

Media release

Tuesday, 11 April 2017

FEEDBACK SOUGHT TO REFORM SOCIAL HOUSING IN NSW

The Independent Pricing and Regulatory Tribunal (IPART) is seeking feedback on draft recommendations to improve the delivery of social housing in NSW to those in greatest need.

IPART Chair Dr Peter Boxall said that under the draft proposals now open for public comment:

- ▼ Rental contributions from social housing tenants would continue to be based on 25% of their household income, with some ongoing regular income to be included for the first time, to ensure equity among tenants.
- ▼ There would be no change to current eligibility requirements to access social housing, but a change to how the types and location of housing are matched to different tenant needs.
- ▼ Transparent government subsidies would make up the difference between tenant rent collected and the rent required to put the provision of social housing on a more sustainable basis.

“Right now, there are almost 60,000 households on the waiting list for social housing in NSW, and the current system for providing housing lacks sufficient funds to maintain existing properties, let alone provide more,” Dr Boxall said.

“Existing social housing assets are not being maintained in acceptable condition, and the supply of social housing is not keeping pace with demand which has increased markedly in the past five years due to population growth and the decline of general housing affordability, particularly in Sydney.”

IPART has examined a range of options and is now seeking feedback on its draft recommendations before preparing a final report for the NSW Government in June 2017.

Maintaining tenant rent contributions

“We have found little scope to change the current income-based approach to setting rents without making it unaffordable for those on low to very low incomes,” Dr Boxall said.

“On that basis we are recommending that tenants continue to pay rent equal to 25% of their household income.

“Some sources of income, such as Family Tax Benefits and the Pension Supplement, are currently fully or partially exempt, so we are seeking feedback as to whether some of those exemptions should be removed so tenants are treated equally by having all of their regular, ongoing income for general living expenses included in their rent assessment.”

Media Contact: Julie Sheather ☎ 02 9290 8403 ☎ 0409 514 643

More information is available at ipart.nsw.gov.au

Meeting the needs of current and future tenants

IPART is also seeking feedback on ways to ensure those most in need can access the right housing for their families.

“Our draft recommendation is to maintain current eligibility requirements to access social housing, but reform allocation processes so that tenants are matched with housing that best meets their needs based on age, household size, school-age household members, capacity for employment, education and training needs,” Dr Boxall said.

“This would help overcome the current situation where many social housing properties have two or more bedrooms spare, while people requiring housing remain on the waiting list.

“We are looking at modifications to the current system which would ensure that tenants would be eligible for suitable social housing that best meets their households’ needs, and would take account of their preferences, without being tied to a specific residence.

“So we are interested to hear from those living and working in the social housing sector about how these recommendations might be implemented with the least disruption for tenants.”

Funding better social housing

IPART’s draft recommendations are based on a funding model where government pays housing providers an explicit subsidy equal to the difference between the tenant contribution of 25% of income and the market rent for social housing. This explicit subsidy would vary by location based on the market rent for each dwelling, and would encourage socio-economically diverse communities.

The review has identified a funding ‘gap’ of around \$950 million each year in addition to existing government funding. Dr Boxall said the NSW Government (Land and Housing Corporation – LAHC) and other housing providers are already implicitly funding this gap through a combination of operating losses, deferred maintenance, unfunded depreciation and forgone returns on assets.

“We recommend that LAHC be moved to the new funding model as a priority, and other social housing providers be transitioned over a four year period.”

IPART is also recommending:

- ▼ The Department of Family and Community Services (FACS) retain responsibility for the policy, planning and allocation of social housing.
- ▼ Tenant services and asset management be separated from FACS and undertaken by specialist housing providers (which could include Government and non-Government providers, as is the case currently).
- ▼ The development of a new Social Housing Strategy by FACS, setting the number of dwellings required by location, size and type, based on the changing size and composition of households, and the educational, health and employment needs of tenants.

IPART is seeking comments on the recommendations and Draft Report of the Review of Social and Affordable Housing Rent Models by **12 May 2017**. Public hearings have been scheduled for Dubbo (2 May) and Sydney (9 May) to gather further feedback before the final recommendations are provided to the NSW Government in June 2017.

BACKGROUND

This review covers social housing and affordable housing.

Social housing is rental housing subsidised by government and provided to assist people who are unable to access suitable accommodation in the private market. It includes public housing, which is owned and managed by the NSW Government, community housing, which is owned and/or managed by Community Housing Providers, and Aboriginal housing, which is owned by the Aboriginal Housing Office and managed by the Government or owned and/or managed by Aboriginal Community Housing Providers.

Affordable housing is rental housing delivered with some form of government support or intervention and is provided by the private or not-for-profit sector to assist people on very low to moderate incomes.

The issue of broader housing affordability is different from affordable housing and is outside the scope of our review. Many factors influence housing affordability including economic and demographic factors (such as supply and demand for housing, interest rates, population growth and unemployment), state and local government planning policies and procedures (by affecting the responsiveness and cost of new housing supply), and taxation settings. The NSW Government has announced that it has established a cross-Government working group to explore options to make housing more affordable for NSW residents.