



19 May 2017

Jennifer Vincent
Director
Independent Pricing and Regulatory Tribunal

Email: Jennifer_Vincent@ipart.nsw.gov.au

Dear Ms Vincent

SGCH submission to the IPART review of rent models for social and affordable housing

Thank you for the opportunity to provide a submission to IPART's review of rent models for social and affordable housing. We welcome IPART's recommendations and support in principle, the majority of recommendations. We also support and commend to IPART the submission made by the NSW Federation of Housing Associations.

SGCH (St George Community Housing) is a Tier 1 provider under the National Regulatory System. We provide a place to call home for more than 8,500 people in 4,500 properties across the Sydney metropolitan region. As a community housing provider with over 30 years' experience, our submission focuses on a number of key areas that we feel impacts the most on our tenant's access to housing choices and ensuring equitable payment of fees and charges.

Recommendation 3.3 Ministerial Guidelines for Fees and Charges should also be reviewed

Rents in the community housing sector are strictly regulated. The NSW Community Housing Rental Policy sets the maximum rate of social housing rent at 25 per cent of income, plus 100 per cent of the Commonwealth Rental Assistance.

We agree that if we are to ensure that social housing rents remain affordable, social housing rents should be set at 25 per cent of assessable income.

Fees and charges are also regulated, for example water use charges must comply with Section 139 of the Residential Tenancies Act 2010 (NSW) and the Ministerial Guidelines for Community Housing Water Charging. There is some scope for setting water usage charges when there is a shared meter and this varies amongst providers. However providers can not charge more than what would be paid for water over time. Our water usage charge for shared water meters is currently 3 per cent of rent. We regularly review our water usage charge to ensure it complies with the Ministerial guidelines.

We suggest the Ministerial Guidelines for Community Housing Water Charging should be reviewed, particularly in relation to common water supply to provide for equitable charging of water usage for tenants.

The guidelines that apply for shared water meters do not reflect advances in water meter technology and the current ability of shared water meters to provide readings for individual units. This is leading to the inequitable situation where tenants are being charged for water based on a percentage of their rent rather than their actual usage, despite the ability of some shared water meters to provide readings for individual units.

Recommendation 3.4 A two-year transition is preferred for tenants on market rent

SGCH sees that one of the fundamental challenges in social housing is the lack of supply and therefore the lack of choices available to tenants who may be able to enter the private rental market. We feel that a process to transition market rent tenants out of social housing is preferable to charging a 5 per cent premium. This approach better addresses concerns about lack of choice of affordable rents in the private market, while at the same time freeing up social housing for those on the waiting list.

Recommendation 4.2 Government contribution towards renewing existing stock and to develop new supply is another option to improve financial sustainability

We agree with the principle behind an explicit subsidy to match the gap between tenant contribution and market rents. However, we also recognise that the capacity for Government to make such a contribution would be limited. As one of the State's larger community housing providers and a developer of social and affordable housing we see that the substantial undersupply of housing has a direct impact on other issues noted by IPART including limited letting choice for tenants. Our view is that a Government contribution to renew existing stock or add to new supply would make a marked improvement to increasing supply and to develop new stock that better matches the changing needs of tenants now and into the future.

Recommendation 8.2 Affordable housing provides tenants with options and a pathway out of social housing

We feel that focusing on social housing alone only addresses part of a system of which affordable housing is a key component, both in terms of financial sustainability for providers and providing tenants with a pathway out of social housing. We recognise that addressing social housing is a priority and whole-heartedly support measures to reverse the decline in social housing stock. However, limiting the focus of government support to social housing will only see the challenges that plague social housing, such as concentration of disadvantage and underinvestment, exacerbated.

Thank you for the opportunity to make a submission. If you require further information, your staff can contact Patrick Ryan, Head of Innovation and Impact on 9001 4355 or email patrick.ryan@sgch.com.au.

Yours sincerely



Scott Langford
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