

# Social Housing in NSW:

A summary of the discussion paper



Family &  
Community  
Services

November 2014



## Minister's foreword

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

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

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

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

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

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

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

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

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

This Discussion Paper sets out broad directions for reform.

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

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

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

Gabrielle Upton MP  
Minister for Family and Community Services

# Executive summary

## Purpose of this Discussion Paper

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

## Context

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

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

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

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

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

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

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

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

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

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

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

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

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

6 Internal FACS data (2014).

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

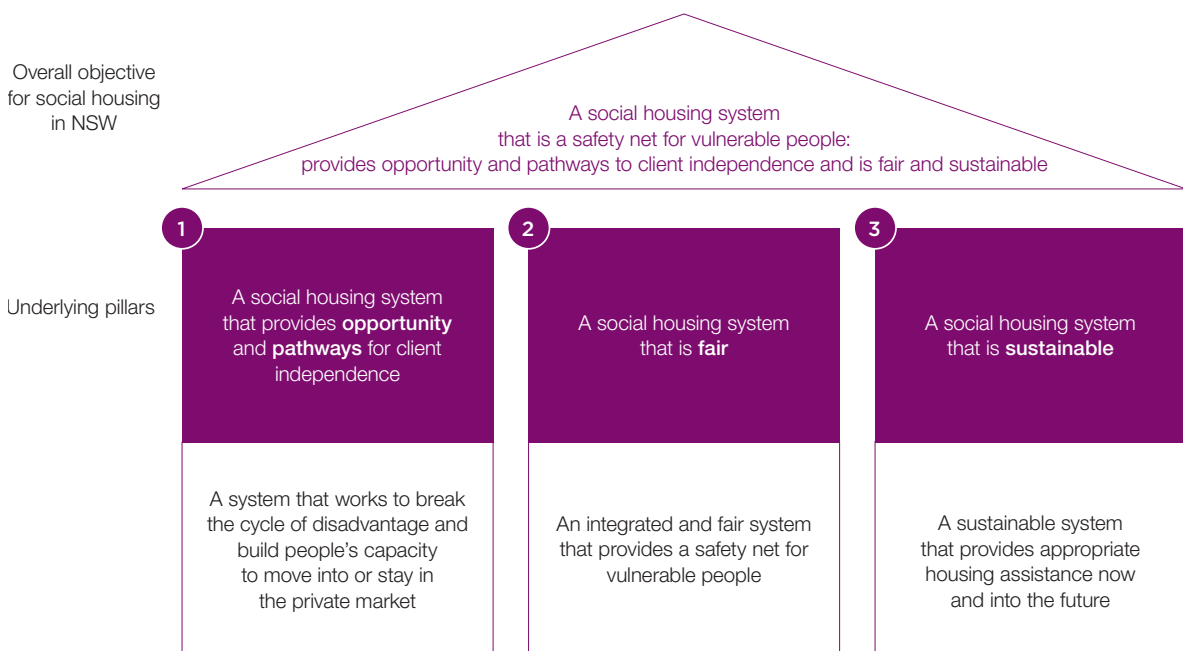
## Proposed direction

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

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

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

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



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

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

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

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

## Have your say

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

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

We welcome your submissions and comments by:

- Online feedback form at the NSW Government's Have Your Say website: <http://haveyoursay.nsw.gov.au/socialhousingreform>;
- Email to [socialhousingreform@facs.nsw.gov.au](mailto:socialhousingreform@facs.nsw.gov.au); or
- Letters to the following address:

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

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



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