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To whom it may concern,

Submission on *Social housing in NSW: A discussion paper for input and comment*

Thank you for the opportunity to submit comments on *Social housing in NSW: A discussion paper for input and comment*. As The Greens NSW spokesperson on Housing, I have continued to advocate for the NSW Government to work in conjunction with the Commonwealth, local governments and the non-government sector to address the worsening problems of homelessness, housing affordability and social housing across this state. I have also continued to consult with social housing tenants, advocacy groups and social service organisations regarding the challenges and solutions for the social housing system. Urgent action is required.

Unfortunately, the approach taken by the Government in releasing this discussion paper is fundamentally flawed in three ways:

- 1. The discussion paper fails to draw on the evidence and recommendations that are already available, and which the Government should act on immediately.**

In November 2013 I moved to establish a Legislative Council Select Committee on Social, Public and Affordable Housing. The committee conducted an extensive inquiry, receiving more than 250 submissions and conducting hearings and site visits across Greater Sydney and regional NSW. The committee's final report, which was released on 8 September 2014, made 41 recommendations to improve the state's system of social, public and affordable housing. Many of these recommendations could be adopted and acted on immediately, and the evidence and recommendations presented in the final report point to problems with both current Government policies and with some of the assumptions underpinning the pillars, possible future

directions and the framing of questions included in this discussion paper. I note that the Government's response to this report is due to be delivered by 9 March 2015.

Recommendation 1: *The NSW Government should adopt all 41 recommendations made by the Select Committee on Social, Public and Affordable Housing and act to urgently implement them.*

In addition, the Government has received reports and recommendations from the Auditor-General's report on *Making the best use of public housing* from August 2013, and the Legislative Assembly Public Accounts Committee's inquiry into Tenancy Management in Social Housing.

Recommendation 2: *The NSW Government should consider adopting the recommendations made by the Auditor-General, except those that cannot be adopted as the recommended timeframes for policy development have already passed, along with the recommendations of the Public Accounts Committee's inquiry, and act to urgently implement all adopted recommendations.*

2. The discussion paper takes a narrow focus on social housing without recognising the need for broader reforms and improvements in housing policy.

The discussion paper acknowledges that social housing is one element of a continuum of housing circumstances that includes homelessness, emergency or short-term accommodation, social housing, affordable housing, the general private rental market and home ownership. Unfortunately, the discussion paper then proceeds to canvas issues and ask questions that are constrained to the direct functioning of the social housing system, and neglects the need for reforms across the entire continuum in order for social housing to be able to function effectively.

For instance, any proposition of making use of 'levers' to provide social housing tenants with a pathway into private rental will be much less likely to succeed in the current context of shortages in affordable housing and overall pressures on affordability in the rental market. Anglicare's 2014 Rental Affordability Snapshot¹ highlighted the small proportions of private rentals that are affordable and appropriate for low-income workers, e.g., less than 1% of available rentals across Greater Sydney were affordable and appropriate for a single person on the minimum wage, with or without children.

The presumption that supporting social housing tenants to achieve stable employment or education will allow them to transition out of private housing ignores the extent to which housing costs in NSW, and particularly in Sydney, have outstripped growth in wages or the cost of living during recent decades, creating unprecedented housing affordability pressures. The 11th

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http://www.anglicare.org.au/sites/default/files/public/2014%20Rental_Affordability_Snapshot%20FINAL.pdf

Demographia International Housing Affordability Survey² found that based on the ratio of house prices to incomes Sydney is the third least affordable major market behind only Hong Kong and Vancouver, and that overall Australian housing is severely unaffordable.

Recommendation 3: *The NSW Government should ensure that social housing policies are developed and implemented having regard to the current context of the entire housing sector across the continuum from homelessness and its prevention through to private rental and home ownership. The Government must ensure that all areas of policy related to housing and homelessness are being reformed and improved in an integrated way, either through collaboration across portfolios or through the re-establishment of a Ministerial and Departmental portfolio with comprehensive responsibility for Housing.*

3. The discussion paper relies on presumptions about the social housing system that will exacerbate its problems.

Much of the content of the discussion paper appears to be predicated on assumptions that (i) the overall capacity of social housing is unlikely to substantially change in the foreseeable future, (ii) the role of social housing will be targeted as a temporary form of housing support targeted only toward those with greatest housing need and disadvantage, and (iii) the social housing system should be revenue neutral. Each of these assumptions is questionable, but together they risk sending an already struggling social housing system into a death spiral.

The discussion paper acknowledges the trends in social housing that have contributed to the system's current failure to meet the housing needs of people in NSW and the financial strain on the system: insufficient social housing stock to accommodate existing tenants and the lengthy waiting list of applicants, changing demographics among social housing tenants that have resulted in a decline in rental revenue, and ageing and deteriorating stock with a growing cost of maintenance or replacement.

However, it then establishes pillars and directions that would put the social housing system on a path that assumes limited expansion of stock, increasing emphasis on only housing people who are in extreme need and expecting them to move on as soon as their income may be considered sufficient to enter the private housing market, and expecting social housing revenue to cover the costs of its delivery and maintenance. Taken together, these approaches will make the existing challenges worse, causing the quantity and quality of stock to continue deteriorating, reducing the opportunity for social housing tenants to include people who aren't on extremely low incomes, and pushing the entire system into a deeper crisis.

These assumptions must be reconsidered, beginning with the constraint that the social housing system is expected to be "financially sustainable" within the

² <http://www.demographia.com/dhi.pdf>

current funding envelope. The provision of social and affordable housing to meet the needs of people who are facing difficulty entering the private rental market is a social good, and it is a fundamental responsibility of government to ensure that the social housing system is adequately resourced to fulfil its objectives. Public and community housing need a boost in investment, including direct funding provided by the NSW Government, to ensure that the available social housing stock is expanded and will be better suited to meeting the needs of current and future social housing tenants.

Recommendation 4: *The NSW Government should commit to increased investment in social housing, including an ongoing capital investment program funded independently of social housing revenue (both rental and through sales of existing stock) to achieve specified annual and long-term targets in the delivery of new, appropriately located and configured social housing stock throughout Sydney and across the state.*

Having noted these fundamental problems with the discussion paper, and having made several recommendations that should underpin the Government's action in addressing social housing policy, I will now offer some brief comments in response to each of the pillars and the corresponding questions for readers of the discussion paper.

Pillar 1: A social housing system that provides opportunity and pathways for 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?

The principle that the social housing system should support people experiencing disadvantage and help them to overcome it is an important one. I note that the discussion paper acknowledges the importance of supporting people living in social housing to connect with opportunities for education, employment and other services that assist them in overcoming disadvantage. The discussion paper also acknowledges the prevalence of deep and persistent disadvantage among social housing tenants.

It is crucial to recognise that disadvantage is increasingly becoming based on locational factors. Social and economic disadvantage is becoming concentrated in outer suburban areas of Sydney as well as in regional and remote areas, where barriers of cost, distance and inaccessibility of public transport reduce the opportunity for people to participate in education and employment and to engage with community supports.

Recommendation 5: *The future direction of social housing must ensure that people accessing the social housing system have the opportunity for housing that is appropriately located to allow engagement with suitable opportunities for education, employment and other pathways toward independence.*

The opportunity for a “pathway to independence” also relies on entry into the rental market being affordable. As noted above, at present there are severe problems with housing affordability in Sydney and NSW, and for social housing tenants to have the opportunity to transition to the private market will require substantial action to deliver affordable housing across the state.

The social housing system should also remove current policies that serve as a disincentive for tenants to attempt to improve their circumstances. As the Tenants’ Union of NSW has noted,³ the policy of increasing the proportion of income taken as rent for tenants on ‘moderate incomes’ effectively creates a high marginal cost associated with a tenant increasing their income, and the process of reviews of continuing eligibility for housing can create an additional disincentive for tenants to take up work opportunities. Removing these disincentives would allow tenants to embark on a pathway into employment without immediate insecurity about their income and future housing eligibility, which would allow them to work toward a voluntary transition into private housing.

Recommendation 6: *The NSW Government should amend the existing policies on rental calculations and review of continuing eligibility to ensure that social housing tenants are not faced with disincentives to pursue employment opportunities that could lead toward a transition to private rental.*

Finally, I note that the following recommendations of the Social, Public and Affordable Housing Inquiry are directly relevant to the question asked under this pillar:

Inquiry 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.

Inquiry Recommendation 20: That Housing NSW develop a strategy to enhance support for public housing tenants, focusing on the provision of holistic and localised services.

Inquiry 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.

Inquiry 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.

³ <http://tunswblog.blogspot.com.au/2013/10/what-are-we-doing-minister-goward-on.html>

Pillar 2: A social housing system that is fair

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?

The evidence is clear that the current level of social housing stock is grossly inadequate to meet the need for housing support. Around 60,000 applicants remain on the waiting list. 'Priority' applicants, those who have been deemed at risk of homelessness or do not have access to safe and secure housing, still face average waiting times of almost a year. These inadequacies cannot be addressed without a substantial increase in the supply of social housing, as recommended above.

The enormous housing affordability pressures and continued problems with social and economic disadvantage mean that there is continuing high need for housing support, including provision of social housing. Until the Government achieves improvements in the availability of affordable housing and capacity for social housing tenants to voluntarily transition into supported affordable housing or the private rental market, efforts to significantly reduce social housing waiting lists and to address all of those who are "most in need" will not be achieved. Punitive efforts to target "undeserving" or "rotting" tenants, such as the vacant bedroom charge, recent amnesties and reviews of continuing eligibility, will have limited effectiveness given the continuing high levels of disadvantage and need, including deep and persistent disadvantage. These punitive and stigmatising approaches that have a negative impact on the public perceptions of social housing tenants should be abandoned.

In addition to boosting the capacity of the social housing system to meet the overall need for housing support, it is important to recognise that particularly vulnerable groups within society must be able to access housing assistance. I note that the following recommendations of the Social, Public and Affordable Housing Inquiry are directly relevant to the question asked under this pillar:

Inquiry 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, and
- key/essential workers.

Inquiry 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.

Inquiry 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.

Pillar 3: A social housing system that is sustainable

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?

As noted above, a pillar of 'sustainability' which seems to expect that social housing will produce a revenue stream that covers the costs of housing provision is fundamentally incompatible with the Government's decisions to constrain capital funding, limit the investment in new stock to largely maintain existing supply, and target the provision of social housing to the most extremely disadvantaged. The provision of social housing is an essential public service and the starting point must be that the Government ensures there is adequate allocation of public funding to deliver that service effectively.

It is reasonable to consider options to improve the effectiveness of spending on social housing, to identify potential streams for additional private investment in social housing, and to ensure that the processes of social housing delivery, maintenance and management are being conducted efficiently and appropriately. However, none of these options should replace the Government's fundamental responsibility to provide an ongoing commitment from consolidated funds to ensure that the social housing system is adequate to meet public need in terms of both infrastructure and services.

I note that the following recommendations of the Social, Public and Affordable Housing Inquiry are directly relevant to the question asked under this pillar:

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.

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.

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.

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.

Recommendation 18: That the Land and Housing Corporation finalise the asset portfolio strategy, as recommended by the Auditor-General, by 1 September 2015.

Recommendation 19: That NSW Treasury publicly identify what funding is required to address the maintenance backlog for public housing properties.

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.

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.

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.

Concluding comments

The social housing system has been a crucial part of this state's safety net since its inception during the post-War period. In recent decades there have been significant challenges affecting the social housing system as well as broader housing affordability pressures.

The next steps toward reinvigorating the social housing system while also tackling broader housing policy are going to be crucial to ensure current and future generations have the stability and security of housing that is fundamental to quality of life and wellbeing. I encourage the NSW Government to ensure that all aspects of housing policy, including policy relating to social housing, are directed toward the achieving affordable, appropriate and secure housing for all people in NSW.

In concluding I wish to highlight one particular concern about this discussion paper and its consultation process. In encouraging engagement with and submissions to this process, I have found that Aboriginal people and organisations that I have contacted say they were unaware of any communications and consultations that were being targeted at receiving input from Aboriginal communities about their social housing issues. I also note that there is very little focus within the discussion paper on detailing how the Government intends to work with the Aboriginal Housing Office, Aboriginal Community Housing Providers and Aboriginal communities to improve capacity and effectiveness of Aboriginal housing services.

I hope that there has been effort dedicated to consulting with Aboriginal people, organisations and communities and that there will be continued engagement to improve Aboriginal housing outcomes.

Thank you again for the opportunity to provide this submission.

Yours sincerely,



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The Greens NSW Spokesperson on Housing