

IPART Review of Rent Models for Social and Affordable Housing

Yfoundations Submission

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About Yfoundations

Since 1979 Yfoundations has been the NSW peak body on youth homelessness, representing young people at risk of, and experiencing, homelessness, as well as the services who provide direct support to those young people.

Yfoundations' mission is to create a future without youth homelessness, where all young people have access to appropriate housing options that can address individual needs. This goal is pursued by: providing advocacy and policy responses on issues related to youth homelessness; promoting, and furthering the development of, good practice in addressing youth homelessness; and striving to ensure that youth homelessness remains a priority in public policy.

Youth homelessness interrelates with a range of issues, and ending it will require a whole of government and service system response, with coordination across different service areas and collaborative and integrated solutions. To place youth homelessness in this broader context Yfoundations has adopted, based on the insights and experience of services and young people, a framework of five domains in which each young person must have the opportunities to thrive. These five *foundations* for ending youth homelessness guide thinking on what is needed for young people's positive growth and development. The five *foundations* are:

Safety and Stability

It is vital that all young people not only feel safe, but are actually protected from risk factors that may impede their developmental process. During childhood and adolescence, young people must receive the necessary support to ensure they develop a strong safety system, both internally and within their external networks. A strong and stable foundation will foster confidence and independence within a young person, which will promote active participation in community life.

Home and Place

It is vital that all young people have access to a safe, non-judgemental Home and Place. A comfortable place that they identify with and feel a strong

connection to. A Home and Place should be an environment that promotes growth and fosters positive development.

Health and Wellness

It is vital that all young people, particularly during the formative stages of their growth and development, are physically, socially and emotionally well. To ensure this, young people must have access to all the necessary prerequisites for achieving health and wellness. Being well and feeling healthy will promote self-worth and ensure young people feel competent to participate in their communities.

Connections and Participation

It is vital that all young people are given the opportunity to develop and nurture the connections in their lives. Connections to friends, family, community and society promote resilience and social inclusion. Youth people must be listened to and have the opportunity to influence outcomes. Positive connections to and genuine participation in community life during the formative stages of childhood and adolescence enables a young person to build a strong positive foundation and prepares them for adult life.

Education and Employment

It is vital that all young people are given the opportunity to pursue their educational and professional goals. Education and training is crucial to the growth and development of young people. Education and training, including formal tuition and practical life skills, promotes self-confidence and independence and provides young people with the skills and competencies necessary to enter the labour force and remain competitive throughout adulthood.

More information on the *foundations* is available on Yfoundations' website: <http://yfoundations.org.au/explore-and-learn/publications/the-foundations/>

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This submission is structured around the findings and recommendations in the IPART draft report. Not all recommendations have been addressed, but Yfoundations is aware of numerous other community sector organisations who will be making submissions and have expertise on those recommendations not addressed here.

Findings

Draft Finding 1: An income-based tenant rent contribution is the best option to ensure affordability for tenants.

Draft Finding 2: The current rates for tenant rent contributions (25% - 30% of income) and thresholds at which they apply are appropriate. The threshold at which tenants are no longer eligible for a subsidy is appropriate.

Draft Finding 3: Multiple factors influence tenants' incentives for workforce participation, not only the rent model, and other measures are likely to be more effective in strengthening these incentives.

The findings of this report are strongly evidenced based and align well with the experience of community sector workers assisting vulnerable young people.

Affordable and Equitable Tenant Rent Contribution

Draft Recommendation 1: to ensure rent is affordable and assistance is provided to those most in need, that FACS revise its Tenancy Charges and Account Management Policy Supplement so that social housing tenants above the subsidy eligibility threshold pay market rent plus 5%, to reflect the security of tenure provided by social housing compared to private rental.

The recommendation to have social housing tenants pay a 5% premium is problematic for two reasons.

Firstly, the basis of this recommendation appears to be that because those paying market rent in social housing could choose to move to the private rental market, but do not do so, they should therefore pay for the increased stability it provides. This fails to consider the many barriers facing those transitioning to the private rental market that are above and beyond being financially able to afford the rent. These barriers make the “choice” to stay in social housing a necessity for some social housing tenants.

There are substantial barriers to entry into the private rental market. A survey of Australian tenants showed that three quarters of renters believe that competition between applicants is fierce, and half of all renters report having experienced some form of discrimination when looking for a rental property.¹ The nature of the discrimination people reported experiencing varied greatly – those on low incomes (i.e. those transitioning from the social housing market) were much more likely to have faced discrimination for receiving government payments (33%), for being a single parent (17%), or based on their race or disability (9%).²

There may also be barriers due to individual circumstances. For example, a

¹ CHOICE, National Shelter and The National Association of Tenant Organisations (NATO), 'Unsettled: Life in Australia's Private Rental Market' (Report, CHOICE, National Shelter and NATO, February 2017) 4.

² CHOICE, National Shelter and NATO, above n 2, 21.

young person who has experienced trauma. We know that in working with trauma victims, consistency and continuity are key in the recovery process. For the hand of these young people by obliging them to either move into the private rental market (with the added stress of looking for and finding a suitable property) or pay a 5% premium could have unintended and damaging impacts on their recovery process.

Secondly, the recommendation to charge a 5% premium is at odds with another of the IPART's draft recommendations, that all social housing leases be reviewed at least every three years to assess whether the dwelling continues to meet the tenant's needs and characteristics. This effectively removes the security of tenure that the premium is intended to address. There is no mention within the draft review report what compensation will be awarded to those who have paid this 5% premium but are subsequently asked to move, whether in the form of a refund or payment of all moving costs.

The above being said, a 5% chargeable premium may be an acceptable compromise, with the express caveat that the fund-raising initiatives are taken by the NSW Government as a package and not 'cherry-picked' to justify a increased burden on social housing tenants while government fails to do its part.

As highlighted in the draft review report, current explicit subsidies provided by the Commonwealth Government via national housing agreement funding and by the NSW Government are not enough to cover the difference between tenants' rent contribution and the full cost of providing social housing, resulting in a funding gap.³

The IPART proposes to fill this gap using a combination of fund-raising initiatives including that the NSW Government provide an annual explicit subsidy equivalent to the difference between market rent for the social housing system, and the total tenant rent contribution (including Commonwealth Rent Assistance if applicable).

³ Independent Pricing and Regulatory Tribunal (IPART), 'Review of Rent Models for Social and Affordable Housing (Draft Report, April 2017) 30.

It must be made clear in the final report that these recommendations should be seen as a “package” and that the NSW Government should not seek to fill the funding gap by increasing tenant rents while failing to increase funding on their end.

We would also advocate for a one-year moratorium on charging this premium on the basis of the above-mentioned barriers to the private rental market for those households transitioning out of social housing. This would allow tenants the time to properly search and apply for properties suited to their needs, without unfairly penalising them for the current difficulties facing them when transitioning.

Draft Recommendation 2: To improve equity between social housing tenants, that FACS revise its Tenancy Charges and Account Management Policy Supplement to:

- *Assess Family Tax Benefits Parts A and B at 25% in the calculation of rent payable for social housing (instead of 15%)*
- *Include the Pension Supplement in the calculation of rent payable for social housing, and*
- *Include any benefits or allowances that are regular, ongoing and provided for general living expenses in the calculation of rent payable for social housing*

The rationale behind the IPART’s draft recommendation is to remove variations in how different sources of income are treated in calculating a tenant’s gross weekly household income, to improve equity between tenants who receive a similar level of income from different sources.

The IPART also makes the point that, for example, Family Tax Benefits A and B are provided to assist with the cost of raising children (which includes providing housing) and therefore should no longer be assessed at a concessional rate but at the full rate of 25%.

However, most income supplements are given to address a specific disadvantage and are, in theory, calculated to be an amount that addresses the additional expense of that disadvantage, for example disability benefits. Taking away a

percentage of a supplementary payment makes it inadequate to address the need it is intended to.

The aim of this draft recommendation, to effectively ensure horizontal equity between tenants, is also at odds with the bedrock of social benefits, to ensure vertical equity between tenants, their assessable income and their contributions to the rent. For those already on a low income, those solely reliant on social payments, and/or those with additional needs to be met, this additional percentage of income to be considered assessable will be a high percentage of an already small disposable income level.

It is not clear within the draft review report which payments and supplements should be considered to be assessable. At the Public Hearing held in Sydney on the 9th May 2017, Dr Peter Boxall clarified that it would be up to FACS to decide which payments and supplements would be assessable as income, based on the general premise that they are regular, ongoing and provided for general living expenses. However, payments and supplements are payments provided by the Commonwealth Government to address certain additional needs of recipients. Any decision by a state government, which will have an effect on the intended social impact of these payments, should be negotiated between the Commonwealth Government and all of the state governments of Australia. In other words, there should be a national consensus on which payments are considered to be assessable and which aren't. It should not be up to state governments to raise rents for social tenants in this way simply because they are unable, or unwilling, to contribute enough funds to address the funding gap.

As with Recommendation 2, if this recommendation is to be made it should be explicitly aligned with Recommendation 4 so as to avoid this reform being cherry-picked by Government.

Draft Recommendation 3: That the maximum increase in weekly rent contributions payable by applicable tenants associated with assessing benefits and assessable income be capped each year at \$10 per week.

The capped maximum increase in weekly rent contributions payable as a result of the new calculation method, set at \$10 per week until the household has transitioned to the full rent contribution, seems too high to be workable for some households.

For example, a single parent, or a couple with a single income, with two children between the ages of 6 and 12 will see their rent increase by \$30 per week by the end of the second year following the recommended increase. This will represent an annual increase of \$1,560. A couple with dual income will see an increase of \$18 at the end of the first year, an annual increase of \$936.

This is a steep increase to budget for in a relatively short space of time, assuming that the household's income remains unchanged throughout the time-period. The strain of this additional financial outgoing could have severe impacts on a family unit.

We know that family breakdown is one of the leading causes of youth homelessness in NSW, and indeed throughout the rest of Australia. In 2014-15, 45% of young people under the age of 25 cited DFV and family/relationship breakdown as the main reason for accessing SHSs.⁴

Qualitative research conducted in the UK highlights the strain that living on a low income, whether through low paid work or benefits, places on family relationships. The difficulties faced by families living on a low income meant that some young people were under pressure to leave home if they were unable to contribute financially, sometimes because they were in further education or were struggling to find employment. This was particularly evident for those young

⁴ Australian Institute of Health and Welfare (AIHW), *Specialist Homelessness Services 2014-15* (2015) AIHW <<http://aihw.gov.au/homelessness/specialist-homelessness-services-2014-15/>>

people who were the eldest in their family or where a family was experiencing overcrowding.⁵

To counteract the knock-on effects of too steep an increase too quickly, we would recommend a capped weekly increase of \$2.50 until the household has transitioned to the full rent contribution.

The IPART should also clarify whether or not tenants will be expected to pay this increase where the additional sum brings them above and beyond the rent benchmark of 25-30%.

Financially Sustainable for Housing Providers

Draft Recommendation 4: To support a financially sustainable social housing system, the NSW Government provides an annual explicit subsidy equivalent to the difference between:

- *Market rent for the social housing system, and*
- *The total tenant rent contribution*

It is highly commendable that this report has clearly identified the need for increased resourcing of social housing and appropriate mechanisms for providing this. This recommendation, if implemented, ensures that the NSW Government plays its part in seeing that the social housing sector is sustainable, and able to contribute to the cost of providing new housing stock to meet unmet and future demand.

⁵ Abigail Gill, 'Families Under Pressure: Preventing Family Breakdown and Youth Homelessness' (Discussion Paper, Centrepoint, 2016) 9.

Draft Recommendation 5: That the explicit subsidy per property to be paid by government vary by location (as market rents vary by location) to facilitate socio-economically diverse communities.

This recommendation supports the objective of greater diversity. It will also help ensure that those in social housing are not relegated to outer suburbs and urban fringes, where there are fewer employment and education opportunities, less access to public transport, and limited social opportunities.⁶

Draft Recommendation 8: To get the right housing stock in the right place to meet demand from those in need of assistance, that FACS develop and publish a Social Housing Strategy, updated annually, detailing the number of dwellings to be delivered across NSW over the next three to five years by location, size and type

Draft Recommendation 9: That FACS develops performance indicators for the Social Housing Strategy and report on these annually as part of its Annual Report

Draft Recommendation 10: That an independent evaluation be carried out and reported publicly every five years on the effectiveness of the Social Housing Strategy

There is concern that, despite the IPART's draft recommendation that the government subsidy payable vary by location, inevitably, the NSW Government will opt to provide explicit subsidies, and to develop social housing, only where it is cheapest, on the basis that they could then afford to develop and provide for more social housing, irrespective of whether or not it is located in areas where it is really needed. This will lead to concentrations of social housing occurring in more affordable, but less desirable and less convenient,

⁶ Australian Housing and Urban Research Institute (AHURI), 'How has the Private Rental Sector Changed in Recent Decades, Particularly for Long-Term Private Renters?' (Research and Policy Bulletin 185, February 2015) 2.

parts of the State.

During the IPART's tribunal hearing held in Sydney on the 9th May 2017, Dr Peter Boxall clarified that their recommended Social Housing Strategy would counteract the possibility of this happening by providing transparency to the sector.

However, for this to indeed be the case, it is important that there be a recommended and clearly defined process through which interested stakeholders are able to query, seek further clarification on and contest the processes used to develop the Social Housing Strategy. The Strategy may also need to include factors in addition to size, location and type; such as level of access to employment opportunities, medical and other services, and different transport options. A consultation process will be needed to establish these additional factors.

Draft Recommendation 13: That social housing providers obtain an annual independent assessment of market rent for the basis of their subsidy claims to FACS

An annual independent assessment of market rent will ensure complete transparency for housing providers when claiming for, and FACS when subsequently paying, subsidies.

Eligibility Criteria and Workforce Participation Incentives

Recommendation 14: That FACS retain the current weekly income thresholds for social housing eligibility at entry and revise the way it assesses income in line with draft recommendation 2.

The retention of the current weekly income thresholds for social housing eligibility at entry, currently set at \$595 gross for a single adult is appropriate.

Recommendation 15: If the schedule evaluation of the current time-limited private rental subsidy programs demonstrates this form of assistance both is beneficial to clients and cost-effective for government, that the NSW Government extends these programs to other appropriate clients

The experience of youth homelessness services with the Youth Private Rental Subsidy in the districts in which it has been rolled out has been very positive. The promising results so far justify the further roll-out of the scheme to the entire state, this will then allow the scheduled evaluation mentioned in the IPART draft report to be undertaken on the full program.

Draft Recommendation 16: That all social housing leases be issued as continuous leases and be reviewed periodically (at least every three years) to assess whether the dwelling continues to meet the tenant's needs and characteristics

Draft Recommendation 17: That FACS adopts a formal policy that a tenant's continued eligibility to social housing means they are eligible for a suitable dwelling that meets their household's needs, rather than a specific dwelling

The security and stability of a continuous lease is an essential component of social housing. Having eligibility only for "suitable" housing and not the current swelling undermines this. If a social housing tenant is required to move to a dwelling that is "suitable" according to the formal criteria used in the review process, but is in practice substantially unsuitable due to factors not included in the formal process, this could effectively be a denial of social housing eligibility. Merely the threat of this occurring in each three-yearly review would severely damage the ability of social housing tenants to feel secure. It could also potentially drive unintended consequences due to social housing tenants making decisions of the basis of a perceived risk that they may be moved to a dwelling the does not actually meet their needs.

It is inadvisable to be making decisions on a household's perceived suitability for a particular dwelling solely based on a limited and rigid set of characteristics. It is important that the personal and psychosocial needs of a household are not cast aside, alongside any unique needs and characteristics, of which there are a multitude, not provided for in the IPART's proposed redesign.

For example, a single parent may be reliant on family nearby for free childcare that would no longer be available to them if moved to another location deemed more suitable to that household's needs and characteristics. This might then lead to a loss of employment. The proposed assessment characteristics also risk isolating those who are unable to work for whatever reason. Employment and training hubs are usually concentrated in and around city centres, and moving those not in employment away from socially vibrant locations can have severe detrimental impacts on their mental and emotional wellbeing, especially if a sense of community has developed. For tenants in employment, any move should not unreasonably increase the time it takes for them to get to and from work, nor should any move make it more difficult for them to get to and from work (e.g. having to take three trains rather than one).

Further consideration should be given where there are young people under the age of 18 living in the property being reviewed. There should be specific measures to ensure that the young person's opinion and perspective on the matter are not overlooked. It is important to ensure that the wellbeing of all those living in the property must be taken into consideration, not just that of the lead tenant.

There are undoubtedly also other factors not covered here that would need to be taken into account to avoid worsening the situation of vulnerable social housing tenants. We feel that in practice taking into account all the relevant factors would be a sufficiently complex task that it would be overly burdensome on housing providers and likely to lead to mistakes. For these reasons a voluntary system where tenants judge their own circumstances, is more likely to be both equitable and effective.

While there is no harm in undertaking a periodic assessment to determine whether the dwelling continues to meet the tenant's needs and characteristics

and, where it doesn't and there is agreement, move the household to a more suitable dwelling, it would be extremely problematic to force tenants to move against their will. It is far more appropriate to have a voluntary system whereby those whose needs and circumstances have changed are asked whether they might be willing to move into property more appropriate to their current circumstances and needs. It would be very difficult to implement a compulsory framework that is consistent yet fair.

However, if the IPART's final recommendation is for FACS to adopt such a policy, we would ask for a number of points to be clarified:

1. The IPART considers that tenants should not be entitled to continue to occupy a specific dwelling when it no longer suits their needs and would help another eligible household access amenities and opportunities they can benefit from. A household's entitlement to continue to occupy a particular dwelling is considered solely on the basis of a household's perceived need to access certain amenities and opportunities. The formal amenities and opportunities considered are listed as proximity to employment hubs, proximity to education and proximity to healthcare services. To what extent will housing provider workers be given discretion to decide on a household's eligibility for a particular dwelling based on unique, personal characteristics, and what qualifies those workers to make those decisions?
2. How will FACS safeguard against certain tenant cohorts being moved repeatedly? For example, the proposed assessment characteristics risk pushing those who are retired or who are unable to work for whatever reason down the hierarchy, given that employment and training hubs are usually concentrated in and around city centres. This will inevitably force those out of work into properties further and further away from these employment and training hubs.
3. This draft recommendation fails to take into account the fact that many people are in social housing because they are extremely vulnerable. What safeguards will be put in place to ensure that consideration be given to current support networks in place supporting those who are asked to move? For example, we know that when working with trauma victims, consistency

and continuity are key in the recovery process. Care must be taken to ensure that those who are asked to move have the mental capacity to cope and that a move will not interfere with the recovery process.

4. This recommended policy is at odds with the IPART's draft recommendation 2, that households earning above the eligibility threshold should pay a 5% premium to account for the security of tenure provided to them through being allowed to continue renting in the social housing sector. This 5% premium is based on figures that those in the private rental market move on average every two years and the additional costs to those households as a result. If households, who are paying this premium, are asked to move from one dwelling to another as a result of this policy, how will their housing provider recompense them?

Further, if a compulsory transfer system is introduced it is important that it be transparent and reasonable. Where the housing authority intends to review a tenant's eligibility for assistance, they should be given reasonable notice of this intention, as well as the opportunity to appeal any decision made. After this process, tenants should be given adequate notice of their moving date. We would recommend 90 days. Tenants should receive financial assistance for their relocation costs including electricity, water and gas connection fees, telephone and Internet reconnection fees and reasonable removal expenses.

Draft Recommendation 18: That tenants with positive exists from social housing to private rental be permitted to retain their original 'application for social housing' date for up to two years.

The introduction of a 'right of return' acknowledges the current insecurity and instability in the private rental and employment markets, as well as the difficulty of transitioning to independence for those without familial ties and support.

Part of the journey towards independence for many young people is experimenting with independent living. These experiments may not always work out. It is common for a young person, when transitioning towards independence, to move out of the family home into their own accommodation, only to find that it was not quite what they were looking for, or that they did not connect well

with flat mates rendering the living situation unworkable. During this transition, therefore, having family support to fall back on is essential.

For young people from disadvantaged backgrounds, returning to social housing does not represent a failure to transition successfully into independent living but is part of the process of establishing themselves. When a young person doesn't have connections or family ties to fall back on, they can find themselves at the back of a very long queue. The prospect of this provides a significant disincentive to experiments with moving out of social housing. The introduction of this 'right of return' to social housing will remove the disincentive to leave social housing and give them a safe place from which to try again.

Draft Recommendation 19: That an increase in household income due to an increase in employment-related income be exempt from assessment for tenant rent contributions for the first six months it is received.

The changes made to the Start Work Bonus to include additional income from tenants changing jobs, tenants increasing their casual hours, and tenants moving from casual to permanent or part-time to full-time work acknowledge the importance of giving those who have improved their employment situation the time to have their new arrangement become established.

However, we are concerned that this draft recommendation fails to consider and account for the realities of the current state of the employment sector. Many young people aged 15-24 are employed as casuals, on zero hour contracts. Casual workers have no guaranteed hours of work, usually work irregular hours, do not get paid sick or annual leave and can have their employment terminated without notice (unless agreed otherwise) at any time. The mass casualisation of the employment market has coincided with a growing trend of underemployment. In the February 2015 Quarter, the number of young people in work who wished to be working more hours hit a record high of 17.3%, continuing in June 2015. In the 1970s, the underemployment rate for 15-24

year olds was 3.2%.⁷

What this means for the young workforce is that many will have varying weekly working hours and fluctuating salaries, with no certainty that they will make enough money to effectively budget and pay for all of their outgoings week after week.

Further clarification is needed on how the Start Work Bonus will be implemented for those with fluctuating salaries where, for example, a casual worker works full-time for a few months before having their hours cut back down to 20 for a few months because the busy season has ended. Further, what of individuals whose income suffers because they are forced to take a week unpaid leave because they are sick?

Draft Recommendation 20: That, following the 6-month rental contribution freeze, if the tenant's household income is over the threshold for a subsidy, that the tenant be offered alternatives of either:

- *one-off private rental assistance (e.g. a bond, loan, rent in advance and moving expenses) as per current arrangements to move to private rental, or*
- *stay in the social housing property and pay the full property rent without subsidy (market rent) plus 5% premium to reflect the security of tenure provided by social housing*

Offering tenants one-off private rental assistance at the end of the 6-month grace period will provide them with, not only a further work incentive, but also, the assistance to overcome the initial financial barriers to transitioning to the private rental market.

We would stress however that this financial assistance must not overshadow the non-financial barriers to accessing the private rental market that many tenants face. As previously mentioned, social housing tenants face significant barriers to

⁷ Chris Zappone, *Young Workers Hit by Rising Unemployment* (24 January 2012) The Sydney Morning Herald <<http://www.smh.com.au/business/young-workers-hit-by-rising-unemployment-20120124-1qevx.html>>

accessing the private rental market; they are likely to be competing against a number of applicants many of whom are likely to have rented in the private rental market previously. Social housing tenants are generally stereotyped by landlords and considered to be less than ideal tenants, and thus it is likely it will take more time for them to find something suitable to their needs and circumstances.

As a result, we would ask that it be stipulated that these one-off financial grants be valid for as long as is necessary for social housing tenants to find a suitable private rental. Further, tenants should be afforded a grace period of one year before they are charged the 5% premium to account for these non-financial barriers they face when transitioning to private rental market.

Matching Households to the Best Housing for their Needs

Recommendation 21: That FACS redesigns the waiting list prioritisation and allocation processes to better match current housing stock to tenants' needs and characteristics, including their capacity to benefit from employment, education and training opportunities

The IPART's recommendation to improve user-choice through a choice-based letting scheme will bring the social housing market in Australia in line with that of other developed countries, such as the United-Kingdom and The Netherlands, and allow individuals the freedom to make informed decisions and to have conscious control and choice over their lives.

However, the social housing portfolio in NSW and Australia more broadly is small, especially when compared to portfolios in other developing countries. For example, social housing comprises around 18% of the rental housing market in the United-Kingdom.⁸ There is also currently a mismatch in the size and type of

⁸ Kathleen Scanlon, Christine Whitehead and Melissa Fernandez Arrigoitia, *Social Housing in Europe* (London School of Economics and Political Science).

dwellings available. While the majority of social housing applicants are single adults, the housing stock is made up primarily of family homes. The small number of available and appropriate housing may well make user-choice difficult to implement and sustain in the long run.

There are also concerns around accessibility, depending on how housing providers intend to advertise their properties, as not everyone will have consistent access to the Internet. Potential tenants who have been shortlisted to express interest in a particular dwelling should be contacted directly to inform them of their possibility to do so. Tenants should also be offered assistance to complete and submit an expression of interest to the desirable standard; otherwise you risk introducing an unlevel playing field for those with poor communication skills.

Further, with already long and increasing wait times for social housing, we have concerns surrounding the negative impacts of being passed over for housing time and time again might have on individuals. When a potential tenant expresses interest for a property, they are likely to be doing so because the property meets their needs and have their heart set on that property. While one, two or even three rejections might be understandable and manageable, individuals are likely to become disheartened if they are turned down an indefinite number of times.

For these reasons, while supporting choice-based letting in theory, we would recommend trialing and evaluating such a system to ensure that the process is managed and controlled so as to be workable.

Recommendation 22: That households in urgent need of housing are provided with temporary accommodation or other forms of housing assistance until they can be placed in suitable social housing.

It is highly concerning that the draft report appears to recommend that tenants deemed to be unsuitably housed should take priority over those who are yet to be offered social housing, especially where there is an urgent need for housing. We would recommend that temporary accommodation be used only as a last

resort, and that those in urgent need of, or in temporary, accommodation be housed as a priority before those being re-housed.

Subsidised Affordable Housing

Recommendation 26: That, rather than investing in government-subsidised affordable housing for people on moderate incomes, the NSW Government focus housing assistance on:

- *Providing social housing for people on very low to low incomes in need of long-term secure accommodation, and*
- *Providing time-limited private rental subsidies for people on very low to low incomes in need of temporary assistance*

The aim of affordable housing is to allow those on very low, low and moderate incomes to access private rental properties with some form of government support, at reasonable rents. This is not currently the case. As at June 2014, there were very few affordable rental houses aimed at those with very low or low income, 2.4% and 7.3% respectively of the affordable rental stock in Sydney. Conversely, 39% of stock is available to those with moderate incomes (set at \$59,900).⁹

As a stepping-stone towards independence and towards transitioning to unaided renting in the private rental market, affordable housing serves an important purpose within our society, alongside both social housing for people on low and very low incomes, and time-limited private rental subsidies for people in need of temporary accommodation. Without it, the majority of social housing tenants are likely to remain in social housing, and it would be difficult to blame them for doing so.

It is therefore important for Australia to implement a serious housing strategy to deal with the current housing crisis, and that includes social housing for those

⁹ Family and Community Services (FACS), *Housing Market Snapshot – New England North West Region* (undated) Housing NSW <<http://www.housing.nsw.gov.au/centre-for-affordable-housing/for-planners-of-affordable-housing/housing-snapshots/housing-market-snapshot-new-england-north-west-region>>

who are homeless, affordable housing for those who can't afford to leave home because of the exorbitant private rents, and help-to-buy or shared ownership initiatives for those who are unable to save enough money to put down a deposit on a property.