

# Southern Sydney Tenants' Advice & Advocacy Service



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## Submission to review of social and affordable housing rent models

Attached please find a response from Southern Sydney Tenants Advice and Advocacy Service to the above review.

As stated in our introduction we support the submissions prepared by NSW Shelter and TUNSW; and our response provides a perspective from a regional tenant advice and advocacy service.

Yours sincerely,

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Southern Sydney Tenants Advice and Advocacy Service is funded through NSW Fair Trading and is part of the TAAP Network. SSTAAS is one of over twenty TAAP services across NSW. Our main function is to provide information, advice and advocacy for residential tenants in the southern Sydney region of Canterbury Bankstown, Sutherland Georges River and part of Bayside local councils. SSTAAS is a project of MetroAssist.

We work with all tenants but particular focus on marginal and vulnerable tenants. These include tenants who reside in social housing, and many low income tenants on the private rental market, including those residing in boarding houses, caravan parks, shared housing and tenants who have become homeless.

The Tenants' Union of NSW (TUNSW) is our peak body and SSTAAS supports the submission lodged by TUNSW. SSTAAS also supports the submission by Shelter NSW.

In response to the discussion paper released by IPART, SSTAAS welcomes the opportunity to respond. Our response will address issues raised in the paper from the perspective of a regional tenants advice service.

### **5.1 The entry eligibility criteria for social housing**

#### **Is it appropriate to more narrowly define the eligibility criteria for social housing to target people with the greatest need for this form of housing assistance ?**

SSTAAS does not agree with further tightening of the eligibility criteria as it will not reduce need, but instead reduce assistance. Low income households across the southern Sydney region currently experiencing high levels of housing stress, and rather than tightening criteria there should be increased funds to increase social housing stock, and review to increase flexibility around accessing social housing assistance.

### **5.3 Eligibility criteria for renewal of public housing fixed-term leases**

SSTAAS does not support reducing the income threshold for eligibility for public housing lease renewals. This proposed change in policy will not increase the supply of public housing, and instead will create significant and unnecessary distress for low income households.

In the paper reference is made to the current gross weekly assessable income limit of \$944 for a single adult household. Within the southern Sydney region there is only a limited supply of one bedroom accommodation. Rooms in boarding houses start around \$195 per week; studios in older buildings start around \$250 per week and studios in new constructions in the Bankstown area start around \$343 per week. One bedroom flats in the region start in the high \$300 but most are at least \$400 per week.

A single person residing in social housing and earning \$944 gross per week would pay somewhere between \$236 to \$283 per week rent. If they were forced to move onto the private rental market they could not secure similar accommodation at a similar rate, and would be forced into housing stress for lower quality accommodation at a much higher weekly rental.

If tenants are to be forced from social housing accommodation because they are in employment then the following circumstances should be taken into account:

- Is the employment casual or permanent;
- What is the age of the tenant. For example if the tenant is over 60 years and in casual work; relocating to the private rental market would not be a fair or viable option for long term housing security;
- What are the family responsibilities of the tenant. Where a tenant has a chronic illness or disability; or a member of their household has a chronic illness or disability, they may require periods away from employment due to the need to care for that person or recover from episodic periods of poor health;
- Can the tenant find accommodation in the same area at the same standard as social or public housing. Or would that person be forced into marginal rental accommodation such as granny flats or boarding houses, or would they be forced away from their current location and potentially lose their employment because travel is no longer viable.

if public housing tenants in employment are forced out of public housing, then social housing landlords will experience a reduction in rental income. This in turn will leave fewer dollars for essential maintenance on properties.

#### **5.4 Allocation priority in social housing**

There are very many articles in the media that document there is a housing crisis in New South Wales, and particularly Sydney. SSTAAS is well experienced in the difficulties many households face in securing affordable and adequate housing on the private rental market. We are also well aware of the poor housing available in unregistered boarding houses, houses unlawfully divided into units, illegal granny flats and the myriad of share housing arrangements.

The supply of affordable housing is insufficient. Over the past decades the number of social housing units has not increased to reflect the increase in population and the increase in number of households that cannot find affordable accommodation on the private rental market.

In terms of meeting the urgent housing needs of at risk low income households the priority housing system does provide reasonable guidelines for the allocation of a scarce resource. In terms of those guidelines SSTAAS would recommend that all clients over 55 should be treated as priority. It is our experience in southern Sydney that people aged over 55 years are increasingly being forced into homelessness; and that shared housing is increasingly the preserve of older people rather than students or young people.

However we wish to raise the following points in relation to scarce social housing resources that should be considered:

- Social housing should not be the only provider of affordable accommodation, and there should be an urgent enquiry into the cost and security of private rental housing;
- Some low income workers should also be considered for urgent social housing.
- Where there are hard to let estates or complexes consideration should be given to making these units available to low income working households. This would assist in changing the

demographics of a local precinct and potentially provide work opportunities for residents in estates with low workforce participation rates.

### **5.5 The range of other subsidised housing assistance provided.**

SSTAAS agrees with Pacific Link Housing and the other community housing providers quoted in that there is a dearth of responsive housing products that address interim housing needs. With respect to these issues are recommendations are:

- The *Rentstart Bond Loan Scheme* should be extended to households that are above the current income eligibility criteria for public housing. There are many households in casual or low income jobs who cannot afford to raise money for a rental bond. These households are often forced into borrowing from payday lenders, and that is inappropriate.
- All workers on low to moderate income should have access to a fair non-interest paying loan in order to secure housing.
- The current procedures for assessing loans for Rentstart are slow, cumbersome and discourage eligible households from using Rentstart. The process should be open and transparent, and encourage appeals that are timely.
- The StartSafely product has proven positive in assisting women escaping domestic violence to find suitable and affordable alternate accommodation in a timely manner. However there should be further consideration given as to how and when the subsidy is withdrawn, and perhaps consideration given to a staggered form of withdrawal.
- The StartSafely product could be extended to other households experiencing short term housing crises. This could include workers forced onto workers compensation, workers being made redundant or facing reduction in work hours, workers experiencing unexpected hardship due to accidents, serious illness or recurring episodes of chronic or serious illnesses, or households experiencing family breakdown but not due to domestic violence.

### **6.1 Options for increasing flexibility within the rent setting framework**

When the Housing Commission first commenced operations in NSW, rents were set at 18% for those on the aged and invalid pensions, and 80% of market for all other tenants. At that time very few tenants were unemployed. In later years the rent setting model was changed and all tenants were charged 25% of gross weekly income, or market rent when the household income exceeded a minimum level.

SSTAAS agrees that there is space within the rent setting models to allow different forms of rent setting. SSTAAS would prefer not to go into details of proposed models, and at this stage would prefer to set out our preferred guidelines, as noted below, if such rent setting was to be adopted:

- Currently rent is calculated on a percentage of gross weekly income. This leads to a discrepancy between those on Centrelink incomes, and those on wages where tax is paid. Consideration should be given to resolving this discrepancy as it can be a disincentive to taking up casual or short term employment opportunities.

- There needs to be a clear simple transparent method for calculating weekly income for those in casual employment or employment where overtime is paid from time to time. Currently it is cumbersome and difficult for tenants to even estimate how much rent they should pay.
- Any segmented or tapered rent setting model should be presented in plain English and policies and procedures be transparent.
- Any segmented or tapered rent setting model should be applied equitably to tenants in social or affordable housing, and should be transferable between social and affordable housing premises. A tenant in either social or affordable housing should not have to move because their income circumstances have changed.

SSTAAS welcomes the opportunity to provide this response to the discussion paper and looks forward to the final report due in July 2017.