

Terms of Reference for a review by IPART on rent models for social and affordable housing services

I, Mike Baird, Premier of New South Wales, pursuant to Section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992*, request that the Independent Pricing and Regulatory Tribunal (IPART) conduct an investigation in accordance with these 'terms of reference'.

Purpose

IPART should recommend an appropriate rent setting framework for social and affordable housing that improves incentives for workforce participation; and consider the eligibility criteria, and wait list and prioritisation policies for social housing and other subsidised housing assistance.

The review should aim to ensure the housing assistance system is affordable and easy to understand for clients, and allocations of assistance are needs-based, efficient and equitable.

The review is to make recommendations that are consistent with achieving the goals of the NSW Government's Social Housing Strategy, namely:

- More social housing.
- Opportunities, support and incentives to leave social housing.
- A better customer experience of social housing.

Considerations

IPART is to consider the following:

1. The costs and benefits of rent setting models applying in Australia and overseas jurisdictions. This includes models that allow variation to respond to the characteristics of different social housing tenant households, circumstances and locational factors. Factors could include:
 - Level of support needed by different cohorts.
 - Geographic differences in housing affordability.
 - Changing economic circumstances of clients.
 - Circumstances and needs of Aboriginal people living in social housing.
 - Potential impacts of any change to the National Affordable Housing Agreement and Commonwealth Rental Assistance.
2. Rent models that best balance the need for rents to be affordable to tenants, with the need to encourage people living in social housing to take up opportunities for education, employment and higher personal incomes. This includes consideration of:
 - The ability to transition to other housing tenures and products, including private market rental housing and targeted sub market rental housing (i.e. affordable housing).
 - Potential impacts of any broader welfare reform undertaken by the Commonwealth.

- The costs and benefits of greater choice so tenants can decide what trade-offs between rent, location, and housing type, size and quality are best for them, and decide whether to opt-in to a different rent model.
- 3. The existing eligibility criteria, and wait list and prioritisation policies, for social housing and other subsidised housing assistance, estimating the potential impact of any recommended changes on the future demand for housing assistance.
- 4. The rent models and eligibility criteria applied across the social and affordable housing sector.
- 5. The total cost of running the social housing system, and the impact of rent models on the financial sustainability of the system, with reference to the rental income streams of Land and Housing Corporation (LAHC), community housing providers and Aboriginal community housing providers.

Public Consultation

IPART should consult the public as part of this review, including inviting submissions from stakeholders on an Issues Paper and a Draft Report, and holding public forums.

Procedure

IPART should publicly release a Draft Report for comment within nine months of receiving these Terms of Reference. A Final Report should be provided to the Minister for Social Housing three months after release of the Draft Report. The Minister for Social Housing will decide on the timing of release of the Final Report.

Governance

IPART should provide progress briefings at regular intervals or as requested by the Secretary of the Department of Family and Community Services.



Mike Baird MP
Premier