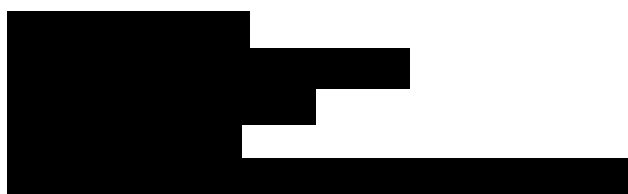


## About the Tenants' Union of NSW

The Tenants' Union of NSW is the peak body representing the interests of tenants in New South Wales. We are a Community Legal Centre specialising in residential tenancy law and policy, and the main resourcing body for the state-wide network of Tenants Advice and Advocacy Services (TAASs) in New South Wales.

The TAAS network assists more than 35,000 tenants, land lease community residents, and other renters each year. We have long-standing expertise in renting law, policy and practice. The Tenants' Union NSW is a member of the National Association of Renters' Organisations (NARO), an unfunded federation of State and Territory-based Tenants' Unions and Tenant Advice Services across Australia. We are also a member of the International Union of Tenants.

## Contact



Website: [tenants.org.au](https://tenants.org.au)

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## About this submission

The Tenants' Union of NSW welcomes the opportunity to contribute to the development of a National Housing and Homelessness Plan, and provide comment on the Issues Paper. We hope to see the plan set out a shared national vision, one that imagines - and clearly sets a path towards - a housing system that will end homelessness and ensure everyone has access to 'a good home'.

People require not just basic shelter but a good home to live a safe, healthy and dignified life. Adequate housing provides shelter and safety, and access to basic services and utilities, such as sanitation facilities, electricity and clean water. Stable, secure housing enables stronger social connections and a sense of belonging, stable employment, and better education outcomes for households. Homes are our base from which we are connected to communities, broader society and can engage in social, cultural and economic activities. A good home is not a luxury, it is essential.

We encourage those involved in the next steps in drafting and developing a Housing and Homelessness Plan to keep this front of mind.

### Renting a basic need, an essential service

*"Housing is a basic human need. In our society all people need to obtain, and to be reasonably secure in, housing of an acceptable social standard. It is a crucial government responsibility to see that poverty does not prevent people from meeting this need."*

Professor Ronald Sackville, 1975<sup>1</sup>

For those who rent their homes, our housing system is failing. In large part this is because there is not general agreement about the importance of ensuring the system delivers safe, stable and affordable housing. This National plan represents an opportunity to move towards a general consensus.

Just as the Commonwealth's Law and Poverty Inquiry of the 1970s largely designed the framework for tenancy regulation, it is time again for the Commonwealth to lead a modern reset to achieve the goals of ensuring everyone in our community has a safe, stable and affordable home.

We can recognise an essential service by considering the consequences for health and wellbeing in its absence. As with water, food and energy, the absence of a stable home has significant consequences.

Though it is self-evident, there is also a growing body of research we will explore further in this submission demonstrating the measurable harm being caused, not only by the absence of a home but the precarity, instability or unaffordability of that home. These consequences are financial, but they also negatively impact mental and physical health.<sup>2</sup>

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<sup>1</sup> Commission of Inquiry into Poverty (1976) *Law and Poverty in Australia*, Australian Parliamentary Paper, p57

<sup>2</sup> Recent research drawing on UK data found for example that challenging housing circumstances, including insecurity and high rents in the private rental market, negatively affect health through accelerated biological ageing. See Amy Clair, Emma Baker, & Meena Kumari (2023). *Are housing*

As with all essential services, government has ultimate responsibility for ensuring the sector, however structured, is performing the function. It can choose to do this in a number of ways from direct provision of service to market regulation.

If our system is to continue to relying on private sector (investors) for supply of an essential service (housing) and providing subsidy/incentives to draw investors in need to clearly set out some basic expectations re investment

Just as doctors in private practice, utilities companies, farmers and grocers have general agreement that their participation in providing essential services comes with both financial reward and obligations to community, industry participants in housing need to be lead to similar conclusions.

Government can play a market shaping rather than a market responsive role, but must take on a leadership role, putting in place interventions and framework for public good. A new approach for governments in relation to setting expectations of the sector is needed to ensure access to this most essential of services.

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*circumstances associated with faster epigenetic ageing?. Journal of epidemiology and community health, jech-2023-220523.*

## Recommendations

### Recommendation 1

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The National Housing and Homelessness Plan's vision, goals and objective aim to achieve tenure neutrality in relation to people's experience and autonomy regarding their housing, as well as financial outcomes.

### Recommendation 2

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The National Housing and Homelessness Plan ensure states and territories implement the nine principles identified in [The National Nine: Principles for Strengthening Renters' Rights](#) and measure progress towards these.

### Recommendation 3

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The National Housing and Homelessness Plan recognise the negative consequences of eviction and work with states and territories to develop and implement more effective hardship frameworks within tenancy law to support renters experiencing hardship to sustain their tenancies.

### Recommendation 4

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The National Housing and Homelessness Plan require adequate funding and resourcing of tenancy advice, advocacy & support services as part of its coordination and planning for early intervention and support for people at risk of homelessness.

### Recommendation 5

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The National Housing and Homelessness Plan introduce a clear and effective strategy to improve Community Housing Providers' policy and practice regarding financial inclusion and sustaining tenancies. This must include a review of Registrar (or other relevant agencies') current target metrics for assessing compliance with the National Regulatory Code or equivalent in WA and Victoria.

### Recommendation 6

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The National Housing and Homeless Plan require improved transparency in relation to social and affordable housing supply by providing public access to appropriate metrics and information.

### Recommendation 7

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The National Housing and Homeless Plan require targets in relation to tenant participation in governance and general organisational decision making can be built into the regulatory framework for community housing providers.

### Recommendation 8

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The National Housing and Homelessness Plan establish an agreed measure of housing need, one that can better account for housing need within the community. This should guide for planning and developing a long-term program to increase the supply of new

social (public and community) homes.

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#### **Recommendation 9**

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The National Housing and Homelessness Plan apply an expanded understanding of housing affordability, drawing on a broader range of housing affordability measures or methodologies to deepen our understanding beyond the '30/40 rule' as currently applied.

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#### **Recommendation 10**

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The National Housing and Homelessness Plan recognise market-led supply alone will not deliver the housing required to address current affordability concerns. The potential impacts and the costs of using market-led supply must be taken account of to ensure serious consideration of alternative and/or complementary interventions.

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#### **Recommendation 11**

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The National Housing and Homelessness Plan set coordinated and ambitious goals, aiming to meet a target of at least 10% of all housing to be public or community housing by 2036.

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#### **Recommendation 12**

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The National Housing and Homeless Plan design and implement an alternative funding model that separates the funding required to meet the day-to-day operational costs, and the source of funds for growth.

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#### **Recommendation 13**

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The National Housing and Homelessness Plan ensure current strategies and trajectory efforts incorporate the recommendations made in the [Community Sector Blueprint](#) for implementing a National Framework for Minimum Energy Efficiency Rental Requirements.

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#### **Recommendation 14**

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The National Housing and Homelessness Plan set clear target timeframes for all jurisdictions to implement the new minimum accessibility standards of the National Construction Code and meet target numbers regarding delivery of homes across all areas, including regional locations.

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#### **Recommendation 15**

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The National Housing and Homelessness Plan establish clear and ambitious targets and guidelines regarding the percentage of LHD Gold Standard dwellings in all new social housing developments appropriate to each jurisdiction.

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#### **Recommendation 16**

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The National Housing and Homelessness Plan utilise wellbeing metrics when developing the plan to assist in setting goals and objectives (and identifying appropriate targets), as well as in evaluating efficacy of interventions.

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#### **Recommendation 17**

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The National Housing and Homelessness Plan set ambitious targets against relevant precarious housing and quality metrics to reduce precarious housing and improve the quality and liveability of rental homes.

### **Recommendation 18**

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The Housing and Homelessness Plan consider all aspects of the housing system, including taxation, wages, welfare and income support, and regulation of banking and financial institutions.



# 1. A national vision for housing and homelessness

## 1.1 AN AMBITIOUS PLAN

This is a significant moment of opportunity. With the commitment to creating a National Housing and Homelessness Plan, the Commonwealth Government has taken a deliberate step to coordinate and lead jurisdictions across Australia through substantial structural and system-wide changes to our housing system. There is, undoubtedly, an urgent need for such reform and a new approach to housing; how it is provided and how people are provided access to it.

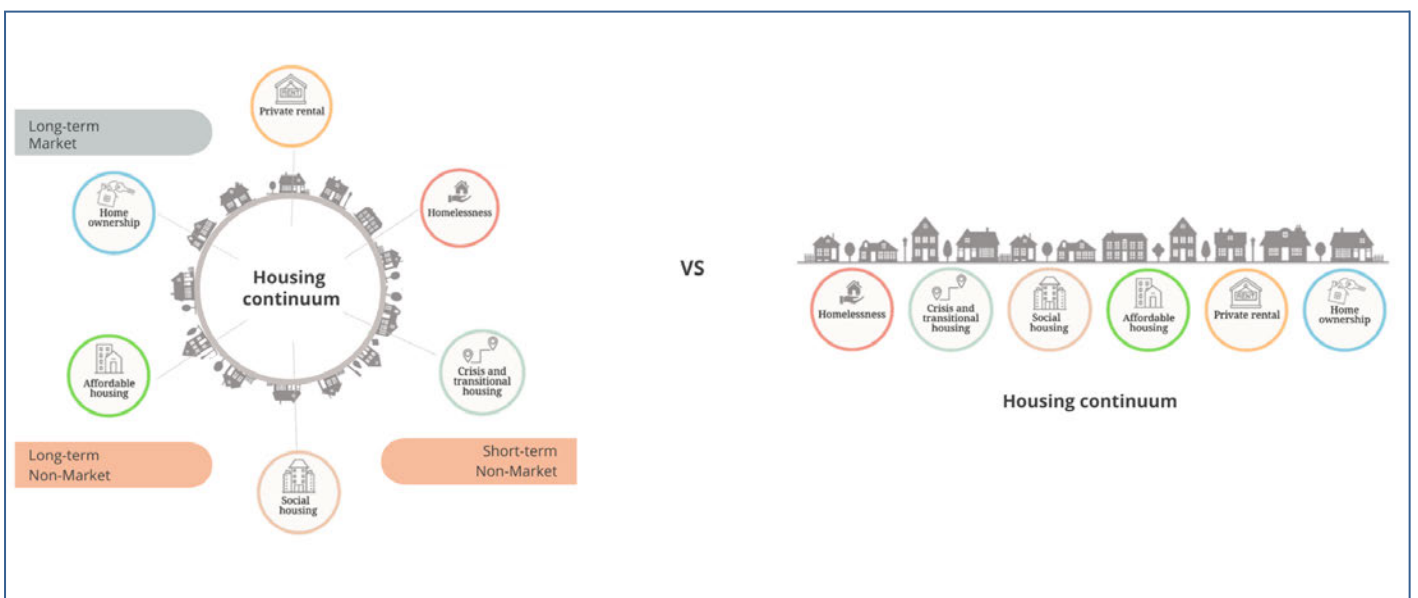
The Tenants' Union of NSW would like to see a plan built around an ambitious long-term vision for our future housing system; one that envisages an end to homelessness, and a system within which all people have access to safe, secure, and healthy homes.

## 1.2 TENURE NEUTRALITY: RAISING EXPECTATIONS

The National Housing and Homelessness Plan should aim to ensure people have access to appropriate housing when they need it; housing that can provide security, comfort, and stability for people at every stage of their lives. This can only be achieved where goals and objectives for the various interrelated forms of housing across the housing system are underpinned by an assumption of tenure neutrality. That is, people should be able to move seamlessly between tenures and/or 'forms of housing' across the system without disadvantage because they will all provide the same level of basic amenity and experience. They should all be able to provide the people who live in them with the ability to build a sense of home, community and place.

Tenure neutrality is often only considered in terms of the financial aspects, but should be applied across the housing experience. Autonomy to determine the conditions of your housing is an essential part of being able to make a home.

As the Issues Paper states, while people do move between the different types of housing throughout their lives, they do not often do so in a linear manner.<sup>3</sup> Transition between forms of housing depends on someone's life circumstances and their housing need at a particular point in time. It is necessary that a comprehensive, long-term plan reflects the reality of people's housing experiences. People's experience of housing or 'housing journey' cannot be considered along a linear continuum with home ownership at the end of a progression.



Renting should not be a second-class housing experience, and people living in rental housing - whether that is private market forms or public or community rental housing - should not have to experience lesser rights or degraded access to a secure, affordable, liveable and accessible home.

### **Recommendation**

The National Housing and Homelessness Plan's vision, goals and objectives aim to achieve tenure neutrality in relation to people's experience and autonomy regarding their housing, as well as financial outcomes.

## **2. Strengthening Renters' Rights**

Residential tenancy legislation is a matter for state and territory governments. This has led to variation and inconsistency across jurisdictions, leaving some without basic key protections. In *The National Nine - Principles for Strengthening Renters' Rights*, the National Association of Renters' Organisations (NARO) identifies nine national principles that must be considered when developing a national plan to strengthen renters' rights. These nine principles have been determined based on the experience of tenancy legal services across the country. We recommend to you NARO's submission on the Issues Paper. Below we provide an outline of the nine principles drawn from the executive summary of the report, and discuss a number of these principles in further detail in our submission.

### **1. Stability – Stability and security for people who rent their homes**

*Recommendation:* Without better protections against no cause (or 'no grounds') evictions, including at the end of fixed-term leases, renters cannot assert other rights without fear of reprisal.

We recommend the prioritising of reforms to ensure landlords must provide renters with a valid reason for terminating a tenancy to provide better protection against arbitrary and unfair evictions. This includes removing the end of a fixed term as a ground, as recently implemented in the Australian Capital Territory (ACT).

### **2. Affordability**

*Recommendation:* Stronger protections and fair limits on rent increases

Reforms are urgently needed to stabilise rent prices. Setting fair limits and stronger protections against excessive rent increases is a crucial, timely intervention that can help address the housing insecurity and financial stress the increased unaffordability of rents is creating.

### **3. Liveability**

*Recommendation:* Safe and healthy homes for renters

Renters have a right to live in a safe, accessible and healthy home that meets a clearly articulated basic minimum standard. This must include basic energy efficiency

standards to reduce the energy required to heat or cool a home, and ensure access to an affordable energy supply. Renters must also have the right to modify their home where necessary to ensure it is accessible and able to meet their needs.

#### **4. Compliance and accountability**

*Recommendation:* Better enforcement, oversight, and accountability so that compliance is the norm.

Government agencies should be better resourced to respond to and support tenant self-advocacy, while also pro-actively enforcing rental laws and applying penalties to deter noncompliance. Mechanisms that provide greater transparency, accountability and data to our renting systems should be considered including:

- Active regulators with visible consequences for non-compliance;
- Property standard checks
- Introduction of landlord registration (or licensing) schemes that should be considered.

#### **5. Management and Security of Tenants' Money – Rental Bonds**

*Recommendation:* All bonds are lodged with an independent authority and interest earned is used for the benefit of tenants.

#### **6. Protection of private information and discrimination**

*Recommendation:* Reforms to provide greater transparency and protections in relation to privacy, and unlawful discrimination at application stage.

#### **7. Access to (free) support/advice and advocacy for renters**

*Recommendation:* Expand tenancy advice, advocacy & support services to help sustain tenancies.

This applies especially to areas of: tenant representation at court/tribunal hearings; better integration with social support services and specialist services or advocates for indigenous renters, and more promotion of renting rights using a community development model which enables early intervention to sustain tenancies. Services should be resourced to engage in law reform processes, including at the national level.

#### **8. Universality of protections for all people renting their homes**

*Recommendation:* Achieving appropriate tenancy law coverage of all renters

Provide coverage of marginal groups including boarders and lodgers and renters in caravans and caravan parks. States and Territories must implement statutory schemes of enforceable agreements for all renters not covered by residential tenancies legislation.

## 9. Using data to inform policy

*Recommendation:* Develop data structures to inform policy development.

All states and territories to develop and implement data collection practices that can be used to review progress. Implementing a bond exit survey in each state and territory to measure the reasons tenancies end, and the length and rent changes within a tenancy. Data should generally be released, with appropriate deidentification, on an open data basis to allow researchers and community to study and offer solutions.

The Commonwealth Government, through the Housing and Homelessness Plan, can play an important role in ensuring the consistent collection of data that can be compared and combined across jurisdictions and over time.

A national framework for renters' rights, as set out in *The National Nine*, must be an essential piece of ongoing work under the plan to progress a shared set of rights and protections for Australia's renters with a shared ambition for improvement across the rental housing system, while safeguarding against any regression of rights in any jurisdiction.

### **Recommendation**

The National Housing and Homelessness Plan ensure states and territories implement the nine principles identified in [The National Nine: Principles for Strengthening Renters' Rights](#) and measure progress towards these.

## 3. Early and effective intervention to address the risk of homelessness

### 3.1 PREVENTING EVICTION

The Issues Paper usefully highlights that intervening early, instead of crisis intervention can prevent someone's situation from getting worse and lead to better long-term outcomes. Interventions to support renters to avoid eviction and sustain tenancies are one of the most effective ways in which you can reduce the risk of homelessness.

Analysis by the Productivity Commission of renters' mobility indicates some groups of renters are more likely to face an eviction than others, for example single parent households, households on income supports, households with a disability or health condition, and older households (households where at least one resident is 65 or older).<sup>4</sup> Low-income renters are not necessarily evicted more often than other renters, but they are at a higher risk if they experience an unforeseen event or setback because of their relative financial vulnerability, and the amount they are paying each week towards housing costs.<sup>5</sup>

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<sup>4</sup> Productivity Commission (2019), [Vulnerable Private Renters: Evidence and Options](#), Commission Research Paper, Canberra; Australian Productivity Commission, *Vulnerable Private Renters: Evidence and Options*, September 2019, p. 81,, accessed 25 January 2022.

<sup>5</sup> Australian Bureau of Statistics (2019) *Housing Occupancy and Costs, 2017-18* – cat no 4130.0; Productivity Commission (2019) [Vulnerable Private Renters: Evidence and Options](#), September 2019,

Research [REDACTED] for AHURI looking at who is most at risk of homelessness, identified that to be considered 'at risk' you must be a renter, and then secondly be experiencing at least two of the following: low income; vulnerability to discrimination; low social resources and supports; needing support to access or maintain a living situation; and/or a tight housing market context.

The research identified renters most at-risk as more likely to be female, Indigenous, and living in a lone person or lone parent household. People who identify as lesbian, gay or bisexual, and report fair or poor health are also at more likely to be at risk. Households who have a low-income, are unemployed or outside the labour force, and in receipt of income support payments and people with lower levels of educational attainment are at risk. All of these factors indicate someone is more likely "to report difficulty paying bills and rent on time and are more likely to experience a range of indicators of material deprivation such as skipping meals and being unable to heat their home."<sup>6</sup>

If evicted, they are at a higher risk of being evicted into homelessness.

### 3.1.1 Crises and eviction

Unexpected critical life events - unforeseen events or personal crises - are a significant driver of homelessness in Australia. Events such as sudden job loss, domestic violence, illness, and deaths in the family heighten a person's or household's risk of becoming homeless, and can be key triggers for that person or household becoming homeless. Broader crisis events such as climate disasters or health pandemics can put people's housing at risk, especially those already in precarious financial circumstances. The current climate crisis we face means Australia is experiencing higher temperatures, and more extreme droughts, fire seasons, floods and more extreme weather events are likely.

When renting households experience a crisis or unforeseen change in circumstances, they may experience financial difficulty as a result. Renting households in financial hardship can struggle to pay rent and fall into arrears. Without appropriate support they are at high risk of eviction.

Breach eviction, especially for rent arrears, increases the likelihood of eviction into homelessness as the renter following eviction is likely to find it much more difficult to secure a new tenancy. They now are considered a higher risk to potential landlords, and the options available within their price range are likely more limited. They carry this bad rental record forward into the medium to longer term future. In addition, breach evictions provide a relatively short notice period (generally 14 days or less in all Australian jurisdictions), so the time available to secure a new tenancy is more limited. If the breach eviction is as a result of a personal crisis for one or more members of the household, that crisis may compound the difficulties associated with securing a new tenancy.

Evictions have compounding negative consequences, particularly for low-income families. Where a renting household is evicted into homelessness, the costs involved increase substantially.

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accessed 13 October 2023

<sup>6</sup> Deborah Batterham, Christian Nygaard, Margaret Reynolds, & Jacqueline de Vries, (2021) [Estimating the population at-risk of homelessness in small areas](#), AHURI, November 2021, p., accessed 13 October 2023

### 3.1.2 Existing hardship protections for renting households

Existing hardship protections for renters experiencing financial hardship are weak and limited in nature. They have been shown to be insufficient in supporting renting households to sustain their tenancies to navigate through and out of what might otherwise be relatively short term financial difficulty or hardship.

In NSW tenancy law (primarily the *Residential Tenancies Act 2010 (RTA)*) contains extremely limited provisions relating to hardship. Section 104 of the RTA sets out provisions for either landlord or tenant to end a fixed-term early without penalty if the 'special circumstances' of the case mean that continuing the tenancy would result in undue hardship. However, even these limited provisions are difficult for tenants to access and therefore rarely used. Instead, renters in financial hardship will often leave and incur the break fees in order to avoid a possible build-up of arrears.

Provision with the RTA allowing for renters to repay arrears or enter into a repayment plan (at s88 and 89 of the RTA) to avoid a termination order provides some, though limited support to renters experiencing very short-term hardship. However, this also can encourage the renter to enter into unsustainable financial arrangements such as taking out personal loans to sustain the tenancy.

Commonwealth Rent Assistance (CRA) and several other Commonwealth payments are available to some renters experiencing financial hardship. These supports are crucial but inadequate to support renters in financial hardship facing eviction for rent arrears.

Application and approval processes take time, and renters facing eviction need financial relief immediately. Further, eligibility criteria are narrow and do not account for the range of renters who may face financial hardship.

NSW private rental subsidies provide support for some low-income renting households who have experienced a major financial setback, but who are otherwise considered able to sustain a tenancy in the private rental sector. However, many renters are unaware of the availability of subsidies, and eligibility and access are limited due to funding constraints.

### 3.1.3 A strengthened hardship framework

A more effective and permanent hardship framework within tenancy laws across all jurisdictions is required. Stronger protections would better ensure appropriate support is provided to households experiencing hardship to sustain their tenancy through recovery, with eviction only considered an action of last resort.

A strengthened hardship framework within tenancy law can draw on already established hardship principles that have been adopted in other essential services (such as by energy and water providers). Key protections and support that we consider should be part of a hardship framework include:

- Provisions for temporary rent variation (rent reduction) in circumstances of hardship
- A mandated minimum rent variation (rent reduction)
- A rent relief hardship fund to offset the costs of a mandated rent variation
- Appropriate restrictions on eviction for renters experiencing hardship
- Eligibility criteria that recognises the range of circumstance in which hardship variation should appropriately be applied
- Easy access to hardship provisions, with prescribed timeframes for determining

- and applying a hardship rent variation
- Resourced advocacy and other relevant supports, including e.g. independent advice for renters, and access to a financial counsellor as part of the process

### ***Recommendation***

The National Housing and Homelessness Plan recognise the negative consequences of eviction and work with states and territories to develop and implement more effective hardship frameworks within tenancy law to support renters experiencing hardship to sustain their tenancies.

## **3.2 ACCESS TO ADVOCACY AND ADVICE SERVICES**

The National Nine: Principles for Strengthening Renters' Rights report establishes that across all Australian jurisdictions resourcing of tenants' advice and advocacy services has not kept pace with the growth in the number of residential tenancies and the growth in the number of disadvantaged households in the rental market whose tenancies are especially precarious.

Renters come to the NSW Tenants' Advice and Advocacy Services (TAAS) not only when they are at direct risk of homelessness (facing eviction), but also to seek advice and assistance early to stop initial problems from getting bigger and putting their tenancy at risk. NSW Tenants' Advice and Advocacy services play a significant role in preventing evictions and maintaining tenancies. Over the last fifteen years demand for tenancy advice and advocacy services has increased, while the capacity of Tenants' Advice and Advocacy Services to provide assistance has been significantly constrained by the lack of adequate resourcing for the network.

Adequately resourcing tenants' advice and advocacy services is essential to ensure renters are provided the support and assistance they need when disputes and problems arise. Funding for services must be increased across all jurisdictions to ensure services can better meet demand. Further increases to funding for services should be tied to growth in the number of tenancies, and the number of disadvantaged tenants. Additional funding for services and supports targeted to particularly vulnerable groups and/or those with specific needs around accessibility is also required.

### ***Recommendation***

The National Housing and Homelessness Plan require adequate funding and resourcing of tenancy advice, advocacy & support services as part of its coordination and planning for early intervention and support for people at risk of homelessness.

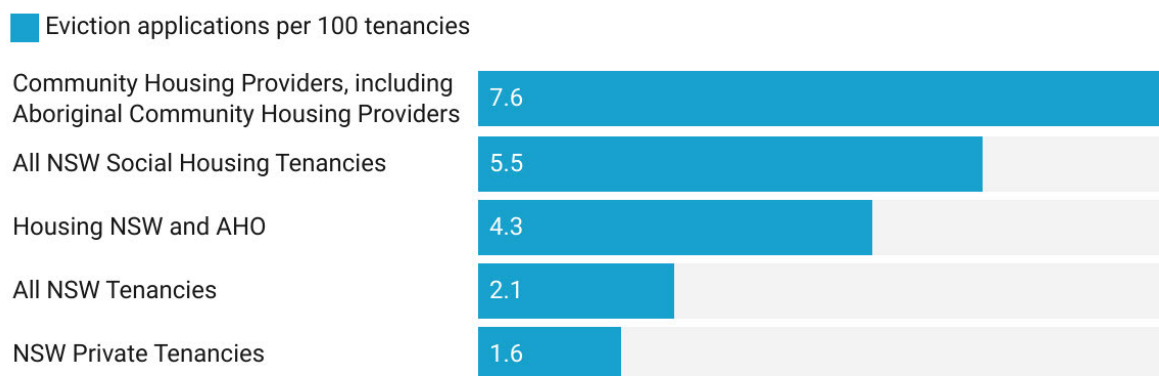
## **4. Improving outcomes for renters in public and community housing**

### **4.1 SUSTAINING TENANCIES**

In NSW, public and community housing providers apply to the Tribunal to evict at a

significantly higher rate compared to private landlords. Public housing tenants are taken to the Tribunal for termination matters twice as often as those in private rentals, while community housing tenants face eviction proceedings nearly 5 times more frequently. Around 80% of eviction applications by community housing providers are for non-payment of rent.

Community Housing Providers have previously explained this higher rate on the basis they are not necessarily seeking to evict renters in arrears but to engage them in negotiations to establish a repayment plan and formalise those discussions.



*Eviction application data from the NSW Civil and Administrative Tribunal (NCAT) for the 2023 financial year.*

Initiating eviction proceedings, seen as a way to formalise and ‘rubber stamp’ payment plan agreements by providers, is experienced by the renter as a genuine threat to their housing. It can lead to anxiety, making some tenants unable or unwilling to engage with the Tribunal or address the application. Some might just choose to leave once an eviction notice is issued, which significantly impacts their housing situation into the future.

In NSW the Registrar for Community Housing monitors a range of measures or metrics when assessing providers’ practice in relation to financial inclusion and sustaining tenancies. These include metrics relating to tenancy exits, evictions (average), and the evictions rate. As we elaborate further in the discussion in the following section, publicly accessible data related to these metrics is typically scarce, and the Registrar’s specific performance targets for providers in relation to these metrics are not disclosed. We understand the Registrar presently considers the acceptable eviction rate for providers to be ‘less than 10% per annum.’ This threshold appears high, especially when considering an exit from public or community housing is much more likely to result in homelessness.

Further, it is not clear if the Registrar’s evaluation of compliance to the Code takes into account specific metrics related to court or tribunal activity, such as the number of applications filed, orders requested, or application outcomes. The ongoing registration of Community Housing Providers (CHPs) should depend on them achieving more ambitious targets concerning tenant outcomes. There is a pressing need for greater transparency regarding these targets and how effectively providers are meeting them.

**Recommendation:**

The National Housing and Homelessness Plan introduce a clear and effective strategy to



improve Community Housing Providers' policy and practice regarding financial inclusion and sustaining tenancies. This must include a review of Registrar (or other relevant agencies') current target metrics for assessing compliance with the National Regulatory Code or equivalent in WA and Victoria.

## 4.2 TRANSPARENCY AND ACCOUNTABILITY

Finding current information on the condition of social housing stock in NSW, including repairs and maintenance backlogs for both LAHC and Aboriginal Housing Office properties, is often challenging. Additionally, obtaining up-to-date details about ongoing and planned social housing projects under Communities Plus and the Social and Affordable Housing Fund has proven to be quite problematic.

While it is somewhat easier to locate information regarding the expected outcomes of the Social and Affordable Housing Fund, it's not always clear when these outcomes will be achieved. Tracking information about Communities Plus projects is notably elusive.

We also have difficulty finding detailed practice and performance data about community housing providers. Community housing providers operate under government auspice and exist to fulfil a public purpose so we believe no good argument exists for their performance data to remain confidential.

More data about public and community housing properties and tenancy management practice could usefully be made publicly available across all jurisdictions to allow for the independent monitoring of performance, and greater public transparency and accountability.

We suggest publication of the following schedule of data :

### **Property data.**

- Owned, managed, headleased, planned for completion in next 12 months,
- Social, affordable, market
- Accessibility rating
- Bedrooms and dwelling structure
- Assessed condition of dwelling, including need for retrofit/upgrade to meet impending minimum standard implementation (possibly for example, energy efficiency, accessibility)
- Owner type (e.g. state government, local government, private company, private individual)
- Locational need

### **Tenant provided income**

- Rent revenue
- Rent collection rate
- *For community housing providers:* CRA calculated and received
- Water and other charges

### **Repairs responses**

- Maintenance requests and classification of expected time frame
- Resolution rate within expected time frame

#### **Court or Tribunal activity**

- For applications made by provider and by tenants
- Orders sought
- Result (application successful, negotiated outcome, application unsuccessful)

#### **Bonds (where claimed within reporting period)**

- Claimed from tenant

#### **Exits**

- Tenant initiated
  - Reason (including unknown or not provided)
- Landlord initiated
  - Reason
  - Notice of termination served
  - Tribunal action initiated

#### **Number of tenancies re-entering social housing after exit in last 12 months/last 5 years**

- From the same provider
- From a different provider

#### **Development of stock**

- Number of social housing properties planned, in construction, and/or delivered
- Notification in advance of any redevelopment plans

### ***Recommendation***

The National Housing and Homeless Plan require improved transparency in relation to social and affordable housing supply by providing public access to appropriate metrics and information.

## **4.3 TENANT PARTICIPATION**

Development of a National Housing and Homelessness Plan provides an opportunity to consider how more robust forms of tenant participation in the governance structure of providers might be required of public and community housing providers. Available evidence suggests this leads to improved service standards and tenant satisfaction, but also contributes to the financial sustainability of housing providers.<sup>7</sup> The English and Scottish regulatory regimes for community housing associations provide a good example of how the value of tenant participation can be more explicitly recognized and concretely put into practice.

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<sup>7</sup> Bliss N, Lambert B, Halfacre C, Bell T & Mullins D (2015) *An investment not a cost: the business benefits of tenant involvement*, Department for Communities and Local Government (UK)

Tenants across social housing should be given more opportunities to influence and be involved in:

- formulation of housing-related policies and strategic priorities
- making of decisions about how housing-related services are delivered, including the setting of service standards
- scrutiny of landlords' performance and the making of recommendations about how performance might be improved
- management of their homes, where applicable
- management of repair and maintenance services.

The current National Regulatory Code requires housing providers to 'engage' their communities but not to support or encourage an independent tenant voice. As research evidence shows, this is to the detriment of tenant outcomes and may diminish the financial strength of the sector and its attractiveness to investors. The small number of tenants who do participate at board level are usually selected on the basis of other skills. However, current experience as a tenant constitutes an area of knowledge and expertise that should be valued highly at board level. Social housing providers, in particular community housing providers, should be required to demonstrate that they provide support and training for those who wish to bring their experience as tenants to organisational decision making structures without compromising the independence or integrity of governance processes.

Understanding that elected tenant representation on boards is not constitutionally possible for most social housing providers, there is a need to specify a role for tenant representative organisations within the regulatory governance framework. Government support at both the Commonwealth and state and territory level for the development of appropriate state and national structures will be required to facilitate this.

### ***Recommendations***

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The National Housing and Homeless Plan require targets in relation to tenant participation in governance and general organisational decision making can be built into the regulatory framework for community housing providers.

## 5. Delivering Affordable Homes

### 5.1 ASSESSING HOUSING NEED

Across Australia around 175,000 people are on waiting lists for social housing. In NSW over close to 57,000 people are waiting - 49,088 on the general waiting list, 7,890 on the priority list.<sup>8</sup> ██████ interviews with individuals on the social housing waiting list vividly depict their waiting experience. Applicants conveyed their encounters with waiting, the accompanying processes, and interactions with the department as 'demoralising', 'traumatic', 'soul destroying', 'depressing', 'uncertain'. It had left them feeling 'hopeless', 'forgotten', 'deficient', and 'psychologically exhausted'.<sup>9</sup>

The Issues Paper acknowledges that looking solely at social housing waiting lists is an inadequate indicator of the true extent of unmet demand. Waiting lists do not account for those who are homeless, excluded due to visa status, or who have had their applications suspended. Crucially the lists also fail to account for low-income households in housing stress who are not on waiting lists.

Recognising these failings The Issues Paper draws attention to the Productivity Commission's recommendation to make decisions on social housing investments based on an understanding of housing needs, that prioritises individuals facing, or at risk of, long-term homelessness or those unable to access or afford private rental housing rather than relying on the wait-list, and its' eligibility requirements.<sup>10</sup>

#### **Recommendation:**

The National Housing and Homelessness Plan establish an agreed measure of housing need, one that can better account for housing need within the community. This should guide for planning and developing a long-term program to increase the supply of new social (public and community) homes.

### 5.2 DEFINING AFFORDABILITY

The 30/40 rule is the most common measure of housing affordability currently used to define and describe housing stress. The 30/40 rule defines 'housing stress' as a situation in which a household in the bottom 40% of income distribution (the bottom two quintiles) spends over 30% of their income on housing costs.

While the 30/40 rule is relatively simple to understand, it is nonetheless inadequate in capturing the problem of affordability for some households, and particularly for those on very low income. Firstly housing costs are considered to be 'rent' only, not taking account

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<sup>8</sup> Department of Communities and Justice Housing, 'Social housing applicant households on the NSW Housing Register' data dashboard, [Social housing waiting list data](#), accessed 13 October 2023

<sup>9</sup> Alan Morris, Jan Idle, Joelle Moore and Catherine Robinson (2023) [Waithood: The Experiences of Applying for and Waiting for Social Housing](#), accessed 13 October 2023; Alan Morris (2023) ['It's soul-destroying': how people on a housing wait list of 175,000 describe their years of waiting](#), *The Conversation*, 8 August 2023, accessed 13 October 2023

<sup>10</sup> Australian Productivity Commission (2022) [In need of repair: The National Housing and Homelessness Agreement](#), p47 accessed 20 October 2023

of the costs involved in making a house liveable. Utility costs, especially for energy, are proportionally higher for lower income households, largely because rental homes are generally of a lower, less energy efficient standard.<sup>11</sup> Additionally, it's important to note that the 30/40 rule typically considers the gross household income rather than the household's disposable income (net income). However, there are some cases where the 30/40 rule is applied using equivalised disposable household income. This inconsistency, coupled with widespread misunderstanding within the broader community about income applied suggests a revisiting of the definitions is warranted.

The 30/40 rule has limitations in another aspect. It doesn't recognise renters in public and community housing as experiencing housing stress since none of them pay more than 30% of their income on rent. However, the actual experiences of many people in social housing contradict this. They find it challenging to afford essential living expenses after paying their rent. At times, they must make difficult choices, like skipping meals, forgoing medication or medical appointments, or missing out on basic necessities because they don't have enough money left after covering rent, not to mention other utilities like water and energy bills.

How can we improve or expand our understanding of housing affordability? One alternative approach is the use of the residual income method. This method assesses affordability for a household by determining how much money remains after accounting for essential expenses (as determined by a budget standard).<sup>12</sup> If a household doesn't have enough money left to cover their basic needs after paying for housing, it is considered to have an affordability problem.

Previous research on housing affordability that adopts a residual income method has estimated more than two thirds (69%) of Australian renters in social housing are unable to meet basic living standards after housing costs and are living in poverty.<sup>13</sup> A majority of renters in public and community housing rely on income support payments. The household income of people relying on income support is so low that in order for them to meet a basic budget standard (low cost budget standard) their rent would more appropriately be set at zero. As they explain, affordability is a relationship between

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<sup>11</sup> Research undertaken by sector advocates indicates on average low-income households (lowest 20% of the income spread) spend 6.4% of their income on energy, with the top 25% spending more than 8.8%, compared to high income households paying an average of 1.5%. Those households dependent on income support payments such as Newstart and related allowance are hit hardest by high prices, with one in four of these households spending more than 9.7% of their incomes on energy. Across the board renters struggle significantly more than their homeowner counterparts to heat and cool their homes to a comfortable temperature primarily because of the lower standard of the housing they are living in. See Australian Council of Social Services, Brotherhood of St Laurence, (2018) [Energy Stressed](#), accessed 15 October 2023

<sup>12</sup> In Australia research on residual income method has generally drawn on the budget standards calculated by the Social Policy Research Centre at UNSW. Their most recent budget standards - for low paid households, and unemployed households, are published in Saunders and Bedford (2017) [New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians](#), accessed 15 October 2023

<sup>13</sup> Residual income methods calculate for different households how much is left over for housing costs after relevant expenditure as measured by a budget standard is considered. Where a household does not have enough money left over to cover their basic expenses after paying for housing, the household is considered to have an affordability problem. Burke, Stone et al (2011) [The residual income method: a new lens on housing affordability and market behaviour](#), accessed 20 October 2023

housing and people: “for some people, all housing is affordable, no matter how expensive; for others, no housing is affordable unless it is free”.<sup>14</sup>

We recognise that if rents were determined based on what households could afford after covering expenses aligned with the budget standard, social housing rents would be so low that it could challenge the financial viability of public housing agencies and community housing providers, given the already limited funds they operate with. One way to address this issue would be to substantially raise the rate of income support payments to a rate above the poverty line, which we have previously recommended.<sup>15</sup>

Alongside this, we recommend, along with the NSW Council of Social Services, a review of rent setting policy and practise for public and community housing. Such a review should be undertaken with a view to ensuring public and community housing is a genuinely affordable housing option, that leaves people enough money each week to live a decent life.

### **Recommendations**

The National Housing and Homelessness Plan apply an expanded understanding of housing affordability, drawing on a broader range of housing affordability measures or methodologies to deepen our understanding beyond the ‘30/40 rule’ as currently applied.

## **5.3 AFFORDABILITY AND SUPPLY**

A crucial part of any housing plan is ensuring that homes are available in the areas that the population wants and needs to live and that those homes meet the needs of the community. Part of delivering any essential service is ensuring that this infrastructure is in place to do so.

We understand the planning system to be in support of this delivery, and done well helps cities avoid negative outcomes of developing and using land without a sense of an overall strategy.

We support increasing density in our cities to better provide homes in locations where homes are needed, and create vibrant welcoming cities and towns. We recognise the costs involved in failing to ensure levels of quality and standards, including climate resilience and accessibility of homes, and climate resilient and adaptive planning for our communities (canopy, infrastructure, etc).

There are improvements that can be made to the planning system, including ensuring that homes are not removed from the residential sector without consideration of the impact on affordability in the area.

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<sup>14</sup> Burke, Stone et al (2011) [The residual income method: a new lens on housing affordability and market behaviour](#), accessed 20 October 2023

<sup>15</sup> Tenants’ Union of NSW (2022) [Submission to the Productivity Commission’s Housing and Homelessness Agreement Review](#) March 2022; Tenants’ Union of NSW (2021) [Submission to the Senate Inquiry on the Social Services Legislation Amendment \(Strengthening Income Support\) Bill](#), accessed 20 October 2023

Supply, and clearing roadblocks to supply, has been a clear focus for governments, and for many driving the public conversation about how best to address housing affordability concerns within the housing system.

We recognise that it is unlikely that governments will shift from a mainly market-led provision of housing, but the plan must acknowledge the limitations and uncertainty inherent in doing so, and seek to address needs that the market is not meeting.

There are barriers to developing and constructing new buildings, especially in central areas where demand is highest. Current owners, especially owner-occupiers, of land may not be willing to move or sell. Builders and developers may not have a long-term interest in over-supplying the market and reducing their margins. We continue to learn of shortages in both material and labour capacity to build at a greater rate.

These factors must be considered and help determine the limits to reliance on market-led actions in a strategy.

As the authors of a recent influential study looking at the impacts of zoning reform in Auckland made clear, while increased supply of housing is a necessary first step toward achieving housing affordability through a market-led supply response - it is nonetheless, by itself, “not sufficient”.<sup>16</sup> We note that the Productivity Commission also noted that while supply can put downward pressure on rents, “supply, and its effects on rents, is only one side of the affordability story. Without changes to lift incomes, and income supports, many households will not be able to find affordable rental housing.”<sup>17</sup>

If market-led supply remains the focus, we suggest that further work is needed to understand the impacts of vacancy rates in indicating the required availability, the potential impacts and the costs of using market-led supply to meet the needs of the community.

### **5.3.1 Vacancy rates as a measure of availability**

The vacancy rate is often used as a measure of the health of a rental market. Often a vacancy rate of 3% is quoted<sup>18</sup> as the value at which supply and demand is balanced in the rental market. This can be called the natural vacancy rate.

The named value of a balanced vacancy rate has varied over time, with figures from 2% up to 4% and the methodology for its creation also varying widely.

The current use of 3% appears to originate from research performed by the Reserve Bank of Australia (RBA) in which the relationship between rent, the vacancy rate and income is modelled.<sup>19</sup> The 3% vacancy rate value was estimated to be the value at which we expect

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<sup>16</sup> Ryan Greenaway-McGrevy, and Peter Phillips (2022) [‘The Impact of Upzoning on Housing Construction in Auckland’](#), Cowles Foundation Discussion Papers, accessed 20 October 2023

<sup>17</sup> Australian Productivity Commission (2022) [In need of repair: The National Housing and Homelessness Agreement](#), p51 accessed 20 October 2023

<sup>18</sup> Nila Sweeney (2022), [It’s a landlords’ market as vacancy rates fall to 1pc nationally](#), *Australian Financial Review*, accessed 20 October 2023

<sup>19</sup> Trent Saunders and Peter Tulip (2019), [A Model of the Australian Housing Market](#), accessed 20 October 2023

rents to increase in line with CPI (no real rent increase).

Vacancy rates are used to refer to the number of properties that are currently available for rent, and so are either currently vacant or presumed to soon be so. There is a secondary definition on certain investment websites and in conversation that refers to a measure of the time a particular property spends vacant (that is, that 1 week vacant out of 52 would be a 1.9% vacancy rate). While there is undoubtedly a relationship between the two formulations, we are only referring to the first, more common, definition.

There are numerous publishers of differently calculated versions of this metric, including the real estate institutes, property listings websites and property consultancy firms. There is no authoritative source for the vacancy rate nor an agreed upon method of calculation.

The number of vacancies (advertised properties) is different to the number of unoccupied dwellings. Unoccupied dwellings (as measured by the census) has consistently sat at around 10% of all private dwellings. Often vacancies and unoccupied dwellings are conflated as commentary from the US often refers to the percentage of unoccupied dwellings in an area as the vacancy rate.<sup>20</sup>

The vacancy rate can be influenced both by the number of available properties (the numerator) or by the total number of properties in the rental market (the denominator). This means that the vacancy rate does not indicate directly the number of available dwellings.

We have been exploring the creation of a model of a natural vacancy rate, building on the methods in the RBA model and following similar work<sup>21 22</sup>. We have been able to produce preliminary results for local natural vacancy rates. The data used to produce these results is asking rent, vacancy rates and income levels for all postcodes in Australia over the last decade. We have used data published by property consultancy firm SQM alongside ABS to build a model seeking to find the natural vacancy rate.

The natural vacancy rate, the rate at which there is no increase or decrease in real terms, does not indicate in and of itself a healthy market. It only indicates the rate of change from the previous price, so a market that had already had several years of severe shortage may not be getting worse, but may be stable at a level that is not desirable.

Further work is needed to enable the vacancy rate to be used as a more useful and meaningful target to produce an improved renting experience. For example, what vacancy rate would need to be maintained to influence the rent level and bring it back to more general affordable levels.

It is important to note that we do not consider any particular vacancy rate as a target to be achieved for its own sake. The vacancy rate is best understood as an intermediary metric that may help indicate the likelihood of more substantive changes in the material

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<sup>20</sup> Dr Cameron K. Murray (2022), [Explainer: Rental price and vacancy metrics](#), accessed 19/10/2022

<sup>21</sup> Hagen, D., & Hansen, J. (2010). Rental housing and the natural vacancy rate. *Journal of Real Estate Research*, 32(4), 413-434.

<sup>22</sup> Gabriel, S. A., & Nothaft, F. E. (2001). Rental housing markets, the incidence and duration of vacancy, and the natural vacancy rate. *Journal of Urban Economics*, 49(1), 121-149



conditions of renting, such as affordability, increased length of tenure, choice and autonomy that are more appropriate outcomes to aim for.

### **5.3.2 Results of initial modelling by Tenants' Union of NSW**

Using a modified version of the model we have produced the following tables indicating the natural vacancy rate for the area, alongside the shortfall of housing that the currently measured vacancy rates indicate.

Overall the natural vacancy rate is higher than the 3% most commonly cited, with the national rate currently calculated as 3.7%. This figure is expected to change over time with changing conditions and should not be seen as a static figure. The rate can also differ significantly across geographic areas, varying at a state and territory level from 3.7% to 5.1% and within the 20 most populous SA4 regions from 2.6% to 7.5%. The variations primarily relate to income and income growth differences between regions. Other factors include differences in typical household size as well as whether areas are metropolitan or regional.

The housing model constructed by the RBA finds that a 0.16% increase in housing stock results in 0.1 percentage point increase in the vacancy rate. We can therefore translate the difference between the natural and the current vacancy rates into an immediate housing shortfall.

The immediate housing shortfall is the estimated additional housing required to stop real rent increases, and measures all housing not only rental stock. The model assumes that rental homes will emerge from any new stock as they currently do. These numbers should not strictly be seen as a target but can inform our understanding of the likely outcomes in a business-as-usual approach. Building a higher proportion of public and community housing, renting specific housing or other interventions will alter, for the better, the calculation of housing shortfall.

### **5.3.3 Limitations**

The vacancy rate published by SQM is the percentage of advertised rental properties which have been advertised for at least 3 weeks out of all rental properties in an area.

It is not clear how the 3 week cut off for an advertised property to be counted as vacant has been tested. In tight rental markets where we expect more rental properties to be filled in under 3 weeks and therefore aren't counted toward the number of vacant properties this has the potential result of over emphasising low vacancy rates.

We have also found data quality issues are a barrier for producing results for NT and WA.

**Table of State Level Immediate Housing Shortfall**

State	Natural Vacancy Rate	Current Vacancy Rate	Immediate Housing Shortfall
NSW	3.8%	1.8%	107,234
QLD	3.9%	1.0%	119,720
Victoria	3.9%	2.3%	73,665
South Australia	4.0%	1.6%	31,053
Tasmania	5.1%	0.8%	17,482
ACT	3.7%	1.3%	7,129
<b>Australia</b>	<b>3.7%</b>	<b>1.1%</b>	<b>447,979</b>

**Top 20 SA4s (population) and the Immediate Housing Shortfall**

Region (SA4)	Natural Vacancy Rate	Current Vacancy Rate	Immediate Housing Shortfall
Melbourne - South East	3.7%	1.6%	10,444
Melbourne - West	3.4%	2.6%	4,094
Gold Coast	7.5%	0.7%	30,325
Melbourne - Inner	3.9%	2.7%	7,015
Sydney - Inner South West	2.4%	1.8%	2,089
Melbourne - North East	3.4%	2.1%	4,310
Melbourne - Outer East	2.7%	1.0%	5,565
Sydney - Parramatta	2.9%	1.8%	3,460
Sydney - South West	2.6%	1.8%	2,180
Australian Capital Territory	3.7%	1.3%	7,131
Adelaide - North	2.8%	0.3%	7,308
Melbourne - North West	3.3%	1.9%	3,578
Sydney - North Sydney and Hornsby	3.2%	2.7%	1,568
Melbourne - Inner South	4.3%	2.2%	6,446
Sunshine Coast	6.5%	0.9%	16,091
Sydney - Blacktown	4.0%	1.9%	4,717
Newcastle and Lake Macquarie	3.9%	1.1%	7,473
Melbourne - Inner East	4.6%	3.1%	3,772
Brisbane - South	4.2%	1.1%	7,162
Adelaide - South	3.7%	0.4%	8,786

### 5.3.4 Projecting forward to meet shortfall by 2030

Given that it would be impossible to summon up sufficient housing to meet the current shortfall we have also estimated the rate of construction to meet the projected shortfall by 2030. Again, this number indicates the housing required to slow and ultimately stabilise real rent prices by 2030, but will not reverse unaffordable rents that are already a feature of our system and are likely to have deteriorated further by this point.

The figures for 2030 Housing are likely underestimates of the housing needed as we have assumed typical household size is expected to stay the same. However, household sizes have been decreasing and are forecast to continue.<sup>23</sup> For example, NSW DPE forecasts a drop of 3% in the household size from 2.58 people per household to 2.51.<sup>24</sup>

The scale of increase in construction in many areas is significant, and may be out of reach at a practical level given the level of resources required. It may also be that the additional resources required to go on to a rate of availability that improves the performance and undoes harms caused by prolonged periods of under-availability is not only unattainable but not ideal given the environmental costs required.

#### ***Recommendation***

The National Housing and Homelessness Plan recognise market-led supply alone will not deliver the housing required to address current affordability concerns. The potential impacts and the costs of using market-led supply must be taken account of to ensure serious consideration of alternative and/or complementary interventions.

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<sup>23</sup>

<https://www.rba.gov.au/publications/bulletin/2023/mar/a-new-measure-of-average-household-size.htm>  
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<sup>24</sup> Statistical Area 4 NSW Department of Planning population and housing projections [Data](#)

*State data demonstrating the housing need to meet the current shortfall by 2030*

State	Natural Vacancy Rate	Current Vacancy Rate	Immediate Housing Shortfall	Average annual construction rate <sup>25</sup>	Projected 2030 Population (Millions) <sup>26</sup>	Projected Population Change from 2021	Housing (2021 Census)	Housing to meet shortfall by 2030	Construction rate to meet shortfall by 2030	Construction rate increase required to meet shortfall by 2030*
NSW	3.8%	1.8%	107,234	45,325	9.5	17.6%	3,357,785	4,073,633	79,539	75%
QLD	3.9%	1.0%	119,720	29,726	6.0	17.0%	2,190,424	2,703,907	57,054	92%
Victoria	3.9%	2.3%	73,665	56,701	8.1	23.8%	2,805,661	3,565,792	84,459	49%
SA	4.0%	1.6%	31,053	10,143	1.9	6.2%	806,982	889,728	9,194	-
Tasmania	5.1%	0.8%	17,482	2,916	0.57	1.4%	258,611	279,852	2,360	-
ACT	3.7%	1.3%	7,129	4,721	0.52	13.7%	186,963	220,629	3,741	-
<b>Australia</b>	<b>3.7%</b>	<b>1.1%</b>	<b>447,979</b>	<b>168,340</b>	<b>29.9</b>	<b>17.7%</b>	<b>10,852,208</b>	<b>13,304,044</b>	<b>272,426</b>	<b>62%</b>

\*South Australia, Tasmania and the ACT are projected to meet a housing shortfall by 2030 primarily due to low projected population increase.

<sup>25</sup> Average annual additional dwellings constructed between 2019-2022. Data from ABS [Building Activity - ABS](#)

<sup>26</sup> Population projections taken from the medium series. [ABS Population projections](#)

*NSW Regions (SA4) with the largest projected 2030 housing shortfall*

Region (SA4)	Natural Vacancy Rate	Current Vacancy Rate	Immediate Housing Shortfall	Average annual construction rate <sup>27</sup>	Projected 2030 Population <sup>28</sup>	Projected Population Change from 2021	Housing (2021 Census)	Housing to meet shortfall by 2030	Construction rate to meet shortfall by 2030	Construction rate increase required to meet shortfall by 2030
Murray	4.8%	0.8%	3,681	529	134,498	10%	57,909	67,528	1,069	102%
Southern Highlands and Shoalhaven	6.0%	1.3%	6,255	1,248	184,665	15%	82,083	101,606	2,169	74%
Richmond - Tweed	7.3%	1.0%	11,885	1,244	269,630	5%	117,385	136,045	2,073	67%
Capital Region	7.1%	2.0%	9,509	1,461	255,522	9%	117,174	138,139	2,329	59%
Central West	4.9%	1.2%	5,807	891	229,159	7%	97,129	109,842	1,413	58%
Illawarra	4.6%	0.6%	8,439	1,933	357,421	12%	129,912	154,564	2,739	42%
Hunter Valley exc Newcastle	3.8%	0.8%	6,123	2,211	335,271	16%	125,581	152,545	2,996	35%
Coffs Harbour - Grafton	6.8%	1.7%	5,550	745	149,642	5%	67,025	76,008	998	34%
Central Coast	4.5%	1.0%	8,440	1,659	372,321	7%	152,706	172,669	2,218	34%
Riverina	4.4%	0.8%	3,990	580	168,093	4%	70,123	76,975	761	31%

<sup>27</sup> Average annual additional dwellings averaged from census 2016 and 2021. Data from ABS [Census](#), accessed 19 October 2023

<sup>28</sup> Statistical Area 4 NSW Department of Planning population and housing projections [Data](#), accessed 19 October 2023

## 5.4 INVESTING IN PUBLIC AND COMMUNITY HOUSING

The housing system is complex, with many interacting parts. Supply and demand dynamics significantly impact the availability of affordable rentals. Limited new affordable housing being delivered into the system, alongside rising demand, has driven up rental prices significantly.

To tackle this, governments must prioritise expanding social housing. This not only eases pressure on the private rental market but also acts as a safety net for those struggling with housing costs. Importantly, provision of 'non-market' housing actually provides *positive* pressure on market housing by introducing real competition and higher standards. The private market in this context is challenged to do better, especially at the lower ends of the market.

Regrettably, Australia's share of social housing stock has consistently decreased in recent decades. Current models of investment, and renewal and redevelopment have not delivered the number of social housing homes required. Nor has reliance on the transfer of public housing properties and/or management to Community Housing Providers, coupled with availability of lower cost finance to community housing. To address this, a substantial capital injection from governments is necessary. We need to see governments set coordinated and ambitious goals, aiming to meet a target of at least 10% of all housing to be public or community housing by 2036.

We note other organisations, including the NSW Council of Social Services (NCOSS), advocate for a similar target but provide a longer timeframe to 'catch up'. NCOSS recommends a target timeframe of 20 years. In our view, it would represent significant progress if governments through the plan firmly commit to the 10% target and a clear timeframe - whether that is closer to 10 or up to 20 years - to meet this.

### ***Recommendation***

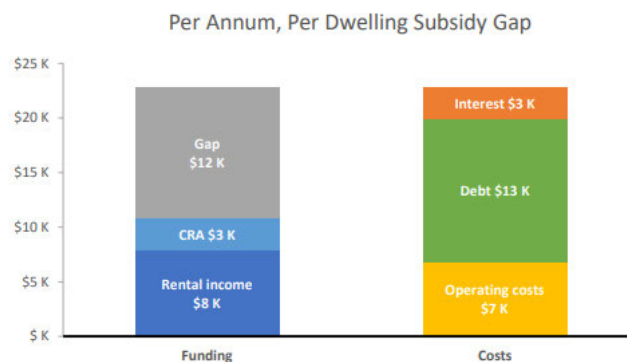
The National Housing and Homelessness Plan set coordinated and ambitious goals, aiming to meet a target of at least 10% of all housing to be public or community housing by 2036.

## 5.5 REFORM OF COMMONWEALTH RENT ASSISTANCE

The inadequacy of the level of direct investment in social housing saw the 2018 National Housing and Homelessness Agreement shift to encourage the transfer of management of social and affordable housing to Community Housing Providers. The rationale for this being that community housing tenants are eligible for Commonwealth Rent Assistance (CRA) whereas public housing tenants are not, enabling community housing providers to charge higher rents without reducing the tenant's net income. Where the provider has a sufficiently sized asset base, they are then understood to be able to use the expectation of ongoing higher rental income to leverage financing and further expand their (and the

generally available) stock of social housing.

Research undertaken by City Futures at UNSW neatly demonstrates the issue with this model in estimating the cost of provision.<sup>29</sup> The average actual operating costs are met or closely met by the rent paid by the tenant based on their non-CRA income. The CRA is generally able to cover any operating costs gap. The issue is that providers are expected to also account for development costs and where this is met through a loan rather than a direct grant, the gap is far above CRA.



Troy et al (2019) "Figure 4: Per annum, per dwelling subsidy gap for social housing operating subsidy model"

What this also doesn't take account of is the role the individual renter in this scenario is forced to take on. Essentially the individual renter under this system is expected to apply for federal funds on behalf of the state social housing system. In our experience, a renter can bear a significant cost – and can on occasion even face the risk of losing their tenancy - if they don't comply or if there are inadvertent delays or differing calculations made by government agencies and housing provider. The Tenants' Union has, for example, assisted in a case which lasted for more than 7 years in which the cycle of mismatching calculations between Centrelink and the housing provider plunged the tenant into arrears, before a new round of appeals corrected the calculation and removed the arrears – until the next review. It is an undue administrative burden to place upon the renters.

We acknowledge the process to shift away from this CRA-based funding will not be a light undertaking.

**Recommendation:**

The National Housing and Homeless Plan design and implement an alternative funding model that separates the funding required to meet the day-to-day operational costs, and the source of funds for growth.

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<sup>29</sup> Laurence Troy, Ryan van den Nouwelant, & Bill Randolph (2019) *Estimating need and costs of social and affordable housing delivery*, City Futures Research Centre, UNSW 2019

## 6. Delivering high quality rental homes

### 6.1 ENERGY EFFICIENT HOMES

All Australian governments have committed to achieving net-zero greenhouse gas emissions by 2050 and implementing a national plan for zero-energy and carbon-ready residential buildings, including existing ones.<sup>30</sup> Improving home energy efficiency is also essential for ensuring a fair transition to zero emissions.

The poor energy efficiency of rental homes also has a notable adverse effect on the health of the people who live in them.<sup>31</sup> Every year cold weather in Australia kills around 2,600 Australians, though some estimates put this number much higher.<sup>32</sup> Many of these deaths are avoidable, and relate to the poor standard of housing and people's inability to keep it comfortably warm. Low income renters struggle to keep their homes warm in winter. Their housing is likely to be lower quality, in need of repair and poorly insulated.<sup>33</sup> The Australian Housing Conditions Dataset (2019) indicates 1 in 5 Australian renters (20%) on very low income, and 1 in 7 (14%) on low income are not able to keep their homes warm in winter.

#### 6.1.1 A national framework

Commonwealth and state and territory governments through the COAG Energy Council have committed to a Trajectory for Low Energy Buildings, a national plan that sets a trajectory towards zero energy (and carbon) ready buildings.<sup>34</sup> In November 2019 the Council as part of the trajectory plan committed to a timeline to bring all existing homes up to standard, including introducing requirements for minimum energy efficiency standards in existing rental housing by 2025.<sup>35</sup>

The Victorian Department of Environment, Land, Water and Planning is currently working with other Australian jurisdictions to develop a national framework to guide the design and development of energy efficiency standards in rented homes. This framework will identify best practice principles for jurisdictions. However there have been significant delays and a lack of consistent commitment from jurisdictions about implementation and keeping to the initially agreed timeframes.

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<sup>30</sup> COAG Energy Council (2019), [Addendum to the Trajectory for Low Energy Buildings—Existing Buildings](#), accessed 13 October 2023

<sup>31</sup> Wang C, Wang J, Norbäck D (2022) 'A Systematic Review of Associations between Energy Use, Fuel Poverty, Energy Efficiency Improvements and Health', [International Journal of Environmental Research and Public Health](#), 19(12), accessed 13 October 2023

<sup>32</sup> Gasparrini et al (2015), 'Mortality Risks Attributable to high and low ambient temperature', [The Lancet](#), I:9991, accessed 18 October 2023

<sup>33</sup> Liu, Martin, Easthope, '[Chilly House. Mouldy Rooms](#)'. *The Conversation*, see also Shelter NSW, UNSW City Futures (2019) Shelter Brief no. 63, [Poor quality housing and low-income households](#), accessed 18 October 2023

<sup>34</sup> COAG Energy Council (2018) [Trajectory for Low Energy Buildings](#), accessed 18 October 2023

<sup>35</sup> COAG Energy Council (2019) [Addendum to the Trajectory for Low Energy Buildings](#), accessed 18 October 2023



The National Plan can play a better coordinating role in relation to this shared piece of work across jurisdictions. The plan must also ensure that additional resourcing requirements are taken account of, considering the timeframe set out for implementation of minimum standards to ensure all jurisdictions are able to undertake upgrades and retro-fitting of social housing properties, and/or deliver on new builds of social housing stock that meet the minimum energy efficiency requirements. Provisions for funding must consider the resourcing requirements of both public housing providers and community housing providers.

To provide expert guidance on the Trajectory work being undertaken, the Tenants' Union as part of [Healthy Homes for Renters](#), a broad coalition of community sector organisations, has been involved in the development of a [Community Sector Blueprint](#) to contribute towards the development of a National Framework for Minimum Energy Efficiency Rental Requirements. The Blueprint provides an outline of the key characteristics required in a national framework to ensure the best outcomes possible for people who rent, along with the broader community.

### **Recommendation**

The National Housing and Homelessness Plan ensure current strategies and trajectory efforts incorporate the recommendations made in the [Community Sector Blueprint](#) for implementing a National Framework for Minimum Energy Efficiency Rental Requirements.

## **6.2 CLIMATE RESILIENCE, ADAPTATION AND HOUSING**

As the frequency and severity of climate-related events increases, we need to not only understand the impacts of climate change for our housing systems but also how best we adapt and build resilience within them. Climate related natural disasters cause damage to and destroy homes, but also disrupt entire communities, displacing residents, straining resources, and exacerbating housing inequalities. Research published earlier this year on the health and housing consequences of climate-related disasters in the Australian context found renters were more likely to experience long term acute residential instability following a disaster, and people who had experienced disaster related home damage were more likely to experience a forced move.<sup>36</sup>

Following the Lismore floods, the Tenants' Union along with a number of other community and support organisations commissioned research on the impact of housing vulnerability on climate disaster recovery. The research, [REDACTED] found existing housing support services, including homelessness and tenancy supports, were subsumed by disaster relief support efforts. The context of very limited available rental stock even prior to the disaster meant post disaster more low-income renters were displaced, while others were being left with little choice but to accept living in homes requiring repairs, or otherwise unsafe. The insecurity they faced as renters, for example the risk of receiving a no-ground eviction, held them back from asking for their basic rights, including repairs.

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<sup>36</sup> Ang Li, Matthew Toll, Rebecca Bentley (2023) [Health and housing consequences of climate-related disasters: a matched case-control study using population-based longitudinal data in Australia](#). Lancet Planet Health. 2023 Jun;7(6), accessed 20 October 2023

Homelessness support services, not adequately resourced to deal with homelessness even prior to disasters, were called on to help even more people, while their volunteers and workers were also flood-impacted. People at risk of homelessness prior to the floods were found to now be facing additional years of ongoing uncertainty because of the lack of social housing available.

With risks of natural disasters increasing due to climate change, there is a strong need for a well-planned and better coordinated response to meeting people's housing needs post-disaster, and to build a more resilient system.

The report highlighted the following interventions, in both the medium term to facilitate the recovery process, but also the longer term to improve resilience against future climate disasters. In addition to improving planning and provision of immediate/emergency accommodation, creation of pathways into medium term housing and measures to mitigate against social displacement and dislocation from community connection, the authors also recommended the following:

- Support for tenants from the medium-term failings of the private rental market
- Long term resourcing (not rolling one-off funding grants) for community support services, which were the backbone of the disaster response following the disaster
- Development of a more sustainable ongoing social (public and community) housing sector.

## 6.3 ACCESSIBLE HOMES

### 6.3.1 In the private rental market

There is a significant shortage of homes that are accessible for people with a disability. Renters with a disability may have to pay a premium or accept inappropriate, possibly unsafe, housing due to the limited choice of properties available to them. Even if funded to modify a rented home through schemes such as NDIS, the Aged Care scheme, or iCare they must seek permission from their landlord and face the prospect of investing substantial funds to modify the property without any real security in their rented home.

Towards implementing a strategy to ensure greater accessibility of all housing, in 2021 the National Construction Code was revised to adopt new mandatory minimum accessibility standards at the LHD Silver level rating for all new builds. The Silver Level of the LHD Guidelines contains seven core elements that allow for accessibility, and future flexibility and adaptability.<sup>37</sup> It provides for step free access and internal movement, toilet access and reinforced structural features allowing for future retrofitting.

Unfortunately, the basic accessibility provisions within the new Code are not binding and not all states and territories have committed to implementing it. NSW, Western Australia, and South Australia have not committed to implementation.

#### ***Recommendation***

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<sup>37</sup> Livable Housing Australia (2017) Livable Housing Design Guidelines.

The National Housing and Homelessness Plan set clear target timeframes for all jurisdictions to implement the new minimum accessibility standards of the National Construction Code and meet target numbers regarding delivery of homes across all areas, including regional locations.

### 6.3.2 In public and community housing

People living in community and public housing properties are often older, and many have a disability or are facing a range of challenging life circumstances. In NSW a third of renters in social housing according to 2016 data were older than 55, and more than 35% had a disability. This trend continues due to the prioritisation policy for new entrants. In NSW in 2018-19, 56.3% of new entrants in community and public housing were classified as households in greatest need. This would include significant amounts of people who are elderly and/or have a disability. The latest data available shows that at the national level, older tenants, including people over the age of 55 (35%) and people over the age of 75 (14%) are a significant tenant group, as well as people with disability (37%).<sup>38</sup>

It is essential that public and community housing dwellings meet the needs of their occupants. In a number of Australian jurisdictions governments are not adequately meeting the needs of residents in relation to general amenity, ease of access and entry, and modifications for special needs.<sup>39</sup> The relatively significant high numbers of residents who do not consider their access and entry needs to be met (13% in NSW) is particularly concerning for safety reasons. In case of an emergency, it could be difficult for many people to exit their dwelling rapidly and safely.

New social housing dwellings must be built to a high quality, accessible, liveable standard to support the health and wellbeing of older tenants and people with disability. Currently, most social housing providers have committed to a LHD Silver level rating for all new builds.<sup>40</sup> However, while a LHD Silver level rating should be thought of as an entry point accessibility standard, it will not meet the needs of most people ageing and with disability. It allows for elderly people and people with disability to visit a home reasonably easily, but not to live comfortably without further modifications.

In 2010, the National Dialogue on Universal Housing Design, including representative bodies for architects, real estate professionals, developers, disability advocates and local government, released a Strategic Plan recommending ambitious targets for all state and territory social housing providers. One target was for all new social housing dwellings to meet the LHD Gold Standard by 2019. Unfortunately, this was not implemented in all jurisdictions including NSW, and at present Australian jurisdictions are not building sufficient gold standard properties to ensure we will meet the needs of those living in social housing.

### **Recommendation**

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<sup>38</sup> Australian Institute of Health and Welfare (2020) *Housing Assistance in Australia 2020*, Figure OCCUPANTS.1, Supplementary table HOUSEHOLDS.3

<sup>39</sup> Australian Institute of Health and Welfare. (2019). [National Social Housing Survey 2018](#), accessed 20 October 2023

<sup>40</sup> Land and Housing Corporation (2020) LAHC Dwelling Requirements.

The National Housing and Homelessness Plan establish clear and ambitious targets and guidelines regarding the percentage of LHD Gold Standard dwellings in all new social housing developments appropriate to each jurisdiction

## 7. Identifying goals, objectives and targets

The Plan must incorporate specific, quantifiable targets to measure progress towards its objectives and provide clear and open reporting on the progress made towards these. This will help ensure all levels of government are held accountable.

### 7.1 WELL BEING METRICS

The link between housing and health and well-being is well established. Multiple studies undertaken in the last fifteen years have established a causal and bi-directional relationship between precarious housing and negative impacts to wellbeing.<sup>41</sup> Recent Australian research suggests the gap in wellbeing between the precariously housed and the non-precariously housed has also widened over time.<sup>42</sup>

Across studies linking wellbeing to precarious housing, variables for measuring wellbeing have differed, but can be largely characterised as reflecting outcome measures relating to satisfaction and health.<sup>43</sup> Similarly, understandings of “precarious housing” have differed, but coalesced around the following characteristics: affordability; housing insecurity; suitability; access to services, and quality.<sup>44</sup> Earlier AHURI research led by Andrew Beer worked with the definition that people are precariously housed if they experience two or more of the following: unaffordable housing costs; living in private rental; experiencing a forced residential move in the preceding 12 months.

██████████ research measured the impact of housing precarity on wellbeing at the level of population subgroups using 2002 - 2018 data from the Household Income and Labour Dynamics in Australia (HILDA) survey. Specifically, this study outlined the impact of three dimensions of housing precarity (forced moves, overcrowding and unaffordable housing) on a variety of population subgroups in Australia (e.g. people who earn low to high income; singles; couples; couples with children; sole parents). In this study, forced moves stood out as having the greatest negative impact on all cohorts, followed by unaffordable housing. Sole parents, public renters and people with low income who were

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<sup>41</sup> Rachel Ong ViforJ, R Singh, Emma Baker, Rebecca Bentley, and J Hewton (2022). [Precarious housing and wellbeing: a multi-dimensional investigation](#). AHURI Final Report No. 373; Rebecca Bentley, David Pevalin, Emma Baker, Kate Mason, Aaron Reeves & Andrew Beer (2016) ‘Housing affordability, tenure and mental health in Australia and the United Kingdom: a comparative panel analysis’, *Housing Studies*, 31:2, 208-222; Mallett, S., Bentley, R., Baker, E., Mason, K., Keys, D., Kolar, V. and Krnjacki, L. (2011) [Precarious housing and health inequalities: what are the links?](#), Hanover Welfare Services, University of Melbourne, University of Adelaide, Melbourne Citymission, Australia.

<sup>42</sup> Rachel Ong ViforJ et al (2022).

<sup>43</sup> For example, in *Precarious housing and wellbeing* the authors constructed a well being index from the following variables: satisfaction with life; satisfaction with finances; satisfaction with employment opportunities; satisfaction with community; mental health; and physical functioning.

<sup>44</sup> Clair, A., Reeves, A., McKee, M., & Stuckler, D. (2019). ‘Constructing a housing precariousness measure for Europe’, *Journal of European Social Policy*, 29(1), 13-28.

precariously housed were the cohorts most likely to report low wellbeing scores overall (sole parents, precariously housed: 51.6%; public renters, precariously housed: 59.7%; low income, precariously housed: 46.8%). However, of note is that the biggest gaps in well being experienced by those who were precariously housed (when compared to their counterparts who were non-precariously housed) were among private renters, people with low income, and singles.

From the work that has been done in this space, it is clear that the relationship between housing precarity and wellbeing has a lot to tell policymakers. Wellbeing data assists greatly with untangling the complex nature of housing precarity and its multiple dimensions, as well as increasing our understanding on how the impacts of housing precarity are felt across different populations. Given the bi-directional of this relationship, as established in studies like [REDACTED] wellbeing data also sheds light on attributes that may inform the duration for which populations stay precariously housed, and what interventions may be needed to neutralise wellbeing scores for precariously housed subgroups (i.e. bring them up to same level of wellbeing as their non-precariously housed counterparts).

### ***Recommendation***

The National Housing and Homelessness Plan utilise wellbeing metrics when developing the plan to assist in setting goals and objectives (and identifying appropriate targets), as well as in evaluating efficacy of interventions.

## **7.2 SETTING TARGETS FOR A BETTER HOUSING EXPERIENCE**

Given the clear negative impact of precarious housing and poor quality housing the National Housing and Homelessness Plan must include clear targets measuring these. We propose setting ambitious targets based on the following metrics in relation to safety, stability and affordability of rental homes, as well as the diversity, quality and liveability of dwellings.

### ***Metrics regarding safety and stability***

- Length of tenure of tenancies (note: it is appropriate to set a different target for landlord initiated vs tenant initiated termination of tenancies)
- % forced moves - i.e. landlord initiated termination of tenancy
- Overcrowding

### ***Metrics regarding affordability***

- Measuring housing need:
  - Consideration of households under rental stress using 30/40 rule
  - Consideration of households under rental stress using residual income method
- % public and community housing of overall housing stock
- % of stock genuinely affordable to households earning lowest 40% of incomes of overall stock (taking account of above re adopting different approaches to understanding housing affordability)

### ***Metrics regarding diversity***

- Housing type

- Location and number of bedrooms

**Metrics regarding quality and liveability**

- Standard of homes (may require introduction of improved system of regulation to monitor compliance with minimum standards - external audits, compliance check against standards via landlord registration scheme)
- *Accessibility*

**Recommendation**

The National Housing and Homelessness Plan set ambitious targets against relevant precarious housing and quality metrics to reduce precarious housing and improve the quality and liveability of rental homes.

## 8. Gaps in the plan

Within this submission we discuss most of the focus areas raised within the Issues Paper. We note, however, that key aspects of the housing system are missing. The Issues Paper, for example, does not consider the role that banking and tax policies have had on the housing system, including the renting sector in Australia. While some tax policies such as capital gains tax discounts are primarily aimed at owner occupiers, they have increasingly become part of the strategy around purchasing investment properties, with the '6 year rule', particularly alongside first home owner grants, contributing to a short-term approach to investment.<sup>45</sup> This may contribute to the average holding periods of 4-10 years observed by a number of reports.

Banking has received less attention, but lending practices have contributed to the current crises where some investors are or feel unable to meet their contractual obligations, or entertain the idea of renting rules changing because of the size of their loans. It appears likely that many people have borrowed significant sums of money to access an investment without being advised of the likelihood of interest rate rises. Banking practices, primarily loans, and investment advice must also be made appropriate with the provision of an essential service.

Finally, there is no consideration of wages, and the welfare and income support system despite a clear acknowledgement that affordability is about the crucial relationship between housing costs and income.

**Recommendation**

The Housing and Homelessness Plan consider all aspects of the housing system, including taxation, wages, welfare and income support, and regulation of banking and financial institutions.

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<sup>45</sup> Sue Williams (2022) ['Six-year rule': How rentvestors can avoid capital gains tax](#), *Domain*, accessed 13 October 2023