

24 February 2014

The Hon Paul Green MLC
Chair
Select Committee on Social, Public and Affordable Housing
Parliament House
Macquarie Street
Sydney NSW 2000

Dear Chair

Inquiry into Social, Public and Affordable Housing

Access to a stable, safe, secure and clean home is a necessity for everyone and a basic human right. Homes should be located close to transport, jobs, entertainment and services.

People on very low incomes, especially those with a mental illness, drug and alcohol problem, suffering from trauma and abuse, and ex-prisoners released in the community have major challenges attaining stable low cost housing and need government help to ensure equity, rehabilitation and social harmony. Their housing should be close to health and welfare services, jobs and public transport to help them get back on their feet and ensure they are able to contribute to the community.

Similarly, people on low to medium wages need to work closer to home so that they do not suffer financial and time burdens from travelling long distances. Sydney and NSW rely on these workers to maintain the infrastructure and services we need for a modern and efficient global city.

Over the last decade inner city housing affordability has hit crisis point, following property booms and skyrocketing rents. The November 2013 Australian Institute of Health and Welfare report confirmed that NSW has the highest proportion of households in housing stress, with just under 20 per cent of all households in housing stress. The National Affordable Housing Agreement report to the COAG Reform Council showed just under half of NSW low income rental households in rental stress. Sydney is worse, with more than half of low income rental households in rental stress.

Share houses and boarding houses have been redeveloped for single owners and the government has been selling inner city social housing. The result is the relocation of large numbers of low income and medium income earners to the suburban fringes, often where there is limited transport, services and employment. This trend undermines the social fabric and economic viability of the inner city and excludes vulnerable people from facilities and services.

Social Housing

The inner city is close to health and welfare support services, and jobs and public transport; there are lengthy social housing waiting lists. High property values and lack of potential sites mean that there is very limited opportunity to expand social housing stock levels. Now is not the time to sell existing inner city social housing stock.

Alarming the NSW Government has been selling Millers Point homes and moving tenants, many who have lived there for over 20 years and some for generations. This will have a major impact on the community and push more tenants with health and welfare problems to the fringes of the city where there is limited public transport, jobs or support services.



Reports suggest that tenants will be relocated in the inner city, but Housing NSW reports 10-15 year waits for two bedroom inner city homes.

Millers Point is not a large public housing estate with problems. It sustains a supportive and caring community for many tenants and many are fearful that they will be forced to move away from this support and away from the services they need if the government sells occupied homes.

Selling these properties will cleanse the area of lower income people, removing its diversity, with impacts for the recognised social heritage of this precinct. This is occurring at the same time that the Barangaroo development will bring thousands of high income residents, businesses, services and jobs into this precinct.

Tenants report that there are up to 60 properties currently vacant, including four in the Sirius building, which is centrally located, accessible and well maintained. While I understand these vacancies await a decision on the future of this housing estate, this is a shocking situation when there are long waiting lists of more than 55,000 people. The government is also losing revenue and public assets are being neglected.

Alarming, the July 2013 NSW Auditor General's report 'Making the best use of public housing' confirmed that the proportion of social housing has declined over the past decade, with 55,000 on the social housing waiting list now and likely to be more than 86,000 by 2016. The Auditor General reported that the Land and Housing Corporation will sell more than double the number of properties it builds over the next four years. The report quotes Housing NSW estimates that social housing in NSW currently only meets 44 per cent of need.

The loss of inner city social housing will have long term social and economic impacts. Social housing tenants contribute to the fabric of our city, care for their neighbourhoods and create a strong sense of community and provide support for each other. Inner city social housing needs long term and increasing investment.

The government should cease all sales of inner city social housing and ensure that low cost housing continues to be available in central Sydney.

The government should develop a formal plan with clear targets to increase social housing supply.

The NSW Government should work with the Commonwealth to amend taxation treatment to support the creation and maintenance of social housing.

Tenant Support

Since 2002, the Surry Hills/Northcott Community Development Worker has provided vital help through practical support for what was previously a troubled estate with an entrenched sense of hopelessness and significant crime and anti-social behaviour.

The Community Development Worker position has built community capacity and supported Housing NSW projects, with an active community room; arts projects; partnerships with support services; safety audits; mental health recovery projects; World Health Organization accreditation as a safe community; recycling and waste education; tenant computer facilities and tenant gardening groups. The positive changes in Surry Hills reduced transfer requests and neighbour disputes as well as crime and anti-social behaviour, cutting costs and demands on government.

When the community was without this Surry Hills Community Development Worker position during much of 2012, there was a breakdown in projects, communication and relationships. This role is vital and the position must be made permanent.

The government should provide permanent community development worker on all larger estates, including Surry Hills, Ultimo and Woolloomooloo in my electorate.

Social housing has increasingly targeted people with complex health conditions and high level of need, with the interagency Housing and Mental Health Agreement intended to ensure support (replacing the Housing and Support Initiative or HASI). The 2012 evaluation of the HASI program shows it resulted in fewer mental health hospital admissions and shorter length of stay, stable tenancies, independence in daily living, social participation, community activities and involvement in education and voluntary or paid work.

However the great majority of social housing tenants with complex health needs do not get the health support they need. Mental Health Support Packages have replaced HASI, but no additional resources have been allocated to fulfil the requirements of the Housing and Mental Health Agreement.

The government must expand the number of Housing and Mental Health Support Packages for social housing tenants with serious mental health conditions.

The government must review and consider local tenant allocation policies to reduce tenant conflicts, transfers and breaches of tenancy.

Commercial properties under the management of the Land and Housing Corporation have long provided space for support services, including Housing NSW outreach offices, health and welfare services at reduced rents to ensure services are located close to tenants.

The government's sales of these properties and rent increases for government-owned inner city commercial properties reduce the availability of services to those most in need.

The government should ensure reduced rents on government-owned commercial properties to support essential services within communities and ensure service integration in new developments.

Maintenance and Repairs

A long term lack of funding for social housing has left a backlog of maintenance and repair work with significant impacts in the inner city which has some of the oldest social housing properties. The reduction in Commonwealth Government expenditure on public housing has had serious impacts on supply.

The Auditor General's report 'Making the best use of public housing' revealed that the cost of keeping each social housing dwelling has nearly doubled in the last ten years, from \$15,000 to almost \$27,000. To meet increasing costs, the government has been selling existing stock or has delayed maintenance, upgrading and capital building programs.

Older heritage properties are becoming expensive to maintain and some homes have been left vacant, where they deteriorate and are vandalised and incur additional costs for security. As of November 2012, 44 of the 168 maintenance requests for Woolloomooloo alone were outstanding. In the program of works for this financial year, 38 properties for priority works totalling \$252,844 were identified.

Many in the community view this practice as 'demolition by neglect' and a type of social cleansing, forcing low-income people out of the inner city.

I have seen firsthand the negative impact poorly maintained properties have on tenants' health. This includes respiratory illness caused by mould and high levels of anxiety caused by faulty and insufficient security doors allowing unwanted visitors in to housing properties. Media reports regularly expose these problems and the tenants left unsafe and vulnerable to standover tactics and crime victimisation.

The lack of repairs has become so bad that Redfern Legal Centre produced a 'Repair Kit' to help Housing NSW tenants understand the processes involved in getting action from Housing NSW, including taking their landlord, the NSW Government, to the tribunal to force action. Maintenance and repair backlogs must be addressed to prevent deterioration and increasing expensive problems in the future.

The NSW Government should lobby the Commonwealth Government to provide funds for social housing.

Adequate funds must be provided to maintain existing social housing properties.

The government should fund retrofitting and upgrading properties for environmental sustainability, disability access.

The government should redevelop properties where the number of bedrooms no longer matches the needs of those needing a home.

Positive social and economic outcomes result when areas house people on different income levels. A narrow housing mix impacts on the social and economic fabric of a community. Without diversity of income levels neighbourhoods become dull and monotonous and have less sense of community. The inner city needs a mix of social, boarding, student, aged care, key worker, small and large housing.

I urge government action to ensure that policies support social mix in order to prevent the development of isolated communities of very low income residents who do not have access to transport, services or jobs.

Affordable Housing

In 2010/11, just over five per cent of homes sold or built in Australia were affordable for low income households. If essential workers like cleaners, retail workers, nurses, teachers, hotel workers and emergency services workers can't afford to live close to the city, they will take jobs in areas where they can afford to live to avoid long expensive commutes. This makes it difficult for inner city businesses to attract a high quality workforce and properly function, risking Sydney's global competitiveness and ability to service workers and visitors.

According to the National Housing Supply Council, there was a shortfall of more than 500,000 affordable rental properties in 2012. While governments may be able to build some homes to meet this need; much greater impact can be achieved by also legislating planning rules to include affordable housing and encouraging property developers to build affordable homes.

The NSW Government must provide clear incentives for developers to invest in affordable housing as infrastructure investment.

The NSW Government replaced the former Affordable Rental Housing SEPP in May 2011 and established an Affordable Housing Taskforce in November 2011. The Department of Planning and Infrastructure was to develop a new Affordable Housing Choice SEPP; however I'm not aware of progress on this matter.

The government should prioritise policy work to support affordable housing.

The City of Sydney's 'Sustainable Sydney 2030' plan aims for 7.5 per cent of housing in the local government area to be affordable in addition to 7.5 per cent social housing. It imposes an affordable housing levy at Green Square and Ultimo and Pyrmont.

All councils should be able to do this across their local government without the current need for ministerial approval.

The current NSW Government targets for major redevelopment sites will provide minimal benefit. The requirement to include key worker housing of 2.3 per cent of residential gross floor area in Barangaroo South and 2.7-3.1 per cent of total costs at the former Chippendale Brewery site will do little to address the lack of inner city affordable housing. In comparison, the Housing Plan for South Australia requires 15 per cent of new dwellings in major developments to be affordable, with at least five per cent reserved for high-needs groups.

The Australian Housing and Urban Research Institute (AHURI) review of research indicates that a state mandated target supported by flexible local delivery is the best way to deliver a steady supply of affordable housing.

The NSW State Government should set state-wide affordable housing targets and a mandatory minimum level of affordable housing units in all major developments.

All government land redevelopment and urban consolidation projects should include a minimum proportion of affordable housing.

Councils should be given powers to ensure low cost accommodation is included in future development and to protect critical levels of affordable housing.

AHURI also identifies that Housing Supply Bonds could provide a source of funds for affordable housing, modelled on the successful Housing Construction Convertible Bonds scheme that has been in place in Austria since 1993. The Government has been investigating Social Impact Bonds to encourage private investment in community services, but I am not aware of progress on this proposal.

The NSW Government should implement affordable housing bonds and test their value.

Numerous policy organisations have identified that tax treatment of housing does not support affordable housing options. The Commonwealth Government controls macroeconomic levers that can help increase the supply of affordable housing, and the Senate Economics References Committee has established a Senate Inquiry into Affordable Housing.

Australians for Affordable Housing identified key steps that the Commonwealth Government could take to increase the supply of affordable housing: establishing an affordable housing growth fund to build new affordable homes; make the National Rental Affordability Scheme permanent; address tax distortions; restore the value of the Commonwealth Rent Assistance Scheme; and develop a national housing and infrastructure plan. The key mechanisms to support affordable housing are in Commonwealth control.

The NSW Government should work with the Commonwealth to progress national measures to support affordable housing.

Yours sincerely



Alex Greenwich
Member for Sydney