

ACCESS CHOICE LIVABILITY

SHELTER NSW ► ISSUES FOR THE NSW ELECTION 2011

The NSW election on March 26 is an important opportunity to put housing issues in the spotlight. Households on low and moderate incomes face real problems:

- gaining **access** to housing,
- exercising **choice** about their housing, and
- finding housing in areas and in a condition that enhances **livability**.

The housing crisis for low and moderate income households is well-documented. Our governments at all three levels each play a crucial role in ensuring that we have enough secure housing at the right price and in the right place. The election gives us an opportunity to advocate for solutions that a NSW Government could apply.

Shelter NSW has identified 9 problems that need to be addressed, and 9 solutions that will encourage affordable and appropriate housing to help our cities and towns to be better places for living and working.

9 problems

9 solutions

ACCESS

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| 1. Declining access to homeownership | A shared equity scheme to help mortgagors struggling with mortgage repayments manage their risks |
| 2. Declining supply of low-rent private rental housing | Extension of the land tax exemption for low-rent housing to the inner-ring suburbs of Sydney, Newcastle and Wollongong |
| 3. The risk of homelessness | A private rental subsidy scheme for private renters who are at risk of homelessness because of unexpected financial difficulty |

CHOICE

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| 4. Private renters squeezed by high rents | An expansion of affordable housing with rents charged on a nonmarket basis, through the National Rental Affordability Scheme and social housing |
| 5. Aboriginal people disadvantaged in housing | Sufficient resourcing of Aboriginal community housing organizations to allow them to be real partners in change |
| 6. A stigmatized public housing system | Implementation of estate regeneration initiatives based on residents' needs and voices drawing on the Newleaf Bonnyrigg model |

LIVABILITY

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| 7. Housing stock is not built for residents' disability and ageing | Inclusion of provisions on accessible housing in the standard template for local environmental plans so that at least 10% of all new multi-unit dwellings are adaptable; and all new multi-unit dwellings are visitable |
| 8. Housing stock is not environmentally sustainable | A program of grants for owners' corporations of older residential flat buildings to enable building sustainability assessments |
| 9. Building standards are inadequate for greater density | Enhancement of the Residential Flat Design Code to give greater acoustic amenity to residents |



PROBLEM 1

Declining access to homeownership

The costs of buying a house have increased dramatically over the last 20 years, rising at a faster rate than average earnings and household income. The costs have also risen at a faster rate than inflation. This has meant that the proportion of Australians who own or are buying their homes has fallen. It also has meant that younger households are delaying a decision to purchase, creating a generation gap between ageing baby boomers and their children and grandchildren. The higher house prices have also put more pressure on mortgagors, with many in housing stress (paying more than 30% of their income in mortgage repayments) and some in housing crisis (paying more than 50% of their income in mortgage repayments).

A SOLUTION

Homeowners and purchasers get assistance from governments in many ways, including concessional tax treatment of the capital gains from the sale of their home (by the Commonwealth Government), and exemption from state land tax. First homebuyers get extra help such as exemption from conveyancing duties when buying a dwelling, and one-off grants. As well there are specific government programs to help reduce the cost of housing development so that cost savings will be passed on to purchasers (such as the Housing Affordability Fund). There is no public value in pushing people into homeownership who do not want it or cannot afford it. However, mortgagors who are struggling with mortgage repayments because of reasons that are temporary should be helped by a government-backed shared-equity scheme in which the government buys a portion of the dwelling (reducing

the mortgagor's repayments) in return for a share of the capital gain (recouping the government's investment).

PROBLEM 2

Declining supply of low-rent private rental housing

The supply of private rental housing is insufficient for the demand from consumers (renters) primarily because investors get a better return by putting their money in other forms of assets. This means there is more competition by renters for the available housing, and very low vacancy rates at less than 2%. At the same time as there is little new private rental housing becoming available, some traditional types of housing that catered to very low-income households, such as boarding houses and caravan parks, are closing or threatened with closure. In the metropolitan areas alone (Sydney, Newcastle, Wollongong), there is a shortage of some 60,000 dwellings available for rental at affordable rents to very low income households.

A SOLUTION

There are government incentives to encourage private investors in and private providers of rental housing, especially in the income-tax system. The NSW Government has recently established a small grant program for construction of new boarding house rooms. The state government also offers an incentive to private providers of rental housing that is let to tenants at very low rents by exempting them from land tax. However this exemption only applies to housing within 5 kilometres from the centre of Sydney. The incentive has a very small take-up. It should be extended to all the inner-ring suburbs of Sydney and to the Newcastle and Wollongong local government areas.

PROBLEM 3

The risk of homelessness

New South Wales has the largest number of homeless people in any state or territory in Australia. There were 27,374 homeless people counted in the 2006 census. Most of the state's homeless are male. Most are younger than 35 years. Only a fifth were staying in accommodation provided by a specialist homelessness agency. Most people sleeping out ('rough sleepers') were located in rural and remote communities or regional centres, not in Sydney. We do not know the precise circumstances that bring on homelessness; this so for many reasons, including people's mobility and privacy. But we do know the reasons that trigger homeless people to go to a specialist homelessness agency. Those reasons are often a deleterious change of circumstances, such as domestic or family violence, relationship or family breakdown, being evicted or asked to leave home, or a financial difficulty. We also know that nearly a third of those people had been living in private rental housing when they became homeless.

A SOLUTION

The state government has a number of programs that help low-income private renters stay in their homes by giving a subsidy to help pay rent (being the difference between what the person pays in rent and what Housing NSW considers a reasonable market rent). These are targeted to people with a disability and people with HIV/AIDS, and there is a similar scheme for women escaping from domestic violence. This latter scheme is time-limited. It is a good model for extending the private rental subsidy concept to private renters who are at risk of homelessness because of unexpected financial difficulty. This would ease pressure on Housing NSW's temporary accommodation program and nongovernment crisis accommodation.

PROBLEM 4

Private renters squeezed by high rents

New South Wales has the largest proportion of its low-income private renter households in housing stress, and it is the only state where the proportion of low-income private renter households in housing stress is greater than 50%. By stress, we mean they are paying more than 30% of their income on rent. The general trend in rents is for them to increase. Rents in Sydney for 3-bedroom houses went up by 52% and 2-bedroom flats went up by 60% over this decade.

A SOLUTION

Both the Commonwealth and state governments have programs to assist private renters pay their rent and to establish new tenancies, such as rent assistance (Commonwealth), private rental subsidies (NSW) and Rentstart (NSW). Academic surveys have shown that most low-income private renters prefer to stay in the private rental market rather than move into public housing (though they would prefer to be homeowners). But for every 2 private renters who want to stay in private rental there is 1 who would prefer the relative stability offered by social housing, in terms of greater security of tenure, as well as the greater subsidy of their rents. For private renters in housing stress or housing crisis, there needs to be an option of stable housing where rents are not charged on a market basis. This is the role of the social housing sector, and it needs to grow, not shrink. The addition of some 6,000 extra social housing dwellings through the economic stimulus response is useful. Since that addition was a 'one-off' because of special circumstances, the main source of growth in affordable rental housing is likely to be through the National Rental Affordability Scheme. The Commonwealth Government

wound this scheme back in mid-2010, and a key reason for that seems to have been a reluctance by state governments, including New South Wales, to match the subsidies the Commonwealth was offering. Those subsidies cannot be got from current resources within Housing NSW. There needs to be a specific enhancement of the Housing NSW budget from the state Budget to enable New South Wales to seek 30% of the subsidies going nationally. Also, the amount of subsidy from the state Budget to Housing NSW for ongoing social housing programs is inadequate, with a 44% decrease in state government subsidies to that agency between 2008-09 and 2010-11. There needs to be an enhancement of the Housing NSW budget from the state Budget to enable the agency to avoid asset-stripping to maintain its operations.

PROBLEM 5

Aboriginal people disadvantaged in housing

Aboriginal people are disadvantaged in key aspects of the housing market. They are much more represented among the homeless, they are much less likely to be homeowners, and they are more likely to be renters (especially in various forms of social housing), compared with nonAboriginal people. These problems are particularly pressing in New South Wales since more Aboriginal people live here than in any other state.

A SOLUTION

The Aboriginal community housing sector is going through a process of change as local Aboriginal organizations cope with ageing stock, diseconomies of scale, and greater expectations to comply with mainstream regulatory and governance arrangements. The state government is driving various reforms. A key challenge will be to combine the efficiency

and effectiveness results that the government wants with the culturally-appropriate ways of working that Aboriginal organizations want. There should be sufficient resourcing of Aboriginal community housing organizations to allow them to be real partners in change.

PROBLEM 6

A stigmatized public housing system

The public housing sector is becoming increasingly stigmatized with sections of the media focusing on a minority of cases of property damage and antisocial behaviour. Allocations policies that give priority to applicants with special needs or immediate need have had an unintended impact of concentrating social disadvantage. In some estates, the condition of properties and petty crime has led Housing NSW to exit from an estate completely or do major redevelopments. In some redevelopments a key aspect has been to reduce the concentration of social housing dwellings and introduce social mix by providing for a component of homeowners.

A SOLUTION

Any assumption that all public housing estates are 'basket cases' is unwarranted. Overall, public housing has a very high occupancy rate. Public housing tenants overwhelmingly rate the locational aspects of their housing – community and support services, and family and friends – as meeting their needs. Improving the image of public housing estates is important to overcome the negative image of social housing generally. The best starting point is with the residents themselves: their needs, their voices. A 'bottom up' not 'top down' approach. The approach used at Bonnyrigg, which comprised tenant participation and social impact assessment, was a cost-effective model that should be generalized to other estates.

PROBLEM 7**Housing stock is not built for residents' disability and ageing**

Over three-quarters of older households are owner-occupied and most older people have an expectation that they will 'age in place'. This means that their dwellings need to be adjusted to progressive frailties and any disabilities. The vast majority of dwellings in New South Wales have not, however, been designed and built according to principles of universal housing design, which seek to have dwellings useful for any user irrespective of their age or disability.

A SOLUTION

In the national sphere, housing industry groups have committed themselves to an aspirational target that all new dwellings will be built to disability-friendly 'livable housing' design standards by 2020. A number of local councils in New South Wales are already ahead of that, by incorporating mandatory targets in development control plans. Use of environmental planning mechanisms is a tool that can assist the process. The standard template for local environmental plans should include mandatory provisions on accessible housing so that at least 10% of all new multi-unit dwellings are adaptable, and all new multi-unit dwellings are visitable.

PROBLEM 8**Non-sustainability of dwellings**

Most NSW dwellings are not suited to efficient energy and water use, and houses are one of the fastest emitters of greenhouse gases. This has a negative effect on society and the environment generally. And it exposes householders to rising costs, especially with energy.

A SOLUTION

In the case of new dwellings, New South Wales led the way with the BASIX scheme, and this approach now applies to all residential building work over \$50,000. In the case of existing dwellings, there have been a number of Commonwealth and state programs to encourage, and give subsidies to, households to modify their dwellings. One former Commonwealth program even targeted private landlords to encourage them to insulate rental properties, but the take-up of this was less than expected, and one reason for this is that multi-unit dwellings are usually in multiple ownership. There needs to be a targeting of older residential flat buildings where the structural condition of the building, e.g. old plumbing, inhibits efficiencies. The Commonwealth government's free home sustainability assessment is for owners and residents of individual dwellings. The state government should supplement this by paying for free sustainability assessments for owners' corporations of older residential flat buildings to have an assessment of the whole building.

PROBLEM 9**Building standards are inadequate for greater density**

A growing population and pressures on limited land, especially around the state capital, have rightly led to renewed emphasis on encouraging more housing within established suburbs. There is a similar dynamic in major cities in the country. The greater density of dwellings requires that they be designed and built to avoid problems from acoustic nuisance, visual lack of privacy, etc., and maximize the quality of life for residents and their neighbours. Poor design and construction quality of higher density dwellings are a major source of resident dissatisfaction and conflict.

A SOLUTION

The major rationale for the introduction of the State Environmental Planning Policy no. 65, Design Quality of Residential Flat Development, was aesthetic. The Residential Flat Design Code that links to that policy does indicate matters for designers and builders to meet the desired outcomes of the policy. However, it needs to be reviewed to ensure it aligns with the need for residents' quiet enjoyment, especially greater acoustic amenity, with the current focus on more flats. The code should incorporate the standards on acoustic amenity contained in the draft City of Sydney Development Control Plan 2010.

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