



Council on the Ageing New South Wales

Submission

Review of rent models for social and affordable housing

IPART

Council on the Ageing (COTA NSW)
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COTA NSW

COTA NSW is the peak body representing people over 50 in NSW. We're an independent, non-partisan, consumer-based non-government organisation. We work with politicians, policy makers, service and product providers as well as media representatives to make sure our constituents' views are heard and their needs met.

The focus of the COTA NSW submission

In this submission, COTA NSW will respond to those aspects of the Draft Report – Review of rent models for social and affordable housing that have the greatest impact on people aged 50+ living in social and affordable housing. Of particular relevance are the recommendations relating to affordable and equitable rent contribution and matching households to the best housing for their needs.

Introduction

The Council on the Ageing NSW (COTA NSW) acknowledges that there are constraints within the NSW social housing system and supports the review by the Independent Pricing and Regulatory Tribunal (IPART) into the future sustainability of rent models in social and affordable housing. COTA NSW acknowledges the value of promoting the objectives of fairness and of developing clients' independence within the social housing system. However it is also necessary to recognise that older people who are eligible for social housing, and older people who are likely to need social housing in the future, face additional barriers that would make a transition to the private rental market challenging.

According to figures from Housing NSW¹, in 2012-13 approximately 56.7% of public housing tenants were aged 55+ and of these, 10.4% were 80 years or older. Any changes therefore to policies covering rental contribution or housing tenure will significantly impact older tenants, who it can be argued, have limited capacity to respond to increases in either rental contributions or flexibility in housing allocation.

Additionally, the NSW Ageing Strategy 2016-2020, highlights the importance supporting older people to age in place. Research led by Professor Bruce Judd (AHURI, 2010)² shows that the majority of older people wish to remain in their existing homes in familiar surroundings. The report also suggests that an older person's security of place becomes more important as they age and that their wellbeing is closely linked to their ability to remain living independently in secure and affordable housing in communities where they have existing social connections.

The housing crisis in NSW and the lack of affordable rental housing in the market means there is a greater, not a lesser need for a sustainable social housing system that can meet growing demand. We believe that no one is more vulnerable in this housing crisis than older people. House prices and rent levels are crucial factors to the wellbeing of older Australians and therefore older people should be given special consideration in any discussion about protecting the most vulnerable.

¹ Housing NSW Full Statistical Supplement 2012-13
http://www.housing.nsw.gov.au/_data/assets/pdf_file/0009/326376/HNSW1213FullStatisticalSupplement.pdf

² Judd, B., Olsberg, D., Quinn, J., Groenhart, L., Demirbilek, O. (2010) *Dwelling, land and neighbourhood use by older home owners*, AHURI Final Report No. 144, Australian Housing and Urban Research Institute Limited, Melbourne, <http://www.ahuri.edu.au/research/final-reports/144>

Affordable and equitable tenant rent contribution

COTA NSW strongly supports IPART's recommendation to retain an income-based tenant rent contribution – set at the current 25% to 30% of household income - to ensure affordability for tenants. As outlined within the report, utilisation of other models of contribution, such as property-based rental or hybrid household-property-based would create further entrenched inequality and hardship for those least able to afford it.

Whilst we acknowledge IPART's recommendation to retain the current 25% income threshold for tenants in the low or very low quintile, we do not endorse the recommendation for a 5% premium for those paying market rent. Although it can be assumed, that the vast majority of people aged 50+ in social housing are receiving government benefits and would therefore, comfortably fall within the lower income thresholds, COTA NSW is particularly concerned for those adults in 50 to 65 age bracket who may be working in low paid jobs. Income from this employment, although low (relative to the local housing market), would result in them being above the income threshold for subsidised housing, and as such are compelled to pay market rate. A further impost on this rate will impact their ability to increase their retirement savings and cover health costs as they get older. The assertion that these tenants should be actively encouraged to move to the private rental market does not acknowledge the difficulties that older tenants face. Anglicare's 2017 Rental Affordability Snapshot³, starkly demonstrates the unavailability of affordable housing for those on minimum wage. For example, in the greater Sydney and Illawarra region, only 26 properties were deemed affordable for a couple on minimum wage. The often precarious nature of their employment, frequently in service orientated or low skilled jobs, can dramatically impact upon their housing security and increase the risk of homelessness or return to public housing.

COTA NSW opposes the inclusion of the pension supplement as part of the rent assessment process. The Harmer review into pensions in 2009, stated the purpose of the pension supplement (previously known as Pharmaceutical Allowance, Utilities Allowance, GST supplement and Telephone Allowance) was to provide additional support to people with different costs and circumstances - in order that they are able to maintain a similar standard of living, such as recipients with complex medical needs or disability.⁴ Whilst, the capped amount of an additional \$10 per week may seem minimal, it has a far greater effect on low or fixed income earners on expenditure in areas such as food and non-alcoholic beverage purchase. Statistics published by the ABS found that aged pensioners spent 22.39% of income on essentials such as food, compared to 17.27% of self-funded retirees.⁵ COTA NSW argues that the inclusion of the supplement within assessable income for rental payments will further erode the standard of living of older tenants.

³ Anglicare Australia Rental Affordability Snapshot, April 2017.

⁴ Harmer, Dr. J. Pension Review Report, February 2009. FACS

⁵ 6463.0 - Analytical Living Cost Indexes for Selected Australian Household Types, Jun 2012. Australian Bureau of Statistics (ABS).

Financially sustainable for housing providers

COTA NSW welcomes the recommendation that FACS develop a Social Housing Strategy that will enable better planning and resource allocation of social housing stock. Whilst it is proposed that the strategy include information relating to dwelling needs projection based on demographic changes, education and employment requirements, it is also suggested that current stock be also mapped across NSW. This will allow for a minimum baseline to be maintained within a respective district and to allow transparency and trend analysis in reporting on changes to the number and composition of dwellings. Additionally, we believe that the Strategy should be expanded to include Affordable Housing. Many of the recommendations within the APART report focus on identifying and encouraging tenants who are able to transition to either affordable housing or the private rental market. It is likely that a majority of these tenants that are employed - are in low paid and insecure positions and need the option to transition into affordable housing. Therefore, the location, availability and mix of affordable housing should be considered within a broader strategy that also addresses issues such as planning, government regulation and funding provision.

COTA NSW further supports IPART's recognition of the need for the NSW Government to provide an explicit housing subsidy to housing providers that meets the shortfall between tenant contribution and social housing costs. An ongoing contribution for the adequate maintenance and repair of existing stock will ensure that the availability of housing is not eroded further but will continue to be available to tenants and those on waiting lists.

Eligibility criteria and workforce participation incentives

The suggested introduction of continuous leasing for both existing and new tenants and the appropriateness of the dwelling reviewed every three years - is supported by our organisation. The National Social Housing Survey (2016) found that those with secure social housing reported that they felt more settled which impacted their health and wellbeing, were able to budget better and develop social and community supports. A further benefit of security of tenure was the feeling of stability to pursue job opportunities and/or education and training.⁶ The recommendation to allow tenants with positive exists from social housing to private rental, be permitted to retain their original application for up to 2 years provides an additional safety net for low income households. We would ask IPART to consider increasing this safety net to 5 years for people over the age of 50. This would recognise the challenges many older workers face with age discrimination, transitioning to retirement and limited financial resources.

⁶ Australian Institute of Health and Welfare (2016). *National Social Housing Survey – A summary of results, 2016*.

Matching households to the best housing for their needs

COTA NSW acknowledges the constraints of the NSW social housing system, and the need to develop a system that maximises the allocation of limited properties to those currently in the system and to reduce the large waiting list. Whilst we accept the need to conduct periodic reviews of the suitability of properties for each tenant, and to identify relocation opportunities to a property that is assessed as more appropriately meeting their needs, we would like to highlight the impacts that such changes may have on older people.

The ability to age in place is important to the health and wellbeing of older people. Relocation to outer suburbs or to rural or regional locations can disconnect older people from established social networks that provide companionship and support. The absence or removal from such relationships may mean that care requirements can become the responsibility of agencies or government. In addition, access to essential services such as hospitals and medical specialists can also be problematic especially if public transport is unavailable or limited. This goes beyond mere inconvenience: the impact of a change of residence heightens the risk of a decline in health in both the short and longer term. When considering the possible relocation of older people, COTA NSW reiterates NCOSS concerns that transfer policies must also consider:

- Tenant choice, recognising a person's connection to their 'home'
- Connection to community engagement opportunities to prevent isolation, and
- Access to family and other support services to promote independence. (IPART, p53)

Subsidised affordable housing

As outlined previously, due to the nature of the housing market, COTA NSW asserts that social housing and affordable housing are not mutually exclusive but should be considered in a broader approach by government and policy makers. We are therefore uneasy about IPART's recommendation that the government solely focus housing assistance on social housing and time-limited private rental subsidies. The Social and Affordable Housing Fund provides critical seed funding for the provision of both social and affordable housing for community providers – this at the very least should be maintained. The government also has a role to play in identifying publically owned land (especially in locations with access to transport, employment and health care services) that can be developed into affordable housing and managed by community housing providers. As outlined within the IPART report, we acknowledge that government also has a key role to play in the provision of affordable housing and the broader issue of housing affordability through state and local government planning policies and procedures and taxation settings that distort the housing market.

Conclusion

COTA NSW would like to thank IPART for the opportunity to comment on the draft Review of rent models for social and affordable housing. We recognise that given the limited stock of social housing, finite resourcing and high demand that finding an equitable and sustainable funding approach is challenging, but commend IPART and the NSW Government for further examining this issue and continuing the discussion in the community.

A summary of our responses to the draft recommendations are listed below:

- An additional 5% charge on tenants paying market rates is not supported, particularly for older tenants that may be in the workforce but are on low wages and employed in insecure or casual jobs.
- COTA NSW does not support the inclusion of the Pensioner Supplement as assessable income for the payment of rental contributions. This supplement was for the express purpose of contributing to the costs of: pharmaceuticals; utilities; GST and phones. For some pensioners an additional \$10 payment in rent will have a disproportionate impact on the weekly budget on essentials such as food.
- COTA NSW supports the development of a broader Social and Affordable Housing Strategy by FACS.
- Recommend the increase of the safety net for return to social housing for tenants aged 50+ from 2 to 5 years, which acknowledges the added challenges for older workers such as age discrimination.
- Recommend that when formulating the policies and procedures for periodic assessment of suitability of properties, that a broader psycho-social lens be applied when assessing older tenants possible relocations.
- That the NSW Government continues to support the Social and Affordable Housing fund as significant resource in expanding the stock of social and affordable housing in NSW.