

19 December 2016

Independent Pricing and Regulatory Tribunal of New South Wales  
Level 15, 2-24 Rawson Place  
Sydney, NSW 2000

### **Review of rent models for social and affordable housing**

Carers NSW welcomes the release of the issues paper on the review of rent models for social and affordable housing. We thank IPART for the opportunity to provide comment. This submission will focus on eligibility criteria and the rent setting framework.

A carer is anyone who provides informal care and support to a family member or friend who has a disability, mental illness, drug or alcohol dependency, chronic condition, terminal illness or who is frail aged. Carers NSW is the peak non-government organisation for carers in NSW and a member of the National Network of Carers Associations. Our vision is an Australia that values and supports all carers, and our goals are to work with carers to improve their health, wellbeing, resilience and financial security; and to have caring recognised as a shared responsibility of family, community, and government.

Thank you once again for the opportunity to contribute to provide a submission. For further information, please contact Freya Saich, Policy and Development Officer, [REDACTED]

Yours sincerely

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Elena Katrakis  
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Carers NSW



**Carers NSW submission: Review of  
rent models for social and affordable  
housing**

**19 December 2016**

**AN AUSTRALIA THAT VALUES AND SUPPORTS ALL CARERS**

## Background

Social housing provides a safety net to the many NSW residents who are unable to find or maintain appropriate and affordable housing in the private market. Many people living in social housing have a disability, mental illness or chronic illness or are frail aged.<sup>i</sup> Research indicates that there is also a large number of carers living in social housing, likely because of the relatively high rate of occupants with conditions requiring care and support.

While approximately 6 percent of tenants in public housing and 8 percent of tenants in Aboriginal housing derive their main source of income from the Carer Payment,<sup>ii</sup> there are significantly more carers living in social housing who do not identify as carers and/or do not have access to the Carer Payment. The 2015 Survey of Disability, Ageing and Carers provides the most reliable current estimate of the number of carers living in social housing. According to this survey, at least 40,000 carers in NSW live in State managed housing.<sup>iii</sup> This is equivalent to around 4 percent of all carers living in NSW, and does not include carers that may be living in community housing.

Overall, carers are more likely than non-carers to live in low income households.<sup>1iv</sup> At the same time, carers can also incur significant out-of-pocket expenses as a result of their caring role<sup>v</sup>, often having to spend more than the general population on expenses such as electricity, medications and treatments, and transport. Carers that are renting (either publicly or privately) have been shown to experience higher rates of financial stress than carers who own their own home.<sup>vi</sup>

This submission draws on relevant literature and feedback from carers regarding their experiences with social and affordable housing. It focuses on the need for greater housing assistance and security of tenure for low income private renters, and raises issues for consideration in regards to workforce participation, rent setting and rent collection for carers.

## Housing Assistance

Carers NSW supports the goal of a more efficient, equitable social housing system which encourages the transition over time to more independent housing in the private rental market, where appropriate. However, Carers NSW believes that greater, more sustainable investment in the private rental market and affordable housing sector should precede any expectation that tenants transition out of social housing. For many carers, social housing is the most affordable, appropriate and secure tenure available to them. For many others, even this form of housing is not within their immediate grasp due to excessive waiting periods.

## Private Rental Market

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<sup>1</sup> Low income households are defined as households within the lowest two quintiles of equivalised household income.

The issues paper states that directing people to appropriate forms of housing assistance could reduce the waiting list for social housing. However, the intermediate housing assistance products available to low income private renters remain limited. Approximately 26 percent of carers rent privately,<sup>vii</sup> but research indicates that many carers in the private rental market are in 'housing stress', spending more than 30 percent of their already low income on housing costs.<sup>viii</sup> Evidence suggests that many carers also limit spending on medications, meals or heating in order to meet housing costs.<sup>ix</sup>

Around one in three carers relies on a Centrelink payment as their main source of income<sup>x</sup>, making carers less resilient when faced with housing 'shocks'.<sup>xi</sup> Government pensions are also based on an assumption of home ownership, meaning they are often inadequate to cover renters' housing and living costs.<sup>xii</sup> Furthermore, Commonwealth Rent Assistance (CRA), a supplement to income support payments to support housing affordability, is increasingly unable to help recipients meet housing costs in the private rental market.<sup>xiii</sup> Indeed, 40 percent of CRA recipients experience housing stress.<sup>xiv</sup>

Mary\* is full time carer of her adult son with a disability. She lives in the private rental market in Sydney and receives the Carer Payment, Carer Allowance and Rent Assistance. She has applied for community and government housing and is on the long waiting lists. The private rental market is putting great strain on her financial situation and emotional wellbeing. There are many costs associated with her son's disability and treatment, some of which they have to forgo to keep a roof over their heads. It is difficult to find anyone who can help - there just doesn't appear to be enough affordable housing in Sydney, and Rent Assistance doesn't go far enough.

*\*Name changed*

While the NSW Department of Family and Community Services (FACS) provides financial and practical support to eligible private renters, these tend to focus on helping people establish, rather than maintain, a tenancy. Carers as a group may be excluded from more ongoing support such as the Private Rental Subsidy, which is only available to people experiencing domestic violence, people with disability or medical condition, and youth at risk of homelessness.

**Recommendation 1:** Carers NSW recommends that FACS expand financial assistance to low income private renters to support carers to establish and maintain their tenancies.

Housing security is also a major issue in the private rental market. A number of carers have told Carers NSW that they endure substandard living conditions in a private rental property for fear that the landlord will terminate their lease or raise their rent if they exert their rights. Changing the eligibility criteria for social housing without providing appropriate, affordable and secure alternatives will only increase the number of vulnerable people living in the considerably more unstable private rental market.

The short-term leases that characterise Australian rental markets can be particularly destabilising for caring families, exacerbating conditions adversely affected by change and unfamiliarity, such as autism and some mental health issues. Frequent moves can also increase financial and other stress for carers. Finding another property that meets the carer's needs and the needs of the person they care for may be challenging. Carers NSW therefore

**Recommendation 2:** Carers NSW recommends that tenancy legislation provide greater security for tenants in the private rental market.

believes that any further tightening of the eligibility criteria for social housing should be accompanied by greater protections and entitlements for private renters.

### Affordable Housing

It is well known that there is a lack of affordable housing for low income households across NSW. One key example was cited in Anglicare's 2016 Rent Affordability Snapshot, which reported that, in some regional areas of NSW, just over 1 percent of housing was affordable and appropriate to people receiving a Disability Support Pension or Age Pension (about equivalent in amount to the Carer Payment) for a single person.<sup>xv</sup>

A greater commitment from governments and the private sector is required to rectify this shortage of affordable housing, especially if increasing numbers of low income households are in scope to be transitioned into private rental. It should also be noted that many carers require housing that is physically accessible and close to services and informal networks. Private rental housing must be made more accessible and appropriate, as well as more affordable in order to meet the needs of individual households.

**Recommendation 3:** Carers NSW recommends that governments and the private sector invest more in the supply of affordable, accessible housing to provide viable alternatives to social

### Workforce Participation

While the issues paper acknowledges the need to reduce disincentives to employment for social housing tenants, it does not address the barriers that carers in particular face when seeking and maintaining employment. Approximately 45 percent of carers are not in the labour force<sup>xvi</sup> and many forego employment for an extended period of time in order to care. Many others reduce their hours or limit their career progression.<sup>xvii</sup> This kind of disengagement with the labour force can create long term financial disadvantage for carers and further reduce future career opportunities.

A further barrier keeping many carers from advance in work and study is a policy known as the '25 hour rule'. Under this rule, carers in receipt of the Carer Payment, a Centrelink pension for eligible carers, cannot work, study, volunteer or train for more than 25 hours each week, including travel time, without compromising their payment. Carers NSW believes that changing this policy will be critical to increasing the engagement of carers with employment and education.

*Julie\* cares for her daughter and works part-time. She would like to do a course with TAFE but to do so she will have to stop working to fit in with the 25 hour rule and therefore will be unable to manage financially.*

*\*Name changed*

The range of barriers experienced by carers with regard to economic participation mean that many carers may require tailored support in order to successfully engage. It should also be noted that skills development, training and opportunities may not be enough for carers – increased supports and services for the person they care for may be required in order to provide them with adequate finances, time and energy to pursue activities outside the caring role. Consultation with carers and

organisations representing carers, such as Carers NSW, in line with the *NSW Carers (Recognition) Act 2010*, will ensure that the supports available to carers are appropriately designed and implemented.

**Recommendation 4:** Carers NSW recommends that FACS develop or partner with employment and education initiatives that can provide tailored support to carers in low income households.

**Recommendation 5:** Carers NSW recommends that FACS consult with carers and Carers NSW in developing tools to support low income households to access employment and education

## Rent setting models

Carers NSW is concerned about FACS employing a segmented cohort model for rent setting within social housing. We believe that characterising ‘cohorts’ of the population into either the ‘opportunity group’ or the ‘safety net group’ and charging rents based on which cohort a person falls under may cause carers to be unnecessarily disadvantaged.

Under this model, a carer could be deemed as ‘fit to work’ but may in fact be unable to work due to the demands of their caring role. Some carers may alternate between needing ‘support for an extended period of time’ and being able to manage greater independence. For example, if the care recipient has an episodic mental health issue, a carer’s capacity to work may vary suddenly as they respond to the person’s changing care needs. Similarly, a care recipient’s illness or disability may deteriorate over time, placing increasing demands upon the carer. These potential fluctuations must be taken into account when assessing a carer’s fitness for work.

Carers NSW is also concerned that ‘hidden’ carers, who do not identify as carers, and/or may not be identified as carers by services, could be disadvantaged according to this system. Carers who see their caring responsibilities as a natural family duty or cultural expectation may, for example, not be recognised as having specific needs within or beyond the caring role and be inappropriately assessed.

Carers NSW recommends a flexible approach that takes into consideration caring responsibilities, in accordance with the *NSW Carers (Recognition) Act 2010*. In addition, social housing staff need to be adequately equipped to identify and support carers. Carers NSW is currently finalising a FACS funded e-learning module designed to assist social housing staff to identify and support hidden carers. When it is made available via the NGO Learning Centre and promoted to FACS staff, Carers NSW believe this will be a helpful tool in ensuring carers’ needs are better recognised and considered.

**Recommendation 6:** Carers NSW recommends that IPART make rent setting models flexible to accommodate carers’ diverse circumstances and changing needs.

**Recommendation 7:** Carers NSW recommends that FACS social housing staff be encouraged to complete the e-Learning developed by Carers NSW on identifying hidden carers.

## Rent collection

### Automatic deduction of rent

Social housing tenants can already nominate to have their rent automatically deducted from their income support payments through Centrepay. Carers NSW believes that in considering automatic deductions the reasons tenants fall into rental arrears in the first place should be more closely examined. While automatic deduction of rent may be suitable for some carers, enforcing this method of payment may limit some carers' capacity to meet unexpected expenses, especially in emergencies. Carers NSW recommends that automatic deduction of rent continue to be voluntary and simply be better promoted so that tenant uptake is

**Recommendation 8:** Carers NSW recommends that automatic deduction of rent continue to be voluntary for social housing tenants.

increased.

### Incremental bond collection

There has been already discussion about the introduction of bond payments within FACS managed housing. Such plans have been put on hold given that there was found to be a lack of evidence that bonds adequately cover the extent of the damage occurring within social housing properties. Community housing providers have also reported that requiring tenants to pay a bond can result in high administrative costs.

Plans to introduce a social housing bond have been linked to market rent, however this approach would result in geographical inequity. Carers NSW does not, therefore, support the proposed incremental collection of bonds for social housing tenants, even where the collective sum of the subsidised rent and bond are less than 30 percent. As the issues paper highlights, the 30:40 indicator does not adequately measure housing stress for the lowest income households<sup>xviii</sup> nor for a variety of household types.<sup>xix</sup>

**Recommendation 9:** Carers NSW recommends that FACS continue to investigate potential adverse consequences of introducing a social housing bond for low income tenants.

## Conclusion

Carers NSW thanks IPART for the opportunity to comment on this issues paper. We believe that this paper presents a valuable opportunity in creating a social housing system that is more efficient and equitable and that builds the capacity of tenants to transition to other forms of housing where possible.

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