Supply of social housing

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By Craig Johnston

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Shelter NSW
377 Sussex Street, Sydney NSW 2000
www.shelternsw.org.au

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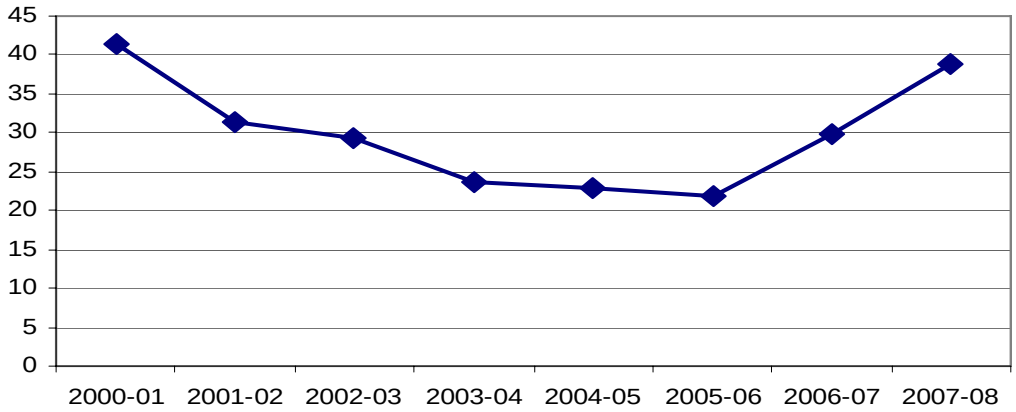
THE PROPORTION OF NSW HOUSEHOLDS IN SOCIAL HOUSING REMAINED THE SAME between 2001 and 2006 censuses, at 5.3%.[1] The proportion in public housing fell from 4.8% in 2001 to 4.4% in 2006. This mirrors the Australia-wide trend, where the proportion of households in public housing fell from 4.9% in 2001 to 4.0% in 2006.

Notwithstanding tight income eligibility, the number of applicants for social housing in New South Wales was 49,950 in June 2008 (down from 50,316 in 2007 and 58,172 in 2006).[2] The lack of growth in social-housing stock has led to the state government, when determining eligibility criteria for allocations, to give priority to people who are most in need.[3] The proportion of new tenancies in public housing allocated to applicants on a greatest need ('priority application') basis jumped from 22% in 2006 to 30% in 2007 and 40% in 2008.[4] See Figure 1.

Figure 1: Proportion of greatest need allocations to public housing, 2001 to 2008



Source: Australian Institute of Health and Welfare, CSHA national data reports.

Most people eligible for social housing do not want it and do not apply for it. In an Australia-wide study of private renters in receipt of Commonwealth rent assistance and not on the public housing waiting list, 45% were not interested in public housing and another 31% said they would consider it only as a last resort.[5] There are many reasons people who are eligible for social housing might not apply for it. These include stigma, the lack of choice and autonomy, and the lengthy waiting time that might make an application seem futile.

However, it is also the case that the stability of housing provided by social-housing providers who offer continuous tenancies or 'lifelong' tenancies can help tenants achieve a better quality of life (nonhousing outcomes).[6] These associations show up in health status and, for children in social-housing households, in school performance.[7] For reasons to do with both affordability and such 'non-shelter outcomes', social housing remains an important component of the state's housing market, and how to most efficiently and effectively increase supply of social housing remains an important challenge for public policy.

Background

The main source of revenue for social housing is tenants' rents, typically set at a submarket value to promote affordability. This revenue is inadequate to cover operational costs and the long-term management of the dwellings as an asset, including replacement of the dwelling when its maintenance ceases to be cost-effective. Consequently, the supply of social housing is dependent on a subsidy from someone other than the direct provider. The subsidy could come from nonprofit agencies or private firms for charitable or philanthropic reasons; in practice, it is governments that are the major subsidizers of social housing in New South Wales.

Housing NSW manages the major part of the social-housing sector: it provides and manages most social-housing dwellings (as 'public housing'), it manages the dwellings owned by the Aboriginal Housing Office, it subsidizes community housing providers participating in its community housing programs, and it owns the dwellings managed by homelessness agencies under the Crisis Accommodation Program.[8] It collects rents from tenants of public housing it manages[9], but that rent revenue provides only half of its operating revenues – 53% in 2007-08. The state government does not expect Housing NSW to make a surplus, and classifies it as a 'noncommercial public trading enterprise', like buses and trains.

Housing NSW is given an annual subsidy from the state Budget. This subsidy will contribute around 56% of the revenue of Housing NSW in 2009-10, up from 41% in 2007-08.

The total number of dwellings managed by public housing, community housing, and Aboriginal housing will increase over 2009-10 to 148,757.[10] This is an increase of 63 dwellings, a 0.04% increase. The number of Land and Housing Corporation and Aboriginal Housing Office 'capital-stock' dwellings will decrease by 388 dwellings, a 0.3% decrease. The reason for the net drop in numbers of social housing units held as capital stock, can be found in the number of demolitions (1,408) and sales (948), totaling 2,356, being greater than the number of completions (1,970). This is linked to the nature of initiatives underpinning the agency's capital works: Stage 1 of the Social Housing Initiative element of the 'Nationbuilding – economic stimulus plan' involves repairs to existing public housing dwellings (to be completed in 2008-09 and 2009-10) and the bringing forward construction of new public housing dwellings that had already been approved in 2008.[11]

What is being done?

This section summarizes government initiatives to increase supply of social housing, in the national (Commonwealth) and state (NSW) spheres.

Pre-recession and non-recession-related initiatives

The Rudd Labor government elected in 2007 ended a decade of declining Commonwealth funding of social housing, but it seems to have decided to address a goal of increasing the supply of social housing in a non-traditional way. Its funding approach to social housing seems to have three streams:

- maintaining Commonwealth funding to the existing system of social housing (public, community and Aboriginal housing) at a more or less similar level;
- selective expansion of the existing system, through short-term or medium-term subsidies for additional dwellings linked to homelessness-reduction objectives;
- establishing a new subsidy stream, consisting of grants and tax credits, for construction of additional dwellings, tied to an expectation that the subsidy would be more than matched from a combination of other sources, including state governments, nonprofits, private housing developers and private investors.

The package thus addresses both sustainability and growth.

The first stream of funding was a continuation of a subsidy to state housing assistance programs (which primarily comprise public housing, government-subsidized community housing, and state-owned and –managed Indigenous housing[12]), under the **National Affordable Housing Agreement**.

Table 1 gives a breakdown of the National Affordable Housing Agreement special purpose payments to the states from 2008-09 to 2012-13.[13]

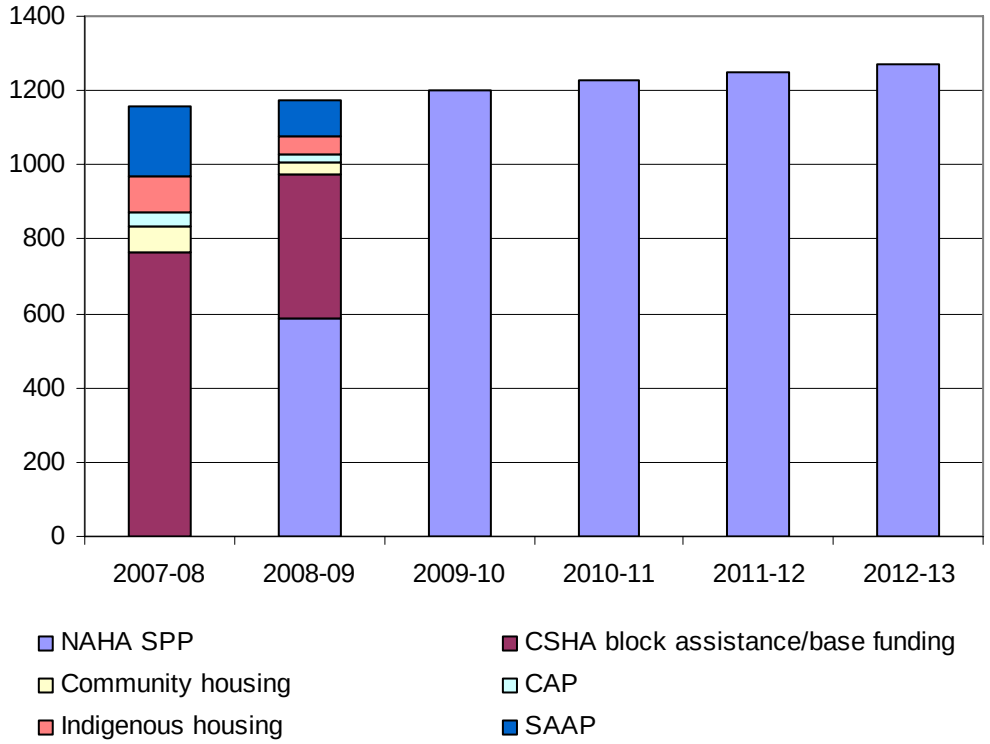
Table 1: Commonwealth payments to states to support affordable housing services

$million	2008-09	2009-10	2010-11	2011-12	2012-13
National Affordable Housing SPP	586.1	1,202.6	1,225.1	1,247.2	1,270.9
Commonwealth-State Housing Agreement block assistance/base funding	388.3	-	-	-	-
Community housing	34.3	-	-	-	-
Crisis accommodation assistance	21.2	-	-	-	-
Housing assistance for Indigenous people	48.7	-	-	-	-
Supported accommodation assistance	95.9	-	-	-	-
New National Partnership payments					
Remote Indigenous housing	540.0	432.7	412.8	463.9	479.0
Social housing	200.0	200.0	-	-	-
Homelessness	22.0	97.7	128.5	131.5	156.5
Investment in social housing	260.0	4,072.0	1,744.0	312.0	-
National Partnership Payments					
First Home Owners Boost	830.6	733.7	47.3	5.5	-
Social housing subsidy program	2.0	11.9	-	-	-
Total	3,029.1	6,750.6	3,557.7	2,160.1	1,906.4

Source: Commonwealth of Australia, 'Australia's federal relations: Budget Paper no.3, 2009-10', May 2009, p.78.

Figure 2 gives a breakdown of the NAHA special purpose payments to the states from 2007-08 to 2012-13. This figure differs from Table 1 in that it includes 2007-08, the crossover year between the Howard and Rudd governments (and between the Commonwealth–State Housing Agreement and the NAHA).

Figure 2: Commonwealth payments to states to support affordable housing services, 2008 to 2013 ($ million)



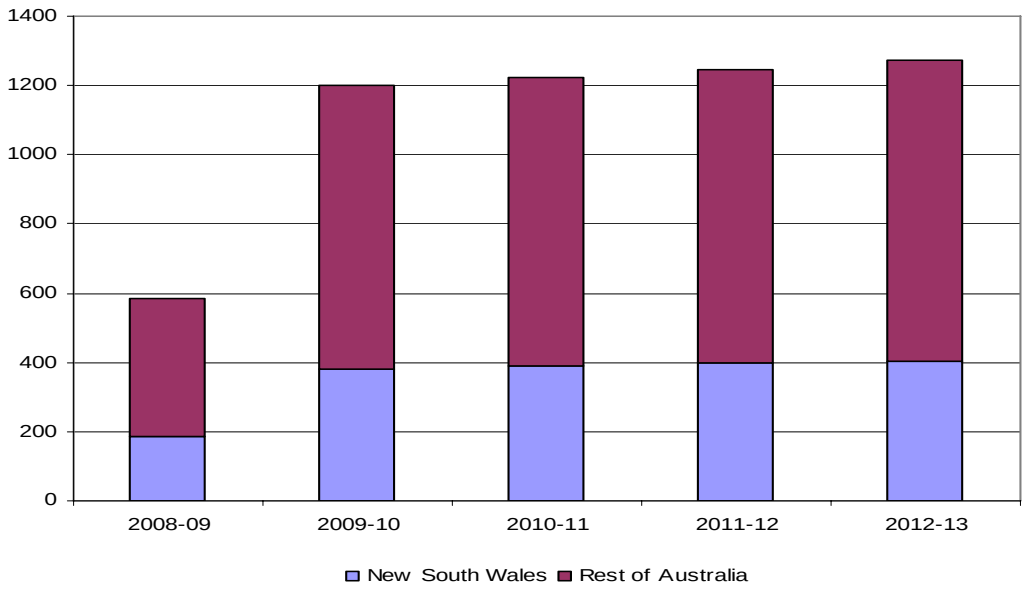
Source: Source: Commonwealth of Australia, 'Australia's federal relations: Budget Paper no.3, 2008-09', May 2008, p.47; Commonwealth of Australia, 'Australia's federal relations: Budget Paper no.3, 2009-10', May 2009, p.78.

There is a 2% increase in base funding each year. The growth factor was agreed between the Commonwealth and states in the Intergovernmental Agreement on Federal Financial Relations of December 2008.[14] It is the Wage Cost Index 1 – comprising a safety net adjustment weighted by 75% and the all groups Consumer Price Index weighted by 75%. The Commonwealth Budget papers indicate that the growth factor was estimated at 2.1% in November 2008, and will be 1.9% in 2010-11. The annual growth in funding during the last CSHA was around 1.6%.[15]

The distribution of the NAHA funding is by population share. The NSW allocation is estimated to be just less than a third (32%) of the total. See Figure 3.

The Commonwealth CSHA/NAHA subsidy is an important component of the housing policy and assistance program run by Housing NSW and the Aboriginal Housing Office.[16] In 2005-06, it comprised 45% of the revenue for the program, in 2007-08 42%, and 2008-09 40%.

Figure 3: Commonwealth NAHA payments to New South Wales to support affordable housing services, 2008 to 2013 ($ million)



Source: Source: Commonwealth of Australia, 'Australia's federal relations: Budget Paper no.3, 2009-10', May 2009, p.79.

The second stream of funding was a selective expansion of the existing social housing system, through short-medium term subsidies for providing additional dwellings linked to homelessness reduction objectives. There are two of these: a Social Housing national partnership payment, and the 'A place to call home' scheme.

> The first of the short-medium term initiatives is the **Social Housing National Partnership**. This was agreed to in December 2008 at the same time as the National Affordable Housing Agreement and the Homelessness National Partnership. This national partnership payment had not been anticipated at the time of the 2008-09 Budget. The Agreement began on 1 January 2009 and expires on 30 June 2010. It commits the Commonwealth to funding the states for capital works for social housing, through a 'Social Housing Growth Fund'; the money may not be spent on ongoing or administrative costs related to this social housing. States do not need to match the Commonwealth contribution. The program's emphasis is on *additional* social housing, and this supply is explicitly linked to the Commonwealth's homelessness-reduction agenda. The expectation is that between 1,600 and 2,100 dwellings will be constructed with this money. All dwellings built with funds from this program are to be ready for occupation within 2 years of money being allocated by the Commonwealth. The Commonwealth grant is $400 million, $200 million in each of 2008-09 and 2009-10.
>
> The Commonwealth funding will be made to the states on a per capita basis. The payments to New South Wales are $65.2 million in 2008-09 and $65.2 million in 2009-10.[17] These will allow for 640 new dwellings.[18]

Housing NSW made two calls for expressions of interest for proposals to be funded through this Fund, both opening on January 19. The first call, for dwellings to be delivered by 30 June 2009, closed on February 16. The second call, for dwellings to be delivered by 30 June 2010, closed on March 16. The results of the first call went online on August 21. (See Table 2.)

Table 2: Social housing growth fund, results of first tender, 2009

Developer	Grant $ m	Units (N)	Local government area
Affordable Community Housing	14.211	64	Penrith
Blue CHP	16.081	107	Bankstown, Parramatta, Penrith
Compass Housing	17.038	63	Newcastle, Lake Macquarie, Gosford
Community Housing Ltd	17.870	67	Parramatta, Nambucca, Port Macquarie, Coffs Harbour
	65.201	301	

Source: Housing NSW website.

The second of the short-medium term initiatives is the '**A place to call home**' scheme. This involves funding to acquire up to 600 additional social housing dwellings for allocation to homeless people. The money is for new dwellings, whether by acquisition, spot purchase or renovation of existing public housing dwellings, plus support services for the tenants for 12 months. The tenancy is 'permanent': at the end of the period, the tenant does not have to move out (though the support services do not continue). The dwelling joins the existing pool of social housing, and the next year's budget allocation purchases a new rental dwelling and funds support for another homeless person allocated that dwelling for another 12-month period. The dwellings have to be allocated to Indigenous people in proportion to the Indigenous proportion of the homeless population, that is, in New South Wales, 9% of the dwellings.

The Commonwealth budget allocated $150 million over five years in the 2008-09 Budget, and indicated that the states would be asked for matching contributions in the National Affordable Housing Agreement. The 2008-09 Commonwealth Budget papers presented the initiative as if it was to be a stand-alone national partnership payment, but when the National Partnership Agreement on Homelessness was agreed to in December 2008; this initiative was incorporated into it as a core output, though with identified moneys separate from the other Homelessness National Partnership outputs. The Agreement committed the Commonwealth to yearly allocations to 'A place to call home' of $24.4 million in 2008-09, $26.6 million in 2009-10, $26 million in 2010-11, $24 million in 2011-12, and $49 million in 2012-13.[19] The initiative was not separately identified in the 2009-10 Commonwealth Budget papers (unlike in 2008-09). (See Table 1, above.) That Agreement also committed the states to matching the Commonwealth's total contribution. The Homelessness National Partnership expires on 30 June 2013.

The Commonwealth allocation to the states is distributed according to their share of the homeless population. The Commonwealth allocation to New South Wales for 'A place to call home' dwellings is $38.75 million, 26% of the total. The NSW state budget for 2008-09 reported $7.8 million from the

Commonwealth for dwellings to be acquired in that year. The NSW state budget for 2009-10 reported $6.4 million from the Commonwealth for dwellings to be acquired this year.

The Commonwealth money is expected to enable the states to acquire 600 additional social housing dwellings, with New South Wales acquiring 155. In 2008-09, 25 new-built dwellings were allocated to this scheme in New South Wales. Another 26 dwellings will be built in 2009-10.[20]

With the required matching state contribution of an equivalent amount added to the Commonwealth grant, each NSW dwelling with support is valued at an average $415,000. Not all of this is for capital works, since part (at least 29%) of the state matching contribution includes the value of support.[21] At least some of the tenancies for the firs 25 dwellings were allocated to families referred by the Department of Community Services through its Brighter Futures program, a program aimed at protecting children in families that have problems.[22] The Department of Community Services provides case management and access to at least 2 of the following 3 services (that it funds) – home-visiting, parenting programs, and children's services – under this program.

The third stream of new Commonwealth funding is for substantive growth over the medium term or longer, though the funding is for 'affordable rental housing' not social housing as such. However, this stream does not preclude, and indeed can include, social housing. This stream is the **National Rental Affordability Scheme** (NRAS), launched by the Commonwealth government in July 2008. The scheme aims to support the building of 50,000 additional dwellings over a 14-year period.[23] The funding takes the form of a contribution toward the development costs of new rental dwellings, not of a total payment for those costs. There are two subsidies (called 'incentives') available: (a) a Commonwealth subsidy of $6,000 a year for 10 years, in the form of a tax credit or a cash grant[24]; and (b) a state government subsidy of at least $2,000 a year for 10 years, in the form of a cash grant. Clearly, new affordable rental housing will not be built with these subsidies alone, and the scheme assumes that the subsidies will be sufficient to positively impact on the commercial viability of new development, and thus attract developers from the private or nonprofit sectors who will undertake the development primarily with their own equity or commercial borrowings. The contribution of these parties will be much higher than the governments' subsidies.[25]

The rationale behind this approach on the use of government subsidies for affordable rental housing is that whatever or however much government money there is or will be, it should be made to go further by matching it with money (equity or borrowings) from other sources, being private firms, nonprofit organizations, or other spheres of government.

A similar approach had been used in New South Wales under Housing NSW's affordable housing debt-equity program (late 2000s), where certain community housing associations could apply for a grant to help build or acquire new dwellings linked to a capital contribution of their own and to borrowing from a financial institution. In the first phase of the initiative, the model involved a government grant

of up to $1.7 million to each of two housing projects submitted by a community housing provider (total government contribution $3.4 million), with the provider having to contribute capital valued at 30% of the government contribution and also having to borrow funds against both partners' capital contributions at a gearing rate of 25%.[26] In the second phase of the initiative (total government contribution $6 million), the model involved a community housing provider bringing in 40% of a project's costs, in equity and borrowings, with funds borrowed against both partners' capital contributions at a gearing rate of 25%.[27]

When the National Rental Affordability Scheme was established, the bulk ($17.3 million) of money left in an Affordable Housing Innovation Fund went towards state matching contributions required under that Scheme. In the first round of the Scheme (2008-09), Housing NSW offered certain community housing providers – as its matching contribution – a grant equivalent to 40% of a project's costs, with the community housing provider bringing the balance (through equity, borrowing, and sell down) – plus the Commonwealth contribution of $6,000 per dwelling per annum for ten years (branded as 'NRAS A').[28] This money exhausted the Affordable Housing Innovation Fund money available for debt-equity type projects[29], and 'NRAS A' grants were not available for the second round of tenders for NRAS subsidies.

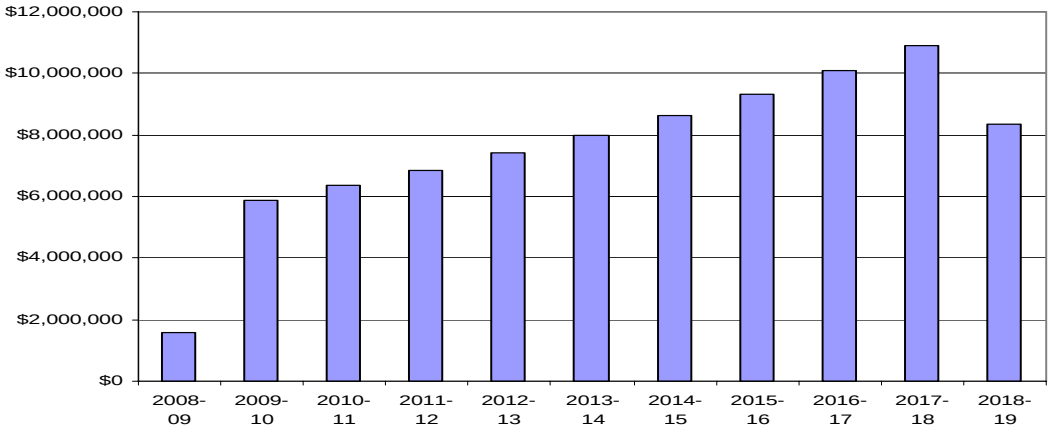
Projects subsidized under a debt-equity model have supported 181 dwellings in the pre-NRAS era and 287 dwellings under the NRAS ('NRAS A', round 1).[30]

The NSW government initially made a financial commitment to the National Rental Affordability Scheme for the 2-year establishment phase only (2008-09 and 2009-10). It capped the number of dwellings it was prepared to contribute toward in that phase, to 3,000 out of a potential 11,000 dwellings Australia-wide. In the first round, 1,074 NSW subsidies were awarded, at a cost to the state government of $18.8 million.[31] In the second round (for which there were applications for 27,000 subsidies, with 7,200 actually available), 1,363 NSW subsidies were awarded.[32] The number of subsidies awarded to NSW applicants (2,437) was 563 short of the target of 3,000 subsidies the NSW government was prepared to subsidize in the scheme's first two years.

The cost to the state government of the NRAS basic matching contribution was $1.57 million (787 x $2000) in 2008-09.[33] In 2009-10 it will be about $6.37 million, comprising the second year funding for the first round offers at the initial monetary level indexed at 8% (787 x $2168) plus the first year of funding for the second round offers at an indexed monetary level (2213 x $2168).[34] New South Wales will have an escalating commitment to subsidies given under the first two rounds until 2018-19.[35] See Figure 4.[36]

The Commonwealth plans a staged management of the scheme with a 2-year establishment phase, a 3-year expansion phase (2010-11 – 2012-13), and a 9-year wind-down (during which there will be no new subsidies but the existing 10-year commitments will phase out). The total cost of Commonwealth subsidies over the 14 years of the scheme will be some $11 billion (assuming 8% indexation each year).[37]

Figure 4: State subsidies to ‘establishment phase’ NRAS dwellings, 2009 to 2019



Source: Shelter NSW estimates.

The NRAS third round (which is the first year of the 3-year expansion phase) opened on September 1. Applications are open for a one-year period. Proposals are to be for dwellings that will be built and ready by June 2012. Proposals for subsidies under this round will need to comprise either:

- developments that include dwellings being built with subsidies under the Commonwealth government’s Social Housing Initiative (though the NRAS subsidy cannot be used for dwellings being built with a Social Housing Initiative subsidy);
- private sector developments on land that is owned by governments which has been made available for residential use – or for affordable housing[38] (though the NRAS component does not have to comprise all of the development); or
- a development project with at least 1,000 dwellings.

The Commonwealth government’s Social Housing Initiative is a component of the ‘Nationbuilding – economic stimulus plan’. (See page 16, below; this Initiative is not the same as the Social Housing Growth Fund under the Social Housing national partnership referred to on page 5, above). This focus will primarily benefit nonprofit applicants since dwellings under the Social Housing Initiative are being built by state governments and, in New South Wales, the government has committed to transferring the property and tenancy management of the bulk of the additional dwellings built through this Initiative to community housing providers. To achieve a development that consists of dwellings financed by both the Social Housing Initiative and the National Rental Affordability Scheme, a private sector applicant would necessarily have to partner or undertake a joint venture with a community housing provider. The application process for this component seems to involve the Commonwealth inviting applications from developers who have already won subsidies under the Social Housing Initiative. In New South Wales, Housing NSW was the bidder for the Social Housing Initiative subsidies.

The NSW government indicated it would participate in NRAS round 3 in late October.[39] The NSW government is offering its state contribution in two forms, ‘NRAS A’ and ‘NRAS B’, as it did in round 1. The ‘NRAS A’ subsidy is a grant in the form of an upfront contribution of up to 40% of the capital costs of a housing

project. The pool of money for these subsidies is again branded the Affordable Housing Innovations Fund, and its value is $47.5 million. Subsidies from this Fund will only be available to registered community housing providers, through competitive tendering. Under 'NRAS A', registered community housing providers are able to access Affordable Housing Innovations Funding in combination with the Commonwealth's NRAS incentive. Funding from this Fund involves an upfront contribution of up to 40% of the capital costs of the project. There is also a basic subsidy, 'NRAS B', open to all for all eligible organizations under the NRAS national guidelines, including private investors, private developers and aged care providers. This subsidy is valued at $2,168 per year for 10 years. Information on the revenue sources for these two subsidy types is not in the public domain, as at October 2009.

Participation in the three years of the scheme's expansion phase (2010-11 to 2012-13) – assuming New South Wales wins 30% of the national total of incentives – would cost at least $132.96 million, taking into account the basic subsidy '('NRAS B' only).[40] It would create a liability for future budgets of at least $953.6 million over the course of the scheme until the subsidies phase out (i.e. from 2013-14 to 2021-22).

There are some questions around the future of this scheme in New South Wales in the short-term.

- Will the state government participate in rounds 4 and 5, with a final year of subsidies from all phases in 2021-22?
- If so, how will the state government finance the basic matching subsidies?

While the National Rental Affordability Scheme is the most important Commonwealth-state subsidy program to promote additional dwellings for affordable rental, its range is broader than the topic of this memo, which is social housing. NRAS dwellings may be allocated to tenants with a continuum of incomes ranging from very-low income (the target customer base for social housing) to moderate-income (the target customer base for intermediate housing). The differences in customer incomes for various affordable rental housing products can be seen in Table 3. It shows the income eligibility threshold (that is, the maximum annual income an applicant may earn to be eligible for allocation of a tenancy) applied to a single person with no children by a number of provider types. Comparing the NRAS customer base to customers of other affordable rental housing programs, we can see that it caters both to very-low income customers, along with social housing, and also to low-income customers, along with the 'affordable housing' products of Housing NSW and of City West Housing. The National Rental Affordability Scheme does not cater to the moderate-income customers that some affordable housing products do, such as City West Housing and Waverley council's affordable housing. We can conclude that the scheme caters to households who are eligible for social housing, as well as to low-income households who are not eligible for social housing.

Table 3: Income eligibility thresholds for single person for affordable rental housing

Household type: single person with no children	Income limit for initial eligibility
Housing NSW – public, community and Aboriginal housing	$23,920
Waverley Council – aged persons housing	$23,920
City West Housing – affordable housing: band 1	$29,094
Housing NSW – 'affordable housing': moderate income	$39,900
National Rental Affordability Scheme – affordable housing	$41,514
City West Housing – affordable housing: band 2	$29,094 – $47,381
City West Housing – affordable housing: band 3	$80,180
Waverley Council – 'affordable housing'	$28,500 – $83,085

The rent-setting formula under the National Rental Affordability Scheme is different from most social housing. Whereas social housing providers predominantly use an income-based rent-setting model, with affordability assisted by setting the maximum rent to a proportion of the tenant's income (e.g. 30%), the scheme sets a maximum rent to a proportion of the market rent. This approach was not unknown in Australia, being used in a number of local governments' intermediate housing schemes.[41] With NRAS tenancies, the maximum rent a provider may set is 80% of the market rental value of the dwelling.[42] Where the provider is a community housing organization with an exemption from Goods and Services Tax because of concessions to charities, they set rent at 75% of the market rental value.[43]

There is no intrinsic merit of an income-based rent-setting formula as opposed to a proportion of market rent formula. Both are likely to create a rent that is less than the market rate, i.e. a submarket rent, and thus contribute to greater affordability. It is probable that an income-based rent-setting formula would allow a tenant to pay a lower rent (than they would under a proportion-of-market rent formula), in most cases. The advantage for a provider of a proportion-of-market rent formula is precisely its potential to yield extra rent revenue and thus help pay for more of the cost in delivering an affordable housing product.

For smaller affordable housing providers without recurrent subsidies from government, use of income-based rent-setting is less problematic if there is a reasonable range of household incomes among the customer base. City West Housing's eligibility criteria include an income test in three income bands. (See Table 4.[44]) The first, lowest, band is applicants with a gross annual household income below $29,094; this is a very-low income band. The second band is applicants with a gross annual household income between $29,094 and $47,381; this is a low income band. The third band is applicants with a gross annual household income between $47,382 and $80,180; this is a moderate-income band. The company assesses applicants on the basis of having a mix of income groups among its tenants, with a maximum of 45% of tenants in the lowest band. It uses an income-based rent-setting formula, with tenants in the third band paying a slightly higher proportion of their income in rent – 30%, compared with 25% for the first band tenants.

Table 4: City West Housing income eligibility thresholds and rent affordability benchmarks

Income band	Gross household income p.a.	Rent as proportion of gross household income (%)
1	Below $29,094	25
2	Between $29,094 – $47,381	27.5
3	Between $47,382 – $80,180	30

Source: City West Housing Pty Ltd, *Annual report for the year ended 30 June 2009*.

In some favored locations, the contribution of a proportion-of-market rent formula to affordability might be small. Take the case of Canada Bay local government area in Sydney's middle-ring suburbs. With a median market rent for a 1-bedroom flat of $410 a week (new tenancies, September quarter 2009)[45], a weekly rent set at 80% of that market rent would be $328. A rent set at 75% would be $328. For a single person on a Newstart allowance, of $228, with $55.90 rent assistance (so, a total of $283.90), neither of those rents is affordable (that is, neither amounts to less than 30% of their allowance plus benefit).[46] For a weekly rent of $328 to be affordable at 30% of gross household income for a single person, they would need to earn a moderate income of $56,853 a year. Such a moderate-income earner would be earning too much to be eligible for NRAS-subsidized housing.

If we put someone who is in the NRAS target group, at the top of the range, i.e. $41,514, and put them in the Canada Bay flat rented at $328 (i.e. 80% of median market rate), then their annual rent would be 41% of income.[47] In this latter case, the tenant does not have affordable housing using a 30% rent : income threshold. This case shows that, while the National Rental Affordability Scheme does cater for very-low and low-income earners who are the target customers for social housing, it is unlikely to be able to do so in favored housing markets where rents are higher.

The state government has a number of other initiatives aimed at encouraging more social housing, most of which involve enhancement of the asset or income base of community housing providers to enable them to build or acquire new dwellings using leveraging. Those are:

- transfers of property and tenancy management (enhancement of income base)
- longer-term leases on some dwellings where property and tenancy management have been transferred (enhancement of income base)
- transfers of title on dwellings (enhancement of asset base)
- transformation of rental-housing cooperative subsector (enhancement of asset base)
- CRA maximization (enhancement of income base)
- partnerships with private sector developers
- choice of community housing providers as housing developers or managers in a number of state development projects (enhancement of asset- or income base)

The practice of **transferring property and tenancy management of dwellings owned by the Land and Housing Corporation to community housing providers** began sometime in the 1980s, with a formal program, so-named, established in the 1996.[48] In 2008-09, some 10,600 'capital properties' comprised 65% of the portfolio of mainstream community housing providers. Housing NSW is intending to transfer a further 3,000 dwellings in 2009 and 2010. These dwellings will be transferred to 15

housing associations. These transfers do not grow the social housing sector overall, though they could assist growth if they help community housing providers develop capacity and market profile, that assists them to attract resources that do enhance growth.

Housing NSW was to give a small proportion (5%) of those headleases to some community housing providers with periods of 35 years (‘**long-term leases**’), as opposed to the typical 5+5 years. This followed a decision of the state Cabinet in early 2007. The idea of the ‘long-term leases’ was that the providers would be able to use the greater surety of a revenue stream from tenants’ rents to borrow money from financial institutions, to build or buy dwellings of their own: the government expected those providers would raise more than $11 million in loans from the private sector.[49] This pilot program is ‘on hold’, according to the Standing Committee on Social Issues of the NSW Parliament.[50] The new, long-term leases were not made with any provider for any Land and Housing Corporation dwelling, and we might anticipate this pilot will now not be implemented following a subsequent Cabinet decision on ‘title’ (see next paragraph) in early 2009.

Transfer of **title** (beyond property and tenancy management), on 7,000 Land and Housing Corporation dwellings, was announced on June 25. The dwellings will all be newly-built, with most coming from the dwellings built under the -Nationbuilding – economic stimulus plan’, and 500 coming from among the 10,000 Land and Housing Corporation dwellings managed by community housing providers. The dwellings and land will not be given to all community housing providers – rather, to those who become registered as a class 1 or class 2 provider under the *Regulatory code for community housing providers*. These providers are those who are likely to be involved in property development. This assignment follows from an expectation that the community housing providers will use their ownership of the land and dwellings to expand the supply of community housing. A class 1 registered community housing provider is actually required, as a condition of registration in that class, to leverage its assets (including those that it acquired without Housing NSW assistance) at a rate that, in the opinion of the Registrar of Community Housing, delivers sustainable and optimal growth of its business. The timing of the transfer process is linked in with the production of dwellings under the ‘Nationbuilding – economic stimulus plan’, with a large number of ‘Nationbuilding’ dwellings expected to become available in April 2010. The 500 dwellings already under community housing management could be transferred as early as January 2010. The transfer process should be completed by June 2012.

Most of the rental-housing cooperatives comprising the government-subsidized **rental-housing cooperatives subsector** are supporting a reorganization of their subsector. This is currently a very small sector with less than 500 dwellings across the state. The expansion involves pooling of the ownership and asset management of the dwellings into a state-wide ‘common equity’ entity – in effect, the current Association to Resource Cooperative Housing, transformed into a company, with a new brief. This entity would undertake property development using its assets as a lever.[51] The local cooperatives would keep responsibility for tenancy management. At the moment, the local cooperatives lease Land and Housing Corporation dwellings. This initiative would involve Housing NSW transferring the headleases of those dwellings to the new body, on a long-term (35 year) basis, and the new body would sublet them to the

local cooperatives. Local cooperatives would remain as corporate entities, registered as cooperatives under the *Cooperatives Act 1992* (NSW). The new body, whose current working title is Common Equity NSW, would be a registered company under the *Corporations Act 2001* (Cwlth). It would seek registration as a community housing provider with the Registrar of Community Housing. The members of the Association to Resource Cooperative Housing voted to support this proposal in early November.

Housing NSW made changes to the way the community housings providers that it funds set their rents, and to the way it grant-funds those providers, over 2008 and early 2009.[52] The key change was in the way the rent was calculated for those tenants unable to afford the market rent on the dwelling they rent from a community housing provider. In these cases, a community housing provider now charges a submarket rent set at (i) a maximum proportion of the tenant household's income (the key component of which is a maximum 25% of the income of the tenant and their spouse or live-in partner, irrespective of age, and all other person aged 21 years and over[53]), plus (ii) the full amount (100%) the household would get from Centrelink as rent assistance if they are eligible for it (**'CRA rent maximization'**).[54] This latter calculation is done whether a tenant who is eligible for Centrelink rent assistance seeks a payment of rent assistance through Centrelink, or not.[55] Before the change, Centrelink as rent assistance was treated as a component of household income, which meant only 25% of a tenant's rent assistance went to the provider in rent. Housing NSW now sees Commonwealth rent assistance as 'rent supplement instead of income'.[56] The effect of this change is that the provider collects a higher amount in rent.

This **policy was extended to Aboriginal Housing Office tenants** on July 6.

The government has two housing development projects with private sector developers that will see new affordable rental housing managed by community housing providers. These are at St Marys and Rouse Hill in Sydney. St Marys is a 15 to 20 year project where 150 land lots are expected to be secured for affordable housing. The first stage of the project involves the construction of 70 affordable rental units. The Centre for Affordable Housing got $10.4 million from the Rental Bond Board to fund the construction of the units. Stage 2 will involve the development of 80 units, potentially with a mixture of affordable purchase and affordable rental housing. At Rouse Hill, the government has secured 3% of all lots for affordable housing. This is expected to deliver 50 lots for affordable housing.

In relation to social housing, the government has adopted the mechanism of a **public-private partnership** for the redevelopment of a public housing estate, Bonnyrigg, in southwestern Sydney.[57] A public-private partnership involves the creation of a new asset through financing, ownership control, and service delivery by the private firm. The resources brought into the venture by the private sector are added to those provided by the government, e.g. land, capital works, or risk sharing.[58] The government's rationale for considering private financing arrangements is to get 'superior value for money over traditional methods of Government delivery', enabling savings to be used to improve or expand other services.[59] To assess whether the arrangement would be better value for money, the NSW Treasury uses a tool called a 'public sector comparator', which compares the cost of delivering the services by government financing with the cost of delivering them by private financing.[60] In the

case of Bonnyrigg redevelopment, the government estimated the cost of the facilities and services of $368 million over 30 years will be 6.3% lower than had the redevelopment been undertaken by the government itself.[61] The Newleaf Communities public-private partnership at Bonnyrigg will not see an increase in affordable rental housing: before redevelopment of what was a public housing estate, the number of social housing dwellings was 828; after redevelopment, the number of community housing dwellings in the new housing estate will be 700. An equivalent number of dwellings to this shortfall will be provided in other parts of western Sydney.

Housing NSW is also looking at ways it can unlock the value of sites where it has dwellings that need renewal or realignment to changing needs and where the site allows for greater densities. The agency has a vacant site in Villawood (Sydney) that had had 111 social-housing units (now demolished). It has called for expressions of interest from developers to provide a minimum of 120 new social-housing dwellings, with the developer able to keep or sell new market dwellings they build on the site, which could take about 427 dwellings.[62]

Recession-response initiatives

A crisis in the finance market for 'subprime' housing mortgage products emerged in the USA in February 2007. The spillover effects of this on other finance submarkets in the USA and on finance markets in other countries led to 'the global finance crisis' of September 2008[63], which is still underway. The global finance crisis in turn had negative effects on other sectors of the economies of many countries, for some of whom negative economic growth marked them as being in recession (described by some commentators as the worst economic downturn in 60 years). In Australia, where the homelending sector was not characterized by the degree of subprime loans as that of the USA, and where the finance sector generally was not as overextended as those in some other countries, the fiscal crisis has not been as sharp. Nevertheless, the Reserve Bank and the Australian government have been using their monetary and fiscal policy levers to influence the economy to mitigate the impacts. It seems that, notwithstanding some downturn in some sectors, and an increase in mortgage stress among some low-income homepurchasers, the Australian economy has avoided a ('technical') recession.[64] Nevertheless, the economic circumstances of many businesses and workers are not secure.

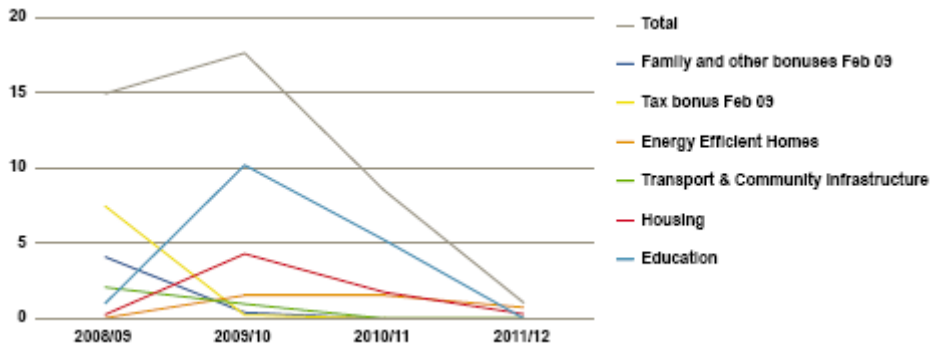
The housing bubble of the mid-2000s was barely pricked by the economic downturn, and house prices (and housing unaffordability) are continuing to rise.[65]

A key debate now between the Government and the Opposition is about the nature and timing of the 'exit strategy' from stimulus-focused fiscal policy.[66] The Commonwealth government is committed to the overall stimulus spending it has already announced, but a key focus of fiscal policy over the next half-decade or more will be restraining further expenditures and repaying the loans it took out to help finance the stimulus package.

The main component of the '**Nationbuilding – economic stimulus plan**', namely, the 'Nation building and jobs plan', was released on February 3.[67] Most of the spending

measures in it comprise a Commonwealth-state national partnership agreement (signed 5 February).

Figure 5: The $42 billion 'Nationbuilding – economic stimulus plan' by component and year



Source: Commonwealth of Australia, 'Nation-building economic stimulus plan Commonwealth Coordinator-General's progress report', August 2009.

The original plan included a number of programs relating to housing outcomes for low-income and moderate-income households:

- $6.388 billion over 4 years (2008-09 to 2011-12) for social housing
- $251.6 million over 2 years (2009-10 to 2010-11) for defense force housing
- $3.859 billion over 4 years (2008-09 to 2011-12) for energy efficiency in dwellings

The social housing component, badged as the '**Social Housing Initiative**' (not to be confused with the Social Housing Growth Fund[68]), comprised $6.388 billion. The $6.388 billion was to be apportioned $260 million in 2008-09, $4,072 million in 2009-10, $1,744 million in 2010-11, and $312 million in 2011-12.[69]

The Initiative has two elements:

- repairs to existing public housing dwellings
- construction of some 20,000 additional social housing dwellings

The first element involved an allocation of $400 million (from with the $6.388 billion) for works to be undertaken in 2008-09 and 2009-10 (with an allocation of $200 million in each of those years). The work on these dwellings has to be completed by the end of June 2010. The program guidelines issued in April indicated that the target number of dwellings to be upgraded was 2,500.[70] The Commonwealth has since indicated that the money would be used to upgrade 60,000 public housing dwellings[71]; 31,368 dwellings had been repaired and upgraded as at 30 June 2009.

The first stage of the second element was for funding new public housing dwellings by bringing forward construction of public housing dwellings already approved ('currently in the development pipeline').[72] All dwellings to be upgraded must have this done by the end of June 2010. The second stage of the second element was for the remaining funding to be allocated in 2009-10 and 2010-11.

The program guidelines issued in April indicated that the first stage of the second element would fund 2,300 new public housing dwellings. The guidelines indicated the

second stage would involve the construction of the rest – 17,700 – by 30 June 2012, completing the total of 20,000 additional dwellings. The Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs website has since indicated a change to the targets in each of the stages.[73] The first stage funded 2,696 new public housing dwellings, at an estimated cost of $692 million over two years (2008-09 and 2009-10). The second stage of the second element will pay for about 17,304 additional dwellings (completing the total of 20,000 additional dwellings), with the remaining funding ($5.296 billion).

The program guidelines had stipulated that the average unit price for a dwelling should be at or below $300,000.[74] Average costs have been under this figure, which helped the overachievement of the first stage target.[75]

The states are required to 'deliver reforms to public and community housing to improve efficiency, reduce the concentration of stock and promote economic participation.' Allocation of money to the states was conditional on them agreeing to some thirteen 'reforms' of the social housing systems they managed. Three of those 'reforms' will have the effect of building the community housing subsector: leveraging of government capital investment to enhance the provision of social housing; enhancement of the capacity of the not-for-profit sector; and diversification in the not-for-profit sector to enhance the ability of providers to offer housing options to a broader range of client types. A 'Social housing implementation plan – NSW' agreement between the Commonwealth and state governments commits the state government to providing a report on progress on these reforms to the Council of Australian Government by the end of this year.

The program guidelines indicate the Commonwealth wants a 'significant proportion' of the dwellings built under stage 2 to be owned by the not-for-profit sector.[76] The Commonwealth housing minister Plibersek indicated the Commonwealth wants a 'significant proportion' of those dwellings to be transferred to nonprofits by 30 July 2014.[77]

By the end of June, the first additional social housing dwelling had been completed – this was by Housing NSW – and repairs and maintenance had been done on 31,000 social housing dwellings.[78]

The Commonwealth reassessed the plan in mid-2009, as the risk of major economic contraction receded and as some components were implemented more efficiently and effectively than others. A progress report released on August 27 gave the Government occasion to 'recalibrate' some aspects of the plan, which basically involved cutting funding to some of the initiatives and shifting the money to others.[79] That day, the Commonwealth announced an increase of $1,515 million in funding for the construction of new primary school facilities such as libraries or the upgrading of facilities, under the P21 or 'Primary schools for the 21st century' component of the stimulus plan. The major reason for the cut in the allocation to some stimulus programs seemed to be an underestimation of the costs (including take-up) of the P21 component.[80] One area where the original forward estimates were *reduced* was the three housing programs (described on page 16, above).

With the social housing component, the national target of additional dwellings to be built with stimulus money was reduced from 20,000 to 19,200. Consequently, funding was reduced by $750 million.[81] For New South Wales, the recalibration means $187 million less in Commonwealth subsidies. This will mean that the stimulus subsidies will finance between 6,014 and 6,400 new social housing dwellings in New South Wales (6,100 according to the Commonwealth government[82], and 'around 6,000' according to housing minister David Borger[83]), which is higher than the original estimate of 6,000[84], but lower than the target of 6,500 that Housing NSW sources advised in April.

Overall, the Commonwealth is subsidizing, fully or partially, 80,000 dwellings for affordable rental over the next 4 years, according to Commonwealth housing minister Plibersek.[85] This figure is comprised of 50,000 dwellings subsidized through the National Rental Affordability Scheme, and 19,200 dwellings subsidized through the Social Housing Initiative. The other 10,000 would include 1,600-2,100 dwellings financed through the Social Housing Growth Fund and 600 dwellings financed through the 'A place to call home' scheme.

The **NSW government** was slow to use construction of social housing as an anti-recession measure. In the miniBudget introduced on 11 November 2008, the NSW government actually cut the Budget subsidy to Housing NSW by $20 million.[86] However, after the Commonwealth's second wave of anti-recession initiatives (the 'Nation building' statement of 12 December 2008), the NSW government seemed to be open to contributing a social-housing response. On 19 December 2008, premier Nathan Rees announced that $220 million of funding for maintenance would be brought forward from future years' Budget subsidies to Housing NSW.[87]

The state Budget for 2009-10 did not show significant, additional subsidies to Housing NSW from state government *own-source revenue*. Overall, Housing NSW's budget in 2009-10 will be up by 84% over 2008-09. (See Table 5.) The Budget subsidy will contribute around 56% of the revenue of Housing NSW in 2009-10, up from 41% in 2007-08. The major component of the Budget subsidy is money sourced from the Commonwealth: grants from the Commonwealth will comprise 50% of the Housing NSW budget in 2009-10, compared with 17% in 2008-09.

Table 5: Sources of funding for Housing NSW ($ million)

	2008-09	2009-10	Change
CSHA/NAHA			
– Commonwealth	301.2	315.4	5%
– State	120.7	0.0	-100%
Other government funds			
– Commonwealth	9.7	1430.3	14577%
– State	151.1	199.1	32%
Internal agency funds	44.1	423.5	860%
Asset sales	161.4	230.7	43%
Other	1110.2	886.5	-20%
Total	1898.5	3485.5	84%

Source: NSW Budget papers 2009-10.

The Budget information contained no specific allocation for a matching state subsidy to the Commonwealth's for stage 3 of the National Rental Affordability Scheme. In its pre-Budget submission, the NSW Council of Social Service had recommended an allocation of $7.3 million in 2009-10, and a total of $57.2 million over 3 years, for this purpose.[88]

The Council had also recommended a Budget allocation of $20 million in 2009-10 for Housing NSW's Affordable Housing Innovations Fund. This recommendation was also not agreed to. The Affordable Housing Innovations Fund ($49.8 million) had been set up in March 2007, primarily with a grant from the Rental Bond Board ($30 million), most of which was to be for rental housing projects using a 'debt-equity' model of financing to supplement the government subsidy, a model it had piloted in 2005-06.[89] (See page 7.)Most ($17.3 million) of the balance in the fund was allocated to the National Rental Affordability Scheme in round 1 of that scheme (2008-09), as 'NRAS A' grants similar to the earlier 'debit-equity' model.

The *State Environmental Planning Policy (Affordable Rental Housing) 2009*, released on June 30, has a number of features that reflect the economic conjuncture. One is a relaxation of density and scale restrictions on 'infill affordable housing' dwellings where the development applications are lodged before 30 June 2011.[90] Another is the argument for *rejecting* extension of the 'inclusionary zoning' models of mandatory developer contributions for affordable housing; the Department of Planning said: 'It is the NSW Government's general view that expanding developer levies for affordable housing is not appropriate in the current economic climate.'[91]

The economic stimulus measures combined with the initiatives implementing 2007 federal Labor election promises will see an increase supply, of 9,230, affordable rental housing (predominantly social housing) dwellings in New South Wales over the next few years:

- social housing (community housing and some Aboriginal housing) through the 'Nationbuilding – economic stimulus plan' – about 6,000 dwellings
- social housing (community housing) through the Social Housing Growth Fund – 640 dwellings
- social housing (mostly community housing) through the 'A place to call home' scheme – 155 dwellings
- affordable rental housing (mostly community housing) through the National Rental Affordability Scheme (round 1) – 1,074 dwellings
- affordable rental (mostly community housing) through the National Rental Affordability Scheme (round 2) – 1,363 dwellings

The main provider category that will benefit from these increased stock portfolios will be community housing providers. The state government's 2007 strategy for this subsector, *Planning for the future: new directions for community housing in New South Wales 2007/08 – 2012/13*, indicated a target of 30,000 dwellings to be managed by community housing providers by 2017-18, from a base of 13,000. In mid-2009, the number was some 18,000, and the 2017-18 target is likely to be achieved by 2011-12, some 4 years ahead of expectations. The remaining number of dwellings to reach the target, some 12,000, could be achieved within the next 1½ years as a result of the Property Transfer Program (3,000 dwellings transferred by the end of 2010), the Social Housing Initiative under the 'Nationbuilding – economic stimulus plan'

(5,500 dwellings), the Affordable Housing Initiative Fund and National Rental Affordability Scheme (2,400 dwellings), the Social Housing Growth Fund (640 dwellings), and 'A place to call home' (most of the 155 dwellings). The target will be overachieved when the dwellings generated with NRAS round 3 subsidies are counted.

Other subsectors

There are two strands of social housing that are often ignored by commentators because their main funding source was not the Commonwealth-State Housing agreement. Both of these subsectors have challenges with the state of their stock. This presents risks to the growth of the social housing sector overall, in two ways: the need to focus on repairing and replacing current stock will detract from their growth strategies; and any government subsidies directed to them to assist with repairs and replacements is an opportunity cost to potential subsidies to other providers for growth.

One of these subsectors is the social housing (rental units) targeted to older people that is owned and managed by nonprofit organizations.[92] These units might be a component of 'retirement villages' where other units are owned by their residents, or they might be stand-alone complexes. Because they are designated as being for 'independent living' or 'self care', they are often imagined as being in the retirement housing subsector or aged-care sector although their essential characteristic is no different from, for example, the aged-care units owned and managed by Housing NSW. These units were built with subsidies from the Commonwealth government, but the Commonwealth funding stream for capital ended in 1986. State governments did not establish a specific subsidy stream for these dwellings though construction of 'aged'/'seniors' units of public housing continued.

The size of this subsector is some 32,000 units, which is comparable to the mainstream community-housing sector of some 35,750 units Australia-wide and 15,000 units in New South Wales (mid-2008[93]). New South Wales has the largest number of these units, at around 13,600.[94] A third of the subsector's stock needs major capital work to upgrade it.

The providers of this housing, often mainstream welfare agencies (many of them religious-based), want access to, and are accessing, government funding streams for affordable rental housing, such as the National Rental Affordability Scheme. Mission Australia won 16 incentives in NRAS round 1 (New South Wales). UnitingCare won 155 incentives and Mission Australia won 126 incentives in NRAS round 2 (New South Wales). Some of the larger welfare agencies are also seeking registration as community housing providers under the NSW state regulatory code for community housing.

The other subsector is the social housing provided by Aboriginal organizations, primarily dwellings on Aboriginal-controlled land under the *Aboriginal Land Rights Act 1983*. There are some 4,600 dwellings in this subsector (roughly the same number as owned by the Aboriginal Housing Office), and some 230 Aboriginal community housing providers. The Aboriginal Housing Office supports these providers on

governance and management matters. Many of the dwellings are in need of repair or replacement.[95]

Just over half of the 150 Aboriginal organizations registered with the Aboriginal Housing Office are local Aboriginal land councils constituted under the *Aboriginal Land Rights Act*.[96] Current government policy seems to suggest that it is not keen on local Aboriginal land councils providing social housing. The Act was amended in 2006 to indicate that local Aboriginal land councils may provide community benefit schemes (the definition of which includes residential accommodation) and specifically, provide, acquire, construct, upgrade or extend residential accommodation ('social housing') for Aboriginal persons in its area. However, local Aboriginal land councils may not undertake a social-housing scheme without the consent of the NSW Aboriginal Land Council. The NSW Aboriginal Land Council may not approve a local social-housing scheme unless it 'is satisfied that the income (including any subsidies and grants) from any existing social housing scheme provided by or on behalf of the Local Aboriginal Land Council or of the proposed scheme is or will be sufficient to meet all the expenses of the scheme concerned, including long term maintenance requirements, and it has considered the likely impact of the proposed scheme on the overall financial situation of the Local Aboriginal Land Council' (s.52B). That is, there are two hurdles a local Aboriginal land council has to jump before it can establish a social housing scheme: it has to be able to finance the scheme on a sustainable basis, including long-term maintenance, and it has to do so with regard to the overall financial sustainability of its operations. Some observers have suggested that the requirement that the provider has to meet 'long term maintenance requirements' is a requirement that they have to be able to finance a replacement dwelling, a requirement that would be difficult since their tenants generally pay submarket rents.

In the case of both these subsectors, matters to do with the maintenance of the existing stock, and a capacity to replace where desirable, would seem to be important to resolve so that there is no loss of existing social housing.

More money for more dwellings

There are a number of sources of potential revenue that could finance a growth of social housing, including:

- rents from tenants
- government subsidies
- equity contributions from nonprofit welfare agencies
- borrowings from financial institutions or institutional investors
- commercial undertakings

Rent revenues

Social housing providers could extract more revenue from their largest source of revenue, their customers, through higher rents. This could be done by broadening the base (the rent-setting formula, rebates provided) or increase rates within existing rent systems.

Examples of the first tack would include:

- removing income-based rent thresholds and charging rent at the cost rent (the cost of supplying the dwelling, including replacement), at the market rent (the rent that would apply on the free market, which will reflect the cost of land and also probably include a profit component), or at another submarket rate (e.g. 80% of median market rent, as is used in the National Rental Affordability Scheme, or 75% of market rent). Charging a rent on the basis of cost rent or market rent, without any rebate provision, is unlikely to mean the tenant would pay an affordable rent. In this case, achievement of housing affordability could be achieved if the tenant was eligible for Centrelink rent assistance (an income supplement for some social security recipients) and the amount of assistance given from that source was sufficient to bring their rent down to 30% of income.
- retaining income-based thresholds and include a greater number of income sources as assessable income for rent calculation purposes (or conversely, reduce the number of income sources exempt as income for rent calculation purposes): an example of this is assessment of the income of all persons in the tenant's household not just of the tenant.
- retaining income-based thresholds and varying the way a particular income source is assessed as income for rent calculation purposes: an example of this is the way Centrelink rent assistance was treated by Housing NSW's policy requirement for funded community housing providers before and after changes made in 2009. Before the change, Centrelink rent assistance if received by the tenant, was counted as income: since rebated rent was typically charged at 25% of income, 25% of Centrelink rent assistance went to paying rent; after the change, Centrelink rent assistance is no longer counted as income, but if a tenant is eligible for rent assistance (whether they get it or not) the maximum amount of assistance the tenant gets is added to the income-based rent.[97] Another example is removal of a rent concession for pensioners, where some paid 18% of their income in rent, rather than 25%, because of a particular rent-payment arrangement (made in the 1980s) which has been removed (late 2009).[98]
- broadening the income-mix of tenants through eligibility (and continuing eligibility) policy to capture (or retain) rent from low-moderate income tenants. Some providers seek a range of income groups among their tenants, ranging from

very-low to moderate-income households, which means that the rents of less poor households will be higher than the very-low income tenants even at the same proportional rate (e.g. 25%).
The NSW Parliament Standing Committee on Social Issues report, *Homelessness and low-cost rental accommodation* (September 2009) recommended that Housing NSW review its eligibility criteria for community housing to allow for a broader social mix.[99] It did so for social inclusion reasons, not for revenue-raising purposes, but there would be positive revenue impacts from this. This recommendation is at odds with thinking in the Government and Opposition, which seeks to preserve social housing for the most needy. Indeed, the *Housing Act 2001* was amended in 2005 by the *Residential Tenancies Amendment (Social Housing) Act 2005* to add these objects for this Act: '5(f) to ensure that the public housing system focuses on housing people who are most in need', and '5(f1) to ensure that the available supply of public housing is shared equitably among people who are most in need'. At the same time, *Aboriginal Housing Act 1998* was amended to add this object for this Act: '3(d1) to ensure that the available supply of housing under this Act is shared equitably among Aboriginal people and Torres Strait Islanders who are most in need'. These changes to the *Housing Act 2001* and *Aboriginal Housing Act 1998* were made as part of 'The NSW Government plan for reshaping public housing' (which was also extended to Aboriginal housing) and were supported by the Opposition: there is a broad political consensus that social housing tenancies should be allocated to the most needy and that tenants who no longer meet the original eligibility criteria should move out of public housing to make way for someone more needy.[100] The attitude when it comes to community housing might be less uniform, as evidenced by the Standing Committee on Social Issues recommendation; on the other hand, some senior figures in the Government appear to be hostile to a broader role for community housing in terms of customer profile, possibly on the basis that the private market will respond to demand from moderate-income households with intermediate housing.

An example of the second tack would be:

- retaining income-based thresholds but setting the threshold at a higher rate.
  City West Housing varies the income threshold according to the income band of the tenant's income: very-low income tenants pay no more than 25% of their income in rent but moderate-income tenants pay no more than 30%. (See Table 6.) Housing NSW has a similar policy for public housing and Aboriginal Housing Office housing: tenants whose income is over a certain ceiling, regarded as moderate income earners households, pay 30% of their income in rent (not 25%).[101] Of the same ilk, in October 2009 Housing NSW began a phased increase in the proportion of income of certain younger tenants charged as rent, from 12.5% to 15% (October 2010) for 18-20 year-olds and 20% to 25% (October 2010) for 21-24 year-olds.[102]

Since social housing is by definition a welfare product, it is very unlikely that tenants' rents will pay for the cost of supply (including replacement) of the dwellings they live in. Therefore, rent revenue is not a realistic source of finance for *growth* of the stock of social housing. However, the greater the extent that the rent subsidies are reduced, the greater the opportunity, in principle, for the money spent on those subsidies to be diverted from sustainability to growth.

Table 6: City West Housing rent charging

Income band	Gross household income p.a.	Rent as proportion of gross household income (%)
1	Below $29,094	25
2	Between $29,094 – $47,381	27.5
3	Between $47,382 – $80,180	30

Source: City West Housing Pty Ltd, *Annual report for the year ended 30 June 2009*.

The 'Nationbuilding and jobs plan' national partnership agreement, the legal basis for the Social Housing Initiative (page 16, above), requires the 'introduction of rent-setting policies that reflect the type of dwellings occupied by tenants' for the *whole* of the states' social housing sectors (not just those dwellings financed through the Initiative).[103] The formal rent for a social housing dwelling does reflect the type of dwelling, now. This is so because social housing providers set their rent on a dwelling on the basis of the market rent, i.e. how much the dwelling could be let for on the open market. In the case of public housing dwellings, the market rent is determined by periodic surveys by Housing NSW of similar dwellings, including type of dwelling, size, and location and amenity, in the open market. In the case of mainstream, community housing providers subsidized through the Housing NSW community housing program, they must base their rents on rents in the open market for different dwelling types and sizes using data from the *Rent and Sales Report*. In the case of dwellings subsidized under the National Rental Affordability Scheme, the rent is determined by valuations by certified valuers, again on the basis of similar dwellings in the open market, including whether the dwelling is furnished or unfurnished. However, the rent that the tenant pays is usually less than the market rent: this charging of rents to tenants at submarket rates for noncommercial reasons is indeed the defining characteristic of social housing. (See page 31.) Where the submarket rent charged to the tenant is set at a proportion of market rent (e.g. 80% or 75%), the tenants' rent is reflective of the type of dwelling and other characteristics of market housing. In the case of submarket rents where the rent charged to the tenant is set at a proportion of household income (e.g. 30% or 25%), there is still some relation to the type of dwelling, but it is indirect and less comprehensive, e.g. if a larger dwelling is let to a larger household, the household income is likely to be larger and the total rent collected larger. This association will not hold, however, where the larger numbers of people in the household are not income-earners themselves. Nor will it hold where there is under-occupancy (e.g. with 'empty-nesters').

The Commonwealth government's intention of having the states reform their social housing sectors by setting rent-setting policies that reflect the type of dwellings raises some challenge for the dominant method of achieving housing affordability through submarket rents, i.e. the use of income-based setting with rent caps at 30% or 35% of household income (or the market rent, whichever is the lower). Shelter NSW discussed some of these in a submission to the Inquiry into Homelessness and Low-cost Rental Accommodation held by the Standing Committee on Social Issues of the Legislative Council, NSW Parliament (December 2008 – September 2009), where we referred to rent-setting policies in social housing in England: extracts from this are provided in Box 1.[104]

Box 1: Social housing rents and dwelling types in Britain

In Great Britain, the United Kingdom government has responsibility for social security (income support), and the housing benefit is paid to low-income private and social renters. This benefit is paid at a rate of 100% of the tenant's 'eligible rent' (defined as rent for the accommodation and charges for some common services in a residential building), though it might be paid at less than the accommodation rent (i.e. capped) if the local council considers that rent is higher than that for a suitably-sized property in the locality. (The scheme is managed by local government councils, though the funding is from the UK government.) For social housing tenants whose provider is a local government, the payment is made directly into the tenant's rent account with the council. In the case of social housing tenants whose provider is not a local government council, the tenant may choose to have it paid to themselves or directly to their social landlord. (Information from UK government Directgov website, 'Housing benefit', viewed 28 April 2009, and John Hills, *Ends and means: the future roles of social housing in England*, February 2007.) Given this arrangements, social housing providers do not need to factor in affordability into their rent-setting policy. All rents set are market rents, taking into account the number of bedrooms and the dwelling's market value. Affordability is achieved by the local government giving the tenant the money to pay the rent at 100% (with the qualification noted above) or paying the money to the tenant's landlord on their behalf (if the tenant so prefers).

The three key differences between the UK and Australian and systems are:

- the separation of the rent-setting function from achieving a housing affordability outcome in Great Britain and Northern Ireland, compared with the Australian approach of embedding affordability outcomes in the rent-setting formula;
- the market-rent based rent-setting approach in Great Britain and Northern Ireland, compared with the primarily income-based rent-setting approach in Australia;
- the responsibility for fully meeting the tenant's rent bill by the government in Great Britain and Northern Ireland, compared with the Australian approach of government making a contribution to achieve an affordability outcome;
- the tenure-neutral nature of eligibility for the housing benefit (which means public tenants – there understood as tenants of local government councils – are also eligible) in Great Britain and Northern Ireland, compared with the linking of Centrelink rent assistance to private renting and to a selection of social housing sectors in Australia.

The national governments responsible for housing (Scotland, Wales, Northern Ireland, England) limit the otherwise budget-inflationary potential of the model through their regulation of social landlords which requires rents to be calculated using a formula set by the government. The otherwise budget-inflationary potential of the model in the private rental market is limited by setting the housing benefit according to the median rent of the dwelling for comparable-sized dwellings in the locality. The housing benefit is paid to private renters directly, not to their landlord. In concept, this arrangement is not dissimilar from the Australian Centrelink rent assistance payment, though it overcomes the fundamental design feature of the Australian payment of the payment having no correlation with median rents in the tenant's locality.

The income-based rent-setting approach that is predominantly used in Australia is effective in achieving housing affordability, but it involves cost inefficiencies. Those are its complexity and intrusiveness, with regular income reviews, extensive documentation from tenants, and intensive administration from housing providers (McNelis, *Rental systems in Australia and overseas*, p.24).

Government subsidies

Government subsidies for social housing can take the form of grants, loans, tax concessions, or transfers of assets, from the housing, taxation or social security budgets. Examples of grants schemes include the Housing NSW community housing program, Affordable Housing Innovation Fund, and NRAS state matching grant of the state government, and National Rental Affordability Scheme grant to nonprofits, the Social Housing Growth Fund, and the Social Housing Initiative of the Commonwealth government. Examples of tax concessions include exemption of nonprofit organizations, aged care establishments and retirement villages from land tax by the state government, and NRAS tax credits to private-sector proponents and exemption of nonprofits from Goods and Services Tax by the Commonwealth government. Exemption by local governments of social housing developers from compulsory contributions for public or community infrastructure ('section 94' and 'section 94A' developer contributions) is also a tax concession. Transfer of assets, with or without ownership, is done by the state government to community housing providers, and are subsidies 'in kind'.

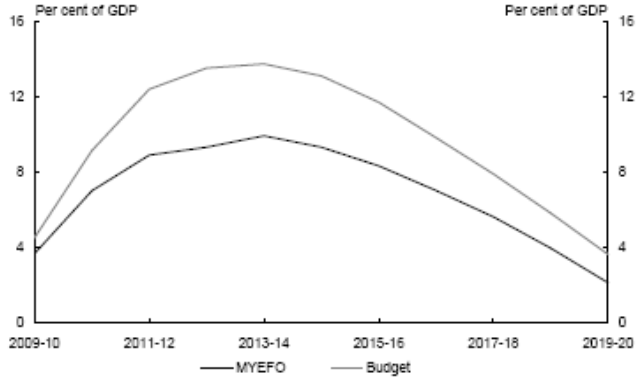
Most of the direct government subsidies are focused on sustainability of the existing social housing sector, rather than growth. The specific growth programs are the state government's Affordable Housing Innovation Fund, and state matching grant to the National Rental Affordability Scheme. (Transfer of dwellings from public housing to community housing does not grow the social housing sector as such; the capacity of community housing providers to grow the sector from leveraging these assets, and any risks from over-optimistic expectations, has not yet been tested.) The specific growth programs of the Commonwealth government are the Social Housing Growth Fund, the Social Housing Initiative, and the National Rental Affordability Scheme.

While the current conjuncture is characterized by extraordinary government spending on growth of the social housing sector, this spending is linked to broader macroeconomic policy linked to the recession, and it has been partly rolled back because of a recalibration of the economic stimulus package and might be at risk of further rollback – though not in New South Wales, where Housing NSW has been quick to firm up project approvals from the Commonwealth – if the Commonwealth parliamentarians who favor such rollback manage to stare down the Government (though such a scenario is probably unlikely). Nevertheless the stimulus spending has been built on a number of principles, notably 'timely, targeted and temporary', and social housing and schools had an advantage of public infrastructure projects because they could be 'shovel ready', or shovel-readied, at reasonably short notice.[105] A key element of the Commonwealth's recession response was to avoid measures that would be permanent and have a negative impact on future budgets.

The Commonwealth government is expecting that Commonwealth budgets will be deficit budgets for six more financial years (i.e. until that of 2015-16). However, some economists think the government could deliver a surplus budget in four years (i.e. the budget of 2013-14), so long as the Government does not spend any unexpected revenue gains in the meantime.[106] This means that a primary concern of governments will be to constrain expenditures with a view to paying off the debt it created (for the recession response) and to reduce the budget deficit. The economist Saul Eslake has commented that: '… the major medium-term concern for most of the world's major

advanced economies surely has to be how they can attain sufficiently rapid growth to allow the public debt burdens which they have accumulated in the course of responding to the crisis to decline to sustainable levels as a proportion of GDP.'[107]

Figure 6: Australian government net debt projected to 2019-20



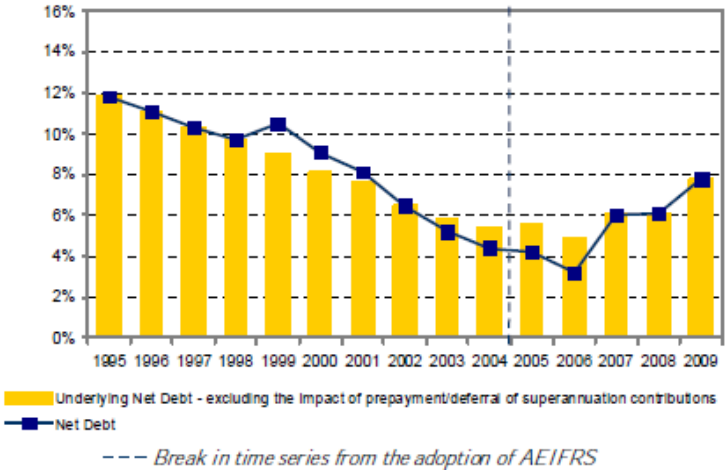
Source: Commonwealth of Australia, 'Mid-year economic and fiscal outlook 2009-10', 2009.

The Commonwealth government's medium-term fiscal strategy has three components:

- fully offsetting all new spending since the 2009-10 budget with savings;
- holding increases in real spending to less than 2%; and
- allowing tax receipts that are higher than estimated to flow through to the budget bottom line (i.e. not returned to taxpayers in the form of tax cuts).[108]

In New South Wales, total state sector net debt grew 35% during 2008-09, to $29,350 million for the year ending 30 June 2009. (See Figure 7.) This is primarily the result of an increase in borrowings, supporting a 'record' capital program of $13,300 million.[109] Political factors are likely to pressure state governments (of whatever party) to reduce the net debt to the pre-recession level.

Figure 7: Total NSW state sector net debt as a proportion of gross state product



Source: Eric Roozendaal, Treasurer, 'New South Wales report on state finances 2008-09', NSW Treasury, 2009.

The chance of continuation of growth programs, apart from the flagship National Rental Affordability Scheme, beyond the current conjuncture is unclear. Nevertheless, the underlying trends in housing unaffordability – that led to the Productivity Commission inquiry into first home-ownership (2003–2004), that led to the federal Labor party's 'New directions for affordable housing' policy (2007) – have not gone away. There was no marked market correction in house prices in 2009 and the median house price in Sydney hit $569,000 in the September quarter.[110]

In its submission to the NSW government on an ongoing fiscal response, the NSW Council of Social Service has proposed the government develop a 5-year plan, in partnership with the Commonwealth government, to expand the provision of affordable rental housing in New South Wales by 25,000 dwellings by June 2014. They suggested this target should involve two separate growth streams:[111]

- 10,000 'high-subsidy' dwellings targeted at low-income households seeking access to traditional community and public housing – the Council is not seeking additional capital funding for this purpose for 2010-11, but it wants the state and Commonwealth governments to agree to further capital injections into the social housing sector from 2011-12 and beyond; and
- 15,000 'low-subsidy' dwellings targeted at a broader range of low to moderate income households seeking access to more affordable rental housing managed by nonprofit housing providers – the Council wants a $20 million capital injection for the Affordable Housing Innovations Fund in 2010-11, and a further injection of $20 million in 2011-12.

New capital sources

The idea of drawing on equity held by parties other than the government or 'traditional' housing providers is not new. It was one of the rationales for establishing Churches Community Housing in 1996: in this case, many church organizations, including at the local level, had assets in the form of land that could be used for affordable housing and the NSW Ecumenical Council wanted to encourage them to consider this. With the changing nature of the community housing sector, the open-competitive nature of access to subsidies like those of the National Rental Affordability Scheme, and the Commonwealth's desire that the Social Housing Initiative should 'encourage a range of new providers', there is a likelihood that non-housing welfare agencies with assets, such as land, could enter the social housing market. This does appear to be happening.[112] Another way in which new sources of financing (in the form of capital held by welfare agencies) might be brought into the social housing sector is where this is linked to agencies that have provided aged-care housing. An example of this is a housing development by the Benevolent Society in Bondi (Sydney), where the agency is redeveloping a block of land it owns to include retirement village units (a third of which will be available at a discounted price) and units for affordable rental (10% of the total number of dwellings).[113]

One of the aims of the National Rental Affordability Scheme is to attract institutional investors (that is, private or nonprofit businesses whose remit is to invest other people's money to generate income for those people, e.g. banks, and funds management businesses, including superannuation funds, life insurance companies, public unit trusts, cash management trusts, and friendly societies) into the affordable rental housing market, in an active way that goes beyond a bank lending to a request

for a loan from a community housing provider. (See next section.) This does not appear to have happened so far, with NRAS rounds 1 and 2. One of the assessment criteria for projects for (the current) round 3 of the Scheme is that development projects propose to build at least 1,000 dwellings; the guidelines for this criterion indicate that this component is targeted to financial institutions, not small investors.[114]

Involvement of an institutional investor is a feature of the Newleaf Communities development at Bonnyrigg (Sydney), where the Westpac Bank is a part-owner of the project development consortium (the contractor).

Reflecting the undeveloped nature of intervention by institutional investors in affordable housing is a similar situation with those ethical investment funds that are orientated to 'ethical' or 'responsible' investment. Many of the investment products have a strong link with environmental protection, and in some cases to development of eco-designed dwellings, but not to affordable housing.

Borrowing

A key element of current growth strategies for social housing, such as the National Rental Affordability Scheme, is an expectation that community housing providers – free of government-sector borrowing restrictions – will be able to borrow from private financiers (banks and possibly other institutional investors). The greater revenue streams from larger portfolios under management and the assets they hold, or will hold, with freehold title, will enable them to present as credible and reliable borrowers. Leveraging refers to investing with borrowed money in expectation of greater gains. There are risks in doing this: the more leveraged the business is the greater the risk of bankruptcy if the business cannot repay its debts, and they might not be able to find new lenders in the future. A critical metric for the business is its debt to equity ratio (financial leveraging), the figure produced by dividing the long-term debt (in dollars) by its shareholders' equity. If the figure is less than 1, then most of the company's assets are financed through equity. If the figure is more than 1, then most of the company's assets are financed from debt. The higher the debt/equity ratio, the riskier the company's financial position, because external events like rising interest rates would place it in a harder position to repay its debts.

Leveraging is a component of the innovative affordable housing growth schemes we have seen in recent years, such as the 'debt-equity' projects in New South Wales and their successor, the 'NRAS A' funding under the National Rental Affordability Scheme. It is implicit in the National Rental Affordability Scheme, since the basic Commonwealth-state subsidies cannot pay for even half the average cost of providing a dwelling. Class 1 registered community housing providers must leverage their assets at a rate that delivers sustainable and optimal growth, in the opinion of the Registrar of Community Housing (under the *Regulatory code for community housing providers*).

What an optimal rate of leveraging would be will vary for each community housing business. Community housing providers' ability to borrow, and the terms under which loans are offered, will vary according to the state of the economy, including financial markets. With the global financial crisis, in Britain, lenders have become less sympathetic to housing associations, with some lenders losing becoming less keen to

lend to housing associations, and loan interest rates being upped.[115] There are some concerns that the associations' regulator might have pushed associations into too much leveraging.[116]

Apart from the risk to the economic viability of the business, leveraging can have impacts on the nature of the product. To reduce its exposure to the risks from greater debt, a community housing provider might wish to maximize its revenue, one source of which is rents (as discussed on page 22, above). Its rent revenues will be higher if it targets moderate-income households rather than very-low income households, that is, if it tends towards providing an intermediate-rental product rather than a social-rental product (within the affordable rental range). Concerns about this have been expressed in Victoria, where the Victorian government has set leverage targets of 25% for housing associations.[117]

Other

One way that community housing providers could bring in revenue to the social housing sector is by providing housing into other tenures. The obvious approach here would be to include dwellings for sale (to owner-occupiers or landlords who rent in the private market) and use the sales revenue to finance their overall business, which is a mixture of social housing and intermediate housing. This approach is not new to Australia. For example, a proposed 'debt-equity' financed housing project at Artarmon (Sydney) is financed on the basis that some of the dwellings will be sold.[118] This approach is reasonably common in England, where it is linked to housing associations providing rental housing on a shared-equity basis, in particular. Their business model assumes part-sale, or full sale, of some dwellings. Revenues from such sales have been an important source of growth for the subsector in rent years. However, the viability of this approach has been unsettled by an economic recession in the last few years (part of the global financial crisis), as consumer demand for shared-equity housing has fallen, leaving housing associations with some 10,000 unsold dwellings England-wide and causing them to convert dwellings to rental (with the assistance of government grants).[119]

Comment

It is clear that social housing cannot operate on a sustainable basis (and in particular, replace dwellings when it is uneconomic to continue to maintain them) without government subsidies. It is also possible that, after the 'stimulus era' has ended and the Commonwealth government focuses on its 'deficit exit strategy' (goaded by the Opposition), the budget allocations to social housing will fall to the levels of the pre-recession period. While the National Rental Affordability Scheme has a clear life into the medium-term, the other pro-growth program – the Social Housing Growth Fund – is time-limited. Continued Budget-sector funding for this program, and for the Affordable Housing Innovations Fund in the state sphere, is key to building the social housing sector. The approach of mixing-and-matching government subsidies with equity and debt contributions from for-profit and nonprofit investors and housing/welfare providers makes sense. However, there are pitfalls in being overexpecting and overdemanding about what those sources might be able to contribute, given the unpredictably of housing and finance markets.

Attachment: Different uses of the term 'social housing'

Social housing is a rental housing product whose defining characteristic is that it is priced to the consumer (tenant) at a submarket price (rent) for noncommercial reasons. The owner of the dwelling may be a private firm/individual, a nonprofit nongovernment organization, or a government agency. The property and tenancy management of the dwelling might be done by a nonprofit nongovernment organization, a government agency, or – in principle– a private firm/individual (though we do not have many models of this in Australia, unlike, say, Germany). Social housing is a term that defines a product, not a provider. This wider user of the term is used in a number of overseas documents, e.g. Martin Cave, *Every tenant matters: a review of social housing regulation*.[120] And it is consistent with the experience in many countries in the mid-late decades of the 20th century when governments built, owned and managed rental housing for a range of income groups.

Because the submarket rent affects the economic viability of maintaining the dwelling, and probably does not cover depreciation costs, management of social housing requires an operating subsidy. The subsidizer might not be the owner of the dwelling or the provider of housing services, and is motivated by distributive or philanthropic reasons – typically a government agency but also by nonprofit nongovernment organization.

It is not a defining characteristic of social housing that it be allocated to tenants in particular income bands, e.g. very low income people, or on 'better' terms (e.g. more security of tenure) than provided by private providers of rental housing – though Australian social-housing providers have generally sought to rent dwellings to lower-income tenants.

Social housing in New South Wales began to be targeted to people on very low incomes following the 1973 Commonwealth-State Housing Agreement. By the mid-1990s the concept of 'affordable housing' began to be used to refer to subsidized housing catering to a range of income groups, namely, very low, low, and moderate, especially where this was provided by local governments (many of which, not unreasonably, had referred to any affordable rental housing they owned as *public housing*). In the late 2000s, it seems that *social housing* is used to refer only to that affordable rental housing targeted to very-low income households and provided by nonprofit (government or nongovernment) housing providers – that is, as a group term for 'public housing, community housing and Aboriginal housing'; the term *intermediate rental housing* is used to refer to affordable rental housing targeted to low-moderate income households. This distinction is much clearer in England. The Department for Communities and Local Government defines affordable housing as 'social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market'.[121] It defines social rented housing as 'rented housing owned and managed by local authorities and RSLs, for which guideline target rents are determined through the national rent regime. … It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.' It defines intermediate affordable housing as

‘housing at prices and rents above those of social rent but below market price or rents, and which meet the criteria set out above.’

The situation in New South Wales is less clear. The *Housing Act 2001* defines ‘housing (other than public housing) for people on a very low, low or moderate income or people with additional needs’ as *community housing* (s.3), which is nonsensical and, as well, in conflict with the *Environmental Planning and Assessment Act 1979*, which defines ‘housing for very low income households, low income households or moderate income households’ as *affordable housing* (s.4).

Social housing is a type of affordable rental housing, usually targeted to very-low income households, with affordability achieved by setting the rent charged at a rate lower than the market rate, using either an income-based or submarket-based threshold. Social housing providers have usually tried to provide a dwelling in a physical condition that is better than normal market standards (for the rent paid), and with more secure occupancy rights than in rental housing markets generally.

It is common to regard the social housing sector as comprising a number of housing types, and government-subsidy programs, associated with the former Commonwealth-State Housing Agreement, i.e. public housing, (CSHA) community housing, and state-owned and managed Indigenous housing. However, that view is limited, and overlooks similar products that happen to have been subsidized by other government programs. That view does not include the community housing owned and managed by Aboriginal organizations, and it does not include the community housing owned and managed by nonprofit organizations (‘independent living units’) that provide 27% of social housing to older people.

Notes

[1] See attachment (page 31) for definitions of 'social housing'.
[2] These data are from Australian Institute of Health and Welfare data reports on Commonwealth-State Housing Agreement programs.
[3] The number of public housing dwellings available to be let to tenants dropped slightly, by 4%, from 2000 (124,749 tenantable dwellings) to 2008 (119,876 tenantable dwellings). This suggests that a scarcity factor might have been a reason behind the number of new tenancies allocated each year having dropped by 26% over this period: in 2000, nearly 11,000 new households were allocated public housing, compared with 7,800 new households allocated public housing in 2008. The ratio of new tenancies as a proportion of the total number of tenantable dwellings remained fairly constant, at 8%, over the period. That there were new tenancies in a period when the number of dwellings decreased and eligibility tightened as a result of bracket creep (no review of the income eligibility threshold for the 11 years before 2005) is attributable to both natural factors (deaths) and human factors such emigration and evictions; Housing NSW does not keep exit data on former customers.
[4] I read these data as showing that some 60% of new tenancies are being allocated on a 'wait turn' basis.
[5] Terry Burke, Caroline Neske and Liss Ralston, *Entering rental housing*, Australian Housing and Urban Research Institute, Melbourne, 2004, p.10.
[6] The studies that found positive nonhousing outcomes associated with stability in public housing were based on tenants in public housing whose tenure conditions (terms of lease) were of the 'tenancy for life' type (subject to compliance with tenancy agreements), not of the short-term and reviewable type introduced into state public housing systems from the mid 2000s. The generalizability of these results to today's public housing is therefore limited.
[7] The data on improvement of employment outcomes is problematic. While there are positive outcomes on employment after allocation to public housing, the most recent major study on this matter said this could be attributed to either a *welfare lock* effect – applicants stay out of employment to maintain eligibility for public housing – or to a *housing stability* effect – applicants get a secure address from which they can look for jobs. 'A positive impact of public housing on employment is identified, and this can be either because disincentive effects are weaker for tenants than applicants, or because of the enabling effect of stability of housing.' (Alfred Dockery, Rachel Ong, Stephan Whelan and Gavin Wood, *The relationship between public housing wait lists, public housing tenure and labour market outcomes*, Australian Housing and Urban Research Institute, 2008, p.68).
[8] The relative proportions of the various social-housing subsectors in June 2008 was 81% public housing, 4% Aboriginal Housing Office housing, 10% Housing NSW-subsidized community housing, 1% crisis housing, and 3% Aboriginal community housing organization (ACHO) housing. These proportions do not factor in affordable rental housing provided by City West Housing and the Teacher Housing Authority, by disability, aged and other welfare services outside the CSHA system, or by local governments.
[9] The rents it collects on the Aboriginal Housing Office dwellings it manages are revenue to the Aboriginal Housing Office. The rents and fees collected directly by community housing providers and SAAP agencies from residents of the Land and Housing Corporation dwellings they manage are revenue for those organizations.
[10] This includes dwellings leased from private owners for social housing purposes.
[11] 'Commonwealth initiatives on housing assistance 2008-09', *Around the House*, March 2009, p.10.
[12] About 85% of the combined Housing NSW and AHO budgets is spent on social housing, and 15% on other housing assistance programs (based on 2009-10 Budget estimates).
[13] The Commonwealth's 'Financial Budget outcome 2008-09' report (September 2009, p.77) modified some of the figures in this table. Spending on the First Home Owners Boost was $933.9 million (not $830.6 million), spending on remote Indigenous housing was $354.2 million (not $540 million), spending on the social housing national partnership was $200 million (not $260 million), and there was a new expenditure item, the social housing component of the 'Nationbuilding and jobs plan' at $413.8 million.
[14] Schedule D, paragraph D25.
[15] Commonwealth of Australia, 'Australia's federal relations: Budget Paper no.3, 2009-10', May 2009, p.79.
[16] As indicated in note 12 , the housing policy and assistance program involves programs other than social housing. The revenue for the 'Housing and assistance program' of Housing NSW and the AHO

is not the same as the revenue for Housing NSW and the AHO: the program does not include some Housing NSW cost of operations, administration of assets, or depreciation.

[17] Department of Families, Housing, Community Services and Indigenous Affairs, 'Social housing implementation plan – NSW', <http://www.facs.gov.au/sa/housing/progserv/affordability/affordablehousing/Pages/nsw.aspx>, viewed 21 October 2009.

[18] Department of Families, Housing, Community Services and Indigenous Affairs, 'Social housing implementation plan – NSW'.

[19] Council of Australian Governments, 'National Partnership Agreement on Homelessness', December 2008, p.10.

[20] Housing NSW, 'State Budget 2009/10: Housing NSW Budget commentary', June 2009, p.6.

[21] Of the total state contribution to the scheme, $35,107,328 over 5 years, $10,225,000 will be in the form of services, not capital (NSW Government, 'National Partnership Agreement on Homelessness: NSW implementation plan 2009-2013 – year 1', p.6). The $415,000 per dwelling comprises building and construction costs $280,000, land $110,000, and support $25,000 (p.32).

[22] The target group is families with children aged 8 or younger, with a priority to families with children aged less than 3. The problems that the children might experience could be domestic violence, parental alcohol and drug misuse, parental mental health issues, parents with significant learning difficulties, parents with intellectual disabilities, or lack of parenting skills, or child behaviour management problems.

[23] The first year was 2008-09; the year in which the last tranche of a subsidy will be paid is 2021-22. The Commonwealth has indicated it would like a fifth round of subsidies, containing 50,000 incentives.

[24] The subsidy takes the form of a tax credit where the proponent is a private-sector firm; it takes the form of a grant if the proponent is a nonprofit nongovernment organization.

[25] The NRAS subsidy, if treated as a capital grant, is estimated as being worth about 20% of the capital cost of a new dwelling (Vivienne Milligan, Nicole Gurran, Julie Lawson, Peter Phibbs and Rhonda Phillips, *Innovation in affordable housing in Australia: bringing policy and practice for not-for-profit housing organisations together*, AHURI Final Report no.134, Australian Housing and Urban Research Institute, Melbourne, 2009, p.62, quoting estimates calculated by SGS Economics and Planning).

[26] Housing NSW, 'Debt equity affordable housing: expression of interest guidelines', Centre for Affordable Housing, 2005, pp.6-7.

[27] Housing NSW, 'Debt equity affordable housing: tender guidelines 2006-07', Centre for Affordable Housing, 2007, p.7.

[28] Housing NSW, 'National Rental Affordability Scheme in NSW', undated presentation slides, Centre for Affordable Housing, c. August 2008.

[29] These grants had been financed by a grant to Housing NSW from the Rental Bond Board.

[30] Housing NSW, 'NSW government initiatives', 21 August 2009, <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/Affordable+Housing+in+NSW/NSW+Government+Initiatives.htm>, viewed 28 August 2009; Housing NSW, 'National Rental Affordability Scheme', 30 July 2009, <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NRAS/>, viewed 28 August 2009.

[31] Of this $17.07 million, $17.3 million went in 'NRAS A' subsidies to 5 applicants for 287 dwellings, and $1.57 million went in basic matching contributions of $2,000 a dwelling ('NRAS B') to 11 applicants for 787 dwellings.

[32] Tanya Plibersek MP (Minister for Housing), 'National Rental Affordability Scheme delivers more affordable housing', media release, 15 September 2009.

[33] Estimates of NSW government costs in meeting NRAS commitments are Shelter's, based on rough calculations, and are not official government data.

[34] The calculation in this sentence assumes an allocation of 2,213 subsidies to NSW applicants in the sound round offer of the scheme, thus achieving the target of 3,000 subsidies over the first two years set by Housing NSW as the maximum number of subsidies it was prepared to co-subsidize in the scheme's establishment phase. The indexation rate of 8% applies to the value of the subsidies from 1 May 2009 to 30 April 2010 (Department of Families, Housing, Community Services and Indigenous Affairs, 'National Rental Affordability Scheme', 17 August 2009, <http://www.facs.gov.au/sa/housing/progserv/affordability/nras/Pages/default.aspx>, viewed 31 August 2009).

[35] The NSW annual subsidy to projects approved in rounds one and two will peak in 2017-18 at some $10 million (assuming constant 8% indexation) and drop to some $8 million in 2018-19 (the last year

of subsidies for projects in those two rounds). The data in this figure assume an 8% indexation rate in each year.

[36] This figure does not include the 'NRAS A' subsidies of round 1.

[37] An assumption of 8% indexation is just that. The NRAS subsidy is indexed according to movements in the rents component of the Housing Group Consumer Price Index for the year, December quarter to December quarter as at 1 March, using the weighted average rate of the eight capital cities' housing component. It was 8.4% in 2009-10.

[38] The FaHCSIA website says both: at one place on a webpage (<http://www.fahcsia.gov.au/sa/housing/progserv/affordability/nras/Pages/default.aspx>), it says the development will be on government land released for residential development, and at another place on that same webpage, the development will be on government owned land released for affordable housing. These two scenarios are not the same thing.

[39] Housing NSW, 'National Rental Affordability Scheme', 26 October 2009, <http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NRAS/>, viewed 28 October 2009.

[40] This estimate is based on a basic subsidy of $2,000 a dwelling, indexed at 8%, and cumulative each year for 10 years, and it includes the liability from the two years of the establishment phase (but not 'NRAS A' in the first year).

[41] See Sean Armstrong, *Local government housing and community housing associations: project report*, Shelter Brief no.32, Shelter NSW, Sydney, 2007.

[42] The wording of the Regulation is: '… the rent that is charged for the rental dwelling is, at all times during the year, at least 20% less than the market value rent for the dwelling.' (*National Rental Affordability Scheme Regulations 2008* (Cwlth), s.16)

[43] Rent-setting higher than this proportion would jeopardize the provider's tax concessions in tax law because the rent would be taxable. The supply of accommodation by a charitable institution, charitable fund, or gift deductible entity is GST-free if the amount charged is less than 75% of the GST-inclusive market value of the accommodation, or less than 75% of the cost of providing the accommodation.

[44] City West Housing Pty Ltd, 'Eligibility', 2008; City West Housing Pty Ltd, 'Rent policy', 16 June 2005. These figures are subject to annual review.

[45] Rent data from *Rent and Sales Report*, no.89, November 2009.

[46] Centrelink payment rates from 20 September 2009, from Centrelink website.

[47] The formula is (WR x NW) ÷ AY where WR is weekly rent, NW is number of weeks, and AY is annual income, i.e. (320 x 52) ÷ 40501 = 16640; 16640 ÷ 40501 = 41%.

[48] Michael Darcy and Jill Stringfellow, 'Tenant's choice or Hobson's choice: a study of the transfer of tenanted dwellings from public housing to community housing in NSW', University of Western Sydney, 2002, pp.6-7.

[49] Cherie Burton MP (Minister for Housing), 'Iemma government will invest more than $230 million to deliver more affordable rental housing', media release, 20 March 2007.

[50] NSW Parliament Legislative Council Standing Committee on Social Issues, *Homelessness and low-cost rental accommodation*, Report no. 42, (Ian West MLC, chairperson), The Committee, Sydney, September 2009, p.53.

[51] Shellshear, Karine, 'A co-op housing strategy for the future', *Archways*, summer 2008, pp.3-4.

[52] Housing NSW, *Community housing rent policy*, Housing NSW, July 2008; Housing NSW, 'Community housing rent reforms', factsheet, January 2009; Kevin Fox, 'Community housing rent reforms', *Around the House*, 76, March 2009, pp.20-21.

[53] The Housing NSW *Community housing rent policy* elaborates assessable income at pages 4-16.

[54] If the result of these calculations is a rent level higher than the market rent, the market rent is charged.

[55] The deeming of CRA income policy does not apply to tenants not eligible for Centrelink rent assistance.

[56] Housing NSW's treatment of Centrelink rent assistance in this way is opportunistic. The Community Housing Federation of Australia notes: '... CRA is an income subsidy, not a housing allowance. As a de facto housing allowance that can be fed, through an artificial increase in a tenant's rent, into an organisation's operating budget, CRA is a blunt instrument, and one that operates for historical, rather than logical, reasons.' ('Achieving a viable and sustainable community housing sector: an industry perspective', Community Housing Federation of Australia, Woden ACT, June 2009, p.9).

[57] Department of Housing, 'Public private partnerships', factsheet, December 2004. In the case of Bonnyrigg, the public-private partnership is not being used to build or acquire additional social housing. Rather, it is about densification of the site by 150% and upgrading an existing estate,

involving a loss of some 130 social housing dwellings on the site and a fall in proportion of social housing dwellings on the site from 90% to 30% of the total dwellings.

[58] NSW Treasury, *Working with government: guidelines for privately financed projects*, Sydney, 2006, p.1.

[59] NSW Treasury, p.53, 1.

[60] NSW Treasury, pp.53-56.

[61] NSW Department of Housing, 'Bonnyrigg "Living communities" public private partnership project: summary of contracts', ed. Catalyst Communications, Chatswood, n.d. (c.2007), p.2.

[62] Housing NSW, *Kamira Court urban renewal project: expression of interest, August 2008*, Sydney, 2008. Requests for proposals closed August 21.

[63] International Monetary Fund, *World economic outlook April 2009: crisis and recovery*, International Monetary Fund, Washington DC, 2009, pp.2-3.

[64] See, for example, Ricki Polygenis, 'Australian economic outlook, *ANZ Economic Outlook*, 3 July 2009, pp.4-5; Adrian Rollins, 'Robust economy puts heat on rates', *Australian Financial Review*, 3 September 2009, p.1,10; Michael Stutchbury, 'How we beat the recession', *Australian*, 5 September 2009, p.11; Alan Mitchell, 'The world looks on with envy', *Australian Financial Review*, 5-6 September 2009, pp.19-21; Ross Gittins, 'How the puny Pacific Peso became a pumped-up dollar', *Sydney Morning Herald*, 14 October 2009, p.13.

[65] Chris Zappone, 'House prices set to jump: report', *Sydney Morning Herald*, 14 October 2009, <http://www.smh.com.au/business/house-prices-set-to-jump-report-20091014-gwm3.html>, viewed 14 October 2009.

[66] Louise Dodson, 'Treasurer defends the stimulus', *Australian Financial Review*, 3 September 2009, p.13; Laura Tingle and David Crowe, 'Rudd pushes G20 stimulus exit strategy', *Australian Financial Review*, 4 September 2009, p.1,18; John Kehoe, 'Brakes the tricky part on Wayne's train', *Australian Financial Review*, 4 September 2009, p.8; Adrian Rollins, 'We could have too much of a good thing', *Australian Financial Review*, 5-6 September 2009, pp.21-21; Phillip Coorey and Jacob Saulwick, 'PM keeps spending as Reserve lifts rates', *Sydney Morning Herald*, 16 October 2009, p.3.

[67] The 'Nation Building and Jobs Plan' of 3 February 2009 combined with the First Home Owners Boost of October 2008 and the 'Nation Building Package' of December 2008 constitute the 'Nation Building – Economic Stimulus Plan'.

[68] See p.5 (above).

[69] Commonwealth of Australia, 'Updated economic and fiscal outlook', 3 February 2009, Table 2, p.55. The $6.388 billion for the Social Housing Initiative and the $251.6 million to Defense Housing Australia total $6.639 billion.

[70] Australian Government, 'Social Housing Initiative: guidelines', n.d. (April 2009), p.3.

[71] Commonwealth of Australia, *Nation building economic stimulus plan: Commonwealth Coordinator-General's progress report 3 February 2009 – 30 June 2009*, Department of Prime Minister and Cabinet, Barton ACT, August 2009, p.38.

[72] Department of Families, Housing, Community Services and Aboriginal Affairs, 'Social Housing Initiative', 21 August 2009, <http://www.facs.gov.au/sa/housing/progserv/social_housing/socialhousing/Pages/default.aspx>, viewed 14 October 2009.

[73] Department of Families, Housing, Community Services and Aboriginal Affairs, 'Social Housing Initiative'.

[74] Australian Government, 'Social Housing Initiative: guidelines', p.5.

[75] Commonwealth of Australia, *Nation building economic stimulus plan: Commonwealth Coordinator-General's progress report 3 February 2009 – 30 June 2009*, p.38.

[76] Australian Government, 'Social Housing Initiative: guidelines', p.13.

[77] Tanya Plibersek (Minister for Housing), 'Room for more: boosting providers of social housing', paper presented to Sydney Institute, Sydney, 19 March 2009, p.6.

[78] Commonwealth of Australia, *Nation building economic stimulus plan: Commonwealth Coordinator-General's progress report 3 February 2009 – 30 June 2009*, pp.21,40.

[79] The recalibration involved $1,554 million in reduced estimated future expenditures (from four programs) and $1,515 million in increased estimated future expenditures (to the 'Primary schools for there 21st century' program), a saving of $39 million on stimulus pending.

[80] A small majority (55%) of schools with stimulus-funding building projects had got quotes from tenders that were over-budget (Anna Patty, 'Schools lose new buildings after spending spree', *Sydney Morning Herald*, 15 October 2009, p.1).

[81] The $750 million is the difference between the program funding in announcement of $5,988 million and the revised program funding of $5,238 million (Commonwealth of Australia, *Nation building economic stimulus plan: Commonwealth Coordinator-General's progress report 3 February 2009 – 30 June 2009*, p.54).
[82] Tanya Plibersek MP (Minister for Housing), 'Nation building economic stimulus plan – social housing initiative stage 2', media release, 1 September 2009.
[83] David Borger MP (Minister for Housing), 'Major stimulus milestone – 1000th home under construction in NSW', media release, 12 October 2009.
[84] David Borger MP (Minister for Housing), 'Minister welcomes stimulus for housing and job creation in NSW', media release, 14 February 2009.
[85] Tanya Plibersek MP (Minister for Housing), 'Brisbane Housing project delivers jobs and affordable housing', media release, 15 October 2009.
[86] The $20 million cut in subsidy (in 2008-09), a 2.5% cut on previous Budget estimates, was to be made up of improved operational efficiency, reduced corporate overheads, and leveraging of procurement savings. The miniBudget did recognize that spending on housing (as such, though not affordable housing) could contribute to an antirecession response: it increased the First Home Owner Grant scheme for buyers of newly-constructed dwelling by $3,000 for one year, from 11 November 2008, at a cost of $6m. This increase, branded the NSW First Home Buyers Supplement, has since been extended to 30 June 2010.
[87] Nathan Rees MP (Premier), 'Rees delivers $220 million renovation rescue package', media release, 19 December 2008.
[88] Council of Social Service of NSW, *Towards triple A rated community services – social and economic priorities for a fair and sustainable community: 2009-2010 state Budget*, The Council, Surry Hills, 2008, p.32.
[89] Craig Johnston, 'Debt-equity financing for affordable rental housing: how does it work?', *Around the House*, no.69, June 2007, pp.14-15.
[90] The SEPP uses an incentive/bonus approach to allow greater floor space in a housing development where the developer includes affordable rental housing in that development. These provisions apply if: (a) the land-use zones are residential; (b) where the development is in Sydney, the development is within 800 meters walking distance from a railway station or wharf, or the development is within 400 meters walking distance from a light-rail station or bus-stop; (c) where the development is in the form of dual occupancies, multi-dwelling houses, and flats that would ordinarily not be allowed in the land-use zone, the building is no higher than 8.5 meters and the development includes at least 50% affordable rental housing; (d) where the development is in the form of flats that would ordinarily be allowed in the land-use zone, the development includes at least 20% affordable rental housing; and (e) the affordable housing units in the development are used for affordable rental housing for 10 years and are managed by a registered community housing provider (sections 10-17). Similar provisions apply to public housing. In the case of developments where point (c) is relevant, if the development application is lodged before 30 June 2011, a consent authority may not refuse consent on the ground that the density and scale of the building when expressed as a floor space ratio is not more than the higher of the existing maximum floor space ratio for any form of residential building permitted on the site, or 0.75:1 (section 14(1)(a)). These controls are tightened for development applications lodged on or after 30 June 2011: a consent authority will not be able to refuse consent on the ground that the density and scale of the building when expressed as a floor space ratio is not more than the higher of the existing maximum floor space ratio for any form of residential building permitted on the site, or 0.5:1.
[91] Department of Planning, *Supporting affordable rental housing: community guide*, July 2009, p.15.
[92] Sean McNelis, *Independent living units: the forgotten social housing sector*, AHURI Final Report no.53, Australian Housing and Urban Research Institute, Melbourne, 2004.
[93] Data on size of mainstream community-housing subsector as at 30 June 2008 (Australian Institute of Health and Welfare, *Community housing 2007-08: Commonwealth State Housing Agreement national data report*, The Institute, Canberra, January 2009, p.5).
[94] McNelis, *Independent living units*, p.17.
[95] Jon Hall and Mike Berry, *Indigenous housing: assessing the long term costs and the optimal balance between recurrent and capital expenditure*, final report, Australian Housing and Urban Research Institute, Melbourne, 2006, p.2.
[96] NSW Aboriginal Housing Office, *Annual report 2007/2008*, The Office, Parramatta, 2008, pp.45-47.
[97] Housing NSW, *Community housing rent policy*.

[98] Housing NSW, 'Changes to some Housing NSW rent concessions', 24 September 2009, <http://www.housing.nsw.gov.au/About+Us/News+and+Newsletters/News+Articles/2009+News+Articles/Change+to+some+Housing+NSW+rent+concessions.htm >, viewed 28 September 2009.
[99] NSW Parliament Legislative Council Standing Committee on Social Issues, *Homelessness and low-cost rental accommodation*, Report no.42, (Ian West MLC, chairperson), The Committee, Sydney, September 2009, p.96.
[100] 'The Opposition believes the legislation provides for the eligibility for public housing to be based on the concept of need, which will ensure that the most needy receive public housing. A lot of people are in need and on the margin of our society. They need to get into public housing to improve their situation in life and to create a proper family environment. The legislation will also encourage tenants paying market rent to seek accommodation from the private sector, thus freeing up housing stocks for the most needy. It replaces the lifetime tenure of public housing by introducing leases ranging from two to 10 years. While that will be confronting for many people who regard their Department of Housing home as their home—and I empathise with people who believe it is their home and they are entitled to it for life—we need to balance that view with the greater need of the community at large.' – Hon Melinda Pavey MLC, Legislative Council, during debate on the *Residential Tenancies Amendment (Social Housing) Bill 2005*, *Hansard* (Legislative Council), 19 October 2005, p.18804.
[101] Housing NSW, 'Rent subsidy', 12 October 2009, <http://www.housing.nsw.gov.au/Forms+Policies+and+Fact+Sheets/Policies/Rent+Subsidy+SUB0044A.htm>, viewed 26 October 2009.
[102] Housing NSW, 'Changes to some Housing NSW rent concessions'.
[103] Council of Australian Governments, "National partnership agreement on the nation building and jobs plan: building prosperity for the future and supporting jobs now', 5 February 2009, p.15.
[104] Quoted from Mary Perkins, 'Answers to questions on notice', Homelessness and low-cost rental accommodation (Inquiry), 7 April 2009, Standing Committee on Social Issues, Legislative Council, Parliament of NSW, <http://www.parliament.nsw.gov.au/Prod/parlment/committee.nsf/0/CFACED7911AF6654CA2575CA00022389>, viewed 16 October 2009.
[105] John Kehoe, 'How Henry's mother saved the economy', *Australian Financial Review*, 30 October 2009, pp.1,6-7.
[106] Fleur Anderson, 'The deficit', *Australian Financial Review*, 30 September 2009, p.14.
[107] Saul Eslake, 'The global financial crisis of 2007-09 – an Australian perspective', Shann Memorial lecture, University of Western Australia, Perth, 19 August 2009, p.8, <http://www.grattaninstitute.edu.au/publications/eslake_shann_lecture_090819.pdf>, viewed 1 October 2009.
[108] Commonwealth of Australia, 'Mid-year economic and fiscal outlook 2009-10', 2009, pp.6-7.
[109] Eric Roozendaal, Treasurer, 'New South Wales report on state finances 2008-09', NSW Treasury, 2009, p.xii. Net debt is the sum of borrowings, advances received and deposits held, less cash and cash equivalent assets, financial assets and advances paid.
[110] Peter Hawkins and Jonathan Chancellor, 'Balmain hotcakes push house prices higher', *Sydney Morning Herald*, 29 October 2009, p.3.
[111] Council of Social Service of NSW, *A community services stimulus package: social and economic priorities for a fair and sustainable community, 2010-2011 State Budget*, The Council, Surry Hills, 2009, pp.23-24.
[112] These trends are reported in Milligan, Gurran, Lawson, Phibbs and Phillips.
[113] Benevolent Society, 'Apartments for Life at Ocean Street', Benevolent Society, March 2009; Benevolent Society, 'Innovative aged care and accommodation scheme seeks hearing', 11 November 2009, <http://www.bensoc.org.au/director/newsandevents/news.cfm?item_id=E0B58900AC53D70580DF3DAAA49F44B8>, viewed 12 November 2009.
[114] 'National Rental Affordability Scheme: call for applications round three 2009: application guidelines – applications involving 1,000 or more dwellings', n.p., n.d. (2009).
[115] Chloë Stothart, 'Red alert', *Inside Housing*, prod. Ocean Media, 13 March 2009, <http://www.insidehousing.co.uk/story.aspx?storycode=6503669>, viewed 13 November 2009.
[116] Stothart, 'Red alert'. This concern is not over-emphasized by Stothart in her news report. The regulator (the Housing Corporation, predecessor to the Tenant Services Authority) produced a report in 2007, *Unlocking the door*, which encouraged housing associations to leverage to finance more social housing.

[117] Milligan, Gurran, Lawson, Phibbs and Phillips, p.75.
[118] Johnston, p.15.
[119] Tom Lloyd, 'Associations hit by £396m cash calls', *Inside Housing*, prod. Ocean Media, 23 February 2009, <http://www.insidehousing.co.uk/story.aspx?storycode=6503309>, viewed 13 November 2009; Crispin Dowler, 'Long-term unsold homes up by 20 per cent', *Inside Housing*, Ocean Media, 27 February 2009, <http://www.insidehousing.co.uk/story.aspx?storycode=6503378>, viewed 13 November 2009; Stothart, 'Red alert'.
[120] Department for Communities and Local Government, Wetherby WRY, 2007.
[121] 'Delivering affordable housing', Department for Communities and Local Government, London, 2006, p.9.