

**Non-English Speaking Background (NESB)
Housing Taskforce**

**SUBMISSION TO FaCSIA ON
INCREASING THE SOCIAL HOUSING
SUPPLY**

September 2007

1. Background to NESB Housing Taskforce

The non-English speaking background housing taskforce is a forum to discuss and identify multisectoral strategies with a view to achieving equitable access to affordable, secure and culturally-appropriate housing across private, public and community housing sectors for non-English-speaking background communities in New South Wales. It is convened by the peak housing advocacy group, Shelter NSW.

The objectives of the Taskforce are as follows:

- to facilitate the formation of, and resource, a statewide ongoing intersectoral consultation with the NSW Department of Housing;
- assess and identify needs, gaps and priority issues with a view to developing implementation strategies in the access to and in the provision of housing for NESB communities in New South Wales.
- act as a forum for information exchange and facilitate direct channels of communication working cooperatively and collaboratively with related government and nongovernment networks and forums.
- represent both operational and policy issues to government at a local state and federal level, with a view to improving policy and service delivery, and
- Actively explore alternative sources and housing options for NESB communities in New South Wales.

Membership is open to all non-government stakeholders with an interest in identifying and addressing housing issues for NESB communities in New South Wales. At present around 50 organisations are members of the Taskforce's email distribution list, although active membership is smaller. Organisations who have subscribed to the Taskforce's email distribution list range from Migrant Resource Centres to Integrated Humanitarian Settlement Service providers responsible for obtaining housing for refugees such as Resolve FM.

2. Terms of Reference of Call for Submissions by FaCSIA

FaCSIA has issued a request for information on ways to increase the supply of social housing, which is defined as public and community housing. In its request for information, FaCSIA defines social housing as "appropriate and affordable housing made available to people who cannot afford to access or sustain housing in the mainstream housing sector". Submissions have been requested on "new and more cost-effective ways to increase the supply of social housing for:

- "low to middle income families
- People with a disability
- Indigenous people
- Older people
- Other groups in need of assistance."

Information is sought from other levels of government, non government organisations, the private sector, and any other interested parties, individuals or groups who believe they have "relevant, innovative and practical ideas or models designed to increase social housing supply".

In its background information, FaCSIA makes it clear that this request for information is being undertaken in the context of the impending expiry of the current Commonwealth State Housing Agreement (CSHA) in June 2008, which provides, “a timely opportunity to explore new ideas for the provision of social housing in the Australian community”. FaCSIA questions the achievements of the CSHA in regard to improving the supply of social housing, and places its request for information in this context. Minister Brough’s 26/07/07 media release ‘Howard Government Looking to the Future of Public Housing’, indicates that the Commonwealth is dissatisfied with the states’ and territories’ use of CSHA funds, claiming that they have failed to use these funds to deliver additional housing to those most in need. This request for information thus appears to invite proposals for ways of using CSHA funds that increase supply of social housing for groups such as the above, including from private sector groups such as major builders, as a possible alternative to continued provision by the states and territories through the CSHA. However, the NESB Housing Taskforce does not share the Commonwealth’s assumptions about the performance of the state and territory housing authorities -- it is of the view that the major reason for the decline in the supply of social housing is the inadequate level of funding provided by the Commonwealth rather than mismanagement by the states.

3. NESB Housing Taskforce response

This submission is structured in two parts. Part one identifies the housing needs of people of non-English speaking background, including the problems they face in the private housing market and in obtaining social housing and summarises the type of housing they require (FaCSIA Issues 2, 5 & 6). Part two provides a range of strategies for increasing the supply of social housing, (FaCSIA Issues 3, 9, 10 & 11), for implementation by all three levels of government, the non-government sector and the private sector.

3.1 Housing experiences of CALD populations (FaCSIA Issues 2, 5, & 6)

In responding to this request for information, the NESB Housing Taskforce (the Taskforce), wishes to highlight the unmet need for social housing for people of non-English speaking background, also referred to as culturally and linguistically diverse communities, (CALD). In defining these needs, it is important to note that people from CALD communities are not a homogenous group, and their housing needs will differ on the basis of whether they are newly arrived, small and emerging or more established communities, from refugee or humanitarian backgrounds, the age of the community and characteristics such as family size.

However a general principle to facilitate access for CALD communities, especially those newly arrived in Australia, including refugee and humanitarian entrants, is that information about housing, including social housing, private rental housing and home ownership, needs to be provided in plain English and community languages at a range of distribution points and using a variety of mediums (including internet, Offices of government departments such as Department of Housing and Department of Fair Trading, ethnic radio programs, DVDs), and non-government organisations such as Migrant Resource Centres. Providers of social housing, both the Department of Housing and community housing providers, also need to be culturally competent at all levels.

Typically, members of more established communities such as Southern European migrants who arrived in the waves of post-war immigration are now able to meet their own housing needs and have accessed home ownership at high levels. More recently arrived migrants who arrive under the business and skilled migration program, are also better able to meet their needs in the mainstream housing market, than newly arrived refugee and humanitarian entrants, who often face significant housing difficulties and require greater assistance from government (Beer and Morphet: 2002). As Beer and Foley explain, visa category is an important factor in influencing housing outcomes.

Currently socio-economically disadvantaged members of CALD communities, particularly refugee and humanitarian entrants, face extreme difficulties accessing social housing and also obtaining affordable rental housing in the private sector that meets their needs. While refugees (Visa Class 200 and 204) have access to housing upon arrival through Integrated Humanitarian Settlement Services (IHSS) providers, this is for a limited period, after which time refugees must obtain some other form of housing. Although IHSS housing providers are meant to assist refugees to secure long-term housing, this can be difficult to obtain, leading to refugees overstaying in the short term IHSS provided accommodation. Housing of Special Humanitarian Program (SHP) entrants is the responsibility of the proposer, which often means that they stay with the proposer upon arrival, which can lead to overcrowding and family stress. Proposers may not themselves have been in Australia for a long period and may not be of high socio-economic status. In addition, SHP entrants are vulnerable to homelessness and other housing difficulties if the relationship with the proposer breaks down.

Asylum seekers may arrive through unauthorised means (for example by boat or plane without a valid visa), or legally with another class of visa, such as a tourist or student visa, for example, and later apply for asylum in Australia. If they do not have a valid visa, they typically experience a period in an Immigration Detention Centre while their claim for refugee status is processed. Once they have been assessed to be legitimate refugees and released they are normally granted a Temporary Protection Visa (TPV). However they may also be given a Bridging Visa E, for example, while their claim for a further visa is being considered, or if they are seeking Ministerial intervention after a decision to refuse a visa. However refugees on TPVs and Bridging Visas are not eligible to apply for public housing, and there are restrictions on the other government & NGO services and benefits they are able to access, which places them at greatest disadvantage in the housing market. In addition, many people with Bridging Visa E also lack work rights. Asylum seekers, particularly those without work rights or access to government income support, are anecdotally among those most at risk of homelessness (see Case Study 1 below). The NESB Housing Taskforce is of the view that all refugees, including asylum seekers on bridging visas, should have access to social housing, and that TPVs should be abolished.

Case Study 1

A group of 6 related young people, (two sets of brothers and sisters, who were also cousins) arrived in Australia by boat from Indonesia, after a long and dangerous journey from Iraq. The group of Iraqi Assyrians were aged 4, 8, 16, 17, 20 and 21

years, and either did not know where their parents were or had left them behind in Iraq. As they arrived illegally in Australia, they were held in an immigration detention centre, before being recognised as refugees and granted Temporary Protection Visas. Despite having very low incomes due to reliance on Centrelink payments and inability to work as they were of school age, and the older young people needed to learn English, they were able to initially obtain private rental accommodation in a suburb in the Fairfield LGA, where there were other members of the Assyrian community and some support services available. However due to the cost of rent and their low income, they experienced financial strain and difficulties meeting basic living expenses. They were also only able to afford to rent a 2 bedroom house and experienced significant overcrowding. A number of the younger children displayed symptoms of anxiety associated with trauma, and were receiving counselling from a health service specializing in torture and trauma counselling.

This anxiety was greatly exacerbated when the extended family group received notice to quit their housing. At this time they attempted but were unable to obtain public housing, or alternative housing in the private rental market. They were informed that, had they been eligible, the waiting time to obtain public housing in the Fairfield area was about 9 years. Despite having established connections in the local community, and attending local schools, childcare centres and TAFE English classes, the family relocated to Melbourne where they had extended family in the hope of finding suitable accommodation.

The national and international literature on migrant and refugee settlement indicates that obtaining secure and affordable housing “that satisfies a person’s need for privacy, space, safety, interaction and allows suitable access to employment” is an essential part of integrating into the new country (Beer and Foley: 2003: 4). This is particularly the case for refugees and asylum seekers who have experienced persecution, incarceration and torture, as suitable housing assists them to regain independence and dignity and aids in their recovery from trauma. The importance of housing is apparent in the 4 recovery goals identified by the Victorian Foundation for Survivors of Torture: safety, trust/relationships, dignity and value and meaning. Obtaining adequate, suitable and affordable housing, especially in the initial stages of settlement, has been identified as particularly important to successful integration (Murdie & Teixeira, 1999 cited in Beer & Foley: 2003).

A survey of the Australian housing experiences of refugees, special humanitarian entrants and asylum seekers conducted by Beer & Foley, revealed that many encounter a range of problems, varying from “the cost of renting, through to harassment by the landlord, the poor quality of housing and difficulties in finding accommodation when you lack a referee” (Beer & Foley: 2003: 17). It is possible to speculate that the situation faced by refugees in the Sydney housing market may be more severe than identified in this survey, which focused on Perth, Brisbane and Adelaide. Rents have consistently been higher in Sydney, the rental vacancy rate is very low, and numbers of new arrivals, including refugee and humanitarian entrants, are higher in NSW than in other parts of Australia¹.

¹ In the 2005-2006 financial year, 33.9% of all settler arrivals listed NSW as their intended destination, followed by 24.5% listing Victoria. In July-December 2006, 35.9% of humanitarian arrivals (refugee and SHP) listed NSW as their place of intended residence, followed by 26.1% who identified Victoria,

Beer and Foley found that 22% of the 434 respondents had been harassed by their real estate agent, neighbours or landlord, 17% had suffered from overcrowding and 20% had experienced difficulties paying the rent. The latter was typically related to very low income and unemployment, and sending money to families in their country of origin. This had led in some cases to near destitution, with 30% of respondents seeking help from charities to obtain food, and 39% seeking assistance to obtain furniture and household goods.

Respondents also complained of the poor quality of the housing obtained, mostly in the private market. This included that it was too remote from employment, schools, shopping and services, was in an unsafe neighbourhood, and that the housing itself was of poor standard, for example the absence of heating. In addition, homelessness was common among respondents, defined as living temporarily with friends or relatives or in temporary emergency accommodation. The authors estimated that on this basis 30% of refugees and TPV holders had been homeless after arriving in Australia. With this type of experience in the private sector, the finding that “many refugees desire to enter public housing because they perceive it to offer security, cost and quality advantages” (Beer & Foley: 2003: 35), is not surprising.

At present private rental housing in the Sydney area that is well-located and affordable to members of CALD communities on low-incomes, particularly refugee and humanitarian entrants, many of whom are unemployed or students, is in short supply. Some families are also large, with 4 or more children, and find that both private rental housing and public housing can not necessarily meet their needs. For clients of our agencies overcrowding and hidden homelessness is common, as is agents and landlords attempting to charge excessive rents, and discrimination in access to private rental housing on the basis of factors such as ethnic background. The very low residential rental vacancy rate in the Sydney area, only 1.4% in August 2007 (Real Estate Institute of NSW: 2007, <http://www.reinsw.com.au/Shortage-of-listings-affects-Sydney-market/default.aspx>), is exacerbating these problems. In addition, the limited availability of rental housing stock at the lower end of the market in capital cities such as Sydney is well known (Berry: 2002).

After paying for their housing, clients on Centrelink benefits have limited funds remaining for other necessities such as food and clothing. Many of the clients of our agencies are not in employment for a range of reasons, including health problems such as the consequences of torture and trauma, caring responsibilities and difficulties obtaining employment due to a lack of English language, skills, qualifications and local (Australian) experience. In a tight rental market, clients on Centrelink benefits have difficulty obtaining rental housing as people in employment are preferred candidates. Tightening eligibility for public housing and a lack of supply, contribute to the problems our clients experience accessing public housing, which include long waiting times to obtain housing in preferred areas. CALD communities, particularly newly arrived refugees with English language difficulties, also have difficulty with onerous application processes and documentation required to obtain public housing such as letters from medical professionals and real estate agents. Applicants may also

DIAC Immigration Update July-December 2006,
http://www.immi.gov.au/media/publications/pdf/Update_Dec06.pdf.

not understand appeal processes if they are rejected as a public housing applicant. A lack of knowledge of the housing system in Australia is a significant access barrier to obtaining social housing.

Case Studies 2 & 3

Two refugee Somali families in Sydney's south-west are clients of one of our member agencies providing counselling to torture and trauma survivors. They have been waiting eight and ten years respectively to receive public housing. These families require social housing close to where they currently live in properties rented in the private market in Granville and Auburn, because they need to be in close proximity to other members of the Somali community, including other family members, to receive support and assistance and prevent isolation. Both families rely on Centrelink payments. One of these is a family of 6, comprising a couple and their 4 children. The husband is unable to work due to the demands of caring for his son with learning difficulties and behavioural problems and the wife has a young baby. Both families face extreme difficulties paying rent in the private market while waiting for public housing, which leads to significant financial strain. Families report that rents have risen with each round of interest rate rises.

We also wish to highlight the housing needs of CALD women in domestic violence situations, many of whom still need to leave the family home to remain safe. Immigrant Women's Speakout Association has been providing domestic violence counselling to NESB women, and is aware that they require improved access to social housing and responsiveness to their need for continuing support in the transition period from crisis accommodation to independent living.

3.2 Problems related to tightening eligibility for public housing in NSW & commonwealth government underfunding

In NSW under the state government's changes to public housing, known as 'reshaping public housing', eligibility to public housing is becoming more targeted to those most in need, and is effectively only available to new tenants on very low incomes, often with other complex needs, such as a disability or health problems. New tenants are being given temporary leases of varying lengths depending on their circumstances, which are to be reviewed on a regular basis to determine continuing eligibility. Public housing has thus lost one of its main benefits to low-income tenants: security of tenure. This is a concern to the Taskforce, as one of the most important resources for disadvantaged CALD communities, particularly refugees and humanitarian entrants, is secure, stable and affordable housing, as a base on which to settle successfully in Australia. While there is a need to increase the supply of social housing, access problems for our clients will remain if social housing, including access to priority housing, is too tightly targeted.

We are also concerned that increased targeting, which is a resource intensive activity and must be undertaken at a considerable cost, will do little to increase access to public housing, as we understand that the number of people who will be forced to leave public housing because they will be judged no longer eligible will be quite small. We believe that resources allocated to 'reshaping public housing' would be

more effectively allocated investigating and implementing strategies to increase supply.

Furthermore exclusively targeting social housing to the most disadvantaged rather than broadening eligibility to low-moderate income earners (for example persons earning below Average Weekly Earnings), has contributed to an unsustainable and unworkable system because it has reduced the rent revenue available to social housing providers. The demand related focus of this policy initiative will not be effective in addressing the main problem with regard to social housing, an inadequate and diminishing supply. However we understand that state and territory government policies of increased targeting have occurred as a consequence of requirements imposed by the Commonwealth to obtain Commonwealth funding under previous CSHAs. We call on the Commonwealth to cease to impose such requirements in future CSHAs.

It is our understanding that a major reason for the reduction in the supply of social housing over the last 20 years is the decline in real funding from the Commonwealth Government under the CSHA over this period, reducing social housing stock from around 6% nationally to around 5% at present (ABS *Basic Community Profile* 2001, Table B32). Over the last decade funding for social housing has dropped by 30% in real terms as payments have not been indexed to inflation, (National Shelter: 2007a), which means that the number of dwellings available on a national level has reduced slightly, rather than expanding to meet waiting list demand. While tightening eligibility criteria has reduced demand, there were almost 235,000 people waiting for social housing in 2006, (AIHW, Commonwealth-State Housing Agreement data collections for 2006).

3.3 Incentives to home owners and investors rather than low-income tenants

Furthermore, home ownership and property investment has historically received significant government subsidy through the tax system (capital gains tax exemptions and negative gearing provisions), and through poorly targeted grants such as the First Home Owner's Grant. Low income renters in the private market have not received similar tax concessions. Proposals have been developed which would rectify this situation, and make private sector investment in affordable housing viable, such as a National Affordable Housing Bond and a tax credit scheme developed by the National Affordable Housing Consortium. These proposals are discussed further later in this submission under strategies to increase supply.

3.4 Type of Housing required by CALD Communities (FaCSIA Issues 2, 5, & 6)

The human right to housing is recognised in Article 25 of The Universal Declaration of Human Rights, which states:

- (1) "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."

This right is also mentioned in similar terms in Article 11, of the International Covenant on Economic, Social and Cultural Rights (ICESCR). Both of these

instruments are binding upon Australia, the former because it is Customary International Law, the second because Australia is a state party to it.

In order to satisfy their human right to housing, low-moderate income earners in CALD communities require access to affordable housing, that is, housing with a rent to income ratio of 20-30%, depending on the tenant's circumstances. At present only social housing meets this affordability threshold. They also require housing that is of a good standard, meets any accessibility needs, is well located with regard to public transport and services, particularly services relevant to CALD communities, and is of size adequate to meet the needs of large families without overcrowding. The availability of housing able to meet the needs of very large families (e.g. more than 4 children), and single older people is particularly important. Housing should also be easily accessible to employment opportunities, and be in neighbourhoods perceived as safe, with a good standard of urban amenity with regard to the provision of social and physical infrastructure and open space. It is important that housing is located in close proximity to public transport, particularly for families with children

Due to the proximity to existing communities and CALD community organisations, many new arrivals to NSW choose to settle in Sydney's west and south-west. Social housing is particularly required in these areas. It is also important that this housing offers security of tenure, and is available for as long as the person on a low-moderate income wants to live in the dwelling. A further important principle is that the housing is sustainable, with adequate ongoing funding for maintenance. Including a mix of tenants, including those earning moderate wages below AWE, will help to ensure sustainability, as income from tenant rents will be higher and can be channelled back into maintenance.

To be accessible and welcoming to people with a disability, social housing must also:

- be built according to principles of universal design;
- provide an extra bedroom if needed, so a person with disability can live with a person without a disability who can provide support. Where the tenant with a disability can demonstrate a need for overnight support, the support person should be exempt from income tests or rent;
- enable people with disability to live in the community in the same kind of housing as others, without segregating people in accommodation 'ghettoes' which house only people with disability;
- be flexible enough to accommodate people's diverse and changing needs including the recognition that some people may need additional space.

4. Proposal to increase the supply of social housing to meet the needs identified

The NESB Housing Taskforce does not have a specific project proposal to meet the needs of our clients, as we are not an agency with expertise in the development of housing, however we have a range of suggested strategies, that, if implemented, we believe would be effective in increasing the supply of social housing .

4.1 Funding of public housing

We regard both the state and commonwealth governments as having primary responsibility for meeting the housing needs of those people unable to have their

needs met in the private market. The primary vehicle by which this has been achieved to date has been through the Commonwealth State Housing Agreement (CSHA), which is the funding mechanism for social housing. We believe that this should continue to be the case into the future, however call upon the Commonwealth government to increase the funding supplied to the states and territories under this Agreement, to enable new dwellings to be built or purchased to operate as social housing. We support National Shelter's call for an increase in the CSHA to bring it up to 2.5 billion in 2007- 2008 and up to \$7 billion in real terms by 2025 (National Shelter: 2007a). We also believe that the states should consider increasing their financial contribution to social housing, particularly as they are the recipients of housing related taxation such as stamp duty. As holders of major assets in the form of public housing dwellings, the state governments have the capacity to leverage investment capital to increase supply, but have been unwilling to do so.

4.1.1 Concerns about alternatives to provision of social housing by state governments and not-for-profit community housing providers

We are aware that delivery of social housing by the states and territories has been less than perfect, particularly with regard to standards of client service, maintenance of stock, creation of stock in the form of large poorly designed estates with poor access to services and employment, and problems with regard to consulting with clients. However delivery of public housing by a state government agency has various benefits which we fear could be eroded if delivery was thrown open to any organisation, including the private sector. Delivery by state government housing authorities has the advantage that a consistent type of service is able to be provided across the state, and this occurs with regard to considerations of access and equity, principles of natural justice such as the right to appeal decisions, and some commitment to tenant participation.

Unlike State Housing Authorities (SHAs), private sector agencies involved in the supply and management of social housing will be motivated by the requirement to maximise profit for shareholders, which may have implications in regard to service standard and cost, in the form of increased social housing rent levels. Furthermore, our clients have reported significant discrimination on the basis of ethnicity in the private market, but not from government and community sector housing providers. We are concerned that this would worsen should private sector agencies, such as private real estate agents, take over management of social housing through alternative models of provision. We are concerned that many of the problems experienced by private tenants such as lack of security of tenure, difficulties having maintenance performed and high rents could become characteristics of the social housing sector, should changes of this nature occur. This would fundamentally change the nature of the social housing sector and mean that it was no longer able to perform its intended function.

We feel that consideration of the type of issues discussed in the paragraph above should have been undertaken prior to the current call for project proposals. One would have imagined that such a significant change to the way social housing is to be provided in Australia would have warranted development of a detailed discussion paper, exploring a range of alternatives and the possible implications of these,

including issues of access and equity and discrimination, and maintenance of service standards, prior to reaching a stage where specific project proposals were called for, as if the only issues that needed to be considered were financial strategies to increase supply.

4.2 Proposed changes to existing models of community housing provision to increase supply

We understand that the Office of Community Housing, NSW Department of Housing, released a consultation draft of a document, *'Planning for the future: community housing – five year strategy for growth and sustainability 2007-2012'* (Office of Community Housing, 2007), earlier this year. Comments made by Shelter NSW and submitted to the Department emphasised the importance that a number of changes be made in order for community housing providers to expand their stock of dwellings, through private borrowing. Expansion is currently occurring through strategies such as stock transfers from public housing stock; however this does not increase the overall number of social housing dwellings. The changes recommended which would create the groundwork that would enable community housing providers to increase the supply of social housing, include that:

- Rather than properties being transferred to community housing providers under arrangements such as a lease, as proposed by the State government in the above paper, title for any such dwellings should be transferred over to community housing providers to provide an asset base which they could use to finance an (additional) stock acquisition program. The Taskforce supports the expansion of this sector as it is one where the needs of some of the clients of our services have been met, for example by the provision of housing to CALD communities, including refugees, by services such as Hume Community Housing, the St George Housing Company and the Women's Housing Company.

A model that has worked well is these community housing providers providing long term social housing, while agencies such as the Auburn Migrant Resource Centre, the NESB Women's Housing Scheme and the Service for the Treatment and Rehabilitation of Torture and Trauma Survivors (STARTTS), provide support to vulnerable households to assist them to maintain successful tenancies. We would recommend this model as a successful service provision model for high need CALD clients in social housing requiring some form of ongoing support. The NSW Accord if fully implemented may also go some way towards integrated support to ensure successful tenancies.

- We support Shelter's call for a tactical focus on a subset of housing associations to develop competencies and assets for entrepreneurial-based growth, while maintaining the client focused product able to be delivered by smaller Housing Associations.
- We support the introduction of a common equity model for Housing Cooperatives, where the Cooperative has title over the dwelling/s. Similar to what is recommended above for Housing Associations, this would enable the Coop to use existing housing as an asset base to borrow funds for expansion. The NESB Housing Taskforce is aware that the housing cooperative model is one that would

suit some refugee communities, and that it has been successfully implemented in Sydney by the Tamil community.

- As proposed in the discussion paper, to enable expansion of stock, it is important that some community housing providers have the opportunity to develop project/dwelling development and construction capacity. Skills development and appropriate partnerships are important to achieve this.
- In addition, as proposed in the paper, it is important that there is explicit reference to community housing providers in the *NSW Housing Act 2001* and a statutory basis for performance-management to manage risk and to encourage private investors' confidence in the community housing product. However it would be of concern if the regulations that follow from the legislative amendments were to be overly cumbersome and onerous for community housing organizations.
- It is important that rent setting formulas in community housing allow sufficient flexibility to attract private sector investment. Generally a mix of low-moderate income earners in community housing increases financial viability, which means that the housing would not be confined exclusively to people on pensions and benefits, but should also include low-moderate wage earners. We support development and implementation of rent-setting in community housing targeted to low-moderate income households that is based on a proportion of cost-based or market-derived rents, without abandoning affordability outcomes.

4.3 Increasing supply of social housing through the planning system

- Local Government has the capacity to use the planning system to increase the supply of affordable/ social housing, and has done so mainly on a council by council basis in NSW since the 1980s.
- Local Government can offer developer incentives such as density bonuses, which are particularly effective in areas of high land value (eg Waverley LGA as implemented by Waverley Council), in return for the provision of units of affordable housing in a new development. These units may be provided on a long term lease arrangement by the developer, or the full ownership provided to the Local Government authority. The council would typically offer these dwellings to a local community housing provider to manage on its behalf, and they would then be made available as social housing
- Alternatively where units of affordable housing such as boarding house accommodation are likely to be lost as a consequence of a development application before a council, the council can negotiate with a developer to mitigate this loss through attaching a condition of consent to the approval of the application, that new affordable housing dwellings are to be provided in the new development. This could be negotiated when an application falls under *State Environmental Planning Policy No 10- Retention of Low Cost Rental Accommodation*. This would amount to a replacement of loss stock, rather than an increase in supply as such.

- Some councils have also levied mandatory contributions for loss of affordable housing under Section 94 of the *NSW Environmental Planning and Assessment Act 1997*, however as a consequence of the unreasonably narrow application of *State Environmental Planning Policy No 70- Affordable Housing-Revised schemes* to 4 Local Government Areas in Sydney only, other councils are unable to use the Act to levy for the loss of affordable housing in an area. The NSW State Government should amend SEPP 70 so that it applies to any locality in NSW where there is a need for affordable housing, and in this way enable councils to levy developers for the loss of affordable housing that will result from a development. The funds or land thus obtained are to be used to provide replacement units of affordable housing, usually of higher quality than what is lost.
- We concur with National Shelter’s recommendation that all three levels of Australian government need to work together to develop standard processes to generate affordable housing through the planning system, with a target that 15% of all housing be affordable and one third of this as social housing. State and local government planning legislation (for example Local Environment Plans, State Environmental Plans) would need to be amended to enable this to occur. Such a strategy would result in an increase in supply, rather than simply a replacement of what has been lost through development.

4.4 Ideas for increasing the supply of affordable rental housing through private sector investment

A number of proposals have been developed in recent years to increase the supply of affordable rental housing, including social housing, by encouraging private sector investment in this type of housing. The key elements of those proposals likely to be most effective in increasing the supply of social housing in this way are outlined below. In this section we have included proposals that relate to all three levels of government as well as the private sector and because we are in NSW many of our examples relate to conditions in that State. We support National Shelter’s call for a National Housing Strategy that would enable all levels of government to work together to reduce housing stress.

4.4.1 National Affordable Housing Research Consortium proposal- Issue of bond

The National Affordable Housing Research Consortium (NAHRC) was a group with a wide ranging membership including the Australian Council of Social Service, the Housing Industry Association, the Urban Development Institute of Australia, the Real Estate Institute of Australia, the Property Council of Australia and the Master Builders’ Association. They considered a range of options for stimulating private sector investment in affordable rental housing, and their preferred model, based on factors such as a low risk to government and an acceptable rate of return to the private sector, is the option of direct government subsidy for private debt investment in affordable housing via the issue of a bond with a guaranteed minimum after-tax return.

These funds would then be “distributed to State housing authorities or other eligible housing providers (e.g. community housing providers) on the condition that they are

used to construct affordable rental dwellings. The dwellings would then be owned and managed by State housing authorities or other approved providers. The subsidy could be provided in two ways: via a tax concession or through a Budget outlay” (NAHRC: 2001: 30), however the authors believe the Commonwealth would have a preference for a budget outlay, which can be capped.

This housing subsidy model indicates that every \$1 billion dollars raised would have a gross cost to the commonwealth of \$220m (the net cost is \$90m –after taking into account tax receipts) and would assist 7,450 tenant households.

This proposal has the advantage that it raises private finance for investment in social housing, without any of the disadvantages canvassed earlier in this submission, as ownership and management would be handed over to SHAs and community housing providers. However it should be noted that this proposal was envisaged as supplementary to commonwealth and state investment in social housing through the CSHA, not a replacement of it. The Taskforce supports this proposal on the understanding that it will provide affordable housing to low-moderate income earners, with a rent to income ratio of no more than 20-30% depending on the circumstances of tenants.

4.4.2 National Affordable Housing Summit proposal- National Affordable Housing Rental Incentive Scheme (NARIS)

The National Affordable Housing Summit is a coalition of agencies with some cross over in membership with the Consortium, but also includes major superannuation funds and non-government organisations such as National Shelter and the Brotherhood of St Laurence. Information about the Summit is available at <http://www.housingsummit.org.au/>. They are a recently formed group whose policy proposals on affordable housing have emerged in the last three years.

Their key current proposal is the development of a National Affordable Housing Rental Incentive Scheme. If implemented it would increase the supply of affordable rental housing for low-moderate income earners, including of social housing managed by community housing providers.

The Scheme focuses on providing a new national incentive for developers, investors and landlords to provide new housing at below-market rents or to commit existing housing for that purpose. Key elements of the Scheme are as follows:

- “1. The Scheme would provide National Affordable Rental Incentives (NARIs) which combine Federal and State contributions of specified values per dwelling.
2. The Federal contribution to each NARI would be provided as a cash payment or tax credit, and the State contribution would be provided as cash, tax or other benefits.
3. A NARI would be made available for each of a specified number of dwellings per year, all or most of which would have to be newly-constructed dwellings.
4. The NARI would be provided to each dwelling for a specified number of years, with subsequent renewal being possible but not guaranteed.
5. NARIs would be allocated on a competitive basis to providers (i.e., investors, developers or managers) of housing in Affordable Housing Programs (AHPs).

6. AHPs would have to comply with criteria concerning rents, households and locations and to be managed by a recognised affordable housing manager.
7. State contributions could include assistance which they arrange in conjunction with local governments or other sources” (National Affordable Housing Summit: 2007:1).

Like the NAHRC proposal, the NARIS is conceived as operating in addition to existing programs like the CSHA. It proposes an increase in social housing supply by handing over dwellings to community housing providers rather than State Housing Authorities (SHAs).

Conclusion

The NESB Housing Taskforce urges FaCSIA to give serious consideration to both of the above proposals as ways to involve the private sector, in partnership with government, in assisting to finance social housing and thus increase its supply. We also urge FaCSIA to offer whatever assistance is possible in implementing the other strategies outlined in this submission, particularly the much needed increase in commonwealth funding for the CSHA. As stated elsewhere in this submission, we believe that it is important that CSHA funds and management of social housing remains in the hands of SHAs and not-for-profit community housing providers, with involvement of the private sector operating in a supplementary way, on the basis of the type of proposals discussed above.

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