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*Response to Social Housing in NSW: A discussion paper for input and comment*

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## **Introduction**

The Northern Rivers Housing Forum has a membership of over 400 individuals and agencies (public, private and not-for-profit) across the seven Local Government Areas of Ballina, Byron, Clarence Valley, Kyogle, Lismore, Richmond Valley and Tweed in the Northern Rivers Region of NSW with an interest in issues relating to affordable, accessible and appropriate housing and responding to homelessness.

The Forum presents this submission for your consideration but respectfully advises that the majority of its members share significant concerns about the narrow scope of the proposed reform.

The Discussion Paper examines social housing in isolation from the broader housing system and even other opportunities where the NSW Government can and does influence housing access and affordability; for example, land tax, stamp duty, land use planning and tenancy legislation.

Social Housing represents 3.5% of housing stock in the Northern Rivers and is projected to house only 11% of eligible applicants by 2021. Given the very limited potential impact of cost neutral social housing reforms on housing need in the region, this submission provides input outside the scope of the Discussion Paper as well as responses to the three questions posed.

## **PILLAR 1: A SOCIAL HOUSING SYSTEM THAT PROVIDES OPPORTUNITY AND PATHWAYS FOR CLIENT INDEPENDENCE**

Key points in the Discussion Paper:

- Many individuals and families remain reliant on the social housing system that may, with the right supports, be able to work or improve their personal and family circumstances to become independent and transition from social housing to the private rental market.
- More than 50% of public housing tenants in 2012/13 had lived in their housing for 10 years or more and exit rates are decreasing.
- Social housing tenants account for 20% of people experiencing deep and persistent social exclusion in Australia.
- The social housing system will strengthen partnerships with other govt agencies to improve outcomes in health, mental health, education, child protection, justice and policing.
- Where appropriate, clients will be supported to transition out of social housing

In the Northern Rivers:

- Social housing comprises only 3.5% of total housing stock (2.2% in Byron and 3.3% in Tweed – the highest growth areas in the region).
- 265 social housing eligible applicants were housed in the region in 2012.
- 25,000 eligible social housing applicants projected in six years; current housing stock 2,891 dwellings.
- Availability of affordable private rental properties in the region declined by 11% from 2013 (Anglicare Australia snapshot 2014).
- No 'affordable' private rental properties advertised for people on income support payments in Ballina, Byron, Tweed and Lismore (Anglicare Australia snapshot 2014).
- 40-60 applications per vacancy reported in Ballina and Tweed; agents will not let if rent above 35% of income (local real estate agents).
- Median weekly rent for predominant housing type (3 bedroom) in key employment & service centres range from \$312 in Lismore to \$522 in coastal areas (Greater Metro Sydney \$460) (Housing NSW Sept 2014 Rent & Sales Report).
- Median household income \$845 compared to \$1,237 for the State. Some LGAs have 25% of households on incomes less than 50% of the average for the State. (Northern Rivers Regional Social Profile, 2013).
- Indigenous population of the region is 4.9% (NSW 2.5%).
- The unemployment rate is 6.9%; high levels of under employment (only 49% of workforce employed full-time); predominance of part time and casual service sector employment opportunities.
- Poor to no public transport across the region compounds difficulty to engage in employment/training opportunities or access essential services.

Comment:

The McClure Interim report on welfare reform reiterates the well acknowledged need for accessible and affordable housing - “Affordable housing with easy access to jobs and services is essential to allow people to participate socially and economically in society”. However, that report, like this Discussion Paper assumes more jobs are available than key data sources advise and, the removal of employment disincentives that enable people to retain eligibility for social housing is a practical and realistic measure to raise employment participation rates. That report also highlights that the level of assistance for people in social housing is greater than that in the private rental market (via Commonwealth Rent Assistance).

People seek access to social housing and continued social housing eligibility because in the private rental market they will have much lower disposable incomes, greater housing insecurity, and, less access to essential services as rents continue to rise and they widen their geographic search for housing they can afford. Research continues to substantiate that vulnerability and disadvantage is most prevalent in the private rental market. Securing and maintaining a social housing tenancy reduces housing cost, provides greater tenure and often physical security and is located in areas with relatively better access to transport, employment and services. Access to services is important to all household types – working age, young, aged – and services are generally in the same locations as training and employment opportunities.

There is imminent risk of ‘transitioning’ people into even greater vulnerability and disadvantage when there are inadequate jobs, a high cost private rental system with limited access and tenancy security and, no systemic changes to the way government agencies sync policy development and implementation to increase affordable housing supply for example through regional planning processes, opportunities through Planning NSW legislation, the Offices of State Revenue and Local Government and, the Residential Tenancies Tribunal.

The Discussion Paper refers to the NDIS in the context of the changing way social housing and disability services intersect but not the impact on social housing demand as increasing numbers of people with disabilities seek to live independent of the family home or residential care. That independence cannot be secured in an unaffordable private rental market.

**Discussion Paper Question 1: What measures are required to provide tenants of social housing with pathways to opportunity and independence?**

- Incentives to tenants to link with supports - eg. drug and alcohol support services, parenting support, mental health services. Incentives may include waiving of arrears, reduced waiting time for property upgrades or the opportunity to work off debt according to level of engagement with self-supports.
- Joint initiative with Commonwealth Dept. Social Services enabling tenants to meet payment requirements through engagement in identified support activities and services
- Partnership programs with schools, training and education providers and employment services to access supports available through these avenues, e.g. taxi fares, work clothing allowance, mentors

- Continuation of Housing NSW Schools Scholarships program – supporting Yr10 students to complete Yr12
- Expansion of above program for primary to high school transition, high school to TAFE apprenticeships/traineeships/university. (Varying scholarship values would support program expansion)
- Seek partnerships to develop and implement tenant run maintenance programs

## **PILLAR 2: A SOCIAL HOUSING SYSTEM THAT IS FAIR**

Key points in the Discussion Paper:

- Social housing has been increasingly used to support people who cannot access low cost private rental housing.
- Providing long-term assistance to people with short-term needs reduces the system's capacity to assist more people.
- 60% of social housing tenants are single, 35% are retirement or approaching retirement age.
- 85% have completed Year 10, 33% completed Year 12 or beyond.
- 94% of tenants list Centrelink benefits as their main source of income. Over 2/3 are supported by Age or Disability Support Pensions, 12% are Aboriginal households; 19% have a severe mental illness.
- Over 60% of approved applicants are 25-54 years of age.
- Average waiting time for general applicant approx 4 years.
- Antisocial and illegal behaviour can impact on the desirability and value of social housing dwellings. Identified Neighbourly behaviour statement, 3 strikes and zero tolerance measures.
- Rent models to differentiate access to properties in highly sought after areas could enable clients to make choices as they would in the private rental market.

In the Northern Rivers:

- Higher % of households dependent on Centrelink payments as the main source of income than State figures for all pensions and allowances (Northern Rivers Regional Social Plan 2013-18).
- Homelessness rate of 683 per 100,000 in coastal areas. The average in NSW is 408 per 100,000. Young people make up half the homeless population and the ATSI population is also overrepresented. There is increasing homelessness and risk of homelessness for older people, notably older single women.
- 30% of social housing tenants receive aged pension (frail aged the fastest growing eligible household type)
- Socio-Economic Index for Areas (SEIFA) – many districts in region in top 40% of socially disadvantaged districts in Australia.
- 10+ year waiting time for 1, 2 and 3 bedroom social housing in Ballina, Byron, Tweed; 5-10 years for rest of region.

Comment:

The profile of social housing tenants in NSW reflects the charter of social housing providers to provide assistance to those in greatest need. The cited characteristics of social housing tenants are those of very low and low income households generally, regardless of tenure. The high and growing demand for social housing as demonstrated by the eligible waiting list mirrors the high and growing level of affordable housing need across our communities. The private rental market does not cater for people on low incomes, and increasingly those on moderate incomes. The private rental market does not provide housing type, condition or location choices for low income households as stated in the Discussion Paper and provides no security regardless of their behaviour and respect for properties. With 'no reason' evictions, law abiding and community minded tenants in private rental housing remain very vulnerable. Discrimination also impacts on many households seeking access to this tenure, notably young people and Aboriginal households.

When housing costs continue to rise at a greater rate than the rise in income levels, and such a large and growing proportion of households rely solely on Centrelink payments, the legitimate need for social housing - the only form of affordable housing currently available - will continue to rise and will not be short term. Eligibility has been tightened to the extent that any further adjustment will likely result in inconsistent application and less fairness in the allocation process.

**Discussion Paper Question 2: 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?**

- Resource Annual Amnesty Programs and reviews
- 100% bond loans – currently offer maximum of 3 weeks rents and one week's rent in advance but access to private rental tenancy requires 4 weeks rent and 2 weeks rent in advance.
- Provision to enable private rental tenants to transfer bond loans to subsequent properties i.e. from authority level direct to estate agent. Currently people have to repay the loan and reapply often resulting in missed housing opportunities due to week's delay for loan processing or they manage to meet the payment but exhaust funds available for essentials such as food and petrol.
- Revise Rentstart guidelines to suit regional circumstances. Restrictions of being a Registered Boarding House are detrimental to Motels who previously provided short to medium term leasing options for Rentstart Programs. In regional areas, people and families are at greater risk of homelessness as they are not eligible for short term leasing options that Motels and Hotels have provided historically.
- Reported inconsistencies in delivery of private rental subsidies create unnecessary uncertainty for tenants.
- Consistent and improved communication relating to tenant responsibilities and social housing conditions of tenancy. Local information sessions held by Social Housing Providers for tenants and service providers to counter misinformation
- Staggered/negotiated implementation of actions following social housing rent reviews.
- Work with Police to achieve timely initial response to illegal behaviour; establish protocol for all parties – Police, housing providers, NSW Civil & Administration Tribunal

- A standardised practice for social housing providers and support agencies designed to assist applicants to identify and address TICA debt in order to avoid further damage to their rental history or reputation and capacity to secure social or private rental housing.
- Request to Commonwealth Government for needs based placement of Aged Housing and Support Services (in high-cost, high-growth regional locations) to provide support for high numbers of older people in private rental housing crisis.

### **PILLAR 3: A SOCIAL HOUSING SYSTEM THAT IS SUSTAINABLE**

Key points in the Discussion paper:

- A sustainable social housing system has to be financially viable within the Government's existing funding envelope.
- Only 11% of current social housing tenants pay market rent i.e. where dwellings are in a location where market rent is less than or equal to the 25%-30% of the household's income as charged by social housing providers.
- Unlike public housing tenants, Community housing tenants and Aboriginal Housing Office tenants are eligible for Commonwealth Rent Assistance payments which are passed onto the housing provider thereby raising their rental income.
- Impact of review of Australia's Welfare System, Reform of the Federation White Paper, Review of the National Housing Agreements.
- Annual shortfall of \$330m to maintain current and ageing publicly owned properties.
- No social housing providers (Public, Community or Aboriginal) can fund the acquisition of new stock or replenish end-of-life stock from social housing rental income alone.
- Scope for transfer of stock to Community Housing Providers and for Community Housing Providers to develop mixed-income communities in order to raise rent revenue.
- All proceeds of public housing asset sales will be reinvested into public housing to raise condition, location and suitability of dwellings.
- Direct debit of rent from Centrelink payments and automatic rent increases in line with Centrelink cost of living adjustments.

In the Northern Rivers:

- Population predicted to increase by 30% by 2036 (metro Sydney – 31%) driven by inward migration of urban retirees.
- Supply of new dwellings around 2/3 the level required to meet demand; an increase of 50% required in housing supply to meet NSW growth projections
- Most new housing reportedly will be larger properties and holiday homes along the coast contributing little to affordable supply.
- Under-occupancy in social housing often due to lack of smaller properties or properties providing physical access for older tenants or those with a disability
- Funds allocated under the now withdrawn National Rental Affordability Scheme primarily allocated to support development of affordable housing in metropolitan areas.
- 74% of current housing stock is 3bedroom detached housing; 90% of housing demand will be for 1 & 2 bedroom properties.

- Re-development of caravan/residential parks continues to erode a significant source of low cost housing.
- 54% of requests for assistance assessed as resolvable through access to housing without additional supports (January 2015 homelessness support service snapshot).

Comment:

A static supply of social housing will continue to exclude more and more eligible applicants and force increasing numbers of people into overcrowded or precarious housing arrangements or homelessness.

A number of States have significantly increased transfer of housing stock to Community Housing Providers in response to the unsustainability of public housing systems and plan to continue to capitalise on the unique position of these entities. This allows access to Commonwealth Rent Assistance for those properties and supports greater financial sustainability for these organisations by increasing the scale of their operations. In addition, they are reported to offer lower cost forms of social housing delivery but do require scope to stratify eligibility criteria in order to diversify stock and include more 'affordable' housing for low to middle income households. This in turn further raises rent revenue to be applied to social housing provision.

Social housing supply and supply across the housing system generally needs to grow simply in response to population growth. Sustainability is a critical issue for all tenures as demand for housing exceeds housing supply, housing costs continue to increase at a greater rate than income levels, home ownership levels continue to decline, and market mechanisms respond to investment rather than housing demands.

**Discussion Paper Question 3: What measures are required to create a sustainable social housing system?**

- Leverage State Government's capital funding to support the growth of community housing providers' housing portfolios through stock transfers and long term leases (if not title transfer). These agencies are well placed to develop additional social and affordable housing due to exemption from GST and their ability to borrow.
- Partner with not-for-profit housing providers to take up opportunities with local government for fee-free secondary dwelling development on large Land & Housing Corp housing properties.
- Land use controls and strategies that support and encourage delivery of smaller dwellings in the private rental market, to limit increasing pressure on social housing stock arising from mismatch in dwelling sizes between new supply (larger and non-residential dwellings) and demand from smaller households (seeking one and two bedroom dwellings).