

Review of rent models for social and affordable housing  
Independent Pricing and Regulatory Tribunal  
Via online submission

Friday 12<sup>th</sup> May 2017

Attention Tribunal members,

## **REVIEW OF RENT MODELS FOR SOCIAL AND AFFORDABLE HOUSING**

Homelessness NSW welcomes the opportunity to provide further comment into the IPART's *Review of rent models for social and affordable housing* (the draft report). We also welcome the many considered responses to the current affordable housing crisis which are contained in the draft report.

Homelessness NSW is a peak not for profit organisation that works with its members to prevent and reduce homelessness across New South Wales (NSW). Our members include small, locally based community organisations, multiservice agencies with a regional reach and large state-wide service providers all of which provide services and support to people at risk of or experiencing homelessness. Homelessness NSW has developed this submission in consultation with its members.

### **Draft findings**

Homelessness NSW supports the IPART's three headline draft findings and its recommendations that the NSW Government not alter the current rental structures, contributions, and thresholds for those in social housing. Homelessness NSW also welcomes IPART's recognition that a wide variety of factors (external to rental framework) impact upon social housing tenants' ability to participate in employment.

### **Recommendations**

Homelessness NSW again supports many of IPART's recommendations as practical ways to provide greater security and support to social housing tenants. We provide specific comment in relation to the following IPART recommendations:

#### *a) Reforms to the subsidy eligibility threshold (Recommendation One)*

Homelessness NSW is opposed to any measures to charge tenants earning amounts above the subsidy eligibility threshold an additional 5 per cent of rent. In the discussion paper, IPART argues the implementing an additional 5 per cent charge for tenants in this category is in recognition of the increased security afforded to those in private rental and would act as an incentive for these tenants to exit the social housing system. However, Homelessness believes that this fails to understand the primary driver of this category of tenant staying in

social housing - structural barriers within the private rental system - which is the unavailability of other housing options. As referenced in the discussion paper there is an acute shortage of private rental properties available to those with limited income. This was confirmed recently in *Anglicare Australia's 2017 Rental Affordability Snapshot* which found that less than 1% of properties advertised for rent in Sydney and the Illawarra last month are affordable for a person earning a minimum wage.

In addition to acute shortage of affordable rental accommodation, social housing tenants experience many systemic barriers entering the private rental market. These include:

- Negative listings for previous private tenancies on the Rental Tenancy Databases (RTD) system. These are particular issue for of vulnerable groups such as women whom have experienced domestic violence;
- Discrimination from landlords including on the grounds of receipt of Centrelink benefits, history of homelessness and engagement with a Community Housing Provider<sup>1</sup>; and
- Current 'no grounds' termination for private rental tenancies under the *Residential Tenancies Act 2010* (NSW) (the RTA). Under Section 85 of the RTA landlords can end tenancies without grounds after providing 90 days' notice.

Homelessness NSW has previously called for these structural barriers to entering the private rental market to be addressed by the NSW Government and recommends IPART's final report also consider these issues. These structural barriers highlight that tenants able to afford private rental are often not staying in social housing because of its 'security' but out of necessity. As such, Homelessness NSW does not feel it is appropriate or justified to be effectively punishing certain social housing tenants for failures of the broader housing system. Homelessness NSW does welcome IPART's recommendations to provide greater rental support products to this tenancy cohort - in particular the extension of the Start Work Bonus.

*b) Reforms to the assessment of supplements and benefits (Recommendations Two and Three)*

Homelessness NSW is opposed to any measures to assess the Family Tax Benefit (FTB), the Pension Supplement or any other regular, ongoing and provided for general living expenses in the calculation of rent payable by social housing tenants. Homelessness NSW notes the intention of IPART was to capture payments given to individuals which are not tied to a specific purpose. However, payments such as those listed above are granted to individuals in recognition of their specific, additional needs (such as medical expenses related to children) and should not be treated as disposable income. Homelessness NSW is also unsure how the NSW Government could implement this measure without the approval of the Federal Government.

In addition, Homelessness NSW is concerned that any increase in rent for vulnerable tenants could lead them to experience debt and potential eviction. In 2016, Homelessness NSW produced *Debt Set Unfair* which examined the operation of the social housing debt system on people experiencing homelessness. As part of this work, former social housing tenants now

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<sup>1</sup> The Victorian Equal Opportunity and Human Right's Commission's (VEOHRC) 2012 report, *Locked out: Discrimination in Victoria's private rental market* documents considerable discrimination experienced by vulnerable groups attempting to access private rental including on the grounds of receipt.

experiencing homelessness shared the considerable impact of seemingly 'small' payment amounts can have on those living on government support payments. As one person experiencing homelessness told Homelessness NSW, "government does not understand what \$20 can mean for someone on the street. I have to pay \$20 per week to pay off a debt. For them it is nothing. For me it is a choice of whether to eat or not". Another person experiencing homelessness consulted by Homelessness NSW spoke of not taking medication so he could afford repayments "after Housing stuffed up I organised to pay \$25 per week. I have a chronic back and neck injury and I could have used that money for pain relief but couldn't". Other former social housing tenants were simply unable to obtain their tenancies in the face of additional charges being placed upon them.

Homelessness NSW believes that any measure to include the FTB or other general welfare payments in rental calculations will cause similar hardship and create the potential for more social housing tenants to experience debt and to face eviction.

*c) An annual explicit subsidy to Community Housing Providers (Recommendation Four)*

Homelessness NSW endorses IPART's recommendation that the NSW Government provide to housing providers an annual explicit subsidy equivalent to the difference between market rent for the social housing system, and the total tenant rent contribution. We believe that the NSW Government making this contribution will assist to greatly enhance the community housing sector's ability to develop new housing and to prevent waiting lists and maintenance backlogs growing even further.

*d) Introduction of a Social Housing Strategy (Recommendations Eight- Eleven)*

Homelessness NSW strongly supports IPART's finding that the NSW Government must develop and publish detailed plans to address how it increase social housing stock. We also support the role of independent auditing and requiring FACS to develop and report annually on performance indicators.

However, Homelessness NSW believes that any Social Housing Strategy must be developed in collaboration with a NSW Homelessness Strategy and with national responses to address housing affordability and end homelessness. In addition, we believe it is essential that a housing strategy developed by the NSW Government have a specific focus on affordable housing.

Homelessness NSW also does not support IPART's recommendation to the NSW Government that they should cease investing in affordable housing (Recommendation 26). IPART is correct to highlight the need for the extension of private rental subsidies to assist people to transition from social housing to the private rental market. However, Homelessness NSW sees affordable housing as an essential component in responses to addressing the current housing crisis. Affordable housing in its current form exists for the considerable cohort of people experiencing social disadvantage whom are ineligible for social housing yet are unable to afford private rental. While rental subsidies may assist some in this category to enter the private rental market, the current acute shortage of affordable rental accommodation and other structural barriers (referenced above) means that for a large proportion of people affordable housing will be their only viable housing option.

*e) Periodical review of social housing tenants (Recommendation Sixteen)*

Homelessness NSW recognises that tenants' circumstances often change and that periodical reviews can potentially assist to ensure properties remain best suited to household needs. However, Homelessness NSW is strongly opposed to the introduction of a system under which tenants could face being relocated every three years. Regardless of someone's particular circumstances, moving house is a stressful process and one which requires the re-establishment of a social, medical and community supports. Homelessness NSW believes is patently unfair to impose such an obligation on tenants on a consistent basis and one which will have impact upon tenancy retention. Furthermore, a large number of people within the social housing system have experienced considerable trauma, including experiences of domestic and family violence and/or childhood experiences of abuse. Considerable research has now been completed into providing services to people whom have experiences episodic or complex trauma, with guidelines into the delivery of trauma informed care now implemented within the Specialist Homelessness Sector and FACS Housing process. One of the key principles of providing services to people with complex trauma (in a way which does not further traumatise them) is the establishment of safety through consistency of treatment and of their environment.<sup>2</sup> The actual or potential process of moving a tenant with an experience of trauma every three years would undermine this principle and leave them again vulnerable to their tenancy failing.

*f) Allocating housing that can help access amenities and opportunities (Recommendation Twenty One and Twenty Two)*

Homelessness NSW welcomes IPART's recognition of the need to better match the allocation of social housing properties to household needs. In addition to the issues regarding access to 'amenities and opportunities', often public housing tenants are allocated properties away from vital mental health, community and other medical supports.

While generally supportive of measures to better match housing stock to tenants' needs and characteristics, Homelessness NSW argues that any system that is implemented must ensure that it rapidly houses those with urgent needs. Homelessness NSW is particularly concerned that IPART's recommendation to prioritise existing tenants in unsuitable housing will create significant delay in housing those on the priority category on the waiting list. Homelessness NSW does not support IPART's finding that that Temporary Accommodation (TA) system (in its current format) is an appropriate response for those with a priority need who may experience delay because of this re-prioritisation. In April 2016, Homelessness NSW produced a report into TA, which found the system to be not producing effective outcomes for people experiencing homelessness and was in urgent need of reform. A copy of this paper is provided as Appendix to this submission.

This recommendation to prioritise existing tenants in unsuitable housing may also mean that the primary service burden for those on the priority category on the waiting list will fall on an already oversubscribed crisis accommodation sector. Specialist Homelessness Services (SHSs) across New South Wales are currently reporting high demand for their services across the range of groups known to experience homelessness including rough sleepers, young people and women and children escaping domestic and family violence. Data released by the Australian Institute of Health and Welfare (AIHW) has confirmed this, with services seeing

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<sup>2</sup>See Hodas, G.R. (2006). *Responding to childhood trauma: The promise and practice of trauma informed care*. Pennsylvania Office of Mental Health and Substance Abuse Services.

almost 70,000 clients in 2015/16, a significant increase from 51,787 in 2013-14 (an increase of 35 per cent). Across the SHS Program in NSW, in 2015/16 SHSs were contracted to provide support to 57,000 clients meaning services are currently providing support to 20 per cent more clients than they are contracted to provide. The AIHW data also revealed a considerable number of people seeking crisis accommodation are being turned away because of lack of available accommodation.

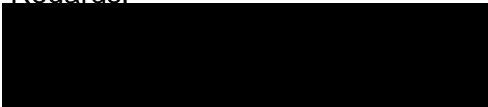
There are simply not enough crisis accommodation spaces to meet the current demand for services. Homelessness NSW believes that the considered approach of IPART to entrench delay in processing priority applications will only further compound demand for crisis accommodation and increase rates of turn away from SHSs.

### *Conclusion*

We thank IPART for making a number of sensible and considered recommendations which we believe if implemented will assist to make the social housing system more equitable for and available to vulnerable groups. Homelessness NSW welcomes the opportunity to continue to work with the NSW Government on reforms to the social housing system.

We would be pleased to discuss any aspect of our submission. Please contact me on 02 8354 7605

Regards,

A large black rectangular box redacting the signature of Katherine McKernan.

Katherine McKernan  
CEO  
Homelessness NSW