

# Social Housing in NSW:

A discussion paper for input and comment



## Minister's foreword

I invite you to contribute your views about the future of the NSW social housing system.

The social housing system is under pressure and needs to change to better serve vulnerable people in NSW. The system was designed at a different time and for a different purpose. Despite improvements over the last three years, the current system is neither sustainable nor fair.

The social housing system is challenged by limited growth in rental income, constrained government funding, ageing assets and rising operating costs. Importantly, it is a system that doesn't do enough to change the lives of the people it serves. Until now, success has been measured by sustaining tenancies, not by improving outcomes. Our clients have increasingly complex needs and many remain disadvantaged whilst in social housing.

The system should provide vulnerable people with a safety net when they need it and a pathway to independence in cases where that is a realistic goal. But this is not happening. People are staying longer in social housing, leaving less capacity to help other people in need.

The NSW Government has already taken important steps to address these challenges, such as improving wait list transparency, addressing underutilisation of dwellings and supporting training programs, however there is more work to be done. In 2012 the Auditor General conducted a performance audit into public housing in NSW, and noted significant challenges within the system. This validated the issues and challenges we had already identified. The Auditor General recommended that the Government work on a social housing policy, and we are releasing this Discussion Paper to begin that process.

I firmly believe the system can deliver better outcomes for people in need. This Discussion Paper provides an opportunity to explore ideas for delivering a sustainable social housing system that is fair and provides people with opportunity.

Our objective for the new social housing system is to provide a safety net for vulnerable people, within the constraint of government funding, built around three pillars:

- A social housing system that **provides opportunity and pathways for client independence**;
- A social housing system that is **fair**; and
- A social housing system that is **sustainable**.

This objective cannot be delivered by government alone; it requires a strong partnership between government, non-government organisations, the private sector and our clients.

This Discussion Paper sets out broad directions for reform.

I want to first hear what suggestions and innovative ideas you have about improving social housing.

It challenges the way we have been doing things in NSW. It is designed to generate lively debate and new ideas.

A handwritten signature in black ink that reads "Gabrielle Upton". The signature is written in a cursive, flowing style.

Gabrielle Upton MP  
Minister for Family and Community Services

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# Executive summary

## Purpose of this Discussion Paper

This Discussion Paper invites input and comment from all stakeholders on the future of the NSW social housing system. The NSW Government believes the NSW social housing system can have a more positive impact on people's lives by providing greater opportunities and pathways towards client independence, particularly for people of working age, children and young people. At the same time, it should also continue to provide a safety net for vulnerable people; providing housing assistance to those who need it, while they need it and where they need it. The NSW Government is committed to working alongside the non-government and private sectors to drive the innovation required to meet these objectives.

## Context

The NSW social housing system provides housing products and services to individuals and families in housing need. Social housing lies on a spectrum including homeless, short-term or emergency accommodation, social housing, affordable housing, unassisted rental in the private housing market, and home ownership. This Discussion Paper focuses on social housing, which covers public housing (owned and managed by the Government) and community housing (owned and/or managed by community housing providers (CHPs), including those focussed predominantly on Aboriginal tenants (ACHPs)).

Much of the current social housing system in NSW originated after the Second World War as a way to provide housing for low income working families. Since then, demographics have changed dramatically, and the majority of tenants (nearly 60%) are now singles, not families<sup>1</sup>.

In NSW, a range of social housing products and services are provided including rental in social housing dwellings for the short-term and long-term, affordable housing rental bond loans, tenancy guarantees, tenancy facilitation and private rental brokerage that aim to support people to move into (or remain in) the private rental market.

Today, NSW has the largest social housing system in Australia, with around 150,000 dwellings (approximately 90% government owned and 80% government managed) supporting around 290,000 individuals<sup>2</sup>. A further 70,000 individuals are supported

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<sup>1</sup> Internal FACS data (December 2013).

<sup>2</sup> Housing NSW Annual Report Data Supplement (2012/13), Internal FACS data (October 2014).

via private rental assistance or temporary accommodation each year<sup>3</sup>. While NSW, like other States, has a large asset base of dwellings, the majority of annual funding for the social housing system comes from the Commonwealth Government. The Commonwealth also provides housing assistance in the form of its Commonwealth Rental Assistance (CRA), which is currently provided to 420,000 NSW households<sup>4</sup>.

Social housing remains a scarce resource where the number of applicants exceeds the number of available dwellings. Tenants are staying longer in public housing, resulting in fewer opportunities to assist the 59,500 approved applicants on the NSW Housing Register waiting list<sup>5</sup>. The social housing asset portfolio has also failed to keep abreast with changing tenant profiles, resulting in dwellings that may not meet tenant requirements with regard to size, location, modifications and access. Tenants are also offered limited choice.

Despite the NSW Government already introducing initiatives to improve the system, such as improvements to wait list transparency, underutilisation of larger dwellings and support for training programs, the pressure on the NSW social housing system continues to grow. The social housing system provides limited opportunity and pathways to independence for tenants. Average tenure in social housing is long and increasing, with more than 50% of tenants living in public housing for 10 years or more<sup>6</sup>. In addition, social housing tenants report lower educational achievement, high levels of unemployment, poorer health and higher rates of mental illness than the NSW average<sup>7</sup>.

The sustainability of the social housing system remains a challenge. Currently, no social housing provider in NSW earns a sufficient operating margin to cover the full lifecycle cost of asset maintenance and replenishment without accessing non-social housing sources of revenue (e.g. rent for affordable housing). Expenses continue to rise as a result of an ageing portfolio of stock that requires significant and increasing levels of maintenance. While costs have increased, revenues under the income-based rent model have not kept pace with market rent and have declined relative to growing operating costs.

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3 Housing NSW Annual Report Data Supplement (2012/13).

4 Productivity Commission Report on Government Services (2014). Note those living in LAHC housing are not eligible for CRA.

5 FACS website, media release dated 23 October 2014 (accessed October 2014).

6 Internal FACS data (2014).

7 Legg, S & Webber, A. 'Over-representation of Crime in Public Housing', Department of Attorney General and Justice (2013).

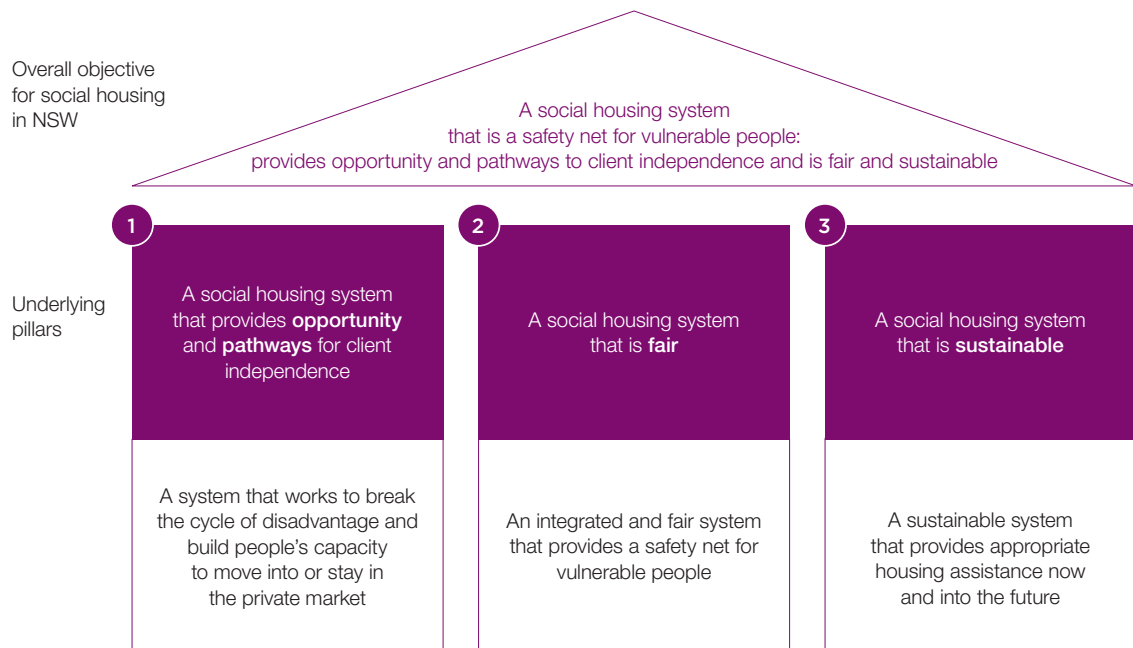
## Proposed direction

The status quo is not an option. We can achieve better outcomes for current and future clients in need of social housing.

This Discussion Paper is the start of a new vision for social housing in NSW. The overall objective of the new system is to provide a safety net for vulnerable people built around three pillars:

- A social housing system that provides **opportunity and pathways for client independence**;
- A social housing system that is **fair**; and
- A social housing system that is **sustainable**.

Figure 1: A new approach to the NSW social housing system



A social housing system should help vulnerable people, while providing opportunity and pathways for client independence where that is appropriate. Government could achieve this by strengthening products and services that connect tenants with employment, education, training and other community engagements, where that is realistic. This should better support tenants and help move away from the current de-facto 'housing-for-life' approach. We want to build a system that does not perpetuate disadvantage and dependency.

We also need a social housing system that is fair and provides a safety net for vulnerable people in the community. A fair system provides housing assistance to those who need it, while they need it, and where they need it. Government could

provide greater choice for clients by offering greater opportunity for client consultation, as well as providing products and services tailored to client needs. The NSW Government seeks to move from a system with relatively few expectations of tenants to one with clearer expectations and recognition of responsible tenant behaviour. The Government could also improve client experiences, for example, through greater use of technology and online services to complement existing over-the-counter services.

Finally, we need a sustainable system that provides appropriate housing assistance to vulnerable people now and into the future. The current NSW social housing system is predominantly Government owned and operated. To become more sustainable, the NSW social housing system could draw more on the expertise and resources of the non-government and private sectors where they can deliver better outcomes for clients and greater value for money.

## Have your say

The NSW Government looks forward to a collaborative consultation process with stakeholders over the following months. We are seeking comments, feedback and ideas relevant to the reform directions outlined in this Discussion Paper.

We are particularly interested in hearing about successful models, innovations or practices that have been or are currently being considered or implemented in NSW as well as in other jurisdictions to meet the outlined objectives for the social housing system.

We welcome your submissions and comments by:

- Online feedback form at the NSW Government's Have Your Say website: <http://www.haveyoursay.nsw.gov.au/consultations/social-housing-in-nsw/?date=2014-11-18>;
- Email to [socialhousingreform@fac.s.nsw.gov.au](mailto:socialhousingreform@fac.s.nsw.gov.au); or
- Letters to the following address:

Social Housing Policy Team  
Department of Family and Community Services  
Locked Bag 3002  
Australia Square NSW 1215.

Feedback must be received by close of business on 20 February 2015. For more detailed information on how to be involved and provide feedback, please see *Section 5. Have your say* or visit [www.facs.nsw.gov.au/reforms/social-housing-in-nsw](http://www.facs.nsw.gov.au/reforms/social-housing-in-nsw).



# 1 Purpose and objectives of the NSW social housing system

## 1.1 Purpose of this Discussion Paper

This Discussion Paper invites input and comment from all stakeholders on questions related to the future of the NSW social housing system.

This Discussion Paper outlines:

- The current state of the NSW social housing system;
- Challenges for the NSW social housing system;
- A proposed direction to address the key social housing challenges; and
- A range of local and global examples, to stimulate responses.

Some of the issues explored in this Discussion Paper include:

- The role of Government and objective of its investment in social housing, in particular its impact on people's lives and communities;
- How resources (including the social housing asset portfolio and Government funding) are used;
- The role of different providers (e.g. non-government and private sectors) in driving innovation and efficiency;
- How the social housing system can become more client focussed and improve service to tenants and applicants;
- How the social housing system can better align with the private rental market experience, so that people are better equipped to navigate the private rental market when they leave social housing;
- How to design rent models which ensure social housing is affordable (to tenants and taxpayers) and at the same time provide incentives for people to take up opportunities to gain greater independence, including education and employment; and
- The role of partnerships with the non-government and private sectors as well as other Government agencies.

The NSW Government is open to innovative ideas and looks forward to a collaborative consultation process with stakeholders over the following months. As it embarks on this consultation, we will be guided by three priorities:

- An increased focus on appropriate products and services to boost the opportunity for pathways to independence for clients, where this is appropriate, particularly people of working age, children and young people;
- An increased involvement of the non-government and private sectors in the social housing system to deliver better client outcomes, including the community housing sector managing greater numbers of dwellings and tenancies than they do today; and
- Leveraging the existing funding envelope to deliver better outcomes for more clients and to shift the measure of success to client outcomes.

Specific discussion questions are included within each section and are also summarised at the end of this Discussion Paper.

## 1.2 Summary of the current NSW social housing system<sup>8</sup>

The NSW social housing system provides housing products and services to individuals and families in housing need. Social housing lies on a spectrum of housing situations:<sup>9</sup>

- **Homeless:** Where people do not have safe and secure housing including where people are without shelter;
- **Short-term and emergency accommodation:** Where people, who would otherwise be homeless, receive temporary accommodation (e.g. refuge);
- **Social housing:** Rental housing provided by not-for-profit, non-government or government organisations to assist people who are unable to access suitable accommodation in the private rental market. Social housing includes public and community housing, as well as other services and products;
- **Affordable housing:** Housing delivered using some form of government intervention (via funding, subsidies, policy or legislation) to supply housing that is affordable for and targeted to households on very low to moderate incomes;
- **Unassisted rental in the private housing market:** Where people have the ability to obtain housing at market rent, but do not own the dwelling in which they reside, either by choice or economic circumstance; and
- **Home ownership:** Where people have the ability to purchase housing at market value, either by choice or economic circumstance.

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<sup>8</sup> Additional detail is provided in Appendix A.

<sup>9</sup> Please refer to the Glossary for a more detailed description of social housing.

For the purposes of this Discussion Paper, people who receive benefits from the NSW social housing system are referred to as:

- Social housing clients: individual or households who receive one or more benefits from the social housing system, including for example, approved applicants on Housing Register waiting list, recipients of private rental assistance; and
- Social housing tenants: a subset of 'clients', households who live in dwellings owned and/or managed by a social housing provider.

The Department of Family and Community Services (FACS) is the principal regulator and administrator of the NSW social housing system<sup>10</sup>. The FACS cluster includes the Land and Housing Corporation (LAHC) and Aboriginal Housing Office (AHO) – both of which are statutory bodies that play critical roles in the social housing system.

The four types of providers in the NSW social housing system are<sup>11</sup>:

- The LAHC, whose assets are often referred to as 'public housing' and which owns 130,000 dwellings, of which FACS manages 120,000 dwellings;
- The AHO which owns 5,000 dwellings, that are managed by LAHC;
- Community housing providers (CHPs) which own 6,000 dwellings, and manage 27,000; and
- Aboriginal community housing providers (ACHPs) which own and manage 5,000 dwellings.

FACS, in conjunction with these providers, offers a range of products and services to the people in need. Broadly this Discussion Paper focuses on two forms:

- The direct provision of social housing placing individuals and families in public housing or community housing dwellings; and
- Products and services aimed at both diverting clients from social housing (by supporting individuals and households to enter affordable housing and private rental markets) as well as providing opportunity for clients to transition from the social housing system. Examples include private rental subsidy, rental bond loans, private rental brokerage services, tenancy guarantees, and short-term accommodation in the private rental market. The products and services offered differ between providers.

At 30 June 2013, 140,000 households or 290,000 people live in social housing in NSW with an additional 70,000 households receiving private rental assistance or temporary accommodation<sup>12</sup>. At June 2014, there were 59,500 approved applicants on the NSW Housing Register (often referred to as the waiting list)<sup>13</sup>.

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<sup>10</sup> See Appendix A for additional detail on the role of FACS.

<sup>11</sup> Internal FACS data (October 2014). Note that 'manage' refers to asset management. Please refer to the Glossary for a definition of asset management.

<sup>12</sup> Housing NSW Annual Report Data Supplement (2012/13).

<sup>13</sup> FACS website, media release dated 23 October 2014 (accessed October 2014).

In the past year, there have been three notable reviews of the NSW social housing system. These include the 2013 NSW Auditor-General's Report to Parliament *Making the best use of Public Housing*; the 2013 Legislative Council Select Committee on Social, Public and Affordable Housing; and the Public Accounts Committee Tenancy Management in Social Housing Inquiry.

Over the last decade, a range of reforms have been introduced in NSW. The most recent reforms have focused on increasing transparency, encouraging personal responsibility and improving the sustainability of the social housing system. While these reforms have made some progress, the NSW social housing system as a whole requires a fundamental shift in emphasis from a stated objective to 'maximise opportunities for all' to a clearer objective that prioritises those most in need<sup>14</sup>. Further detail on the NSW social housing system is provided in the Appendix A.

### 1.3 A new approach to social housing in NSW

The overall objective of the new NSW social housing system should be to provide a safety net for vulnerable people, while they need it and where they need it. At the same time, the NSW Government believes the social housing system can have a more positive impact on people's lives by providing greater opportunities and pathways towards client independence, particularly for people of working age, children and young people.

Accordingly the new NSW social housing system will be built around three pillars:

- Pillar 1: A social housing system that **provides opportunity and pathways for client independence**;
- Pillar 2: A social housing system that is **fair**; and
- Pillar 3: A social housing system that is **sustainable**.

### 1.4 What we will do

We will:

- Draw on the responses to this Discussion Paper to inform and develop ways of delivering on the new objective and pillars for the NSW social housing system; and
- Identify how the NSW social housing system fits in with other Government reforms to achieve broader Government objectives.

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<sup>14</sup> See *Housing Act 2001* (NSW), section 5 on Objects, states "(a) to maximise the opportunities for all people in New South Wales to have access to secure, appropriate and affordable housing."

## 2 Pillar 1: A social housing system that provides opportunity and pathways for client independence

A social housing system should provide opportunity and pathways for client independence and work to break the cycle of disadvantage, while supporting vulnerable people.

The current focus of the social housing system is on sustaining a tenancy, rather than encouraging opportunity or independence. While some people use assistance to regain their independence, many individuals and families remain reliant on the social housing system.

Social housing assistance could be delivered in a way that contributes to better education, health and employment outcomes, especially for people of working age, children and young people. For some, short term assistance may be appropriate and delivered to help stabilise their lives before assisting with their transition into the private rental market. For others, who require longer term support, social housing could be delivered to improve their personal and family circumstances.

Although the NSW social housing system currently provides a variety of products and services to promote opportunity and pathways to client independence, there is more that can be done. Existing products will need to be redesigned and new products developed.

### 2.1 Current state

Many people living in social housing experience underlying issues which contribute to their need for housing assistance, such as having a low educational attainment and being unable to gain employment, having poor health (both mental and physical), or escaping abusive or violent situations. Some people experience a wide range of issues, which are often compounding. The levels and scale of vulnerability and disadvantage range from being short term to being entrenched and intergenerational.

Currently, there are people living in social housing who, if provided with the right supports, may be able to work and transition from social housing now or sometime in the future. The provision of housing assistance has the potential to provide a sufficiently secure foundation for people to achieve other goals, such as pursuing education and employment opportunities, which can provide a pathway out of social housing.

A number of households rely on government benefits aimed at providing temporary financial assistance. Approximately 12,000 public housing tenants are on Newstart Allowance, a Centrelink benefit paid to unemployed individuals who are seeking work. There are an additional 10,000 public housing tenants who receive Parenting Allowance, and could be supported to enter employment.

There are around 70,000 children living in public housing. Supporting these children to engage fully in educational opportunities could help break intergenerational disadvantage. Many of the families with complex needs are known to multiple agencies. Finding ways to work better together across agencies is required to address underlying causes of disadvantage and improve whole of life outcomes for children and their families. For example, in families where children are at risk of removal, assistance with stable housing has the potential to provide a sufficiently secure base to make a difference.

In addition, some of the 20,000 young adults (ages 19-24) living in public housing may require supports that link them to training and educational programs, as well as suitable employment opportunities. For more information about NSW social housing clients, see Appendix B.

In NSW, we offer a number of products and services designed to support individuals and households enter the affordable or private rental markets, or link with education, training, employment and health services.

The following products and services are currently available:

- **Rentstart** – Helps clients set up or maintain private rental tenancy through Bond Loans, Advanced Rent and Tenancy Assistance;
- **Private Rental Brokerage Service** – Intensive assistance to clients with complex needs to find and sustain a private rental tenancy;
- **Tenancy Facilitation** – Short-term facilitation assistance to help clients overcome non-financial barriers to entering the private rental market, such as market rental application process, dwelling search and bond requirements;
- **Tenancy Guarantee** – Guarantees up to \$1,500 against property damage or unpaid rent in the private market;
- **Private Rental Subsidy** – For social housing eligible households approved for priority housing and at risk in their current housing to support clients to meet the cost of renting in the private market;
- **Private Rental Brokerage Service** – Intensive assistance to clients with complex needs to find and sustain a private rental tenancy;
- **Start Safely** – Short to medium-term financial assistance to clients who are homeless or at risk of homelessness because of domestic or family violence; and
- **Tenant Support and Education program (TSEP)** – Offers Aboriginal tenants living in new and refurbished houses with training in life skills.

## 2.2 Challenges and pressures for the current system

Currently, the NSW social housing system provides limited opportunity and pathways for client independence. More than 50% of all public housing tenants in 2012/13 had lived in their housing for 10 years or more<sup>15</sup>. This is accompanied by falling exit rates, decreasing from 8.8% in 2006/07 to just 6.9% in 2012/13<sup>16</sup>.

In addition, many people in social housing are at risk of deep and persistent social and economic disadvantage. Unlike the majority of Australian households who experience disadvantage only temporarily, social housing tenants account for 20% of all people experiencing deep and persistent social exclusion in Australia<sup>17</sup>. While the social housing system does not cause disadvantage, there is more that can be done to address the disadvantage of those it assists beyond providing housing<sup>18</sup>.

Poor social and economic outcomes for social housing tenants are evident across a range of interdependent areas including lower educational achievement, high levels of unemployment, poorer health and higher rates of mental illness<sup>19</sup>. For example, only 46% of young people in Year 9 who live in social housing achieved the minimum standard in reading as compared to 79% of all young people in Year 9<sup>20</sup>. Disadvantage is further concentrated in some social housing estates<sup>21</sup>. For example, the 20 most disadvantaged estates in NSW are associated with significantly higher rates of domestic violence, crime and poorer educational and employment outcomes than the NSW average<sup>22</sup>.

Potential pathways for client independence are also limited by the location of social housing dwellings. In many areas where social housing dwellings are located, there are limited employment opportunities available<sup>23</sup>.

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15 Housing NSW Annual Report Data Supplement (2012/13).

16 Ibid.

17 R McLachlan, G Gilfillan and J Gordon, 'Deep and Persistent Disadvantage in Australia', Productivity Commission Staff Working Paper, Canberra (2013).

18 L Feinstein, R Lupton, C Hammond, T Mujtaba, E Salter and A Sorhaindo, The public value of social housing: a longitudinal analysis of the relationship between housing and life chances, Institute of Education, University of London, Centre for Research on the Wider Benefits of Learning, The Smith Institute, London (2008).

19 R McLachlan, G Gilfillan and J Gordon, 'Deep and Persistent Disadvantage in Australia', Productivity Commission Staff Working Paper, Canberra (2013).

20 Department of Education and Communities, Internal Housing NSW data (2014).

21 See Appendix B for additional information on social housing estates.

22 Internal FACS data (2014).

23 Ibid.



While social housing products and services can help, there is a range of complex factors influencing a tenant's ability to gain and maintain employment. These include an individual's circumstances, but also potential disincentives to participate in employment such as low wages, loss of eligibility for social housing, Commonwealth payments and concessions or a lack of affordable housing in the private rental market<sup>24</sup>.

Private rental affordability can also be a challenge for social tenants looking to transition from the social housing system to the private rental market. Private rental housing in NSW, especially in the greater Sydney metropolitan region, has become increasingly unaffordable for low income households over the past ten years<sup>25</sup>.

In addition, social housing tenants are faced with the risk of losing stable housing should they voluntarily transition to the private rental market, given the difficulty faced in re-entering the social housing system. There is no provision in current policy to support easier re-entry into social housing for those who need it.

#### Illustrative example of opportunity and pathways for client independence: Daniel

Twenty three year old Daniel has lived with his parents in public housing for most of his childhood. He moved out of his parents' house at age 16, when he was involved in petty criminal activity and heavy alcohol abuse. With no training or qualifications, Daniel has struggled to find a full time job and he been sleeping rough.

Daniel applied to Housing Pathways and was offered a public housing studio apartment in Western Sydney. Since living in public housing, Daniel has been encouraged by his case manager to enrol in a TAFE course to gain qualifications to become a carpenter. This course helps him on a pathway to a career and financial independence. His peers at TAFE help Daniel with the stress of studying. TAFE and FACS are working collaboratively to support Daniel in finding a carpenter apprenticeship placement.

Daniel is hopeful of becoming a qualified carpenter. He is saving up a deposit for a bond to rent an apartment with another apprentice carpenter from TAFE.

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<sup>24</sup> Social Housing for young people Consultation paper (August 2014), 'Rent Settings are encouraging employment,' FACS Housing NSW Discussion Paper (February 2014).

<sup>25</sup> Ibid.



## 2.3 Examples of how other jurisdictions are approaching these challenges

- The U.S. 'Moving to Work Program' (MTW Program)<sup>26</sup> provides federal funding to public housing authorities for innovative programs which encourage adults living in social housing to work or participate in activities that will assist in gaining work. The Atlanta Housing Authority (AHA) has designed a MTW program providing case management and wrap around services to help build social housing tenants' capacity to find, obtain and sustain employment. In 2003, AHA identified 16% of adults who were identified as able to do so were working full time. By 2005, 80% of the households were compliant with Atlanta Housing Authority's (AHA) work program, although that number later decreased to 56% in 2010 due to the global financial crisis and recession. The program has been particularly successful in AHA-sponsored mixed-income communities, where 99% of target adults meet the MTW program requirements.
- In 2007, Canada's Ministry of Children and Family Development and the British Columbia Housing agency (BC Housing)<sup>27</sup> teamed up to build new licensed child care facilities alongside social housing developments, with the aim of helping hundreds of lower-income British Columbia parents. According to BC Housing, the location of the centres combined with access to provincial child care subsidies has lessened some of the barriers to employment and skills training faced by vulnerable tenants.

## 2.4 Proposed direction

The NSW social housing system needs to provide better opportunities and pathways for client independence, while recognising that transitioning to the private rental market may not be appropriate for some tenants. Social housing can be a stepping stone for clients, not a life-long destination. To achieve this, reforms to social housing must be based on a clear understanding of client needs and motivations.

For individuals where pathways to independence may be appropriate, such as people of working age, children and young people, we have already identified some levers which may encourage this change, but we are also eager to hear of innovative ideas and insights from social housing in other jurisdictions, as well as from other sectors.

We will strengthen our relationships and partnerships with other Commonwealth and State Government agencies, to improve outcomes in health, mental health, education, child protection, justice and policing matters. For example, the Mental Health Commissioner's draft Strategic Plan submitted to Government in May 2014 outlines

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<sup>26</sup> United States Department of Housing and Urban Development Moving to Work Demonstration Program 'Promising Practices Report for Atlanta Housing Authority' (2008), Atlanta Housing Authority 15 Year Progress Report 1995 – 2010 (2011), Atlanta Housing Authority MTW Annual Report (2013).

<sup>27</sup> BC Housing 'Housing Matters: British Columbia's Report Card 2006 – 2012' (October 2012).

a vision for reform featuring community-based services, a strengthened focus on prevention, and a more integrated and accountable system that delivers the right care and support to people in need. Alignment of investment in mental health with reform of the social housing system can strengthen clients' pathways to independence by providing them with access to therapeutic support services. Another example is the National Disability Insurance Scheme (NDIS) reforms which offers opportunities for additional support for people with disability, and a change in the way social housing and disability services intersect. Stable housing is not just a foundation for education and work, but also an important foundation for recovery from health issues, mental illness, and trauma and for stabilising families where children are at risk of removal.

We will explore opportunities to form more partnerships with non-government organisations, the private sector and local communities. This will help to ensure resources are used effectively and that incentives and opportunities are aligned across programs. In strengthening these relationships, we will seek to better link social housing products and services with pathways to education, training, employment and other community engagements.

We will also explore place-based strategies that take into account a dwelling's proximity to local services in order to improve access to opportunity and pathways for client independence. The availability of schools, health services and appropriate jobs may influence asset location and also changes to the property allocation process. We are keen to hear views on how opportunities can be maximised while still ensuring fairness in the system and a safety net for vulnerable people.

Improved opportunity and pathways for client independence could be measured by the number of tenants who can secure employment or are pursuing educational opportunities. Alternatively, the effectiveness of the social housing system to provide opportunity and pathways can be assessed by the number of families provided with stable housing, where children were previously at risk of removal, the number of clients who are assisted through products and services in lieu of requiring a social housing dwelling and the number of people who sustainably exit the social housing system each year.

## 2.4.1 Examples of what NSW is already doing to provide greater opportunities and pathways to independence

- **Grants for Graduation** – Demonstration project providing scholarships and mentoring to support housing tenants participate in tertiary education at TAFE or University. The Smith Family has been contracted to administer this initiative to draw on their experience in delivering scholarships and mentoring for students in disadvantaged communities.
- **Tools for Success** – Scholarship program providing individual scholarships of up to \$5000 to support women living in social housing to pursue a new career in a non-traditional trade or to continue a trade apprenticeship. The program aims to create opportunities for women to build successful careers in non-traditional occupations by reducing the financial barriers that they might face in pursuing these careers.
- **Interest free bond loan scheme** – Launched in May 2012 to support eligible clients to establish a tenancy in the private rental market. The scheme provides individuals with the funds for a bond in the private rental market, and requires tenants to repay the bond over time.
- **Transitional Housing Plus** – Provides longer term supported accommodation, where training and/or employment outcomes are a condition of the tenancy. The product is targeted at women with dependent children experiencing domestic violence and homeless young people aged 16 to 25 in Western Sydney, South Western Sydney, Nepean Blue Mountains and the Mid North Coast. It is designed so that rents will scale up annually over the five year period to just below private market rent levels in the final year. The program is designed to help tenants transition over time to the private rental market, and to provide incentives for the household to secure work, as without paid employment, their rent will become increasingly difficult to sustain over time.
- **Employment Related Accommodation (ERA)** – Program administered by the AHO and funded through NPARIH to provide Aboriginal people with secure and affordable rental accommodation in regional centres while they undertake full-time study or become established in new employment. As of June 2014, 75 properties have been acquired under the ERA Program and a cumulative total of 209 Aboriginal people have been accommodated<sup>28</sup>.

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<sup>28</sup> Internal AHO data (October 2014).

## 2.5 What we will do

We will:

- Develop a range of products and services, which connect social housing tenants with employment, education, training and other community engagements;
- Strengthen partnerships with other government agencies, non-government organisations and the private sector to improve employment, education and training opportunities for social housing tenants; and
- Where appropriate, more actively support clients to transition out of social housing.

### 2.6 Question for the reader:

Given tenants living in social housing often experience disadvantage which is disproportionate to other areas of the community, what measures are required to provide tenants of social housing with pathways to opportunity and independence?

## 3 Pillar 2: A social housing system that is fair

A fair social housing system supports people by prioritising those who need it most.

Under the current policy framework, social housing has increasingly been used as a support for people who cannot access low cost housing in the private rental market. Providing long-term assistance to people with short-term needs reduces the system's capacity to assist more people.

The social housing system should be a safety net for vulnerable people in the community, provided to those who need it, while they need it, and where they need it. A fair social housing system is also one where tenants value the support they are receiving, by taking care of their dwelling, paying rent and contributing positively to their community. Transparent prioritisation and allocation processes are also critical parts of a fair social housing system.

### 3.1 Current state

#### 3.1.1 Profile of current social housing tenants and applicants

As of 2012/13, around 140,000 households or 290,000 people live in social housing with an additional 30,000 households or 70,000 people receiving other social housing products or services, specifically, private rental assistance or temporary accommodation<sup>29</sup>.

Around 60% of those living in social housing are single, a significant change from the 1950s when social housing tenants were primarily working families<sup>30</sup>. Over half of all tenants are of working age (between the ages of 18 and 64 years)<sup>31</sup>. Over 20% of tenants are of retirement age and a further 15% of tenants approaching retirement (55-64 years of age). One in three tenants in social housing are children or young adults<sup>32</sup>. Approximately 85% of social housing tenants have completed Year 10, and one in three tenants have completed Year 12 education or beyond<sup>33</sup>.

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29 Housing NSW Annual Report Data Supplement (2012/13).

30 Ibid. Note: Young adults are considered as individuals under the age of 25 years.

31 Ibid.

32 Ibid.

33 AIHW, National social housing survey, Detailed Results 2012.

The primary source of income for 94% of subsidised public housing tenants is Centrelink benefits, with only 5% listing wages as their main source of income<sup>34</sup>. Of households relying on government benefits, over two thirds are supported by the Age or Disability Support Pensions<sup>35</sup>.

Across social housing, Aboriginal households are overrepresented, accounting for 12% of total social housing households while comprising 3% of households in NSW<sup>36</sup>. There are 10,500 Aboriginal tenants in LAHC and AHO housing, 2,300 in community housing as well as an additional 5,000 Aboriginal tenants living in ACHP housing<sup>37</sup>.

The number of social housing tenants with disability<sup>38</sup> has increased over the past five years at an average rate of 3% per annum, reaching 35% of all social housing tenants in 2012/13<sup>39</sup>. While FACS does not collect data on the prevalence of mental health in social housing, internal modeling estimates that the prevalence of mental illness among those living in social housing is 2.4 times that of the general population<sup>40</sup>. There are around 19% of people living in social housing with severe mental illness, compared to around 8% in the general NSW population<sup>41</sup>. For further information on the profile of clients living in NSW Social Housing, see Appendix B.

As of June 2014, there were around 59,500 approved applicants on the NSW Housing Register for social housing<sup>42</sup>. Single person households (47%) are the most common household type among approved applicants, followed by single parents with dependent children (23%)<sup>43</sup>. Around 95% of approved applicants receive a Centrelink benefit as their main source of income, specifically, Disability Support Pension (25%), Parenting Payment (24%) and Newstart Allowance (21%)<sup>44</sup>. Around 60% of approved applicants are aged between 25 and 54 years<sup>45</sup>.

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34 Housing NSW Annual Report Data Supplement (2012/13), Internal FACS data (2013). Note: includes rebated tenants only.  
35 Ibid.

36 Aboriginal Housing Office (2014), ABS Census (2011), NSW Government Office of Communities Aboriginal Affairs (2013)

37 Internal AHO data (October 2014).

38 The *NSW Disability Inclusion Act (2014)* states that disability in relation to a person includes a long-term physical, psychiatric, intellectual or sensory impairment that, in interaction with various barriers, may hinder the person's full and effective participation in the community on an equal basis with others. In social housing, a proxy for a household meeting the above definition of disability is provided through receipt of the Disability Support Pension as the main income source of household heads in subsidised tenancies. Such a proxy is used to help estimate the number of social housing tenants that have a disability, however limitations to the estimate should be noted.

39 Housing NSW Full Statistical Supplement (2012/13), Internal FACS data (2013).

40 FACS and PricewaterhouseCoopers, Supply and Demand Modeling, (unpublished), 2013

41 Ibid.

42 FACS website, media release dated 23 October 2014 (accessed October 2014).

43 Internal Housing Pathways data (June 2014).

44 Ibid.

45 Ibid.

### 3.1.2 The NSW social housing system

#### Application

In NSW, clients access social housing assistance through Housing Pathways. This involves a single application form, where clients elect to apply for public housing, community housing or both. Applications are then assessed according to state-wide eligibility policies. Housing Pathways was introduced in 2010 as a partnership between FACS and 26 CHPs. In 2012/13, around 60,000 applications were made through Housing Pathways<sup>46</sup>.

#### Eligibility and prioritisation

In NSW, eligibility for social housing products and services is assessed based on household income, residency status in NSW, proof of identity, proof of assets owned, and the ability to sustain a tenancy<sup>47</sup>.

Eligible applicants are initially placed on the NSW Housing Register (waiting list). The waiting list includes all people who apply and meet the current eligibility criteria. Unlike other jurisdictions, approved applicants are included on the waiting list even where they have found housing in the private rental market with rental assistance.

Approved applicants are placed into one of two categories based on the urgency of their housing need: 'general housing' and 'priority housing'. A subset of the waiting list who are at risk of homelessness or do not have access to safe and secure housing are included as 'priority' applicants. At June 2014, around 59,500 approved applicants were on the waiting list<sup>48</sup>. Of these, approximately 90% were 'general' and 10% were 'priority' applicants<sup>49</sup>. Waiting times vary across NSW. In 2012/13, the average waiting time for a social housing allocation across NSW for a 'general' applicant was approximately four years and for a 'priority' applicant was approximately ten months<sup>50</sup>. However, the waiting time is shorter in some locations and longer in others; for example, in Sydney the expected waiting time for general applicants is generally over ten years<sup>51</sup>.

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46 Ibid.

47 Sustaining a tenancy means eligible households must be able to meet the conditions of the social housing lease.

48 FACS website, media release dated 23 October 2014 (accessed October 2014).

49 Internal FACS data (October 2014).

50 Internal FACS data (September 2014).

51 Housing Pathways website (accessed October 2014)



## Allocation

Allocations to social housing can only be made when an appropriate dwelling becomes available. Each FACS office and individual CHP accesses the waiting list to match the dwelling that is available to the highest ranked suitable applicant. Eligible applicants can nominate their preferred allocation zone, but otherwise they have little control over the allocation process. At the time of allocation, the circumstances of the client are assessed and the length of lease is matched to the estimated duration of the new tenant's need. Typically, clients are entitled to receive two offers of a dwelling.

### 3.1.3 NSW Social Housing tenancies

When a tenancy is established, a Residential Tenancy Agreement is signed by the tenant agreeing to comply with the conditions of the lease. Social housing tenants are required to fulfil their obligations under their Residential Tenancy Agreement with regard to paying rent, dwelling care and behaviour. As part of entering this Agreement, new tenants sign up to automatic rent deduction from their Centrelink income to encourage a successful tenancy. However, tenants are able to withdraw from this arrangement at any time. The Agreement also requires tenants to not: cause or permit any damage to the premises; cause or allow a nuisance or interfere with the peace, comfort or privacy of neighbours; or engage in conduct that intimidates or harasses social housing provider staff. Social housing tenants also have a responsibility to notify their housing provider (FACS or a CHP) of any changes to their household circumstances, including income, usually within 28 days of the change occurring though this timeframe varies across providers.

## 3.2 Challenges and pressures for the current system

Notwithstanding the *Housing Act 2001 (NSW)* which envisions a universal social housing system for “all” people in NSW, social housing has always been a scarce resource with eligibility prioritised for people in greatest need. Despite increasingly tight eligibility criteria some people receive substantial levels of assistance, through heavily subsidised rental dwellings, while others wait for assistance over a long period of time because they are assessed as lower priority with a less urgent need.

There is a trend for tenants to stay longer in social housing meaning there are fewer opportunities to assist new people. Average tenure has increased from 10.7 years in 2008-09 to 11.9 years in 2012-13 for public housing and AHO tenants<sup>52</sup>. Correspondingly, over the same five year period, annual exit rates fell from 7.4% to 6.9% of total tenancies. This exit rate translates to 7,000-8,000 exits per year and limits the number of new people that can enter and benefit from social housing<sup>53</sup>.

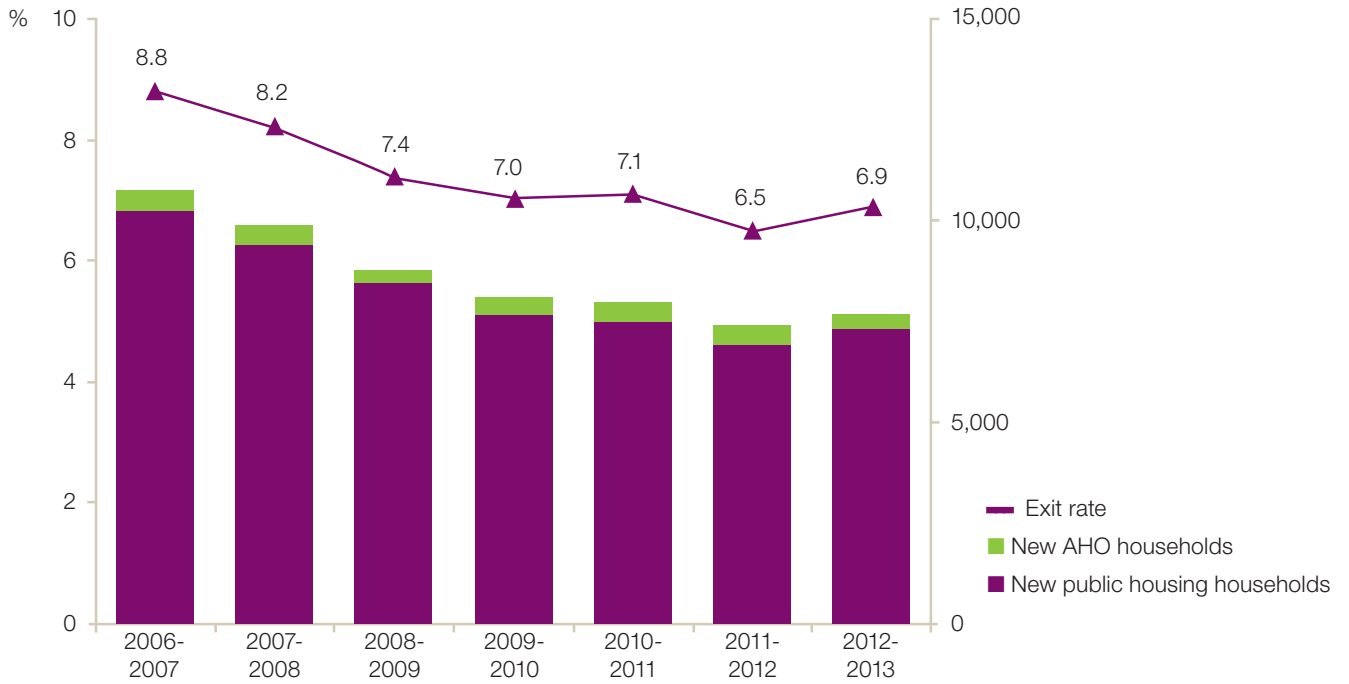
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<sup>52</sup> Housing NSW Annual Report Data Supplement (2012/13).

<sup>53</sup> Ibid.



Figure 2: Annual exit rates of AHO and public housing tenancies<sup>54</sup>

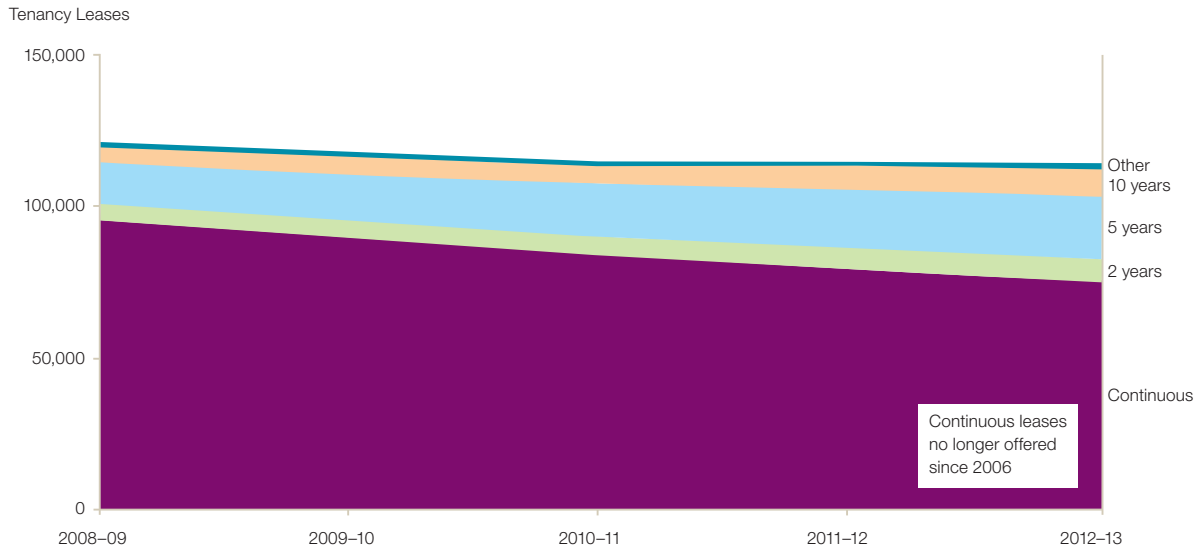


While fixed term leases provide the opportunity to undertake periodic review, a large proportion of tenants remain on continuous leases with 55% of AHO tenants and 65% of tenants in LAHC dwellings (see Figure 3)<sup>55</sup>.

<sup>54</sup> Ibid.

<sup>55</sup> Continuous leases apply to tenants who were housed before 1 July 2005 and who have lived continuously in a dwelling owned or managed by Housing NSW since being housed. Continuous leases do not have a set end date. The lease continues as long as the tenant lives in social housing, provided the tenant meets the terms and conditions of their lease. Housing NSW no longer offers continuous leases to new tenants starting a tenancy in a dwelling owned or managed by Housing NSW. For further detail, please refer to: <http://www.housing.nsw.gov.au>.

Figure 3: Lease length of public housing tenants from 2008/09 – 2012/13<sup>56</sup>



1. Based on lease tenures offered to new tenants in 2012-13; 10+ year lease bracket includes continuous leases; less than 1 year lease bracket includes non-standard leases, short term leases, emergency temporary accommodation  
 2. Does not include Community housing or new tenancies entered during the year  
 Source: Housing NSW 2012/13 Full Statistical Supplement, last accessed 3 September 2014

Dwellings in the system may not meet tenant requirements with regard to location, modifications and access, and size. Around 20% of social housing tenants are older than 65 years of age and around 35% of social housing tenants have a disability, some of these tenants will require physical modifications to make the dwelling suitable<sup>57</sup>. From a dwelling size perspective, in public housing, approximately 40% of three and four bedroom dwellings appear underutilised. At the same time, 11% of one and two bedroom dwellings are potentially over-occupied, which may be due, in part, to the changing tenant profile as well as changing levels of demand in different locations (see Figure 4).

<sup>56</sup> Housing NSW Full Statistical Supplement (2012/13).  
<sup>57</sup> Housing NSW Full Statistical Supplement (2012/13).

Figure 4: Statistical utilisation across the public housing portfolio<sup>58</sup>

Utilisation relative to tenant requirement	One or two bedrooms	Three bedrooms	Four or more bedrooms	
Appropriate	<b>52,772</b> 88%	<b>13,516</b> 39%	<b>2,117</b> 32%	
Over-occupied - 1 bdr	<b>6,230</b> 10%	<b>6,243</b> 18%	<b>1,686</b> 26%	
Over-occupied - 2 bdr	<b>700</b> 1%	<b>1,681</b> 5%	<b>0</b> 0%	
Under-occupied - 1 bdr	<b>0</b> 0%	<b>13,460</b> 39%	<b>1,520</b> 23%	
Under-occupied - 2 bdr	<b>0</b> 0%	<b>0</b> 0%	<b>1,191</b> 18%	
<b>Total</b>	<b>59,702</b>	<b>34,900</b>	<b>6,514</b>	<b>101,116</b>

1. Includes only 'rebated households' in public housing as at 30 June 2012.

2. The 'size of dwelling required' applies Housing NSW's standard bedroom entitlement (equivalent to the Canadian Occupancy Standard (CNOS) plus one extra bedroom). Households that required at least one additional bedroom as assessed by the Canadian National Occupancy Standard measure are considered to experience some degree of crowding. Bedsitters included in one or 2 bedroom homes.

3. n = 101,226 dwellings

In addition, the NSW social housing system only offers a limited degree of choice and opportunity for client preferences. For example, applicants can nominate their preferred allocation zone and choose whether to accept a dwelling offer. However, applicants are unable to influence the allocation process and to make personal trade-offs between location, dwelling type, proximity to schools and a myriad of other property features not captured in the allocation process.

In contrast to the private rental market, social housing currently has an income-based rent model, which means tenants on similar income support generally pay similar rents in social housing even though some tenants live in a highly sought-after area or a new home. Although an income-based rent model ensures social housing is affordable for social housing tenants, it lacks the opportunity for clients to make choices as they would in the private market.

Most social housing tenants are law abiding and contribute positively to their communities. However, the small minority who do not abide by these expectations can diminish the peaceful enjoyment of the neighbourhood and create unfair stigmatisation of social housing tenants. Antisocial and illegal behaviour can impact on the desirability and value of social housing dwellings. This is especially true for illegal behaviour where both social housing tenants and private occupants may experience severe disturbances and fear for their own, and their family's safety. For example, in 2012, the crime rate in public housing estates was 2.5 times higher than

<sup>58</sup> Housing NSW (March 2013). Discrepancies between total and sum of components are due to rounding.

the NSW average<sup>59</sup>. Furthermore, despite a significant decrease (10-30%) in almost all crime types in NSW during that period, crime rates in public housing estates actually increased, stabilised or experienced slower decline for many crime types<sup>60</sup>. Exploring strategies to improve safety on estates is a priority and will have a positive impact on tenants' experience of public housing and provide an environment more conducive to the pursuit of educational and employment pathways to independence.

Delivering a fairer system for social housing tenants requires a deeper understanding of client needs and expectations. In recent years, the NSW Government has undertaken several initiatives to improve customer satisfaction including the Customer NOW strategy<sup>61</sup>. The NSW 2021 Plan also has a focus on improving customer interactions and satisfaction with government service<sup>62</sup>. Since 2009, FACS has conducted an annual Customer Service Benchmarking Program to measure the quality of customer service and identify areas for improvement in relation to housing services. These initiatives provide feedback on client satisfaction and opportunities for improvement, however there is more that can be done to modernise customer service delivery and improve customer satisfaction in NSW.

#### Illustrative example of fairness in social housing: Jean

Jean is 70 years old, she has lived in a three bedroom social housing dwelling for many years. Her husband passed away five years ago and her two children have moved interstate for work opportunities. Jean now lives alone. Her health and eyesight has been deteriorating, and she is now unable to attend medical appointments and keep up with the maintenance of the property.

Housing support staff and health outreach workers assessed Jean's housing and medical needs. Housing support staff have helped Jean to move into a one bedroom social housing apartment which better suits her needs. It has good public transport connections enabling her to travel independently to attend specialist medical care appointments. The three bedroom social housing dwelling can now be used to house a larger family.

59 Internal FACS data (2012).

60 Legg, S & Webber, A. 'Over-representation of Crime in Public Housing', Department of Attorney General and Justice (2013).

61 For more information on Customer NOW strategy see presentation by Customer Service Commissioner, 'The Citizen Imperative: Redesigning for 'Customer Inside'' (29 September 2014).

62 For more information on the NSW 2021 Plan see Appendix E.

### 3.3 Examples of how other jurisdictions are approaching these challenges

- **New York** operates a dual preference priority system to maintain diversity and a healthy income mix among its social housing dwellings. This system allocates 50% of newly vacated dwellings to working families based on income level, and the other 50% of newly vacated dwellings based on the household's level of need (e.g. elderly persons, people with disability, victims of domestic violence). This approach to prioritising the waitlist provides a safety net for some households, as well as the stability required for other households to engage in education and employment opportunities.
- Some Local Authorities in **London** have introduced a choice-based letting scheme as a method of allocating dwellings to households. Under this scheme, vacant properties are advertised on the Local Authorities' website and approved social housing applicants who are interested can bid on the available properties. Properties are then allocated by the Local Authority to the applicant with the highest priority, based on the household's level of need.
- **Victoria** is trialling a 'Neighbourly behaviour statement', which is a form of 'behaviour bond' that will apply to all tenants living in public housing. Tenants who do not comply with behavioural expectations may risk immediate eviction.
- Under its *New Directions for Social Housing*<sup>63</sup> framework, **Victoria** has committed to strengthening its 'three strikes' policy in relation to anti-social behaviour and taking a zero tolerance approach to illegal activity. It has also specified the nature of material breaches of tenancies. Probationary periods for new tenants will be introduced in January 2015.
- Similarly, **Queensland** has introduced a 'three strikes' policy for unacceptable tenant behaviour.

### 3.4 Proposed direction

The NSW social housing system needs to be fairer. The NSW Government has identified some levers which may contribute to the fairness of the system, but it is also eager to hear of innovative ideas and insights from social housing systems in other jurisdictions, as well as from other sectors.

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<sup>63</sup> Victorian Department of Human Services, 'New Directions for Social Housing' (2014).

The NSW social housing system needs to focus on delivering better client experiences for those living in social housing by making things simpler and easier. This may include greater use of online or mobile technologies to complement existing over-the-counter services.

The current social housing system has relatively few expectations of tenants and should evolve so that in the future social housing creates clearer expectations and recognition of responsible tenant behaviour.

The NSW social housing system could more flexibly cater to the needs of individual client groups (e.g. Aboriginal families and individuals) and provide more tailored, wrap-around products and services.

Alternate rent models could also be used to differentiate access to properties in highly sought after areas. Such models may provide clients the opportunity to make choices as they would in the private market, and thus better prepare appropriate groups of tenants to enter the private market, whether assisted or otherwise.

Although an income-based rent model ensures social housing is affordable for social housing tenants, it lacks the opportunity for clients to make choices as they would in the private market.

The Government is also keen to understand best rent practices in community housing in NSW and elsewhere and whether these could be applied more widely.

Improved fairness could be measured through a number of client-centred metrics, including the number of clients assisted each year, the number of priority applicants on the waiting list, the number of tenants who pay market rent and the number of tenants who sustainably exit the social housing system each year. Fairness could also be measured by the number of vulnerable tenants who are supported to sustain a tenancy in social housing. Improvements in fairness can also be measured using asset-based metrics such as the years of tenure and proportion of social housing dwellings where dwelling size is matched to tenant requirement.

### 3.4.1 Examples of what NSW is already doing to deliver a fairer system

- **Increasing transparency of waiting list** — For the first time in March 2012, additional information about the NSW Housing Register was released publically and is updated at least annually. This information includes the number of current applicants, the number of applicants housed in the last 12 months, and the expected waiting times and last housed date by allocation zone and bedroom entitlement. This allows applicants for social housing to make more informed housing decisions for themselves and their families.
- **Introducing Amnesty Programs** — In 2013-14, FACS has conducted two Amnesty programs that provided tenants that have not declared their full household complement, income or assets, the opportunity to declare their circumstances, without having to repay cancelled subsidies. Both amnesties were successful. The 2013 amnesty targeted unauthorised additional occupants, after which 2,800 tenants declared that they had 3,700 additional people living in their social housing dwelling. Overall, \$9 million in extra rent will be paid annually as a result of the 2013 amnesty<sup>64</sup>. The 2014 amnesty encouraged tenants to declare previously undeclared income and assets to FACS. Through this amnesty 1700 tenants declared additional income, 850 tenants declared financial assets and 70 tenants declared they owned dwellings. In addition to tenant declarations, 500 third party allegations were made, of which 200 households were confirmed as correct. Additional rent generated through this amnesty is in excess of \$3.6 million per annum<sup>65</sup>.
- **Addressing under-occupancy** — In June 2013, the Vacant Bedroom Charge (VBC) was introduced. The VBC is intended to reduce under-occupancy, by prioritising the transfer of tenants who are willing to move from under-occupied dwellings to smaller dwellings and charging tenants an additional fee who do not wish to move from under-occupied dwellings<sup>66</sup>. At the end of August 2014, 250 households who were under-occupying large public housing dwellings had moved to smaller accommodation, freeing these dwellings up for larger families<sup>67</sup>. A further 650 households who are under-occupying agreed to transfer to smaller accommodation and are waiting for an offer.
- **Reforming succession** — In March 2013, changes were made to the Succession of Tenancy Policy to require household members to prove they have a priority need in order to take over a tenancy from a family member. This change of policy improves the fairness of the system by preventing people with a lesser housing need taking on a tenancy ahead of priority applicants on the waiting list.

64 FACS website, media release dated 7 April 2014 (accessed October 2014).

65 Ibid.

66 FACS website, media release dated 27 June 2013 (accessed October 2014).

67 Internal FACS data (2014).

- Introducing a **more modern approach** to engaging with clients — FACS has implemented a number of initiatives to improve the client experience including greater use of social media, a trial of phone-based services and increased internet self-service.
- **Housing and Accommodation Support Initiative (HASI)** — HASI is a partnership between NSW Health, FACS and the NGO sector. HASI provides appropriate housing combined with clinical and other support to people with a mental illness to enable them to live sustainably in the community.

### 3.5 What we will do

We will:

- Develop a clear and measurable definition of the safety net required to support vulnerable people in social housing;
- Improve our understanding of clients' needs in order to tailor programs and services, and improve wrap around support to tenants;
- Undertake further work on applicant eligibility and prioritisation, waiting list management, dwelling allocation and rent practice; and
- Explore options to provide greater tenant choices as a way to better prepare tenants for the private rental market.

### 3.6 Question for the reader:

The social housing system is often difficult to access for those most in need. What measures are required to create a system which is fair for those already in social housing, those on the waiting list and others who may need assistance?



## 4 Pillar 3: A social housing system that is sustainable

A sustainable social housing system provides appropriate housing assistance to vulnerable people now and into the future.

It provides housing assistance that meets people's need over time and is delivered through a range of providers and services.

Underpinning this objective is the requirement that the system also be financially viable. This means a system in which the stock of housing meets requirements, is adequately maintained over time and efficiently managed within the Government's existing funding envelope.

### 4.1 Current state

The NSW social housing system is predominantly Government owned and operated and has a strong focus on the management of housing assets and supply. The social housing system has been owned and operated within the FACS cluster and its forerunners, with little emphasis on partnerships with non-government and private sector stakeholders. There is room to improve the client service delivery model through innovation and technology.

#### 4.1.1 Funding the NSW social housing system

Funding for the NSW social housing system comes from a range of sources<sup>68</sup>, the largest sources being direct and indirect Commonwealth and State government funding, and rental income.

The main funding vehicle for dedicated housing assistance is the National Affordable Housing Agreement (NAHA) 2009. The NAHA is an agreement by the Council of Australian Governments that aims to ensure that all Australians have access to a broad range of housing assistance, including affordable and social housing<sup>69</sup>.

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<sup>68</sup> Note that Government funding flows are complex and highly interrelated. Government grants listed are based on publicly available Annual Reports for 2012/13 and are intended to provide directional guidance to the reader.

<sup>69</sup> Housing NSW website (accessed October 2014).

Additionally, funding is provided through the National Partnership Agreement on Remote Indigenous Housing (NPARIH). NPARIH is a 10-year shared commitment by the Australian, State and Northern Territory Governments to address severe overcrowding, homelessness, poor housing conditions and severe housing shortages in remote Aboriginal communities<sup>70</sup>. In the period from 2008 – 2018, NPARIH will invest \$397 million of Commonwealth funding in NSW to address such issues<sup>71</sup>.

Other sources of funding into the social housing system include Government grants for specific programs, private equity, borrowings, asset sales and philanthropic donations<sup>72</sup>. The funding figures below may not include funding from these additional sources.

Aside from Commonwealth and State Government funding, rental income is the other key source of funding for social housing. The four types of providers to the NSW social housing system each have different rent models, and therefore different economics. Overall, only 11% of all social housing tenants are paying market rent<sup>73</sup>. Households may pay market rent, for example, if the dwelling is in a rural area where market rent is less than 25-30% of household income.

Tenants who occupy LAHC managed dwellings are required to pay market rent unless their income is insufficient. If a tenant's income is insufficient to pay market rent, the NSW Government subsidises their rent so that the tenant will only have to pay 25-30% of their household income as rent. The amount of the rent subsidy is the 'gap' between the market rent and rental income paid. The maximum rent paid in the public housing system is the market rent for that dwelling.

CHPs have similar income-based rent models to public housing, however in addition to tenants contributing rent at 25-30% of household income, tenants are also eligible for Commonwealth Rent Assistance (CRA) payments. CRA is a rent supplement provided by the Commonwealth Government and paid to people on Centrelink benefits to assist with their rental costs, provided they meet the eligibility criteria. As a result, in addition to the tenants' rent at 25-30% of income, CHPs also receive these CRA payments, while public housing providers do not. The impact of CRA payments is illustrated in Figure 5, for example, 8% of community housing tenants pay 80-100% of market rent (not including CRA) and yet CHPs receive 80-100% of market rent for 19% of tenancies (including CRA).

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70 AHO website (accessed October 2014).

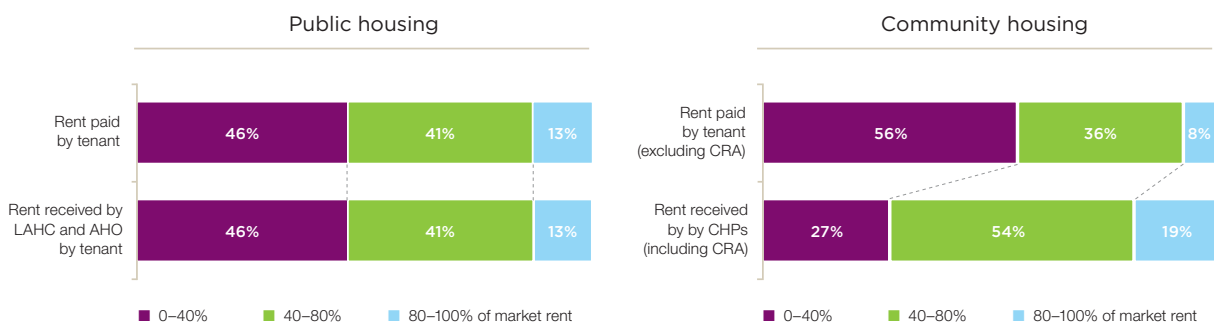
71 Internal FACS data (2014).

72 Ibid.

73 Housing NSW Full Statistical Supplement (2012/13).

Like mainstream community housing, tenants in properties owned by ACHPs are also eligible to receive CRA. A number of different rent models are applied within the Aboriginal community housing sector including cost recovery rents presently mandated by NSW Aboriginal Land Council. However, the AHO's *Build and Grow* rent policy (2010) is progressively being introduced as properties are upgraded. Under this policy, the minimum rent paid is based on household type rather than household income.

Figure 5: Proportion of market rent charged, by provider type<sup>74</sup>



1. Excludes affordable housing
2. Community Housing does not include Aboriginal Community Housing.

Unlike LAHC dwellings managed by FACS, AHO owned dwellings are treated as community housing for the purposes of CRA<sup>75</sup>. For that reason, the AHO rental policy on FACS managed dwellings provides for rents similar to that adopted in mainstream community housing in which tenants pay a proportion of income plus the tenants' CRA entitlements. Approximately 35% of AHO tenants in 2012/13 are not subsidised<sup>76</sup>.

Commonwealth funds account for the vast majority of funding inflows into the NSW social housing system each year<sup>77</sup>. As the financial sustainability of the social housing system is closely linked to the funding it receives directly and indirectly from the Commonwealth Government, NSW will continue to work closely with the Commonwealth to ensure adequate funding transfers.

74 Internal FACS data (September 2014).

75 AHO website (accessed October 2014).

76 Housing NSW Annual Report Data Supplement (2012/13).

77 Internal FACS data (October 2014). Note that Commonwealth funds accounted for \$500 million of the \$811 million NSW State Budget appropriation for Social Housing Assistance and Tenancy Support in 2013/14.

In the social housing system, cash inflows are broadly spent across a range of areas, including:

1. Social housing assets (building or buying new dwellings, maintenance and repairs, upgrades and structural maintenance, tenancy management, and head leasing from the private market, as well as the administration of social housing assets); and
2. Social housing products (rental bond loans, private rental brokerage services, tenancy guarantees, and short-term accommodation in the private rental market, as well as the administration of social housing products)

A number of upcoming and recent Government reviews have the potential to impact the future NSW social housing system funding arrangements and tenant income. These reviews include the Commonwealth Government's Review of Australia's Welfare System (McClure Welfare Review) (2014), the Commonwealth's White Paper on the Reform of the Federation and the Commonwealth's Review of National Housing Agreements announced in the 2014-15 Federal Budget.

#### **4.1.2 Providers in the NSW social housing system**

Currently none of the four social housing providers are able to fully fund the cost of replacing dwellings that have reached the end of their useful life. While the circumstances of the providers vary, they all face a shortfall between the rental income received and the cost of maintaining and replacing dwellings.

Unlike CHPs and ACHPs, the LAHC does not have access to either cost savings related to Goods and Services Tax (GST) and payroll tax, or additional rental revenue from CRA. Nor does LAHC have the ability to borrow funds independently for investment purposes, however when borrowings are approved by Government, it does benefit from lower finance costs on its borrowings. LAHC also has the benefit of operating at scale enabling it to minimise management, maintenance and other costs.

LAHC's total revenue for 2012/13 was \$1 billion, of which rental income was a major source and government grants contributed a smaller amount<sup>78</sup>. LAHC has operated with a financial deficit since the early 1990s. When you eliminate the expense of transferring properties to CHPs and the AHO for no consideration, the LAHC operating deficit was \$156 million in 2011/12, and \$159 million in 2012/13. In the 2013/14 financial year, the net operating deficit was \$143 million<sup>79</sup>. It should be noted that operating results in these three years include non-cash depreciation expenses averaging \$316 million a year.

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<sup>78</sup> In 2012/13, rental income and water recovery charges totalled \$768 million and government grants (including reimbursements for headleasing subsidies) from FACS amounted to \$124 million. Note: Figures received by LAHC in relation to government grants are not intended to reflect the expected value of recurring grants that will flow to LAHC in the future.

<sup>79</sup> Property transfers to the AHO totalled \$36 million in 2012/13 and \$23 million in 2013/14. Vesting grant expenses to CHPs were \$461 million in 2013/14. Net operating deficits figures also include non-cash expenses such as depreciation, totalling \$296 million in 2011/12, \$322 million in 2012/13 and \$327 million in 2013/14.

The Auditor General's report *Making the Best Use of Public Housing* referred to an estimated annual funding shortfall in 2012/13 of \$330 million to maintain the current number of properties at a reasonable standard<sup>80</sup>. This reflects the difference between rental income under the current rent model compared to the costs of maintaining and constructing public housing. LAHC is doing further work to develop a more sophisticated measurement of financial sustainability over the asset lifecycle incorporating industry benchmarks on maintenance expenditure, dwelling age and provisioning for replacement of properties.

Measures have been implemented to improve LAHC's financial sustainability. These measures include the sale of high value properties and reinvestment in new supply. Such measures will improve the quality of the public housing portfolio while maintaining portfolio numbers and ensuring cash expenditure is financially sustainable.

CHPs and ACHPs operate under different financial conditions to LAHC. Unlike LAHC, CHPs and ACHPs are able to leverage their balance sheet, and generate additional revenue streams to cross-subsidise their housing services (e.g. rent from affordable housing). Many CHPs and ACHPs are also registered not-for-profit organisation giving them access to cost savings such as exemption from payroll tax, concessions for GST and exemption from Fringe Benefits Tax (FBT) (up to the applicable cap). With these benefits, CHPs and ACHPs are typically able to run at an operating surplus, however are unable to fully fund the acquisition of new stock or replenishment of end-of-life stock without government grants or alternative revenue streams<sup>81</sup>. For example, in the eight years since 2006, CHPs have been able to borrow (\$113 million) and contribute equity (\$41 million) to government support to acquire or develop new stock<sup>82</sup>.

Despite being a Government organisation, the AHO has an economic model that is halfway between the LAHC and CHPs, because the AHO dwellings are eligible for CRA. The AHO received \$63 million in Government grants (including Commonwealth funding from NAHA and NPARIH and State grants) and \$45 million from rental revenue in 2012/13<sup>83</sup>. This contributed to AHO's operating surplus, excluding the provision of government capital grants, of \$12 million in 2012/13<sup>84</sup>. Like LAHC and CHPs, the AHO is unable to fund the acquisition of new stock or replenishment of end-of-life stock from social housing rental income alone.

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80 NSW Auditor-Generals Report Performance Audit, *Making the Best Use of Social Housing* (2013), page 18. For the full report, see <http://www.audit.nsw.gov.au/publications/performance-audit-reports/2013-reports/making-the-best-use-of-public-housing>.

81 NSW Registrar of Community Housing (see Annual Statement of Performance, 2013), page 37.

82 Internal FACS data (2014).

83 Government grants excludes capital grants of \$18.5 million provided under NPARIH for employment/training and new supply related expenditure in 2012/13. Note, the historical funding received under NAHA and NPARIH is not intended to be representative of future government flows to the AHO under such agreements.

84 Government capital grants include \$36.0 million of properties transferred from LAHC, and \$18.5 million of grants provided under NPARIH for employment/training and new supply related expenditure in 2012/13.

## 4.2 Challenges for the current system

The sustainability of the public housing system is under pressure from a range of factors including:

- A decline in revenue as a share of total expenditure; and
- Increasing operating costs closely linked to ageing assets.

The decline in revenue as a share of the total expenditure is the result of two things. Firstly, payments from the Commonwealth have been declining in real terms over the last two decades. Since 1995-96 funding is estimated to have declined by more than \$200 million per annum in real terms — a total reduction of \$2.7 billion over twenty years<sup>85</sup>. Secondly, rental revenues have grown more slowly than market rent<sup>86</sup>, especially as the tenant mix has changed from being historically skewed towards working families to now having more tenants who rely on government income support as their main source of income. For example, in 2013, 94% of subsidised public housing tenants relied on income support and only 5% had wages as their main source of income. This is almost a complete reversal of the public housing tenant profile in the 1960s (see Figure 6)<sup>87</sup>. About 90% of social housing tenants benefit from Government subsidised rent, meaning these tenants do not pay market rent<sup>88</sup>. In 2012, \$850 million in rental income was foregone through rental subsidies<sup>89</sup>.

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85 'NSW Government Submission to the Legislative Council Select Committee Inquiry into Social, Public and Affordable Housing' (28 February 2014), page 43.

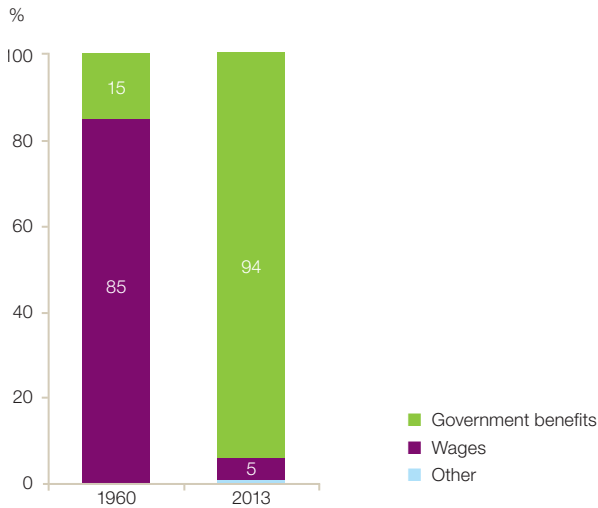
86 *Ibid*, page 19 and 20.

87 Housing NSW Annual Report Data Supplement (2012/13), Internal FACS data (2013).

88 Housing NSW Annual Report Data Supplement (2012/13).

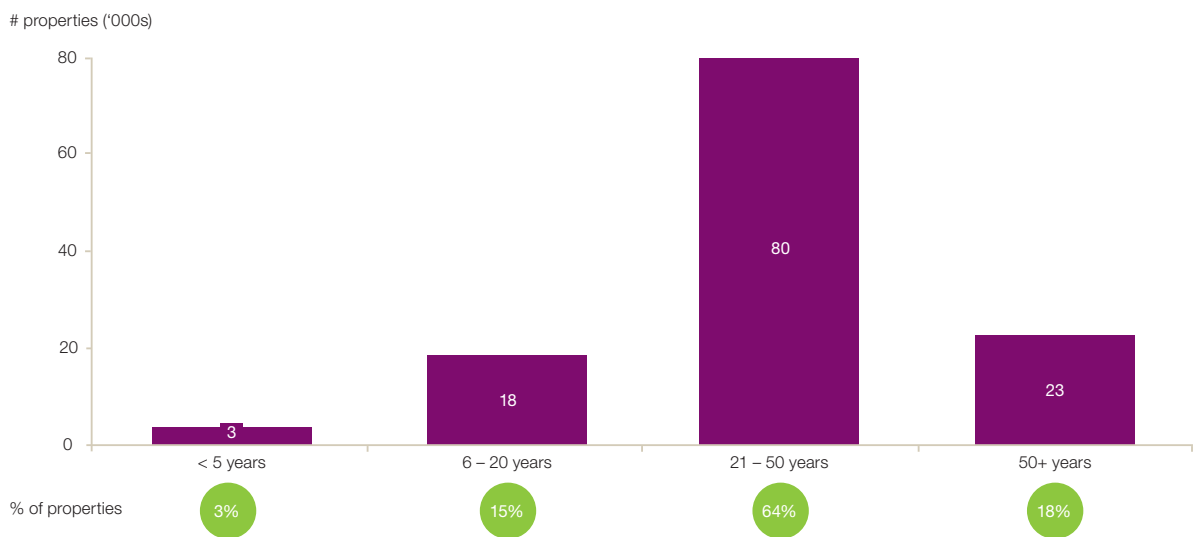
89 NSW Auditor-Generals Report Performance Audit, Making the Best Use of Social Housing (2013). For the full report, see <http://www.audit.nsw.gov.au/publications/performance-audit-reports/2013-reports/making-the-best-use-of-public-housing>

Figure 6: Subsidised public housing tenants, by primary source of income<sup>90</sup>



Operating costs are growing, driven by increasing annual maintenance and repairs costs as the stock of public housing dwellings continues to age. On a per dwelling basis, maintenance and repair costs for LAHC have risen at an annual average growth rate of 5% over a 10 year period including forecasts for 2014/15<sup>91</sup>. In terms of ageing stock, approximately 1 in 5 public housing dwellings were over 50 years old as at June 2014<sup>92</sup>. Assuming minimal changes to the stock, more than half the portfolio will be over 50 years of age by 2029.

Figure 7: Age profile of LAHC owned dwellings, June 2014<sup>93</sup>



<sup>90</sup> Internal FACS data (2013). Note: includes rebated tenants only.

<sup>91</sup> Internal FACS data (August 2014).

<sup>92</sup> Internal FACS data (June 2014).

<sup>93</sup> Ibid.

Figure 8: Maintenance spend per LAHC owned dwellings<sup>94</sup>



1. Maintenance expenditure excludes Nation Building Stimulus Economic Package and includes the State Acceleration program.  
 2. LAHC properties refers to dwellings owned and managed by LAHC and excludes residential properties leased by LAHC.

### 4.3 Examples of how other jurisdictions are approaching these challenges

- In the **Netherlands**<sup>95</sup>, Housing Associations were transferred significant housing stock from the Government via capital clearing in 1995, although government is still the ultimate guarantor. Nowadays, Housing Associations own and manage 100% of social housing, while government regulates and provides indirect support. The Netherlands is also looking at developing structures that will enable Housing Associations to ‘pool’ funds to facilitate investment in new stock and better capital recycling. However this model has experienced some recent challenges with insufficient rental income to generate required levels of new housing stock and regional mismatches between housing needs and funding availability.

<sup>94</sup> Internal FACS data (June 2014). LAHC owned dwellings refers to all dwellings owned by LAHC, including those dwellings managed by Community Housing Providers.

<sup>95</sup> Aedes, Dutch association of social housing organisation ‘Dutch social housing in a nutshell’ (2013).



- The city of **Atlanta, Georgia** in the U.S. has moved away from concentrated social housing estates ('projects') and developed a number of mixed-income communities<sup>96</sup>. In one particular project, Centennial Place, the Atlanta Housing Authority was the sponsor, public investor and co-developer, alongside two private developer companies. The project was funded by a US\$42.5 million grant from the Federal Government as well as US\$150 million in private investment. The successful completion of this project led to it being used as a broader financial and development model for the 'Olympic Legacy Program', which revitalised other housing projects.

#### 4.4 Proposed direction

The NSW social housing system needs to change in order to improve its sustainability and continue delivering assistance to priority clients. Although the NSW Government already has some levers in place which may contribute to improving the social housing system's sustainability, it is eager to hear of innovative ideas and insights from social housing systems in other jurisdictions, as well as from other sectors. Innovative investment models such as social housing bonds, outcome-based funding models (for assets and tenancies), public-private partnerships and joint ventures for delivery of new supply could provide opportunities to more efficiently deliver housing assistance through a range of models that better meet clients' needs<sup>97</sup>.

To become more sustainable, the NSW social housing system should focus on delivering value for money regardless of provider type. More specifically, the NSW social housing system could evolve toward a system which draws on the expertise and resources of the non-government and private sectors in the particular areas where can deliver improved client outcomes and greater value for money. The Government is also committed to strengthening partnerships with CHPs and ACHPs.

Measures of greater sustainability could include a breakeven operating model, on average, across the asset lifecycle for all types of providers and average age of the social housing stock. The relative contribution of providers towards housing asset replenishment over time could also be measured.

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<sup>96</sup> Atlanta Housing Authority, 15 Year Progress Report 1995 – 2010 (2011).

<sup>97</sup> Securitisation is a technique used to sell financial assets to outside investors. In the case of social housing, financial assets could take the form of a right to receive cash flows from rental income.

#### 4.4.1 Examples of what NSW is already doing to improve the sustainability of the NSW social housing system:

- The **Premier's Innovation Initiative** is a new initiative that seeks to uncover the best innovative ideas and know-how from outside the NSW Government through a competitive selection process. Announced on 14 August 2014, the Premier's Innovation Initiative is established as a fourth channel through which the NSW Government can commission services for citizens alongside direct delivery by public sector employees<sup>98</sup>, competitive tendering and unsolicited proposals. It is designed to increase competition for the delivery of public services in order to improve performance, deliver better outcomes for people, and create opportunities for new entrants to offer more cost effective methods. The NSW Government has released an Expression of Interest (EOI) for social housing to invite non-government and private sector organisations to propose innovative ideas which can help deliver better economic and social outcomes.
- The LAHC applies a strategic framework to guide the management and reinvestment priorities of public housing assets. This framework includes releasing the land value and selling assets that are no longer suitable for public housing or are high value and can be sold for a price that will more than cover the cost of replacement. All proceeds of asset sales will be reinvested into public housing to raise the overall standard of the portfolio, including the condition, location and suitability of dwellings. LAHC's 2014-15 programs have been developed applying this framework, including the sale of high value properties such as those at Millers Point. This sale will make the public housing portfolio more sustainable by reinvesting the sale proceeds into the social housing system and providing dwellings that better meet the needs of social housing tenants.
- **Aboriginal Community Housing Sector Improvement Strategy** - Following a mid-term review of the *Build and Grow* Aboriginal Community Housing Strategy, the AHO Board has agreed that a new strategy should be developed to support the viability and growth of the Aboriginal community housing sector. The new strategy is currently under development and is expected to be finalised early in 2015. The key focus areas of the strategy include asset viability and growth, stabilising and sustaining the sector and building stronger Aboriginal communities.
- **Direct debit of rent from Centrelink payments** so that social housing tenants in receipt of a Centrelink benefit can opt-in to have their tenancy charges automatically paid. This makes it easier for tenants and providers, reduces rent arrears and also allows automatic updates through Centrelink when rents are reviewed.

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<sup>98</sup> The three other channels are: direct delivery by the public sector; competitive tendering; and the Unsolicited Proposals Framework.

- **Automatic updates of public housing rent payments** in line with Centrelink cost of living adjustments in March and September each year. Each payment update generates additional rent income of \$15 million to \$20 million per annum to support the costs of the system.
- A **new maintenance contract** which delivers improved value for money will be introduced in mid to late 2015. The contract clarifies accountability and better aligns financial incentives with performance through appropriate risk sharing arrangements with contractors. LAHC currently outsources 100% of the delivery of maintenance services to the private market, and this new contract will serve to broaden the number of contract participants and deliver better value<sup>99</sup>.
- Some CHPs have employed a **mixed tenure and mixed income model** that provides a socio-economic mix of tenants and a rental income stream.

## 4.5 What we will do

We will:

- Explore how best to fund the NSW social housing system, within the existing envelope, while ensuring transparency and accountability;
- Plan for a fully sustainable system which, at a minimum, has stock that is maintained and suitable for the needs of tenants;
- Consider the impact on the sustainability of the system that might result from a different mix of government, non-government and private sector participants;
- Consider the mix and modes of social housing products and services required to assist those in need; and
- Increase the role of CHPs in the management of tenants and dwellings.

### 4.6 Question for the reader:

Creating a sustainable social housing system is an essential step in providing fairness, opportunity and pathways to client independence. What measures are required to create a sustainable social housing system?

<sup>99</sup> Ibid.

## 5 Have your say

This Discussion Paper has been developed to capture stakeholder views on how to make the social housing system work better for vulnerable people. The NSW Government is seeking comments, feedback and ideas relevant to the reform directions outlined in this Discussion Paper, its objectives and how they can be achieved.

The Government is particularly interested in hearing about successful models, innovations or practices that have been or are currently being considered or implemented, particularly by the non-government and private sectors.

The Premier's Innovation Initiative provides a further opportunity for people to work with the Government on ways to assist with the replenishment of the social housing portfolio, including the use of innovative financing mechanisms.

The Government will also undertake both targeted and general consultation with stakeholders around a range of key reform issues, including but not restricted to: tenants living in social housing, the ageing population within social housing; linkages with the NDIS; vulnerable children, young people and families in social housing; options for helping clients regain independence and, where feasible, transition to the private housing market; and innovative financing options, including social investment.

### 5.1 Consultation – how to have your say

We welcome your submissions and comments by:

- Online feedback form at the NSW Government's Have Your Say website: <http://www.haveyoursay.nsw.gov.au/consultations/social-housing-in-nsw/?date=2014-11-18>;
- Email to [socialhousingreform@facsnsw.gov.au](mailto:socialhousingreform@facsnsw.gov.au); or
- Letters to the following address:

Social Housing Policy Team  
Department of Family and Community Services  
Locked Bag 3002  
Australia Square NSW 1215.

Feedback must be received by close of business on 20 February 2015. For more detailed information on how to be involved and provide feedback, please visit [www.facs.nsw.gov.au/reforms/social-housing-in-nsw](http://www.facs.nsw.gov.au/reforms/social-housing-in-nsw).

In addition to seeking comments and feedback on this Discussion Paper, FACS will organise forums across each of the FACS Districts to provide an opportunity for staff, CHPs and ACHPs, other government and non-government partners and the community more broadly to have a say.

The Discussion Paper is available on the FACS website – [www.facs.nsw.gov.au/reforms/social-housing-in-nsw](http://www.facs.nsw.gov.au/reforms/social-housing-in-nsw) and printed copies are available by calling the Housing Contact Centre on (02) 9612 6303.

## 6 Questions for the reader

Given tenants living in social housing often experience disadvantage which is disproportionate to other areas of the community, what measures are required to provide tenants of social housing with **pathways to opportunity and independence**?

The social housing system is often difficult to access for those most in need. What measures are required to create a system which is **fair** for those already in social housing, those on the waiting list and others who may need assistance?

Creating a **sustainable** social housing system is an essential step in providing fairness, opportunity and pathways to client independence. What measures are required to create a sustainable social housing system?

## 7 Glossary

Terminology	Definition
Aboriginal household	A household with one or more members (including children) who identify as Aboriginal and/or Torres Strait Islander.
Aboriginal housing	The Aboriginal housing sector seeks to meet the particular housing needs of the Aboriginal community although not all Aboriginal people in the social housing system use Aboriginal housing. The sector is overseen by the NSW Government's Aboriginal Housing Office (AHO) which is guided by a board drawn from the Aboriginal community. The AHO also directly provides dwellings to some Aboriginal people.
Affordable housing	Housing delivered using some form of government intervention (via funding/subsidies, policy or legislation) to supply housing that is affordable for and targeted to households on very low to moderate incomes.
Asset management	<p>Asset management includes:</p> <ul style="list-style-type: none"> <li>● Advising the Government on how best to utilise its land and housing assets for the delivery of agreed social housing outcomes</li> <li>● Managing and developing land and housing assets</li> <li>● Maintaining and upgrading existing dwellings</li> <li>● Acquiring, planning and developing land and dwellings</li> <li>● Disposing of land and dwellings</li> </ul> <p>Asset management does not include Tenancy management.</p>
Community housing	Community housing is defined as subsidised rental housing for very low-to-moderate income households managed by a Community Housing Provider. Community housing can include: social housing, affordable housing for very low-to-moderate income households and crisis accommodation for people who are homeless or at risk of homelessness.

Terminology	Definition
Community Housing Providers (CHPs)	<p>As of January 2014, there are 3 classifications of CHPs. These are:</p> <p>Tier 1 – Have the highest level of performance requirements and regulatory engagement, operate and have ongoing development activities at a large scale</p> <p>Tier 2 – Have an intermediate level of performance requirements and regulatory engagement, operate at a moderate scale, and have small scale development activities</p> <p>Tier 3 – Have a lower level of performance requirements and regulatory engagement, operate at a smaller scale, and do not have development activities</p> <p>Please note: as these classifications have recently changed, some of the CHP data presented in this Discussion Paper has been based on prior CHP classifications.</p>
Commonwealth Rent Assistance (CRA)	<p>A fortnightly supplement paid to two types of renters in private and community housing: income support recipients (for example, people receiving the Disability Support Pension), and low and moderate income families with children. Payment of CRA continues as long as recipients meet income tests for their primary payment and continue to pay a predetermined amount of rent.</p>
Disability	<p>The <i>Disability Inclusion Act 2014</i> (NSW) states that disability in relation to a person includes a long-term physical, psychiatric, intellectual or sensory impairment that, in interaction with various barriers, may hinder the person’s full and effective participation in the community on an equal basis with others. In social housing, a proxy for a household meeting the above definition of disability is provided through receipt of the Disability Support Pension as the main income source of household heads in subsidised tenancies. Such a proxy is used to help estimate the number of social housing tenants that have a disability.</p>
Homeless	<p>Living situations where people do not have safe and secure housing, (e.g. are without shelter)</p>



Terminology	Definition
Maintenance costs	Costs incurred to maintain the value of an asset or to restore an asset to its original condition. The definition includes day to day maintenance reflecting general wear and tear, cyclical maintenance, performed as part of a planned maintenance program and other maintenance, such as repairs as a result of vandalism.
Market rent	Aggregate rent that would be collected if the social rental housing dwellings were available in the private market.
Public housing	Dwellings owned (or leased) and managed by State and Territory housing authorities to provide affordable rental accommodation. In NSW, public housing includes dwellings managed by LAHC and AHO.
Short-term or emergency accommodation	Living situations where people, who would otherwise be homeless, receive temporary accommodation, including refuges, crisis shelter, couch surfing, living temporarily with friends and relatives, insecure accommodation on a short-term basis, emergency accommodation arranged by a specialist homelessness agency (e.g. in hotels, motels etc.). The following short-term accommodation options are not included: hotels, motels, caravan parks and other temporary accommodation used when a person is on holiday or travelling, custodial and care arrangements, such as prisons and hospitals, temporary accommodation used by a person while renovating usual residence or building a new residence (e.g. weekenders, caravans).
Social housing	Rental housing provided by not-for-profit, non-government or government organisations to assist people who are unable to access suitable accommodation in the private rental market. Social housing includes public and community housing, as well as other services and products.

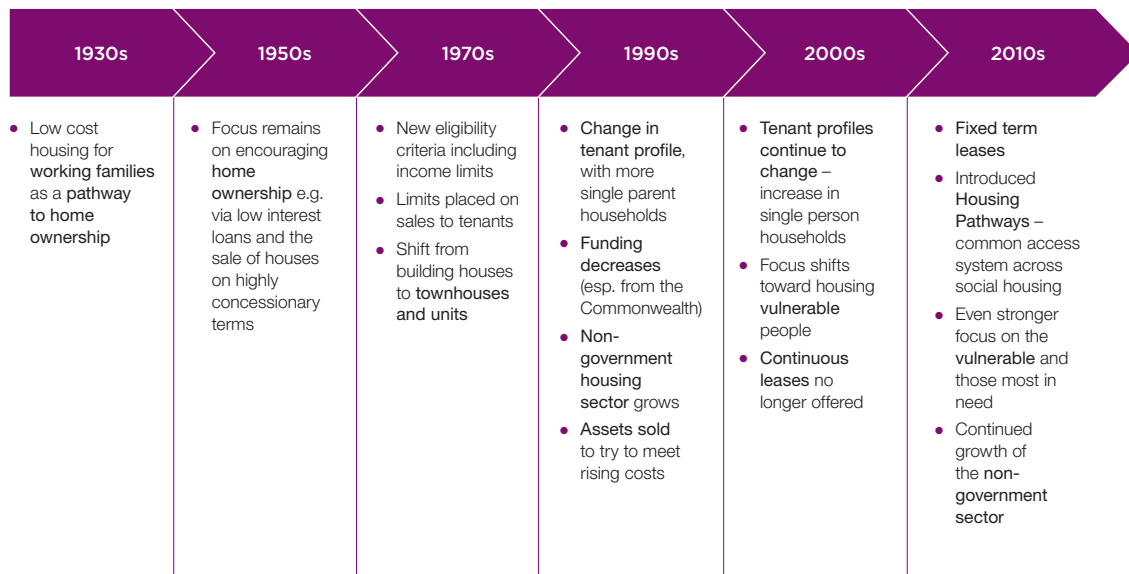
Terminology	Definition
Specialist homelessness service(s)	Assistance provided by a specialist homelessness agency to a client aimed at responding to or preventing homelessness, including: Housing / accommodation services (e.g. short to long-term, emergency accommodation), general assistance and support services (e.g. educational assistance, court support, child care, transport etc.) and specialised services (e.g. interpreter services, drug counselling, mental health services etc.)
Subsidised household	A household that receives housing products and services and pays less than the market rent value for the dwelling.
Tenancy management	Tenancy management services include the frontline services with clients and tenants. Tenancy management is delivered differently across the types of social housing providers. For example, FACS delivers frontline tenancy management services for LAHC and AHO dwellings.
Tenancy (rental) unit	A tenancy (rental) unit is the unit of accommodation for which a rental agreement can be made. In most cases, there will only be one tenancy (rental) unit within a dwelling; in a small number of cases (e.g. boarding houses, special group homes, semi-institutional dwellings), there may be more than one tenancy (rental) unit.
Total gross household income	The value of gross weekly income from all sources (before deductions for income tax, superannuation etc.) for all household members, expressed as dollars per week. The main components of gross income are usual wages and salary; income derived from self employment, Government pensions, benefits and allowances; and other income comprising investments and other regular income. CRA payments are not included as income.

## 8 Appendix A: Additional background on the NSW social housing system

### 8.1 A brief history of the NSW social housing system

The social housing system in NSW originated in the period following the Second World War when social housing focused on providing affordable housing for working families and ex-defence personnel. Over time, the role and focus of the social housing system has changed dramatically. For example, the Reshaping Public Housing Reforms introduced in 2005, announced a series of policy changes that focused on targeting public housing to ‘those most in need, for the duration of need’. In 2007, the Planning for the Future Reforms declared a vision for community housing to support individuals re-establishing their lives, from those at risk of homelessness to individuals in housing stress. These reforms resulted in the targeting of social housing to people on low incomes with complex needs as well as those on low incomes unable to resolve their own housing need in the private rental market. A history of the new model of social housing system is set out in Figure 9. Many of the challenges currently faced reflect the difference between the historical origins of the system and the current needs in NSW.

Figure 9: History of the social housing system in NSW<sup>100</sup>



<sup>100</sup> Internal FACS (2014).

## 8.2 Structure and organisation of NSW social housing

The Department of Family and Community Services (FACS) is the principal regulator and administrator of the NSW social housing system.

In serving clients, FACS sets the overall policy directions and regulation for NSW social housing and work with other departments, agencies and organisations to address homelessness in NSW. FACS undertakes dwelling and tenancy management for approximately 80% of households living in social housing and regulates the community housing sector<sup>101</sup>. FACS also plays a key role in developing policy, administering programs and supporting relationships to increase access to the supply of social housing across NSW.

The FACS cluster includes the Land and Housing Corporation (LAHC) and Aboriginal Housing Office – both of which are statutory bodies that play critical roles in the social housing system.

## 8.3 Legislative framework for NSW social housing

The Housing Act 2001 (NSW) established LAHC, which fundamentally reformed the approach to asset management and is charged with putting the management of public housing assets on a more commercial footing.

The *Community Housing Providers (Adoption of National Law) Act 2012* (Cth) provides the legislative basis for the National Regulatory System for Community Housing (NRSCH). The NRSCH<sup>102</sup> is a joint initiative of Commonwealth, State and Territory Governments that is designed to identify, monitor and respond to risks that have serious consequences for tenants, funders and investors, community housing assets and the reputation of the sector. The NRSCH provides a consistent regulatory environment to support the growth and development of the community housing sector.

The *Aboriginal Housing Act 1998* (NSW) established the Aboriginal Housing Office (AHO) and sets out to ensure that Aboriginal people and Torres Strait Islanders have access to affordable, quality, and culturally appropriate housing.

The social housing system is governed by these three Acts, as well as others, as described in Appendix C and D.

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<sup>101</sup> Housing NSW website (accessed October 2014), available at: <http://www.housing.nsw.gov.au/About+Us/What+We+Do.htm> and <http://www.housing.nsw.gov.au/Community+Housing+Division/>.

<sup>102</sup> The national system, which formally launched in January 2014, has many elements in common with the current NSW regulatory system. For more information, refer to the National Regulatory System. See <http://www.nrsch.gov.au/>.

## 8.4 Recent reviews of the NSW social housing system

In the past year, there have been three notable reviews of the NSW social housing system. These are the 2013 NSW Auditor-General's Report to Parliament *Making the best use of Public Housing*; the 2013 Legislative Council Select Committee on Social, Public and Affordable Housing; and the Public Accounts Committee Tenancy Management in Social Housing Inquiry.

The **NSW Auditor-General's Report to Parliament**<sup>103</sup> was released in July 2013. This audit report examined NSW's capacity to meet changing public housing need, including how well FACS acts to relocate tenancies where an individual's needs or circumstances change, and how well the LAHC plans to ensure the asset base reflects the requirements of those most in need. This audit focused on the public housing component of social housing, that is, dwellings owned and operated by Government. A number of findings and actions were made and the report set out the timeframes by which FACS is expected to respond.

The **Legislative Council Select Committee on Social, Public and Affordable Housing**<sup>104</sup> was established in November 2013 by the Legislative Council to inquire into various issues relating to social, public and affordable housing, including projections of future supply and demand, the link between the lack of housing and social disadvantage, housing design approaches and social service integration and other related matters. Specifically, the Select Committee's terms of reference required the inquiry to note the recommendations of the 2013 report of the Audit Office of New South Wales entitled 'Making the best use of Public Housing'. The inquiry attracted 351 submissions from individuals, local governments, professional associations, community organisations, and other entities. The Select Committee delivered its report in September 2014 and in doing so made 41 recommendations relating to issues including the improvement of public housing maintenance arrangements, investigating new funding arrangements for the social housing system, the management of tenant damage, and how to best prioritise the allocation of new tenancies.

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103 NSW Auditor-Generals Report Performance Audit, Making the Best Use of Social Housing (2013). For the full report, see <http://www.audit.nsw.gov.au/publications/performance-audit-reports/2013-reports/making-the-best-use-of-public-housing>.

104 NSW Government Submission to the Legislative Council Select Committee Inquiry into Social, Public and Affordable Housing (February 2014).

The NSW Parliament's Public Accounts Committee (PAC) announced in July 2014 it will inquire into<sup>105</sup>, and report on, current tenancy management arrangements in NSW social housing, with particular reference to the cost effectiveness of current tenancy management arrangements in public housing, particularly compared to private and community housing sectors; the range and effectiveness of support services provided to tenants in social housing outcomes for tenants from current tenancy management arrangements; and possible measures to improve tenancy management services. The Committee sought submissions from interested parties with a closing date of 8 August 2014.

## 8.5 Types of providers of social housing in NSW

The four types of providers of NSW social housing system are:

- LAHC whose assets are often referred to as 'public housing';
- The Aboriginal Housing Office (AHO);
- Community housing providers (CHPs); and
- Aboriginal community housing providers (ACHPs).

The LAHC is a statutory body established under the *Housing Act 2001* (NSW). The LAHC owns and/or provides asset management for land, buildings and other assets within the public housing portfolio. The LAHC is responsible for planning and building public housing as well as maintaining and upgrading the public housing portfolio of dwellings<sup>106</sup>. Frontline tenancy management services for LAHC dwellings are mostly delivered by FACS.

The AHO owns social housing which is used by Aboriginal people. The AHO is established under the *Aboriginal Housing Act 1988* (NSW) and is part of the FACS Cluster, but is advised by a strategic advisory board. The board is comprised of highly skilled Aboriginal people from a variety of backgrounds and expertise, and plays a key role in highlighting matters which impact Aboriginal people's access to affordable and quality housing in NSW. The AHO provides funding support to the Aboriginal community housing sector for the purpose of carrying out operational and management services and acquisition/construction of dwellings. The AHO is also responsible for the administration of the National Partnership Agreement on Remote Indigenous Housing (NPARIH) and the NSW *Build and Grow* Aboriginal Community Housing Strategy (*Build and Grow*). *Build and Grow* is a ten year strategy to ensure that Aboriginal community housing is efficiently managed, supported and is financially sustainable over the long term.

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<sup>105</sup> FACS website (accessed October 2014), available at: [http://www.facs.nsw.gov.au/about\\_us/news/public\\_accounts\\_committee](http://www.facs.nsw.gov.au/about_us/news/public_accounts_committee).

<sup>106</sup> Land and Housing Corporation 2013, Annual report, available at: [http://www.facs.nsw.gov.au/\\_data/assets/file/0011/279038/FACS\\_AR\\_2012-13\\_Land\\_and\\_Housing\\_WEB\\_FACS.pdf](http://www.facs.nsw.gov.au/_data/assets/file/0011/279038/FACS_AR_2012-13_Land_and_Housing_WEB_FACS.pdf).

**CHPs** are registered organisations that offer subsidised rental housing for very low to moderate income households. CHPs are independent of Government and often also registered as a charity with the Australian Charities and Not-for-Profits Commission<sup>107</sup> and endorsed by the Australian Tax Office (ATO). CHPs have grown rapidly over the past three decades and are an increasingly important provider of social housing in NSW. There are over 200 registered CHPs in NSW, including 26 larger high growth CHPs which are designated Class 1 and 2 and subject to regulatory oversight proportional to scale and risk<sup>108</sup>.

**ACHPs** are Aboriginal community organisations that provide housing for Aboriginal people in NSW. These organisations include Aboriginal Corporations, Cooperatives, and Local Aboriginal Land Councils<sup>109</sup>. ACHPs exclusively support Aboriginal people and perform an important role in promoting the interests, needs and self determination of Aboriginal people. As at June 2009, there are an estimated 202 ACHPs in NSW<sup>110</sup>.

Each organisation offers a range of social housing products, which are outlined in the following section.

## 8.6 Types of NSW social housing products and services

An overview of housing-related support provided by Governments across the housing system is provided in Figure 10.

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107 There is currently a bill before the Commonwealth Parliament to abolish the ACNC and transfer its functions to other agencies.

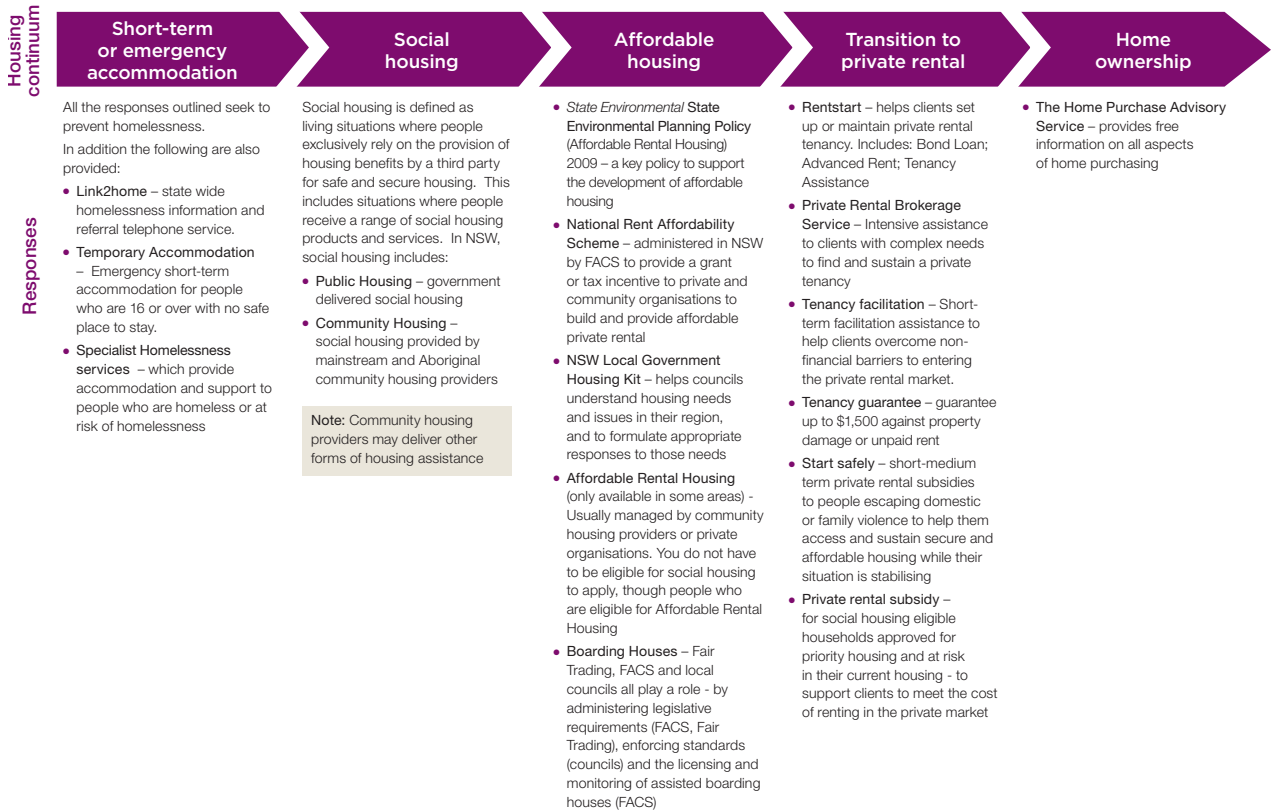
108 Housing NSW Annual Report Data Supplement (2012/13). Refer to Glossary for definition of Class 1 and 2 CHPs.

109 Darkinjung website (accessed October 2014).

110 'Aboriginal Community Housing in NSW: Where to from here?,' Tenants Union of NSW, NSW Aboriginal Tenants Advice network, Shelter NSW and NCOSS (February 2011).



Figure 10: NSW housing programs across the housing system<sup>111</sup>



While not the focus of this Discussion Paper, it is worth highlighting the relationship between the social housing system and Specialist Homelessness Services (SHS). SHS is a Commonwealth/state funded program which provides funding for a range of support and accommodation services to assist people who are homeless or at risk of homelessness, including women and children affected by domestic violence. These services include case management, support, outreach, advocacy, practical assistance and supported accommodation services, as well as linkages to other services such as health and housing. Increasingly specialist homeless services, like social housing providers are entering into partnerships with real-estate agents, to assist clients with a range of issues to access and maintain their accommodation, and provide the real estate sector with confidence in the community sector to assist vulnerable people in sustaining their tenancies<sup>112</sup>.

<sup>111</sup> FACS website (accessed October 2014).

<sup>112</sup> Homelessness NSW website (accessed October 2014).



The SHS program recognises that homelessness is more than a housing problem. Homelessness has many drivers and causes, including the shortage of affordable housing, long term unemployment, mental health issues, domestic violence, substance abuse and family and relationship breakdown<sup>113</sup>. This combination of factors means there is no linear pathway between SHS and social housing. Some people will move from SHS into private rental (including boarding houses); some will move into social housing and some will return to rough sleeping or another SHS. Some people will move from homelessness directly into social housing. The NSW Government knows that many people who leave social housing return for housing assistance at some point, often requesting temporary accommodation as they have no safe place to stay<sup>114</sup>.

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113 Community Services NSW website (accessed October 2014).

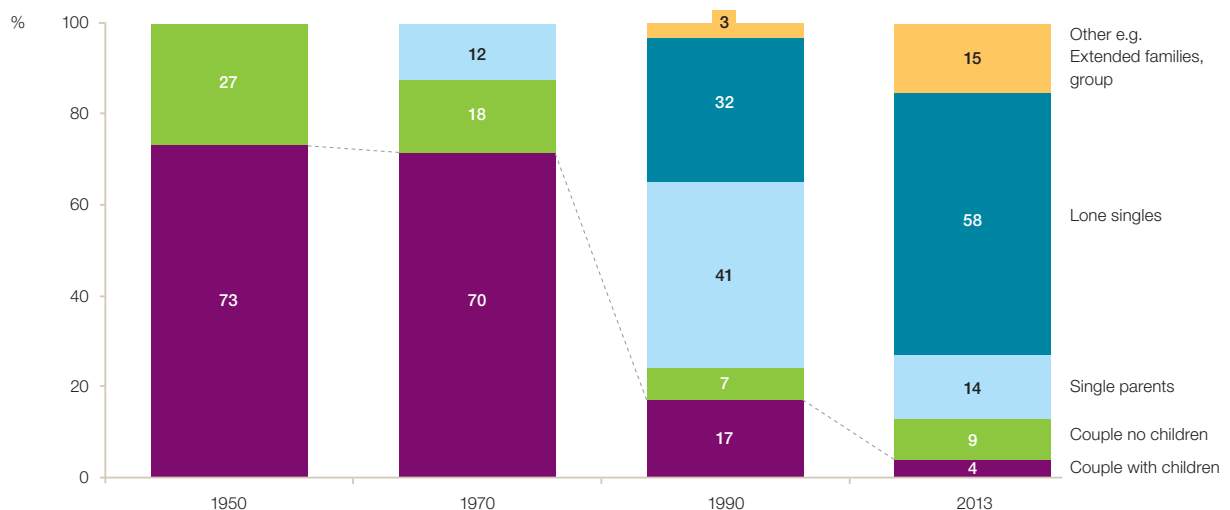
114 Chamberlain and Johnson Pathways into adult homelessness (2011), available at: <http://jos.sagepub.com/content/49/1/60.full.pdf+html>.

## 9 Appendix B: Tenant and asset profiles

As of 2012/13, around 140,000 households or 290,000 people live in social housing with an additional 30,000 households or 70,000 people receiving other social housing products or services, specifically, private rental assistance or temporary accommodation<sup>115</sup>. As of June 2014, there are 59,500 approved applicants on the waiting list for social housing<sup>116</sup>. People on the waiting list may also receive products and services to establish a tenancy in the private rental market while waiting for the allocation of a social housing dwelling. A further 50,000 people were assisted with specialist homelessness services in 2012/13<sup>117</sup>.

The profile of tenants in social housing has changed substantially since the inception of the social housing system (see Figure 11). In the 1950s, social housing provided housing for low income working families, often as a pathway to home ownership with couples with children the dominant household type (73% of public housing tenants). By 2012/13, singles with no children living with them had become the dominant household type (60% of public housing tenants) and couples with children were less common (4% of public housing tenants).

Figure 11: Public housing tenant profile by household type (1950 - 2013)<sup>118</sup>



115 Housing NSW Annual Report Data Supplement (2012/13).

116 FACS website, media release dated 23 October 2014 (accessed October 2014).

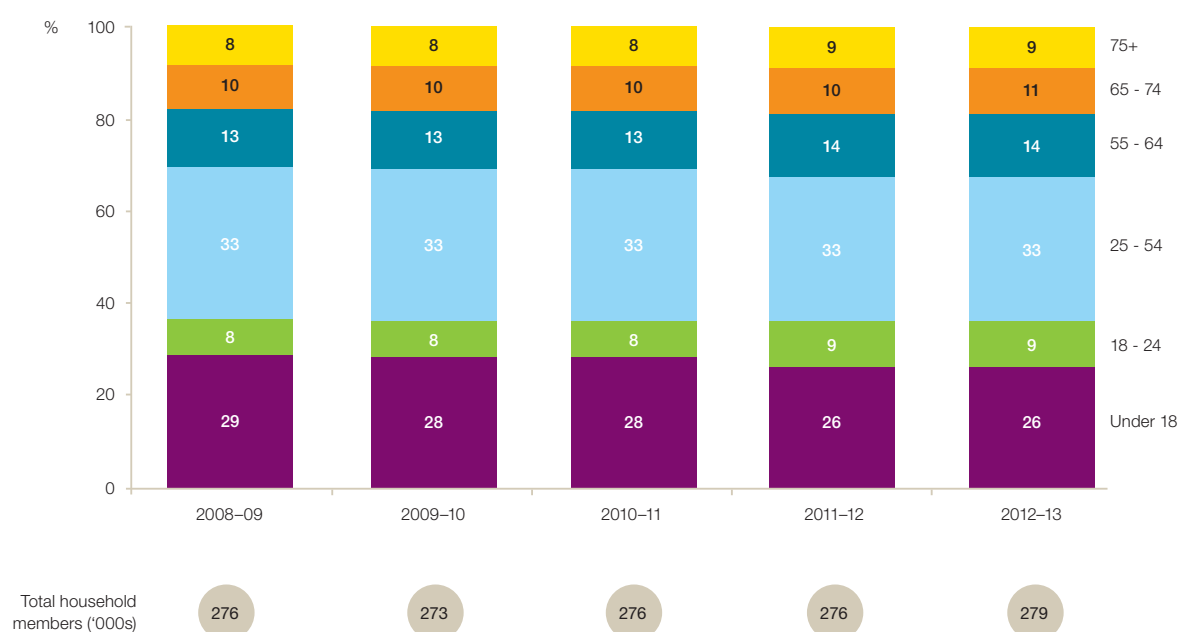
117 Housing NSW Annual Report Data Supplement (2012/13).

118 Internal FACS data (December 2013).

The age profile of individuals living in social housing has remained relatively consistent over the last five years - over half of all household members are of working age, that is between 18 and 64 years (see Figure 12). The proportion of household members of retirement age (over 64 years) has increased slightly over the last five years from 18% to 20%.

More than one in three individuals living in social housing is a child or young adults. In 2013, around 4,000 of these young adults were the household head of a social housing tenancy<sup>119</sup>.

Figure 12: Social housing profile of household members, by age<sup>120</sup>



Social housing tenants with disability<sup>121</sup> has increased over the past five years at an average rate of 3% per annum, reaching 35% of all social housing tenants in 2012/13<sup>122</sup>. While FACS does not collect data on the prevalence of mental health in social housing, internal modeling estimates people living in social housing are 2.4 times more likely to have a severe mental illness than those not living in social

119 Housing NSW Annual Report Data Supplement (2012/13). Note: Young adults are considered as individuals under the age of 25 years.

120 Does not mean to imply all are capable of working. Housing NSW Full Statistical Supplement (2012/13), FACS Social Housing Fact Sheet – Recipients of Housing Assistance (January 2013). Discrepancies between total and sum of components are due to rounding.

121 The NSW Disability Inclusion Act (2014) states that disability in relation to a person includes a long-term physical, psychiatric, intellectual or sensory impairment that, in interaction with various barriers, may hinder the person’s full and effective participation in the community on an equal basis with others. In social housing, a proxy for a household meeting the above definition of disability is provided through receipt of the Disability Support Pension as the main income source of household heads in subsidised tenancies. Such a proxy is used to help estimate the number of social housing tenants that have a disability, however limitations to the estimate should be noted.

122 Housing NSW Full Statistical Supplement (2012/13), Internal FACS data (2013).

housing<sup>123</sup>. It is estimated around 19% of people living in social housing have a severe mental illness, compared to around 8% in the general NSW population<sup>124</sup>.

Approximately 85% of social housing tenants have completed junior secondary schooling, and one in three tenants have completed Year 12 education or beyond<sup>125</sup>.

Figure 13: Education levels of social housing tenants<sup>126</sup>



Tenants' main source of income has considerably shifted since the 1960s, where wages were the primary income source for 85% of public housing tenants. Today, only 5% rely on wages as their main source of income, with Centrelink benefits supporting the remaining 94% of subsidised public housing tenants. Of these households relying on government benefits, over two thirds are supported by the Age or Disability Support Pensions (see Figure 14)<sup>127</sup>.

Public housing tenants primarily supported by Centrelink payments receive a mean income of \$485 per week, whilst tenants relying on wages earn an average weekly income of \$750<sup>128</sup>.

123 FACS and PricewaterhouseCoopers, Supply and Demand Modeling, (unpublished), 2013.

124 Ibid.

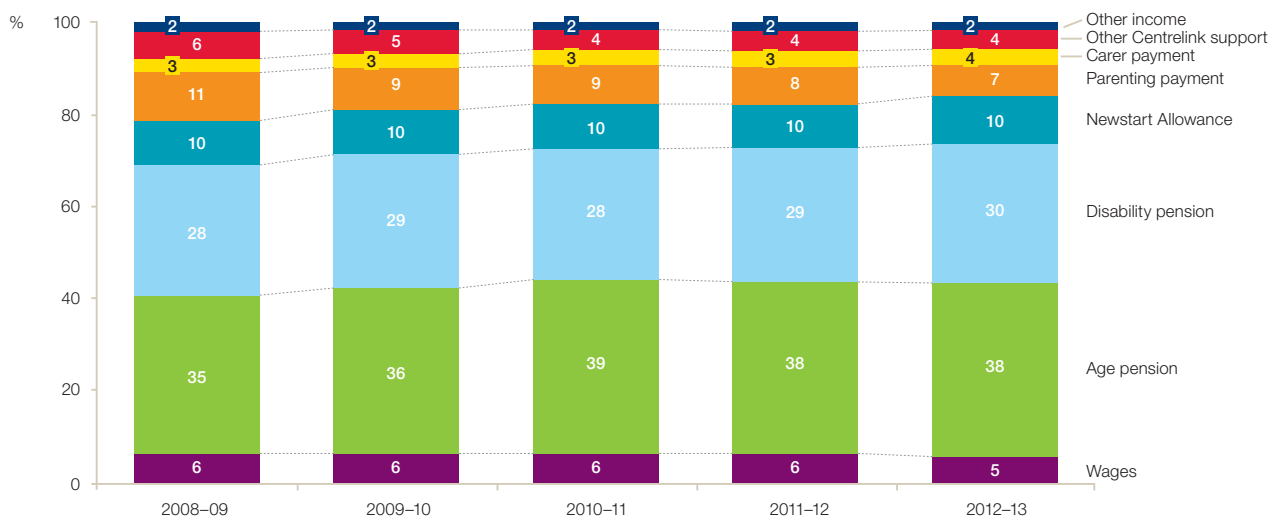
125 AIHW, National social housing survey, Detailed Results 2012.

126 Ibid. Discrepancies between total and sum of components are due to rounding.

127 Housing NSW Annual Report Data Supplement (2012/13), Internal FACS data (2013). Note: includes rebated public housing tenants only.

128 Ibid. Note: Average income levels are based on monetary benefits or income received by the household head in a public housing tenancy agreement.

Figure 14: Main income source of household head in public housing tenancies<sup>129</sup>



1. Includes rebated public housing tenants only.

Across social housing, Aboriginal households continue to be overrepresented, accounting for 12% of total social housing households despite comprising only 3% of households in NSW<sup>130</sup>. There are 10,500 Aboriginal tenants in LAHC and AHO housing, 2,300 in community housing as well as an additional 5,000 Aboriginal households living in ACHP housing<sup>131</sup>.

The profile of Aboriginal tenants living in AHO housing is also different from that of the general social housing demographic profile. For example, whereas singles are the major household type in social housing, single parents with dependent children are the largest household type in AHO tenancies at 36%<sup>132</sup>. Further, AHO tenants have a younger age distribution, with 50% of tenants relying on Disability Support Pensions and Newstart Allowances as their main source of income<sup>133</sup>. The younger population in AHO tenancies means that only 15% rely on a carer or age pension, as opposed to 65% of households living in public housing<sup>134</sup>.

129 Housing NSW Annual Report Data Supplement (2012/13). Discrepancies between total and sum of components are due to rounding.

130 Aboriginal Housing Office (2014), ABS Census (2011), NSW Government Office of Communities Aboriginal Affairs (2013).

131 Internal AHO data (October 2014).

132 Ibid

133 Ibid

134 Aboriginal Housing Office (2014).

The NSW Aboriginal population is the largest of any State or Territory in Australia<sup>135</sup>. In addition to those living in the Sydney metropolitan area, there are also high concentrations of Aboriginal people living in regional and remote areas and this is reflected in the location of AHO and ACHPs dwellings. This distribution has created particular challenges for these providers in the delivery of housing services and in developing a financially viable Aboriginal community housing sector. Challenges include higher maintenance costs due to the limited presence of local tradespeople and increased tenancy management costs as the portfolio is geographically dispersed.

## 9.1 Asset portfolio

NSW is Australia's largest social housing system with around 150,000 dwellings. This constitutes 5% of all housing stock in NSW, a higher proportion of dwellings than in Victoria (3.5%) and Queensland (3.3%), and more than a third of all social housing dwellings across the country.

Of these 150,000 dwellings, 74% are owned and managed by LAHC and 11% are owned by LAHC and managed by CHPs. The remaining 15% are owned and managed through a range of ownership and management configurations as is illustrated in Figure 15 below.

Figure 15: Ownership and management of NSW social housing dwellings (2014)<sup>136</sup>

		Asset ownership							
		Government		Community		Private sector			
		LAHC	AHO	CHPs	ACHPs	Private sector			
Asset management	Government	LAHC	110,524 (74%)	4,685 (3%)	-	-	2,706 (2%)	117,915 (78%)	78%
		AHO	-	-	-	-	-	-	
	Community	CHPs	15,825 (11%)	-	5,820 (4%)	-	5,840 (4%)	27,485 (18%)	22%
		ACHPs	-	-	-	4,958 (3%)	-	4,958 (3%)	
			126,349 (84%)	4,685 (3%)	5,820 (4%)	4,958 (3%)	8,546 (6%)	150,358 (100%)	
			87%		7%		6%		

135 Australian Bureau of Statistics (30 June 2011), 3238.0.55.001.

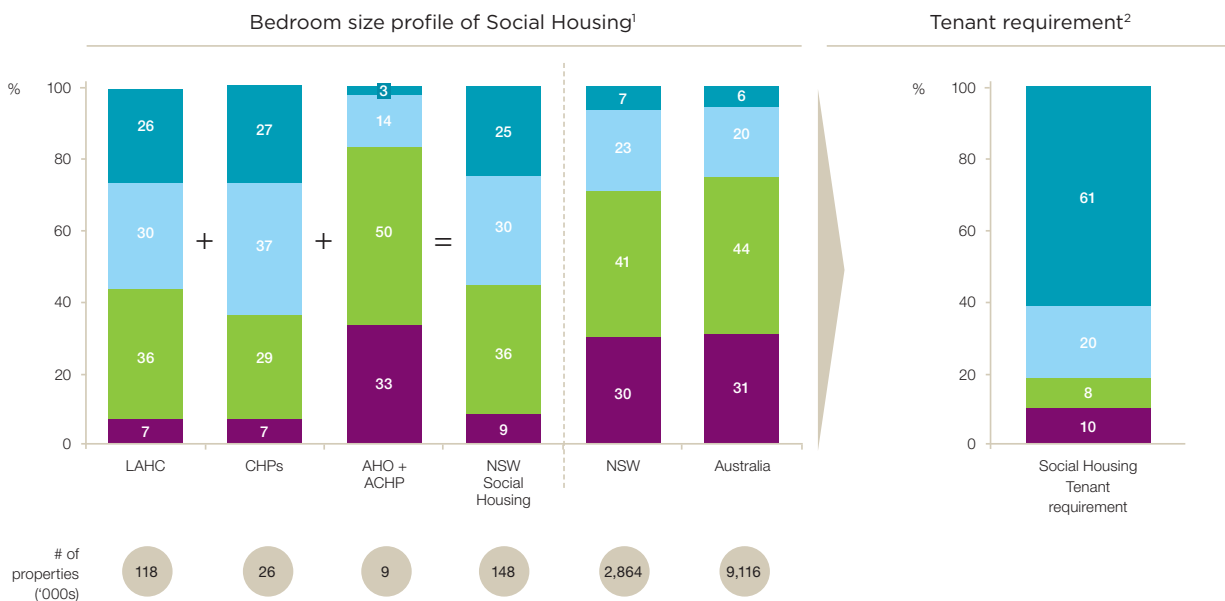
136 Internal FACS data (October 2014). Discrepancies between total and sum of components are due to rounding.

## Dwelling size and type:

Dwelling types have been gradually changing to cater for the changes in tenant profile, particularly singles with no children. The direction of change is from pre-1970s built 3-4 bedroom dwellings towards townhouses and units which cater for smaller households, and maximise site yields. Currently, units and townhouses consist of a much higher proportion of social housing stock compared to the overall average in NSW and Australia<sup>137</sup>.

Though tenant demographics have changed from a system historically catered to low income working families to one predominantly comprised of singles, the social housing dwelling portfolio continues to be suited to catering for larger sized households. One in four social housing premises in NSW are studio or one bedroom dwellings (see Figure 16 below), however over 60% of social housing tenants are singles and couples.

Figure 16: Dwelling size of Social Housing dwellings vs. tenant requirements<sup>138</sup>



1. One bedroom dwellings includes studios.

2. Tenant requirement calculated based on household size as at December 2013 and does not take into account additional bedroom required by a live-in carer.

137 FACS (LAHC) data and ABS Census of Population and Housing (2011).

138 Housing NSW Annual Data Report Supplement (2012/13), Aboriginal Housing Office (2014), ABS Census (2011). Discrepancies between total and sum of components are due to rounding.

## Estate overview:<sup>139</sup>

Estates are identified as areas with a high number and proportion of social housing dwellings in a defined geographical location. Almost all the social housing on estates is public housing. There are 100 social housing estates in NSW, accounting for 40,000 social housing dwellings or 30% of the total social housing portfolio. Of these estates, 40 are located in the Sydney metropolitan area and 60 are located in regional NSW. A total of 80,000 individuals living in social housing are accommodated in estates. While estate demographics are fairly consistent and low income households are common, the concentration of dwellings, location, and physical characteristics can vary considerably.

## 9.2 Lease profile

In NSW, around two thirds (75,000) of public housing tenancies and more than half (55%) of AHO tenants are on continuous leases. Of the remaining lease lengths, five year leases are the most common (20%) followed by 10 years (8%) and 2 years (6%)<sup>140</sup>.

Prior to 2002, the vast majority of public housing and AHO tenants had continuous leases with no fixed review or cessation date. Since the introduction of the current fixed term tenancies policy in 2006, new public housing tenants are no longer offered lifetime tenancy, resulting in a decline in the overall proportion of continuous leases. As such, the proportion of public housing households with continuous leases has steadily declined from 99% in 2001 to 66% currently<sup>141</sup>.

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<sup>139</sup> Internal FACS (2014), Social Housing Estates Cohort Analysis Discussion Paper (September 2014).

<sup>140</sup> Housing NSW Statistical Supplement (2012/13).

<sup>141</sup> Family and Community Services (2014).



## 10 Appendix C: the legislative framework for the NSW social housing system<sup>142</sup>

The *Housing Act 2001 (NSW)* regulates a large portion of the social housing system<sup>143</sup>. The Housing Act envisages a social housing system with broad objectives to provide universal access to secure, appropriate and affordable housing for all.

On 1 January 2014 new legislation was enacted, the *Community Housing Providers (Adoption of National Law) Act 2012 (Cth)*, which provides the legislative basis for the National Regulatory System for Community Housing (NRSCH). The NRSCH<sup>144</sup> is a joint initiative of Commonwealth, State and Territory Governments that is designed to identify, monitor and respond to risks that have serious consequences for tenants, funders and investors, community housing assets and the reputation of the sector. The NRSCH provides a consistent regulatory environment to support the growth and development of the community housing sector.

The objectives of the NRSCH are to: provide a consistent regulatory environment to support the growth and development of the community housing sector; pave the way for future housing product development; reduce the regulatory burden on housing providers working across jurisdictions; and provide a level playing field for providers seeking to enter new jurisdictions<sup>145</sup>.

The *Aboriginal Housing Act 1998 (NSW)* established the NSW Aboriginal Housing Office (AHO). The broad objectives of the Aboriginal Housing Act 1998 (NSW) are to ensure that Aboriginal people and Torres Strait Islanders have access to affordable, quality and culturally appropriate housing. It also sets out to enhance the role of Aboriginal people and Torres Strait Islanders in determining, developing and delivering policies and programs relating to Aboriginal housing, to ensure that priority is given to and shared equitably amongst those most in need, and to ensure registered Aboriginal housing organisations are accountable, effective and capable and efficiently coordinated with other programs and services.

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142 Appendix B provides additional information on the Housing Act (2001), the NSW Aboriginal Housing Act (1998).

143 For the full Act see: [http://www.austlii.edu.au/au/legis/nsw/consol\\_act/ha2001107/](http://www.austlii.edu.au/au/legis/nsw/consol_act/ha2001107/). Note, the Residential Tenancies Act (2010) applies to social housing tenancies and FACS tenancy management policies are required to comply with this Act.

144 The national system, which formally launched in January 2014, has many elements in common with the current NSW regulatory system. For more information, refer to the National Regulatory System. See <http://www.nrsch.gov.au/>

145 National Regulatory System Community Housing website (accessed October 2014). For further detail, please refer to: [http://www.nrsch.gov.au/\\_data/assets/file/0017/284030/1\\_Charter.pdf](http://www.nrsch.gov.au/_data/assets/file/0017/284030/1_Charter.pdf)

The *Residential Tenancies Act 2010 (NSW)*<sup>146</sup> delivers important protection for tenants and landlords, including for social housing. The Act includes a range of tenancy requirements which must be met by FACS, LAHC, AHO, CHPs and social housing tenants, including requirements such as Residential Tenancy Agreements, rent and other payments, the use of premises, the right to terminate tenancies and landlord obligations to provide and maintain the residential premises in a reasonable state of repair.

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<sup>146</sup> NSW Legislation website (accessed October 2014), available at: <http://www.legislation.nsw.gov.au>.

## 11 Appendix D: Additional detail on the legislative framework

### 11.1 Housing Act 2001 (NSW) objectives

- (a) To maximise the opportunities for all people in New South Wales to have access to secure, appropriate and affordable housing,
- (b) To ensure that housing opportunities and assistance are available to all sections of the community with housing needs,
- (c) To ensure that public housing is developed as a viable and diversified form of housing choice,
- (d) To ensure that public housing and community housing reflects the housing standards of the general community and is designed to cater for the ongoing needs of consumers,
- (e) To maximise the opportunities for tenants of public and community housing programs to participate in the management of their housing and in the development of public and community housing policies,
- (f) To ensure that the public housing system focuses on housing people who are most in need,
- (f1) To ensure that the available supply of public housing is shared equitably among people who are most in need,
- (g) To promote equity between levels of assistance provided to people living in public housing, community housing, private rental housing and those who own or are purchasing their homes,
- (h) To maintain an efficient housing administration to ensure the effective co-ordination and provision of all housing services,
- (i) To encourage social mix and the integration of different housing forms in existing and new communities,
- (j) To ensure that registered community housing is developed as a viable and diversified component of the New South Wales social housing sector,
- (k) To support the provision of registered community housing for people on a very low, low or moderate income,
- (l) To facilitate the provision of assistance to home purchasers on low to moderate incomes,

- (m) To provide for the management of such existing and future home purchase assistance schemes (including the portfolio of loans under HomeFund schemes) as the Minister directs,
- (n) To provide for the funding of such other rental and home purchase assistance schemes as the Minister directs,
- (o) To encourage the development of flexible and innovative financial arrangements to facilitate access to home ownership for persons in receipt of low and moderate incomes,
- (p) To ensure appropriate mechanisms and forums are established to allow input into housing policy by representative community organisations and non-government agencies involved in housing policy and provision,
- (q) To attract investment in public housing, including related activities such as tenant employment and the provision of integrated services,
- (r) To enable the provision under this Act of corporate, technical and information technology services, in or outside New South Wales, to government and non-government agencies.

## **11.2 *Community Housing Providers (Adoption of National Law) Act 2012 (Cth) objectives***

- (a) To apply as a law of this State a national law for the registration and regulation of community housing providers under a national system of registration,
- (b) To facilitate government investment in the community housing sector and ensure the protection of that investment,
- (c) To ensure that registered community housing is developed as a viable and diversified component of the New South Wales social housing sector,
- (d) To support the provision of registered community housing for people on a very low, low or moderate income

## **11.3 *Aboriginal Housing Act 1998 (NSW) objectives***

- (a) To ensure that Aboriginal people and Torres Strait Islanders have access to affordable and quality housing,
- (b) To ensure that such housing is appropriate having regard to the social and cultural requirements, living patterns and preferences of the Aboriginal people or Torres Strait Islanders to whom the housing is to be provided,

- (c) To enhance the role of Aboriginal people and Torres Strait Islanders in determining, developing and delivering policies and programs relating to Aboriginal housing,
- (d) To ensure that priority is given, in providing housing assistance for Aboriginal people and Torres Strait Islanders, to those individuals who are most in need,
- (d1) To ensure that the available supply of housing under this Act is shared equitably among Aboriginal people and Torres Strait Islanders who are most in need,
- (e) To increase the range of housing choices for Aboriginal people and Torres Strait Islanders so as to reflect the diversity of individual and community needs,
- (f) To ensure that registered Aboriginal housing organisations are accountable, effective and skilled in the delivery of Aboriginal housing programs and services,
- (g) To ensure that the Aboriginal Housing Office's housing programs and services are administered efficiently and in co-ordination with other programs and services that are provided to assist Aboriginal people and Torres Strait Islanders,
- (h) To encourage the sustainable employment of Aboriginal people and Torres Strait Islanders in the delivery of Aboriginal housing assistance.

## 12 Appendix E: Background on the NSW 2021 Plan<sup>147</sup>

The objective of Goal 13 of the *NSW 2021 Plan* is to protect the vulnerable members of our community and break the cycle of disadvantage. As is stated in the *NSW 2021 Plan*:

‘The NSW Government will improve and better integrate social services to support and protect our citizens at the right time. This includes giving children the best possible start to life, helping vulnerable young people and their families build resilience and plan for the future, ensuring that people who are at risk of becoming homeless are well supported, and that those who do become homeless spend as little time as possible without accommodation. With a focus on prevention and early intervention, we will work with non-government organisations to deliver community services, care, accommodation and other support services, preventing problems from escalating and becoming entrenched.’

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<sup>147</sup> NSW 2021 Plan accessed at [www.2021.nsw.gov.au](http://www.2021.nsw.gov.au) (October 2014).



# Notes



Family &  
Community  
Services