I feel if households take up that opportunity it will provide new forms of family housing, which will be affordable housing for adult children who are married and saving up for deposits for their own homes and also for elderly parents who need some form of care through their families.

The Hon. MICHAEL VEITCH: With your comments about the community's reticence to allow land to be rezoned and sold, and your concerns about the community's reaction to boarding houses, how then do you in rural communities maintain a cohesive community while looking to provide accommodation for the homeless or low-cost rental accommodation? How do you maintain a cohesive community in light of some of your statements about the Wingecarribee community?

Ms McCLELLAND: I think that is our dilemma. We are just at that verge. Housing affordability went through the roof between 2001 and 2006. We have clear evidence from the Department of Housing, and as Councillor Whipper referred to in his address, we have a high proportion of households in housing stress. All we can do is work through our planning instruments and hope that there would be some access to assistance and resources from other levels of government. We are very small with our population base of about 44,000 people. Not all of those people pay rates—because some are children—and for a high proportion of elderly residents rates are subsidised. The other dilemma is 2,700 square kilometres to manage infrastructure—you get out to rural areas, the state of bridges and all that sort of stuff. So the council has a whole range of competing interests as to where it should be applying its resources.

Mr WHIPPER: I think unfortunately as well a lot of the opportunities are market driven. I think the real estate industry, from a personal viewpoint, has a lot to answer for because they set the benchmark, and that excludes access to a lot of people, particularly young people and elderly people, in the shire. If we look at some of the accommodation that is available in Bowral, for instance, it is very expensive. This terminology, affordable housing, what is it? Depending on who you are, it is different things to different people. Obviously if you ask a real estate agent what affordable housing is it is much different from somebody who works in the social or community service industry. These are issues and they are very real issues that affect communities and start to break down communities as well. We lose a lot of particularly young people because of homelessness. A lot of them gravitate towards the city seeking opportunity and accommodation. In a lot of instances that is not always a roof over their heads.

We are seeing a lot of evidence of that as well. We have one refuge. Vinnies Youth Housing is just coming in. We are making an annual donation to them. They provide transitional housing but, nevertheless, if we lose the lifeblood of a community, young people, our community suffers immensely. It is something we are concerned about. We have given land to Argyle Housing, and also for disability housing we provided some land as well. But we have meagre means. We are constrained. These are very real issues that plague us and they are distinctly different because of the tyranny of distance in a lot of situations.

So, if we can invest, if I can use that word, in the social capital and encourage and provide opportunities to maintain our young people, and our more senior people as well, who mentor in many instances those younger people, we feel richer as a community. These are not issues that we have not thought about, but our capacity to provide in that sense is very limited. I believe partnerships are the way to go or property developer agreements may be the opportunities for the future as well.

The Hon. TREVOR KHAN: I am interested in your comments about the loss of young people. I am also from a small rural community—Tamworth. I am interested in your concept that you are losing young people because of accommodation. Could I suggest to you that the experience in rural communities is that we lose young people because of opportunities? That the homelessness of the quite young, particularly teenagers, is often caused by family issues which create homelessness in that sense, but many of those kids look for opportunities in the city?

Mr WHIPPER: They do.

The Hon. TREVOR KHAN: So, what you are experiencing, I suspect, is like my community. That is, in a sense, an enforced ageing as we get an emigration of our young people away, leaving the parents and the aged to maintain our communities? Would that be right?

Mr WHIPPER: I think, yes. Following on from that, we have this issue, using that terminology forced ageing, but we also have State environmental planning policy 5 and the seniors living policy, which has created a lot of opportunities, and opportunities for some developers to bypass planning legislation in the local context. That balance is changing so it is putting extra strain on our resources, particularly hospitals, and other resources, and I suppose forcing young people out as well because it is not creating any more opportunities for them.

Ms McCLELLAND: Perhaps I could add to answering that question from the point of view of young people who have left the shire for those opportunities, because we are relatively close to Sydney and great universities. There is an interest in coming back. We are faced with population ageing, like a lot of areas are. The issue for us is that our workforce diversity is expected to be affected as early as 2011 in that we will have more people leaving the workforce than entering. So, retaining young people or attracting them back to the community is fairly important, and affordable housing is very much part of that mix.

The other issue is that we do have vulnerable young people. We have that age cohort coming through. As we know with population ageing, it is the baby boomer generation nationally that is creating population ageing, but they had children, so their children have come through and we have this cohort of teenagers coming through. Because we have three towns, it is very visible to the community what is happening for vulnerable young people, because you get little bushfires of antisocial behaviour and vandalism and so forth, and we have just had a big run of that in Moss Vale at an alarming rate. Some very heavy stuff has been going down and the police have reacted immediately with a crime prevention plan.

What is happening for our vulnerable kids is we have a small refuge. We need that continual care for them so they are supported through the crisis, reconciled with family or assisted to live independently when they are capable of doing that. All we have is a refuge. We do not have the brokerage service. We have a counsellor for adolescent and family counselling services but we need caseworkers, linked brokerage, linked transitional housing. Council, in its next budget, is offering a very small donation of \$13,000 just to get the transitional housing stuff up. Once the young people work through their 12 weeks at the refuge there is nowhere for them to go. There are two houses supported through a donation from council and managed by Argyle Housing, but it is going to get to a bottleneck soon. That is a very real problem for us and it is creating a lot of pressure in relation to stereotyping young people in general. It is interesting when you get to the smaller community level in rural settings everything is so connected. One issue seems to affect another issue in the community and so forth.

Mr WHIPPER: That can be looked at in a positive way as well because if we can maintain and invest within that community asset—even if young people because of family dispute are displaced from their home—if they still have those connections with family and friends, then obviously not anybody else is picking up the resourcing or the cost of that. So there is that capacity to build on that to re-establish families, reconcile families. But once they leave the community for a lack of housing, we have lost that opportunity.

The Hon. TREVOR KHAN: A variety of evidence has been given about caravan parks. Are there any caravan parks in your shire?

Mr WHIPPER: Two.

The Hon. TREVOR KHAN: Are either of them owned by council?

Ms McCLELLAND: No.

Mr WHIPPER: No, one is a council lease for land to a private operator.

The Hon. TREVOR KHAN: Why has the council not continued to operate the caravan park?

Mr WHIPPER: I suppose that comes down to resourcing issues. It is historical. I have been on council for 10 years and it has always been that way. I probably could not give you a direct answer.

The Hon. TREVOR KHAN: Do I take it that as best you know it was not making enormous returns?

Mr WHIPPER: Yes, and there were liabilities involved as well. I would say it was a financial decision.

The Hon. TREVOR KHAN: Are they long stay, permanent or semi-permanent people staying in those caravan parks?

Mr WHIPPER: Yes, cabin-type accommodation now, re-locatable housing, a good portion of which is available in both those caravan parks. They are not very cheap. I know there are some cost implications for that as well.

The Hon. GREG DONNELLY: Argyle Community Housing operates within your shire but the organisation is not going to give evidence to the committee. Would you provide an overview about them?

Ms McCLELLAND: They are an accredited community housing provider. They have offices based in Macarthur in Campbelltown, Rosemeadow, Bowral and in Goulburn. Its area is quite large now.

The Hon. GREG DONNELLY: They operate in that geographic part of the State?

Mr WHIPPER: More in the Macarthur region, spilling over.

Ms McCLELLAND: Yes, they have been very successful in taking over management of most of the public housing stock in those areas. For our community they did it quite well: the consultation process was very good. People basically voluntarily moved from public housing management to Argyle Community Housing management. It was quite good. I cannot comment for other areas but we have a lot of respect for them. I am in regular communication with them. We have helped them on a couple of occasions, most recently mainly because of their interest in developing the capacity to provide housing for key workers, council donated a piece of land in Bowral and they developed two dwellings: a four-bedroom dwelling for a large family and a smaller dwelling targeted to key worker positions.

They have also approached local developers and were successful in having a developer assist them with more affordable blocks of land, so that was really good. Again, as I mentioned earlier, they are quite aware of the problems for Wingecarribee shire and convey their ability to do something in terms of improving supply of low cost rental accommodation. But land availability is the issue. They said there are no worries in terms of getting money for bricks and mortar and managing the process but they need the land.

The Hon. GREG DONNELLY: You referred to a recent ballot in the shire. Was it specifically couched in terms of the preparedness of people to support the release of land for community housing that you currently own?

Mr WHIPPER: It was looking at the sale of a number of—firstly, the reclassification of community land to operational so then we could sell it predominantly to fund a leisure centre. Then there was complete public outrage. There are a couple of parcels of land that we are re-classifying and making them available to Argyle Housing and Disability Services, but a very small proportion; it is only a couple of blocks of land.

The Hon. GREG DONNELLY: What was the reason for the strong "No" vote? Was the impetus for the "No" vote because of what the funding was going towards or was it more generally just opposition to the idea? You may not be able to answer that question.

The Hon. TREVOR KHAN: Changing the character of the place!

Mr WHIPPER: It was and ultimately that is the message. All the strategic plans we produced and all the communications we have had is that people really respect and value, even in a spiritual context, that open space. It was the changing of character so I am sure that would be the very strong message that would still come through.

The Hon. MARIE FICARRA: Can you see a time when councillors would look at dwellings that are close to their use-by date and work with developers—say under the new SEPP for affordable housing—and ask them to provide a design, or incentives in terms of increased density to provide that sort of affordable housing or do you think the community would not accept it?

Mr WHIPPER: There are always opportunities to talk. I think from my awareness the councillors would be very open to look at ideas and opportunities but again, if that impacted too much on the sense of place then that could be an issue politically. In terms of developer agreements there may be some incentives we could

look at, and that might not necessarily be increased densities but other incentives that we could look at as well. I would say there is an opportunity.

Ms McCLELLAND: When the local environment plan is introduced—the planners have looked really hard at opportunities to increase medium-density housing in town centres, and we have three—developers will take up that option straight away. They are just waiting for it. What we have experienced with the SEPP 5 housing, and that has been occurring—

The Hon. MARIE FICARRA: Aged housing?

Mr WHIPPER: Seniors' levies.

Ms McCLELLAND: How many developments would we have had?

Mr WHIPPER: Seven or 800.

Dr JOHN KAYE: Seven or 800 units?

Mr WHIPPER: Yes.

Ms McCLELLAND: Some developments come in at 90 units but they are not affordable. They do not go on the market at an affordable level.

The Hon. MARIE FICARRA: Pitched at too high a level?

Ms McCLELLAND: No, they are pitching at people who are migrating into the shire from the Sydney metropolitan area.

Mr WHIPPER: People in Sydney sell up and move down there and have money in their pocket. Again, because that sort of sets the market value it makes it harder to provide any realistically affordable accommodation: that is just the reality.

Ms McCLELLAND: What we have experienced there again is when these developments come in, wanting to develop 90 units on the one location, the community reacts really, really strongly.

The Hon. TREVOR KHAN: Was there some issue on a golf course?

Mr WHIPPER: In rural locations, yes. You can imagine on a postage stamp!

Dr JOHN KAYE: Do you see the problem being intrinsic to the nature of real estate development or is there something we should be talking about in relation to SEPP 5? The committee hears repeatedly from a lot of councils, particularly those on the fringe or just beyond the fringe of Sydney, that SEPP 5 is being used by real estate developers to create a development which is essentially not affordable. It might be appropriate in the sense it has got the right lay-out for all the people, although in some cases there are question marks over that, but generally not affordable, and hence not addressing the eternal problem of the population of a lack of affordable accommodation. Do you believe there is something wrong with SEPP 5 or is it something we cannot address?

Mr WHIPPER: I think philosophically there is something wrong with SEPP 5, the way it is marketed. We have a number of developments that come before us that promise all sorts of things. A lot of those undermine our own planning principles and local environmental plan [LEP]. One of the things we are promised is a staged development that will provide further down the track the internal resources, medical services and all that, which never come. It puts an extra strain on all of our medical infrastructure and we are crumbling, and because of that the whole community suffers. Unfortunately, people who market themselves appropriately get the advantage and often leave the shire. We are seeing that continually. If SEPP 5 seniors living was going to be anything realistic, development stage one should be the provision of all those services and then further down the line stage two and then stage three you start to get into the accommodation.

Dr JOHN KAYE: I accept what you are saying, and that is actually a very important issue.

Mr WHIPPER: Absolutely.

Dr JOHN KAYE: But there is also the affordability issue. How would you change SEPP 5 to ensure that you get affordable aged care units?

Mr WHIPPER: You would have to ask somebody in the development industry what their profit might be because, from my perspective, it is based on financial return. If you could somehow work with a developer to look at incentives and ways of doing that, that might be a way of accommodating that, but I think in general older people, like everybody else, need somewhere to live but when you displace the rest of the community, there is something intrinsically wrong with that. I mean, real planning looks at integration and all levels of the community, not just in isolation. There may be ways but I think that a developer would have to come with a willingness to look at giving something to the community as well and maybe not taking the profit that they might be aspiring to. That is the only way I see. I think it is possible, but it depends on how genuine people are. I have not seen a lot of evidence of that, to be honest with you.

The Hon. MARIE FICARRA: Would you like to have more flexibility in your planning legislation to allow councils to better canvass that, to at least put it to the Department of Planning rather than the rigid constraints, because every area is different; every demographic is different?

Mr WHIPPER: Sure, absolutely. I think there should be more local autonomy and the ability to look at that through designating appropriate areas. There are some appropriate areas. We have identified a lot of those in our LEP where we could work, I think, quite comfortably with developers. It is when they come in and start to set up what they call seniors living, retirement living, in really pristine areas on golf courses or wherever that is exclusive real estate—and the price tag reflects that—that is just totally inconsistent with anything real planning would hope to achieve.

Ms McCLELLAND: It is important to note that council put a very comprehensive submission to the Minister for Planning about SEPP 5. It has gone back to the department with representations on this particular issue a number of times without success. Our submission at the time—and we had consultants undertake the report—indicated that we could actually accommodate our housing needs for older households within our planning instruments and the planning instrument we were bringing in, so why did we need SEPP 5? The only thing I could think about SEPP 5 being more affordable and relevant to local need would be for developers to be required to include in their developments a proportion of affordable housing for small households. The developments themselves are still large two-bedroom villas with a study, double garage—

The Hon. MARIE FICARRA: The high end?

Ms McCLELLAND: When you talk about affordable housing for small households, you are talking about fairly discrete housing.

The Hon. MARIE FICARRA: Your average senior living in the Wingecarribee Shire Council area generally cannot afford that high level sort of development.

The Hon. TREVOR KHAN: But somebody coming from Maroubra can.

The Hon. MARIE FICARRA: Yes. That is why you need a mix.

Mr WHIPPER: Something at \$500,00 plus is not what I call affordable housing.

The Hon. MARIE FICARRA: You have also had SEPP 5 housing projects that have gone to the market advertising that they have got medical support, ongoing nursing support, and then when they shoot through, sell them all—and I have seen it in the Sutherland shire with ones that sell at the top end of the market—

Mr WHIPPER: They do.

The Hon. MARIE FICARRA: A part-time nurse may come in one morning or afternoon a week and that is what they are left with.

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Mr WHIPPER: Or somebody to drive you to the hospital might be the medical support they are talking about.

The Hon. MARIE FICARRA: It is totally unacceptable. You would like stricter provisions in planning legislation?

Mr WHIPPER: I think so.

The Hon. MARIE FICARRA: They have to show that they can provide the service up-front—that it is operational, functional and ongoing.

Mr WHIPPER: I think they should be more realistic.

The Hon. MARIE FICARRA: It is very cruel on those residents who pay top-end dollar to get in there and they are left without anything.

Mr WHIPPER: It is.

Ms McCLELLAND: The problem with the provision of on-site services is that it completely leaves out our existing human services infrastructure, our hospital, community health services and so forth. At some point in time they are going to experience the pressure of SEPP 5 housing, not necessarily when people move in well aged but when they age and become more dependent. People really do not start to experience high levels of chronic illness or disability until they are just getting into their 80s, so it is really hard with a SEPP 5 development to say, "We are targeting 55 year-olds" to equate that to demand on health services when it is going to occur down the track. We have also got situations where people who buy in to the developments at a certain point in time and have the capacity to contribute to on-site services, which are quite expensive, lose a bit of income; they can no longer do it. Where do they go? They are in default in terms of their contract because they are not paying their weekly service fees, so that is problematic as well.

The Hon. MICHAEL VEITCH: In relation to your submission, you provide some statistics about the demographics of Wingecarribee shire but you make no mention of the number of rough sleepers in Wingecarribee shire. How many homeless people do you think there are in the shire at the moment?

The Hon. TREVOR KHAN: At this time of the year?

Mr WHIPPER: The homeless in Wingecarribee and Wollondilly are fairly invisible. A lot of people just move around and sleep at friends' houses. It is really hard to put a definitive figure on that.

The Hon. MICHAEL VEITCH: Couch surfers?

Mr WHIPPER: There is a lot of couch surfing—people wearing out their welcome.

Ms McCLELLAND: Our local neighbourhood centre, Highlands Community Centre, brokers for the Department of Housing so people go to them to get temporary accommodation assistance. They were talking about 26 referrals a month and often they cannot find temporary accommodation. The Department of Housing can offer 26 days in a motel or a caravan and so forth, and often it is, "Sorry, we can't find that for you". At other times they can, if there is a vacancy. We have those figures.

The Hon. MICHAEL VEITCH: If you could take the question on notice and get back to us, that would be good.

Ms McCLELLAND: Yes, and a hundred young people a year go through the youth refuge.

CHAIR: Thank you very much for attending. Your evidence is greatly appreciated.

(The witnesses withdrew)

(Short adjournment)

STEPHEN CLEMENT DRISCOLL, Director of Sustainability and Policy, Landcom, Level 2, 330 Church Street, Parramatta, sworn and examined:

CHAIR: If you should consider at any stage that certain evidence that you wish to give or documents you may wish to tender should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. As well as any questions that we might ask today, there may be a number of questions on notice and we would ask that you return those within 21 days.

Mr DRISCOLL: Yes.

CHAIR: Before we go to questions, would you like to make a brief opening comment?

Mr DRISCOLL: Thank you for inviting Landcom to appear in the first instance. Having read the terms of reference of the Committee, it appears that Landcom's involvement or direct interaction with those terms of reference is by and large a peripheral interaction. However, from the indicative questions that were sent through to me, I do believe that there are good things that we can help the Committee with, and in particular some of our work has been referenced, I understand, by others who have appeared before the Committee.

To help to provide a context to Landcom and the evidence I am about to give, I thought maybe the most useful thing would be to quote—and I would be happy to table it with your permission—from the Landcom Corporation Act, which sets out the corporation's principal functions. Landcom is a state-owned corporation. It was corporatised in 2002. The Act that permitted us to be corporatised was made in 2001 and section 6 of the Act sets out the principal objectives of the corporation. If I may quote those, the principal objectives of the corporation are as follows:

- (a) to be a successful business and, to this end
 - (i) to operate at least as efficiently as any comparable business, and
 - (ii) to maximise the net worth of the State's investment in it.

That is our first objective. All of the other objectives provide delicious irony or conflict with that first objective. The following objectives are—and I am summarising them—to exhibit a sense of social responsibility by having regard to the interests of the community in which we operate; to protect the environment by conducting our operations in compliance with the principles of ecologically sustainable development in relevant laws and regulations; to exhibit a sense of responsibility towards regional development and decentralisation; to undertake, or assist the Government in undertaking, strategic or complex urban development projects; to assist the Government in achieving its urban management objectives; and to be a responsible developer. All of those things provide some tension to that first objective of being commercial and at least as commercial as any other operator in a comparable business.

The way Landcom measures its ability to deliver against those objectives is using a triple bottom line report, which we are obliged by our statute to provide. The Landcom Corporation Act requires that Landcom report against a number of environmental sustainability indicators, and that they have to be endorsed by our portfolio Minister prior to our reporting against those. About seven years ago we went through the process of developing those indicators, one of which would be particularly relevant and has been referenced by the Committee—the moderate-income housing target that we set ourselves. I will talk a little bit more about that, I imagine, in answers to later questions.

We also took the opportunity, at the time of developing our environmental indicators, to develop indicators relating to social sustainability as well as including indicators relating to our financial performance. Each year we collect data against each of our 35 indicators. That data goes into our triple bottom line or our sustainability report and it forms part of our annual report, which is tabled in both Houses and is part of the public record, so our performance in those areas is available for public scrutiny. Perhaps in that context as to our area of operations, I would be happy to answer any questions that the Committee might have.

CHAIR: Thank you. It sounds like you have a very important role to play in our deliberations.

The Hon. MICHAEL VEITCH: In your opening remarks you spoke about moderately priced housing. In its evidence, Liverpool council noted that there had been a terminology change by Landcom from

affordable housing to moderately priced housing. Can you explain why that subtle change was made, and what Landcom considers to be moderately priced housing?

Mr DRISCOLL: I have been at Landcom now for five years and while I have been there the 7.5 target that we set ourselves has always been described as moderate-income housing. In a moment I will come to the explanation of how we calculate that. I am not aware of a terminology change. It is probably fair to say that moderate-income housing, affordable housing and more affordable housing are terms that are used interchangeably and probably create some confusion in the general community—we have not had a conscious shift from affordable housing to moderate or moderately priced or moderate-income housing. Since we have had our social sustainability indicators in place, that has been the target against which we have been reporting.

What does it mean? It is very specifically defined for our purposes. Moderate-income housing is a calculation of the median gross household income in the greater Sydney region, so that pulls in Newcastle, the Hunter and the Central Coast areas as well as the Illawarra. They are the principal areas in which Landcom operates. We talk about median gross household income in that region, and moderate-income housing is housing that is affordable to people who have household incomes between 80 per cent and 120 per cent, of that range. Using a very simple example, if \$100,000 was the price point or the target median gross household income, if we were producing housing that was affordable to people with incomes of \$80,000 up to \$120,000, that is our target.

As I said, we set ourselves a target of 7.5 per cent back in 2002 for moderate-income housing. There was some science behind that, but there was also a certain element of guesswork because no other developer that we were aware of had a similar sort of target at that time. We reviewed the price points of housing and house and land packages that we had released to the market over a preceding period and it seemed that, depending on where we were operating, somewhere around 5 per cent was about the mark that we were producing inside of the target range, and we thought that we should try to do better than that, so 7.5 per cent was the number. There was some science, but there was also an element of guesswork.

The Hon. MICHAEL VEITCH: With regard to the 7.5 per cent, is that applied when you partner with the private sector in developments?

Mr DRISCOLL: Yes. There is an important distinction on our policy position that I need to make, and that I did not make when I was describing it before. There is 7.5 per cent where it is financially feasible to do so. There is a very specific reason why we have that requirement, and it comes to the question you have just asked, which is: If we are artificially subsidising the production of moderate-income housing, it is very unlikely that the private sector will pick up those initiatives itself. If we have to take money out of one pot and artificially lower the price of the land, or the house and land package, to fall inside the target bracket, we doubt very much that the private sector developers, of their own right, will behave in a similar manner. You have asked a specific question: Do we pass that obligation on in our partnered projects? Yes, we do, but it still has that caveat around it, where it is financially feasible to do so.

The Hon. MICHAEL VEITCH: How many developments has that been applied to?

Mr DRISCOLL: Specifically, it has been applied to any new development we have commenced since 2002. I have our last annual report with me, and I am happy to table that for the Committee, if you wish. These are the other projects we reported against during the last financial year. We report our projects when they go through certain phases. They have to go through either a master planning approval or a significant development works contract in order to trigger the collection of data in the reporting. Last year we reported against 22 projects—that is, 22 projects were compiled in our triple bottom line report last year. That was probably an average year; in other years we have had more than that, particularly when the market was a little healthier than it is at present. But that is probably a fairly indicative number.

Dr JOHN KAYE: May I seek clarification. Is that 22 projects on your books, or 22 projects that you initiated in that year?

Mr DRISCOLL: Twenty-two projects that were on our books. Some of those would be older projects that may have been started in the years prior to last year.

Dr JOHN KAYE: Are they 22 projects that have approval, or are they part way through the approval process?

Mr DRISCOLL: They all have approval, and they are part way through the process of rolling out in accordance with those approvals. If I may use an example, we may have decided to start the next stage of a major estate. That would involve civil works contracts being issued. Let us say it was 100 lots. We would then be reporting on the 100 lots that we would expect from that subdivision activity.

The Hon. MICHAEL VEITCH: With regard to partnerships, do you work with local government?

Mr DRISCOLL: Yes.

The Hon. MICHAEL VEITCH: Do you have any dealings with community housing providers?

Mr DRISCOLL: We do. We do not have a great number of dealings with them. Although, in more recent times, since the community housing providers have been reorganised into the growth providers, we are seeing a little more of them in our daily business. I guess we have seen the community housing sector as a sector of the market that is available to buy the houses and the house and land packages we produce. So we have taken some small steps towards increasing our links with that sector.

A number of months ago we put a few of the housing providers that were available on the day in a bus and we took them to a number of our developments and showed them things we were doing. We tried to gain from them some sort of appreciation as to whether the sort of housing we were showing them was interesting to them, whether the developments we were showing them were places of interest for them. From that interaction we managed to sell, I think it was, a dozen or so—it might have been only eight lots in the end—to BluCHP, a community housing provider, across three of our developments.

The Hon. MICHAEL VEITCH: You took the providers in a bus, which is a great initiative. To further engage them, will you provide them with an opportunity to indicate what they would like in developments, so you can accommodate their requirements in future?

Mr DRISCOLL: Yes. It was really a bit of a show-and-tell for us, and it was also a bit of a fact-finding tour for us. We had great dialogue with the housing providers about the sorts of homes they were seeing, and particularly about their more needy clients' requirements. One example I can recall from the tour was a housing product that was available in our Park Central development in Campbelltown, where there was a substantial home out the front but also a studio above the garage at the rear. I think that was particularly appealing to St George Housing. They liked the look of that one because of the extended family requirements that their clients often have. It provided the ability for an extended family to live together but also to live separately.

The Hon. MICHAEL VEITCH: We heard from Liverpool council about the garage-top housing.

Mr DRISCOLL: Yes. We have trialled that in a number of developments, and I think we are getting further and further down the track of getting quite a good product that is either available for sale to the open market, if we can strata title it, or it will sit on the parent lot and could be rented separately. We have done that.

The Hon. MICHAEL VEITCH: My last question relates to your interaction with local government. Can you explain how you do that and what local government's involvement is, specifically with regard to your moderately priced housing or affordable housing?

Mr DRISCOLL: A general statement is that Landcom behaves as any other developer does in terms of its relationship with local government. As a State-owned corporation, there are no special favours for Landcom: we go through the development application process like everybody else. Conditions of consent are imposed on us, like others, and we comply with those conditions of consent like all others.

Dr JOHN KAYE: I remind you at this point that you are under oath.

Mr DRISCOLL: I should only speak for Landcom; I will not speak for others. No, we generally do not challenge conditions of consent, in answer to your question. We prefer to work with the council to make sure we have a consent that we can run with, in the first instance. All the councils we work with are very approachable and happy to work with us in that way. The interaction we most often have with councils on this

particular issue is one relating often to their planning controls and whether the controls are sufficiently flexible to allow the sort of innovation we have described, in terms of the garage-top housing for example.

With Newbury, a development in the north-west sector, I was part of local government at that time; I was working for Blacktown council. Landcom came to Blacktown council and said, "We would like to do garage-top housing." Definitionally, that would have been a dual occupancy development and it would have been prohibited under the zoning. We worked with Landcom to do a site-specific development control plan and a site-specific rezoning to permit what Landcom was looking to do. That it is an example from where I was sitting on the local government side of the fence. Landcom has continued to do that. Newbury commenced nearly 10 years ago.

I understand that my colleagues from Liverpool have mentioned Middleton Grange. We are effectively doing the same thing there with them at present: building a number of garage-top studios. They will not be strata titled; they will be sitting on the same allotment as the main house, and therefore will not be available for sale to the low-income end of the market, but they will be available for rental. With regard to subsequent stages in Middleton Grange, we have an application before the council at present to do some strata titling in the later stages of that product, which would allow it to be either sold to the low end of the market or remain on the same title as the parent allotment and remain available for affordable rental.

The Hon. GREG DONNELLY: From Landcom's point of view, what does it see as the major barrier to the whole issue of affordable accommodation in New South Wales? Is there a barrier, or are there a number of barriers, which you can see should be addressed to try to help us with this issue?

Mr DRISCOLL: It is a difficult question to answer, but I will do my best. I think there are a number of things that provide friction in the system. They are not necessarily barriers of themselves, but they are things that need to be considered if innovation is to be encouraged. The example I have just given about planning controls prohibiting certain forms of development and then needing to be amended and changed, and the time involved in that, is ultimately a cost to the development. That sort of interaction is certainly a friction in the system. Also, generally, the holding costs of doing development, the price of assembling land over a period of time and bringing that land into production, are ultimately costs that need to be reflected on a developer's bottom line in terms of the pricing of a unit of housing at the end of the project.

The other thing that I am less qualified to talk about, but which I believe maybe holds some answers, is the taxation system at the Commonwealth level. There are a number of avenues that Landcom had explored in trying to develop a shared equity product that would allow people to purchase a portion of an interest in a house and allow an investor to have the other half or portion of the interest. That was a very difficult financial product to try to take through the Federal Government's taxation system. If there was a capital gain it was not quite clear who paid for it and on whose books it rested. The taxation treatment of the particular shared equity scheme we were investigating at the time with one of the major banks really meant we had to leave it on the shelf. It was not possible to progress it any further.

CHAIR: Was that the only issue?

Mr DRISCOLL: That was the major issue. There were idiosyncratic issues with the particular bank that we were dealing with at the time in that there was a change of personnel and the people we had been dealing with, who seemed supportive of the scheme, left and a bunch of other people who were perhaps less supportive appeared and it just made that process of trying to negotiate it a little more difficult than it needed to be.

The Hon. GREG DONNELLY: We have had the benefit of some of the community housing providers giving evidence to this inquiry. Do you have a department, section or person responsible within Landcom for dealing with community providers? Is it considered a priority or is it something that just comes up from time to time?

Mr DRISCOLL: It does come up from time to time but it is not something that we have traditionally had an organisational structure in place to deal with. However, since we have been talking to the growth providers and since they have been moving to being growth providers we have seen on their side an increased capacity and ability to talk with us and negotiate with us, so yes, we now have one person in Landcom who operates in the sales team effectively and who is the point of contact for the community housing providers. I am not sure whether the community housing providers know that, but if any of us get inquiries from community

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housing providers we funnel them to this particular person who then takes over and deals with them so they have a single point of interface.

The Hon. GREG DONNELLY: On the question of public housing more generally, can you give an overview of the interface between public housing in New South Wales and Landcom?

Mr DRISCOLL: Yes. At various times Landcom has actually sat inside the Housing portfolio. At present we are part of the Planning portfolio, reporting to two shareholder Ministers and a portfolio Minister, Minister Keneally. We deal quite closely with Housing NSW on a number of fronts. We are a development manager for them in one of the major redevelopments of a public housing estate at Minto, in south-western Sydney. Through what was the Office of Community Housing we have had engagement with the likes of Helen O'Loughlin and senior officers in that office, particularly in the process of the community housing providers being organised into growth providers. Also, Landcom's financial director was involved in helping the Office of Community Housing in allocating some of the grants that recently went to community housing providers.

We see Housing NSW on a number of levels: as a partner or development manager for some of the redevelopment projects that they are engaged in and as colleagues interested in broadly similar issues but from perhaps slightly different perspectives—us interested in selling land at an affordable price if we can and them interested in renting at an affordable price. Our chief executive officer and their chief executive officer meet formally and informally in a number of forums, so there is a pretty good dialogue between the two organisations as a whole.

CHAIR: Did you indicate that you manage a place at Minto?

Mr DRISCOLL: Yes, we are the development managers for that project. I can provide more information about that if the Committee would like it.

CHAIR: Yes, if you could.

Dr JOHN KAYE: Is that the One Minto development?

Mr DRISCOLL: Yes.

Dr JOHN KAYE: Can you tell us a bit more about the One Minto project and what the affordable housing component is?

Mr DRISCOLL: One Minto is a partnership involving Housing NSW and Campbelltown City Council as landowners, with Landcom the third member of the partnership. As I said, Landcom is effectively the development manager for the project. One Minto involves the demolition of about 800 townhouses ultimately and the redesign and refurbishment of about 170 existing cottage lots. The Minto development was a public housing development of the 1970s. It was designed along Radburn principles. I do not know if the Committee is familiar with that. The Radburn subdivision is sometimes blamed for the ills of some of these areas. I am not sure it was necessarily the town planning that was at fault; perhaps it was the social policy of the time in concentrating public housing as highly as it has been.

Public housing in Minto is, I believe, something in the order of 95 per cent of the suburb, so it is clearly predominant. There are about 970 homes there at present and at full redevelopment at One Minto there will be a little over 1,100 dwellings; around 1,150, held in a 70:30 mix of private housing to public housing. In real numbers that will be about 800 lots in private housing ownership and 350 lots retained by Housing NSW for housing its clients. The 800 private housing lots will be sold at market as required by the Landcom Corporation Act and pricing starts around \$300,000 and goes upwards depending on lot size, location within the development, whether the lot is at the top of the hill or the bottom of the hill, and of course the house size, which is a driver for pricing as well. The pricing starting at about \$300,000 is comparable with existing housing in that part of Sydney; perhaps the alternative housing would be the 25- to 30-year-old housing stock in more established suburbs of Campbelltown.

I have a fact sheet here on One Minto, which I would be happy to table. It summarises some of those statistics. It is called "Our Projects 2007/08: From planning to action". It is a summary of a number of major projects within Landcom and One Minto is one of those. Would the Committee like a copy of the principal objectives of the corporation tabled as well?

CHAIR: Yes, thank you.

Document tabled.

Dr JOHN KAYE: Will you walk us through the affordable and social housing component of a Landcom development in the following sense: when Landcom finds a site which it is going to develop, where in your process does affordable housing enter and where in your process does the issue of social housing enter? Where does that enter and how does it come out at the other end of the process?

Mr DRISCOLL: It enters partially during the due diligence phase. But let us assume that we have past due diligence now because your question said we are about to develop some land. Before we are able to do that clearly we need to have a plan about what is going to happen on the land, and we do what is called a social due diligence then in the next stage of the development of the planning process. That is done concurrent with and, if we can, ahead of the physical land use planning—working out where the roads and houses and all that sort of stuff are going to go. We perform our social due diligence certainly at the same time as that and, if we can, before that.

The reason that we do the social due diligence is to gain an understanding of not just the future likely characteristics of the population that will settle in our development, but also to gain an understanding of the characteristics of the population around it, to look to maximise linkages between the existing population and the future population, to understand any deficits in the wider community, and to examine what, if anything, our developments can do to address or reduce those deficits. That is done, as I said, in concert with the physical land use planning. We then develop targets for our individual developments, which will ultimately be reflected in triple bottom line reporting—our attainment of those targets—and then we move into the development phase and seek to implement those things, which we have set up for ourselves.

Dr JOHN KAYE: So those targets would include affordability and social housing targets.

Mr DRISCOLL: We do not have particular targets for social housing. Again, I move back to our moderate-income housing where we would set ourselves, more likely than not, a target of 7.5 per cent in the hypothetical development that we are talking about. If during our social due diligence we identified that there was ageing Department of Housing stock in the area, and perhaps they needed new stock, then certainly we would engage with Housing NSW at that point to understand whether or not they would be interested in buying either the raw land or finished product in the development. Whilst we do not have a specific policy for X percentage of social housing in our developments, we know that Housing NSW does purchase within our developments and our social due diligence can highlight areas that require particular attention or areas of deficit, then it gives us a basis to commence that discussion.

Dr JOHN KAYE: At what point do you talk to Housing NSW?

Mr DRISCOLL: As early as we can. At the conclusion of our social due diligence or if the work during our social due diligence highlights issues that we believe legitimately draw them into that process, then during the social due diligence.

Dr JOHN KAYE: When the land goes to Housing NSW, do you sell it to Housing NSW at market price? You do not cut an inside deal. I do not mean that in a negative way, but it is not all part of the family and all that sort of thing.

Mr DRISCOLL: Generally our preference is to sell at market price. In the same way that we offer to builders small discounts on land pricing if they are buying in volume, then similar logic applies to Housing NSW and also to community housing providers.

Dr JOHN KAYE: Because they are providing a community service you do not try to reduce the price at which you sell to them. You do not try to cross-subsidise from the sale of other land into community and public housing.

Mr DRISCOLL: They may buy at a margin below full market value if they are buying in volume, as I said.

Dr JOHN KAYE: That is the volume discount that you would give to anybody.

Mr DRISCOLL: Yes, that is the volume of discount that we would give to anybody. Back to an earlier point that I made in evidence, if we are artificially subsidising that then we do not believe that that is a sustainable model economically, nor do we believe that it is a model that the private sector would be likely to pick up. So when we are trying to do our moderate-income housing, we are doing it in the hope that others in the development industry—the private sector—will see what we do, will see that it can be done, will see that it can be done economically and sustainably, and do it themselves.

Dr JOHN KAYE: Do you have any evidence that that has happened?

Mr DRISCOLL: We have evidence within some of our partnered projects. I cannot speak for the other development companies as to what extent they might go to outside our partnered projects.

The Hon. MICHAEL VEITCH: During your responses to Dr Kaye's questions you used a phrase that I have not heard before and that I am quite intrigued by. What does Landcom mean by "social due diligence"?

Mr DRISCOLL: It might be a phrase I think we have coined ourselves. It describes a step in our land development and planning process, or more particularly our planning process, where we make an assessment of our development in the context in which it is likely to sit. We do greenfields developments and so the context that we are sitting in there is usually a peripheral expansion of an urban area. That is one context. Another context is some infill developments that we have done—brownfields and urban redevelopment regeneration developments—and they sit in a very different context with existing communities on all sides.

So the social due diligence is an exercise that we go through to understand that context, to identify any deficits in the community into which we are placing our development, and then to consider within the context of our development what that development can do to address that deficit. In some instances it might be as simple as providing good road linkages to the surrounding community and providing open space at the normal rates that we would provide open space and then providing access for a community that might be deprived of open space to open space within our development, or it might be more complex than that. Social due diligence in various projects has identified things such as shortage of childcare facilities in the area, lack of open space and poor connections to major public transport networks. So if we can do anything within our development to improve any of those things then we certainly give it a try.

CHAIR: Does that equate with the corporation's principal objectives in relation to the 7.5 per cent, where it is financially feasible to do so?

Mr DRISCOLL: Yes.

CHAIR: In trying to equate social due diligence with your definition of the 7.5 per cent in the corporation's principal objectives, which are coloured by the concept of financial feasibility, who sits around the table and comes to grips with that? What criteria do you use to balance those two competing forces?

Mr DRISCOLL: We use a number of yardsticks or guides in coming to those decisions. First and foremost, Landcom exists as an instrument of government and unless we are implementing government policy we think we have a pretty short time frame. So government policy is very important in deciding how that balance works out. We look at things such as obviously the Metropolitan Strategy for Sydney, or the various subregional strategies that have been prepared, any major policy statements about housing and about land use, guided in part by other supporting policy documents either at the Commonwealth level or the local level.

We rely heavily on the broader policy framework in order to make an assumption and to have an understanding about how we then manage that balance. As I said, our first objective is in complete conflict with every one that follows it. That is the process we normally adopt. We look at policy, we are governed by a board, and the board brings enormous experience to our deliberations. As I said, we have developed our triple bottom line accounting process, which is a process of checks and balances, and weighing up those competing forces.

CHAIR: Does your board now come under Planning?

Mr DRISCOLL: Our board is a separate board—a State-owned corporation board appointed by our shareholder Ministers. The board is an expertise-based board, so it has expertise in financial matters, in land development matters, and in corporate law et cetera.

CHAIR: How do you link in with the Commonwealth tier of government when talking about things such as shared equity and the Federal tax issue?

Mr DRISCOLL: Landcom is not the only organisation of its type in Australia. There are Landcom-like organisations in other States, such as VicUrban in Victoria, LandCorp in Western Australia, the Land Management Corporation in South Australia, the Land Development Agency in the Australian Capital Territory, the Urban Land Development Authority in Queensland, there is one in the Northern Territory whose name escapes me, and to our knowledge there is not one in Tasmania.

The chief executive officers and the chairpersons of those corporations meet fairly regularly—at least six monthly—and use that meeting as an opportunity to examine issues that are common across all our jurisdictions. Obviously, affordable housing is one of those issues. More recently, those chief executive officers extended invitations to the Commonwealth to be part of those meetings as well. The most recent meeting of that group involved Dorte Ekelund from the Major Cities Unit within Infrastructure Australia. Some early steps have been taken to reopen dialogue at the Australian Government level on these sorts of issues.

CHAIR: Can you reiterate whether you have gone into the growth provider field—the One Minto development?

Mr DRISCOLL: To my knowledge, the growth providers are not particularly involved in One Minto, but they might well be. Since various community housing providers have been encouraged to move into the growth provider model, they have realised that we exist and, similarly, we have realised that they exist. We have seen them in a number of forums and they have approached us about involvement in a number of our estates—purchasing either house and land packages, or land that they will develop themselves. That has happened in a number of estates. I am not quite sure whether it has happened specifically in One Minto.

CHAIR: Sorry, I understood you to be the manager of One Minto?

Mr DRISCOLL: Landcom, yes, but the sales process is sometimes managed via our builder partners. A number of builders are involved in the One Minto process as well, so I am not able to speak specifically for them. If you like, Mr Chairman, I would be happy to take that question on notice and to provide what evidence I can to the Committee.

CHAIR: I would appreciate that. Thank you very much for your time; it is greatly appreciated. There are many issues in your evidence for us to think about.

(The witness withdrew)

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KIM SINCLAIR, Deputy Chief Executive Officer, Community Housing Canberra Ltd, Affordable Housing, 56 Bluebell Street, O'Connor, Australian Capital Territory, and

CRAIG BRENNAN, Chief Executive Officer, Community Housing Canberra Ltd, 56 Bluebell Street, O'Connor ACT, sworn and examined:

CHAIR: Ms Sinclair, are you appearing before the Committee this afternoon as the Deputy Chief Executive Officer?

Ms SINCLAIR: Yes.

CHAIR: Do you have any documents that you wish to give to the Committee in confidence?

Mr BRENNAN: No.

CHAIR: We request that any questions that are put on notice be returned to the Committee secretariat within 21 days.

Mr BRENNAN: Certainly.

CHAIR: Would you like to make any opening statements before we go to questions?

Mr BRENNAN: No, let us get into it. I am aware that we are the last witnesses on your list.

CHAIR: I was hoping to have some breathing space.

Dr JOHN KAYE: Mr Chairman, am I correct in saying that we do not have a written submission?

CHAIR: No.

Dr JOHN KAYE: Could we have a one-minute introduction to Community Housing Canberra?

CHAIR: My first question is: Could you please explain who you are and what is your role?

The Hon. MICHAEL VEITCH: And how you came to be in existence.

Mr BRENNAN: Community Housing Canberra Ltd is a company that has been operating in the Australian Capital Territory for approximately 10 years. Although it has been operating for 10 years, in many respects it is a fairly young company. Around two years ago the Australian Capital Territory Government released its Affordable Housing Action Plan, a keystone document that outlined how the Australian Capital Territory Government would deal with affordability.

A key component of that document was Community Housing Canberra, and it involved two things: first, an asset transfer of around \$50 million, which was previous housing stock transferred by way of title to the company; and, second, a revolving loan facility of \$50 million, which the company can draw down on and use to further its mandate—that mandate being providing affordable housing to low to moderate income levels in the Australian Capital Territory. As I said, it is 10 years, but in many respects it is a fairly young company with now a significant asset base and access to capital to perform its duties. It is a private company limited by guarantee.

CHAIR: Would you go to the key issues of the organisation and what makes your organisation successful?

Mr BRENNAN: In terms of the success of the company, certainly the asset base and the revolving loan facility are of key and paramount importance for us to be able to deliver. We do not accept or receive recurrent funding. We have the asset base and that revolving loan to use and to move forward. Around that, it should also be said we have a very strong board. It is a skills-based board. They bring a lot of skills to the organisation in terms of how we structure our developments and how we move forward. There is also a strong management team that particularly over the last 12 months has been reformatted and, again, new skills brought

into the organisation. Also, the fact that we are operating, particularly over the last few years, within an environment where affordable housing is a key agenda for all levels of government—that has helped us. For example, if we have an issue with one of our developments in terms of planning or approvals, it is not a bad thing to be able to pick up the phone and, whilst we do not get preferential treatment, people do listen to what our concerns may be to see whether there are blockages to providing what we are chartered to provide.

CHAIR: What about the governance issues that go to the issue of having a strong and skilled board?

Mr BRENNAN: It is very, very important. As I said, we have a skills-based board that brings expertise in finance, property development and social housing. That certainly helps and continues to help the company in moving forward. We are administered by a constitution and the Corporations Act. We also are accredited, which provides a framework for how we conduct our business. That has also been quite a powerful document to have.

The Hon. MICHAEL VEITCH: Which ISO accreditation standard?

Ms SINCLAIR: It is ISO 9001. We are also compliant under the environmental standard, but not accredited in that.

The Hon. MICHAEL VEITCH: How does the organisation's revolving loan facility work?

Mr BRENNAN: As I said, the Government transferred assets and provided through the Australian Capital Territory Treasury a loan facility. So there is an agreement between the company and Treasury. We can draw down on that facility throughout the course of the financial year. There are key amounts to draw down on. They are agreed upfront. It is a revolving loan facility, so whilst we draw down to do developments, we are mindful in our business planning when that money needs to be paid back to Treasury and then brought out again. It is quite a significant facility for us. In terms of reporting, they do not just provide the facility to us without any hooks or accountability. We provide to them on a quarterly basis an update as to how we are tracking. It is quite an extensive document we provide to them.

The Hon. MICHAEL VEITCH: Why is the ISO 9001 standard so important to your organisation? How does it add value to what you do?

Ms SINCLAIR: Community Housing Canberra [CHC] has deemed it to be an important process to be part of in that it gives us credibility. It also provides a dynamic framework that we can keep reviewing and looking at our best business practice and have that in a document that is easily shown to other organisations or to our shareholders or stakeholders.

The Hon. MICHAEL VEITCH: How are the tenants of your facilities involved in that accreditation process?

Ms SINCLAIR: In terms of the accreditation process, we have sections within our ISO that relate to property management, which list specific policies relating to tenants and tenant engagement. The other part that covers our tenancy management is asset management in terms of response times to maintenance queries or any queries from the tenants. Tenancy consultation is covered in a number of areas.

The Hon. MICHAEL VEITCH: Under ISO 9001 do you have benchmark times that you require maintenance to be undertaken by? Do you measure how long it takes and try to meet those benchmarks?

Ms SINCLAIR: Yes, we do. There is a list of critical maintenance. We have an outside supplier who provides emergency maintenance services, after-hours services. The list of critical maintenance must be responded to within a 24-hour period. There is another list for 48 hours and the rest of it just goes on to within a two-week period.

The Hon. MICHAEL VEITCH: How many properties are you managing at the moment? What is your portfolio?

Mr BRENNAN: Currently it sits at around 150 properties. Over the last 12 months we have commenced a significant development program. In fact, early in the new financial year we will have in excess of 200 dwellings under construction. We envisage by the end of the next financial year we will have in excess of 200 properties that we will be managing.

The Hon. MICHAEL VEITCH: A question we have asked a number of providers is: What do you consider to be an optimal size for a housing provider?

Mr BRENNAN: That is a good question. It is certainly a question that Kim and I have debated, in fact, on the way up here. I have got a particular agenda for the company and to grow it. I do not have a particular size that I think it should be at. What is important, and particularly what we are finding as we grow in this significant and rapid growth, is to ensure that we have the systems internally in place to manage that growth. I think there is no finite number that you can put to how big do you want to grow. It is a question, are you able to effectively manage those properties and manage the developments? Do you have the systems internally in place to be able to manage that? If you do, the sky is the limit.

The Hon. MICHAEL VEITCH: Are you able to tell us the breakdown of your properties—for example, units or one-bedroom, two-bedroom or three-bedroom houses?

Mr BRENNAN: Certainly. The original stock transfer to CHC was predominantly three-bedroom older-style single dwellings. As we move forward as an organisation, we are looking at predominantly unit development-type products. Having said that, we also are trying to mix the portfolio with the addition of other properties. We are building five five-bedroom properties at the moment which will house five tenancies with a common area for kitchen facilities, et cetera. That will be an interesting result over the next few months to see how we manage that and manage that tenancy. I think as the way forward we will be developing properties around the 50 to 100 dwellings.

The Hon. MICHAEL VEITCH: You are a company limited by guarantee under Corporations Law with a skills-appointed board?

Mr BRENNAN: Yes.

The Hon. MICHAEL VEITCH: Is that the best way to structure an organisation like yours or do you think there is another governance model that would be better suited to a housing provider?

Mr BRENNAN: I think it is working well for us. I think for our particular model it works very well. Kim, do you have anything to add to that?

Ms SINCLAIR: Yes. We were discussing this also on the way up. I think the model under which we have been developed is probably the best model for a community housing provider. That is because we have the benefits of PBI and charitable status. If governance were to change significantly in terms of the board and who was actually governing the activities of the business, that could impinge upon that PBI and charitable status. It would then become, if it was going to be government controlled, a government business enterprise and you would lose a lot of the benefits that we currently gain through tax exemptions.

The Hon. MICHAEL VEITCH: So you are a public benevolent institution. Do you have income tax exemption as well?

Mr BRENNAN: Yes.

Ms SINCLAIR: Yes, we do, and land tax and stamp duty tax in most cases. This is a major factor in why we can develop and cross-subsidise basically our tenancy management activities.

The Hon. MICHAEL VEITCH: Do you think the ISO9001 quality assurance process is something that other community housing providers should work towards?

Ms SINCLAIR: Two years ago we submitted our documentation to the Brisbane Housing Company to support their engagement of going down that path. It is certainly a process that you need to be clear about why you are doing it, and have people internally that understand the benefits of it. It is not to create another layer of documentation but to make sure that you are achieving best practice.

Mr BRENNAN: Importantly, it is not a document that can just be put on the shelf where you have got the symbol on the letterhead and that is all fine. It is a document that is a living document and people do need to understand it. I guess that one of the challenges we have had over the last 12 months is to ensure that the

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processes that are bound by that document actually flow through into all the business practices. It is just something that we need to keep on top of. I would be suggesting to any other housing provider that it is not a document to be left on the shelf; use it every day.

The Hon. MICHAEL VEITCH: How much did it cost you to become accredited under ISO9001?

Ms SINCLAIR: We budget around about \$24,000 a year because there are ongoing accreditation practices as well. That involves having the general certifier come through. There are also the internal costs, which we probably do not track as closely, of our quality assurance officer to make sure policies are being updated and reviewed when they need to be. We need to run our own internal reviews prior to an external review of our accreditation.

The Hon. GREG DONNELLY: Thank you for coming to Sydney to give evidence; we appreciate it. My question refers to community housing providers. Various witnesses have spoken about how these different models work. Can you comment on the community housing model? Have you an understanding of these arrangements?

Mr BRENNAN: No, I do not. I have come along at a time when the company transitioned into more of the affordable housing provider, but Kim might be able to.

Ms SINCLAIR: The first thing I would say is that there tends to be a bit of confusion about community housing as a definition. When we attend other community housing provider gatherings there will be talk of the public housing or public rebated rent housing, the affordable housing model and social housing. So these are terms that are interchanged.

The Hon. GREG DONNELLY: And public housing?

Ms SINCLAIR: Yes, public housing. It appears to have been more of the norm that a community housing provider is providing housing for the community regardless of what level that you are providing that, whether it is at the public rebated rent model or an affordable housing model. And now the NRAS model is coming on line.

The Hon. GREG DONNELLY: Are you fully funded by the government? What is the funding model?

Mr BRENNAN: No. We had the asset transfer. So there was around a \$50 million asset transfer to the company by title. So, we have that asset base to leverage against to conduct our business. We also have the loan facility that we use.

The Hon. GREG DONNELLY: I apologise if I am asking you to repeat yourself, but could you explain how that loan facility works?

Mr BRENNAN: Yes. It is a \$50 million revolving loan facility. There is an agreement in place between the company and ACT Treasury as to the mechanics of that loan facility. Effectively, during the course of the financial year there will be draw down debts and amounts that we advise Treasury that we will require to undertake our developments. Against that, we report on a quarterly basis as to, effectively, what the company's activities have been.

Ms SINCLAIR: I will just add to that because you are asking about the revenue stream. Our business model is that our revenue stream from the development activities subsidises the ongoing viability of the company.

The Hon. GREG DONNELLY: You have the \$50 million asset transfer commencement, you have the draw down of \$50 million. So that is \$100 million in total. That must make you a not insignificant player in the ACT?

Mr BRENNAN: It is quite extraordinary, particularly the loan facility, given what has happened in the financial sector over the last few months. Many developers are now finding that it is difficult obviously to raise capital. The banks are requiring significant presales before you are actually able to turn soil. What that loan facility allows us to do is to almost bypass all those roadblocks. We can plan well in advance our developments,

we can draw down the facility. We have our own internal benchmark in terms of what we would like to see as presales, but it is not as high as, say, some of the commercial banks and what they would like to see. So, it allows us to get to market early. I have to say, with all our developments, particularly in the last 12 months, we have really developed a very commercial-based model. We are mindful that we are acting, I guess, on a level playing field in terms of land access and who we are selling to with other developers within the Territory. So, we need to be very, very commercial on how we undertake our developments. We operate, I guess, on similar internal rates return as most other major developers in town in the ACT, and probably around Australia, because we know that there is another side to our business and that is holding the asset and renting it out at below-market rent. So, we need to ensure that we are as commercial as we possibly can be with our developments that we will dispose of. We use the revenue to go back into the business to continue doing what we do.

The Hon. GREG DONNELLY: Could you explain the nature of the relationship between the organisation, the tenants and the properties, and perhaps contrast it against, to the extent it can be, traditional public housing attitudes between tenants and landlords?

Ms SINCLAIR: I probably could not speak for how it relates to public housing because I have not been part of that. I can only speak to how we manage our tenants. They have direct access to the tenancy manager and their maintenance manager. Some of our stock is still with agents, like other community housing providers. But then again they can also talk directly to the tenancy manager and the maintenance manager. We engage with them quite significantly. When we were doing a refurbishment program of the housing stock that was transferred, they were consulted on what was the best time to come through, what was going to be done to the property, even to landscaping arrangements. We also run a tenancy survey once a year to get an idea of not only their satisfaction with it but also appropriateness of the housing. Some of our tenants have been incumbent for quite a while and their household composition has changed. That is where we pick up that data from, and the Christmas newsletter and card.

The Hon. GREG DONNELLY: Some of the other witnesses to the inquiry who operate on community housing models and the like have explained to us that they have, I think, almost deliberately cultivated a relationship of reciprocal respect in terms of their expectations of the tenants and how the tenants are going to conduct themselves and look after and maintain what they have got. On the other hand, the quality of the service, particularly in regard to repairs and maintenance, seems to be better than perhaps a traditional public housing model and that has led to what appear to be, if you accept the evidence at face value, quite high satisfaction levels in the surveys they have done of their tenants.

Ms SINCLAIR: I would not agree with that comment. The tenants we have that were transferred over are very happy that we are now the owners of their property.

Mr BRENNAN: Again, to reiterate what Kim was saying, we do not have those multiple levels in our organisation. A direct phone call to our maintenance manager or even the tenancy manager makes a world of difference.

The Hon. MARIE FICARRA: In terms of the mix of stock that you have, the actual overall number of dwellings and the number of people that you house, have you got that information?

Mr BRENNAN: We are looking at around 150-odd dwellings. In terms of tenancies—

Ms SINCLAIR: It is slightly higher because some of the properties have been set up to be individually tenanted with four tenant areas in them. Predominantly most of our stock currently is detached. There are a few that are townhouse orientated and we are moving into the multiunit development. A lot of that has come about, though, from the housing needs of the area. The ACT is short on single accommodation and two-bedroom accommodation. So we really have to be cognisant of all those trends and keep in touch with our community organisations to find out where their housing needs are trending towards.

The Hon. MARIE FICARRA: Are those multiunit developments—as with every other part of Australia or capital cities, I imagine—coming on the market at the rate that you would like? Is there enough competition for a decent price?

Mr BRENNAN: We are fortunate. I mentioned earlier that it is a level playing field with other developers in the Territory. When we are developing a multiunit site, for example, we might sell 50 per cent of it and we are selling in the same market that other developers will also be targeting. One advantage we have,

though, is a memorandum of understanding with our land development agency. That provides us with access to land or identification of land very early in the process. So we can select a parcel of land perhaps six months before it is actually released.

The Hon. MARIE FICARRA: That is handy.

Mr BRENNAN: That is very handy because it allows us to do all the planning and all the consultation and get everything ready to go so we can lodge a DA on the date that land is available to build on—it is about the time value of money. Again, you are getting access to land. That does not mean we cherry pick. We do not get all the best land; that is certainly not the case. But we can be quite selective in the offerings that come to us. It is wonderful.

The Hon. MARIE FICARRA: Is that agency an Australian Capital Territory Government agency?

Mr BRENNAN: It is similar to Landcom.

The Hon. MARIE FICARRA: In terms of the social mix of what you have currently and where you are heading, how do you believe that social mix has occurred? Is it as positive as you want? Are there improvements in terms of having a good community feel, or are they all scattered around and there is no central community feel about your community housing?

Ms SINCLAIR: We have a couple of specific models within our housing portfolio that I can talk to you about. One of them is—we call it our Juno properties—a cooperative of seven properties, and they have their own association or incorporated society that helps them community manage. But then we have our detached houses. They are just like a general renter—very individual in that aspect. Then we have our City Edge development, which is a multiunit development and that sold to private housing, and we retain some models there. But the design of that was to encourage community involvement. So there are a lot of green spaces and the setting outside was incorporated into the design specifically to get people to use the community facilities, and that has also been one of the design factors in the latest development.

The Hon. MICHAEL VEITCH: Whereabouts in Canberra is the City Edge development?

Ms SINCLAIR: It is in O'Connor. We still have our offices in one of the units.

Mr BRENNAN: It is an inner suburb—one of the closest suburbs to the CBD. It is close to good amenities, such as shops.

The Hon. MARIE FICARRA: As to the current one you are working on, you said you have moved into this unknown area and you are evaluating it.

Mr BRENNAN: We built a four-bedroom property last year that we have had tenanted for the last few months. So we have learnt quite a lot from that model. As part of the asset transfer we have got an asset management plan. With the stock that was transferred to us, we have identified stock that we will never get rid of, mainly because of its location and capital growth potential. We also have stock that we have identified that we will keep for a period of five to six years—it may need some minor refurbishment—and stock that we will dispose of because we will not get good capital growth and we will not get the return on it if we do it up.

Out of that category we have identified the stock that is probably fairly well located. We have demolished the property and we have built these five-bedroom models. We are very confident that these types of models will work. It is very important that our tenancy manager is able to place people that have perhaps a similar mindset. That is difficult because you never really know until somebody is in there, but you are probably talking about a similar demographic in terms of age. Two of the properties that we are building in the Belconnen area will have an older demographic. In another property, which is located close to a university, we will have a younger demographic.

The Hon. MARIE FICARRA: Do they have a shared kitchen, a lounge?

Mr BRENNAN: They have a central core area that will have a kitchen, food preparation area, communal facilities—

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Ms SINCLAIR: And laundry.

Mr BRENNAN: And laundry. But each bedroom has its own living area and ensuite.

The Hon. MARIE FICARRA: You are trying to cater to differing needs out there and just evaluate along the way.

Mr BRENNAN: We are. We just do not want to build multiunit sites and keep doing that. We like to, again, mix up the asset base with some different models.

The Hon. MARIE FICARRA: What are the eligibility criteria to get in there?

Ms SINCLAIR: With our transferred stock, part of our agreement was to keep the incumbent tenants. They were on the public rebated rental model. So we have that tenancy model. We also have the affordable rental model at 74.9 per cent and have committed to that NRAS model. While it is 80 per cent, the agreement will be signed at 74.9 per cent until we get surety about the tax status on that. So we have got the entry level with our client base as \$1 over the ACT housing criteria. It starts at \$28,288 and goes up to \$50,000 if you are a family. Our affordable entry level is at \$32,000 and our NRAS entry level is at \$40,500, and that goes up to \$82,000 on a family basis. Our client base is actually quite diverse because we are covering a number of different tenancy models.

The Hon. MARIE FICARRA: So they would be on different rents?

Ms SINCLAIR: Yes, they are. The premise, though, for our asset management is that each year we get an independent valuation of market rent. That becomes our baseline as to what our asset portfolio is worth in terms of revenue. But from there, we have to drop down to 25 per cent of income. The only drawback with that particular model is that you cannot forecast with any certainty what your revenue will be on that asset, as opposed to an affordable, which is linked to your market rent: You know it is 74.9 per cent of what the market rent figure is, and that is what you can forecast on. The same applies to NRAS because they are linked to that independent valuation of market rent and the public model is not. It is income based.

The Hon. MARIE FICARRA: If a person's income changes because they lose their job, or they go down in income, or up in income, how do you accommodate that during the course of their financial year, or in the year in which it happens?

Ms SINCLAIR: There are different rental reviews for different models. Our affordable leases are the one-year leases, so they are only reassessed at the end of that lease whereas our public rebated model is assessed every six months for income review. They actually remain eligible regardless of their income level because of that particular model whereas for our affordable renters, there is an upper limit. We have not had anyone hit that just yet. But in saying that, the mandate is to help people with a stepping stone, and that is what the affordable rental model is set up for. It is to assist them in the interim, not a long-term solution.

The Hon. MARIE FICARRA: Do any of them go on to home ownership?

Ms SINCLAIR: Yes.

Mr BRENNAN: Yes, they do. We actually have a couple at the moment who are interested in purchasing a house that they have been renting for a while. We are looking at some other models to assist in that regard as well. We are looking at shared equity and developing that in-house.

Ms SINCLAIR: I should really add there that part of our mandate is not only to provide affordable rentals but affordable sales as well.

The Hon. MARIE FICARRA: Have you had some history or success in that on which you can put a figure?

Ms SINCLAIR: In terms of sales?

The Hon. MARIE FICARRA: That you have sold, yes.

Mr BRENNAN: Absolutely. We launched a development several weeks ago known as the Edge. It is a 104-unit development. We had around 94 deposits taken in four hours on that development. I qualify that by saying that we have capped it to around a 60:40 ratio—60 per cent first home buyers and 40 per cent investors. It has worked extraordinarily well. Around 60 per cent of that development is priced at around \$300,000, so it was very attractive. Of course it was released at a time when there was uncertainty as to the extension of the first home owners' boost. There were a lot of people out there trying as hard as they could to get into the market. But we have quite a significant development program, as I said earlier, of which a good proportion of them would be for sale.

The Hon. MARIE FICARRA: Excellent.

Ms SINCLAIR: And I would add that, with the developments, we are very conscious of having as much of the product fall within the housing mix, whether it is a demand for two or three bedrooms in that area or one bedroom or a studio units as well, at that price point. There is no point in building a luxury development that does not fall within our mandate. These are very critical design considerations that underpin our developments.

Mr BRENNAN: I add to that that it is important to realise that we do not discount our properties. They are what they are. They come in at a particular price point through good design and of course getting that early lead-in. They are what they are in terms of pricing and their market value.

The Hon. MARIE FICARRA: Do you have preferred construction partners you have worked with over the years who know what you need?

Mr BRENNAN: Absolutely. We have an established builder panel of some of Canberra's best developers. They understand what our needs are and our model—so, absolutely.

Ms SINCLAIR: We followed a procurement process as part of the building of that panel whereby external financial checks were made and whereby a scope of works was sent out as well as expressions of interests, who we are, and about the type of product we were developing. That builder panel also runs to our consultants as well, and even to general maintenance suppliers.

The Hon. MARIE FICARRA: How many are on the waiting list?

Mr BRENNAN: That is a very good question. It is interesting because, as we have said, we had an initial asset transfer that also had tenants in them. It has only been in the last few months that we have had new property coming on line. We are going through a process at the moment by advertising and marketing of these properties to get a feel for what exactly is the level of demand. We know there is a demand out there. We are trying to ascertain what that level of demand is. We are going through an internal process now of how we manage that: Is it first in, best dressed? Is it those in most need? It is that sort of thing. It is quite difficult. We need to really make sure that we get that right.

The Hon. MARIE FICARRA: Because you have to look at their needs as well.

Mr BRENNAN: You do, yes, absolutely.

Dr JOHN KAYE: You mentioned a panel of developers and you spoke about some of Canberra's best developers. What role does a developer play in your process? You have builders who are a separate entity, consultants, architects and so on. Specifically, why are you not your own developer?

Mr BRENNAN: I probably used the wrong terminology. These are some of Canberra's best builders. We are the developer.

Dr JOHN KAYE: You are the developer in that relationship?

Mr BRENNAN: Yes.

Dr JOHN KAYE: All right. The fact that you are government owned, effectively—

Ms SINCLAIR: No.

Dr JOHN KAYE: You are not government owned? Am I wrong about that?

Ms SINCLAIR: We are a private company. We are not government owned at all. We stand alone.

Dr JOHN KAYE: You are not a State-owned corporation?

Mr BRENNAN: No, we are not.

Ms SINCLAIR: No. We are a private not-for-profit company.

Mr BRENNAN: We have members. The connection with the Government is found in our constitution and also by virtue of the loan agreement. The constitution provides for the establishment of a board of seven, of which government appoints three. The linkage is there and it is also there by virtue of that loan agreement. You have to understand that we were set up as a private company to be able to turn on a dime, get these developments, get things happening, and not be, for want of a better term, bogged down by government procurement methodologies.

Dr JOHN KAYE: Who set you up?

Mr BRENNAN: It was set up through the ACT Government.

Dr JOHN KAYE: You were established by the ACT Government?

Mr BRENNAN: Well, no. I guess how that works is that is it was a government idea out of the affordable housing action plan, but it is a private company. They are not shareholders. They are members. It just so happens that the government appointees have additional voting rights above those of other members.

Dr JOHN KAYE: Is that by virtue of the constitution?

Mr BRENNAN: That is right.

Ms SINCLAIR: Yes. But CHC needed to be a private, independent entity; otherwise, it would impinge on our governance processes in terms of our PBI and our charitable status because a government business enterprise will not get those concessions. We were originally a community housing provider and a tenancy manager of public housing stock. With the 2007 affordable action plan, it turned into what is probably now termed a growth provider of affordable housing.

Dr JOHN KAYE: Who are your members?

Ms SINCLAIR: Our members under the constitution can be any member of the public. We also have other community housing providers as members; for example, Havelock Housing is a member and so is Tamil's, which is another community housing provider. These particular members still manage some of our property.

Dr JOHN KAYE: If I am a member of the public, I can just knock on your front door and say, "I want to be a member."

Ms SINCLAIR: You have to be accepted by the other members.

Mr BRENNAN: You would need to have an interest in the company as well.

Dr JOHN KAYE: Do you mean a financial interest?

Mr BRENNAN: An interest in terms of—

Ms SINCLAIR: A social outcome.

Mr BRENNAN: Absolutely, a social outcome. The alternative is that you have a particular skill that you might be able to offer to the company. You can then nominate yourself to be a board member, if you fall within the particular skill base that is required.

Dr JOHN KAYE: Is that an unusual structure?

Mr BRENNAN: I am not sure.

Ms SINCLAIR: I am not aware of the specifics of the structure of some of the other community housing providers, so I cannot comment.

Dr JOHN KAYE: What role do the tenants in your units play in the governance of the company?

Ms SINCLAIR: They are not involved in a governance capacity.

Dr JOHN KAYE: So they do not have a board position?

Mr BRENNAN: No.

Dr JOHN KAYE: And they are generally not members of your company?

Ms SINCLAIR: Generally not.

Mr BRENNAN: No.

Dr JOHN KAYE: So there is no formal avenue for them to be part of the decision-making of the company?

Ms SINCLAIR: Not in the overall decision-making of the company, but they are consulted on things that relate to tenancy through the surveys that we conduct and the direct contact we have with them.

Dr JOHN KAYE: You would accept that it is one thing to sample opinion, but it is another to have direct representation and involvement in the decision-making. Is there a reason that is not happening or have you not thought of it? Is there a specific reason for saying that having a tenant representative on the board would be inappropriate?

Mr BRENNAN: I do not think it would be inappropriate, as long as that person was able to bring in a particular skill to the skills-based board as it has been established.

Dr JOHN KAYE: Is it not true that being a tenant in your housing is a particular skill, viewpoint or understanding?

Ms SINCLAIR: My concern would be that having a representative member of any part of the community on a board immediately engenders a conflict of interest under the Corporations Act. In terms of finding out what the tenants require, that is best done through our internal process of surveys, data collection and analysis.

Mr BRENNAN: That is in addition to a subordinate group based out of the board, which is made up of board members who consult.

Ms SINCLAIR: It is the community consultative committee. Again, that relates to our board member composition. It is critically important that we get the right mix. Not only do we have commercial and technical skills in terms of development, but we also have a social component to that social policy. Two of the board members are highly regarded within Canberra for their social policy and community work.

Mr BRENNAN: It is a fine line. To be able to do the good things we want to do, we must ensure we are still around to do them. In doing that, we must be as commercial as we can with the other side of our business and ensure that our developments work well so that we can stay around.

CHAIR: But you are effectively doing it from development stage right through to community housing management.

Ms SINCLAIR: That is exactly right. We cover that whole spectrum.

CHAIR: You indicated that you had shareholders and stakeholders. Did you use those terms for any reason?

Mr BRENNAN: We do not have shareholders; we have members. Stakeholders are a different thing. The stakeholders for CHC are certainly the Chief Minister's Department and Treasury, because we have linkages in terms of loan agreements and so on. The Department of Disability, Housing and Community Services is another stakeholder. We have a relationship with them by virtue of the Australian Capital Territory Housing Assistance Act that has been just been introduced. They are effectively stakeholders.

The Hon. MICHAEL VEITCH: You may have picked up some of the latter stages of the evidence provided by Landcom. I asked them to explain the phrase "social due diligence". Did you hear that?

Mr BRENNAN: We heard the evidence towards the end.

The Hon. MICHAEL VEITCH: Have you heard that phrase before?

Mr BRENNAN: I have not, no.

The Hon. MICHAEL VEITCH: It seems to be a new buzz phrase. The way that concept was explained, you appear to doing it already to a great degree in your property development processes, particularly having the advantage of planning and development applications lodged at the same time. That is a similar process. Do you agree?

Mr BRENNAN: Possibly.

The Hon. MICHAEL VEITCH: It allows the planning to take place.

Mr BRENNAN: Yes.

The Hon. MICHAEL VEITCH: I am just running through your model. I come from Young so I spend a lot of time in Canberra. I am trying to work out your model. If you had a competitor in the Australian Capital Territory, do you think your model would still be as successful as it appears to be?

Mr BRENNAN: Yes, I think it would be. Again, the model is a good and obviously strong platform for us to be able to achieve what we are achieving, but that is only as good as the people and the board that you have to use that model. So I think we would be doing the same sorts of things that we are doing now if we did have a competitor or a number of competitors. I think the model still certainly would work.

The Hon. MICHAEL VEITCH: Do you think the model would work in, for instance, regional New South Wales where the population base is not as concentrated as the Australian Capital Territory?

Mr BRENNAN: I think it would be more difficult. I think the model certainly is suited to those higher density regions.

The Hon. MICHAEL VEITCH: Is it possible for you to send to us your last two annual reports?

Mr BRENNAN: Absolutely.

CHAIR: If we just write our report and put down "Community housing Canberra model", what are the downsides? There must be some downsides. There are always downsides.

Mr BRENNAN: I think the downsides are, again, it is very important that you have a very strong governance with the type of organisation that we are. It is very important that you have very strong internal processes to be able to deliver the things that we are delivering. ISO is a classic example. There is a lot of pressure on us to deliver. Development just does not happen. It takes a lot of time and careful consideration of what you are doing. So we are doing that. As I said, we will have in excess of 200 dwellings under construction or could even be completed early in the new financial year. We have to make sure we have the processes behind us to manage that.

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CHAIR: So you are saying that no matter how good your structure is, if the people who are driving that structure are not the right people it will not work.

Mr BRENNAN: Absolutely. It is not just a question of finding a block of land and building on it or having a good rental side. We are constantly looking at new models of delivery, new ways of freeing up capital, new ways of still delivering against our targets but doing it in a clever way. We are looking at sale and lease-back arrangements. As I said, we are looking at shared equity. We are doing a number of different things.

CHAIR: When you said you had a strong skilled board, I thought, "Yes, that is fine. It is just a question how you establish that and how you maintain it, how you pick the right people." Any insight, any innovation you can give us as to that magic pudding?

Mr BRENNAN: I can give you an example in Canberra. Canberra is a very small place and it is all built on networks. Everyone is connected somehow.

The Hon. MICHAEL VEITCH: It is a very large local government area.

Mr BRENNAN: I would say it is important to have a group of board members who are connected within the community in the Australian Capital Territory, whether it be the development sector, the financial sector or that social sector. We have a fantastic balance. We have a chairman who is very well known in the Australian Capital Territory in terms of being a successful businessperson but also what he has been able to give back to the community. People want to do business with him. When you see that he is connected to a company like us, it seems to attract people and their interest. It makes things a lot easier.

CHAIR: So your annual reports and your constitution, they are a great house but they are not a home or they are great pieces of paper but they are not the end game. You have to be able to implement it with the right people.

Mr BRENNAN: Absolutely.

CHAIR: Thank you. No doubt we will be in touch with you for more assistance.

(The witnesses withdrew)

(The Committee adjourned at 4.42 p.m.)