

Select Committee on Social, Public and Affordable Housing

# **Social, public and affordable housing**

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## Terms of reference

1. That the Select Committee inquire into and report on demand for social, public and affordable housing and in particular:
  - (a) Projections of future social, public and affordable housing supply and demand to 2020
  - (b) Data regarding the link between the lack of appropriate social, public and affordable housing in New South Wales and indicators of social disadvantage
  - (c) Housing design approaches and social service integration necessary to support tenant livelihoods and wellbeing
  - (d) Maintenance and capital improvement costs and delivery requirements
  - (e) Criteria for selecting and prioritising residential areas for affordable and social housing development
  - (f) The role of residential parks
  - g Recommendations on State reform options that may increase social, public and affordable housing supply, improve social service integration and encourage more effective management of existing stock including, but not limited to:
    - (i) policy initiatives and legislative change
    - (ii) planning law changes and reform
    - (iii) social benefit bonds
    - (iv) market mechanisms and incentives
    - (v) ongoing funding partnerships with the Federal Government such as the National Affordable Housing Agreement
    - (vi) ageing in place, and
  - (h) Any other related matter.
2. That, in conducting the Inquiry, the Committee note the recommendations of the 2013 report of the Audit Office of New South Wales entitled “Making the best use of Public Housing”.
3. That the Committee report by 9 September 2014.

These terms of reference were referred to the Committee by the Legislative Council on 13 November 2013.<sup>1</sup>

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<sup>1</sup> *Minutes*, Legislative Council, 13 November 2013, p 2185.

## Committee membership

<b>The Hon Paul Green MLC</b>	<b>Christian Democratic Party</b>	<i>Chair</i>
<b>Ms Jan Barham MLC</b>	<b>The Greens</b>	<i>Deputy Chair</i>
<b>The Hon David Clarke MLC*</b>	<b>Liberal Party</b>	
<b>The Hon Rick Colless MLC</b>	<b>The Nationals</b>	
<b>The Hon Sophie Cotsis MLC</b>	<b>Australian Labor Party</b>	
<b>The Hon Greg Pearce MLC</b>	<b>Liberal Party</b>	
<b>The Hon Peter Primrose MLC</b>	<b>Australian Labor Party</b>	

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Ms Madeleine Foley, Director  
 Ms Tina Higgins, Principal Council Officer  
 Ms Shu-Fang Wei, Senior Council Officer  
 Ms Emma Rogerson, Council Officer Assistant

\* The Hon David Clarke MLC replaced Hon Matthew Mason-Cox MLC as a member of the committee on 14 May 2014.



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## Chair's foreword

I am very pleased to present the report of the Select Committee on Social, Public and Affordable Housing.

The foundation for my approach to this inquiry was that everyone should have a place to call home, a place that provides stability, security, safety and connection to family and community, whether it be a cottage, terrace, studio, bedsit, unit, caravan park or room in a boarding house. Access to affordable, safe and sustainable housing is imperative, as it can ameliorate disadvantage and enable people to participate in society, both economically and socially. We have an ageing population and people want to age in place, to flourish and live independently.

Despite the fundamental importance of a home, evidence during this inquiry clearly highlighted that for many, access to housing is becoming increasingly difficult. Not only are lower income households finding it difficult to locate affordable housing, first home buyers are finding it hard to break into the property market due to significant growth in house prices, with prices doubling in the last decade and rising significantly faster than incomes. In Sydney, house prices continue to rise sharply, holding its unenviable position of the fourth most unaffordable city in the world.

Key workers in our economy, such as nurses and police, are gradually being pushed out of the inner city of Sydney, forced to live further away from their workplaces because of housing unaffordability. As a result, many face long commuting times, or alternatively, they opt to pay higher housing costs, often beyond what they can afford.

In addition to key workers, many households across the state are also experiencing housing stress, by paying more than 30 per cent of their income on housing costs. Living expenses are rising, and families are struggling to make ends meet, with many now experiencing 'food insecurity', including children who are missing important daily meals because parents have high living and housing costs.

The pressure in the housing market is having a cascading impact on social housing and homelessness. As highlighted in the Auditor-General's report, 58,000 people are waiting for a social housing property and demand is predicted to increase to 86,000 by 2016. Currently, social housing is only meeting 44 per cent of need, with many individuals and families unable to obtain housing because of tightening eligibility policies and lack of supply of dwellings. For those eligible for housing assistance, lengthy waiting times mean that some people are waiting over 10 years for a property, even in regional areas.

Homelessness is rising, and sadly, more women, children and veterans are being represented in homelessness statistics. Alarming, overcrowding, couch surfing and sleeping in cars is becoming more commonplace and this is unlikely to change significantly unless the shortage in supply of social housing is promptly addressed.

Add to this situation a portfolio of public housing properties that is rapidly deteriorating, and treasured properties, such as the Sirius building in The Rocks, being sold to address funding shortfalls and the public housing maintenance backlog. The situation is becoming dire, with evidence suggesting that New South Wales is experiencing a housing crisis, with critical need for additional social and affordable housing properties, and a new policy approach and direction to ensure growth and sustainability of the sector.

In addressing the shortage in supply of social housing, one key solution emerged; for the NSW Government to re-engage with the community housing sector to help build and enhance the social housing system. Enabling the community housing sector to play a greater role in the social housing system has significant advantages. Firstly, community housing providers can raise finance against public housing properties transferred to them, thereby enabling them to expand and develop more housing. Secondly, tenants will benefit from their holistic, integrated and 'wrap around' service delivery approach. Community housing providers have also demonstrated a sound, economical and responsive approach to maintenance, thereby achieving higher rates of tenant satisfaction.

In addition to this new approach, it is vital that the Department of Family and Community Services finalise a number of key policy documents, as recommended last year by the Auditor-General, including the social housing policy, asset portfolio strategy and strategy for managing public housing estates, all of which were due by December 2013. At the conclusion of our inquiry, these policies had still not been released, despite being essential to addressing the challenges in the housing system. These policies are crucial in providing a clear direction forward and to enabling key stakeholders to align their long term plans. The social housing policy is particularly imperative, as it provides an opportunity for the department to define key terms, consult with stakeholders and learn from other jurisdictions, many of which have faced similar issues to what New South Wales is currently experiencing.

Strong government leadership is also essential, to drive the necessary reforms for sustainable growth in social and affordable housing, and to help alleviate the existing unrest in the housing sector, particularly given many organisations have also been acutely affected by the Going Home, Staying Home homelessness reforms and the loss of the National Rental Affordability Scheme.

Whilst this report highlights the breadth and complexity of social and affordable housing issues, I hope its findings and recommendations provide the foundation for much needed revitalisation and growth of the social and affordable housing sector.

On behalf of the committee, I express our gratitude to all who participated in the inquiry, including those organisations and individuals who appeared at the hearings and public forums, and those who helped to facilitate site visits.

I also thank my committee colleagues for their work and commitment to this inquiry. This report is a reflection of your passion and dedication to improving access to social, public and affordable housing.

I would also like to thank the secretariat staff for their work in supporting the committee.



The Hon Paul Green MLC  
**Committee Chair**

## Summary of key issues

### Lack of social and affordable housing

In the current housing market many individuals and families are struggling to access appropriate housing. First home buyers are finding it difficult to break into the housing market, and lower income households are having trouble finding affordable rental properties close to work. The pressures occurring across the housing spectrum are compounding the ever growing demand for social housing, with the social housing wait list anticipated to balloon to 86,000 by 2016. Not only are lower income households turning to social housing as a result of being priced out of the market; vulnerable and disadvantaged people are also finding it increasingly difficult to access shelter due to tightening eligibility policies for social housing. The complexity of these issues is apparent, with evidence suggesting that New South Wales is experiencing a social housing crisis, with insufficient social housing properties to match the level of current and future need.

### Transfers to community housing providers

In exploring the future of social housing in New South Wales, the committee received evidence supporting the need to transfer the management of more public housing properties to community housing providers via long term leases. Participants from the community housing sector contended that long term lease transfers would allow community housing providers to raise more private finance from assets and income, thereby enabling them to build additional social and affordable housing dwellings. Given the challenges in the housing system, with increasing demand for and insufficient supply of social housing, this option offers much hope in regenerating and expanding the social housing system.

In addition to accelerating growth of the social housing sector, evidence also indicated that transfers would benefit tenants, due to the holistic and integrated approach to service delivery taken by community housing providers, including their provision of 'wrap around' services, as discussed at the end of this section. Without additional government funding for new social housing stock, the committee believes increased transfers of public housing properties to the community housing sector via long term leases should be one of the key approaches taken to address the current housing crisis (Recommendation 21).

### The future direction of social housing

To revitalise and grow the social housing sector, evidence highlighted the need for greater policy direction, leadership and engagement, particularly to address the challenges associated with an insufficient supply of social housing properties and housing unaffordability. In exploring the issue of leadership, a majority of the committee concluded that the NSW Government should consider appointing a Minister for Housing to help demonstrate leadership at this difficult time in the housing sector (Recommendation 34).

In addition to considering the appointment of a Minister for Housing, the committee supports greater sector input and engagement into government policy and decision making. It is vital that greater co-ordination and engagement occur, amongst government agencies, and between government and non-government organisations. This is particularly important given our recommendations to expand the community housing sector, and to enhance support for tenants by integrating services with housing. To foster greater engagement in the housing sector, a majority of the committee supports the

establishment of an advisory council to report to the relevant Minister for social, public and affordable housing, with this council helping to steer the future development of social, public and affordable housing.

In addition to improved leadership and co-ordination, many stakeholders called for a clear social housing policy, as recommended last year by the Auditor-General, but which is yet to be delivered. The committee believes that having a social housing policy in place will help to establish a clear vision and future direction for the social housing system. It will also help to clarify the role of social housing, and its place in helping tenants to transition towards other housing options, including renting in the private market and home ownership (Recommendation 33).

Enacting a social housing policy will also help the community housing sector to make and align their long term plans. This is important, given that community housing providers can play a greater role to facilitate the expansion of the social housing sector, discussed above.

### **Maintenance concerns in public housing**

A key aspect of this inquiry was the condition of public housing properties, with maintenance problems plaguing the property portfolio of the Land and Housing Corporation and public housing tenants expressing strong dissatisfaction with the resolution of maintenance issues. The committee was alarmed by the concerns expressed during this inquiry about maintenance, particularly as many issues were threatening or impacting tenants' health, wellbeing and safety.

Whilst the committee acknowledges difficulties associated with maintaining older public housing properties, the evidence highlighted the need for improved responsiveness, transparency, accountability and efficiency in managing and preventing maintenance problems. Accordingly, the committee recommends an independent review of policies and systems related to maintenance of public housing properties, as outlined in Recommendation 17.

Given the deteriorating condition of many public housing properties, and the growing mismatch between dwelling and households sizes, the committee believes it is vitally important that the Land and Housing Corporation produce a long term asset management strategy, as recommended by the Auditor-General last year but which has yet to be finalised. In developing this strategy, the committee recognises the need for assessment of public housing properties, work currently being undertaken by the Corporation. Given this task will take some time, the committee recommends that the asset portfolio strategy be finalised by 1 September 2015 (Recommendation 18).

The committee acknowledges the difficult financial position of the Land and Housing Corporation, leading to maintenance work being delayed, thereby fuelling a significant backlog, and properties being sold to address funding shortfalls. The committee agrees with the Auditor-General's finding that this approach is unsustainable, and is concerned that there may be a gap in funding to address the maintenance backlog if sale proceeds are dedicated solely to the development of new social, public and affordable dwellings, as recommended above. Given this, the committee recommends that NSW Treasury publicly identify what funding is required to address the maintenance backlog (Recommendation 19)

### **Sale of public housing properties**

As maintenance costs escalate, and the condition of many properties age and decline, the Land and Housing Corporation has decided to sell some public housing properties to raise additional funds for



the social housing system. This approach was highlighted in the Auditor-General's report as being financially unsustainable. It also attracted significant criticism during this inquiry, particularly in the context of increasing demand for social housing and the shortfall in supply.

During this inquiry, the NSW Government announced that they were selling the Sirius building in The Rocks and other Sydney Harbour foreshore properties. After hearing from government witnesses about this decision, the committee remained concerned about whether the sale proceeds would be used to address the maintenance backlog, rather than to fund new supply. Given the issues associated with the management of maintenance, coupled with concerns about the financial sustainability of selling assets to address funding shortfalls, the committee strongly believes that all of the proceeds must be dedicated to funding new social, public and affordable dwellings (Recommendation 2).

In addition to sale proceeds being dedicated to creating new supply, the committee also believes that the NSW Government has a responsibility, when selling multi-unit public assets, to ensure a portion of the dwellings on the site are allocated as social, public and affordable housing. This will help to minimise the loss of social housing and to promote integration of social housing with other forms of housing. In the committee's opinion, this can be achieved by stipulating in the contract for sale that a portion of the properties on the site be allocated as social, public and affordable housing, regardless of whether new construction occurs on the site, or renovation of existing properties (Recommendation 3).

### **Integrating services with housing**

Evidence received during this inquiry highlighted the importance of a home, in providing stability, safety and security, and in promoting positive outcomes, such as improved health and social inclusion. Given the significance of a home in preventing and ameliorating disadvantage, the committee considered the issue of support for tenants, and whether more needed to be done in this area to ensure tenants non-housing needs are met, thereby helping them to sustain their tenancy and keep a roof over their head. In exploring this issue, the committee noted that many social housing tenants need additional support to address complex needs, such as drug and alcohol addiction, experience of domestic or family violence, mental health concerns, disability and lack of education and/or employment.

Many inquiry participants advocated the 'wrap around' service delivery approach to housing, with this approach integrating services with housing. In this regard, the committee observed the holistic approach taken by many community housing providers in supporting tenants, with many providers implementing programs that focus on tenants' non-housing needs, such as mental health courses and programs to build employment skills. By contrast, evidence demonstrated that the support provided by Housing NSW to public housing tenants is less co-ordinated, with inconsistencies occurring across the regions. Whilst Housing NSW may be constrained by limited resources and funding, the committee considered that public housing tenants needed enhanced support services, and that Housing NSW could learn from the service delivery approach provided by the community housing sector. The committee recommends that Housing NSW develop a strategy to enhance support for public housing tenants, focusing on the provision of holistic and localised services (Recommendation 20).

Many stakeholders also highlighted the success of particular housing models, including Common Ground and Youth Foyers, models that integrate housing with higher levels of support for tenants. The committee noted that this 'wrap around' service delivery approach to housing has great potential to reduce long term costs for the government, particularly in the areas of health and justice. Given these benefits, along with evidence demonstrating improved tenant outcomes with this type of approach, the

committee supports the expansion of innovative housing models that integrate services with housing (Recommendation 12).

## Summary of recommendations

- Recommendation 1** **29**  
 That the Department of Family and Community Services comprehensively review its housing related websites, in consultation with users, to improve transparency, accessibility and customer service outcomes.
- Recommendation 2** **66**  
 That the NSW Government invest all proceeds from the sale of public housing properties in a dedicated fund for the purpose of creating new supply of social, public and affordable housing.
- Recommendation 3** **66**  
 That the NSW Government, when selling multi-unit properties in the Sydney area, include in the contract for sale a requirement that at least 10 per cent of all dwellings on that site be allocated as social, public and affordable housing.
- Recommendation 4** **67**  
 That Housing NSW ensure, where public housing properties are sold, priority is given to relocating tenants in their existing community, subject to consultation with the tenant.
- Recommendation 5** **67**  
 That the Department of Family and Community Services review its policies and processes for managing vacancies to minimise the amount of time public housing properties are left vacant.
- Recommendation 6** **100**  
 That the Department of Family and Community Services finalise the strategy for managing public housing estates, as recommended by the Auditor-General.
- Recommendation 7** **101**  
 That the Department of Family and Community Services develop, as a priority, a strategy for improving access to social, public and affordable housing for vulnerable groups, including:
- women, including women with children
  - young people
  - people with a disability or mental illness
  - veterans
  - Aboriginal people
  - victims of domestic or family violence
  - asylum seekers, refugees and migrants
  - older people
  - key/essential workers.
- Recommendation 8** **101**  
 That the NSW Government give priority to ensuring information is reviewed in relation to funding from the National Disability Insurance Agency to provide for housing for people with a disability.

- Recommendation 9** 101  
That the needs of people with a disability are prioritised in the social housing reform goals of the Department of Family and Community Services.
- Recommendation 10** 102  
That the Department of Family and Community Services immediately review its approach to placing priority social housing applicants in motels, hotels, residential parks and other forms of crisis accommodation, to ensure the accommodation is appropriate and safe.
- Recommendation 11** 102  
That the Department of Family and Community Services ensure there is no loss of specialist homelessness services under the *Going Home, Staying Home* reforms.
- Recommendation 12** 102  
That the Department of Family and Community Services expand its support for innovative housing models that integrate services with housing, such as Common Ground and Youth Foyer models.
- Recommendation 13** 125  
That the Department of Family and Community Services investigate strategies to prevent applicants being removed from the social housing wait list if they do not update their details.
- Recommendation 14** 126  
That Housing NSW suspend the vacant bedroom charge and examine more effective ways to ensure a greater match between households and dwelling size.
- Recommendation 15** 126  
That Housing NSW review the eligibility criteria for recognition as a tenant, to prevent cases where applicants have been unsuccessful due to being granted a six month provisional lease.
- Recommendation 16** 127  
That Housing NSW review their approach to managing tenants who cause damage to public housing properties, considering policies in other jurisdictions, including the Queensland Government's three strikes policy.
- Recommendation 17** 128  
That the Department of Family and Community Services immediately commission an independent review of policies and systems related to maintenance of public housing properties, with a focus on:
- responsiveness to tenants' needs
  - value for money
  - use of local contractors
  - timely service delivery
  - quality assurance
  - cyclical and preventative maintenance
  - ICAC risk assessment
  - complaints handling systems.
- We recommend that the findings of this review inform consideration of future maintenance contracts.

- Recommendation 18** **129**  
That the Land and Housing Corporation finalise the asset portfolio strategy, as recommended by the Auditor-General, by 1 September 2015.
- Recommendation 19** **129**  
That NSW Treasury publicly identify what funding is required to address the maintenance backlog for public housing properties.
- Recommendation 20** **156**  
That Housing NSW develop a strategy to enhance support for public housing tenants, focusing on the provision of holistic and localised services.
- Recommendation 21** **158**  
That the NSW Government expedite the transfer of public housing properties to community housing providers via long term leases to:
- ensure future growth in the supply of social and affordable housing
  - promote the expansion of ‘wrap around’ services.
- That the NSW Government also review the target that the community housing sector comprise at least 35 per cent of all social housing and assess the performance of property title transfers and leveraging.
- Recommendation 22** **166**  
That the NSW Government review residential parks legislation to ensure housing affordability is a relevant consideration that can be taken into account by the NSW Civil and Administrative Tribunal in matters relating to excessive fee increases.
- Recommendation 23** **166**  
That the NSW Government investigate innovative models of ownership and/or management of residential parks, including barriers that may prevent community housing providers from managing residential parks.
- Recommendation 24** **182**  
That the Department of Family and Community Services immediately develop guidelines for the design of social housing, addressing:
- accessibility and adaptability
  - sustainability and efficiency
  - crime prevention
  - integration with other forms of housing, including mixed tenure models.
- Recommendation 25** **182**  
That the NSW Government, when selling a public housing property as part of the redevelopment of an estate, consider reducing the covenant that the owner has to live in the property.
- Recommendation 26** **183**  
That the Department of Family and Community Services develop a strategy that identifies priority locations for new social housing development which are located close to employment opportunities, education, transport and ‘wrap around’ services.

- Recommendation 27** **194**  
That the Department of Planning and Environment consider the extension of secondary dwellings in the State Environmental Planning Policy (Affordable Rental Housing) 2009 for rural areas and release a draft document for public exhibition.
- Recommendation 28** **202**  
That the Department of Planning and Environment review the Affordable Housing Taskforce's terms of reference in light of the recommendations of this report, and publish on its website information on the taskforce's work to date.
- Recommendation 29** **203**  
That the Department of Planning and Environment co-ordinate and manage a review of state planning policies, regional plans and local environment plans, to ensure that they promote growth of social, public and affordable housing.
- Recommendation 30** **203**  
That the Department of Planning and Environment ensure each local council has considered having an affordable housing strategy in place, including affordable housing targets, by 1 September 2016, and further, that they develop critical pathways to enable local councils to achieve these targets.
- Recommendation 31** **203**  
That the Department of Planning and Environment set affordable housing targets at the state and regional level.
- Recommendation 32** **204**  
That the Department of Planning and Environment investigate planning mechanisms to promote growth in the supply of affordable housing, such as inclusionary zoning, voluntary planning agreements and developer levies.
- Recommendation 33** **230**  
That the Department of Family and Community Services finalise the social housing policy, as recommended by the Auditor-General, by 1 March 2015, considering:
- the need for clearer definitions of key terms
  - lessons learnt from other jurisdictions to address the shortage of social housing
  - consultation with stakeholders
  - pressures in the broader housing system and the impact on social housing.
- Recommendation 34** **231**  
That the NSW Government consider appointing a Minister for Housing, with responsibility for overseeing Housing NSW, the Aboriginal Housing Office and the Land and Housing Corporation.
- Recommendation 35** **231**  
That the NSW Government consider establishing an advisory council to report to the responsible Minister for social, public and affordable housing, involving representatives from key government agencies, not-for-profit organisations, industry bodies and associations, academics and other housing experts.

- Recommendation 36** 232  
That the NSW Government immediately write to the Australian Government to urge them to continue the National Rental Affordability Scheme beyond 2015.
- Recommendation 37** 232  
That the NSW Government commission a report on the potential for income from the monies held by the Rental Bond Board to be reinvested in the social housing system in order to increase social, public and affordable housing.
- Recommendation 38** 232  
That the NSW Government trial the use of mechanisms to promote growth in the supply of social and affordable housing and improved housing affordability, including social benefit bonds, and report on trial outcomes by 1 September 2016.
- Recommendation 39** 233  
That the NSW Government consider recognising social housing as a form of infrastructure, to enable proceeds from Waratah Bonds to fund new supply of social, public and affordable housing.
- Recommendation 40** 233  
That the NSW Government investigate and report on a shared equity scheme, learning from interstate models, in consultation with the Shared Equity Scheme Working Group.
- Recommendation 41** 233  
That the NSW Government, through the responsible Minister, provide a reference to the Legislative Council Standing Committee on Social Issues to review the implementation of recommendations from this report, within two years from the date of government response.

## Acronyms

COAG	Council of Australian Governments
EPAA	<i>Environmental Planning and Assessment Act 1979</i> (NSW)
FACS	Department of Family and Community Services
LAHC	Land and Housing Corporation
LEPs	Local Environmental Plans
NAHA	National Affordable Housing Agreement
NCAT	NSW Civil and Administrative Tribunal
NCOSS	Council of Social Service of NSW
NPAH	National Partnership Agreement on Homelessness
NPARIH	National Partnership Agreement on Remote Indigenous Housing
NRAS	National Rental Affordability Scheme
SEIFA	Socio-Economic Indexes for Areas
SEPPs	State Environmental Planning Policies
CYPF	UnitingCare Children, Young People and Families



# Chapter 1 Introduction

This chapter provides an overview of the establishment of the Select Committee on Social, Public and Affordable Housing in New South Wales and its terms of reference. It also describes the way in which the inquiry was conducted and provides an outline of the structure of this report.

## Conduct of the inquiry

### Establishing the committee

- 1.1 On 13 November 2013 a motion was moved by Ms Jan Barham MLC and passed by the Legislative Council for the establishment of the Select Committee on Social, Public and Affordable Housing<sup>2</sup>.
- 1.2 The committee was comprised of seven members as set out on page v. The resolution establishing the committee identified the Hon Paul Green MLC as Chair of the committee and Ms Jan Barham MLC as Deputy Chair.

### Terms of reference

- 1.3 The committee was established to inquire into and report on various issues relating to social, public and affordable housing, including projections of future supply and demand, the link between the lack of housing and social disadvantage, housing design approaches and social service integration and other related matters.
- 1.4 Specifically, the terms of reference required the committee to note the recommendations of the 2013 report of the Audit Office of New South Wales entitled *Making the best use of Public Housing* (the Audit-General's report).
- 1.5 The full terms of reference are set out on page iv.

### Reporting date

- 1.6 The Legislative Council resolved on 13 November 2013 that the committee report by 9 September 2014.

### Submissions

- 1.7 The committee invited submissions by advertising in the *Illawarra Mercury*, *Newcastle Herald*, *Lismore Northern Star*, *Maitland Mercury*, *Broken Hill Barrier Daily Truth*, *The LAND*, *The Rural*, *Country Leader*, *Western Magazine*, *Koori Mail* and in the following ethnic newspapers *Australian Chinese Daily*, *Chinese Herald*, *El Telegraph*, *La Fiamma*, *Sing Tao*, *Vesti*, *Pardes Express*, *Chieu Duong*, *Hoju Dong A*, *O Kosmos*, *Spanish Herald* and *Ellinon Logos*. A media release announcing

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<sup>2</sup> *Minutes*, Legislative Council, 13 November 2013, p 2185.

the inquiry was also sent to all New South Wales media outlets. The committee wrote to key stakeholders inviting them to make a submission to the inquiry. The closing date for submissions was 28 February 2014, however, the committee continued to accept submissions after this date.

- 1.8** The committee received 351 submissions to this inquiry. This figure includes both unique and pro forma submissions. The committee published 242 submissions, six supplementary submissions and two examples of pro forma submissions. The full list of submissions and two examples of pro formas is set out in Appendix 1.
- 1.9** Of these submissions, a large number were from local councils, individuals and resident groups. Other submissions were from a diverse range of organisations, including tenancy and legal services, professional bodies and religious or faith based organisations.

### **Public hearings and forums**

- 1.10** The committee held seven public hearings on 13 March 2014, 30 April 2014, 1 May 2014, 12 May 2014, 20 May 2014, 21 May 2014 and 30 May 2014. In addition, the committee held two private hearings, on 12 March 2014 and 10 July 2014.
- 1.11** Witnesses at the public hearings included representatives from the NSW Government, local councils, community housing providers and other service providers. A full list of witnesses who appeared at hearings is included in Appendix 2.
- 1.12** Three public forums were held in regional areas on 30 April 2014, 1 May 2014 and 21 May 2014. At these forums the committee heard from nine individuals and 10 service providers. A full list of public forum participants is set out in Appendix 3.
- 1.13** Transcripts of all of the hearings, including private hearings, are available on the committee's website [www.parliament.nsw.gov.au/socialhousing](http://www.parliament.nsw.gov.au/socialhousing). In addition, a list of all tabled documents from the hearings is listed in Appendix 4. A list of witnesses who provided answers to questions on notice during the hearings and/or supplementary questions is provided in Appendix 5.
- 1.14** The minutes of the proceedings of all committee meetings relating to the inquiry are included in Appendix 6.

### **Site visits**

- 1.15** On 12 March 2013 the committee attended the Sirius building at The Rocks and was met by Mr Ron Jennings and Ms Mary Sutton. The committee was provided with information about the history of the Sirius building and its importance in providing a home for many residents.
- 1.16** On 30 April 2014 the committee travelled to Nowra to meet with representatives from Southern Cross Community Housing. The committee was provided with information about the role of community housing providers, their management of properties and the benefits of community housing living for tenants. The committee also visited community housing properties and met with local residents, including Ms Lynette French.

- 1.17** On 1 May 2014 the committee met with representatives from the Department of Family and Community Services at their Shellharbour office and was provided with information about public housing in the Wollongong area. The committee also undertook a tour of public housing by travelling through Warrawong and Bundaleer.
- 1.18** On 16 May 2014 the committee met with representatives from the Department of Family and Community Services and was provided with background information about the development of Common Ground at Camperdown, and public housing estates in Airds, Rosemeadow and Claymore. Following this, the committee visited Common Ground and met with representatives from Mission Australia. The committee also undertook a tour of Common Ground and met with residents, including people who were once homeless. The committee then travelled to the Airds Bradbury Community Centre to meet with representatives from the St Vincent de Paul Society of NSW. A briefing was provided about the challenges previously experienced by Claymore public housing residents prior to the transformation of the Claymore estate. The committee also held an afternoon tea to hear the views of local residents, and then toured the areas of Airds, Rosemeadow and Claymore.
- 1.19** On 20 May 2014 the committee met with representatives from the Department of Family and Community Services at the Port Macquarie Major Development site on Church Street. The committee was provided with information about the development of three social housing complexes, two managed by Housing NSW and one managed by a community housing provider. The committee also visited a residential park in Port Macquarie, with the visit facilitated by Mr Ivan Havlic, and Mr Gary Martin from the Affiliated Residential Park Residents Association Inc. During this visit, the committee was provided with information about the role of residential parks and the challenges experienced by park owners and residents.
- 1.20** On 21 May 2014 the committee met with representatives from the Department of Family and Community Services at Rosewood Grove in Dubbo (the former Gordon estate). The committee toured Rosewood Grove and was provided with information about the transformation of the estate. The committee also visited the current public housing estate in Dubbo, the Apollo estate.
- 1.21** The committee is greatly appreciative of the organisations and individuals who assisted with these site visits and would like to thank them for their time and effort.

### **Report structure**

- 1.22** A summary of key issues is provided on page xv, encapsulating the most significant issues and recommendations from this inquiry.
- 1.23** In Chapter 2, the committee outlines the framework for social, public and affordable housing, including key terms and the legal and policy context of these issues. It also discusses key findings from the Auditor-General's report *Making the best use of Public Housing* and a number of other parliamentary inquiries on similar issues.
- 1.24** Chapter 3 examines housing supply and demand, including the current supply of social housing stock and demand according to the social housing wait list. It also considers the sale

of public housing properties, along with the pressures being experienced in the private rental market and barriers to accessing home ownership.

- 1.25** Chapter 4 explores the links between the lack of social, public and affordable housing and indicators of disadvantage. It describes the impact a shortage of housing is having on vulnerable groups in the community and the need for the integration of services in the provision of housing.
- 1.26** In Chapter 5, the committee examines public housing, including the role of Housing NSW as a landlord. The chapter also considers the responsibilities of the Land and Housing Corporation in relation to property management, and the significant maintenance concerns voiced by many inquiry participants.
- 1.27** Chapter 6 considers the approach to tenancy and property management taken by community housing providers and looks at the feasibility of community housing playing a larger role in the social housing sector.
- 1.28** Chapter 7 focuses on the role of residential parks and whether they can be expanded as an option to help address the shortage of social and affordable housing.
- 1.29** In Chapter 8 the committee examines housing design, particularly in relation to environmental sustainability, cost effectiveness and accessibility. Following this, the committee explores the need for social and affordable housing to seamlessly integrate with other forms of housing and the importance of location and access to services with new developments.
- 1.30** Chapter 9 explores planning policies and mechanisms that may help to facilitate the growth of affordable housing. This involves taking a closer look at planning legislation and policies at the state and local level, as well as possible planning mechanisms to help drive the development of affordable housing, including targets, inclusionary zoning and levying of developers.
- 1.31** The final chapter, Chapter 10 concludes that there is a need for strategic direction and vision for social and affordable housing in New South Wales, including the development of a social housing policy, appointment of a Minister for Housing and improved engagement and collaboration. It also considers innovative mechanisms to improve the supply of social and affordable housing and housing affordability, such as social benefit bonds and shared equity schemes.

## Chapter 2 The housing framework

This chapter provides the foundation for this report by exploring the definitions of key terms. It also considers the complex legal and policy framework for social, public and affordable housing in New South Wales, outlining a number of policies, laws and funding arrangements that operate at the federal, state and local levels. Finally, this chapter highlights key findings from the Auditor-General's recent report into public housing, and outcomes from other parliamentary inquiries.

### Key terms

- 2.1** It is important at the start of this report to consider the concepts of social, public and affordable housing, including what they mean, how they overlap and how they are often used interchangeably. In addition, it is essential to examine and understand the distinction between affordable housing and housing affordability.
- 2.2** In exploring these concepts, and throughout the report, the committee regularly uses the words 'house', 'housing' and 'dwelling' to cover a range of premises, including free standing homes, semidetached properties, units, bedsits, studio apartments and manufactured homes.

### Social housing

- 2.3** Social housing is a broad term that encompasses public housing, community housing and aboriginal housing. In the 2013 report *Making the best use of Public Housing* (the Auditor-General's report), the Auditor-General stated:

Social housing is the umbrella term covering tenancies in public housing, community housing and Aboriginal housing...The term social housing encompasses properties owned or managed by Family and Community Services, community housing providers, Aboriginal community housing providers or the Aboriginal Housing Office.<sup>3</sup>

- 2.4** Over 150,000 houses in New South Wales are considered to be social housing properties. The Auditor-General's report recognised that New South Wales has the largest social housing portfolio in Australia, with 79 per cent of social housing stock being public housing, 18 per cent community housing and approximately 3 per cent as Aboriginal housing<sup>4</sup>.
- 2.5** In Chapter 3, Table 1 demonstrates the composition of the social housing sector.

### Public housing

- 2.6** Public housing in New South Wales is housing provided by the state government, either owned by Land and Housing Corporation (LAHC) or leased from the private rental market. It is specifically defined in the *Housing Act 2001* as:

<sup>3</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 9.

<sup>4</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 9.

...housing owned or leased by the Corporation, and managed by the Department, that is, leased to members of the public that meet the Department's or the Corporation's eligibility criteria...<sup>5</sup>

- 2.7** As at June 2013, there were 114,745 public housing properties owned and managed by LAHC and 3,053 properties leased from the private market.<sup>6</sup> These figures exclude aboriginal housing properties.
- 2.8** Housing NSW is generally responsible for the tenancy management function of public housing properties; however some publicly owned properties have been transferred or leased to community housing providers to manage. This is discussed in detail in Chapter 6.
- 2.9** Approximately 213,700 people were living in public housing at the end of 2012-13.<sup>7</sup> Strict policies determine who is eligible for social housing, although evidence indicates that priority housing tenants (defined in Chapter 3) currently make up the majority of new allocations.<sup>8</sup>
- 2.10** Public housing is covered in Chapter 5, both in terms of tenancy management by Housing NSW and property management by the LAHC.

### **Community housing**

- 2.11** Community housing is housing for people on very low, low or moderate incomes, or for people with additional needs.<sup>9</sup> It is often provided by housing associations, housing co-operatives or religious or faith based agencies.
- 2.12** Some community housing properties are owned by the NSW Government or leased from the private rental market but managed by community housing providers, either under lease arrangements or by the transfer of title.
- 2.13** Community housing providers often receive funding and other support from various levels of government, including concessions on taxes and levies, subsidies, funding grants, title or lease transfers to help with leveraging finance against assets and/or tenants being eligible for rent assistance.<sup>10</sup>
- 2.14** As at June 2013, community housing providers owned 3,099 properties, leased 5,621 properties from the private market and managed 17,234 properties owned by LAHC.<sup>11</sup> In total, the community housing sector manages approximately 34,000 tenancies.<sup>12</sup>
- 2.15** Community housing providers are regulated under the National Regulatory System for Community Housing (the 'national system'), with federal legislation enacted on 1 January 2014

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<sup>5</sup> *Housing Act 2001* s 3.

<sup>6</sup> Submission 75, NSW Government, p 28.

<sup>7</sup> Submission 75, NSW Government, p 13.

<sup>8</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 28.

<sup>9</sup> *Community Housing Providers (Adoption of National Law) Act 2013* sch 2, s 4.

<sup>10</sup> Submission 131, NSW Federation of Housing Associations, p 5.

<sup>11</sup> Submission 75, NSW Government, p 28.

<sup>12</sup> Submission 211, Bridge Housing, p 6.

and adopted by each state and territory in Australia.<sup>13</sup> This system sets out standards for community housing providers in relation to registration, performance and operation.

- 2.16** The functions and service delivered by community housing providers is covered in Chapter 6.

### **Aboriginal housing**

- 2.17** Aboriginal housing is housing owned by the NSW Government by the Aboriginal Housing Office or community housing providers. It is accommodation for Aboriginal people who are on low incomes and are unable to access the private rental market.<sup>14</sup>

- 2.18** As at June 2013, there were 4,724 Aboriginal housing properties owned by the Aboriginal Housing Office or LAHC, and 4,734 properties owned and/or managed by Aboriginal community housing providers.<sup>15</sup>

### **Affordable housing**

- 2.19** Throughout this inquiry it became clear that there are various definitions of ‘affordable housing’. Essentially, the term was used differently by various participants, with many using it interchangeably with the notion of ‘housing affordability’, explained below. In addition, many stakeholders when discussing affordable housing referred to ‘housing stress’, ‘mortgage stress’ and ‘unaffordability’. In most cases, these three terms were used to indicate that a household was paying more than 30 per cent of its income on housing costs.<sup>16</sup>

- 2.20** Before exploring the concept of affordable housing, it is important to draw the distinction with ‘housing affordability’. The Housing Industry Association discussed the interplay between these terms and stated that ‘housing affordability is generally accepted as a term that refers to the relationship between housing costs and a household’s total income’. They argued that it generally refers to the conditions of the overall housing market. They also pointed out that the usual method to determine affordability is the ‘30/40’ rule:

A commonly used method of measuring housing affordability is the ‘30/40’ rule which states that a house is unaffordable if the rent or mortgage is more than 30 per cent of the total household income, and the household income is in the lowest 40 per cent of the income distribution.<sup>17</sup>

- 2.21** By contrast, the Housing Industry Association stated that affordable housing is a specific term used to refer to a specific housing product or option.<sup>18</sup>

<sup>13</sup> *Community Housing Providers (Adoption of National Law) Act 2012*.

<sup>14</sup> Submission 75, NSW Government, p 6.

<sup>15</sup> Submission 75, NSW Government, p 28.

<sup>16</sup> Submission 74, The Housing Alliance, p 6.

<sup>17</sup> Submission 132, The Housing Industry Association, p 2.

<sup>18</sup> Submission 132, The Housing Industry Association, p 2.

**2.22** Kingsford Legal Centre also considered the relationship between affordable housing and housing affordability and pointed out that ‘housing affordability’ is usually used to refer to the challenge of purchasing a home in the housing market. They stated:

While ‘housing affordability’ dominates national headlines around the difficulties faced by first home owners to buy their own home, in reality housing affordability for a growing number of Australians is the narrow and marginal manner in which they must try to maintain some form of secure housing through renting in the private market or public or community housing.<sup>19</sup>

**2.23** Putting this distinction aside, it is evident that the notion of affordable housing itself is defined and used differently. Associate Professor Milligan, in a briefing to the committee, explained how the City Futures Research Centre defines affordable housing:

We use it generically to mean housing that is priced below the market for people who cannot afford market housing. Some forms of affordable housing may have very deep subsidies and be very low priced, such as public housing, and then other forms allowable under the National Rental Affordability Scheme would have a different price but still would be below market. We are using it as government assisted but privately provided housing that needs a target group.<sup>20</sup>

**2.24** According to the NSW Affordable Housing Guidelines, the national definition of affordable housing is:

...housing that is appropriate for the needs of a range of very low, low and moderate-income households, priced to ensure households are able to meet other essential basic living costs.<sup>21</sup>

**2.25** A very similar definition is included in the *Environmental and Planning Assessments Act 1979*, albeit without the word ‘appropriate’, which states that affordable housing is:

...housing for very low income households, low income households or moderate income households, being such households as are prescribed by the regulations or as are provided for in an environmental planning instrument.<sup>22</sup>

**2.26** Most definitions of affordable housing specify an income percentage that determines whether housing is affordable. For example, Compass Housing Services Co Ltd commented that ‘housing is usually considered affordable if it costs less than 30 per cent of the gross household income’.<sup>23</sup>

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<sup>19</sup> Submission 65, Kingsford Legal Centre, p 2.

<sup>20</sup> Evidence, Ms Vivienne Milligan, Associate Professor, City Futures Research Centre, University of New South Wales, 12 March 2014, p 18.

<sup>21</sup> NSW Government, *NSW Affordable Housing Guidelines*, 2009, (accessed 16 June 2014), <<http://www.housingplus.com.au/images/NSWAffordableHousingGuidelines.pdf>>.

<sup>22</sup> *Environmental and Planning Assessment Act 1979* s 4.

<sup>23</sup> Submission 38, Compass Housing Services Co Ltd, p 7.



**2.27** St George Community Housing proposed a different definition, stating that affordable housing refers to rented or owned housing where residents pay up to 74.9 per cent of the market rent.<sup>24</sup>

**2.28** The use of income percentages in the definition of affordable housing is consistent with the information published on the Centre for Affordable Housing website, a site maintained by the Department of Family and Community Services. On this site, the government states that ‘as a rule of thumb, housing is usually considered affordable if it costs less than 30 per cent of gross household income’.<sup>25</sup>

**2.29** In evidence to the committee, Ms Katie Florance, Project Officer, St Vincent de Paul Society of New South Wales, discussed income measures and their relevance to the term ‘affordable housing’. When questioned about the varying interpretations of affordable housing, she responded:

I think it can be quite confusing because the term ‘affordable housing’ is used in many ways; it can be used to refer to how affordable anyone’s housing is, regardless of income. When you look at housing stress how we have used the term is that we focus on lower-income households who are in the bottom 40 per cent, who pay more than 30 per cent of their income on housing. The term ‘affordable housing’ can also be used to refer to affordable home ownership, but the Society’s main focus is helping people who are doing it toughest, and they are in the private rental market; they are the ones that are not accessing subsidised housing in the form of social housing.<sup>26</sup>

**2.30** Professor Julian Disney in a research paper presented on behalf of the Australian Housing and Urban Research Institute in 2007 suggested that income measures should only be used as indicators because other factors need to be taken into consideration when determining whether housing is affordable. He stated:

Some measures of ‘affordable housing’ include specific criteria such as housing costs being less than 30 per cent of household income and the occupants being in the bottom 40 per cent of household incomes. Rather than being used as an overarching definition of affordable housing, however, such criteria are more appropriate for specifying approximate indicators of affordable housing or for defining particular priorities and eligibilities within the broad range of policies on affordable housing.<sup>27</sup>

**2.31** The NSW Federation of Housing Associations argued that affordable housing is housing that is mostly delivered by not-for-profit organisations. They stated that the term:

...is used to mean rental housing for low to moderate income households, predominantly but not exclusively delivered by not for profit organisations. It typically

<sup>24</sup> Submission 71, St George Community Housing, p 5.

<sup>25</sup> Department of Family and Community Services, *What is affordable housing?*, (accessed 10 June 2014), <<http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/About+Affordable+Housing/What+is+affordable+housing.htm>>.

<sup>26</sup> Evidence, Ms Katie Florance, Project Officer, Vincentian House, St Vincent de Paul Society of New South Wales, 13 March 2014, p 5.

<sup>27</sup> Julian Disney, Australian Housing and Urban Research Institute, *Affordable Housing in Australia*, Paper presented at the National Forum on Affordable Housing, Melbourne 19 April 2007, (accessed 16 June 2014).

involves a lower or less permanent subsidy than community housing, with rents mostly set as a discount to market rent.<sup>28</sup>

**2.32** Many local councils also appear to define and use the concept of affordable housing differently, although many have adopted an income measure to determine whether housing is considered affordable. Hornsby Shire Council, in their submission, commented:

Councils' understanding of affordable housing is housing that is appropriate to the needs of occupants in terms of size, form, location and affordability. Affordability is generally measured by the ratio of rent or purchase price to household income. A general indicator is that housing should not cost more than 30 per cent of the income of a household, leaving enough funds for other living expenses and that households that pay more than this are said to be experiencing housing stress. Council's understanding is also that affordable housing exists in a range of housing forms and tenures, including the following:

- home purchase opportunities for people on low incomes (e.g. shared equity scheme and subsidised housing);
- private sector rental housing with subsidised rental levels;
- low cost rental accommodation (e.g. boarding houses); and
- social housing (e.g. public housing, community housing and crisis accommodation).<sup>29</sup>

**2.33** The City of Sydney explained that the definition they have adopted of affordable housing is specified in their Affordable Rental Housing Strategy 2009-2014. In their evidence to the committee, they stated that affordable housing is:

...housing that does not absorb more than 30 per cent of a very low, low or moderate income household's gross income. These households are defined in the *Environmental Planning and Assessment Act 1979*. The City's Strategy excludes affordable rental dwellings delivered through the private market, such as boarding houses and student accommodation. Affordable housing is open to a broad cross sector of the community including public sector key workers, single income households, and lower paid private sector workers.

**2.34** Wyong Shire Council shared the same view as the City of Sydney, by defining affordable housing as an 'umbrella term that describes all housing for very low, low or moderate income earners where rental or purchase costs do not exceed 30 per cent of gross household income'.<sup>30</sup>

**2.35** In addition to variances in the use and definition of affordable housing, it was also pointed out to the committee that there is a misconception that 'affordable housing' means social, public or community housing. Wyong Shire Council stated:

There is also a common misconception that 'affordable housing' means 'social' ...housing. Although these are included on a broad continuum of affordable housing for very low, low and moderate income households, many residents facing

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<sup>28</sup> Submission 131, NSW Federation of Housing Associations, p 6.

<sup>29</sup> Submission 76, Hornsby Shire Council, p 2.

<sup>30</sup> Submission 90, Wyong Shire Council, p 2.

affordability problems in Wyong LGA would fall outside the eligibility criteria for social housing, and require other affordable housing products to rent or purchase.<sup>31</sup>

## Specific types of affordable housing

**2.36** During this inquiry, many stakeholders considered boarding houses and residential parks as specific types of affordable housing. Although not explicitly mentioned in any of the definitions for affordable housing, many participants recognised these options as providing a form of low cost and affordable accommodation.

### Boarding houses

**2.37** Boarding houses are a form of accommodation where the resident occupies a room for a fee. They differ from other tenancy arrangements, like social housing tenancies, as the resident does not have exclusive control of the premises. Instead, the ‘boarder’ only has the right to occupy a room and use shared facilities, such as the kitchen and bathroom.

**2.38** Boarders and owners of boarding houses are not protected by the *Residential Tenancies Act 2010*, as social housing tenants are. Instead, they are covered by the *Boarding Houses Act 2012* and associated regulations, with these laws setting out the rights of residents and legal obligations of owners. According to the boarding house register, maintained by the Department of Fair Trading, there were 601 registered boarding houses in December 2013.<sup>32</sup>

**2.39** Boarding house residents are typically vulnerable people on limited incomes, including people with mental health issues or disability, low income workers, students and people escaping violence, including domestic violence victims.<sup>33</sup> People usually stay in boarding houses for short periods of time, sometimes in crisis situations, although some people may stay longer.

**2.40** According to data provided by Homelessness NSW, approximately 6,507 people in 2011 lived in boarding houses.<sup>34</sup> This has since increased in the last few years, to over 8,900 in 2013.<sup>35</sup> Close to 69 per cent of residents in registered boarding houses are men and nearly 25 per cent are students.<sup>36</sup>

### Residential parks

**2.41** Residential parks include caravan parks, manufactured home estates and parks known as ‘mobile home villages’. They are a relatively small but significant part of the housing system in

<sup>31</sup> Submission 90, Wyong Shire Council, p 3.

<sup>32</sup> Submission 75, NSW Government, p 33.

<sup>33</sup> Submission 60, North Sydney Council, p 3.

<sup>34</sup> Submission 62, Homelessness NSW, p 4.

<sup>35</sup> Submission 75, NSW Government, p 33.

<sup>36</sup> Submission 75, NSW Government, p 33.

New South Wales, with 480 residential parks registered in New South Wales, approximately 33,000 residents and over 71 per cent of parks located in coastal areas.<sup>37</sup>

2.42 Yfoundations advised that boarding houses and residential parks are often referred to as ‘marginal housing’. They stated:

While not intended as a form of long-term accommodation, residential parks represent a form of marginal tenure similar to boarding houses, which could be described as one step up from homelessness.<sup>38</sup>

2.43 Residents of residential parks include permanent residents, who either rent or own the home they live in, and temporary residents, including people who stay in residential parks on holidays or people who are placed in residential parks as a form of crisis accommodation.

2.44 Those that own their own manufactured home are in a different position to owner occupiers of other types of homes, as another party owns the site the home is on and any surrounding infrastructure. Typically, the cost to purchase manufactured dwellings is much less than a dwelling on its own land title,<sup>39</sup> which accounts for why it is often considered as a form of affordable housing.

2.45 Residential parks are regulated by specific legislation, including the *Residential Parks Act 1998* and associated regulations. There have been recent reforms to the regulation of residential parks, discussed in more detail in Chapter 7.

## Legal and policy context

2.46 This section explores the complex legal framework for social, public and affordable housing, including policies, funding and strategies that operate at an international, federal, state and local level. It also considers the roles and responsibilities of various agencies in relation to these issues.

### International obligations

2.1 Article 11(1) of the *International Covenant on Economic, Cultural and Social Rights 1966* imposes an international obligation on the Australian Government, as a signatory to the convention, to provide adequate housing to everyone:

The States Parties to the present covenant recognise the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions...<sup>40</sup>

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<sup>37</sup> NSW Fair Trading, *Residential Parks*, (accessed 16 June 2014), <[http://www.fairtrading.nsw.gov.au/ftw/Tenants\\_and\\_home\\_owners/Residential\\_parks.page](http://www.fairtrading.nsw.gov.au/ftw/Tenants_and_home_owners/Residential_parks.page)>.

<sup>38</sup> Submission 233, Yfoundations, p 15.

<sup>39</sup> Submission 68, Tenants’ Union of New South Wales, p 18.

<sup>40</sup> Submission 40, Human Rights Committee, Law Society of New South Wales, p 1, quoting Article 11(1) of the *International Covenant on Economic, Cultural and Social Rights 1966*.

2.2 The Human Rights Committee of the Law Society of New South Wales emphasised the importance of this obligation and suggested that the state government ‘should be seeking to create a legally enforceable right to adequate housing’.<sup>41</sup>

2.3 Women’s Legal Services submitted that the right to adequate housing is more than a right to shelter. They referred to General Comment No.4 on the *International Covenant on Economic, Cultural and Social Rights* which stated:

...the right to housing should not be interpreted in a narrow or restrictive sense which equates it with, for example, the shelter provided by merely having a roof over one’s head or views shelter exclusively as a commodity. Rather, it should be seen as the right to live somewhere in security, peace and dignity.<sup>42</sup>

2.4 The NSW Consumer Advisory Group – Mental Health Inc highlighted another international instrument that refers to the right of everyone to have housing. They referred to Article 25 of the *Universal Declaration of Human Rights* which recognises housing as a basic human right:

Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.<sup>43</sup>

2.5 In addition, various other international agreements promote the right to housing, including the *Convention on the Rights of Persons with Disabilities*<sup>44</sup> which recognises the rights of people with disability to certain living arrangements.

### **Funding partnerships and financial schemes**

2.6 There are a number of national partnership agreements that operate at the federal level in terms of funding for housing. In addition, there are various financial schemes, such as the National Rental Affordability Scheme and Commonwealth Rent Assistance.

#### ***National Partnership Agreements***

2.7 There are three primary funding agreements that currently operate between the Australian and New South Wales Government, including the National Affordable Housing Agreement, the National Partnership Agreement on Homelessness and the National Partnership Agreement on Remote Indigenous Housing.

2.8 The National Affordable Housing Agreement is an agreement by the Council of Australian Governments that commenced on 1 January 2009. It aims to ensure that people have access

<sup>41</sup> Submission 40, Human Rights Committee, Law Society of New South Wales, p 2.

<sup>42</sup> Submission 215, Women’s Legal Services NSW, p 4.

<sup>43</sup> Submission 54, NSW Consumer Advisory Group – Mental Health Inc, p 5.

<sup>44</sup> UN General Assembly, *Convention on the Rights of Persons with Disabilities*, (accessed 16 June 2014), <<http://www.refworld.org/docid/45f973632.html>>.

to affordable, safe and sustainable housing that contributes to economic and social participation.<sup>45</sup>

- 2.9** Between 2009 and 2014, the National Affordable Housing Agreement provided \$6.2 billion worth of housing assistance to low and middle income Australians.<sup>46</sup> It is supported by the National Affordable Housing Specific Purpose Payment, an indexed ongoing payment to the states and territories to be spent in the housing and homelessness sector, amounting to \$1.283 billion in 2013-14, of which New South Wales received \$409 million.<sup>47</sup>
- 2.10** By contrast, the National Partnership Agreement on Homelessness focuses more specifically on the issue of homelessness. It aims to reduce homelessness by looking at prevention and early intervention, breaking the cycle of disadvantage and improvement and expansion of homelessness services.<sup>48</sup>
- 2.11** The National Partnership Agreement on Homelessness also commenced in January 2009 but was due to expire on 30 June 2013. Instead, a transitional agreement was put in place for one year, which ended on 30 June 2014, during this inquiry. In a media release on 15 July 2014, it was reported that all states and territories have signed a new one year agreement that will operate until June 2015.<sup>49</sup> According to the Budget for 2014-15, the Australian Government agreed to provide \$115 million for homelessness services under this agreement.<sup>50</sup>
- 2.12** Lastly, the National Partnership Agreement on Remote Indigenous Housing focuses on housing for Aboriginal people living in remote areas. It commenced in December 2008, in line with the National Indigenous Reform Agreement and Closing the Gap Strategy agreed by the Council of Australian Governments.<sup>51</sup>
- 2.13** Under the National Partnership Agreement on Remote Indigenous Housing, \$5.5 billion of funding will be provided over the 10 years the agreement operates, up until 30 June 2018. Of this amount, New South Wales will receive approximately \$398 million to address housing issues, including overcrowding, homelessness, poor housing conditions and severe housing shortages in remote areas.<sup>52</sup>

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<sup>45</sup> Submission 75, NSW Government, p 43.

<sup>46</sup> Department of Social Services, *National Affordable Housing Agreement*, (accessed 16 June 2014), <<http://www.dss.gov.au/our-responsibilities/housing-support/programs-services/housing-affordability/national-affordable-housing-agreement>>.

<sup>47</sup> Submission 75, NSW Government, p 43.

<sup>48</sup> Department of Social Services, *National Partnership Agreement on Homelessness*, (accessed 16 June 2014), <<http://www.dss.gov.au/our-responsibilities/housing-support/programs-services/homelessness/national-partnership-agreement-on-homelessness>>

<sup>49</sup> Minister for Social Services, *National Support for Homelessness Agreement*, (accessed 22 July 2014), <<http://kevinandrews.dss.gov.au/media-releases/149>>.

<sup>50</sup> Australian Government, *Budget 2014-15*, (accessed 22 July 2014), <[http://www.budget.gov.au/2014-15/content/bp2/html/bp2\\_expense-21.htm](http://www.budget.gov.au/2014-15/content/bp2/html/bp2_expense-21.htm)>.

<sup>51</sup> Department of Social Services, *National Partnership Agreement on Remote Indigenous Housing*, (accessed 16 June 2014), <<http://www.dss.gov.au/our-responsibilities/indigenous-australians/programs-services/housing/national-partnership-agreement-on-remote-indigenous-housing>>.

<sup>52</sup> Department of Social Services, *National Partnership Agreement on Remote Indigenous Housing*, (accessed 16 June 2014), <<http://www.dss.gov.au/our-responsibilities/indigenous-australians/programs-services/housing/national-partnership-agreement-on-remote-indigenous-housing>>.

- 2.14** The committee was informed that the state government is currently in discussions with the Australian Government about the distribution of the remaining \$74.5 million as part of this agreement. In addition, the committee was advised that there is an increasing emphasis on expanding home ownership for Aboriginal people under this agreement.
- 2.15** There is currently no specific funding partnership at the federal level for social housing. Previously, there was a National Partnership Agreement on Social Housing but this expired on 30 June 2010. This agreement facilitated a social housing growth fund, which helped to fund the construction of new social housing dwellings.<sup>53</sup>

### ***National Rental Affordability Scheme***

- 2.16** The National Rental Affordability Scheme (NRAS) commenced in 2008 between the Australian Government and the states and territories. The scheme sought to address the shortage of affordable rental housing by offering financial incentives for dwellings to be built and rented to low and moderate income households at a rate at least 20 per cent below the market value rent.<sup>54</sup>
- 2.17** NRAS was designed to attract new investors to affordable housing by providing a combined federal and state government incentive. As at February 2014, this incentive was \$10,350 (indexed annually) per dwelling for ten years, subject to the property being rented to lower income households at least 20 percent below market rent.<sup>55</sup>
- 2.18** The Commonwealth Department of Social Services has responsibility for administering NRAS. Since 1 July 2008 there has been five rounds of applications for NRAS incentives, however, it was announced in the 2014-15 budget that the Australian Government would not be proceeding with the fifth round.<sup>56</sup> This impact of this decision is discussed in Chapter 10.
- 2.19** The committee was advised that NRAS has helped to fund the construction of 39,000 dwellings across Australia.<sup>57</sup>

### ***Commonwealth Rent Assistance***

- 2.20** The Australian Government provides Commonwealth Rent Assistance to low income households and individuals in the private rental market.<sup>58</sup>

<sup>53</sup> Department of Social Services, *National Partnership Agreement on Social Housing*, (accessed 25 July 2014), <<http://www.dss.gov.au/our-responsibilities/housing-support/programs-services/housing-affordability/national-partnership-agreement-on-social-housing>>.

<sup>54</sup> Department of Social Services, *National Rental Affordability Scheme*, (accessed 16 June 2014), <<http://www.dss.gov.au/our-responsibilities/housing-support/programs-services/national-rental-affordability-scheme>>.

<sup>55</sup> Submission 75, NSW Government, pp 31-32.

<sup>56</sup> Australian Government, *Budget 2014-15*, (accessed 18 July 2014), <[http://www.budget.gov.au/2014-15/content/bp2/html/bp2\\_expense-21.htm](http://www.budget.gov.au/2014-15/content/bp2/html/bp2_expense-21.htm)>.

<sup>57</sup> Submission 75, NSW Government, p 32.

<sup>58</sup> Submission 75, NSW Government, p 45.

- 2.21** The assistance provided is a non-taxable income supplement added on to the pension, allowance or benefit of eligible income support customers who rent in the private rental market or via community housing.<sup>59</sup>

### **Policy approaches**

- 2.22** Various policies operate at a federal, state or local level in relation to social, public and affordable housing in New South Wales. In particular, the committee explores in this section those policies and strategies that relate to homelessness, Aboriginal community housing and affordable housing.

### ***Going Home, Staying Home reforms***

- 2.23** The Going Home, Staying Home reform package was implemented in July 2012 for a two year period, funded by the Australian Government.<sup>60</sup> The reforms were designed to improve access to homelessness services, with a focus on early intervention and crisis support.
- 2.24** Housing NSW leads the reform program on behalf of the Department of Family and Community Services but is working in close partnership with the homelessness sector. Under these reforms, services have had to tender to receive funding for services, homelessness initiatives and new innovative projects.<sup>61</sup>
- 2.25** The Going Home, Staying Home reforms are discussed in Chapter 4.

### ***NSW Homelessness Action Plan 2009-2014***

- 2.26** The NSW Homelessness Action Plan provides the future direction for reform of the homelessness service sector from 2009-2014. The plan focuses on three core aspects, similar to the National Partnership Agreement on Homelessness, including the prevention of homelessness, the response to homelessness and breaking the cycle of disadvantage.<sup>62</sup>
- 2.27** The NSW Homelessness Action Plan incorporates activities that have been funded under the National Partnership Agreement on Homelessness.

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<sup>59</sup> Department of Social Services, *Rent Assistance*, (accessed 23 July 2014), <<http://www.dss.gov.au/our-responsibilities/housing-support/benefits-payments/rent-assistance>>.

<sup>60</sup> Department of Family and Community Services, *Going home, staying home*, (accessed 16 June 2014), <<http://www.housing.nsw.gov.au/Help+with+Housing/Homelessness/Going+Home+Staying+Home/Going+Home+Staying+Home.htm>>.

<sup>61</sup> Department of Family and Community Services, *Going home, staying home*, (accessed 16 June 2014), <<http://www.housing.nsw.gov.au/Help+with+Housing/Homelessness/Going+Home+Staying+Home/Going+Home+Staying+Home.htm>>.

<sup>62</sup> Department of Family and Community Services, *NSW Homelessness Action Plan*, (accessed 16 June 2014), <[http://www.housing.nsw.gov.au/Help+with+Housing/Homelessness/NSW+Homelessness+Action+Plan+\(HAP\).htm](http://www.housing.nsw.gov.au/Help+with+Housing/Homelessness/NSW+Homelessness+Action+Plan+(HAP).htm)>.



***Build and Grow Aboriginal Community Housing Strategy***

- 2.28** The Build and Grow Aboriginal Community Housing Strategy ('Build and Grow Strategy') was launched in February 2010 to provide the necessary infrastructure for the Aboriginal community housing sector in New South Wales.<sup>63</sup>
- 2.29** The Build and Grow Strategy incorporates a number of measures to assess and monitor Aboriginal community housing and to improve property and tenancy management. It also aims to strengthen financial and business management, to improve the quality of housing for Aboriginal people and to increase the viability of the Aboriginal community housing sector.<sup>64</sup>
- 2.30** Community housing providers need to be registered with the Aboriginal Housing Office to be eligible to benefit from the range of operating subsidies and assistance available under the Build and Grow Strategy.<sup>65</sup>

***NSW Affordable Housing Guidelines***

- 2.31** The NSW Affordable Housing Guidelines are Ministerial Guidelines that set out the policy framework for the delivery of affordable housing by registered community providers. The guidelines include:
- principles for the operation of affordable housing programs
  - expectations regarding housing outcomes for the target groups to be housed
  - criteria for assessing eligibility for affordable housing
  - expectations in relation to financial and asset management.<sup>66</sup>
- 2.32** The guidelines were issued to recognise different risk factors, policy and financial parameters for affordable housing, when compared with social housing.<sup>67</sup>
- 2.33** The guidelines apply to properties that are designated as affordable housing by a community housing provider, regardless of whether they are actually owned by the community housing provider or the government.<sup>68</sup>

<sup>63</sup> Department of Family and Community Services, *Build & Grow Aboriginal Community Housing Strategy*, (accessed 16 June 2014), < <http://www.aho.nsw.gov.au/housing-providers/build-grow>>.

<sup>64</sup> Department of Family and Community Services, *Build & Grow Aboriginal Community Housing Strategy*, (accessed 16 June 2014), < <http://www.aho.nsw.gov.au/housing-providers/build-grow>>.

<sup>65</sup> Department of Family and Community Services, *Build & Grow Aboriginal Community Housing Strategy*, (accessed 16 June 2014), < <http://www.aho.nsw.gov.au/housing-providers/build-grow>>.

<sup>66</sup> Department of Family and Community Services, *NSW Affordable Housing Guidelines*, (accessed 13 June 2014), < <http://www.housingplus.com.au/images/NSWAffordableHousingGuidelines.pdf>>.

<sup>67</sup> Department of Family and Community Services, *NSW Affordable Housing Guidelines*, (accessed 13 June 2014), < <http://www.housingplus.com.au/images/NSWAffordableHousingGuidelines.pdf>>.

<sup>68</sup> Department of Family and Community Services, *NSW Affordable Housing Guidelines*, (accessed 13 June 2014), < <http://www.housingplus.com.au/images/NSWAffordableHousingGuidelines.pdf>>.

## Legislation

- 2.34** This section considers several legal instruments that underpin the social, public and affordable housing sector, including legislation relevant to social housing, tenancies and the planning and development of housing.

### *Social housing*

- 2.35** Social housing is regulated under the *Housing Act 2001*. This Act provides the basis for social housing assistance, including rental rebates, advances and tenancies. Provisions in this Act established the LAHC, giving them the power to acquire, sell and construct housing in certain circumstances.<sup>69</sup>
- 2.36** The objectives of the *Housing Act 2001* are broad, including to ensure public housing focuses on housing people that are most in need and to ensure that public housing and the community housing sector are both developed as viable and diversified components of the social housing sector.<sup>70</sup>
- 2.37** The *Aboriginal Housing Act 1998* established the Aboriginal Housing Office as a separate entity, focusing on the provision of housing for Aboriginal people. One of the objectives of the Act is to ensure that housing is appropriate in regard to the social and cultural requirements, living patterns and preferences of Aboriginal people. It also focuses on equity, with the aim of ensuring that those most in need are given priority housing assistance.<sup>71</sup>
- 2.38** In terms of community housing, the National Regulatory System for Community Housing (the National Regulatory System) was established by the Community Housing Providers National Law, an appendix to the *Community Housing Providers (Adoption of National Law) Act 2012*. The National Regulatory System commenced on 1 January 2014 and there is a transition period for implementation to 30 June 2015.<sup>72</sup> The regulatory framework for community providers is discussed in Chapter 6.

### *Tenancy laws*

- 2.39** The agreement between a tenant and landlord is known as a residential tenancy agreement, and is covered by the *Residential Tenancies Act 2010*. Provisions in this Act set out the rights and obligations of landlords and tenants and provide the power for the NSW Civil and Administrative Tribunal (NCAT) to hear and settle residential tenancy disputes.
- 2.40** The *Residential Tenancies Act 2010* applies to private rental situations and social housing tenancies but does not cover residential parks, residential aged care, holiday parks, retirement villages, boarding houses and serviced apartments, hotels, motels and backpacker accommodation.<sup>73</sup>

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<sup>69</sup> *Housing Act 2011* pt 3.

<sup>70</sup> *Housing Act 2011* s 5.

<sup>71</sup> *Aboriginal Housing Act 1998* pt 3.

<sup>72</sup> Registrar of Community Housing, *National Regulatory System for Community Housing*, (accessed 16 June 2014), < <http://www.rch.nsw.gov.au/NRSCH/>>.

<sup>73</sup> *Residential Tenancies Act 2010* s 7.

*Planning and development*

- 2.41** A number of planning instruments govern the regulation and development of housing, including affordable housing.
- 2.42** Firstly, the *Environmental Planning and Assessment Act 1979* and regulations provide the legal foundation for planning and development law, including the power of the state government to make environmental planning instruments and policies (called SEPPs) and for local government to make Local Environment Plans and Development Control Plans.
- 2.43** In this context, the Act is relevant as it provides the authority for state and local environmental plans and policies, all of which regulate land use and development, including the development of social, public and affordable housing.
- 2.44** It is important to note that in October 2013, the Planning Bill 2013 and Planning Administration Bill 2013 were introduced into the NSW Parliament. These reforms are aimed at improving the current planning framework in New South Wales. At the time of writing this report, the Bill had not been agreed to.
- 2.45** Another state planning instrument is the State Environmental Planning Policy (Affordable Rental Housing) 2009 (Affordable Housing SEPP), introduced on 31 July 2009 to increase the supply and diversity of affordable rental and social housing.<sup>74</sup> The policy was implemented to enable certain types of developments to be constructed, even if they do not comply with local planning laws. The developments can include villas, townhouses and apartments, boarding houses, group homes and other types of dwellings that have an affordable rental component.
- 2.46** The Affordable Housing SEPP encourages private sector provision of various forms of affordable rental housing by offering planning incentives in certain circumstances. The standards included in the Affordable Housing SEPP can override local planning controls to help promote diversity of affordable housing types in New South Wales.
- 2.47** There are a number of other state planning policies relevant to housing, including:
- SEPP (Housing for Seniors or People with a Disability) 2004
  - SEPP No. 36 Manufactured Home Estates
  - SEPP No. 21 Caravan Parks.
- 2.48** In conjunction with SEPPs, planning requirements and rules are contained in Local Environment Plans and Development Control Plans, some of which would apply to the development of social, public and affordable housing. These plans provide rules for the zoning of land and set out development standards (for example, building height and floor space ratio).
- 2.49** Local Environment Plans are legislative instruments, similar to SEPPs, whereas Development Control Plans are prepared by local councils to control development specifically in their local government area.

<sup>74</sup> Department of Planning and Environment, *Affordable Rental Housing SEPP*, (accessed 16 June 2014), <<http://www.planning.nsw.gov.au/enau/deliveringhomes/planningforaffordablehousing/affordablerentalhousing.aspx>>.

### **Administrative and regulatory responsibilities**

**2.50** This section explores the responsibilities of various agencies and groups in relation to the provision of social and affordable housing, including government agencies and advisory bodies.

#### ***Government agencies***

**2.51** The Department of Family and Community Services (FACS) plays a significant role in providing social housing, with the key agencies of Housing NSW, the Land and Housing Corporation and the Aboriginal Housing Office.

**2.52** The role of FACS is to regulate and administer social housing assistance. This involves developing and implementing policies and programs that enable access to social housing and funding and the regulation of community housing and other forms of accommodation, including crisis accommodation. Housing NSW, as an agency for FACS, provides the tenancy management for public housing properties.<sup>75</sup>

**2.53** LAHC is a statutory body, with the primary role of managing assets within the social housing portfolio for the state government.<sup>76</sup> LAHC is ‘responsible for planning and building public housing as well as maintaining and upgrading the public housing portfolios of properties’.<sup>77</sup> Their portfolio comprises approximately 144,000 properties, including land and buildings, valued at approximately \$34 billion.<sup>78</sup>

**2.54** The Aboriginal Housing Office is a distinct body within FACS that provides housing for Aboriginal people. A board governs the Aboriginal Housing Office, with all members being Aboriginal.<sup>79</sup> The Aboriginal Housing Office is responsible for:

- buying, building, maintaining and managing Aboriginal housing, with the LAHC engaged to assist with part of this role
- tenancy management for Aboriginal housing properties
- administering and implementing the National Partnership Agreement on Remote Indigenous Housing and the Build and Grow Strategy.<sup>80</sup>

**2.55** The functions of the Aboriginal Housing Office were outlined in evidence to the committee by the Acting Chief Executive, Ms Mandy Young:

We not only deal with social housing to Aboriginal people who are doing it tough, we are also developing and delivering initiatives to support the community housing sector as it strives towards improving housing management and financial sustainability. We are committed to providing and facilitating long-term opportunities for Aboriginal

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<sup>75</sup> Submission 75, NSW Government, p 8.

<sup>76</sup> Submission 75, NSW Government, p 9.

<sup>77</sup> Submission 75, NSW Government, p 9.

<sup>78</sup> Submission 75, NSW Government, p 9.

<sup>79</sup> Department of Family and Community Service, Aboriginal Housing Office, *Our Board*, (accessed 13 June 2014), < <http://www.aho.nsw.gov.au/about-us/structure/aho-board>>.

<sup>80</sup> Submission 75, NSW Government, p 9.

people to break the cycle of disadvantage and enable increased economic participation...for people to thrive and prosper and reach their potential.<sup>81</sup>

- 2.56** In terms of planning laws, the Department of Planning and Environment (previously known as the Department of Planning and Infrastructure) has responsibility for strategic land use planning, increasing housing supply and state growth and development.

***Advisory bodies and initiatives***

- 2.57** Several other bodies play an important role in the housing sector, including the Affordable Housing Taskforce, the NSW Premiers Council on Homelessness and the Registrar of Community Housing. Each of these will be briefly discussed below.
- 2.58** In May 2011, the NSW Government announced the establishment of the Affordable Housing Taskforce to help drive new planning policies for delivering affordable housing and seniors housing, which meet community needs and respect local character.<sup>82</sup>
- 2.59** The Affordable Housing Taskforce is comprised of experts from a range of backgrounds, including academics, planners, development groups and government representatives.<sup>83</sup>
- 2.60** During this inquiry, the committee was advised that the Affordable Housing Taskforce was working on strategies to encourage affordable housing, including planning reforms.<sup>84</sup> The Taskforce is discussed in Chapter 9.
- 2.61** The NSW Premiers Council on Homelessness has a formal role in advising government in relation to homelessness in New South Wales.<sup>85</sup> It consists of government and non-government members. The Council provides policy advice and recommendations to government. To date, it has addressed homelessness in relation to child protection, people leaving custody and mental health issues.<sup>86</sup>

<sup>81</sup> Evidence, Ms Mandy Young, Acting Chief Executive, Aboriginal Housing Office, 30 May 2014, p 39.

<sup>82</sup> Department of Planning and Environment, *Affordable Housing Taskforce*, (accessed 13 June 2014), <<http://www.planning.nsw.gov.au/deliveringhomes/planningforaffordablehousing/affordablehousingtaskforce.aspx?>>>.

<sup>83</sup> Department of Planning and Environment, *Affordable Housing Taskforce*, (accessed 13 June 2014), <<http://www.planning.nsw.gov.au/deliveringhomes/planningforaffordablehousing/affordablehousingtaskforce.aspx?>>>.

<sup>84</sup> Evidence, Mr Stephen McIntyre, Deputy Director General, Planning Strategies, Housing and Infrastructure, NSW Department of Planning and Environment, 13 March 2014, p 50.

<sup>85</sup> Department of Family and Community Services, *NSW Premiers Council on Homelessness*, (accessed 16 June 2014), <<http://www.housing.nsw.gov.au/Help+with+Housing/Homelessness/NSW+Premiers+Council+on+Homelessness.htm>>.

<sup>86</sup> Department of Family and Community Services, *NSW Premiers Council on Homelessness*, (accessed 16 June 2014), <<http://www.housing.nsw.gov.au/Help+with+Housing/Homelessness/NSW+Premiers+Council+on+Homelessness.htm>>.

**2.62** The Registrar of Community Housing in NSW reports separately to the Minister of Family and Community Services.<sup>87</sup> The Registrar is responsible for administering the National Regulatory System for Community Housing.

**2.63** In addition, up until November 2013, the National Housing Supply Council, a federal statutory agency, was operating. This Council played a significant role, as it monitored housing demand, supply and affordability in Australia and contributed data and analysis to the housing sector.<sup>88</sup>

## Reports and inquiries

**2.64** The terms of reference for this inquiry require the committee to have regard to the Auditor-General's 2013 report *Making the best use of Public Housing*. In addition to this report, the committee noted that a number of other parliamentary inquiries have been held on similar issues. This section will briefly look at the findings of the Auditor-General's report and related inquiries.

### The Auditor-General's report

**2.65** Shortly before this inquiry commenced the NSW Auditor-General released a report based on a performance audit of Housing NSW and the LAHC. The audit focused on dwellings owned and operated by the state government. It examined the capacity for the state to meet changing public housing needs, how well Housing NSW acts to relocate tenancies where needs or circumstances change and how well LAHC plans to ensure assets reflect the requirements of those most in need.<sup>89</sup>

**2.66** The key findings from the report are set out below:

- Constraints in the current portfolio and funding arrangements do not enable Housing NSW and LAHC to meet the changing public housing need. Public housing is ageing and increasingly not fit for purpose (page 11).
- Neither Housing NSW or LAHC have articulated long term strategies or plans to address the challenges for the provision of public housing to those most in need. This has contributed to tenant and asset management activities that are sometimes inconsistent and short term (page 24).
- The reliability of the existing house allocation function could be at risk without the implementation of improved management monitoring and quality assurance procedures over allocations (page 36).

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<sup>87</sup> Registrar of Community Housing, *About us*, (accessed 16 June 2014), <<http://www.rch.nsw.gov.au/About+Us/>>.

<sup>88</sup> Treasury, *The National Housing Supply Council*, (accessed 16 June 2014), <<http://www.treasury.gov.au/Policy-Topics/PeopleAndSociety/completed-programs-initiatives/NHSC>>.

<sup>89</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 2.

- Reporting by Housing NSW and LAHC is not sufficient to clearly assess whether performance is achieving the objects of the *Housing Act 2001* (page 40).<sup>90</sup>

**2.67** On the basis of these findings, the Auditor-General made a series of detailed recommendations, of which the Auditor-General noted were welcomed by the relevant government agencies.<sup>91</sup> The Auditor-General's eight recommendations are replicated below<sup>92</sup>.

1. The government should:
  - (a) develop a clear direction for a sustainable social housing sector that can function within the available funding such that:
    - the current challenges facing public housing and the fundamental question of what the role of public housing is are addressed. The direction should identify who is to be housed, and how funding and asset ownership will achieve a sustainable social housing sector, for the longer-term
    - clear strategic objectives are set to implement the direction agreed
    - the roles, responsibilities and relationship between LAHC and HNSW, and their accountability towards achieving objectives, are clearly understood.
  - (b) review housing funding arrangements and flows such that:
    - LAHC can make long-term decisions on its ownership and management within the public housing portfolio
    - HNSW can make long term decisions on how best to meet its social and economic objectives.
2. FACS/HNSW and DFS/LAHC should, by January 2014, agree on the objects of the Housing Act 2011 against which they should be reporting.
3. FACS/HNSW should, by December 2013, complete a social housing policy that aligns tenancy management with emerging client need. The strategy should include short term and long term targets, and forecasts to enable effective monitoring and reporting on progress.
4. HNSW should:
  - (a) by June 2014 continue current initiatives and promote proposals to make the best use of existing public housing. They include:

<sup>90</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, pp 3-4.

<sup>91</sup> Correspondence from Mr Jim Longley, Acting Director-General, Family and Community Services, to Mr Peter Achterstraat, Auditor-General, 18 July 2013 and Mr Michael Coutts-Trotter, Director-General, Department of Finance and Services, to Mr Peter Achterstraat, Auditor-General, 19 July 2013, both replicated in NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, pp 7-8.

<sup>92</sup> The recommendations replicated are without page numbers. NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, pp 5-6.

- aligning housing allocation with housing stock better, for example as is currently being implemented, by giving higher priority to rehousing tenants under-occupying
  - introducing financial incentives and disincentives for people occupying properties larger than they need, taking into account the characteristics of the client group
  - considering how local allocation strategies may be used to support the development of successful and sustainable communities
  - reducing vacancy turnaround times
  - consistently implementing policies for relocation and ensuring they are monitored and reported
  - identifying and addressing current policies and practices that may act as disincentives to tenants to seek work
  - considering other rent setting models
- (b) by December 2014, implement the recommendations from ICAC and the internal HNSW review as part of a monitoring program
5. LAHC should:
- (a) by December 2013, complete and release an asset portfolio strategy that delivers housing at an appropriate standard and shows how future new supply housing will align with emerging client need. The strategy should include short-term and long-term targets to enable effective monitoring and reporting on progress
  - (b) by June 2014, audit the property disposal procedures as part of a regular internal audit and review process.
6. LAHC in consultation with HNSW by December 2013, finalise the government's long-term strategy for managing public housing estates to deliver a sustainable reduction in disadvantage on estates.
7. FACS/HNSW and LAHC emerging policies and strategies should be based upon evidence of the cost effectiveness of asset and non-asset interventions to meet the specific needs of public housing tenants.
8. HNSW and LAHC should:
- (a) by June 2014, develop organisational plans that are clearly linked to their social housing policy, asset portfolio strategy and estate strategy including:
    - gap analysis
    - objectives
    - targets



- funding
  - performance measures and progress reporting.
- (b) by June 2014, ensure that their multiple legislative objectives translate into clearly defined, balanced and sustainable internal objectives that are feasible within available funding. Where government policy dictates the elevation of a specific objective, this should be acknowledged and clearly reflected in internal objectives
- (c) by June 2014, agree a review process to assess the impact of policies and procedures to identify those that limit the achievement of objectives
- (d) by June 2014, routinely assess and report, both publicly and internally, on their performance in achieving the objects of the relevant legislation, using appropriate measures and performance targets
- (e) by June 2014, include in their reporting the efficient and effective use of the available supply of public housing. This should include property utilisation and property alignment to tenant needs (page 42).

**2.68** The committee questioned FACS representatives about the development of a Social Housing Policy, Asset Portfolio Strategy and Estates Strategy, as recommended in the Auditor-General's report, noting that such policies had not been developed by the end of May 2014. The committee was advised that:

The NSW Government is developing its social housing priorities which will determine the response to the Auditor-General's report, 'Making the best use of public housing'. A number of key strategies, including managing the portfolio, estates and policies related to social housing, will fall out of these priorities.

FACS is currently finalising its response to the Auditor-General on the recommendations arising from the 'Making the best use of public housing' report, which is due later this year. Once finalised, FACS will provide a response to the Committee.<sup>93</sup>

### **Parliamentary inquiries**

**2.69** New South Wales follows a number of other states in Australia in looking at issues related to public, social and affordable housing. In particular, Victoria, Western Australia and Tasmania have all held parliamentary inquiries of a similar nature and currently, there is a Senate inquiry into affordable housing and a Legislative Assembly inquiry into tenancy management in social housing.

#### ***Current Senate inquiry***

**2.70** On 12 December 2013, the Senate referred an inquiry into affordable housing to the Senate Economics References Committee for inquiry and report. It was given broad terms of reference, including the ability to investigate the role of all levels of government in facilitating

<sup>93</sup> Answers to supplementary questions, Department of Family and Community Services, 1 July 2014, p 1.

affordable home ownership and affordable private rental, the contribution of home ownership to retirement income, the role of innovation in building materials and construction in delivering affordable housing, innovative and responsible funding mechanisms used in other countries, and the impact of not having a long-term, national affordable housing plan.

**2.71** The reporting deadline, as at the end of July 2014, was 27 November 2014.<sup>94</sup>

***Current Legislative Assembly inquiry***

**2.72** On 2 July 2014, the Legislative Assembly referred an inquiry into tenancy management in social housing to the Public Accounts Committee. The terms of reference for the inquiry require the committee to inquire into, and report on, the cost effectiveness of current tenancy management arrangements in public housing, the range and effectiveness of support services provided to tenants in social housing and possible measures to improve tenancy management services.

**2.73** The closing date for submissions was 8 August 2014.<sup>95</sup>

***Victoria***

**2.74** In Victoria, a number of experiences have helped to shape their social housing sector, including the Family and Community Development Committee's inquiry into the adequacy and future directions of public housing in Victoria, finalised in 2010.

**2.75** The inquiry made a number of recommendations about the strategic direction for public and social housing in Victoria, the access and allocation of public housing, support for public housing tenants and the maintenance, upgrade and renewal of public housing. The Victorian Government acknowledged the 'urgent need for change and reform' and outlined a number of actions as part of their response. This included the development of a strategic housing framework to address the challenges, the review of policies relating to rent and disincentives for tenants to work, and the review of maintenance contracts.<sup>96</sup>

**2.76** In 2012, the Auditor-General in Victoria reinforced the findings of the Victorian parliamentary inquiry. The Auditor-General reported that Victorian public housing was beset by an unsustainable operating model, little policy reform over the previous decade and poorly informed decision making by the Department of Human Services. The report stated that:

The situation for public housing is critical. The current operating model and asset management approach places the long-term provision of this vital public service at risk. Despite a growing need for housing support in our community, DHS has not set overarching direction for public housing or taken a strategic, comprehensive approach to managing this \$17.8 billion property portfolio.<sup>97</sup>

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<sup>94</sup> Senate Standing Committees on Economics, *Affordable Housing*, (accessed 24 July 2014), <[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Economics/Affordable\\_housing\\_2013/Terms\\_of\\_Reference](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Affordable_housing_2013/Terms_of_Reference)>.

<sup>95</sup> Public Accounts Committee, *Tenancy Management in Social Housing*, (accessed 29 July 2014), <<http://bulletin/Prod/parlament/committee.nsf/0/214CE4848BDD20C6CA257D0E0082B07D>>

<sup>96</sup> Family and Community Development Committee, Joint Investigatory Committee, *Inquiry into the adequacy and future directions of public housing in Victoria* (2010).

<sup>97</sup> Victorian Auditor-General, *Access to public housing*, Audit Office of Victoria (2012), p vii.

**2.77** In March 2014, following a community consultation process, the Victorian Government released its New Directions for Social Housing Framework, with strategic directions under three broad categories – better communities, better opportunities and better assets. This new framework included a focus on tenant engagement, programs to offer house sales to tenants, simplified application processes for public housing and significant investment in maintenance upgrades. It also proposed the development of regional social housing plans and considered the viability of public private partnerships in social housing.<sup>98</sup>

### *Western Australia*

**2.78** In 2009, a Social Housing Taskforce was established to review options for affordable housing. This Taskforce was responsible for advising the Minister for Housing on how to meet the aspirational target of 20,000 new social and affordable housing units by 2020. In particular, the Taskforce noted the ‘need for a total integrated system response which will encompass supply and demand side initiatives and the ongoing goodwill and investment by all levels of government, the private sector, the community sector and by the wider community’.<sup>99</sup>

**2.79** The recommendations from the Taskforce included the development of a Housing Needs Register and whole of government State Affordable Housing Strategy. Other recommendations included increased funding for affordable housing, continued or expanded financial support for people on low to moderate incomes, reform of planning and development and facilitation of the development of the not-for-profit housing sector.<sup>100</sup>

**2.80** Following this, the Western Australian Government released their Affordable Housing Strategy 2010-2020. As part of this strategy, the Western Australian Government announced that it would partner with the private and not-for-profit sectors to finance, develop and deliver long term affordable housing solutions for people on low-to-moderate incomes. The strategy aims to create an additional 20,000 affordable homes by 2020 through a number of initiatives, including public private partnerships, transfers to community housing providers, the use of affordable housing quotas, planning reforms, shared equity products and the increased construction of social housing dwellings.<sup>101</sup>

**2.81** In 2012, the Western Australian Government released a progress report outlining its success in achieving the outcomes of the Affordable Housing Strategy. In particular, the report noted success with the development of 12,000 affordable homes.<sup>102</sup>

**2.82** The Taskforce’s report was followed in 2011 by a parliamentary inquiry by the Community Development and Justice Standing Committee in the Legislative Assembly. The outcome from this inquiry was a report titled *A Fading Dream – Affordable Housing in Australia*, which made 35 recommendations, including affordable housing quotas on greenfield developments, examining the feasibility of a land rent scheme, local governments developing a needs analysis

<sup>98</sup> Government of Victoria, *New directions for social housing: A framework for a strong and sustainable future* (2014).

<sup>99</sup> Social Housing Taskforce, *More than a roof and four walls* (Report, 2009).

<sup>100</sup> Social Housing Taskforce, *More than a roof and four walls* (Report, 2009).

<sup>101</sup> Government of Western Australia, *Affordable housing strategy 2010-2020: Opening doors to affordable housing – Progress Report - 1 January 2010 to 30 June 2012* (2012).

<sup>102</sup> Government of Western Australia, *Affordable housing strategy 2010-2020: Opening doors to affordable housing – Progress Report - 1 January 2010 to 30 June 2012* (2012).

of social and affordable housing, and review and simplification of the legal requirements for new housing projects. Sixteen recommendations were supported, partially supported or accepted in principle by the Western Australian Government.<sup>103</sup>

### *Tasmania*

- 2.83** The Tasmanian Select Committee on Housing Affordability commenced an inquiry in 2008 and made 37 recommendations to both the state and federal governments. It suggested that the Australian Government develop a standardised method of measuring housing affordability through the Council of Australian Governments and that resourcing to address gaps in crisis accommodation be prioritised. The committee also recommended that independent research be conducted to determine the current and future impact of declining housing affordability.<sup>104</sup>
- 2.84** Following this inquiry, the Tasmanian Government made a key policy reform by introducing a shared equity scheme to enable people to purchase 75 per cent of a property, with the Director of Housing purchasing the remaining 25 per cent.<sup>105</sup>
- 2.85** More recently, the Tasmanian Government introduced its Better Housing Futures Policy, with a shift to social housing being managed by community housing providers instead of the government. According to the Department of Health and Human Services 2012-13 Annual Report, around 35 per cent of public housing stock was to be transferred to non-government organisations for management.<sup>106</sup>

## Committee comment

- 2.86** We recognise that the definitions of social, public and affordable housing are complex, often overlapping and used differently depending on the legislative or policy context. In particular, we note the varying definitions of affordable housing and housing affordability and we are concerned that a lack of clarity with these terms may impact on the development of affordable housing strategies.
- 2.87** The committee encourages clear and consistent definitions of social, public and affordable housing to be used by all levels of government and by all non-government organisations. A consistent understanding of what these terms mean will enable government and non-government services to better plan, align and administer social, public and affordable housing strategies. Accordingly, in Recommendation 33, when developing the social housing policy, we recommend that the Department of Family and Community Services consider the need for clearer definitions of key terms.
- 2.88** We would like to acknowledge the importance of Aboriginal housing in providing homes for Aboriginal people and the role of the Aboriginal Housing Office in helping those most in

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<sup>103</sup> Government of Western Australia, *Affordable housing strategy 2010-2020: Opening doors to affordable housing – Progress Report - 1 January 2010 to 30 June 2012* (2012).

<sup>104</sup> Parliament of Tasmania, *Legislative Council Select Committee on Housing Affordability in Tasmania* (2008).

<sup>105</sup> Tasmanian Government, Department of Health and Human Services, *Annual Report 2008-2009* (2009) p 86.

<sup>106</sup> Tasmanian Government, Department of Health and Human Services, *Annual Report 2012-13* (2013) pp 2 and 50.

need. Whilst we would have liked to explore issues related to access to social and affordable housing for Aboriginal people in greater detail, we were unable to do so due to the limited amount of evidence put forward during our inquiry. Despite this, we would like to note our support for policies and initiatives that focus on addressing housing needs for Aboriginal people, including the Build and Grow Aboriginal Community Housing Strategy and National Partnership Agreement on Remote Indigenous Housing.

- 2.89** We acknowledge that the legal, regulatory and policy framework for housing is complex, and that a number of instruments, policies and funding arrangements operate across all levels of government. The complexity of this system is apparent, and the committee is concerned that individuals, service providers and other stakeholders may find it difficult to navigate.
- 2.90** The committee found it challenging to piece together and locate information from various websites, in particular the Housing NSW website. In fact, on numerous occasions we had difficulties locating key policies and documents. We are concerned that stakeholders are experiencing similar issues when trying to understand housing policies or how they can get assistance. Given these concerns, we strongly believe that the websites need to be improved. Accordingly, we recommend that the Department of Family and Community Services comprehensively review its housing related websites, in consultation with users, to improve transparency, accessibility and customer service outcomes.

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### **Recommendation 1**

That the Department of Family and Community Services comprehensively review its housing related websites, in consultation with users, to improve transparency, accessibility and customer service outcomes.

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- 2.91** The committee notes that a number of other parliamentary inquiries on similar issues have preceded this one. We are particularly interested in the outcomes and whether there has been some success in other states in addressing housing issues. We urge the Department of Family and Community Services to look to other jurisdictions and to work collaboratively with other states and territories to resolve the challenges New South Wales is experiencing in terms of social housing and housing affordability.
- 2.92** It is clear that these issues are too big for one jurisdiction to solve alone and hence, when developing the social housing policy in Recommendation 33, we encourage the Department of Family and Community Services to learn from other jurisdictions in addressing the shortages of social, public and affordable housing.



## Chapter 3 Housing supply and demand

This chapter explores issues related to the demand for and supply of social, public and affordable housing, including the current supply of stock in the social housing sector, the demand for social housing as expressed by the wait list and the sale of public housing properties.

It also considers housing affordability and various factors that influence housing supply and demand, including the increase in house prices, new construction of housing and population growth. Finally, this chapter examines the broad impacts of unaffordable housing, particularly on social housing.

### Social housing

**3.1** This section considers the demand for and supply of social housing stock, including current supply levels, expressed need according to the wait list, tightening of eligibility policies and a reduction in public housing stock due to the disposal of government owned properties. In particular, this section will explore the government's recent decision to sell the Sirius building at The Rocks and other properties on the Sydney Harbour foreshore.

#### Supply of social housing stock

**3.1** As at June 2013, there were 153,210 social housing properties, including public, community and aboriginal housing.<sup>107</sup>

**3.2** Public housing makes up a significant part of the social housing system, with over 117,000 properties being owned and managed by the Land and Housing Corporation (LAHC) or leased from the private market. By comparison, community housing providers own 3,099 properties and lease 5,621 from the private market.<sup>108</sup> The composition of the social housing sector is shown in Table 1.

**Table 1 Composition of the social housing sector – June 2013**

Public housing		Community housing			Aboriginal housing	
Owned and managed by LAHC	Leased from private market	Owned by LAHC, managed by community housing providers	Owned by community housing providers	Leased from private market	Owned by Aboriginal Housing Office, managed by LAHC and maintained by LAHC	Owned and/or managed by Aboriginal community housing providers
114,745	3,053	17,234	3,099	5,621	4,724	4,734
117,798		25,954			9,458	
153,210						

Source: Table 1, Submission 75, NSW Government

<sup>107</sup> Submission 75, NSW Government, p 28.

<sup>108</sup> Submission 75, NSW Government, p 28.

**3.3** The committee noted a number of issues related to the type of properties and condition of public housing stock, many of which were outlined in the Auditor-General's report and show the mismatch between the properties available and tenant needs. These issues are noted briefly below.

- Many properties built prior to 1970 were 3 bedroom properties for tenants that were working families, whereas now one or two bedroom properties are needed to suit one or two person households.<sup>109</sup> This reflects a growing demand for social housing by single person households with very low incomes and complex needs.<sup>110</sup>
- Approximately 25 per cent of public housing properties are over 40 years old, with 3,315 buildings being heritage listed. Ageing stock and obligations in relation to heritage valued properties require significant maintenance and expenditure.<sup>111</sup>
- Given that a lot of the stock is larger than required, a significant portion of public housing is under occupied, with data suggesting that 30 per cent of properties with three or more bedrooms are currently being occupied by a single person or couple.<sup>112</sup>
- Property configurations often do not meet the needs of tenants and would require a significant investment to reconfigure.<sup>113</sup>
- LAHC have been prioritising the construction of one and two bedroom properties, with the current mix showing that about 38 per cent of properties are houses, 19 per cent are townhouses and 43 per cent are units.<sup>114</sup>

### **Demand for social housing**

**3.4** The main indicator of demand in terms of social housing is the NSW Housing Register (the 'wait list'), a single list that registers interest in accessing public, community and aboriginal housing. The wait list can be accessed by both Housing NSW and community housing providers to allocate social housing properties. The wait list is not an indicator of the need for affordable housing; it simply represents interest in accessing a social housing property.

**3.5** The wait list is published online and shows the waiting times in various areas across the state. Information is available by each allocation zone, including the number of applicants housed in the last 12 months according to whether they were general or priority applicants. The publication of wait list information online commenced in March 2012 so as to enable applicants to make more informed decisions when applying for social housing, for example, by considering the wait times in different areas.<sup>115</sup>

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<sup>109</sup> Submission 75, NSW Government, p 29.

<sup>110</sup> Submission 38, Compass Housing Services Co Ltd, p 14.

<sup>111</sup> Submission 75, NSW Government, p 31.

<sup>112</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, pp 15-18.

<sup>113</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 16.

<sup>114</sup> Submission 75, NSW Government, pp 29-30.

<sup>115</sup> Submission 75, NSW Government, p 25.



3.6 As at December 2013 there were over 58,000 applicants on the wait list.<sup>116</sup>

3.7 The number of applicants on the wait list according to each allocation zone is shown in Table 2.

**Table 2 The wait list by allocation zone – as at December 2013**

Region	Applicants on wait list
Sydney District	4,188
South Eastern Sydney District	6,360
Northern Sydney District	2,328
South Western Sydney	12,530
Western Sydney	8,282
Nepean Blue Mountains	3,117
Central Coast	2,589
Hunter New England	6,327
Mid North Coast	1,967
Northern NSW	2,447
Illawarra Shoalhaven	3,391
Southern NSW	1,261
Murrumbidgee	1,268
Western NSW	2,022
Far West	129

Source: Table 2, Department of Family and Community Services, *Expected Waiting times for Social Housing, December 2013*

3.8 The Auditor-General's report highlighted that in 20 per cent of the areas where social housing is available, applicants can expect to wait over 10 years for a social housing property.<sup>117</sup> However, there is often a very low wait or no wait time for larger homes, as most demand is for one or two bedroom properties.<sup>118</sup>

3.9 In terms of Aboriginal people that have applied for social housing, the committee noted that approximately 5,255 people on the wait list are Aboriginal.<sup>119</sup> Ms Mandy Young, Acting Chief

<sup>116</sup> Department of Family and Community Services, *Expected Waiting times for Social Housing December 2013 – Overview* (accessed 24 June 2014), <[http://www.housingpathways.nsw.gov.au/NR/rdonlyres/9C300EE3-F53A-46C9-A43B-48A8CBA05003/0/Expected\\_Waiting\\_Times.pdf](http://www.housingpathways.nsw.gov.au/NR/rdonlyres/9C300EE3-F53A-46C9-A43B-48A8CBA05003/0/Expected_Waiting_Times.pdf)>.

<sup>117</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 13.

<sup>118</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 31.

<sup>119</sup> Answers to questions on notice, Department of Family and Community Services, 1 July 2014, p 1.

Executive of the Aboriginal Housing Office noted that this is expected to increase by 2.5 per cent every year for the next 20 years.<sup>120</sup>

- 3.10** According to the Auditor-General's report, approximately 5,000 people on the wait list are classed as priority, meaning that they have urgent needs, for example, they are homeless or have experienced domestic or family violence.<sup>121</sup> The report also highlighted that the number of public housing applicants newly housed each year has declined, from 10,024 in 2002-03 to 6,434 in 2011-12.<sup>122</sup>
- 3.11** The Auditor-General estimated that the wait list could grow by 60 per cent to more than 86,000 by 2016.<sup>123</sup> Even more alarming is that the demand for public housing is expected to be higher than the demand for private rental housing or home ownership in the years to come, according to Compass Housing Services Co Ltd.<sup>124</sup> In addition, the Auditor-General predicted that by 2021 over 50 per cent of all social housing demand will be from older people and from those with a significant disability.<sup>125</sup>
- 3.12** In addition to the wait list, it is likely that there are a large number of individuals and families who would be eligible for social housing but have not registered their interest on the wait list. Based on modelling conducted by Housing NSW, this form of unexpressed demand is likely to reach more than 133,000 households by 2015.<sup>126</sup>
- 3.13** Similarly, the NSW Federation of Housing Associations argued that the social housing wait list cannot be considered as the only measure of demand for social housing.<sup>127</sup> They emphasised that consideration should also be given to the number of people that are counted as homeless, which was over 28,000 in 2011,<sup>128</sup> many of whom will not be on the wait list, for example, people living in overcrowded conditions.
- 3.14** Taking into account the current demand and supply of social housing, the Auditor-General's report found that social housing is only meeting 44 per cent of existing need.<sup>129</sup>

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<sup>120</sup> Evidence, Ms Mandy Young, Acting Chief Executive, Aboriginal Housing Office, 30 May 2014, p 40.

<sup>121</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 14.

<sup>122</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 13.

<sup>123</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 14.

<sup>124</sup> Submission 38, Compass Housing Services Co Ltd, p 11.

<sup>125</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 12.

<sup>126</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 45.

<sup>127</sup> Evidence, Mr John Niccolades, Chairperson, NSW Federation of Housing Associations, 13 March 2014, p 17.

<sup>128</sup> Evidence, Professor Hal Pawson, City Futures Research Centre, University of NSW, 12 March 2014, p 17.

<sup>129</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 14.

### Eligibility for social housing

- 3.15** People can apply for social housing, including public housing or community housing, by placing their details on the NSW Housing Register via Housing Pathways, a single point of entry for applications for social housing in New South Wales. The housing register is more commonly referred to as the ‘wait list’.
- 3.16** To be eligible for social housing, applicants must meet strict requirements, such as their income being under a certain threshold and not having assets that could reasonably resolve their housing needs. They also must be a resident of New South Wales and be an Australian citizen or have permanent residency. The eligibility requirements are outlined in detail on the Housing Pathways website.<sup>130</sup>
- 3.17** For applicants to be classed as ‘priority’, they must also demonstrate that they are in urgent need of housing, for example, that they have unstable housing circumstances or are experiencing domestic violence, and that they are unable to meet their need for housing in the private rental market. The latter part of this criteria requires Housing NSW, when determining an application for social housing, to consider factors such as the applicant’s housing requirements and the availability and affordability of private rental accommodation. Strict evidence must be supplied for priority applications, with evidence requirements varying depending on the circumstances of the nature of the application.<sup>131</sup>
- 3.18** During the inquiry, concerns were raised about the approach to determining eligibility, with examples of vulnerable and disadvantaged people who would have once ordinarily been able to access social housing, but now find it increasingly difficult to gain access because of a shortage of properties.
- 3.19** Kingsford Legal Centre noted that the eligibility requirements are becoming very challenging to meet. They commented that ‘shrinking public housing eligibility is making it extremely difficult for some of our vulnerable and disadvantaged clients to secure and maintain adequate housing’.<sup>132</sup>
- 3.20** Further, Kingsford Legal Centre contended that meeting the ‘priority’ threshold for eligibility was problematic, as applicants were often considered able to address their housing needs in the private market, even if more than 50 per cent of their income would need to be spent on rent. They argued that:

The application of this policy has become narrower and narrower, and now determines that an applicant is able to resolve their need in the private rental market if there are private rental properties that would cost 50 per cent of their income in rent.

<sup>130</sup> Department of Family and Community Services, Housing NSW, *Eligibility for Social Housing Policy* (accessed 3 July 2014), <<http://www.housingpathways.nsw.gov.au/Ways+we+can+Help/Social+Housing/Eligibility+for+Social+Housing+Policy.htm>>.

<sup>131</sup> Department of Family and Community Services, Housing NSW, *Eligibility for Social Housing Policy* (accessed 3 July 2014), <<http://www.housingpathways.nsw.gov.au/Ways+we+can+Help/Social+Housing/Eligibility+for+Social+Housing+Policy.htm>>.

<sup>132</sup> Submission 65, Kingsford Legal Centre, p 3.

This is despite all recognised housing affordability measures placing housing affordability at the allocation of 30 per cent of income to rent.<sup>133</sup>

- 3.21** Redfern Legal Centre raised similar concerns about tightening of the eligibility policy for social housing, particularly given an increasing number of low income earners cannot access suitable accommodation in the private market. Whilst they acknowledged that ‘those with higher needs and more urgent housing demands are placed in public housing with priority’, they remarked that ‘it is necessary to take into consideration the significant number of applicants that are unable to find accommodation and who are not eligible for priority housing’.<sup>134</sup>
- 3.22** The Factory Community Centre and South Sydney Community Aid argued there are disincentives for people in social housing to work and that if this changed, and Housing NSW partly became a provider of affordable housing, more income could be generated from public housing stock. They also contended that this approach would enable a greater mix of people to live in public housing properties.<sup>135</sup>
- 3.23** The Illawarra and South Coast Tenants Service expressed the view that eligibility should be broadened rather than narrowed, so that higher income earners could access public housing property as this would generate more income for Housing NSW and ensure public housing was diversified and had a social mix:

...we submit that there is potential for greater financial viability by broadening eligibility criteria to higher income earners in order to generate income. This would also be in line with object (c) of the *Housing Act 2001*, being ‘to ensure that public housing is developed as a viable and diversified form of housing choice’ and (i) ‘to encourage social mix and the integration of different housing forms in existing and new communities’.<sup>136</sup>

### **Sale of public housing properties**

- 3.24** Between 2003-04 and 2011-12, the Auditor-General found that approximately 5,500 properties were sold by LAHC, raising approximately \$1.2 billion. In 2012-13, LAHC budgeted for a loss of 55 properties, with net sale proceeds worth approximately \$165 million.<sup>137</sup>
- 3.25** According to the Auditor-General’s report, the sale of government properties is a major source of funding to support capital programs and operating costs, with sales being a ‘balancing lever’ to cover the annual shortfalls in funding.<sup>138</sup>
- 3.26** The committee was provided with evidence about the sale of public housing properties to fund capital programs and maintenance liabilities. Ms Anne Skewes, Deputy Director General of LAHC, commented:

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<sup>133</sup> Submission 65, Kingsford Legal Centre, p 4.

<sup>134</sup> Submission 108, Redfern Legal Centre, p 7.

<sup>135</sup> Submission 43, The Factory Community Centre and South Sydney Community Aid, p 6.

<sup>136</sup> Submission 116, Illawarra and South Coast Tenants, p 20.

<sup>137</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 22.

<sup>138</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 22.

Proceeds from sales are redirected to support...housing priorities, including upgrading and capital programs. Sales programs also are used to address strategic priorities, such as concentrations of disadvantage and reducing stock in lower-demand areas across New South Wales. Properties are sold at market value and registered real estate agents conduct the sale...with the majority of sales through public auction to maximise sale prices.<sup>139</sup>

- 3.27** The Auditor-General deemed the approach taken by LAHC in selling assets as financially unsustainable. The Auditor-General stated:

With constraints on rental and grant funding and existing assets requiring increasing maintenance expenditure, LAHC advised that to continue to operate within its means, it has implemented measures such as selling properties and delaying some capital and maintenance expenditure. This will impact the condition and level of stock, and is not financially sustainable long-term.<sup>140</sup>

- 3.28** A number of stakeholders also raised concerns about this approach. Bridge Housing pointed out that the 2013-14 Budget Papers indicate a significant disposal program by LAHC. They argued that this approach will impact the viability of the social housing system:

This approach cannot be sustained financially: It leads to a social housing system which is smaller and less viable, with even lower income streams and further de-valued assets.<sup>141</sup>

- 3.29** The 'Tenants' Union of New South Wales also agreed that the sale of public housing properties to fund repairs and maintenance is an unsustainable approach. They contended that 'this in turns reduces the stock of social housing, leads to further targeting of allocations, reduced revenues, higher costs, more sales, reduced stock, and so on'.<sup>142</sup> Churches Housing also opposed the sale of public housing stock to cover short term needs.<sup>143</sup>

- 3.30** The Illawarra and South Coast Tenants Service contended that the sale of public housing stock is not 'financially prudent'.<sup>144</sup> In making this assertion, they pointed to the Auditor-General's report, which noted that:

LAHC advises that the money recovered from individual asset sales is rarely sufficient to build new housing of the same capacity. For example, it could sell an existing fibro home for about \$120,000, it would need to sell three of these homes to be able to build a new dwelling.<sup>145</sup>

- 3.31** The City of Sydney raised similar concerns about the approach taken by LAHC in terms of selling properties to fund new supply. They recommended that:

<sup>139</sup> Evidence, Ms Anne Skewes, Deputy Director General, Land and Housing Corporation, 13 March 2014, p 31.

<sup>140</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 3.

<sup>141</sup> Submission 211, Bridge Housing, p 22.

<sup>142</sup> Submission 68, Tenants' Union of New South Wales, p 24.

<sup>143</sup> Submission 92, Churches Housing, p 28.

<sup>144</sup> Submission 116, Illawarra and South Coast Tenants Service, p 21.

<sup>145</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 22.

The sale of public housing assets to fund operational expenditure be recognised as fundamentally unsustainable and ineffective in delivering increased social and affordable housing supply to meet housing need [and]... strategies be put in place to effectively bring an end to this approach in an appropriate timeframe.<sup>146</sup>

- 3.32** Options for utilising the proceeds from the sale of public housing properties is discussed in Chapter 10.

***Sale of the Sirius building and Sydney Harbour foreshore properties***

- 3.33** During our inquiry, a number of concerns were raised about the government's plans to sell 293 properties in the Sydney Harbour foreshore, including properties in Millers Point, Gloucester Street and the Sirius building in The Rocks.<sup>147</sup>

- 3.34** The media release announcing the government's intentions stated that the properties were to be sold due to the high cost of maintenance, the investment required to improve the properties to an acceptable standard and high potential sale values.<sup>148</sup>

- 3.35** The decision to sell these properties was met with distress and concern by tenants. In relation to the Sirius building at The Rocks, the case study that follows this section details the history and significance of the building and the impact the sale announcement has had on residents.

- 3.36** At a public hearing, the committee questioned Ms Skewes, LAHC, about the sale of Sirius and Millers Point properties and whether the proceeds will be used for new supply or to address the backlog in maintenance. Ms Skewes responded:

We require Government Property to prepare the strategy for sale. That strategy will have an estimate about when properties will be sold, subject to moving through the planning processes. The intention though of all the proceeds from the sale of Millers Point will be proceeds returned to the Land and Housing Corporation, obviously net of costs...they will then be used to fund both maintenance and also to support new supply programs.<sup>149</sup>

- 3.37** When the committee sought further clarification about how the proceeds will be used, Ms Skewes again stated that the sale proceeds would be used to fund both maintenance and new supply:

Just to be clear, the proceeds from the sale of the Millers Point properties will be proceeds of sale back to the Land and Housing Corporation. That money will be used

<sup>146</sup> Submission 241, City of Sydney, p vii.

<sup>147</sup> Submission 28, Mrs Terry Tooker; Submission 53, Name suppressed; Submission 179, Mr John Dunn; Submission 238, Mr Alexandre Kazakov; Submission 122, Millers Point, Dawes Point and The Rocks Public Housing Tenant Group; Submission 172, Millers Point, Dawes Point, The Rocks and Walsh Bay Resident Action Group; Submission 243, Millers Point, Dawes Point and The Rocks Public Housing Tenants Speak; Submission 17a, Mr Ron Jennings (prepared by Ms Mary Sutton).

<sup>148</sup> Department of Family and Community Services, *High cost harbourside assets to be sold for a fairer social housing system* (accessed 30 June 2014), <[http://www.facs.nsw.gov.au/about\\_us/media\\_releases/high\\_cost\\_harbourside\\_assets\\_to\\_be\\_sold\\_for\\_a\\_fairer\\_social\\_housing\\_system](http://www.facs.nsw.gov.au/about_us/media_releases/high_cost_harbourside_assets_to_be_sold_for_a_fairer_social_housing_system)>.

<sup>149</sup> Evidence, Ms Skewes, 30 May 2014, pp 43-44.

for maintenance. It will be used to address the maintenance backlog. It is money back to the Land and Housing Corporation to support the maintenance backlog and also to support new supply.<sup>150</sup>

**3.38** When the committee asked Ms Skewes to clarify to what extent the proceeds will be used to fund new supply, she answered ‘the numbers around how that money will be apportioned are not yet determined. They will be budget matters for Government, based on the program of sale’.<sup>151</sup>

**3.39** The committee sought to clarify whether the proceeds will fund new supply of social housing specifically in the Millers Point area. In evidence, Ms Skewes responded:

The Governments decision and direction to the Land and Housing Corporation is that there would be no investment of new housing in Millers Point to replace the housing that is lost. The investment in new housing will be in other parts of the portfolio more widely, dependent on the needs of public housing tenants.<sup>152</sup>

**3.40** In a further attempt to ascertain how the sale proceeds will be used, the committee placed a question on notice about whether the proceeds will be used to fund the development of new social housing. The response from the Department of Family and Community Services was that ‘the proceeds from the sale of Millers Point properties will be reinvested in the social housing system’.<sup>153</sup>

**3.41** In relation to the investment of sale proceeds in new supply, the committee questioned departmental witnesses about whether any economic modelling had been done. Ms Skewes replied:

I have done no economic modelling because I do not have a time frame and a delivery strategy on the sales program. We have not yet got properties on the market to sell, so until we work through that exercise and I get marketing and strategy—sales advice, effectively—only then we will be able to know precisely the investment that will be made and when it will be made in new supply and the investment into maintenance and when that will be made.<sup>154</sup>

**3.42** One of the reasons put forward for the sale of these high valued properties was the significant ongoing costs required to maintain the buildings. In evidence to the committee, Ms Skewes advised:

...if we were going to keep the properties in Millers Point, it would cost somewhere between \$90 million and \$100 million out of the existing maintenance budget to go back in and upgrade those properties to a standard that would be fit for purpose. That would be money, if the Government was going to retain those properties in Millers Point and we were going to spend that money, that would come out of the maintenance budget and that would be diverted into Millers Point, I guess at the

<sup>150</sup> Evidence, Ms Skewes, 30 May 2014, p 44.

<sup>151</sup> Evidence, Ms Skewes, 30 May 2014, p 44.

<sup>152</sup> Evidence, Ms Skewes, 30 May 2014, p 45.

<sup>153</sup> Answers to questions on notice, Department of Family and Community Services, 1 July 2014, p 2.

<sup>154</sup> Evidence, Ms Skewes, 30 May 2014, p 48.

disbenefit of others who have outstanding maintenance issues in the balance of the portfolio.<sup>155</sup>

**3.43** In response to a question on notice about how much the maintenance costs are for Millers Point properties, the committee was informed by the Department of Family and Community Services that:

By today's standards much of the Millers Point portfolio is poorly suited for social housing. A great many of the properties are heritage listed and the ability to modify them to meet modern requirements is constrained. It is estimated that approximately \$90 - \$100 million is required to restore and maintain the heritage fabric of the entire Millers point portfolio in the short term. They are also significantly more expensive to maintain than other social housing. Approximately \$7 million was spent on repairs and planned maintenance in the last 2 years at Millers Point and Sirius Building.<sup>156</sup>

**3.44** Given the impact of the decision to sell these properties, the committee also questioned witnesses on the tenant relocation process. In this regard, the committee notes that a number of concerned tenants attending the public hearings. The committee was advised by the department that:

A specialist relocations team is working with each tenant individually to determine their needs. The relocations team will continue to work with each tenant throughout their relocation to ensure they are provided accommodation suited to their requirements and that they are satisfactorily re-established within their new community...Every tenant will be offered reasonable alternative accommodation and all reasonable costs of moving, including reconnecting utilities, will be covered.<sup>157</sup>

**3.45** Another issue the committee explored was whether a social impact assessment had been conducted and what the outcomes were. In this regard, the committee notes that the assessment undertaken in relation to the sale of Millers Point properties identified several negative outcomes, including the cumulative loss of social housing in the inner city allocation zone, the loss of the important social history of the area and negative impacts in terms of the health and wellbeing of residents arising from the relocation of residents. The assessment also noted that if no sale occurs, the community could be characterized by an ageing population, with complex needs and possible further degradation of the properties and loss of social history due to high maintenance costs.<sup>158</sup>

**3.46** To mitigate these impacts, the social impact assessment made a number of recommendations, including:

- replacing the loss of social housing in Millers Point through divestment in the Inner Sydney area
- transparency about how the funds will be used to improve social housing

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<sup>155</sup> Evidence, Ms Skewes, 30 May 2014, p 52.

<sup>156</sup> Answers to questions on notice, Department of Family and Community Services, 1 July 2014, p 2.

<sup>157</sup> Answers to questions on notice, Department of Family and Community Services, 1 July 2014, p 2.

<sup>158</sup> Cred Community Planning, *Social Impact Assessment of the potential social impacts on the existing Millers Point community, and the broader social housing system, that may result from the sale of any further social housing in Millers Point*, (accessed 25 July 2014), <[http://www.facs.nsw.gov.au/\\_\\_data/assets/file/0005/295592/Millers\\_Point\\_SIA.PDF](http://www.facs.nsw.gov.au/__data/assets/file/0005/295592/Millers_Point_SIA.PDF)>.



- consideration of opportunities for a diverse mix of housing types and forms in Millers Points including private, social, affordable and accessible housing
- keeping residents informed and involved in the relocation process.<sup>159</sup>

3.47 The committee notes the government's response to the social impact assessment, which included:

- acceptance of the need to work with residents to ensure their needs are addressed
- support for older residents, although FACS did not accept the option of some older people being able to stay living in Millers Point or to relocate nearby and to age in place
- rejection of the proposition that social housing be developed in the Millers Point area.<sup>160</sup>

### Case study – Sirius, The Rocks

On 19 March 2014 the then Minister for Family and Community Services The Hon Pru Goward MP announced the sale of the Sirius building, a well-known public housing complex in The Rocks.

Mr Ron Jennings, a long term resident of Sirius, outlined how the Sirius building came to be built in his submission:

Sirius was built to rehouse public tenants displaced during the controversial redevelopment of The Rocks during the 1960s and 1970s. Eventually building work in the Rocks was halted by union Green Bans and resident opposition. In 1975 the Sydney Cove Redevelopment Authority agreed to suspend most of its development plans and rehouse displaced public housing tenants in new public housing.<sup>161</sup>

The Sirius complex was designed by Tao Gofers and has been described as an innovative, 'ingenious' and 'bold' architectural 'experiment in low-income public housing'.<sup>162</sup> It was built for the then Housing Commission of NSW in 1978 in partnership with the Sydney Cove Redevelopment Authority to provide social housing for about 200 tenants in The Rocks.<sup>163</sup> Sirius was officially opened in 1980 and has for over 30 years provided social housing for a diverse range of people.<sup>164</sup> The building is owned

<sup>159</sup> Cred Community Planning, *Social Impact Assessment of the potential social impacts on the existing Millers Point community, and the broader social housing system, that may result from the sale of any further social housing in Millers Point*, (accessed 25 July 2014), <[http://www.facs.nsw.gov.au/\\_\\_data/assets/file/0005/295592/Millers\\_Point\\_SIA.PDF](http://www.facs.nsw.gov.au/__data/assets/file/0005/295592/Millers_Point_SIA.PDF)>.

<sup>160</sup> Department of Family and Community Services, *Government Response to Social Impact Assessment*, (accessed 25 July 2014), <[http://www.facs.nsw.gov.au/\\_\\_data/assets/file/0006/295593/Millers\\_Point\\_Government\\_Response\\_to\\_SIA.pdf](http://www.facs.nsw.gov.au/__data/assets/file/0006/295593/Millers_Point_Government_Response_to_SIA.pdf)>.

<sup>161</sup> Submission 17, Mr Ron Jennings, Attachment 1, p 2.

<sup>162</sup> Submission 17, Mr Ron Jennings, Attachment 1, p 20 - Joe Rollo, 'Tao Gofers Architect', *Concrete Rearview*, issue 11, <<http://www.ccaa.com.au/sub/cplusa/articles/issue/11/rearview/>>.

<sup>163</sup> Submission 17, Mr Ron Jennings, p 1.

<sup>164</sup> Submission 17, Mr Ron Jennings, p 2.

by the LAHC with the land leased from the Sydney Harbour Foreshore Authority. The Sirius building was initially leased to 2030 in a shared agreement between Housing Commission NSW and the Sydney Cove Redevelopment Authority.<sup>165</sup>

During a site visit to the Sirius building in March 2014, the committee heard of the building's importance in providing a home for many residents and 'the reasons for the success' and achievements of Sirius as a mixed tenure social housing complex.<sup>166</sup> On this visit, Mr Jennings on behalf of the residents, expressed their anxiety about the future of the lease and whether the Government would fulfil the agreement until 2030.<sup>167</sup>

During a public hearing the following day, the committee questioned Ms Skewes, LAHC, about the future of the Sirius building. Ms Skewes informed the committee that the Government had made no announcement about the direction of Millers Point and that a response should be sought from the government directly.<sup>168</sup> A week later the sale announcement was made.

### **Impact of the announcement**

Residents voiced shock and distress at the sale announcement, with Mr Jennings capturing residents' views by referring to 'the melancholy loss of Sirius'.<sup>169</sup> The Sirius building according to Mr Jennings is a 'social and affordable housing innovation'<sup>170</sup> which is a 'successful, cost effective .... asset' to Sydney.<sup>171</sup> The Inner Sydney Regional Council for Social Development considered the Sirius complex as 'one of the few high-rise, high density public housing buildings that has stood the test of time in terms of meeting Housing NSW's and tenants needs'.<sup>172</sup> It also praised the innovative design of the complex which 'encompasses roof top gardens, courtyards and balconies' and communal areas, 'all of which create ... a sense of community'.<sup>173</sup>

It is this sense of community which is evident at Sirius and in The Rocks and Millers Point areas more generally, as noted by the Millers Point, Dawes Point, The Rocks and Walsh Bay Resident Action Group. They stated that the value of the community is in the 'encouragement, acknowledgement and assistance' it provides to residents, in addition to the 'opportunities for discussion and communication, [and] assistance with daily living and emotional support'.<sup>174</sup>

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<sup>165</sup> Submission 17, Mr Ron Jennings, p 1.

<sup>166</sup> Correspondence from Ms Mary Sutton, to Committee, 18 February 2014.

<sup>167</sup> Evidence, Mr Paul Green MLC, 13 March 2014, p 39.

<sup>168</sup> Evidence, Ms Skewes, 13 March 2014, p 39.

<sup>169</sup> Submission 17a, Mr Ron Jennings (prepared by Ms Mary Sutton), p 1.

<sup>170</sup> Submission 17, Mr Ron Jennings, p 1.

<sup>171</sup> Submission 17a, Mr Ron Jennings (prepared by Ms Mary Sutton), p 1.

<sup>172</sup> Submission 93, Inner Sydney Regional Council for Social Development, p 5.

<sup>173</sup> Submission 93, Inner Sydney Regional Council for Social Development, p 5.

<sup>174</sup> Submission 172, Millers Point, Dawes Point, The Rocks and Walsh Bay Resident Action Group, p 2.

The committee heard fears from the City of Sydney about the impact of the sale of Sirius and properties in Millers Point upon the social wellbeing of residents, with relocation breaking ‘established social ties’ and proximity to essential services.<sup>175</sup> As Mr Alexandre Kazokoz explained:

Many tenants in Millers Point social housing have been living [here] for a long time and these are their homes and not just housing they live in. The majority of these tenants are elderly, frail people of poor health [w]hose very survival depends on having family, medical, psychological and other support systems.<sup>176</sup>

### *Future of the Ivanhoe estate*

**3.48** The committee received a number of submissions from residents of the Ivanhoe estate, a public housing estate located in Macquarie Park, Sydney. One resident informed the committee that in March 2012 an announcement was made on television about the estate being demolished to make way for a new development.<sup>177</sup> Another local resident reported that a development on Herring Road would mean there is only room for 270 of the 700 tenants that currently reside on the estate.<sup>178</sup>

**3.49** From the submissions, it was evident that the residents of the Ivanhoe estate are distressed, anxious and concerned about their future. Many do not know what is happening or when, or what their future holds. Mrs Victoria Newstead commented: ‘here we are in 2014 going into the third year this March of not really knowing what is happening to our homes, our community and our lives’.<sup>179</sup>

**3.50** This uncertainty and confusion was also expressed by a number of other submission authors, including one resident who stated:

... they turned on the television to hear that their estate was earmarked for demolition and development...They had to go to housing to find out what the television report was all about. Now three years later they still don’t know what is to become of their community. Many are suffering depression and the elderly are suffering anxiety as a result of flawed communication and lack of information.<sup>180</sup>

**3.51** A number of submission authors reported stress, anxiety and health concerns, mainly because of the uncertainty they have experienced since the announcement.<sup>181</sup> Mr Suresh Prasad commented that ‘no one seems to know where we will go if they decide to demolish this place as I may be sent away from my family and I would find it very distressing to be separated from my grandchildren and other family members’.<sup>182</sup>

<sup>175</sup> Submission 241, City of Sydney, p 19.

<sup>176</sup> Submission 238, Mr Alexandre Kazokoz, p 1.

<sup>177</sup> Submission 143, Ms Elizabeth Donnellan, p 1.

<sup>178</sup> Submission 176, Name suppressed, p 5.

<sup>179</sup> Submission 27, Mrs Victoria Newstead, p 1.

<sup>180</sup> Submission 176, Name suppressed, p 5.

<sup>181</sup> Submission 181, Mr Garo Hekemian, p 1; Submission 237, Ms Lyn Maciver, p 3.

<sup>182</sup> Submission 184, Mr Suresh Prasad, p 1.

- 3.52** Mr Stuart McConnell argued that the decision disregarded the social well-being and dignity of residents. He stated:

To allow only 200 people to remain in a high-rise and deprive some 500 of the remaining residents of decent terrace housing that they presumably had to wait some years to obtain is a sad commentary on Government policy in the so-called 'lucky country'. A government that seems more concerned with making a quick buck than the dignity and social well-being of those of its citizenry who are least able to afford it.<sup>183</sup>

- 3.53** Another resident, Ms Rebecca Hart, highlighted the impact the relocation will have on people, given they will be moved away from their support networks and services. She commented:

Research tells us that geographic location and one's postcode area has a significant impact on the outcome of people of low socio-economic status. By removing people away from their homes in North Ryde we are moving them away from their social capital (also significant in positive outcomes), local infrastructure, education institutes and well-supported communities.<sup>184</sup>

- 3.54** Similar concerns were expressed by another resident who argued socio-economic problems will result from the 'poor' being relocated:

I believe that 'shipping' our poor out to cheaper real estate ... reflects a lack of justice, compassion and mercy. It would also seem that it would create further socio-economic problems in these communities rather than continuing to integrate them into more affluent suburbs and the privileges that comes with that. I urge you to reconsider and not destroy the homes of over 700 of the poor in our community.<sup>185</sup>

- 3.55** Another resident of Ivanhoe pointed to the success of the estate and the fact that it had won design awards in the past. According to this resident, the estate has a number of successful design features, including a communal courtyard, garden and tearoom where computer access and other support services are provided.<sup>186</sup>

- 3.56** Other residents emphasised the strong community spirit and pride that exists on the estate. Mr Peter Evans told the committee that the estate is a close-knit community where residents support each other. He raised concerns about the impact of the proposed development on elderly residents and the lack of communication between government and residents.<sup>187</sup>

### **Vacancy rates**

- 3.57** Other issues related to the supply of social housing properties are the vacancy rate and turnaround time, indicators that show how many properties are vacant during a period of time and how long it takes between one tenant moving out and another moving in.

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<sup>183</sup> Submission 193, Mr Stuart McConnell, p 1.

<sup>184</sup> Submission 196, Mrs Rebecca Hart, p 1.

<sup>185</sup> Submission 195, Name suppressed, p 1.

<sup>186</sup> Submission 176, Name suppressed, p 5.

<sup>187</sup> Submission 183, Mr Peter Evans, p 1.

**3.58** During a hearing, the committee asked questions to clarify the vacancy rate for properties owned by LAHC. Mr Mike Allen, Chief Executive of Housing NSW, advised:

In general terms an average of 10 per cent of the portfolio would become vacant each year. That is the general trend. That is fairly consistent with the percentage or proportion of vacancies that you would see in most other State and Territory jurisdictions.<sup>188</sup>

**3.59** At a later hearing, Mr Paul Vevers, Executive Director of Housing NSW, also spoke about vacancy rates, stating:

All up at any one time about 3 per cent of properties would be vacant. That is consistent with a normal turnover and consistent with a vacancy rate in the private rental sector where 3 per cent is a normal figure.<sup>189</sup>

**3.60** The committee asked Mr Allen whether he would be able to know at any one time how many properties are actually vacant. He replied by emphasising that Housing NSW relies on tenants to advise them when they have vacated a property, which may make the figures unreliable:

...we do monitor vacancies from the point of time at which we get advice that the tenant has left the dwelling. That usually comes to us formally from the tenant but in many cases, unfortunately, we do not find out for some time if the tenant has vacated without providing advice to us and without returning the keys.<sup>190</sup>

**3.61** The Inner West Housing Tenants Committee claimed that some properties are left vacant for extended periods of time. Ms Anibal Arrarte, from the tenants committee, commented:

There are way too many properties that have lain idle for long periods of time, reportably at times up to 12 months. Even I am aware of a property in my area of Five Dock that has been unoccupied for the past 12 months.<sup>191</sup>

**3.62** When the committee questioned Mr Allen further about tenants reporting that neighbouring properties are left vacant for periods of up to six months, Mr Allen replied:

...we do not always get advice from our tenants that they have vacated. Local neighbours may see a property as vacant... But it may well have been vacant for some weeks or months before the neighbours think to give us a call.<sup>192</sup>

**3.63** Mr Allen also advised the committee that the turnaround time depends on the extent of repair work needed on the property:

... we monitor the performance of our contractors in getting in and doing the work to individual properties. The length of time a property will be vacant will depend on the level of work that might be necessary to be undertaken.<sup>193</sup>

<sup>188</sup> Evidence, Mr Mike Allen, Chief Executive, Housing NSW, 13 March 2014, p 38.

<sup>189</sup> Evidence, Mr Paul Vevers, Executive Director, Housing NSW, 30 May 2014, p 56.

<sup>190</sup> Evidence, Mr Allen, 13 March 2014, p 38.

<sup>191</sup> Submission 70, Inner West Housing Tenants Committee, p 2.

<sup>192</sup> Evidence, Mr Allen, 13 March 2014, pp 38-39.

<sup>193</sup> Evidence, Mr Allen, 13 March 2014, p 38.

- 3.64** In terms of the turnaround time for a property, Mr Allen reported that ‘in 2013 the average vacant turnaround time in New South Wales was 28.8 days’.<sup>194</sup>

### **The shortfall in social housing supply**

- 3.65** As set out in evidence, the demand for social housing is exceeding the current supply of social housing, with further growth likely to be influenced by an unsustainable approach taken by LAHC in terms of selling properties to cover the shortfall in funding, as outlined in the Auditor-General’s report.
- 3.66** According to the Auditor-General’s report, social housing as a proportion of all housing has declined and LAHC have projected that they will be disposing of more than double the number of properties they are building over the next four years. The report also found that for social housing to meet the same level of demand in 2012 it would require an additional 2,500 social housing properties each year, at a cost of more than \$9 billion over 10 years.<sup>195</sup>
- 3.67** The Combined Pensioners and Superannuants Association of NSW Inc expressed concern that the supply of social housing is declining, despite increasing demand in the community.<sup>196</sup>
- 3.68** Bridge Housing expressed the view that selling properties ‘in the context of increasing waiting lists and decreasing affordability’ does not make policy sense.<sup>197</sup>
- 3.69** Youth Action referred to a comment from Dr Lucy Groenhart, an academic in this area, who stated ‘even with the stimulus package funding from 2009, social housing supply has not kept up with overall growth rates in Australia’s population and housing stock’.<sup>198</sup>
- 3.70** Further, Youth Action highlighted that the shortfall in social housing is occurring despite a larger role being played by community housing providers. They provided another quote from Dr Groenhart who stated:

Although the stimulus spending achieved its intent of supporting the economy, it also just delivered an increase in the supply of social housing by 2011. Transfers to stock to community housing providers do not seem to be generating the asset based leveraging of dwelling numbers promised. Without another global economic crisis that channels new funds into social housing construction, the next decade is looking bleak for Australia’s social housing sector.<sup>199</sup>

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<sup>194</sup> Evidence, Mr Allen, 13 March 2014, p 38.

<sup>195</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, pp 11 and 16.

<sup>196</sup> Submission 188, Combined Pensioners and Superannuants Association of NSW Inc, p 4.

<sup>197</sup> Submission 211, Bridge Housing, p 22.

<sup>198</sup> Submission 106, Youth Action, p 7.

<sup>199</sup> Submission 106, Youth Action, p 7.

## Factors influencing housing affordability

- 3.71** This section looks at a number of issues affecting the housing market and housing affordability, including the significant growth in house prices across New South Wales, particularly in Sydney. It also considers other factors affecting housing affordability, including a shortage in the construction of new dwellings, increased rental costs and pressures in the private rental market, and population growth.
- 3.72** This section is not exhaustive and the committee acknowledges that inquiry participants have evidence that a number of other factors may influence the demand for and supply of housing, including the economy and job growth,<sup>200</sup> the adequacy of financial support supports,<sup>201</sup> an ageing population,<sup>202</sup> the number of unoccupied homes<sup>203</sup> and migrant populations<sup>204</sup>.

### Growth in house prices

- 3.73** One of the main factors affecting housing affordability is the growth in house prices, with significant increases in prices across New South Wales and more specifically in Sydney. The committee heard that the growth in houses prices is connected to policies that favour investors, including negative gearing and capital gains tax discounts.
- 3.74** During a hearing, Mr Geordon Murray, Economist, Housing Industry Association, provided evidence to the committee about the strong growth in house prices and the impact on housing affordability. He commented:
- ... home prices in New South Wales have grown strongly over the last year or more. The majority of the growth has been driven by Sydney. While there are signs that price growth may be moderating, home prices in Sydney have grown by 5 per cent in the first four months of 2014. If this rate of growth were to be replicated throughout the remainder of the year, that would clearly be a cause for concern. Rising prices have an impact on home purchase affordability and housing costs throughout the economy.<sup>205</sup>
- 3.75** Shelter NSW pointed to research from the National Housing Supply Council that showed house prices have increased faster than incomes over the past 15 years.<sup>206</sup>
- 3.76** The NSW Federation of Housing Associations also pointed out the significant increase in house prices relative to income. They stated:

<sup>200</sup> Submission 75, NSW Government, p 24.

<sup>201</sup> Submission 82, Mission Australia, p 7; Evidence, Ms Helen Backhouse, Board Member, Regional Development Australia, Illawarra, 1 May 2014, p 10; Evidence, Ms Susan King, Director Advocacy and Research, Anglicare Sydney, 30 May 2014, p 20.

<sup>202</sup> Submission 232, Western Sydney Regional Organisation of Councils, p 2.

<sup>203</sup> Evidence, Dr Judith Yates, City Futures Research Centre, University of New South Wales and University of Sydney, 12 March 2014, p 26.

<sup>204</sup> Submission 232, Western Sydney Regional Organisation of Councils, p 2.

<sup>205</sup> Evidence, Mr Geordan Murray, Economist, Housing Industry Association, 12 May 2014, p 27.

<sup>206</sup> Submission 95, Shelter NSW, p 2.

The housing affordability crisis has worsened over the past decade as housing costs increased during the 2000s: between 1996 and 2006, average Australian house prices almost doubled relative to income after controlling for inflation.<sup>207</sup>

- 3.77** Similarly, the McKell Institute provided information from the Productivity Commission who forecast 1.1 per cent annual growth in incomes; far lower than the growth in house prices. The McKell Institute stated ‘this indicates that even under the most conservative assumptions, the median multiple measure of affordability is likely to deteriorate further for Australia and for Sydney especially’.<sup>208</sup>
- 3.78** Many stakeholders highlighted the housing affordability crisis in Sydney, where it takes 9.0 times the median income to buy a home, in comparison to 6.7 for the rest of Australia. The McKell Institute argued that this makes Sydney the nation’s most unaffordable city.<sup>209</sup>
- 3.79** Another issues affecting housing affordability is the artificial inflation in house prices as a result of foreign investment. Mr John Willmont argued that properties are being marketed offshore for 10 to 15 per cent above the domestic market. He stated that these overinflated sales significantly increase the domestic price of future supply of off the plan purchases and ultimately the broader market.<sup>210</sup>
- 3.80** The growth in Sydney house prices is illustrated in the case study below.

#### Case study – Sydney house prices

A number of stakeholders highlighted the growth in Sydney house prices and pointed to it as an unaffordable city. In fact, the McKell Institute highlighted the results from the tenth Annual Demographia International Housing Affordability Survey that shows that Sydney is the fourth most unaffordable city for home buyers, after Hong Kong, Vancouver and San Francisco.<sup>211</sup>

The McKell Institute also provided data from Australian Property Monitors in December 2013 which showed that Sydney prices are at a record high, with the median house price being \$763,169, or 28 per cent above the national capital city median house price, and the median unit price being \$541,992, or 18 per cent above the national median unit price.<sup>212</sup>

In terms of future growth, Sydney house prices are expected to grow by another 10 per cent on average in 2014, which would increase the median house price in Sydney to approximately \$840,000. Over the next three years, house prices are expected to grow by 19 per cent, meaning the median house price would be just over \$910,000.<sup>213</sup>

<sup>207</sup> Submission 131, NSW Federation of Housing Associations, p 9.

<sup>208</sup> Submission 109, McKell Institute, p 6.

<sup>209</sup> Submission 109, McKell Institute, p 5.

<sup>210</sup> Submission 255, Mr John Willmont, p 1.

<sup>211</sup> Submission 109, McKell Institute, p 5; Submission 57, Regional Development Australia Sydney, p 3.

<sup>212</sup> Submission 109, McKell Institute, p 5.

<sup>213</sup> Submission 109, McKell Institute, p 6.



The growth occurring in the Sydney market is significant, and higher than any other major Australian city.<sup>214</sup> The McKell Institute and Unions NSW suggested that property owners in Sydney now earn more income from capital gains each day than the average employee in New South Wales earns through working.<sup>215</sup>

### *Measures of housing affordability*

- 3.81** In terms of measures of housing affordability, one measure used is the Housing Industry Association – Commonwealth Bank Affordability Index, a measure that describes the relationship between household income and mortgage costs based on house prices and interest rates. The Housing Industry Association explained that an increase in the index means the burden of mortgage repayments is decreasing. The latest update provided to the committee showed that in the December quarter the index dropped by 4.4 per cent because of strong property price growth, indicating housing affordability is still a concern.<sup>216</sup>
- 3.82** Another measure of affordability is the Housing Industry Association New House Affordability Index which tracks new detached house prices relative to established detached house prices. The Housing Industry Association explained that an index reading of 0 would mean that new house prices are the same as established house prices, whereas a reading above 0 would mean that new houses are more affordable than established houses and a reading below 0 would mean that new houses are less affordable than established houses.<sup>217</sup>
- 3.83** According to this index, in September 2013 the index showed a negative reading of 8 for all areas other than Sydney, meaning new detached houses were more affordable when compared with established dwellings. However, in Sydney, the index level was 7.9, indicating new houses were more affordable than established house prices.<sup>218</sup>

### **Taxation policies and house prices**

- 3.84** The committee received evidence about the impact certain taxation policies are having on house prices, with it being argued that there is preferential tax treatment for investors in the market.
- 3.85** Shelter NSW argued that speculative investment and tax policies such as negative gearing and capital gains discounts are contributing to house price inflation. They said that negative gearing allows ‘more generous deductibility of losses than for other kinds of investment’. In their submission, they stated that ‘housing investment has come to be dominated by

<sup>214</sup> Submission 109, McKell Institute, p 5.

<sup>215</sup> Submission 109, McKell Institute, p 5; Submission 67, Unions NSW, p 1.

<sup>216</sup> Tabled document, Housing Industry Association, Opening statement, p 1; Submission 132, Housing Industry Association, p 3.

<sup>217</sup> Submission 132, Housing Industry Association, p 5.

<sup>218</sup> Submission 132, Housing Industry Association, p 5.

speculative investment, driven by the need to maximise capital gains or the opportunity to realise unearned gains from value uplift'.<sup>219</sup>

**3.86** Shelter NSW acknowledged that these issues involve federal taxation measures, however, they argued that it is the state who:

...carries the costs of unaffordable housing markets, and there is strong incentive for the state to seek to influence the Commonwealth Government to introduce measures, such as those recommended in the Henry Tax Review to address this problem.<sup>220</sup>

**3.87** The Tenants' Union of New South Wales also pointed to the influence tax policies are having on house prices. Firstly, they argued that there is preferential tax treatment for owner-occupied housing because of exemptions for capital gains tax, income tax and state land tax. They argued that this encourages people with 'money to spare to spend it – or rather, leverage it and spend it – on their own housing'. They stated that this policy approach had not led to an increase in the rates of owner occupation; instead evidence has showed that the rates of owner occupation have declined.<sup>221</sup>

**3.88** Secondly, the Tenants' Union of New South Wales pointed out that the growth in house prices is mainly driven by investors, who borrow funds in pursuit of speculative gains. They considered the tax policy of negative gearing and argued:

Together, these tax settings subsidise landlords' costs of speculation, and amplify speculative gains, with greater advantage given to landlords with higher incomes and higher levels of gearing. These settings have encouraged many persons to become speculative landlords.<sup>222</sup>

**3.89** Unions NSW also insisted that negative gearing is encouraging investors into the market, making housing less affordable for young people. Mr Mark Lennon, Secretary of Unions NSW commented:

The other problem which we cannot address here ... is investors getting into the market, the question of negative gearing, whether that encourages investors to get into the market and whether they are pushing younger people out and making housing less affordable for them. If we are talking about housing affordability in Sydney in particular I think it needs to be considered.<sup>223</sup>

**3.90** The 2013 Grattan report titled *Renovating Housing Policy* also argued that investors benefit from the tax policies of negative gearing and the capital gains tax discount. This report addressed and discounted the counter argument that negative gearing encourages the supply of new homes and rental housing, as it stated that in June 2013 only 5 per cent of money lent for investment went to new dwellings, and that rental vacancy rates are low which indicates a shortage of rental properties.<sup>224</sup>

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<sup>219</sup> Submission 95, Shelter NSW, p 9.

<sup>220</sup> Submission 95, Shelter NSW, p 9.

<sup>221</sup> Submission 68, Tenants' Union of New South Wales, p 5.

<sup>222</sup> Submission 68, Tenants' Union of New South Wales, p 7.

<sup>223</sup> Evidence, Mr Mark Lennon, Secretary, Unions NSW, 12 May 2014, p 24.

<sup>224</sup> Jane-Frances Kelly, Grattan Institute, *Renovating housing policy* (2013), p 25.

**3.91** A number of other stakeholders agreed that tax policies are impacting house prices, for example, Achieve Australia who claimed that the taxation system encourages investment in second and third properties, creating a system that favours owner occupiers over renters.<sup>225</sup>

**3.92** The Australian Manufacturing Workers Union claimed that current policies favour investors, thereby increasing demand and pushing property prices up. They concluded that:

Winding back negative gearing and the capital gains tax discount would stop artificial inflation of demand for investment properties and enable more people to buy their first home.<sup>226</sup>

**3.93** When the committee asked Mr Eamon Waterford, Director of Policy and Advocacy at Youth Action, about negative gearing and whether it should be abolished, Mr Waterford commented:

I would advocate for a phasing out of it over a number of years...It is a bit unfair to people who have already made investment decisions based on having negative gearing in place. But negative gearing is an incredibly inefficient tax break that provides a significant benefit to people, generally speaking, who can afford an investment property, which means that they are rich. It has very little social value. There has certainly been the argument that it increases supply, because negative gearing allows people to build more houses but that has been shown, time and time again, not to be true. In fact, it has very little effect on the number of houses. The amount of money that is lost to the Federal Government as a result of negative gearing would be far better spent in other ways to promote the increase in housing supply. Negative gearing, by and large, is a transition of wealth from the community to the wealthy.<sup>227</sup>

**3.94** Another issue related to tax policies and the growth in house prices is overconsumption of housing, where people purchase houses that are larger than their household size. Shelter NSW argued that overconsumption is affecting house price inflation, as there is an overinvestment in owner occupied housing because of tax concessions, for example, capital gains tax and exemptions from the asset test for the age pension. As evidence of this issue, they highlighted that between 2001 and 2011 the proportion of one and two person households living in larger houses, of three of four bedrooms, increased by 4.1 and 4.5 per cent respectively.<sup>228</sup>

**3.95** Another issue raised was the impact of stamp duty and the disincentive for property owners to downsize due to the costs associated with the sale of properties. It was suggested in a number of submissions that the option be to move away from stamp duties to a land tax, applied annually. Other states, including ACT are transitioning to this approach. Mr Adam Farrar, Policy Officer, Shelter NSW, commented:

...there would be thresholds but that in principle it is a broad-based land tax and that it would be introduced very gradually. It is interesting to note that there has been the beginning of an attempt to wind back stamp duty and replace it with a broader based approach to land taxes, which is being led by the ACT.<sup>229</sup>

<sup>225</sup> Submission 130, Achieve Australia, p 13.

<sup>226</sup> Submission 239, Australian Manufacturing Workers Union, p 10.

<sup>227</sup> Evidence, Mr Eamon Waterford, Director, Policy and Advocacy, 30 May 2014, p 68.

<sup>228</sup> Submission 95, Shelter NSW, p 10.

<sup>229</sup> Evidence, Mr Adam Farrar, Policy Officer, Shelter NSW, 13 March 2014, p 24.

**3.96** Mr Lennon, Secretary of Unions NSW, also stated:

We have modelled our submission on what has happened in the Australian Capital Territory where they are gradually moving to the land tax model over a 20-year period.<sup>230</sup>

### **Construction of new homes**

**3.97** A significant factor contributing to housing unaffordability is an overall shortage in the supply of housing and slow rates of construction of new housing. Related to the issue of housing supply is housing finance, with it being argued that measures of housing finance can indicate improvement in housing supply and the residential construction sector.

**3.98** Regional Development Australia Sydney suggested that New South Wales is currently experiencing the largest housing shortage in Australia.<sup>231</sup> This was supported by Unions NSW, as they provided data from the National Housing Supply Council which estimated that the housing shortage will reach 186,000 dwellings by 2020.<sup>232</sup>

**3.99** According to the National Housing Supply Council, approximately 42,000 new houses would need to be constructed across the state every year to meet demand. Unions NSW argued that construction of between 30,000 and 35,000 houses per annum should be set as a target, and that such a boost in terms of housing supply would also have other positive impacts, including job creation and state growth.<sup>233</sup>

**3.100** In terms of targets, the McKell Institute observed that in Sydney, the Metro 2036 strategy required the NSW Government to ensure that 23,300 new homes were built across greater Sydney each year between 2006 and 2036. They pointed out that in the five-year period from 2006 to 2011, only 69,851 homes were built, representing 40 per cent less than the required target.<sup>234</sup>

**3.101** A number of inquiry participants including Churches Housing took the view that house prices are being influenced by the insufficient supply of new housing. Mr Magnus Linder, Executive Officer, Churches Housing, stated:

One of the dilemmas this country has seen is that no matter what the past incentives and different things have been the net rate of construction per year is virtually a straight line, with very few little bumps on the graph, with approximately 120,000 dwellings per year regardless. I think we need to probably do something different to see that actually go upwards rather than remain stagnant. Part of that pressure on prices and rents is a result of us not building sufficient housing.<sup>235</sup>

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<sup>230</sup> Evidence, Mr Lennon, 12 May 2014, p 21.

<sup>231</sup> Submission 57, Regional Development Australia Sydney, p 3.

<sup>232</sup> Submission 67, Unions NSW, p 3.

<sup>233</sup> Submission 67, Unions NSW, p 3.

<sup>234</sup> Submission 109, McKell Institute, p 8.

<sup>235</sup> Evidence, Mr Magnus Linder, Executive Officer, Churches Housing Inc, 30 May 2014, p 28.

**3.102** Dr Tim Williams, Chief Executive Officer, Committee for Sydney, gave evidence that indicated the relationship between supply and demand is complex, and that producing more housing will not necessarily result in a significant reduction in house prices to improve affordability:

...normally in a market you think if you produce a lot more the price drops...It is not that easy in our market. Part of the reason is that 98 per cent of all homes in the market already exist. So even if you build 2 per cent or 3 per cent more in a year, which is quite good going, it does not really have a big effect on house prices.<sup>236</sup>

**3.103** Similarly, the Housing Alliance also explained that several other factors affect housing affordability, including:

- skills and labour force shortages which contribute to the cost of building, particularly in regional areas affected by mining
- local councils that do not have affordable housing strategies or are not in favour of affordable housing approaches
- planning delays at the local level
- limited land release opportunities in some areas.<sup>237</sup>

**3.104** The Housing Industry Association provided evidence to the committee about building approvals, as an indication of new construction and growth in housing. They noted that residential building approvals are at the highest level in over a decade, with a majority of approvals being for dwellings in buildings of four or more storeys and a rise in detached house approvals as well.<sup>238</sup>

**3.105** Mr Murray, Housing Industry Association, agreed that there are signs of improved conditions in terms of new home building. He stated:

Dwelling approvals rose consistently throughout 2013 and have remained at elevated levels in the first quarter of 2014, where approvals occurred at an annualised rate of around 55,000 dwelling—the highest level New South Wales has achieved in about 15 years. The majority of the activity has been in the multi-unit sector, where activity in the March quarter was 15 per cent higher than the December quarter and 57 per cent higher than the March quarter of 2013. Detached dwelling approvals also rose by a very strong but comparatively less remarkable 7 per cent in the quarter to a level that is 26 per cent higher than a year ago.<sup>239</sup>

**3.106** On this point, Dr Williams remarked that construction has almost doubled in the last three years. He stated:

Whereas three years ago we were only producing 14,000 homes per year, in the past three years—this is a real tick—it has doubled virtually, and it is on a good track but it needs to be 40,000.<sup>240</sup>

<sup>236</sup> Evidence, Dr Tim Williams, Chief Executive Officer, Committee for Sydney, 12 March 2014, p 3.

<sup>237</sup> Submission 74, The Housing Alliance, p 5.

<sup>238</sup> Submission 132, Housing Industry Association, p 7.

<sup>239</sup> Evidence, Mr Murray, 12 May 2014, p 27.

<sup>240</sup> Evidence, Dr Williams, 12 March 2014, p 5.

- 3.107** Further, in terms of the location of new dwellings in the Sydney area, Dr Williams noted that nearly 70 per cent of housing development applications come from areas west of Parramatta in Western Sydney.<sup>241</sup>
- 3.108** Despite the increase in new home building, Dr Williams pointed out that building new houses to address supply issues is not necessarily the key to improving housing affordability. He explained that house prices have still grown despite more houses being built in the last three years, demonstrating there are still challenges with affordability.
- 3.109** The Housing Industry Association explained that new home lending in 2013 had strong results, with over 23,000 loans for the construction or new purchase of a home. They observed that this is the strongest result in a decade.<sup>242</sup>
- 3.110** Further, the Housing Industry Association pointed out that new home lending to owner occupiers was higher in the December 2013 quarter than two years earlier. In addition, they suggested that the investor side of the market also showed positive results, with lending for the construction of new homes rising by 46.2 per cent over the previous calendar year.<sup>243</sup>
- 3.111** Despite these results, the Housing Industry Association noted that lending to first home buyers is still at historical lows. They stated that there was a decrease of 14.1 per cent from a year earlier in terms of lending to first home buyers. They still, however, argued that this situation would improve because of results from the December 2013 quarter, which showed that loans to first home buyers were 8.5 per cent of all owner-occupied loans.<sup>244</sup>
- 3.112** In relation to buying a first home, several stakeholders raised concerns about how people can afford to raise the required deposit. The Housing Industry Association observed that generally, the deposit amount needed is nearly 250 per cent of a household's disposable income and that this is a significant barrier to entering the market.<sup>245</sup>
- 3.113** Unions NSW similarly noted that raising a deposit to purchase a home and demonstrating to a lender that a loan can be serviced is increasingly difficult, particularly given the disparity between house price growth and income growth. They noted that this prevents young people from entering the market and buying a home, which means that they may rent for a longer period of time, contributing to a low rental vacancy rate, discussed below.<sup>246</sup>
- 3.114** Evidence was provided to the committee about the pressures being experienced in the private rental market by very low, low and moderate income households. Some of the issues include high rental costs, low vacancy rates and lack of security of tenure.
- 3.115** Before looking at these issues, it is worth considering statistics that highlight the proportion of people renting privately in the housing market. According to Mission Australia, approximately

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<sup>241</sup> Evidence, Dr Williams, 12 March 2014, p 5.

<sup>242</sup> Submission 132, Housing Industry Association, p 6.

<sup>243</sup> Submission 132, Housing Industry Association, p 6.

<sup>244</sup> Submission 132, Housing Industry Association, p 6.

<sup>245</sup> Submission 132, Housing Industry Association, p 4.

<sup>246</sup> Submission 67, Unions NSW, pp 2-3.

30 per cent, or 2.4 million Australian households, rent their homes, with more than a million renters being in the lowest income categories.<sup>247</sup>

**3.116** The demand for rental accommodation is anticipated to grow. Compass Housing Services Co Ltd pointed out that the demand for rental accommodation is likely to increase by 21 per cent by 2023, with higher demand from the lower end of the housing market. They explained that approximately 270,000 dwellings would be needed to meet the forecast rental demand by 2023.<sup>248</sup>

**3.117** COTA also provided information about the demand for rental accommodation. They noted that approximately 419,000 people over 65 years are likely to be living in lower income rental households by 2026, an increase of 115 per cent since 2001. They also suggested that for people aged over 85, the number of low income renters is likely to increase by 194 per cent to 51,000 from 17,300. This highlights that demand for rental housing in the future will mainly be from lower income, sole person households, with predictions that over 65 per cent will be single older women.<sup>249</sup>

**3.118** The impact of high demand and a shortage in rental supply is severely impacting rental prices. The Salvation Army argued that rental prices have increased since the mid 2000's because of inadequate supply and high demand. They stated:

Whilst households may be effectively locked out of home ownership, this does not in itself cause housing to be unaffordable. If the housing supply was adequate, then the rental market should still be able to provide an affordable housing supply. However with the demand increasing...and supply remaining constant – the price of rental accommodation began to dramatically increase...<sup>250</sup>

**3.119** Churches Housing argued that the private rental market is very competitive and rental prices make it unaffordable for some people. They outlined information from the National Housing Supply Council which showed that the average nominal rent paid has increased by 75.8 per cent for houses and 91.8 per cent for units, when compared to figures 10 years ago. They stated 'by comparison, average earnings rose by 57 per cent over the same period and house prices rose by 69 per cent'.<sup>251</sup>

**3.120** Churches Housing also suggested that the competition in the private rental market is evidenced by low rental vacancy rates.<sup>252</sup> According to Unions NSW a balanced market would have a rental vacancy rate of about 3 per cent, whereas the current vacancy rate is well below 2 per cent.

**3.121** Unions NSW stated that high rental costs put low income households into rental stress whilst also creating disincentives for households to move out of social housing and into the private rental market.<sup>253</sup>

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<sup>247</sup> Submission 82, Mission Australia, p 8.

<sup>248</sup> Submission 38, Compass Housing Services Co Ltd, pp 9-10.

<sup>249</sup> Submission 119, COTA, p 5.

<sup>250</sup> Submission 55, Salvation Army, p 3.

<sup>251</sup> Submission 92, Churches Housing, p 10.

<sup>252</sup> Submission 92, Churches Housing, p 10.

<sup>253</sup> Submission 67, Unions NSW, pp 2-3.

- 3.122** Regional Development Australia Sydney also pointed out that low rental vacancy rates are influencing rental housing affordability. They stated that data from the 2011 Census shows that suburbs that were traditionally affordable for low income earners are now no longer affordable.<sup>254</sup>
- 3.123** The disparity between the growth in rents and income was an issue raised by several participants during our inquiry. Sydney Affordable Housing argued that this issue has contributed to the problem of housing inequality, with housing being a ‘wealth indicator and marker of wealth disparity’. In exploring these issues, they argued that there are more housing investors, as well as an increasing number of people who cannot afford to buy or who face high rents, meaning ‘that if you are not in the game, you are increasingly struggling to make ends meet’.<sup>255</sup>
- 3.124** The challenges faced by low income householders in the private rental market was also emphasised to the committee by Dr Chris Martin, Senior Policy Officer, Tenants’ Union of New South Wales, who commented:
- People on low incomes in the private rental market are doing it very hard at the moment. They are being squeezed out by higher income tenants and the affordable stock that they need has been dropping out of the market because of the way our housing market more generally operates in response to current housing speculation.<sup>256</sup>
- 3.125** Compass Housing Services Co Ltd also argued that pressures faced by low and moderate income renters has been escalating for the last ten years, with workers and households being unable to save deposits to buy a home because of rising rents and increasing house prices.<sup>257</sup>
- 3.126** Another issue raised with the committee was the loss of bargaining power for tenants in the current private rental market because of the shortage of available rental properties,<sup>258</sup> and competition in the market. The Tenants’ Union of New South Wales also suggested that low income renters face other challenges, such as concerns about finding other affordable accommodation in the event of having to move, asserting tenancy rights given concerns about lack of security of tenure and frequent rent increases.<sup>259</sup>

### **Population growth**

- 3.127** The demand for housing, including social and affordable housing, is also driven by population growth, with Compass Housing Services Co Ltd pointing out that the residential population has been growing at an average rate of one per cent per year over the past decade.<sup>260</sup>

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<sup>254</sup> Submission 57, Regional Development Australia Sydney, p 3.

<sup>255</sup> Submission 88, Sydney Affordable Housing, p 3.

<sup>256</sup> Evidence, Dr Chris Martin, Senior Policy Officer, Tenants’ Union of New South Wales, 12 May 2014, p 48.

<sup>257</sup> Submission 38, Compass Housing Services Co Ltd, p 7.

<sup>258</sup> Submission 88, Sydney Affordable Housing, p 3.

<sup>259</sup> Submission 68, Tenants’ Union of New South Wales, p 13.

<sup>260</sup> Submission 38, Compass Housing Services Co Ltd, p 12.



- 3.128** According to Regional Development Australia Sydney the population of New South Wales is expected to grow from 7.2 million in 2012 to 8.2 million in 2020.<sup>261</sup> Looking beyond 2020, the Combined Pensioners and Superannuants Association of NSW Inc outlined that the population is forecasted to grow to 9.5 million people by 2036, with most growth expected in the Sydney area.<sup>262</sup>
- 3.129** Mission Australia explored how the forecasts for population growth across Australia are connected to household size. They noted that the population is expected to rise by almost 40 per cent by 2031, with the number of households expected to rise by almost 49 per cent, mainly because of an increase in the number of one or two person households.<sup>263</sup>
- 3.130** Compass Housing Services Co Ltd looked further ahead and outlined that the population is expected to reach 10.2 million by 2056. They suggested that to meet demand for housing, approximately 511,800 dwellings would need to be built in New South Wales over the next 10 years. They quoted Mr Murray, Housing Industry Association, in their submission:
- Even the lowest projections show Australia's population nearing 26 million by 2020 and 29 million by 2030. Housing these people will require a considerably higher average build rate than what has occurred over the last 20 years and that won't happen without a concerted and cooperative focus on policy reform.<sup>264</sup>
- 3.131** It is important to note that Sydney is not the only area experiencing increasing demand for social and affordable housing, with many regional areas in New South Wales reporting similar challenges, as outlined in the case study below.

### Case study – The impact of housing shortages in regional New South Wales

In addition to the crisis Sydney is experiencing in terms of a shortage of social, public and affordable housing, regional New South Wales is also facing similar challenges.

In the Northern Rivers area, the Clarence Valley Council advised the committee that approximately 7,000 dwellings would be needed by 2031 to meet projected demand. In addition, approximately 16 per cent of these dwellings will need to be affordable rental accommodation for low income households.<sup>265</sup>

In Lismore, there has been a continuous decline in the supply and availability of rental housing. Lismore City Council observed that this has caused increased competition for housing between those that can least afford to access housing. They noted the negative impact increasing house prices and a lack of supply of new housing is having in their community.<sup>266</sup>

<sup>261</sup> Submission 57, Regional Development Australia Sydney, p 3.

<sup>262</sup> Submission 188, Combined Pensioners and Superannuants Association of NSW Inc, p 4.

<sup>263</sup> Submission 82, Mission Australia, p 6.

<sup>264</sup> Submission 38, Compass Housing Services Co Ltd, p 10 and 14.

<sup>265</sup> Submission 44, Clarence Valley Council, p 1.

<sup>266</sup> Submission 52, Lismore City Council, p1.

Wyong Shire Council highlighted the increase in house prices in new release areas in Wyong and an acceleration of rental costs since 2009. They argued that this makes it difficult for a range of households to access affordable accommodation. In addition, a significant proportion of households in their area are experiencing housing stress, estimated to be approximately 25 per cent of households in the Wyong area. They stated that by 2031, it is predicted that 20,000 households in their area will be in housing stress, with 80 per cent being very low and low income households.<sup>267</sup>

Located close to Wyong is Gosford, another area facing challenges in terms of housing supply and affordability. Gosford City Council provided evidence to the committee of a growing ageing population in their area. They predicted that by 2031, their population will increase to 182,000 persons, with 25 per cent being over 60 years old. They acknowledged the importance of accessible housing and the need for affordable housing close to public transport.<sup>268</sup>

Central NSW Councils gave evidence to the committee about the challenges in various areas in Central New South Wales, including Bathurst, Cowra, Lithgow, Orange and Young. They noted that household incomes in these areas tend to be lower than other parts of the state, despite property prices and rental prices increasing over the last decade. Central NSW Councils also noted that the SEIFA scores for areas such as Forbes, Lithgow, Young and Lachlan highlight the level of disadvantage being experienced in these areas.<sup>269</sup>

During a hearing in Tamworth, the committee took evidence from a number of councils in North Western New South Wales about the impact mining is having on the housing sector. Ms Gae Swain, Deputy Mayor, Gunnedah Shire Council commented:

The coalmining sector is competing with agriculture and other sectors for labour, resources and access to infrastructure. In particular, the development of the resources sector is placing increasing pressure on housing availability and affordability.<sup>270</sup>

Liverpool Plains Shire Council noted that in their area, housing and rental accommodation is generally affordable, however, they anticipate that changes from the mining economy in nearby areas will affect this. Ms Donna Ausling, Acting Director Environmental Services, Liverpool Plains Shire Council said 'it is a reasonable assumption that the shire will start to feel the squeeze from significant mining pressures'.<sup>271</sup> In addition, Ms Ausling noted a level of uncertainty about the impact of these issues on housing. She stated:

We are in a different situation to both Gunnedah and Narrabri in that the wave has not actually got to us yet. It is just starting to appear on the horizon. In terms of what the likely impact will be on those who are more vulnerable in the community we are not really certain at this point.<sup>272</sup>

<sup>267</sup> Submission 90, Wyong Shire Council, pp 3-5.

<sup>268</sup> Submission 102, Gosford City Council, p 3.

<sup>269</sup> Submission 154, Central NSW Councils, p 4.

<sup>270</sup> Evidence, Ms Gae Swain, Deputy Mayor, Gunnedah Shire Council, 20 May 2014, p 2.

<sup>271</sup> Evidence, Ms Donna Ausling, Acting Director Environmental Services, Liverpool Plains Shire Council, 20 May 2014, p 11.

<sup>272</sup> Evidence, Ms Ausling, 20 May 2014, p 13.

Narrabri Shire Council praised the positive impact MAC villages have had in providing housing in their area to accommodate ‘fly in fly out’ workers. They identified different challenges in their area, including a predicted population decline because of commercial diversification resulting from additional mines.<sup>273</sup>

Ms Gae Swain, Deputy Mayor, Gunnedah Shire Council, argued against MAC villages, preferring that the workforce be integrated into the community:

We have always said that we want our workforce to live in our community. We do not want them to fly in or fly out, or drive in or drive out. We understand that during the construction phase perhaps there is a need for a small amount of that. We want people to live in our community. I think if you are looking at a social structure within your community you want people who want to live there, who care to live there, who bring their children up in the community and then they have a commitment to that community. So our strong position has been no MAC villages. We do not want any in our community.<sup>274</sup>

The Mayor of Dubbo City Council, Mr Mathew Dickerson, reported that the growth of Dubbo is being inhibited by the lack of affordable housing. In fact, he argued that businesses in Dubbo are finding it hard to get employees because people cannot find an affordable place to live. In addition, the Council had concerns about the shortage of housing in the Dubbo area, particularly given predictions that their population will grow to 56,420 people by 2036. The Mayor also advised the committee that there is a small public housing estate in the Dubbo area, the Apollo Estate, which is starting to experience similar issues to those that the notorious Gordon Estate once did. Mr Dickerson opposed the high concentration of social housing in Dubbo. He commented:

We have got a smaller area called Apollo Estate now where you have got a much smaller number of houses but similar incidents that are starting to occur...That is in the process of being addressed but...it would be disappointing to see any government come along and provide a huge swathe of government housing in one chunk.<sup>275</sup>

## Impacts of unaffordable housing

**3.132** Due to a shortage of housing and various factors affecting housing affordability, a number of social and economic impacts have occurred, particularly in the Sydney area. Some of the impacts include high rates of housing stress, a shortage of housing for key workers, increased commuting times and lower income households being forced further to live further away from the central business district.

<sup>273</sup> Evidence, Ms Diane Hood, General Manager, Narrabri Shire Council, 20 May 2014, p 11.

<sup>274</sup> Evidence, Ms Swain, 20 May 2014, p 3.

<sup>275</sup> Evidence, Mr Mathew Dickerson, Mayor, Dubbo City Council, 21 May 2014, p 2.

### Housing stress

- 3.133** Many stakeholders highlighted the level of housing stress being experienced in the market, largely due to the shortage of affordable accommodation and high demand from very low, low and moderate income earners.
- 3.134** The definition of housing stress is covered in Chapter 2, and is said to occur when a household spends more than 30 per cent of their gross household income on housing costs.<sup>276</sup> Mission Australia pointed out that in Australia, almost half a million low income households are spending more than 30 per cent of their income on housing costs and are considered to be in housing stress.<sup>277</sup>
- 3.135** According to Churches Housing, statistics from 2011 showed that approximately 10.7 per cent of renting households in New South Wales were experiencing rental stress, meaning that they were paying more than 30 per cent of their income on rent.<sup>278</sup>
- 3.136** Even more concerning is information provided by Mr Alex Greenwich MP, who stated that the National Affordable Housing Agreement report to the Council of Australian Governments showed that in Sydney, more than half of low income rental households are experiencing rental stress.<sup>279</sup>
- 3.137** This is consistent with information from the National Housing Supply Council which revealed that New South Wales had the highest proportion of lower income households experiencing rental stress, with 62 per cent spending 30 per cent or more of their income on rent, and 28 per cent spending more than 50 per cent of their income on rent.<sup>280</sup>
- 3.138** During our inquiry, the latest *Anglicare Rental Affordability Snapshot* was released for Greater Sydney and the Illawarra. This highlighted to some extent the challenges being faced by low and moderate income households in accessing affordable accommodation. The concerning results of this snapshot included:
- very few low cost private rental properties were available for people on income support, and no rental properties in Sydney were suitable for people on youth allowance, the disability pension or Newstart without them having to pay more than 30 per cent of their income on rent
  - the majority of affordable rental properties available to minimum wage households were located further away from the CBD in areas such as the Blue Mountains, Central Coast, Blacktown or outer South West
  - minimum wage households where people work in the CBD may choose to enter rental stress in order to live closer to the city as commuting can be difficult, and may impact on parenting responsibilities.<sup>281</sup>

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<sup>276</sup> Submission 74, The Housing Alliance, p 6.

<sup>277</sup> Submission 82, Mission Australia, p 7.

<sup>278</sup> Submission 92, Churches Housing, p 10.

<sup>279</sup> Submission 34, Mr Alex Greenwich MP, p 1.

<sup>280</sup> Submission 92, Churches Housing, p 10; Submission 34, Mr Alex Greenwich MP, p 1.

<sup>281</sup> Anglicare, *Rental Affordability Snapshot*, April 2014, pp 53-55.

- 3.139** The Council of Social Service of New South Wales noted the severe impacts that can occur as a result of housing stress. They stated that ‘households in housing stress may prioritise the payment of rent at the cost of food, payment of utility charges and the like, leading to poorer health outcomes and disconnections’.<sup>282</sup>

### **Effect on key workers and commuting times**

- 3.140** A particular issue that arose during our inquiry was whether key workers in our community, such as police, nurses, builders, cleaners, tradespeople and emergency workers, could access affordable housing in Sydney, both in terms of properties to rent and buy. In addition, concerns were raised about increased commuting times, with people having to travel longer distances to work.
- 3.141** The Australian Manufacturing Workers Union believes affordable housing is critical for key workers and that a lack of supply can affect commuting times, financial stability and productivity in the economy.<sup>283</sup>
- 3.142** With people having to live further away from work, concerns were expressed by Unions NSW about their commute time, with it being suggested that anything over a 45 minute commute is problematic.<sup>284</sup>
- 3.143** Unions NSW also noted that longer commuting times impacts significantly on shift workers, especially those that live in regional areas with limited transport choices. They raised the importance of people to ‘live close by so that they are not getting in their cars and driving huge distances, choking up the roads and getting fatigued’.<sup>285</sup>
- 3.144** In the Inner Sydney and Eastern Suburbs area, the Inner Sydney Regional Council for Social Development noted that they are experiencing a shortage in affordable rental properties for key workers, with many police officers, teachers and nurses residing on the Central Coast or South Coast and travelling upwards of four hours a day to get to and from their place of employment.<sup>286</sup>
- 3.145** Ryde City Council submitted to the committee that having affordable housing for key workers such as police, emergency services and nurses, is critical so that these people can live close to work and be part of their local community. They also suggested that they need key workers to stay in their community so that they have access to employment, family, friends and support networks.<sup>287</sup>
- 3.146** The Women’s Electoral Lobby were concerned about low income female workers who need employment to avoid homelessness but have to work in positions that are not close to home. They commented:

<sup>282</sup> Submission 126, Council of Social Service of New South Wales, p 6.

<sup>283</sup> Submission 239, Australian Manufacturing Workers Union, p 11.

<sup>284</sup> Evidence, Mr Lennon, 12 May 2014, p 21.

<sup>285</sup> Evidence, Ms Emma Maiden, Assistant Secretary, Unions NSW, 12 May 2014, p 22.

<sup>286</sup> Submission 93, Inner Sydney Regional Council for Social Development, p 2.

<sup>287</sup> Submission 242, Ryde City Council, p 4.

There is...a real incongruity between where there are positions available in, for example, cleaning jobs, caring jobs, retail jobs, laundry work and all those areas that are predominantly low wage female areas, a real incongruity between where those jobs are and where there is rental accommodation that is even remotely affordable for women in those positions. We are not just talking about emergency workers here, we are talking about people who we want to be involved in the workforce and who need to be to avoid homelessness or the threat of homelessness.<sup>288</sup>

**3.147** Unions NSW highlighted that key workers are increasingly finding it difficult to live within a reasonable distance to work. Mr Lennon, Secretary, commented:

A real segmentation is beginning in the market, where workers that are needed in order to run the economy—particularly in the central business district of Sydney—are finding it very difficult to find affordable housing, in whatever way, shape or form, within a reasonable distance of their work.<sup>289</sup>

**3.148** Mr Lennon also suggested that with any large-scale development, such as the current development of Barangaroo, consideration should be given to the need for affordable accommodation close to work for key workers. He argued that this should be considered at the outset when approvals are being given to the development.<sup>290</sup>

### **Segregation of income earners**

**3.149** A significant issue highlighted for the committee was the spatial segregation occurring in Sydney, where low income workers are being forced to live further away from the central business district because of a lack of affordable accommodation.

**3.150** The McKell Institute argued that the housing shortfall has led to competition amongst higher income earners for properties, which has had a downward effect on lower income households who are priced out of the market and forced to move further away from opportunities and employment, or alternatively, to take on properties where they would be in rental stress.<sup>291</sup>

**3.151** A similar concern was expressed by Shelter NSW when they argued that high house prices and rents in desirable areas with access to employment and amenities are forcing lower income households to seek housing in less well located areas.<sup>292</sup>

**3.152** Related to the issue of where affordable rental properties are located is the growth in the 'knowledge-job economy' with Dr Williams arguing that as knowledge jobs in inner Sydney increase, wealthy people are choosing to live closer to the central business district, where previously they would have wanted larger houses in the suburbs.<sup>293</sup>

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<sup>288</sup> Evidence, Ms Mary O'Sullivan, Executive Member, Women's Electoral Lobby NSW, 12 May 2014, p 73.

<sup>289</sup> Evidence, Mr Lennon, 12 May 2014, p 19.

<sup>290</sup> Evidence, Mr Lennon, 12 May 2014, p 22.

<sup>291</sup> Submission 109, McKell Institute, p 11.

<sup>292</sup> Submission 95, Shelter NSW, p 9.

<sup>293</sup> Evidence, Dr Williams, 12 March 2014, p 6.

- 3.153** In addition to high income earners who want to live close to work, Dr Williams advised that the second notable group is older people who are moving closer to the central business district in Sydney and renting out their suburban home. Dr Williams stated:

Part of the overheating in the inner west and the North Shore and other places is actually that older people are not retiring to Port Macquarie, they are renting out their big house and they are buying a small house in the inner west. It is a big phenomenon. It is not just young people who want to get to the facilities in the CBD. There are two demographics chasing the same areas at this point in time.<sup>294</sup>

- 3.154** Professor Hal Pawson, City Futures Research Centre, supported this view and told the committee that job growth is occurring more significantly in inner Sydney areas and yet poorer people increasingly have to live on the edge of the city. Professor Pawson commented:

Spatial distribution of employment is moving completely counter to the suburbanisation of where poorer people are living. Increasingly, the concentrations of more disadvantaged populations are being pushed to the fringes whereas job growth is still primarily in the inner areas and that is becoming more and more of a drag on the productivity of cities.<sup>295</sup>

- 3.155** The Australian Housing and Urban Research Institute also noted that low income and disadvantaged households are being pushed into low cost suburbs. They commented:

As the difference between high and low-income earners' wages has increased, so too has the difference in housing costs in high and low cost suburbs. This has considerably restricted the residential choices for low income households. Gentrification of suburbs pushes out low income and disadvantaged households, eroding affordability and the quality of accessible housing stock in metropolitan housing markets for lower and moderate income households. This socio-spatial polarisation of low-income households in cities may result in transport disadvantage which limits access to opportunities for social and economic participation.<sup>296</sup>

## Impact on social housing

- 3.156** The pressures in the housing market are having a severe effect on the demand for social housing, with lower income earners increasingly find it difficult to access affordable housing and people being priced out of home ownership. These issues have a compounding effect on social housing, with the most severe impacts being a growing wait list for social housing and increased homelessness.
- 3.157** To understand this impact, it is worth noting the concept of a 'housing continuum' as outlined by St George Community Housing in their submission. The idea of a housing continuum is that there are several stages in the housing system that progress towards home ownership and

<sup>294</sup> Evidence, Dr Williams, 12 March 2014, p 6.

<sup>295</sup> Evidence, Professor Pawson, City Futures Research Centre, University of New South Wales, 12 March 2014, p 23.

<sup>296</sup> Submission 127, Australian Housing and Urban Research Institute Limited, p 3.

away from homelessness. The diagram provided below illustrates the concept of a 'housing continuum'.<sup>297</sup>



Source: *Submission 71, St George Community Housing, p 5.*

- 3.158** St George Community Housing argued that the problems with social housing cannot be considered on their own because the housing system in its entirety is interconnected and a well-functioning housing continuum would mean that there would be enough homes at all points to meet demand.<sup>298</sup>
- 3.159** Similarly, the Housing Industry Association pointed out that the problems with overall housing supply have affected housing choices for everyone:

In considering demand for the options for social, public and affordable housing under the terms of reference, the Committee needs to have regard of the fact that any long-term failure of new housing supply to keep pace with the growth in housing demand in New South Wales manifests itself in a considerable constraint on housing choices available to everyone.<sup>299</sup>

- 3.160** Ms Kristin Brookfield, Senior Executive Director, Housing Industry Association, further noted that restricted housing choices in all parts of the housing system are having the most severe impact on homelessness:

Restriction to the point of exclusion is evident in the case of Australia's homeless, while a severe restriction is evident in the under-provision of low-income public and social housing. Restrictions also exist in the private market, especially for low- and lower-middle income renters, and for low- and middle-income owner occupiers. This dynamic has the effect of placing pressure back down through Australia's housing continuum, from owner-occupiers onto the private rental market, into the public- and social-housing sphere, and ultimately to those without any shelter.<sup>300</sup>

- 3.161** This view was supported by Ms Lucy Burgmann, Chief Executive Officer of NSW Federation of Housing Associations, who argued that the housing affordability problems extend beyond the issues facing the social housing system:

...it is not just the long waiting lists for social housing and the general slow reduction in property numbers in public housing that demonstrates that we have a problem with housing affordability; it is also that people who are waged, people on moderate

<sup>297</sup> Submission 71, St George Community Housing, p 5.

<sup>298</sup> Submission 71, St George Community Housing, p 5.

<sup>299</sup> Evidence, Ms Kristin Brookfield, Senior Executive Director, Building, Development and Environment, Housing Industry Association, 12 May 2014, p 26.

<sup>300</sup> Evidence, Ms Brookfield, 12 May 2014, p 26.



incomes, people on ordinary wages find it very difficult to live affordably anywhere within reach of the jobs that they have or would like to have.<sup>301</sup>

- 3.162** The Committee for Sydney had similar views and noted that the pressures in the private rental market and on home affordability are both impacting on social housing. They commented:

That pressure – from that growing group on average or just above average incomes who want to be homeowners but are yet now unable to buy in one of the most expensive cities in the world – is currently raising rents and forcing lower income tenants further and further away from private rented homes in higher value locations. This in turn is squeezing some people out of the city or onto social housing waiting lists. So, ultimately, the knock on effect of increased supply of market homes can be felt at the other end of the housing spectrum, in reduced pressure on social housing waiting lists.<sup>302</sup>

- 3.163** In addressing the supply gap for housing, it was argued that without improvement at all levels in the system, there would be a cascading effect on housing choices, with people being pushed further down the housing continuum. On this issue, Ms Brookfield from the Housing Industry Association, commented:

An inadequate supply of housing at any point along the housing continuum inevitably leads to a cascading of households into alternative housing options, with typically fewer choices. The cascading effect places greater pressure on stock within that cohort and pushes those already under stress further from their optimal housing choice, unless additional housing stock is delivered as needed.<sup>303</sup>

## Committee comment

- 3.164** The committee is alarmed about increasing demand for social housing, with the wait list of 58,000 people expected to balloon to 86,000 by 2016. This is without even taking into account demand that is not captured by the wait list.
- 3.165** With population growth and concerns about home affordability for low and moderate income earners, we are worried about the impact a shortage of supply will have on those who need social housing assistance. We believe social and affordable housing supply is critically important and that these issues need greater attention to assist in providing a more stable housing sector.
- 3.166** In relation to the sale of public housing properties, we note that the NSW Government has been selling properties for many years. Whilst we do not necessarily agree that all sales should be halted, we are concerned about the proposed sale of the Sirius building in The Rocks and other properties on the Sydney Harbour foreshore. We acknowledge that the properties are of high value and that the proceeds may help to provide more housing in other less expensive areas, however, we are troubled by the lack of economic modelling prior to the decision being made. Although government witnesses advised that the proceeds will be reinvested in the

<sup>301</sup> Evidence, Ms Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations, 13 March 2014, p 11.

<sup>302</sup> Submission 206, Committee for Sydney, p 3.

<sup>303</sup> Evidence, Ms Brookfield, 12 May 2014, p 27.

social housing system, the committee was dissatisfied that they could not specify the extent to which the proceeds will be directed to new supply as opposed to maintenance. We would expect that the decision to sell these properties would not have been made without knowing what the estimated profit is likely to be, along with the hypothecated number of new social housing dwellings that could be constructed using the proceeds.

**3.167** We concur with the Auditor-General's findings that the approach taken by the Land and Housing Corporation in selling properties and delaying maintenance expenditure is financially unsustainable. This approach will lead to a decline in the number of public housing properties, as well as deterioration and ageing of remaining stock. Whilst the maintenance backlog is a significant issue, discussed in Chapter 5, we believe it is vitally important that priority be given to creating new supply of social, public and affordable housing.

**3.168** In terms of managing sale proceeds, Chapter 10 discusses the option of establishing a fund dedicated to new housing supply. Accordingly, we have recommended that the NSW Government invest all proceeds from the sale of public housing properties in a dedicated fund for the purpose of creating new supply of social, public and affordable housing.

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### **Recommendation 2**

That the NSW Government invest all proceeds from the sale of public housing properties in a dedicated fund for the purpose of creating new supply of social, public and affordable housing.

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**3.169** In addition to sale proceeds being dedicated to creating new supply, the committee also believes that the NSW Government has a responsibility, when selling public assets, to ensure a portion of the dwellings on the site are allocated as social, public and affordable housing. This will help to minimise the loss of social housing and to promote integration of social housing with other forms of housing, as discussed in Chapter 8. In the committee's opinion, this can be achieved by stipulating in the contract for sale that a portion of the properties on the site be allocated as social, public and affordable housing, regardless of whether new construction occurs on the site, or renovation of existing properties. Hence, we recommend that the NSW Government, when selling multi-unit properties in the Sydney area, include in the contract for sale a requirement that at least 10 per cent of all dwellings on that site be allocated as social, public and affordable housing.

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### **Recommendation 3**

That the NSW Government, when selling multi-unit properties in the Sydney area, include in the contract for sale a requirement that at least 10 per cent of all dwellings on that site be allocated as social, public and affordable housing.

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**3.170** In terms of the decision to sell the Sirius building and other Sydney Harbour foreshore properties, we recognise the loss of community in these areas and acknowledge the impact this decision is having on tenants and their families. Given the importance a home has in people's lives, we urge the government to provide continued support and assistance to the people

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affected by this decision. Furthermore, we acknowledge the detrimental impacts of relocating tenants away from their support networks and recommend that Housing NSW ensure, where public housing properties are sold, priority is given to relocating tenants in their existing community, subject to consultation with the tenant.

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**Recommendation 4**

That Housing NSW ensure, where public housing properties are sold, priority is given to relocating tenants in their existing community, subject to consultation with the tenant.

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- 3.171** In terms of vacancy rates and turnaround times, the committee questions whether current processes could be more efficient. Although we acknowledge that some properties will need maintenance or upgrading before a new tenant can move in, we are troubled by claims that properties are being left vacant for significant periods of time, particularly given long waiting times for those on the social housing wait list. We recommend that the Department of Family and Community Services review its policies and processes for managing vacancies to minimise the amount of time public housing properties are left vacant.

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**Recommendation 5**

That the Department of Family and Community Services review its policies and processes for managing vacancies to minimise the amount of time public housing properties are left vacant.

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- 3.172** We recognise the challenges facing the housing market and the complex relationship between components of the housing system. We note that residents in this state are increasingly finding it difficult to buy their own homes and that low income households are experiencing severe pressure in the private rental market, spurred by both increased competition for properties and low rental vacancy rates. In examining these issues, we are particularly troubled by evidence of the affordability crisis occurring in Sydney, as well as other challenges being experienced in regional areas in this state.
- 3.173** We acknowledge the high rates of housing stress, stemming from the impact of housing unaffordability and a shortage of housing. This was highlighted recently by the latest Anglicare Rental Affordability Snapshot, which showed how difficult it is to find affordable rental properties in certain areas. For example, in the Greater Sydney area, less than 1 per cent of properties available for private rental were identified as being affordable without placing households in rental stress. Clearly low and moderate income earners and people on Centrelink payments are finding it increasingly difficult to access affordable housing.
- 3.174** The committee is also concerned about the impact a shortage of affordable housing is having on key workers in the community. We need these workers to be able to access affordable housing close to their place of work, and are worried about the negative consequences that could result from this not occurring, including impacts on their journey time, families and financial circumstances.

- 3.175** Finally, we believe it is vitally important to understand and acknowledge the pressures in the broader housing market when developing and implementing social and affordable housing policies. These issues are addressed in Recommendation 33 where we urge the NSW Government to holistically consider the pressures in the broader housing system and the impact on social housing when developing the social housing policy.

## Chapter 4 Housing and social disadvantage

A house itself is a physical structure providing shelter but a home is much more than that. It is a place that provides stability, security and safety, and an important connection to family and community. This chapter explores the importance of place and what a home means to those living in it.

Given the importance of a place to call home, evidence indicates that without appropriate housing, individuals and families are more likely to experience social disadvantage, manifested in higher rates of unemployment, poverty, health concerns, crime and victimisation, and poorer education outcomes. Most concerning is data showing that homelessness continues to increase, and that certain forms of homelessness like overcrowding, couch surfing and living in cars are becoming more commonplace.

This chapter also explores the impact a lack of appropriate social, public and affordable housing is having on vulnerable groups within our society, including older people, Aboriginal people, women, children and young people, refugees and asylum seekers and people with mental illness and disabilities.

Finally, this chapter examines the importance of integrating social services with housing, including innovative models that combine service support and accommodation and how this can help to ameliorate social disadvantage.

### More than a roof

**4.1** A strong theme that emerged from this inquiry was the importance and significance of a home to individuals and families, and the continued need for government to recognise and consider this aspect carefully when developing and implementing housing policies.

**4.2** Evidence was presented to the committee that focused on a house being more than a roof over one's head and much more than simply a form of physical shelter. According to Habitat for Humanity NSW Ltd:

It all starts at home... a decent home provides much more than bricks and mortar. It's the foundation for giving families the opportunity to be healthier, happier and more secure, and leads to stronger communities that can then grow and sustain themselves. A stable, secure home creates the foundation for change, giving people the opportunity to be healthier, happier and more secure and for children to be better nourished and better educated... a decent home provides much more than bricks and mortar— it provides real hope for the future.<sup>304</sup>

**4.3** Just recently, the Productivity Commission, in its *Report on Government Services 2014*, noted the importance of a home in enabling individuals to participate in society:

Shelter is a fundamental human need, and housing and homelessness assistance play an important role in enabling social and economic participation. This assistance is an important element of government's social policy and welfare frameworks.<sup>305</sup>

<sup>304</sup> Submission 45, Habitat for Humanity NSW Ltd, p 2.

<sup>305</sup> Productivity Commission, *Report on Government Services 2014*, (accessed 16 June 2014, <[http://www.pc.gov.au/\\_data/assets/pdf\\_file/0019/132373/rogs-2014-volume-g-housing-and-homelessness.pdf](http://www.pc.gov.au/_data/assets/pdf_file/0019/132373/rogs-2014-volume-g-housing-and-homelessness.pdf)>).

4.4 This view was confirmed by a number of individual submission authors who highlighted the importance of a home and its role in providing individuals with family and community connections.<sup>306</sup>

4.5 For certain groups in our community, having a home is particularly important. For example, for Aboriginal people, a home is a connection to culture and family:

Most of us are aware of the importance of a roof over our head. It provides dignity, safety, physical and psychological health opportunities and it helps us to meet social needs, providing space for important relationships to be brought and nurtured. On top of this, for many Aboriginal people it is even more important as it allows for connection with country and place and it is an important connection with clan, mob and friendship. So it is about our family.<sup>307</sup>

4.6 The importance of a home for older people is also relevant, as research has shown that older people want a stable, secure and affordable home, where they can age-in-place, live independently and actively engage in their communities.<sup>308</sup>

4.7 For people with mental health concerns, a safe and stable home has significant value. The NSW Consumer Advisory Group – Mental Health Inc stated that for a person, a home is ‘crucial to ...individual recovery, and to their ability to flourish and lead meaningful and contributing lives’.<sup>309</sup> They also stated:

Having a roof doesn’t mean having a home.... In order for people’s place of living to positively affect their livelihoods and wellbeing, people need a home, not just somewhere to live. As with any other persons, physical safety, security of tenure, having a sense of privacy and control are some of the key features that make a living place a home...<sup>310</sup>

4.8 People with a Disability Australia also acknowledged that for people with a disability, a home is connected to positive outcomes, for example, increased quality of life. They commented:

A home is living in the community...it is also bound up with a range of other positive outcomes for people with disability. It increases quality of life and social and economic participation, and decreases poverty and the occurrence of mental health issues associated with loneliness. Institutional living is also a key accelerator or facilitator of abuse, neglect and exploitation of persons with disability.<sup>311</sup>

4.9 In addition, the committee heard evidence that the stability of a home is critical to a child’s development. Yfoundations stated that:

Access to housing is a social and economic issue, as well as a children’s rights issue in Australia. Housing stability can have a significant impact on people’s lives and is

<sup>306</sup> Submission 177, Name suppressed, p 4; Submission 122, Millers Point, Dawes Point and The Rocks Public Housing Tenants Group, p 2.

<sup>307</sup> Evidence, Ms Mandy Young, Chief Executive, Aboriginal Housing Office, 30 May 2014, p 39.

<sup>308</sup> Submission 75, NSW Government, p 41.

<sup>309</sup> Submission 54, NSW Consumer Advisory Group – Mental Health Inc, p 5.

<sup>310</sup> Submission 54, NSW Consumer Advisory Group – Mental Health Inc, p 5.

<sup>311</sup> Submission 204, People with Disability Australia Incorporated, p 5.

critical for the positive growth and development of children, families and individuals. Without access to affordable and secure housing, individuals face social disadvantage and exclusion, with adverse impacts both on those directly affected and the community as a whole. Housing instability makes it hard for people to engage in paid work or study, which reinforces disadvantage.<sup>312</sup>

- 4.10** The impact of not having a home can be devastating, and can prevent a person from reaching their full potential. This was stressed during evidence to the committee by the Nowra Family Support Service:

Abraham Maslow, the psychologist and theorist, places the importance of shelter in the first stage of the pyramid of human needs. Without the basic needs of food, water, clothing and shelter being met the individual or family is not able to progress to the next level of need, which eventually encourages the family/individual to become self-actualising. Therefore, housing is a basic need for all families and the alternative, homelessness, creates stress and trauma.<sup>313</sup>

## Indicators of disadvantage

- 4.11** In understanding the significance of a home, it is important to consider the link between the lack of social, public and affordable housing and social disadvantage.
- 4.12** In particular, Legal Aid NSW discussed the importance of housing and shelter in breaking the cycle of disadvantage. The pointed to research from the Law and Justice Foundation of NSW which revealed that ‘crime victimisation and criminal offending are both linked to disadvantage and chaotic lives’, involving problems such as debt, unemployment and housing.<sup>314</sup>
- 4.13** Legal Aid NSW also referred to research by the Australian Housing and Urban Research Institute which showed that ex-prisoners are more likely to return to prison if they have unstable housing, for example, if they are homeless or transient.<sup>315</sup>
- 4.14** During our inquiry, we also took evidence about the link between poverty and food insecurity, and the lack of social, public or affordable housing. Anglicare argued that the problems with rental affordability are causing families to experience ‘persistent disadvantage’, making them unable to afford basic bills, or to pay for food.<sup>316</sup>
- 4.15** Ms Susan King, Director, Advocacy and Research at Anglicare spoke to the committee about ‘food insecurity’ and people reducing meals or not knowing when their next meal will be:

Food insecurity basically means people are reducing the variety of food, reducing their intake, skipping meals and often going without food for a whole day. In the worst case scenario, our research indicates in households with children almost one in 10 such

<sup>312</sup> Submission 233, Yfoundations, p 3.

<sup>313</sup> Evidence, Ms Lynne Jackson-Waite, Team Leader/Case Manager, Nowra Family Support Service Inc., 30 April 2014, p 30.

<sup>314</sup> Evidence, Ms Monique Hitter, Executive Director Civil Law, Legal Aid NSW, 12 May 2014, p 54.

<sup>315</sup> Evidence, Ms Hitter, 12 May 2014, p 54.

<sup>316</sup> Evidence, Ms Susan King, Director Advocacy and Research, Anglicare Sydney, 30 May 2014, p 20.

households have children going without food for a whole day every couple of weeks.<sup>317</sup>

### **Socio-Economic Index for Areas**

**4.16** One indicator of disadvantage is the Socio-Economic Index for Areas (SEIFA), a tool developed by the Australian Bureau of Statistics to rank areas in Australia according to relative socio-economic advantage and disadvantage.<sup>318</sup>

**4.17** SEIFA is a tool that includes four indexes:

- the Index of Relative Socio-economic Disadvantage
- the Index of Relative Socio-economic Advantage and Disadvantage
- the Index of Economic Resources
- the Index of Education and Occupation.<sup>319</sup>

**4.18** At a broad level, these indexes are derived from Census data, including variables related to disadvantage, such as low income, low education and unemployment.<sup>320</sup>

**4.19** According to SEIFA scores, social housing estates are some of the most disadvantaged areas in our community, with 17 estates being in the bottom 1 per cent of most disadvantaged areas in New South Wales,<sup>321</sup> and 55 areas being in the bottom 5 per cent of most disadvantaged areas in New South Wales.<sup>322</sup>

**4.20** Other characteristics of estates that indicate disadvantage are outlined below.

- 94 per cent of households receive Centrelink benefits as their primary income, compared to 26 per cent of households in New South Wales.
- 28 per cent of residents are unemployed, compared to 6 per cent of all residents in New South Wales.
- The average rate of crime is double that across New South Wales.<sup>323</sup>

**4.21** The NSW Government acknowledged the concentration of disadvantage in estates:

These statistics demonstrate the concentrated disadvantage that can occur in estates and highlight the challenges in attempting to manage public housing estates. Estates

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<sup>317</sup> Evidence, Ms King, 30 May 2014, p 20.

<sup>318</sup> Australian Bureau of Statistics, Socio-economic indexes for areas, (accessed 18 June 2014), <<http://www.abs.gov.au/websitedbs/censushome.nsf/home/seifa>>.

<sup>319</sup> Australian Bureau of Statistics, *Socio-economic indexes for areas*, (accessed 18 June 2014), <<http://www.abs.gov.au/websitedbs/censushome.nsf/home/seifa>>.

<sup>320</sup> Australian Bureau of Statistics, *Socio-economic indexes for areas*, (accessed 18 June 2014), <<http://www.abs.gov.au/websitedbs/censushome.nsf/home/seifa>>.

<sup>321</sup> Submission 75, NSW Government, p 15.

<sup>322</sup> Submission 75, NSW Government, p 16.

<sup>323</sup> Submission 75, NSW Government, p 16.



have increasingly become sites of economic and social disadvantage, physical deterioration and crime. This reflects a number of factors, including geographic isolation in some cases and limited access to local community infrastructure and services.<sup>324</sup>

**4.22** During a briefing to the committee, representatives of Housing NSW and the Land and Housing Corporation (LAHC) acknowledged that the SEIFA results for Ambarvale, Rosemeadow and Claymore showed that these suburbs were in the bottom 5 per cent of the state in terms of social disadvantage.<sup>325</sup> Subsequently, the committee toured the housing estates in these areas, accompanied by Mr Brian Murnane, Chief Executive Officer from St Vincent de Paul, and saw first-hand the disadvantage experienced in these communities.

**4.23** With the location of social housing estates, like the ones in the Campbelltown area, the committee noted that there is limited access to shops, services, education, jobs and public transport. According to Regional Development Australia Sydney this can affect social and economic participation and can create further challenges:

This makes social housing estates among the most disadvantaged communities in the State, often with limited community capacity and resources. This can have an intergenerational dimension, limiting life opportunities available to young people and exacerbating the risk of antisocial behaviour.<sup>326</sup>

**4.24** The importance of access to services, employment and transport in ameliorating disadvantage is discussed in Chapter 8.

**4.25** Ms Mary Perkins, Executive Officer of Shelter NSW, argued that the concentration of public housing itself is not necessarily the cause of disadvantage; rather it is linked to the poverty being experienced in those areas.<sup>327</sup> She made the following comment to the committee:

While a lot of stigma is attached to public housing it is quite clear that the disadvantage has more to do with poverty than it has to do with tenure form. You will see the same levels of disadvantage in other areas that are predominantly low income private rental. It does not have so much to do with the tenure form as it has to do with poverty. In fact, in the social housing areas there is an improvement on that disadvantage. We have tried to draw your attention to some of the research that shows that the argument is often put in a very simplistic way— social housing equals disadvantage—when in actual fact the evidence probably suggests that it ameliorates disadvantage.<sup>328</sup>

**4.26** Recognising the disadvantage being experienced in estates, the Auditor-General recommended that the LAHC, in consultation with Housing NSW, finalise by December 2013 the government's long term strategy for managing the estates so as to deliver a sustainable reduction in disadvantage.<sup>329</sup> The committee notes that, to date, this strategy has not been finalised.

<sup>324</sup> Submission 75, NSW Government, p 16.

<sup>325</sup> Tabled document, Land and Housing Corporation, *Briefing on Campbelltown estates*, 16 May 2014, p 4.

<sup>326</sup> Submission 57, Regional Development Australia Sydney, p 5.

<sup>327</sup> Evidence, Ms Mary Perkins, Executive Officer, Shelter NSW, 13 March 2014, p 28.

<sup>328</sup> Evidence, Ms Perkins, 13 March 2014, p 28.

<sup>329</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 6.

## Homelessness

- 4.27** The evidence indicated that the shortage of social, public and affordable housing has contributed to increased homelessness, along with a number of other factors including poverty, unemployment, family and domestic violence and drug and alcohol addiction.
- 4.28** The Australian Bureau of Statistics defines homelessness in a broad manner, so as to include more people than those who simply do not have a roof over their head, including anyone who does not have the core elements of a home – stability, security, privacy, safety and the ability to control living space.<sup>330</sup> This definition includes people that:
- sleep rough, in tents, cars or in improvised dwellings
  - live in supported accommodation for homeless people
  - live in overcrowded conditions
  - stay with others temporarily, often referred to as ‘couch surfers’
  - live in boarding houses.
- 4.29** It was estimated that there were 28,190 homeless people in 2011, a 20 per cent increase since 2006, including a significant increase in people living in overcrowded conditions.<sup>331</sup>
- 4.30** When examining homelessness statistics, the committee noted the following trends:
- the number of people sleeping rough is increasing<sup>332</sup>
  - certain forms of homelessness are becoming more accepted, such as ‘couch surfing’, and sleeping in cars or the bush<sup>333</sup>
  - more women, families and children are experiencing homelessness<sup>334</sup>
  - overcrowding is becoming more significant, particularly for people born overseas and for Aboriginal people.<sup>335</sup>
- 4.31** Homelessness NSW noted that people can enter in and out of homelessness depending on the circumstances in their life. They commented:

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<sup>330</sup> Australian Bureau of Statistics, *Homelessness Statistics*, (accessed 17 June 2014), <<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/2049.0.55.001Main%20Features22012?opendocument&tabname=Summary&prodno=2049.0.55.001&issue=2012&num=&view=>>.

<sup>331</sup> Australian Bureau of Statistics, *Census of Population and Housing: Estimating homelessness*, 2011, (accessed 17 June 2014), <<http://abs.gov.au/ausstats/abs@.nsf/Latestproducts/2049.0Main%20Features22011>>.

<sup>332</sup> Evidence, Mr Gary Moore, Chief Executive Officer, Homelessness NSW, 12 May 2014, p 61.

<sup>333</sup> Evidence, Ms Denise Green, Acting Manager/Case Manager, Nowra Family Support Service Inc., 30 April 2014, p 33; Public Forum, Ms Lynette French, 30 April 2014, p 40; Evidence, Ms Katie Fox, Information, Communication and Research Officer, Illawarra Forum, 30 April 2014, p 28.

<sup>334</sup> Submission 235, UnitingCare Children, Young People and Families, p 33.

<sup>335</sup> Evidence, Mr Moore, 12 May 2014, p 68.

People who are homeless are not a distinct and separate population. In fact the line between being homeless and not being homeless is quite fluid. In general, the pathways into and out of homelessness are neither linear nor uniform. Individuals and families who wind up homeless may not share much in common with each other, aside from the fact that they are extremely vulnerable, and lack adequate housing and income and the necessary supports to ensure they stay housed. The causes of homelessness reflect an intricate interplay between structural factors, systems failures and individual circumstances. Homelessness is usually the result of the cumulative impact of a number of factors, rather than a single cause.<sup>336</sup>

- 4.32** Factors that indicate a higher risk of homelessness are lack of education and unemployment. This was highlighted during evidence provided to the committee by Mr Alan Blackshaw, Co-ordinator for Community Development, Shoalhaven City Council, when he was considering housing issues in relation to the Shoalhaven area:

We also have low levels of education attainment, which is way below the national and State levels. Lower levels of numeracy and literacy are also quite common. All of those issues have an impact on housing and people's ability to afford housing. Unemployment, low participation rates and low incomes can mean there is a high chance or risk of someone becoming homeless at some time in their life. Without options for affordable accommodation, people often end up living with friends, couch surfing, living on the streets or trying to find accommodation in motels and caravan parks, which is one of the issues that we have recently had in our local government area. People who would otherwise be homeless have been living in one or two of the local motels for an extended period of time. There is a high need for affordable housing to lower the risk of becoming homeless.<sup>337</sup>

- 4.33** The committee was particularly alarmed to learn that 12 per cent of homeless people sleeping rough are former diggers. Mr Digby Hughes, Policy and Research Officer, Homelessness NSW commented:

One thing we do know...is that about 12 per cent of people who are rough sleepers are former diggers. They have seen active service for Australia and when they have come back the services have not been there to support them and they have ended up on the street.<sup>338</sup>

- 4.34** The commonwealth and state partnership on homelessness, the National Partnership Agreement on Homelessness, has operated since 2008 and the funding is now limited to 2015. The committee recommends that the NSW Government continue to liaise with the Australian Government on the continuation of funding.

### **Emergency and crisis accommodation**

- 4.35** One of the complexities that arose during this inquiry was the lack of emergency and crisis accommodation and concerns about how crisis support is provided by Housing NSW.

<sup>336</sup> Submission 62, Homelessness NSW, p 3.

<sup>337</sup> Evidence, Mr Alan Blackshaw, Coordinator for Community Development, Shoalhaven City Council, 30 April 2014, p 3.

<sup>338</sup> Evidence, Mr Digby Hughes, Policy and Research Officer, Homelessness NSW, 12 May 2014, p 66.

**4.36** UnitingCare Children, Young People and Families (UnitingCare CYPF) highlighted that the importance of emergency, crisis, refuge and short term accommodation in providing shelter for people experiencing homelessness.<sup>339</sup>

**4.37** Despite this importance, many stakeholders raised concerns about people being forced to stay longer in these housing options because they cannot transition in to other more appropriate medium and long term housing options. According to Mission Australia, this issue itself is making homelessness difficult to deal with. In their submission, they stated:

The lack of social and affordable housing is a bottleneck in our ability to reduce homelessness – people are at increased risk of homelessness if they are in housing stress, and it is difficult to end homelessness for any individual or family if there are no permanent properties for them to move into, regardless of what support services are available.<sup>340</sup>

**4.38** Ms Michelle Miran from Rosa Refuge also spoke about this issue when the committee held a public forum in Bomaderry:

The greatest single challenge is transitioning women into either secure public, social or private accommodation that is safe and affordable and can be accessed within a realistic time frame, not sitting on waiting lists. It is not unusual for women we have with us to have already been on a waiting list for four, five or maybe six years. Last week we housed a woman with three children who had been on a waiting list for four years. Accordingly, crisis accommodation is inextricably linked to the availability of affordable social housing.<sup>341</sup>

**4.39** The committee was also told that the current approach used by Housing NSW is to often place priority applicants in motels, hotels and caravan parks for emergency, crisis or temporary accommodation. A number of concerns were raised about this approach, relating to inadequate living conditions and poor safety. Ms Lynne Jackson-Waite, Team Leader, Nowra Support Service stated:

When people first become homeless and go to Housing NSW they sometimes have to go to motels. We have talked about how some of those are inadequate. Some have almost Third World conditions. They may have to leave their caravan to go to the toilet at night or to have a shower. Sometimes there are people in the caravan park who could create concern for them about the welfare of their children.<sup>342</sup>

**4.40** Mr Blackshaw, from Shoalhaven City Council, also highlighted the problems associated with local motels being used as forms of crisis accommodation in the Nowra area. He stated:

I know there are at least two motels in the Nowra- Bomaderry area who have been leasing out their rooms to people who otherwise would be homeless. I am not certain what costs those rooms would be. It creates a whole range of other problems of mix of people in the one place who may not be compatible for a lengthy period of time. Both those motels... have been in the local media of late talking about their situation.

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<sup>339</sup> Submission 235, UnitingCare Children, Young People and Families, p 34.

<sup>340</sup> Submission 82, Mission Australia, p 3.

<sup>341</sup> Public Forum, Ms Michelle Miran, 30 April 2014, p 42.

<sup>342</sup> Evidence, Ms Jackson-Waite, 30 April 2014, p 32.

Admittedly, all the people living in both those motels under those conditions would otherwise have been without a roof over their heads.

The problem it causes is that there are no defined and safe play areas for children in those locations. There is often not a kitchen they can use so they are relying on expensive takeaway food so any affordability from living in cheaper accommodation is gone because they cannot rely on their own resources. Often they are there without any support from someone to find other appropriate housing as well. So the lack of support in that environment is problematic.<sup>343</sup>

**4.41** Churches Housing reported similar concerns from people in motel style crisis accommodation, including lack of access to fridges, cooking facilities and heating, and difficulties caused by having to move frequently.<sup>344</sup>

**4.42** Ms King, of Anglicare Sydney, also noted the difficulties associated with emergency accommodation, in terms of people being forced to move regularly. She outlined the impact this approach can have for a person with young children who lacks access to transport. She stated:

Housing NSW provides emergency motel accommodation. They will go into Housing NSW with a child in a pram and a baby in arms and have everything they own sitting in the pram. They get told that morning, 'We have actually got a place for you at a motel in Campbelltown'. She has to get onto public transport with all her stuff and find her way there. She then has to find the motel and, when she does, she has got maybe three or four nights there. Then she has to go back to Housing NSW. She then has to find out where her next accommodation is going to be.<sup>345</sup>

**4.43** The committee also took evidence from Ms Miran about the risks to mental health for women that stay longer in refuges, with it being argued that women and children become institutionalised, especially because of their vulnerability after having already experienced poverty, domestic violence or a range of other issues.<sup>346</sup>

### **Homelessness reforms**

**4.44** During this inquiry, the committee received evidence about the state government's homelessness reform package, referred to as the *Going Home, Staying Home* reforms. To investigate the impact of these reforms on service providers, including the new tender process, the committee met with the Minister for Family and Community Services, the Hon Gabrielle Upton MP, and held an additional public hearing to question government witnesses.

**4.45** At the hearing, Mr Mike Allen, Chief Executive, Housing NSW, advised the committee that 'these reforms commenced almost two years ago when the then Minister for Family and Community Services issued a discussion or white paper'.<sup>347</sup>

<sup>343</sup> Evidence, Mr Blackshaw, 30 April 2014, p 8.

<sup>344</sup> Submission 92, Churches Housing, p 14.

<sup>345</sup> Evidence, Ms King, 30 May 2014, p 26.

<sup>346</sup> Public Forum, Ms Michelle Miran, 30 April 2014, p 42.

<sup>347</sup> Evidence, Mr Mike Allen, Chief Executive, Housing NSW, 10 July 2014, p 1.

**4.46** In relation to these reforms, the committee noted the following documents:

- a consultation paper titled *Future directions for specialist homelessness services*<sup>348</sup>
- a consultation report titled *Going home, Staying Home reforms*<sup>349</sup>
- the *Going Home, Staying Home* reform plan.<sup>350</sup>

**4.47** In terms of the consultation process, the committee raised concerns with government witnesses about whether input and consultation had been sought from stakeholders prior to the reforms being announced. Mr Allen commented:

...all of the service packages that were subject to this tender, the 149 across New South Wales, were developed at a district level and they were developed in consultation with the service providers and other relevant stakeholders in those districts.<sup>351</sup>

**4.48** When the committee tried to clarify the level of consultation undertaken because of concerns from service providers about a lack of opportunity for input, Mr Allen stated:

There has been a series of consultation processes that began with the release of the discussion paper a couple of years ago. There were consultation sessions in each of our districts—bearing in mind the districts were not in place at that time, but there were more than 15 consultation sessions undertaken across the State and there were the 70-odd submissions that I mentioned that were received as part of the process.<sup>352</sup>

**4.49** The committee asked Mr Allen whether the submissions were publicly available on the website. In response to a question taken on notice, the committee was advised:

The submissions are already published on the FACS Going Home Staying Home website, where the organisation making the submission consented to their submission being published.<sup>353</sup>

**4.50** Another concern raised was the new tender process for funding of homelessness services and how smaller services may be affected. The committee investigated whether there will be a loss in certain specialist services, for example, services for women or services that support people with mental health issues. On this issue, Mr Allen advised the committee that ‘there has been no loss of government-owned crisis or transitional properties as part of this reform and tender process’.<sup>354</sup>

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<sup>348</sup> Department of Family and Community Services, *Future directions for specialist homelessness services*, (Consultation Paper, July 2012).

<sup>349</sup> Department of Family and Community Services, *Going Home, Staying Home Reforms*, (Consultation Report, October 2013).

<sup>350</sup> Department of Family and Community Services, *Going Home, Staying Home Reform Plan*, 2013.

<sup>351</sup> Evidence, Mr Allen, 10 July 2014, p 7.

<sup>352</sup> Evidence, Mr Allen, 10 July 2014, p 7.

<sup>353</sup> Answers to questions on notice, Department of Family and Community Services, 31 July 2014, p 5.

<sup>354</sup> Evidence, Mr Allen, 10 July 2014, p 18.

**4.51** The committee also tried to clarify whether the tender process minimises the loss of knowledge and expertise of specialist providers in local areas. Mr Allen informed the committee that:

...in the tender process, tenderers in their proposals had to demonstrate that they could satisfactorily deliver services in that location of the type that they would tendering for, whether that was for youth services, women's only services or other services in that location. They had to be able to demonstrate that they have the capabilities to be able to do that in that particular location. Part of what we require of those organisations is that they make sure that they are publicising the service that is available and that they are making sure that, in their engagement with that community, they are engaging with all of the stakeholders and the necessary organisations that we would want and expect them to be working very closely with in that location.<sup>355</sup>

**4.52** In response to a supplementary question about how many existing specialist services were not funded under the *Going Home, Staying Home* reforms, the department advised the committee:

Approximately 60 currently funded providers which provide services to a single target group, were not successful under the GHSH tender. The majority of these services are eligible to apply for funding under the Service Support Fund so they can continue to provide complementary services to people who are homeless or at risk of homelessness.

The NSW Government is also introducing complementary initiatives to extend the Start Safely program that provides stable, private rental housing for women and children escaping domestic violence; increasing the supply of transitional accommodation for young people through the purchase of 34 new properties to be run through a housing company in partnership with Yfoundations and 29 new properties available for women escaping domestic violence to be run through a housing company in partnership with DV NSW.<sup>356</sup>

**4.53** In terms of services that are unsuccessful in the tender process, the committee asked questions at a hearing about their access to a service support fund to help their service transition. Mr Allen stated:

... unsuccessful tenderers who were eligible for the service support fund are able to apply for 100 per cent of their current funding for up to 18 months. It is for small- to medium-sized organisations that provide homelessness services as the principal business of their organisation and for which SHS was the principal source of their funding...

If they have been successful somewhere in the tender then they are not eligible for that... large organisations are not eligible for the service support fund because we generally consider that they would have access to a wider range of resources and be able to cater for themselves. Likewise, organisations for which homelessness was a very small part of their business and there is a much larger part of their business that delivers other services. One example I can think of could be disability services where an organisation only does a very small amount of homelessness work. They are not

<sup>355</sup> Evidence, Mr Allen, 10 July 2014, p 21.

<sup>356</sup> Answers to supplementary questions, Department of Family and Community Services, 31 July 2014, p 8.

eligible for service support funding either. But it still means that the vast majority of unsuccessful tenderers are eligible for service support funding.<sup>357</sup>

**4.54** The committee also asked Mr Allen about these reforms and how they align with the Homelessness Action Plan. Mr Allen commented:

First, there has been a detailed evaluation of the Homelessness Action Plan and the related projects, and that was done in partnership with AHURI, the Australian Housing and Urban Research Institute. That information and that evaluation have been made publicly available... That has helped to inform these reforms, but it will also help to inform further work in future years on homelessness, as will the evaluation of these specific programs, the Specialist Homelessness Services program. The Government is currently considering its position on a future Homelessness Action Plan and I cannot comment on that further at this point in time, but the Government, through our Minister, is actively considering that particular issue.<sup>358</sup>

**4.55** The committee's views on the homelessness reforms are outlined at the end of this chapter.

## **The impact of a housing shortage on certain groups**

**4.56** This section considers the impact a lack of social, public and affordable housing is having on certain groups, including children and young people, people with a disability or mental illness, women, Aboriginal people, asylum seekers, refugees and immigrants and older people.

### **Children and young people**

**4.57** The lack of appropriate social, public and affordable housing is affecting children and young people in a number of ways. According to Mr Eamon Waterford, Director Policy and Advocacy, Youth Action New South Wales:

Homelessness rates are high in the youth population; young people are pushed to the margins of our cities where jobs are sparse and social networks are weak; and young people often live in overcrowded houses and in insecure rental situations.<sup>359</sup>

**4.58** The Shopfront Youth Legal Centre pointed to research about the importance of appropriate affordable housing for young people to help them address issues such as mental health needs, criminal activity, productivity, study and unemployment. They highlighted research from the Australian Housing and Urban Research Institute and the success of projects such as Common Ground and Platform 70 in addressing these issues.<sup>360</sup>

**4.59** The Benevolent Society pointed to the connection between housing and childhood development being well-documented in literature, with family instability being associated with poorer educational performance and rates of school completion. They explained that this can

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<sup>357</sup> Evidence, Mr Allen, 10 July 2014, p 24.

<sup>358</sup> Evidence, Mr Allen, 10 July 2014, p 22.

<sup>359</sup> Evidence, Mr Eamon Waterford, Director, Policy and Advocacy, Youth Action New South Wales, 30 May 2014, p 62.

<sup>360</sup> Submission 210, Shopfront Youth Legal Centre, p 2.



impede future development, and social skills and outcomes, as stability and safety are critical for a child's development<sup>361</sup>

**4.60** Another issue presented to the committee was the high rates of homelessness for young people. Mr Waterford noted that young people make up a significant portion of homeless people, often living in overcrowded conditions.<sup>362</sup>

**4.61** The Southern Youth and Family Services Association Incorporated highlighted research that shows that young people experiencing homelessness are more likely to experience homelessness as an adult.<sup>363</sup>

**4.62** In terms of those at risk of homelessness, Southern Youth and Family Services Association Incorporated pointed to the connection between homelessness and low incomes, whether it is Centrelink payments or low wages. They noted that low incomes affect a young person's ability to access affordable housing. In addition, they pointed out that young people are not attractive as tenants of community housing, as the rental income is less for the provider, because rent is 25 per cent of the young person's income. Southern Youth and Family Services Association Incorporated argued that a dedicated rental subsidy is needed for specialist youth housing providers.<sup>364</sup>

**4.63** Southern Youth and Family Services Association Incorporated also noted that in addition to affordability, young people experience additional barriers to renting privately, including:

- age barriers, with young people under 18 years of age being unable to sign lease agreements
- low literacy, low knowledge and experience with processes for securing accommodation
- lack of rental history.<sup>365</sup>

**4.64** In addition to the challenges of renting privately, young people living in social housing face further disadvantages. Mr Waterford highlighted for the committee the negative consequences for children and young people living in estates. He argued that consequences are felt more intensely 'because they grow up in that situation and it is the only situation they know'.<sup>366</sup>

**4.65** Mr Waterford provided an example to the committee to demonstrate this issue, focusing on the lack of aspiration of some young people growing up in estates. He commented:

A fairly common story we have heard from young people living in some of these areas is that they do not know anybody who has a job. None of their parents has a job or has ever had a job; none of their friends' parents has ever had a job.<sup>367</sup>

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<sup>361</sup> Submission 121, The Benevolent Society, p 5.

<sup>362</sup> Evidence, Mr Waterford, 30 May 2014, p 62.

<sup>363</sup> Submission 42, Southern Youth and Family Services Association Incorporated, p 2.

<sup>364</sup> Submission 42, Southern Youth and Family Services Association Incorporated, p 2.

<sup>365</sup> Submission 42, Southern Youth and Family Services Association Incorporated, p 4.

<sup>366</sup> Evidence, Mr Waterford, 30 May 2014, p 64; Submission 42, Southern Youth and Family Services Association Incorporated, p 2.

<sup>367</sup> Evidence, Mr Waterford, 30 May 2014, p 64.

- 4.66** Another issue raised was the challenge faced by young people transitioning from formal or informal out of home care arrangements and the high risk of homelessness. It was emphasised to the committee that transitioning during this period of life is difficult, due to the person's age and needs, and the fact that they are often faced with managing multiple transitions, including finishing school, finding work or further study. UnitingCare CYPF argued that supported accommodation is necessary as 'independent living is unrealistic'.<sup>368</sup>
- 4.67** Barnardos' noted that when young people leave foster care, it is difficult for them to find permanent accommodation as they are on low incomes, and studying, training or working. They don't have a licence and have difficulties getting to education, work and support services and are often forced to move to areas away from their support networks.<sup>369</sup>
- 4.68** The committee was provided with information about the Rapid Response program in Western Australia, a cross government framework and action plan that prioritises services to children and young people in out of home care, by enabling them to register from 15 years of age on the priority housing needs register. UnitingCare CYPF recommended that young people who have been in out of home care be eligible to register for priority housing with Housing NSW from the age of 15, similar to the Rapid Response framework that exists in Western Australia.<sup>370</sup>
- 4.69** Concerns were also raised by UnitingCare CYPF about changes to the Transition to Independent Living Allowance that commenced on 1 January 2014. These changes prevented young people in informal care arrangements from claiming the payment of \$1,500 towards transition costs. This had the effect of excluding young people from being eligible for the payment if they were living in certain arrangements, for example, if they were couch surfing, or leaving juvenile justice or specialist homelessness services.<sup>371</sup>

#### **Case study – The impact of housing instability on a young person<sup>372</sup>**

Kyle suffers from schizophrenia and was diagnosed at the age of 17 via the early intervention service at his local community mental health centre. Despite the best efforts of his case workers, Kyle was unable to obtain stable and affordable housing.

Kyle spent most of his late teens and early twenties in boarding houses, where the rent was more than he could afford and where he had no security of tenure. Frequent moves between boarding houses meant that he did not remain in the catchment area for any one community mental health service, which meant very little continuity of care.

As well as serious mental illness, Kyle developed a problem with alcohol and when intoxicated, tended to get into fights. He did not initiate fights, but typically responded in a disproportionate way when he

<sup>368</sup> Submission 235, UnitingCare Children, Young People and Families, p 40.

<sup>369</sup> Submission 66, Barnados, p 4.

<sup>370</sup> Submission 235, UnitingCare Children, Young People and Families, p 41.

<sup>371</sup> Submission 235, UnitingCare Children, Young People and Families, p 43.

<sup>372</sup> Submission 210, Shopfront Youth Legal Centre, p 2. This case study is based on the content of the submission.

was attacked or felt threatened. These incidents led to criminal charges and, on most occasions, he was refused bail because he did not have stable accommodation. His homelessness was also a barrier to community based sentencing and diversionary options, which meant that the court had little choice but to impose full custodial sentences.

Although Kyle's offending was serious, Shopfront Youth Legal Centre's view was that his offending was not serious enough to warrant long periods in custody. They felt that had Kyle had access to secure and affordable housing, he would have had much better access to mental health care and to treatment for his alcohol problem, which, in turn would have prevented much of the offending behaviour.

### People with a disability or mental illness

- 4.70** People who experience mental illness or who have a disability are more likely to experience homelessness or housing crisis. According to UnitingCare CYPF, people with a disability represent approximately 18 per cent of the general population but 25 per cent of homelessness clients.<sup>373</sup>
- 4.71** The Homeless Persons Legal Service, operated by the Public Interest Advocacy Centre reported that at least 17 per cent of clients they assisted in 2012 self-identified or displayed some form of mental illness.<sup>374</sup> In criminal matters where they provided representation at court, 48 per cent of homeless clients disclosed that they had a mental illness.<sup>375</sup>
- 4.72** The correlation between mental illness and housing problems or homelessness was demonstrated in the *Australian Community Sector Survey* undertaken in 2013 with 61 per cent of respondents stating that housing/homelessness services was needed by their clients, followed closely by 57 per cent of respondents needing greater mental health services.<sup>376</sup>
- 4.73** The Public Interest Advocacy Centre said that the nexus between disability or mental illness and homelessness or housing crisis is related to the fact that many people who have a mental illness are on Centrelink payments and are unable to work. They stated:

Given the likelihood that people living with mental illness are reliant on disability support pensions or other forms of Centrelink payments, or are on low incomes, social housing is the most likely option for stable, safe accommodation. For people with mental illness, legal issues associated with obtaining and sustaining tenancies with social and community housing providers is one of the more commonly identified areas of legal need. This is confirmed by Homeless Persons Legal Service casework, in which problems with social housing is the second most commonly reported legal problem for people with mental illness.<sup>377</sup>

<sup>373</sup> Submission 235, UnitingCare Children, Young People and Families, p 33.

<sup>374</sup> Submission 13, Public Interest Advocacy Centre, p 2.

<sup>375</sup> Submission 13, Public Interest Advocacy Centre, p 2.

<sup>376</sup> Australian Council of Social Services, *Australian Community Sector Survey 2013: National Report*, 2013 as discussed in Submission 95, Shelter NSW, p 15.

<sup>377</sup> Submission 13, Public Interest Advocacy Centre, p 2.

**4.74** As well as mental illness increasing a person's chances of homelessness or housing crisis, homelessness itself can contribute to a person developing mental illness. This is caused by a number of factors, including statistics that show that people sleeping rough are more likely to witness and experience trauma and violence. This issue was highlighted by Mr Digby Hughes, Policy and Research Officer, Homelessness NSW when he discussed the stress of living on the street for homeless people. Mr Hughes commented:

We also know from the work by Guy Johnson, who is a researcher at RMIT in Melbourne, that 50 per cent of people who have a mental health issue on the street have developed that post living on the street. Again that makes perfect sense to me because of being stressed every day, where will I sleep tonight?<sup>378</sup>

**4.75** Some people with mental illness or a disability experience difficulties in accessing and maintaining social or public tenancies. The Public Interest Advocacy Centre reported that their clients with mental illness who reside in public housing often have:

- poor communication and relationships with Housing NSW staff
- offers of housing that may not meet their physical or psychological needs
- disputes with neighbours.<sup>379</sup>

**4.76** UnitingCare CYPF noted that similar concerns were reported for people with an intellectual disability.<sup>380</sup>

**4.77** Redfern Legal Centre gave evidence that the behaviours of some people experiencing mental illness may also increase their chances of eviction from social housing tenancies. They argued that in some instances, people with mental illness may be faced with rental arrears and subsequent eviction, because of unexpected medical costs and a lack of support from the housing provider or Housing NSW.<sup>381</sup>

**4.78** For people with mental illness who are being treated in hospital, transitioning back to the community is difficult if there is a lack of social, public and affordable housing, including specialist supported accommodation. Mental Health Carers ARAFMI NSW Inc argued that an increase in housing stock is needed so that people with ongoing psychiatric support can be released from acute hospital settings.<sup>382</sup>

**4.79** Other issues affecting people with a disability or mental illness are outlined below.

- The relocation of social housing tenants with physical or psychiatric disabilities can negatively impact the person's link to their local community, which in turn, can further affect their mental health.<sup>383</sup>
- Carers concerns about what will happen to their loved one when they die or become too frail to provide care for the person,<sup>384</sup> given supported accommodation is limited.

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<sup>378</sup> Evidence, Mr Hughes, 12 May 2014, p 66.

<sup>379</sup> Submission 13, Public Interest Advocacy Centre, p 2.

<sup>380</sup> Submission 235, UnitingCare Children, Young People and Families, p 46.

<sup>381</sup> Submission 108, Redfern Legal Centre, p 14.

<sup>382</sup> Submission 244, Mental Health Carers ARAFMI NSW Inc, p 2.

<sup>383</sup> Submission 244, Mental Health Carers ARAFMI NSW Inc, pp 2-3.

- People with mental illness not being in enough of a crises to access social, public and affordable housing, despite being vulnerable and disadvantaged and living in accommodation that is inappropriate or where they may be at risk of harm.<sup>385</sup>
- Young people with a disability may be forced to live in residential aged care facilities or nursing homes because of a lack of suitable accommodation and support.<sup>386</sup>

**4.80** Evidence was given relating to the future options for increased housing under the National Disability Insurance Agency but there was a need for greater awareness of the needs of people with a disability and changes required to the priorities of FACS:

...there needs to be a prioritisation of the housing needs of people with disability in the social housing reform goals of FACS. We note that that is not of one of the five reform goals that are mentioned for social housing as the key, broad platform. So it is a matter of changing the overall policy goal in social housing to really put disability housing issues at the forefront. Then, in the development of that strategy, if it is appropriate to recognise the role of a subcommittee within the Housing Act that would be great. But the key thing is, first of all, to ensure that focus, as my colleague Scott said, on a group in society which largely goes unseen and to ensure that they are recognised.<sup>387</sup>

### Women

**4.81** Another issue raised during our inquiry was recent data that highlights the vulnerability of young single mothers and older single women in the housing market.

**4.82** Anglicare, in research they conducted in 2010, identified that there is a group of young single mothers and older single women experiencing housing insecurity, largely because they cannot afford to pay rent in the private market on their Centrelink payment and there is a lengthy wait list for public housing.<sup>388</sup>

**4.83** The Women's Electoral Lobby NSW reported to the committee that women aged 45 years and over living alone, or as single parents, are most affected by housing stress:

Of the total over 45 age group paying rent or mortgage, single women made up 60 per cent of those experiencing rental stress and 55 per cent of those experiencing mortgage stress.<sup>389</sup>

**4.84** Women are also more likely to be further impacted by difficulties in having children restored to their care by Community Services if they are unable to locate suitable, adequate and stable

<sup>384</sup> Submission 244, Mental Health Carers ARAFMI NSW Inc, p 4.

<sup>385</sup> Evidence, Ms Susan Geria, Sector Development Officer, National Disability Services, 30 May 2014 p 2.

<sup>386</sup> Submission 7, JewishCare, p 2.

<sup>387</sup> Evidence, Mr Evan Wallace, Sector Development Officer, National Disability Services, 30 May 2014, p 5.

<sup>388</sup> Submission 92, Churches Housing, p 14.

<sup>389</sup> Evidence, Ms Mary O'Sullivan, Executive Member, Women's Electoral Lobby NSW, 12 May 2014, p 72.

housing. UnitingCare CYPF noted this issue and the negative impacts that can arise from parents focusing ‘on the crisis of day to day living and finding a roof over their head’, rather than being able to address other concerns. A worker from the Newpin program with UnitingCare Burnside commented:

It is common to have mums who are doing all FACS requires of them, and all the Newpin program requires of them, but the restoration of their child is held back because of their lack of suitable housing. It doesn’t matter whether they need to move on from supported accommodation, or from staying with friends, or from a crowded extended family houses, or from a caravan. There is just not enough housing available at a price they can afford...The biggest barrier is the long public housing wait combined with the limited supply and huge cost of private rental.<sup>390</sup>

**4.85** Churches Housing noted that financial inequities are a contributing factor to housing insecurity for older women. In their submission, they stated:

Casual and part time employment, caring responsibilities, problems with mental and physical health, inadequate or non-existent superannuation, the gender pay gap and divorce and separation with poor financial outcomes are issues that severely impact on the economic wellbeing of older women. For such women access to public housing or other housing options is essential if they are to avoid the dislocation, anxiety, stress, uncertainty, lack of privacy and transience that such housing insecurity often entails.<sup>391</sup>

### **Aboriginal people**

**4.86** Another group of people significantly affected by housing unaffordability and the lack of social housing is Aboriginal people.

**4.87** Aboriginal people are overrepresented in homelessness statistics with 7.8 per cent of the population identifying as Aboriginal (compared to 2.5 per cent of the population).<sup>392</sup> According to the Older Women’s Network, Aboriginal women are also more likely to be homeless than Aboriginal men.<sup>393</sup>

**4.88** In terms of homelessness and overcrowding, Mr Moore, Chief Executive Officer, Homelessness NSW outlined that 25 per cent of homeless people living in overcrowded conditions are Aboriginal people.<sup>394</sup>

**4.89** Mr Waterford from Youth Action New South Wales noted that homelessness for Aboriginal people is commonly a problem in regional areas, in areas with low affordability and low access to housing. He commented:

So you see significant populations of Aboriginal people where—I imagine this is a story that the panel has heard a number of times—it is not uncommon to see 10, 15

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<sup>390</sup> Submission 235, UnitingCare Children, Young People and Families, p 29.

<sup>391</sup> Submission 92, Churches Housing, p 14.

<sup>392</sup> Submission 235, UnitingCare Children, Young People and Families, p 33.

<sup>393</sup> Submission 47, Older Women’s Network NSW, p 2.

<sup>394</sup> Evidence, Mr Moore, 12 May 2014, p 68.

people crammed into a single home because there is no other housing availability for people.<sup>395</sup>

**4.90** The Older Women's Network also noted that for Aboriginal women experiencing domestic or family violence, a shortage of housing in their local area means that women are often forced to move significant distances away from their extended family and country.<sup>396</sup>

**4.91** Barnardo's expressed the view that housing insecurity is connected to the high rate of Aboriginal children in care, with Aboriginal families and parents living in areas where they do not have family support or where there are significant drug problems.<sup>397</sup>

### **Victims of domestic or family violence**

**4.92** The link between domestic violence and homelessness or housing crisis is well established and has been documented in a number of studies and reports, including *The Road Home: A National Approach to Reducing Homelessness*,<sup>398</sup> the *National Plan to Reduce Violence against Women and their Children 2010 – 2022*<sup>399</sup> and the Standing Committee on Social Issues report into *Domestic Violence trends and issues in NSW*.<sup>400</sup>

**4.93** Ms Monique Hitter, Director of Civil Law at Legal Aid NSW, reported that victims of domestic or family violence may find it difficult to leave the violent situation or be rehoused because of a lack of social, public and affordable housing stock, despite their situation being very disadvantaged.<sup>401</sup> According to Kingsford Legal Centre, women who leave violent situations risk transitioning towards homelessness because of a lack of social and affordable housing.<sup>402</sup>

**4.94** Kingsford Legal Centre also reported that the eligibility for social housing is increasingly becoming restrictive, making it difficult for priority applicants to satisfy Housing NSW's policies. They suggested that women escaping domestic violence, who are on a Centrelink payment and who have children, are unlikely to be eligible for public housing unless they or their children have multiple disabilities.<sup>403</sup>

**4.95** They also stated that eligibility for priority housing is often determined by whether there is documentary evidence of domestic violence, for example, evidence that the perpetrator has been charged with an offence, despite Housing NSW policy stipulating that evidence of

<sup>395</sup> Evidence, Mr Waterford, 30 May 2014, p 65.

<sup>396</sup> Submission 47, Older Women's Network NSW, p 2.

<sup>397</sup> Submission 66, Barnardos, p 2.

<sup>398</sup> Submission 215, Women's Legal Services NSW, p 3, citing Commonwealth of Australia, *The Road Home: A National Approach to Reducing Homelessness*, 2008, p 7.

<sup>399</sup> Submission 215, Women's Legal Services NSW, p 3, citing Commonwealth of Australia, *National Plan to Reduce Violence Against Women and their Children 2010 - 2022*, 2008, p 8.

<sup>400</sup> Standing Committee on Social Issues, NSW Legislative Council, *Domestic Violence trends and issues in NSW* (2012), pp 135-146.

<sup>401</sup> Evidence, Ms Hitter, 12 May 2014, p 5.

<sup>402</sup> Submission 235, UnitingCare Children, Young People and Families, p 38.

<sup>403</sup> Submission 65, Kingsford Legal Centre, p 5.

charges or convictions is not necessary for approval of priority housing.<sup>404</sup> Kingsford Legal Centre recommended that training be given to Housing NSW staff about priority requirements, including documentary evidence needed.<sup>405</sup>

**4.96** Another concern raised by inquiry participants was that refugees are heavily oversubscribed, despite being critical for women and children leaving violent relationships. UnitingCare CYPF advocated for increased programs focusing on perpetrators of violence leaving the home. They also pointed to positive outcomes achieved by the Staying Home Leaving Violence Program in South West Sydney.<sup>406</sup>

### **Asylum seekers, refugees and migrants**

**4.97** Refugees, people on temporary visas and illegal immigrants are not entitled to social housing assistance in New South Wales as applicants must be Australian citizens or permanent residents.<sup>407</sup>

**4.98** According to Settlement Services Inc, finding affordable and appropriate housing is one of the main concerns for refugee communities and humanitarian entrants in New South Wales. The challenges include:

- limited income, high housing costs and poor access to the labour market
- discrimination by landlords, and a lack of rental history, making it difficult to compete in the private rental market
- language barriers, which make it difficult to negotiate the housing market and to deal with tenancies.<sup>408</sup>

**4.99** These challenges were confirmed by the Chinese Australian Services Society who agreed that there is a high demand for housing from their clients, many of whom are elderly, speak limited English and are financially very vulnerable and disadvantaged, often living in social isolation.<sup>409</sup>

**4.100** Settlement Services Inc noted that the Australian Government has recognised the importance of housing for new migrants by providing support services during settlement but they argued that these services are limited by a lack of housing supply. The advised the committee that:

Unsurprisingly, there is...consensus that housing stability is a cornerstone of successful adjustment and settlement in Australia to support these new migrants to achieve their full social and economic potential. While the Federal Government funds programs to meet the immediate housing support and information needs of refugees

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<sup>404</sup> Submission 65, Kingsford Legal Centre, p 5.

<sup>405</sup> Submission 65, Kingsford Legal Centre, p 9.

<sup>406</sup> Submission 235, UnitingCare Children, Young People and Families, pp 38-39.

<sup>407</sup> Answers to questions on notice, Department of Family and Community Services, 15 April 2014, p 2.

<sup>408</sup> Submission 110, Settlement Services International Inc, pp 2-3.

<sup>409</sup> Submission 46, Chinese Australian Services Society, p 3.



and asylum seekers these programs are, by their nature, unable to address the systemic housing supply and affordability challenges facing these new settlers in NSW.<sup>410</sup>

- 4.101** Particular concerns were raised about asylum seekers on bridging visas who are not allowed to work and are only eligible for up to 90 per cent of a Newstart allowance. UnitingCare CYPF advised the committee that asylum seekers in this position are not entitled to claim a housing benefit to help with housing costs and are increasingly feeling financial pressure. In addition, they stated that many asylum seekers are turning to charity and religious organisations for assistance, as they do not have family support or other networks, and in some cases, are forced to live in overcrowded conditions.<sup>411</sup>

### Older people

- 4.102** An increasing number of older people (over the age of 65) do not own their homes and are competing for affordable properties in the private rental market, despite their only income being the aged pension. According to IRT Group, many of these people are vulnerable to becoming homeless.<sup>412</sup>
- 4.103** Aside from older renters, IRT Group also advised that many other older people are still paying mortgages, despite being in retirement and having low superannuation balances. They argued that a lack of affordable housing options and typically lower house values make it difficult for older people to move into other suitable accommodation that is appropriate in terms of location, accessibility and efficiency.<sup>413</sup>
- 4.104** IRT acknowledged that retirement communities that are purpose built are often a good option, as they are designed for older people and often well located, however, they noted that only 5 per cent of older people are residing in this form of accommodation.<sup>414</sup>

### Importance of service support

- 4.105** A large number of inquiry participants advocated for the integration of social services in the provision of social housing. This social service integration could occur in the approach to housing design, or via specialised housing models that target specific groups, such as homeless people, people with a disability or people with mental health issues.
- 4.106** The NSW Federation of Housing Associations observed that support services assist people to maintain their tenancies and provide an opportunity for people to access support.<sup>415</sup> This view was shared by a number of other organisations including REDwatch, Kingsford Legal Centre, Homelessness NSW, the Western Sydney Regional Organisation of Councils and Mission

<sup>410</sup> Submission 110, Settlement Services International Inc, p 3.

<sup>411</sup> Submission 235, UnitingCare Children, Young People and Families, p 48.

<sup>412</sup> Submission 111, IRT Group, p 4.

<sup>413</sup> Submission 111, IRT Group, pp 4-5.

<sup>414</sup> Submission 111, IRT Group, p 9.

<sup>415</sup> Submission 131, NSW Federation of Housing Associations, p 23.

Australia.<sup>416</sup> Regional Development Australia Sydney also promoted the integration of services with housing, claiming it is necessary to support the multiple needs of tenants.<sup>417</sup>

**4.107** Mission Australia asserted that services to support tenants are vital and cost effective in the long term. They stated that ‘the health and justice costs to government once a person becomes homeless will far outweigh the cost of tenancy support’.<sup>418</sup>

**4.108** Further, they argued that the best supports are those that can contract and expand depending on client’s needs. In particular, they highlighted the new Homeless Persons Legal Service at the Mission Australia Centre in Surry Hills, which includes homeless services, employment programs, dental services and vocational education, all under one structure.<sup>419</sup>

**4.109** For tenants or residents with complex needs, social services are particularly important. For example, Ethnic Child Care, Family and Community Services Cooperative Ltd suggested that people with a disability and older people often require access to specialist services, such as medical specialists and mental health services. They advised that these services need to be on the ground and easily accessed, rather than only offered via the telephone or internet.<sup>420</sup>

**4.110** The NSW Federation of Housing Associations argued that community housing providers perform well in integrating services and accommodation. They stated that ‘integrating services can be challenging as it involves financial resources, shared goals and leadership to overcome the ‘silo’ approach’.<sup>421</sup> As a representative of community housing providers, they pointed to the benefits of local connections, including links to tenants and the community:

Services delivered through this approach include family and tenancy support which can be highly effective at sustaining tenancies. This helps to break the cycle of disadvantage where vulnerable people revolve in and out of homelessness.<sup>422</sup>

**4.111** The holistic approach taken by community housing providers in providing housing is discussed in detail in Chapter 6.

**4.112** Shelter NSW discussed various interpretations of the concept of ‘social service integration’. They drew a distinction between ‘wrap around services’ for people with complex needs and the concept of ‘integrated social services’. The former, they said, is when services are co-ordinated and linked to secure housing, for example, support for mental health issues being provided so as to help a tenant to sustain the tenancy. They explained that the ‘housing first’ approach is an example of how wrap around services operate with housing, and noted that this can be seen in the Common Ground model of housing.

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<sup>416</sup> Submission 100, REDWatch, p 21; Submission 65, Kingsford Legal Centre, p 5; Evidence, Mr Moore, 12 May 2014, p 64; Submission 82, Mission Australia, p 8; Submission 232, Western Sydney Regional Organisation of Councils, p 3.

<sup>417</sup> Submission 57, Regional Development Australia Sydney, p 6.

<sup>418</sup> Submission 82, Mission Australia, p 8.

<sup>419</sup> Submission 82, Mission Australia, p 8.

<sup>420</sup> Submission 97, Ethnic Child Care, Family and Community Services Cooperative Ltd, p 7.

<sup>421</sup> Submission 131, NSW Federation of Housing Associations, p 23.

<sup>422</sup> Submission 131, NSW Federation of Housing Associations, p 23.

**4.113** Shelter NSW went on to explain that the concept of ‘integrated social services’ differs from the ‘wrap around service’ approach, in that it focuses on the service system itself. They stated that:

...more often than not, some of the services needed by a client with complex needs are simply not available or are not available in a timely way or have poorly integrated eligibility criteria. The two such services that are most often cited are mental health support and appropriate, secure and affordable housing.<sup>423</sup>

**4.114** They claim that the findings from the *ACOSS Community Sector Survey 2013* provide evidence of the failure of an integrated services system, with it being clear that people have certain needs, such as housing or mental health, but these needs are often addressed by different services.<sup>424</sup>

#### **‘Wrap around services’ and homelessness**

**4.115** The committee was provided with information about the use of ‘wrap around services’ in the approach to homelessness. This approach is also commonly referred to as the ‘housing first’ approach, an approach that recognises the need to focus on high quality support alongside the provision of long term accommodation. Homelessness Australia advised the committee that this approach has been used in various initiatives in Australia and overseas.<sup>425</sup>

**4.116** Ms Katie Fox from Illawarra Forum pointed to the importance of ‘wrap around services’ in addressing homelessness when she commented:

...we need to look at homelessness as not just being out of home. There is a myriad of issues that cause somebody to be homeless. I think putting them into a property is not the only answer... It is about the integration of services and working at a departmental level, in terms of how we integrate the services to ensure sustainability of tenancy... it is not just about a building... it is about all of the supports that need to go in around that.<sup>426</sup>

**4.117** Mr Gary Moore, Chief Executive Officer, Homelessness Australia promoted use of the ‘housing first’ approach but advised the committee that this approach is difficult if there is a lack of housing stock:

One of the real issues is that the sense of adopting a Housing First approach, whereby you try to find people longer-term housing and put in the wraparound support services...we simply do not have a supply of stock.<sup>427</sup>

**4.118** In reinforcing this point, Mr Moore commented that reforms in homelessness services are occurring without any growth in social and affordable housing:

<sup>423</sup> Submission 95, Shelter NSW, p 15.

<sup>424</sup> Submission 95, Shelter NSW, p 15.

<sup>425</sup> Evidence, Mr Moore, 12 May 2014, pp 61-62.

<sup>426</sup> Evidence, Ms Katie Fox, Information, Communication and Resource Officer, Illawarra Forum, 30 April 2014, p 27.

<sup>427</sup> Evidence, Mr Moore, 12 May 2014, pp 61-62.

Reforms that are designed to shift the focus of homelessness services more towards the prevention of homelessness and Housing First type services are welcome, but they are occurring without any growth in social and affordable housing supply and in a no-growth budget framework.<sup>428</sup>

**4.119** Mission Australia highlighted several programs that have helped homeless people by providing integrated service delivery, as set out below.

- The Michael Project, funded by a private donor, that involved co-ordinated wrap around support services for men experiencing homelessness in Sydney.
- Resolve, a program that provides assistance to people with mental illness who are at risk of losing social housing.
- The Housing and Accommodation Support Initiative that helps people with mental illness to maintain their accommodation.
- South East Community Connections, a program that involves working with a variety of stakeholders to prevent homelessness or to rehouse homeless people.
- The Inner City Drift Project, which helps to prevent people from ending up in crisis services in the Inner City of Sydney.<sup>429</sup>

**4.120** The following case study provides an overview of Common Ground, Camperdown, which provides ‘wrap around services’ for homeless people and low income earners.

### **Case study – Common Ground Camperdown**

The Common Ground model was first used in New York in 1990. It is an innovative model for social and public housing due to the integration of ‘wrap around services’ provided on site for residents.

In Australia, there are currently nine Common Ground buildings providing over 600 homes for disadvantaged people.<sup>430</sup> One well-known example is Common Ground Camperdown which opened in November 2011. The building is owned by Housing NSW with Mission Australia Housing managing the building complex, tenancy and on-site support services.<sup>431</sup> The building complex has a mixed tenure of social and public housing by providing ‘housing to formerly homeless people as well as people on low incomes’.<sup>432</sup> It is designed to be fully accessible for all residents, regardless of a disability and age-related issues.

<sup>428</sup> Evidence, Mr Moore, 12 May 2014, p 61.

<sup>429</sup> Submission 82, Mission Australia, pp 9-10.

<sup>430</sup> Tabled document, Family and Community Services, *Sydney Common Ground Project Briefing to Select Committee*, 16 May 2014, p 1.

<sup>431</sup> Department of Family and Community Services, *Camperdown Project* (27 September 2013), <<http://www.housing.nsw.gov.au/NR/rdonlyres/D3217787-ADB2-4111-B5B0-E385AE9F25C0/0/Camperdown>>.

<sup>432</sup> Submission 85, Mercy Foundation, pp 4-5.

During a site visit to Common Ground Camperdown in May 2014, the committee met with Mission Australia representatives and toured the facility. Committee members also spoke with residents, some of who had been homeless for a number of years, either sleeping rough or cycling in and out of crisis accommodation.

Common Ground Camperdown cost \$31.52 million to construct with the NSW Government contributing \$16 million in land, construction costs, and design and outfitting of health services, combined with federal government funding of \$15.5 million through the *A Place to Call Home* initiative.<sup>433</sup> Common Ground Camperdown also receives funding from the National Rental Affordability Scheme and other state and Commonwealth incentives, and revenue from tenants of \$800,000 per annum which covers their expenditure.<sup>434</sup>

Common Ground Camperdown accommodates former ‘chronically street homeless’ who have one or more of the eight factors identified in the Vulnerability Index.<sup>435</sup> As the Mercy Foundation explains, the Vulnerability Index:

...is based on 8 health issues that place people who are homeless at greater risk of death compared to people who are housed. The purpose ... is to identify the most vulnerable and work to link them with permanent housing and support as quickly as possible.<sup>436</sup>

The strength of the Common Ground model is founded in its housing first approach, providing ‘stable, secure housing’<sup>437</sup> as the foundation for positive and effective social change for tenants combined with the provision of wrap around support services. As the City of Sydney contended, this approach of combining housing and support services is important in ‘addressing the multiple aspects of disadvantage experienced by those who are homeless or at risk of homelessness’.<sup>438</sup>

An evaluation of Common Ground Camperdown was conducted by the Social Policy Research Centre at the University of New South Wales in 2014. The results highlighted the importance of wrap around services, given that at Common Ground Camperdown:

- 97 per cent of residents have one or more physical health conditions

<sup>433</sup> Tabled document, Family and Community Services, *Sydney Common Ground Project Briefing to Select Committee*, 16 May 2014, p 9.

<sup>434</sup> Tabled document, Family and Community Services, *Sydney Common Ground Project Briefing to Select Committee*, 16 May 2014, pp 9 and 14.

<sup>435</sup> Submission 85, Mercy Foundation, p 4; Tabled document, Family and Community Services, *Sydney Common Ground Project Briefing to Select Committee*, 16 May 2014, p 13.

<sup>436</sup> Submission 85, Mercy Foundation, p 4.

<sup>437</sup> Submission 241, City of Sydney, p 17.

<sup>438</sup> Submission 241, City of Sydney, p 17.

- 87 per cent have one or more mental health conditions
- 51 per cent have three or more complex needs.<sup>439</sup>

This study found that various support services such as ‘case management, psychiatric clinics, general practitioners, chiropractic clinics, psychological services, podiatry and mental health case management’<sup>440</sup> were valuable as further results showed that since being housed at Common Ground Camperdown, 50 per cent of residents had not attended an Emergency Department and 75 per cent had not been admitted for a physical or mental health condition.<sup>441</sup>

Ms Monica Barone, Chief Executive Officer, City of Sydney, spoke of the need to introduce more facilities that included services that helped ‘very vulnerable people ... maintain their tenancy’.<sup>442</sup> Mr Moore of Homelessness NSW also commended the achievements of the Camperdown project. He said Common Ground is ‘an important initiative [as] 62 ex-homeless people now have long term tenancies. That is a pretty remarkable achievement and more of that should be encouraged and made available’.<sup>443</sup>

- 4.121** In relation to service integration, Regional Development Australia Sydney outlined for the committee the Employment Integration Model for Homeless Jobseekers and Tenants Living in Supported Accommodation. They said that this model is based on service integration including housing, psychosocial and employment services. They argued that this type of model addresses any barriers and complexities experienced by tenants, which in turn improves outcomes for tenants. They highlighted that there are two projects in the Sydney area based on this model, one in the Inner City conducted by NEAMI National and the second in Penrith, provided by Wentworth Community Housing and Job Services Australia. They informed the committee that these projects are currently being evaluated.<sup>444</sup>
- 4.122** The Human Rights Committee of the Law Society of New South Wales provided information to the committee about the ‘Housing First’ strategy adopted by the State of Utah in the United States of America. This strategy commenced in 2005 as a 10 year plan to eradicate chronic homelessness in Utah, with results showing that homelessness had reduced by 74 per cent. They also noted that a homeless shelter was able to close and redirect its funding to other services as a result of the success of the program. The strategy focused on the provision of housing in conjunction with support services and case management, such as drug and alcohol

<sup>439</sup> Tabled document, Family and Community Services, *Sydney Common Ground Project Briefing to Select Committee*, 16 May 2014, p 13, citing Social Policy Research Centre, University of New South Wales evaluation.

<sup>440</sup> Mission Australia, *Common Ground Project*, <<https://www.missionaustralia.com.au/what-we-do-to-help-new/community-housing/affordable-housing/housing-partners/common-ground-project>>.

<sup>441</sup> Tabled document, Family and Community Services, *Sydney Common Ground Project Briefing to Select Committee*, 16 May 2014, p 13.

<sup>442</sup> Evidence, Ms Monica Barone, Chief Executive Officer, City of Sydney, 12 May 2014, p 17.

<sup>443</sup> Evidence, Mr Moore, 12 May 2014, p 64.

<sup>444</sup> Submission 57, Regional Development Australia Sydney, p 6.

treatment. This approach has been used in New York, Denver and San Francisco and has been shown to save the government money.<sup>445</sup>

### **‘Wrap around services’ and young people**

- 4.123** The integration of services and housing is also important for young people. Youth Action New South Wales advised the committee that an integrated service approach for young people is necessary, given that young people living in social housing are experiencing disadvantage. They reported that support services can help young people to maintain their tenancy.<sup>446</sup>
- 4.124** In addition, Youth Action New South Wales argued that the approach to integrate services and housing should be incorporated in all types of housing models and not just limited to the homelessness sector.<sup>447</sup>
- 4.125** Yfoundations shared a similar view and explained that young people need support to access education, employment and assistance with living skills. They pointed to the success of the foyer model in providing services and housing to young people, as outlined in the following case study.<sup>448</sup>

#### **Case study – Foyer model**

The Foyer model is an integrated housing and support service model for young people aged between 16 and 25 years.<sup>449</sup> Originating in France in the 1950s,<sup>450</sup> the model focuses on allowing residents ‘to meet their educational or training goals’<sup>451</sup> in a stable and secure environment.

The Australian Government’s 2008 White Paper on Homelessness – *‘The Road Home’* – indicated the ‘need for more supportive housing models such as ‘Foyer’s’ to help to break the cycle of homelessness for young people in providing accommodation connected to education, training and employment’.<sup>452</sup>

Compass Housing Services Co Ltd, a not-for-profit housing provider, noted that in the six years since the White Paper was released, a small number of Foyers have been constructed in Victoria, South Australia, Western Australia and New South Wales with several more planned in New South Wales.<sup>453</sup> As the Southern Youth and Family Services Association Incorporated argued in their submission:

<sup>445</sup> Submission 40, Human Rights Committee, Law Society of New South Wales, pp 3-4.

<sup>446</sup> Submission 106, Youth Action New South Wales, p 23.

<sup>447</sup> Submission 106, Youth Action New South Wales, p 23.

<sup>448</sup> Submission 233, Yfoundations, pp 12-13.

<sup>449</sup> Submission 85, Mercy Foundation, p 5; Submission 38, Compass Housing Services Co Ltd, p 20.

<sup>450</sup> Submission 38, Compass Housing Services Co Ltd, pp 20-21.

<sup>451</sup> Submission 85, Mercy Foundation, p 5.

<sup>452</sup> Submission 38, Compass Housing Services Co Ltd, p 20.

<sup>453</sup> Submission 38, Compass Housing Services Co Ltd, p 20.

Youth Foyers offer an internationally and nationally recognised best practice option for homeless young people who are not yet at a developmental stage appropriate for independent living.<sup>454</sup>

Similarly, Compass Housing Services Co Ltd emphasised the longevity and effectiveness of the model which has:

... assisted young disadvantaged people to stabilise their lives and achieve transition to independence. The approach works because it is a holistic approach in that the model provides: secure tenure of accommodation; education pathways; health and wellbeing support; social connectedness; independent living skills and employment pathways.<sup>455</sup>

The Southern Youth and Family Services Association Incorporated stated that the link between housing and educational and/or employment opportunities is highly significant with much research literature showing that 'by increasing young people's success in education and training, and subsequent employment ... [the] cycles of homelessness' can be prevented.<sup>456</sup> According to Ms Narelle Clay, Chief Executive Officer of Southern Youth and Family Services Association Incorporated, the strength of the foyer model is in its ability to provide an:

...increased intensive support element to employment, education and training for young people while understanding that without those components young people will find it hard to get out of the cycle of poverty because even when they are working, their low incomes often mean their housing is a problem.<sup>457</sup>

In their submission, Youth Action New South Wales, a peak organisation representing young people and youth services in New South Wales, contended that 'if young people are given appropriate and coordinated support ... they become empowered to move from dependence and isolation to independence and connection with the community'.<sup>458</sup> It also highlighted how the Foyer model 'acknowledges what young people can offer to the community' because at the heart of the model is 'the premise that young people need to actively engage in their own development and can make a positive [contribution]'.<sup>459</sup> According to Youth Action New South Wales, the significance of the model rests on the understanding that housing is not 'the end but rather part of the means to allow young people to "thrive"'.<sup>460</sup>

<sup>454</sup> Submission 42, Southern Youth and Family Services Association Incorporated, p 4.

<sup>455</sup> Submission 38, Compass Housing Services Co Ltd, p 21.

<sup>456</sup> Submission 42, Southern Youth and Family Services Association Incorporated, p 4.

<sup>457</sup> Evidence, Ms Clay, 1 May 2014, p 16.

<sup>458</sup> Submission 106, Youth Action New South Wales, p 26, citing E. Deakin, 'Final Evaluation Report – South West Sydney Youth Hub Project Incorporating the Foyer Model' prepared for the Department of Family and Community Services, 2013, <<http://www.housing.nsw.gov.au/NR/rdonlyres/93708A24-5EE6-48ED-8114-A4965CF4638F/0/SouthWestSydneyYouthHubProject.pdf>>.

<sup>459</sup> Submission 106, Youth Action New South Wales, p 28.

<sup>460</sup> Submission 106, Youth Action New South Wales, pp 27-28, citing E. Deakin, 'Final Evaluation Report – South West Sydney Youth Hub Project Incorporating the Foyer Model' prepared for the Department of Family and Community Services, 2013, <<http://www.housing.nsw.gov.au/NR/rdonlyres/93708A24-5EE6-48ED-8114-A4965CF4638F/0/SouthWestSydneyYouthHubProject.pdf>>.



It has been suggested that the positive and encouraging results from Foyers around the world demonstrate the potential use of the model for other vulnerable and disadvantaged groups in the community. Ms Nicky Sloan, Chief Executive Officer of Illawarra Forum Inc proposed that the ‘great results’ produced by the Foyer model for young people ‘could be replicated ... with women and families and people with mental health issues and so many other people at risk’.<sup>461</sup>

### **Southern Youth Foyer Project Illawarra**

The committee received detailed evidence of a Foyer project operating in the Illawarra region. The Southern Youth Foyer Project, managed by the Southern Youth and Family Service Association Incorporated can support, at any one time, between 32 and 35 young people and can assist up to 45-50 clients per year, depending on length of stay.<sup>462</sup> Ms Clay informed the committee that in order to maintain ‘supervision and support, including 24 hour a day staffing’, the Southern Youth Foyer required \$1 million per annum of funding.<sup>463</sup>

The large range of wraparound support services available at the Southern Youth Foyer ‘ensure[s] a holistic response to clients’ needs’.<sup>464</sup> The range of support services available to clients include: health services, employment, education and training programs, a counselling program, and tenancy skill development programs.<sup>465</sup>

The committee heard that results from the Southern Youth Foyer demonstrate that the ‘foyer model is highly successful in stabilising young people’s living situations and developing skills and opportunities for secure futures’.<sup>466</sup> Ms Clay advised that the young people who exited the Foyer ‘are much better equipped to be able to be good tenants, if they can get into private rental or into other community affordable housing’ and more ‘likely to have ongoing employment’ due to the qualifications gained while at the Foyer.<sup>467</sup>

The committee was informed that of the 23 clients who left the service in 2012/2013:

- 26 per cent were participating in the education system
- 43 per cent were involved in vocational training
- 30 per cent were employed

<sup>461</sup> Evidence, Ms Nicky Sloan, Chief Executive Officer, Illawarra Forum Inc, 30 April 2014, p 29.

<sup>462</sup> Answers to questions on notice, Southern Youth and Family Services Association Incorporated, 28 May 2014, p 2.

<sup>463</sup> Answers to questions on notice, Southern Youth and Family Services Association Incorporated, 29 May 2014, p 3.

<sup>464</sup> Submission 42, Southern Youth and Family Services Association Incorporated, p 2.

<sup>465</sup> Submission 42, Southern Youth and Family Services Association Incorporated, p 2.

<sup>466</sup> Submission 42, Southern Youth and Family Services Association Incorporated, p 5.

<sup>467</sup> Evidence, Ms Clay, 1 May 2014, p 18.

- all were on an income when they exited
- all had improved their living and social skills.<sup>468</sup>

Ms Clay said these positive and encouraging outcomes highlight the Foyer model as an ‘evidence-based model that breaks the cycles of homelessness and disadvantage for young people’.<sup>469</sup>

### **‘Wrap around services’ and older people**

- 4.126** Older people can also benefit from the integration of services and housing. COTA supported innovative affordable housing models for older people that recognise that people want to age in place. Examples include the Housing NSW Smart Street Fairfield seniors urban living housing model, a purpose built complex designed to cater for the needs of older people. It has 45 units and is located in Fairfield. It includes two rooms for visiting doctors or nurses. It will also have retail outlets providing potential employment opportunities.<sup>470</sup>
- 4.127** The Combined Pensioners and Superannuants Association of NSW Inc also gave other examples of good models for older people, including the James and Jessie Brown Cottages at Mansfield Park which has 20 low cost single bedroom units for people at risk of homelessness. They also pointed to the Seniors Central Living Development at Fairfield, Ocean Street Bondi, the Silver and Wild Sage Villages at Colorado in the United States of America and Harmony Village at Dandenong, Victoria.<sup>471</sup>
- 4.128** In addition, the IRT Group discussed the benefits of purpose built retirement communities for older people. They explained that retirement communities allow older people to live independently. They also pointed out that they are designed for older people, with features such as gentle slopes, grab rails in the bathrooms and emergency call buttons. IRT Group also noted other benefits, including an onsite manager, a community hall that provides access to social activities, access to community transport, maintenance assistance and security service.<sup>472</sup>

### **Community ‘hubs’ and communal spaces**

- 4.129** During our inquiry, a number of participants discussed the benefits of community activities and ‘hubs’ in areas where there is social and affordable housing, and communal spaces or recreational rooms in buildings or complexes.
- 4.130** The committee heard that community activities are important in promoting social and community cohesiveness. The NSW Consumer Advisory Group – Mental Health Inc argued

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<sup>468</sup> Answers to questions on notice, Southern Youth and Family Services Association Incorporated, 28 May 2014, p 2.

<sup>469</sup> Answers to questions on notice, Southern Youth and Family Services Association Incorporated, 28 May 2014, p 3.

<sup>470</sup> Submission 119, COTA NSW, p 8.

<sup>471</sup> Submission 188, Combined Pensioners and Superannuants Association of NSW Inc, p 10.

<sup>472</sup> Submission 111, IRT Group, p 7.

that ‘activities and initiatives that promote community connectedness contribute to people’s sense of safety, wellbeing and contentedness with their living environment’.<sup>473</sup>

- 4.131** One option that can enable greater access to services is the use of community ‘hubs’. The Salvation Army, in their submission, explained how their developments have ‘hubs’ which allow the community to interact with their organisation. They suggested that an extension of the ‘hubs’ concept could include other key services such as medical, health and fitness services.<sup>474</sup>
- 4.132** The NSW Consumer Advisory Group – Mental Health Inc also suggested that ‘hubs’ can provide access to services. They noted that hubs are similar to a clubhouse or ‘adult headspace’ initiative where services could be provided, people can socialise and it is accessible after hours and on weekends.<sup>475</sup>
- 4.133** In Albury, Homes Out West created a place called ‘The Hub’, a ‘one stop shop’ for people with housing related stress within the Albury community. In their submission, they explained that ‘The Hub’ involves the co-location of a number of independent housing related service providers and ‘enables the delivery of various services to people at risk of or experiencing homelessness’.<sup>476</sup> The Nepean Community and Neighbourhood Services also highlighted the importance of the hub service provided on an estate in Cranebrook.<sup>477</sup>
- 4.134** In particular housing complexes, recreational rooms and communal spaces are an important space that can be used to access services or for residents to participate in activities. During a visit to Port Macquarie the committee toured a social housing complex that had a large communal area and outdoor space. The committee was informed that these facilities were used in a number of ways, including for socialisation, meetings and to access services.
- 4.135** Nepean Community and Neighbourhood Services explained to the committee that tenants can access services, including community development workers, if communal spaces are provided. They gave the example of the Case Belle complex in Penrith which has a space that allows residents to meet with community development workers and housing staff.<sup>478</sup>
- 4.136** Warrawong Residents Forum Inc asserted that public housing developments must include communal areas, where tenants can socialise or work on projects. They argued that these spaces should be both indoor and outdoor. In addition, they pointed to the approach taken in Wellington, New Zealand, which involves a program to upgrade social housing by including better recreation facilities.<sup>479</sup>

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<sup>473</sup> Submission 54, NSW Consumer Advisory Group – Mental Health Inc, p 9.

<sup>474</sup> Submission 55, The Salvation Army, p 8.

<sup>475</sup> Submission 54, NSW Consumer Advisory Group – Mental Health Inc, p 9.

<sup>476</sup> Submission 74, The Housing Alliance, p 74.

<sup>477</sup> Submission 61, Nepean Community and Neighbourhood Services, p 3.

<sup>478</sup> Submission 61, Nepean Community and Neighbourhood Services, p 2.

<sup>479</sup> Submission 104, Warrawong Residents Forum Inc, p 5.

## Committee comment

- 4.137** We acknowledge the importance and value of a home for individuals and families. We recognise that this importance is not easily quantifiable in economic terms, however, the evidence clearly shows that the value of having a place to call home must be taken into account when developing and implementing government policies.
- 4.138** Evidence received by the committee showed that public housing estates are some of the most disadvantaged areas in our community, characterised by low incomes and a lack of access to employment, education and transport. The committee is concerned about the disadvantage being experienced in these estates, including by children and young people. Addressing the issues in estates is critical to breaking the cycle of intergenerational disadvantage and to enabling children and young people to have positive futures.
- 4.139** The committee notes that despite the Auditor-General recommending that an estates strategy be finalised by December 2013, such a strategy has still not been released. Given the importance of an estates strategy in ameliorating disadvantage, we recommend that the Department of Family and Community Services finalise the strategy for managing public housing estates, as recommended by the Auditor-General.

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### Recommendation 6

That the Department of Family and Community Services finalise the strategy for managing public housing estates, as recommended by the Auditor-General.

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- 4.140** The committee is very concerned about the statistics that show homelessness is increasing, and the impact a shortage of social, public and affordable housing is having on vulnerable groups within our society. In particular, the committee is worried about emerging trends related to women and families being in housing crisis or facing the risk of homelessness. In particular, we are also concerned for young people in out of home care who may find it difficult to access social or affordable housing when they leave care. Given their age and vulnerability, we believe that there should be additional support provided to them at this critical time in their lives.
- 4.141** We were also shocked to learn about the proportion of homeless people that are veterans, with approximately 12 per cent of people sleeping rough being former diggers. We need to do more to ensure veterans can easily access social, public and affordable housing.
- 4.142** Given our concerns for vulnerable groups in accessing housing, we recommend that the Department of Family and Community Services develop, as a priority, a strategy for improving access to social, public and affordable housing for vulnerable groups, including women, including those with young children; young people; people with a disability or mental illness; veterans; Aboriginal people; victims of domestic or family violence; asylum seekers; refugees and migrants; older people; and key/essential workers.

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**Recommendation 7**

That the Department of Family and Community Services develop, as a priority, a strategy for improving access to social, public and affordable housing for vulnerable groups, including:

- women, including women with children
  - young people
  - people with a disability or mental illness
  - veterans
  - Aboriginal people
  - victims of domestic or family violence
  - asylum seekers, refugees and migrants
  - older people
  - key/essential workers.
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**Recommendation 8**

That the NSW Government give priority to ensuring information is reviewed in relation to funding from the National Disability Insurance Agency to provide for housing for people with a disability.

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**Recommendation 9**

That the needs of people with a disability are prioritised in the social housing reform goals of the Department of Family and Community Services.

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**4.143** The committee notes the importance of the National Partnership Agreement on Homelessness and recommends that the NSW Government negotiate with the Australian Government for a continuation of that partnership.

**4.144** In relation to emergency accommodation, we recognise that the shortage of housing is placing increasing pressure on all parts of the housing system, including short and medium term housing options. Whilst it is important that those who need emergency or crisis accommodation are prioritised and given housing urgently, we consider that the current approach of placing people in motels, hotels and residential parks has its problems, and that people can be placed in unsuitable, unsafe or inadequate conditions, often with a lack of support or assistance. We are deeply concerned about the impact of this approach, particularly for vulnerable women, children and families. Given these concerns, we recommend that the Department of Family and Community Services immediately review its approach to placing priority social housing applicants in motels, hotels, residential parks and other forms of crisis accommodation, to ensure the accommodation is appropriate and safe.

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**Recommendation 10**

That the Department of Family and Community Services immediately review its approach to placing priority social housing applicants in motels, hotels, residential parks and other forms of crisis accommodation, to ensure the accommodation is appropriate and safe.

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- 4.145** In terms of the homelessness reforms, we acknowledge that we are in a period of change and that a number of service providers are concerned about how they are affected by the new tender process. We note the distress in the sector about these changes and believe that clearer communication with stakeholders about the reform process may have helped to minimise concerns. Given the significance of the new approach to funding of services, and the concerns voiced by stakeholders about the loss of services, we recommend that the Department of Family and Community Services ensure there is no loss of specialist homelessness services under the *Going Home, Staying Home* reforms.
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**Recommendation 11**

That the Department of Family and Community Services ensure there is no loss of specialist homelessness services under the *Going Home, Staying Home* reforms.

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- 4.146** Given the well documented disadvantage experienced by residents of social housing, particularly on public housing estates, we strongly believe that service integration is necessary to support tenants to maintain their tenancies and if possible, to move through the housing continuum. The level of disadvantage being experienced clearly justifies the need for greater support and expansion of service integration. This level of support will help tenants to address non housing needs, which it vital to helping them to sustain their tenancies.
- 4.147** In terms of successful approaches to integrating services and housing, we are impressed with two particular models, Common Ground and the Youth Foyer model. We believe that the 'housing first' approach adopted in these models delivers positive outcomes and that this type of approach may benefit other people with specific or complex needs, including young people, veterans, Aboriginal people and older people. Consequently, we recommend that the Department of Family and Community Services expand its support for innovative housing models that integrate services with housing, such as Common Ground and Youth Foyers.
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**Recommendation 12**

That the Department of Family and Community Services expand its support for innovative housing models that integrate services with housing, such as Common Ground and Youth Foyer models.

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## Chapter 5 Public housing

This chapter examines two key issues related to public housing: the tenancy management responsibilities of Housing NSW as a landlord and the property management function of the Land and Housing Corporation. It begins by considering concerns about applicants being removed from the social housing wait list for not updating their details. It also covers issues that arose during this inquiry about the recent introduction of a vacant bedroom charge to address under occupancy, recent amendments to the succession policy for tenants and the support services provided to tenants. This chapter also considers the issue of deliberate damage to property by public housing tenants.

The second half of this chapter discusses in detail the significant issue of maintenance and the overwhelming concerns expressed about the poor condition of public housing properties. In examining this issue, we consider the financial position of the Land and Housing Corporation and the impact an ageing portfolio is having on tenants.

### Tenancy management by Housing NSW

- 5.1** Housing NSW is the agency responsible for providing tenancy management services for public housing properties. They have a responsibility to maintain the social housing wait list and for implementing other policies, such as the vacant bedroom charge if a property is ‘under occupied’, and the succession policy, triggered when a tenant dies or leaves the property because of ill health, disability or imprisonment.
- 5.2** As a public housing landlord, Housing NSW is also responsible for providing support services to its tenants and for appropriately managing tenants that deliberately damage government owned property.

#### The social housing wait list

- 5.3** Applicants that apply for social housing have a responsibility to ensure their details are kept up to date on the wait list.
- 5.4** A concern was raised about Housing NSW’s policy to remove applicants from the wait list if they do not respond to messages about their housing need. Redfern Legal Centre explained that given lengthy waiting times for social housing, an applicant’s details may change routinely, which can result in an applicant being suspended or cancelled from the wait list if their details are not maintained.<sup>480</sup>
- 5.5** The committee was also informed that many people appeal the decision to be removed from the list, or reapply for social housing, and that both these avenues add an unnecessary strain to the system. Redfern Legal Centre stated:

...it is unrealistic to expect that applicants will constantly update Housing about their ongoing housing need when they will be waiting for many years. Removing applicants

<sup>480</sup> Submission 108, Redfern Legal Centre, p 8.

from the list does not help to reduce the waiting list – it only distorts the list by displacing long term applicants whose details have changed.<sup>481</sup>

**5.6** At a hearing, Ms Susan King, Director of Advocacy and Research with Anglicare Sydney, also expressed concerns about applicants being removed from the wait list for not updating their details. She noted that the policy was particularly problematic for young mothers in a previous program called Carramar, as the women regularly moved from one place to another without necessarily keeping their details up to date. Ms King recommended an automatic updating process between Centrelink and Housing NSW.<sup>482</sup>

**5.7** When asked about the possibility of automatic updating of information between Housing NSW and Centrelink, Mr Paul Vevers, Executive Director, Housing Services, Housing NSW stated:

At the moment we do have an agreement for an exchange of information with Centrelink. It does not run to addresses but that is certainly something we can investigate with them. We do not rely solely on letters or postcards to people to update their addresses; we make extensive use of SMS. In fact, probably 60 per cent or so of people on the waiting list have given us a mobile phone number and we use that to update their details on the housing register.<sup>483</sup>

**5.8** When asked further about this, the Department of Family and Community Services commented:

The automatic update of address between Housing and Centrelink is not currently possible as Centrelink does not offer such a service outside a current trial they are conducting in Victoria. Discussions will be held with Centrelink following the trial to encourage them to consider the extension of this service.<sup>484</sup>

### **Vacant bedroom charge**

**5.9** One of the topics discussed during the inquiry was the ‘vacant bedroom charge’, also referred to as the under occupancy policy. The Tenants’ Union of New South Wales stated that this policy was introduced by Housing NSW in anticipation of the Auditor-General’s report which highlighted significant issues related to the under occupancy of public housing.<sup>485</sup>

**5.10** The policy commenced in June 2013 and applies if a tenant is considered to be under occupying a property, meaning they have additional bedrooms than what they need. The policy enables Housing NSW, in certain circumstances, to apply a vacant bedroom charge on top of the tenant’s rent. This can occur if:

- a tenant requests a transfer to a smaller property due to ‘under occupying’ the premises, and they refuse two reasonable offers of housing; or

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<sup>481</sup> Submission 108, Redfern Legal Centre, p 8.

<sup>482</sup> Evidence, Ms Susan King, Director Advocacy and Research, Anglicare Sydney, 30 May 2014, p 24.

<sup>483</sup> Evidence, Mr Paul Vevers, Executive Director, Housing Services, Housing NSW, 30 May 2014, p 41.

<sup>484</sup> Answers to questions on notice, Family and Community Services, 1 July 2014, p 1.

<sup>485</sup> Submission 68, Tenants’ Union of New South Wales, p 33.



- Housing NSW approaches a tenant to move due to ‘under occupying’ the property and the tenant either refuses to move or declines two reasonable offers of housing.<sup>486</sup>

- 5.11** An exception to this policy applies to tenants who live in Aboriginal Housing Office owned properties, or to tenants who have had an additional bedroom approved due to children or medical needs.<sup>487</sup>
- 5.12** The vacant bedroom charge, if imposed, is \$20 per week per household for a single person or \$30 per week for a household of two or more people.<sup>488</sup>
- 5.13** The Department of Family and Community Services advised the committee that approximately 1,500 tenants had been approached by Housing NSW to relocate due to under occupancy and that another 260 tenants had approached Housing NSW themselves about this issue. Approximately 59 per cent of tenants who Housing NSW had approached had elected to pay the additional bedroom charge rather than relocate. Only 217 tenants had relocated since the policy commenced.<sup>489</sup>
- 5.14** During the inquiry, many participants raised concerns about the vacant bedroom charge, including tenant’s advice services and community legal centres. In fact, the Illawarra and South Coast Tenants Service highlighted that the United Nations Special Rapporteur on adequate housing reported on a similar policy approach in the United Kingdom and found that ‘persons with physical and mental disabilities...felt targeted instead of protected’.<sup>490</sup> They pointed out that the United Nations Special Rapporteur recommended the scheme be suspended and re-evaluated in light of the impacts it was having on vulnerable individuals.<sup>491</sup>
- 5.15** The Illawarra and South Coast Tenants Service agreed with the Special Rapporteur’s findings and said they have concerns about the impact of the policy on tenants who have resided in properties for a number of years, particularly those who had established strong community connections. They commented:

Such individuals are likely to have an affinity with the local area and strong social and community ties that may not be easily re-established, particularly for older people. To sustain these ties, tenants will likely pay the charge. This will place individuals who are already living in or on the margins of poverty in a position of financial hardship, and in turn create homelessness, as tenants will struggle to meet rent payments and fall into arrears.<sup>492</sup>

<sup>486</sup> Department of Family and Community Services, Housing NSW, *Charging Rent Policy* (accessed 3 July 2014), <<http://www.housing.nsw.gov.au/Forms%2BPolicies%2Band%2BFact%2BSheets/Policies/Charging%2BRent%2BPolicy.htm>>.

<sup>487</sup> Department of Family and Community Services, Housing NSW, *Charging Rent Policy* (accessed 3 July 2014), <<http://www.housing.nsw.gov.au/Forms%2BPolicies%2Band%2BFact%2BSheets/Policies/Charging%2BRent%2BPolicy.htm>>.

<sup>488</sup> Submission 68, Tenants’ Union of New South Wales, p 33.

<sup>489</sup> Answers to questions on notice, Family and Community Services, 1 July 2014, p 6.

<sup>490</sup> Submission 116, Illawarra and South Coast Tenants Service, p 11.

<sup>491</sup> Submission 116, Illawarra and South Coast Tenants Service, p 11.

<sup>492</sup> Submission 116, Illawarra and South Coast Tenants Service, p 12.

**5.16** At a hearing, Ms Alexandra O'Donnell from the Illawarra and South Coast Tenants Service stated that she anticipated tenants would pay the additional charge rather than moving. She explained that tenants would forgo other necessities:

The response that we are seeing from tenants is largely that they will pay these costs in order to sustain those social and community ties and go without other necessities, things like healthcare, adequate nutrition and sustenance, in order to remain in their local area.<sup>493</sup>

**5.17** In terms of the financial impact, Dr Chris Martin, Senior Policy Officer, Tenants' Union of New South Wales, supported the views of the Illawarra and South Coast Tenants Service. He commented that the vacant bedroom charge 'would cause hardship to people who have decided to exercise the option to stay put'.<sup>494</sup>

**5.18** Kingsford Legal Centre also raised concerns about the vacant bedroom charge and argued that public housing tenants are bearing the impact of insufficient public housing stock. They stated:

Public housing tenants who are deemed to be under-occupying a property are being put in the position of either having to relocate from a property they may have been living in for decades to a new area they are not familiar with and give up meaningful relationships with people and services or pay a more rent out of their already small income. Public housing tenants are being punished for the lack of public housing stock necessary to house people on the waiting list.<sup>495</sup>

**5.19** The Combined Pensioners and Superannuants Association of NSW Inc also expressed some concerns about this policy and in particular, whether relocation costs would be covered by the Department of Family and Community Services. They informed the committee that they had been in contact with tenants who had been informed by Housing NSW that they would have to 'foot the bill for moving costs', despite being on disability pensions. They contended that the information tenants were being told about moving costs varied depending from office to office.<sup>496</sup>

**5.20** Following this, the Combined Pensioners and Superannuants Association of NSW Inc provided the committee with a list of 18 Housing NSW offices they said had advised tenants that no assistance would be provided in terms of relocation costs if they accepted an offer of a smaller property. The offices they listed were Bathurst, Bega, Burwood, Batemans Bay, Strawberry Hills, Corrimal, Cowra, Dee Why, Fairfield, Gosford, Goulburn, Griffith, Maroubra, Newcastle, Orange, Parramatta, Shellharbour and Wollongong.<sup>497</sup>

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<sup>493</sup> Evidence, Ms Alexandra Kate O'Donnell, Tenants Advocate, Illawarra and South Coast Tenants Advice and Advocacy Services, 30 May 2014, p 14.

<sup>494</sup> Evidence, Dr Chris Martin, Senior Policy Officer, Tenants' Union of New South Wales, 12 May 2014, p 49.

<sup>495</sup> Submission 65, Kingsford Legal Centre, p 7.

<sup>496</sup> Evidence, Ms Amelia Christie, Manager, Research and Advocacy, Combined Pensioners and Superannuants Association of NSW, 30 May 2014, p 35.

<sup>497</sup> Answers to questions on notice, Combined Pensioners and Superannuants Association of NSW Inc, 25 June 2014, pp 1-2.

- 5.21** When the committee tried to clarify with the Department of Family and Community Services whether removal costs are covered, they advised that relocation costs would be met in some cases:
- FACS will provide practical assistance to relocating public housing tenants where it is appropriate and necessary for helping the tenant and their household to relocate. FACS will assess each tenant's situation on a case by case basis and make a decision based on the individual circumstances of the tenant.<sup>498</sup>
- 5.22** The committee also tried to gather information from the Department of Family and Community Services about how many people had been assisted with moving expenses. The reply the committee received was that 'the number of people who have been provided with removals assistance is not information which is held centrally'.<sup>499</sup>
- 5.23** An interesting point made to the committee by the 'Tenants' Union of New South Wales was that that public housing is more efficient in terms of occupancy when compared to other forms of tenure, including owner-occupied housing and private rentals. They stated that the rate of under occupancy is actually higher in owner occupied housing, especially amongst owner occupiers without a mortgage.<sup>500</sup>
- 5.24** The 'Tenants' Union of New South Wales also argued that 'under occupying' and 'over occupying' will always exist if priority applicants are placed in the first available property and that strategies to address these issues may come with a cost, such as longer vacancy times:
- The trend to increased priority applications has compounded the difficulty in matching households precisely to dwellings. Housing NSW could probably achieve more precise matches – at the cost of leaving dwellings vacant longer.<sup>501</sup>
- 5.25** While the 'Tenants' Union of New South Wales acknowledged the equity issues related to under occupancy, they recommended a review of the current rent rebate system and income related rents to determine whether rent setting methods may help to address some of the equity issues. They argued that the current vacant bedroom charge should be suspended, pending the review.<sup>502</sup>

### **Recognition as a tenant**

- 5.26** Another issue canvassed during this inquiry was the process for recognition as a tenant, a process that replaced the succession policy in March 2013. This process relates to a household member taking over a public housing lease when a tenant dies or leaves the property because of ill health, disability or imprisonment.<sup>503</sup>

<sup>498</sup> Answers to questions on notice, Family and Community Services, 1 July 2014, p 6.

<sup>499</sup> Answers to questions on notice, Family and Community Services, 1 July 2014, p 6.

<sup>500</sup> Submission 68, Tenants' Union of New South Wales, p 33.

<sup>501</sup> Submission 68, Tenants' Union of New South Wales, p 34.

<sup>502</sup> Submission 68, Tenants' Union of New South Wales, p 34.

<sup>503</sup> Department of Family and Community Services, Housing NSW, *Charging Rent Policy* (accessed 3 July 2014), <  
<http://www.housing.nsw.gov.au/About+Us/News+and+Newsletters/News+Articles/Changes+to+Housing+NSW+Succession+of+Tenancy+policy+announced.htm>>.

- 5.27** In terms of how the process works, after a tenant has died or permanently left the premises, another household member can apply for a six month lease or for recognition as a tenant. Household members can apply to be recognised as a tenant if they:
- are a spouse or de-facto partner aged over 55 years or a custodian or legal guardian of children in the household; and
  - meet Housing NSW's priority housing criteria; and
  - have lived in the property for at least two years.<sup>504</sup>
- 5.28** At the same time as applying for recognition as a tenant, a person can apply for a six month provisional lease to remain in the property, although some exceptions apply.<sup>505</sup>
- 5.29** The 'Tenants' Union suggested that that amendments made in March 2013 were more restrictive as they required persons seeking recognition as a tenant to meet the priority criteria for housing, whereas previously the succession policy required that they meet the usual criteria for social housing.<sup>506</sup>
- 5.30** The 'Tenants' Union contended that the new approach was 'conceptually a poor fit for the circumstances of this sort of application' because:
- The priority criteria are tighter than the usual criteria – the applicant must also show that they have an 'urgent need for housing' ...the priority criteria are designed to identify a person in a bad housing situation and get them out of it, whereas an application for succession or recognition as a tenant is for the purpose of staying in one's current housing.<sup>507</sup>
- 5.31** The Illawarra and South Coast Tenants Service expressed concerns about the disproportionate impact of the new process on certain people. In their submission, they stated:
- We have seen the policy disproportionately affect live-in carers, authorised occupants who are the spouse or de facto partner of the tenant but are not yet 55 years old, adult children and siblings.<sup>508</sup>
- 5.32** The Illawarra and South Coast Tenants Service also contended that the requirement to demonstrate eligibility for priority housing is a high benchmark as it requires people to 'not only prove their eligibility for social housing but that they have an urgent housing need that cannot be resolved in the private rental market'.<sup>509</sup>

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<sup>504</sup> Department of Family and Community Services, Housing NSW, *Recognition as a tenant* (accessed 3 July 2014), <<http://www.housing.nsw.gov.au/NR/rdonlyres/6BD2F569-7A6E-4044-A3AD-FA5FCC4933EA/0/Recognitionasatenant.pdf>>.

<sup>505</sup> Department of Family and Community Services, Housing NSW, *Charging Rent Policy* (accessed 3 July 2014), <<http://www.housing.nsw.gov.au/About+Us/News+and+Newsletters/News+Articles/Changes+to+Housing+NSW+Succession+of+Tenancy+policy+announced.htm>>.

<sup>506</sup> Submission 68, Tenants' Union of New South Wales, pp 31-32.

<sup>507</sup> Submission 68, Tenants' Union of New South Wales, p 32.

<sup>508</sup> Submission 116, Illawarra and South Coast Tenants Service, p 14.

<sup>509</sup> Submission 116, Illawarra and South Coast Tenants Service, p 14.

- 5.33** The Tenants' Union of New South Wales insisted there is an inherent conflict in the process for recognition as a tenant. They pointed out that if a person applies for a six month lease and for recognition as a tenant, the granting of a six month lease will mean that they will subsequently not be eligible for recognition as a tenant as they cannot meet the priority criteria.<sup>510</sup>
- 5.34** This issue was also highlighted by the Illawarra and South Coast Tenants Service when they noted a Housing Appeals Committee finding that a tenant could not establish her eligibility for priority housing on the basis that she could not demonstrate her unmet housing need as she had been granted a six month provisional lease by Housing NSW.<sup>511</sup>
- 5.35** The Illawarra and South Coast Tenants Service also argued that the process fails to influence supply and demand of social housing as it was intended to do. They stated that:
- ...the policy is only effective in keeping numbers fluid, but does not work to impact on demand or supply whereby the person found ineligible to succeed the tenancy is removed from the property, but is otherwise eligible for public housing and so is added to the waiting list.<sup>512</sup>
- 5.36** The Illawarra and South Coast Tenants Service also pointed out that an unsuccessful application for recognition as a tenant will mean people have to relocate, which may have a serious impact on a person's health and wellbeing.<sup>513</sup>
- 5.37** The following case study highlights the difficulties associated with applying for recognition as a tenant.

#### **Case study – Applying for recognition as a tenant<sup>514</sup>**

Leanne was in her 20's and living with her sister and father in a public housing property for 20 years, having moved there to escape domestic violence perpetrated by her mother. Leanne provided full time care for her father.

After Leanne's father died, she applied to Housing NSW for recognition as a tenant. Her application was rejected, on the basis that she was not the over 55 spouse of the deceased tenant and was ineligible for priority housing. The reason she was deemed ineligible for priority housing was because she could not demonstrate an urgent housing need as Housing NSW had granted her a six month lease following her application.

Leanne was on a low income and had significant expenses. She was not able to find accommodation with family members. She applied to rent 37 properties and was unsuccessful in all of the applications.

<sup>510</sup> Submission 68, Tenants' Union of New South Wales, p 32.

<sup>511</sup> Submission 116, Illawarra and South Coast Tenants Service, p 14.

<sup>512</sup> Submission 116, Illawarra and South Coast Tenants Service, p 14.

<sup>513</sup> Submission 116, Illawarra and South Coast Tenants Service, p 14.

<sup>514</sup> Submission 116, Illawarra and South Coast Tenants Service, pp 14-16. This case study is based on the content of the submission.

Housing NSW suggested she move in with her mother, despite it being a one bedroom property and despite her family initially being moved into social housing because of domestic violence perpetrated by her mother.

Leanne had strong ties in the area where she had grown up. She was also grieving the loss of her father. She felt that the timeframe to submit an application for recognition as a tenant was too short given grief she was experiencing.

### **Support services for tenants**

**5.38** The committee also heard from several stakeholders who were critical of what they saw as a lack of support services for public housing tenants.

**5.39** Kingsford Legal Centre argued that public housing should be administered in collaboration with other services, including social, medical and mental health services. They stated:

It has been well documented that while public housing is now only available to people with more complex needs, there has been no associated service strategy to assist in the provision of housing to this group. Likewise, Housing NSW does not administer and service this group with any real expertise in dealing with the complex issues faced by their tenants, and instead often takes a punitive rather than a health approach to issues such as mental illness.<sup>515</sup>

**5.40** The Benevolent Society raised concerns about Housing NSW staff not having the necessary time, skills or resources to provide tenants with support. In their experience in working with both Housing NSW and community housing providers, they stated that:

Housing NSW frontline staff do not always have the skills or time to properly assist some of the families we work with – such as people with mental health or drug and alcohol issues, poor literacy and people with poor communication skills who struggle to explain their circumstances coherently. Some are simply told to get extra help from ‘someone else’ but not where to obtain that help.<sup>516</sup>

**5.41** By contrast, the Benevolent Society observed that community housing providers can work in partnership with other services, and that this helps to support tenants with their needs.<sup>517</sup>

**5.42** The Kingsford Legal Centre expressed concerns about vulnerable people not getting support to maintain their tenancies:

In our experience, people with significant disabilities, who live in public housing, often struggle to maintain their tenancies and are not provided with any additional support from Housing NSW or referral to appropriate services.<sup>518</sup>

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<sup>515</sup> Submission 65, Kingsford Legal Centre, p 6.

<sup>516</sup> Submission 121, The Benevolent Society, p 6.

<sup>517</sup> Submission 121, The Benevolent Society, p 8.

<sup>518</sup> Submission 65, Kingsford Legal Centre, p 6.

**5.43** On this issue, Kingsford Legal Centre further noted that:

...community services have often become the services of last resort for public housing tenants who are facing significant difficulties in their lives, and are often inadequately resourced to deal with the complexity of the issues these clients face.<sup>519</sup>

**5.44** The Multicultural Disability Advocacy Association of NSW similarly argued that vulnerable public housing tenants need greater support, particularly tenants from culturally and linguistically diverse backgrounds:

The provision of ongoing support is crucial in ensuring best outcomes. Many people from CALD / NESB with disability, their families and carers are unfamiliar with the processes involved in accessing social, public and affordable housing. In addition, there is minimal support given to assist consumers to navigate their way through the housing system; a system that has the potential to improve their standard of living.<sup>520</sup>

**5.45** The NSW Consumer Advisory Group – Mental Health Inc observed that tenants living in community housing often receive greater support than tenants that live in public housing. They stated: ‘by and large, consumers living in community housing have reported more positive housing experiences than people living in public housing’.<sup>521</sup>

**5.46** They also noted that the approach taken by Housing NSW towards support for tenants and community development varied in each area, with some highly disadvantaged areas lacking necessary community building initiatives:

At the moment, community development work seems to happen in an ad hoc manner in different pockets of NSW. We have heard of areas that have a high concentration of public and social housing tenants and no community building initiatives. We have heard of areas with similar demographics that have strong community development activities, where the workers actively connect with individual tenants and bring people together. We have also heard of areas that have community development workers but no effective community development work being done.<sup>522</sup>

**5.47** The NSW Consumer Advisory Group – Mental Health Inc acknowledged that in some cases, ‘community developer workers were too afraid to enter into public housing estates to carry out their work’ but argued that more resources need to be allocated towards supporting tenants in public housing, including appropriate resourcing and training of community development workers.<sup>523</sup>

**5.48** In terms of support for social housing tenants, the committee noted that a significant number of inquiry participants praised the supportive and holistic approach provided by community housing providers. This is covered in Chapter 6.

<sup>519</sup> Submission 65, Kingsford Legal Centre, p 6.

<sup>520</sup> Submission 134, Multicultural Disability Advocacy Association of NSW, p 4.

<sup>521</sup> Submission 54, NSW Consumer Advisory Group – Mental Health Inc, p 8.

<sup>522</sup> Submission 54, NSW Consumer Advisory Group – Mental Health Inc, p 10.

<sup>523</sup> Submission 54, NSW Consumer Advisory Group – Mental Health Inc, p 10.

**Damage to property by tenants**

**5.49** When touring public housing estates in Dubbo, the committee noticed that many public housing properties had been damaged, by fire or graffiti, and that many houses were boarded up.

**5.50** When the committee asked government witnesses why properties are boarded up, given high rates of homelessness and a shortage of social housing, Mr Paul Vevers, Executive Director, Housing Services, advised that there is ‘a legal requirement for the standard to which those properties must be brought. If a property has been damaged by fire it is not legally acceptable to let that to anybody’.<sup>524</sup>

**5.51** In managing damage, the committee was also informed that the department attempts to minimise the vacancy time for properties, discussed in Chapter 3. Mr Allen commented:

I would like to reassure you and the other committee members that we work exceedingly hard to turn those properties around as quickly as possible. We are absolutely mindful, as you are, of the needs of those people who we are here to assist and we are driven to try to turn those properties around as quickly as possible. In some places, like Dubbo and some estates, the vacancies are more obvious because we board properties up to stop them being vandalised. It does not mean that there are more properties vacant; it just means that they are more obvious in those places.<sup>525</sup>

**5.52** Given the growing social housing wait list, the committee questioned Housing NSW on what measures were in place to deal with tenants that damage public housing properties. During a hearing, Mr Allen was asked whether Housing NSW is considering implementation of a three-strikes system to evict tenants that damage property. Mr Allen advised the committee:

We have a number of measures in place in New South Wales, through the Residential Tenancies Act and through our own operational procedures, to deal with antisocial behaviour; and that is, by and large, a successful approach. We have been looking around at what all the other States and Territories have been doing on antisocial behaviour. So we are currently considering our position on our current measures and current processes based on the information we have received from the other jurisdictions. So, yes, we are looking at a range of measures. I cannot comment specifically on that three-strikes approach in Queensland but we are certainly looking at what all of our State and Territory colleagues are doing at the moment.<sup>526</sup>

**5.53** In relation to punitive measures against tenants, Redfern Legal Centre raised concerns about tenants being evicted from public housing, particularly for tenants with mental health concerns. They pointed out that after termination, most tenants are classed as ‘unsatisfactory tenants’, leading to limited options for housing elsewhere, and possibly homelessness.<sup>527</sup>

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<sup>524</sup> Evidence, Mr Paul Vevers, Executive Director, Housing Services, 30 May 2014, p 57.

<sup>525</sup> Evidence, Mr Mike Allen, Chief Executive, Housing NSW, 30 May 2014, p 57.

<sup>526</sup> Evidence, Mr Allen, 30 May 2014, p 57.

<sup>527</sup> Submission 108, Redfern Legal Centre, p 8.



## Property management by Land and Housing Corporation

**5.54** This section looks closely at the role of Land and Housing Corporation (LAHC) in maintaining its properties. In exploring this issue, it is necessary to consider the financial position of LAHC as highlighted in the Auditor-General's report, including their financial deficit and maintenance liability. It is also important to look at the impact an ageing portfolio is having on tenants and overwhelming dissatisfaction with the resolution of maintenance problems.

### The financial context

**5.55** The Auditor-General's report highlighted the difficult financial position of LAHC in 2012-13.

- The projected revenue for LAHC was approximately \$966 million, with \$700 million from tenancy rental payments, \$65 million from grants for the capital program, and \$165 million in proceeds from the sale of public housing properties.
- There was \$330 million of maintenance work required to ensure properties are maintained to a reasonable standard.
- The operating expenses for LAHC totalled \$1.45 billion.
- There was an overall deficit of about \$490 million.<sup>528</sup>

**5.56** In relation to the current financial position of LAHC, Ms Anne Skewes, Deputy Director General, LAHC, updated the committee with more information at a hearing. In particular, Ms Skewes informed the committee that LAHC, in 2013-14, will be spending \$377 million to maintain and upgrade existing properties in the public housing portfolio, with \$219 million being allocated towards responsive maintenance to 'ensure that properties are clean, safe and habitable' and \$158 million for planned maintenance and upgrading.<sup>529</sup>

**5.57** In considering the financial position of LAHC, it is important to note that approximately 25 per cent of public housing properties are over 40 years old and only 10 per cent were built in the last 13 years.<sup>530</sup> This demonstrates that LAHC will continue to have significant ongoing maintenance costs in the years to come.

**5.58** In their submission, the Tenants' Union of New South Wales pointed out that findings in the recent *Report on Government Services (2014)* confirm the significant maintenance liability of LAHC. They stated that the *Report on Government Services (2014)*... found that only 67.8 per cent of public housing properties in New South Wales were in 'acceptable condition'.<sup>531</sup>

**5.59** This position was further reinforced when Ms Skewes informed the committee:

<sup>528</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, pp 18-19.

<sup>529</sup> Evidence, Ms Anne Skewes, Deputy Director General, Land and Housing Corporation, 13 March 2014, p 31.

<sup>530</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 22.

<sup>531</sup> Submission 68, Tenants' Union of New South Wales, p 26.

...to bring the properties up to contemporary standards would require \$330 million. Indeed, while efforts are made on a continual basis to address that backlog, it is a major liability that the corporation carries forward.<sup>532</sup>

**5.60** The scale of the maintenance work that needs to be carried was also evident from the number of maintenance orders issued per annum. Mr Mike Allen, Chief Executive, Housing NSW, advised the committee that they 'issue around 600,000 [sic] maintenance orders across New South Wales in any given year'.<sup>533</sup>

**5.61** LAHC advised the Auditor-General that to prevent a continued deficit over the next few years, their approach was to reduce maintenance, upgrading of existing properties and capital programs, and to sell some public housing properties.<sup>534</sup> On this point, the Auditor-General's report noted that during 2012-13 approximately \$85 million of maintenance and upgrading work was delayed because of funding constraints.<sup>535</sup>

**5.62** One of the key findings from the Auditor-General's report was that the approach taken by LAHC is not financially sustainable:

With constraints on rental and grant funding and existing assets requiring increasing maintenance expenditure, LAHC advised that to continue to operate within its means, it has implemented measures such as selling properties and delaying some capital and maintenance expenditure. This will impact the condition and level of stock, and is not financially sustainable long-term.<sup>536</sup>

**5.63** The Auditor-General's report also stated:

LAHC reports that a continuation of current strategies will see the portfolio decline over time in terms of dwelling numbers and standard. This will have a negative impact it suggests by increasing the level of complaints about the standard of public housing.<sup>537</sup>

**5.64** A number of stakeholders commented on this issue, for example, Mr Magnus Linder, Executive Officer, Churches Housing, insisted that this approach is unsustainable:

To see that the stocks of public housing are continually declining in order to cover those budget costs we think is totally unsustainable both for the future of public housing itself and also for the sake of some very needy sections of the community.<sup>538</sup>

**5.65** The NSW Federation of Housing Associations argued that this approach will not help to address the lengthy social housing wait list. In their submission, they said:

Over the years this system has become increasingly inadequate. Allocation policies have resulted in a much reduced rental income stream. Operating shortfalls have been

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<sup>532</sup> Evidence, Ms Skewes, 13 March 2014, p 46.

<sup>533</sup> Evidence, Mr Mike Allen, Chief Executive, Housing NSW, 13 March 2014, p 35.

<sup>534</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 18.

<sup>535</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 22.

<sup>536</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 11.

<sup>537</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 20.

<sup>538</sup> Evidence, Mr Magnus Linder, Executive Officer, Churches Housing Inc, 30 May 2014, p 23.

funded by deferring planned maintenance, and a sell down of the portfolio. A shrinking public housing system cannot hope to address the length of the waiting list, or the time eligible households can expect to wait for housing.<sup>539</sup>

**5.66** When the committee questioned Ms Skewes about whether any economic modelling had been undertaken to show that their approach is sustainable, Ms Skewes stated:

We are here to provide the optimum number of houses to maximise the fit-for-purpose use of those houses for tenants in the social and public housing system. We take that job very seriously. Part of the process of the Land and Housing Corporation as an asset owner is to look at the asset base and prepare a strategic plan around the property portfolio... to actually prepare an effective asset plan you have got to have good data. You have got to have real-time information about the condition of the portfolio. That is why we have spent the past 12 months going around doing property assessment reports on the existing portfolio.<sup>540</sup>

**5.67** Ms Skewes acknowledged the significant costs in maintaining older properties and the impact the poor condition of properties is having on tenants:

We have a number of properties as you have described that certainly have very significant maintenance costs; they are beyond their useful life in many senses, and of course that causes both frustration to our tenants in those properties where they can see the condition of the property is failing. Given the limited funding we have got, we are able to maintain to certain standards but often a number of those properties require very substantial maintenance and capital outlays.<sup>541</sup>

**5.68** As a result of concerns regarding the LAHC's approach, the Auditor-General recommended that the government develop a clear direction for a sustainable social housing sector and review housing funding arrangements so that LAHC can make long term decisions about ownership and management of public housing properties within its portfolio.<sup>542</sup>

**5.69** In addition, the Auditor-General recommended that an asset portfolio strategy be developed by LAHC by December 2013. The Auditor-General's report also stated that the assessment of properties is a necessary step in the department's development of an asset portfolio strategy.<sup>543</sup>

**5.70** The committee noted that at the time of writing this report, the asset portfolio strategy has not been finalised. In evidence to the committee, Ms Anne Skewes, Deputy Director General of LAHC commented that the property assessment process is extensive but anticipated that it would be completed by June 2014.<sup>544</sup>

<sup>539</sup> Submission 131, NSW Federation of Housing Associations, p 12.

<sup>540</sup> Evidence, Ms Skewes, 30 May 2014, p 52.

<sup>541</sup> Evidence, Ms Skewes, 13 March 2014, p 46.

<sup>542</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 23.

<sup>543</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 6.

<sup>544</sup> Evidence, Ms Skewes, 13 March 2014, p 36.

### Maintenance concerns

- 5.71** During the inquiry, tenants and organisations described for the committee a number of serious maintenance concerns regarding the condition of properties. In fact, poor maintenance was one of the most commonly raised complaints and key themes for the inquiry.
- 5.72** Inquiry participants gave numerous examples of maintenance concerns which demonstrate the nature and extent of the problems, for example, water leaks,<sup>545</sup> mould on carpets, ceilings or walls<sup>546</sup> and flooring issues.<sup>547</sup> In addition, concerns were raised about the conditions of common areas, for example, the lack of lighting,<sup>548</sup> rubbish in stairwells, pest infestations and urine in lifts and corridors.<sup>549</sup>
- 5.73** Other concerns relayed to the committee related to the lack of, delays, or poor response to reports of maintenance problems, with some participants contending they have to make numerous reports to get work done.<sup>550</sup> The Illawarra and South Coast Tenants Service also said that the process of reporting repairs to the 24 hour maintenance hotline was confusing and complicated. They stated that ‘tenants face unnecessary delays in getting repairs done, a confusing and complicated process to request repairs and often the repairs themselves are done poorly – if it all’.<sup>551</sup>
- 5.74** The Illawarra and South Coast Tenants Service and Northern Links NSW Incorporated also raised concerns about the quality of the work.<sup>552</sup> The Tenants’ Union of New South Wales argued that ‘the tendency is for LAHC to repair the symptoms, rather than address the underlying cause of a problem’. They argued that this approach means that ‘LAHC does not extend, and may reduce, the prospective life of its properties’.<sup>553</sup>
- 5.75** Northern Links NSW Incorporated also gave evidence that LAHC undertakes inappropriate design or and/or upgrades to properties. They provided the committee with numerous examples of this issue, including range hoods being installed in the wrong position, door

<sup>545</sup> Submission 43, The Factory Community Centre and South Sydney Community Aid, p 10; Submission 61, Nepean Community and Neighbourhood Services, pp 3-4; Submission 208, St George Area Tenant Council, p 1; Submission 83, Northern Links NSW Incorporated, p 8; Submission 160, Name suppressed, pp 2-4.

<sup>546</sup> Submission 43, The Factory Community Centre and South Sydney Community Aid, pp 10 and 12; Submission 61, Nepean Community and Neighbourhood Services, pp 3-4; Submission 94, The Junction Neighbourhood Centre Inc, p 3; Submission 208, St George Area Tenant Council, p 1.

<sup>547</sup> Submission 228, Inner West Tenant Group, p 3; Submission 83, Northern Links NSW Incorporated, p 8.

<sup>548</sup> Submission 94, The Junction Neighbourhood Centre Inc, p 3.

<sup>549</sup> Submission 43, The Factory Community Centre and South Sydney Community Aid, p 2; Submission 175, Name suppressed, p 1; Submission 72, Coalition of Glebe Groups, p 2; Submission 228, Inner West Tenant Group, pp 2-3.

<sup>550</sup> Submission 208, St George Area Tenant Council, p 1; Submission 94, The Junction Neighbourhood Centre Inc, p 3; Submission 116, Illawarra and South Coast Tenants Service, p 7; Submission 174, Name suppressed, p 1; Submission 175, Name suppressed, p 1.

<sup>551</sup> Submission 116, Illawarra and South Coast Tenants Service, p 7.

<sup>552</sup> Submission 116, Illawarra and South Coast Tenants Service, p 7; Submission 83, Northern Links NSW Incorporated, p 8.

<sup>553</sup> Submission 68, Tenants’ Union of New South Wales, p 27.

handles being installed too high in properties that were specifically refurbished for wheelchair access, and new carpet being laid when holes in the roof had not been repaired and the new carpet being damaged.<sup>554</sup>

**5.76** Another issue raised by The Factory Community Centre and South Sydney Community Aid related to the lack of preventative maintenance undertaken, for example, not regularly cleaning gutters or painting window frames and fences.<sup>555</sup>

**5.77** The Inner West Tenant Group argued that ‘maintenance should be proactive not reactive’.<sup>556</sup> On a similar note, Hands off Glebe Inc argued that poor maintenance can lead to properties becoming uninhabitable and subsequently sold:

The widespread inadequacy of public housing maintenance is a form of ‘demolition by neglect’. Most commonly, roofs and gutters rust out and nothing is done to address consequent water penetration of homes, with the result that the homes become unliveable and the properties are then sold.<sup>557</sup>

**5.78** Similarly, Kingsford Legal Centre pointed out the connection between poor maintenance and the sale of public housing properties:

The value of public housing stock depreciates the longer it remains in disrepair, getting to a point when it more beneficial to sell the property than repair it. The underinvestment in public housing has meant that when housing stock is sold, it is rarely replaced with the same amount of housing stock, which again puts more pressure on the public housing system and people needed access to public housing and people living in public housing.<sup>558</sup>

**5.79** When the committee met with a number of public housing tenants at the Airs Bradbury Community Centre on 16 May 2014, similar complaints were raised. The committee noted clear dissatisfaction with the approach taken by LAHC to resolving maintenance problems, particularly with serious issues, such as those that related to security of the premises and the responsiveness of the Housing Contact Centre maintenance hotline.

**5.80** The following case studies provided by The Factory Community Centre and South Sydney Community Aid and the Illawarra and South Coast Tenants Service are examples of the types of concerns conveyed to the committee about poor maintenance.

<sup>554</sup> Submission 83, Northern Links NSW Incorporated, p 9.

<sup>555</sup> Submission 43, The Factory Community Centre and South Sydney Community Aid, p 2.

<sup>556</sup> Submission 228, Inner West Tenant Group, p 2.

<sup>557</sup> Submission 51, Hands off Glebe Inc, p 2.

<sup>558</sup> Submission 65, Kingsford Legal Centre, p 7.

**Case study – Serious water leak<sup>559</sup>**

A single mother with three children found she had a leak in the bathroom of her public housing home. The leak caused her home to flood. After reporting the issue to the maintenance hotline, a contractor was sent out the following day and the issue was repaired. However, the leak was so severe that by waiting a day, the carpet in the house had become sodden with water.

After making a further report, a plumber was sent out four days later to extract the water. Despite extracting some water, the carpet was still wet and the tenant had to make a third report to the hotline. Due to the dampness and water in the property, mould and a musty smell developed which forced the tenant to live with family and friends as by this time, the property became uninhabitable.

**Case study – Pests, damp and mould<sup>560</sup>**

Sergei lived in a property that had crumbling chipboard cupboards in the kitchen that kept being infested with cockroaches. The public housing property also had rusting gutters and downpipes and there was damp in the ceilings and walls. Mould had developed due to these conditions and Sergei could not remove it, despite many attempts.

LHHC told Sergei they would not repair the property because it was in line for scheduled repairs and upgrading in a few years' time. Sergei made an application to the NSW Civil and Administrative Tribunal, but Housing NSW argued that the problems had arisen because he was not looking after the property. A hearing was arranged, but prior to it being held, Housing NSW agreed to replace the kitchen and guttering and to paint the property internally.

**5.81** The Illawarra and South Coast Tenants Service directed the committee to a website called Getitfixed which focuses on repair problems in public housing, including stories from dissatisfied tenants.<sup>561</sup> The committee noted that this website lists numerous serious cases in which delays or inaction related to maintenance work severely impacted tenant's health and wellbeing.

**5.82** Other organisations, namely The Factory Community Centre and South Sydney Community Aid and Nepean Community and Neighbourhood Services, commented that resolving

<sup>559</sup> Submission 43, The Factory Community Centre and South Sydney Community Aid, p 10. This case study is based on the content of the submission.

<sup>560</sup> Submission 116, Illawarra and South Coast Tenants Service, p 7. This case study is based on the content of the submission.

<sup>561</sup> Submission 116, Illawarra and South Coast Tenants Service, p 7. See also <http://getitfixednsw.com/>.

maintenance issues form a large part of their casework, advocacy and assistance for clients in public housing.<sup>562</sup>

### **The impact of poor maintenance on tenants**

**5.83** Some of the concerns raised with the committee highlighted the impact maintenance problems are having on tenants health, safety and wellbeing, for example:

- respiratory problems, caused by mould, mildew and damp,<sup>563</sup> an example of which is outlined below
- being constantly cold because of gaps in flooring<sup>564</sup>
- safety concerns because of a lack of security screens on doors and windows, particularly for vulnerable tenants, such as older people or families with young children<sup>565</sup>
- ‘social exclusion and isolation’ because communal areas are not maintained and cannot be used<sup>566</sup>
- mental health impacts and severe distress despite trying to ‘put up with’ the problems.<sup>567</sup>

#### **Case study – Mouldy carpet<sup>568</sup>**

A family with four children aged between two and sixteen years old lived in a public housing property that had mouldy carpet. The children had a number of health issues, including respiratory problems such as asthma.

The family applied to Housing NSW to have the carpet replaced and supplied extensive evidence from doctors, social workers and an immunologist to show that the mould was exacerbating the children’s health problems. At first they were told their request was approved, however, after waiting five months, they had to contact Housing NSW again and were told the request was declined. The family appealed the decision successfully but are still waiting for the carpet to be replaced, despite it being twelve months since the issue was first raised with Housing NSW.

<sup>562</sup> Submission 43, The Factory Community Centre and South Sydney Community Aid, p 2; Submission 61, Nepean Community and Neighbourhood Services, p 3.

<sup>563</sup> Submission 94, The Junction Neighbourhood Centre Inc, p 3.

<sup>564</sup> Submission 235, UnitingCare CYPF, p 28.

<sup>565</sup> Submission 94, The Junction Neighbourhood Centre Inc, p 2.

<sup>566</sup> Submission 228, Inner West Tenant Group, p 3.

<sup>567</sup> Submission 64, Committee of Residents Elected, p 3.

<sup>568</sup> Submission 94, The Junction Neighbourhood Centre Inc, p 3. This case study is based on the content of the submission.

- 5.84** The Inner West Tenant Group questioned whether LAHC perceive public housing properties merely as assets, without understanding that ‘these are people’s homes’.<sup>569</sup> Another stakeholder, Nepean Community and Neighbourhood Services, asserted that maintaining properties to a good standard is necessary for tenant’s dignity and respect:

Allowing housing stock to fall into disrepair contributes to residents’ low sense of self-worth and self-esteem. On many occasions I have heard residents say ‘well we are just housing residents so we should not expect any better’. Maintaining residents’ dignity and self-respect with dwellings that reflect that they are a valued member of society is something that needs to be maintained...<sup>570</sup>

- 5.85** Similarly, the Committee of Residents Elected, from Millers Point, Dawes Point and The Rocks, argued that the entitlement to live in a home of good condition is no different for a public housing tenant to any other tenant. They stated ‘residents, regardless of who they pay rent to, deserve to live in homes that are in good repair and in which the provision of quality maintenance is assured’.<sup>571</sup>
- 5.86** Compass Housing Services Co Ltd suggested that poor maintenance can influence tenant’s pride in their home, resulting in ‘increases in poor property care, damage and vandalism’.<sup>572</sup>
- 5.87** Another submission, from The Factory Community Centre and South Sydney Community Aid, stated that tenants are too restricted in terms of the work they can carry out themselves, and that this dissuades them from general upkeep of their property. It was argued that tenants had been ‘told off’ for putting up blinds, painting walls and replacing flooring, despite the tenant occupying the premises for a long period of time.<sup>573</sup>

### **Resolving maintenance concerns**

- 5.88** Public housing tenants are required to report maintenance issues to the Housing Contact Centre, a 24-hour seven day telephone service operated by Housing NSW.<sup>574</sup>
- 5.89** In evidence to the committee, Mr Mike Allen, Chief Executive of Housing NSW, advised that 600,000 maintenance orders are issued a year.<sup>575</sup> According to Mr Allen, maintenance issues are allocated according to a priority rating, meaning ‘urgency is assessed on the level of risk to the client’, for example, on the basis of whether there is a health or safety risk to the tenant.<sup>576</sup> For non-priority issues, matters are either dealt with as part of a maintenance schedule, or referred to LAHC to be built in to future program works. Certain issues have response times allocated, for example, 48 hours for a hot water outage, according to Mr Allen.<sup>577</sup>

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<sup>569</sup> Submission 228, Inner West Tenant Group, p 2.

<sup>570</sup> Submission 61, Nepean Community and Neighbourhood Services, p 4.

<sup>571</sup> Submission 64, Committee of Residents Elected, p 3.

<sup>572</sup> Submission 38, Compass Housing Services Co Ltd, p 22.

<sup>573</sup> Submission 43, The Factory Community Centre and South Sydney Community Aid, p 2.

<sup>574</sup> Evidence, Mr Allen, 13 March 2014, p 35.

<sup>575</sup> Evidence, Mr Allen, 13 March 2014, p 35.

<sup>576</sup> Evidence, Mr Allen, 13 March 2014, p 35.

<sup>577</sup> Evidence, Mr Allen, 13 March 2014, p 35.



- 5.90** Redfern Legal Centre advised the committee that the reporting process requires a tenant to explain the problem to a non-technical worker who answers the phone, with the worker assessing the issue according to a ‘repairs matrix’ to determine urgency. They argued that the tenant is in the best position to determine urgency, and that use of the matrix often fails to address the extent or nature of the problem. They gave the example of a tenant reporting mould and being informed that ‘mould is the tenant’s responsibility to clean’, when in many cases mould was caused by structural problems with the house.<sup>578</sup>
- 5.91** A tenant advocate, Ms Jenna McConnachie, from Illawarra and South Coast Tenants Advice Service, questioned what training hotline staff had received about determining maintenance priorities, and expressed some concerns about staff making these types of decisions over the phone.<sup>579</sup>
- 5.92** In addition, Redfern Legal Centre said that the current process does not capture systematic trends in repairs reporting, for example, where issues have been reported a number of times, or similar problems in the same building or unit complex.<sup>580</sup> They did, however, acknowledge that LAHC had made progress in addressing structural maintenance issues in the Inner Sydney area and praised this work noting that ‘this model of maintenance is preferable, as ongoing maintenance prevents degradation’.<sup>581</sup>
- 5.93** The Factory Community Centre and South Sydney Community Aid raised concerns that repairs can only be reported over the telephone, with some tenants forced to approach service providers for assistance to make a call because they cannot do it themselves.<sup>582</sup> Ms McConnachie, from Illawarra and South Coast Tenants Advice Service, argued that the split between LAHC and Housing NSW has created difficulties, as tenants are forced to report faults and repairs issues on the maintenance line, despite having a relationship with their client service officer from Housing NSW.<sup>583</sup>
- 5.94** Participants also explained some difficulties with the use of contractors, such as poor communication and lack of respect for tenants<sup>584</sup> and the lack of supervision of sub-contractors and poor quality control.<sup>585</sup> The Forest Lodge and Glebe Coordination Group raised concerns about the current contractor, Spotless, stating that ‘feedback from resident groups suggest that there have been serious problems with Spotless as a major tenderer and the devolution of sub contractors’.<sup>586</sup>

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<sup>578</sup> Submission 108, Redfern Legal Centre, p 22.

<sup>579</sup> Evidence, Ms Jenna McConnachie, Tenants Advocate, Illawarra and South Coast Tenants Advice and Advocacy Service, 30 April 2014, pp 13-14.

<sup>580</sup> Submission 108, Redfern Legal Centre, p 22.

<sup>581</sup> Submission 108, Redfern Legal Centre, p 23.

<sup>582</sup> Submission 43, The Factory Community Centre and South Sydney Community Aid, p 2.

<sup>583</sup> Evidence, Ms McConnachie, 30 April 2014, pp 13-14.

<sup>584</sup> Submission 56, Forest Lodge and Glebe Coordination Group, p 1.

<sup>585</sup> Submission 124, The Glebe Society, p 2.

<sup>586</sup> Submission 56, Forest Lodge and Glebe Coordination Group, p 1.

- 5.95** The Multicultural Disability Advocacy Association of New South Wales informed the committee of concerns that maintenance is not being completed on time and that there is a lack of information about what work will be done and when.<sup>587</sup>
- 5.96** In terms of delays in work and contractor response time, Mr Allen asserted that the response time to deal with a maintenance issue is embedded in the contractual arrangements between LAHC and the maintenance contractor.<sup>588</sup>
- 5.97** When appearing before the committee, Housing NSW witnesses argued that they have appropriate checks in place to monitor contractor performance and quality. Senior representatives from Housing NSW advised that staff call 25 per cent of tenants to check on response times and the quality of work.<sup>589</sup>
- 5.98** The Department of Family and Community Services also supplied the committee with results from the telephone questionnaire they undertook with 25 per cent of tenants who ordered urgent maintenance between 30 June 2013 and 13 June 2014. The results stated that in 85 per cent of cases the contractor attended to repair the issue by the specified completion date and was courteous and polite, and that in 75 per cent of cases the maintenance issue was repaired. They noted that not all maintenance issues can be repaired on the first call out.<sup>590</sup>
- 5.99** When further issues were raised about contractor management at the hearing, Ms Skewes, LAHC, informed the committee that a new tender process is underway for the contracting of maintenance work and that the contract had been reviewed to improve efficiency:

Our expectation is that over the course of next year we will put in place the new maintenance contract. Again that will be for a five-year term and it will be a contract designed, as I said, to drive further efficiencies and to get a better value proposition out of the way we structure maintenance.<sup>591</sup>

- 5.100** A number of stakeholders made suggestions to the committee that they believed would improve the current system in resolving maintenance problems. The suggestions included:
- a review of the process to report and deal with maintenance issues and an audit of contracting arrangements to identify inefficiencies and to improve accountability and the quality of work being carried out<sup>592</sup>
  - the department directly employing their own tradespeople and establishing a trade apprenticeships program for public housing tenants<sup>593</sup>
  - the ‘decentralisation’ of maintenance contracts so that local contractors could be used<sup>594</sup>

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<sup>587</sup> Submission 134, Multicultural Disability Advocacy Association of NSW, p 1.

<sup>588</sup> Evidence, Mr Allen, 13 March 2014, p 35.

<sup>589</sup> Evidence, Mr Paul Vevers, Executive Director Housing Services, Housing NSW and Mr Mike Allen, Chief Executive, Housing NSW, 13 March 2014, p 35.

<sup>590</sup> Answers to questions on notice, Family and Community Services, 1 July 2014, p 4.

<sup>591</sup> Evidence, Ms Skewes, 13 March 2014, p 46.

<sup>592</sup> Submission 228, Inner West Tenant Group, p 2.

<sup>593</sup> Submission 43, The Factory Community Centre and South Sydney Community Aid, p 2.

<sup>594</sup> Discussed during a committee meeting with social housing tenants at Airs Bradbury Community Centre, 16 May 2014.

- penalties for non-compliance with service standards by contractors, the introduction of accepted standards in relation to the quality of work and limits on sub-contracting<sup>595</sup>
- the establishment of a volunteer handyperson program in some complexes to help tenants deal with minor maintenance issues.<sup>596</sup>

### Compliance with legal obligations and tribunal orders

**5.101** According to the *Residential Tenancies Act 2010* all landlords are legally required to ensure premises:

- are in a state of cleanliness and fit for habitation
- are provided and maintained in a reasonable state of repair, having regard to the age, rent payable, and prospective life of the premises.<sup>597</sup>

**5.102** The legislation applies equally to government departments,<sup>598</sup> which means Housing NSW is required to meet the same obligations that are imposed on any other landlord in New South Wales.

**5.103** Kingsford Legal Centre argued that Housing NSW is not complying with their legal obligations under the *Residential Tenancies Act 2010* and that this is particularly problematic given the vulnerability of public housing tenants. They argued:

The failure of Housing NSW to be a ‘best practice’ landlord is especially problematic when the vulnerable and disadvantaged nature of the tenant group is considered. Taking action to enforce their tenancy rights is particularly challenging for public housing tenants.<sup>599</sup>

**5.104** At a public forum in Wollongong, Ms Phoenix Van Dyke spoke about the lack of maintenance and repairs provided by Housing NSW and claimed it is a breach of the legislation:

I call it vandalism by neglect. I have seen children living in public housing properties in such a state of disrepair...mothers ...watching their children getting sick from rising damp and mould and being told they should be grateful for cheap housing. It is a disgrace and a direct contravention of obligations under the Housing Act.<sup>600</sup>

**5.105** The Illawarra and South Coast Tenants Service claimed that Housing NSW will not perform repairs until ordered by the NSW Civil and Administrative Tribunal (the Tribunal) and that this approach is not effective in terms of time and cost.<sup>601</sup> They argued that LAHC should be

<sup>595</sup> Submission 228, Inner West Tenant Group, p 2.

<sup>596</sup> Submission 228, Inner West Tenant Group, p 2.

<sup>597</sup> Submission 68, Tenants’ Union of New South Wales, p 26.

<sup>598</sup> Submission 116, Illawarra and South Coast Tenants Service, p 7.

<sup>599</sup> Submission 65, Kingsford Legal Centre, p 7.

<sup>600</sup> Public Forum, Ms Phoenix Van Dyke, 1 May 2014, p 32.

<sup>601</sup> Submission 116, Illawarra and South Coast Tenants Service, p 7.

more forthcoming in dealing with issues, rather than forcing tenants to go to the Tribunal for orders.<sup>602</sup>

**5.106** Ms McConnachie, Illawarra and South Coast Tenants Service, appeared before the committee and explained that some disputes settle before going to a Tribunal hearing, despite a significant amount of time and resources being spent on the case in the lead up.<sup>603</sup>

**5.107** The committee was also told that the split between LAHC and Housing NSW presented challenges when dealing with matters at the Tribunal, with Redfern Legal Centre contending that:

In repairs and maintenance, the split means that often in representing LAHC in the Tribunal, Housing NSW staff will come to a matter without instructions or authority to agree to repairs, or that in representing LAHC in the Tribunal, Housing NSW staff will agree to unrealistic deadlines or repairs that are not able to be completed.<sup>604</sup>

**5.108** It was also suggested during the inquiry that Housing NSW does not comply with Tribunal orders. Kingsford Legal Centre stated:

...it is our experience that there is routine non-compliance with ordered repairs, often due to more significant and problematic structural issues than cannot be resolved easily.<sup>605</sup>

**5.109** When this issue was put to the Department of Family and Community Services as a question on notice, they informed the committee that 'FACS is not aware of the basis for the suggestion that a large proportion of orders are not complied with'.<sup>606</sup>

**5.110** The case study below outlines a case where it was claimed that the Department of Family and Community Services did not comply with Tribunal orders.

#### **Case study – Non-compliance with Tribunal orders<sup>607</sup>**

Jana is a public tenant who lived in Dawes Point with her daughter. She had been relocated to the property in Dawes Point because her previous public housing property had a number of maintenance issues.

Before she moved into the property she noticed a number of repair issues, including some issues in the kitchen and some necessary drainage work. She was told by Housing NSW staff that they would be repaired when she moved in. Over the next four months, Jana reported the issues to the maintenance line, however no work was completed. The problems became worse – water seeped through walls and

<sup>602</sup> Submission 116, Illawarra and South Coast Tenants Service, p 7.

<sup>603</sup> Evidence, Ms McConnachie, 30 April 2014, pp 13-14.

<sup>604</sup> Submission 108, Redfern Legal Centre, p 20.

<sup>605</sup> Submission 65, Kingsford Legal Centre, p 7.

<sup>606</sup> Answers to questions on notice, Family and Community Services, 1 July 2014, p 8.

<sup>607</sup> Submission 108, Redfern Legal Centre, pp 20-21. This case study is based on the content of the submission.

the cupboards in her kitchen began to fill with mould.

In May 2012, Jana made an application to the Consumer, Trader and Tenancy Tribunal (now a part of the NSW Civil and Administrative Tribunal). The Tribunal made orders that repairs be completed within a month. LAHC said that the repairs could not be completed by this time because they were too extensive.

Over the next six months, LAHC inspected her property approximately five times. On each occasion, Jana had to arrange for herself or her daughter to be home. Some repairs were completed, but after six months, the major repair work was still not done.

Jana had been to the Tribunal eight times for repair orders over the last two years and each time the orders have not been complied with. Jana even arranged for a professional assessment of her house to show LAHC the work that needs to be done. LAHC have agreed that the repairs are needed but continue to miss deadlines imposed by the Tribunal, despite being ordered to pay compensation on several occasions because the maintenance problems affected her use of the property.

## Committee comment

- 5.111** The committee is concerned about applicants being removed from the social housing wait list for not keeping their details up to date. Whilst we appreciate the challenges associated with managing the wait list, we believe that more can be done to make it simpler for applicants to maintain their position on the wait list. In our opinion, sending a SMS to a mobile phone to encourage applicants to update their details is insufficient, particularly in light of the complexity of needs and vulnerability of some tenants and given that some tenants are likely to change mobile phones regularly.
- 5.112** As many social housing applicants are likely to receive Centrelink payments, we support systems and strategies that enable government agencies to automatically share and update information. We recommend that the Department of Family and Community Services investigate strategies to prevent applicants being removed from the social housing wait list if they do not update their details.

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### Recommendation 13

That the Department of Family and Community Services investigate strategies to prevent applicants being removed from the social housing wait list if they do not update their details.

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- 5.113** We understand that the intention of the vacant bedroom charge is to help address the lengthy social housing wait list by matching dwelling size with household size, for example, by relocating a single tenant from a two or three bedroom property to a smaller property more suitable to their needs. However, we are concerned about the potential impact of this policy on vulnerable and disadvantaged tenants, with some of the evidence indicating that most tenants will choose to pay the extra charge rather than moving, sometimes at the expense of

having other necessities such as food. The committee notes that this policy, to date, has only resulted in less than 300 tenants being relocated.

**5.114** In addition, given high rates of housing stress occurring in very low or low income households, we are worried that this policy adds another financial burden for tenants. We also believe that this policy fails to recognise the importance of a home in terms of providing stability and community connection.

**5.115** We are also troubled by reports of tenants being told that they have to bear the financial costs associated with relocation under the policy. The communication on this issue not been clear and is causing a significant number of tenants great concern. Consequently, it is our recommendation that Housing NSW suspend the vacant bedroom charge and examine more effective ways to ensure a greater match between households and dwelling size.

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#### **Recommendation 14**

That Housing NSW suspend the vacant bedroom charge and examine more effective ways to ensure a greater match between households and dwelling size.

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**5.116** In relation to the process for recognition as a tenant, we note concerns about the eligibility criteria setting too high a benchmark, however, we appreciate the necessity for restricted eligibility given the lengthy social housing wait list and shortage in the supply of social housing. We are uncertain whether the criteria should preference existing occupants of public housing over priority applicants who have been on the social housing wait list for protracted periods of time. That aside, we are worried that the criteria is operating in a detrimental way if applicants apply for recognition as a tenant but are provisionally given a six month lease. Accordingly, we recommend that Housing NSW review the eligibility criteria for recognition as a tenant, to prevent cases where applicants have been unsuccessful due to being granted a six month provisional lease.

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#### **Recommendation 15**

That Housing NSW review the eligibility criteria for recognition as a tenant, to prevent cases where applicants have been unsuccessful due to being granted a six month provisional lease.

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**5.117** On the issue of support services for tenants in public housing, we firmly believe that service integration is vital in addressing tenants' complex needs and in helping them to sustain their tenancies. We are troubled by reports from participants that Housing NSW's approach to supporting tenants can be ad hoc and inconsistent, although we acknowledge that higher levels of support may be needed in certain areas, or with particular estates. In our opinion, this is an area that needs greater attention and resourcing by Housing NSW, as improved service integration and support is more likely to create positive outcomes for tenants.

**5.118** We are impressed by the approach taken by community housing providers in supporting tenants, as discussed in detail in Chapter 6, and have called for Housing NSW to learn from its community housing counterparts and to develop a strategy to enhance support for public housing tenants, focusing on the provision of holistic and localised services, as outlined in Recommendation 20.

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- 5.119** When visiting Dubbo, the committee was concerned about the number of boarded up public housing properties, particularly in light of the growing need for social housing and rates of homelessness. We were troubled that these properties were vacant and not able to be allocated to homeless women, children and families. We acknowledge that these properties need to be safe and habitable for residents and that they are often boarded up to prevent further damage and trespass, however, we urge the Department of Family and Community Services to ensure these properties are vacant for as little time as possible, as outlined in Recommendation 5, so that they can be allocated to people on the social housing wait list.
- 5.120** When travelling through Dubbo, the committee also noticed that some of the properties had been affected by fire, or were otherwise significantly damaged. We were alarmed to hear that this was a result of tenants' actions. This type of behaviour is unacceptable, and is likely to be costing the government a significant amount of money in terms of repairs. It is also unfair to the 58,000 people on the social housing wait list, many of whom are struggling to make ends meet and desperately need a helping hand.
- 5.121** Public housing tenants that deliberately cause damage to government owned property must understand that there are serious consequences to their actions, including possible eviction, compensation for repairs and criminal prosecution. We believe that a stronger policy approach may act as a deterrent, with a clear message that anti-social behaviour, such as the deliberate damage to property, will not be tolerated. Given this, we recommend that Housing NSW review their approach to managing tenants who cause damage to public housing properties, considering policies in other jurisdictions, including the Queensland Government's three strikes policy.

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**Recommendation 16**

That Housing NSW review their approach to managing tenants who cause damage to public housing properties, considering policies in other jurisdictions, including the Queensland Government's three strikes policy.

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- 5.122** The management of maintenance problems was by and large the main dissatisfaction tenants expressed with public housing. It arose as an issue at nearly every opportunity the committee had to meet with public housing tenants.
- 5.123** The state of some properties is alarming, and understandably, these issues are having a significant impact on tenants' health, wellbeing and safety. We are deeply concerned about these issues, particularly given reports of severe health issues resulting from the poor condition of public housing properties. Housing NSW, as a public landlord, and the Land and Housing Corporation as the property manager, must do more to ensure that people are living in a safe and habitable environment. Expecting tenants to have pride in their home, so as to upkeep properties, is clearly at odds with the approach Housing NSW have taken themselves in dealing with these issues.
- 5.124** In terms of managing maintenance, we acknowledge the challenges experienced by the Land and Housing Corporation. However, we strongly believe that the current processes to resolve maintenance issues need extensive improvement. Clearly the results of the customer satisfaction surveys are at odds with the overwhelming concern being expressed in relation to maintenance. Although the Land and Housing Corporation is undertaking a new tender and

review process for the contracting of maintenance work, we have concerns about whether this process will actually result in improved responsiveness. In addition, we were alarmed to hear suggestions that Housing NSW is not complying with orders from the Civil and Administrative Tribunal.

- 5.125** Understandably, tenants are frustrated with a system that appears to lack the necessary care, accountability, efficiency and responsiveness. Given these concerns, we recommend that the Department of Family and Community Services immediately commission an independent review of policies and systems related to maintenance of public housing properties.
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### **Recommendation 17**

That the Department of Family and Community Services immediately commission an independent review of policies and systems related to maintenance of public housing properties, with a focus on:

- responsiveness to tenants' needs
- value for money
- use of local contractors
- timely service delivery
- quality assurance
- cyclical and preventative maintenance
- ICAC risk assessment
- complaints handling systems.

We recommend that the findings of this review inform consideration of future maintenance contracts.

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- 5.126** We would also encourage the Department of Family and Community Services to explore innovative solutions and entrepreneurial initiatives to addressing maintenance, such as partnerships with educational institutions and television lifestyle programs, to help renovate and repair properties and build peoples skills. We note that the department indicated it has already been involved in these types of activities in the past, and we would encourage the department to continue exploring these options in the future.

- 5.127** A critical issue raised during the inquiry was the need to address the maintenance backlog. We concur with the Auditor-General's findings that the approach taken by the Land and Housing Corporation in selling properties and delaying maintenance expenditure is financially unsustainable. We are troubled by this approach and believe that it will have a negative impact on the supply of social housing stock, as the number of public housing properties will continued to decline and stock will age. We recognise the importance of an asset portfolio strategy, and have recommended that the Land and Housing Corporation finalise this strategy by 1 September 2015.
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**Recommendation 18**

That the Land and Housing Corporation finalise the asset portfolio strategy, as recommended by the Auditor-General, by 1 September 2015.

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- 5.128** In our opinion, funding is needed to specifically address the maintenance backlog, particularly given our recommendation that proceeds from the sale of public housing properties be dedicated to creating new supply of social, public and affordable housing. We recommend that NSW Treasury publicly identify what funding is required to address the maintenance backlog for public housing properties.
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**Recommendation 19**

That NSW Treasury publicly identify what funding is required to address the maintenance backlog for public housing properties.

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## Chapter 6 Community housing

Over the last decade, community housing has evolved to be a significant part of the social housing sector, alongside both public and Aboriginal housing. This chapter considers the role of community housing providers, the regulatory framework in which they operate and their approach to tenancy management. In particular, this chapter highlights the holistic and integrated approach taken to service delivery by community housing providers when supporting tenants, along with the benefits of their local partnerships and tenant engagement strategies.

Finally, this chapter also examines financial and property management by community housing providers, including their financial sustainability and management of maintenance. At the end of this chapter, the committee explores whether community housing should be expanded to help address the shortfall in supply of social housing properties and challenges with housing affordability. In examining this aspect, we consider whether increased transfers of public housing stock to the community housing sector is a viable solution and whether transfers should be effected via the use of title transfer or long term leases.

### The community housing sector

- 6.1** Community housing is a form of social housing, delivered by non-government organisations known as community housing providers.<sup>608</sup> Community housing currently represents approximately 22 per cent of the total social housing portfolio, excluding properties designated for Aboriginal housing.<sup>609</sup>
- 6.2** Community housing providers manage properties that they either own or lease from the government or the private rental market. Some providers also manage properties on behalf of other organisations for a service fee.<sup>610</sup>
- 6.3** As at 30 June 2013, there were 25,954 community housing properties, of which 17,234 were leased from the Land and Housing Corporation (LAHC) at no cost, 5,621 were leased from the private market and 3,099 were owned by community housing providers.<sup>611</sup>
- 6.4** In evidence to the committee, Mr Mike Allen, Chief Executive, Housing NSW explained how community housing providers source their properties:

...community housing providers have three sources of housing, including government-owned properties that are provided to them that they manage. They are also provided with funding to lease properties in the private rental market; that is, they would lease properties from L. J. Hooker and then sublease to a tenant. They also have access to other properties that they might own themselves. Sometimes those properties are provided through philanthropic sources or by local government. There

<sup>608</sup> Department of Family and Community Services, *NSW Community Housing Industry Development Strategy 2013/14-2015/16*, p 5.

<sup>609</sup> Submission 75, NSW Government, p 28.

<sup>610</sup> Submission 75, NSW Government, p 6.

<sup>611</sup> Submission 75, NSW Government, p 28.

could also be properties, which they are asked to manage on behalf of other non-government organisations but which are still allocated as social housing.<sup>612</sup>

**6.5** As discussed in Chapter 3, applicants can apply for social housing, including a community housing property, by placing their details on the NSW Housing Register (also known as the social housing ‘wait list’).<sup>613</sup> Housing NSW maintains the wait list but community housing providers have access to it, in order to determine eligibility and allocate properties.

**6.6** Mr Allen advised the committee how this joint arrangement works:

In New South Wales we have one waiting list, one application form and one eligibility assessment process regardless of whether people apply to a community housing provider or through one of our FACS offices. It is all the same assessment and all the same list.<sup>614</sup>

**6.7** Further, Mr Allen explained to the committee that the benefit of a single waiting list means no ‘wrong door’ for people when applying for social housing:

...it results in an improved service system. We wanted to put in place a service system that literally had no wrong door. You could go to your community housing provider or you could come to our government department and receive the same service and in turn be allocated off the one waiting list. Importantly, there are some locations where we do not have a Department of Family and Community Services office but a community housing provider might have an office. That provides a better service system because it means the Government does not have to have an office in every one of those locations.<sup>615</sup>

**6.8** According to the NSW Federation of Housing Associations, this single system approach ensures that all applications for social housing are managed with an appropriate level of consistency in the process, no matter with whom applicants lodge their applications.<sup>616</sup>

**6.9** Over the last 10 years, the community housing sector has expanded as a proportion of social housing. In 2003, when the Legislative Council Standing Committee on Social Issues conducted an inquiry into community housing, community housing amounted to only 8.4 per cent of all social housing, as opposed to 22 per cent today.<sup>617</sup> The committee noted that the final report of the inquiry praised the contribution community housing providers made to social housing and recommended that the government provide a better regulatory framework and business environment to ensure further development of the community housing sector.<sup>618</sup>

**6.10** The growth of the community housing sector was recognised by Dr Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Association, when giving evidence to the committee at a hearing. Dr Burgmann explained how the industry has developed over the last 30 years and the role of community housing providers in supporting low income households:

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<sup>612</sup> Evidence, Mr Mike Allen, Chief Executive, Housing NSW, 10 July 2014, pp 10-11.

<sup>613</sup> Evidence, Mr Allen, 13 March 2014, p 43.

<sup>614</sup> Evidence, Mr Allen, 10 July 2014, p 11.

<sup>615</sup> Evidence, Mr Allen, 10 July 2014, p 11.

<sup>616</sup> Submission 131, NSW Federation of Housing Associations, p 44.

<sup>617</sup> Submission 75, NSW Government, p 28.

<sup>618</sup> Standing Committee on Social Issues, NSW Legislative Council, *Report on Community Housing* (2003).

...the community housing industry, for which we are the representative organisation, has been a feature of the housing system for over 30 years in New South Wales. Community housing has been around for over 30 years. From fairly small and local beginnings it has grown to be a national industry and the New South Wales part of that is a very strong part of the industry with a great capacity to provide high quality and cost-effective tenancies and property management services right across the spectrum of tenants—from very vulnerable people to low and moderate income people who are seeking some assistance with the very unaffordable housing market.<sup>619</sup>

- 6.11** Despite its increase as a proportion of social housing, the current growth rate of community housing in New South Wales has not met the goal set by the Council of Australian Governments half a decade ago. In a 2009 progress report to the Council of Australian Governments, Housing Ministers from all states and territories agreed to expand the community housing sector so that the sector would constitute 35 per cent of social housing across Australia by 2014.<sup>620</sup>
- 6.12** In this regard, it is noted that other jurisdictions are progressing significantly faster than New South Wales in transferring public housing stock to the community housing sector. For example, Tasmania will achieve a 37 per cent transfer by the end of 2014<sup>621</sup> and the Queensland Government has committed to the transfer of 90 per cent of their public housing to non-government housing providers by 2020.<sup>622</sup>
- 6.13** The transfer of public housing stock to community housing providers is discussed in detail at the end of this chapter.

## Regulatory framework

- 6.14** A national system of registration, monitoring and regulation applies to community housing providers in New South Wales, with this system ensuring a consistent legislative environment across the country.<sup>623</sup> This national system is known as the National Regulatory System for Community Housing (hereafter the ‘National System’). It came into effect on 1 January 2014 and will be phased in over an 18 month transition period.<sup>624</sup>
- 6.15** The National System focuses on seven performance outcomes: tenant and housing services, housing assets, community engagement, governance, probity, management and financial

<sup>619</sup> Evidence, Dr Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations, 13 March 2014, p 11.

<sup>620</sup> A progress report to the Council of Australian Governments from Commonwealth, State and Territory Housing Ministers, Department of Human Services (VIC), November 2009, p 25; Submission 106, Youth Action New South Wales, p 11.

<sup>621</sup> Submission 71, St George Community Housing, p 27.

<sup>622</sup> Submission 71, St George Community Housing, p 10.

<sup>623</sup> Department of Housing and Public Works—Queensland Government, *National Regulatory System* (4 July 2014), <<http://www.hpw.qld.gov.au/Housing/SocialHousing/CommunityHousing/NationalRegulatorySystem/Pages/default.aspx>>.

<sup>624</sup> Housing NSW, Department of Family and Community Services, *NSW Community Housing Industry Development Strategy 2013/14-2015/16*, p 8.

viability.<sup>625</sup> Across these performance outcomes, community housing providers are required to demonstrate that they meet the requirements, such as:

- undertaking comprehensive property inspections on all properties every three years
- developing comprehensive long-term strategic asset management plans, including rolling 10 year costed plans, mapped against current and projected housing needs analyses
- achieving an overall tenant satisfaction level of at least 75 per cent
- engaging tenants in the planning and delivery of housing services
- managing properties to optimise financial and service delivery outcomes and to meet housing needs
- maintaining financial viability at all times.<sup>626</sup>

**6.16** Registration under the National System is not compulsory.<sup>627</sup> However, in New South Wales, a community housing provider must be registered to receive a government subsidy such as a financial incentive under the National Rental Affordability Scheme.<sup>628</sup>

**6.17** In response to a question on notice, the Department of Family and Community Services advised the committee that there are 188 registered community housing providers in New South Wales. The department provided a breakdown by district, as shown below in Table 3.

**Table 3 Registered community housing providers**

Central Coast	8
Far West	2
Hunter New England	32
Illawarra Shoalhaven	17
Mid North Coast	13
Murrumbidgee	13
Nepean/Blue Mountains	15
Northern NSW	19
Northern Sydney	18
South Eastern Sydney	32
South Western Sydney	29
Southern NSW	11

<sup>625</sup> Submission 131, NSW Federation of Housing Associations, 45.

<sup>626</sup> Submission 131, NSW Federation of Housing Associations, 45.

<sup>627</sup> National Regulatory System Community Housing, *National policy on the jurisdictional requirements for participation in the National Regulatory System for Community Housing*, p 1, <[http://nrsch.clients.squiz.net/\\_\\_data/assets/file/0007/284029/NationalPolicy\\_JurisdictionalRequirements.pdf](http://nrsch.clients.squiz.net/__data/assets/file/0007/284029/NationalPolicy_JurisdictionalRequirements.pdf)>.

<sup>628</sup> Submission 111, IRT Group, p 5.

Central Coast	8
Sydney	39
Western NSW	20
Western Sydney	29
Total	188

Source: *Answers to questions on notice, Department of Family and Community Services, 31 July 2014, p 2.*

**6.18** The registration process involves a classification system that reflects the size and complexity of organisations, with class one being the highest level of classification, indicating an organisation is a larger community housing provider. Of the 188 registered community housing providers in New South Wales,<sup>629</sup> 70 per cent are classified as class one.<sup>630</sup>

**6.19** Ms Nazha Saad, Chief Executive Officer, St George Community Housing, explained why organisations are generally registered as a class one provider:

The reason you are classed as class 1 is that you have the capability and the ability to raise finance, you have prudent governance structures in place and you have the risk appetite, risk tolerance and risk profile to be able to take on development and commercial activities.<sup>631</sup>

**6.20** Generally, registered providers range from small, locally based organisations to multi-jurisdictional providers with large portfolios and experience in property development. All currently registered community housing providers in New South Wales are not for profit organisations.<sup>632</sup>

**6.21** If a registered community housing provider fails to comply with relevant policies and requirements under the National System, their registration status can be reviewed.<sup>633</sup>

**6.22** The NSW Federation of Housing Associations supported strong regulation of the community housing sector, with Dr Burgmann, Chief Executive Officer, providing evidence that strict performance requirements and indicators lead to improved transparency and accountability:

...independent regulation of the community housing industry...is not something that has been imposed on us. It is quite rigorous and robust and we welcome that because it is an opportunity to demonstrate what it is that we achieve and to be public and transparent about that and to be held to account.<sup>634</sup>

<sup>629</sup> Answers to questions on notice, Department of Family and Community Services, 31 July 2014, p 2.

<sup>630</sup> Submission 74, The Housing Alliance, p 13.

<sup>631</sup> Evidence, Ms Nazha Saad, Chief Executive Officer, St George Community Housing, 12 May 2014, p 37.

<sup>632</sup> Submission 38, Compass Housing Services Co Ltd, p 17, quoting Department of Family and Community Services, *NSW Community Housing Industry Development Strategy*, 2013.

<sup>633</sup> Department of Family and Community Services, *NSW Community Housing: Eligibility Policy*, p 3, <<http://www.housing.nsw.gov.au/NR/rdonlyres/2DF6CDAB-1FF5-4B94-A718-3B09E616CAB/0/CommunityHousingEligibilityPolicy.pdf>>.

<sup>634</sup> Evidence, Dr Burgmann, 13 March 2014, p 16.

- 6.23** Further, Dr Burgmann suggested that such regulation may also be appropriate for public housing, although she acknowledged the accountability differences for a government agency:

Clearly, from a technical point of view public housing does need to be regulated per se because its lines of accountability are different through the Director General and the Minister and so forth. But some of the content of that around, for instance, the requirement for 10-year rolling financial plans that match your budget and your assets and the requirement to demonstrate that capital properties are inspected every three years are the kinds of standards that we think are appropriate for community housing. If they are appropriate in community housing then perhaps they are also appropriate in public housing.<sup>635</sup>

## Tenancy management

- 6.24** This section focuses on the approach taken by community housing providers to tenancy management. In particular, it considers their holistic and integrated approach to supporting tenants, along with their strong partnerships at the local level. It also discusses their tenant engagement strategies and achievement of high levels of tenant satisfaction.

### **A holistic and integrated approach to supporting tenants**

- 6.25** Throughout the inquiry, many community housing providers demonstrated that they take a holistic and integrated approach to tenancy management, by providing support to address tenants' housing and non-housing needs and by relying on local services and partnerships.
- 6.26** As noted in Chapter 4, this 'wrap around' approach to service delivery is beneficial, as many social housing tenants have multiple and complex needs including disability, mental illness, substance abuse, experience of domestic violence, low levels of education and unemployment.
- 6.27** According to the Australasian Housing Institute, multiple-interconnected services assist tenants to maintain their tenancies and is critically important in the social housing sector:

Effective tenancy and asset management for our tenants and ensuring that our tenants are linked to broader support services and opportunities are fundamentally different to tenancy management undertaken by for profit real estate agents or private landlords. As social housing has increasingly become the housing option for the most vulnerable in society, unique skills are required to ensure that tenants have the support necessary to meet even the basic elements of the Residential Tenancies Act – including living skills to maintain their home or to ensure that their rent is paid on time. Despite these complexities...professionals work to ensure that social housing assistance provides a solid base to support mobility out of poverty, unemployment and disadvantage.<sup>636</sup>

- 6.28** A number of community housing providers gave evidence about their holistic approach to supporting tenants. Bridge Housing stated that community housing providers ensure tenants have access to vital support and services, so as to improve employment and education links

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<sup>635</sup> Evidence, Dr Burgmann, 13 March 2014, p 16.

<sup>636</sup> Submission 107, Australasian Housing Institute, p 1.



and to engage more within the community.<sup>637</sup> They pointed out the benefits of integrating ‘non housing’ and ‘housing plus’ services, thereby allowing them to meet the needs of tenants and the wider community.<sup>638</sup>

- 6.29** St George Community Housing pointed to the benefits of their holistic approach in terms of integrating services and housing, most notably helping tenants to find work, build skills and stabilise their family situations.<sup>639</sup>
- 6.30** In its submission to the committee, Mission Australia highlighted its single management structure that enables a wide range of programs such as childcare, homeless accommodation, education and employment programs to be integrated and drawn from different partnerships and funding sources.<sup>640</sup>
- 6.31** Mission Australia also noted that their integrated service delivery model benefited their clients and the organisation, in that clients’ needs were met in a timely and professional manner. In addition, they stated that the organisation can cut costs by achieving economies of scale, achieve more efficient workflows when delivering services and minimise duplication.<sup>641</sup>
- 6.32** The NSW Federation of Housing Associations argued that community housing providers’ investment in support and other services has a positive socio-economic impact on the community as a whole.<sup>642</sup> They estimated that the social value to the community could reach up to \$664 million in savings that would otherwise be spent on people seeking additional assistance due to health, social inclusion, education and other concerns.<sup>643</sup>
- 6.33** Dr Tim Williams, Chief Executive Officer, Committee for Sydney, suggested that a holistic approach is a distinguishing feature of community housing, with this approach helping tenants to move along the housing continuum:
- ... [Community housing providers] look at the individual and they actually have a discussion with this person what their ambitions are in housing terms. They help them go along the housing continuum... I do not think it is happening so much—it cannot happen—in public housing because public housing is a closed off part of the continuum whereas I think it should be part of and understood to be linked to other forms of housing tenure. Community housing providers, because they manage other forms of housing tenure, have that approach.<sup>644</sup>
- 6.34** The following case study highlighted the holistic approach taken by community housing providers, including their integration of services.

<sup>637</sup> Submission 211, Bridge Housing, p 17.

<sup>638</sup> Submission 211, Bridge Housing Limited, p 19.

<sup>639</sup> Submission 71, St George Community Housing, p 10.

<sup>640</sup> Submission 82, Mission Australia, p 9.

<sup>641</sup> Submission 82, Mission Australia, p 9.

<sup>642</sup> Submission 131, NSW Federation of Housing Association, p 17.

<sup>643</sup> Submission 131, NSW Federation of Housing Association, p 17.

<sup>644</sup> Evidence, Dr Tim Williams, Chief Executive Officer, Committee for Sydney, 12 March 2014, p 12.

**Case study – A holistic and integrated approach to housing<sup>645</sup>**

Barnardos Penrith Family Accommodation Support Service provides crisis and transitional housing to families with dependent children. The service accommodates families referred from different sources, such as specialist homelessness agencies, family and child support agencies, hospitals, government and non-government agencies, as well as self-referrals. Referrals are assessed by a family support worker on entry to the program to determine the range of needs within the family.

In addition to providing accommodation, the Barnardos Penrith Family Accommodation Support Service provides various support programs including domestic violence counselling, court support, assistance to access Centrelink entitlements, child care, mental health services, family planning support, health and medical services, specialist counselling services and culturally appropriate services. It also runs fortnightly group programs on a range of topics, for example, self-esteem, living skills, safety and utility assistance schemes.

In addition, Barnardos supports families who have found it difficult to get into the private rental market. In appropriate circumstances, they provide case management support for three to six months after families have exited the service so as to ensure the family can sustain secure housing into the future. As another example, Barnardos, in some cases, has guaranteed leases for twelve months to enable a family to access the private rental market.

In terms of positive outcomes from this program, many families have found it easier to negotiate private leases, allowing them to create a good record of rental history. Barnardos holistic approach to supporting tenants has helped to result in fifty-nine per cent of Barnardos' clients being able to exit into long term housing over 2012-13.

- 6.35** As an example of their holistic approach, several community housing providers gave evidence of programs or strategies they had implemented to support tenants to build new skills. The Illawarra South East Tenant Participation Resource Service, in partnership with the South East Women and Children Services, established a program called the 'Barb the Builder Project'. It trains female tenants on how to carry out basic maintenance jobs in their homes, thereby enabling tenants to develop new skills and become more self-sufficient.<sup>646</sup>
- 6.36** A similar skill building program, called 'Handy Manny', soon will be implemented by Compass Housing Services, as outlined in the case study below.

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<sup>645</sup> Submission 66, Barnardos Australia, p 4.

<sup>646</sup> Tabled document, Illawarra Forum, 'Barb the Builder' Project, 30 April 2014, p 1.

**Case study – Helping tenants to build skills<sup>647</sup>**

Compass Housing Services advised the committee that they will soon be launching a social enterprise program to train tenants in basic maintenance skills thereby helping them to gain employment and perhaps even start their own business. This program will be trialled on the Central Coast before being rolled out to the rest of Compass Housing Services' branches.

The program, known as 'Handy Manny', developed from the service provider's interest in helping tenants with maintenance work at home and in connecting tenants. The program consists of three stages. The first stage is about training and providing tenants who volunteer for the program with opportunities to practise their newly learnt skills, by letting them carry out simple maintenance tasks for other tenants at a reduced cost.

During the second stage, the maintenance services will be extended to the wider community for a service fee, in competition with other service providers. The main focus of this stage is to further develop tenants' skills so that they can secure future employment.

The final stage is to franchise the services to each Compass Housing branch. While each Compass Housing franchise can provide employment opportunities to tenants, the provider hoped that some tenants could start up their own franchise business and gain regular income through the franchise.

Ms Rebecca Barnes, Executive Manager, Partnerships and Support of Compass Housing Services believed that this program would create a positive social impact on the community and participants.

**Localised services and partnerships**

- 6.37** To deliver a holistic approach, many community housing providers pull together local services to provide 'wrap around support'. The committee noted that many organisations had developed strong local connections and partnerships, with this level of collaboration and co-operation benefiting tenants and the community.
- 6.38** St George Community Housing stated that community housing providers are locally responsive, with providers able to work closely with local agencies and not for profit partners to build social cohesion in social and economic disadvantaged areas.<sup>648</sup>
- 6.39** As an example of this, Wentworth Community Housing noted that they have formal partnerships with 30 different support agencies to provide 134 housing and support outcomes for people with complex needs, including those with mental health concerns, drug and alcohol needs and women escaping domestic violence.<sup>649</sup>

<sup>647</sup> Answers to questions on notice, Compass Housing Services Co Ltd, 26 June 2014.

<sup>648</sup> Submission 71, St George Community Housing, p 8.

<sup>649</sup> Submission 101, Wentworth Community Housing, p 2.

- 6.40** Similarly, Southern Cross Community Housing advised that they have a network of 80 organisations to support their tenants on issues related to disability, mental health and domestic violence.<sup>650</sup>
- 6.41** Bridge Housing also revealed to the committee that they have partnerships with over 40 agencies, allowing them to use their local presences and connections to link tenants with their neighbours and communities.<sup>651</sup>
- 6.42** In her observation of providers in the Illawarra and the Shoalhaven region, Ms Nicky Sloan, Chief Executive Officer of Illawarra Forum, highlighted the collaborative approach of community housing providers. She commented:
- I think one of the wonderful attributes of the community services industry...is its integrated nature. Many organisations that have been operating for a long time have good strong bonds between them...They collaborate to address problems.<sup>652</sup>
- 6.43** The case study below highlights the benefits of strong local working partnerships developed by community housing providers.

#### **Case study – Integrated services using local partnerships<sup>653</sup>**

Southern Cross Community Housing is a not for profit community housing provider based in the Shoalhaven, Eurobodalla and Monaro Local Government Areas. It manages approximately 1,100 dwellings, including social and other types of affordable housing, and houses approximately 2,296 people.

The organisation's highest priority is 'the provision of affordable, appropriate housing to people on low to moderate incomes including those with high needs'. Southern Cross believes that 'the provision of safe, affordable and sustainable housing is the cornerstone of building stronger individuals' and that 'communities and social service integration is essential to support tenant livelihoods and wellbeing'. For these reasons, it has implemented many strategies to support tenants, many of which focus on using their strong local networks.

When it develops its housing strategies for the regions in which it works, Southern Cross works in partnership with local, state and federal governments. It has also developed an extensive network of partnerships with over 80 organisations, with this approach helping to support their tenants. They have also formed partnerships with a wide range of other community stakeholders including builders, contractors and suppliers, to provide essential services to tenants. In particular, they noted that by utilising local contractors, the organisation can access services at competitive rates, in addition to supporting the local economy.

<sup>650</sup> Submission 245, Southern Cross Community Housing, p 9 and p 29.

<sup>651</sup> Submission 211, Bridge Housing Limited, p 20.

<sup>652</sup> Evidence, Ms Nicky Sloan, Chief Executive Officer, Illawarra Forum, 30 April 2013, p 22.

<sup>653</sup> Submission 245, Southern Cross Community Housing.

### Tenant engagement and satisfaction

- 6.44** Another integral part of the approach taken by community housing providers to tenancy management is their use of tenant engagement strategies, such as advisory groups, consultation programs and involvement in decision-making. The evidence suggested that this aspect, along with the holistic approach of community housing providers, has contributed to higher levels of tenant satisfaction.
- 6.45** The Housing Alliance observed that community housing providers have strong tenant engagement strategies in place. They noted that members of their organisation all involve tenants in some aspects of running their business, with many having tenant representative organisations in place. In addition, the Housing Alliance stated that providers often hold tenant social events, barbeques and information sessions.<sup>654</sup>
- 6.46** On this point, the Housing Alliance explained the benefit of tenant involvement and participation:
- Tenant participation programs both allow tenants to feel a sense of ownership and involvement, as well as the housing provider understanding what is working well in their services. Regional community housing providers can make a significant impact on building community cohesion in the areas in which they operate.<sup>655</sup>
- 6.47** In involving tenants in decision making processes, St George Community Housing advised that it has a consultation program called ‘Your Home, Your Voice’ which allows tenants to have a say about what is important to them and how they would like to get involved in their community. They also advised the committee that they have a tenant advisory group which consists of more than 300 tenants who provide the organisation with input into policy and service delivery.<sup>656</sup>
- 6.48** The committee received evidence that tenants of community housing greatly value the services delivered by their provider. Based on a survey of social housing tenants, the NSW Consumer Advisory Group – Mental Health Inc found that:
- By and large, consumers living in community housing have reported more positive housing experiences than people living in public housing. Community housing properties are more likely to be integrated into the general community; many tenants receive ongoing support from the community housing provider; there are better and more comprehensive linkages with other support services; requests for assistance or maintenance are usually promptly responded to and acted upon; and tenants are provided with information about, as well as regular opportunities to meet others in the community.<sup>657</sup>
- 6.49** Bridge Housing outlined results from the 2012 National Social Housing Survey which highlighted that 75 per cent of respondents had stated that their quality of life had improved since moving into community housing. In addition, the survey showed that a majority of

<sup>654</sup> Submission 74, The Housing Alliance, p 24.

<sup>655</sup> Submission 74, The Housing Alliance, p 24.

<sup>656</sup> Submission 71, St George Community Housing, pp 14-15.

<sup>657</sup> Submission 54, NSW Consumer Advisory Group – Mental Health Inc, p 8.

tenants felt more settled, better able to pay their rent and had developed improved coping skills.<sup>658</sup>

- 6.50** In addition, Bridge Housing pointed out the positive feedback they had received from tenant surveys since 2006, achieving on average tenant satisfaction levels of 84 per cent.<sup>659</sup>
- 6.51** During the committee's visit to the Nowra area, several community housing tenants spoke to the committee about their satisfaction of living in community housing properties. At the public forum in Bomaderry, Ms Lynette French highlighted the significant benefits she had experienced by living in community housing.<sup>660</sup> Mr Reg Newsome also gave evidence about the support he received from his community housing landlord in maintaining his property due to his age and health.<sup>661</sup>
- 6.52** The next case study is based on the story of Mrs Wendy Harris who spoke at a public forum in Bomaderry about the positive changes in her life after receiving support from Southern Cross Community Housing.

#### **Case study – Positive outcomes from living in community housing<sup>662</sup>**

Mrs Wendy Harris is married with a severely disabled daughter, Laura, who suffers from a rare form of Down syndrome. Laura has significant medical complications and is wheelchair bound.

When Laura was three, the family relocated in the hope that it would provide a better living environment for Laura. While Mrs Harris' husband secured full time employment, Mrs Harris could not work as she was a full time carer to Laura. The family experienced financial stress as Laura's health deteriorated and Mrs Harris' husband lost his job because of the amount of time he spent accompanying his daughter to medical treatment in Sydney. During this period, the family lived in private rental accommodation. They were unaware of services or support available to them, and were socially isolated.

'I was at my lowest of lows,' Mrs Harris said. 'I was actually to the point where I contemplated some really bad thoughts about our future. I did contemplate suicide. I did contemplate taking Laura's life. I am not proud to admit that, but I was just at my wits end from not being able to get permanent housing.' At that point in time, Southern Cross Community Housing approached Mrs Harris.

Southern Cross supported the Harris family in a number of ways. They provided community housing and referred their case to other social service providers. Southern Cross also supported the family to modify the home such as installing a ceiling hoist, a sling and a swimming pool which addressed Laura's mobility issues at home and helped with her therapy routines.

<sup>658</sup> Submission 211, Bridge Housing, p 17.

<sup>659</sup> Submission 211, Bridge Housing, p 21.

<sup>660</sup> Public Forum, Ms Lynette French, 30 April 2014, p 40.

<sup>661</sup> Public Forum, Mr Reg Newsome, 30 April 2014, p 44.

<sup>662</sup> Public Forum, Mrs Wendy Harris, 30 April 2014, p 41.

‘Southern Cross Community Housing has given us a beautiful home and that has given us empowerment because we do not have so many financial struggles now. We now have a social life and friends,’ Mrs Harris said.

In 2013, Mrs Harris received the Carer of the Year award at NSW Parliament, after being nominated by Southern Cross Community Housing. Mrs Harris said that ‘because of the self-esteem that Southern Cross Community Housing instilled in me as well as the confidence and support, I went on to study. I am now a public servant...I am achieving my dream of being a speaker for disability and housing services.’

When reflecting on her time living in community housing, Mrs Harris stated: ‘They have given me life, they have given me hope, they have given me dreams but, most importantly, they have given my daughter life.’

## Property and financial management

**6.53** In contrast to the challenging financial position and maintenance problems plaguing public housing, this section considers the strong financial position of community housing providers. It looks at their income sources, their financial management plans and their approach to managing maintenance, with many providers reporting that they do not have a maintenance backlog.

### Income sources and financial sustainability

**6.54** Community housing providers can generate income from a number of sources, distinct from the financial capacity of public housing. As an example, the NSW Federation of Housing Associations said that community housing providers can, in addition to rent,<sup>663</sup> obtain extra income by charging for their services, receiving government funding and subsidies and raising private funds. They can also achieve savings via tax concessions.<sup>664</sup>

**6.55** Bridge Housing advised the committee that community housing has many financial benefits:

The cash flows...[community housing providers] generate enables leveraging which is amplified through CRA, capital subsidies and tax exemptions this approach helps create a more viable system, which is sustainable for the long term.

The community housing business model is not self-funding; government subsidies are required for tenants who cannot afford to pay the full cost of their housing. Community housing’s balanced approach means that not all tenants require a high level or permanent subsidy, allowing for transparent cross-subsidies within the

<sup>663</sup> Submission 131, NSW Federation of Housing Associations, p 6.

<sup>664</sup> Submission 131, NSW Federation of Housing Associations, pp 5-6; Submission 112, North Coast Community Housing, pp 2-3.

portfolio. Community housing providers are sustainable businesses, with income sources including rent, subsidies and fees for service.<sup>665</sup>

**6.56** In addition to these extra sources of income, the committee was informed that community housing providers tend to receive higher rental returns than the public housing system. For example, Compass Housing Services noted that a charitable organisation can charge rent of up to 74.9 per cent of the market rent.<sup>666</sup> However, by contrast, public housing only collects approximately 43 per cent of market rent.

**6.57** Moreover, some community housing providers, such as Compass Housing Services, can charge slightly higher rent due to the Commonwealth Rent Assistance being available to tenants, which is an income supplement payable to eligible people renting from the private rental market.<sup>667</sup> Compass Housing noted that the additional income sources available to community housing providers help providers to pay for operational and maintenance costs.<sup>668</sup>

**6.58** As noted by Mr Mike Allen, Chief Executive, Housing NSW, these financial advantages are not available to public housing:

The contractual gain is that community housing residents are able to access Commonwealth rental assistance and that can be utilised in securing a higher level of rental income that those organisations can then use for leverage purposes. That is an important income stream that can support some of their other activities. It is not an income stream that is available to the public housing system.<sup>669</sup>

**6.59** Another financial advantage of the community housing sector is providers' ability to raise private funds, by leveraging against their income streams or assets to borrow money from private financial institutions. Some community housing providers reported that they have used the funding raised to build additional social and affordable housing<sup>670</sup>, although not to the level envisaged prior to transfers. When the committee questioned witnesses from Compass Housing about their level of leveraging only being 13-14 per cent instead of 30 per cent, Mr Paul Johnson, Chairman commented:

I was on the board when those were transferred. The board had taken a position that they do not want to use any more than 25 per cent of the loan to valuation ratio [LVR]. From a caution point of view—clearly my background is in finance—we could have gone higher than that and that would have achieved a greater percentage than the 14. That is where that came from.<sup>671</sup>

**6.60** The committee also asked for information from the NSW Federation of Housing Associations about the leveraging capacity of community housing providers. When asked about how many

<sup>665</sup> Submission 211, Bridge Housing Limited, p 14.

<sup>666</sup> Submission 38, Compass Housing Services Co Ltd, p 37.

<sup>667</sup> Submission 75, NSW Government, p 16.

<sup>668</sup> Submission 38, Compass Housing Services Co Ltd, p 37.

<sup>669</sup> Evidence, Mr Allen, 13 March 2014, p 43.

<sup>670</sup> Evidence, Mr Brian Murnane, Chief Executive Officer, Amelie Housing, St Vincent de Paul Society of New South Wales, p 7; Evidence, Ms Nazha Saad, Chief Executive Officer, St George Community Housing, 12 May 2014, p 41.

<sup>671</sup> Evidence, Mr Paul Johnson, Chairman, Compass Housing, 21 May 2014, p 19.



additional dwellings have been produced as a result of 2,000 properties being leveraged, the committee was informed that the information is commercial-in-confidence:

The Registrar of Community Housing publishes two aggregate reports each year: an Annual Statement of Performance and a mid-year Sector Snapshot. Both of these reports provide updated information about the number of community housing dwellings owned and/or managed by registered community housing providers. The number of community housing dwellings owned by registered community housing providers includes properties leveraged from formal agreements between providers and the NSW Government, for example, under Nation Building packages, as well as any other properties owned by community housing providers and used for community housing purposes...

In addition, the 32 largest community housing providers report quarterly to the Community and Private Market Housing Division (CAPMH) of FACS Housing NSW on a range of indicators, including, where applicable, their performance against agreed leverage targets. All community housing providers which received properties under the Nation Building program are included in this reporting process. This information is reported to CAPMH for monitoring purposes and is not published externally as it is considered commercial-in-confidence.<sup>672</sup>

- 6.61** As well as receiving income from a variety of streams, community housing providers also tend to have longer term financial strategies in place to promote their sustainability. Professor Hal Pawson, City Futures Research Centre, University of New South Wales, suggested that the ‘management style (used by community housing) is very different to that traditionally seen in public housing’ which makes it easier to plan for the long term to tackle housing problems. Professor Pawson said:

They (community housing providers) are in a much stronger position to manage the asset effectively in the long term because they are insulated from electoral cycles, which create a lot of volatility for traditional public housing and make it very difficult to plan for the long term.<sup>673</sup>

### **Management of maintenance**

- 6.62** Along with strong financial and asset management strategies, the committee received evidence about the sound, responsive and economical approach of community housing providers to addressing maintenance. This was in stark contrast to the management of maintenance by Housing NSW and LAHC for public housing properties.
- 6.63** Ms Nazha Saad, Chief Executive Officer of St George Community Housing, addressed the committee on this issue, pointing out that a strong asset management strategy ensures they have no maintenance backlog and are responsive to tenants needs. In terms of prioritising maintenance issues, Ms Saad advised:

...the way that we approach it is that we have categories that we respond to in terms of maintenance and in terms of responsive maintenance. We have an R1, which is

<sup>672</sup> Answers to questions on notice, NSW Federation of Housing Associations, 10 April 2014, p 1.

<sup>673</sup> Evidence, Professor Hal Pawson, City Futures Research Centre, University of New South Wales, 12 March 2014, pp 20–21.

emergency, R2, R3 and R4. R4 is a 28-day one, and that is usually things like the sash on the curtain or something like that has broken. But if it is something to do with an electrical fault, that is done within four hours.<sup>674</sup>

**6.64** When asked by the committee about standards for maintenance and repairs, Ms Saad also advised the committee that there 'are community housing standards and we try and achieve beyond the community housing standards'.<sup>675</sup>

**6.65** When the committee tried to clarify whether St George Community Housing, a large provider, has a maintenance backlog, as public housing does, Ms Saad advised:

We do not have a maintenance backlog on the properties that we own, and we own about 25 per cent of our properties, the average age of which is six years. But the major bulk of our properties are those from Housing NSW, from the Land and Housing Corporation. There certainly is not a maintenance backlog when it comes to the urgent and the planned maintenance, but in terms of the major upgrades that are required you would need to speak to them.<sup>676</sup>

**6.66** Compass Housing also informed the committee that one of their strategies in dealing with maintenance is the early identification of issues via their community development workers on the ground. Ms Barnes, Executive Manager, Partnerships and Support with Compass Housing stated:

It is certainly a difficult one to manage. One way we are trying to combat that is through our community development workers. We are sending them out on the ground quite a lot and they are visiting the properties that are known to have some ongoing issues. We try and work with those people in the properties right from the start so the bill does not become outstanding and their rent arrears do not become so high that they are never going to be able to pay them off. We also try to work out what other issues are going on in that household that are causing these things to happen so that we can put other things in place rather than just letting the place fall apart and by the time they move out we are up for quite a substantial bill.<sup>677</sup>

**6.67** Ms Barnes also advised the committee that they do not have a maintenance backlog:

We do not have a backlog. We have things on a plan maintenance cycle that we are required to do within a timeframe with our dwellings but any with issues we must deal with within a specific timeframe and we tell the clients that and they book it in.<sup>678</sup>

**6.68** On this point, the committee asked questions to clarify the age of properties being managed by Compass Housing, to determine whether they are less likely to have the maintenance needs that older public housing properties do. In response to a question on notice, Compass Housing informed the committee that the average age of their stock is close to 33 years, excluding properties leased privately.<sup>679</sup>

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<sup>674</sup> Evidence, Ms Saad, 12 May 2014, p 39

<sup>675</sup> Evidence, Ms Saad, 12 May 2014, p 39

<sup>676</sup> Evidence, Ms Saad, 12 May 2014, pp 39-40.

<sup>677</sup> Evidence, Ms Rebecca Barnes, Executive Manager, Partnerships and Support, Compass Housing, 21 May 2014, p 19.

<sup>678</sup> Evidence, Ms Barnes, 21 May 2014, p 19.

<sup>679</sup> Answers to question on notice, Compass Housing, 26 June 2014, p 2.

**6.69** Bridge Housing also pointed out their strengths in managing maintenance, with comprehensive long term asset management plans in place and regular assessments on their properties as required by the NSW Registrar of Community Housing. In their submission they explained the benefits of their strong asset maintenance plans:

We develop comprehensive 10 year Asset Maintenance plans and these are revised with fresh scopes of all properties every three to four years. We are currently completing our second round of comprehensive property scopes which will refresh our property condition reports and costs of future maintenance. This enables us to manage our future maintenance risks.<sup>680</sup>

**6.70** Southern Cross Community Housing also demonstrated a strong approach to managing maintenance, advising the committee that they have a 40 year asset management plan in place and that they use local contractors at competitive rates to deliver quality services.<sup>681</sup>

**6.71** Hawkesbury City Council argued that community housing providers are responsive and plan maintenance, particularly because they report to a regulator against long term financial viability and asset management indicators.<sup>682</sup>

**6.72** Youth Action included in their submission results of the latest National Social Housing Survey Summary by the Australian Institute of Health and Welfare, which indicated that less community housing tenants reported maintenance related complaints compared to tenants living in the public housing (10 per cent as opposed to 20 per cent).<sup>683</sup>

### **A greater role for community housing providers?**

**6.73** A number of inquiry participants advocated for community housing providers to play a greater role in addressing the challenges that lie ahead in the social housing sector, in particular the growing demand for housing assistance from low income households and the shortfall in supply of properties. In fact, many stakeholders recommended that the government facilitate faster growth of the sector by transferring more government owned properties to community housing providers for management, which they said would allow them to bring private finance into the system and thus increase the construction of new social housing properties. In addition, many stakeholders argued that enabling community housing providers to manage more government properties would improve outcomes for social housing tenants.

**6.74** While there was a significant amount of evidence supporting the transfer of public housing stock to community housing providers, it is worth noting that such arrangements are not new. In fact, transfer of public housing stock to community housing providers to manage has been occurring for at least the last two decades.<sup>684</sup>

**6.75** In exploring the future role of community housing providers, this section will focus on the support for increased transfer arrangements and whether properties are passed via permanent

<sup>680</sup> Submission 211, Bridge Housing Limited, p 23.

<sup>681</sup> Submission 245, Southern Cross Community Housing, p 14.

<sup>682</sup> Submission 84, Hawkesbury City Council, p 3.

<sup>683</sup> Australian Institute of Health and Welfare (2013), in submission 106, Youth Action, pp 14-15.

<sup>684</sup> Submission 74, The Housing Alliance, pp 11-12.

title transfers or long term leases. On this latter aspect, we explore the problems community housing providers have experienced with public housing stock transferred via short term leases.

### **Increased transfers of public housing stock**

**6.76** The committee received a significant amount of evidence from stakeholders calling for the government to transfer more public housing stock to community housing providers for management. It was argued that by transferring additional stock to community housing providers, they could 'leverage' off the asset and/or income to raise private finance, thereby providing more money for the construction of new social and affordable dwellings.

**6.77** The Australian Housing and Urban Research Institute recognised that the growth of the community housing sector is an important means of increasing supply and choice of affordable housing.<sup>685</sup> They elaborated:

The not-for-profit housing sector has demonstrated the capacity to develop financially viable affordable housing projects. In 2009 around forty not-for-profit organisations were identified across Australia with recent experience in producing affordable housing for lower income households and aspiration to expand this function. Within this group, there were 11 leading not-for-profit developers with well-established capacity that reported a collective 220 per cent growth between 2004 and 2008. At the end of 2007/08, those providers owned over 5440 affordable housing dwellings with a net asset value of just under \$1.3 billion (2007/08). Growth was achieved through a combination of strategies including; the development of new dwellings, purchase of existing dwellings, transfers of existing social housing from state housing authorities and organisational mergers.<sup>686</sup>

**6.78** Similarly, the NSW Federation of Housing Associations supported the transfer of public housing stock to community housing providers to increase the supply of social and affordable housing:

A key element in the growth of social and affordable housing is the transfer of properties from public to community housing. Far from simply moving properties from one part of the system to another, this transfer helps to grow the system by creating opportunities for leveraging private finance, and assisting community housing providers to achieve further economies of scale. A recent report to the South Australian Government indicates that an estimated \$20.8 million annually would be added to social housing in that state if 10,000 properties were transferred from public to community housing.<sup>687</sup>

**6.79** Youth Action argued that 'one solution to increasing stock of social housing is through transferring [public] assets to community housing providers to leverage additional investment'.<sup>688</sup> They stated that 'community housing providers can utilise housing stock in

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<sup>685</sup> Submission 127, Australian Housing and Urban Research Institute, p 4.

<sup>686</sup> Submission 127, Australian Housing and Urban Research Institute, pp 4-5.

<sup>687</sup> Submission 131, NSW Federation of Housing Associations, p 37.

<sup>688</sup> Submission 106, Youth Action, p 10.

ways the government cannot, by leveraging assets and undertaking project development to increase their housing stock'.<sup>689</sup>

- 6.80** The evidence from St George Community Housing also outlined how transfers of public housing stock to community housing providers will help to grow the social housing sector:

...[Private finance] provides funds to build new affordable rental housing and the borrowing does not appear on State Government's balance sheet. This finance, combined with its [community housing providers] charitable status, means that the community housing sector can provide a greater return on every dollar spent.<sup>690</sup>

- 6.81** Dr Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations provided evidence to the committee about how the community housing sector can help to grow social and affordable housing:

In a more general sense, we are seeking assistance to continue to build community housing so that it can move from being about 20 per cent of the social housing system, and therefore a relatively small part of our housing system overall, to being a scaled part of the system and increasing that scale. There are flow-on benefits for other activities from community housing—property transfers help with leverage; leverage helps other kinds of activities; and affordable housing helps cross-subsidise other kinds of tenancies for the kinds of property for tenants who are very vulnerable. We are seeking the right policy settings and the right funding settings from government and a way of engaging with government to continue to grow our industry.<sup>691</sup>

- 6.82** Further, Dr Burgmann explained why growth of the community housing sector offers more potential than spending additional funding on public housing:

For the funding to come to community housing opens up the opportunity of leveraging to bring in private finance and sort of get more bang for your buck than you might if you just spent those dollars within the public housing setting. It is asking government to consider further and increased investment in social housing because housing affordability is an issue for the economy as well as for the fairness of our society.<sup>692</sup>

- 6.83** The St Vincent de Paul Society of New South Wales also favoured the 'large scale' transfer of public housing properties to the community housing sector. They argued that there are social and economic benefits of this proposal, including the capacity for community housing providers to borrow against income and assets for properties, greater achievement of maximum revenue sources (Commonwealth Rent Assistance maximisation) and improved long term plans for tenancy management and community engagement services. On the latter point, they stated:

Recent research on the impact of the transfer of tenanted public housing dwellings indicates that a clear majority of tenants believed that community housing providers were more responsive in their delivery of services, more proactive in how they

<sup>689</sup> Submission 106, Youth Action, p 10.

<sup>690</sup> Submission 71, St George Community Housing, p 8.

<sup>691</sup> Evidence, Dr Burgmann, 13 March 2014, p 11.

<sup>692</sup> Evidence, Dr Burgmann, 13 March 2014, p 13.

implemented tenant engagement, and more effective in delivering community renewal.<sup>693</sup>

**6.84** In addition, St Vincent de Paul Society of NSW argued that increased transfers to the community housing sector will enable providers to make the most of their local partnerships and networks. As an example, they argued that they can purchase equipment and conduct maintenance more effectively, by using their local businesses and networks.<sup>694</sup>

**6.85** In evidence to the committee, Mr Stephen Barr, Director, Monteath and Powys, member of the Planning Institute of Australia, observed that transfers of public housing stock to community housing providers in the Newcastle area has helped to increase the availability of houses for lower income households:

The best thing we have seen around Newcastle has been the transfer of housing stock to social housing providers. Where that has been leveraged we have seen an increase in housing being transferred to the social housing providers and them being able to leverage that income to purchase more homes. It has led to an increase in the availability of houses for people on lower incomes. Not only does it provide housing but it also then provides them with support through the social housing providers.<sup>695</sup>

**6.86** Dr Williams, Chief Executive Officer, Committee for Sydney, told the committee that outsourcing the management of public housing to community housing providers was a 'game changer' in the social housing system in the United Kingdom as it brought private finance into the social and affordable housing sector:

I think new private sector finance can come into the system to fill the gap...stock transfer from public housing to community housing providers was a big game changer in the United Kingdom, bringing new money into public housing and social housing and enabling the community housing providers to become entrepreneurial providers of affordable housing products, subject to regulation.<sup>696</sup>

**6.87** Youth Action quoted the McKell Institute's study on the United Kingdom model of social housing to argue that it would be more cost effective for the government to transfer public housing properties to community housing than to subsidise the industry. According to the Youth Action submission:

...[Such transfers in the United Kingdom] enabled record levels of new social homes to be built by such providers at less than half the cost to government of the previous situation where massive subsidies were required from government. Subsidies are now less than 50 per cent of the build cost with the rest coming from income leverage and borrowings, partly from banks and partly from bond finance.<sup>697</sup>

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<sup>693</sup> Submission, St Vincent de Paul Society of NSW, p 20.

<sup>694</sup> Submission, St Vincent de Paul Society of NSW, p 20.

<sup>695</sup> Evidence, Mr Stephen Barr, Director, Monteath and Powys, member of the Planning Institute of Australia, 12 May 2014, p 3.

<sup>696</sup> Evidence, Dr Williams, 12 March 2014, p 8.

<sup>697</sup> The McKell Institute (2012), in Submission 106, Youth Action, pp 10-11.

**6.88** Professor Hal Pawson, City Futures Research Centre, University of New South Wales, viewed the transfer of tenant management from government to community housing providers as an opportunity to revive social housing. Professor Pawson said:

Realising those kinds of benefits is something which would be achieved only partially by the management outsourcing of public housing, which is something that has happened to a degree already in New South Wales, and would need to ideally take place with full title transfer which would give much more scope for the recipient organisations to make best use of the asset and to run it in the best way.<sup>698</sup>

**6.89** At a hearing, the committee questioned government witnesses on whether the transfer of public housing stock to community housing providers amounts to a loss of social housing. Mr Allen, Chief Executive of Housing NSW, explained that the government considers community housing and other forms of social housing to be ‘part of the same system’:

They [community housing providers] are contractually obligated to operate in the social housing system and to work with us in doing that. We have a very significant contracting framework that deals with both performance contracting, performance assessment through the national regulatory system and contractual funding arrangements that give clear and precise direction on the performance of the organisations—what is expected of them and their participation, and indeed, in fairness, what is expected of us in the process.<sup>699</sup>

**6.90** Mr Allen went on to suggest that while it might appear that community housing providers are benefiting from state assets at no cost, they do have a contractual responsibility to ensure they use the financial gain from the transfer to advance the state’s supply of social and affordable housing. Mr Allen advised:

Where title transfer has been committed to a community housing organisation, they are contractually committed to use the opportunity to leverage off the value of that property, and the additional income stream they receive through Commonwealth rental assistance, to build, procure or purchase additional properties...Some of those properties might be affordable housing properties, because in terms of paying off the debt they will need to have a slightly higher income. So they are still a valuable gain to the housing system and to the needs of people on low incomes. There is a requirement that a minimum of 30 per cent of the leveraged properties—the additional properties—be made available for social housing purposes, and the balance for affordable housing.<sup>700</sup>

**6.91** In relation to concerns that the transfer of public housing stock could jeopardise service quality, Dr Williams told the committee that people should be clear about what was being provided but open-minded about who delivers the services. He commented that as long as a sound regulatory process was in place, the quality of services could be assured.<sup>701</sup>

<sup>698</sup> Evidence, Professor Pawson, 12 March 2014, pp 20–21.

<sup>699</sup> Evidence, Mr Allen, 13 March 2014, p 43.

<sup>700</sup> Evidence, Mr Allen, 13 March 2014, p 43.

<sup>701</sup> Evidence, Dr Williams, 12 March 2014, p 11.

- 6.92** While the majority of community housing providers wanted to manage more public housing properties, several participants expressed concern about the hidden costs in having older stock transferred to them.
- 6.93** St George Community Housing observed that when some public housing properties in the inner city and eastern suburbs were transferred to them for management, many required significant asset maintenance. They informed the committee that they had to spend approximately \$170,000 in order to bring the condition of properties to the requisite standard. St George Community Housing argued that the government should bring properties up to the required standard prior to transfer, or else subsidise community housing providers to redevelop the properties to provide new high quality affordable housing.<sup>702</sup>
- 6.94** Similarly, Compass Housing Services stressed that while it hoped to receive transfers of more public housing stock, it would only be able to accept properties that are capable of being brought back up to reasonable condition and amenity in the future.<sup>703</sup>
- 6.95** While there was strong support for transfers, Redfern Legal Centre indicated its preference for the LAHC to remain the main provider of social housing properties. They voiced concern that community housing providers were not subject to the same level of scrutiny and regulation as required of government agencies and that people in community housing might experience difficulties in dealing with issues related to unreasonable eviction and lack of appeal mechanisms. Redfern Legal Centre stated that it would not support increased transfers, unless there were proven robust guidelines and regulations in place.<sup>704</sup>
- 6.96** REDWatch also reported concerns similar to Redfern Legal Centre. They stated that there is a need to assess and research community housing and study the ‘impacts of transferring public housing properties to community housing and the differences in tenancy conditions, affordability, financial results and tenant satisfaction’.<sup>705</sup>
- 6.97** On a related issue, the submission from Churches Housing insisted that instead of selling public housing assets, the NSW Government should transfer the properties to community housing providers so that there is not a loss of stock in the social housing sector.<sup>706</sup>

### **Long term leases or permanent title transfers?**

- 6.98** In transferring public housing stock to the community housing sector, the committee received strong evidence from community housing providers supporting the need for long term lease arrangements, in order for providers to maximise the private finance they can raise over the income and/or assets. This was the preference, given that many stakeholders acknowledged that permanent title transfers were unlikely, and that short term leases had less potential to accelerate growth in supply of social housing.

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<sup>702</sup> Submission 71, St George Community Housing, p 27.

<sup>703</sup> Submission 38, Compass Housing Services Co Ltd, p 23.

<sup>704</sup> Submission 108, Redfern Legal Centre, pp 26-27.

<sup>705</sup> Submission 100, REDWatch, p 19.

<sup>706</sup> Submission 92, Churches Housing, p 28.



- 6.99** When asked whether the government should extend leases or effect a complete title transfer, Dr Burgmann, Chief Executive Officer of NSW Federation of Housing Associations, stressed that the government needed to understand its underlying goals when considering how to effect transfers. Dr Burgmann said:

If you want maximum leverage opportunities then title is quite important. But if what you want to do is transfer properties in order to bring about some degree of leverage, a greater degree perhaps of community renewal or social change, perhaps some change to the built form but not necessarily wholesale redevelopment, then providing community housing providers with leases of a sufficient length, 25 years or maybe longer, and sufficient decision-making available around that asset so that they can use the asset to achieve the outcomes that have been agreed. That is not title but it can be very effective.<sup>707</sup>

- 6.100** Bridge Housing explained to the committee that permanent title transfers are preferred to enable greater leveraging capacity:

Transferring properties with title significantly enhances the leverage capacity of community housing providers by providing additional capital against which private finance can be borrowed... It is important to note that the absence of title diminishes the provider's borrowing power: industry experience is that lenders focus on the security of the income stream (rent plus CRA) over the long-term, this can only be secured through title or a long term lease which matches the loan term. This highlights the importance of title in maximising access to private finance.<sup>708</sup>

- 6.101** City Futures Research Centre explained in their submission that title transfer can facilitate greater asset planning and management:

We argue that title transfer would provide greater scope for CHP entrepreneurialism and innovation... This could also facilitate enhanced asset planning and management, informed by a longer term perspective than is normally possible for governments subject to annual funding decisions and short-term electoral cycles.<sup>709</sup>

- 6.102** Professor Pawson, City Futures Research Centre, University of New South Wales, suggested a 'once and for all restructure' which is effectively a permanent title transfer of the public housing properties to community housing providers.<sup>710</sup>

- 6.103** St George Community Housing advised the committee that in raising private finance, banks prefer providers to have permanent title on the property, or alternatively a long term leasing arrangement in place. Mr Trevor Wetmore, General Manager, Corporate Services advised the committee:

Our experience with banks is that they are keen to see the title in our hands in order to advance a loan and we are on the verge, on the 1,181 new properties, of converting that into a \$61 million loan with the bank for the developments, the 408 that we have to build. Even that transaction has been difficult at times but they do like to see ownership in our hands. Although they say they will never exercise their security, they

<sup>707</sup> Evidence, Dr Burgmann, 13 March 2014, p 16.

<sup>708</sup> Submission 211, Bridge Housing Limited, pp 31-33.

<sup>709</sup> Submission 114, City Futures Research Centre UNSW, p 31.

<sup>710</sup> Evidence, Professor Pawson, 12 March 2014, p 21.

at least have a way of backing out of it over time and they have worked their model to see how long it would take them to. If they stopped advancing on the \$61 million, how long would it take to pay down the loan from it? And it is certainly longer than 20 years, so any long-term leasing arrangement would really need to be somewhere between 20 and 30 years, I would anticipate. We have been engaged with other financial institutions on this, trying to see what sort of leverage you could get from it and there is certainly one bank that I know of that would advance against that.<sup>711</sup>

- 6.104** The St Vincent de Paul Society of New South Wales also supported the large scale transfer of public housing stock to community housing providers to manage. Mr Brian Murnane, Chief Executive Officer, Amelie Housing, St Vincent de Paul Society of New South Wales, suggested that a long term lease arrangement is the best option if permanent title is not possible:

I do not see any problem with transferring management so long as that management is associated with a long-term lease, and we have suggested a minimum of 25 years. In the ideal world we would probably have title but the reality is that that is probably not going to happen. So the next best option for us is a longer-term lease with tenancy management.<sup>712</sup>

- 6.105** Similarly, Mr Peter McNamara, Vice President, New South Wales State Council from the Society explained:

One of our solutions is the large-scale transfer of the management of tenanted public housing dwellings to community housing providers with long-term leases. We can then leverage against the rents to develop more housing.<sup>713</sup>

- 6.106** In exploring the length leases should be, the committee asked several witnesses for their opinion. Many pointed out that the current arrangement of three-year leases<sup>714</sup> has been problematic, with providers finding it difficult to manage maintenance issues on the properties, in addition to being unable to raise the finance they would have hoped.

- 6.107** Compass Housing raised concerns about short term leases, arguing that they make long term planning for property maintenance and upgrade work difficult. They suggested that community housing providers should not be responsible for structural repairs to public housing properties if dwellings are transferred via a short lease.<sup>715</sup>

- 6.108** Furthermore, Compass Housing explained that the current maintenance arrangement for a leased public housing property requires the provider to obtain permission and funding from Housing NSW for major refurbishment works. They argued that if approval was not provided, dwellings would be handed back to the NSW Government at great inconvenience to tenants and the organisation. Compass Housing stated that even if the funding was approved by the

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<sup>711</sup> Evidence, Mr Trevor Wetmore, General Manager, Corporate Services, St George Community Housing, 12 May 2014, pp 42-43.

<sup>712</sup> Evidence, Mr Murnane, 13 March 2014, p 6.

<sup>713</sup> Evidence, Mr Peter McNamara, Vice President, New South Wales State Council, St Vincent de Paul Society of New South Wales, p 2.

<sup>714</sup> Correspondence from Mr Frank Birkefeld, State Manager NSW, Community Housing Ltd, to committee secretariat, 30 May 2014, p 1.

<sup>715</sup> Submission 38, Compass Housing Services Co Ltd, p 24.

NSW Government, the nature of the approval process means it might have already caused maintenance delay or have threatened the safety of tenants and the public.<sup>716</sup>

- 6.109** Wentworth Community Housing also raised concerns about older government properties being transferred on short term leases, noting that many are nearing the end of their 'lifecycle'. They stated that 'with limited control over the asset... [they] will be constrained in how it can be...managed to ensure the properties are maintained into the future'.<sup>717</sup>
- 6.110** Compass Housing said that another major concern associated with short term leases is that it minimises community housing providers' ability to raise finance. They said it prevents housing providers from maximising the financial gain they would otherwise achieve through leveraging.<sup>718</sup>
- 6.111** In his correspondence to the committee, Mr Frank Birkefeld, State Manager NSW, Community Housing Ltd, explained why long term leases are beneficial to community housing providers:

The establishment of longer term management agreements would certainly make community housing providers more palatable to financiers by having the guaranteed income streams in place for the longer timeframe. Additionally it would allow providers to make long term strategic and business decision for the management of the portfolio and the development of additional dwellings...if we rely purely on the rental income stream however then the leverage ratio's would be significantly lower.<sup>719</sup>

- 6.112** Mr Peter McNamara, Vice President, New South Wales State Council, St Vincent de Paul Society of New South Wales, also aired his support for long term leases. He stated that long term leases could help his organisation leverage against the rents paid by tenants which could then be used to develop more social and affordable housing for the community.<sup>720</sup>
- 6.113** While there was strong support among community housing providers for long term leases, there was no consensus on exactly how long leases should be. Community Housing Ltd recommended a minimum of 20 years,<sup>721</sup> while St Vincent de Paul Society of New South Wales suggested 25 years.<sup>722</sup> Compass Housing Services proposed a 99 year lease with a clause that if a property was no longer economically viable to maintain, NSW Housing could sell or redevelop the property.<sup>723</sup>

<sup>716</sup> Submission 38, Compass Housing Services Co Ltd, p 24.

<sup>717</sup> Submission 101, Wentworth Community Housing, p 2.

<sup>718</sup> Submission 38, Compass Housing Services Co Ltd, p 24.

<sup>719</sup> Correspondence from Mr Frank Birkefeld, State Manager NSW, Community Housing Ltd, to committee secretariat, 30 May 2014, p 1.

<sup>720</sup> Evidence, Mr McNamara, 13 March 2014, p 2.

<sup>721</sup> Correspondence from Mr Frank Birkefeld, State Manager NSW, Community Housing Ltd, to committee secretariat, 30 May 2014, p 1.

<sup>722</sup> Evidence, Mr Murnane, 13 March 2014, p 6.

<sup>723</sup> Submission 38, Compass Housing Services Co Ltd, p 24.

## Committee comment

- 6.114** The committee is impressed with the holistic and integrated approach taken by community housing providers when supporting tenants. Such an approach allows tenants' housing and non-housing needs to be fulfilled, thereby maximising their ability to maintain their tenancy, in addition to creating other positive outcomes, such as improved education, employment and health outcomes.
- 6.115** In areas of high disadvantage, community housing providers are well placed to support tenants, with this being demonstrated by their involvement in a number of redevelopment projects of public housing estates. On this point, we would like to acknowledge the commitment of Mr Murnane, of the St Vincent de Paul Society, in helping to transform the estates in the Campbelltown area. Mr Murnane has achieved remarkable changes with his committed, localised and holistic approach, sometimes simply by having a conversation with tenants or setting up a barbeque in the street to bring the community together.
- 6.116** When travelling around the state, we heard numerous stories about the benefits of living in community housing. In particular, we were moved by stories from tenants about the level of support they received, whether it was help to maintain their garden or assistance with developing new skills. It was clear that a majority of the tenants we engaged with felt supported by their community housing landlord. We believe that the higher levels of satisfaction from tenants living in community housing, in comparison to public housing, are due to providers' holistic and integrated approach to service delivery, along with strong tenant engagement strategies and responsiveness as a landlord. Given the success community housing providers have achieved in terms of supporting tenants, we recommend that Housing NSW develop a strategy to enhance support for public housing tenants, focusing on the provision of holistic and localised services.

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### Recommendation 20

That Housing NSW develop a strategy to enhance support for public housing tenants, focusing on the provision of holistic and localised services.

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- 6.117** The committee acknowledges the benefits derived from community housing providers' access to a variety of income sources, including tax concessions, financial subsidies and Commonwealth Rent Assistance. When community housing providers gave evidence to the committee, many spoke of their plans for developing more social and affordable housing. It was clear that they have aspirations to help house more disadvantaged and lower income households, and that they have a desire to expand their role as part of the overall social housing system.
- 6.118** The committee is impressed with community housing providers' management of maintenance, with several providers informing us that they have no maintenance backlog, even in situations where they have older properties as part of their portfolio. Many providers have long term asset management plans in place that focus on a preventative and cyclical approach to maintenance, including utilisation of local contractors and access to competitive rates. This enables them to be proactive, responsive and economical on maintenance and upgrade work, which in turn helps to maintain properties to an appropriate standard so as to meet tenants' needs. Furthermore, tenants appear highly satisfied with how their community

housing landlord deals with maintenance problems, and whilst we acknowledge some of the differences and complexities with the public housing system, this point simply cannot be ignored. We believe that Housing NSW could learn from the approach taken by community housing providers to managing maintenance on their properties.

- 6.119** Given the growing demand for social housing, coupled with the shortage in supply of properties, we believe that the role of community housing providers should be expanded. The evidence we received identified that the community housing sector addresses many of the challenges facing the social housing system and given this, we believe that the NSW Government should embrace and support this proposition.
- 6.120** The committee notes that in 2009, the Council of Australian Governments (COAG) set a target that community housing comprise 35 per cent of all social housing in Australia. Given community housing is currently only 22 per cent of social housing in New South Wales, and that increased transfer periods may help to grow the sector by providing additional housing, the committee believes that the target should be reviewed in light of evidence received.
- 6.121** The committee acknowledges that permanent title transfers would result in less social housing stock being owned by the Land and Housing Corporation; but on the other hand, we note comments from Mr Allen that the government considers community housing and other forms of housing to be part of the same system. We concur with this view, and recognise that many community housing providers are just as committed to housing vulnerable and disadvantage people as the NSW Government is.
- 6.122** As a first step, however, we support the use of long term leases in effecting transfers, with evidence indicating that this is essential in terms of maximising the finance that community housing providers can raise. Whilst we have not specifically recommended a term for the leases, we suggest that they be longer than the leases currently in place, particularly given the concerns that have been raised about leases of three years. The committee also supports the inclusion of performance measures, with respect to leveraging, in contracts with community housing providers. On these particular aspects, we would encourage the NSW Government to collaborate widely with the community housing sector and to learn from other jurisdictions' experiences.
- 6.123** In addressing the shortfall in the supply of social housing and the growing demand for properties, we firmly believe that the NSW Government must partner with the community housing sector to increase the supply of social housing. Their holistic approach to tenancy management, coupled with their financial capacity to help grow the social and affordable housing sector, leads us to recommend that the NSW Government should expedite the transfer of public housing properties to community housing providers, via long term leases, to ensure growth in the supply of social and affordable housing and to promote the expansion of 'wrap around' services. The committee also recommends that the NSW Government review the target that the community housing sector comprise at least 35 per cent of all social housing, in light of evidence, and assess the performance of property title transfers and leveraging.

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**Recommendation 21**

That the NSW Government expedite the transfer of public housing properties to community housing providers via long term leases to:

- ensure future growth in the supply of social and affordable housing
- promote the expansion of ‘wrap around’ services.

That the NSW Government also review the target that the community housing sector comprise at least 35 per cent of all social housing and assess the performance of property title transfers and leveraging.

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## Chapter 7 Residential parks

This chapter considers the role of residential parks in providing affordable housing. It examines the regulation of residential parks, noting distinct differences in the way parks operate compared to other forms of housing, including social housing. Finally, it examines whether residential parks should be expanded as an option to create additional supply of affordable housing and particular concerns about the location of parks and disadvantage experienced by residents.

### The role of residential parks

- 7.1** Residential parks include caravan parks, manufactured home estates, mobile home villages and relocatable home parks. For some people, residential parks are used for holidays or tourism purposes, but for many others, residential parks provide a form of temporary or permanent accommodation.
- 7.2** Importantly, it should also be noted that residential parks are used as a form of crisis accommodation by Housing NSW, with some people being placed in caravan parks due to urgent housing needs. Concerns over this approach are discussed in detail in Chapter 4.
- 7.3** Residential parks are characterised by shared facilities, such as laundries and outdoor spaces. The manager of a residential park typically has a high level of control over the conditions of the park, for example, in relation to maintenance and improvements.
- 7.4** According to the Residential Parks Register maintained by the NSW Office of Fair Trading, there were 477 residential parks in New South Wales in 2012, accommodating approximately 33,352 residents. The Tenants' Union of New South Wales stated that 'they are a relatively small but significant part of the housing system'.<sup>724</sup>
- 7.5** The Combined Pensioners and Superannuants Association of NSW Inc suggested that the number of residential parks in New South Wales is higher than the amount listed on the Residential Parks Register, as a number of parks may not be registered.<sup>725</sup>

### Park residents

- 7.6** In terms of the people that tend to reside in residential parks, two common themes emerged; firstly, residents being typically older and/or disadvantaged or vulnerable in some way, some of whom may own their caravan or mobile home, and secondly, some people who relocate to parks as a form of temporary accommodation due to urgent housing needs, including those placed in parks by Department of Family and Community Services as a form of crisis accommodation.
- 7.7** In relation to the first theme, the Tenants' Union of New South Wales stated that owners are typically older people, with few assets who often have strong connections to their community.<sup>726</sup>

<sup>724</sup> Submission 68, Tenants' Union of New South Wales, p 17.

<sup>725</sup> Evidence, Ms Charmaine Crowe, Senior Advisor, Research and Advocacy, Combined Pensioners and Superannuants Association of NSW Inc, 30 May 2014, p 33.

- 7.8** The Independent Park Residents Action Group NSW Inc also highlighted the role of residential parks in providing homes for older people, and advised the committee that new corporate operators of residential parks are focusing on the retirement living sector. They noted the number of parks designated for retirees or over 55's, often with resort style facilities. They informed the committee that these types of parks are targeted to people with a higher asset base, in contrast to those seeking low cost and affordable housing options.<sup>727</sup>
- 7.9** In terms of residents who relocate to parks for temporary accommodation, the Illawarra and South Coast Tenants Service highlighted research from the Australian Housing and Urban Research Institute that showed people who live in residential parks as a last resort tend to be vulnerable and disadvantaged individuals or families, including those on low incomes, young people, people with disabilities, people exiting prison, women and children escaping domestic violence, itinerant workers or unemployed people, people with mental illness or people experiencing substance abuse issues.<sup>728</sup>
- 7.10** St Vincent de Paul Society of NSW similarly pointed out that residents of residential parks tend to experience poverty, compounded by a range of other complex issues, including mental health issues, substance abuse and disability.<sup>729</sup>
- 7.11** The Salvation Army suggested to the committee that people are being forced to consider residential parks as a form of temporary or permanent accommodation because of a lack of alternatives in terms of social, public and affordable housing. They commented:
- The lack of suitable and affordable housing has resulted in many lower income households being forced out of more traditional permanent accommodation into a temporary and often substandard form of accommodation.<sup>730</sup>
- 7.12** Similarly, the Housing Alliance informed the committee that in resource boom areas and along the coastal strip of New South Wales, long term renters and Aboriginal people have had to rely on non-standard forms of accommodation, including caravan parks.<sup>731</sup>

### **Regulation of residential parks and recent reforms**

- 7.13** Residential parks are currently governed by specific legislation, the *Residential Parks Act 1998* and *Residential Park Regulation 2008*. These laws provide the basis for the rights and obligations of park residents and operators and various other rules relating to rent and termination.
- 7.14** The regulation of residential parks under these provisions is distinctly different from the regulation of tenancies covered by the *Residential Tenancies Act 2010*, including social housing tenancies. The Illawarra and South Coast Tenants Service highlighted one aspect of the distinction between residential parks and residential tenancies when they commented:

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<sup>726</sup> Submission 68, Tenants' Union of New South Wales, p 18.

<sup>727</sup> Submission 236, Independent Park Residents Action Group NSW Inc, p 2.

<sup>728</sup> Submission 116, Illawarra and South Coast Tenants Service, p 9.

<sup>729</sup> Submission 144, St Vincent de Paul Society of NSW, p 22.

<sup>730</sup> Submission 55, The Salvation Army, p 12.

<sup>731</sup> Submission 74, The Housing Alliance, p 7.



A major characteristic of residential park tenancies is that, because of shared facilities, there is a high level of control by park management over the conditions and daily activities of tenants compared with tenants in private rental or social housing, whose rights include privacy from landlords, rental managers and other residents.<sup>732</sup>

- 7.15** In examining the legislative framework for residential parks, it is necessary to outline recent reforms, including a review in 2011 of the legislation, which culminated in the introduction of the *Residential (Land Lease) Communities Act 2013* (the ‘new Act’). This Act received Assent in November 2013, however, as at the time of writing this report, was awaiting proclamation.
- 7.16** Evidence was received regarding the current legislation and new legislation in relation to disputes regarding rent increases. The committee noted the lack of recognition of affordability as a matter for consideration by the NSW Civil and Administrative Tribunal. The Independent Park Residents Action Group NSW Inc suggested the committee ‘examine the refusal of the NSW Civil and Administrative Tribunal to consider affordability and the burden of proof being on residents to overcome above CPI site fee increases’.<sup>733</sup>
- 7.17** In terms of the new Act, a number of concerns were raised by participants about the changes. One of the primary concerns related to site fee increases, with Mr Justin Donkin, Secretary, Independent Park Residents Action Group NSW Inc, voicing concerns that site fee increases may severely impact residents and place them under financial pressure. He explained:
- ...minor percentage increases that were applied to site rentals annually compound in perpetuity for those residents. Keeping in mind that a lot of home owners and residents in these parks are not in a position, either financially or socially, to relocate and given the new trends in the industry to prohibit the relocation of second-hand or used houses, they have no option to relocate.<sup>734</sup>
- 7.18** These views were shared by a number of other participants,<sup>735</sup> including the Port Stephens Park Residents Association Inc. They suggested that site fee increases could make residential park living unaffordable, with people left with little option but to reduce their expenses in terms of food or medicine, relocate or ‘go without’.<sup>736</sup>
- 7.19** Another concern with the new Act related to voluntary sharing agreements. The Combined Pensioners and Superannuants Association of NSW Inc explained that voluntary sharing agreements allow operators of parks to enter into specific agreements with prospective residents, for example, for the park operator to take a percentage of equity in the home in return for reduced site fees.<sup>737</sup>

<sup>732</sup> Submission 116, Illawarra and South Coast Tenants Service, p 9.

<sup>733</sup> Submission 236, Independent Park Residents Action Group NSW Inc, p 7.

<sup>734</sup> Evidence, Mr Justin Donkin, Secretary, Independent Park Residents Action Group NSW Inc, 30 May 2014, p 10.

<sup>735</sup> Submission 251, Mr Len Hogg, p 3; Submission 148, Name suppressed, p 3; Evidence, Ms Amelia Christie, Manager, Research and Advocacy, Combined Pensioners and Superannuants Association of NSW Inc, 30 May 2014, p 2.

<sup>736</sup> Submission 153, Port Stephens Park Residents Association Inc, pp 4-5.

<sup>737</sup> Submission 188, Combined Pensioners and Superannuants Association of NSW Inc, p 18.

- 7.20** According to the Combined Pensioners and Superannuants Association of NSW Inc, there is an imbalance in power between the park resident and operator in making such agreements:

We are particularly concerned with the voluntary sharing agreements. We think that there is a clear power imbalance between a park operator and a prospective resident. We do not think that prospective residents would be in a position to calculate whether entering into a voluntary sharing agreement would be better for them financially over the long term. Indeed, there are probably few who would be able to make a decent calculation in that respect.<sup>738</sup>

- 7.21** Similarly, the Independent Park Residents Action Group NSW Inc was concerned that voluntary sharing agreements may increase the cost of entry to residential park living, thereby affecting affordability.<sup>739</sup> This view was supported by the Combined Pensioners and Superannuants Association of NSW Inc when they stated:

Our key concern is that the legislation poses the risk of making residential parks unaffordable. The legislation may act to discourage people from looking at residential parks as an affordable housing option for them.<sup>740</sup>

### **Should residential parks be expanded as an affordable housing option?**

- 7.22** This section considers whether residential parks should be expanded as an option to address the shortage of affordable housing. Many organisations argued that residential parks, in their current form, should not be expanded because of a number of reasons, including the social disadvantage typically experienced by residents, the location of parks and the cost of buying and living in some parks, particularly those that are marketed for older people as lifestyle and retirement choices.

- 7.23** The Illawarra and South Coast Tenants Service argued that residential parks should not be used as an alternative to social or affordable housing in New South Wales due to the disadvantage experienced by people residing in residential parks and the location of most parks. They remarked:

The social composition and existing community disadvantage within parks, along with decentralised locations and physical features make residential parks unsuitable substitutes for long-term affordable housing.<sup>741</sup>

- 7.24** In terms of community disadvantage, the Illawarra and South Coast Tenants Service pointed to an article in the Australian Institute of Family Studies which referred to community disadvantage as a ‘cluster of factors that make it difficult for people living in certain areas to achieve positive life outcomes’. They argued that the ‘use of residential parks for social housing will create a greater concentration of disadvantage and perpetuate inequality’.<sup>742</sup>

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<sup>738</sup> Evidence, Ms Crowe, 30 May 2014, p 31.

<sup>739</sup> Submission 236, Independent Park Residents Action Group NSW Inc, p 2.

<sup>740</sup> Evidence, Ms Crowe, 30 May 2014, p 31.

<sup>741</sup> Submission 116, Illawarra and South Coast Tenants Service, p 8.

<sup>742</sup> Submission 116, Illawarra and South Coast Tenants Service, p 9.

- 7.25** The Council of Social Services of NSW recognised that residential parks can be an affordable option for some people, or a lifestyle choice, but they noted concerns about whether parks are a safe and appropriate environment for families with young children.<sup>743</sup>
- 7.26** The Australian Housing and Urban Research Institute went further and referred to residential parks as a form of ‘marginal housing’, a housing option that can equate to homelessness in some ways, although they acknowledged that the use of residential parks can reduce levels of rough sleeping.<sup>744</sup>
- 7.27** The Tenants’ Union of New South Wales supported the use of residential parks as a part of the housing system but argued that they should not be expanded beyond their current use, because of the disadvantage experienced by the residents of residential parks:

The basic proposition of owner-occupation in a residential park is that a person buys an expensive, depreciating asset, then puts it on land, and connects it to infrastructure, owned by another person. This is a very problematic proposition, made even more difficult when, as is often the case, the dwelling owner has a modest income, no other assets and is at a stage in their life when relocating is difficult, and the park owner is holding the land with a view to subdivision and development. Dwelling owners are at a unique disadvantage, and need strong consumer protection legislation to protect their interests. We respect those who, despite their disadvantaged position, make homes and communities in residential parks, but do not think the State Government should encourage others into this position in the name of housing affordability.<sup>745</sup>

- 7.28** The St Vincent de Paul Society of NSW argued that residential parks should not be used as long term accommodation and urged the government to create more housing for vulnerable and disadvantaged people. They stated:

We do not think that it should be the role of residential parks to provide long-term accommodation for our community’s most vulnerable. Their reliance on residential parks for this purpose merely highlights the absolute urgency of the need for more social and affordable housing.<sup>746</sup>

- 7.29** By contrast, the Caravan, Camping and Touring Industry and Manufactured Housing Industry Association of NSW Ltd informed the committee that since 1989 they have argued that residential parks could provide an affordable housing option. They lamented the decline in residential parks in the last 15 years, and a general change in their use to tourist activities.<sup>747</sup>
- 7.30** The Combined Pensioners and Superannuants Association of NSW Inc noted that the redevelopment of residential parks has removed a form of affordable accommodation for low income groups. Although they called on the government to ensure that residential parks remain an affordable housing option, they acknowledged that residential parks are not necessarily an ideal option. They commented:

<sup>743</sup> Submission 126, Council of Social Services of NSW, p 11.

<sup>744</sup> Submission 127, Australian Housing and Urban Research Institute Inc, p 4.

<sup>745</sup> Submission 68, Tenants’ Union of New South Wales, p 18.

<sup>746</sup> Submission 144, St Vincent de Paul Society of NSW, p 22.

<sup>747</sup> Submission 133, Caravan, Camping and Touring Industry and Manufactured Housing Industry Association of NSW Ltd, p 2.

CPSA does not consider residential parks as an ideal form of affordable housing for people on low incomes because of a lack of protections in many areas. Many residents struggle with increasing site fees and have difficulties with park operators. The purchase of homes in parks is not necessarily affordable, with homes selling for up to \$370,000. It is important to recognise that residents do not own the land on which their home sits (except in a very select few cases of council-owned parks), which means that they generally have a depreciating asset. Some parks impose draconian rules on residents... residents do not have security of tenure because of the threat of park closures or redevelopment.<sup>748</sup>

- 7.31** On the issue of whether residential parks are a low cost housing option, most participants agreed that the traditional form of residential park living was low cost. The Tenants' Union of New South Wales noted that homes in residential parks typically cost less than houses with their own land title; however, they acknowledged that some homes can sell for more than \$300,000.<sup>749</sup>
- 7.32** Hawkesbury City Council provided evidence to the committee that some caravan parks in their area are an expensive option for people needing accommodation, with prices reportedly above the median rental of \$390 per week for a three bedroom house. They attributed this to the imposition of holiday or short term stay rates.<sup>750</sup>
- 7.33** Another issue, raised by the Illawarra and South Coast Tenants Service, was that many residential parks are in unsuitable locations, they lack access to services such as schools, transport and health services, and tend to be located close to other features, like natural attractions or the beach.<sup>751</sup>
- 7.34** This view was supported by Hawkesbury City Council who noted that most residential parks in their area are in remote locations, with some on flood plains, clearly unsuitable for long term occupancy.<sup>752</sup>

### **Other models of ownership and management of residential parks**

- 7.35** The committee received evidence about other models of ownership and/or management of residential parks, including co-operative models, with some participants suggesting that this type of model could be a feasible alternative for ownership of residential parks in the future.
- 7.36** Karalta Road Inc noted the success of non-profit cooperative parks in North America, in providing both security of tenure and social benefits.<sup>753</sup> They highlighted research undertaken by Gosford City Council, outlined in the 2006 report *Co-operative Models for Residential Parks*. They said this research demonstrated the feasibility of the co-operative model. Karalta Road Inc also advised the committee that they tried to secure funding for a pilot project to trial a

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<sup>748</sup> Submission 188, Combined Pensioners and Superannuants Association of NSW Inc, pp 17-18.

<sup>749</sup> Submission 68, Tenants' Union of New South Wales, p 18.

<sup>750</sup> Submission 84, Hawkesbury City Council, p 4.

<sup>751</sup> Submission 116, Illawarra and South Coast Tenants Service, p 9.

<sup>752</sup> Submission 84, Hawkesbury City Council, p 4.

<sup>753</sup> Submission 77, Karalta Road Park Home Owners Inc, p 1.

co-operative model but were unable to raise the deposit for bank finance or to reach a suitable partnership arrangement with a community housing provider.<sup>754</sup>

- 7.37** Independent Park Residents Action Group NSW Inc also supported the use of alternative models of ownership for residential parks, instead of current models, including the corporate model. They noted overseas experience which shows co-operative models have worked well and submitted that the co-operative model could be a low cost and affordable housing option to help increase housing stock.<sup>755</sup>
- 7.38** In their submission, Compass Housing stated that other states are considering different ownership models for residential parks, including the Queensland Government who is looking at a mixed use model that could extend to involve management by community housing providers. Further, they argued that a community housing model ‘would benefit a large number of people already residing in a residential park as well as people seeking affordable housing’.<sup>756</sup>

## Committee comment

- 7.39** We recognise concerns that arose during this inquiry about the *Residential (Land Lease) Communities Act 2013*, including the impact of site fee increases and voluntary sharing agreements on residents. Although the committee lacks sufficient detail to reach a definitive conclusion in this area, we note the dissatisfaction that is apparent with a number of key aspects of the new Act. We are also concerned that the changes are weighted against an ageing population. We encourage the NSW Government to continue to engage with relevant stakeholders about these and any further reforms that may be needed.
- 7.40** The committee accepts that residential parks can provide an affordable housing option for many people; however, for people on lower incomes, we note concerns related to the costs associated with living in a residential park and ownership of a depreciating asset. We also recognise that there is a shift occurring, with more expensive residential parks being developed to cater for older people in retirement.
- 7.41** We also note evidence about the concentration of disadvantaged and vulnerable people in many residential parks, and that residential parks are often inappropriate as a form of crisis accommodation, as outlined in Chapter 4.
- 7.42** Whilst residential parks in their current form should not be expanded to address the shortages of social, public and affordable housing, alternative models of ownership and management should be explored, including management by community housing providers. We need to build capacity in all parts of the housing sector to accommodate increasing demand; particularly given we have an ageing population, where people want to age in place and live independently.

<sup>754</sup> Submission 77, Karalta Road Park Home Owners Inc, p 2.

<sup>755</sup> Submission 236, Independent Park Residents Action Group NSW Inc, p 4.

<sup>756</sup> Submission 38, Compass Housing, p 25.

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**Recommendation 22**

That the NSW Government review residential parks legislation to ensure housing affordability is a relevant consideration that can be taken into account by the NSW Civil and Administrative Tribunal in matters relating to excessive fee increases.

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- 7.43** Community housing providers may be well placed to be part of this solution, given their successful approach to managing tenancies and strong financial and property management skills. We would support further investigation into the barriers that prevent community housing providers from managing residential parks. Accordingly, we recommend that the NSW Government investigate innovative models of ownership and/or management of residential parks, including the removal of any barriers to community housing providers managing residential parks.
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**Recommendation 23**

That the NSW Government investigate innovative models of ownership and/or management of residential parks, including barriers that may prevent community housing providers from managing residential parks.

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## Chapter 8 Design and location of housing developments

A significant issue raised during this inquiry was the design of social and affordable housing properties, including how properties can be environmentally friendly, accessible for older people or people with a disability and constructed in a cost effective way. This chapter explores standards that can guide whether housing is deemed accessible, including the principles of universal design and the Livable Housing Design Guidelines.

We also discuss the location of social and affordable housing developments. In particular, we consider the need to integrate social and affordable housing with other forms of housing, as well as estate renewal projects and criteria for selecting and prioritising residential areas for new housing developments.

### Housing design standards

- 8.1 This section looks at the need for well-designed, environmentally friendly and cost effective social housing. It is an important issue, particularly given the ageing population and the likelihood that an increasing amount of social housing stock will need to be adaptable and accessible.

#### Cost effective, environmentally friendly and well-designed housing

- 8.2 The committee received a significant amount of evidence highlighting the need for well-designed social and affordable housing, both for standalone houses, and for larger housing models and developments.
- 8.3 Importantly, many participants highlighted that good design does not need to be compromised to build cost effective social and affordable housing. The Planning Institute of Australia noted the assumption that design standards need to be reduced to provide affordable housing options but said this was not the case. They provided examples of several developments that have demonstrated high quality design for affordable housing, including at Crace in the Australian Capital Territory and Thornton, in North Penrith, New South Wales.<sup>757</sup> The City of Sydney similarly argued that good design does not have to cost more.<sup>758</sup>
- 8.4 A number of participants contended that housing designs should be environmentally efficient. The Green Building Council of Australia discussed tools, called Green Stars, that rate the environmental design of a property. Different tools apply depending on the building type and project. Generally, the tool considers certain aspects in terms of environmental efficiency, including energy use, water, materials, land use, emissions and innovation. According to the Green Building Council of Australia, their 2013 *Value of Green Star* report found that Green Star certified buildings produce 62 per cent fewer greenhouse gas emissions and 66 per cent less electricity. They provided detailed information about how the tools can be applied to help

<sup>757</sup> Submission 79, Planning Institute Australia, p 5.

<sup>758</sup> Submission 241, City of Sydney, p 21.

ensure social, public and affordable housing is designed in a sustainable and environmental manner.<sup>759</sup>

**8.5** Narrabri Shire Council pointed out that solar hot water systems and energy efficiency are good for the environment and can deliver cost savings to tenants.<sup>760</sup> This view was supported by the St Vincent de Paul Society of NSW who suggested that environmental sustainability is an important factor in design.<sup>761</sup> The Inner West Tenants Group expressed similar views and asserted that designs should include rainwater tanks and solar energy panelling.<sup>762</sup> Similarly, The Greens NSW said that housing could include simple measures like insulation and double glazing to reduce energy use.<sup>763</sup>

**8.6** The City of Sydney and Wagga Wagga City Council gave evidence that housing designs should ‘design out crime’, by taking into account principles from the Crime Prevention Through Environmental Design approach.<sup>764</sup> Similarly, the City of Sydney argued that:

A well maintained environment can foster a sense of ownership of the space, while a neglected and underutilised area can attract antisocial activity and encourage accidental or malicious damage.<sup>765</sup>

**8.7** Wagga Wagga City Council pointed out that the design of larger housing developments should consider issues like laneways and community safety.<sup>766</sup>

**8.8** The committee noted in this regard, the Radburn design concept developed for public housing in the 1970’s and concerns raised about how this design influenced crime and vandalism in the community. These issues were discussed during the committee’s visit to housing estates in the Campbelltown area, accompanied by Mr Brian Murnane, Chief Executive Officer Amelie Housing, St Vincent de Paul Society of NSW. Indeed, the committee notes that features of the Radburn design, such as back to front entry ways, are being reversed in public housing estates to ‘de-radburn’ properties and make them like more traditional houses.

**8.9** Inquiry participants stated that well-designed housing can support residents’ health and wellbeing. The Planning Institute of Australia argued that ‘high quality design has social value’ as it has the potential to promote community cohesion and minimise negative stigma:

Attaining an affordable home is only part of a positive housing experience, and thus, affordability should not come at the price of good design or location, as this has associated implications for labour force dynamics and social interaction in healthy communities.<sup>767</sup>

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<sup>759</sup> Submission 123, Green Building Council of Australia, pp 1-4.

<sup>760</sup> Submission 252, Narrabri Shire Council, p 2.

<sup>761</sup> Submission 144, St Vincent de Paul Society of NSW, p 17.

<sup>762</sup> Submission 228, Inner West Tenant Group, p 3.

<sup>763</sup> Submission 189, The Greens NSW, p 3.

<sup>764</sup> Submission 241, City of Sydney, p 21; Submission 202, Wagga Wagga City Council, p 3.

<sup>765</sup> Submission 241, City of Sydney, p 21.

<sup>766</sup> Submission 202, Wagga Wagga City Council, p 3.

<sup>767</sup> Submission 79, Planning Institute Australia, pp 5-6.



- 8.10** Similarly, Regional Development Australia Sydney argued that the project design should meet tenants' needs and promote positive social interaction. They also contended that housing designs should meet community standards, be sustainable and cost effective.<sup>768</sup>
- 8.11** Hawkesbury City Council raised specific concerns about design and planning needing to cater for residents needs as a result of extreme future weather events. They expressed the view that housing design can cater for these events, for example, by reducing heat stress, which is a particular concern for older Australians and vulnerable residents.<sup>769</sup>
- 8.12** The committee also took evidence from St George Sutherland Housing Interagency about how housing should be designed to accommodate for a mixture of household compositions. In particular, they stated that housing designs should cater for culturally diverse communities, with specialist advice sought from appropriate organisations and committees.<sup>770</sup>
- 8.13** Habitat for Humanity NSW Ltd made a similar argument about housing design needing to cater for tenants' needs, particularly for households from different cultural backgrounds. They commented:
- The best housing design involves the occupants in the design. This can only be achieved under an ownership model. This means that allowances are made for local conditions, cultural preferences and practices for housing use and family and social dynamics. This is governed by the need for the housing to be simple, decent and affordable.<sup>771</sup>
- 8.14** On a similar note, the Illawarra Forum favoured housing designs that cater for flexible living arrangements and promote community cohesion. They noted the success of designs by the Port Phillip Housing Association in Melbourne.<sup>772</sup>
- 8.15** The Sydney Regional Council for Social Development advocated diversity in housing stock and design. They argued that 'housing needs to be smaller, but smarter' and called for innovation in housing design, for example, using cube or container style accommodation.<sup>773</sup>

### **Accessibility and adaptability**

- 8.16** As the population is ageing, housing designs need to be adaptable and accessible for older people and people with a disability.
- 8.17** The Multicultural Disability Advocacy Association of NSW raised concerns about the lack of accessible dwellings in New South Wales and recommended that strategies be developed to address this.<sup>774</sup> Similarly, the Nepean Community and Neighbourhood Services argued that accessible housing is critically important for people with a disability. They stated that:

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<sup>768</sup> Submission 57, Regional Development Australia Sydney, p 6.

<sup>769</sup> Submission 84, Hawkesbury City Council, p 2.

<sup>770</sup> Submission 96, St George Sutherland Housing Interagency, p 2.

<sup>771</sup> Submission 45, Habitat for Humanity NSW Ltd, p 6.

<sup>772</sup> Submission 203, Illawarra Forum Inc, p 3.

<sup>773</sup> Submission 93, Sydney Regional Council for Social Development, p 6.

<sup>774</sup> Submission 134, Multicultural Disability Advocacy Association of NSW, p 4.

Housing that is appropriate for people who have disabilities or chronic health conditions which is fitted with hand rails or is on one level without stairs is desperately needed.<sup>775</sup>

- 8.18** The Ethnic Child Care, Family and Community Services Cooperative Ltd also acknowledged the importance of housing that is designed for people with a disability and frail aged people. They argued that housing should either be accessible or easily adapted.<sup>776</sup>
- 8.19** A number of stakeholders provided the committee with information about accessibility standards and guidelines. Hornsby Shire Council provided the committee with information about the State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004. They pointed out that the policy encourages the development of accommodation for an ageing population and for people with a disability, which could include forms of housing that support independent living, assisted care living and high care residential accommodation.<sup>777</sup>
- 8.20** In terms of developing design standards, the City of Sydney suggested that the NSW Government develop best practice design guidelines for affordable rental housing for the community and private sector, similar to the design guidelines in the State Environmental Planning Policy No 65 – Design Quality of Residential Flat Development.<sup>778</sup>
- 8.21** Other participants suggested that universal design principles or the Livable Housing Design Guidelines be adopted, standards that both promote accessibility and adaptability in the design of housing.

### *Universal design principles*

- 8.22** In the design of accessible and adaptable social housing homes, many participants suggested that the committee consider universal design principles, features that enable a home to be accessible to a broad range of people, including older people and people with a physical disability.<sup>779</sup> Indeed, it was suggested that it is more economical to ensure accessibility and adaptability at the outset, as this is likely to decrease the cost of modifying social housing stock in the future.
- 8.23** The Institute for Family Advocacy argued that housing design should be universal so that it can be ‘useable by everyone without the need for adaptation’. They argued that this approach means that accommodation can suit all people, regardless of age or disability.<sup>780</sup>
- 8.24** Similarly, the Western Sydney Regional Organisation of Councils believed universal design standards are important, so that properties are adaptable. They stated that small things like levered taps and low placed light switches make a significant difference to the viability of a property.<sup>781</sup>

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<sup>775</sup> Submission 61, Nepean Community and Neighbourhood Services, p 1.

<sup>776</sup> Submission 97, Ethnic Child Care, Family and Community Services Cooperative Ltd, p 5.

<sup>777</sup> Submission 76, Hornsby Shire Council, p 3.

<sup>778</sup> Submission 241, City of Sydney, p 21.

<sup>779</sup> Submission 189, The Greens NSW, p 3; Submission 100, REDWatch, p 18.

<sup>780</sup> Submission 129, Institute for Family Advocacy, p 2.

<sup>781</sup> Submission 232, Western Sydney Regional Organisation of Councils, p 3.

- 8.25** People with Disability Australia Incorporated pointed to research by the Australian Housing and Urban Research Institute that has demonstrated there would be savings if new homes were built based on the principles of universal design. They gave the example that if 20 per cent of new homes were built based on universal design, an average of \$37-54 million per annum would be saved in Australia in the health system alone.<sup>782</sup>
- 8.26** In their submission, the Combined Pensioners and Superannuants Association of NSW Inc described a successful Dutch housing model called ‘Apartments for Life’ which provides accessible housing in a high density centrally located area. They pointed out that each apartment is universally designed to cater for people of any age. Within each complex there is a village square, with a range of services including an ATM, fitness service, beauty services and medical services. In addition, the complex has a mix of residents to support greater social and health outcomes, with some residents being renters and others owning their property.<sup>783</sup>

### *Livable Housing Design Guidelines*

- 8.27** National Disability Services promoted use of the national Livable Housing Design Guidelines for all new social and affordable housing. Mr Scott Holz, NSW State Manager, explained how these guidelines operate:

The livable housing guidelines are an accreditation process which ensures that a house is accessible for all people, but with a focus on people with disability. There are three levels of accreditation. The platinum standard really caters for all people. The gold standard we believe from our assessment is the kind of minimum standard that you would want for people with disabilities with mobility issues. The silver standard is part of the way there but is very much a minimum standard and not really suitable for people with high support needs around mobility.<sup>784</sup>

- 8.28** National Disability Services recommended that all new social and affordable housing be designed to meet the silver accreditation standard of Livable Housing Design Guidelines. The silver standard includes a number of requirements, for example, that:
- there is at least one step free entrance to the home
  - there is a toilet on ground level for easy access for the occupant and visitors
  - the bathroom and shower is designed for easy and independent access
  - bathroom and toilet walls are built to enable grab rails to be installed in the future.<sup>785</sup>
- 8.29** The Combined Pensioners and Superannuants Association of NSW Inc and COTA also supported use of the Livable Housing Design Guidelines, with Combined Pensioners and Superannuants Association of NSW Inc arguing that housing should at least meet the platinum level to promote accessibility.<sup>786</sup>

<sup>782</sup> Submission 204, People with a Disability Australia Incorporated, pp 14-15.

<sup>783</sup> Submission 188, Combined Pensioners and Superannuants Association of NSW Inc, p 9.

<sup>784</sup> Evidence, Mr Scott Holz, NSW State Manager, National Disability Services, 30 May 2014, p 5.

<sup>785</sup> Submission 125, National Disability Services, p 24.

<sup>786</sup> Submission 119, COTA, p 7; Answers to questions on notice, Combined Pensioners and Superannuants Association of NSW Inc, 25 June 2014, p 3.

**8.30** When asked at a hearing about how these standards relate to the Building Code of Australia, Mr Holz replied that the 'BCA has been modified...but it sometimes falls short'.<sup>787</sup> He gave an example to demonstrate his point:

For instance, a block of units or apartments might be accessible for people with disability—that is, they can get into the building and the elevator and travel to the twenty-third floor to visit a friend—but they cannot get into the toilet. It does not go far enough in ensuring that people with disability have access.<sup>788</sup>

**8.31** Another argument made to the committee by National Disability Services was that the cost of retrofitting a property compared to the initial building cost is much more significant. They stated that:

Livable Housing Australia is creating the economic case for livable housing...it is making the case that livable housing retains its value better than housing that is not up to that standard.<sup>789</sup>

**8.32** People with Disability Australia Incorporated raised a concern about the Livable Housing Design Guidelines not being embraced, with only a few buildings gaining accreditation. They recommended that residential building guidelines be amended to make it compulsory for houses to be built to meet accessibility standards.<sup>790</sup>

**8.33** In response to a question about how government can require developers to meet such standards, Mr Holz from National Disability Services asserted that:

Government can play a leadership role in working with developers to assist them to understand the economic case for livable housing. There could perhaps be some form of quota on developments stating that a certain proportion of the houses must meet the standard.<sup>791</sup>

**8.34** COTA also supported use of the Livable Housing Design Guidelines and suggested that a range of housing options be developed to suit people in different economic circumstances, including granny flats, high density rental, assisted living and retirement communities.<sup>792</sup>

**8.35** National Disability Services, in their submission, recommended that a sub-committee of the Disability Council be established, particularly to address access, design and supply issues for housing for people with a disability.<sup>793</sup>

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<sup>787</sup> Evidence, Mr Holz, 30 May 2014, p 6.

<sup>788</sup> Evidence, Mr Holz, 30 May 2014, p 6.

<sup>789</sup> Evidence, Mr Holz, 30 May 2014, p 6.

<sup>790</sup> Submission 204, People with a Disability Australia Incorporated, pp 14-15.

<sup>791</sup> Evidence, Mr Holz, 30 May 2014, p 7.

<sup>792</sup> Submission 119, COTA, p 7.

<sup>793</sup> Submission 125, National Disability Services, p 22.

## Integration of social housing

- 8.36** A strong theme that emerged from this inquiry was the importance of integrated housing, also known as mixed tenure, which involves the mixing of social and affordable housing with other types of housing.

### Mixed tenure

- 8.37** The Planning Institute of Australia insisted that integrated housing neighbourhoods are essential as they promote social inclusion and positive outcomes and prevent entrenched disadvantage. They commented:

Research indicates that ‘social mixing’ has the benefit of creating communities that feature greater inclusion, inter-social support including role-model effects, and the avoidance of concentrated poverty blamed for past urban slums. This means creating neighbourhoods that can accommodate a mix of low income earners (including key workers), a variety of households (including families, single parent families and lone households), young people and the ageing population, as well as people with a disability.<sup>794</sup>

- 8.38** Youth Action New South Wales and Yfoundations argued against the concentration of social housing tenants. Youth Action New South Wales stated that a mix of housing mitigates the negative impacts created by concentrations of disadvantage, such as unemployment and crime.<sup>795</sup> Yfoundations gave the opinion that ‘the homogeneity of social housing estates can lead to concentrations of disadvantage with a larger number of residents reliant on income support payments’.<sup>796</sup>
- 8.39** Similarly, the Western Sydney Regional Organisation of Councils advised the committee that social and affordable housing needs to be well integrated to avoid ‘ghettoes of disadvantage which tend to exacerbate the problems of individual residents’.<sup>797</sup> Pacific Link Housing Limited had the same argument, and stated that ‘there is a continuing need to renew public stock, and move to mixed tenure communities to reduce concentrations of disadvantage’.<sup>798</sup>
- 8.40** Regional Development Australia Sydney called for social housing to be designed and developed so that it integrates with other housing and is not easily identifiable. They gave evidence that this is necessary so that social housing tenants are not stigmatised.<sup>799</sup>
- 8.41** The NSW Consumer Advisory Group – Mental Health Inc informed the committee that they also support mixed and integrated housing developments. They argued against the concentration of people experiencing socio-economic disadvantage on the basis that this leads

<sup>794</sup> Submission 79, Planning Institute Australia, p 5.

<sup>795</sup> Submission 106, Youth Action New South Wales, p 21.

<sup>796</sup> Submission 233, Yfoundations, p 14.

<sup>797</sup> Submission 232, Western Sydney Regional Organisation of Councils, p 4.

<sup>798</sup> Submission 4, Pacific Link Housing Limited, p 2.

<sup>799</sup> Submission 57, Regional Development Australia Sydney, p 6.

to high rates of crime, violence and instability. They said ‘it only takes a small number of people to participate in these activities for the entire neighbourhood to become unsafe’.<sup>800</sup>

**8.42** Further, the NSW Consumer Advisory Group – Mental Health Inc stated that integrated housing developments allow social housing to blend in and this is necessary so that ‘low cost housing properties are not ‘obvious targets’ for stigma, discrimination or other ill-intent, including criminal activities’.<sup>801</sup>

**8.43** During a hearing, Ms Jenny Rudolph, Director, Elton Consulting, and member of the Planning Institute of Australia, also provided evidence about the importance of integrated housing design to overcome stigma. Ms Rudolph stated:

...policy issues should also focus on good, integrated, affordable housing design, which will assist us in overcoming any social stigmas, in particular how they look and are dispersed across the community so that a liveable and sustainable community can be created.<sup>802</sup>

**8.44** People with a Disability Australia Incorporated pointed to the importance of mixed housing for people with a disability. They explained to the committee that people with a disability have more opportunities when they are included in mixed use developments and that they also generally receive a lot more support from those around them.<sup>803</sup>

**8.45** During a site visit to Nowra and Shellharbour, the committee toured social housing that had been developed by Southern Cross Community Housing. The committee observed that the homes had been designed to blend in with other houses in the area, such that it was not possible to identify that they were actually social housing properties.

**8.46** A positive example of integrated housing in a building complex was provided by Compass Housing, who provided the committee with details about the UNO Apartments in Adelaide on Waymouth Street. The committee was informed that the apartments were commissioned by Greenway Architects in association with Bird de la Oeur to deliver a mixed tenure of affordable ownership, affordable rental, public housing and general market sales. Compass Housing Services Co Ltd pointed out that this complex has a fully serviced 30 apartment youth crisis accommodation service which fronts the same street as the complex. They recommended that the NSW Government explore this type of model, particularly in larger regional growth centres where the market would support mixed tenure.<sup>804</sup>

**8.47** The City of Sydney also supported mixed tenure models because they reduce the physical and social barriers between private and public housing. They advised the committee that these types of models are utilised widely in the United Kingdom and have been shown to have positive outcomes for residents. In addition, they suggested that Inner Sydney has great potential to implement these types of models.<sup>805</sup>

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<sup>800</sup> Submission 54, NSW Consumer Advisory Group – Mental Health Inc, p 8.

<sup>801</sup> Submission 54, NSW Consumer Advisory Group – Mental Health Inc, p 9.

<sup>802</sup> Evidence, Ms Jenny Rudolph, Director, Elton Consulting, member of the Planning Institute of Australia, 12 May 2014, p 2.

<sup>803</sup> Submission 204, People with a Disability Australia Incorporated, p 15.

<sup>804</sup> Submission 38, Compass Housing Services Co Ltd, p 22.

<sup>805</sup> Submission 241, City of Sydney, p 23.

- 8.48** Despite strong support for an integrated approach, Payce Consolidated Limited raised a potential concern about mixed housing developments. They remarked that this type of approach may divide the community internally, for example within a building or complex. They suggested that the approach may create concentrations of people within a smaller, more dense area. They also expressed the view that there was insufficient analysis of the impacts of a social mix, despite the approach ‘becoming the Holy Grail of housing policy’.<sup>806</sup>
- 8.49** Despite their concerns, Payce Consolidated Limited highlighted the success of the Riverwood North Urban Renewal Project which involved the transformation of Riverwood Housing Estates, a typical concentrated estate that was established in the 1960s and 1970s. Payce Consolidated Limited advised the committee that the project integrated public and private housing and created one community where residents ‘have a sense of belonging and inclusion, regardless of ownership or tenure’.<sup>807</sup>

### **Redevelopment of public housing estates**

- 8.50** Relevant to the discussion about the design and development of social, public and affordable housing, and the integration of social housing, is the redevelopment of public housing estates. Housing estates are considered to be in areas that have a high proportion of social housing dwellings in a defined geographical location.<sup>808</sup>
- 8.51** The Department of Family and Community Services have recognised that the concentration of social housing is linked to social disadvantage, as discussed in Chapter 4. Their submission stated that ‘estates have increasingly become sites of economic and social disadvantage, physical deterioration and crime’.<sup>809</sup>
- 8.52** Similarly, Shelter NSW pointed out that estates tend to be located far from employment, transport and services, which entrenches disadvantage:
- The legacy of the major estate building programs of the 1960s and 1970s became a challenge to the system as design problems, isolation from services and employment and an increasing proportion of lower income and special needs tenants were housed.<sup>810</sup>
- 8.53** Other participants also pointed to the problems with estates, including Yfoundations who noted that the large housing estates in Claymore and Macquarie Fields are isolated from employment opportunities, community services and public transport.<sup>811</sup> In particular, the committee observed these issues when touring the Claymore, Airds and Bradbury areas, as it was evident that they lacked access to public transport and services.
- 8.54** The City Futures Research Centre suggested the ‘modernisation and reconfiguration’ of public housing stock to improve outcomes for tenants and minimise the disadvantage being

<sup>806</sup> Submission 135, Payce Consolidated Limited, pp 1-2.

<sup>807</sup> Submission 135, Payce Consolidated Limited, pp 1-2.

<sup>808</sup> Submission 75, NSW Government, p 15.

<sup>809</sup> Submission 75, NSW Government, p 16.

<sup>810</sup> Submission 95, Shelter NSW, p 6.

<sup>811</sup> Submission 233, Yfoundations, p 14.

experienced on estates. Further, they made a number of suggestions for a strategy to reconfigure social housing stock, many of which involved the community housing provider sector. For example, they argued that the estates could be transformed through the transfer of assets to community housing providers (discussed in Chapter 6).<sup>812</sup>

**8.55** The City Futures Research Centre also contended that upgrading of public housing stock, including on estates, would require significant expenditure. Whilst they acknowledged that private financing is likely to be needed, they expressed the view that additional government funding is ‘inescapable’. They stated:

The implication of trying to reconfigure existing public housing assets without additional funds is that significant assets will have to be sold (in many cases for demolition) resulting in a further reduction in capacity. This is a self-defeating strategy that runs counter to all evidence that there is a need to increase the availability of social housing as a result of the concentration of social disadvantage and emerging issues in the low income private rental market, especially with an aging population, noted above. The inevitably greater residualisation of the remaining social housing stock that would result will intensify stigmatisation of the sector and further erode political and public support for the tenure. It would also store up greater problems for the future.<sup>813</sup>

**8.56** During this inquiry, the committee was given detail about a number of redevelopments that have taken place in social housing estates. In particular, St George Community Housing discussed the success of the estate renewal strategies at Washington Park, Riverwood North and Bonnyrigg.<sup>814</sup> Yfoundations also noted that FACS was addressing estates through renewal programs, which often included creating mixed tenure arrangements.<sup>815</sup> FACS provided the committee with information about the redevelopment project at Minto, which is aiming to create ‘indistinguishable streetscapes’ with public and private housing looking similar.<sup>816</sup>

**8.57** Infrastructure Partnerships Australia explained that estate renewal projects are helping to create sustainable mixed income housing. They argued that this helps to:

- eliminate management and maintenance costs in the estate for government
- create economic value of housing assets owned by government
- create affordable housing opportunities in the market
- improve social inclusion and employment opportunities
- stimulate investment in the economy.<sup>817</sup>

**8.58** Youth Action New South Wales contended that estate renewal projects help to diversify the demographics of those living in the area because some properties are sold to private owners.

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<sup>812</sup> Submission 114, City Futures Research Centre, UNSW, p 32.

<sup>813</sup> Submission 114, City Futures Research Centre, UNSW, p 32.

<sup>814</sup> Submission 71, St George Community Housing, pp 15-16.

<sup>815</sup> Submission 233, YFoundations, p 14.

<sup>816</sup> Tabled document, Department of Family and Community Services, *One Minto Factsheet*, 16 May 2014, p 1.

<sup>817</sup> Submission 205, Infrastructure Partnerships Australia, p 12.



They expressed the view that mixed housing in estate renewal projects helps to combat issues associated with the stigma of living in social housing.<sup>818</sup>

**8.59** The following case study outlines the redevelopment of the Gordon Estate in Dubbo.

### **Case study – Redevelopment of the Gordon Estate in West Dubbo**

The committee was particularly interested in the redevelopment of the Gordon Estate in West Dubbo, undertaking a tour of this area, now known as Rosewood Grove, on 21 May 2014. The committee was informed that the transformation of the Gordon Estate began in 2006 after increasing levels of crime, vandalism and anti-social behaviour.<sup>819</sup>

The transformation process involved the redevelopment or sale of public housing properties, which included in some cases demolishing run down premises. Many of the properties were sold at moderate prices to buyers, particularly first home buyers, with some land and home packages provided at a cost of \$280,000 to \$320,000.<sup>820</sup> The committee observed a significant amount of construction and new development occurring at the estate during its visit to the area.

The committee was also informed that when public housing properties were sold, a covenant was attached to the sale requiring that new owners reside in the property for seven years rather than renting it out.<sup>821</sup>

Given the transformation process, Dubbo City Council informed the committee that Housing NSW relocated approximately 200 households, many of whom were Aboriginal.<sup>822</sup> The committee was particularly concerned to determine where these residents had gone. In terms of where tenants were relocated to, Mr Mike Allen, Chief Executive of Housing NSW, stated:

The vast majority of the tenants of that former Gordon Estate were relocated elsewhere in Dubbo, over a period of a number of years. There was additional housing constructed in Dubbo and spread... around the general Dubbo area. It enabled the tenants to live more anonymously in those communities.<sup>823</sup>

When asked whether the redevelopment of the Gordon Estate had been evaluated, Mr Allen commented that 'there has also been a report that was independently prepared by the Business

<sup>818</sup> Submission 106, Youth Action New South Wales, p 16.

<sup>819</sup> Department of Family and Community Services, *Dubbo Transformation Strategy* (2010) (accessed 9 July 2014) < <http://www.housing.nsw.gov.au/NR/rdonlyres/95E0ACAE-42C0-49AC-9D0A-2B2DE8715234/0/DubboResearchReport.pdf>>.

<sup>820</sup> Submission 253, Dubbo City Council, p 6.

<sup>821</sup> Evidence, Mr Mike Allen, Chief Executive, Housing NSW, 30 May 2014, p 55.

<sup>822</sup> Submission 253, Dubbo City Council, p 6.

<sup>823</sup> Evidence, Mr Allen, 30 May 2014, p 42.

Intelligence Unit of the Australian Financial Review'. He also stated that:

We did a satisfaction survey of each of those tenants some months after their relocation and we achieved approximately an 85 per cent satisfaction rate with those tenants in terms of their new housing.<sup>824</sup>

The committee also asked the Mayor of Dubbo City Council about the relocation of tenants from the Gordon Estate. The Mayor, Councillor Matthew Dickerson, told the committee that some tenants had been relocated out of Dubbo, although some had been moved to other properties within the Dubbo area.<sup>825</sup> He felt that the transformation had been a success and said:

Unfortunately, Dubbo featured in the national media... the classic example where a government put a huge amount of public housing in one area and the low socio-economic groups that were in that area obviously fed on themselves and essentially you ended up with a ghetto-style arrangement. That has been broken up and that has been very successful.<sup>826</sup>

## Location of housing developments

**8.60** Taking into account the link between the concentration of social housing and disadvantage, as seen in estates constructed in previous decades, a number of inquiry participants gave evidence concerning the criteria for determining where new social and affordable housing developments should be located.

### Criteria to determine where developments occur

**8.61** Redfern Legal Centre stipulated that a breakdown of the social housing wait list by area should be used as the basis for prioritising areas for the development of social housing. Further, they said that consideration should be given to the number of priority applicants on the waitlist by area. For example, they pointed out that in June 2013 in Inner Sydney, 26 per cent of high need applicants needed to live in Inner Sydney, and stated that their needs could not be met by living elsewhere. Redfern Legal Centre believed that this indicates high demand in a small geographical area and is an example of what should be taken into account when considering areas for the construction of new social housing.<sup>827</sup>

**8.62** St George Sutherland Housing Interagency similarly argued that the wait list, together with further information compiled by Housing NSW would be helpful in selecting areas for development. In addition, they contended that the criteria for selecting areas for development should be based on where housing stress is being experienced. They suggested that the state government work with local councils and organisations to identify the needs in each area.<sup>828</sup>

<sup>824</sup> Evidence, Mr Allen, 30 May 2014, p 42.

<sup>825</sup> Evidence, Mr Matthew Dickerson, Mayor, Dubbo City Council, 21 May 2014, p 5.

<sup>826</sup> Evidence, Mr Dickerson, 21 May 2014, p 2.

<sup>827</sup> Submission 108, Redfern Legal Centre, p 25.

<sup>828</sup> Submission 96, St George Sutherland Housing Interagency, p 3.

- 8.63** The City of Sydney suggested that the committee consider the locational criteria set out in the State Environmental Planning Policy (Affordable Rental Housing). They explained that this policy specifies proximity to transport and social infrastructure as important criteria when considering areas for development.<sup>829</sup>
- 8.64** The City of Sydney also highlighted the need for inner city workers to access affordable housing close to work and the economic and social benefits for the community, individuals and families that are derived from this.<sup>830</sup>
- 8.65** However, the Inner Sydney Regional Council for Social Development declared that all areas within Sydney need additional social housing and that development should take place across all local government areas.<sup>831</sup> The Mercy Foundation raised similar concerns about a lack of development within the Inner Sydney area. They commented that ‘housing supply cannot continue to drift to the outskirts of Sydney’.<sup>832</sup>
- 8.66** The National Council of Women NSW Inc argued that the main consideration for the development of social, public and affordable housing should be where the population is expanding.<sup>833</sup> This view was shared by the Planning Institute of Australia, who advised the committee that consideration must be given to population growth and location, particularly given that ‘greater western Sydney...is set to become home to more than half of all Sydney’.<sup>834</sup>
- 8.67** Inquiry participants also said that analysis of housing supply and demand should help to determine areas to prioritise for development. Hornsby Shire Council insisted that NSW Planning and Infrastructure should undertake an analysis of supply and demand for various types of housing within a region and that this should determine where affordable and social housing development takes place.<sup>835</sup>
- 8.68** To determine how to select and prioritise residential areas where new social and affordable housing should be built, Mission Australia suggested the following considerations:
- maps that highlight areas in housing stress, homelessness and rates of severe overcrowding
  - maps produced by Price Waterhouse Coopers and Deloitte as part of the Going Home, Staying Home reforms which demonstrate disadvantage in areas
  - information in the report by Australians for Affordable Housing which shows that entry level jobs are an indicator of where affordable housing should be built.<sup>836</sup>

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<sup>829</sup> Submission 241, City of Sydney, p 25.

<sup>830</sup> Submission 241, City of Sydney, p 25.

<sup>831</sup> Submission 93, Inner Sydney Regional Council for Social Development, p 2.

<sup>832</sup> Submission 85, Mercy Foundation, p 5.

<sup>833</sup> Submission 69, National Council of Women NSW Inc, p 6.

<sup>834</sup> Submission 79, Planning Institute Australia, p 6.

<sup>835</sup> Submission 76, Hornsby Shire Council, p 4.

<sup>836</sup> Submission 82, Mission Australia, p 11.

**8.69** The Planning Institute of Australia expressed the view that the approach to selection and prioritisation of development should be included in a broader framework for social housing. They stated that:

In NSW, there are examples of councils who have attempted to implement policies to encourage, facilitate and drive the delivery of affordable and adaptable housing. A missing link in these efforts has been a National and State-wide policy framework for housing (which addresses both social and affordable housing).<sup>837</sup>

### **Access to services**

**8.70** When considering where new social housing should be developed, many inquiry participants gave consistent evidence about the need for social housing to be located in close proximity to services, for example, transport, education and health services.

**8.71** The Planning Institute of Australia argued that location is an important factor in achieving positive outcomes for residents. They contended that ‘affordable housing should be located close to public transport, parks and areas of high amenity’.<sup>838</sup> The Salvation Army expressed similar views and stated that the development of social and affordable housing should be located near services and transport.<sup>839</sup>

**8.72** Regional Development Australia stipulated that social housing should be placed near transport and employment, so as to ‘avoid past mistakes’. They argued that housing estates built in Campbelltown in previous decades have produced ‘disenfranchised and isolated communities’. They said that housing should also be near amenities and social and educational opportunities. For estates that do not have these necessities, they called for a proactive economic development plan to be put in place.<sup>840</sup>

**8.73** The Nepean Community and Neighbourhood Services stated that the development of social housing should take place in areas that are close to transport hubs and shopping precincts. They also argued that social housing should be near services such as community centres and recreational facilities.<sup>841</sup>

**8.74** Wagga Wagga City Council and The City of Botany Bay both argued that social housing should be close to services, including medical, education, childcare, transport and employment.<sup>842</sup>

**8.75** Similarly, Leichardt Council took the view that development of social and affordable housing should take place near public transport, childcare, health care, community infrastructure, shops and schools. They advised the committee that in their area, they are investigating

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<sup>837</sup> Submission 79, Planning Institute Australia, p 6.

<sup>838</sup> Submission 79, Planning Institute Australia, p 6.

<sup>839</sup> Submission 55, The Salvation Army, p 12

<sup>840</sup> Submission 57, Regional Development Australia Sydney, p 7.

<sup>841</sup> Submission 61, Nepean Community and Neighbourhood Services, p 4; Submission 79, Planning Institute Australia, p 5; Submission 69, National Council of Women NSW Inc, p 6; Submission 202, Wagga Wagga City Council, p 4; Submission 82, Mission Australia, p 11.

<sup>842</sup> Submission 202, Wagga Wagga City Council, p 4; Submission 138, City of Botany Bay, p 4.

affordable housing opportunities above the council car park, which is close to medical, social support, transport and library services.<sup>843</sup>

- 8.76** The Ethnic Child Care, Family and Community Services Cooperative Ltd also noted that the location of social and affordable housing is important, as it can promote social inclusion and well-being for vulnerable and disadvantaged people, including those from culturally and linguistically diverse backgrounds.<sup>844</sup>
- 8.77** For young people, Youth Action New South Wales argued that access to reliable transport activities, educational and employment opportunities is important, particular for those living in social housing.<sup>845</sup> They also insisted that public housing not be moved out of 'locationally advantaged areas' that have transport and employment links. They stated that the 'preservation of affordable housing in these locations is imperative'.<sup>846</sup>
- 8.78** In terms of housing being located near transport links, the McKell Institute advocated in favour of the use of Transit-Oriented Development, which promotes the construction of high-density housing and commercial developments in close proximity to railway stations. They argued that there are benefits for housing to be located close to transport and that this approach removes the requirement for additional infrastructure which may be needed in other areas. They noted that only two per cent of rail precincts in New South Wales are involved in Transit-Oriented Development's including St Leonards, Chatswood, Hurstville, Kogarah, North Sydney and Bondi Junction.<sup>847</sup>
- 8.79** Finally, the NSW Nurses and Midwives Association suggested that affordable housing should be built close to workplaces. They argued that this is important because of the nature of certain work, being shift work and long hours.<sup>848</sup> This argument relates to concerns about key workers having to travel long distances to work, as discussed in more detail in Chapter 3.

## Committee comment

- 8.80** The committee believes that social, public and affordable housing should be well-designed, so that it is environmentally friendly, designed so as to reduce the likelihood of crime, and blends in well with surrounding properties. In this regard, the committee notes that lessons have been learnt from the Radburn design, particularly in relation to the influence design can have on anti-social and criminal behaviour.
- 8.81** The committee strongly believes that clear standards for design should be developed for social, public and affordable housing, particularly to ensure homes are accessible for an ageing population and for people with a disability. We note evidence that it is more cost effective to create accessible designs at the outset, rather than having to retrofit a property.

<sup>843</sup> Submission 59, Leichardt Council, pp 3-4.

<sup>844</sup> Submission 97, Ethnic Child Care, Family and Community Services Cooperative Ltd, p 5.

<sup>845</sup> Submission 106, Youth Action New South Wales, p 20.

<sup>846</sup> Submission 106, Youth Action New South Wales, p 17.

<sup>847</sup> Submission 109, McKell Institute, p 21.

<sup>848</sup> Submission 63, NSW Nurses and Midwives Association, p 14.

- 8.82** When developing social housing, it is vital that housing be integrated into the neighbourhood to minimise any stigma associated with living in social housing and to promote community cohesion. We were impressed by the design of community housing provided by Southern Cross Community Housing when we visited the Nowra area, as there was seamless integration with the surrounding neighbourhood. Given the importance of design for the future, we recommend that the Department of Family and Community Services immediately develop guidelines for the design of social housing, addressing accessibility and adaptability, environmental sustainability and efficiency, crime prevention and integration with other forms of housing, including mixed tenure models.

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**Recommendation 24**

That the Department of Family and Community Services immediately develop guidelines for the design of social housing, addressing:

- accessibility and adaptability
  - sustainability and efficiency
  - crime prevention
  - integration with other forms of housing, including mixed tenure models.
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- 8.83** In terms of the redevelopment of public housing estates, we acknowledge that such transformation strategies have helped to address difficult issues, such as high rates of crime and anti-social behaviour. However, we are concerned about tenants being relocated away from their local communities. Given that many estates have been poorly planned and are not located close to critical infrastructure, we recognise that redevelopment strategies are needed to help address poor design and improve outcomes for tenants. We urge the NSW Government to continue involving tenants, service providers and community housing providers in redevelopment strategies of estates, so as to ensure tenants' needs are met.

- 8.84** With the transformation of the Gordon Estate in Dubbo, the committee was informed that a covenant was attached to the sale of public housing properties in the area, requiring new owners to occupy the property for seven years. The covenant was implemented in the contracts for sale so as to avoid high concentrations of disadvantage in the area. The committee is concerned that this timeframe is too long and that it may dissuade potential buyers from purchasing the property, particularly those that may be out of area. Whilst the committee recognises the importance of this covenant, we recommend that the NSW Government, when selling a public housing property as part of the redevelopment of an estate, consider reducing the covenant that the owner has to live in the property.

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**Recommendation 25**

That the NSW Government, when selling a public housing property as part of the redevelopment of an estate, consider reducing the covenant that the owner has to live in the property.

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- 8.85** In our view, it is critical that social, public and affordable housing be developed in locations that are close to transport, education, employment and other vital services and amenities. On the committee's visit to housing estates in the Campbelltown area, we noted that these older

estates lacked access to services, isolating the community. It was evident that infrastructure is needed to link residents to services and prevent social disadvantage from being entrenched, as outlined in Chapter 4. Accordingly, we recommend that the Department of Family and Community Services develop a strategy that identifies priority locations for new social housing development which are located close to employment opportunities, education, transport and 'wrap around' services.

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**Recommendation 26**

That the Department of Family and Community Services develop a strategy that identifies priority locations for new social housing development which are located close to employment opportunities, education, transport and 'wrap around' services.

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## Chapter 9 Planning policies and mechanisms

The focus of this chapter is on affordable housing and how planning policies and mechanisms can facilitate the growth of affordable housing for very low, low and moderate income households. To explore this issue, we begin by considering the role of the Department of Planning and Environment (previously known as the Department of Planning and Infrastructure) and current planning legislation and policies, both at a state and local level. Following this, we examine various planning control initiatives that may assist in this framework including minimum lot sizes, affordable housing targets, inclusionary zoning, planning agreements and levying of developers.

### The planning system

- 9.1** The planning system in New South Wales is complex, with a number of legal instruments and policies that apply at a state and local level. Some of these policies overlap and many are relevant to the issue of affordable housing.
- 9.2** At the state level, the Department of Planning and Environment develops and provides planning policies that encourage the development of affordable housing, including strategies for greenfield developments (undeveloped areas) and infill housing (housing in existing areas).<sup>849</sup> They oversee legislation and policies related to the planning process for affordable housing, including the *Environmental Planning and Assessment Act 1979*, State Environmental Planning Policies (SEPPs), Sub-regional Plans, Local Environmental Plans and Development Control Plans.

### Legislation and policies

- 9.3** The planning system is complex, with a number of state, regional and local instruments governing planning requirements. Planning and development is carried out under the *Environmental Planning and Assessment Act 1979 (EPAA)* and associated regulations. In addition, there are environmental planning instruments that regulate land use and development, including state environmental planning instruments and policies (SEPPs). At a local level, there are also Local Environmental Plans and Development Control Plans, instruments that guide planning decisions for local government areas.
- 9.4** In terms of how the policies interrelate, Mr Stephen McIntyre, Deputy Director General, Housing and Infrastructure, Department of Planning and Environment, informed the committee that:

First, State planning policies will present the State's broad planning objectives, priorities and policy directions. Secondly, regional growth plans will set out the high level vision for each region of the State. Thirdly, subregional delivery plans, where appropriate, will provide the delivery framework for regional growth plans. Finally, local plans are the principal legal documents that deliver the strategic vision for a local government area. A key aim of those reforms is to ensure the timely delivery of

<sup>849</sup> NSW Department of Planning and Environment, *Planning for Affordable Housing* (accessed 14 July 2014), < <http://www.planning.nsw.gov.au/deliveringhomes/planningforaffordablehousing.aspx>>.

housing diversity and choice. It is within that hierarchy of plans and framework that affordable housing in New South Wales will be delivered in the future.<sup>850</sup>

### ***State Environmental Planning Policies***

- 9.5** One of the main planning instruments for affordable housing is the State Environmental Planning Policy (Affordable Rental Housing) 2009 (known as the ‘Affordable Rental Housing SEPP’) that was introduced on 31 July 2009 to increase the supply and diversity of affordable rental and social housing in New South Wales.<sup>851</sup> The policy was implemented to enable certain types of developments to be constructed, even if they do not comply with local planning laws. The developments can include villas, townhouses and apartments, boarding houses, group homes and other types of dwellings that have an affordable rental component.
- 9.6** The Affordable Housing SEPP encourages private sector provision of various forms of affordable rental housing by offering planning incentives in certain circumstances. The standards included in the Affordable Housing SEPP override local planning controls to help promote diversity of affordable housing in New South Wales.
- 9.7** The aims of the Affordable Housing SEPP are outlined in section 3 of the policy as follows; to:
- provide a consistent planning regime for the provision of affordable rental housing
  - facilitate the effective delivery of new affordable rental housing by providing incentives by way of expanded zoning permissibility, floor space ratio bonuses and non-discretionary development standards
  - facilitate the retention and mitigate the loss of existing affordable rental housing
  - employ a balanced approach between obligations for retaining and mitigating the loss of existing affordable rental housing, and incentives for the development of new affordable rental housing
  - facilitate an expanded role for not-for-profit-providers of affordable rental housing
  - support local business centres by providing affordable rental housing for workers close to places of work
  - facilitate the development of housing for the homeless and other disadvantaged people who may require support services, including group homes and supportive accommodation.
- 9.8** There are other SEPPs relevant to housing, including:
- SEPP (Housing for Seniors or People with a Disability) 2004
  - SEPP No. 36 Manufactured Home Estates

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<sup>850</sup> Evidence, Mr Stephen McIntyre, Deputy Director General, Planning Strategies, Housing and Infrastructure, NSW Department of Planning and Environment, 13 March 2014, p 49.

<sup>851</sup> Department of Planning and Environment, *Affordable Rental Housing SEPP*, (accessed 16 June 2014), < <http://www.planning.nsw.gov.au/en-au/deliveringhomes/planningforaffordablehousing/affordablerentalhousing.aspx>>.

- SEPP No. 21 Caravan Parks.

**9.9** Hornsby Shire Council provided evidence to the committee that the Department of Planning and Environment will be releasing an Affordable Housing Choice SEPP that will include a new Affordable Housing Framework. They stated that this policy will give local councils the opportunity to make their own affordable housing strategy, but that there is no timeline for its release.<sup>852</sup>

### ***Sub-Regional Delivery Plans***

**9.10** Sub-regional plans are developed to help implement regional strategies on a number of issues, including housing and infrastructure. They are an outcome of the Draft Metropolitan Strategy for Sydney to 2031, a broad plan to guide the city's growth.<sup>853</sup>

**9.11** There are 10 sub-regions for Sydney, with the plans for each area being developed in partnership with local communities and local councils.<sup>854</sup>

### ***Local Environmental Plans and Development Control Plans***

**9.12** In conjunction with SEPPs, Local Environmental Plans (LEPs) and Development Control Plans set out planning requirements and rules, some of which would apply to the development of social, public and affordable housing. These plans provide rules for zoning of land and they set out development standards (for example, building height and floor space ratio).

**9.13** LEPs are legislative instruments, similar to SEPPs. Development Control Plans are different in that they are prepared by local councils to control development in their local government area.

**9.14** The Department of Planning and Environment advised the committee that only five local councils have affordable housing provisions in their Standard Instrument Local Environment Plans, including Gosford LEP 2014, Draft Byron LEP 2014, Bellingen, Waverley LEP 2012 and Ashfield LEP 2013.<sup>855</sup>

### **Proposed planning reforms**

**9.15** Given the significance of planning law and policies, it is important to note that extensive reforms were proposed with the introduction of the Planning Bill 2013 and Planning Administration Bill 2013 in October 2013. The introduction of these Bills followed a public consultation process on the Government's Green Paper and White Paper on a New Planning System.<sup>856</sup> The Bills remain with the Parliament for consideration.

<sup>852</sup> Submission 76, Hornsby Shire Council, p 5.

<sup>853</sup> NSW Department of Planning and Environment, *About the Strategy* (accessed 14 July 2014) <<http://strategies.planning.nsw.gov.au/MetropolitanStrategyforSydney/Aboutthestrategy.aspx>>.

<sup>854</sup> NSW Department of Planning and Environment, *About the Strategy* (accessed 14 July 2014) <<http://strategies.planning.nsw.gov.au/MetropolitanStrategyforSydney/Aboutthestrategy.aspx>>.

<sup>855</sup> Answers to questions on notice, Department of Planning and Environment, 3 April 2014, p 6.

<sup>856</sup> Submission 57, Regional Development Australia Sydney, p 10.

**9.16** In relation to these proposed reforms, Mr McIntyre, Deputy Director General, Department of Planning and Environment, commented that the issue of housing affordability was central to the introduction of the Bills:

Housing supply, housing choice and housing affordability, including the provision of affordable housing, is one of the big reasons why the Government remains committed to the reform of the planning system. Put simply, the Government believes that we will never achieve the housing outcomes that the people of New South Wales need without a new planning system that contains the key features proposed by the Government last year in the planning bills.<sup>857</sup>

**9.17** During our inquiry, a number of submission authors commented on whether the planning reforms would help to promote the delivery of affordable housing. The City of Sydney expressed some concerns, including the reduction of planning mechanisms for affordable housing, an inability to develop new affordable housing contribution schemes and restricted opportunities for affordable housing via the use of Voluntary Planning Agreements (discussed later in this chapter). They stated:

The current planning system does not recognise the need for a variety of planning levers for affordable housing in local areas or effectively enable Councils to facilitate the provision of affordable housing. Planning mechanisms must be tailored to local markets. Not all mechanisms are equal in their ability to maximise affordable housing delivery at an appropriate scale.<sup>858</sup>

**9.18** Regional Development Australia Sydney noted that the amended Bills allow developers to make voluntary contributions via agreements for the provision of affordable housing. They did, however, state that for this provision to be effective, the amendments must be consistent with provisions in local plans.<sup>859</sup>

### **Affordable Housing Taskforce**

**9.19** The Department of Planning and Environment established the Affordable Housing Taskforce (the ‘Taskforce’) in May 2011 to help drive new planning policies for the delivery of affordable housing and seniors housing. The Taskforce consists of a number of representatives, including local councils, social housing providers, state and local government and other experts.<sup>860</sup>

**9.20** The terms of reference for the Taskforce include:

- providing guidance on the development of a state planning policy to encourage a wide range of housing for low and moderate income households, and

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<sup>857</sup> Evidence, Mr McIntyre, 13 March 2014, p 49.

<sup>858</sup> Submission 241, City of Sydney, p 31.

<sup>859</sup> Submission 57, Regional Development Australia Sydney, p 10.

<sup>860</sup> Department of Planning and Environment, *Affordable Housing Taskforce*, (accessed 13 June 2014), <<http://www.planning.nsw.gov.au/deliveringhomes/planningforaffordablehousing/affordablehousingtaskforce.aspx?>>.

- providing advice on the development of a template for local affordable housing choice strategies.<sup>861</sup>

**9.21** The committee was interested in the outcomes of the Affordable Housing Taskforce and asked a number of witnesses if they had updates about the Taskforce's activities.

**9.22** In response to a question the Department of Planning and Environment took on notice, the committee was advised that the Taskforce last met on 20 June 2013 and that 'Planning and Infrastructure is actively considering how the Taskforce can best advise the Government on affordable housing matters as part of the planning reform process'.<sup>862</sup>

**9.23** At a hearing, the committee questioned Mr McIntyre about the Taskforce. He commented:

An interim report was prepared in 2012 by the task force. That report provided quite valuable suggestions on encouraging affordable housing into the future and provided an important context for the planning reforms which are currently underway.<sup>863</sup>

**9.24** Ms Sarah Hill, a member of the Planning Institute of Australia and Director of Hill PDA, shared with the committee some of the lessons learnt from her involvement with the Taskforce:

Importantly, we would say it is more than just about planning legislation. Planning legislation is the icing on the cake; it is certainly not all of the ingredients in the cake. There is a host of elements that need to come together to enable affordable and social housing outcomes. We also need continuity and consistency...We need some good strong governance in this space and we also need to give our local councils and local government the teeth they need to be able to secure affordable housing contributions.<sup>864</sup>

**9.25** The committee attempted to discover when the Taskforce's report will be released and asked Mr McIntyre about this. He stated that the final report had not been submitted to the Minister as at March 2014. He added that:

There has been ongoing dialogue between the task force and the department and, where appropriate, the Minister. We are currently talking to the chair of the task force about the possibility of reviewing the report in the context of the new planning system.<sup>865</sup>

<sup>861</sup> Department of Planning and Environment, *Affordable Housing Taskforce, Terms of Reference*, (accessed 16 July 2014), <[http://www.planning.nsw.gov.au/Portals/0/StrategicPlanning/AffordableHousing/Terms\\_of\\_Reference.pdf](http://www.planning.nsw.gov.au/Portals/0/StrategicPlanning/AffordableHousing/Terms_of_Reference.pdf)>.

<sup>862</sup> Answers to questions on notice, Department of Planning and Environment, 3 April 2014, p 2.

<sup>863</sup> Evidence, Mr McIntyre, 13 March 2014, p 50.

<sup>864</sup> Evidence, Ms Sarah Hill, Director Hill PDA, member of the Planning Institute of Australia, 12 May 2014, p 2.

<sup>865</sup> Evidence, Mr McIntyre, 13 March 2014, p 50.

- 9.26** The City of Sydney expressed a concern that information from the Taskforce had not been released, including their review of the State Environmental Planning Policy (Affordable Rental Housing) 2009.<sup>866</sup>

### **Affordable housing strategies at a local level**

- 9.27** Given the overwhelming need for affordable housing for very low, low and moderate income households across parts of the state, it is important to consider whether local councils have developed their own affordable housing strategy or policy to facilitate the growth of affordable housing in their area. In considering this issue, the committee was particularly interested in the nature of strategies implemented at a local level, for example, whether there were affordable housing targets, levies or other measures used to promote affordable housing.
- 9.28** From the evidence received, only a few local councils indicated that they had a current affordable housing policy or strategy in place. Some councils advised the committee that they were developing or finalising a strategy; others provided evidence that no such policy was in place.
- 9.29** Two councils in Sydney highlighted a specific affordable housing strategy that they had formulated. For example, the City of Sydney explained that they have a number of strategies in place to demonstrate their commitment to affordable housing, including the Sustainable Sydney 2030 strategy which has a target for 7.5 per cent of all housing in the city to be social housing and 7.5 per cent to be affordable housing. They also have an Affordable Rental Housing Strategy that helps them achieve these targets.<sup>867</sup>
- 9.30** Marrickville Council stated that they have an affordable housing strategy that has been in place since 2009, with their Affordable Housing Officer considering targets based on local needs and priorities.<sup>868</sup> At a broader level, they have an Affordable Housing Advisory Committee, which has representatives from council, government and non-government housing policy makers.<sup>869</sup>
- 9.31** A number of other councils indicated that they were working on a strategy, such as Wollongong Council, who explained to the committee that they are currently finalising an affordable housing policy.<sup>870</sup> Other councils discussed a plan or certain approach they had taken to facilitate the growth of affordable housing in their area.
- 9.32** As an example, Willoughby City Council adopted the Willoughby City Housing Policy, a policy that aims to improve affordable housing in the area, through the use of planning instruments such as the local environmental plan and development control plan. Using this approach, Willoughby City Council identifies affordable housing precincts, often before land is rezoned. They also have a fund for affordable housing development, with money coming

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<sup>866</sup> Submission 241, City of Sydney, p 32.

<sup>867</sup> Submission 241, City of Sydney, p i-ii.

<sup>868</sup> Evidence, Ms Louise Munday, Affordable Housing Officer, Marrickville Council, 13 March 2014, p 69.

<sup>869</sup> Submission 50, Marrickville Council, p 1.

<sup>870</sup> Evidence, Mr Gordon Bradbery, Lord Mayor, Wollongong City Council, 1 May 2014, p 4.

into the fund from rents collected from affordable housing units, minus deductions for management costs by community housing providers.<sup>871</sup>

- 9.33** Narrabri Shire Council noted that they do not have a specific affordable housing strategy but they do have a 10 year community strategic plan that has the objective of providing adequate accommodation available to meet demand, including the aim of timely release of land for development and timely application approvals.<sup>872</sup>
- 9.34** Coffs Harbour City Council advised that they do not have an affordable housing strategy, although they have a regional homeless plan and other related documents, including research papers and a forum report.<sup>873</sup>
- 9.35** Similarly, Wyong Shire Council indicated that they do not have an affordable housing strategy. However, they undertook a study in 2012 which produced a number of recommendations to improve their approach to affordable housing, including the adoption of a consistent definition of affordable housing, the inclusion of affordable housing in relevant planning instruments and the removal of impediments to the delivery of affordable housing in councils planning documents.<sup>874</sup>
- 9.36** At a hearing, Mr Gordon Clark, Strategic Planning Manager from Shoalhaven City Council advised the committee that they do not currently have an affordable housing strategy. They did, however, note that they previously had a Shoalhaven Housing Strategy which focused on the supply of housing, including affordable and adaptable housing, but that this strategy had ‘disappeared off everybody’s radar’.<sup>875</sup>
- 9.37** Ashfield Council observed that they do not have a specific affordable housing strategy but they identified for the committee a unique provision in their Local Environmental Plan that allows an additional two floors of residential accommodation to be permitted, as long as 25 per cent of the bonus floor area is provided to council in the form of affordable housing.<sup>876</sup>
- 9.38** Clarence Valley Council discussed their Affordable Housing Project which operated for three years from 2005. A full time Community Development Officer – Affordable Housing was employed to develop and deliver the Clarence Valley Affordable Housing Strategy which was overseen by an advisory committee. The strategy assisted the council to consider the need for affordable housing in their area, explore suitable council properties to develop affordable housing, build the capacity of the local sector and raise awareness of local housing issues. One of the key outcomes of this approach was the development of the Clarence Valley Affordable Housing Reform and Infrastructure Package, which involved planning reforms, infrastructure development, the development of affordable housing and the evaluation and development of a best practice model. Clarence Valley Council acknowledged in their submission the

<sup>871</sup> Submission 33, Willoughby City Council, pp 2-4.

<sup>872</sup> Submission 252, Narrabri Shire Council, p 1.

<sup>873</sup> Submission 136, Coffs Harbour City Council, p 1.

<sup>874</sup> Submission 90, Wyong Shire Council, p 9.

<sup>875</sup> Evidence, Mr Gordon Clark, Strategic Planning Manager, Shoalhaven City Council, 30 April 2014, p 5.

<sup>876</sup> Submission 86, Ashfield Council, p 6.

importance of a dedicated project officer in assisting with the development of affordable housing strategies.<sup>877</sup>

- 9.39** According to Lismore Council, their Housing Strategy 2012 guides the council's decisions about low cost housing options close to services and transport. They informed the committee that they have rezoned and supported the release of land for new housing developments to help ease the pressure in the rental market.<sup>878</sup>
- 9.40** In addition, Port Macquarie Hastings Council has sought to promote a range of housing densities in greenfield areas and to minimise fees and charges in these areas to promote affordability as much as possible. The council has also used voluntary planning agreements with developers and landowners to try and reduce housing costs.<sup>879</sup>
- 9.41** Another example is North Sydney Local Council, who highlighted their commitment to affordable housing, by partnering with local social housing providers and using their own resources to provide affordable housing. They noted the use of levies on developers for the loss of affordable bed spaces as one of their key strategies.<sup>880</sup>
- 9.42** A number of other councils informed the committee that they did not have a specific affordable housing strategy or policy in their area. In the North Western region of New South Wales, Liverpool Plains Shire Council advised the committee that they do not have an affordable housing strategy, although they acknowledged the need for one. They indicated a lack of resourcing and funding to develop this type of strategy. They also noted that a collaborative approach would assist them, for example, where the expertise from other councils or the department could be shared to help formulate these policies.<sup>881</sup>
- 9.43** Similarly, Ms Nicole Collins from Shellharbour Council informed the committee that they do not have an affordable housing strategy but will consider it in the future.<sup>882</sup>
- 9.44** Mr Michael Silver, the Acting General Manager of Gunnedah Shire Council, advocated in favour of a local strategy and suggested that each council be asked to establish one as part of their local environmental plans:

What we are suggesting here is that, rather than have a State policy which simply overrides local environmental plans and then councils have a one-size-fits-all approach, councils be more than invited, be directed that in local environmental plans councils need to establish a strategy or an approach as to how they will deal with the social community and affordable housing at their own level, at the local level. I think this is particularly relevant in rural areas. It may not be the case in some metro areas

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<sup>877</sup> Submission 44, Clarence Valley Council, pp 1-2.

<sup>878</sup> Submission 52, Lismore City Council, p 2.

<sup>879</sup> Submission 58, Port Macquarie Hastings Council, p 1.

<sup>880</sup> Submission 60, North Sydney Council, p 1.

<sup>881</sup> Evidence, Ms Donna Ausling, Acting Director Environmental Services, Liverpool Plains Shire Council, 20 May 2014, p 13.

<sup>882</sup> Evidence, Ms Nicole Collins, Manager, Community and Cultural Life, Shellharbour Council, 30 April 2014, p 5.



but certainly in rural areas it needs to be fit for purpose and designed that it is acceptable to the community.<sup>883</sup>

### Challenges in the existing planning system

**9.45** The committee was informed that there are a number of challenges relating to the development of affordable housing in the existing planning system. A number of the concerns related to the limitations of the existing Affordable Housing SEPP.

**9.46** For example, Strathfield Council said that the current Affordable Housing SEPP is unduly focused on development incentives rather than the outcome and delivery of affordable housing for the end user.<sup>884</sup> In addition, they noted that sub-regional planning and local instruments do not identify affordable regional or locational housing targets, or alternative options of mechanisms for the delivery of affordable housing through the sub-regional planning process.<sup>885</sup>

**9.47** Bankstown City Council described the Affordable Housing SEPP as a one size fits all approach that failed to address local needs. For example, they argued that the Affordable Housing SEPP mandates the development of boarding houses and infill affordable housing in lower density residential areas, whereas these types of development are not consistent with the prevailing suburban character and amenities of some areas.<sup>886</sup>

**9.48** The Council of Social Service of NSW (NCOSS) was of the view that the current Affordable Rental Housing SEPP is limited in terms of the density bonus incentive for developers:

The Affordable Rental Housing SEPP does provide a density bonus incentive for developers who agree to contribute some affordable dwellings in urban infill areas. These incentives were tightened by the Government in May 2011 in such a way that this mechanism appears now to be infrequently used.<sup>887</sup>

**9.49** Another challenge being experienced is the pricing structure for developers in regional areas. Gunnedah Shire Council argued that these costs often mean margins are low for developers. The Acting General Manager, Mr Silver, commented:

Probably in rural areas one of the big challenges, if we are looking at it from a private perspective, is that unfortunately our pricing structure or the prices are to some extent low relative to metropolitan areas and therefore the margins that are available to the private developers to address affordable housing in the private sector are not there. So that is a real challenge. We need to be more flexible at a local level to try to meet some of those demands.<sup>888</sup>

<sup>883</sup> Evidence, Mr Michael Silver, Acting General Manager, Gunnedah Shire Council, 20 May 2014, p 2.

<sup>884</sup> Submission 137, Strathfield Council, p 3.

<sup>885</sup> Submission 137, Strathfield Council, p 4.

<sup>886</sup> Submission 81, Bankstown City Council, p 1.

<sup>887</sup> Submission 129, Council of Social Service of NSW, p 13.

<sup>888</sup> Evidence, Mr Silver, 20 May 2014, pp 2-3.

- 9.50** The other challenge Gunnedah Shire Council described was meeting density zonings for redevelopment of existing housing stock and pressures in terms of the cost of these developments.<sup>889</sup>
- 9.51** The City of Ryde gave evidence that it is difficult for local government to encourage affordable housing because of a lack of planning incentives, community opposition, increasing property prices and other costs and taxes in the housing market.<sup>890</sup>
- 9.52** According to the Planning Institute of Australia, another barrier is the onerous engineering standards and requirements that contribute to the cost of housing developments, which then add to the overall cost of housing delivery. They argued that planning reforms should seek to address this, so that the requirements for developers are not overly onerous.<sup>891</sup>
- 9.53** Mission Australia pointed to the importance of efficiency in the planning system. They insisted that planning reforms need to streamline the planning process and outcomes, so that developments, applications and land releases are timely. They also suggested that the system must encourage and facilitate timely approval for the construction of affordable housing.<sup>892</sup>
- 9.54** In addition, Mission Australia expressed the view that the reforms should consider the costs associated with building new housing, including land, construction and infrastructure levies, with a view to reducing unnecessary costs.<sup>893</sup>
- 9.55** The committee notes that the Department of Planning and Environment identified that the Affordable Housing SEPP has providing in residential areas the ability for secondary dwellings but does not provide the option for rural areas. A review of the Affordable Housing SEPP is being undertaken and the opportunity for the inclusion of this infill option would facilitate additional affordable housing in rural areas.

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**Recommendation 27**

That the Department of Planning and Environment consider the extension of secondary dwellings in the State Environmental Planning Policy (Affordable Rental Housing) 2009 for rural areas and release a draft document for public exhibition.

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- 9.56** The evidence indicated that the planning system is complex and that there are a number of overlapping instruments. In response to a question on how the government will ensure consistency with the approach to public, social and affordable housing, Mr McIntyre commented:

... there is almost a maze of planning documents at the moment and you have highlighted a number of those... A number of instruments overlap and duplicate and it is possible they contradict. The very point of moving to a single, broad, overarching policy on housing that deals with supply and affordability issues and then essentially

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<sup>889</sup> Evidence, Mr Silver, 20 May 2014, p 7.

<sup>890</sup> Submission 242, City of Ryde, p 6.

<sup>891</sup> Submission 79, Planning Institute of Australia, p 9.

<sup>892</sup> Submission 82, Mission Australia, p 14.

<sup>893</sup> Submission 82, Mission Australia, p 15.

collapsing all of the existing State environmental planning policies into that overarching policy, or where appropriate into local planning instruments, is designed to get rid of that current confusion and complexity that exists in the system.<sup>894</sup>

## Mechanisms to promote affordable housing

**9.57** This section considers a number of planning mechanisms to boost the development of affordable housing at a local level, including the use of affordable housing targets, inclusionary zoning policies, voluntary planning agreements, developer levies and the abolition of minimum lot sizes.

### Affordable housing targets

**9.58** A large number of participants in this inquiry advocated for affordable housing targets, with some suggesting that these should be set at a regional level. St Vincent de Paul Society of NSW highlighted that currently there is an absence of affordable housing targets or strategies, despite clear indications that many areas are experiencing housing stress, as revealed in the Draft Metropolitan Strategy for Sydney to 2031.<sup>895</sup>

**9.59** Mr Eamon Waterford from Youth Action New South Wales advised the committee that targets may help to influence the supply of affordable housing. He commented:

...as it stands, there are no goals for the State Government in terms of how many affordable houses they intend to build or intend to support to be built in the next two years, five years, whatever. So some targets around that that actually push for an increase in the amount of investment in this space would be welcome.<sup>896</sup>

**9.60** Ms Jenny Rudolph, Director of Elton Consulting and a member of the Planning Institute of Australia, provided evidence to the committee that targets within each region may help to address inequities occurring in New South Wales. She stated that:

...there should also be targets within each of those regions and embedded in a planning framework, which is supported by planning incentives, whether they are floor-space ratio or value uplift benefits.<sup>897</sup>

**9.61** In their submission, the Planning Institute of Australia recommended that the government work with local authorities and sub-regional bodies to determine appropriate affordable housing targets, whilst still enabling flexibility.<sup>898</sup>

**9.62** At a hearing, Ms Rudolph went on to state that along with targets, facilitation, policy and planning mechanisms are needed to help those targets to be achieved.<sup>899</sup> Her colleague, Ms

<sup>894</sup> Evidence, Mr McIntyre, 13 March 2014, p 54.

<sup>895</sup> Submission 144, St Vincent de Paul Society of NSW, p 21.

<sup>896</sup> Evidence, Mr Waterford, 30 May 2014, p 65.

<sup>897</sup> Evidence, Ms Jenny Rudolph, Director of Elton Consulting, member of the Planning Institute of Australia, 12 May 2014, p 2.

<sup>898</sup> Submission 79, Planning Institute of Australia, p 9.

<sup>899</sup> Evidence, Ms Rudolph, 12 May 2014, p 6.

Hill also emphasised that targets need to be carefully managed. She reflected on her experience with this issue in London and said that they ‘were very careful not to kill a development on the basis of the target’. She remarked that:

Here we have a target in a strategy, which is very much a target, and we would support that from an affordable housing point of view. But, along with that, we need layers of other things to support the viability of development—because the last thing we want to do is to decrease the supply of housing. So it is a very carefully balanced issue.<sup>900</sup>

**9.63** It was also pointed out to the committee by Mr Alex Greenwich MP that research by the Australian Housing and Urban Research Institute has indicated that a state mandated target supported by local flexible delivery is the most appropriate mechanism to drive the growth of affordable housing.<sup>901</sup>

**9.64** The City of Sydney also supported affordable housing targets at a regional level, qualified by the targets taking into account local market conditions. They stated that:

In seeking to address the chronic shortage of affordable housing in Sydney, the NSW Government must provide meaningful targets for affordable rental housing and demonstrate how these targets may be achieved. This is similar to the approach taken in the City of Sydney’s Community Strategic Plan and *Affordable Rental Housing Strategy*, which enshrine social and affordable housing targets, providing a concerted focus for action to increase supply.<sup>902</sup>

**9.65** Churches Housing also supported the establishment of affordable housing targets. They noted that the City of Sydney is only one of a few councils that have established an affordable housing target.<sup>903</sup>

**9.66** Hornsby Shire Council suggested that targets for affordable and social housing could be included within the Subregional Delivery Plan for each area.<sup>904</sup> Tamworth Regional Council expressed the same view, and suggested that there be a five year plan with targets to stimulate the provision of social and affordable housing.<sup>905</sup>

**9.67** In addition, a number of other councils supported the use of affordable housing targets including Willoughby City Council<sup>906</sup> and Marrickville Council.<sup>907</sup> Shelter NSW also proposed that targets for affordable housing should be established, either via regional delivery plans or in LEPs.<sup>908</sup>

**9.68** However, Ms Kristin Brookfield, Senior Executive Director, Building, Development and Environment, Housing Industry Association raised a concern about the use of quotas and

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<sup>900</sup> Evidence, Ms Hill, 12 May 2014, p 6.

<sup>901</sup> Submission 34, Mr Alex Greenwich MP, p 5.

<sup>902</sup> Submission 241, City of Sydney, p 26.

<sup>903</sup> Submission 92, Churches Housing, p 26.

<sup>904</sup> Submission 76, Hornsby Shire Council, p 4.

<sup>905</sup> Submission 157, Tamworth Regional Council, p 1.

<sup>906</sup> Submission 33, Willoughby City Council, p 4.

<sup>907</sup> Evidence, Ms Menday, 13 March 2014, p 73.

<sup>908</sup> Submission 95, Shelter NSW, p 22.

levies, arguing that social, public and affordable housing should be a whole of community responsibility as it is housing for the public benefit.<sup>909</sup> In their submission, the Housing Industry Association stated:

Affordable housing quotas do not address the underlying root causes of the undersupply, rather they only provide a minuscule and random relief to what is a much larger community issue that requires a whole of community solution.<sup>910</sup>

**9.69** The committee asked the Deputy Director General of the Department of Planning and Environment about whether the department is considering mandating targets. He responded:

We think it is far more important that the strategic planning process, as I described earlier, looks at the demands for housing, the current supply characteristics, what are the characteristics of that local community and how best to meet the housing need to come out of that process. For example, in Sydney, through the subregional planning process, determining what the appropriate allocation might be and what mechanisms might be used in zoning and planning instruments rather than prescribing centrally. That centralised approach of one size fits all does not necessarily work.<sup>911</sup>

### **Inclusionary zoning**

**9.70** Related to the concept of affordable housing targets is inclusionary zoning. As noted by the Southern Sydney Regional Organisation of Councils, inclusionary zoning is a mechanism that allows a planning authority to impose a requirement on developers that a defined proportion of housing in a development is affordable.<sup>912</sup>

**9.71** A number of participants supported the use of inclusionary zoning in New South Wales, including Homelessness NSW. Mr Gary Moore, Chief Executive Officer, Homelessness NSW pointed out that the Mayor of New York has mandated inclusionary zoning. He said that ‘if there is one thing that New South Wales has to step up to the plate on it is to actually try to get social and affordable housing in the mix in development.’<sup>913</sup> Mr Moore tabled for the committee the City of New York’s plan which includes information about the mandatory inclusionary housing program, a requirement that all new developments include a portion of affordable housing for low and moderate income earners.<sup>914</sup>

**9.72** The Salvation Army also supported the idea of new residential developments requiring a component of affordable housing,<sup>915</sup> Likewise, The Greens NSW also supported the use of

<sup>909</sup> Evidence, Ms Kristin Brookfield, Senior Executive Director, Building, Development and Environment, Housing Industry Association, 12 May 2014, p 28.

<sup>910</sup> Submission 132, Housing Industry Association, p 13.

<sup>911</sup> Evidence, Mr McIntyre, 13 March 2014, p 52.

<sup>912</sup> Submission 152, Southern Sydney Regional Organisation of Councils, p 9.

<sup>913</sup> Evidence, Mr Gary Moore, Chief Executive Officer, Homelessness NSW, 12 May 2014, p 70.

<sup>914</sup> Tabled document, Homelessness NSW, *Housing New York – A Five-Borough Ten Year Plan*, 12 May 2014, p 8.

<sup>915</sup> Submission 55, The Salvation Army, pp 13-14.

inclusionary zoning and informed the committee that this type of scheme has operated in London, Paris and New Jersey.<sup>916</sup>

**9.73** Wollongong City Council also supported mandated targets for affordable housing in new developments and gave the committee the example of the West Dapto Land Release which involved a percentage of affordable housing.<sup>917</sup>

**9.74** Support for the principle that affordable housing be included in all residential developments also came from Willoughby City Council which noted that this approach has been taken in Maryland and California in the United States of America. They argued that the Department of Planning and Environment should require local councils to adopt inclusionary zoning through their planning controls.<sup>918</sup>

**9.75** Marrickville Council provided evidence to the committee that they requested inclusionary zoning be included in their Local Environmental Plan but this was rejected by the Planning Department. In response to whether inclusionary zoning drives up the cost of development, Ms Louise Menday, Affordable Housing Officer from Marrickville Council stated 'if it is in the Local Environment Plan it is a certainty and it is up front. It is there before the developer buys the land. It is a cost they can factor into what they pay'.<sup>919</sup>

**9.76** Ashfield Council advocated a system that obliges developers to provide a proportion of affordable housing as part of substantial developments. They also suggested that contributions could be sought in cases where there is a value uplift of development sites, with the contribution being used to fund community provisions, such as transport and affordable housing.<sup>920</sup>

**9.77** According to Mission Australia, inclusionary zoning should be considered, so that affordable housing can be included in major residential developments.<sup>921</sup>

**9.78** Shelter NSW also supported the use of inclusionary housing mechanisms and contended that the current provisions have been restrictive.<sup>922</sup> They urged the government to retain inclusionary zoning provisions in the amendments to the Planning Bill 2013, currently before Parliament.<sup>923</sup>

**9.79** The Australian Housing and Urban Research Institute noted in their submission that various mechanisms including inclusionary zoning, density bonuses and affordability targets can help to increase the supply of appropriate and affordable housing. They said that evidence from overseas, including Europe and North America, had demonstrated the benefits of these mechanisms.<sup>924</sup>

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<sup>916</sup> Submission 189, The Greens NSW, p 8.

<sup>917</sup> Evidence, Mr Bradbery, 1 May 2014, p 5.

<sup>918</sup> Submission 33, Willoughby City Council, p 3.

<sup>919</sup> Evidence, Ms Menday, 13 March 2014, pp 70-71.

<sup>920</sup> Submission 86, Ashfield Council, p 9.

<sup>921</sup> Submission 82, Mission Australia, p 13.

<sup>922</sup> Submission 95, Shelter NSW, p 22.

<sup>923</sup> Submission 95, Shelter NSW, p 10.

<sup>924</sup> Submission 127, Australian Housing and Urban Research Institute Limited, p 4.

- 9.80** Where inclusionary zoning has been utilised, the committee heard concerns that the requirements are inadequate, with Mr Greenwich claiming that the inclusionary zoning approach used for key worker housing with current developments at Barangaroo South and Chippendale Brewery is insufficient. In particular, he contended that the requirement of 2.3 per cent of residential gross floor area in Barangaroo South and 2.7-3.1 per cent of costs at the Chippendale Brewery site are not enough. Instead, he drew attention to the Housing Plan for South Australia which requires 15 per cent of new dwellings in major developments to be affordable, with 5 per cent for high needs groups.<sup>925</sup>
- 9.81** However, despite the large number of stakeholders who expressed support for inclusionary zoning, the Housing Industry Association made it clear to the committee that they did not support inclusionary zoning policies. They stated that ‘HIA does not support inclusionary zoning policies or affordable housing quotas being applied through planning policies’.<sup>926</sup>

### **Voluntary planning agreements and developer levies**

- 9.82** Voluntary Planning Agreements are agreements entered into by a planning authority, for example the Department of Planning and Environment, and a developer. Under this type of agreement, a developer can agree to provide or fund affordable housing, usually in exchange for another incentive, such as a density bonus or land contribution. The contribution to affordable housing may be monetary, the dedication of land or the construction of infrastructure.<sup>927</sup>
- 9.83** Voluntary Planning Agreements are provided for under the *Environmental Planning and Assessment Act 1979*. Provisions in this Act outline the rules related to planning agreements, including the form of agreements and notice requirements.<sup>928</sup>
- 9.84** Before discussing Voluntary Planning Agreements in more detail, it is worth noting the overlap between Voluntary Planning Agreements and a number of other mechanisms such as inclusionary zoning and levies on developers. In fact, a number of stakeholders have referred to these policy approaches collectively, as evidenced by some of the points below.
- 9.85** The City of Ryde explained that they have specifically included affordable housing as a potential community benefit that they will accept under their Voluntary Planning Agreements Policy but that at this stage there have been no offers in response.<sup>929</sup>
- 9.86** The Department of Planning and Environment highlighted a new voluntary planning agreement in Leichardt that will allow some affordable housing units to be developed.<sup>930</sup>
- 9.87** Ms Diane Hood, General Manager of Narrabri Shire Council, reflected on voluntary planning agreements and the lack of consistency across the state. She stated:

<sup>925</sup> Submission 34, Mr Alex Greenwich MP, p 5.

<sup>926</sup> Submission 132, Housing Industry Association, p 13.

<sup>927</sup> NSW Department of Planning and Environment, *Voluntary Planning Agreements* (accessed 14 July 2014) < <http://vparegister.planning.nsw.gov.au/>>.

<sup>928</sup> *Environmental Planning and Assessment Act 1979* (NSW), div 6 sub-div 2.

<sup>929</sup> Submission 242, City of Ryde, p 4.

<sup>930</sup> Evidence, Mr McIntyre, 13 March 2014, p 51.

One of the major issues is there is no consistent approach across the State. Some councils are winners, some are losers and it depends on who is dealing with whom. The 'V' stands for voluntary, so sometimes you get different levels of commitment. Planning is apparently working on getting a template together and trying to drive consistency.<sup>931</sup>

- 9.88** The City of Sydney argued that uplifting of property values through urban renewal and zoning provides an opportunity for land dedication or monetary contributions to be secured to deliver affordable housing. They highlighted the examples of New York, London and Vancouver, where percentages are mandated for affordable housing on up zoned land. They also similar approaches with this type of mechanism in South Australia and Western Australia.<sup>932</sup>
- 9.89** There were mixed views about the use of levies for affordable housing. The Combined Pensioners and Superannuants Association of NSW Inc argued that contributions should be collected from developers to be invested in affordable housing, but they contended that the levies should be adjusted if developments are in high value areas that lack affordable housing and that the levies should not increase the cost of housing for lower income people.<sup>933</sup>
- 9.90** Southern Sydney Regional Organisation of Councils noted the use of developer contributions in the redevelopment of the Carlton United Brewery site in the City of Sydney, where the state government negotiated a developer contribution for affordable housing to be developed in a different area.<sup>934</sup>
- 9.91** Ms Hill of the Planning Institute of Australia cautioned the committee that the imposition of levies should not negatively influence supply. She stated that 'it is really important that it does not hinder the outcome of development or reduce supply'.<sup>935</sup>
- 9.92** The Housing Industry Association also raised some concerns about the use of quotas and levies, arguing that social, public and affordable housing should be a whole of community responsibility as it is housing for the public benefit.<sup>936</sup> In their submission, they warned that 'if a levy is applied, it will be passed on to new home purchasers who will ultimately bear the costs'.<sup>937</sup>
- 9.93** By contrast, the Committee of Sydney acknowledged concerns that a levy on developers may add to the cost of housing and reduce delivery but they argued that developers have always been willing to pay their share of infrastructure costs. They argued that the key is to ensure that social and affordable housing is considered as infrastructure:

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<sup>931</sup> Evidence, Ms Dianne Hood, General Manager, Narrabri Shire Council, 20 May 2014, p 17.

<sup>932</sup> Submission 241, City of Sydney, p 35.

<sup>933</sup> Submission 188, Combined Pensioners and Superannuants Association of NSW Inc, p 20.

<sup>934</sup> Submission 152, Southern Sydney Regional Organisation of Councils, p 9.

<sup>935</sup> Evidence, Ms Hill, 12 May 2014, p 6.

<sup>936</sup> Evidence, Ms Brookfield, 12 May 2014, p 28.

<sup>937</sup> Submission 132, Housing Industry Association, p 13.



The issue here is to ensure that social and affordable housing are counted as necessary infrastructure in a well-balanced city but that an obligation to contribute to this 'infrastructure' doesn't come on top of all the other 'developer contributions'.<sup>938</sup>

- 9.94** The City of Sydney pointed to international cases that they said demonstrated affordable housing contributions can deliver promising outcomes in comparison to voluntary schemes based on incentives and concessions, like voluntary planning agreements. They advocated for an affordable housing levy to be applied, based on success they have experienced with affordable housing programs in Green Square and Ultimo-Pyrmont. They highlighted the value of these schemes by outlining that they have resulted in the developed on 548 affordable housing units since the early 90's. They note that the proposed amendments to the Planning Bill 2013 will help to facilitate affordable housing contribution schemes.<sup>939</sup>

### **Minimum lot sizes**

- 9.95** Throughout this inquiry, the committed explored the issue of lot sizes and whether reducing the minimum lot size would boost housing supply and increase affordability.
- 9.96** When asked for his view about abolishing minimum lot sizes, Mr Bradbery, Lord Mayor of Wollongong City Council, acknowledged that this may be inevitable because 'we are not getting much in terms of expansion of infrastructure funds...or infill'.<sup>940</sup> Similarly, the Planning Institute of Australia expressed the view that some flexibility is needed in relation to lot sizes.<sup>941</sup>
- 9.97** Dr Tim Williams from the Committee for Sydney expressed a similar view and argued that there is over regulation of lot sizes and that there should be no minimum standard for lot sizes.<sup>942</sup>
- 9.98** Dubbo City Council and Port Macquarie Hastings Council pointed out that some councils' have removed minimum allotment sizes in their residential areas.<sup>943</sup> However, Dubbo City Council stated that they were not sure this was the solution to increasing housing supply. They raised the concern that in certain areas, despite having a lower minimum lot size, the demand is still for larger lot sizes and that this is what drives the market.<sup>944</sup>
- 9.99** The Combined Pensioners and Superannuants Association of NSW Inc noted that when lot sizes are considered, the Livable Housing Design Guidelines must be taken into account as

<sup>938</sup> Submission 206, Committee for Sydney, pp 13-14.

<sup>939</sup> Submission 241, City of Sydney, pp 33-34.

<sup>940</sup> Evidence, Mr Bradbery, 1 May 2014, p 8.

<sup>941</sup> Evidence, Mr Stephen Barr, Director, Monteath and Powys, member of Planning Institute of Australia, 12 May 2014, p 3.

<sup>942</sup> Evidence, Dr Tim Williams, Chief Executive Officer, Committee for Sydney, 12 March 2014, p 4.

<sup>943</sup> Evidence, Ms Melissa Watkins, Director, Environmental Services, Dubbo City Council, 21 May 2014, p 4; Submission 58, Port Macquarie Hastings Council, p 28.

<sup>944</sup> Evidence, Ms Watkins, 21 May 2014, p 4.

these guidelines specify standard space ratios to promote accessible housing.<sup>945</sup> These guidelines are discussed further in Chapter 8.

### **Committee comment**

- 9.100** The Department of Planning and Environment has a pivotal role in developing and leading strategies to bolster the supply of all housing, particularly given the pressures being experienced with social housing, coupled with the shortage of affordable housing for very low, low and moderate income household. It is clear that more work is needed in this area, both at a state and local level.
- 9.101** The committee was concerned about the role and outcomes of the Affordable Housing Taskforce. On face value, it appears an appropriate vehicle for consulting with stakeholders and driving the growth of affordable housing at a state and local level; however, we are not clear as to extent of its role or what outcomes it has achieved since being established in 2011. Clearly, it could play a significant role in co-ordinating state and local affordable housing policies and given this, it is our recommendation that the Department of Planning and Environment review the Affordable Housing Taskforce's terms of reference in light of the recommendations of this report, and publish on its website information on the taskforce's work to date.
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### **Recommendation 28**

That the Department of Planning and Environment review the Affordable Housing Taskforce's terms of reference in light of the recommendations of this report, and publish on its website information on the taskforce's work to date.

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- 9.102** The committee acknowledges the impact planning policies and mechanisms can have on the development of affordable housing. Whilst we believe a broad strategic direction is needed at the state level, we acknowledge that local approaches must be flexible and tailored to suit regional and local differences. We firmly believe that state and local policies can align without compromising the flexibility required at the local level.
- 9.103** We believe that many planning instruments need to be reviewed, so that they can help to influence the growth of social and affordable housing. This extends to state planning policies, local environment plans, regional plans and local growth plans. The committee believes that the NSW Department of Planning and Environment must lead, co-ordinate and support this process, so that planning instruments across the state and local level all help to boost the supply of social and affordable housing in this state. Accordingly, we recommend that the Department of Planning and Environment co-ordinate and manage a review of all state planning policies, regional plans and local environment plans, to ensure that they promote growth of social, public and affordable housing.

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<sup>945</sup> Answers to questions on notice, Combined Pensioners and Superannuants Association of NSW Inc, 25 June 2014, p 3.

**Recommendation 29**

That the Department of Planning and Environment co-ordinate and manage a review of state planning policies, regional plans and local environment plans, to ensure that they promote growth of social, public and affordable housing.

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- 9.104** We believe that each local council should consider affordable housing requirements and develop an appropriate strategy is required. Some councils will require greater support with this task, and for those councils, there must be measures in place to share expertise and resources. In addition, critical pathways must be provided to local councils to help support them to achieve the targets set. Hence, we recommend that the Department of Planning and Environment ensure each local council has considered having an affordable housing strategy in place, including affordable housing targets, by 1 September 2016, and further, that they develop critical pathways to enable local councils to achieve these targets.
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**Recommendation 30**

That the Department of Planning and Environment ensure each local council has considered having an affordable housing strategy in place, including affordable housing targets, by 1 September 2016, and further, that they develop critical pathways to enable local councils to achieve these targets.

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- 9.105** In addition to setting targets at a local level, the committee believes that broader targets are also needed, to drive the development of affordable housing and to demonstrate a commitment to addressing the lack of affordable housing for low and moderate income households. We feel that the state government should incorporate targets through the state planning framework, such as the state planning policy. Regional or local plans should also include targets, with these being flexible and tailored to meet regional and local needs. We encourage the state government to work collaboratively with the regions and local councils to develop these targets, with the understanding that a joint commitment is necessary for the achievement of such outcomes. Accordingly, we recommend that the Department of Planning and Environment set affordable housing targets at the state and regional level.
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**Recommendation 31**

That the Department of Planning and Environment set affordable housing targets at the state and regional level.

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- 9.106** In the committee's opinion, inclusionary zoning, voluntary planning agreements and an affordable housing levy may offer promising outcomes in terms of helping to facilitate the growth in the supply of affordable housing, both at a local and state level. We believe that interstate and overseas success with some of these approaches highlights the role they can play in addressing the shortages of affordable housing we are currently experiencing. We recommend that the Department of Planning and Environment investigate planning mechanisms to promote growth in the supply of affordable housing, such as inclusionary zoning, voluntary planning agreements and developer levies.
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**Recommendation 32**

That the Department of Planning and Environment investigate planning mechanisms to promote growth in the supply of affordable housing, such as inclusionary zoning, voluntary planning agreements and developer levies.

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## Chapter 10 The way forward

In this final chapter, we consider the need for strategic direction and leadership in providing social, public and affordable housing. We examine the lack of a strategic policy or framework for social housing, yet the need for clear direction and purpose to effectively address the challenges that lie ahead. In addition, we consider the need for a Minister for Housing, a role that can drive, lead and influence the future of social, public and affordable housing.

We also discuss strategies to help address the demand for and shortage of housing, including social benefit bonds, shared equity schemes and funding arrangements.

### The future direction of social, public and affordable housing

- 10.1** A key theme that emerged from this inquiry was the lack of vision for the future direction of social, public and affordable housing in New South Wales. Many participants expressed concern that there is not an overarching social housing policy, nor a dedicated housing minister, particularly given the importance of housing for individuals, families and households, both in terms of providing stability and security, and in promoting positive social outcomes.
- 10.2** On this issue, a number of stakeholders argued that the objectives of social housing are not clear and that this should be considered when determining the future direction of housing in New South Wales.

#### A strategic social housing policy

- 10.3** A number of recommendations in the Auditor-General's report focused on the need for the NSW Government to have direction and strategy for social housing. In particular, it was recommended that, by December 2013, the Department of Family and Community Services develop a social housing policy that aligns tenant management with emerging client need. On a broader level, the Auditor-General stated that the government should develop a clear direction for a sustainable social housing sector, one that can function within the available funding framework. According to the Auditor-General's report, this direction should address the role and challenges of public housing, the strategic objectives and the roles, responsibilities and accountabilities of Housing NSW and the Land and Housing Corporation (LAHC).<sup>946</sup>
- 10.4** The committee questioned representatives from Housing NSW and LAHC about the development of a social housing policy, with particular interest in the expected timeframe for completion. Mr Mike Allen, Chief Executive, Housing NSW, informed the committee that:

The recommendations from the Auditor-General's report are all being actively worked on and there has been quite significant progress in the implementation of those recommendations. But I think the members present would appreciate that a social housing policy is a very significant piece of policy. It is something that needs very careful and considered thought, as well as the development and the overview of what might be happening in other places. It needs a level of research. I cannot comment

<sup>946</sup> NSW Auditor-General, *Making the best use of public housing*, Audit Office of NSW, July 2013, p 5.

more specifically because it is actively under the consideration of the Government as I understand it.<sup>947</sup>

- 10.5** At a later hearing, the committee revisited this issue with the department to clarify what changes the policy will bring and when it can expect to be finalised. In response to a question on notice, the Department of Family and Community Services stated:

The NSW Government is developing its social housing priorities which will determine the response to the Auditor-General's report, 'Making the best use of public housing'. A number of key strategies, including managing the portfolio, estates and policies related to social housing, will fall out of these priorities.

FACS is currently finalising its response to the Auditor-General on the recommendations arising from the 'Making the best use of public housing' report, which is due later this year. Once finalised, FACS will provide a response to the Committee.<sup>948</sup>

- 10.6** The Council of Social Services of NSW (NCOSS) noted that the development of a social housing policy, amongst other recommended policies, has not been delivered by the timeframe specified in the Auditor-General's report. They stated that:

NCOSS believes it would be useful for the Committee to identify and take stock of follow up action by the Government on the recommendations contained in the report. In particular we note that the sector has yet to see any formal response on what we consider to be the 3 key recommendations made by the Audit Office.<sup>949</sup>

- 10.7** Ms Alison Peters, Chief Executive Officer of NCOSS, underscored the need for a policy and noted that as of March 2014 NCOSS had not been consulted on the prospective policy. She commented:

...there are many issues across the housing policy issue, if you like. Even if we may disagree about elements of it, having a clear framework from Government at least helps us understand how we might contribute, where we might usefully contribute and provide the feedback that we think Government genuinely wants from organisations like NCOSS and our member organisations. Understanding that framework and how it links in with other elements of Government thinking and policy is certainly a key important first step for us. We have been advised that the Government is working on this. We also do not have a clear time frame or understanding about when we might be engaged in discussions with them about it.<sup>950</sup>

- 10.8** The NSW Federation of Housing Associations expressed the view that there has been a lack of direction for too long, and a clear direction is long overdue. In their submission, they stated:

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<sup>947</sup> Evidence, Mr Mike Allen, Chief Executive, Housing NSW, 13 March 2014, p 36.

<sup>948</sup> Answers to supplementary questions, Department of Family and Community Services, 1 July 2014, p 1.

<sup>949</sup> Submission 126, Council of Social Service of NSW (NCOSS), p 4.

<sup>950</sup> Evidence, Ms Alison Peters, Chief Executive Officer, Council of Social Service New South Wales, 13 March 2014, p 60.

At the moment, NSW policy development in the area of social and affordable housing could be best described as being in a prolonged “period of review”, in which policy directions for social housing are under consideration. Since the expiry of Planning for the Future and the completion of the NSW Property Transfer Program there have been no clear policy directions regarding the future of community and public housing in the state.<sup>951</sup>

**10.9** St George Community Housing called for housing to be a priority for all government departments: ‘We want Government to make housing strategy a priority for all Government departments, to ensure an integrated planning and delivery approach’.<sup>952</sup>

**10.10** National Disability Services argued that now is the time for the government to adopt a strategic approach, particularly following the findings in the Auditor-General’s Report:

These key findings...strengthen the case for the NSW Government to take a prompt, well-considered and strategic approach to begin addressing the issues currently plaguing the NSW housing system.<sup>953</sup>

**10.11** Hands off Glebe Inc, a community association, argued that the state government must demonstrate leadership in housing policy:

The NSW Government must take a leadership role in developing a systemic approach to housing policy, setting clear principles and objectives to achieve its goals. We need a public conversation about who wins and loses from current policy, and how to create a fairer playing field.<sup>954</sup>

**10.12** Ms Jenny Rudolph, from Elton Consulting, a member of the Planning Institute of Australia, advocated the development of a national and state housing policy:

We believe that a coherent national housing policy should be delivered but, more importantly, the New South Wales Government should deliver a housing policy that is sound with evidence and clearly identifies the demand and supply aspects across affordable housing in New South Wales...If the inquiry results in a new policy framework in New South Wales—we believe a new one is required, linked to policy and planning reforms—we would like the policy to focus on linkages, not just on affordable housing and social housing but also access to local jobs and services, as well as to public transport.<sup>955</sup>

**10.13** Further, National Disability Services explained that any policy needs to be integrated to ensure disadvantaged people are supported. They stated that ‘NSW is in need of a more appropriate and integrated housing policy to allow the state to better support its most vulnerable citizens’.<sup>956</sup>

<sup>951</sup> Submission 131, NSW Federation of Housing Associations, p 35.

<sup>952</sup> Submission 71, St George Community Housing, p 3

<sup>953</sup> Submission 125, National Disability Services, p 3.

<sup>954</sup> Submission 51, Hands off Glebe Inc, p 5.

<sup>955</sup> Evidence, Ms Jenny Rudolph, Director, Elton Consulting, Planning Institute of Australia, 12 May 2014, p 2.

<sup>956</sup> Submission 125, National Disability Services, p 3.

- 10.14** In terms of the direction of the policy, the NSW Federation of Housing Associations noted that the *Report on Government Services (2014)* has provided some indication of the approach the NSW Government intends to take in the policy. They explained:

The most recent Report on Government Services includes a statement from the NSW Government which gives some indication of the policy under development. It states that the new policy approach for social housing which is currently being developed will focus on “breaking the cycle of disadvantage ... through service integration, mutual obligation and greater non-government leadership.” It further states that the NSW Government is “building a flexible and responsive community housing sector that is well-integrated into the broader NSW social housing system and is capable of providing an increased supply of affordable housing.”<sup>957</sup>

- 10.15** The City of Sydney asserted that any housing policy must recognise that the private market alone will not meet the housing needs of all sectors of society. They stated that the policy must recognise:

...that a sustainable supply of social and affordable housing is necessary to meet the needs of lower income earners in the inner city, and socio-economic diversity across the City is essential to its social and economic sustainability. The collaboration must begin now to prevent a future of entrenched intergenerational inequality and the inevitable adverse economic and social impacts.<sup>958</sup>

- 10.16** Other participants in this inquiry argued that the delivery of a social housing policy is particularly important for community housing providers, who want to understand the role they can play and what plans they can make for the future. The Australasian Housing Institute summed this issue up by stating to the committee that:

While the AHI does not wish to advocate for or against the number of transfers of public housing to the community sector management or ownership, we do wish to advocate for a clear direction from the NSW Government in relation to this issue. Our members have consistently expressed their frustration in the lack of a clear vision and direction for social housing delivery in NSW.<sup>959</sup>

- 10.17** On a similar note, the NSW Federation of Housing Associations stated that the community housing sector needs to know the government’s plans for social housing and should be engaged in discussions on the strategy. They commented:

Alongside the Social Housing Policy, the NSW Government needs to engage with community housing providers on the future of the social housing portfolio. As community housing providers already manage a proportion of the social housing portfolio, and aim to manage a greater proportion in the future, the government’s plans for the portfolio are highly important to community housing providers. For meaningful discussion to take place, it is necessary to release the Portfolio Strategy, which is under development within FACS. The Federation seeks to engage with the Department on this strategy, and to ensure that it supports the growth and further diversification of community housing.<sup>960</sup>

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<sup>957</sup> Submission 131, NSW Federation of Housing Associations, p 36.

<sup>958</sup> Submission 241, City of Sydney, p ii.

<sup>959</sup> Submission 107, Australasian Housing Institute, p 3.

<sup>960</sup> Submission 131, NSW Federation of Housing Associations, p 36.



- 10.18** In addition, Pacific Link Housing Limited argued that ‘currently there is a lack of clarity on the future growth, delivery, funding and asset holding of the NSW social housing system’ and called for the government to better align planning approaches with housing policy.<sup>961</sup>

### Clarifying the objectives of social housing

- 10.19** Linked to the need for a strategic social housing policy is the need for clarity in terms of the objectives of social housing. In arriving at a strategic social housing policy, several participants suggested that the role of social housing must be made clear, particularly in the context of whether people are expected to transition along the ‘housing continuum’, from social housing towards renting in the private market and home ownership.
- 10.20** Although the legislative objectives of public housing are outlined in the *Housing Act 2001*,<sup>962</sup> the committee noted that the average length of tenancy in public housing is now over 11 years, with Mr Mike Allen, Chief Executive of Housing NSW, acknowledging that ‘clearly this is at odds with the objective of social housing being a safety net and providing support only when most needed and only for the duration of that need’.<sup>963</sup>
- 10.21** Compass Housing Services Co Ltd stated that the government should clarify their vision for public housing, arguing that it has been unclear for some time:

...in our view what is required of government is innovation and clarity of purpose more than extra resources...Greater clarity from government about their vision for public housing, the future of the stock currently under the management of the Department of Housing and their objectives in relation to the existing and future tenants of public housing. There has been some silence on these issues since 2011 though in reality no recent state government has had a clear vision about the role they say public housing playing in the overall housing system or the contribution they think public housing makes to the lives of its tenants.<sup>964</sup>

- 10.22** Further to this point, Compass Housing Services Co Ltd reiterated the question that:

Is it [public housing] for the very poor and needy and for the long term – in some cases this means consecutive generations of families – or is meant to be a short term support enabling tenants to subsequently access other forms of housing and ‘staircase’ out of public housing into for example shared equity, private rented or indeed homeownership?<sup>965</sup>

- 10.23** The Committee for Sydney raised a similar point to Compass Housing Services Co Ltd by stating:

We ... need to come to a view as to the purpose of public housing as currently provided, what alternatives there are to the way it is provided – and to whom – and what policies or actions are we adopting to ensure that tenants currently in public

<sup>961</sup> Submission 4, Pacific Link Housing Limited, p 4.

<sup>962</sup> *Housing Act 2001* s 5.

<sup>963</sup> Evidence, Mr Allen, 13 March 2014, p 29.

<sup>964</sup> Submission 38, Compass Housing Services Co Ltd, p 2.

<sup>965</sup> Submission 38, Compass Housing Services Co Ltd, p 2.

housing are enabled to transition into other tenures along the 'housing continuum' (such as into affordable private rental, shared equity and perhaps ownership over time) as appropriate. We stress that the NSW Government needs a clear vision for the future of public housing and the tenants now in it.<sup>966</sup>

- 10.24** Unions NSW took the view that the goal should be to move on from social housing through the housing system towards home ownership:

As a society we have tended to just look in the silos. We have public housing, rental housing, people with equity in their housing and people with mortgages, et cetera, whereas it is a question of how people get into the housing market in the first place and then progress to that stage where they have home ownership. Not everyone is going to be able to do that but it is certainly a target or a value we should be seeking to achieve.<sup>967</sup>

- 10.25** It was suggested that the need for vision extends beyond New South Wales and is currently being debated at a federal and international level. Mr Peter McNamara, Vice President of the NSW State Council, St Vincent de Paul Society of NSW, asked in evidence:

What is the Government's vision for public housing and the future of tenants in it? It is a big international question; it is not just a question for Australia or New South Wales. I think there is lots of confusion now...I think there is a really big public policy question about what is it for and who is it for.<sup>968</sup>

- 10.26** In essence, the issue being faced by the NSW Government, as argued by a number of stakeholders, is whether social housing, and in particular public housing, is for the most vulnerable and disadvantaged members of the community, or whether it is part of a journey along the 'housing continuum', and a component of the overall housing system that can provide support and capacity for people to move to renting privately or buying a home on their own. The Committee for Sydney summarised the relevance of this issue by stating:

Is public housing a destiny – where the cycle of dependency is reinforced and disadvantage is concentrated in a highly residualised population – or is it part of a journey along the 'housing continuum' which can break the cycle and de-concentrate disadvantage?<sup>969</sup>

### **A Minister for Housing?**

- 10.27** An issue that arose during this inquiry was whether the government should have a dedicated Housing Minister. A number of participants argued that this is necessary because the housing sector is such a complex, large and important portfolio, and one that is currently facing significant challenges.

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<sup>966</sup> Submission 206, Committee for Sydney, p 3.

<sup>967</sup> Evidence, Mr Mark Lennon, Secretary, Unions NSW, 12 May 2014, p 19.

<sup>968</sup> Evidence, Mr Peter McNamara, Vice President, New South Wales State Council, St Vincent de Paul Society of New South Wales, 12 March 2014, p 2.

<sup>969</sup> Submission 206, Committee for Sydney, p 7.

- 10.28** Mr Brian Murnane, Chief Executive, Amelie Housing, St Vincent de Paul Society of NSW expressed the view that the portfolio for the current Minister for Family and Community Services is too large. He stated:

I am looking at the reality that the Minister is heading up children's services, which is a huge piece of work in its own right; she has taken on the reform of the homeless sector, which is another huge piece of work. If we are ever going to address the issues raised in the Auditor-General's report there needs to be someone in government who is driving the Housing portfolio.<sup>970</sup>

- 10.29** Further, Mr Murnane provided evidence to the committee that:

I think now at least having Community Services, Aboriginal Housing and Housing under one Minister is a good idea as you get co-ordination. The reality is that I think it is just too much work for one Minister. I think housing is a huge problem and it needs a whole co-ordinated approach.<sup>971</sup>

- 10.30** Mr Magnus Linder, Executive Officer from Churches Housing supported this argument, also asserting that a Minister for Housing is required. He advised the committee:

Our increasing concern over the past number of years has been that that portfolio is way too big for one Minister. I know that one of our colleagues, Brian Murnane, put forward a recommendation that there be a junior Minister assisting the Minister for Family and Community Services. We do see it as part of that continuum, and many of the problems are inter-related, and it should not be treated separately, but certainly it would be a wonderful initiative to see the Government appoint a Minister for Housing even if that is a junior portfolio assisting the Minister for Family and Community Services.<sup>972</sup>

- 10.31** Mr Mark Lennon, Secretary of Unions NSW, shared these views and argued that the Housing Minister's role should encompass all types of housing across the spectrum, including social and affordable housing:

I think it needs to be a public social and affordable housing type Minister who will look at a range of options along that line, from public housing through to home ownership and how people can fit in.<sup>973</sup>

### **Improved co-ordination and engagement**

- 10.32** In addition to evidence calling for a Housing Minister, the committee was provided with evidence about the need for improved co-ordination and engagement across the government, private and not-for-profit sector in addressing the challenges of housing affordability and a shortage in social and affordable housing.

- 10.33** A number of inquiry participants advocated for better co-ordination between government agencies. For example, Metro MRC argued that a lack of co-ordination between government

<sup>970</sup> Evidence, Mr Brian Murnane, Chief Executive, St Vincent de Paul Society of NSW, 13 March p 8.

<sup>971</sup> Evidence, Mr Murnane, 13 March p 8.

<sup>972</sup> Evidence, Mr Magnus Linder, Chief Executive Officer, Churches Housing Inc, 30 May 2014, p 21.

<sup>973</sup> Evidence, Mr Lennon, 12 May 2014, p 20.

departments is impacting vulnerable families, with this increasing their ‘disadvantage and social disconnection’. They pointed to the goals included in the State Plan which promote improved co-ordination of government agencies and stakeholders:

...the NSW 2021 State Plan has a number of goals including Goal 13 to ‘Better protect the most vulnerable members of our community and break the cycle of disadvantage’. The strategy identified to achieve this is ‘improving coordination across government agencies and key community stakeholders in child, youth and family networks to deliver flexible, accessible and responsive services to vulnerable children, young people and families’. The frustration of workers on the ground is that this collaboration is not happening, and instead there are conflicting policies, lack of coordination between government departments and the discrepancy between the rhetoric and what actually happens. This in turn is not supporting vulnerable families but further increasing their disadvantage and social disconnection.<sup>974</sup>

- 10.34** St George Community Housing supported a whole of government approach in building a responsive and integrated housing system for the future and suggested agency accountabilities be incorporated into the State Plan:

While the administrative joining of housing and support within the Department of Family and Community Services is a great step forward, more work is needed to reduce the silo thinking....Homelessness, disability service, community housing and aged care not-for-profit organisations need to keep pace with the move to co-ordinate within Government. The State Plan should include cross agency accountabilities of all relevant agencies to plan for and deliver strategies that directly impact on infrastructure, housing supply and housing assistance or support. This whole of government approach is vital in building a responsive and integrated housing system for the future.<sup>975</sup>

- 10.35** Mission Australia also called for greater co-ordination of government agencies, along with ‘harmonisation of housing policy and regulation across the country’. They argued that this is necessary to instil confidence in the sector.<sup>976</sup>
- 10.36** The Housing Alliance expressed a similar view, arguing that a ‘siloed’ approach should be avoided. They supported improved co-ordination and integration of government agencies to achieve a ‘whole of government’ approach to reforming the housing system.<sup>977</sup>
- 10.37** In their submission, Youth Action New South Wales stated that improved service provision could occur if there is greater collaboration between government agencies, for example, with education, employment, health and housing services. They supported collaborative projects, such as co-locating housing assistance with other services, for example, Centrelink assistance, to establish improved co-ordination.<sup>978</sup>
- 10.38** National Disability Services argued that a whole of government approach is necessary to provide a more effective response to people with disability in social, public and affordable

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<sup>974</sup> Submission 105, Metro MRC, p 8.

<sup>975</sup> Submission 71, St George Community Housing, p 29.

<sup>976</sup> Submission 82, Mission Australia, p 12.

<sup>977</sup> Submission 74, The Housing Alliance, pp 18-19.

<sup>978</sup> Submission 106, Youth Action New South Wales, p 24.

housing. They acknowledged that the ‘silo’ approach is starting to break down but stated that improved co-ordination ‘is an integral part of providing more equitable social, public and affordable housing for people with a disability’.<sup>979</sup>

- 10.39** St George Community Housing argued that in addition to a whole of government approach, the NSW Government should also work with private organisations: ‘Government cannot solve this issue alone. And nor can one government department or function adequately address multiple and complex needs’. They recommended that new delivery structures be put in place at the district level and that co-ordinated bodies be established that ‘span the public, not for profit and in some cases, the private sector’.<sup>980</sup>
- 10.40** A number of inquiry participants also called for improved co-operation between government agencies and community housing providers, with St Vincent de Paul Society NSW calling for an advisory committee to be established to assist the government to develop an effective plan for the housing industry.<sup>981</sup>
- 10.41** Similarly, the NSW Federation of Housing Associations advised that the state government would benefit from a ministerial advisory council on community housing. They envisaged that the role of the council would be to provide advice to the Minister about the strategic direction for the sector. In response to a question the committee placed on notice, the Federation expanded on their view of this role:

While the Minister responsible for housing would appoint the members of the Council, the Council’s advice would also be relevant to Ministers responsible for planning, disability and health as well as central agencies such as treasury. The Council would have a role in advising Cabinet on the role of housing in relation to these portfolio areas and specifically the relevance of community housing’s strategic directions to mitigating the effects of housing unaffordability.<sup>982</sup>

- 10.42** In terms of the membership of the advisory council, inquiry participants suggested a wide range of representatives from the community housing sector and representatives from other industries, including finance, building and development, superannuation, disability, business services, urban development and planning, local government authorities, churches and aged care, as well as academics with relevant areas of expertise.<sup>983</sup>

## Funding and investment

- 10.43** This section will look closely at funding partnerships and investment strategies that may assist in addressing the shortage of social and affordable housing in New South Wales. The National Rental Affordability Scheme will be explored, as well as the impact its discontinuation will have on stakeholders and the sector. In addition, the committee will consider the status and adequacy of current national funding partnership agreements.

<sup>979</sup> Submission 125, National Disability Services, p 8.

<sup>980</sup> Submission 71, St George Community Housing, p 30.

<sup>981</sup> Submission 144, St Vincent de Paul Society NSW, p 21.

<sup>982</sup> Answers to questions on notice, NSW Federation of Housing Associations, 10 April 2014, pp 2-3.

<sup>983</sup> Answers to questions on notice, NSW Federation of Housing Associations, 10 April 2014, pp 2-3.

### The National Rental Affordability Scheme

**10.44** The National Rental Affordability Scheme (NRAS) was a partnership between the Australian Government and the states and territories to invest in affordable rental housing. The scheme commenced in 2008 and included five open calls for applications for allocation of NRAS incentives.

**10.45** During this inquiry, the committee learnt of the Australian Government's announcement that it would not proceed with the fifth round of incentives under NRAS. In the 2014-15 Budget paper the Australian Government stated:

The Government will achieve savings of \$235.2 million over three years by not proceeding with Round 5 of the *National Rental Affordability Scheme* (NRAS). Funding for incentives from earlier rounds that are uncontracted or not used within agreed timeframes will be returned to the Budget. Funding for tenanted NRAS properties is not affected.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.<sup>984</sup>

**10.46** Before looking at the impact of this announcement, it is important to consider how NRAS operated and the benefits of the scheme. Essentially, NRAS offered financial incentives to those that built and rented dwellings to low and moderate income households at a rate at least 20 per cent below the market value.<sup>985</sup>

**10.47** The scheme aimed to encourage medium to large scale investment in affordable housing, which meant NRAS funding was not generally available for small scale, private or individual investors. Successful NRAS applicants were mostly property developers, not for profit organisations and community housing providers.<sup>986</sup>

**10.48** The NSW Federation of Housing Associations, in their submission, explained how NRAS operates:

The NRAS is a 10-year subsidy that just basically covers the gap between what the market rent would be and what the tenants can afford to pay. So it covers the discount. For community housing providers, because of the way organisations package up the projects and because of their not-for-profit status, they are able to retain if not all then at least a proportion of the properties that are generated in perpetuity. On the private sector model those properties pretty much roll over after 10 years.<sup>987</sup>

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<sup>984</sup> Australian Government, *Budget 2014-15*, (accessed 18 July 2014), <[http://www.budget.gov.au/2014-15/content/bp2/html/bp2\\_expense-21.htm](http://www.budget.gov.au/2014-15/content/bp2/html/bp2_expense-21.htm)>.

<sup>985</sup> Department of Social Services, *National Rental Affordability Scheme*, (accessed 18 July 2014), <<http://www.dss.gov.au/our-responsibilities/housing-support/programs-services/national-rental-affordability-scheme>>.

<sup>986</sup> Department of Social Services, *About the National Rental Affordability Scheme*, (accessed 18 July 2014), <<http://www.dss.gov.au/our-responsibilities/housing-support/programs-services/national-rental-affordability-scheme/about-the-national-rental-affordability-scheme-nras>>.

<sup>987</sup> Evidence, Dr Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations, 13 March 2014, p 13.

**10.49** The Federation also provided evidence that as at June 2013, over 38,000 incentives had been awarded, with 61 per cent of allocations to endorsed charities, many that are community housing providers.<sup>988</sup>

**10.50** Further, the Federation observed that NRAS has assisted greatly with the growth and development of affordable housing in the community housing sector:

The majority of affordable housing dwellings managed by community housing providers in NSW have NRAS incentives attached and are managed in accordance with the NRAS Guidelines and the NSW Affordable Housing Guidelines produced by the Centre for Affordable Housing.<sup>989</sup>

**10.51** This view was supported by St George Community Housing, as they informed the committee about the role NRAS plays in helping to address the need for affordable rental accommodation for those that just miss out on being eligible for social housing. Ms Nazha Saad, Chief Executive Officer, stated:

What is happening is, there is a race to the bottom at the moment. The way that the system is now running, is that people have to demonstrate the most need in order to get on to the waiting list. And there is a whole group in the middle that cannot afford to own their own home and cannot find rental accommodation and that is what NRAS is trying to pick up. If we do not pick those people up, there will be a race to the bottom. We have countless examples of people that have come looking for social housing and they earn a little bit over.<sup>990</sup>

**10.52** The committees call for submissions for this inquiry closed prior to the Australian Government's announcement that NRAS would be discontinued. This meant that a number of participants contended, prior to the Australian Government's announcement, that NRAS should have been continued or expanded.<sup>991</sup> The Salvation Army highlighted the significance of the scheme by stating that 'small amounts of assistance, such as what was available under the NRAS scheme, can make the difference in the viability of a project'.<sup>992</sup>

**10.53** Similarly, Mr Chris Lacey, Manager of Operations at The Housing Trust spoke at the public forum at Wollongong and stated 'future funding for a scheme, such as the National Rental Affordability Scheme, is recommended to support the development of more affordable housing'.<sup>993</sup>

**10.54** The Australian Manufacturing Workers Union highlighted the success of NRAS, despite noting low participation rates in New South Wales. They stated:

<sup>988</sup> Submission 131, NSW Federation of Housing Associations, p 41.

<sup>989</sup> Submission 131, NSW Federation of Housing Associations, p 41.

<sup>990</sup> Evidence, Ms Nazha Saad, Chief Executive Officer, St George Community Housing, 12 May 2014, p 42.

<sup>991</sup> Submission 233, Yfoundations, p 16; Evidence, Mr John Nicolades, Chairperson, NSW Federation of Housing Associations, 13 March 2014, p 13; Submission 59, Leichardt Council, p 7; Submission 241, City of Sydney, p 38.

<sup>992</sup> Evidence, Mr Rob Burnelek, General Manager, Salvos Housing, The Salvation Army, 30 May 2014, p 21.

<sup>993</sup> Public Forum, Mr Chris Lacey, 1 May 2014, p 26.

In addition to providing affordable rentals, NRAS, will generate significant economic benefits in the form of employment and government revenue. Consideration of the direct return to government, plus the benefits of economic activity in new housing supply and the positive social policy outcomes delivered by affordable rental housing provides a balanced case that the NRAS represents value for money; yet the level of NSW participation is significantly lower than other states.<sup>994</sup>

**10.55** After the Australian Government announced they were not proceeding with the fifth round of NRAS, the committee took evidence about the impact of this decision on the community housing sector and broader concerns for the supply of housing.

**10.56** Mr Rob Burnelek, General Manager, Salvos Housing, The Salvation Army shared his reaction to the news simply by telling the committee ‘Naturally I am devastated about the loss of NRAS’.<sup>995</sup>

**10.57** His concern was echoed by Mr Magnus Linder, Executive Officer, Churches Housing Inc, who said:

...overall the sector is depressed and devastated with the news of NRAS. We believe that even a very small incentive will have a project that is often doubtful or marginal actually get over the line in terms of that cash flow...It gives an air of a lack of confidence in the sector, particularly where finance and other businesses are involved to fund often multimillion-dollar developments in affordable housing.<sup>996</sup>

**10.58** When the committee asked the Housing Alliance how they were impacted by the announcement, they responded by giving the example of North Coast Community Housing which will now not be able to proceed with the development of 220 additional affordable housing properties for the North Coast community.<sup>997</sup>

### **Current funding partnerships**

**10.59** The National Affordable Housing Agreement (NAHA) is an agreement by the Council of Australian Governments (COAG) that commenced on 1 January 2009. It provided \$6.2 billion worth of housing assistance in the first five years and is supported by the National Partnership Agreements on Homelessness (NPAH) and Remote Indigenous Housing (NPRIH).<sup>998</sup>

**10.60** In a media release on 15 July 2014, it was reported that all Australian states and territories have signed a new National Partnership Agreement on Homelessness for 2014-15.<sup>999</sup>

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<sup>994</sup> Submission 239, Australian Manufacturing Workers Union, p 19.

<sup>995</sup> Evidence, Mr Burnelek, 30 May 2014, p 29.

<sup>996</sup> Evidence, Mr Linder, 30 May 2014, p 30.

<sup>997</sup> Answers to supplementary questions, Housing Alliance, 20 June 2014, pp 1-2.

<sup>998</sup> Submission 75, NSW Government, pp 43-44.

<sup>999</sup> Minister for Social Services, *National Support for Homelessness Agreement*, (accessed 22 July 2014), <<http://kevinandrews.dss.gov.au/media-releases/149>>.



According to the Budget for 2014-15, the Australian Government will provide \$115 million for homelessness services under this Agreement.<sup>1000</sup>

- 10.61** Yfoundations pointed out the importance of these funding arrangements in the sector in terms of boosting investment in housing supply. They commented:

It is crucial that the NSW and Australian Governments maintain their investment in the social housing sector through the National Affordable Housing Agreement. It is understood that investment in the NAHA has significantly declined in real terms... The NSW Government should use ministerial council and COAG processes to lobby the Australian Government to maintain and indeed increase investment in these programs.<sup>1001</sup>

- 10.62** NCOSS acknowledged that New South Wales currently receives \$409 million under the NAHA and \$45 million under NPARIH, however, they asserted that only a small percentage of this is invested in new supply. They noted that the real growth in social housing supply in New South Wales is a result of the Federal Stimulus Package, in which New South Wales received close to \$1.9 billion to build more than 6,000 new homes. NCOSS argued that these funding partnerships should continue, but that the level of funding under NPAH and NAHA should be indexed.<sup>1002</sup>

- 10.63** Shelter NSW insisted that the adequacy of funding arrangements is fundamental for social and affordable housing. They noted that in the past, the states had to match funds provided by the Australian Government, whereas now they have to report on the agreed outcomes under the NAHA. Shelter NSW pointed out that the agreed outcomes are not being achieved, as reported by the COAG Reform Council. They contended that there is a clear need for increased state sourced funding to sustain and grow the social and affordable housing sector.<sup>1003</sup>

### **A growth fund for social and affordable housing**

- 10.64** A number of stakeholders asserted that the NSW Government should provide additional funding for social and affordable housing, by way of a dedicated growth fund.
- 10.65** NCOSS called on the state government to provide a dedicated growth fund of over \$250 million for four years for social and affordable housing, with the 'preference to be given to optimising the value of this funding by dedicating the majority to the community housing industry as part of a planned growth program'.<sup>1004</sup>
- 10.66** This view was supported by the NSW Federation of Housing Associations, who argued that 'community housing providers are well placed to maximise the value of this funding and to

<sup>1000</sup> Australian Government, *Budget 2014-15*, (accessed 22 July 2014), <[http://www.budget.gov.au/2014-15/content/bp2/html/bp2\\_expense-21.htm](http://www.budget.gov.au/2014-15/content/bp2/html/bp2_expense-21.htm)>.

<sup>1001</sup> Submission 233, Yfoundations, p 16.

<sup>1002</sup> Submission 126, Council of Social Services of NSW, p 14.

<sup>1003</sup> Submission 95, Shelter NSW, pp 16-17.

<sup>1004</sup> Submission 131, NSW Federation of Housing Associations, pp 43-44.

continue their role as the growth component of the social housing system'.<sup>1005</sup> Further, at a hearing, Dr Lucy Burgmann, Chief Executive Officer, stated that:

...we are hand in hand with NCOSS...acknowledging that the pressure on the social housing system at the moment, which is really obviously seen in public housing, tells us that the system cannot continue to operate within its current budget. That is not because it is massively inefficient; it is because a decision needs to be made about the level of subsidy that the community is prepared to make to deliver housing affordability for people who need it—so people on low and moderate incomes. For us it is basically seeking additional funding into the housing system.<sup>1006</sup>

**10.67** Dr Burgmann went on to add that the state government should consider affordable housing to be infrastructure, that is, an investment that would provide the government with a return. She stated:

You will have seen in our submission that we consider affordable housing to be critical infrastructure. It is something without which the economy does not work as well as we need it to—a little bit like roads and other services. We think it is an investment that you would see a return on. That is what we are calling for the Government to make.<sup>1007</sup>

**10.68** The St Vincent de Paul Society of NSW also supported the proposal for a growth fund posited by NCOSS but argued that it should complement a Community Housing Social Investment Fund, at a cost of \$20 million, with this funding being offered via a competitive tender process amongst community housing providers.<sup>1008</sup>

### **Funds from the Rental Bond Board**

**10.69** In exploring the issue of funding for social, public and affordable housing, the committee received evidence about the significant amount of money held by the Rental Bond Board, a board managed by NSW Fair Trading that holds bonds lodged by landlords for residential tenancies.

**10.70** In evidence to the committee, Dr Chris Martin, Senior Policy Officer, Tenants Union of NSW, advised the committee that the Rental Bond Board oversees \$1 billion in tenants' money, generating a significant amount of income:

Tenants, of course, lodge bonds with the Rental Bond Board. It has \$1 billion in tenants' money under management. A tiny proportion of that funds the Tenants Union and the Tenants Advice and Advocacy Service. A much larger proportion goes to Fair Trading and to NCAT, the tribunal, and for other government purposes.<sup>1009</sup>

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<sup>1005</sup> Submission 131, NSW Federation of Housing Associations, pp 43-44.

<sup>1006</sup> Evidence, Dr Burgmann, 13 March 2014, p 13.

<sup>1007</sup> Evidence, Dr Burgmann, 13 March 2014, p 13.

<sup>1008</sup> Submission 144, St Vincent de Paul Society of NSW, p 14.

<sup>1009</sup> Evidence, Dr Chris Martin, Senior Policy Officer, Tenants Union of NSW, 12 May 2014, p 51.

**10.71** When the committee asked the Department of Family and Community Services about income generated by the Rental Bond Scheme and whether the funds are contributed to capital and maintenance costs for social housing, Mr Allen replied:

That is probably a question best directed to the Office of Fair Trading. Certainly, some of the interest has been provided from time to time over the years for a variety of housing-related purposes.<sup>1010</sup>

**10.72** During the inquiry, the committee resolved to write to the Commissioner for Fair Trading to seek more information about how the money held by the Rental Bond Board is used. The committee was provided with the following response:

The Board provides...funding to the community-based Tenants' Advice and Advocacy Program and the Government's own tenancy information services...

Previously, the Board has invested funds in:

- co-operative housing societies for the purpose of providing low interest loans to low income earners
- council and community organisations to provide rental accommodation to low income earners
- private shared equity schemes established to assist low income tenants and those on public housing waiting lists to achieve home ownerships.

The Board has also recently commenced grants to the National Rental Affordability Scheme (NRAS), contributing \$1 million in 2010-11 and \$2.5 million in each subsequent year.<sup>1011</sup>

## Social benefit bonds and infrastructure

**10.73** In this section we will discuss the benefits that may be derived from social benefit bonds, their application overseas and the idea of social housing being classed as infrastructure for the purpose of Waratah Bonds.

### Social benefit bonds

**10.74** During this inquiry, the committee explored issues associated with social benefit bonds (also known as social impact bonds) to determine if they may provide an innovative financial mechanism for attracting investment in social and affordable housing. Before looking at social benefit bonds in detail, it is important to distinguish them from Waratah Bonds. Waratah Bonds are currently utilised in New South Wales via the Waratah Bonds Programme which is managed by the NSW Treasury Corporation.<sup>1012</sup> Waratah Bonds are a specific type of bond that funds investment in New South Wales infrastructure and other activities, for example,

<sup>1010</sup> Evidence, Mr Allen, 30 May 2014, p 39.

<sup>1011</sup> Correspondence from Mr Rod Stowe, Commissioner, NSW Fair Trading, to Chair, 31 July 2014, p 1.

<sup>1012</sup> NSW Treasury, *Social Benefit Bonds Trial in NSW* (accessed 10 July 2014) <[http://www.treasury.nsw.gov.au/site\\_plan/social\\_benefit\\_bonds/social\\_benefit\\_bonds\\_trial\\_in\\_nsw\\_FAQs#faq8](http://www.treasury.nsw.gov.au/site_plan/social_benefit_bonds/social_benefit_bonds_trial_in_nsw_FAQs#faq8)>.

investment in major state projects like transport or road upgrades, whereas social benefit bonds focus on investment in a social program or outcome.

**10.75** Although there are variations in the types of social benefit bonds, generally they are recognised as involving these key components:

- investors agreeing to provide upfront funding for a social program
- non-government organisations agreeing to deliver the social program over a period of time
- the government agreeing to repay the initial investment, along with a return, if the program achieves certain outcomes.<sup>1013</sup>

**10.76** UnitingCare CYPF explained that social benefit bonds are financial instruments that pay a return based on the achievement of social outcomes.<sup>1014</sup> Under a bond, investors fund the delivery of services targeted at improving a social outcome, which in turn reduces the need for government funding. A share of the government's savings is used to repay the principal to investors and to pay a return on investment contingent on the change in the outcomes achieved.<sup>1015</sup>

**10.77** It is of note that the NSW Government is currently undertaking a trial of social benefit bonds. The Newpin social benefit bond funds UnitingCare Burnside's New Parent and Infant Network (Newpin) program that provides intensive support to struggling families. In June 2013, Social Ventures Australia, a not-for-profit organisation that helps to generate investment, raised \$7 million to finance the bond. Following this, the NSW Government signed the contract for a second social benefit bond pilot, for a Resilient Families Service to be provided by the Benevolent Society.<sup>1016</sup>

**10.78** These trials were noted by NCOSS<sup>1017</sup> and UnitingCare CYPF, with the latter stating that the use of this type of financial mechanism is expected to deliver long term savings to the government of \$95 million.<sup>1018</sup>

**10.79** At the time of writing this report, the committee noted that there may be a third social benefit bond pilot related to a program to reduce adult reoffending in the criminal justice system.<sup>1019</sup>

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<sup>1013</sup> Lenny Roth, *Social Impact Bonds*, E-Brief, NSW Parliamentary Library Research Service (2011) p 2.

<sup>1014</sup> Submission 235, UnitingCare CYPF, p 49.

<sup>1015</sup> Submission 235, UnitingCare CYPF, p 49.

<sup>1016</sup> NSW Treasury, *Social Benefit Bonds Trial in NSW* (accessed 10 July 2014) <[http://www.treasury.nsw.gov.au/site\\_plan/social\\_benefit\\_bonds/social\\_benefit\\_bonds\\_trial\\_in\\_nsw\\_FAQs#faq8](http://www.treasury.nsw.gov.au/site_plan/social_benefit_bonds/social_benefit_bonds_trial_in_nsw_FAQs#faq8)>.

<sup>1017</sup> Submission 126, Council of Social Service of NSW, p 13.

<sup>1018</sup> Submission 235, UnitingCare CYPF, p 50.

<sup>1019</sup> NSW Treasury, *Social Benefit Bonds Trial in NSW* (accessed 10 July 2014) <[http://www.treasury.nsw.gov.au/site\\_plan/social\\_benefit\\_bonds/social\\_benefit\\_bonds\\_trial\\_in\\_nsw\\_FAQs#faq8](http://www.treasury.nsw.gov.au/site_plan/social_benefit_bonds/social_benefit_bonds_trial_in_nsw_FAQs#faq8)>.

### Social benefit bonds in other jurisdictions

- 10.80** The committee noted that social benefit bonds have been used in a number of other jurisdictions, including in the United Kingdom and the United States of America. Some of these bonds have been used to fund a social program, and others have been utilised to address housing related or homelessness issues.
- 10.81** In the United Kingdom, the government entered into a pilot social impact bond in March 2010. Social Finance UK, a financial intermediary, collected approximately £5 million of funding from seventeen investors for an intervention program for prisoners in Peterborough. Since that trial, over 14 bonds have been developed or are currently operating in the United Kingdom.<sup>1020</sup>
- 10.82** The Committee for Sydney also provided the committee with information about bonds in the United Kingdom and noted that this has attracted investment into affordable and social housing.<sup>1021</sup>
- 10.83** Mission Australia and the Committee for Sydney highlighted the City of London social benefit bond, a bond that allowed private capital to be raised to fund a housing program to help address chronic homelessness.<sup>1022</sup>
- 10.84** UnitingCare CYPF also outlined in their submission examples of the applications of bonds, including in the homelessness sector. They also pointed out that they have been used in Massachusetts to help address chronic homelessness.<sup>1023</sup>
- 10.85** The City Futures Research Centre similarly noted that international jurisdictions have been facilitating affordable housing through the use of housing bonds. They explained to the committee that they had previously developed a proposal for housing supply bonds, which showed how bonds could be tailored to suit different investors.<sup>1024</sup>
- 10.86** On a national level, St George Community Housing highlighted that the Western Australia Government is highly supportive of the use of social bonds. They suggested that the NSW Government partner with Western Australia to consider suitable products.<sup>1025</sup>

### Are social benefit bonds a viable option in New South Wales?

- 10.87** A number of stakeholders supported the use of social benefit bonds in New South Wales and contended that they should be explored and evaluated as a means of financing the social and affordable housing sector.<sup>1026</sup>

<sup>1020</sup> NSW Treasury, *Social Benefit Bonds Trial in NSW* (accessed 10 July 2014) <[http://www.treasury.nsw.gov.au/site\\_plan/social\\_benefit\\_bonds/social\\_benefit\\_bonds\\_trial\\_in\\_nsw\\_FAQs#faq8](http://www.treasury.nsw.gov.au/site_plan/social_benefit_bonds/social_benefit_bonds_trial_in_nsw_FAQs#faq8)>.

<sup>1021</sup> Submission 206, Committee for Sydney, p 18.

<sup>1022</sup> Submission 82, Mission Australia, pp 16-18; Submission 206, Committee for Sydney, p 18.

<sup>1023</sup> Submission 235, UnitingCare CYPF, p 52.

<sup>1024</sup> Submission 114, City Futures Research Centre, p 26.

<sup>1025</sup> Submission 71, St George Community Housing, pp 34-35.

- 10.88** The Salvation Army called for the introduction of social benefit bonds for social housing and suggested that they be targeted to areas of high need, for example crisis and supported housing. They stated that the ‘focus for social benefit bonds should be targeted to areas of high need...where direct intervention can provide long term cost savings to the government’.<sup>1027</sup>
- 10.89** St George Community Housing argued that many community housing providers are well placed to utilise bonds because they can achieve economies of scale. They stated that:
- Bonds would represent a new form of institutional investment in in social and affordable housing in Australia. They would help reduce reliance on other forms of less complex and expensive funding such as bank loans.<sup>1028</sup>
- 10.90** On a similar note, Mission Australia put forward information about their involvement in the Michael Project and Michael’s Intensive Supported Housing Accord, programs that tackle chronic homelessness for men. They suggested that their experience with these programs demonstrates the potential for social benefit bonds to be used in conjunction with their model of service delivery; particularly given that these projects have demonstrated cost savings.<sup>1029</sup>
- 10.91** Despite the interest in social benefit bonds, a few participants cautioned the committee that greater consideration needs to be given to how they operate, how the benefits can be measured and how they are regulated. UnitingCare CYPF suggested that the committee must consider:
- the requirement for social benefit bonds models to have clear definitions and measurement of outcomes
  - whether the direct and indirect benefits that accrue to government can be measured in dollar terms
  - the capacity of government and non-government organisations and whether the capacity can be built to develop outcome based financial arrangements
  - whether requests for proposals are developed in consultation with the providers of housing and associated support services.<sup>1030</sup>
- 10.92** Mission Australia argued that service providers involved in social benefit bonds need to have a strong focus on outcomes and evidence based intervention, clear agreement with government about the service delivery model and outcomes to be measured and strong data collection and reporting.<sup>1031</sup>

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<sup>1026</sup> Submission 84, Hawkesbury City Council, p 5; Submission 71, St George Community Housing, pp 34-35.

<sup>1027</sup> Submission 55, The Salvation Army, p 15.

<sup>1028</sup> Submission 71, St George Community Housing, pp 34-35.

<sup>1029</sup> Submission 82, Mission Australia, pp 16-18.

<sup>1030</sup> Submission 235, UnitingCare CYPF, pp 55-56.

<sup>1031</sup> Submission 82, Mission Australia, pp 16-18.

- 10.93** One submission questioned whether social benefit bonds would provide any benefit over existing mechanisms, although they referred to this in the context of NRAS funding being available.<sup>1032</sup> Professor Scott Holmes and Dr Mark Sargent stated:

It is unclear that the models that have been discussed in the policy process to date will provide any benefit over existing mechanisms, such as the activities of housing co-operatives funded through existing programs, such as NRAS.<sup>1033</sup>

- 10.94** Despite this view, the NSW Federation of Housing Associations argued that bonds should be explored as an option, although they cautioned that ‘there is no silver bullet...no individual initiative will provide the solution to the housing affordability crisis’. They advised the committee that a recent KPMG evaluation of social benefit bonds had concluded that the concept is viable in New South Wales. They also recommended that the NSW Government champion housing supply bonds at the federal level.<sup>1034</sup>

- 10.95** When the committee asked Mr Gary Moore, Chief Executive Officer of Homelessness NSW, about whether social benefit bonds should be used in New South Wales, he stated:

... social impact bonds... generally work well in the prevention area because it is the savings that governments make that pay the investors that put the front-end dosh into it. So I guess in the homelessness area I think yes we should be trying that. I know in the family preservation area both Burnside and the Benevolent Society are both oversubscribed quite strongly. So I think it is worth a go. It is not a magic bullet but it is certainly worth a go.<sup>1035</sup>

- 10.96** In addition, UnitingCare CYPF highlighted that feasibility studies from 2011 showed that social benefit bonds could be an appropriate model of financing, particularly for the homeless sector.<sup>1036</sup>

- 10.97** Unions NSW provided evidence to the committee about the benefit of social benefit bonds. Mr Lennon, Secretary, noted Australian Housing and Urban Research Institute research in this area and contended that super funds could play a role as well.<sup>1037</sup> In terms of how this would operate, he explained:

For superannuation and trustees, our first obligation... is what is known as the sole benefit test. We have to make sure the investments are achieving a suitable return in the members’ interests. Having said that, you always have to have a mix of assets to achieve that return—some in equities, some in bonds, some in cash, et cetera. The third thing is that technically we have to make sure you have sufficient liquidity in the fund so that when people want their money or are retiring we can pay them... You can develop a model such as has been put up by the Housing and Urban Research

<sup>1032</sup> In the 2014-15 Budget, the Australian Government announced that it will not proceed with Round 5 of the National Rental Affordability Scheme. Department of Social Services, *National Rental Affordability Scheme*, (accessed 18 July 2014), < <http://www.dss.gov.au/our-responsibilities/housing-support/programs-services/national-rental-affordability-scheme>>.

<sup>1033</sup> Submission 16, Professor Scott Holmes and Dr Mark Sargent, p 1.

<sup>1034</sup> Submission 131, NSW Federation of Housing Associations, pp 52-53.

<sup>1035</sup> Evidence, Mr Gary Moore, Chief Executive Officer, Homelessness NSW, 12 May 2014, p 62.

<sup>1036</sup> Submission 235, UnitingCare CYPF, p 50.

<sup>1037</sup> Evidence, Mr Lennon, 12 May 2014, p 20.

Institute that looks at fixed interest long-term triple-A rated bond, which means that it would have to be guaranteed for 10 years. It would be appealing to superannuation funds with a return of around 5 or 6 per cent because it would fit into an overall portfolio where you have equity of terms or somewhat higher and you have these 5 to 6 per cent returns around the housing bond.<sup>1038</sup>

- 10.98** The Chief Executive Officer of Shelter NSW, Ms Mary Perkins, informed the committee that they are currently undertaking a report into social impact bonds and benefits that have been derived from their use overseas.<sup>1039</sup>

### **Housing Supply Bonds**

- 10.99** Several stakeholders referred to housing supply bonds in their submission, a specific type of social benefit bond investigated and designed by the Australian Housing and Urban Research Institute. These bonds focus on the investment in affordable housing and in creating additional supply of housing in the sector.

- 10.100** In June 2014, the Australian Housing and Urban Research Institute reported that housing supply bonds could be implemented in Australia with the right approach and that they have been quite successful overseas. They pointed out that:

Housing Supply Bonds are designed to reduce the cost of funding available for community housing providers and thus enhance their capacity to increase the supply of affordable housing.<sup>1040</sup>

- 10.101** The Australian Housing and Urban Research Institute, in their research, also explained that housing supply bonds would need to be a low risk, low yield and long term instrument in order to offer cheap funds for borrowers such as community housing providers. They give three examples of types of housing supply bonds, including the AAA HSB, Tax Smart HSB and the NAHA (National Affordable Housing Agreement) Growth Bond.<sup>1041</sup>

- 10.102** The McKell Institute suggested that the committee look at this research in more detail, particularly in light of the fact that public housing is limited and that Australian Government funding is likely to decline. They informed the committee that a recent Australian Housing and Urban Research Institute report stated:

The HSBs proposed are intended to provide a standardized instrument for retail and institutional investors, to encourage investment in affordable rental housing and to keep at arm's length the respective roles of investor in, and provider of, affordable housing. The bonds are issued by an intermediary, not by individual providers, in order to achieve this standardisation. The funds raised are then on-lent to providers. It is proposed that only regulated providers of publicly approved projects should be able

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<sup>1038</sup> Evidence, Mr Lennon, 12 May 2014, p 23.

<sup>1039</sup> Evidence, Ms Mary Perkins, Chief Executive Officer, Shelter NSW, 13 March 2014, p 27.

<sup>1040</sup> Australian Housing and Urban Research Institute, *How might bond finance expand affordable housing in Australia?* (2014) p 1.

<sup>1041</sup> Australian Housing and Urban Research Institute, *How might bond finance expand affordable housing in Australia?* (2014) p 2.



to apply for finance raised by these bonds to ensure that clearly defined policy targets are met.<sup>1042</sup>

- 10.103** BlueCHP, St George Community Housing and the NSW Federation of Housing Associations also supported the Australian Housing and Urban Research Institute's proposal for a housing supply bond.<sup>1043</sup>
- 10.104** Before housing supply bonds are implemented, the Australian Housing and Urban Research Institute suggested that policy makers need to know whether investors are comfortable with them and if they are cost effective. They also expressed the view that a review of regulatory requirements would be needed.<sup>1044</sup>

### **Social and affordable housing as a form of infrastructure**

- 10.105** Earlier in this chapter we drew a distinction between social benefit bonds and Waratah bonds, explaining that Waratah bonds fund investment in New South Wales infrastructure, whereas social benefit bonds focus on investment in a social program or outcome, for example, programs that address homelessness.
- 10.106** A number of participants provided evidence to the committee that social and affordable housing should be classed as a form of infrastructure, so that proceeds from Waratah Bonds could be used to help address the shortage of social and affordable housing in New South Wales.
- 10.107** St George Community Housing noted that public assets and facilities are a key part of a community and should be treated as infrastructure:

Affordable housing should be similarly treated, because every community needs a workforce of key workers to function well, and this workforce must be housed. Affordable rental housing is considered a determinant of healthy economic growth and forms part of the stock of assets needed to promote the social and economic welfare of the community.<sup>1045</sup>

- 10.108** Ms Peters, Chief Executive Officer of NCOSS, informed the committee that they supported social housing being treated as infrastructure for the purpose of Waratah Bonds. She expressed the view that:

This is an area where we think in a fiscally constrained environment it is something that the Government could usefully look at. We note also that this would allow investment in something that is needed to reduce the costs in other parts of government as we do this, and certainly it is something we think could be usefully investigated by government to address.

<sup>1042</sup> Submission 109, McKell Institute, p 17.

<sup>1043</sup> Submission 199, BlueCHP, p 13; Submission 131, NSW Federation of Housing Associations, p 53; Submission 71, St George Community Housing, pp 34-35.

<sup>1044</sup> Australian Housing and Urban Research Institute, How might bond finance expand affordable housing in Australia? (2014) pp 2-3.

<sup>1045</sup> Submission 71, St George Community Housing, p 23.

We understand, because this is part of our pre-budget submission and we have had discussions with a number of Ministers and, indeed, government agencies about this, that it would require a change of legislation because it is not contemplated within the scheme at the moment. But, again, it is something we think may well be worth looking at to try and provide the capital that would resolve what is for us a quite serious undersupply.<sup>1046</sup>

- 10.109** In support of this view, Shelter NSW also stated that social housing should be treated as infrastructure so that social housing supply can be funded by the proceeds of Waratah Bonds. In their submission, they noted that \$200 million expected to be raised would significantly boost supply of social housing:

With asset sales playing a larger role in funding the Government's overall infrastructure agenda, it is timely to reconsider the role of Waratah Bonds. With the Commonwealth now designating Waratah Bonds as an eligible investment vehicle for approved Significant Investor Visa applicants, the NSW Government is anticipating receiving investments in excess of \$200m from that market alone.

While \$200m could make only a small contribution to the Government's planned investment in new billion dollar rail and road projects, it could make a welcome boost to the supply of the additional social housing that we so badly need.<sup>1047</sup>

- 10.110** At a hearing, Mr Adam Farrar, Senior Policy Officer from Shelter NSW, explained why social housing should be treated as critical infrastructure:

Waratah bonds are there to raise funds and Government borrowing to help fund critical infrastructure. If housing is not to be part of that then we will have a major gap. It is a vehicle which exists so we are not trying to invent new vehicles. It is a vehicle which exists and a proportion of which could be allocated to assist in this critical area.<sup>1048</sup>

- 10.111** The NSW Federation of Housing Associations expressed a similar view to NCOSS and Shelter NSW about support for social housing being treated as infrastructure, pointing out that over \$200 million in investment is likely to be raised via Waratah Bonds.<sup>1049</sup>

## Shared equity schemes

- 10.112** As an increasing number of people are struggling to buy their first home, several stakeholders argued that the NSW Government should explore shared ownership and equity schemes. These types of schemes enable people to purchase a home in partnership with an equity provider, which could be the government, a community housing provider or another organisation.
- 10.113** This type of arrangement enables the person to buy into a home with a lower income or equity than what would be normally required. They are able to occupy the property, but any

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<sup>1046</sup> Evidence, Ms Peters, 13 March 2014, p 67.

<sup>1047</sup> Answers to questions on notice, Shelter NSW, 23 April 2014, pp 1-2.

<sup>1048</sup> Evidence, Mr Adam Farrar, Senior Policy Officer, Shelter NSW, 13 March 2014, p 23.

<sup>1049</sup> Submission 131, NSW Federation of Housing Associations, p 53.

profit or loss from the re-sale of the property is split with the equity provider. This type of scheme was described by Regional Development Australia Sydney as a ‘pathway to home ownership for people on low to moderate incomes taking into consideration the affordability of total housing costs’.<sup>1050</sup>

**10.114** The NSW Federation of Housing Associations reiterated that New South Wales is one of only a few Australian jurisdictions that does not operate a shared equity or ownership scheme.<sup>1051</sup> By contrast, a number of other states and territories, including Western Australia, South Australia and the Australian Capital Territory, have implemented such schemes.

**10.115** The Committee for Sydney also highlighted that New South Wales is one of only a few states that has not promoted a shared equity or ownership product. They stated:

We stress that at the moment the NSW Government is alone among Australian states in not promoting a scheme for shared equity/ownership products targeted either at intermediate renters currently unable to access full homeownership or key workers who also are the focus in some schemes in Australia and internationally of affordable housing products. It also has no coherent view at the moment of the desirability of government supported or enabled affordable housing or whether it wishes to incentivise the private sector to develop a market for these products – or how it might do so. This cannot be right.<sup>1052</sup>

### **Shared equity schemes in other jurisdictions**

**10.116** The committee was provided with information about several equity products operating in other states, including Keystart in Western Australia (also known as SharedStart) and the Australian Capital Territory’s Land Rent scheme, amongst others.

**10.117** At a hearing, the Housing Industry Association provided information to the committee about Keystart in Western Australia. They outlined that this type of shared equity scheme has helped more than 85,000 West Australians to access home ownership.<sup>1053</sup>

**10.118** Further, they highlighted that the main feature of Keystart is that it is a lower deposit scheme, with no mortgage lenders insurance and no monthly account keeping fees. It is regulated by the Corporations Act and Australian Securities and Investments Commission.<sup>1054</sup>

**10.119** At a hearing, Mr Lennon of Unions NSW explained how the Western Australian scheme works:

... the Department of Housing in Western Australia which, let’s say, has a 40 per cent equity share and the home owner buys a remaining share of about 60 per cent. The equity share covers both the land and the house and there are then various models built on that. As I understand it, there is the opportunity to remain in that position or for the home owner, who has the 60 per cent share to, over time, purchase the rest of

<sup>1050</sup> Submission 57, Regional Development Australia Sydney, pp 8-9.

<sup>1051</sup> Submission 131, NSW Federation of Housing Associations, p 56.

<sup>1052</sup> Submission 206, Committee for Sydney, p 12.

<sup>1053</sup> Answers to questions on notice, Housing Industry Association, 17 June 2014, p 1.

<sup>1054</sup> Answers to questions on notice, Housing Industry Association, 17 June 2014, p 1.

the premises from the Government of the day....there are no rents charged but the equity holder, that is the person living in the premises, is responsible for rates, insurance, all maintenance and all other outgoings that occur normally for a home owner.<sup>1055</sup>

- 10.120** Regional Development Australia Sydney pointed out that the Western Australian Government has delivered 11,000 shared equity loans since 1984, and their loan book is currently worth over \$550 million. They noted that these loans are funded through the private sector via the Western Australian Treasury Corporation.<sup>1056</sup>
- 10.121** The McKell Institute contended that this type of scheme enables further development of social and affordable housing. They explained that in Western Australia the government can use capital from the partial sale of the new home to construct additional dwellings, with this stimulating construction in the housing industry.<sup>1057</sup>
- 10.122** The Housing Industry Association also provided information about the Australian Capital Territory's Land Rent Scheme, an initiative that has helped to boost home ownership. According to the Housing Industry Association, this scheme reduces entry costs and mortgage payments for home owners as a person buys the house but rents the land from the government, rather than buying the land outright. The aim of the program is that the person will save to eventually buy the land off the government.<sup>1058</sup>
- 10.123** Mr Linder, from Churches Housing Inc, also stated that South Australia has implemented a shared equity scheme with very little cost to the government.<sup>1059</sup> Mr Linder pointed out that the South Australian Government had a default rate of less than 0.1 per cent, which he said was 'far better than all of the major banks'.<sup>1060</sup> Similarly, the Housing Industry Association said that the Western Australian Keystart scheme had a low default rate, between 0.25 per cent and 0.5 per cent.<sup>1061</sup>
- 10.124** The success of the schemes in Western Australia and South Australia was noted by Churches Housing in their submission, particularly in relation to the low default rate, with it being contended that many people participating in the scheme treat it 'very seriously as an opportunity ...that they would not have had'.<sup>1062</sup>
- 10.125** The committee was also informed that shared equity schemes have had success overseas, with many developed in the United Kingdom and United States of America as an alternative to either renting or purchasing a home.<sup>1063</sup>

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<sup>1055</sup> Evidence, Mr Lennon, 12 May 2014, pp 19-20.

<sup>1056</sup> Submission 57, Regional Development Australia Sydney, pp 8-9.

<sup>1057</sup> Submission 109, McKell Institute, p 16.

<sup>1058</sup> Answers to questions on notice, Housing Industry Association, 17 June 2014, p 2.

<sup>1059</sup> Evidence, Mr Linder, 30 May 2014, p 22.

<sup>1060</sup> Evidence, Mr Linder, 30 May 2014, p 22.

<sup>1061</sup> Answers to questions on notice, Housing Industry Association, 17 June 2014, p 1.

<sup>1062</sup> Evidence, Mr Linder, 30 May 2014, p 22.

<sup>1063</sup> Submission 57, Regional Development Australia Sydney, pp 8-9.

**Are shared equity schemes a viable option in NSW?**

**10.126** In 2012, Regional Development Australia Sydney held a housing affordability workshop, with a key theme being shared equity ownership products. A number of community housing providers and government representatives attended this forum.

**10.127** Following this, and over the last two years, Regional Development Australia Sydney facilitated a Shared Equity Scheme Working Group with the aim of developing a business model for a shared equity scheme for low to moderate income earners in New South Wales. A number of key agencies participate in this group, including Shelter NSW, NCOSS, the Western Sydney Community Forum, the NSW Federation of Housing Associations and the University of Western Sydney. Various community housing providers also attend, including St George Community Housing, Evolve Community Housing, Link Community Housing, Argyle Community Housing and Wentworth Community Housing.<sup>1064</sup>

**10.128** In terms of the model they developed, Regional Development Australia Sydney explained that a shared equity product is most likely to succeed if it is applied to households with incomes in the range of \$70,000 to \$100,000, with dwellings costing under \$400,000 and with 50 per cent ownership split. In their submission, they indicated that a large number of renters in New South Wales would be eligible for this type of scheme. They stated:

In terms of market demand, there are a large number of renters in NSW who would be eligible and are already paying rents, which would cover the total housing costs of participating in the proposed shared equity. Consequently, there is minimum risk attached to this scheme.<sup>1065</sup>

**10.129** Many of the participants involved in the group advocated for the NSW Government to consider shared equity schemes, with the NSW Federation of Housing Associations arguing that shared equity schemes provide a path to home ownership:

An effective shared equity/ownership scheme has the potential to provide an additional type of housing subsidy to assist people into home ownership and to provide a pathway out of social housing.<sup>1066</sup>

**10.130** In addition, the Committee for Sydney urged the government to explore this type of mechanism to address pressures being felt by those in the rental market. They commented that:

With such innovation and flexibility the Committee believes that much needed new investment can be secured to support growth in the supply of social and affordable housing and indeed of other housing products such as shared home-equity schemes for first time buyers and Key Workers currently priced out of ownership in Sydney's housing markets and indeed finding it increasingly difficult to rent.<sup>1067</sup>

<sup>1064</sup> Submission 57, Regional Development Australia Sydney, pp 8-9.

<sup>1065</sup> Submission 57, Regional Development Australia Sydney, pp 8-9.

<sup>1066</sup> Submission 131, NSW Federation of Housing Associations, p 56.

<sup>1067</sup> Submission 206, Committee for Sydney, p 3.

**10.131** A number of other stakeholders also supported the use of shared equity arrangements, including the NSW Nurses and Midwives Association,<sup>1068</sup> NCOSS,<sup>1069</sup> and Bridge Housing.<sup>1070</sup>

### **Committee comment**

**10.132** Given the findings of the Auditor-General's report on public housing, coupled with the irrefutable need for increased supply of social and affordable housing, we strongly believe that visionary leadership and a strategic policy approach is necessary in the social and affordable housing sector. We believe that the NSW Government must demonstrate leadership in this area and facilitate a whole of government approach to addressing the current crisis in social and affordable housing.

**10.133** Throughout this inquiry, it was evident that the NSW Government is unclear about the future direction of social and affordable housing. In the absence of a social housing policy, many non-government agencies have not been able to finalise their own long term plans and direction. At the coalface, social housing tenants are struggling to understand government decisions and are concerned about what appears to be an unsustainable social housing system.

**10.134** According to the evidence provided, the NSW Government also needs to clarify the objectives of social housing. We believe that this issue must be resolved, particularly in the context of the broader social and affordable housing framework, so that tenants, housing providers and stakeholders are clear on the role of social housing. Whilst we accept that social housing should assist many people to transition towards renting in the private market and home ownership, for many tenants this will not be possible due to the pressures in the current housing system and increasing challenges in housing affordability. Fundamentally, social housing must be available for those that vitally need it, whether because of disability, unemployment, homelessness or other disadvantage.

**10.135** In addressing these concerns, we agree with the Auditor-General's recommendations and recommend that the Department of Family and Community Services finalise the social housing policy, as recommended by the Auditor-General, by 1 March 2015, considering the need for clearer definitions of key terms, lessons learnt from other jurisdictions to address the shortage of social housing, consultation with stakeholders, and pressures in the broader housing system and the impact on social housing.

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### **Recommendation 33**

That the Department of Family and Community Services finalise the social housing policy, as recommended by the Auditor-General, by 1 March 2015, considering:

- the need for clearer definitions of key terms
- lessons learnt from other jurisdictions to address the shortage of social housing
- consultation with stakeholders
- pressures in the broader housing system and the impact on social housing.

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<sup>1068</sup> Submission 63, NSW Nurses and Midwives Association, p 12.

<sup>1069</sup> Submission 126, Council of Social Service of NSW, p 12.

<sup>1070</sup> Submission 211, Bridge Housing, p 2.

- 10.136** Given the challenges in terms of social, public and affordable housing, particularly the shortage of social and affordable housing and the affordability crisis, the majority of the committee strongly believe that a Minister for Housing should be considered. This action will help to demonstrate leadership when addressing the challenges highlighted in this report. Therefore, the committee recommends that the NSW Government consider appointing a Minister for Housing, with responsibility for overseeing Housing NSW, the Aboriginal Housing Office and the Land and Housing Corporation.

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**Recommendation 34**

That the NSW Government consider appointing a Minister for Housing, with responsibility for overseeing Housing NSW, the Aboriginal Housing Office and the Land and Housing Corporation.

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- 10.137** In addition to considering the appointment of a Minister for Housing, the majority of the committee also believe that improved government co-ordination is required in developing and implementing social, public and affordable housing strategies. A holistic approach to housing will undoubtedly benefit social housing tenants, as well as delivering potential savings for the government.
- 10.138** Similarly, we support greater collaboration between government agencies and other stakeholders, including community housing providers. It is clear that a partnership approach is necessary to address the challenges emphasised in this report, as the government cannot resolve these issues alone. To help forge the path ahead for social, public and affordable housing, we recommend that the NSW Government consider establishing an advisory council to report to the responsible Minister for social, public and affordable housing, involving representatives from key government agencies, not-for-profit organisations, industry bodies and associations, academics and other housing experts.

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**Recommendation 35**

That the NSW Government consider establishing an advisory council to report to the responsible Minister for social, public and affordable housing, involving representatives from key government agencies, not-for-profit organisations, industry bodies and associations, academics and other housing experts.

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- 10.139** We are disappointed in the sudden decision of the Australian Government to discontinue the National Rental Affordability Scheme, particularly in light of evidence that affordable housing stock should be boosted to meet the critical needs of lower income households. We note the impact of the decision on the housing sector, particularly on a number of community housing providers, many of whom developed their long term financial plans on the basis of continued NRAS funding. We believe that the housing sector needs more certainty, not less. We recommend that the NSW Government immediately write to the Australian Government to urge them to continue the National Rental Affordability Scheme beyond 2015.

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**Recommendation 36**

That the NSW Government immediately write to the Australian Government to urge them to continue the National Rental Affordability Scheme beyond 2015.

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**10.140** We acknowledge that funding is limited but we urge the NSW Government to consider establishing a dedicated fund for the growth of social and affordable housing, with proceeds from the sale of public housing properties being directed to this fund to bolster the supply of social and affordable housing stock. We discuss issues related to the sale of public housing properties, including the Sirius building, in Chapter 3. Accordingly, in Recommendation 2, we recommend that the NSW Government ensure that all proceeds from the sale of public housing properties are invested in a dedicated fund, for the purpose of creating new supply of social, public and affordable housing.

**10.141** The committee notes the significant amount of money held by the Rental Bond Board as a result of landlords lodging bonds for residential tenancies. Despite the Commissioner for Fair Trading explaining how some of the income from this scheme is used for housing programs, the committee was not clear on why a greater amount is not or could not be reinvested in the social housing system, either to address the shortage of housing or the maintenance backlog. Therefore, the committee recommends that the NSW Government commission a report on the potential for income from the monies held by the Rental Bond Board to be reinvested in the social housing system in order to increase social, public and affordable housing.

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**Recommendation 37**

That the NSW Government commission a report on the potential for income from the monies held by the Rental Bond Board to be reinvested in the social housing system in order to increase social, public and affordable housing.

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**10.142** In the committee's opinion, innovative mechanisms such as social benefit bonds may help to create housing for vulnerable and disadvantaged people. We note the success of such bonds overseas, particularly in relation to homelessness. We believe that mechanisms like bonds should be trialed, as these options can help to promote growth in the supply of social and affordable housing. Given this, we recommend that the NSW Government trial the use of mechanisms to promote growth in the supply of social and affordable housing and improved housing affordability, including social benefit bonds.

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**Recommendation 38**

That the NSW Government trial the use of mechanisms to promote growth in the supply of social and affordable housing and improved housing affordability, including social benefit bonds, and report on trial outcomes by 1 September 2016.

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**10.143** We note a recurring theme that social and affordable housing should be treated as infrastructure, particularly so that proceeds from Waratah Bonds can be used to fund additional housing. In our opinion, social and affordable housing is critical infrastructure in this state. It is just as essential as roads, transport, hospitals, schools and other vital services.

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Without it, communities are severely impacted and disadvantaged. Given this, we recommend that the NSW Government consider recognising social housing as a form of infrastructure, to enable proceeds from Waratah Bonds to fund new supply of social, public and affordable housing.

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**Recommendation 39**

That the NSW Government consider recognising social housing as a form of infrastructure, to enable proceeds from Waratah Bonds to fund new supply of social, public and affordable housing.

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**10.144** We believe that shared equity schemes may be an important option in providing access to home ownership for many people, particularly lower income and moderate income households. By providing additional pathways to home ownership, these schemes may help to alleviate pressure in the private rental market, and consequently, on the social housing wait list.

**10.145** We note the important work undertaken by the Shared Equity Working Group, co-ordinated by Regional Development Australia Sydney. We also recognise the success shared equity schemes have had in other states, including Western Australia, South Australia and the Australian Capital Territory. Given this, we recommend that the NSW Government investigate and report on a shared equity scheme, learning from interstate models, in consultation with the Shared Equity Scheme Working Group.

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**Recommendation 40**

That the NSW Government investigate and report on a shared equity scheme, learning from interstate models, in consultation with the Shared Equity Scheme Working Group.

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**Recommendation 41**

That the NSW Government, through the responsible Minister, provide a reference to the Legislative Council Standing Committee on Social Issues to review the implementation of recommendations from this report, within two years from the date of government response.

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## Appendix 1 Submission list

No	Author
1	Ms Michelle Dell
2	Mr Paul Rowlatt
3	Mr David Shaw
4	Pacific Link Housing Limited
5	Dr Carol O'Donnell
6	Name suppressed
7	JewishCare
8	Name suppressed
9	Urban Neighbours of Hope
10	Name suppressed
11	Mr Chris Baulman
12	Mr Bryan Flannigan
13	Public Interest Advocacy Centre
14	Mr Don Owers
15	Confidential
16	Professor Scott Holmes and Dr Mark Sargent
17	Mr Ron Jennings
17a	Mr Ron Jennings (prepared by Ms Mary Sutton)
18	Ms Leslie Stott
19	Ms Bev Pattenden
20	Ms Beverley Riley
21	Mr Eric Dickson
22	Nambucca Shire Council
23	Mr Laurence Toltz
24	Mr Ross Smith
24a	Mr Ross Smith
25	Confidential
26	Peoples Precinct
27	Mrs Victoria Newstead
28	Mrs Terry Tooker
29	Name suppressed
30	Mr Stuart Durie and Mrs Gayl Durie

<b>No</b>	<b>Author</b>
31	Mr David Cunningham JP
32	Ms Saara Arnoldy
33	Willoughby City Council
34	Mr Alex Greenwich MP
35	Ms Jennifer Kent
36	Mr Alfred Bath and Mrs Patricia Bath – partially confidential
37	Mrs Marie Sillars
38	Compass Housing Services Co Ltd
39	Confidential
40	Human Rights Committee, The Law Society of New South Wales
41	Mr Paul Bacon
42	Southern Youth and Family Services Association Incorporated
43	The Factory Community Centre & South Sydney Community Aid
44	Clarence Valley Council
45	Habitat for Humanity NSW Ltd
46	Chinese Australian Services Society (CASS)
47	Older Women's Network NSW Inc
48	Mr Liam Hogan
49	Name suppressed
50	Marrickville Council
51	Hands off Glebe Inc
52	Lismore City Council
53	Name suppressed
54	NSW Consumer Advisory Group - Mental Health Inc.
55	The Salvation Army
56	Forest Lodge & Glebe Co-ordination Group (FLAG)
57	Regional Development Australia, Sydney
58	Port Macquarie-Hastings Council
59	Leichardt Council
60	North Sydney Council
61	Nepean Community & Neighbourhood Services (NCNS)
62	Homelessness NSW
63	NSW Nurses and Midwives' Association
64	Committee of Residents Elected (CoRE) Millers Point, Dawes Point, The Rocks – partially confidential

<b>No</b>	<b>Author</b>
65	Kingsford Legal Centre
66	Barnardos Australia
67	Unions NSW
68	Tenants' Union of New South Wales
69	National Council of Women NSW Inc.
70	Inner West Housing Tenants Committee
71	St George Community Housing
72	Coalition of Glebe Groups (COGG)
73	Family Support Newcastle
74	The Housing Alliance
75	NSW Government
76	Hornsby Shire Council
77	Karalta Road Park Home Owners Inc
78	Western Sydney Community Forum Inc
79	Planning Institute of Australia
80	Refugee Council of Australia
81	Bankstown City Council
82	Mission Australia
83	Northern Links NSW Incorporated
84	Hawkesbury City Council
85	Mercy Foundation
86	Ashfield Council
87	Save Our Suburbs
88	Sydney Affordable Housing
89	Confidential
90	Wyong Shire Council
91	Homes Out West
92	Churches Housing
93	Inner Sydney Regional Council for Social Development
94	The Junction Neighbourhood Centre Inc.
95	Shelter NSW
96	St George Sutherland Housing Interagency
97	Ethnic Child Care, Family and Community Services Cooperative Ltd
98	Regional Development Australia Illawarra
99	Canterbury City Council

<b>No</b>	<b>Author</b>
100	REDWatch
101	Wentworth Community Housing
102	Gosford City Council
103	Officers of Albury City Council
104	Warrawong Residents Forum Inc
105	Metro MRC
106	Youth Action
107	Australasian Housing Institute
108	Redfern Legal Centre
109	McKell Institute
110	Settlement Services International Inc.
111	IRT Group
112	North Coast Community Housing
113	Riverwood Community Centre Ltd
114	City Futures Research Centre, UNSW
115	Southern Suburbs Taskforce
116	Illawarra & South Coast Tenants Service
117	Link Housing Limited
118	Australian Institute of Health and Welfare
119	COTA NSW
120	Hume Community Housing
121	The Benevolent Society
122	Millers Point, Dawes Point & The Rocks Public Housing Tenants Group
123	Green Building Council of Australia (GBCA)
124	The Glebe Society
125	National Disability Services
126	Council of Social Service of NSW (NCOSS)
127	AHURI Limited
128	Northern Rivers Housing Forum Steering Group
129	Institute for Family Advocacy
130	Achieve Australia
131	NSW Federation of Housing Associations
132	Housing Industry Association
133	Caravan, Camping & Touring Industry and Manufactured Housing Industry Association of NSW Ltd

<b>No</b>	<b>Author</b>
134	Multicultural Disability Advocacy Association of NSW
135	Payce Consolidated Limited
136	Coffs Harbour City Council
137	Strathfield Council
138	City of Botany Bay
139	Mosman Council
140	Carers NSW
141	Mr Peter Harris
142	Ms Rozee Cutrone
143	Ms Elizabeth Donnellan
144	St Vincent de Paul Society of NSW
145	Ms Janice Edstein
146	Ms Sandra Langtree
147	Name suppressed
147a	Name suppressed
148	Name suppressed
149	Mr Eric Earley
150	Dr Julie Lawson, Prof Michael Berry & Ms Carrie Hamilton
151	Confidential
152	Southern Sydney Regional Organisation of Councils
153	Port Stephens Park Residents Association Inc
154	Central NSW Councils
155	Muswellbrook Shire Council
156	Williamson Building Corporation
157	Tamworth Regional Council
158	Communist Party of Australia Port Jackson Branch
159	Rev Dr Brian Powell and Ms Julie Stone
160	Name suppressed
161	Mr Peter Butler
162	Women's Electoral Lobby NSW
163	Mr Robert Furolo MP
164	Ms Shereen Prasad – partially confidential
165	Ms Rachel Ho
166	Mr Larry Billington
167	Mr Matthew Llewellyn

<b>No</b>	<b>Author</b>
168	Mr Monty Stidwell
169	Northern Rivers Community Legal Centre
170	Ivanhoe Estate Community Centre
171	Ms Wendy Campbell
171a	Confidential
172	Millers Point, Dawes Point, The Rocks and Walsh Bay Resident Action Group
173	Mr Dominic Wy Kanak
174	Name suppressed – partially confidential
175	Name suppressed – partially confidential
176	Name suppressed – partially confidential
177	Name suppressed – partially confidential
178	Ms Dianne Hiles
179	Mr John Dunn
180	Cr Irene Doutney
180a	Cr Irene Doutney
181	Mr Garo Hekemian
182	Ms Esmé Drew
183	Mr Peter Evans
184	Mr Suresh Prasad
185	Name Suppressed
186	North Ryde Anglican Church / St Johns Anglican Church
187	Name suppressed
188	Combined Pensioners & Superannuants Association of NSW Inc (CPSA)
189	The Greens NSW
190	Shellharbour City Council
191	Name suppressed
192	Mrs Ruth Moore
193	Mr Stuart McConnell
194	Name suppressed
195	Name suppressed
196	Mrs Rebecca Hart
197	Mr Robert Hart
198	Housing Commission Organisation
199	BlueCHP
200	Rev John Chappell



<b>No</b>	<b>Author</b>
201	Name suppressed
202	Wagga Wagga City Council
203	Illawarra Forum
204	People with Disability Australia Incorporated
205	Infrastructure Partnership Australia
206	Committee for Sydney
207	Cr Linda Scott
208	St George Area Tenant Council
209	Mrs Anne Bergin
210	The Shopfront Youth Legal Centre
211	Bridge Housing
212	Ms Jo Errey
213	Confidential
214	Sydney University Postgraduate Representative Association
215	Women's Legal Services NSW
216	Ms Liz Tenney
217	Confidential
218	Confidential
219	Confidential
220	Confidential
221	Confidential
222	Confidential
223	Confidential
224	Confidential
225	Confidential
226	South Ward Action Group
227	Jewish House
228	Inner West Tenant Group
229	Legal Aid NSW
230	Nowra Family Support Service Inc
231	Name suppressed — partially confidential
232	Western Sydney Regional Organisation of Councils
233	Yfoundations
234	Wollongong City Council
235	UnitingCare CYPF

<b>No</b>	<b>Author</b>
236	Independent Park Residents Action Group NSW Inc
236a	Independent Park Residents Action Group NSW Inc
236b	Independent Park Residents Action Group NSW Inc
237	Ms Lyn Maciver
238	Mr Alexandre Kazakov
239	Australian Manufacturing Workers Union
240	Christ Church Gladesville Parish Council
241	City of Sydney
242	City of Ryde
243	Millers Point, Dawes Point and the Rocks Public Housing Tenants Speak – partially confidential
244	Mental Health Carers ARAFMI NSW Inc
245	Southern Cross Community Housing
246	The Oolong Aboriginal Corporation
247	Mr Neil van Mastrigt
248	Confidential
249	Gunnedah Shire Council
250	Liverpool Plains Shire Council
251	Mr Len Hogg
252	Narrabri Shire Council
253	Dubbo City Council
254	Warringah Council
255	Mr John Willmott
256	Gurraama-Li, Tamworth Murri Representative Body
257	Name suppressed – partially confidential
258	Name suppressed – partially confidential
259a	Performa A
259b	Proforma B

## Pro forma A - 30 responses

Send this letter by February 26 in order to get the letter to the Committee by 28th Feb.

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

Dear Committee Members,

I/we wish to make it clear to you that the right to live in decent, affordable housing is enshrined in the United Nation's Declaration of Human Rights which says in Article 25: *Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services...*

I/we the undersigned believe that the situation in social and affordable housing in NSW is unacceptable. With over 55,000 on the waiting list and a maintenance backlog of \$330 million, the Government must act now to improve the situation in regard to housing.

The NSW Government must not rely only on tenant's rents to pay for public housing.

The NSW Government must not cut the maintenance budget but increase it by \$330 million.

The NSW Government must encourage the citizens of our state to pressure the Commonwealth to increase funding for housing from \$0.8 bill to \$2 billion

I/we support

- A substantial increase in investment to expand public housing stock subsidies to facilitate affordable housing
- a caveat placed on affordable housing to prevent it from being sold at market rates
- public housing to be supported by services including health, child minding, family, youth and job support

**Pro forma B - 63 responses**

Date

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

Dear Select Committee

Inquiry into Social, Public and Affordable Housing

Access to a stable, safe, secure and clean home is a necessity for everyone and a basic human right. Inner city social housing needs investment.

The Auditor General showed that social housing has reduced over the past decade and meets less than half of community need. There are long waits for social housing and very limited chances to buy or build new homes in the inner city. We should not be selling inner city social homes.

Selling Millers Point homes and relocating tenants will have a major impact on the community and push more tenants with health and welfare problems to areas away from transport, services, jobs and support. It will undermine the supportive and caring community and cleanse the area of lower income people, removing diversity.

More than 60 government-owned homes in Millers Point, Dawes Point and The Rocks are now empty! This is a disgrace.

Funds are needed to address the backlog of maintenance on public housing to make them safe and protect government assets.

*The government should retain Millers Point social housing, invest in more low cost housing in central Sydney and address the maintenance backlog.*

*Please recommend this urgent action.*

Yours sincerely

Signed

Name

## Appendix 2 Witnesses at hearings

Date	Name	Position and Organisation
<b>Wednesday 12 March 2014</b> <b>Parliament House</b>	Dr Tim Williams	Chief Executive Officer, Committee for Sydney
	Associate Professor Judith Milligan	City Futures Research Centre, University of New South Wales
	Professor Hal Pawson	City Futures Research Centre, University of New South Wales
	Dr Judith Yates	City Futures Research Centre, University of New South Wales and University of Sydney
<b>Thursday 13 March 2014</b> <b>State Library of New South Wales</b>	Ms Katie Florance	Project Officer, Vincentian House, St Vincent de Paul Society of NSW
	Mr Peter McNamara	Vice President, NSW State Council, St Vincent de Paul Society
	Mr Brian Murnane	Chief Executive Officer, St Vincent de Paul Society of NSW
	Dr Lucy Burgmann	Chief Executive Officer, NSW Federation of Housing Association
	Mr John Nicolades	Chairperson, NSW Federation of Housing Association
	Mr Adam Farrar	Senior Policy Officer, Shelter NSW
	Ms Mary Perkins	Executive Officer, Shelter NSW
	Mr Mike Allen	Chief Executive, Housing NSW
	Ms Anne Skewes	Deputy Director-General, NSW Land and Housing Corporation
	Mr Paul Vevers	Executive Director, Housing NSW
	Mr Stephen McIntyre	Deputy Director-General, Planning Strategies, Housing & Infrastructure, NSW Planning and Environment
	Mr Warren Gardiner	Senior Policy Officer, Council of Social Services of NSW (NCOSS)
	Ms Alison Peters	Director, Council of Social Services of NSW(NCOSS)
	Cr Jo Haylen	Mayor, Marrickville Council
Ms Louise Menday	Affordable Housing Officer, Marrickville Council	

Date	Name	Position and Organisation
<b>Wednesday 30 April 2014</b> <b>Bomaderry Bowling Club</b> <b>Bomaderry</b>	Mr Alan Blackshaw	Coordinator Community Development, Shoalhaven City Council
	Ms Melissa Boxall	Acting Director, City Outcomes, Shellharbour City Council
	Mr Gordon Clark	Strategic Planning Manager, Shoalhaven City Council
	Ms Nicole Collins	Manager, Community & Cultural Life, Shellharbour City Council
	Dr Lauren Puglisi	Community Planning Officer, Community & Cultural Life, Shellharbour City Council
	Ms Jenna McConnachie	Tenants Advocate, Illawarra & South Coast Tenants Service
	Ms Alexandra O'Donnell	Tenants Advocate, Illawarra & South Coast Tenants Service
	Ms Donna Brotherson	Tenant Participation Resource Service Coordinator, Illawarra Forum
	Ms Katie Fox	Information, Communication & Resource Officer, Illawarra Forum
	Ms Nicky Sloan	Chief Executive Officer, Illawarra Forum
	Ms Denise Green	Acting Manager/Case Manager, Nowra Family Support Service Inc
	Ms Lynne Jackson-Waite	Team Leader/Case Manager, Nowra Family Support Service Inc
<b>Thursday 1 May 2014</b> <b>WIN Stadium, Wollongong</b>	Lord Mayor Councillor Gordon Bradbery	Lord Mayor of Wollongong City Council, Wollongong City Council
	Ms Helen Backhouse	Board Member, Treasurer and Equity and Human Services Sub-Committee Convener, Regional Development Australia Illawarra
	Mr David Muscio	Project Officer, Regional Development Australia Illawarra
	Ms Helen Backhouse	Policy Advisor, Southern Youth and Family Services Association Incorporated
	Ms Narelle Clay	Chief Executive Officer, Southern Youth and Family Services Association Incorporated

Date	Name	Position and Organisation
<b>Monday 12 May 2014</b> <b>Sofitel Sydney Wentworth</b>	Ms Monica Barone	Chief Executive Officer, City of Sydney
	Councillor John Mant	Councillor, City of Sydney
	Mr Mark Lennon	Secretary, Unions NSW
	Ms Emma Maiden	Assistant Secretary, Unions NSW
	Ms Kristin Brookfield	Senior Executive Director - Building, Development & Environment, Housing Industry Association
	Mr Michael Buckley	Senior Planning Advisor , Housing Industry Association
	Mr Geordan Murray	HIA Economist, Housing Industry Association
	Ms Nazha Saad	Chief Executive Officer, St George Community Housing
	Ms Karen Walsh	General Manager, Housing Services and Renewal, St George Community Housing
	Mr Trevor Wetmore	General Manager, Corporate Services, St George Community Housing
	Dr Chris Martin	Senior Policy Officer, Tenants' Union of New South Wales
	Mr Damien Hennessy	Senior Solicitor, Housing, Legal Aid NSW
	Ms Monique Hitter	Executive Director, Civil Law, Legal Aid NSW
	Mr Digby Hughes	Policy and Reseach Officer, Homelessness NSW
	Mr Gary Moore	Chief Executive Officer, Homelessness NSW
	Ms Mary O'Sullivan	Executive Member, Women's Electoral Lobby NSW
Mr Stephen Barr	Director - Monteath and Powys, Planning Institute of Australia	
Ms Sarah Hill	Director & Practice Manager - Hill PDA, Planning Institute of Australia	
Ms Jenny Rudolph	Director - Elton Consulting, Planning Institute of Australia	

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Date	Name	Position and Organisation
<b>Tuesday 20 May 2014</b> <b>Best Western Sanctuary Inn</b> <b>Tamworth</b>	Mr Michael Silver OAM	Acting General Manager, Gunnedah Shire Council
	Ms Gae Swain	Deputy Mayor, Gunnedah Shire Council
	Ms Donna Ausling	Acting Director Environmental Services, Liverpool Plains Shire Council
	Ms Diane Hood	General Manager, Narrabri Shire Council
	Ms Maree McKenzie	Chief Executive Officer, Homes North Community Housing, member of the Housing Alliance
<b>Wednesday 21 May 2014</b> <b>Dubbo RSL Club, Dubbo</b>	Mr Tony Aikins	Manager City Strategy, Dubbo City Council
	Mr Matthew Dickerson	Mayor, Dubbo City Council
	Mr Steve Jennings	Strategic Planning Supervisor, Dubbo City Council
	Ms Melissa Watkins	Director Environmental Services, Dubbo City Council
	Ms Rebecca Barnes	Executive Manager, Partnerships and Support, Compass Housing
	Mr Paul Johnson	Chairman, Compass Housing

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Date	Name	Position and Organisation
<b>Friday 30 May 2014</b> <b>Parliament House</b>	Mr Justin Donkin	Secretary, Independent Park Residents Action Group NSW Inc.
	Mr Len Hogg	Member, Independent Park Residents Action Group NSW Inc.
	Ms Christina Steel	Member, Independent Park Residents Action Group NSW Inc.
	Mr Rob Burnelek	General Manager, Salvos Housing, The Salvation Army
	Ms Susan King	Director Advocacy and Research, Anglicare Sydney, Member of Churches Housing
	Mr Magnus Linder	Executive Officer, Churches Housing Inc.
	Ms Amelia Christie	Manager, Research and Advocacy, Combined Pensioners & Superannuants Association of NSW Inc (CPSA)
	Ms Charmaine Crowe	Senior Advisor, Research and Advocacy, Combined Pensioners & Superannuants Association of NSW Inc (CPSA)
	Mr Mike Allen	Chief Executive, Housing NSW
	Ms Anne Skewes	Deputy Director General, NSW Land and Housing Corporation
	Mr Paul Vevers	Executive Director, Housing Services, Housing NSW
	Ms Mandy Young	Chief Executive, Aboriginal Housing Office
	Mr Eamon Waterford	Director - Policy & Advocacy, Youth Action
	Mr Michael Cassel	Chief Executive Officer, Mission Australia
	Mr Patrick Flynn	Advocacy and Campaign Manager, Mission Australia
Miss Susan Geria	Sector Development Officer, National Disability Services	
Mr Scott Holz	NSW State Manager, National Disability Services	
Mr Evan Wallace	Sector Development Officer, National Disability Services	
<b>Thursday 10 July 2014</b> <b>Parliament House</b>	Mr Mike Allen	Chief Executive, Housing NSW
	Ms Nada Nasser	Homeless Service Reform, Housing NSW

## Appendix 3 Participants at public forums

Date	Name	
<b>30 April 2014</b> <b>Bomaderry Bowling Club</b> <b>Bomaderry</b>	Ms Lynette French	Individual
	Ms Wendy Harris	Individual
	Ms Michelle Miran	Shoalhaven Women's Resource Group (Rosa Refuge)
	Mr Reg Newsome	Individual
	Ms Lyn Miles	All Saints Community Care Incorporated
	Mr Grant Turner	Disability Services Australia
	Mr Ivan Ardler	Oolong Aboriginal Corporation
<b>1 May 2014</b> <b>WIN Stadium</b> <b>Wollongong</b>	Mr David Willans	Shoalhaven Personal Helpers and Mentors Program
	Mr Michael Walsh	Public Housing Union of the Illawarra
	Mr Chris Lacey	Housing Trust
	Ms Noreen Hay	Member for Wollongong MP
	Mr Eric Earley	Individual
	Ms Aviva Sheb'a	Individual
	Ms Wendy Campbell	Individual
	Ms Phoenix Van Dyke	Warrawong Community Centre
	Mr Daniel Demartin	Individual
	Ms Julie Mitchell	Wollongong Emergency Family Housing
Ms Leokie Kleujer	Wollongong Women's Housing	
<b>21 May 2014</b> <b>Dubbo RSL Club</b> <b>Dubbo</b>	Mr Rod Crowfoot	Orana Division, Real Estate Institute of New South Wales

## Appendix 4 Tabled documents

**Wednesday 12 March 2014**

**Room 1254, Parliament House**

1. Powerpoint presentation, *tendered by Dr Tim Williams, Committee for Sydney*

**Wednesday 30 April 2014**

**Sunrise Room, Bomaderry Bowling Club**

2. Factsheet, *tendered by Ms Marg Kaszo, Southern Cross Community Housing*
3. Path 2 home Shoalhaven resource directory, *tendered by Ms Marg Kaszo, Southern Cross Community Housing*
4. Southern Cross Community Housing Annual Report 2013, *tendered by Ms Marg Kaszo, Southern Cross Community Housing*
5. Ritchie Street Complex Committee booklet, *tendered by Ms Lynnette French, individual*
6. Program newsletter, *tendered by Ms Donna Brotherson, Illawarra Forum*
7. Social housing tenants forum information booklet, *tendered by Mr Reg Newsome, individual.*

**Thursday 1 May 2014**

**Winners Room, WIN Stadium**

8. Projects of future social, public and affordable housing supply and demand to 2020, *tendered by Lord Mayor Councillor Gordon Bradbery OAM, Wollongong City Council*
9. Rental Affordability Snapshot, Anglicare April 2014, Greater Sydney and the Illawarra, *tendered by Ms Narelle Clay, Southern Youth and Family Services*
10. Collection of photographs of the Foyer, youth accommodation, Wollongong, *tendered by Ms Narelle Clay, Southern Youth and Family Services*

**Monday 12 May 2014**

**Adelaide Room, Sofitel Sydney Wentworth**

11. Opening statement, *tendered by Mr Geordan Murray, Economist, Housing Industry Association*
12. Newspaper article, *tendered by Mr Gary Moore, Chief Executive Officer, Homelessness NSW*
13. Housing New York, *report tendered by Mr Gary Moore, Chief Executive Officer, Homelessness NSW*
14. The London Plan July 2011 policy paper, *tendered by Mr Gary Moore, Chief Executive Officer, Homelessness NSW*

**Friday 16 May 2014**

**Camperdown and Western Sydney**

15. Sydney Common Ground Project briefing paper, *tendered by Mr Mark Reader, Director Program and Assets, Community and Private Market Housing (CAPMH)*
16. Factsheets on Minto, Claymore and Airds/Bradbury housing estates, *tendered by Mr Michael Van der Lay, Director Housing Services, South Western Sydney*
17. Claymore and Airds/Bradbury Intensive Tenancy Management Projects, *tendered by Mr Brian Murnane, Chief Executive Officer, Amelie Housing, St Vincent de Paul*

**Wednesday 25 June 2014**

**Room 1136, Parliament House, Sydney**

18. Save our Women's Services info sheet, *tendered by Ms Jan Barham MLC*

## Appendix 5 Answers to questions on notice

The committee received answers to questions on notice from:

- City of Sydney
- Churches Housing
- Combined Pensioners and Superannuants Association
- Committee for Sydney
- Compass Housing
- Council of Social Service New South Wales
- Dubbo City Council
- Gunnedah Shire Council
- Homes North Community Housing
- Housing Industry Association
- Housing NSW
- Illawarra Forum Inc
- Illawarra & South Coast Tenants Service
- Independent Park Residents Action Group NSW Inc
- Legal Aid NSW
- Liverpool Plains Shire Council
- Mission Australia
- Narrabri Shire Council
- National Disability Services
- Nowra Family Support Service Inc
- NSW Federation of Housing Associations
- NSW Land and Housing Corporation
- NSW Planning and Infrastructure
- Planning Institute of Australia
- Regional Development Australia Illawarra
- Shellharbour City Council
- Shelter NSW
- Shoalhaven City Council
- Southern Youth and Family Services
- St George Community Housing
- St Vincent de Paul Society of NSW
- Tenants' Union of NSW
- Unions NSW
- Wollongong City Council
- Women's Electoral Lobby NSW
- Youth Action

## Appendix 6 Minutes

### Minutes No. 1

Thursday 21 November 2013

Select Committee on Social, Public and Affordable Housing  
Members' Lounge, Parliament House, 2.16 pm

#### 1. Members present

Mr Green, *Chair*

Ms Barham, *Deputy Chair*

Mr Colless

Ms Cotsis

Mr Mason-Cox

Mr Pearce

Mr Primrose

#### 2. Tabling of resolution establishing the Committee

The Chair tabled the resolution of the House of 13 and 14 November 2013 establishing the Committee.

#### 3. Procedural resolutions

Resolved, on the motion of Ms Barham: That unless the Committee decides otherwise, the following procedures apply for the life of the Committee:

##### *Filming, broadcasting and still photography of public proceedings*

That the Committee authorises the filming, broadcasting, webcasting and still photography of the public proceedings of the Committee, in accordance with the resolution of the Legislative Council of 18 October 2007.

##### *Publishing transcripts of evidence*

That the Committee authorise the publication of transcripts of evidence taken at public hearings.

##### *Questions on notice*

That the Committee require that answers to questions taken on notice during the hearings be provided to the Committee Clerk within 21 days and that members provide supplementary questions within two days after a hearing.

##### *Publishing answers to questions on notice*

That the Committee authorise the publication of answers to questions on notice.

##### *Publishing submissions*

That the Committee authorise the publication of all submissions to the Inquiry, subject to the Committee Clerk checking for confidentiality, adverse mention and other issues and, where those issues arise, bringing them to the attention of the Committee for consideration.

##### *Media statements*

That media statements on behalf of the Committee may be made only by the Chair.

##### *Inviting witnesses*

That arrangements for inviting witness be left in the hands of the Chair and the Committee Clerk, after consultation with the Committee.

Ms Cotsis stated that as Shadow Minister for Housing she may make comments in the media regarding issues canvassed by the Inquiry but will not make comments on behalf of the Committee.

**4. Conduct of the Inquiry**

Resolved, on the motion (*in globo*) of Ms Barham:

- That a media release be issued by the Chair announcing the Inquiry and calling for submissions.
- That the Secretariat email members with a list of stakeholders to be invited to make written submissions, and that members be invited to nominate additional stakeholders.
- That the closing date for submissions be 28 February 2014 with the possibility of extensions and that submissions be published in batches as they are received rather than waiting until after the submission deadline.
- That the Inquiry call for submissions be advertised through a media release distributed to all media outlets in NSW via Media Monitors and that advertisements be placed in targeted regional and ethnic newspapers, with a list of these newspapers circulated to members for agreement.
- That the first public hearing be held in March with the date to be determined by the Chair after consultation with members regarding their availability.
- That the Committee hold a private briefing to commence the Inquiry.

The Committee noted the reporting date of 9 September 2014 contained in the Terms of Reference.

The Committee also discussed the following matters:

- The potential for an interim report
- Recent significant reports on the subject matter to be circulated by Ms Barham.

**5. Adjournment**

The Committee adjourned at 2.29 pm *sine die*.

Madeleine Foley

**Clerk to the Committee**

**Minutes No. 2**

Wednesday 12 March 2014

Select Committee on Social, Public and Affordable Housing

Room 1254, Parliament House, 9.35 am

**1. Members present**

Mr Green, *Chair* (from 10 am)

Ms Barham, *Deputy Chair*

Mr Colless

Ms Cotsis

Mr Mason-Cox

Mr Pearce

Mr Primrose

**2. Apologies**

Mr Green (until 10 am)

**3. Previous minutes**

In the absence of the Chair, the Deputy Chair took the Chair for the purpose of the meeting.

Resolved, on the motion of Mr Primrose: That draft minutes No.1 be confirmed.

**4. Correspondence**

The Committee noted the following items of correspondence:

***Received:***

- 11 December 2013 – Mr Stephen Bartlett, Executive Officer, NAMOI Councils to Committee Secretariat inviting the Committee to hold a public hearing in Tamworth.

- 18 December 2013 – Ms Kathryn Campbell, Secretary of the Department of Human Services to Committee Chair declining the invitation to make a submission.
- 1 January 2014 – Dr Carol O'Donnell to Committee Secretariat forwarding discussion with Glebe Youth Service about regional and sustainable development directions with attachment of response to the Productivity Commission draft report on rural research and development corporations.
- 12 January 2014 – National Council of Women NSW to Committee Chair accepting invitation to make a submission.
- 15 January 2014 – Dr Carol O'Donnell to Committee Secretariat providing views on the proposed sale of green state power.
- 30 January 2014 – Dr Carol O'Donnell to Committee Secretariat providing discussion to the Commonwealth on the current situation in audit and insurance in housing.
- 13 February 2014 – Family and Community Services to Committee Chair advising inquiry advertisement cannot be published in the Your Home newsletter.
- 14 February 2014 – Ms Tanya Davies MP, Member for Mulgoa to Committee Chair advising of an Australian owned revolutionary construction system named 'Dincel' and its advantages for the construction industry.
- 17 February 2014 – Dr Carol O'Donnell to Committee Secretariat forwarding information sent to the Commonwealth regarding the role of all levels of government in facilitating affordable housing.
- 18 February 2014 – Ms Mary Sutton to Committee Secretariat inviting the Committee to hold a site visit at the Sirius building, The Rocks.
- 26 February 2014 – Parramatta City Council to Committee Secretariat providing list of documents and issues for consideration during the Inquiry
- 3 March 2014 – Dr Carol O'Donnell to Committee Secretariat forwarding information sent to Senate Standing Committee on Economics regarding levies, receipts and payments under strata housing schemes.

***Sent:***

- 11 February 2014 – Committee Chair to Mr Michael Coutts-Trotter, Secretary, Department of Family and Community Services seeking agreement to advertise the inquiry in the March edition of the Your Home newsletter.
- 6 March 2014 – Director of Committee to Mr Sam Haddad, Director-General, NSW Department of Planning and Infrastructure inviting representatives from the department to appear as witnesses on 13 March 2013.
- 10 March 2014 – Director of Committee to Mr Michael Coutts-Trotter, Secretary, Department of Family and Community Services giving notice that representatives from the department would be appearing as witnesses on 13 March and that the committee would be undertaking a site visit to the Sirius Apartment complex on 12 March 2014.
- 10 March 2014 – Committee Chair to Mr Alex Greenwich MP giving notice that the committee would be undertaking a site visit to the Sirius Apartment complex on 12 March 2014.

## **5. Inquiry into Social, public and affordable housing**

### **5.1 Requests for submission extensions**

The Committee noted requests for extensions.

### **5.2 Submissions**

#### **Public submissions**

Resolved, on the motion of Mr Mason-Cox: That the Committee note that the following submissions were published by the Committee Clerk under the authorisation of an earlier resolution: Submission Nos. 1- 5, 7, 9, 11-14, 16-24, 26-36, 38, 40-48, 50-52, 54-63, 65-140, 144 and 206.

**Partially confidential submissions**

Resolved, on the motion of Mr Mason-Cox: That the Committee note that the following submissions were partially published by the Committee Clerk under the authorisation of an earlier resolution, and resolve that certain information remain confidential:

- Submission Nos. 6, 8, 10, 29, 36, 49, 53 and 64 – authors' names to remain confidential
- Submission Nos. 36 and 64 – certain information that may identify individuals to remain confidential.

**Confidential submissions**

Resolved, on the motion of Mr Mason-Cox: That the following submissions remain confidential at the request of the submission authors: Submissions Nos. 15, 25 and 39.

**5.2 Future inquiry activity**

Resolved, on the motion of Mr Pearce: That the Committee Secretariat compile a list of potential witnesses and suggested locations for site visits with the dates to be determined by the Chair after consultation with members regarding availability.

Members proposed the following locations for to consider for site visits:

- Public housing estates in Sydney – Rosemeadow, Bradbury and Claymore, Ivanhoe, Common Ground Camperdown
- Tamworth – as per invitation of NAMOI Councils
- Dubbo – Gordon Estate
- Port Macquarie
- Raymond Terrace/Hunter – including residential parks
- South Coast – Nowra or Illawarra
- Other potential Sydney visits – Housing NSW Call Centre, St Vincent de Paul's Ozanam Learning Centre Woolloomooloo.

Mr Primrose suggested that the report include a glossary to define key terms (eg affordable, public, social and community housing) and that the Secretariat liaise with the Senate Economics Reference Committee regarding their Inquiry into Affordable Housing.

Mr Green joined the meeting and took the chair.

**5.3 Briefing**

Resolved, on the motion of Mr Colless: That the private briefing be recorded by Hansard and that the Committee consult the persons who deliver the briefing regarding the potential publication of the transcript.

**5.4 Tended documents**

Resolved, on the motion of Ms Barham: That the Committee accept and publish the following document tendered during the briefing:

- PowerPoint presentation tendered by Mr Tim Williams.

**6. Site visit**

The Committee conducted a site visit to the Sirius apartment complex, The Rocks, Sydney and met with the following people:

Mr Ron Jennings, resident of the Sirius apartment complex

Ms Mary Sutton, resident of Miller's Point.

**7. Adjournment**

The Committee adjourned at 3 pm until 10.15 am Thursday 13 March 2014.

Madeleine Foley

**Clerk to the Committee**



**Minutes No. 3**

Thursday 13 March 2014

Select Committee on Social, Public and Affordable Housing  
Dixson Room, State Library of New South Wales, 10.15 am**1. Members present**Mr Green, *Chair*Ms Barham, *Deputy Chair*

Mr Colless

Ms Cotsis

Mr Mason-Cox (from 1.30 pm)

Mr Pearce

Mr Primrose

**2. Public hearing**

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Peter McNamara, Vice President, NSW State Council, St Vincent de Paul Society of NSW
- Mr Brian Murnane, Chief Executive Officer, Amelie Housing, St Vincent de Paul Society of NSW
- Ms Katie Florance, Project Officer, St Vincent de Paul Society of NSW.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr John Nicolades, Chairperson, NSW Federation of Housing Associations
- Dr Lucy Burgmann, Chief Executive Officer, NSW Federation of Housing Associations.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Mary Perkins, Executive Officer, Shelter NSW
- Mr Adam Farrar, Senior Policy Officer, Shelter NSW.

The evidence concluded and the witnesses withdrew.

Mr Mason-Cox joined the meeting.

The following witnesses were sworn and examined:

- Mr Mike Allen, Chief Executive, Housing NSW
- Mr Paul Ververs, Executive Director, Housing Services, Housing NSW
- Ms Anne Skewes, Deputy Director-General, NSW Land and Housing Corporation.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Mr Stephen McIntyre, Deputy Director-General, Planning Strategies, Housing & Infrastructure, NSW Planning and Infrastructure.

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Ms Alison Peters, Chief Executive Officer, Council of Social Service New South Wales (NCOSS)
- Mr Warren Gardiner, Senior Policy Officer, Council of Social Service New South Wales (NCOSS).

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Cr Jo Haylen, Mayor, Marrickville Council
- Ms Louise Menday, Affordable Housing Officer, Marrickville Council.

Mr Pearce left the meeting.

Mr Mason-Cox left the meeting.

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 5.31 pm. The public and the media withdrew.

### 3. Adjournment

The Committee adjourned at 5.31 pm *sine die*.

Madeleine Foley

**Clerk to the Committee**

### Minutes No. 4

Wednesday 26 March 2014

Select Committee on Social, Public and Affordable Housing

Members' Lounge, Parliament House, 1.00 pm

#### 1. Members present

Mr Green, *Chair*

Ms Barham, *Deputy Chair*

Ms Cotsis

Mr Mason-Cox

Mr Pearce

Mr Primrose

#### 2. Apologies

Mr Colless

#### 3. Previous minutes

Resolved, on the motion of Mr Mason-Cox: That draft Minutes Nos. 2 and 3 be confirmed.

#### 4. Correspondence

The Committee noted the following items of correspondence:

##### *Received*

- 14 March 2014 – Letter from Mr Ryan Park MP, Member for Keira to Committee Chair inviting Committee to visit the Illawarra region for a public hearing.

##### *Sent*

- 19 March 2014 – Letter from Committee Chair to Mr Ron Jennings, thanking him and Ms Mary Sutton for facilitating the Committee's visit to the Sirius building.

#### 5. Inquiry into social, public and affordable housing

##### 5.1 Submissions

Resolved, on the motion of Ms Barham: That, the Committee note that the following submissions were published by the Committee Clerk under the authorisation of an earlier resolution:

- Submission Nos. 37, 141-150, 152-183

Resolved, on the motion of Mr Pearce: That, the Committee note that the following submissions were partially published by the Committee Clerk under the authorisation of an earlier resolution, and resolve that certain information remain confidential:

- Submission Nos. 147, 148, 160, 174-177 – authors’ names to remain confidential
- Submission Nos.156 and 164 – certain information that may identify individuals to remain confidential.

## 5.2 Witnesses

Resolved on the motion of Ms Cotsis: That, the Committee agree to the Chair’s proposed witness list for Sydney hearings, as amended:

- Tenants’ Union of New South Wales – Sub 68
- Homelessness NSW – Sub 62
- Youth Action – Sub 106
- Combined Pensioners & Superannuants Association of NSW Inc- Sub 188
- National Disability Services – Sub 125
- Independent Park Residents Action Group – Sub 236
- Legal Aid NSW – Sub 229
- Planning Institute of Australia – Sub 79
- Housing Industry Association – Sub 132
- AHURI Limited – Sub 127
- St George Community Housing – Sub 71
- Churches Housing – Sub 92
- The Salvation Army – Sub 55
- Mission Australia – Sub 82
- City of Sydney – Sub 241
- Unions NSW – Sub 67
- Mr Ken Kanovski, formerly of Urban Growth.

## 5.3 Site visit/hearing dates

Resolved, on the motion of Ms Barham: That the Committee agree to the Chair’s proposed program of Committee activity, as outlined below.

Activity	Date	Notes
<b>Regional site visit – 2 days</b> Travel by bus	<b>Wed 30 April/Thurs 1 May</b>	<u>Wednesday 30 April</u> <ul style="list-style-type: none"> <li>• Nowra – bus tour of Southern Cross Housing; community housing in Bomaderry; caravan park/hotel for homelessness; Aboriginal housing.</li> <li>• Public hearing Entertainment Centre</li> </ul> <u>Thursday 1 May</u> <ul style="list-style-type: none"> <li>• Wollongong – bus tour</li> <li>• Public hearing/forum</li> </ul>
<b>Public hearing – Sydney</b>	<b>Mon 12 May</b>	Witness list agreed to by Committee Schedule TBC
<b>Sydney site visit – 1 day</b>	<b>Fri 16 May</b>	<u>Morning</u> <ul style="list-style-type: none"> <li>• Bus tour of Rosemeadow/ Bradbury/ Claymore Estates</li> <li>• Meet residents at Bradbury or Claymore Community Centre</li> </ul> <u>Afternoon</u> <ul style="list-style-type: none"> <li>• TBC – Ivanhoe Estate or Common Ground, Camperdown</li> </ul>

<b>Regional site visit – 2 days</b> Travel by charter plane	<b>Tues 20/Wed 21 May</b>	<u>Tuesday 20 May</u> <ul style="list-style-type: none"> <li>• Port Macquarie Housing Redevelopment</li> <li>• Tamworth – housing shortages due to mining activity</li> </ul> <u>Wednesday 21 May</u> <ul style="list-style-type: none"> <li>• Dubbo – Gordon Estate, Aboriginal issues</li> </ul>
<b>Public hearing – Sydney</b>	<b>Fri 30 May</b>	Witness list agreed to by Committee Schedule TBC

## 6. Adjournment

The Committee adjourned at 1.25 pm *sine die*.

Madeleine Foley

**Clerk to the Committee**

## Minutes No. 5

Wednesday 30 April 2014

Select Committee on Social, Public and Affordable Housing

Office of Southern Cross Community Housing, Nowra, at 9.45 am

### 1. Members present

Mr Green, *Chair*

Ms Barham, *Deputy Chair*

Ms Cotsis

Mr Mason-Cox (from 4.30 pm)

Mr Pearce

### 2. Apologies

Mr Colless

Mr Primrose

### 3. Site visit to Nowra

The committee travelled to Nowra to receive a briefing from a local housing service provider and inspect some of their properties.

#### 3.1 Briefing by Southern Cross Community Housing

The committee met with Ms Marg Kaszo, Chief Executive Officer, Southern Cross Community Housing (SCCH), and the following Board Members from SCCH:

- Mr Bob Ashford, Chairperson
- Ms Veronica Husted, Deputy Chairperson
- Ms June Stevens, Board Member.

Ms Kaszo tendered the following documents:

- '2013 Annual Report: Southern Cross Community Housing'
- A booklet entitled 'Path 2 Home: Shoalhaven'
- A flyer containing key strategies and achievements for SCCH.

#### 3.2 Inspection of local social and affordable housing

The committee conducted a bus tour of social and affordable housing managed by SCCH. The committee was accompanied on the bus by Ms Kaszo and Ms Stevens. The sites visited included:

- Yalwal Road, West Nowra (NRAS Affordable Housing Dwellings)
- Golden Grove & Litoria Parade, Worrigee (NSW Social Housing Growth Funding 2/NRAS Affordable Housing Dwellings)
- 16-28 Ritchie Street, Bomaderry (NBESP Social Housing Dwellings).

The committee met with Ms Lynette French, Secretary, Ritchie Street Complex Tenant Support Committee and other tenants from the Ritchie Street dwellings.

Ms French tendered a document containing the mission statement of the Ritchie Street Complex Committee.

The committee travelled to the Bomaderry Bowling Club for the public hearing.

#### 4. Deliberative meeting

##### 4.1 Previous minutes

Resolved, on the motion of Mr Pearce: That draft minutes No. 4 be confirmed.

##### 4.2 Correspondence

The committee noted the following items of correspondence:

###### *Received*

- 28 February 2014 – Email from Mr Rob Senior to Committee Secretariat advising of willingness to appear as a witness and the range of matters that could be taken as evidence.
- 3 April 2014 – Letter from Mr Stephen McIntyre to Committee Secretariat providing answers to questions on notice and supplementary questions
- 8 April 2014 – Letter from Council of Social Services of New South Wales (NCOSS) to Committee Secretariat providing answers to supplementary questions
- 10 April 2014 – Letter from NSW Federation of Housing Associations to Committee Secretariat providing answers to questions on notice and supplementary questions
- 10 April 2014 – Letter from St Vincent de Paul Society of NSW to Committee Secretariat providing answers to questions taken on notice and supplementary questions
- 14 April 2014 – Email from Mr Tim Williams, Chief Executive Officer, Committee for Sydney to Committee Secretariat providing answers to questions on notice
- 15 April 2014 – Email from Housing NSW and Land and Housing Corporation to Committee Secretariat providing answers to questions on notice and supplementary questions
- 23 April 2014 – Email from Shelter NSW to Committee Secretariat providing answers to questions on notice and supplementary questions.

###### *Sent*

- 22 April 2014 – Letters from Chair to local Members of Parliament advising of the dates for upcoming site visits, including public hearings and forums, to:
  - Hon Shelley Hancock MP, Member for South Coast
  - Ms Noreen Hay MP, Member for Wollongong
  - Mr Ryan Park MP, Member for Keira
  - Mr Jamie Parker MP, Member for Balmain
  - Mr Bryan Doyle MP, Member for Campbelltown
  - Mrs Leslie Williams MP, Member for Port Macquarie
  - Mr Troy Grant MP, Member for Dubbo
  - Mr Kevin Anderson MP, Member for Tamworth.
- 24 April 2014 – Letters from Chair to local and federal Members of Parliament advising of the dates for upcoming site visits, including public hearings and forums, to:
  - Ms Anna Watson MP, Member for Shellharbour

- The Hon Sharon Bird MP, Federal Member for Cunningham
- Ms Ann Sudmalis MP, Federal Member for Gilmore.

#### **4.3 Submissions**

Resolved, on the motion of Ms Barham: That the committee note that the following submissions were published by the committee clerk under the authorisation of an earlier resolution: submission nos. 184-186, 188-212, 214-216, 226-245 and 17a.

Resolved, on the motion of Ms Cotsis: That submission no. 89, which was previously published in full, remain confidential at the request of the submission author.

#### **4.4 Conduct of public forum**

Resolved, on the motion of Ms Barham: That the committee adopt the following guidelines for the conduct of the public forums:

- Each forum participant be allocated five minutes to speak, with a bell to be rung at four minutes to indicate that their time has nearly expired and a final bell to be rung at five minutes
- If a forum participant is unable to finish their speech in their allotted time, they may request that remaining notes for their speech, if any, be incorporated into Hansard
- Participants not be sworn, but their evidence will be protected by parliamentary privilege as they will be participating in a properly constituted parliamentary proceeding
- Members not ask questions of participants as the forum is an opportunity for as many people as possible to speak
- If time permits, audience members who have not registered to address the committee be given the opportunity to speak.

#### **4.5 Travel by charter plane**

Resolved, on the motion of Mr Pearce: That the committee authorise the use of a charter plane at cost of \$18,490 for the site visit to Port Macquarie, Tamworth and Dubbo on 20 and 21 May 2014.

#### **4.6 Site visit itineraries**

Resolved, on the motion of Ms Barham: That the committee approve the itineraries and witness lists as previously circulated for the site visits to Nowra and Wollongong on 30 April-1 May, Western Sydney and Camperdown on 16 May and Port Macquarie, Tamworth and Dubbo on 20-21 May 2014.

### **5. Public hearing – Nowra**

The media, public and witnesses were admitted.

The chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Gordon Clark, Strategic Planning Manager, Shoalhaven City Council
- Mr Alan Blackshaw, Coordinator Community Development, Shoalhaven City Council
- Dr Lauren Puglisi, Community Planning Officer, Community & Cultural Life, Shellharbour City Council
- Ms Melissa Boxall, Acting Director, City Outcomes, Shellharbour City Council
- Ms Nicole Collins, Manager, Community & Cultural Life, Shellharbour City Council.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Alexandra O'Donnell, Tenants Advocate, Illawarra and South Coast Tenants Service
- Ms Jenna McConnachie, Tenants Advocate, Illawarra and South Coast Tenants Service.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Nicky Sloan, Chief Executive Officer, Illawarra Forum
- Ms Katie Fox, Information, Communication & Resource Officer, Illawarra Forum
- Ms Donna Brotherson, Tenant Participation Resource Service Coordinator, Illawarra Forum.

Ms Brotherson tendered the following documents:

- 'Barb the builder' project, Tenant Participation Resource, Illawarra Forum
- 'Mastering meals at Manuka', Tenant Participation Resource, Illawarra Forum

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Denise Green, Acting Manager/Case Manager, Nowra Family Support Service Inc
- Ms Lynne Jackson-Waite, Team Leader/Case Manager, Nowra Family Support Service Inc.

The evidence concluded and the witnesses withdrew.

The public hearing concluded.

## 6. **Deliberative meeting**

Resolved, on the motion of Ms Cotsis: That the committee agree to meet with Ms Noreen Hay MP, Member for Wollongong, at a particular site/s where the committee will be conducting inspections on 1 May 2014.

Resolved, on the motion of Ms Barham: That the committee accept and publish the following documents tendered during the public hearings:

- 'Barb the builder' project, Tenant Participation Resource, tendered by Ms Donna Brotherson, Illawarra Forum
- Mastering meals at Manuka, Tenant Participation Resource, tendered by Ms Donna Brotherson, Illawarra Forum.

## 7. **Public Forum – Nowra**

The chair made an opening statement regarding the broadcasting of proceedings and other matters related to the public forum.

Mr Mason-Cox joined the meeting.

The following speakers addressed the committee:

- Ms Lynette French
- Ms Wendy Harris
- Ms Michelle Miran
- Mr Reg Newsome
- Ms Lyn Miles
- Mr Grant Turner
- Mr Ivern Ardler
- Mr David Wilans.

Mr Newsome tendered a document entitled 'Welcome to the Social Housing Tenants Forum'.

The public forum concluded.

## 8. Adjournment

The committee adjourned at 5.30 pm until 8.15 am, Thursday 1 May (site visit to Wollongong).

Madeleine Foley

**Clerk to the Committee**

## Minutes No. 6

Thursday 1 May 2014

Select Committee on Social, Public and Affordable Housing

Springs Resort, Nowra, at 8.15 am

### 1. Members present

Mr Green, *Chair*

Ms Barham, *Deputy Chair*

Ms Cotsis

Mr Mason-Cox

Mr Pearce

### 2. Apologies

Mr Colless

Mr Primrose

### 3. Briefing by Housing NSW, Shellharbour

The committee travelled to Shellharbour to receive a briefing from Housing NSW. The committee met with the following representatives from Housing NSW:

- Mr Sebastian James, Director Housing Services, Illawarra District
- Mr Mark Byrne, Regional Asset Director.

### 4. Inspection of local social and affordable housing in Wollongong

The committee travelled to Wollongong to inspect social and affordable housing in Warrawong and Bundaleer. The committee met Ms Noreen Hay MP, Member for Wollongong, at Warrawong and was accompanied on the bus by Ms Hay to Bundaleer.

Ms Hay left the meeting.

The committee travelled to WIN Stadium for the public hearing.

### 5. Public hearing – Wollongong

The media, public and witnesses were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witness was sworn and examined:

- Lord Mayor Councillor Gordon Bradbery OAM, Lord Mayor, Wollongong City Council.

Lord Mayor Councillor Bradbery tendered the following document:

- 'Projects of future social, public and affordable housing supply and demand to 2020'.

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:



- Ms Helen Backhouse, Board Member, Treasurer, Equity and Human Services Sub-Committee Convenor, Regional Development Australia Illawarra
- Mr David Muscio, Project Officer, Regional Development Australia Illawarra.

Ms Backhouse tendered the following document:

- 'Rental affordability snap shot' by Anglicare Diocese of Sydney, dated April 2014.

The evidence concluded and the witnesses withdrew.

The following witness was examined on their former oath:

- Ms Helen Backhouse, Policy Advisor, Southern Youth and Family Services.

The following witness was sworn and examined:

- Ms Narelle Clay, Chief Executive Officer, Southern Youth and Family Services

Ms Clay tendered the following document:

- photographs and proposed floor plans for the Youth Foyer.

The evidence concluded and the witnesses withdrew.

The public hearing concluded.

## **6. Public forum**

The Chair made an opening statement regarding the broadcasting of proceedings and other matters related to the public forum.

The following speakers addressed the committee:

- Mr Michael Walsh
- Mr Chris Lacey
- Mr Eric Earley
- Ms Noreen Hay MP
- Ms Aviva Sheb'a
- Ms Wendy Campbell
- Ms Phoenix Van Dyke
- Mr Daniel Demartin
- Ms Julie Mitchell
- Ms Loekie Kleujer.

The public forum concluded.

## **7. Adjournment**

The Committee adjourned at 4.30 pm until Monday 12 May 2014 at 9.30 am (*public hearing – Sofitel Wentworth Hotel, Sydney*).

Madeleine Foley

**Clerk to the Committee**

**Minutes No. 7**

Monday 12 May 2014

Select Committee on Social, Public and Affordable Housing

Adelaide Room, Sofitel Sydney Wentworth, 9.11 am

**1. Members present**Mr Green, *Chair*Ms Barham, *Deputy Chair*

Mr Colless

Ms Cotsis

Mr Pearce

**2. Apologies**

Mr Primrose

Mr Mason-Cox

**3. Previous minutes**

Resolved, on the motion of Ms Barham: That draft minute nos. 5 and 6 be confirmed.

**4. Correspondence**

The Committee noted the following items of correspondence:

***Received***

- 1 May 2014 – From Ms Kerry Fewings, Administration Assistant, Australian Housing and Urban Research Institute (AHURI), advising that AHURI will not be available to attend either of the upcoming committee hearings
- 2 May 2014 – From Ms Narelle Clay AM, CEO, Southern Youth and Family Services, expressing appreciation for the Inquiry and offering to provide further assistance if required
- 7 May 2014 – From Mr Ken Kanofski, declining the invitation to give evidence but indicating his willingness to provide specific information, if requested by the committee.

***Sent***

- 29 April 2014 – Letter from the Chair to Mr Michael Coutts-Trotter, Secretary, NSW Family and Community Services, informing him of inquiry activities involving Departmental officers
- 5 May 2014 – Letter from the Chair to Ms Marg Kaszo, CEO, Southern Cross Community Housing, thanking her and board members for meeting with the committee
- 5 May 2014 – Letter from the Chair to Ms Lynette French, Secretary, Ritchie Street Complex Tenant Support Committee, thanking her and other tenants for meeting with the committee.

**5. Submissions**

Resolved, on the motion of Ms Cotsis: That the committee authorise the publication of submission no. 187 and supplementary submission 147a, with the exception of the names and any identifying information at the request of the submission authors.

Resolved, on the motion of Ms Barham: That the committee keep confidential submission no. 248 at the request of the submission author.

Resolved, on the motion of Ms Barham: That the committee keep confidential supplementary submission no. 171a as it contains potentially sensitive information.

**6. Publication of transcript – 12 March 2014**

Resolved, on the motion of Ms Barham: That the committee authorise the partial publication of the transcript of Dr Tim Williams from 12 March 2014 with certain information kept confidential at Dr Williams' request.

Resolved, on the motion of Ms Cotsis: That the committee authorise the publication of the entire transcript of Professor Hal Pawson, Dr Judith Yates and Associate Professor Vivienne Milligan from 12 March 2014.

#### 7. **Tendered documents from the previous hearings**

Resolved, on the motion of Ms Barham: That the committee accept and publish the following documents tendered during the public hearings:

- 'Welcome to the Social Housing Tenants Forum', tendered by Mr Reg Newsome
- 'Projections of future social, public and affordable housing supply and demand to 2020', tendered by Lord Mayor Councillor Gordon Bradbery
- photographs and proposed floor plans for the Youth Foyer, tendered by Ms Narelle Clay.

#### 8. **Briefing paper on interstate reviews**

The committee noted the briefing paper prepared by the secretariat on the recommendations and outcomes of interstate inquiries into social, public and affordable housing, including that portions of the briefing paper may be referred to in the committee's report.

#### 9. **Public hearing**

The media, public and witnesses were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Ms Jenny Rudolph, Representative, Planning Institute of Australia
- Ms Sarah Hill, Representative, Planning Institute of Australia
- Mr Stephen Barr, Representative, Planning Institute of Australia.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Councillor John Mant, City of Sydney
- Ms Monica Barone, Chief Executive Officer, City of Sydney.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Mark Lennon, Secretary, Unions NSW
- Ms Emma Maiden, Assistant Secretary, Unions NSW.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Kristin Brookfield, Senior Executive – Building Development and Environment, Housing Industry Association
- Mr Geordan Murray, Economist, Housing Industry Association

- Mr Michael Buckley, Senior Planning Advisor, Housing Industry Association.

Mr Murray tendered the following document:

- Opening statement

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Nazha Saad, Chief Executive Officer, St George Community Housing
- Mr Trevor Wetmore, General Manager, Corporate Services, St George Community Housing
- Ms Karen Walsh, General Manager, Housing Services and Renewal, St George Community Housing.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Dr Chris Martin, Senior Policy Officer, Tenants' Union of New South Wales.

The evidence concluded and the witness withdrew.

The following witnesses were sworn and examined:

- Mr Damien Hennessy, Senior Solicitor, Housing Legal Aid NSW
- Ms Monique Hitter, Executive Director, Civil Law, Legal Aid NSW.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Digby Hughes, Policy and Research Officer, Homelessness NSW
- Mr Gary Moore, Chief Executive Officer, Homelessness NSW.

Mr Moore tendered the following document:

- 'Door slammed shut on the needy', Deborah Snow, Sydney Morning Herald, 10-11 May 2014, p 33.
- The London Plan July 2011
- Housing New York, A Five-Borough, Ten-Year Plan

The evidence concluded and the witnesses withdrew.

Mr Pearce left the meeting at

The following witness was sworn and examined:

- Ms Mary O'Sullivan, Executive Member, Women's Electoral Lobby NSW.

The evidence concluded and the witness withdrew.

The media and public withdrew.

## 10. Deliberative meeting

### 10.1 Site visits – engagement with State Members of Parliament

Resolved, on the motion of Ms Barham: That the committee contact State Members of Parliament in areas where the committee is conducting site visits, to invite them to join the following activities:

- Mr Jamie Parker MP – residents' morning tea at Common Ground, Camperdown

- Mr Bryan Doyle MP – residents’ afternoon tea at Airds/Bradbury Community Centre
- Mrs Leslie Williams MP – committee’s private morning tea in Port Macquarie
- Hon Troy Grant MP – committee’s private morning tea in Dubbo.

### 10.2 Roundtable with new Minister for Family and Community Services

Resolved, on the motion of Ms Barham: That the committee take up the suggestion of Hon Gabrielle Upton MP, newly appointed Minister for Family and Community Services, to hold a private roundtable discussion, and that the secretariat canvass members and the Minister regarding potential dates.

### 10.3 Submission invitation

Resolved, on the motion of Ms Barham: That the committee invite a submission from the Aboriginal Housing Company.

### 10.4 Tendered documents

Resolved, on the motion of Ms Cotsis: That the committee accept and publish the following document tendered during the public hearing:

- Opening statement tendered by Mr Geordan Murray, Economist, Housing Industry Association.

## 11. Adjournment

The committee adjourned at 5.20 pm until Friday 16 May 2014.

Madeleine Foley

**Clerk to the Committee**

## Minutes No. 8

Friday 16 May 2014

Select Committee on Social, Public and Affordable Housing

Room 1254, Parliament House 8.45 am

### 1. Members present

Mr Green, *Chair*

Ms Barham, *Deputy Chair*

Mr Colless

Ms Cotsis

Mr Pearce (from 12.30 pm)

Mr Primrose

### 2. Apologies

Mr Clarke

### 3. Correspondence

The committee noted the following item of correspondence:

#### *Received*

- 9 May 2014 – Letter from Ms Denise Green, Acting Manager, Nowra Family Support Service Inc to secretariat providing answers to questions taken on notice during the hearing.

### 4. FACS briefing

The committee was provided with a briefing about Common Ground, Camperdown and housing estates in Campbelltown by the following FACS representatives:

- Mr Mark Reader, Director Program Assets, Community and Private Market Housing (CAPMH)
- Mr Michael Clarke Lewis, A/GM, Renewal Land and Housing Corporation

- Mr Michael Van der Ley, Director Housing Services, South Western Sydney.
- Mr Theo Posumah, Development Director, Renewal, Land and Housing Corporation

## **5. Site visit to Common Ground, Camperdown**

The committee travelled to Common Ground, Camperdown to meet with:

- Mr Ben Carblis, NSW State Director
- Ms Lesley Butt, Regional Leader
- Mr Patrick Flynn, Advocacy and Campaign Manager
- Mr Dianne Jazic, Program Manager
- Ms Davina Lomas, National Housing Service Manager
- Ms Cora McCabe, A/Clinical Practice Co-ordinator

The committee undertook a tour of Common Ground and met with residents. Mr Jaime Parker MP, member for Balmain, also attended the tour to meet with the committee.

## **6. Site visit to Campbelltown housing estates**

### **6.1 Airds Bradbury Community Centre**

The committee travelled to Airds Bradbury Community Centre for a briefing about housing estates in the Campbelltown area by the following representatives from St Vincent de Paul:

- Mr Brian Murnane, Chief Executive Officer, Amelie Housing
- Mr Michael Perusco, Chief Executive Officer, St Vincent de Paul
- Ms Teresa Harm, Manager, Vincentian Social Action Centre
- Mr Alan Raisbeck, Regional President.

Following the briefing, the committee met with residents from Claymore and Rosemeadow. Mr Bryan Doyle MP, member for Campbelltown, also attended the committee's meeting with residents.

### **6.2 Inspection of housing estates**

The committee undertook a bus tour of three housing estate areas:

- Bradbury/Airds
- Rosemeadow
- Claymore

Mr Brian Murnane, Chief Executive Officer, Amelie Housing and Mr Michael Perusco, Chief Executive Officer, St Vincent de Paul, accompanied the committee.

## **7. Adjournment**

The committee adjourned at 6.00 pm.

Tina Higgins

**Clerk to the Committee**

## **Minutes No. 9**

Tuesday 20 May 2014

Select Committee on Social, Public and Affordable Housing  
Sydney Airport, 7.15 am

**1. Members present**

Mr Green, *Chair*  
Ms Barham, *Deputy Chair*  
Mr Colless  
Mr Pearce  
Mr Primrose

**2. Apologies**

Mr Clarke  
Ms Cotsis

**3. Previous minutes**

Resolved, on the motion of Mr Pearce: That draft minutes no. 7 be confirmed.

**4. Submissions**

Resolved, on the motion of Mr Pearce: That submission nos. 250, 252, 253 be published.

**5. Site visit – Port Macquarie**

5.1 The committee met with Mrs Leslie Williams, MP, member for Port Macquarie.

5.2 The committee attended the Port Macquarie Major Project site for a tour and briefing by the following representatives:

- Mr Matthew Smith, Project Manager, Land and Housing Corporation.
- Mr Colin Dunn, Director, Housing Services, Housing NSW.
- Mr Frank Birkefield, NSW State Manager, Community Housing Limited.
- Ms Helen Heydon, A/Housing Manager, Housing NSW.
- Mr Clive Bax, NSW Asset Manager, Community Housing Limited.

5.3 The committee visited Leisure Tourist Park for a tour and briefing about residential parks by:

- Mr Ivan Havlic, Manager/Owner of Leisure Tourist Park.
- Mr Gary Martin, State President, Affiliated Residential Park Residents Association Inc (ARPRA).

**6. Public hearing – Tamworth**

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Michael Silver OAM, Acting General Manager, Gunnedah Shire Council.
- Ms Gae Swain, Deputy Mayor, Gunnedah Shire Council.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Donna Ausling, Acting Director Environmental Services, Liverpool Plains Shire Council.

- Ms Diane Hood, General Manager, Narrabri Shire Council.

The evidence concluded and the witnesses withdrew.

The following witness was sworn and examined:

- Ms Marie McKenzie, Chief Executive Officer, Homes North Community Housing, member of the Housing Alliance.

The evidence concluded and the witness withdrew.

The public hearing concluded at 5.27 pm. The public and the media withdrew.

## 7. Adjournment

The committee adjourned at 5.30 pm.

Tina Higgins

**Clerk to the Committee**

## Minutes No. 10

Wednesday 21 May 2014

Select Committee on Social, Public and Affordable Housing

Best Western Sanctuary Inn, Tamworth, 7.45 am

### 1. Members present

Mr Green, *Chair*

Ms Barham, *Deputy Chair*

Mr Colless

Mr Pearce

Mr Primrose

### 2. Apologies

Mr Clarke

Ms Cotsis

### 3. Site visit – Dubbo

The committee undertook a visit to Rosewood Grove and the Apollo Estate in Dubbo, accompanied by the following representatives from FACS:

- Campbell Bryant, Regional Asset Director.
- Paul Little, Asset Operations Manager, Land and Housing Corporation.
- Kerry McDermott, Team Leader Housing Services, Housing NSW.

### 4. Public hearing – Dubbo

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Tony Aikins, Manager City Strategy, Dubbo City Council.
- Mr Matthew Dickerson, Mayor Dubbo City Council.
- Mr Steve Jennings, Strategic Planning Supervisor, Dubbo City Council.
- Ms Melissa Watkins, Director Environmental Services, Dubbo City Council.

The evidence concluded and the witnesses withdrew.



The following witnesses were sworn and examined:

- Ms Rebecca Barnes, Executive Manager, Partnerships and Support, Compass Housing.
- Mr Paul Johnson, Chairman, Compass Housing.

The evidence concluded and the witnesses withdrew.

The public hearing concluded at 1:30pm.

The committee noted that that a representative from Mr Troy Grant's office, member for Dubbo, was unable to attend a meeting with the committee.

#### 5. Public forum – Dubbo

The Chair made an opening statement for the public forum.

The following speaker addressed the committee:

- Mr Rod Crowfoot, representative of the Orana Division of the Real Estate Institute of NSW.

The public forum concluded. The public and the media withdrew.

#### 6. Adjournment

The committee adjourned at 1.45 pm.

Tina Higgins

**Clerk to the Committee**

### Minutes No. 11

Friday 30 May 2014

Select Committee on Social, Public and Affordable Housing  
Macquarie Room, Parliament House, 9.15 am

#### 1. Members present

Mr Green, *Chair*

Ms Barham, *Deputy Chair*

Mr Clarke (from 2.00 pm)

Mr Colless

Ms Cotsis (from 9.45 am)

Mr Pearce

Mr Primrose (until 3.30 pm)

#### 2. Previous minutes

Resolved, on the motion of Mr Pearce: That draft minutes nos. 8, 9 and 10 be confirmed.

#### 3. Correspondence

The Committee noted the following items of correspondence:

##### *Received*

- 19 May 2014 – From Mr Gordon Clark, Strategic Planning Manager, Shoalhaven City Council to Committee Secretariat providing answers to questions on notice and supplementary questions taken during the hearing.

#### 4. Submission

The committee noted that submission no. 251 was published by the committee clerk under the authorisation of an earlier resolution.

**5. Tendered documents**

Resolved, on the motion of Mr Pearce: That the committee accept and publish the following documents tendered from the site visit on 16 May 2014:

- Sydney Common Ground Project briefing paper, tendered by Mr Mark Reader, Director Program and Assets, Community and Private Market Housing (CAPMH).
- Factsheets on Minto, Claymore and Airds/Bradbury housing estates, tendered by Mr Michael Van der Lay, Director Housing Services, South Western Sydney.
- Claymore and Airds/Bradbury Intensive Tenancy Management Projects, tendered by Mr Brian Murnane, Chief Executive Officer, Amelie Housing, St Vincent de Paul.

**6. Public Hearing**

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses were sworn and examined:

- Mr Scott Holz, NSW State Manager, National Disability Services
- Miss Susan Geria, Sector Development Officer, National Disability Services
- Mr Evan Wallace Sector Development Officer, National Disability Services.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Justin Donkin, Secretary, Independent Park Residents Action Group
- Ms Christina Steel, Member, Independent Park Residents Action Group
- Mr Len Hogg, Member, Independent Park Residents Action Group.

Mr Justin Donkin tendered the following document:

- Supplementary Submission

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Mr Magnus Linder, Executive Officer, Churches Housing Inc.
- Ms Susan King, Director Advocacy and Research, Anglicare Sydney, Member of Churches Housing Inc
- Mr Rob Burnelek, General Manager, Salvos Housing, The Salvation Army.

The evidence concluded and the witnesses withdrew.

The following witnesses were sworn and examined:

- Ms Charmaine Crowe, Senior Advisor, Research and Advocacy, Combined Pensioners & Superannuants Association of NSW Inc
- Ms Amelia Christie, Manager, Research and Advocacy, Combined Pensioners & Superannuants Association of NSW Inc.

The evidence concluded and the witnesses withdrew.

The following witnesses were examined on their former oath:

- Mr Paul Ververs, Executive Director, Housing NSW

- Mr Mike Allen, Chief Executive, Housing NSW
- Ms Anne Skewes, Deputy Director General, NSW Land and Housing Corporation.

The following witness was sworn and examined:

- Ms Mandy Young, Chief Executive, Aboriginal Housing Office.

The evidence concluded and the witnesses withdrew.

Mr Primrose left the meeting at 3:30pm.

The following witness was sworn and examined:

- Mr Eamon Waterford, Director, Policy & Advocacy, Youth Action.

The evidence concluded and the witness withdrew.

The following witness was sworn and examined:

- Mr Michael Cassel, Chief Executive Officer, Mission Australia
- Mr Patrick Flynn, Advocacy and Campaign Manager, Mission Australia

The evidence concluded and the witnesses withdrew.

#### 7. **Report roundtable**

Resolved, on the motion of Ms Barham: That the committee hold a roundtable discussion on the content of the Chair's draft report on 25 June 2014 from 1:30pm to 2:30pm, following the meeting with Minister Upton, subject to consultation with members regarding their availability.

#### 8. **Further correspondence**

Resolved, on the motion of Ms Barham: That the committee:

- write to the Caravan and Camping Industry Association to invite them to comment on evidence provided by the Independent Park Residents Action Group.
- write to the NSW Civil and Administrative Tribunal to invite them to comment on evidence provided by the Independent Park Residents Action Group.
- write to the Rental Bond Board, Office of Fair Trading, to request information about the amount of money held by the rental bond board and whether any of this money (including interest) is contributed to capital and maintenance social and public housing costs.

#### 9. **Information from NSW Treasury**

The committee noted previous advice that NSW Treasury had declined the invitation to appear as a witness, but offered to answer relevant questions in writing.

Resolved, on the notion of Ms Barham: That the committee write to NSW Treasury for more information about funding of social, public and affordable housing, subject to receiving questions from members.

#### 10. **Adjournment**

The committee adjourned at 5.05 pm until 1.00 pm, Wednesday 25 June 2014.

Tina Higgins

**Clerk to the Committee**

**Minutes No. 12**

Wednesday 25 June 2014

Select Committee on Social, Public and Affordable Housing

Room 1136, Parliament House, Sydney, at 1.10 pm

**1. Members present**Mr Green, *Chair*Ms Barham, *Deputy Chair*

Ms Cotsis

Mr Pearce

Mr Primrose (left at 1.55 pm)

**2. Apologies**

Mr Clarke

Mr Colless

**3. Previous minutes**

Resolved, on the motion of Ms Cotsis: That draft minutes no.11 be confirmed.

**4. Correspondence**

The Committee noted the following items of correspondence.

***Received:***

- 23 May 2014 – From City of Sydney to Committee Secretariat providing answers to questions on notice taken during the hearing
- 27 May 2014 – From Shellharbour City Council to Committee Secretariat providing answers to questions on notice taken during the hearing
- 28 May 2014 – From Mr David Muscio, Project Officer, Regional Development Australia Illawarra to Committee Secretariat providing answers to questions taken on notice during the hearing
- 28 May 2014 – From Ms Narelle Clay, Chief Executive Officer, Southern Youth and Family Services Association to Committee Secretariat providing answers to questions taken on notice during the hearing
- 28 May 2014 – From Mr Warren Wheeler, Team Leader, Illawarra and South Coast Tenants Service to Committee Secretariat providing answer to questions taken on notice during the hearing and supplementary questions
- 28 May 2014 – From Ms Nicky Sloan, Chief Executive Officer, Illawarra Forum Inc to Committee Secretariat providing answers to supplementary questions
- 29 May 2014 – From Ms Narelle Clay, Chief Executive Officer, Southern Youth and Family Services Association to Committee Secretariat providing answers to supplementary questions
- 30 May 2014 – From Ms Jen Rignold, Resident of Airds Bradbury to Committee providing residents charter for reference and offering suggestions for how the Committee could improve meetings with residents
- 30 May 2014 – From Mr Frank Birkefeld, State Manger NSW, Community Housing Ltd to Committee providing response to issues raised during site visit in Port Macquarie
- 5 June 2014 – From Lord Mayor Gordon Bradbery, Wollongong City Council to Committee Secretariat providing answers to questions on notice taken during the hearing

- 6 June 2014 – From St George Community Housing to Committee Secretariat providing answers to questions on notice taken during the hearing and supplementary questions
- 11 June 2014 – From Mr Eamon Waterford, Director Policy and Advocacy, Youth Action to Committee Secretariat providing answers to questions on notice taken during the hearing
- 12 June 2014 – From Unions NSW to Committee Secretariat providing answers to questions on notice taken during the hearing and supplementary questions
- 16 June 2014 – From Tenants' Union of New South Wales to Committee Secretariat providing answers to questions on notice taken during the hearing
- 16 June 2014 – From Mr Magnus Linder, Executive Officer, Churches Housing Inc to Committee Secretariat providing answers to questions on notice taken during the hearing
- 17 June 2014 – From Housing Industry Association to Committee Secretariat providing answers to questions on notice taken during the hearing
- 19 June 2014 – From Ms Donna Ausling, Manager, Planning & Development, Liverpool Plains Shire Council to Committee Secretariat providing answers to questions on notice taken during the hearing and supplementary questions
- 19 June 2014 – From Mr Damien Hennessy, Senior Solicitor, Housing, Legal Aid NSW to Committee Secretariat providing answers to questions on notice taken during the hearing.

***Sent:***

- 23 May 2014 – From Committee Chair to Mr Ben Carblis, State Leader NSW, Mission Australia thanking Mr Carblis for assistance given to the committee during the tour of Common Ground at Camperdown
- 23 May 2014 – From Committee Chair to Mr Gary Martin, State President, Affiliated Residential Park Residents Association Inc thanking Mr Martin for accompanying the committee on the tour of a residential park in Port Macquarie
- 23 May 2014 - From Committee Chair to Mr Ivan Havlic, Owner, Leisure Tourist Park thanking Mr Havlic for assisting the committee with a tour of the residential park in Port Macquarie
- 23 May 2014 - From Committee Chair to Mr Brian Murnane, Chief Executive Officer, St Vincent de Paul Society of NSW thanking Mr Murnane for assisting the committee with a briefing and tour of housing estate in Campbelltown
- 5 June 2014 – From Committee Chair to the Rental Bond Board requesting more information about the amount of money held by the Rental Bond Board and whether any of this money (including interest) is contributed to capital and maintenance social and public housing costs
- 5 June 2014 – From Committee Chair to the Caravan and Camping Industry Association to invite them to respond to evidence taken at the hearing on 30 May 2014
- 5 June 2014 – From Committee Chair to the NSW Civil and Administrative Tribunal to invite them to respond to evidence taken at the hearing on 30 May 2014.

**5. Supplementary submissions**

The committee noted that supplementary submissions no. 24a, 236a and 180a were published by the committee clerk under the authorisation of an earlier resolution.

**6. Additional hearings**

Ms Cotsis requested that a two day hearing be held regarding the recent announcement by the NSW Government of the outcome of the Going Home, Staying Home reforms.

Debate ensued.

Resolved, on the motion of Ms Cotsis: That, taking into account the committee's time constraints, the committee hold a three hour private hearing with officials from the Department of Family and Community Services (the Department) and that:

- the Department nominate witnesses who have been involved in the tender process for the 'Going Home, Staying Home' reforms
- the private hearing be held on 10 July 2014
- committee members have the opportunity to lodge indicative questions with the committee secretariat by Wednesday 2 July 2014
- the private hearing be transcribed and the transcript be published after the briefing
- evidence collected during the private hearing be incorporated in the final report of the committee in a limited way.

Mr Primrose left the meeting.

**7. Meeting with the Minister for Family and Community Services**

The Hon Gabrielle Upton MP, Minister for Family and Community Services and her advisor joined the meeting to discuss the committee's views on social, public and affordable housing.

Minister Upton and her adviser left the meeting.

**8. Report roundtable**

An outline of key issues concerning the possible content of the Chair's draft report was previously circulated. The committee agreed to provide any comments to the committee secretariat.

**9. Tendered documents**

Ms Barham tendered an information sheet regarding the loss of women's specialist services, prepared by the Save Our Women's Services.

**10. Adjournment**

The committee adjourned at 2.45 pm, until Thursday 10 July 2014 (*private briefing with FACS officials*).

Shu-fang Wei

**Clerk to the Committee**

**Minutes No. 13**

Thursday 10 July 2014

Select Committee on Social, Public and Affordable Housing

Macquarie Room, Parliament House, Sydney, at 1.30 pm

**1. Members present**

Mr Green, *Chair*

Ms Barham, *Deputy Chair*

Mr Clarke

Ms Cotsis

Mr Pearce

**2. Apologies**

Mr Colless

Mr Primrose

**3. Previous minutes**

Resolved, on the motion of Ms Cotsis: That draft minutes no.12 be confirmed.

**4. Questions on notice and supplementary questions**

Resolved, on the motion of Mr Clarke: That answers to questions taken on notice and supplementary questions, arising from the hearing with FACS witnesses on 10 July 2014, be provided to the secretariat within 14 days.

## 5. Correspondence

The Committee noted the following items of correspondence.

### *Received:*

- 19 June 2014 – From Dubbo City Council to committee secretariat providing answers to supplementary questions
- 20 June 2014 – From Ms Diane Hood, General Manager, Narrabri Shire Council to committee secretariat providing answers to questions on notice taken during the hearing and supplementary questions
- 20 June 2014 – From Ms Maree McKenzie, Chief Executive Officer, Homes North Community Housing Co Ltd to committee secretariat providing answers to questions on notice taken during the hearing and supplementary questions
- 23 June 2014 – From Mr Evan Wallace, Sector Development Officer, National Disability Services to committee secretariat providing answers to questions on notice taken during the hearing
- 25 June 2014 – From Ms Charmaine Crowe, Senior Advisor, Research & Advocacy, Combined Pensioners and Superannuants Association to committee secretariat providing answers to questions on notice taken during the hearing
- 25 June 2014 – From Planning Institute of Australia to committee secretariat providing answers to questions on notice taken during the hearing and supplementary questions
- 25 June 2014 – From Mr Patrick Flynn, Advocacy and Campaign Manager, Mission Australia to committee secretariat providing answers to questions on notice taken during the hearing
- 26 June 2014 – From Ms Sian Leathem, Principal, Registrar, NSW Civil & Administrative Tribunal to the Chair responding to issues raised in evidence about the powers of the tribunal with regards to residential park disputes
- 26 June 2014 – From Ms Rebecca Barnes, Executive Manager Partnerships and Support, Compass Housing to committee secretariat providing answers to questions on notice taken during the hearing and supplementary questions
- 27 June 2014 – From Ms Joanne Stead, Community Program Officer, Guurrama-Li, Tamworth Murri Representative Body to the Chair asking why no Aboriginal housing organisations were invited to speak at the Tamworth public hearing on 20 May 2014
- 30 June 2014 – From Michael J Silver OAM, Director Planning & Environmental Services, Gunnedah Shire Council to committee secretariat providing answers to supplementary questions
- 30 June 2014 – Mr Magnus Linder, Executive Officer, Churches Housing Inc to committee secretariat providing answers to questions on notice taken during the hearing
- 1 July 2014 – From Mary O'Sullivan, Executive Officer, Women's Electoral Lobby NSW to committee secretariat providing answers to questions on notice taken during the hearing
- 1 July 2014 – From Department of Family and Community Services to committee secretariat providing answers to questions on notice taken during the hearing and supplementary questions.

### *Sent:*

- 4 July 2014 – From Committee Chair to Mr Michael Coutts-Trotter, Secretary NSW Family and Community Services advising that a further hearing would be held on 10 July 2014 with witnesses

from the department who have been involved in the Going Home, Staying Home reforms and tender process will be in attendance.

**6. Public submissions**

The committee noted that public submission no. 254 was published by the committee clerk under the authorisation of an earlier resolution.

**7. Private hearing**

The committee proceeded to take evidence in private.

Persons present other than members of the committee: Ms Madeleine Foley, Ms Tina Higgins, Ms Shu-Fang Wei, Ms Emma Rogerson, Ms Kay Elphick (Family and Community Services), Ms Sharon Speller (Family and Community Services) and Hansard reporters.

Mr Mike Allen, Chief Executive, Housing NSW, Family and Community Services and Ms Nada Nasser, Homeless Service Reform, Housing NSW, Family and Community Services, were admitted.

Mr Allen was examined on former oath.

Ms Nasser was sworn and examined.

The evidence concluded and the witnesses withdrew.

**8. Adjournment**

The committee adjourned at 4.30 pm, *sine die*.

Tina Higgins

**Clerk to the Committee**

**Draft Minutes No. 14**

Monday 1 September 2014

Select Committee on Social, Public and Affordable Housing

Room 1254, Parliament House, 10.00 am

**1. Members present**

Mr Green, *Chair*

Ms Barham, *Deputy Chair*

Mr Clarke

Mr Colless

Ms Cotsis

Mr Pearce

Mr Primrose

**2. Previous minutes**

Resolved, on the motion of Mr Colless: That Draft Minutes No. 13 be confirmed.

**3. Correspondence**

The committee noted the following items of correspondence:

***Received***

- 7 May 2014 – From Mr Alex Greenwich MP to Committee providing correspondence to Minister Upton proposing social housing be retained in Millers Point.



- 26 June 2014 – From Ms Sian Leathem, Principal, Registrar, NSW Civil & Administrative Tribunal to Chair responding to issues raised in evidence about the powers of the tribunal with regards to residential park disputes.
- 31 July 2014 – From Fair Trading Commissioner to the committee, providing information requested by the committee regarding the Rental Bond Board funding for public or social housing.
- 31 July 2014 – From Mr Rod Stowe, Commissioner, NSW Fair Trading to Chair responding to issues raised in evidence about the amount of money held by the Rental Bond Board.

Resolved, on the motion of Mr Colless: That the committee publish the correspondence dated 26 June 2014 from Ms Sian Leathem, Principal, Registrar, NSW Civil and Administrative Tribunal to Chair.

Resolved, on the motion of Ms Barham: That the committee publish the correspondence dated 31 July 2014 from Mr Rod Stowe, Commissioner, NSW Fair Trading to Chair.

#### **4. Inquiry into social, public and affordable housing**

##### **4.1 Answers to questions on notice and supplementary questions**

Resolved, on the motion of Mr Primrose: That the committee, in accordance with a previous resolution, note the publication by the committee clerk of the following answers to questions on notice and supplementary questions:

- 4 July 2014 – From Mr Justin Donkin, Secretary, Independent Park Residents Action Group NSW Inc, providing answers to questions on notice taken during the hearing on 30 May 2014
- 11 July 2014 – From Mr Justin Donkin, Secretary, Independent Park Residents Action Group NSW Inc, providing answers to questions on notice taken during the hearing on 30 May 2014
- 17 July 2014 – From NSW Department of Family and Community Services, providing answers to questions on notice taken during the hearing on 30 May 2014.
- 31 July 2014 – From NSW Department of Family and Community Services, providing answers to questions on notice taken during the hearing on 10 July 2014 and a letter correcting a figure provided during the hearing.

Resolved, on the motion of Mr Clarke: That the secretariat on behalf of the committee write to the NSW Department of Family and Community Services to request further details with respect to the response to a question taken on notice during the hearing held on 10 July 2014.

##### **4.2 Submissions**

Resolved, on the motion of Ms Barham: That the committee authorise the publication of submission nos. 257 and 258, with the exception of identifying and/or sensitive information which are to remain confidential, as per the Recommendation of the secretariat.

Resolved, on the motion of Mr Colless: That the committee keep submission nos. 151, 213, 217-225 confidential, as per the Recommendation of the secretariat, as they contain identifying and/or sensitive information.

Resolved, on the motion of Ms Barham: That the committee keep partially confidential the attachment to submission no. 27 as it contains identifying information.

Resolved, on the motion of Mr Clarke: That the committee keep confidential attachments to submission nos. 147, 165, 17, 171a and 248 as they contain potentially sensitive information.

Resolved, on the motion of Mr Colless: That the committee keep confidential attachment 1 and 3 to submission no. 170 as they contain potentially sensitive information.

Resolved, on the motion of Ms Cotsis: That the committee publish one copy of each pro forma submission on its website, noting the number of copies of the submission that were received in the report.

#### 4.3 Attachments to answers to questions on notice

Resolved, on the motion of Ms Barham: That the committee publish the following attachments to questions taken on notice:

- ARPRA NSW Rental Bond Board Grants Program Application Form
- Letter from Mr Anthony Roberts MP, Minister for Trading to Dr Gary Martin, Affiliated Residential Park Residents Association NSW
- ARPRA Residential Parks Review Project, final report
- ARPRA financial report 2012.

#### 4.4 Attachments to answers to questions on notice

Resolved, on the motion of Mr Primrose: That the committee accept and publish the following document tendered during the private briefing on 16 May 2014, briefing on Campbelltown Estates, tendered by Mr Michael Clarke Lewis, Acting General Manager, Renewal, Land and Housing Corporation.

#### 4.5 Consideration of Chair's draft report

The Chair submitted his draft report entitled *Social, public and affordable housing*, which, having been previously circulated, was taken as being read.

#### Summary of key issues

Resolved, on the motion of Mr Colless: That the summary of key issues section be amended by omitting all listed Recommendations and inserting them instead within their respective report chapters.

#### Chapter 3

Resolved, on the motion of Ms Barham: That the following new paragraph be inserted after paragraph 3.94:

‘Another issue raised was the impact of stamp duty and the disincentive for property owners to down size due to the costs associated with the sale of properties. It was suggested in a number of submissions that the option to move away from stamp duties to a land tax, applied annually. Other states, including ACT are transitioning to this approach. Mr Adam Farrar, Policy Officer, Shelter NSW, commented:

...there would be thresholds but in principle it is a broad-based land tax and that it would be introduced very gradually. It is interesting to note there has been the beginning of an attempt to wind back stamp duty and replace it with a broader-based approach to land taxes, which is being led by the ACT. [FOOTNOTE: Evidence, Mr Adam Farrar, Senior Policy Officer, Shelter NSW, 14 March 2014, p 24].

Mr Lennon, Secretary of Unions NSW, also stated:

We have modelled our submission on what has happened in the Australian Capital Territory where they are gradually moving to the land tax model over a 20 year period. [FOOTNOTE: Evidence, Mr Mark Lennon, Secretary, Unions NSW, 12 May 2014, p 21].’

Ms Barham moved: That the following new paragraph be inserted after paragraph 3.163:

‘The committee notes concerns raised regarding the impact of negative gearing and the fact that it does not encourage more rental housing but notes that this is a Federal Government issue. Evidence was also submitted regarding the impact of stamp duty as a disincentive for the sale of houses especially in relation to the downsizing for ‘empty nesters’ and note the evidence that other states are transitioning to a land tax model.’

Question put and negatived.

Ms Barham moved: That the following new Recommendation be inserted after paragraph 3.163:

#### ‘Recommendation X

That the NSW Government investigate the phasing out of stamp duty with the transition to an annual land tax model to remove the restrictive financial impost on downsizing as per ACT’.

Question put and negatived.

Mr Pearce moved: That paragraph 3.164 be amended by omitting: 'Whilst we do not necessarily agree that all sales should be halted, we are concerned about the proposed sale of the Sirius building in The Rocks and other properties on the Sydney Harbour foreshore' after 'In relation to the sale of public housing properties, we note that the NSW Government has been selling properties for many years'.

Question put.

The committee divided.

Ayes: Mr Clarke, Mr Colless, Mr Pearce.

Noes: Ms Barham, Ms Cotsis, Mr Green, Mr Primrose.

Question resolved in the negative.

Mr Pearce moved: That paragraph 3.167 be amended by omitting: 'dwellings' after 'a proportion of the' and inserting instead 'proceeds'.

Question put.

The committee divided.

Ayes: Mr Clarke, Mr Colless, Mr Pearce.

Noes: Ms Barham, Ms Cotsis, Mr Green, Mr Primrose.

Question resolved in the negative.

Mr Pearce moved: That paragraph 3.167 be amended by omitting: 'Hence, in Recommendation 8, we recommend that the NSW Government, when selling multi-unit properties in the Sydney area, include in the contract for sale a requirement that at least 10 per cent of all dwellings on that site be allocated as social, public and affordable housing'.

Question put.

The committee divided.

Ayes: Mr Clarke, Mr Colless, Mr Pearce.

Noes: Ms Barham, Ms Cotsis, Mr Green, Mr Primrose.

Question resolved in the negative.

Resolved, on the motion of Ms Cotsis: That Recommendation 7 and paragraph 3.166 be amended by omitting '(including the Sirius building and other properties on the Sydney Harbour foreshore)'.

#### **Chapter 4**

Resolved, on the motion of Ms Barham: That the following new paragraph be inserted after paragraph 4.33:

'The Commonwealth and State partnership on homelessness, NPAH has operated since 2008 and the funding is now limited to 2015. The committee recommends that the NSW Government continue to liaise with the Australian Government on the continuation of the funding'.

Resolved, on the motion of Ms Barham: That the following new paragraph and quotes be inserted after paragraph 4.78:

'Evidence was given relating to the future options for increased housing under the NDIA but there was a need for greater awareness of the needs of people with a disability and changes required to the priorities of FACS:

There needs to be a prioritization of the housing needs of people with a disability in the social housing reform goals of FACS. We note that that is not one of the five reform goals that are

mentioned for social housing as the key, broad platform. So it is a matter of changing the overall policy goal in social housing to really put disability housing issues at the forefront. Then, in the development of the strategy, if it is appropriate to recognize the role of a subcommittee within the Housing Act that would be great. But the key thing is, first of all, to ensure that focus, as my colleague Scott said, on a group in society which largely goes unseen and to ensure that they are recognized'. [FOOTNOTE: Evidence, Mr Evan Wallace Farrer, Sector Development Officer, National Disability Services, 30 May 2014, p 5].

Resolved on the motion of Mr Pearce: That paragraph 4.137 and Recommendation 15 be amended by omitting '1 March 2015' after Auditor-General.

Resolved on the motion of Mr Pearce: That Recommendation 16 be amended by omitting 'by 1 March 2012' after Department of Family and Community Services and inserting instead 'as a priority'.

Resolved on the motion of Ms Barham: That paragraph 4.140 and Recommendation 16 be amended by:

- a) omitting 'women' and inserting instead 'women, including women with children'
- b) omitting 'children and young people' and inserting instead 'young people'
- c) inserting as an additional bullet point 'key/essential workers'.

Resolved on the motion of Ms Barham: That the following new Recommendations be inserted after Recommendation 16:

**'Recommendation X**

That the NSW Government give priority to ensuring information is reviewed in relation to funding from the National Disability Insurance Agency to provide for housing for people with a disability'.

**'Recommendation X**

That the needs of people with a disability is prioritised in the social housing reform goals of the Department of Family and Community Services'.

Resolved on the motion of Ms Barham: That the following new paragraph be inserted after 4.142:

'The committee notes the importance of the National Partnership Agreement on Homelessness and recommends that the NSW Government negotiate with the Australian Government for a continuation of that partnership'.

Resolved, on the motion of Mr Pearce: That Recommendation 15 be amended by omitting 'by 1 March 2015'.

**Chapter 5**

Resolved, on the motion of Mr Pearce: That paragraph 5.113 be amended by omitting 'However, we are concerned about the impact of this policy on vulnerable and disadvantaged tenants, with the evidence indicating that most tenants will choose to pay the extra charge rather than moving, sometimes at the expense of having other necessities such as food' and inserting instead 'However, we are concerned about the potential impact of this policy on vulnerable and disadvantaged tenants, with some of the evidence indicating that most tenants will choose to pay the extra charge rather than moving, sometimes at the expense of having other necessities such as food'.

Motion of Mr Pearce: That the following Recommendation 20 be omitted: 'That Housing NSW suspend the vacant bedroom charge and examine more effective ways to ensure a greater match between households and dwelling size'.

Question put.

The committee divided.

Ayes: Mr Clarke, Mr Colless, Mr Pearce.

Noes: Ms Barham, Ms Cotsis, Mr Green, Mr Primrose.

Question resolved in the negative.

Resolved, on the motion of Ms Barham: That Recommendation 5 be amended by:

- a) inserting the additional bullet points: 'ICAC risk assessment' and 'complaint handling system'
- b) inserting after the last additional bullet point 'We recommend that the findings of this review inform consideration of future maintenance contracts'.

Resolved, on the motion of Mr Primrose: That Recommendation 9 and paragraph 5.128 be amended by omitting 'we have recommended that NSW Treasury provide sufficient funds to address the maintenance backlog for public housing properties' and inserting instead 'we have recommended that NSW Treasury publicly identify what funding is required to address the maintenance backlog for public housing properties'.

## Chapter 6

Resolved, on the motion of Mr Pearce: That paragraph 6.116 be amended by omitting 'These income sources, in conjunction with strong financial and asset management planning, have enabled many housing providers to successfully grow their businesses'.

Resolved, on the motion of Mr Primrose: That paragraph 6.118 be amended by:

- a) omitting 'must be expanded' and inserting instead 'should be expanded'
- b) omitting 'The evidence we received demonstrated that the community housing sector offers much hope for the challenges facing the social housing system and given this, we believe that the NSW Government should embrace and support this proposition' and inserting instead 'The evidence we received identified that the community housing sector addresses many of the challenges facing the social housing system and given this, we believe that the NSW Government should embrace and support this proposition'.

Resolved on the motion of Mr Pearce: That the following paragraph 6.119 be omitted:

'With this in mind, we urge the NSW Government to develop a long term strategy that focuses on increased transfers of public housing properties to community housing providers. A greater number of transfers are needed to enable community housing providers to raise more private finance from assets and income, thereby enabling them to have more money to build additional social and affordable housing stock. In the absence of a significant amount of additional government funding for social housing, we believe that this must be one of the key approaches taken to addressing the current housing crisis'.

Resolved on the motion of Mr Pearce: That paragraph 6.120 be amended by omitting: 'In 2009, the Council of Australian Governments (COAG) set a target that community housing comprise 35 per cent of all social housing in Australia. Given community housing is currently only 22 per cent of social housing in New South Wales, and that increased transfers can help to grow the sector, the committee believes that the NSW Government should meet or exceed the COAG target by 1 March 2016' and inserting instead 'The committee notes that in 2009, the Council of Australian Governments (COAG) set a target that community housing comprise 35 per cent of all social housing in Australia. Given community housing is currently only 22 per cent of social housing in New South Wales, and that increased transfer periods may help to grow the sector by providing additional housing, the committee believes that the target should be reviewed in light of evidence received'.

Resolved on the motion of Mr Pearce: That paragraph 6.121 be amended by:

- a) omitting 'In effecting transfers, we note evidence that permanent title transfers would enable community housing providers to raise greater levels of finance'
- b) omitting 'With this in mind, we question whether the NSW Government could consider more permanent title transfers to community housing providers in the future'.

Resolved on the motion of Ms Barham: That paragraph 6.122 be amended by inserting ‘The committee also supports the inclusion of performance measures, particularly with respect to leveraging, in contracts with community housing providers’ after ‘of three years’ and before ‘on these particular aspects’:

Resolved on the motion of Ms Cotsis: That paragraph 6.123 be amended by omitting the words ‘In addressing the shortfall in the supply of social housing and the growing demand for properties, we firmly believe that the NSW Government must partner with the community housing sector to ensure a brighter future for the social housing system’ and inserting instead ‘In addressing the shortfall in the supply of social housing and the growing demand for properties, we firmly believe that the NSW Government must partner with the community housing sector to increase the supply of social housing’.

Resolved on the motion of Mr Pearce: That paragraph 6.123 and Recommendation 1 be amended by omitting ‘meet a target that the community housing sector comprises at least 35 per cent of all social housing by 1 March 2016’ and inserting instead ‘review the target that the community housing sector comprise at least 35 per cent of all social housing, in light of evidence’.

Resolved on the motion of Ms Cotsis: That paragraph 6.123 and Recommendation 1 be amended by inserting an additional point: “assess the performance of property title transfers and leveraging”.

Resolved on the motion of Mr Pearce: That paragraph 6.59 be revised to reflect evidence of leveraging capacity by community housing providers, with these amendments and the committee comment section from Chapter 6 to be re-circulated to the committee.

## **Chapter 7**

Resolved on the motion of Ms Barham: That the following new paragraph and quote be inserted after paragraph 7.15:

‘Evidence was received regarding the current legislation and new legislation in relation to disputes regarding rent increases. The committee noted the lack of recognition of affordability as a matter for consideration by NSW Civil and Administrative Tribunal. IPFRAG suggested the committee:

Examine the refusal of the NSW Civil and Administrative Tribunal to consider the affordability and the burden of proof being on residents to overcome above CPI site fee increases’.  
[FOOTNOTE: Submission 236, Independent Park Residents Action Group NSW Inc, p 7.]

Ms Barham moved: That the following new Recommendation be inserted after paragraph 7.42:

### **‘Recommendation X**

That the NSW Government review residential parks legislation to ensure housing affordability is a relevant consideration that can be taken into account by the NSW Civil and Administrative Tribunal in matters relating to excessive fee increases’.

Question put.

The committee divided.

Ayes: Ms Barham, Ms Cotsis, Mr Green, Mr Primrose.

Noes: Mr Clarke, Mr Colless, Mr Pearce.

Question resolved in the affirmative.

## **Chapter 8**

Resolved, on the motion of Mr Pearce: That paragraph 8.84 and Recommendation 25 be amended by omitting the words ‘That the NSW Government, when selling a public housing property as part of the redevelopment of an estate, reduce the covenant that the owner has to live in the property to three years’

and replacing instead ‘That the NSW Government, when selling a public housing property as part of the redevelopment of an estate, consider reducing the covenant that the owner has to live in the property’.

### Chapter 9

Resolved, on the motion of Ms Barham: That the following new paragraph and Recommendation be inserted after paragraph 9.48:

‘The committee notes that the Department of Planning and Environment identified that the AHSEPP has provided in residential areas the ability for secondary dwellings but does not provide this option for rural areas. A review of the AHSEPP is being undertaken and the opportunity for the inclusion of this infill option would facilitate additional affordable housing in rural areas.’

#### ‘Recommendation x

That the Department of Planning and Environment consider the extension of secondary dwellings in the AHSEPP for rural areas and release a draft document for public exhibition’.

Resolved, on the motion of Mr Pearce: That paragraph 9.100 be amended by omitting ‘perplexed’ and instead inserting ‘concerned’.

Resolved, on the motion of Mr Pearce: That paragraph 9.103 and Recommendation 29 be amended by:

- a) omitting ‘We believe that each local council should have an affordable housing strategy in place, including affordable housing targets, to drive construction of affordable dwellings’ and inserting instead ‘We believe that each local council should consider affordable housing requirements and develop an appropriate strategy if required’
- b) omitting ‘we recommend that the Department of Planning and Environment ensure each local council has an affordable housing strategy in place, including affordable housing targets, by 1 September 2016, and further, that they develop critical pathways to enable local councils to achieve these targets’ and inserting instead ‘we recommend that the Department of Planning and Environment ensure each local council has considered having an affordable housing strategy in place, including affordable housing targets, by 1 September 2016, and further, that they develop critical pathways to enable local councils to achieve these targets’.

### Chapter 10

Resolved, on the motion of Ms Barham: That paragraph 10.136 be amended by:

- a) omitting the words ‘Additionally, we consider that the current portfolio for the Minister for Family and Community Services is too large, involving a significant amount of responsibility for critical policy issues in this state, including child protection issues, disability and aged care as well as social housing’
- b) omitting ‘we are experiencing’
- c) omitting ‘we strongly believe that a Minister for Housing should be appointed’ and instead inserting ‘the majority of the committee strongly believe that a Minister for Housing should be considered’
- d) omitting ‘the committee recommends that the NSW Government appoint a Minister for Housing’ and inserting ‘the committee recommends that the NSW Government consider appointing a Minister for Housing’.

Resolved, on the motion of Ms Barham: That Recommendation 2 be amended by omitting ‘the committee recommends that the NSW Government appoint a Minister for Housing’ and inserting ‘the committee recommends that the NSW Government consider appointing a Minister for Housing’.

Ms Barham moved: That Recommendation 2, as amended, be adopted.

Question put.

The committee divided.

Ayes: Ms Barham, Ms Cotsis, Mr Primrose, Mr Green.

Noes: Mr Clarke, Mr Colless, Mr Pearce.

Question resolved in the affirmative.

Resolved, on the motion of Mr Clarke: That paragraph 10.137 be amended by:

- a) omitting 'In addition to the appointment of' and inserting instead 'In addition to considering the appointment of'
- b) omitting 'we also believe' and inserting 'the majority of the committee also believe'.

Resolved, on the motion of Mr Pearce: That paragraph 10.138 be amended by omitting 'establish an advisory council to report to the new Minister for Housing' and instead inserting 'consider establishing an advisory council to report to the responsible minister for social, public and affordable housing'.

Resolved, on the motion of Ms Barham: That paragraph 10.141 and Recommendation 33 be amended by omitting 'That the NSW Government consider reinvesting a portion of income from the monies held by the Rental Bond Board in the social housing system' and inserting instead 'That the NSW Government commission a report on the potential for income from the monies held by the Rental Bond Board to be reinvested in the social housing system in order to increase social, public and affordable housing'.

Resolved, on the motion of Mr Pearce: That paragraph 10.144 be amended by:

- a) omitting 'are an important option' and inserting 'may be an important option'
- b) omitting 'these schemes help to' and inserting 'these schemes may help to'.

Resolved, on the motion of Ms Cotsis: That paragraph 10.145 and Recommendation 36 be amended by omitting 'That the NSW Government implement a shared equity scheme by 1 September 2015, learning from interstate models, in consultation the Shared Equity Scheme Working Group' and inserting instead 'That the NSW Government investigate and report on a shared equity scheme, learning from interstate models, in consultation with the Shared Equity Scheme Working Group'.

Resolved, on the motion of Ms Barham: That the following new Recommendation be added after 10.146:

**'Recommendation x**

That the NSW Government, through the responsible Minister, provide a reference be made to the Standing Committee on Social Issues to review the implementation of recommendations from this report, within two years from the date of government response?.

Resolved, on the motion of Ms Barham: That subject to there being no objection to the material relating to Chapter 6 re-circulated to the members by the secretariat:

- a) That the draft report, as amended, be the report of the committee and that the committee present the report to the House, subject to there being no objections to the amendments and sections of the report re-circulated to the committee.
- b) That the transcripts of evidence, submissions, tabled documents, answers to questions on notice and supplementary questions, minutes of proceedings and correspondence relating to the inquiry be tabled in the House with the report.
- c) That upon tabling, all transcripts of evidence, submissions, tabled documents, answers to questions on notice and supplementary questions, minutes of proceedings and correspondence relating to the inquiry not already made public, be made public by the committee, except for those documents kept confidential by resolution of the committee.

Resolved, on the motion of Ms Barham: That any dissenting statements be provided to the secretariat within 24 hours after the draft minutes are circulated to members.



**5. Adjournment**

The committee adjourned at 1.35 pm, *sine die*.

Tina Higgins

**Clerk to the Committee**

## Appendix 7 Dissenting statements

**Hon David Clarke MLC and Hon Greg Pearce MLC, Liberal Party**  
**Hon Rick Colless MLC, National Party**

### **Stock Renewal and Growth**

In a complex \$30 billion plus system comprising 140,000 properties or so and serving several hundred thousand residents, the lack of new money and investment and what to do with the Estates are crucial issues.

We support the renewal and expansion of stock by sale of high value properties which no longer provide appropriate accommodation or require disproportionate maintenance. Distortions such as requiring a percentage of sold properties to be retained for social housing or dictating tenant relocation simply contribute to the decline in number, deterioration and ageing of stock, identified by the Auditor-General as financially unsustainable.

We voted against this recommendation because we felt it encapsulated problematic aspects of the re-development strategy adopted by Housing NSW prior to 2011. Essentially Housing NSW was funding new development and redevelopment by selling existing stock. However, in order to achieve revenues the best of the existing stock was sold and often in a manner which made further development practically impossible (the key sites were often sold breaking up development opportunities). Housing NSW was in a cycle in which on average it was selling existing properties for around, say, \$300,000 and spending around, say, \$500,000 to replace the same dwellings for the same tenants.

Further, Housing NSW was embarking on its future program of developments, selling properties, demolishing properties, seeking planning approvals and undertaking expensive title conversions and easements without having funding in place to deliver the new projects. Capital was also being wasted on ill-conceived projects such as the project to convert bachelor apartments to 1 bedrooms, accommodating the same number of people, costing tens of thousands of dollars per apartment.

All of these financial problems were hidden in the last few years of the previous government because of the massive expenditure on the Federal stimulus program. However, even this damaged New South Wales overall capacity to provide social housing stock because New South Wales had to provide the sites for the new developments from its existing stocks.

Two fundamental propositions are key to a sustainable longer term solution. First, there must be an acceptance that there must be a core capital fund available for renewal. If this is not provided from consolidated revenue then there must be an Estates strategy which identifies the most valuable properties for sale to enable reinvestment.

Secondly, the type of product previously built was often unsuitable for social housing, particularly outside metropolitan areas. Projects such as the apartment blocks at Port Macquarie may be award winners but chew up massive funding for little in terms of additional housing outcomes. New combinations including smaller dwellings, shared facilities, mobile and portable housing and higher densities need to be amongst the options considered.

**Suitability of stock**

The urgency to address increased demand and changes in household composition and tenant needs, together with the ageing and deterioration of much of the stock, compel strategies such as the vacant bedroom charge which we believe provides a sensible incentive to tenants.

Other policies also worked against progress attacking the problems. Policies entitling subsequent generations to have priority for properties, permitting single dwelling occupancy in properties with four or five bedrooms, lifetime tenancies, and requiring future development to be in the same geographical area as any lost stock all perpetuated the problems.

**Residential Park fees**

We do not consider that the Inquiry Terms of Reference or the evidence to the committee support Recommendation 22.

**Titles and responsibilities**

We consider that the former Minister of Housing faced a difficult conflict-of-interest in attempting to be both landlord and head-tenant, developing and managing the housing assets and at the same time assessing, allocating and managing public-housing tenants.

The creation of the Land and Housing Corporation to hold the public housing assets of the State recognised the failures in managing property assets by previous governments and also the poor treatment of housing clients, particularly those who have multiple needs.

The separation of the tenant management function, which was left with the Department of Community Services, and development and the assets to LAHC in 2011 shed light and transparency on the financial position.

We do not consider that any compelling case was made that a new Minister appointment deals with these difficult issues.

The problems of the estates should be squarely recognised. Housing management teams should be located on site to properly manage the estates and estates should be required to elect or provide a management committee which would be responsible for behaviour on the estate, working closely with agencies. Government agencies should be required to provide their services in facilities located at the estates (along the lines of the Common Ground model) and strategies should be examined to ensure responsibility on the sites e.g. tenants could be required to pay a deposit towards damage to any common facilities like community rooms, shops and outdoor furniture et cetera.

Finally, given the complexity and size of these issues, quick fixes and politically motivated announcements must be avoided. Solutions in public housing will only occur with a bipartisan, long term and transparent policy approach and implementation.

