

Response to the draft NSW Liberals and Nationals social policy framework, *Smarter, stronger, healthier, safer* – a submission to the Leader of the Opposition from Shelter NSW

This submission is a response to the draft NSW Liberals and Nationals social policy framework, *Smarter, stronger, healthier, safer* (September 2009).

General comments on social policy, welfare and housing

A good social policy is often recognized as one of the three elements of good government, along with good economic policy and good environmental policy, with each and all of these underpinned by a fourth element, good governance. What ‘good’ is, in a normative sense, drives debates about public policy. In a market society where government is seen to have a regulatory role to encourage market efficiencies and equitable outcomes, there can never be a ‘first best’ outcome. However, the levers that governments have, or which they might acquire, and how these are used, or not used, are important for the wellbeing and quality of life of the people of New South Wales.

The state government is a provider of key services. It is a regulator of market activity. It also influences market activity through the use of grants and service purchasing, and taxes and tax expenditures. Citizens expect governments to use their powers, responsibilities and resources efficiently, not for the sake of it, but, rather, to maximize overall welfare of society and to minimize inequitable access to and use of resources by those who have less endowments (such as wealth and income). In general, we would say that a ‘good’ social policy is one that maximizes people’s wellbeing and quality of life.

The housing circumstances of a society are a good indicator of its people’s wealth, income, and health. New South Wales is fortunate to have good housing by world standards, with most residents living in dwellings that are well constructed, safe, appropriate to climate, and located in the fertile coastal zone with its better water supply, its amenities, and its employment and lifestyle opportunities. For the majority of NSW residents who own, or are purchasing their dwellings, the dwelling has value as both a consumption good and as an asset which can generate future wealth. We suggest that a good social policy would seek to maintain and protect those aspects of housing arrangements in New South Wales that underpin affordability and security of housing, and complementary-wise, to promote arrangements that extend affordability and security of housing to the minority of NSW people who do not have them.

Housing presents particular challenges for social policy because of its nature as a private good whose consumption (including overconsumption or underconsumption) has economic, environmental, and social externalities. The public or societal dimension can easily be overlooked. Issues around individuals who ‘miss out’, such as rough sleepers, mortgage defaultees, or low-income tenants paying more than 30 percent of their income in rent, are easily recognized as welfare concerns around which a public policy response can be deployed. And rightly so. What is a welfare matter for individuals and households, is also, in a wider sense, a matter for the welfare of society. Where, how, and why households are accommodated is a general public

concern in terms of its location, building form and type, construction standards, sensitivity to and efficiency for climate and other aspects of the natural environment, suitability to households over time, and the like. For this reason, we suggest that policies on housing in a 'narrowly welfare' sense be developed and implemented in the context of housing policies that address the welfare of people and country generally.

A housing strategy that is cross-portfolio and cross-tenure

The current government has already done some work on a broad housing policy in the context of regional strategies and subregional plans prepared by the Department of Planning (e.g. NSW Government, *Housing strategy for Sydney*, Metropolitan strategy supporting information, Department of Planning, December 2005; Department of Planning, *Settlement planning guidelines: mid and far north coast regional strategies*, Department of Planning, August 2007). These, however, are focused on land use and the built environment, and on matters within the Department of Planning's jurisdiction. They do not give an overarching framework for the state as a whole (and neither does the *State Plan*), join up the activities of various agencies whose responsibilities impact on housing, or address the welfare needs of particular subpopulations (such as Aboriginals or people with a disability). Nor do they integrate the levers used by government through Treasury (taxes and tax expenditures), or through regulatory agencies like Fair Trading and the Anti-Discrimination Board.

Specifically we recommend that the Opposition, if elected to government, develop a housing strategy for New South Wales that seeks to improve the housing circumstances of the people of New South Wales in relation to housing assets and housing amenity generally as well as the housing needs of particular subpopulations with welfare needs (affordability, adaptability, etc.).

What we are suggesting is not novel; it has been done, for example, by the English government (Department of Communities and Local Government, *Homes for the future: more affordable, more sustainable*, London, 2007; Department for Communities and Local Government, *Facing the housing challenge: action today, innovation for tomorrow*, London, 2008). While these documents are not as comprehensive as they could be, they show that government policy on housing affordability can be more than about land supply, and government policy on housing assistance can be more than about social housing (as important as social housing is).

Address locational disadvantage

One dimension of the distribution of housing advantages and disadvantages across New South Wales is how these are played out spatially. Inadequate housing has neighbourhood effects, and neighbourhoods affect the housing experience of residents/citizens. There are two places in the state where there is a noticeable mismatch between the supply of housing, its type and condition, and the needs of residents, and that call for particular attention.

The first is those parts of the state west of the Great Dividing Range where human settlements are subject to population decline associated with inappropriate land uses and redundant economic activities. The decline of many smaller towns and villages in the state's west is accompanied by the growth of some larger towns (the so-called 'sponge effect'). The value of the housing stock in smaller towns declines in value, yet affordability challenges present in larger towns. Of particular concern is the isolation

of Aboriginal peoples in smaller settlements that lack economic sustainability. We recommend that an incoming Liberal-National government establish a special taskforce to establish a strategy to address the housing market and housing needs of residents in the state's west.

The second is those suburbs of the Sydney metropolitan area where the housing stock is ageing, and where state and subregional planning strategies encourage densification to accommodate population growth and to alleviate the pressures on the environmentally-sensitive urban fringe – that is, the middle-ring suburbs, especially those south of the Harbour. Some of these areas have seen regeneration and new development (for affluent, not affordable, buyers), namely those in the 'Olympic Corridor'. Others are characterized by deterioration in the quality of built form and by social exclusion of their populations. The affordable housing in the middle-ring suburbs south of the Harbour is threatened by gentrification driven by densification encouraged by the Government's Sydney metropolitan strategy. There has been a reasonable amount of research on these issues by academics from the University of NSW (CityFutures Research Centre) and University of Western Sydney (former Urban Frontiers Program) that provides a solid evidence base for action (e.g. Bill Randolph, *Socially inclusive urban renewal in low value suburbs: a synopsis of issues and an agenda for action*, City Futures Research Centre, University of NSW, 2008). We recommend that an incoming Liberal-National government establish a special taskforce to establish a strategy to address the housing market and housing needs of residents in middle-ring Sydney.

Support 'fuzzy' tenures

It has become 'conventional wisdom' in policy circles to acknowledge the complex nature of housing disadvantage and the 'wicked' nature of homelessness in particular. There are no 'quick fixes' or 'silver bullets'. Many of the interventions that the current government undertakes are the types of contributions that we would expect a future government to take in the short-medium term, and for which there is bipartisan support, as indicated in the Legislative Council Standing Committee on Social Issues report, *Homelessness and low cost rental accommodation* (September 2009). We are thinking of the crisis intervention and other programs that address homelessness, the social housing programs targeted to the most disadvantaged in housing markets, etc. What we also would like the government elected in the March 2011 election to consider is initiatives that cross the boundaries of the established tenures or have features of both ownership and rental (so-called 'fuzzy tenures').

One of these initiatives would be about shared-equity programs. We have produced a number of papers exploring the issues around such schemes (Robert Mowbray and Nicholas Warren, *Shared-equity home-ownership: welfare and consumer protection issues*, Shelter Brief 33, 2007; Eastgate, Jon, *Sustainable homeownership for low-income households: context and policy options*, Shelter Brief 40, 2009). Such a product does not deliver consumers all the benefits of homeownership, specifically an ability to capture the full value of capital appreciation of a dwelling; moreover, in housing markets with rising dwelling prices the consumer might never be able to afford to buy out their co-owner's share, and so the product could not be seen as a transitional stage to full ownership. Rather, it is a product that stands on its own and might be of use to some households who do not wish to acquire, or cannot afford, full owner-occupation but wish to gain some of the 'equity stakes' that go with owner-occupation. The

Standing Committee on Social Issues of the Legislative Council, in its report from the Inquiry into Homelessness and Low-cost Rental Accommodation (September 2009), recommended that NSW Treasury undertake a feasibility study for the introduction of shared equity-scheme arrangements (Recommendation 5), and that Housing NSW identify suitable housing estates for the implementation of a shared-equity scheme to assist in urban renewal and decrease pockets of disadvantage (Recommendation 6). We support those recommendations.

Another initiative that crosses tenures is the National Rental Affordability Scheme in as much as some of the housing projects subsidized through it involve privately-owned properties managed by community housing providers. A matter of concern for Shelter has been, and is, the degree to which the state government has an ongoing commitment to the Scheme, and in particular, to funding the state matching contributions required by that Scheme on an ongoing basis. We note that the cumulative impact of each year's commitment is a compounding one, and this has significant implications for the Consolidated Fund. Yet this Scheme is *the* growth fund for Australia's social housing and intermediate housing, independent of 'economic stimulus' measures, which is why governments need to consider its future in sustaining the affordable rental housing sector 'in the long term' (as the Standing Committee on Social Issues of the Legislative Council noted). We recommend the Liberal and National parties give a firm commitment to the Scheme for its duration and make special Budget allocations to Housing NSW for that purpose.

Support a firmer financing basis for nonprofit affordable rental housing

It is clear that social housing cannot operate on a sustainable basis (and in particular, replace dwellings when it is uneconomic to continue to maintain them) without government subsidies. It is also possible that, after the 'stimulus era' has ended and the Commonwealth government focuses on its 'deficit exit strategy' (irrespective of which party wins the federal election this year), the budget allocations to social housing will fall to the levels of the pre-recession period. The National Rental Affordability Scheme's approach of mixing-and-matching government subsidies with equity and debt contributions from for-profit and nonprofit investors and housing/welfare providers makes sense. However, there are pitfalls in overexpecting and being overdemanding about what leveraging might be able to contribute, given the unpredictability of housing and finance markets.

A number of academics have proposed the establishment of a bond as an investment vehicle to supplement or underpin the National Rental Affordability Scheme (Julie Lawson and others, 'Facilitating investment in affordable housing – towards an Australian model', *Housing Finance International*, September 2009). This is a matter for the Commonwealth government, but we recommend that a Liberal-National state government support consideration of such a financing mechanism because of the benefits that would flow through to affordable rental housing in New South Wales.

Accommodating an ageing population

We note that the Liberal and National parties are keen to address issues around the ageing of the NSW population. The draft framework notes: 'The number of people aged 65 years and over is the largest growing demographic in NSW with 23.6 per cent of the NSW population to be aged 65 years and over by 2031, up from the current

percentage of almost 16 per cent.’ (p.11) The draft framework indicates that a Liberal–National government would assess the suitability and mix of available housing stock and ensure development of new social housing provides for our largest growing demographic of people aged over 65 years and the rising number of homeless people over the age of 35 years (p.13).

Forecasts of growth of an ageing population and the associated budgetary pressures that come with it, have now taken ‘centre stage’ in Australian governments’, policymakers’ and planners’ deliberations. Many of the responses to the predicted rise in the older average population age will result in new policy settings and adjustments. Many of these will occur in the national arena and are reflected in proposals of the Australian treasurer’s *Intergenerational report – Australia to 2050: future challenges* (January 2010), and probably also in the soon-to-be-released report from the ‘Henry review’ of taxation.

State governments deal with the flow-on effects of national policy reform to address the needs of the growing aged population as they play out in their respective jurisdictions. In the case of housing needs of an ageing population, state governments will seek to build sound and informed assessments of the critical issues confronting the housing futures of older Australians.

By 2045, households aged 65+ years old are projected to account for 34 percent of all Australian households. While the proportion of older households in housing stress in 2006 was relatively low (at 5 percent), by 2045, this increases to 10 percent, primarily because more older households are projected to be private renters rather than home owners. The combined effect of these changes is that older households are projected to account for 25 percent of households in stress by 2045, up from just 9 percent in 2006 (Judith Yates and others, *Sustaining fair shares: the Australian housing system and intergenerational sustainability*, AHURI, 2008). Some of these stresses are already being felt in demand on welfare services, such as an increasing number of older female private tenants seeking access to Supported Accommodation Assistance Program services.

Address the needs of older people in each of the tenures

Obstacles and challenges to housing and accommodation security are experienced by older people in all tenures and accommodation forms.

Currently, 82 percent of older households are owner occupied. The majority of older people living in private dwellings in the community face the predicament of being asset rich and cash poor and they struggle to maintain their financial independence. Over the past 10 years, a modest home in many Australian cities has become a significant asset in financial terms; however, this has not translated into disposable income for most older Australians. The financial burden of maintenance and rates on their homes, as well as the need for services such as home care have increased the need for older people to become involved in complex financial arrangements such as reverse mortgages or family agreements.

It appears likely that diverse forms of service integrated housing offered by retirement villages will continue to appeal to segments of the population looking for and requiring

a supportive environment and the lifestyle of retirement villages, and with the means to make the choice.

Older persons resident in private retirement villages or properties managed by owners' corporations may face similar concerns to those in private independent dwellings. The buy-in costs, depreciation and maintenance issues, and potential for complex management arrangements compound the financial hardship. The risk of neighbourhood disputes and harassment in these accommodation options is also increased, particularly where residents may be managing age-related health disorders – such as dementia or depression – that can result in anti-social behaviours.

Residents in aged-care accommodation face particular issues at entry, such as the need to navigate complex agreements and ongoing costs that can give rise to financial hardship. Although there is regulation in this sector, residents may also face vulnerability to elder abuse and sub-standard services, particularly if they reside in independent living units.

An increasing number of older Australians are dependant on the private rental market for their accommodation. The life circumstances of older private tenants has been examined in research comparing older private renters and older public housing tenants in Sydney (Alan Morris, 'Living on the margins: comparing older private renters and older public housing tenants in Sydney, Australia', *Housing Studies*, September 2009). This research suggests that most interviewees in the private rental market were struggling financially and were extremely anxious about their security of tenure.

Older people face tenancy issues similar to all tenants who might be disabled, disadvantaged or in financial hardship. Older people resident in boarding and rooming houses or caravan parks may be particularly vulnerable to financial exploitation, sub-standard services, eviction, and co-tenant disputes and harassment.

Similar to residents in retirement villages and owners' corporations, public and community housing tenants face issues relating to high density living for older people. The *Housing NSW Annual Report 2008-09* indicates that nearly one-third of Housing NSW household heads are over 65 years.

The situations of older people in public housing vary dramatically. They might live close to services or be located in fringe urban areas without public transport. They may live in a cramped bed-sit or by themselves in a three-bedroom home. It is clear that much of the public housing stock built in earlier decades is now unsuitable for older people. It has become run down and does not have the simple design features that would support older people to age in place, such as accessible bathrooms and open plan living areas.

The Australian Housing and Urban Research Institute has noted that public housing throughout Australia is now being confronted with a range of major challenges. The demand from older people for public housing is not being met and has not yet peaked. There will be more tenants in the older age-groups and many will need support with daily living. The size of many housing units is too small and below community standards; much of it requires upgrading to new standards or demolition.

Build on the current Government's *New directions in social housing for older people*

Housing NSW has indicated (in its 2008-09 annual report) that it has made progress over the first three years of the 5-year plan, *New directions in social housing for older people*. The annual report also indicated that an evaluation strategy has been developed for this plan, with a mid-strategy review planned for 2009-10.

Since the plan was developed, Housing NSW has:

- commenced the Housing NSW Tenant Connect telephone monitoring service for older tenants living alone
- implemented the NSW Government's interagency Protocol to responding to abuse of older people
- constructed 759 new homes for older people with a further 2,041 in construction
- invested \$22.74 million to modify around 8,877 homes and a further \$21.56 million to upgrade around 2,203 homes to people with mobility related disabilities
- established over 250 Senior Communities in public housing complexes giving older people the choice to live near other older people
- included options for older people in major redevelopments, such as Glebe, Minto, Riverwood, Villawood and Redfern East
- developed guidelines for building and upgrading housing that are more appropriate for older people
- identified housing specifically for older Aboriginal people, which is currently under construction in the Illawarra and Orange
- introduced an Over 60s Keeping in Touch project to check on the wellbeing of tenants over 60 or over 45 for tenants of Aboriginal and Torres Strait Islander descent.

We recommend a Liberal-National government extend the current government's *New directions in social housing for older people* policy – to become a housing policy framework for all older people in New South Wales (and a component of the housing strategy recommended on page 2).

We recommend a Liberal-National government address the needs of low-income, low-asset older people, particularly those in private rental by further encouraging the development of supportive housing developments as part of the National Affordable Housing Agreement, National Rental Affordability Scheme and/or similar future initiatives. And we recommend a Liberal-National government investigate the opportunity for community sector providers to redevelop outdated accommodation that is in need of renewal, e.g. redevelopment of Independent Living Units or dwellings that have been closed due to extensive restructuring of residential aged care over the last decade.

Homelessness and housing unaffordability

The Homeless Persons Information Centre reported a 19.5 percent increase in demand for its NSW-wide telephone information and referral service for people who are homeless or at risk of homelessness, in 2008–09, and for the first time, housing stress was identified as the primary reason for homelessness, with 20% of callers identifying

this as the primary reason for their homelessness (Sydney City Council, 'Housing affordability crisis hits Sydney's homeless', 5 August 2009).

The provision of sufficient affordable housing thus plays a critical role in responding to homelessness. And it can be cost-effective. Since homeless people utilise emergency services such as shelters and hospitals more than the non-homeless population, providing integrated housing and support is often less expensive than the long-term chronic use of emergency services (Australian Housing and Urban Research Institute, *Evidence to inform NSW homelessness action priorities 2009–10*, 2009). More broadly, housing assistance can contribute to a range of outcomes of wide social benefit, such as better education and health, and social inclusion (Catherine Bridge and others, *Housing assistance and non-shelter outcomes*, AHURI, 2003).

Shelter NSW welcomed *A way home: reducing homelessness in NSW – the NSW Homelessness Action Plan*, released by the Government on 2 August 2009, and we particularly support its recognition of the role of the supply of affordable housing as part of the response to homelessness. We also support the plan's emphasis on the prevention of homelessness, on breaking the cycle of homelessness, and on an integrated service delivery approach in responding to homelessness. However, we suggest that the NSW Government's response to homelessness could be strengthened by addressing the following housing issues.

Ensuring a sufficient supply of affordable housing for low-income people

Social housing plays a prominent role in providing housing for people who are homeless and at risk of homelessness. For this reason, we welcome the significant increase in funding of social housing and homelessness initiatives by the Commonwealth and NSW governments. We note the Commonwealth government's announcement that 50 percent of the new social housing units delivered under the Nation Building Economic Stimulus Plan will be provided to homeless people, or those at risk of homelessness.

The private rental market continues to play a decisive role in providing housing for low-income people, particularly for homeless people. Of the people needing assistance to obtain or maintain independent housing from a Supported Accommodation Assistance Program service in 2007–08, 39.7 percent exited to private rental housing – compared with 23.6 percent exiting to social housing (Australian Institute of Health and Welfare, *Homeless people in SAAP: SAAP National Data Collection annual report 2007–08, Australia*, 2009).

For this reason, we think those forms of private rental that accommodate low-income people need to be protected, and improved. By 'protected', we mean government needs to encourage landlords to stay in the market, notwithstanding their low profit margins. By 'improved', we mean government needs to encourage improvements in standards for fire safety, habitability, and environmental sustainability.

We support the recommendation of the NSW Standing Committee on Social Issues in its *Homelessness and low-cost rental accommodation* report that Housing NSW undertake a review of boarding houses in New South Wales, with specific focus on certain matters including the number of boarding houses that have closed due to

redevelopment, and financial incentives and assistance which may be required for boarding house owners to provide affordable housing now and in the future.

The decline in supply of caravan parks (residential parks) for low rental raises similar questions. There has been a decline in the supply of caravan parks. The number of large caravan parks (defined as having 40 or more powered sites and dwellings) in New South Wales decreased from 164 in 2000 to 74 in 2007 (Andy Marks, *Residents at risk*, St Vincent de Paul Society, 2008). For this reason, we also support the recommendation of the Standing Committee on Social Issues that the Minister for Fair Trading refer an inquiry to the Standing Committee on Social Issues into caravan/residential parks, and in particular caravan/residential parks as an affordable housing option and the impact of their closure on permanent residents (*Homelessness and low-cost rental accommodation*, 2009).

Preventing homelessness

A draft *Residential Tenancies Bill 2009* was released for public comment on 4 November 2009. In our submission of 18 December 2009, we welcomed the many positive provisions of the draft Bill.

However, we also stated our concern that the proposed Bill will allow landlords to continue to retain their ability to terminate tenancies ‘without grounds’, which makes renting unnecessarily insecure. We called for the draft Bill to be amended to specify the grounds on which tenancies can be terminated to better protect low-income tenants.

We also support the increased funding of support services targeting vulnerable residents in boarding houses and caravan parks. An example of such a support service is the Boarders and Lodgers Project provided by the Newtown Neighbourhood Centre in Sydney’s inner-western suburbs. The project targets frail aged people and younger people with disabilities living in unlicensed boarding houses in the Marrickville local government area. The project assists residents to: maintain their tenancy by checking that they have systems in place to pay the rent; budget for food or access an appropriate meal service; manage health and ageing issues; access social supports and activities; and seek more appropriate accommodation where they request it. We recommend a Liberal-National government consider grant-funding similar support services in other local government areas that feature concentrations of low-income residents in boarding houses and caravan parks as a way of lessening the risks of homelessness.

Responding to homelessness and the risk of homelessness

There are a number of housing-specific responses to homelessness that we recognize are part of an approach that says ‘one size does not fit all’. They fit on a continuum with ‘accommodation support’ at one end and ‘supported’ or ‘supportive accommodation’ at the other. They include:

- the Crisis Accommodation Program
- the ‘A place to call home’ scheme
- the Foyer model
- the Common Ground model

Some of the newer models, like Foyer and Common ground, seek to ensure provision of welfare services to the client by placing some of those services on site. This also characterizes the Crisis Accommodation Program.

The ‘A place to call home’ scheme seeks to resolve the ‘exit problem’ (that is, where to house the client after they have been in crisis or short-term housing and need assistance to get secure, affordable, long-term housing) by guaranteeing a tenancy after an initial 12-months’ placement following homelessness. Another model that addresses the ‘exit problem’ is the ‘housing first’ approach. With this approach, a welfare agency avoids temporary accommodation (and crisis accommodation) for a client who is homeless by placing them directly into long-term housing (e.g. as provided by a community housing provider) with support services as soon as possible. Variants of this approach are being used in the Nepean district and inner Sydney, among others places. This model assumes that there is a (spare) supply of affordable rental housing available for this purpose, and the model would work best in tandem with initiatives to expand the supply of affordable rental housing (as discussed above, on page 4). We recommend a Liberal-National government give priority to ‘housing first’ approaches to addressing homelessness.