

**NSW Legislative Council Standing Committee on Social Issues  
*Inquiry into Homelessness and Low Cost Rental Accommodation***

**NSW Government Response**

**INTRODUCTION**

The NSW Government supports the overall message of the Final Report of the *Inquiry into Homelessness and Low Cost Rental Accommodation*, which emphasises the need for an overarching framework for the provision of affordable housing, with key priorities identified and targets set through the State Plan. Consistent with this, the NSW Government's revised State Plan includes a renewed emphasis on affordable housing and a new priority to reduce homelessness.

The State Plan priority to *Reduce the number of NSW people who are homeless* commits to the following homelessness reduction targets for NSW:

- A 7% cut in the overall level of homelessness by 2013.
- A 25% cut in the number of people sleeping rough by 2013.
- A 33% reduction in the number of Aboriginal people that are homeless by 2013.

The NSW Homelessness Action Plan 2009-2014 *A Way Home: Reducing Homelessness in NSW* is the primary vehicle to guide delivery of the State Plan targets. The Action Plan sets the direction for statewide reform of the homelessness service sector to achieve better outcomes for people who are homeless or at risk of homelessness.

The State Plan priority to *Improve housing affordability* includes the following targets:

- Increase the supply of affordable housing for low and moderate income households.
- In Sydney Metropolitan Region and the Central Coast:
  - Provide capacity for 640,000 new dwellings between 2004 to 2031, including 445,000 in existing urban areas and the remaining 195,000 in greenfield locations.
  - Achieve stocks of land zoned and serviced with trunk infrastructure and potential for development of 55,000 dwellings.
- In regional areas:
  - Provide at least 300,000 new dwellings over the next 25 years, with an increased rate of infill development.

The NSW Government also supports many of the more detailed findings and comments outlined in the Inquiry's Final Report including the importance of a range of responses across the continuum of housing need, the need for greater levels of affordable housing located near to services and opportunities, and a coordinated response across levels of Government and in partnership with communities, non-government organisations, and the private sector.

Importantly, the Inquiry's Final Report recognises the significant new developments in recent years - such as the National Affordable Housing Agreement.

Actions that address many of the Inquiry's findings and recommendations are already underway.

For the most vulnerable households, NSW is delivering 9,000 new social housing dwellings by June 2012 through the Nation Building Economic Stimulus Plan and the Housing NSW Building Program.

The NSW Government is supporting growth in the supply of affordable housing for low and moderate income households through both direct funding, subsidies and support for providers of affordable housing, and also broader reforms to planning and housing systems to support affordable housing provision.

Under the National Rental Affordability Scheme, in partnership with the Australian Government, funding has been allocated for over 2,500 dwellings in NSW to be rented to low and moderate income households for at least 20% below market rates.

The NSW Government is supporting the community housing sector to provide more affordable housing. Ownership of the majority of social housing funded through the Nation Building Economic Stimulus Plan, as well as 500 social housing properties currently under community housing management, will be transferred to community housing providers to support the growth of the sector. By owning the properties they manage, community housing providers will be able to secure private borrowings against the value of the assets to invest in new affordable housing supply.

The Affordable Rental Housing State Environmental Planning Policy (SEPP) was introduced in July 2009 to increase the amount and diversity of affordable housing in NSW. The SEPP provides incentives for the development of affordable housing, encourages partnerships between private and not-for-profit housing providers, mitigates against the loss of any existing affordable housing, and supports innovative affordable housing styles and good urban design outcomes.

Responses to each of the Inquiry's 17 recommendations are outlined below.

## **INQUIRY RECOMMENDATIONS**

***Recommendation 1*** *That the NSW Government include specific affordable housing targets in the relevant priority areas of the State Plan. The targets should be derived from those set by the Australian Government in reducing homelessness and include specific indicators relevant to the needs of homeless and low income households.*

### Supported

The revised NSW State Plan includes a new priority on reducing homelessness, and a strengthened priority on improving housing affordability. The targets for these priorities, which are outlined above, are consistent with targets agreed by the Australian Government and all States and Territories under the National Affordable Housing Agreement and the National Partnership Agreement on Homelessness.

***Recommendation 2*** *That Housing NSW conduct a midpoint review of the National Rental Affordability Scheme (NRAS) assessing its success against stated objectives and its impact on housing need over this time. Following this review Housing NSW should consider any further state government assistance that can be added to NRAS to increase its effectiveness and sustainability of the sector in the long term.*

***Recommendation 3*** *That Housing NSW, in collaboration with not for profit housing providers, review the success of the National Rental Affordability Scheme (NRAS) in*

*meeting the needs of housing providers and prospective affordable housing tenants, making necessary adjustments to the scheme to tailor it to identified needs.*

#### Supported in-principle

The need to monitor and evaluate progress and outcomes of the National Rental Affordability Scheme is recognised. Housing NSW has already completed an independent review of the establishment phase of the Scheme in NSW. Following this review, the NSW Government committed an additional \$47 million to the Scheme, which will be targeted to registered community housing providers to deliver improved housing outcomes through leverage and the provision of quality services for high need tenants.

The Australian Government has primary carriage for the National Rental Affordability Scheme and its program and policy guidelines. The Australian Government has undertaken a post implementation review of the Scheme, and the outcomes of the NSW review of the Scheme's establishment phase informed NSW's input to this review. The Australian Government will also undertake a formal evaluation of the scheme in 2012. The NSW Government, through Housing NSW, will continue to monitor outcomes of the Scheme in NSW, and to provide advice and input to the Australian Government on the operation of the Scheme.

***Recommendation 4*** *That Housing NSW commit to a firm timeframe to implement its policy for the transfer of title to community housing providers.*

#### Supported

In June 2009, the NSW Government announced the transfer of ownership of up to 7,000 social housing properties to not for profit community housing providers. This includes the majority of new social housing funded through the Nation Building Economic Stimulus Plan and 500 properties currently under community housing management.

New legislation to facilitate the transfer of ownership of properties to community housing providers was passed by the NSW Parliament on 9 March 2010. *The Housing Amendment (Community Housing Providers) Bill 2009* sets out the pre-requisites that community housing providers must meet prior to ownership being transferred, including registration status.

The NSW Government has already selected twelve community housing providers to manage around 850 properties delivered under Stage 1 of the Nation Building Economic Stimulus Plan. Providers eligible for the transfer of ownership of these properties will be required to submit a business proposal to Housing NSW demonstrating that they meet the pre-requisites for asset ownership, and outlining how they will deliver additional affordable housing, better asset management and improved tenant outcomes.

Competitive tender processes to allocate around 4,500 properties under Stage 2 of the Nation Building Economic Stimulus Plan and 500 properties already under community housing management commenced in December 2009 and the successful applicants will be announced in the first half of 2010.

The first ownership transfers will take place from mid 2010, and the transfers will continue until 2012 when the construction of properties funded through the Nation Building Economic Stimulus Plan is due for completion.

**Recommendation 5** That Treasury in collaboration with Housing NSW undertake a fully costed feasibility study for the introduction of shared equity scheme arrangements that have the primary objective of increasing home ownership in NSW. and

**Recommendation 6** That Housing NSW liaise with the Department of Planning to identify suitable housing estates for the implementation of a shared equity scheme to assist in urban renewal and decrease pockets of disadvantage.

#### Supported in-principle

The NSW Government has reservations regarding Government involvement in shared equity schemes, and particularly so when the borrowers would be considered high risk by financial institutions. Nevertheless, the NSW Government will explore options for introducing a shared equity scheme in NSW for the partial sale of public housing, targeted at low and moderate income households. This work will be led by Housing NSW. These options should support broader efforts to reduce concentrations of disadvantage and the renewal of public housing estates. This analysis will include consideration of the costs and benefits of shared equity schemes, including the risks of shared equity arrangements to the Government and home-buyer, and whether these risks can be sufficiently minimised.

As part of work underway through the Council of Australian Governments (COAG) on national housing reforms, Housing Ministers are considering transitions to home ownership for social housing tenants. Issues under consideration include the benefits of shared equity schemes, and potential options for facilitating or supporting States and Territories' schemes at the national level.

**Recommendation 7** That the NSW Treasurer make representations to the Australian Government for the retention of Public Benevolent Institution status of not for profit housing providers and associated taxation concessions.

#### Supported

In June 2009 Housing NSW, supported by NSW Treasury, made a joint submission with the ACT Department of Disability, Housing and Community Services to the Australian Government's review of the Australian taxation system, *Australia's Future Tax System Review*, supporting the retention of the Public Benevolent Institution status for not for profit housing providers.

The joint submission emphasised the need for greater clarity for not for profit housing providers under Australian taxation law, particularly in relation to taxation exemptions and concessions available to Public Benevolent Institutions. The submission also highlighted the significant role not for profit housing providers undertake in the provision of social and affordable housing and the importance of providers retaining their Public Benevolent Institution status.

The Australia's Future Tax System Review Panel has reported to the Australian Government and a response is expected from the Australian Government on the issue in early 2010.

***Recommendation 8*** That Housing NSW liaise with their counterparts across the country to fast track the development of a national regulatory framework that introduces consistency between states and covers all forms of affordable housing, including boarding houses and caravan/ residential parks.

Supported, in relation to large scale community housing providers

The NSW Government is working with the Australian Government and other State and Territory Governments to develop a nationally consistent regulatory framework for large scale not for profit community housing providers that receive government assistance to provide social and affordable housing for lower income households.

The aim of the proposed national regulatory system is to provide a consistent regulatory framework for not for profit housing providers engaged in development and borrowing activities to reduce the barriers to operating across State and Territory borders, and to provide confidence to private sector partners such as banks and financial institutions that operate nationally that these organisations are appropriately regulated.

A scoping report for a proposed national regulatory system was presented to Housing Ministers in 2009 and the Australian Government is expected to release a discussion paper on possible national approaches to regulating the community housing sector in early 2010.

If there were community housing providers not covered by the proposed national scheme they would still be covered by state based systems of regulation, such as the statutory regulatory system in NSW.

In NSW, the Registrar of Community Housing is responsible for the regulation of providers that receive assistance from Housing NSW. The NSW regulatory system has a tiered approach, which ensures that the level of regulation is commensurate to the size and scale of providers' business operations.

This recommendation is not supported in relation to boarding houses or residential parks. The Inquiry's report does not identify any problems arising from inter-jurisdictional inconsistency in the regulation of boarding houses or residential parks that would justify the development of a national regulatory framework for these tenures.

***Recommendation 9*** That Housing NSW establish a framework for corporate governance of housing providers that is consistent with national regulation and registration requirements and enables providers to access tax benefits currently applied to public benevolent institutions with charitable status.

Supported in-principle

Housing NSW already has a regulatory framework in place for community housing providers comprising both contractual requirements and a statutory registration and regulatory system. The NSW statutory regulatory system was introduced in May 2009 and was aligned with the regulatory framework being developed nationally. As outlined above, work on a national regulatory system is still underway.

The NSW regulatory framework has been designed to ensure that the regulatory requirements set by Government do not restrict not for profit community housing providers from accessing tax benefits as Public Benevolent Institutions.

**Recommendation 10** *That the NSW Government review legal impediments to tenant participation on boards of not for profit housing providers, and liaise with Federal counterparts on Commonwealth law reform.*

Supported

The Inquiry's Final Report suggests that there may be legal impediments to tenant participation on boards of community housing providers, arising from corporations law. However, it is understood that some community housing providers do currently have tenants on their boards and Housing NSW has advised that it is not aware of any legal impediments to this occurring. The NSW Government will examine whether there are any legal impediments to tenant participation on community housing provider's boards and, if appropriate, will raise any issues relating to Commonwealth law with the Australian Government.

**Recommendation 11** *That the NSW Department of Planning work with regional organisations of councils to examine the effect and appropriateness of inclusionary zoning in increasing the supply of affordable housing.*

Supported in-principle

The NSW Government recognises the importance of the planning system in supporting the delivery of new affordable housing options. A range of planning instruments and mechanisms can facilitate and encourage the development of affordable housing. The Affordable Rental Housing State Environmental Planning Policy (SEPP) was introduced by the NSW Government in July 2009 to increase the amount and diversity of affordable housing in NSW. Inclusionary zoning was not included in the SEPP, which instead focuses on the use of incentives to encourage affordable housing opportunities. The SEPP aims to encourage immediate new investment in affordable housing by providing a significant floor space bonus for projects that include affordable housing for at least ten years. In the Sydney Metropolitan region the incentives for floor space apply only to those developments accessible by public transport.

The Inquiry's Final Report outlines the conflicting evidence on the effectiveness of inclusionary zoning, and its impacts on housing affordability. While this tool has worked well in some markets, it adds to the cost of development which may result in higher housing prices depending on the local market.

The NSW Government will further consider the option of inclusionary zoning as part of the review of the Affordable Rental Housing SEPP 2009, which is due to take place once the SEPP has been in operation for one year.

**Recommendation 12** *That Housing NSW in liaison with the Department of Planning and NSW Health identify and assess potential sites for additional Common Ground-type developments that have the necessary support structures available in the local area.*

Supported in-principle

An integral part of the implementation of the NSW Homelessness Action Plan is the reform of the homelessness service system, which will include shifting towards providing more long term, supported accommodation for people who are experiencing homelessness. This approach has been based on findings from a

research synthesis undertaken by the Australian Housing and Urban Research Institute (AHURI) which confirmed that it is more effective to focus on providing long term accommodation and support directly to homeless people, rather than moving people through crisis and transitional accommodation arrangements before they access long term housing.

As noted in the Inquiry's Final Report, the NSW Government is developing a purpose built building in Camperdown in Sydney to accommodate homeless people and people on low incomes in need of affordable housing in the inner city of Sydney. The Camperdown Project is a model of integrated supported social housing, based on the Common Ground model. A key feature of Common Ground is its 'street to home' approach, whereby homeless people are moved directly from the streets into stable, long term accommodation and provided with support to sustain their tenancies. The Camperdown Project will be evaluated, to inform any future decisions about the potential application of this model in other locations.

The NSW Government currently invests in a range of programs and initiatives that provide support services linked to stable and affordable housing – such as the Housing and Accommodation Support Initiative (HASI), which provides stable and secure accommodation linked to support services for people with a mental illness or disorder and a range of levels of psychiatric disability.

The NSW Homelessness Action Plan includes as a priority improving and better utilising evidence-based responses to homelessness. As part of the shift towards providing more long term, supported accommodation for people who are experiencing homelessness, the NSW Government will consider building on or expanding existing successful models where evaluations have demonstrated positive outcomes – such as HASI. The NSW Government will also continue to develop new housing and support initiatives, suitable for different target groups, informed by data on the needs of people experience homelessness and evidence on effective responses, including successful models in other jurisdictions.

***Recommendation 13*** *That Housing NSW establish regional advisory bodies, with representatives of local council and housing providers, to enable local solutions for growth in affordable housing;*

- in areas with appropriate existing physical and social infrastructure*
- with appropriately targeted resources.*

#### Not supported

The NSW Government recognises the importance of working with communities and local stakeholders to ensure delivery of appropriate local solutions. The NSW Government's Regional Coordination program coordinates the planning and implementation of NSW priorities at the regional level.

Regional Homelessness Action Plans are being developed through 2009/10 to implement the strategic directions of the NSW Homelessness Action Plan at the regional level. Regional Homelessness Committees are being established in the nine Regional Coordination Program regions to support the development and implementation of the plans. These regional committees will be chaired by Housing NSW, and will include representatives from government, non-government and the broader community.

Many regions in NSW have affordable housing forums and advisory bodies in place and the NSW Government, through Housing NSW, will continue to provide them with specialist advice on affordable housing opportunities, issues, policies and programs.

***Recommendation 14*** That Housing NSW work with local government, not for profit housing organisations and tenant representatives to identify social cohesion programs which would benefit housing estate tenants, and make representations to specific government departments to ensure these programs are implemented.

#### Supported in-principle

The NSW Government recognises that efforts to overcome disadvantage require a multi-faceted approach that responds to a range of social and economic issues, including housing and infrastructure, community building and participation, access to services, and education and employment. Multi-agency approaches are necessary to develop effective responses, including social cohesion programs, to the entrenched community disadvantage and high support needs affecting social housing tenants. Involvement of private and community sector partners is also important – such as local businesses, non-Government organisations, Aboriginal organisations and local communities.

*A New Direction in Building Stronger Communities 2006/07–2010/11* is a \$66 million investment over four years to improve housing, services and opportunities to break the cycle of disadvantage in seven priority areas covering 22 social housing estates. Other major social housing estate renewal projects include the Bonnyrigg Living Communities Project, the One Minto project and the Redfern Redevelopment. These initiatives have a strong focus on community engagement, and partnerships between Government agencies, local communities, non-government organisations and businesses, so that social housing tenants living in estates have improved access to services and opportunities for social and economic participation.

The NSW Government will continue to ensure that local communities, the private and community sectors, and a wide range of Government agencies are involved in renewal projects on social housing estates, and that residents of social housing estates have improved access to relevant programs, services and support.

***Recommendation 15*** That Housing NSW review its eligibility criteria for tenancy in registered community housing to provide greater flexibility and a broader social mix, and in consultation with local government, establish target percentages for each income group – very low, low and moderate income households.

#### Not supported

Social housing, including public and community housing, is targeted to people on low incomes who need support to live independently, as well as people on low incomes who have problems accessing affordable and suitable housing in the private rental market. Social housing in NSW will continue to be targeted to those most in need, consistent with the NSW Government's commitments to reducing homelessness and maintaining a strong social housing sector for the most vulnerable households.

Achieving social mix is supported in principle and in practice. There are continuing efforts to reduce concentrations of disadvantage in existing public housing estates, including through renewal and redevelopment of sites to improve tenure mix and social mix, as well as capacity building and employment programs which tackle some of the causes of social exclusion. For new social housing, the NSW Government



aims to avoid high concentrations and ensure that social housing is dispersed and integrated into local communities. As far as possible, new social housing is provided in well-located areas with access to services, transport and employment.

Community housing providers also provide affordable housing for low to moderate income households. The Affordable Housing Guidelines require that providers house a mix of household income types within their affordable housing stock using factors such as housing need, matching need to supply, financial viability, and local criteria (for example labour supply) to determine the appropriate mix of households and incomes. Target percentages for specific income groups have not been set, as providers require sufficient flexibility in order to effectively manage their stock, respond to local need, and deliver a range of outcomes.

***Recommendation 16*** *That the Minister for Fair Trading refer an inquiry to the Standing Committee on Social Issues into caravan/residential parks, and in particular caravan/residential parks as an affordable housing option and the impact of their closure on permanent residents.*

Not supported

The NSW Government's *Assistance Protocol on Residential Park Closures* provides a framework for cooperation between agencies in providing assistance for residential park residents displaced by a residential park closure, in order to assist them to access the services they require and to prevent them from becoming homeless. The *Park Closure Taskforce*, led by Housing NSW, is responsible for overseeing the Protocol. The Taskforce also monitors the scale and scope of park closures and the loss of longer-term sites within parks through the Protocol's notification processes. The Protocol is due to be reviewed in 2010.

The *Residential Parks Act 1998* was reviewed in 2005 and a package of amendments commenced in 2006 that significantly strengthened the rights of residents, with particular emphasis on protecting and compensating residents impacted by residential park closures.

Residential parks provide housing to people who may not be able to afford other forms of private housing, or who face barriers to accessing private rental housing. The NSW Government is aware that the closure of caravan park accommodation or conversion of sites to tourist uses reduces the housing options available for people on low incomes, and has in place planning laws which allow Local Councils to seek to retain caravan parks including through special use caravan park zoning. Local Councils can also negotiate voluntary planning agreements to ensure the retention of affordable housing when approving the redevelopment of a caravan park.

Residential parks are operated on a for-profit basis by private owners with rents generally set at market levels. The Inquiry's Final Report indicates that residential parks may be a suitable affordable housing option in some cases, but in other cases may be a risky investment, or a housing option that is not suitable for some households or only suitable in the short term.

***Recommendation 17*** *That Housing NSW undertake a review of boarding houses in New South Wales, specifically:*

- *the number of boarding houses that have closed due to redevelopment*

- *ascertaining what, if any, financial incentives and assistance is required for boarding house owners to provide affordable housing now and in the future, and examine methods of protecting the tenancy rights of boarders, including but not limited to legislative possibilities to amend the Residential Tenancy Act 1987.*

#### Supported in-principle

Regulation of the boarding house sector in NSW is shared across a range of NSW Government agencies. The NSW Government is considering the future regulation of the boarding house sector in NSW including incentives to support viability of the sector. Issues around occupancy rights and support options for vulnerable people are also being considered. This process is being led by the Department of Human Services (Ageing, Disability and Home Care) in consultation with a range of agencies including Housing NSW, the Office of Fair Trading and the Department of Local Government. A review of the *Youth and Community Services Act 1973* regulation is also being considered – this legislation regulates licensed residential boarding houses in NSW.

The Boarding House Closure Protocol is triggered when licensed boarding houses close down. The Protocol provides a mechanism for key agencies to work together to provide alternative accommodation in a range of supported settings including group homes, other licensed boarding houses and independent living arrangements in private rental or public housing.

Under the Affordable Rental Housing SEPP 2009, the NSW Government is supporting the provision of a variety of low cost affordable housing options. The SEPP makes it easier and more viable to build new generation boarding houses with improved facilities that can provide low-cost, flexible rental accommodation to a wide range of tenants. The SEPP provides a floor space bonus to encourage investment in new boarding houses, and sets clear standards for the construction of new generation boarding houses. The SEPP also expands the existing Boarding House Financial Assistance Program to provide financial assistance to developers of new boarding houses with self contained bedrooms.