



20 February 2015

By email: [socialhousingreform@fac.s.nsw.gov.au](mailto:socialhousingreform@fac.s.nsw.gov.au)

Dear Sir/Madam

**Re: Social Housing in NSW Discussion Paper**

The Southern Sydney Regional Organisation of Councils (SSROC) is an association of sixteen municipal and city councils. SSROC provides a forum for the exchange of ideas between our member councils, and an interface between governments, other councils and key bodies on issues of common interest. Together, our member Councils cover a population of over 1.6 million, or one third of the population of Sydney.

Housing is major concern for the community, particularly housing affordability. Although Councils generally do not provide housing services, some southern Sydney Councils do offer some housing or housing-related services. Councils are also concerned for the welfare of their communities generally.

We therefore welcome the Minister's willingness to enter into debate and to generate ideas for improving social housing. SSROC offers the following comments as a contribution to the debate, and we hope to continue to participate in the dialogue in relation to the provision of social housing and Sydney's housing needs generally.

**1 Overall Direction**

The Discussion Paper puts forward a direction including the overall objective of providing "a safety net for vulnerable people", based on opportunities and pathways for client independence, fairness, and financial sustainability. SSROC generally supports the objective, but notes that the concepts of "safety net" and "vulnerable" are very open to interpretation: precisely how they are interpreted will need to be developed through the consultation process. These terms will inevitably tighten eligibility and must therefore be defined carefully, that they will not conflict with the objective: "to maximise the opportunities for all people ... to have access to secure, appropriate and affordable housing<sup>i</sup>"

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## **There is a fundamental shortage of social housing**

The size of the waiting list signals clearly that there is a fundamental shortage of social housing. It is important to appreciate that, while fairness and financial sustainability are critical to the provision of a housing safety net, the shortfall is too great to be met solely by rationing and asset maintenance. With an occupancy rate of 98.9% in 2012, and 59,500 approved applicants on the waiting list (an increase of 2,000 since 2013) the supply is insufficient. Whether social housing is provided by Housing NSW or by Community Housing Providers, the total stock needs to be increased.

The shortage is acute in the southern Sydney region, which is characterised by high numbers of rental dwellings in the inner ring and approximately one in three properties mortgaged. In most cases twice the minimum wage would be required to support a mortgage and stay below the threshold for housing stress

Increasing the total stock should not occur at the expense of vulnerable tenants in existing housing stock. Caution needs to be exercised where valuable stock, such as that located in areas of rising property values in the inner west and City, is identified for sale in order to realise that increased value. This approach considers only the financial aspect of the value of the property and none of the other aspects of its value in terms of the other two “pillars” identified in the discussion paper. This is particularly important where the properties are still tenanted. Where such properties are sold, SSROC strongly supports the reinvestment of the capital in housing stock.

## **2 Pathways to Opportunity and Independence**

*“Given tenants living in social housing often experience disadvantage which is disproportionate to other areas of the community, what measures are required to provide tenants of social housing with pathways to opportunity and independence?”*

As noted in the discussion paper, Community Housing Providers (CHPs), have demonstrated some effective mechanisms for the provision of pathways to opportunity and independence. SSROC supports the further development of “wrap-around” services of the type identified in the discussion paper. Services should be developed with the participation of representatives of the groups targeted, to maximise the probability of the services being well received.

To this end, SSROC would also urge the government to improve the integration of the services of particular relevance to social housing tenants, with a view to facilitating their ability to transition to employment and private rental or ownership. For example:

- Improve employment opportunities by strategically locating social housing to facilitate access to opportunities;
- Improve employment options through the provision of affordable and accessible childcare services;
- Specific services to improve the employment options for people with disabilities;
- Services for people with mental health issues, to support them and to enable their special needs and circumstances to be accommodated, so that they can live productive lives in the community.

These are all major issues: housing alone will not adequately address them, and they will not be addressed without housing. Integration of and collaboration with supporting wrap-around services will be key.

In addition people with a physical disability or mental disability or illness would certainly be considered to be vulnerable. In some instances this is unlikely to change, and may result in those people being unable to rely on earning a consistent wage. For these people, it will be necessary to accept that their need for social housing may be permanent: the pathways and opportunities that would permit them to achieve full independence simply do not exist. The issue was particularly well articulated in the Sydney Morning Herald on 19 February 2015<sup>ii</sup> *Home, sweet home: the housing crisis for people with disabilities*. Continued provision of social housing in these circumstances would, however, help them to achieve the health, social and economic outcomes.

Permitting tenants to remain in a property under different terms and conditions may also be a model worthy of consideration. Shared ownership schemes give the tenant the opportunity to invest in a property, which has a number of benefits:

- It changes the attitude of the tenant towards the property as it becomes an investment in which they have a personal interest, and are therefore more likely to maintain it;
- It can help to address the trap that can exist when social housing tenants risk losing stable housing if they move to private rental accommodation as their employment circumstances improve, but they are not confident of sustained improvement;
- Some capital is realised which could be directed towards further investment in new property or in asset maintenance;
- Depending upon the ownership proportions, the tenant may be required to take on the responsibility for all or a proportion of the outgoings associated with the property, reducing the ongoing costs to the system.

SSROC therefore urges the government to consider different housing types and tenures, including shared ownership, in its plans for achieving an adequate supply of housing.

### 3 Fairness

*“The social housing system is often difficult to access for those most in need. What measures are required to create a system which is fair for those already in social housing, those on the waiting list and others who may need assistance?”*

Fairness in access to social housing is very difficult to achieve, and becoming more so as inner Sydney suburbs become more gentrified, and accommodation attainable by low-income earners is increasingly scarce. It is arguably more important than ever to provide specific social housing options in these areas, such as the new community housing projects in Pyrmont/Ultimo, where lower income individuals and families can access subsidised accommodation. Within such options, people may be forced to live far away, creating undesirable outcomes such as:

- increasing personal travel costs and congestion when travelling to work in the area; or
- housing stress as a result of inadequate but cheap accommodation within the area; or

- not working in the area at all, reducing the availability of people to deliver essential services.

The government has the opportunity, with its urban renewal precincts, to incorporate social housing into these areas. SSROC recommends that urban renewal precincts should be considered key opportunities for the development of sustainable, community-centred social housing.

But increasing social housing supply alone will not be enough. It needs to be:

- In parallel with the creation and/or retention of industrial and commercial aspects of the precincts so that there are local employment opportunities;
- Served by appropriate public and active transport options to address the issue of lower income households being forced to pay greater transport costs because of a lack of public transport in the areas that are affordable;
- Within reasonable reach of important community infrastructure such as childcare services, schools, medical facilities, and shops;
- Accessible to people of non-English speaking background and people with disability.

#### **Prioritising need within a broad housing policy context**

SSROC agrees that social housing should be prioritised based on need, so some form of rationing is necessary. The immediate task is therefore to address the question of what really constitutes need. The question cannot be addressed in isolation, but must be considered in the context of Sydney's broader housing affordability issues, and the interventions that might be available to improve housing affordability. Such measures could include, for example, an affordable housing levy and voluntary planning agreements. Relying solely on increasing private market supply will not deliver sufficient affordable housing because of the exceptionally high level of demand in metropolitan Sydney.

There is interest in some councils in applying such measures locally, although a state-wide or at least Sydney-wide approach would be preferable. There is also an opportunity to achieve social housing outcomes through the integration of infrastructure and land use planning, using the DLG Integrated Planning and Reporting Framework as a model for integrated planning at State level.

The more general issue of housing affordability will be more important than ever for Sydney if access to social housing is limited to those in the greatest need. As the discussion paper points out, there is a spectrum of housing options: if people are excluded from accessing public housing services because they do not belong the category of those in greatest need, then other housing options will need to be made accessible.

We note that colleagues in the boarding house sector and in domestic violence services are reporting significant negative effects on extremely vulnerable and disadvantaged people, following recent cuts to emergency accommodation such as refuges in the Burwood area. Anecdotal evidence points to a growing number of families living in cars as they struggle to find crisis accommodation. These services need adequate funding to provide even basic accommodation, as well as supporting wrap-around services.

Councils report increasing numbers of apparently homeless people living rough on the streets in southern Sydney, particularly in the City and the inner west. This issue also forms an important consideration in contextualising social housing policy.

It is important to avoid narrowing the focus of policy development too much. We therefore suggest that the **NSW government should clearly articulate and communicate its overall housing policy**. The housing policy should provide a clear statement of the role of social housing, addressing in particular object (a) of the NSW Housing Act 2001 “to maximise the opportunities for all people ... to have access to secure, appropriate and affordable housing”. This could be used constructively as the trigger for a consultation process to develop future social housing policy within than context, including developing a real understanding what our community means by “a safety net” and “vulnerable people”. SSROC would be pleased to collaborate with the government and to facilitate the participation of southern Sydney councils.

#### 4 Financial Sustainability

*“Creating a sustainable social housing system is an essential step in providing fairness, opportunity and pathways to client independence. What measures are required to create a sustainable social housing system?”*

Australia provides relatively low subsidies to its social housing system. Most tenants pay rent as a percentage of their household income, achieving affordability for some 88 per cent. But the subsidies that the system receives must also provide for the financial viability of the social housing organisations. SSROC suggests that the NSW Government might look to the Commonwealth Government to invest in this area, such as though the National Social Housing Initiative and the National Rental Affordability Scheme.

Other developed nations either pay additional subsidies to cover the discounted rents (Canada, New Zealand, USA), or they operate property-based rent policies the relate to the ongoing cost of provision of social housing while paying specific subsidies to households in order meet affordability requirements (UK, Netherlands, Sweden). A review of international models from the perspectives of opportunity-creation, fairness, and financial sustainability could inform the process, and enable a shift from the current system in NSW to one that incorporates the preferred aspects of international alternatives. A medium-term, perhaps 5 – 10 years, strategic approach would be necessary to make changes whereby unfair and unworkable existing elements could be shed over time and more equitable and effective elements drawn from successful models elsewhere could be gradually substituted.

SSROC suggests that one change that the government should consider is the separation of the provision and maintenance of social housing property from the funding of rental subsidies. This would enable the organisation responsible for providing the property to focus on effective asset maintenance and management, and to achieve efficiencies through planned maintenance programs and targeting specialist expertise.

Separating the two elements of social housing provision would also facilitate the development of different combinations of housing assistance to improve the efficiency and effectiveness of the subsidy.

### **Social housing is an investment in health, social and economic outcomes.**

It should be understood that targeting those most in need will over time erode annual revenues<sup>iii</sup>, with a negative impact on the financial viability of the system. The people who are most in need being also those who are least able to afford alternatives, and therefore very likely to require reduced rent or subsidies. Governments need to recognise this, and to expect a cost to be imposed on our society. Done well, this cost should not be expected to deliver a return on the investment per se, but will be balanced by better social, health and economic outcomes for the people and families benefiting from the investment.

The demand for housing throughout Sydney is such that it remains unaffordable<sup>iv</sup> for many. In the southern Sydney area, a significant proportion of households are experiencing housing stress<sup>v</sup>. The Australian Council of Social Service (ACOSS) reported in 2014<sup>vi</sup> that 15% of people in NSW live below the poverty line, and 17.7% of children in Australia. In such relative poverty, these people are will experience serious housing stress if not homelessness. There are strong links between poverty, poor housing or homelessness, and negative health outcomes<sup>vii</sup> Poor health places greater strain on all NSW through increasing dependence on publicly funded health services. The implication is clearly that social housing is a key element to addressing relative poverty and improving health outcomes across NSW.

While the positive approach of the discussion paper is welcome, it is also worth highlighting the negative effects of the failure to adequately address the need for affordable housing. Other issues likely to be exacerbated by limiting access to public housing and services include, but are not limited to:

- The already long public housing waiting list getting even longer,
- Exploitation of the demand for low-cost housing by unscrupulous landlords providing sub-standard housing,
- Overcrowding of properties,
- Increasing demand for lower-cost options such as boarding houses, with associated need for regulation,
- Increasing poor health outcomes, creating additional demand for health services,
- Increasing housing stress, limiting the capacity of people to contribute to the economy.

Clearly, housing policy and actions need to be right: the outcomes from failure in the area are far wider than those directly affecting the individuals in need of housing.

### **Appoint a Minister for Housing**

One key action that SSROC would support is the appointment of a Minister for Housing whose focus would be the broad issue of housing affordability and accessibility in NSW. The portfolio would include, but not be limited to, the provision of social housing and services.

SSROC also supports the divestment of public housing to CHPs, to increase their housing assets. CHPs are developing business capability, which is combined with tenant support programs and property maintenance skills. With support, CHPs could play a major part in the provision of social housing. That support could include incentives (like the National Rental Affordability Scheme), rent assistance for tenants, and divestment of public housing properties.

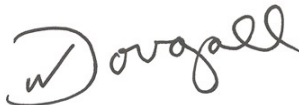
## Conclusion

Thank you for the opportunity to make this submission in response to *Social Housing in NSW: A discussion paper for input and comment*. I hope that this represents the beginning of a continuing dialogue in relation to the very important issue of housing.

Please note that, due to the timing of this submission, it has not been reviewed or formally approved by SSROC. It has been drafted based on the secretariat's consultation with council officers. It should therefore be considered a draft, and should it be necessary to amend any positions stated above, I will be in touch.

As noted above, SSROC would be happy to facilitate continuing dialogue and to offer further input. If we can be of further assistance or clarify any of the above points, please contact me or Program Manager, Helen Sloan, at [ssroc@ssroc.nsw.gov.au](mailto:ssroc@ssroc.nsw.gov.au) or 9330 6455.

Yours faithfully,



Namoi Dougall  
General Manager  
Southern Sydney Regional Organisation of Councils

## References

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<sup>i</sup> Object (a), NSW Housing Act 2001

<sup>ii</sup> Sydney Morning Herald, 19 February 2015, *Home, sweet home: the housing crisis for people with disabilities*, available: <http://www.smh.com.au/comment/home-sweet-home-the-housing-crisis-for-people-with-disabilities-20150219-13ivjj.html>

<sup>iii</sup> Australian Housing and Urban Research Institute (AHURI), RMIT-NATSEM Research Centre, *Public housing: shifting client profiles and public housing revenues*, November 2007.

<sup>iv</sup> Under the Commonwealth National Rental Affordability Scheme (NRAS), “affordable” means dwellings rented to low and moderate-income households at a rate at least 20% below market rates for 10 years.

<sup>v</sup> Under the common 30:40 measure of housing stress, when a household pays more than 30 per cent of its gross income in housing costs and its income is in the lowest 40 per cent of all households.

<sup>vi</sup> Poverty in Australia 2014, ACOSS 2014, available: [www.acoss.org.au/policy/poverty/](http://www.acoss.org.au/policy/poverty/)

<sup>vii</sup> See for example, *Social Determinants of Health – The Solid Facts*, second edition, World Health Organisation Europe 2003, available: [www.euro.who.int/\\_data/assets/pdf\\_file/0005/98438/e81384.pdf](http://www.euro.who.int/_data/assets/pdf_file/0005/98438/e81384.pdf)