

**Submission
No 126**

INQUIRY INTO SOCIAL, PUBLIC AND AFFORDABLE HOUSING

Organisation: Council of Social Service of NSW (NCOSS)

Date received: 28/02/2014

Submission to the Legislative Council Select Committee on Social, Public and Affordable Housing



February 2014

Council of Social Service of NSW (NCOSS)

66 Albion Street, Surry Hills 2010

Ph: 02 9211 2599 Fax: 9281 1968

About NCOSS

The Council of Social Service of NSW (NCOSS) is the peak body for the not-for-profit community sector in New South Wales. NCOSS provides independent and informed policy advice, and plays a key coordination and leadership role for the sector. We work on behalf of disadvantaged people and communities towards achieving social justice in NSW.

Recommendations

Recommendation 1: That the NSW Government should develop a formal plan, with numerical targets, to increase the supply of social and affordable housing over the next four years. Such a plan should include provision of an additional 3,000 social housing dwellings, with 20% of this new supply being earmarked for formal partnership agreements with specialist homelessness services.

Recommendation 2: That the NSW Government include in all future land use growth plans, including the Metropolitan Strategy for Sydney and Regional Growth Plans for other regions, LGA level targets for the provision of additional affordable rental housing.

Recommendation 3: That the findings of the Affordable Housing Task Force be released for public consideration and that the NSW Government consult the NGO sector in the development of a follow up action plan that should be finalised by October 2014.

Recommendation 4: That the NSW Government fund and establish a new program providing Housing and Mental Health Support Packages for existing social housing tenants with an identified serious mental health condition.

Recommendation 5: That the Department of Family and Community Services develop, in consultation with peak NGOs, local government and the tenant community, a formal Estates Strategy that would set out the NSW Government's conceptual framework for addressing concentrations of disadvantage on public housing estates, covering the range of intervention types that could be applied to different estates, associated engagement and capacity building measures, roles and responsibilities and monitoring and evaluation arrangements. The Estates Strategy should build on the lessons from recent and current estate redevelopments in NSW, and the international evidence base.

Recommendation 6: That the NSW Government include social housing as a form of social infrastructure and hypothecate the proceeds of Waratah Bonds to investment in the development of new social housing supply.

Recommendation 7: That the Select Committee seek advice from FACS on the status of any investigations it has carried out into the feasibility of a NSW Government backed shared equity home purchase scheme along the lines of those operating in other States and Territories.

Recommendation 8: That the NSW Government should develop a formal policy framework for leveraging additional affordable housing through the planning system. This framework should give particular attention to major redevelopment precincts, sites that are government owned and areas expected to experience uplift as a result of major public infrastructure investment, such as new rail corridors.

Recommendation 9: That the NSW Government provide capital funding for a Community Housing Social Investment Fund to develop additional social and affordable housing in agreed high need areas. This funding should be offered through a competitive tender process to part fund development projects by registered community housing providers. State capital funding and possible access to state-owned sites should be matched by borrowings by providers and other contributions, including land.

1. Introduction

NCOSS welcomes the establishment of the Select Committee and this opportunity to have input into its work.

We have a long history of advocacy and engagement on issues involving social and affordable housing, and associated planning measures. We are currently represented on a number of Government consultative forums and reference groups focused on key initiatives concerning social housing and related services.¹

From the outset we would note that feedback from our members, and those of our national counterpart ACOSS, consistently identifies housing availability and affordability as the greatest unmet need for the clients of non-government welfare services². This finding is consistent with other evidence that low income households in NSW are finding it increasingly difficult to secure rental housing that is affordable, secure and appropriate to their needs. This in turn limits their ability to obtain and retain paid employment, access education and training, and build a better life for themselves and their dependents³.

¹ These are convened by the Department of Family and Community Services (FACS), including the NGO Housing Partners Reference Group, the Living Communities Consultative Committee (dealing with the redevelopment of public housing estates), the Interagency Implementation Committee for the Housing and Mental Health Agreement and the Sector Reference Group for the Going Home Staying Home reform agenda for specialist homelessness services.

² 'Situation critical: Australia's community services unable to meet growing demand', media release, ACOSS 1 July 2013. The detailed national findings of the Australian Community Sector Survey (ACSS) revealed that over 60% of overall respondents listed housing and homelessness services amongst those for which their clients had the greatest need and 61% said improving housing availability and affordability was the sector's top policy priority. Of survey respondents who directly provide housing and homelessness services, 66% reported they are struggling to meet demand, 66% said waiting times had increased over the past year and they reported a turn away rate of 16%, up from 5% from the previous survey.

³ The 2013 Anglicare Rental Snapshot revealed that only 23 of the 12,880 properties available for private rental in Greater Sydney on the snapshot weekend satisfied the criteria for affordability and appropriateness without placing households dependent upon income support payments into rental stress, see *Rental Affordability Snapshot*, Anglicare Australia, April 2013 p. 49. The AIHW reported that 19.5% of NSW households are in housing stress, the highest rate for any state or territory, see *Housing assistance in Australia 2013*, AIHW, November 2013 p. 87. See also *Australia's welfare 2011*, AIHW 2011; *Going without: Financial hardship in Australia*, NATSEM for Anglicare Australia, Catholic Social Services, the Salvation Army and UnitingCare Australia, 2012; and Wulff, M et al: *Australia's private rental market: the supply of, and demand for, affordable dwellings*, AHURI Final Report No. 168, 2011.

In terms of the structure of this submission, we begin by commenting on the Audit Office's report on public housing, referred to in section 2 of the Committee's Terms of Reference, before considering the more detailed issues raised in section 1 of the Terms of Reference. We have attached extracts from our Pre Budget Submission (PBS) for 2014-15 that are directly relevant to the work of the Committee.

For ease of reading we have used a number of acronyms in our submission, chiefly FACS (the Department of Family and Community Services), HNSW (Housing NSW, part of FACS), LAHC (Land and Housing Corporation, also part of the FACS) and AHURI (the Australian Housing and Urban Research Institute).

2. The audit report

In our view the July 2013 Auditor Office report *Making the best use of public housing*⁴ represents an important wake up call for the Parliament on the current state of our social housing system in general and in particular of the public housing component of that system.

NCOSS was alarmed but not surprised at the key findings that the social housing system only has sufficient properties to meet 44% of the need; that much of the stock is old, in the wrong place and of the wrong size; that there are unresolved issues of both underoccupancy and overcrowding; that if current arrangements continue public housing faces being either run down or sold off; and that the system is struggling to cope with the fact that more and more tenants have complex needs⁵.

We acknowledge that these problems have arisen over considerable period of time, and are not solely due to the actions of any particular Minister or Government.

NCOSS suggests that the audit findings should be used as a factual starting point for the work of the Select Committee. We are not aware of any evidence disputing the findings of the report, noting that opinions naturally differ on the best way forward. Nor do we believe that anything has happened subsequently that would cause the Audit Office to revise their findings.

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, namely that:

- FACS should by December 2013 complete a *social housing policy* that aligns tenant management with emerging client need. The strategy should include short-term and long-term targets, and forecasts to enable effective monitoring and reporting on progress⁶,

⁴ *Making the best use of public housing*, Audit Office of NSW, 30 July 2013, hereinafter referenced as the 'Audit report'.

⁵ 'Public housing could be better used', media release, Audit Office of NSW, 30 July 2013.

⁶ Audit report recommendation 3 p.26.

- FACS LAHC should 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 progress⁷, and
- FACS LAHC in consultation with HNSW should by December 2013 finalise the government's *long-term strategy for managing public housing estates* to deliver a sustainable reduction in disadvantage on estates⁸.

3. Detailed matters raised in the terms of reference

A. Projections of future supply and demand

NCOSS is not aware of any published state-wide projections on the supply and demand of social, public and affordable housing to 2020, other than those quoted in the Audit Office's report. That report quoted HNSW calculations showing that the current supply of social housing only meets 44% of need as calculated according to existing eligibility requirements. With a growing population, an additional 2,500 dwellings per year would be required just to retain supply at the 44% level⁹.

For some time NCOSS has been advocating that the NSW Government should adopt a formal 4 year plan, with numerical targets, to increase the supply of social and affordable housing¹⁰. We recommended that this plan should be developed on a cross-portfolio basis within the NSW Government, and in partnership with the Federal Government.

Recommendation 1: That the NSW Government should develop a formal plan, with numerical targets, to increase the supply of social and affordable housing over the next four years. Such a plan should include provision of an additional 3,000 social housing dwellings, with 20% of this new supply being earmarked for formal partnership agreements with specialist homelessness services.

Without such a planned approach, it is difficult to see how the current state of continuing decline can be stemmed and turned around.

NCOSS is also concerned that there is currently no formal nexus between the land use growth plans prepared by the Department of Planning and Infrastructure and the supply of affordable rental housing. Currently strategic plans such as the Metropolitan Strategy for Sydney and Regional Growth Plans for growth regions outside Sydney contain LGA level targets for the supply of new housing and new employment but include no specific provision for corresponding growth in the provision of affordable rental housing.

⁷ Audit report recommendation 5(a) p.26.

⁸ Audit report recommendation 6 p. 35.

⁹ Audit report p. 14 and p.16.

¹⁰ *Sharing the benefits: making NSW fairer*, NCOSS Pre Budget Submission for 2014-15, October 2013, recommendation 6.1 p.21. [See Attachment 1.](#)

For some time the NSW Government has been considering the findings of the Affordable Housing Task Force set up by the Minister for Planning and Infrastructure in May 2011. That Task Force was asked to help drive new planning policies for delivering affordable housing and seniors housing which meets community needs and respects local character¹¹. While NCOSS understands that the Task Force has concluded its work, no draft strategies have been released for public consideration.

Recommendation 2: That the NSW Government include in all future land use growth plans, including the Metropolitan Strategy for Sydney and Regional Growth Plans for other regions, LGA level targets for the provision of additional affordable rental housing.

Recommendation 3: That the findings of the Affordable Housing Task Force be released for public consideration and that the NSW Government consult the NGO sector in the development of a follow up action plan that should be finalised by October 2014.

B. The link between lack of housing and social disadvantage

NCOSS considers that there is ample evidence that increased social disadvantage is a direct result of the insufficient provision of social and affordable housing. In particular:

- The lack of affordable and secure housing can cause excluded households to move frequently, making it difficult for children and young people to study and build friendship networks,
- Cost pressures in the private market, including the effects of gentrification, can cause lower income households to make housing choices that have other adverse consequences, such as being located far from education, training and employment opportunities,
- The lack of secure housing presents an additional barrier to attempts to stabilise the circumstances of people experiencing mental health issues, families having difficulty caring for young children, etc,
- 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, disconnections etc, and
- People leaving institutional settings, including prisons, juvenile detention centres and out of home care, tend to have poorer outcomes if they cannot be transitioned to secure and affordable housing upon release¹².

Conversely securing adequate housing may make the difference in helping low income households to achieve educational goals, stay healthy and earn a higher income - thus

¹¹ See the webpage for the Task Force on the Department's website at <http://www.planning.nsw.gov.au/deliveringhomes/planningforaffordablehousing/affordablehousingtaskforce.aspx>

¹² See, for example, Anne Daly: *Social Inclusion and Exclusion among Australia's Children: a review of the literature*, National Centre for Social and Economic Modelling (NATSEM), University of Canberra, December 2006; Rosalie Mc Lachlan, Geoff Gilfillan & Jenny Gordon: *Deep and Persistent Disadvantage in Australia*, Staff Working Paper, Productivity Commission, July 2013; and *Children and young people at risk of social exclusion: links between homelessness, child protection and juvenile justice*, Australian Institute of Health and Welfare (AIHW), November 2012.

generating higher tax revenue and lower social security costs to government¹³. This is not to deny that the location of social housing and associated policies can create poverty traps for some tenants and make it difficult for them to properly access the full range of opportunities and amenities that are available to the wider Australian community.

C. Design approaches and service integration to support tenants

Social housing tenants need access to a range of support services linked to secure and appropriate housing. A key challenge is to develop an integrated service system so that the right support can be provided in at the right time, breakdown in tenancies can be avoided, services can change in line with changing tenant needs, and roles and responsibilities can be clarified through formal partnership agreements¹⁴.

The range of support services that tenant households might need is extensive and will vary from household to household and location to location. It could include emergency financial assistance, legal assistance, specialist disability services, acute health care, community transport services, drug and alcohol services, community care for older people, family support services, settlement services for refugees, and so on.

Housing NSW has over recent years trialled a number of strategies to improve the provision of support services linked to secure and appropriate housing.

The first was the Housing and Human Services Accord¹⁵ a formal agreement between 10 NSW human services agencies that was developed in conjunction with the Reshaping Public Housing reform agenda. Under the rubric of the Accord, attempts were made to improve agencies' client information sharing practices, with client consent where appropriate; to try to develop a common client assessment framework; and a number of 'shared access' trials whereby the government agencies agreed to develop, trial and implement agreed partnerships to assist mutual clients with complex housing needs.

While a number of the 'shared access' trials contributed directly to the subsequent development of joined up service models under the NSW Homelessness Action Plan¹⁶, the Accord itself was wound up by Government directive.

¹³ Anthony King: *Housing assistance: the lifetime impact*, AHURI and NATSEM, July 2002.

¹⁴ Rhonda Phillips, Vivienne Milligan & Andrew Jones: *Integration and social housing in Australia: theory and practice*, AHURI Final Report No. 129, February 2009. As the authors note, integration usually requires a mixture of formal and informal arrangements. There is comparatively little evidence on the *outcomes* of various service integration strategies that have been adopted by various states and territories.

¹⁵ Signatory agencies to the Accord were the Aboriginal Housing Office; Attorney General's Department; Department of Ageing, Disability and Home Care; Department of Community Services; Department of Corrective Services; Department of Education and Training; Department of Housing; Department of Juvenile Justice; NSW Health and NSW Police. Further information is available online at <http://www.housing.nsw.gov.au/Changes+to+Social+Housing/Partnerships/Accord+-+Housing+and+Human+Services/>

¹⁶ *A Way Home: Reducing homelessness in NSW, NSW Homelessness Action Plan 2009-14*, August 2009. The Accord particularly influenced projects to assist men and women leaving prison, and young people leaving out of home care or juvenile justice and the overall emphasis on formal partnerships and delivering integrated service responses. The comprehensive evaluation of the HAP noted that stronger partnerships, networking

More recently, in August 2011, FACS and NSW Health signed the Housing and Mental Health Agreement¹⁷. The aim of this Agreement is to improve the housing outcomes and general well-being of people with mental health problems and disorders who are living in social housing or who are homeless or at risk of homelessness.

Unfortunately there were no additional resources attached to the Agreement, and this has restricted its effectiveness. A particular problem is that there are no resources allocated to provide (non-clinical) support to existing social housing tenants with a serious mental health condition. NCOSS believes that urgent action is required to develop a new program to provide HASI¹⁸ like support to these tenants.

Recommendation 4: That the NSW Government fund and establish a new program providing Housing and Mental Health Support Packages for existing social housing tenants with an identified serious mental health condition.

Public housing estates have long featured in policy debates about our social housing system. Depending on the definitions used, NSW has more than 100 distinct public housing estates and these are home to more than a third of the state's total portfolio of social housing dwellings.

Our suburban public housing estates were generally developed in a different era, with the expectation that they would be home to working families with access to private transport. As the rules governing access to public housing tightened, and the nature of our economy and employment market changed, these assumptions no longer apply.

Over the years Governments have developed a variety of strategies to deal with the resulting problem of concentrations of highly disadvantaged households. These strategies have included efforts to achieve greater social mix, improve linkages with support services, upgrade housing and infrastructure, overcome stigma, implement more contemporary design approaches, and reduce crime and anti-social behaviour.

Over the last decade NCOSS has been engaged in consultative arrangements with the NSW Government in relation to actual or potential redevelopments at Bonnyrigg, Minto, Airs/Bradbury, and Redfern/Waterloo. Other redevelopments at Claymore, Riverwood

and collaboration had been achieved through HAP funded projects; see *Homelessness Action Plan – summary of evaluation findings*, AHURI Research Synthesis Service for Housing NSW, May 2013 p.34.

¹⁷ *Housing and Mental Health Agreement*, Department of Family and Community Services and NSW Health, August 2011. NCOSS is represented on the Interagency Implementation Committee for the Agreement. Further details are available online at

<http://www.housing.nsw.gov.au/Changes+to+Social+Housing/Partnerships/Housing+and+Mental+Health/>

¹⁸ HASI is the Housing and Accommodation Support Initiative, which provides people with mental health problems with access to stable housing linked to clinical and psychosocial rehabilitation services. Further details are available online at

<http://www.housing.nsw.gov.au/Changes+to+Social+Housing/Partnerships/Housing+and+Mental+Health/Housing+and+Accommodation+Support+Initiative.htm> The evaluation of HASI found that the majority of HASI consumers were successfully maintaining their tenancies (around 90%), that their mental health was improving and that they were spending less time in hospital, and that they were regularly using appropriate services in the community and demonstrating a high degree of independence in daily living.

North and Telopea, and the dispersal of former Gordon Estate residents in West Dubbo occurred with no real engagement with the sector.

NCOSS acknowledges that a variety of views exist about the best way forward with public housing estates, both within the community and within the bureaucracy. There also a vast difference between redevelopments that appear to simply happen to tenants, compared to those where tenants have a degree of engagement in determining the final shape of a redevelopment plan¹⁹. Community engagement activities contribute to skill development and therefore to building stronger communities, can build community support for proposed changes, produce ownership, pride and increased cohesion, and helps to identify necessary service improvements. For governments community engagement can also be seen as a risk mitigation strategy, as some previously announced redevelopments, such as in Erskineville in 2002, did not proceed in the face of sustained community opposition.

While some within the bureaucracy see redevelopment as a purely 'technical' problem to be solved with the best advice and design solutions, others have seen the need for a broader, more inclusive approach²⁰. In 2010 these different approaches came to a head when the Federal Government funded a number of planning studies for possible future redevelopments. It was as a result of the sector's concerns at that time that we were first promised involvement in the development of a formal Estates Strategy that would apply to all redevelopments and all parts of the bureaucracy. Unfortunately this work has still not been completed.

In 2010 HNSW commissioned AHURI to review the international evidence on the nature of local disadvantage and to identify ways in which governments can intervene to improve the lives of disadvantaged residents in areas of concentrated poverty and disadvantage. The findings of that research synthesis²¹ identified *best practice* as involving:

- Both people- and place-based mechanisms,
- Macro- and micro-level interventions, and specifically multi-level government policies and interventions that align to produce positive outcomes at the neighbourhood level,
- Genuine community empowerment and involvement at appropriate levels,
- Partnerships between the public, private and community sectors, and
- Long-term well-resourced programs.

Recommendation 5: That the Department of Family and Community Services develop, in consultation with peak NGOs, local government and the tenant community, a formal Estates Strategy that would set out the NSW Government's conceptual framework for addressing concentrations of disadvantage on public housing estates, covering the range of intervention types that could be applied to different estates, associated engagement and capacity

¹⁹ With the redevelopment of Telopea being an example of the former, and the Bonnyrigg and Airs/Bradbury redevelopments having placed greater emphasis on tenant engagement and associated capacity building. In the end no process of community engagement will meet the expectations of all community members and no redevelopment will avoid having a disruptive or adverse impact on at least some existing residents. See *Bonnyrigg Longitudinal Panel Study First wave 2012*, City Futures Research Centre UNSW for Newleaf Communities and the NSW Land & Housing Corporation (LAHC), September 2013.

²⁰ The broader, more inclusive approach is consistent with *Governance Models for Location Based Initiatives*, Australian Social Inclusion Board, Department of Prime Minister and Cabinet, 2011.

²¹ Vicki-Ann Ware, Hellene Gronda & Laura Vitis: *Addressing locational disadvantage effectively*, AHURI Research Synthesis Service for Housing NSW, August 2010.

building measures, roles and responsibilities and monitoring and evaluation arrangements. The Estates Strategy should build on the lessons from recent and current estate redevelopments in NSW, and the international evidence base.

D. Maintenance and capital improvement costs

The Audit Office report has focused attention on the pressing need for a portfolio/assets strategy to be developed to reconfigure the system and better deal with maintenance and other requirements. This includes the need for a firm capital budget for FACS' estate redevelopment work over the short and medium term. The absence of this has meant that some proposed redevelopments have not started at all, and that the original timeframes for others can no longer be delivered.

E. Criteria for selecting areas for development

While the Audit Office report contains a substantial amount of information about the mismatch between the *type* of social housing stock that we have and actual and projected demand, it contains far less information about the mismatch between the *location* of current stock and actual and projected demand. Figure 7 of the Audit Office report²² does, however, compare projected 2021 demand by region with current stock levels. From this it can be seen that there is a severe mismatch between supply and demand in a number of high growth areas.

Ensuring a better match between supply and demand over the medium to long term is clearly a key requirement of the asset/portfolio strategy. In the meantime, additional headleasing may be required in areas where additional supply is urgently required.

In relation to the supply of affordable housing, NCOSS notes that this element of the housing market is relatively new and small in size. Under the NRAS²³ program, for example, last June there were only 1,858 completed properties available across the entire state, with a further 4,654 properties in the pipeline²⁴. At the current time it is unclear whether the Federal Government will fund any further expansion of NRAS, and, if so, what administrative or planning arrangements would apply.

F. Residential parks

²² Audit report p. 47.

²³ NRAS is the National Rental Affordability Scheme, a joint Commonwealth and State program providing incentives to NGOs and private companies to build and rent dwellings to low to moderate income households at a rate that is at least 20% below the market value rent. Further details can be found online at <http://www.dss.gov.au/our-responsibilities/housing-support/programs-services/national-rental-affordability-scheme>

²⁴ *National Rental Affordability Scheme Monthly Performance Report 30 June 2013*, Department of Families, Housing, Community Services, and Indigenous Affairs (FaHCSIA) p.3. No subsequent monthly reports have been placed online by the now Department of Social Services.

NCOSS acknowledges that residential (caravan) parks have provided an affordable housing safety net for low income people, and offer a lifestyle choice for other people. Equally concerns have also been expressed that some residential parks do not provide a safe and appropriate living environment, particularly for families with young children

Feedback to NCOSS suggests that the availability of long term affordable rental options in residential parks continues to decline as sites are redeveloped, particularly in metropolitan and key coastal areas, or as operators give priority to holiday lettings and 'grey nomads'. There is a formal Protocol in place for NSW Government agencies to deal with park closures²⁵ but this mechanism does not appear to have been utilised often in recent times.

G. Specific reform options

NCOSS offers the following comments and recommendations on the broad range of matters set out in section 1(g) of the Select Committee's Terms of Reference.

Policy initiatives and legislative change

NCOSS is concerned that neither the Federal nor the NSW Government considers investment in additional social and affordable housing to play an important role in their *infrastructure investment agendas*. According to our calculations, capital spending on new social housing supply represents just 2% of the NSW Government's Infrastructure Budget for 2014-15.

Our recommendations in this submission seek to give greater emphasis on investment in the supply of additional social and affordable housing. With the Government's Restart NSW Fund having a healthy balance, we believe there is scope for hypothecating the proceeds of Waratah Bonds to new social and affordable housing.

Recommendation 6: That the NSW Government include social housing as a form of social infrastructure and hypothecate the proceeds of Waratah Bonds to investment in the development of new social housing supply.

NCOSS notes that the NSW Government does not currently provide any home purchase assistance products to assist moderate income households into home purchase. A number of other States and Territories do provide a range of home purchase assistance products, including shared equity (or shared ownership) schemes.

The Audit Office of NSW has recently noted that the Home Purchase Assistance Fund, which held cash deposits of \$286 million as at June 2013, had not issued any new loans to home buyers for 19 years. It recommended that FACS should reassess the objective of the Fund and its continued operation²⁶.

²⁵ *Assistance Protocol for Residential Park Closures*, September 2007 available online at <http://www.housing.nsw.gov.au/NR/rdonlyres/AD246A73-E124-40BA-ACF9-50C2B5B660EC/0/residentialparkclosures.pdf#xml=http://www.housing.nsw.gov.au/hoogleg9/isysquery/c516cf-eb-7b8e-4713-b0f6-13d00e16c37c/1/hilite/>

²⁶ *Financial Audit Volume 5 2013*, Audit Office of NSW, November 2013 p.69.

NCOSS and RDA Sydney jointly convene a Working Group that is exploring the feasibility of developing a pilot shared ownership product to be delivered by interested Community Housing Providers (CHPs). While the Business Case for this proposal is still under development, the indications are that there would be a market for a shared ownership product that financial institutions would lend to and that the concept is worth trialling.

NCOSS does not believe that such a CHP backed pilot would preclude the NSW Government from developing a shared ownership scheme of its own, if it chose to do so.

Recommendation 7: That the Select Committee seek advice from FACS on the status of any investigations it has carried out into the feasibility of a NSW Government backed shared equity home purchase scheme along the lines of those operating in other States and Territories.

Planning law changes and reform

At the time of writing the outcomes of the extensive Planning System Review and proposed new legislation commissioned by the current Government in 2011 remains unclear. That Review raises many issues for our sector, beyond questions of social and affordable housing, which do not need to be canvassed in this submission.

The planning system and planning reform impact on our system of social and affordable housing in two major ways.

Firstly the system sets out the rules and procedures under which development consent can be obtained for a variety of purposes, including new social housing, group homes, retirement villages and other forms of seniors living, supportive housing for people who have been homeless, residential (caravan) parks, boarding houses and so on. In this regard there is a balancing act in seeking to reconcile the community's desire to be involved in planning decisions and the social justice issue of ensuring that disadvantaged people are not excluded as a result of 'not in my backyard' objections to particular types of development in particular locations.

Secondly it provides the opportunity to leverage new supply of social and affordable housing as a condition of development consent. This is an area of considerable controversy and entrenched conflict.

NCOSS believes there is a strong case to leverage new supply in this way, particularly (but not only) where government-owned sites are being redeveloped or where precincts are being made more attractive as a result of substantial public infrastructure investment, such as along new rail corridors.

We believe the first requirement is for the Government to clarify the extent to which it wishes to use the planning system to leverage new supply of affordable housing. While the economic viability of development is a key issue, consideration of this question must not be limited to assessing the impact on private developers. Broader Government objectives concerning equity, social inclusion and the public interest must also be considered. Having decided what it wants to achieve, the precise mechanisms by which this leverage is to occur – via voluntary planning agreements, developer contributions or other forms of value capture – should be agreed upon and a clear policy framework put in place.

In this regard we note that the redevelopment of Ultimo Pyrmont, beginning in the early 1990s, involved an explicit affordable housing target for which there were financial contributions from the Federal Government (under the Better Cities program), the NSW Government (by hypothecating a proportion of the sales proceeds of government-owned sites within the redevelopment area) and developers (via a levy). This arrangement produced a substantial amount of affordable housing, and there has been no suggestion that any Pyrmont or Ultimo landowner suffered hardship as a result of the imposition of the developer levy.

Recommendation 8: That the NSW Government should develop a formal policy framework for leveraging additional affordable housing through the planning system. This framework should give particular attention to major redevelopment precincts, sites that are government owned and areas expected to experience uplift as a result of major public infrastructure investment, such as new rail corridors.

Social benefit bonds and other forms of social investment

NCOSS is aware that the NSW Government is committed to strengthening partnerships with the social investment community, including philanthropists, and business to increase the safety and wellbeing of communities. A number of social impact bond projects are underway and a wider social investment framework has been foreshadowed.

NCOSS notes that the larger Community Housing Providers (CHPs) have grown substantially in recent years. As a result of limited title transfers and other partnerships a number now have strong balance sheets. There is clearly potential to leverage their asset backing to generate additional social and affordable housing, including through the NCOSS proposal, put forward in our Pre Budget Submission, for a Community Housing Social Investment Fund.

Recommendation 9: That the NSW Government provide capital funding for a Community Housing Social Investment Fund to develop additional social and affordable housing in agreed high need areas. This funding should be offered through a competitive tender process to part fund development projects by registered community housing providers. State capital funding and possible access to state-owned sites should be matched by borrowings by providers and other contributions, including land.

Market mechanisms and incentives

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.

As noted previously, the findings of the Affordable Housing Task Force that was asked to review the SEPP and provide advice on future planning provisions for affordable housing have not been publicly released.

Frequently suggestions are made about granting state tax incentives in order to encourage the provision of affordable housing. NCOSS adopts a cautious approach to this matter on several grounds. Firstly, state revenue has an important role in funding necessary services for disadvantaged groups. Secondly, it is often difficult to establish a clear link between the

provision of tax benefits and the 'creation' of new housing supply. Thirdly, tax expenditure on housing can frequently be wasteful unless they are linked to the supply of affordable housing with agreed eligibility requirements, not just to generate additional housing open to anyone.

Ongoing funding partnerships with the Federal Government

Achieving lasting improvements to the state's social and affordable housing will clearly require the Federal Government to partner with the NSW Government.

Currently NSW receives recurrent Commonwealth funding of \$409 million under the National Affordable Housing Agreement (NAHA), with only a small proportion of this being invested in new supply, and a further \$45 million under the Remote Indigenous Housing National Partnership. As the Audit Office has noted²⁷, the only real growth in social housing supply in NSW over the recent past resulted from the Federal Stimulus Package, under which NSW received almost \$1.9 billion to build more than 6,000 new dwellings.

The four year plan advocated by NCOSS explicitly requires a substantial investment by the Federal Government in terms of shared capital funding for additional social housing and additional subsidies for affordable housing under the National Rental Affordability Scheme (NRAS).

Our national counterpart ACOSS has recently proposed a number of housing and homelessness related measures in its Pre Budget Submission for 2014-15²⁸, specifically:

- Quarantine tax deductions for expenses relating to passive investment in housing, shares, collectables and similar assets purchased after 1 January 2015 to offset income received from those assets, including capital gains realised on their subsequent sale.
- Establish a long term Affordable Housing Growth Fund with a commitment of \$750 million in the first year, growing to \$6 billion over 5 years. This funding should be strictly designated for expanding the stock of affordable housing.
- Review Commonwealth Rent Assistance (CRA) and increase the maximum rate of CRA by 30% (approximately \$19 per week) for low income households currently receiving the highest rate of CRA.
- Maintain the level of funding currently provided for homelessness services under the National Partnership Agreement on Homelessness (NPAH), to be indexed to the CPI or the Wage Price Index, whichever is higher.
- Improve the adequacy of the indexation formula for the National Affordable Housing Agreement (NAHA), resulting in increased funding to the States and Territories over the forward estimates.

Ageing in place

Clearly older people prefer to age in place, where they remain connected to their existing supports. The term 'place' can be used with different meaning here, meaning either the person's existing house or their existing neighbourhood.

²⁷ Audit report p.24 and p.49.

²⁸ *Budget Priorities Statement 2014-15*, ACOSS, February 2014 recommendations 24-28 p.33 to p.36.

How ageing in place applies to the social housing system is an area that requires further consideration and development. NCOSS notes that the existing policy statement *New Directions in Social Housing for Older People*²⁹, which was well received at the time of its release, is now almost 8 years old.

4. Conclusion

NCOSS would be happy to give evidence to the Select Committee to clarify the content of this submission.

Any queries should be addressed to Mr Warren Gardiner, Senior Policy Officer (housing, homelessness, planning and infrastructure) on

²⁹ *New Directions in Social Housing for Older People*, NSW Department of Housing, April 2006.

5. Attachments

1. *More affordable housing and less homelessness*, extract from *Sharing the benefits: making NSW fairer*, Pre Budget Submission 2014-15, NCOSS, October 2013³⁰.
2. *Better planning and infrastructure*, extract from *Sharing the benefits: making NSW fairer*, Pre Budget Submission 2014-15, NCOSS, October 2013³¹.

³⁰ This attachment is available online at <http://ncoss.org.au/resources/pbs/2014slices/06-housing-homelessness-PBS2014.pdf>

³¹ This attachment is available online at <http://ncoss.org.au/resources/pbs/2014slices/10-planning-infrasructure-PBS2014.pdf>