‘Blood from a stone’
Homelessness NSW response to IPART’s review of rent models for social and affordable housing

December 2016

About Homelessness NSW
Homelessness NSW is a peak not for profit organisation that works with its 170 members to prevent and reduce homelessness across NSW. Our members include small, locally based community organisations, multiservice agencies with a regional reach and large State-wide service providers who work to address and prevent homelessness.

Key services that we provide include policy development and advocacy in working to end homelessness, public education about the changing faces of homeless people and those at risk, information about the diverse mix of initiatives operating in NSW and elsewhere and advice and support for member organisations and others about organisational change and improvement.
Executive Summary

Homelessness NSW welcomes the opportunity to comment on IPART’s issues paper *Review of rent models for social and affordable housing* (the issues paper).

In our submission, Homelessness NSW provides an overview of the current lack of affordable housing options available for disadvantaged groups and its impact upon demand for Specialist Homelessness Services.

In the context of this housing crisis, Homelessness NSW has considerable concerns about the NSW Government implementing measures which may result in increased rents for social and affordable housing tenants. Homelessness NSW also believes the focus on transitioning people out of social housing is based on an incorrect understanding of the current tenancy cohort and does not address the issues of chronic undersupply of social and affordable housing that is the real driver of the current housing crisis. As detailed in our submission to the draft NSW Homelessness Strategy, the NSW Government must immediately develop and implement an Affordable Housing Strategy that includes the building of additional social housing properties and provides specific targeted measures to address housing barriers.

While we believe large-scale tenant transitions from social housing to the private market is unrealistic, Homelessness NSW does support measures to support suitable tenants to obtain employment. Rather than being achieved through adjusting rent models, Homelessness NSW recommends that NSW Government investigate the systemic barriers for social housing tenants obtaining employment and provide access to support, training, and other employment assistance programs.

Homelessness NSW also has considerable concerns with the issues paper’s consideration of measures to reduce the waiting list by amending the eligibility criteria. Our submission argues that the considerable current wait times for social housing are not the product of less ‘needy’ clients being placed on it, but rather the chronic undersupply of social housing.

Homelessness NSW recognises the need to have an appropriate rent setting framework to be established in the social housing system. However we (as well as the other housing and homelessness peak bodies) believe this issue should be explored through the establishment of an expert advisory group which is made up of representation from academics, representatives of providers, tenants, advocates and peaks and undertaken in a timely and considered way.

Homelessness NSW has developed this detailed submission in consultation with its members and is available to expand on any of the issues or recommendations outlined in the submission.
Summary of recommendations

1. That the NSW Government commit to the development of an Affordable Housing Strategy which commits to a substantial investment in social housing and provides specific targeted measures to reduce barriers to housing that are adopted across NSW Government agencies.

2. That the primary criteria in determining rental models in social and affordable housing be the capacity of tenants to pay rent.

3. That the NSW Department of Family and Community Services conduct detailed analysis of those in social housing and their long-term housing and support requirements, including access to education and employment and consider these elements in developing further policy in this area.

4. That the NSW Department of Family and Community Services implement measures to address the systemic barriers for social housing tenants obtaining employment including those identified in *Future Directions for Social Housing*.

5. That any review of eligibility criteria for social housing be based on social housing need and take into account vulnerability as well as income and support needs.

6. That FACS Housing work with Homelessness NSW and other peak agencies to develop a strategy to support tenants using the Rent Deduction Scheme who have been breached by Centrelink.

7. That the NSW Government abandon plans to introduce tenancy bonds for new public housing tenancies, and, if this is not achieved, that ‘extenuating circumstances’, which give rise to an exemption from paying bonds, should be granted to people entering public housing:
   - after homelessness;
   - as result of escaping domestic or family violence;
   - over the age of 55;
   - with a mental illness, cognitive impairment, physical or intellectual disability;
   - experiencing acute financial hardship; and
   - from prison or a medical facility.

8. That IPART establish an expert advisory group which is made up of representation from academics, representatives of providers, tenants, advocates and peak bodies to guide the review into rental models in social and affordable housing and undertake this work in a timely and considered way.
Background to the review

Homelessness NSW believes it is necessary to place IPART's review in the context of the current housing and homelessness crisis in New South Wales.

Specialist Homelessness Services (SHSs) across New South Wales are currently reporting high demand for their services across the range of groups known to experience homelessness including rough sleepers, young people and women and children escaping domestic and family violence. Data recently released by the Australian Institute of Health and Welfare (AIHW) has confirmed this, with services seeing almost 70,000 clients in 2015/16, a significant increase from 51,787 in 2013-14 (an increase of 35 per cent). Across the SHS Program in NSW, in 2015/16 SHSs were contracted to provide support to 57,000 clients -meaning services are currently providing support to 20 per cent more clients than they are contracted to provide. There are simply not enough crisis accommodation spaces to meet the current demand for services.

These high rates of demand for SHSs can be traced back to the lack of affordable housing options currently available for vulnerable individuals and families. Data from AIHW reveals that in New South Wales 45,240 people sought accommodation support from SHSs, an increase of 39 percent in 2013-2014 (n= 32,578). Significantly, a lack of affordable housing options meant that SHSs were unable to provide accommodation assistance for over 34 per cent (n=15,241) of those that sought such assistance.

Vulnerable individuals and families are no longer able to access social housing system due to the incredibly long waiting lists. According to the NSW Audit Office in 2015 there were over 55,000 applications for housing, representing 120,000 people on the wait list. In New South Wales, there are 247 areas and towns where social housing is available. In over 20 per cent of these areas, applicants can expect to wait more than ten years for social housing.

Nor is the private rental market available for those experiencing disadvantage. Anglicare Australia’s 2016 Rental Affordability Snapshot conducted in the first weekend in April 2016 found that only 76 properties (less than 1 per cent) advertized across greater Sydney and the Illawarra were available to people on income support payments. In Sydney, the overwhelming bulk of these were in the outer suburbs, more than 20 kilometres from the CBD.¹ In addition to acute shortage of affordable rental accommodation, those experiencing homelessness experience a number of systemic barriers entering the private rental market including adverse listings on Rental Tenancy Databases and discrimination including on the grounds of receipt of Centrelink benefits, history of homelessness and engagement with social housing providers.

In the context of this housing crisis, Homelessness NSW has considerable concerns about the NSW Government implementing measures which may result in increased rents for social and affordable housing tenants. The unaffordability of the private rental market means social housing is the only available option for those experiencing disadvantage. Available evidence also suggests that the vast majority of current social housing tenants are living well below the poverty line. Data from the Australian Council of Social Services’ 2016 report Poverty in

Australia found that those in receipt of Newstart Allowance, Youth Allowance, the Aged or the Disability Support Pension experience high poverty rates and fall well below the poverty line. Current figures indicate that over 93 per cent of social housing tenants are in receipt of an income support payment.

Increased rental payments will therefore leave many tenants extremely vulnerable to homelessness. In October 2016, Homelessness NSW released Debt Set Unfair which documented the experiences of social housing tenants and SHS providers with the social housing debt system. In preparation for the report, Homelessness NSW conducted a series of consultations with former social housing tenants who were now experiencing homelessness. Those consulted detailed they had extreme difficulties managing rent and other essentials such as food, electricity, health care needs and the cost of schooling for their children. It also found the current levels of support available to vulnerable tenants was inadequate, with numerous people experiencing homelessness sharing stories of how such financial pressure had resulted in them developing rental arrears which had ultimately led to their eviction from social housing and facilitated their fall into homelessness. Homelessness NSW believes the current issues around lack of tenant support, eviction and homelessness will be further exacerbated if changes are made to the current rental structures that increase the amount of rent that is required to be paid.

Homelessness NSW also believes addressing the current rental structures and eligibility for social and affordable housing will not address the housing affordability crisis. Rather than considering such measures, the NSW Government needs to immediately develop and implement an Affordable Housing Strategy that includes the building of additional social housing properties and provides specific targeted measures to address housing barriers. Homelessness NSW’s submission to the draft NSW Homelessness Strategy contains additional measures which we believe the NSW Government must introduction to reduce the impact of the housing affordability crisis in New South Wales on the most vulnerable

Recommendation 1: That the NSW Government commit to the development of an Affordable Housing Strategy which commits to a substantial investment in social housing and provides specific targeted measures to reduce barriers to housing that are adopted across NSW Government agencies.

Recommendation 2: That the primary criteria in determining rental models in social and affordable housing be the capacity of tenants to pay rent.

Rental Framework

Composition of social housing tenants

Homelessness NSW notes that the issues paper details two broad categories of social housing tenants which was first identified in Future Directions for Social Housing in NSW (Future Directions) safety net group (who requiring extended periods of support) and the opportunity group of people (who can be helped to become more independent so they no longer require social housing and government assistance. IPART in the issues paper seeks sector input in

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3 IPART Discussion paper
determining who these groups can be identified to ensure housing assistance can be appropriately targeted.

From Homelessness NSW perspective, these two categories have been arbitrarily proscribed and without understanding of the actual composition of social housing tenants. To discuss housing pathways for social housing tenants which considers social housing as transitional housing does not understand the current social housing tenant profile who require access to long term, affordable and accessible housing. As detailed in the issues paper, over 93 per cent of current social housing tenants on income support payments of some kind and for whom pathways out of social housing with a focus on employment is inappropriate. In this context, an ‘opportunity group’ who can be assisted to no longer require social housing is so small as to be negligible.

Homelessness NSW recommends that the NSW Government conduct detailed analysis of those in social housing prior developing to developing further policy in this area. This should include understanding the tenant profile, their long-term housing requirements and available support options through reforms such as Going Home Staying Home, the Strengthening Mental Health Reforms, Aged Care pathways and the introduction of the National Disability Insurance Scheme (NDIS). Housing options and support programs could then be modelled in this context, including the identification of any gaps in educational and employment support for social housing tenants.

Recommendation 3: That the NSW Department of Family and Community Services conduct detailed analysis of those in social housing and their long-term housing and support requirements, including access to education and employment and consider these elements in developing further policy in this area.

Barriers to employment

As noted above, Homelessness NSW believes there is only a small number of social housing tenants eligible to obtain employment. However, as identified in the AHURI Report, Work disincentives and housing assistance (the AHURI report) the small cohort of social housing tenants whom can gain employment face considerable systemic barriers not related to current rental structures. Barriers identified within the AHURI report include tenants being housed in areas away from suitable employment as well as them often having limited education and/or employment experience. Homelessness NSW work has also identified prior criminal record or their status as social housing tenant can often lead to discrimination from employers. As part of consumer consultations conducted in preparation for our submission to the NSW Homelessness Strategy, one person experiencing homelessness told Homelessness NSW “with a criminal record you know straight off the bat that your application is going to be shredded”. There are currently few, if any NSW Government programs in place to address these major systemic barriers for social housing tenants entering employment or to provide support for them to retain it. Homelessness NSW notes that Future Directions identified several specific measures to address the structural barriers to employment for social housing tenants. Homelessness NSW recommends that the NSW Government implement these measures as well as those such as criminal record discrimination prior to undertaking the significant measure of altering rental structures.

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Recommendation 4: That the NSW Department of Family and Community Services implement measures to address the systemic barriers for social housing tenants obtaining employment including those identified in Future Directions for Social Housing.

Eligibility criteria

Amendments to eligibility criteria

Homelessness NSW is strongly opposed to any measures to restrict eligibility of NSW Housing Register to those currently with priority status. Currently many highly vulnerable groups do not receive priority status under the NSW Housing Register, and who would therefore be without housing options under the suggested change. One such group is older single women. In 2016, Homelessness NSW in partnership with the Older Women’s Housing and Homelessness Group published A Plan for Change: Homes for Older Women which highlighted that single older women are among the most marginalised groups in terms of their ability to access safe, affordable housing. Many in this group cannot afford to pay a mortgage or pay market rents (see housing unaffordability above) and are therefore forced to rely on the social housing system. Currently the system for assessing applicants for the NSW Housing Register does not take age into account as a factor in determining priority unless you are over 80 years old (over 55 for an Aboriginal applicant). Restrictions to the eligibility criteria based on priority status would therefore prevent older women and many other vulnerable groups from obtaining housing.

As identified above, the considerable current wait times for social housing are not the product of less ‘suitable’ people being placed on it, but rather the chronic undersupply of social housing. The NSW Government has committed under Future Directions for Social Housing to the development of an additional 3000 additional social and affordable homes over four years. While supportive of this commitment, 3000 properties are a ‘drop in the ocean’ compared to the over 60,000 people currently on the NSW Housing Register waiting list.

Recommendation 5: That any review of eligibility criteria for social housing be based on social housing need and take into account vulnerability as well as income and support needs.

Automatic deduction of rent

The issues paper notes the NSW Government’s proposed introduction of the Rent Deduction Scheme as mandatory for all social housing tenants in NSW. In Homelessness NSW’s experience the current scheme works well for many tenants except in circumstances where the tenant is breached by Centrelink. During consultations conducted as part of the production of Debt Set Unfair many people experiencing homelessness shared stories of how a breach from Centrelink had led them to be unable to pay rent, leading to them falling into arrears and often to have their tenancies terminated. Many of those consulted who were in this position had elected to have their rents automatically deducted via the Rent Deduction Scheme and were surprised that Centrelink and FACS Housing did not have procedures in place to prevent them from falling into arrears. Homelessness NSW believes that prior to the introduction of mandatory rent deduction, FACS Housing must implement more effective measures to support clients who have their Centrelink payments breached and may fall into rent arrears. FACS Housing have informed Homelessness NSW that an informal mechanism currently
exists to enable Centrelink to communicate to them when a tenant has been breached. However, based on our work in Debt Set Unfair, Homelessness NSW believes these measures are currently ineffective and the greater support and information needs to be provided to tenants after a Centrelink breach.

**Recommendation 6:** That FACS Housing work with Homelessness NSW and other peak agencies to develop a strategy to support tenants using the Rent Deduction Scheme who have been breached by Centrelink

### Tenancy Bonds

Homelessness NSW is strongly opposed to the introduction of tenancy bonds for public housing tenants and believes they will provide a further barrier for vulnerable people to access and retain housing.

As detailed in the Draft operation framework on tenancy bonds for public housing (the draft framework) for all clients who sign a new tenancy will be required to either pay the entire bond in full or pay the first instalment before moving into public housing. For those moving into a property with a bond required to be paid of $1400 (the maximum amount payable) this would equate to either $26.90 per fortnight (based on a 24-month repayment) or $19.90 per fortnight (based on a 36-month repayment). Many of those consulted by Homelessness NSW as part of Debt Set Unfair highlighted the considerable impact of seemingly 'small' repayment amounts can have on those living on government support payments. As one person experiencing homelessness told Homelessness NSW, “government does not understand what $20 can mean for someone on the street. I have to pay $20 per week to pay off a debt. For them it is nothing. For me it is a choice of whether to eat or not”. Another person experiencing homelessness consulted by Homelessness NSW spoke of not taking medication so he could afford repayments “after Housing stuffed up I organised to pay $25 per week. I have a chronic back and neck injury and I could have used that money for pain relief but couldn’t”.

People experiencing homelessness consulted by Homelessness NSW specifically about the introduction of tenancy bonds indicated that they would either not be able to afford payment of the bond or that it would severely hamper their ability to establish their tenancy. As one person told Homelessness NSW “for many people on the street, they have absolutely nothing when they first enter housing- no bed, no food, and as important, no family that they can rely on to help them get set up. Taking extra money away from people at this stage can be the straw that breaks the camel’s back”. Another person highlighted that the introduction of bonds would further place reliance on SHS providers “people are going to have less money to be able to get the things they need. The lucky ones will be able to get support from services but many others are just going to freak out and just never not return the phone call to housing”.

The introduction of tenancy bonds will also likely result in increased evictions from public housing and result in more people experiencing homelessness. The draft framework also indicates the intention of the NSW Government to amend Part 7 of the Residential Tenancy Act 2010 (NSW) (RTA) to make the non-payment of a bond a breach of the tenancy agreement and thus enable NSW FACS to apply for a Specific Performance Order to terminate the tenancy from the NSW Civil and Administrative Tribunal (NCAT). As a result, it is likely that the introduction of tenancy bonds will mean more tenants are evicted into homelessness.
Once evicted, former tenants have incredible difficulty re-entering the system. Those evicted for non-payment of bond are likely to receive a negative classification under FAC Housing’s Social Housing Eligibility and Allocations Policy. Homelessness NSW’s consultations as part of Debit Set Unfair revealed that a significant number of people experiencing homelessness have a social housing debt with FACS Housing, with many classified as ‘less than satisfactory former social housing tenants or occupant’ and who are thus required to completely repay their debt or make continuous payments for six months before their applications can be listed on NSW Housing Register. As most people experiencing homelessness are not immediately able to repay their debt, they are forced to rely on the already overstretched SHS sector for assistance before their housing applications could be considered.

Homelessness NSW recommends that the NSW Government not introduce tenancy bonds, or if it does so, that it should exempt vulnerable people from the scheme.

**Recommendation 7:** That the NSW Government abandon plans to introduce tenancy bonds for new public housing tenancies, and, if this is not achieved, that ‘extenuating circumstances’, which give rise to an exemption from paying bonds, should be granted to people entering public housing:

- after homelessness;
- as result of escaping domestic or family violence;
- over the age of 55;
- with a mental illness, cognitive impairment, physical or intellectual disability;
- experiencing acute financial hardship; and
- from prison or a medical facility.

**Conclusion**

To address the considerable number of vulnerable people on the social housing waiting list, the NSW Government must increase social housing supply, address the lack of affordable housing and implement measures to assist them retain their tenancy.

Measures such as those contained in IPART issues paper will do little to address the current housing crisis and runs the risk of further marginalising disadvantaged tenants and potentially increasing the rates of homelessness. Homelessness NSW looks forward to the ongoing discussion and developments in this area.

As detailed above, Homelessness NSW recommends that IPART amend the current consultation process and timeframes to enable the establishment of an expert advisory group which is made up of representation from academics, representatives of providers, tenants, advocates and peaks.

**Recommendation 8:** That IPART establish an expert advisory group which is made up of representation from academics, representatives of providers, tenants, advocates and peak bodies to guide the review into rental models in social and affordable housing and undertake this work in a timely and considered way.