

**Social housing in NSW – Crunch Time:
NCOSS response to *Social Housing in NSW: A
discussion paper for input and comment***



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About NCOSS

The Council of Social Service of NSW (NCOSS) advocates for and with people experiencing poverty and disadvantage and is the peak body for the social and community services sector in New South Wales. We work with our membership, comprising a vast network of service delivery and consumer groups, to advocate for a fairer New South Wales.

Summary of Recommendations

- 1: That the NSW Government develop a comprehensive, fully-costed, integrated policy aimed at improving housing affordability.
- 2: That all social housing stock is transferred from the Government to the community housing sector through an asset transfer program over a 5 year period.
- 3: That an amendment is made to the *Restart NSW Fund Act 2011* that recognises the supply of social and affordable housing as a key productive infrastructure challenge facing the state.
- 4: That social and affordable housing feature as a critical element of infrastructure planning.
- 5: That the social finance and social investment projects currently underway be comprehensively evaluated and the lessons learnt incorporated into the design of future projects.
- 6: That the funds generated from the sale of properties in Millers Point and the sale of other high value social housing properties be reinvested specifically to fund new affordable dwellings.
- 7: That the policy arising from this process prioritise providing appropriate supports to social housing tenants, but not construct them as “problems” to be “solved”, but rather as human beings engaging with a service system that must meet their needs.
- 8: That the Government address tensions that can arise between social housing tenants through appropriate resourcing, allocation, and services through established mechanisms.
- 9: That any changes to reinforce social housing as a short-term, transitional, or otherwise temporary option not compromise the reality that many people will require long-term and life-long social housing in order to remain a safe, well, and productive member of the community.
- 10: That the Government expand on their plans for place-based and wrap-around service planning, community development strategies, and working with the community housing industry to support mixed-income communities, service co-location, and participatory housing projects in order to realise the policy goals of client independence, fairness and sustainability.
- 11: That the Government commission an independent review of tenancy support programs such as Start Safely (for women, children, and men leaving domestic violence) and model the extension of the programs to other clients who need the support of the social housing system, with specific attention to cohorts such as clients with disability.

Executive Summary

“It is crunch time for public housing in New South Wales. The government must make difficult decisions about public housing priorities.”

Peter Achterstraat AM, NSW Auditor-General, 2013.¹

Social housing is productive infrastructure that is essential to securing a prosperous future for our state. It is also an essential service that people experiencing poverty and disadvantage in NSW rely on. But the system of social housing provision is under pressure from a constrained budgetary environment, declining housing affordability in the private market, and increasing social and economic inequality. Public housing authorities here in NSW and around the country are saddled with the burden of ageing assets, falling rent revenues, large waiting lists, and tenants with increasingly complex needs. There is also a severe shortage of quality, well-located private rental housing that is secure and affordable for low-income households – particularly in Sydney.

It is in this context that NCOSS welcomes the NSW Government’s focus on reforming a system that is clearly under pressure. This submission points to a new future for social housing. It recommends a broader, integrated plan to address affordable housing outside of the social housing system. It recommends new ways to increase the stock of social housing across the state, through the transfer of assets to community housing providers; recognising that social housing is critical and productive infrastructure via the *Restart NSW Fund Act 2011*; and reinvesting returns from the sale of high value social housing (such as Millers Point) into new stock. It calls for a person-centred approach, which recognises the inherent humanity of social housing tenants.

NCOSS welcomes this opportunity to contribute, but recognises that this submission is not the sum total of our ongoing contribution to policymaking on this important topic. NCOSS is committed to working with the NSW Government, the community sector and – most importantly – with social housing tenants to ensure the system meets their needs, supports their empowerment and improves their lived experience. We look forward to further opportunities to engage with the NSW Government on this issue in the period ahead.

¹ Audit Office of NSW, 'Public housing could be better used', Media release, available at [https://www.audit.nsw.gov.au/ArticleDocuments/200/Media Release Making the best use of public housing 30 July 2013.pdf.aspx?Embed=Y](https://www.audit.nsw.gov.au/ArticleDocuments/200/Media%20Release%20Making%20the%20best%20use%20of%20public%20housing%2030%20July%202013.pdf.aspx?Embed=Y)

Introduction

NCOSS gladly takes this opportunity to participate in the shaping of social policy in New South Wales on the critical matter of social housing. As per our comments on the Auditor-Generals Report to Parliament, *Making the Best Use of Public Housing 2013*, and our submissions to the Legislative Council Select Committee on Social, Public and Affordable Housing 2013 and the Public Accounts Committee Inquiry into Tenancy Management in Social Housing 2014; we consider social housing to be productive infrastructure that is essential to securing a prosperous future for our state. With local governments and the Commonwealth, the Government of NSW, is a critical partner in this project, along with the real estate industry for private rental, ownership and development; the Department of Family and Community Services including the LAHC and the AHC; the community housing industry, and the community services sector.

We understand that social housing in NSW is subject to a number of challenges that are also faced by governments across Australia. The system of social housing provision is under pressure from declining resourcing from government, declining housing affordability in the private market, and increasing social and economic inequality. At the same time, public housing authorities around the country are saddled with the burden of ageing assets, falling rent revenues, large waiting lists, and tenants with increasingly complex needs.² There is disproportionate assistance from government to undertake large developments and for home ownership as compared to investment in social and affordable housing.

As an essential service, housing itself in NSW is currently subject to considerable market failure. There is a severe shortfall in the availability of quality, well-located rental housing that is secure and affordable for low-income households. The number of people living in marginal rental housing (such as rooming or boarding houses, caravan or caravan site) had increased (by 31%) at the 2011 Census, as had the number of people experiencing homelessness (by 27%). The vacancy rate has been less than two per cent for a decade, and the prices that property attracts are now prohibitive for many renters as well as buyers.³

Indeed, 47.6% of low income households are in rental stress. NSW has both the highest rate of rental stress in a capital city and the highest rate in the balance of the state. The precarity of tenure and scarcity of resources experienced by even middle-income private rental tenants was highlighted in a recent survey of renters by the Tenant's Union of NSW. In the words of one respondent:

2 Jon Eastgate and Paula Rix, 'Social housing visions: What tenants and front-line workers value in social housing, Shelter NSW, January 2015. Available at <http://www.sheltersnsw.org.au/publications-new/policy-papers/social-housing/451-social-housing-visions-what-tenants-and-front-line-workers-value-in-social-housing/file>

3 NCOSS, 'One step away: NCOSS Election Platform 2015'. Available at <http://speakplanact.net/resources/One-Step-Away.pdf>

“The competition is tough and frankly I feel lucky to have secured a rental property at all. It concerns me that, even as a professional, independent, and reasonably well-paid person, I may struggle to find another rental property if my situation changes”.⁴

This situation has particular implications for people with disability, single aged pensioners, older women, women and children leaving family violence, Aboriginal and Torres Strait Islander people, newly arrived migrants (on temporary or permanent arrangements), young people (particularly those leaving out of home care or residential settings) and others likely to experience poverty in an increasingly unequal society.⁵

The programming and administration of social housing in NSW is impacted by and answerable to national policy reforms including the National Disability Insurance Scheme and state matters including the Disability Inclusion Plan, the Mental Health Plan, the White Paper on a New Planning System for NSW, the Going Home Staying Home changes to homelessness and domestic violence service design and delivery, the Keep Them Safe reform of child welfare and protection services, the forthcoming review of NSW Health funded community services and the No Wrong Door policy commitment to community service users in crisis.

NCOSS recognises the complexity of social housing policy-making and the economic pressures on the system and is keen to support reform to improve the system. In this spirit, whilst the *Social Housing in NSW* discussion paper recognises the extent of the housing market’s failure and the needs of a growing number of citizens, NCOSS believes the paper it could better account for the principal problem of *affordability* in terms of what it will take for the three policy pillars of ‘a social housing system that provides opportunity and pathways for client independence’, ‘a social housing system that is fair’ and ‘a social housing system that is sustainable’ to be realised. Our response draws on evidence and wisdom from the community services sector to flesh out those goals. We accept client independence, fairness and sustainability as principles for administering social housing in NSW, but think that the policy that comes from this process should be much more ambitious. First and foremost, we urge the Government to develop a detailed, evidence-based and fully costed policy on affordable housing. Housing is currently approached by the Government as either social housing, private rental, or home ownership. The interconnectedness of these three parts of the housing market must be recognised to address housing market failure and rising social inequality.

4 Tenant's Union NSW, 'Affordable housing and the NSW rental market', Survey report, 2014. Available at <http://intranet.tenants.org.au/print/policy-papers/AHS-final-report.pdf>

5 Parliament of NSW, 'Social, public and affordable housing', Select Committee of the Legislative Council, 2014, pp. 80-89. Available at [http://www.parliament.nsw.gov.au/prod/parlment/committee.nsf/0/12b4da4578015782ca257d4d00120ffe/\\$FILE/Report%20on%20Social,%20public%20and%20affordable%20housing%20-%20September%202014.pdf](http://www.parliament.nsw.gov.au/prod/parlment/committee.nsf/0/12b4da4578015782ca257d4d00120ffe/$FILE/Report%20on%20Social,%20public%20and%20affordable%20housing%20-%20September%202014.pdf)

Our response to the specifics of the discussion paper proceeds below and includes a number of further recommendations to Government to advance the role of social housing in ensuring the prosperity of NSW going forward.

Recommendation 1: That the NSW Government develop a comprehensive, fully-costed policy aimed at improving housing affordability.

Increased supply of appropriate stock

NCOSS notes that increasing the supply of social and affordable housing is currently a priority for the Government, with proposals on social housing assets currently being sought for the Premier's Innovation Initiative, and ideas being invited through the *Social Housing in NSW* discussion paper.

NCOSS considers that there must be a significant increase in social housing stock. Stock needs to be accessible (ideally, subject to universal design principles) and to match the needs of tenants, particularly when there is disability requiring regular modifications. In NSW there has been no growth in the supply of social housing since the completion of the Federal Stimulus Package. At the same time, strong population growth combined with the gentrification of traditional low income areas has forced growing numbers of people experiencing poverty into overcrowded, marginal housing or has displaced them to distance areas with reduced access to jobs and other opportunities.⁶

In 2014-15 just 2% of the state's \$15 billion infrastructure budget is allocated to social housing capital works. None of the \$6.6 billion in project commitments and reservations under the Restart NSW Fund has been earmarked for housing.

Increasing social housing stock requires the provision of capital funding by government for this purpose. Sphere Consulting, for Shelter NSW, has recently provided modelling presuming this increase in supply that demonstrates it is possible to sustain and grow the social housing system in New South Wales. As per their modelling:

"The extent of government subsidy needed depends on a range of factors, such as tenant profile, rents charged, eligibility of tenants for CRA, cost of land, and redevelopment opportunities. The way these matters are approached is essentially one of public policy choice but it requires the establishment of an explicit annual capital program for social housing in a similar way as it operates for services in health, education and transport."⁷

NCOSS agrees with Shelter NSW that the policy goals laid out in the *Social Housing in NSW* discussion paper are only achievable through the establishment of a capital program for asset replacement and growth. We recommend that initial capital is provided through the transfer of all social housing stock from the Government to the community housing sector, which is also presumed by the modelling cited above. The community housing industry has a strong record of engagement with the private rental market to deliver mutual benefits for all stakeholders⁸, and this transfer would enable providers to leverage the capital to grow the stock in a way that Government cannot. This program would be supported and complemented by an amendment to the *Restart NSW Fund Act 2011* that recognises the supply of social and affordable housing as a key infrastructure challenge facing the state, whereby social and affordable housing features as a critical element of infrastructure planning. This would release further funds for social housing and trigger investment in the sector, supporting many of the

6 See NCOSS Election Platform 2015.

7 Sphere, 'The cost of increasing social and affordable housing', prepared for Shelter NSW, January 2015. Available at <http://www.sheltersnsw.org.au/publications-new/policy-papers/financing-housing-supply/449-the-cost-of-increasing-social-and-affordable-housing-supply-in-new-south-wales>

8 Federation of Community Housing Associations, 'The community housing industry: Delivering for NSW', Available at http://www.communityhousing.org.au/icp/Industry%20Capability%20Statement_Expanded.pdf

other recommendations in this response. NCOSS also notes that as at June 2014 the Government's Waratah Bonds program had generated investments totaling \$355 million. If allocated to social and affordable /intermediate housing, this would be sufficient to build almost 1,200 dwellings.

NCOSS commends the trial of social finance and social investment projects currently being undertaken in NSW and looks forward to reviewing the evidence that is generated. A comprehensive evaluation of the approach and outcomes will be critical to ensure that the lessons are learnt and that future rounds improve on the last.

The sale of social housing properties in Millers Point has garnered significantly more attention and a greater return than the NSW Government and the market expected. NCOSS notes that the NSW Government has committed to invest these funds in the social housing system. NCOSS recommends that the funds generate from these sales, and the sale of other high value properties in the social housing system be reinvested to specifically fund new affordable dwellings, as per the recommendation of the Legislative Council Select Committee.⁹

Recommendation 2: That all social housing stock is transferred from the Government to the community housing sector through an asset transfer program over a 5 year period.

Recommendation 3: That an amendment is made to the *Restart NSW Fund Act 2011* that recognises the supply of social and affordable housing as a key productive infrastructure challenge facing the state.

Recommendation 4: That social and affordable housing feature as a critical element of infrastructure planning.

Recommendation 5: That the social finance/investment projects currently underway be comprehensively evaluated and the lessons learnt incorporated into the design of future projects.

Recommendation 6: That the funds generate from the sale of properties in Millers Point, and the sale of other high value properties in the social housing system, be reinvested to specifically fund new affordable dwellings.

A person-centred approach

A person-centred approach with appropriate wrap-around services is critical for improving the life chances of many social housing tenants. NCOSS welcomes the focus in the discussion paper on providing appropriate supports to social housing tenants, but considers it is important not to construct them as “problems” to be “solved”, but rather as human beings engaging with a service system that must meet their needs.

NCOSS recognises the complexity of the issue of anti-social behaviour in social housing. All tenants have a right to safety and security. That said, the use of anti-social behavior sanctions in Victoria and Queensland (the ‘three strikes’ rule) has done little to improve the quality of social housing or support those who need it. Rather, NCOSS recommends the Government address tensions that can arise between tenants through appropriate resourcing, services and established mechanisms. Our colleagues Jon Eastgate (99 Consulting) and Paula Rix (Shelter NSW), in conversation with social housing tenants themselves, note that:

“a safe, harmonious community is very important to [social housing tenants]..., and they talk with some passion about safety issues in their communities. However, they see the problem of anti-social behavior as complex and requiring multiple responses. One the one hand they see much of this behavior as having its source in health issues such as mental illness and addiction, and these require good support systems to help tenants manage these issues.”¹⁰

NCOSS welcomes the paper’s acknowledgement that transitioning to the private rental market may be not appropriate for some tenants, and there needs to be provision in current policy to support easier re-entry into social housing for those who need it. We agree that overall, the system ought to provide “a safety net for vulnerable people while they need it and where they need it.”¹¹ At the same time, the social housing system could be doing more to support social housing tenants to thrive in the community. NCOSS is concerned, though, that the strong push in the paper for social housing to be a short-term, transitional, or otherwise temporary option must not compromise the reality that many people will require long-term and life-long social housing in order to remain a safe, well, and productive member of the community.

There is an evident commitment to place-based (e.g., attention to community connections and employment opportunities) and wrap-around service planning, community development, and a welcome interest in working with the community housing industry to support mixed-income [as opposed to estates], service co-location, and participatory housing projects. NCOSS recommends the Government expand on their plans for these policy principles and products, in consultation with NCOSS, in order to realise the policy goals of client independence, fairness and sustainability.

10 Eastgate and Rix, 'Social housing visions', pp. v-vi.

11 Government of NSW, 'Social housing in NSW: A discussion paper,' 2014, pp.12-17.

Recommendation 7: That the policy arising from this process prioritise providing appropriate supports to social housing tenants, but not construct them as “problems” to be “solved”, but rather as human beings engaging with a service system that must meet their needs.

Recommendation 8: That the Government address tensions that can arise between social housing tenants through appropriate resourcing, allocation, and services through established mechanisms.

Recommendation 9: That any changes to reinforce social housing as a short-term, transitional, or otherwise temporary option not compromise the reality that many people will require long-term and life-long social housing in order to remain a safe, well, and productive member of the community.

Recommendation 10: That the Government, in consultation with NCOSS, expand on their plans for place-based and wrap-around service planning, community development strategies; and for working with the community housing industry to support mixed-income communities, service co-location, and participatory housing projects, in order to realise the policy goals of client independence, fairness and sustainability.

Realistic Pathways

The private rental market is unaffordable to a significant portion of NSW residents. Many people experiencing poverty and disadvantage are required to live in areas where there is poor access to education and employment, when they have disability or a chronic illness, or when they are frail aged pensioners.

The paper imagines a pathway through the housing system that is often different from the experience of social housing tenants and others who need and use social welfare services. Whilst the extensive backlog of applicants for social housing are obviously surviving in the private rental market, they are likely to be in considerable housing and rental stress. In NSW a significant proportion of those in social housing or on the waitlist are reliant on Centrelink payments, and, as a recent study by Anglicare shows, the private rental market is unaffordable for 99% of people on Centrelink payments.¹²

NCOSS submits that social housing itself can be the foundation of an ongoing pathway – indeed, the support provided by social housing can itself be an intervention into a long-term problem such as chronic homelessness. Security of tenure in the social housing system can be the way that tenants stay safe, well, and productive. As Eastgate shows:

“It has become common for governments to talk about social housing as ‘a pathway not a destination’ or a ‘pathway to independence’. However, for social housing tenants it is very clearly a destination. Once they have social housing they have no desire to go anywhere else. This view is based on a realistic assessment of the alternatives on offer. They know that home ownership is beyond their resources while private rental, even if it is available, is neither affordable nor secure. This presents a strong challenge to the current policy direction – if governments don’t want social housing to be a ‘destination’, what other destinations do they see for low income households?”¹³

The (aforementioned) failure of private rental to guarantee affordable and appropriate housing to those who need it underlines the need for pathways in and out of social housing to operate outside the logic of that market. NCOSS agrees with Eastgate (Shelter NSW) that:

“...the level of disadvantage of households and the lack of affordable, secure alternative housing – tend to keep households in social housing, whatever governments would prefer. For many households, improving their circumstances is not a realistic option. The minority who could potentially do so are faced with difficult decisions – if improving their income means losing their housing and being forced to rely on an expensive and insecure private rental market, is it worth it?

Further, that:

“..[the ‘pathway’] terminology is based on the notion that tenants of social housing are in a position of dependence (even if they are paying full market rent) and that independence equates to sourcing housing in the private market.

12 Anglicare Australia, 'Rental affordability snapshot', 2014. Available at http://www.anglicare.com.au/data/RAS_National_Report_2014_final.pdf

13 Eastgate and Rix, 'Social housing visions', p.5

However all the data indicates that this pathway is presently blocked, and is unlikely to become unblocked by any initiatives taken within the social housing system.”¹⁴

Finally, from Sphere:

“The objectives in Pillar 1 [of the government’s discussion paper] can only be implemented if the private market is affordable to existing public housing tenants – bearing in mind most public housing tenants either rely on welfare payments as a source of income or have poorly paid jobs.”¹⁵

We also know from recent reviews of boarding house accommodation that much low cost private rental market housing is of very poor standard, and potentially exposes tenants to further risk and vulnerability – especially if they have a disability or chronic illness.

All of these issues highlight the criticality of recommendation 1 to achieving pathways to the private rental market for social housing tenants. Without a comprehensive policy to address housing affordability in the private market, the success of other measures contemplated through this policy is likely to be impaired. Conversely, if the issue of affordability is addressed, the pathway through social housing to the private market is significantly more realistic.

As it currently stands, the pathway delineated in the discussion paper could be expanded to demonstrate milestones within a social housing experience, as well as tenants 'moving on' to private rental. This also articulates with recommendation 2 – community housing providers are particularly well placed to support such pathways, as they can be more agile than the large bureaucracies of publicly managed housing. For example, some community housing providers in Australia and the UK will enable the tenant to stay in the same property or to move to another property in the provider's portfolio, to have varied rent settings and access to services, according to changes in the tenant's circumstance.¹⁶

NCOSS also notes that there are a number of tenancy support programs currently in place (eg Start Safely). It would be useful if these programs were independently and comprehensively evaluated, so that the lessons can be learnt and that model or alternative approaches applied to other clients and client groups who would benefit from them. Building this evidence base will improve the quality of service delivery and outcomes for social housing tenants accessing these and future services and programs.

NCOSS notes that home ownership is not a realistic short-term expectation for the vast majority of social housing tenants. That said, NCOSS commends the modelling on shared home ownership/shared equity schemes undertaken by the Shared Home Ownership Working Group and notes that a shared home ownership product would provide an opportunity to improve the continuum of available housing assistance that could also operate

14 Eastgate and Rix, pp 12-13.

15 Sphere, 'The cost of increasing social and affordable housing', p.5.

16 See e.g. NSW Federation of Community Housing Organisations, 'People and Place Management', 2014. Available at <http://www.communityhousing.org.au/KnowledgeHub/GP%20Guides/People%20and%20Place%20Management.pdf>

independently of government support.¹⁷ These and other models are critical to contributing to a housing market which is affordable for all.

Recommendation 11: That the Government commission an independent review of tenancy support programs such as Start Safely (for women and children leaving domestic violence) and model the extension of the programs to other clients who need the support of the social housing system, with specific attention to cohorts such as clients with disability.

17 Regional Development Australia and the Shared Home Ownership Working Group, 'Doors to ownership: A business case and guidelines to a shared home ownership scheme in NSW', 2014, pp 9-11. Available at http://www.rdasydney.org.au/imagesDB/news/DoorstoOwnership_RDA_Web_Final.pdf

Conclusion

Reform of the system offers an opportunity to improve the lived experience and life chances of social housing tenants. NCOSS welcomes this opportunity to contribute to this process, but recognises that this submission is not the sum total of our ongoing contribution to policymaking on this important topic. NCOSS is committed to working with the NSW Government, the community sector and – most importantly – with social housing tenants to ensure the system meets their needs, supports their empowerment and improves their lived experience. We look forward to further opportunities to engage with the NSW Government on this issue in the period ahead.