

**Access
choice
livability**

(housing directions 2011)



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Overview

The housing crisis for low and moderate income households is well-documented. Our governments in all three spheres each play a crucial role in ensuring that we have enough secure housing at the right price and in the right place. This Shelter Brief identifies 9 problems that need to be addressed, and 9 solutions that will encourage affordable and appropriate housing to help our cities and towns to be better places for living and working.

Problem 1

Declining access to homeownership

The costs of buying a house have increased dramatically over the last 20 years, rising at a faster rate than average earnings and household income. The costs have also risen at a faster rate than inflation. This has meant that the proportion of Australians who own or are buying their homes has fallen. It also has meant that younger households are delaying a decision to purchase, creating a generation gap between ageing baby boomers and their children and grandchildren. The higher house prices have also put more pressure on mortgagors, with many in housing stress (paying more than 30% of their income in mortgage repayments) and some in housing crisis (paying more than 50% of their income in mortgage repayments).

A solution

Homeowners and purchasers get assistance from governments in many ways, including concessional tax treatment of the capital gains from the sale of their home (by the Commonwealth Government), and exemption from state land tax. First homebuyers get extra help such as exemption from conveyancing duties when buying a dwelling, and one-off grants. As well there are specific government programs to help reduce the cost of housing development so that cost savings will be passed on to

purchasers (such as the Housing Affordability Fund). There is no public value in pushing people into homeownership who do not want it or cannot afford it. However, mortgagors who are struggling with mortgage repayments because of reasons that are temporary should be helped by a government-backed shared-equity scheme in which the government buys a portion of the dwelling (reducing the mortgagor's repayments) in return for a share of the capital gain (recouping the government's investment).

Problem 2

Declining supply of low-rent private rental housing

The supply of private rental housing is insufficient for the demand from consumers (renters) primarily because investors get a better return by putting their money in other forms of assets. This means there is more competition by renters for the available housing, and very low vacancy rates at less than 2%. At the same time as there is little new private rental housing becoming available, some traditional types of housing that catered to very low-income households, such as boarding houses and caravan parks, are closing or threatened with closure. In the metropolitan areas alone (Sydney, Newcastle, Wollongong), there is a shortage of some 60,000 dwellings available for rental at

affordable rents to very low income households.

A solution

There are government incentives to encourage private investors in and private providers of rental housing, especially in the income-tax system. The NSW Government has recently established a small grant program for construction of new boarding house rooms. The state government also offers an incentive to private providers of rental housing that is let to tenants at very low rents by exempting them from land tax. However this exemption only applies to housing within 5 kilometres from the centre of Sydney. The incentive has a very small take-up. It should be extended to all the inner-ring suburbs of Sydney and to the Newcastle and Wollongong local government areas.

Problem 3

The risk of homelessness

New South Wales has the largest number of homeless people in any state or territory in Australia. There were 27,374 homeless people counted in the 2006 census. Most of the state's homeless are male. Most are younger than 35 years. Only a fifth were staying in accommodation provided by a specialist homelessness agency. Most people sleeping out ('rough sleepers') were located in rural and remote communities or regional centres, not in Sydney. We do not know the precise circumstances that bring on homelessness; this so for many reasons, including people's mobility and privacy. But we do know the reasons that trigger homeless people to go to a specialist homelessness agency. Those reasons are often a deleterious change of circumstances, such as domestic or family violence, relationship or family breakdown, being evicted or asked to

leave home, or a financial difficulty. We also know that nearly a third of those people had been living in private rental housing when they became homeless.

A solution

The state government has a number of programs that help low-income private renters stay in their homes by giving a subsidy to help pay rent (being the difference between what the person pays in rent and what Housing NSW considers a reasonable market rent). These are targeted to people with a disability and people with HIV/AIDS, and there is a similar scheme for women escaping from domestic violence. This latter scheme is time-limited. It is a good model for extending the private rental subsidy concept to private renters who are at risk of homelessness because of unexpected financial difficulty. This would ease pressure on Housing NSW's temporary accommodation program and nongovernment crisis accommodation.

Problem 4

Private renters squeezed by high rents

New South Wales has the largest proportion of its low-income private renter households in housing stress, and it is the only state where the proportion of low-income private renter households in housing stress is greater than 50%. By stress, we mean they are paying more than 30% of their income on rent. The general trend in rents is for them to increase. Rents in Sydney for 3-bedroom houses went up by 52% and 2-bedroom flats went up by 60% over this decade.

A solution

Both the Commonwealth and state governments have programs to assist

private renters pay their rent and to establish new tenancies, such as rent assistance (Commonwealth), private rental subsidies (NSW) and Rentstart (NSW). Academic surveys have shown that most low-income private renters prefer to stay in the private rental market rather than move into public housing (though they would prefer to be homeowners). But for every 2 private renters who want to stay in private rental there is 1 who would prefer the relative stability offered by social housing, in terms of greater security of tenure, as well as the greater subsidy of their rents. For private renters in housing stress or housing crisis, there needs to be an option of stable housing where rents are not charged on a market basis. This is the role of the social housing sector, and it needs to grow, not shrink. The addition of some 6,000 extra social housing dwellings through the economic stimulus response is useful. Since that addition was a ‘one-off’ because of special circumstances, the main source of growth in affordable rental housing is likely to be through the National Rental Affordability Scheme. The Commonwealth Government wound this scheme back in mid-2010, and a key reason for that seems to have been a reluctance by state governments, including New South Wales, to match the subsidies the Commonwealth was offering. Those subsidies cannot be got from current resources within Housing NSW. There needs to be a specific enhancement of the Housing NSW budget from the state Budget to enable New South Wales to seek 30% of the subsidies going nationally. Also, the amount of subsidy from the state Budget to Housing NSW for ongoing social housing programs is inadequate, with a 44% decrease in state government subsidies to that

agency between 2008–09 and 2010–11. There needs to an enhancement of the Housing NSW budget from the state Budget to enable the agency to avoid asset-stripping to maintain its operations.

Problem 5 Aboriginal people disadvantaged in housing

Aboriginal people are disadvantaged in key aspects of the housing market. They are much more represented among the homeless, they are much less likely to be homeowners, and they are more likely to be renters (especially in various forms of social housing), compared with nonAboriginal people. These problems are particularly pressing in New South Wales since more Aboriginal people live here than in any other state.

A solution

The Aboriginal community housing sector is going through a process of change as local Aboriginal organizations cope with ageing stock, diseconomies of scale, and greater expectations to comply with mainstream regulatory and governance arrangements. The state government is driving various reforms. A key challenge will be to combine the efficiency and effectiveness results that the government wants with the culturally-appropriate ways of working that Aboriginal organizations want. There should be sufficient resourcing of Aboriginal community housing organizations to allow them to be real partners in change.

Problem 6 A stigmatized public housing system

The public housing sector is becoming increasingly stigmatized

with sections of the media focusing on a minority of cases of property damage and antisocial behavior. Allocations policies that give priority to applicants with special needs or immediate need have had an unintended impact of concentrating social disadvantage. In some estates, the condition of properties and petty crime has led Housing NSW to exit from an estate completely or do major redevelopments. In some redevelopments a key aspect has been to reduce the concentration of social housing dwellings and introduce social mix by providing for a component of homeowners.

A solution

Any assumption that all public housing estates are ‘basket cases’ is unwarranted. Overall, public housing has a very high occupancy rate. Public housing tenants overwhelmingly rate the locational aspects of their housing – community and support services, and family and friends – as meeting their needs. Improving the image of public housing estates is important to overcome the negative image of social housing generally. The best starting point is with the residents themselves: their needs, their voices. A ‘bottom up’ not ‘top down’ approach. The approach used at Bonnyrigg, which comprised tenant participation and social impact assessment, was a cost-effective model that should be generalized to other estates.

Problem 7

Housing stock is not built for residents’ disability and ageing

Over three-quarters of older households are owner-occupied and most older people have an expectation that they will ‘age in place’. This means that their dwellings need to be adjusted to progressive frailties and any disabilities. The vast majority of

dwellings in New South Wales have not, however, been designed and built according to principles of universal housing design, which seek to have dwellings useful for any user irrespective of their age or disability.

A solution

In the national sphere, housing industry groups have committed themselves to an aspirational target that all new dwellings will be built to disability-friendly ‘livable housing’ design standards by 2020. A number of local councils in New South Wales are already ahead of that, by incorporating mandatory targets in development control plans. Use of environmental planning mechanisms is a tool that can assist the process. The standard template for local environmental plans should include mandatory provisions on accessible housing so that at least 10% of all new multi-unit dwellings are adaptable, and all new multi-unit dwellings are visitable.

Problem 8

Non-sustainability of dwellings

Most NSW dwellings are not suited to efficient energy and water use, and houses are one of the fastest emitters of greenhouse gases. This has a negative effect on society and the environment generally. And it exposes householders to rising costs, especially with energy.

A solution

In the case of new dwellings, New South Wales led the way with the BASIX scheme, and this approach now applies to all residential building work over \$50,000. In the case of existing dwellings, there have been a number of Commonwealth and state programs to encourage, and give subsidies to, households to modify their dwellings. One former

Commonwealth program even targeted private landlords to encourage them to insulate rental properties, but the take-up of this was less than expected, and one reason for this is that multi-unit dwellings are usually in multiple ownership. There needs to be a targeting of older residential flat buildings where the structural condition of the building, e.g. old plumbing, inhibits efficiencies. The Commonwealth government's free home sustainability assessment is for owners and residents of individual dwellings. The state government should supplement this by paying for free sustainability assessments for owners corporations of older residential flat buildings to have an assessment of the whole building.

Problem 9
Building standards are inadequate for greater density

A growing population and pressures on limited land, especially around the state capital, have rightly led to renewed emphasis on encouraging more housing within established suburbs. There is a similar dynamic in major cities in the country. The

greater density of dwellings requires that they be designed and built to avoid problems from acoustic nuisance, visual lack of privacy, etc., and maximize the quality of life for residents and their neighbours. Poor design and construction quality of higher density dwellings are a major source of resident dissatisfaction and conflict.

A solution

The major rationale for the introduction of the State Environmental Planning Policy no. 65, Design Quality of Residential Flat Development, was aesthetic. The Residential Flat Design Code that links to that policy does indicate matters for designers and builders to meet the desired outcomes of the policy. However, it needs to be reviewed to ensure it aligns with the need for residents' quiet enjoyment, especially greater acoustic amenity, with the current focus on more flats. The code should incorporate the standards on acoustic amenity contained in the draft City of Sydney Development Control Plan 2010.

Introduction

FORMER PRIME MINISTER John Howard said, ‘I don’t get people stopping me in the street and saying, “John you’re outrageous, under your government the value of my house has increased”’.¹ That observation highlights some of the choices open to governments. For the good majority of Australians who are owner-occupiers, an increase in the value of their dwelling is a good thing, combined with some dampeners on the costs of paying off the house, in the form of low interest rates (and thus lower mortgage repayments).

And yet, paradoxically, the higher the price Australia’s dwellings are, the greater the risk of ongoing stress to lower and moderate-income mortgagors, the greater the barrier to new (marginal) entrants into this market, and the greater the exclusion from this market of lower income earners. The dilemma for governments is that those actions that might rebalance a heated housing market threatening to ‘bubble’, such as higher interest rates, would not be welcome in Struggle Street and Aspiration Avenue. And despite Australians valuing fairness, or at least *a fair go*, distributional activities are more easily implemented where the benefit has a mutual or universal character, such as new homebuyers (irrespective of income), rather than where the beneficiaries are simply *the poor*.

This dilemma will continue as long as we focus on the role of housing as a consumption good and as an investment good. Housing is a consumption good. It is also an investment good. But developing public policy on these bases alone will not deliver the best economic and social outcomes.

Here’s why. Low and moderate income earners are squeezed out of homeownership and the better-sited private rental. This causes segregation and resultant difficulties in attracting a diverse labor force in the state’s cities and towns. Housing stress and housing crisis puts mortgagors and private renters at risk of homelessness. Dispersal of poorer households to less-favored locations means that poorer seniors have less access to health and transport services, and that children in those households have less access to cultural and recreational facilities. This means the stock of *human capital* – the skills that allow people to be productive – that we have in New South Wales is less than what it could be. In short, a lack of supply of diverse housing types catering to a range of incomes and social groups spread around the state means everyone is worse off. Think of broadband. Access to broadband services is not about ‘me’, it’s about functionality of a modern, cohesive and resilient, society. The availability of housing at the right price points at good locations is about good use of land, good use of urban infrastructure, and good use of basic services.

Housing a growing population

The population of New South Wales is expected to increase to 9.1 million by 2036, an increase of 2¼ million (or 33%) on the 2006 population of 6.8 million.² The population of the Sydney region is projected to grow from 4.3 million in 2006 to 6.0 million by 2036, an increase of 1.7 million or 40% over the period. This increase represents about three quarters of the state’s projected population growth to 2036. Sydney’s share of the state population will increase from 62.8% to 66%. The

coastal regions outside Sydney are projected to experience strong population growth, primarily due to net migration gains.³ In addition to Sydney, regions projected to experience growth rates above those of the state as a whole are: South Eastern, Richmond-Tweed and the Illawarra region excluding Wollongong. There will be modest population growth in the inland regions of Murrumbidgee, Murray and the Central West. But the inland regions of Northern and North West New South Wales will decline in population.

Household size and ageing

A key change in the composition of NSW households will be in their size. In general most households will have fewer people in them than now, and so the total number of households will be greater. The number of households in New South Wales is projected to increase to 3.72 million by 2036, a rise of 1.08 million on the 2006 total of 2.65 million.⁴ Annual household growth is expected to be between 33,700 and 38,300. The resulting annual net dwelling need is projected to be between 35,200 and 40,000. Average household size is projected to decline from 2.53 in 2006 to 2.38 by 2036. The lone person household is the type of household expected to undergo the greatest percentage growth over the 2006–36 period. These households are projected to increase in number from 646,500 in 2006 to 1.06 million by 2036 (an increase of 64%). This will result in couple households without children being almost as numerous as those containing couples with children, which are projected to reach a total of 1.05 million by 2036.

Another key change in the composition of NSW households will be in their age. Households will get older as the percentage of the population aged 65 and over rises from 13½% in 2006 to 21½% by 2036.⁵ Inland regions are projected to experience population declines at ages under 60 between 2006 and 2036.⁶

These demographic factors will create demand for additional dwellings. The number of structural dwellings required is expected to increase from a total of 2.77 million in 2006 to 3.89 million by 2036, a net growth of 1.13 million, or 41%.⁷

These populations changes and demand for dwellings will raise issues not just about housing as such – whether it is affordable, appropriate, and stable – but about the impact of housing on other land uses. Much useful agricultural land to help feed people is near cities and those land uses are threatened by urban sprawl. This is especially true within the Sydney region. Also, most Australians like to live in the coastal zones because of the scenic and other environmental values associated with amenity, and those also are threatened by too much ‘loving’.

Unaffordability and affordability outside Sydney

Regional New South Wales has the least affordable housing outside of capital cities. The affordability level is roughly comparable to the levels in Sydney and Melbourne. Unaffordability in the regional areas of New South Wales has been worse than in Sydney for nearly 2 years. The difference in affordability between the city and regional areas is attributable to the gap between median dwelling price growth and income growth being larger in regional New South Wales.⁸

Across the state, there is a line dividing the most expensive and the least expensive housing and that is the Great Dividing Range. Roughly: the closer to the Pacific coast the more expensive and desirable the housing, the further from the coast the less expensive the housing. There are environmental factors that determine this: the more westerly land is less suitable for agriculture. Changes to agricultural and pastoral practices in inland areas have encouraged migration to larger rural cities and to the coast. The coastal zone, especially the state capital, is a better place for employment, has a critical mass that delivers economies of scale for economic and social infrastructure, and has higher land and house values. The relative ‘unpopularity’ of inland areas compared with coastal areas is strikingly demonstrated by comparing housing affordability in the two zones. Table 1 indicates the ratio of annual income to the median dwelling price for ten local government areas, that is, how much of an annual income a home purchaser would need to spend to buy a dwelling at that price. The table indicates ratios for five occupations, nurses, teachers, police officers, fire-fighters and ambulance officers (‘key workers’).⁹ The ten local government areas are those where the ratio is the lowest among the state’s local government areas. It shows for example, that a teacher could buy a house in Brewarrina with 80% of her annual salary, or in Balranald with just over two years’ annual salary. (See also Figure 1.) These ratios in these local government areas are the lowest in the state, but are the dwellings affordable? What ratio is the benchmark for affordability? In the BankWest study used for the table, affordability exists where the ratio is less than 5.¹⁰ Thus, in these ten local government areas the housing is affordable for all the five occupations.¹¹

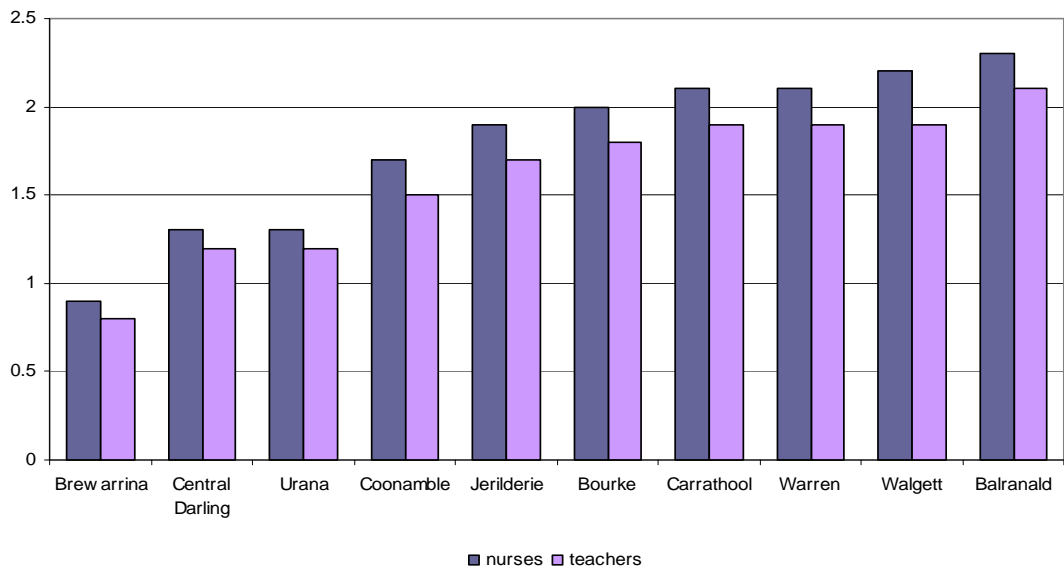
There are nine regional areas in New South Wales that are unaffordable for all those key worker occupations. See Table 2 and Figure 2. The least affordable regional LGA was Byron with a house price to earnings ratio of 7.7 times. For a teacher to buy a house in Byron she would need just over ten years’ annual salary. There are five other unaffordable coastal areas – Ballina, Tweed, Great Lakes, Wollongong and Kiama, along with one rural area – Wingecarribee in the Southern Highlands. Two areas near Canberra are also unaffordable – Queanbeyan and Palerang.

Table 1: Most affordable regional LGAs for selected key workers

LGA	ambulance officers	fire fighters	nurses	police officers	teachers
Brewarrina	0.7	0.9	0.9	0.6	0.8
Central Darling	1.1	1.3	1.3	0.9	1.2
Urana	1.1	1.3	1.3	0.9	1.2
Coonamble	1.4	1.7	1.7	1.2	1.5
Jerilderie	1.6	1.9	1.9	1.3	1.7
Bourke	1.6	2	2	1.4	1.8
Carrathool	1.7	2	2.1	1.4	1.9
Warren	1.7	2.1	2.1	1.5	1.9
Walgett	1.8	2.1	2.2	1.5	1.9
Balranald	1.9	2.3	2.3	1.6	2.1

Source: BankWest, *2nd annual key worker housing affordability report*, 2009, p.11. Note: Data for March 2009.

Figure 1: Most affordable regional LGAs for nurses and teachers



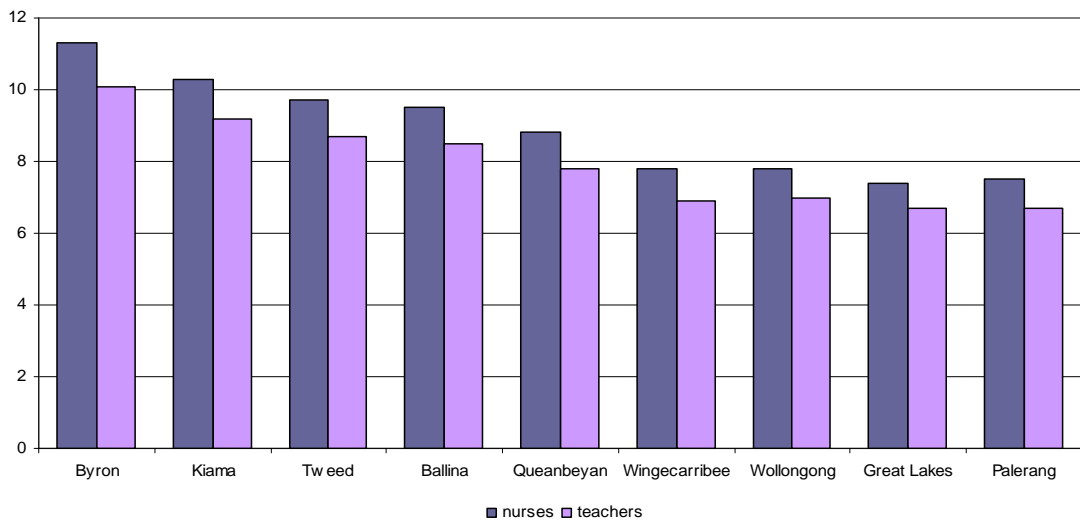
Source: BankWest, 2nd annual key worker housing affordability report, 2009, p.11. Note: Data for March 2009.

Table 2: Least affordable regional LGAs for selected key workers

LGA	ambulance officers	fire fighters	nurses	police officers	teachers
Byron	9.1	11.1	11.3	7.7	10.1
Kiama	8.3	10.2	10.3	7.0	9.2
Tweed	7.8	9.6	9.7	6.6	8.7
Ballina	7.7	9.4	9.5	6.5	8.5
Queanbeyan	7.1	8.6	8.8	6.0	7.8
Wingecarribee	6.3	7.7	7.8	5.3	6.9
Wollongong	6.3	7.7	7.8	5.3	7.0
Great Lakes	6.0	7.3	7.4	5.1	6.7
Palerang	6.0	7.4	7.5	5.1	6.7

Source: BankWest, 2nd annual key worker housing affordability report, 2009, p.12. Note: Data for March 2009.

Figure 2: Least affordable regional LGAs for nurses and teachers



Source: BankWest, 2nd annual key worker housing affordability report, 2009, p.12. Note: Data for March 2009.

Declining access to homeownership

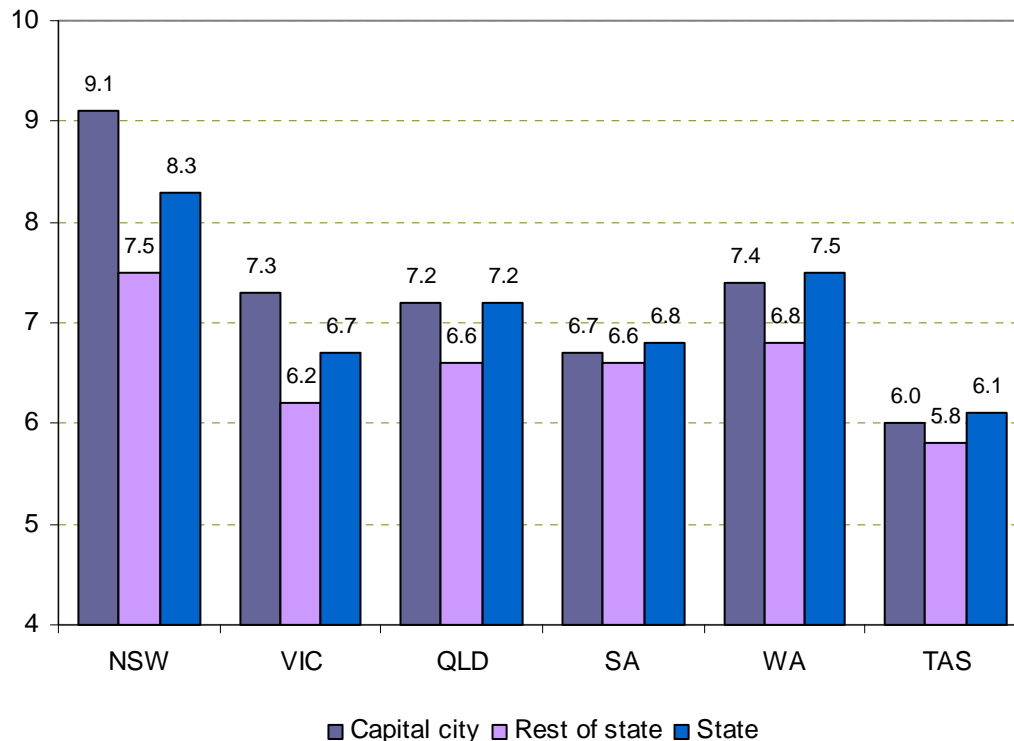
Problem

The costs of buying a house have increased dramatically over the last twenty years, rising at a faster rate than average earnings and household income. The costs have also risen at a faster rate than inflation. This has meant that the proportion of Australians who own or are buying their homes has fallen.

It also has meant that younger households are delaying a decision to purchase, creating a generation gap between aging baby boomers and their children and grandchildren. There is an ongoing decline in access to homeownership among upper-middle income 25-45 year olds; an accelerated decline in access to homeownership among low-income 25-45 year olds; and loss of outright homeownership among young people.¹²

It takes 9 years of median disposable income to pay off a median-priced house in Sydney.¹³ Even the nonmetropolitan areas of New South Wales are more expensive than the nonmetropolitan areas of other states – taking 7.5 years of median disposable income to pay off a median-priced house. See Figure 3. Yet a ratio of 3 is considered ‘the safety level’.¹⁴

Figure 3: Ratio of median house prices to median annual household disposable incomes, 2005-06



Source: Tanton, Nepal and Harding, *Wherever I lay my debt, that's my home*, 2008, p.11.

These higher house prices have also put more pressure on mortgagors. A third of Sydney households with mortgages, or 35.5%, are experiencing mortgage pressure (repayments more than 30% of disposable income), which is the highest of any capital city and above the national average of 27.7%.¹⁵ A tenth of Sydney households with mortgages, or 11.9%, are experiencing extreme mortgage pressure (repayments more than 50% of disposable income), which is above the national average of 8.4%.

Regional New South Wales has the least affordable housing outside of capital cities. The affordability level is roughly comparable to the levels in Sydney and Melbourne. Unaffordability in the regional areas of New South Wales has been worse than in Sydney for 2 years.¹⁶

Most of the public debate in the state sphere, some of which has carried over into the national sphere, has focused on constraints on land supply and environmental planning controls as barriers to development and sources of higher costs (housing unaffordability) to homepurchasers. While the cost of land is clearly a key factor in the cost of a dwelling, it is myopic to assume that a *laissez-faire* approach to land supply is the critical solution. Such an approach will lead to negative externalities such as loss agricultural lands, loss of bushland that has biodiversity value, etc. Flood and Baker comment:¹⁷

What would a liberalised land market look like? It would be one without planning controls like most informal development in the third world—which, whatever its other failings, does deliver affordable housing. In informal systems—which are actually unregulated market systems—land comes on-stream through direct deals between landowners and developers, without land-banking by state authorities, without green belts or other restrictions, and generally without building or planning controls. Of course this is regarded as *chaos* by planners and usually results in a particularly ugly urban form. It is very difficult to schedule services under this arrangement as it usually results in *leapfrogging* where development takes place well beyond the perimeter as landowners strike good deals with developers.

The view that urban sprawl as the answer to housing unaffordability is hard to reconcile with any vision of our cities and towns as environmentally-sustainable, socially-cohesive, and resilient.

A solution

Homeowners and purchasers get assistance from governments in many ways, including concessional tax treatment of the capital gains from the sale of their home (by the Commonwealth government), and exemption from state land tax. First homebuyers get extra help such as exemption from conveyancing duties when buying a dwelling, and one-off grants. As well, there are specific government programs to help reduce the cost of housing development so that cost savings will be passed on to purchasers (such as the Housing Affordability Fund).

There is no public value in pushing people into homeownership who do not want it or cannot afford it, and we do not propose more assistance of a generic nature, or more assistance targeted to first homebuyers.

Any extra government assistance to households to promote housing affordability

should be targeted rather than generic. Mortgagors who are struggling with mortgage repayments because of reasons that are temporary should be helped by a government-backed shared-equity scheme in which the government buys a portion of the dwelling (reducing the mortgagor's repayments) in return for a share of the capital gain (recouping the government's investment). This approach to shared equity is not one that encourages marginal purchasers to spend more, but, rather, helps those households who are able to pay for their housing over their lifetime but are not able to cope with the *risks* involved.¹⁸ There are a number of shared-equity schemes in other jurisdictions that can be readily customized as a model for the NSW market to put this proposal into effect.¹⁹

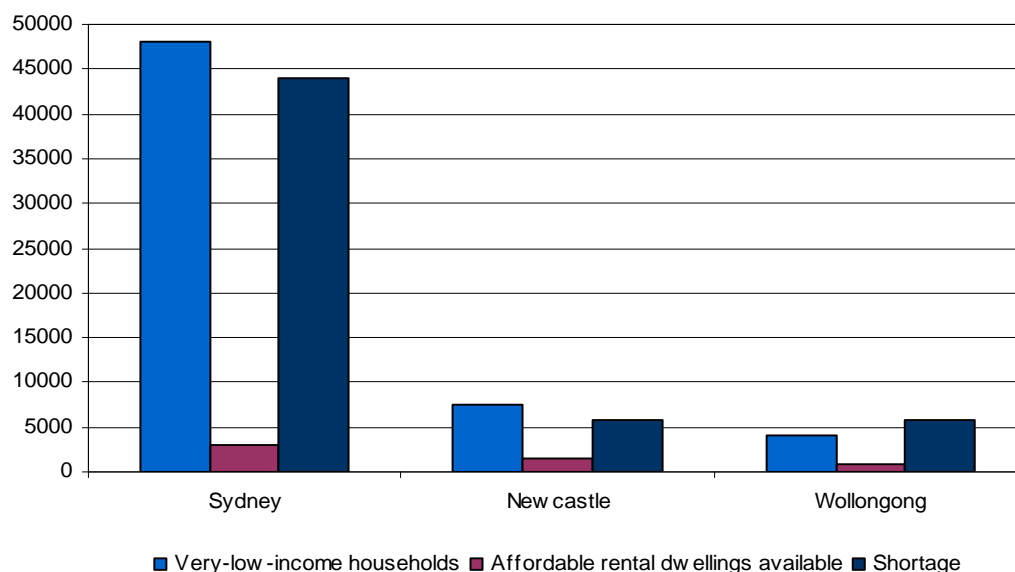
Declining supply of low-rent private rental housing

Problem

The supply of private rental housing is insufficient for the demand by consumers (renters) primarily because investors get a better return by putting their money in other forms of assets. This means there is more competition by renters for the available housing, and very low vacancy rates at less than 2%. At the same time as no or little new private rental housing is becoming available, some traditional types of housing that catered to very low-income households, such as boarding houses and caravan parks, are closing or threatened with closure.²⁰ There is a shortage of 55,800 dwellings available for rental at affordable rents to very-low-income households in metropolitan area (Sydney, Newcastle, Wollongong). See Figure 4.²¹ The third column indicates the shortage of affordable private-rental dwellings.

The shortage of supply and the low vacancy rates means that rents are pressured upwards. There has been a 52% increase in rents for 3-bedroom houses, and a 60% increase in rents for 2-bedroom flats over the last decade. Among capital cities, Sydney is the least affordable for low-income private renters.

Figure 4: Shortage of affordable private-rental housing in metropolitan New South Wales



Source: Wulff, Dharmalingam, Reynolds and Yates, 'Australia's private rental market', 2009, p.34; data for 2006.

A solution

There are government incentives to encourage private investors in and private providers of rental housing, especially in the income-tax system. The state government has recently established a small grant program for construction of new boarding house rooms. There are limits to what state governments can do to assist this sector because of the low yields and the diverse ownership arrangements in the sector.

The state government does offer an incentive to private providers of rental housing that is let to tenants at very low rents, by exempting owners of the land from land tax.²² However, this exemption only applies to housing within 5 kilometers from the center of Sydney, since it was established as a response to gentrification of inner Sydney. The incentive has a very small take-up. The concept could be extended to other metropolitan submarkets where gentrification has and is occurring. It should be extended to all the inner-ring suburbs of Sydney and to the Newcastle and Wollongong local government areas.

Risk of homelessness

Problem

New South Wales has the largest number of homeless people in any state or territory in Australia at 27,374 (comprising 26.1% of the national homeless population).²³

Most of the state's homeless are male.²⁴ Most are younger than 35 years.²⁵ Aboriginal people are overrepresented in the homeless population.²⁶ Only a fifth were staying in accommodation provided by a specialist homelessness service.²⁷ Most people sleeping out ('rough sleepers') were located in rural and remote communities or regional centres, not in Sydney.²⁸ We do not know the precise circumstances that bring on homelessness – for many reasons, including people's mobility and privacy. But we do know the reasons that trigger homeless people to go to specialist homelessness services. Those reasons are often a deleterious change of circumstances – in 2008–09, the main reasons were domestic or family violence, relationship or family breakdown, problematic drug/alcohol/substance use, time out from a family or other situation, financial difficulty or being evicted or asked to leave home.²⁹ We also know that in 2008–09, nearly a third of those people had been living in private rental housing when they became homeless.³⁰

An unavoidable change of circumstances such as illness, an accident, unemployment or other crisis can have a dire financial impact for households on low incomes. Housing may no longer be affordable, and this can lead to homelessness or a risk of homelessness. For example, older women facing a financial crisis can be particularly vulnerable to homelessness – this is due to entrenched poverty caused by a history of unpaid caring responsibilities for family and community, and the gender pay gap, which results in few financial reserves and few retirement savings.³¹ And older, poor, single women in the private rental market are particularly disadvantaged.³²

Accommodation with a homelessness service or Housing NSW's Temporary Accommodation program may be accessible for people who are homeless or at risk of homelessness. But in the case of some private rental tenants who can no longer afford their housing due to an unexpected financial difficulty, these programs are arguably an 'overkill' when what is being experienced is a *temporary* financial crisis. Also, accommodation provided by homelessness services and Temporary Accommodation is costly. For example, the findings of the Liverpool and Fairfield Temporary Accommodation Project in 2007–08 noted that the cost of Temporary Accommodation was \$100 per day – that is, \$700 per week.³³ Demand for Temporary Accommodation increased by 61% between 2007–08 and 2009–10.³⁴

A solution

We think that a new option to assist private renters in these circumstances should be developed, based on the model of Housing NSW's Private Rental Subsidy program. Under the Private Rental Subsidy program, recipients receive a rental subsidy which comprises the difference between the amount that they pay in rent in private rental housing and a reasonable market rent – so they pay a similar amount of rent to the amount that they would pay as a public housing tenant. This program has three categories:

- To access the Private Rental Subsidy – Special, applicants must be eligible for social housing, be eligible for priority housing, and be diagnosed with HIV/AIDS (the subsidy is available even if they do not want to move into social housing).
- To access the Private Rental Subsidy – Disability, applicants must be eligible for social housing, be eligible for priority housing or have reached their turn on the NSW Housing Register, and have a disability (the subsidy is only provided while they wait for an appropriate social housing property to become available).
- To access the Private Rental Subsidy – Start Safely, applicants must be eligible for social housing, be escaping domestic or family violence, be homeless or at risk of homelessness, be able to demonstrate an ability to sustain and afford the tenancy when the subsidy expires, and be willing to receive support services if required (the subsidy is available for up to 12 months).³⁵

We propose an extension of the Private Rental Subsidy to cover unexpected financial difficulty, which would:

- be available for those eligible for social housing; and
- be time-limited (for example, for 12 months).

Of relevance here is Housing NSW's Mortgage Assistance Scheme – it targets people experiencing difficulties with their home loan repayments due to an unexpected change in circumstances causing serious financial difficulties.³⁶ However the difference is that the Mortgage Assistance Scheme provides short-term loans (not grants).

We suggest that, in some circumstances, a time-limited extension of the Private Rental Subsidy for private renters would be a more effective response to an

unexpected financial crisis than accommodation in a homelessness service or via the Temporary Accommodation program. By 'effective', we are referring to both better outcomes for recipients (as a result of avoiding the wide-ranging impacts of homelessness such as reduced wellbeing and the disruption to social and other links) and cost-effectiveness (for example, compared to the cost of accessing Temporary Accommodation).

This proposal would be a way of preventing homelessness by improving housing affordability for private renters who have experienced a sudden financial crisis.

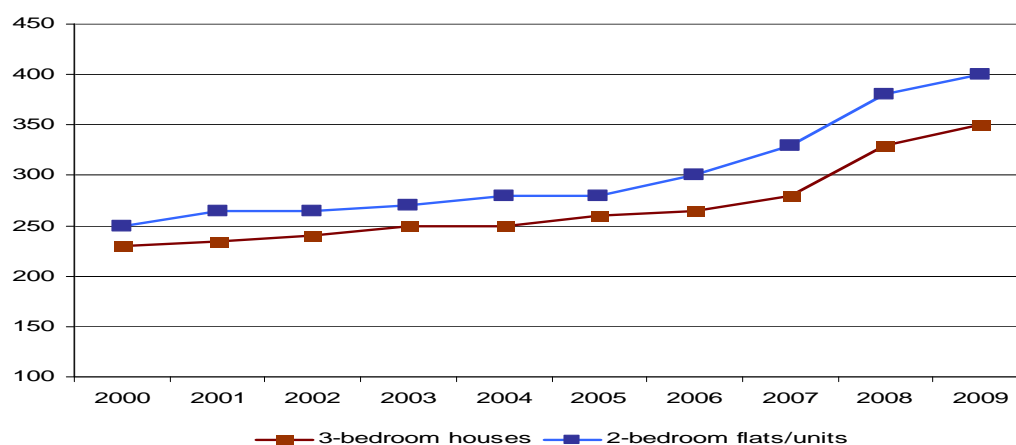
The rent squeeze in private rental

Problem

The general trend in rents is for them to increase. A shortage of supply of rental housing and low vacancy rates means that rents are pressured upwards. There has been a 52% increase in rents for 3-bedroom houses, and a 60% increase in rents for 2-bedroom flats over the last decade. See Figure 5.³⁷ Among capital cities, Sydney is the least affordable for low-income private renters.

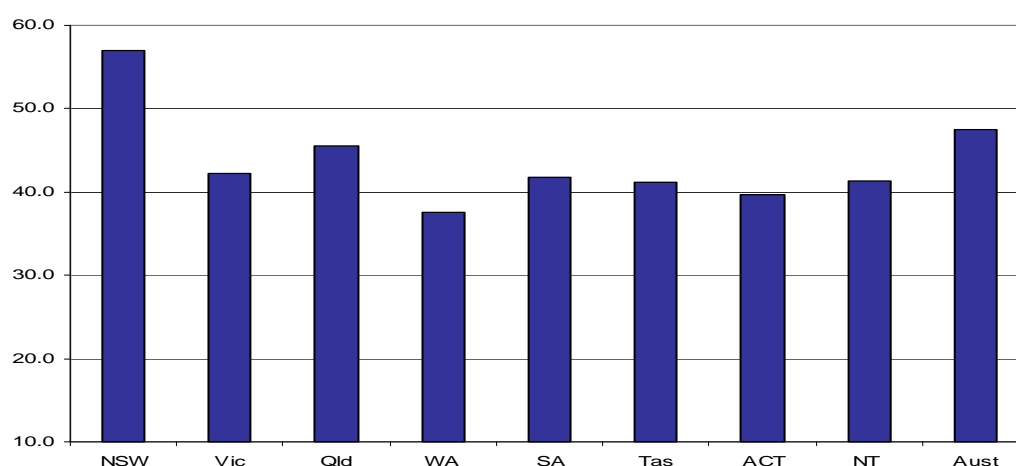
New South Wales has the largest proportion of its low-income private renter households in housing stress, and it is the only state where the proportion of low-income private renter households in housing stress is greater than 50%. See Figure 6.³⁸ By stress, we mean they are paying more than 30% of their income on rent. The financial position of renters, especially low-income renters, is considerably more serious than that for owner-occupiers, with more than 40% of the lowest-income quartile spending 30% or more of their disposable income on housing costs.³⁹

Figure 5: Trends in private rents, Sydney, 2000–2009



Source: Productivity Commission reports on government service provision.

Figure 6: Proportion of low-income private renter households in housing stress, 2007–08



Source: COAG Reform Council, *National Affordable Housing Agreement: baseline performance report for 2008–09*, vol. 2, *Performance data*, 2010, p.14.

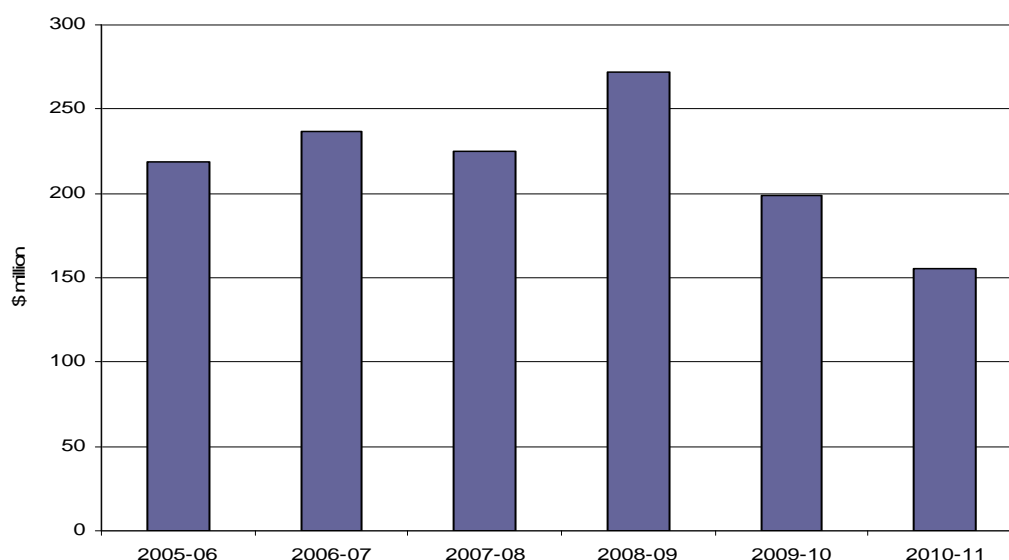
A solution

Both the Commonwealth and state governments have programs to assist private renters pay their rent and to establish new tenancies, such as rent assistance (Commonwealth), private rental subsidies (NSW) and Rentstart (NSW). Academic surveys have shown that most low-income private renters prefer to stay in the private rental market rather than move into public housing.⁴⁰ But for every two private renters who want to stay in private rental there is one who would prefer the relative stability offered by social housing, in terms of greater security of tenure, as well as the greater subsidy of their rents.

For private renters in housing stress or housing crisis, there needs to be an option of stable housing where rents are *not* charged on a market basis. This is the role of the social housing and intermediate housing sectors, and they need to grow, not shrink. The addition of some 6,000 extra social housing dwellings through the economic stimulus response has been terrific. But that addition was a ‘one-off’ because of an anti-recessionary response to a global financial crisis. Now, the main source of growth in affordable rental housing is likely to be through the National Rental Affordability Scheme.⁴¹ The Commonwealth government wound this scheme back mid-2010.⁴² A key reason for that seems to have been a reluctance by state governments, including New South Wales, to match the subsidies the Commonwealth was offering.⁴³ Those subsidies cannot be got from current resources within Housing NSW.⁴⁴

The amount of subsidy from the State Budget to Housing NSW for ongoing social housing programs is inadequate, generally. There has been a 44% decrease in state government subsidies to that agency between 2008–09 and 2010–11. See Figure 7.⁴⁵

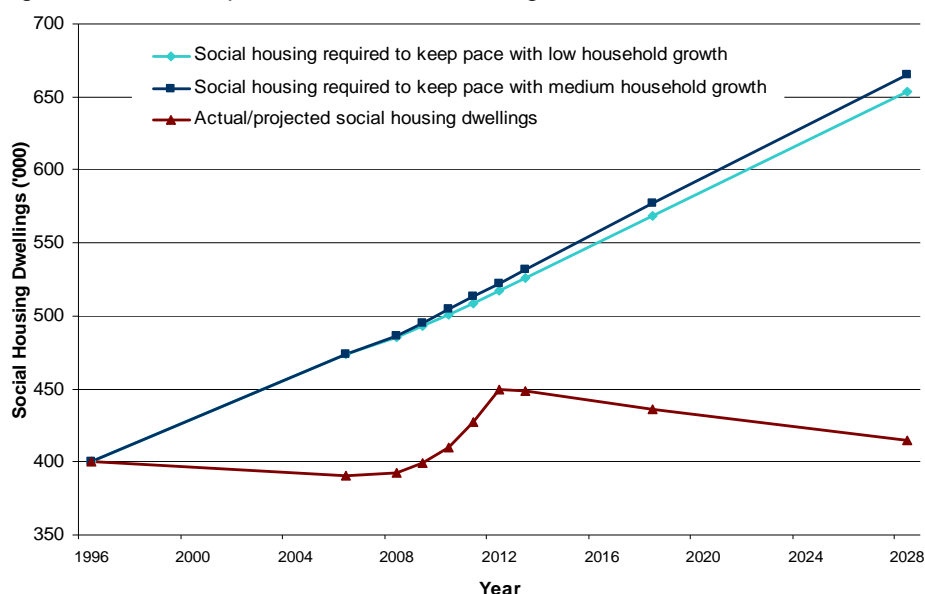
Figure 7: State Budget subsidy to Housing NSW/AHO Housing Policy and Assistance Program, 2006 to 2011



Source: Housing NSW and Aboriginal Housing Office budget information.

Unless there is an enhancement of the Housing NSW budget from the State Budget the agency will be forced to look to ‘internal sources’, such as sales, to maintain its operations. More fundamentally, the state’s social housing program will not be able to provide an alternative option to very–low income and low-income private renters looking for nonmarket housing. The gap between likely potential demand for and likely supply of social housing is quite wide: see Figure 8.⁴⁶

Figure 8: Trends in provision of social housing



Source: Housing Ministers Conference, ‘Implementing the national housing reforms’, Victorian Government Department of Human Services, 2009, p.16.

There needs to be a specific enhancement of the Housing NSW budget from the State Budget to enable New South Wales to seek 30% of the NRAS subsidies going nationally. And there needs to an enhancement of the Housing NSW budget from the State Budget to enable the agency to maintain its operations.

Aboriginal people’s disadvantage in housing

Problem

Aboriginal people are disadvantaged in key aspects of the housing market. They are much more represented among the homeless, they are much less likely to be homeowners, and they are more likely to be renters (especially in various forms of social housing), compared with nonAboriginal people. These problems are particularly pressing in New South Wales since more Aboriginal people live here than in any other state or territory.

A solution

There are a range of state and Commonwealth government initiatives underway to address these issues. The NSW implementation plan under the National Partnership

Agreement on Homelessness and the associated regional homelessness action plans include some 34 projects or actions across the state, specifically addressing aspects of homelessness among Aboriginal people.⁴⁷ Assistance with homepurchase is primarily given by Indigenous Business Australia (Commonwealth government). Both Housing NSW and mainstream community housing organizations are working to promote better access and service to Aboriginal clients.⁴⁸ However most social housing to Aboriginal people is provided by Aboriginal community housing organizations, and it is this sector that is under particular strain at the moment.

The Aboriginal community housing sector in New South Wales comprises some 4,429 dwellings, provided by 212 Aboriginal community housing organizations.⁴⁹ The sector has a very high occupancy rate, at 99.2%, and a high rent collection rate, at 90.4% (though this does not compare as well as mainstream community housing where the rent collection rate is 98.3%).⁵⁰ There is a high rate of overcrowding in this sector, at 25%, which does not compare well with the general proportion of Aboriginal people generally in overcrowded housing in New South Wales, at 16% — a rate which compares even worse with the rate of nonIndigenous people in overcrowded housing in New South Wales, at 7%.⁵¹ A significant proportion of the sector's dwellings located in discrete Aboriginal communities require major repair or replacement.⁵²

The number of dwellings needed to meet 'extreme housing need' by Aboriginal people is some 1,876 dwellings, which — if all this need were to be provided by Aboriginal community housing sector — would require roughly a 50% expansion in the size of the sector.⁵³

Aboriginal community housings organizations own an aging stock, experience diseconomies of scale, and face greater expectations to comply with mainstream regulatory and governance arrangements. The state government is driving various changes to the sector through the Aboriginal Housing Office's 'Build and Grow Aboriginal Community Housing Strategy'.

Government-driven changes to the Aboriginal community housing sector are not happening just in New South Wales. Commenting on these changes nation-wide, an AHURI report commented: '... in a rush to reform via a top down approach that so far appears to have lacked effective consultation and sufficient time for Indigenous engagement many IHOs appear to be vulnerable and there is an emerging backlash against government control and coercion.'⁵⁴

A key challenge will be to combine the efficiency and effectiveness results that the government wants with the culturally-appropriate ways of working that Aboriginal organizations want.

There should be sufficient resourcing of Aboriginal community housing organizations to allow them to be real partners in change.

A stigmatized public housing system

Problem

The public housing sector is becoming increasingly stigmatized with sections of the media focusing on a minority of cases of property damage and antisocial behavior. Allocations policies that give priority to applicants with special needs or immediate need have had an unintended impact of concentrating social disadvantage. In some estates, the condition of properties and petty crime has led Housing NSW to exit from an estate completely or do major redevelopments. In some redevelopments a key aspect has been to reduce the concentration of social housing dwellings and introduce social mix by providing for a component of homeowners, with an expectation that a dispersal of social housing dwellings and their residents will diffuse the problems.

A solution

The features of public housing that it has — as a variant of social housing — are still attractive to many very-low-income and socially-disadvantaged people. These are its relative affordability, the relative security of tenure, and, in many cases, the condition of the dwellings and their location. Overall, public housing has a very high occupancy rate (99%). Moreover, there were 60,444 applicants on the waiting list for public housing in the middle of 2010; the numbers waiting are rising after having dropped to 47,413 in 2009.⁵⁵ Public housing tenants overwhelmingly rate the locational aspects of their housing – community and support services, and family and friends – as meeting their needs.⁵⁶

On the other hand, a noticeable minority of public housing tenants rate the location of their housing poorly for meeting their needs in relation to security and safety.⁵⁷ This result is not about those tenants saying that they (themselves) provide a risk to the security and safety of the neighborhood: it is them saying they live in a neighborhood that they feel provides risks to their (own) safety and security. The result suggests it is not easy to identify culpability for anti-social behavior or petty crime that might be associated with public housing generally or public housing estates in particular. Indeed, the key association with such behavior is the offender having lived in areas of high social disadvantage, irrespective of housing tenure.⁵⁸ That is, the connections are with poverty and social exclusion. And the key solutions are likely to involve poverty-reduction and social inclusion strategies (including appropriate policing), not divestment of social housing dwellings.

Public housing estates comprise only a third of the public housing dwellings in New South Wales. Because of their greater visibility — where they have been built in locations segregated from other housing, or have been built in clusters, or have deteriorated in condition — they can be mistaken for the whole. This is wrong. Moreover, not all the estates are the same. Any assumption that all public housing estates are ‘basket cases’ is unwarranted.

If there are estates that are indeed ‘dysfunctional’ and beyond all reasonable attempts to establish an effective property and tenancy management regime (by Housing NSW) and a cohesive and resilient community (by the residents themselves), then ‘exit’ options might be considered. But there is a range of

regeneration ('soft') and redevelopment ('harder') options that can be used before that point.

Improving the condition of public housing estates is important to overcome the negative image of social housing generally. Remove the material basis for the stigma and reveal it for what it is: social prejudice.

Because the stigma against social housing is not about the bricks, it is about the people, just disassembling some of the bricks and exporting them to the next suburb or town won't do.

There are examples now of estate regeneration initiatives that seek to enhance the capacity of residents to actually participate in decisions about an estate undergoing redevelopment. A case in point is Bonnyrigg.⁵⁹ An external evaluation of Housing NSW's community engagement strategy found that it had contributed to a 'quality of engagement and degree of capacity'.⁶⁰ The evaluators commented: 'As a whole, the community have come from representing a demographic that was uninformed, unmotivated, disengaged and with minimal ability to express themselves in decision making processes. Now, the community are regarded, by all informants, as articulate to a semi-professional degree, confident to express their concerns and armed with channels for resolution.'⁶¹

There was nothing novel about the mechanisms and techniques used at Bonnyrigg: what was distinctive was that the Bonnyrigg partners took them seriously and Housing NSW put in the resources to make them work.⁶² The Bonnyrigg model, which highlights tenant capacity-building and social renewal, should be generalized to any other estate where the Government considers redevelopment is appropriate.

Housing stock is not built for residents' disability and ageing

Problem

Over three-quarters of older households are owner-occupied and most older people have an expectation that they will 'age in place'. This means that their dwellings need to be adjusted to progressive frailties and any disabilities. The vast majority of dwellings in New South Wales have not, however, been designed and built according to principles of *universal housing design*, which seek to have dwellings useful for any user irrespective of their age or disability.

The NSW percentage of the population aged 65 and over is expected to rise from 13.5% in 2006 to 21.5% by 2036.⁶³

Forecasts of a growth of an ageing population and the associated budgetary pressures that come with it, has taken 'centre stage' in governments', policy makers' and planners' deliberations. Such population forecasts reinforce the urgency with which the building of housing stock for residents' disability and ageing must be undertaken.

The NSW *Metropolitan plan for Sydney 2036* released in December 2010 discusses recommended actions to achieve the objective (D2): 'To produce housing that suits our expected future needs'. Action D2.2 focuses on adoption of a program examining how to achieve the Federal Government's targets for disability-friendly housing and discusses a desired role of environmental planning mechanisms. In discussion of both the State Environmental Planning Policy (Housing for Seniors of People with a Disability) and the use of local environmental plans, all recommendations are limited to aims, rather than mandated targets.⁶⁴

Part of the problem is remaining solely with aspirational plans and goals.

Creating age friendly and disability friendly housing environments is about future proofing our infrastructure. Some concrete steps in that direction can be taken now, with the inclusion of mandated targets. A selection of mandated targets can form the necessary and sound basis from which to make meaningful change in momentum towards housing stock built for residents' disability and ageing.⁶⁵

There is a growing recognition across all spheres of government that the ageing of Australia's population and the needs of people with disabilities will require many policy and planning shifts, especially in the building of housing to accommodate increasing numbers of households expecting to 'age in place'.

Both the NSW *State Plan* and *Housing NSW Design requirements* adopt the principles of universal housing design.⁶⁶

The NSW State Plan set the framework for housing provision that meets a diverse range of needs. In *Towards 2030: planning for our changing population*, released in April 2008, it encourages:

- universal design principles as the basis for planning for seniors housing in the public and private sectors;
- a range of housing choices to meet the needs of a changing population profile;
- safe and accessible, well designed communities suitable for a diverse ageing population; and
- partnership models where social housing is provided in conjunction with support services for older people.

In the national sphere, housing industry groups have committed themselves to an aspirational target that all new dwellings will be built to disability-friendly 'liveable housing' design standards by 2020. Liveable Housing Design Guidelines have been developed to assist the residential building and property industry and governments. Liveable housing design means designing Australian homes to meet the changing needs of home occupants across their lifetime. It recommends the inclusion of key easy living features that aim to make homes easier and safer to use for all home occupants including; people with a disability, ageing Australians, people with temporary injuries, and families with young children. A liveable home is designed to be:

- easy to enter;
- easy to move around in;
- capable of easy and cost-effective adaptation; and
- designed to anticipate and be responsive to the changing needs of home occupants.

A solution

It is important to acknowledge the valuable contribution of the National Dialogue on Universal Housing Design in bringing together leaders of the residential building and housing industry, and the disability and ageing sectors, and their effective promotion and communication of the common sense of Liveable Housing Design.

However, a number of local councils in New South Wales are already ahead of that, by incorporating mandatory targets in development control plans.⁶⁷ Use of environmental planning mechanisms is a tool that can assist the process.

The *standard template* for local environmental plans should include provisions on accessible housing so that:

- at least 10% of all new multi-unit dwellings are adaptable; and
- all new multi-unit dwellings are visitable.

Dwellings not environmentally-sustainable

Problem

Most NSW dwellings are not suited to efficient energy and water use, and houses are one of the fastest emitters of greenhouse gases. This has a negative effect on society and the environment generally. And it exposes householders to rising costs, especially with energy.

New South Wales led the way with setting environmental standards for buildings, with the BASIX scheme in 2004, initially for new dwellings, and this approach now applies to all residential building work over \$50,000.⁶⁸

The state government also provides a number of Home Saver Rebates that provide rebates for hot-water systems, hot-water circulators, rainwater tanks, and dual-flush toilets, to individual households.⁶⁹

The Solar Bonus scheme, introduced 2009, encouraged householders to install small-scale photovoltaic systems by setting a feed-in tariff rate of 60¢ per kilowatt hour. This involved more than 50,000 participants, and has now been closed to new applicants. The government has announced it will introduce amended arrangements for new participants that will provide a rate at 20¢.⁷⁰

Another state initiative took the form of amendments to the *Local Government Act 1993*, in November 2010, that establish a mechanism for voluntary agreements for environmental upgrade works between local councils, owners corporations, and finance institutions. The aim is to enable loans at lower interest rates and for longer terms by making the loans secure: this security is effected by the council agreeing to charge a levy on the land for the purpose of repaying the advance to the financier. Most participants in the parliamentary debate focused on commercial buildings; however, the new provisions also apply to residential strata buildings with more than 20 residential lots.⁷¹

The most important recent Commonwealth initiative was the Home Insulation Program. This provided assistance of up to \$1,600 to owner-occupiers for dwellings with little or no ceiling insulation. This scheme had assisted over 800,000 Australian households by December 2009; the scheme was suspended in February 2010 and discontinued in April 2010, at which point it had reached 40% of its original target. Related to this scheme was the Low Emission Assistance Plan for Renters, which provided assistance of up to \$1,000 to private landlords who installed ceiling insulation. This scheme was discontinued on 1 September 2009 following the relatively small take-up by landlords (6% of expected number of applicants, compared with 93% of expected number of homeowners applying for the Home Insulation Program subsidy). Instead, private landlords became eligible for a \$1,600 subsidy.

The Commonwealth also provided a rebate of \$1,600 to households for replacement of electric hot-water systems with energy-efficient solar and heat pump hot water systems. The subsidy for heat pump hot-water systems was reduced to \$1,000 on 4 September 2009, and the maximum subsidy per household was reduced to \$1,200 on 2 November 2009. These subsidies had assisted over 90,000 households by December 2009.⁷²

Green Loans, a low-interest loans scheme to enable owner-occupiers to install solar, water and energy-efficient products in their dwellings, was established following the 2008–09 budget. The program also had a component comprising assessments of dwellings' sustainability for householders by accredited assessors. The loan component was disbanded from March 2010 because of a poor take-up. The money allocated was to be redeployed to finance extra assessments of dwellings'

sustainability (an extra 600,000 assessments beyond 360,000 already available under the program). In July 2010 the government announced that the Green Loans program would be replaced by a (new) Green Start program by the end of 2010. The Green Start program focused on assessment of dwellings' sustainability, for householders. But on 21 December 2010 the government announced it would not be introducing the mooted Green Start program.⁷³ The current (as it was then) Green Loans program would be extended to the end of February 2011.⁷⁴

This means that the Commonwealth government has pulled out of the field of providing assisted assessments of dwelling sustainability.

A key limitation with the Commonwealth schemes and some of the state schemes was and is that they do not address multi-unit buildings in multiple ownership, being specifically targeted to households.⁷⁵ So, while landlords and private renters were, or are, potential beneficiaries of those programs, the benefit is qualified by the building type and ownership arrangements.

Where energy, water or waste systems are in common areas or the responsibility of owners corporations, as they are in strata-titled buildings, improvements can be stymied. Those barriers take a number of forms, including the cost and the opposition to improvements by members of the owners corporation. Field work by Michelle Gabriel, Phillipa Watson, Rachel Ong, Gavin Wood and Maryann Wulff found that many investors in private rental housing who owned flats identified the owners corporation of the building as a key barrier to undertaking further energy and water efficiency: there was difficulty in raising awareness of sustainability issues and then getting agreement across individual owners, and there was difficulty in getting owners to pay for energy and water saving measures.⁷⁶ Some of the investor respondents in that study wanted owners corporations to initiate change within the building rather than being obstructionist, and they wanted information tailored to the needs of multi-unit developments rather than the typical free-standing cottage.⁷⁷ Many investor respondents in that study wanted continued access to comprehensive environmental assessments; some saw such assessments 'as the starting point for making changes to their property'.⁷⁸

Two local government councils in New South Wales actually have programs to assist owners corporations to assess and prepare action plans on environmental issues with common areas. These are both *demonstrative* programs, i.e. they are targeted, focused, and time-limited, and do not aim to be general, recurrent-funding programs.

Willoughby City Council in Sydney's middle-ring suburbs has a 'Climate Clever Apartments' program, which began in 2010.⁷⁹ In phase one, 25 owners corporations (managing 25 buildings with a total of 1,999 residential units) got advice on cost-effective measures on energy and water, in the form of an assessment and a tailored action plan for their building. In phase two, the council gave grants to 3 owners corporations with a building of at least 10 units, for retrofitting energy consumption of common areas and shared hot-water services. The grants were on a dollar-for-dollar basis for 3 different-sized buildings, with grants capped to \$10,000, \$15,000 and \$25,000 depending on the number of units in the building. It also gave a grant of \$10,000 on a dollar-for-dollar matching basis for the installation of a solar

photovoltaic system on one apartment building. Applicants for this were eligible to apply for the previous grant. The 3 projects are due for completion early this year.⁸⁰ The program is funded by a special levy for environmental initiatives that the council has had since 2000.

North Sydney Council in inner Sydney has a 'My Green Apartment Program' program.⁸¹ This gave assistance to an owners corporation of one residential-flat building, which had to have 12 or less units, in the form of free energy, water and waste audits for common areas and also for each apartment in the building; free installation of in-home displays to measure energy use in each apartment; and a \$10,000 grant on a dollar-for-dollar basis for identified energy, water and waste reduction technologies for the common areas. As with the Willoughby program, this is a demonstration program.

A solution

Those two council initiatives are excellent innovative programs. But there is no reason that such programs should be expected to be provided by councils on an ongoing basis, given the fiscal constraints on local governments. The participation of local governments in programs that assist owners corporations to improve the environmental performance of their buildings is, however, desirable, not least to ensure that a council does not provide regulatory or bureaucratic obstacles to such works.⁸²

Now that the Commonwealth government has pulled out of the field of providing free assessments of buildings for sustainability, the state government can do the same sort of thing, but with a difference. We would like to see a new, state, scheme providing free sustainability assessments of residential buildings that focuses on

- owners corporations;
- older (e.g. pre-1970) residential-flat buildings, which are more likely to have structural conditions, e.g. old plumbing, inhibiting efficiencies⁸³;
- common areas and property in those buildings; and
- residential flat buildings with less than 20 residential lots.⁸⁴

Building standards are inadequate for greater density

Problem

A growing population and the pressures on limited land, especially around the state capital, have rightly led to renewed emphasis on encouraging more housing within established suburbs. There is a similar dynamic in major cities and coastal towns in the country. There are two aspects of 'densification' associated with these processes. One is an attempt to make a smaller 'footprint' on the existing natural and human-affected environments (e.g. farmland), that is, to contain urban sprawl. The purpose of this is to minimize the negative impacts of housing development on existing land uses and also to maximize the chance that dwellings are located near to economic and social infrastructure that will underpin the quality of life of the residents of those houses (i.e. public transport, employment centers, educational institutions, health facilities, shops, etc.). The second aspect is about the design of particular

buildings so that they also make a small footprint on the parcel of land they belong to, i.e. design should maximize the number of dwellings that can efficiently and effectively be put on the site (without overdevelopment).

While much focus of public policy has been about squeezing people and dwellings *in*, especially into the constrained Sydney basin⁸⁵, it is also important to anticipate the challenges that will come from increased densities. These challenges are not new: already, one-quarter of the population of greater Sydney live in higher-density dwellings.⁸⁶ So, there is adequate experience from New South Wales (as well as interstate and overseas) to inform us. Existing experience tells us that there are a number of design and building strategies, both for the building as a whole in its neighborhood context, and for the building as a collective of individual households' homes, that will minimize the negatives and maximize the positives of apartment living.⁸⁷

The importance of good design for higher density dwellings as a public policy issue was recognized with the introduction of *State Environmental Planning Policy no.65 – Design Quality of Residential Flat Development* in 2002. The major rationale for the introduction of this Policy was aesthetic, but the Policy identifies a range of 10 performance criteria — called design quality principles — that apartment buildings should meet. Principle 7 says: 'Optimizing amenity requires appropriate room dimensions and shapes, access to sunlight, natural ventilation, visual and acoustic privacy, storage, indoor and outdoor space, efficient layouts and service areas, outlook and ease of access for all age groups and degrees of mobility.' In this way the Policy addresses key design and building matters that affect the wellbeing of residents.⁸⁸

Poor design and construction quality of higher-density dwellings are a major source of resident dissatisfaction and conflict. Many of the triggers are matters that might also arise in lower-density dwellings. But in the case of higher-density dwellings there is a difference in scale and intensity, and also there are some matters that are specific to higher-density dwellings with communal property and responsibilities. In a report Shelter NSW commissioned from the City Futures Research Centre of the University of NSW, Hazel Easthope and Sarah Judd identified a number of mechanisms to improve design of higher-density dwellings with a view to promoting greater wellbeing.⁸⁹ Here, we focus on one aspect that can *directly* impact on a resident's amenity, and *indirectly* through inter-neighbor disputes — and that is noise penetration.

While the extent to which noise is a problem in a higher-density development could be affected by the social mix and different lifestyles of residents⁹⁰, the design and construction of the building and individual apartments can (and should) be done in a way that reduces those risks. In particular, the standards contained in building codes and in the *State Environmental Planning Policy no.65 – Design Quality of Residential Flat Development* need to be reassessed for new times. An aspect of our new times that is relevant is the changing nature of internal design and fittings in flats, with a modern preference for timber flooring, larger windows, and less soft furnishings.⁹¹

A solution

The greater density of dwellings requires that they be designed and built to avoid problems from acoustic nuisance, visual lack of privacy, etc., and maximize the quality of life for residents and their neighbors. We note that 'acoustic privacy' is a matter to be addressed under principle 7 of the *State Environmental Planning Policy no.65*. The Policy is backed up by the *Residential Flat Design Code*, which indicates matters for designers and builders to address in order to meet the desired outcomes. However, the policy needs to be reviewed to ensure it aligns with the need for residents' quiet enjoyment, especially greater acoustic amenity, with the current focus on more flats. We don't suggest a rewrite of the Policy, but we suggest the *Residential Flat Design Code* be enhanced. The Code does contain guidelines on acoustic privacy⁹², but we recommend this section be elaborated by incorporating the standards on acoustic amenity contained in the draft *City of Sydney Development Control Plan 2010*.⁹³ These standards reflect the experience of the densest local government area in the state and thus would offer good protections not only to residents of the City of Sydney but to residents in other parts of the state featuring the construction of new flat buildings.

Summary table: 9 problems and 9 solutions

Declining access to homeownership	A shared equity scheme to help mortgagors struggling with mortgage repayments manage their risks
Declining supply of low-rent private rental housing	Extension of the land tax exemption for low-rent housing to the inner-ring suburbs of Sydney, Newcastle and Wollongong
The risk of homelessness	A private rental subsidy scheme for private renters who are at risk of homelessness because of unexpected financial difficulty
Private renters squeezed by high rents	An expansion of affordable housing with rents charged on a nonmarket basis, through the National Rental Affordability Scheme and social housing
Aboriginal people disadvantaged in housing	Sufficient resourcing of Aboriginal community housing organizations to allow them to be real partners in change
A stigmatized public housing system	Implementation of estate regeneration initiatives based on residents' needs and voices drawing on the Newleaf Bonnyrigg model
Housing stock is not built for residents' disability and ageing	Inclusion of provisions on accessible housing in the standard template for local environmental plans so that at least 10% of all new multi-unit dwellings are adaptable; and all new multi-unit dwellings are visitable
Housing stock is not environmentally sustainable	A program of grants for owners corporations of older residential flat buildings to enable building sustainability assessments
Building standards are inadequate for greater density	Enhancement of the Residential Flat Design Code to give greater acoustic amenity to residents

Glossary

Adaptability. A characteristic of a dwelling where it is designed to be easily modified to be accessible to both residents and visitors who have a disability or who have progressive frailties.

Affordable housing. Dwellings provided to consumers on the basis that the consumer's recurrent costs in living in the dwelling, whether mortgage repayments or rent, are low enough for them to avoid housing stress. The term is tenure-neutral.

Affordable rental housing. A form of *affordable housing* where the dwelling is let on the basis of the tenant's recurrent costs in living in the dwelling, the rent, are low enough for them to be able to avoid housing stress. Housing affordability is effected by the rent-setting model. The rent-setting model can be a market model or a nonmarket model. A market-based rent-setting model is where the rent is set low for commercial reasons, such the quality of the dwelling. A nonmarket rent-setting model is where the rent is set below market rent, either on an *income-based rent* formula or a *submarket rent* formula. Affordable rental housing can be provided by private, for-profit providers or by nonprofit providers (governments and community housing organizations).

Community housing. A form of *affordable rental housing* where the provider is a nonprofit nongovernment organization. The affordable rental housing provided can be *social housing* or *intermediate housing*; there is no in-principle reason that community housing providers could not also provide *market housing*.

Crisis housing. A form of *social housing* provided for temporary purposes with a tenure period of a few months maximum.

Group home. A form of *social housing* for people with a disability in the form of *supported accommodation* where the dwelling is occupied as a single household. The support often includes the 24-hour onsite presence of a support worker.

Housing service. The consumer good aspect of a dwelling, in contrast to its investment good aspect (i.e. the dwelling as housing stock).

Housing assistance. A program, scheme, project or activity to get better housing outcomes for people who are disadvantaged in housing markets (including people who have no or limited access to formal housing markets, e.g. through homelessness) by virtue of poverty/low income or other social characteristic (e.g. Aboriginality). The program might be implemented through regulation, fiscal policy, or monetary policy, or by stimulation of market mechanisms/responses. It typically takes the form of Budget-subsidized services, e.g. homepurchase grants, payment of rental bonds, *social housing*.

Housing affordability. The ability of a household to meet their recurrent housing costs, whether mortgage repayments or rent, without stress. Housing affordability is effected by the initial sale price and mortgage payments in the case of homepurchasers or by the rent-setting model in the case of renters.

Housing-first. A model of providing housing to homeless people where long-term rehousing is provided, rather than crisis housing, and provision of this housing is then followed by provision of case management and other welfare assistance to minimize the chance of the consumer becoming homeless again. It is a form of the *housing-plus* model of *housing assistance*.

Housing-plus. A model of providing long-term *affordable rental housing* by nonprofit providers where they also provide support services.

Housing unaffordability. The inability of a household to meet their recurrent costs in living in the dwelling, whether mortgage repayments or rent, without significant negative impact on their ability to meet other basic costs of living. It is typically measured as a proportion of the household's gross income that is spent on housing costs; in the case of very low, low, and moderate-income households, 30% indicates 'housing stress' and 50% indicates 'housing crisis'.

Income-based rent. A formula for setting rents in *affordable rental housing* provided by nonprofit providers (governments and community housing organizations) where the maximum rent is capped at 30% of gross household income or the market rent, whichever is the lower.

Indigenous community housing. *Community housing* where the owner of the dwellings is an Indigenous organization, e.g. a local Aboriginal land council, Aboriginal housing company.

Intermediate housing. *Affordable housing* that is targeted to moderate income households, e.g. rental housing let at submarket rents, shared equity schemes, rent-to-buy schemes, owner-occupied housing sold at sub-market rates.

Investment good. A good, typically an asset, whose exchange value is considered more important than its use value; it is used for production, with the intention of creating future income or wealth.

Keyworker housing. A form of *intermediate housing* targeted to workers in designated 'key' occupations (i.e. key workers). Following from practice in England these occupations typically are those in the general government sector delivering frontline services to the public, e.g. school teachers, nurses. The concept's inevitable privileging of some workers over others, who might be in the private sector and have lower paid jobs, e.g. cleaners, has led to the use of 'essential' worker as an alternative. Both terms imply that some workers have jobs that are not key or less essential than others, based on an element of subjectivity.

Low-income household. A *lower-income household* whose income is in the lowest quintile (quintile 5) of households' disposable incomes, i.e. 1-20% of all households' disposable incomes. In 2008 the disposable income for a single-person household in this category was less than \$15,548 pa. An alternative definition, used in environmental planning and state government programs on *affordable housing*, is that of a household whose income is 50% or more but less than 120% of gross median household income. In 2010 the income for a single-person household in Sydney in this category was between \$20,300 and \$32,400 pa. This alternative

usage uses another category, *very-low income*, for households with incomes lower than *low-income*.

Low-moderate income household. A *lower-income household* whose income is in the second lowest quintile (quintile 4) of households' disposable incomes, i.e. 21-40% of all households' disposable incomes. In 2008 the disposable income for a single-person household in this category was between \$15,548 and \$26,208 pa.

Lower-income household. A household whose income is in the lowest two quintiles (quintile 5 and 4) of households' disposable incomes, i.e. 1-40% of all households' disposable incomes. In 2008 the disposable income for a single-person household in this category was less than \$26,208 pa. The COAG Reform Council has suggested that a household whose income is in the lowest two quintiles (quintile 5 and 4) of households' equivalized disposable incomes be defined as a *low-income* household.

Market housing. Dwellings and housing services provided for sale or rental at a price determined by the open market.

Moderate-income household. A household whose income is 80% or more but less than 120% of gross median household income. An alternative definition is that of a household whose income is in the middle quintile (quintile 3) of disposable incomes, i.e. 41-60% of all households' disposable incomes; also referred to as 'middle income' by the Australian Bureau of Statistics. In 2008 the disposable income for a single-person household in this category was between \$26,208 and \$35,984 pa. The two definitions produce roughly similar, but not identical, results.

Nonmarket rent. A rent set below the normal market rent for noncommercial reasons. Typically used by nonprofit housing providers (governments and community housing organizations), the rent-setting formula can be an *income-based rent* or a *submarket rent* formula.

Shared ownership. An arrangement where two (or more) parties purchase and own a dwelling, with one party having occupation rights, and where the non-occupant co-owner has direct involvement in the terms of sale of the dwelling. It is a form of *shared equity*.

Shared equity. An arrangement where two (or more) parties finance the purchase of a dwelling.

Social housing. *Affordable rental housing* provided by nonprofit providers (governments and community housing organizations) that is targeted to very low and low income households and is provided on a 'long-term' basis (i.e. not for crisis or temporary purposes with a tenure period of a few months maximum).

Submarket rent. A rent set below the normal market rent. This might be for commercial or noncommercial reasons. Typically used by nonprofit providers (governments and community housing organizations) of *affordable rental housing*, the rent-setting formula sets the rent as a proportion of the market rent, e.g. less than 80% or less than 75%.

Supported accommodation. *Affordable rental housing* where provision of housing is linked with provision of services. In some cases the support services (or some of them) might be co-located with the dwelling (e.g. *group homes*, Abbeyfield housing, *supportive accommodation*).

Supportive accommodation. A form of long-term *social housing* in a residential-flat building or boarding house in the form of *supported accommodation*, where support services are co-located within the building. It is a form of the *housing-plus* and the *housing-first* models of *housing assistance*.

Transitional housing. *Affordable rental housing* provided on a short to medium-term basis, typically to homeless people or people 'at risk' of homelessness. It can take the form of a *group home* or *social housing*. Support services are usually provided and so transitional housing is a form of *supported accommodation*.

Universal housing design. A characteristic of a dwelling where it is designed in a practical and flexible manner so as to meet the changing needs of residents of different ages and abilities and thus to allow them to continue living in the dwelling without the need for major adaptation.

Very-low-income household. A household whose income is less than 50% of gross median household income. In 2010 the income for a single-person household in Sydney in this category was less than \$20,300 pa. This concept is used in environmental planning contexts and state government programs on *affordable housing*, and has no direct equivalent in ABS data. In the contexts in which it is used, this category is not a subset of *low-income households*.

Visitability. A characteristic of a dwelling where it is designed to have at least one wheelchair-accessible entry and to have accessible paths of travel inside the dwelling to the living area and to a suitable toilet.

Notes

¹ Cited in 'House prices likely to stay high', *The Age*, 4 August 2003; from an ABC radio interview.

² Tom Wilson and Angélique Parr, 'New South Wales state and regional population projections, 2006-2036: 2008 release', Department of Planning, Sydney, 2008, p.3.

³ Wilson and Parr, p.10.

⁴ Alan Jenner, Tom Wilson and Shane Nugent, 'New South Wales household and dwelling projections, 2006-2036: 2008 release', Department of Planning, Sydney, 2008, p.3.

⁵ Wilson and Parr, p.3.

⁶ Wilson and Parr, p.10.

⁷ Jenner, Wilson and Nugent, p.3. 'Structural' dwellings do not include tents, caravans, houseboats, and improvised dwellings.

⁸ *Affordability Report*, HIA Economics Group, September quarter 2010, pp.1-2

⁹ The analysis uses annual average earnings for those occupations in New South Wales, from the ABS, and the median house price for the particular local government area, from Residex.

¹⁰ BankWest, *2nd annual key worker housing affordability report*, 2009, p.31.

¹¹ Some other analysts used a ratio of 3 as 'the safety level' beyond which unaffordability increases (Joe Flood and Emma Baker, 'Housing implications of economic, social, and spatial change', Final Report no.150, AHURI, Melbourne, 2010, p.5). Flood and Baker use media disposable income as the dependent variable, not average income as used in the BankWest study.

¹² Flood and Baker, p.3. In this report, 'low income' corresponds to the lowest quintile, 'low-middle' income to the second lowest quintile, 'middle' income to the middle quintile, 'mid-high' income to the second highest quintile, and 'high' income to the highest quintile of Australian households' gross incomes.

¹³ Robert Tanton, Binod Nepal and Ann Harding, *Wherever I lay my debt, that's my home: trends in housing affordability and housing stress, 1995-96 to 2005-06*, AMP.NATSEM Income and Wealth Report no.19, National Centre for Economic and Social Modelling, University of Canberra, Canberra, 2008, p.8. In this report, a household is defined to be in housing stress if its housing costs take up more than 30 percent of its disposable income. The report does not refine this measure by restricting the calculation to the lowest two quintiles of the income distribution adjusted by household size (as some other studies do).

¹⁴ Flood and Baker, p.5.

¹⁵ Data from the University of Canberra National Centre for Social and Economic Modelling, quoted in Jessica Irvine and Phillip Coorey, 'Tense, nervous, mortgaged', *Sydney Morning Herald*, 13 November 2010.

¹⁶ *Affordability Report*, September quarter 2010, pp.1-2. The difference in affordability between the city and regional areas is attributable to the gap between median dwelling price growth and income growth being larger in regional New South Wales.

¹⁷ Flood and Baker, p.107.

¹⁸ This approach has been advocated by Christine Whitehead, 'Shared ownership and shared equity: reducing the risks of home-ownership?', Joseph Rowntree Foundation, York YKS, 2010.

¹⁹ Laura Vitis, Vicki-Ann Ware and Hellene Gronda, 'Intermediate housing markets and effective policy responses', Shelter Brief no.43, Sydney, 2010, pp.26-28; Simon Pinnegar, Hazel Easthope, Bill Randolph, Peter Williams and Judith Yates, 'Innovative financing for homeownership: the potential for shared equity initiatives in Australia', AHURI, Melbourne, 2009, pp.49-55; Jon Eastgate, 'Sustainable homeownership for low-income households: context and policy options', Shelter Brief no.40, Sydney, 2009, pp.23-24; Robert Mowbray and Nicholas Warren, 'Shared-equity home-ownership: welfare and consumer protection issues', Shelter Brief no.33, Sydney, 2007, pp.16-18.

²⁰ Quantitative data on the loss of boarding houses in New South Wales is hard to come by. The baseline study remains Amber Davidson, Peter Phibbs and Gary Cox, 'Inner Sydney boarding house report', University of Sydney, 1998, the data in which was partially updated by Emma Greenhalgh, John Minnery, Anne Miller, Nicole Gurran and Keith Jacobs, 'Boarding houses and government supply side intervention', AHURI, Melbourne, 2003, p.6,9. Loss of long-term rental in caravan parks has been identified in Andy Marks, Residents at risk: stories of 'last resort' caravan park residency in NSW, St Vincent de Paul Society NSW, 2008, pp.25-30. The Land and Property Management Authority is taking over caravan parks and reducing the number of long-term rental sites to allow for

more upmarket tourist lettings (Saffron Howden, 'Locals fight demise of humble caravan parks', *Sydney Morning Herald*, travel section, 23 October 2010).

²¹ Maryann Wulff, A Dharmalingam, Margaret Reynolds and Judith Yates, 'Australia's private rental market: changes(2001-2006) in the supply of, and demand for, low rent dwellings', AHURI, Melbourne, 2009, p.34.

²² Information on this is available on the website of the Office of State Revenue:

<<http://www.osr.nsw.gov.au/taxes/land/exemptions/other/#Lowcostaccommodation>>.

²³ Chris Chamberlain and David MacKenzie, *Counting the homeless 2006: Australia*, Australian Bureau of Statistics, 2008, cat. no. 2050.0, Table 8.4, number of homeless people by state and territory, p.46. This figure is from 2006 census data.

²⁴ Chamberlain and MacKenzie, p.31. In New South Wales, men outnumber women in the homelessness categories of living in boarding houses, staying with friends or relatives, and living in improvised dwellings, but not regarding the category of staying in Supported Accommodation Assistance program (SAAP) accommodation (where 52% of residents are women and 48% are men) (Chamberlain and MacKenzie, p.32).

²⁵ Chamberlain and MacKenzie, p.30. A recent increase in the number of older women entering homelessness services was reported in Ludo McFerran, *It could be you: female, single, older and homeless*, Homelessness NSW, Older Womens Network NSW and St Vincent de Paul Society, 2010, p.7.

²⁶ In 2006, 20.3% of SAAP clients in New South Wales were identified as Aboriginal and Torres Strait Islander peoples (Chris Chamberlain and David MacKenzie, *Counting the homeless 2006: New South Wales*, Australian Bureau of Statistics, 2009, p.32).

²⁷ Chamberlain and MacKenzie, *Counting the homeless 2006: New South Wales*, p.28.

²⁸ Department of Families, Housing, Community Services and Indigenous Affairs, *The road home*, 2008, p.4. Chamberlain and MacKenzie note that it is unlikely that census collectors in 2006 identified all the rough sleepers (*Counting the homeless 2006: Australia*, p.11).

²⁹ Australian Institute of Health and Welfare, 'Government-funded specialist homelessness services', Australia, SAAP National Data Collection annual report 2008–09, Table 5.4, p.35.

³⁰ Australian Institute of Health and Welfare, 'Government-funded specialist homelessness services: SAAP National Data Collection annual report 2008–09, New South Wales supplementary tables', 2010, Table 8.6, p.38. The data covers closed support periods.

³¹ McFerran, pp.11–13, 26–27.

³² Helen Kimberley and Bonnie Simons, 'The Brotherhood's social barometer: living the second fifty years', Brotherhood of St Laurence, 2009, p.47.

³³ Housing NSW, *Annual report 2007–08*, p.19.

³⁴ Temporary Accommodation was provided in 27,584 instances in 2007–08 and 44,415 instances in 2009–10 (Department of Human Services – Housing NSW, *Annual report 2009–10*, p.168).

³⁵ Private Rental Subsidy, Housing Pathways, viewed 16 December 2010:

<<http://www.housingpathways.nsw.gov.au/NR/rdonlyres/2F294EA9-30E1-4D12-A205-375808AA4BA3/0/PrivateRentalSubsidy.pdf>>.

<<http://www.housingpathways.nsw.gov.au/Ways+we+can+help/Private+Rental+Assistance/Private+Rental+Assistance+Policy.htm>>. The Private Rental Subsidy was previously known as the Special Assistance Subsidy. See also Start Safely Subsidy, Housing Pathways, viewed 16 December 2010: <<http://www.housingpathways.nsw.gov.au/NR/rdonlyres/66D06669-012D-4A83-B71A-D1C610FAAC30/0/StartSafely.pdf>>.

³⁶ Mortgage Assistance Scheme, Housing NSW, viewed 16 December 2010:

<<http://www.housing.nsw.gov.au/NR/rdonlyres/72CB7A41-6EA3-4892-A512-2B2522957AD3/0/MortgageAssistanceSchemeBrochure.pdf>>.

³⁷ The graph indicates market rents in the private housing market, Sydney, in dollars per week, for the June quarter. The source of the data is various annual Reports on government service provision published by the Productivity Commission; their source is the Real Estate Institute of Australia's *Market Facts*.

³⁸ COAG Reform Council, *National Affordable Housing Agreement: baseline performance report for 2008-09, vol. 2, Performance data*, COAG Reform Council, Sydney, 2010, p.14. This report defines low-income households as those in the bottom 40% of equivalized disposable household income, excluding Commonwealth rent assistance.

³⁹ Gary N Marks and Stephen T Sedgwick, 'Is there a housing crisis? The incidence and persistence of housing stress 2001-2006', *Australian Economic Review*, vol.41, no.2, June 2008, p.220.

⁴⁰ Terry Burke, Caroline Neske and Liss Ralston, 'Entering rental housing', AHURI, Melbourne, 2004, pp.9-12.

⁴¹ Craig Johnston, *Supply of social housing*, Shelter Brief 41, Shelter NSW, Sydney, November 2009.

⁴² Nick Lenaghan and Sophie Morris, 'Low-rent scheme raided for regions', *Australian Financial Review*, 20 July 2010, p.13..

⁴³ For the first two rounds of the Scheme the NSW government said it would match up to 3,000 of the 11,000 incentives available in those rounds. This target of 27% of the total going was short of the share of the Australian population that New South Wales has (32%). As it happened NSW applicants won 23% of the incentives from the first two rounds. In the third round of the Scheme, the NSW government said it would contribute 910 basic incentives (being 7% of the 14,000 incentives available nationally under the original schedule).

⁴⁴ State matching contributions in 2008-09 were paid for from a grant from the Rental Bond Board and from interest from the Housing Reserve Fund. The Rental Bond Board money (\$17.3 million) comprised money left in an Affordable Housing Innovation Fund, and this went to 287 dwellings developed by community housing providers through 'NRAS A' subsidies. ('NRAS A' incentives consisted of a state grant to registered community housing providers valued up to 40% of a project's development costs.) The 2009-10 State Budget did not provide for any Budget (Consolidated Fund) financing of the state incentives. Housing NSW, in its budget commentary, identified 89 dwellings as getting 'NRAS A' incentives: these projects were approved in 2008-09. The (normal) NRAS incentives in 2009-10 were financed from the Housing Reserve Fund's cash reserves. The 2010-11 State Budget indicated a sum of \$72.5 million over 10 years for state NRAS contributions; this \$72.5 million includes a grant to Housing NSW of \$25 million from the Rental Bond Board. While the state government contribution to NRAS dwellings from the first two rounds of the Scheme was about 51% of the combined Commonwealth and state governments' contributions, the reason for this was a one-off input of money from the Affordable Housing Innovation Fund in the first round.

⁴⁵ Figures are estimates for each year from the relevant year's supplementary budget information prepared by the Department of Housing/Housing NSW and the Aboriginal Housing Office.

⁴⁶ Housing Ministers Conference, 'Implementing the national housing reforms: a progress report to the Council of Australian Governments from Commonwealth, State and Territory housing ministers', Victorian Government Department of Human Services, 2009, p.16.

⁴⁷ NSW Government, *A way home: reducing homelessness in NSW – NSW homelessness action plan 2009-2014*, 2009; and various regional homelessness plans released by the Department of Human Services.

⁴⁸ Housing NSW, *Commitment to improving service delivery to Aboriginal people*, Department of Human Services, NSW, 2010; NSW Federation of Housing Associations, 'Community housing: finding the right home for Aboriginal people', 2010.

⁴⁹ Department of Human Services, *Annual Report 2009/10*, p.44.

⁵⁰ Australian Institute of Health and Welfare, *Indigenous community housing 2008-09*, 2010.

⁵¹ Steering Committee for the Review of Government Service Provision, *Overcoming Indigenous disadvantage: key indicators 2009*, Productivity Commission, 2009, Table 9A.1.3.

⁵² Australian Institute of Health and Welfare, *Indigenous housing needs 2009: a multi-measure needs model*, 2009, p.31; the proportion was 21% in 2006.

⁵³ Australian Institute of Health and Welfare, *Indigenous housing needs 2009: a multi-measure needs model*, p.41. The concept of 'extreme need' in this context comprises the number of dwellings to accommodate Aboriginal people in primary and secondary homelessness, Aboriginal households that require one or more extra bedrooms, low-income Aboriginal households paying more than 50% of household income in rent, and all Aboriginal community housing dwellings requiring replacement (p.40).

⁵⁴ Vivienne Milligan, Rhonda Phillips, Hazel Easthope and Paul Memmott, *Service directions and issues in social housing for Indigenous households in urban and regional areas*, AHURI, 2010, p.44; the acronym 'IHO' stands for Indigenous housing organization.

⁵⁵ Australian Institute of Health and Welfare, 'Public rental housing 2009-10', Canberra, 2011, p.6. The number on the waiting list has been dropping since 2001, when there were 101,561 applicants, down to 47,413 in 2009. The 2010 number is a 27% increase on 2009.

⁵⁶ Australian Institute of Health and Welfare, 'Public rental housing 2009-10', p.13. Of the NSW respondents in a national survey of public housing tenants conducted in August-September 2010, 84% said the location of their dwelling was important and met their needs in relation to community

and support services, and 86% said the location of their dwelling was important and met their needs in relation to family and friends. General customer satisfaction was a not-very-high 64%, the lowest of any state (p.16).

⁵⁷ Australian Institute of Health and Welfare, 'Public rental housing 2009–10', p.13. Of the NSW respondents in a national survey of public housing tenants conducted in August-September 2010, 72% said the location of their dwelling was important and met their needs in relation to safety and security of the neighborhood, i.e. over a quarter did not feel they lived in a safe and secure neighborhood.

⁵⁸ See Hazel Blunden, *Public housing and nonhousing outcomes*, Shelter Brief 25, Shelter NSW, 2005, pp.9-13.

⁵⁹ The origin of this redevelopment was in a property study by Ernst and Young in 2004 that identified Housing NSW sites where that agency could maximize use of its land and bring in revenue from sale of lots for homepurchase, necessarily (to attract investors and homepurchasers) involving a reduction in the proportion of social housing. The Bonnyrigg public housing estate was a cohesive community, but unfortunately too well sited next to a vibrant sub-regional shopping centre where the development controls allowed for higher densities. Notwithstanding the redevelopment's inauspicious beginning, Housing NSW and its partners have sought to make the redevelopment a 'showcase' for community engagement, community renewal and social mix. The cost-effectiveness of the Bonnyrigg redevelopment was established on a 'whole of development' value-for-money basis when the redevelopment was approved by the Government as a public-private partnership (NSW Department of Housing, 'Bonnyrigg "Living communities" public private partnership project: summary of contracts', ed. Catalyst Communications, Chatswood, c.2007, p.2).

⁶⁰ Cultural Perspectives Pty Ltd, 'Review of community renewal and engagement in Bonnyrigg: audit', Leichhardt, 2007, p.18. This report describes the engagement processes at pages 10-14. The engagement processes are also described and self-evaluated in Bernie Coates, Dare Kavanagh, Bruce Judd and Lesley Unsworth, 'Telling the story: community engagement in Bonnyrigg', Housing NSW Bonnyrigg Living Communities Project, 2008, pp.8-18,21-25. The consultation processes used in the early stages of the redevelopment are described in a number of reports published by the Department of Housing and Fairfield City Council, including John Murray with Yollana Shore and Wendy Sarkissian, *Bonnyrigg Living Communities Project: report on phase I community consultation*, July 2005. The social impact aspects of the redevelopment are primarily being considered through a research project, 'Understanding people based outcomes: following a community experiencing transition through renewal', contracted to the University of NSW by the Newleaf Communities and Housing NSW (see <http://www.fbe.unsw.edu.au/cf/research/cityfuturesprojects/bonnyrigg2/>).

⁶¹ Cultural Perspectives, p.14.

⁶² See Coates, Kavanagh, Judd and Unsworth, pp.19-21.

⁶³ Wilson and Parr, p.xi.

⁶⁴ Local environmental plans must allow appropriately located and sufficient housing for seniors and people with a disability. New housing and public facilities should be more accessible, aiming for: (a) at least 20 percent of all new multi-unit residential development to be adaptable for use by people with a disability (b) all new multi-unit housing to have wheelchair accessible entry with accessible paths of travel to the living area and suitable bathroom fittings, and (c) an aspirational target that all new homes should be built to disability-friendly Liveable Housing Design standards by 2020. (New South Wales Government, *Metropolitan plan for Sydney 2036*, December 2010, p.118)

⁶⁵ Chris Elenor (*Provisions for adaptable housing by local government in New South Wales*, Shelter NSW, 2006) refers to comments from interviews with strategic planners in a small number of local government areas that indicated: (a) There appeared to be a lack of knowledge amongst architects and potential developers about the specific requirements for adaptable housing development imposed by some local councils. (b) The increased costs of adaptable housing development were considered a minor part of the total development cost if the requirements were designed in. Offsets to required floor space ratios can assist in minimising the costs. (c) Compliance by developers with the specified adaptable requirements appeared to be variable, with local councils unable to check compliance where private certifiers were used to certify developments. (d) A major compliance issue was the nature of residents in 'SEPP Seniors Living' housing. (e) Requirements for a minimum proportion of specific residential developments to meet adaptable housing standards were increasing the supply of adaptable housing unevenly and extremely slowly. (f) Some councils appear to be relying on the provisions of the SEPP Seniors Living 2004 as the mechanism to increase supply of adaptable

housing in their area.

⁶⁶ ‘Houses designed to be practical and flexible to meet the changing needs of residents of different ages and abilities will allow them to continue living in their own homes and communities, without the need for relocation or major adaptation. This approach avoids barriers that may hinder people visiting the house and has benefits for the use of prams and shopping trolleys, moving furniture and for temporary disabilities. The term “universal” has been adopted by Housing NSW to describe this type of flexible accommodation. ‘Universal’ is preferred to ‘adaptable’ or ‘disabled’, because the emphasis is on designing for the needs that tenants may experience from time to time throughout their life, not just those of disabled tenants or visitors.’ (Human Services – Housing NSW, *Design requirements*, Version 6.2010, December 2010, p.38.)

⁶⁷ See Elenor, pp.8-15.

⁶⁸ ‘BASIX’ factsheet, 2006, online at

<http://www.basix.nsw.gov.au/information/common/pdf/basix_fact_sheet.pdf>.

⁶⁹ Department of Environment, Climate Change and Water, ‘NSW Home Saver Rebates’, 2011, <<http://www.environment.nsw.gov.au/rebates/>>; Department of Environment, Climate Change and Water, ‘NSW Climate Change Fund: NSW Home Saver Rebates for apartments, flats and townhouses’, Sydney, 2010.

⁷⁰ Premier of New South Wales, ‘NSW government revamps solar bonus scheme’, media release, 27 October 2010; NSW Government Industry and Investment, ‘Solar Bonus Scheme for NSW’, 2011, <<http://www.industry.nsw.gov.au/energy/sustainable/renewable/solar/solar-scheme>>.

⁷¹ Green Strata Network, ‘Local Government Amendment (Environmental Upgrade Agreements) Act 2010 (NSW)’, 2010, <<http://www.greenstrata.com.au/local-government-amendment-environmental-upgrade-agreements-act-2010-nsw>>.

⁷² Michelle Gabriel, Phillipa Watson, Rachel Ong, Gavin Wood and Maryann Wulff, *The environmental sustainability of Australia’s private rental housing stock*, AHURI, 2010, pp.36–37. The Government announced a cap on this program with a view to saving \$160 million over years, on 27 January 2011 (Prime Minister, ‘Rebuilding after the floods’, media statement, 27 January 2011).

⁷³ Greg Combet MP, Minister for Climate Change and Energy Efficiency, ‘Cancellation of Green Start program’, media release, 21 December 2010.

⁷⁴ The Commonwealth announcement followed an assessment that the Green Start program could not be implemented ‘with satisfactory mitigation of risk’. These risks were administrative and the major matter related to the poor quality of data collected by the proposed Green Start program’s predecessor program, the Green Loans program. In tandem with the announcement the Government announced some initiatives to help the workforce in the home sustainability assessment sector transition to the new situation (of loss of work).

⁷⁵ The *Local Government Amendment (Environmental Upgrade Agreements) Act 2010* is an exception to this.

⁷⁶ Gabriel, Watson, Ong, Wood and Wulff, p.65.

⁷⁷ Gabriel, Watson, Ong, Wood and Wulff, p.78.

⁷⁸ Gabriel, Watson, Ong, Wood and Wulff, p.77. Private landlords were eligible for assistance for individual dwellings rented to tenants under the Low Emission Assistance Plan for Renters.

⁷⁹ Willoughby City Council, ‘Climate Clever Apartments’, <<http://www.willoughby.nsw.gov.au/ClimateClever-Apartments.html>>; Willoughby City Council, ‘Climate Clever Apartments Program – phase 1: participant satisfaction and program evaluation report’, September 2010.

⁸⁰ Willoughby City Council, ‘Climate Clever Apartments news’, November 2010, <<http://www.willoughby.nsw.gov.au/Content.aspx?PageID=1318&ItemID=5>>.

⁸¹ North Sydney Council, ‘My Green Apartment Program’, <<http://www.northsydney.nsw.gov.au/www/html/6701-my-green-apartment.asp>>.

⁸² Such ‘government failure’ has clearly not been the case in Willoughby and North Sydney, where the councils have initiated the program.

⁸³ We suggest 1970 because the University of NSW has identified many of the properties built under strata title in the ten years following the introduction of the then *Conveyancing (Strata Titles) Act 1961* as requiring increasing attention in terms of maintenance and repairs (Hazel Easthope, Bill Randolph and Sarah Judd, *Managing major repairs in residential strata developments in New South Wales*, City Futures Research Centre, University of NSW, Sydney, 2009, p.12). Moreover, all of the stock built before the introduction of that Act and subsequently converted to strata-title is older, and also in need maintenance and repairs.

⁸⁴ Owners corporations of residential flat buildings with less than 20 residential units are ineligible to take up the financing opportunities presented by the *Local Government Amendment (Environmental Upgrade Agreements) Act 2010*.

⁸⁵ See Wilson and Parr; Jenner, Wilson and Nugent; NSW Government, *Metropolitan plan for Sydney 2036*.

⁸⁶ Hazel Easthope and Sarah Judd, *Living well in greater density*, Shelter Brief 42, Shelter NSW, 2010, p.12. In this report, 'higher density' dwellings refer to apartments, whether in medium-density or high-rise developments (p.2).

⁸⁷ Identifying these was a key role of Easthope and Judd's report for Shelter NSW.

⁸⁸ Indeed, the other 9 design quality principles also do this.

⁸⁹ Easthope and Judd, pp.26-29,31-33,38-40,43-46,48,50,52,55-56,59.

⁹⁰ Easthope and Judd, p.32.

⁹¹ Easthope and Judd, pp.54-55.

⁹² Department of Infrastructure, Planning and Natural Resources, *Residential flat design code*, NSW Planning Department, 2002, p.83.

⁹³ See Sydney City Council, *Draft Sydney Development Control Plan 2010*, January 2011, section 3.2.9.10, pp.40-41. The plan's controls for residential flats are aligned with the *Residential flat design code* but with the standards of the plan prevailing over the Code where there are any inconsistencies.